

SUNWAY REAL ESTATE INVESTMENT TRUST

(Established in Malaysia under a deed dated 20 May 2010, a supplemental deed dated 10 June 2010 and an amended and restated deed dated 18 September 2018 entered into between Sunway REIT Management Sdn Bhd and RHB Trustees Berhad, both companies incorporated in Malaysia)

MINUTES OF THE TENTH ANNUAL GENERAL MEETING (“MEETING”) OF SUNWAY REAL ESTATE INVESTMENT TRUST (“SUNWAY REIT”) HELD VIRTUALLY FROM THE BROADCAST VENUE AT THE PENTHOUSE, LEVEL 20, MENARA SUNWAY, JALAN LAGOON TIMUR, BANDAR SUNWAY, 47500 SUBANG JAYA, SELANGOR DARUL EHSAN, MALAYSIA ON THURSDAY, 27 APRIL 2023 AT 3:00 PM.

PRESENT : **Board of Directors of Sunway REIT Management Sdn Bhd (“the Manager”)**

Tan Sri Amirsham Bin A Aziz (*Chairman*)

Dato’ Ng Tiong Lip

Datuk Christopher Martin Boyd

Ms Sarena Cheah Yean Tih, *S.M.S.*

Mr Ng Sing Hwa

Tengku Nurul Azian Binti Tengku Shahrman

Madam Yeo Kar Peng

Deputy Chief Executive Officer of the Manager

Mr Chen Kok Peng

Chief Financial Officer of the Manager

Ms Ng Bee Lien

Company Secretary of the Manager

Mr Tan Kim Aun

Invitees

(i) Mr Tony Chieng Siong Ung, RHB Trustees Berhad (*Trustee*) - *virtually*

(ii) Mr Lum Chiew Mun and Ms Amy Lu Yan Fen, BDO PLT (*External Auditors*) - *virtually*

(iii) Ms Crystal Teh Lay Ling and Ms Audrey Lim Hui Ting, Sunway REIT Management Sdn Bhd (*Investor Relations*)

(iv) Mr Eugene Teow, Mr Yeoh Ming Jin, Mr Eric Teo, Mr Benjamin Ho, Mr Wong Jing Sheng and Mr Tung Yong Jian, Cygnus Technology Solutions Sdn Bhd (*Independent Scrutineers*)

(v) Ms Cindy Lim, Mega Corporate Services Sdn Bhd (*Poll Administrator*) - *virtually*

(vi) Mr Mike Yoong Kok Hou, Sunway IT Shared Service Centre (*IT Support*)

UNITHOLDERS AND PROXIES : As per the Summary of Attendance List via the remote participation and voting facility

1. PRELIMINARY

The Chairman, Tan Sri Amirsham Bin A Aziz (“**Tan Sri Chairman**”) called the Meeting to order at 3:00 pm and welcomed all present physically and virtually.

Tan Sri Chairman informed that the Meeting of Sunway REIT would be conducted virtually through livestreaming and online remote voting from the broadcast venue.

He then proceeded to introduce his fellow colleagues who were present at the broadcast venue:

- i) Dato' Jeffrey Ng Tiong Lip ("**Dato Jeffrey Ng**"), Chief Executive Officer of the Manager ("**CEO**");
- ii) Datuk Christopher Martin Boyd, Senior Independent Non-Executive Director;
- iii) Madam Yeo Kar Peng, Independent Non-Executive Director;
- iv) Tengku Nurul Azian Binti Tengku Shahrman, Independent Non-Executive Director;
- v) Mr Ng Sing Hwa, Non-Independent Non-Executive Director;
- vi) Ms Sarena Cheah Yean Tih, Non-Independent Non-Executive Director;
- vii) Mr Clement Chen Kok Peng, Deputy Chief Executive Officer;
- viii) Ms Ng Bee Lien, Chief Financial Officer; and
- ix) Mr Tan Kim Aun, the Company Secretary ("**Secretary**").

He further introduced the invitees who were present virtually including the representatives from RHB Trustees Berhad, BDO PLT (*External Auditors*), Mega Corporate Services Sdn Bhd (*Poll Administrator*) and Cygnus Technology Solutions Sdn Bhd (*Independent Scrutineer*) to the unitholders and proxies (collectively, referred to as the "**Unitholders**").

