

SUNWAY REAL ESTATE INVESTMENT TRUST

(Established in Malaysia under a deed dated 20 May 2010 and a supplemental deed dated 10 June 2010 entered into between Sunway REIT Management Sdn Bhd (Company No.: 806330-X) and RHB Trustees Berhad (Company No.: 573019-U), both companies incorporated in Malaysia under the Companies Act, 1965)

MINUTES OF THE FIFTH ANNUAL GENERAL MEETING OF SUNWAY REAL ESTATE INVESTMENT TRUST (“SUNWAY REIT”) HELD AT GRAND BAHAMAS, LEVEL 12, SUNWAY RESORT HOTEL & SPA, PERSIARAN LAGOON, BANDAR SUNWAY, 47500 SUBANG JAYA, SELANGOR DARUL EHSAN ON WEDNESDAY, 25 OCTOBER 2017 AT 3.00 P.M.

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

Tan Sri Ahmad Bin Mohd Don (*Chairman*)
Dato' Ng Tiong Lip
Elvin A/L Berty Luke Fernandez
Ng Sing Hwa
Sarena Cheah Yean Tih
Chan Hoi Choy
Tengku Nurul Azian Binti Tengku Shahrman

**UNITHOLDERS/
PROXIES/GUESTS :** As per Attendance Lists

IN ATTENDANCE : Tan Kim Aun (*Company Secretary of the Manager*)

BY INVITATION : RHB Trustees Berhad (*Trustee for Sunway REIT*)
Messrs BDO (*External Auditors*)
BDO Governance Advisory Sdn Bhd (*Independent Scrutineer*)
Wai Sow Fun (*Chief Financial Officer*)

OPENING ADDRESS

Tan Sri Chairman called the Meeting to order at 3.00 p.m. and welcomed all unitholders present at the Meeting.

He also highlighted certain key ground rules for the conduct of the Meeting.

CONFIRMATION OF QUORUM

Upon enquiry from Tan Sri Chairman, the Company Secretary confirmed that there was sufficient quorum for the Meeting.

CONFIRMATION OF PROXIES

Upon enquiry from Tan Sri Chairman, the Company Secretary reported that unitholders holding a total of 2,354,105,713 units, had lodged their proxies within the stipulated time, and holders of 413,974,856 units had appointed the Chairman of the Meeting to be their proxy.

CONFIRMATION OF NOTICE SENT

Upon enquiry from Tan Sri Chairman, the Company Secretary confirmed that the notice convening the Meeting had been duly sent to all unitholders. Upon the proposal by Tan Sri Chairman and with the consent of the unitholders, the notice of the Meeting was taken as read.

Tan Sri Chairman informed that the motion tabled at the Meeting, would be voted by poll using electronic means. BDO Governance Advisory Sdn Bhd was appointed as the Independent Scrutineers for the polling exercise. Tan Sri Chairman informed that the e-polling system had been thoroughly tested and proven reliable by BDO Governance Advisory Sdn Bhd. He then invited Ms Sarah Goh from the Share Registrar to brief the unitholders on the electronic polling procedures.

SUNWAY REAL ESTATE INVESTMENT TRUST

Minutes of the Fifth Annual General Meeting held on 25 October 2017

ORDINARY BUSINESS

1. AUDITED FINANCIAL STATEMENTS, TRUSTEE'S AND AUDITORS' REPORTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

The Audited Financial Statements for the financial year ended 30 June 2017 of Sunway REIT together with the Trustee's and Auditors' Reports were tabled for the unitholders' information.

Tan Sri Chairman then opened the floor for a question and answer session. The salient enquiries and comments made by the unitholders and proxies as well as responses from the Board and Management were as follows:-

- a) Mr Wan Heng Wah, a unitholder, welcomed Tan Sri Chairman as the new Chairman of the Meeting. He complimented the Board for having a strong dynamic management team besides the main sponsor, Sunway Berhad with many pipeline assets to be injected into Sunway REIT at the right timing. He raised the questions on the status of the refurbishment exercise and the expected performance of Sunway Pyramid Hotel as well as the plan to increase the occupancy rate of Sunway Putra Tower.

i) Sunway Pyramid Hotel

Dato' Ng Tiong Lip informed that the refurbishment of Sunway Pyramid Hotel had been fully completed and re-opened to public in June 2017 with an additional 15 rooms. The total rooms as at to-date was 564 rooms.

