



## **Sunway REIT 11<sup>th</sup> Annual General Meeting**

### **Questions & Answers**

25 April 2024

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

**AGM Questions and Answers****FINANCIAL & SEGMENTAL PERFORMANCE**

Unitholders: Adrian Chong Chee Wai, Chan Tsu Chong, Chong Yuen Sun

**1. Would Sunway REIT consider reverting the frequency of income distribution from a semi-annually to a quarterly basis?**

The Manager is of the opinion that investors in REITs generally exhibit a long-term investment perspective with a time horizon extending beyond six months. Consequently, changing the income distribution frequency from semi-annually to quarterly may not align with the best interests of both Sunway REIT and its unitholders as the shift is anticipated to result in additional costs amounting to approximately RM250,000 per distribution.

More importantly though, the Manager intends to maintain a 100% income distribution payout in FY2024, distributed on a semi-annual basis.

**2. For the hotel and retail properties under Sunway REIT, is there a profit-sharing model with the tenants? If yes, what is the arrangement like?**

For the retail segment, some tenants share a percentage of their revenue with Sunway REIT. Under the master leases with hotel operators, the lease payment is based on a percentage of Gross Operating Profit (GOP), which you may refer to Sunway REIT's Integrated Annual Report.

**3. What is the plan to improve the low take-up rate of Sunway Tower, Jalan Ampang?**

The Manager has undertaken proactive efforts to secure tenants in Sunway Tower, such that Sunway XFarms has occupied three floors at Sunway Tower, and the average occupancy rate has increased from 27% in FY2022 to 38% in FY2023. Given the current market saturation within Klang Valley's office sector and Sunway Tower's persistently low occupancy rates, the Manager will continue to explore various value maximisation strategies for this property, including potential divestment if suitable opportunities arise.

**TRANSCEND 2027, ACQUISITIONS & ASSET ENHANCEMENT INITIATIVES**

Unitholders: Ang Kian Keong, Chew Len Chet, Lim Shau Wen, Poh Boon Ping, Wong Yee Kiat, Yong Weng Huei

**4. What is the expected return on investment (ROI) for the budgeted asset enhancement initiatives (AEIs)?**

Generally, all Sunway REIT's acquisitions and AEIs are expected to be yield-accretive and generate a minimum normalised property yield of 6% per annum over 10 years. However, there are also circumstances where the Manager may consider undertaking AEIs for operational efficiency, compliance with statutory requirements, attracting winner-brands and footfall, modernisation, creating seamless connectivity, etc where different return expectations will be considered.

**5. What is the progress for the acquisition of the data centre?**

The Manager believes this question refers to the stated intent under the Transcend 2027 plan to explore opportunities in industrial and logistics assets as well as data centres. The Manager will continue to monitor opportunities in such asset segments. The Manager has been approached by various vendors and tenants seeking build-to-suit solutions, however, the Manager remains prudent and selective in evaluating the opportunities. As the supply of such space surges, more caution and extensive diligence are required to evaluate the tenant's profile, market conditions and growth potential.

**6. What is the status of the acquisition of six hypermarkets?**

The Manager is glad to inform you that all Conditions Precedent have been fulfilled, the Sales and Purchase Agreement (SPA) has become unconditional on 18 April 2024. The Manager will proceed to take necessary steps to complete the proposed acquisition in accordance with the SPA.

**7. Can the management share more details about Sunway Pier's re-development plan?**

Sunway Pier will be undergoing an extensive transformation, repositioning it as a premier seafront retail-centric development with the revival of international jetty services. This redevelopment initiative is anticipated to welcome a diverse range of tenancy mix, including food and beverage establishments, seafood markets, and other attractions. The Manager aims to create a tourist destination for both domestic and international tourists. The estimated capital expenditure for the redevelopment project is RM370 million over a three-year period. The development has commenced and is expected to be completed by the end of 2026.

**8. Can the management share the status of targets set in Transcend 2027?**

The Manager strives to continue to work towards achieving the targets outlined in the Transcend 2027 strategic roadmap. The status of the achievement is discussed in Sunway REIT's Integrated Annual Report. The Manager is steadfast to continuously work towards achieving these targets, with a periodic review of the strategies.

**OTHERS**

Unitholders: Ang Kian Keong, Chua Song Yun, Loo Tuck Fatt, Loo Yeo Ming, Ooi Peng What, Ronnie Thum Chee Weng, Stephen Lye Tuck Meng

**9. When the AGM will be held physically?**

Sunway REIT's Board of Directors will annually assess the AGM mode that encourages engagement with the unitholders.

**10. Are the board members entitled to an allowance for attending today's AGM?**

Please be informed that only non-independent non-executive directors are entitled to allowance for today's AGM but the allowance is paid by the REIT Manager instead of Sunway REIT.

**11. Kindly reconsider giving door gifts such as e-wallets and refreshments as tokens of appreciation.**

The Manager has decided that no door gifts will be provided and is of the view that attending an AGM is part of the responsibility of a unitholder to receive updates about the performance of the unitholder's investment.

**12. For good corporate governance and convenience of unitholders, can the management please upload the meeting minutes, presentation slides and Q&A documents onto Sunway REIT's website?**

The AGM presentation deck, meeting minutes, and Q&A are available on Sunway REIT's website. Kindly access the documents via <https://www.sunwayreit.com/investor-relations/annual-general-meetings/>

**13. Please share the rationale for 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.**

Sunway REIT is proposing this resolution in the event that equity fund raising through private placement may be required to fund potential acquisitions and new units may be issued up to the proposed limit to expedite the acquisition transaction without convening a separate unitholders' meeting to seek unitholders' approval. The proposed authority limit was increased from 10% (in FY2017) to 20% (with effect from FY2018) to support the funding requirement for acquisition and AEI/ PD growth strategy to achieve the Transcend 2027 target property value of RM14-15 billion. The Manager is mindful that any placements should be to fund yield-accretive acquisitions/ AEIs and growth of the asset portfolio.

**14. Regarding the Distribution Reinvestment Scheme (DRS) in Ordinary Resolution 3, I would like to propose Sunway REIT absorb the stamp duty.**

The Manager notes your suggestion and will consider if there is a DRS.

**- END -**