2. QUORUM

The requisite quorum being present, Tan Sri Chairman declared the Meeting duly convened.

3. CONFIRMATION OF PROXIES

The Secretary reported that up to 26 April 2023, the Poll Administrator had received a total of 2,848,111,924 units comprised of unitholders and proxies equivalent to 83.16% of the issued units and a total of 677,488,030 units appointing Tan Sri Chairman as proxy.

4. NOTICE OF MEETING AND ONLINE REMOTE VOTING PROCEDURES

The notice dated 28 February 2023 convening the Meeting, which had been duly circulated to all the Unitholders and published within the prescribed period, was tabled and taken as read.

Tan Sri Chairman highlighted that the Unitholders have the right to submit questions and vote remotely on all the resolutions of the Meeting. The Unitholders could submit their questions in real time during the Meeting. Nevertheless, questions which have not been responded during the Meeting would be posted in Sunway REIT's website after the Meeting.

Tan Sri Chairman informed the Unitholders that all the resolutions tabled would be voted by poll by way of e-voting. Sunway REIT had appointed Mega Corporate Services Sdn Bhd as the Poll Administrator to conduct the polling process by way of e-voting and Cygnus Technology Solutions Sdn Bhd as the Independent Scrutineers to verify the poll results of the Meeting.

Tan Sri Chairman then requested the Poll Administrator to show the slide explaining how Unitholders could cast their votes online through the livestreaming platform. Thereafter, Tan Sri Chairman announced the commencement of the online voting session. The Unitholders were invited to submit their votes through Digital Ballot Form at any time until the closure of the voting session which he would announce later.

5. PRESENTATION BY THE CHIEF EXECUTIVE OFFICER (“CEO”)

Prior to the tabling of all resolutions, Tan Sri Chairman invited Dato’ Jeffrey Ng, the CEO of the Manager, to brief the Unitholders on the highlights of the financial performance and achievements of Sunway REIT for the financial year ended 31 December 2022 as well as the value creation journey, Transcend 2027, market and segmental outlook of Sunway REIT.

6. AGENDAS OF THE MEETING

Tan Sri Chairman informed the Unitholders that the first agenda was to receive the Integrated Annual Report 2022 comprising the Audited Financial Statements for the financial year ended 31 December 2022. He then highlighted that the second to fourth agenda of the Meeting were to seek the approval of the Unitholders for the following resolutions:

- (i) Ordinary Resolution 1 – Proposed authority to allot and issue new units of up to 20% of the total number of issued units of Sunway REIT;
- (ii) Ordinary Resolution 2 – Proposed renewal of unitholders’ mandate for recurrent related party transactions of a revenue or trading nature; and
- (iii) Ordinary Resolution 3 - Proposed renewal of the authority to allot and issue new units in relation to the Distribution Reinvestment Scheme that provides the unitholders of Sunway REIT with the option to reinvest their income distribution in new units in Sunway REIT.

7. Q&A Session

The questions raised during the Meeting were displayed on the screen to all the Unitholders and duly addressed by Dato’ Jeffrey Ng.

All the questions and answers responded above are attached as Appendix I to the minutes.

8. VOTING SESSION

Tan Sri Chairman then announced that a few minutes would be given for the Unitholders who have yet to cast their votes to submit their votes.

After 5 minutes, Tan Sri Chairman announced the closure of the e-voting session.

9. POLL RESULTS

Tan Sri Chairman informed that aside from the questions received during the Q&A session, all other questions received from the Unitholders have been duly responded.

He then informed that the results of the poll taken have been verified by the Independent Scrutineers and the results were shown as below:

Resolution	For		Against	
	No. of Units	%	No. of Units	%
Ordinary Resolution 1 Proposed Authority to Allot and Issue New Units of up to 20% of the Total Number of Issued Units of Sunway REIT	2,537,647,466	89.1377	309,237,664	10.8623
Ordinary Resolution 2 Proposed Renewal of Unitholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature	1,446,424,351	99.9884	167,614	0.0116
Ordinary Resolution 3 Proposed Renewal of the Authority to Allot and Issue New Units in relation to the Distribution Reinvestment Scheme that Provides the Unitholders of Sunway REIT with the Option to Reinvest their Income Distribution in New Units in Sunway REIT	2,846,441,316	99.9842	448,414	0.0158