The closure of the hotel had resulted in a loss of net property income ("NPI") amounting to approximately RM15 million. The renovation was necessary in order to remain ahead of its competitors. The hotel is now categorised as a 4.5 star rated deluxe hotel, enabling it to attract a different group of customer base. He cited that the hotel operator had collaborated with Emirates and Cathay Dragon airlines to provide hotel stay for their crew. The hotel operator had ventured into new markets such as Japan, China, India and other Middle Eastern countries to promote and increase the occupancy rates for Sunway REIT's portfolio of hotels besides actively marketing through the digital platforms such as online travel agents (OTA) and social media.

Sunway Resort Hotel & Spa (a 5-star rated hotel), Sunway Clio Hotel (a 4-star rated hotel) and Sunway Pyramid Hotel offered different price range to cater to a larger range of customer segments. The hotels had consistency achieved about 85% occupancy rate despite the challenging operating environment. In the long term, Dato' Ng was optimistic that the hotel would be able to achieve higher occupancy rate after it had gone through the gestation period following its refurbishment exercise.

ii) Sunway Putra Tower

The occupancy rate of Sunway Putra Tower had improved since the disclosure made in the Annual Return 2017 at 42% occupancy rate. It was expected to improve to 70% occupancy rate by next AGM with new tenants occupying the office space. Sunway Putra Tower is strategically located within the mixed-use integrated development which complemented the businesses of Sunway Putra Hotel and Sunway Putra Mall.

- b) Mr Veiven Goon, a unitholder, enquired on the reason for the slow occupancy rate of Sunway Tower which was about 20% as well as its unique selling point and any plan to dispose the property.

SUNWAY REAL ESTATE INVESTMENT TRUST

Minutes of the Fifth Annual General Meeting held on 25 October 2017

i) Sunway Tower

Dato' Ng responded that Sunway Tower was the least performing office property after its anchor tenant terminated the lease 3 years ago. The facility management team was instructed to secure replacement tenants to improve its occupancy rate.

He highlighted that Sunway Berhad owned a parcel of land adjacent to Sunway Tower. Hence, there was currently no plan to dispose of the property as there could be synergistic opportunity in the future when Sunway Berhad develops the said adjacent land. In this regards, he was optimistic that the occupancy rate would increase over time due to its strategic location near to the 'golden triangle'.

ii) Sunway Putra Mall

Mr Veiven Goon noted that about 60% of the rental leases of Sunway Putra Mall would be expiring in 2018. He then enquired whether there would be a positive rental revision for these expiring leases.

Dato' Ng explained that due to the oversupply of retail malls, the priority was to maintain its occupancy rate above 90% or even 100% despite a negative rental reversion. This would in return, help to sustain Sunway REIT's NPI and income distribution.

- c) Mr Lew Tuck Wai, a unitholder, questioned whether it was possible to increase the parking bays of Sunway Putra Mall, particularly to cater for events held in PWTC for instance.

i) Parking bays at Sunway Putra Mall

Dato' Ng reported that it was not possible to increase the existing parking bays totalling 1,500 parking bays. During weekends, the parking bays designated for the office tenants, could be used by the mall shoppers. He encouraged the usage of LRT or even the e-hailing services such as Grab/Uber as alternative solutions.

ii) Expansion of Sunway Carnival Mall

Mr Lew queried on the rationale for the proposed asset enhancement of Sunway Carnival Mall which was located at a less strategic location i.e. the mainland instead of Penang Island.

Dato' Ng explained that the mall was built 10 years ago and the proposed expansion would help to maintain its position as the leading shopping mall in the mainland. With the proposed expansion of a new wing comprising approximately 300,000 square feet, it would further increase its NLA to nearly 900,000 square feet. Management had received many requests from reputable tenants who wished to secure a space in the mall but were turned down due to lack of available rental space.

Management was optimistic of achieving the desired return of investment due to the enhanced tenancy mix upon completion of the expansion. Although Penang Island is considered a 'hot spot', its shopping mall market per square foot per capita was more saturated as compared to the mainland. Additionally, rapid real estate development was recorded at the mainland as compared to Penang Island.

iii) Sunway Velocity Mall

Mr Lew also enquired on whether Sunway REIT has the right of first refusal to acquire Sunway Velocity Mall in the future. He also asked whether Sunway Velocity Mall had fulfilled the requisite criteria as a potential investment asset of Sunway REIT.

SUNWAY REAL ESTATE INVESTMENT TRUST

Minutes of the Fifth Annual General Meeting held on 25 October 2017

Dato' Ng explained that the mall owner would have to decide on this matter in due course.

- d) Ms Kathleen Leong, a proxy, asked whether Management could provide an anticipated outlook of the rental revision for Sunway Pyramid Mall and SunCity Ipoh Hypermarket located at Sunway City Ipoh.