Tan Sri Chairman then declared that all the Ordinary Resolutions were duly passed as follows:

Ordinary Resolution 1

Proposed Authority to Allot and Issue New Units of up to 20% of the Total Number of Issued Units of Sunway REIT

“THAT subject to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Deed dated 20 May 2010, the Supplemental Deed dated 10 June 2010 and the Amended and Restated Deed dated 18 September 2018 entered into between Sunway REIT Management Sdn Bhd (the **“Manager”**) and RHB Trustees Berhad (the **“Trustee”**) constituting Sunway REIT, and the approvals of the relevant regulatory authorities being obtained, authority be and is hereby given to the Directors of the Manager (**“Board”**), to allot and issue units in Sunway REIT (**“New Units”**), at any time at such price to any such persons and upon such terms and conditions as the Board may in its absolute discretion, deem fit and expedient in the best interest of Sunway REIT, provided that the aggregate number of New Units to be issued, when aggregated with the total number of units issued during the preceding 12 months, does not

exceed 20% of the total number of issued units of Sunway REIT for the time being comprising 3,424,807,700 units ("**Proposed Authority**");

THAT such authority shall continue to be in force until:

- (i) the conclusion of the next annual general meeting ("**AGM**") of Sunway REIT at which time this Proposed Authority will lapse, unless by a resolution passed at the next AGM, the authority is renewed;
- (ii) the expiration of the period within which the next AGM of Sunway REIT is required by law to be held; or
- (iii) the Proposed Authority is revoked or varied by a resolution passed by the unitholders in a general meeting of Sunway REIT, whichever is the earlier;

THAT such New Units to be issued pursuant to the Proposed Authority shall, upon allotment and issuance, rank pari passu in all respects with the existing units of Sunway REIT, except that the New Units will not be entitled to any income distributions, rights, benefits, entitlements and/or any other distributions that may be declared prior to the date of allotment and issuance of such New Units;

THAT authority be and is hereby given to the Board and the Trustee, acting for and on behalf of Sunway REIT, to give effect to the Proposed Authority including but not limited to the creation of the requisite New Units and with full powers to assent to any conditions, modifications, variations, arrangements and/or amendments as they may deem fit in the best interest of Sunway REIT and/or as may be imposed by the relevant regulatory authorities;

AND THAT the Board and the Trustee, acting for and on behalf of Sunway REIT, be and are hereby authorised to implement, finalise, complete and do all acts, deeds and things (including executing such documents as may be required) in relation to the Proposed Authority."

Ordinary Resolution 2

Proposed Renewal of Unitholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

"THAT approval be and is hereby given for Sunway REIT to enter into recurrent related party transactions of a revenue or trading nature with the related parties ("**Recurrent Related Party Transactions**") as set out in Section 2.3 of the Circular to Unitholders dated 28 February 2023, subject to the following ("**Proposed Mandate**");

- (a) the Recurrent Related Party Transactions are entered into in the ordinary course of business which are necessary for day-to-day operations and are on Sunway REIT's normal commercial terms which are not more favourable to the related parties than those generally available to the public, and the Recurrent Related Party Transactions are undertaken on an arm's length basis which are not detrimental to the minority unitholders of Sunway REIT; and

- (b) the unitholders' mandate is subject to annual renewal and this unitholders' mandate shall only continue to be in force until:
- (i) the conclusion of the next AGM of Sunway REIT at which time this Proposed Mandate will lapse, unless by a resolution passed at the next AGM, the mandate is renewed;
 - (ii) the expiration of the period within which the next AGM of Sunway REIT is required by law to be held; or
 - (iii) the Proposed Mandate is revoked or varied by a resolution passed by the unitholders in a general meeting of Sunway REIT,
- whichever is the earlier;

AND THAT the Board and the Trustee be and are hereby authorised to do all acts, deeds and things and execute all necessary documents as they may consider necessary or expedient in the best interest of Sunway REIT with full power to assent to any conditions, variations, modifications, arrangements and/or amendments in any manner as may be required or permitted under relevant regulatory authorities and to deal with all matters in relation thereto and to take such steps and do all acts and things in any manner as they may deem necessary or expedient to implement, finalise and give full effect to the Recurrent Related Party Transactions contemplated and/or authorised by this ordinary resolution.”

Ordinary Resolution 3

Proposed Renewal of the Authority to Allot and Issue New Units in relation to the Distribution Reinvestment Scheme that Provides the Unitholders of Sunway REIT with the Option to Reinvest their Income Distribution in New Units in Sunway REIT

“**THAT** pursuant to the Distribution Reinvestment Scheme (“**DRS**”) approved at the AGM held on 2 October 2020, and subject to the approvals of all relevant authorities being obtained, authority be and is hereby given to the Board to allot and issue New Units (“**DRS New Units**”) from time to time as may be required to be allotted and issued pursuant to the DRS until the conclusion of the next AGM of Sunway REIT, upon the terms and conditions and to such persons as the Board may, in its absolute discretion, deem fit or expedient and in the best interest of Sunway REIT (“**Issuance of DRS New Units**”), provided that the issue price of the DRS New Units, which will be determined by the Board on the price-fixing date to be determined and announced (“**DRS Price-Fixing Date**”), shall be at an issue price of not more than a 10% discount to the 5-day volume weighted average market price of Sunway REIT before the DRS Price-Fixing Date (“**Proposed Renewal of DRS Authority**”);

AND THAT the Board be and is hereby authorised to do all such acts and enter into such transactions, arrangements and agreements and to execute, sign and deliver, for and on behalf of Sunway REIT, all such documents and impose such terms and conditions or delegate any part of its powers as may be necessary or expedient in order to give full effect to the Issuance of DRS New Units, with full powers to assent to any conditions, modifications, variations and/or amendments including pursuant to any amendment, modification, suspension and termination of the DRS or the Issuance of DRS New Units as the Board may, in its absolute discretion, deem fit and in the best interest of Sunway REIT and/or as may be imposed or agreed to by any relevant authorities.”

10. CLOSE OF MEETING

There being no other business to be transacted, the Meeting concluded at 4:05 pm with a vote of thanks to Tan Sri Chairman.

CONFIRMED AS A TRUE AND ACCURATE RECORD OF THE PROCEEDINGS THEREOF

.....
CHAIRMAN

Dated this 11th day of May, 2023



Sunway REIT 10th Annual General Meeting

Questions & Answers

27 April 2023

Note: Questions and Answers have been edited for brevity and clarity purposes

AGM Questions and Answers**RETAIL SEGMENT**

Unitholders: Chong You Liang, Chua Song Yun, Goon Veiven, Lim Guan Hoe, Teo Cher Ming

- 1. Please provide the status of retail footfall and sales for the malls in Sunway REIT's portfolio, in view of our country has transitioned into the endemic stage.**

The retail malls in Sunway REIT's portfolio have recorded strong rebound in retail sales psf since Q4 2021 where it has returned to 100% normalcy in comparison to the pre-pandemic levels in FY2019, although retail footfall has yet to return to the pre-pandemic levels. The strong momentum in retail sales was sustained in FY2022 following the nation's transition into the endemic phase beginning 1 April 2023.

Additionally, it is encouraging to observe that the robust retail sales recorded in Q4 2022 have continued into Q1 2023, attributed to the festive spending and healthy demand for out-of-home dining. We are cautiously optimistic of the sustained growth momentum in the retail sales for the balance of the year given Sunway Malls' proven track record, strong branding, and network of retail partners.

- 2. Sunway Pyramid Mall, which is Sunway REIT's main revenue and profit contributor, reported a slight drop in the average occupancy rate to 97% in FY2022. Although it is still on the high side, it projected a downtrend over the past 5 years (page 58). Would this be a sign of concern?**

The average occupancy rate for Sunway Pyramid Mall remains strong and we are confident that the property will continue to maintain healthy occupancy rates in the coming years. The slight decline in the average occupancy rate in FY2022 was largely attributable to the asset management initiatives (AMI) which were undertaken by the business unit management team (BUMT) to enhance the tenancy mix of the mall. The average occupancy rate was temporarily lower due to fit-out works carried out at some retail spaces to facilitate existing and new tenants' movements. These AMIs are undertaken to ensure that the retail mall continues to appeal to consumers in order for rental rates to increase progressively.

- 3. Please comment on the strategy for Sunway Putra Mall given its underperformance, in comparison to Sunway Pyramid Mall in the asset portfolio.**

Sunway Putra Mall has the characteristics of a neighbourhood mall with the net lettable area (NLA) of approximately 0.6 million sq. ft. whereas Sunway Pyramid Mall is a regional retail mall with the NLA of approximately 1.8 million sq. ft. which is able to attract customers from a much larger geographic area. In addition, the tenancy mix for a regional mall and neighbourhood mall may differ to cater to the targeted catchment and customers' profile. Given Sunway Putra Mall's primary catchment in serving population from the surrounding neighbourhood, hotel guests and office tenants, the BUMT continues to improve the tenancy mix, such as F&Bs. The Mall also benefit from the synergies of its 3-in-1 (mall, hotel and office) integrated development and it is encouraging to note that Sunway Putra Mall demonstrated 10% improvement in retail sales psf for 2022 in comparison to the same period in 2019.

4. SunCity Ipoh Hypermarket's lease is expiring in June 2023. Has this lease been renewed and what is the rental reversion for the renewal?

The tenancy agreement for SunCity Ipoh Hypermarket was signed in June 2020 for a 3-year tenancy term until June 2023, with an automatic renewal for another 2-year tenancy term until 30 June 2025 at a positive double-digit rental reversion for the 2-year term.

5. How much is the rejuvenation cost for Sunway Pier and what is the progress thus far?

The project is currently in the planning stage and the cost has not been finalised. We will continue to update the progress in Sunway REIT's quarterly report and / or integrated annual report.

HOTEL SEGMENT

Unitholder: Shak Chee Hoi

6. Why did Sunway REIT renew the Hotel Master Lease for Sunway Resort Hotel, Sunway Pyramid Hotel, Sunway Hotel Seberang Jaya and Sunway Putra Hotel without Minimum Guaranteed Rent? How would the new rental formula affect Sunway REIT?

The Minimum Guaranteed Rent (MGR) was provided by the lessee during the first term of the Hotel Master Lease (HML) as a guaranteed base rent with the expectation that the financial performance of the hotel will grow over the years in a sustainable manner. The hotel segment was adversely impacted by the movement control orders during the COVID-19 pandemic in the past 2 years. The renewal of the HML, which was due in 2020 during the pandemic, had taken into consideration of Sunway REIT's business continuity and lessee's financial capacity to continue with the lease. Under the revised HML, Sunway REIT receives 90% of Gross Operating Profit, which was higher than the previous HML, and Sunway REIT is in a good position to benefit from the anticipated recovery in the hotel segment.

OFFICE SEGMENT

Unitholders: Goon Veiven, Law Kung Hoo

7. Please provide an explanation regarding the low occupancy rates at Sunway Tower. Does the Manager have any intention divesting it and subsequently recycling its capital to fund yield-accretive acquisitions?

The new supply of office space in Kuala Lumpur continues to increase over the years. The Manager is working closely with the BUMT to introduce new tenants in order to improve the occupancy of the office tower. The latest feat being the largest indoor vertical farm in Kuala Lumpur City Centre launched by Sunway XFarms occupying three floors spanning 37,000 sq. ft. of NLA in Sunway Tower. With this addition, the occupancy rate of Sunway Tower is expected to increase from 31% as at 31 December 2022 to over 40% by end of 2023.

We have no current plan to divest Sunway Tower. There are various factors to take into consideration in making a divestment decision which does not solely based on occupancy rate. We will also consider other factors including but not limited to market conditions, valuation, opportunity costs, purchaser profile, regulation, and impact on portfolio synergy for the best interests of Unitholders at all times.

INDUSTRIAL & OTHERS SEGMENT

Unitholders: Chew Len Chet, Ong Theong Foo, Poh Boon Ping

8. What is the status of the newly-acquired asset, Sunway REIT Industrial – Petaling Jaya 1?

The Manager is actively sourcing for quality anchor tenants for Sunway REIT Industrial – Petaling Jaya 1, given the size and strategic location of the property.

9. What is the outlook for the demand of industrial properties for FY 2023 and beyond? It is observed that other REITs are invested in this segment.

Sunway REIT remains optimistic about the prospect of the industrial segment, capitalising on global megatrends such as robust growth in e-commerce, acceleration of digitalisation, industrial revolution 4.0, amongst others. This will be further supported by the anticipated inflow of foreign direct investments into the country.

FINANCIALS

Unitholders: Chua Song Yun, Goon Veiven, Koh Win Keong, Lim Guan Hoe, Ng Kin Hwa, Poon Yoon Peng, Teo Cher Ming

10. Could the Manager provide an explanation regarding the impact of higher interest rates? What is the rationale for maintaining a larger proportion of floating rate debt (69% of total debt) when interest rates are rising?

For the financial year ended 31 December 2022, Sunway REIT's average cost of debt stood at 2.98%, one of the lowest among M-REITs.

The Manager envisages maintaining a manageable level of floating rate debts to allow Sunway REIT to continue to benefit from the repricing of market interest rates supported by the monetary policy overseen by Bank Negara Malaysia. This proven capital management strategy has and continues to yield interest savings to the Unitholders of Sunway REIT over the years. For illustration purposes only, in comparison to a fixed-rate 5-year AAA-rated debts of 4.50% (based on indicative coupon rate as at end of December 2022), Sunway REIT is estimated to have huge savings in finance costs for FY2022 [(4.50% - 2.98%) x RM3.5 billion] based on its current capital management strategies, including keeping a stable portfolio of fixed and floating rate debts. (The computation is based on Sunway REIT's total debts of RM3.5 billion.)

That said, the Manager has an internal maximum threshold on floating rate debts and will continue to monitor for opportunities to lock in favourable fixed rates and to hedge through interest rate swap contracts.

11. What was the amount of rental support provided to eligible tenants in FY2022 and would there be any rental support given in FY2023?

The rental support was primarily granted to affected retail tenants during the pandemic. Following the strong retail sales recorded in FY2022, Sunway REIT had rendered minimal rental support during the year. Moving forward, we anticipate that the rental rebate will be negligible, supported by expectation of a sustainable retail sales in FY2023.

12. Considering that Sunway REIT's assets are located in Malaysia and income is denominated in MYR, why does Sunway REIT maintain 35% of its debt in USD Revolving Loans (IAR, page 52)? What is the interest rate for the USD loan? Has Sunway REIT suffered any forex loss arising from USD strengthening against MYR in FY2022?

The USD loan has been fully hedged with 1-year cross currency swap contract until the maturity date to mitigate the risks of foreign currency and interest rate fluctuation over the hedging period. As such, the loan interest and the loan principal amount will be paid in MYR on each interest service date and maturity date respectively. The USD loan has been drawn to take advantage of the savings in interest rate, even after factoring in the hedging costs.

13. Which segment of the portfolio provides the most returns?

Services, industrial and other segments were ranked the top in terms of yield for FY2022. The retail and hotel segments recorded lower yield in FY2022 was attributed to Sunway Carnival Mall new wing which was opened in June 2022 and phased re-opening of Sunway Resort Hotel commencing May 2022. Further details of the property yield by segment can be found in page 50 of the Integrated Annual Report 2022.

14. Would Sunway REIT consider reverting income distribution frequency from semi-annual to quarterly basis?

Sunway REIT has a distribution policy to distribute at least 90% of its distributable income to Unitholders and the quantum of the income distribution is dependent on the financial performance of Sunway REIT. For FY2022, Sunway REIT has progressively increased its income distribution payout to 100% in H2 2022 on the back of improved financial performance in FY2022. Barring any unforeseen circumstances, the Manager plans to maintain 100% income distribution payout in FY2023, which will be distributed on a semi-annual basis. That said, the Manager will review the income distribution policy annually and to make the necessary recommendation accordingly.

15. Is the capital expenditure for Sunset Terrace and Black Tap part of RM243 million that was earmarked for Sunway Resort Hotel transformation?

Yes, the capital expenditure (capex) for Sunset Terrace and Black Tap were part of the overall refurbishment cost of Sunway Resort Hotel.

TRANSCEND 2027, ACQUISITIONS & ASSET RECYCLING

Unitholders: Ang Kian Keong, Chong You Liang, Chua Song Yun, Koh Win Keong, Law Kung Hoo, Lim Shau Wen, Tony Ng Kok Siong, Shak Chee Hoi, Wong Yee Kiat

16. TRANSCEND 2027 discusses diversifying into foreign markets. Would the foreign acquisitions focus on the retail sector?

The Manager endeavours to expand its investment into overseas markets with a target exposure of between 10% - 20% of property value by 2027. In line with TRANSCEND 2027's diversification strategy, the Manager will continue to explore opportunities in sub-sectors that are complementary and yield-accretive to its existing asset portfolio, including but not limited to retail, services and industrial, and others sub-sectors.

17. What is the rationale for the proposed acquisition of six hypermarkets and how would it be funded?

The proposed acquisition of six hypermarkets is supported by an attractive acquisition yield of approximately 8.0% which is expected to enrich Sunway REIT's portfolio yield (Sunway REIT's portfolio yield for FY2022: 5.4%). These properties are strategically located in densely populated and matured residential areas in Klang Valley and Johor, surrounded by high-population catchments, and provide non-discretionary products and services to the local mass market.

The proposed acquisition is yield accretive and is expected to increase the income stability of Sunway REIT through fixed rental payments from the Lessee under the triple-net lease agreements. The combined weighted average lease expiry (WALE) of the six hypermarkets of 5.6 years will improve the WALE of Sunway REIT's enlarged portfolio.

The proposed acquisition of the six hypermarkets will be funded by debt.

18. Sunway REIT proposed to acquire six hypermarkets from Employees Provident Fund, however, one of the hypermarkets (USJ Property) already ceased operation last year. Does the Manager foresee that the asset may eventually face difficulty in sustaining or raising NPI?

The USJ Property is under a long-term lease agreement with the lessee for a period of 15 years from August 2013 to August 2028, with a remaining period of approximately six years as at 31 December 2022 and the lessee has the option to renew the lease for an additional 15-year term upon its expiry at an agreed step-up in rental rates. However, the lessee has given an early termination notice in respect of the USJ Property in August 2022.

Nonetheless, the Lessee is still obligated to continue to pay rent under the lease agreement in which the lessee has been paying the rent for the USJ Property to-date. Given the strategic location of the USJ Property as well as the Manager's track record in mall management, the Manager is confident that we will be able to secure a replacement lessee in a timely manner to continue to occupy the USJ Property if the lease agreement is terminated after the completion of the acquisition.

19. Does the Manager plan to undertake refurbishment for the proposed acquisition of the six hypermarkets?

The Manager has no plan to undertake any major refurbishment for the six hypermarkets in the near term. Notwithstanding that, the Manager shall engage with the new owners of the lessee to understand their business plan and requirements moving forward.

20. Are there plans to acquire Sunway Big Box Retail Park or Sunway Velocity Mall?

Sunway REIT will explore yield accretive acquisition opportunities which are synergistic to the asset portfolio and continue to proactively engage with our Sponsor to assess the readiness of the pipeline assets. However, the Manager is not able to represent the Sponsor on its asset divestment plans.

21. What is the rationale for the Manager to dispose of Sunway Medical Centre (Tower A & B)? How does the Manager plan to recover the revenue contribution after the disposal?

The proposed disposal of Sunway Medical Centre (Tower A & B) was part of Sunway REIT's asset recycling strategy. Sunway REIT will crystallise gross gain of RM110 million compared to the investment cost of RM320 million. In addition, the proposed disposal yield of 6.3% will allow Sunway REIT to reinvest its capital into yield accretive acquisitions, as demonstrated through the proposed acquisition of a portfolio of six hypermarkets with an acquisition yield of approximately 8%.

The proceeds from the disposal of Sunway Medical Centre (Tower A & B) will be utilised to fund the proposed acquisition of the six hypermarkets which generates a higher yield.

22. Given that the disposal of Sunway Medical Centre (Tower A & B) is a related party transaction, why the transaction was not voted by the unitholders?

The proposed disposal of Sunway Medical Centre (Tower A & B) of RM430 million is below 5% of the total asset value of Sunway REIT based on its latest audited financial statements as at 31 December 2021. Therefore, the transaction does not require unitholders' approval.

23. What is the progress for the acquisition of data centre?

The Manager proactively analyses and is on the lookout for any potential yield-accretive acquisition. That said, we are highly prudent and selective in evaluating all offers, considering all factors including but not limited to market conditions, tenants' profile, rental reversion, regulation, management, capital growth potential, and long-term prospects.

24. How would TRANSCEND 2027 transformation blueprint translate into future earnings in each of the respective segments or return that is expected as shareholders via DY% or ROCE?

The strategic roadmap is intended to grow Sunway REIT's assets portfolio while continue to rebalance the portfolio by increasing services, industrial and others properties and diversifying into overseas markets, with the objective to deliver sustainable income distribution to Unitholders and potential sustainable growth in net asset value per unit.

OTHERS

Unitholders: Chong You Liang, Chua Kin Wei, Ronald Danker, Hew Chin Ling, Hiu Chee Keong, Khoo Zhi Ren, Koh Win Keong, Law Kung Hoo, Lim Guan Hoe, Lim Shau Wen, Stephen Lye Tuck Ming, Poh Chun Yew

25. What was the savings from renewable energy usage?

It is an ongoing sustainability effort of Sunway REIT to increase the usage of renewable energy at its properties. In FY2022, the properties of Sunway REIT generated a total 3,008 MWh of solar energy and the Manager installed new solar panels at Sunway Resort Hotel, Menara Sunway and Sunway Carnival Mall, amounting to approximately RM300,000 savings in utility costs. We endeavour to continue our decarbonisation efforts over the years to achieve the net zero carbon emissions by 2050.

26. Recently the number of COVID-19 cases has been rising, is Sunway REIT prepared for more COVID-19 waves, if any?

Sunway REIT is closely monitoring the situation and will put in the necessary precautionary measures in accordance with the guidelines of the Ministry of Health. Based on past experience in the last 2 years, we are more prepared and be more agile in managing the circumstances.

27. Please distribute e-voucher or door gifts to loyal unitholders who have stayed invested amidst the pandemic. Please consider rewarding unitholders with Sunway Pals points and leverage this application for new and existing customers.

Sunway REIT currently does not have any door gifts for participation at AGM. We would take your suggestion into consideration for future AGMs.

28. What is the impact of the introduction of the minimum wage and cukai makmur to Sunway REIT?

Sunway REIT is not impacted by cukai makmur. As for the minimum wage, the impact is manageable given that the business performance of Sunway REIT is improving.

29. How do the unitholders access the 10th AGM presentation deck and meeting minutes?

The AGM presentation deck and meeting minutes will be made available on our website after the AGM. Kindly access the documents via <https://www.sunwayreit.com/investor-relations/annual-general-meetings/>

30. What is the purpose of fund raising for new units?

The mandate for the Board to allot and issue new units of up to 20% of the total number of issued units of Sunway REIT from time to time will provide the Manager with the flexibility to allot and issue new units of Sunway REIT to raise funds to finance future investments, acquisitions and capital expenditure project(s) to enhance the value of Sunway REIT and/or to refinance existing debt as well as for working capital purposes without convening a general meeting, which may delay the capital raising initiatives and incur relevant costs in organising the required general meeting.

31. Any plan how to deal with heavy traffic jam in Sunway Pyramid Mall especially during holidays?

We endeavour to continuously improve the infrastructure surrounding our properties to ease any inconvenience that may be faced by our customers. In addition to the bus rapid transit line connecting to an elevated walkway and the mall, the Manager has also upgraded the car park infrastructure including the sensor lights and license plate recognition parking systems, and deploying more car park officers during the peak season to ease the traffic congestion in the mall's car park.

32. Any plan to venture and have a bigger footprint in the agriculture business, either farmland or conventional farming like urban farm, such as USA Farmland REIT?

This is not an asset class that Sunway REIT plan to explore at this juncture as we see opportunities in other segments such as industrial and services.

33. Please share more details of the acquisition of industrial property in Prai, Penang.

Sunway REIT does not own any industrial property in Prai, Penang currently. We will communicate any proposed acquisition in Sunway REIT's quarterly report and / or integrated annual report.

34. There is some news regarding Sunway REIT intends to take over the project of Empire Remix at USJ 1, is the information correct?

The information is incorrect.

-END-