Sunway Pyramid Mall and SunCity Ipoh Hypermarket

Dato' Ng clarified that SunCity Ipoh Hypermarket was leased to a sole tenant i.e. GCH Retail (Malaysia) Sdn Bhd, a major hypermarket and retailer chain operating under the "Giant" brand. The rental per square foot was reduced from RM2.30 to RM2 per square foot following negotiations with the operator. The negative rental revision of approximately RM0.30 posed very minimal impact to the total NPI of Sunway REIT.

On the contrary, Sunway Pyramid Mall would still be enjoying positive rental revision.

- e) Ms Mitra Chen, a proxy, enquired on the number of tenants which had indicated their desire to renew their tenancies in view that many tenancies were due for renewal in 2018.

i) Renewal of expiring tenancies and rental revision

Dato' Ng cited the example of Sunway Pyramid Mall whereby many tenants had shown interest to continue their lease tenure with Sunway Pyramid Mall. Nevertheless, the operator was very careful in selecting and maintaining the right tenancy-mix which were able to increase the customer base for the mall.

ii) Sunway Medical Centre and Sunway REIT's plan to invest in Johor

Ms Mitra Chen also asked on the increase of beds in Sunway Medical Centre ("SMC") and Sunway REIT's plan in Johor moving forward.

Dato' Ng informed that currently, Sunway REIT did not have any investment in Johor yet. However, Sunway Berhad had already granted the right to match to Sunway REIT to acquire any properties which it intended to dispose in Sunway Iskandar.

As for phase 3 expansion of SMC, it was Sunway Berhad's project.

iii) Plan to acquire additional industrial land

Ms Mitra Chen enquired if Management had any plan to diversify Sunway REIT's portfolio assets by investing in another industrial land such as the recent acquisition of Sunway REIT Industrial – Shah Alam 1 ("Industrial Property").

Dato' Ng responded that Sunway REIT is a retail-focused real estate investment trust with at least 60% contribution coming from retail assets. Meanwhile, the maximum exposure for 'Others' segment was capped at 15% of the total asset value which comprised the SMC and the Industrial Property. He informed that the Board might consider expanding this segment within the permissible limit, if the opportunity arises.

iv) Current liabilities

Ms Mitra Chen noted that Sunway REIT had recorded a high current liabilities position and queried whether there would be any financial impact on its cash flow.

SUNWAY REAL ESTATE INVESTMENT TRUST

Minutes of the Fifth Annual General Meeting held on 25 October 2017

Mr Leo Ann Puat, a unitholder, also noted that the total borrowings amounting to RM2.4 billion had been reclassified from non-current liabilities to current liabilities. He then asked whether there would be any refinancing issue.

Ms Wai Sow Fun assured that there would not be any re-financing issue for the maturing total debts of approximately RM1.4 billion as the existing financiers were keen to continue in re-financing the loans. Part of the loans matured in October 2017 and had been refinanced while the remaining loan maturity dates would be in March 2018 and April 2018.

Dato' Ng added that Sunway REIT had recorded a high level of debt-service coverage ratio of 4.1 times apart from its strong cash flow position. This amount was twofold the minimum level of 1.5 times imposed by the conventional banks on their borrowers. In this regards, he did not foresee any re-financing risk.

- f) Mr Leo Ann Puat noted that all the financial figures stated under the 'Group' and the 'Fund' categories in the Statements of Profit or Loss and Other comprehensive Income were the same. He then questioned the rationale for such accounting treatment. He also asked the Board's view on the expected performance for 2018 i.e. whether it would be similar to 2017's performance.

Financial matters

Dato' Ng commented that moderate growth would be expected for the financial year ending 30 June 2018 as stated in the Annual Return 2017. The retail assets would still enjoy moderate revenue growth of 3% to 5%.

Ms Wai clarified that the 'Group' comprised 2 special purpose vehicles to hold the commercial papers ("CP") and medium term notes ("MTN") programmes. The special purpose vehicles were established to issue the CP and MTN while all their expenses were borne by Sunway REIT.

- g) Mr Rusmin, a proxy, asked for the occupancy cost for tenants as well as the breakdown of sales derived from domestic consumers and foreign tourists for the malls.

Occupancy cost and consumption pattern

Mr Chan Hoi Choy responded that the occupancy cost comprised generally about 15% of the rental revenue. He continued to inform that the retail market was mainly driven by domestic consumers of about 90% with the remaining 10% by foreigners.

As there were no further questions from the unitholders, the Audited Financial Statements for the financial year ended 30 June 2017 of Sunway REIT together with the Trustee's and Auditors' Reports were duly received by unitholders.

SPECIAL BUSINESS

2 ORDINARY RESOLUTION:

PROPOSED UNITHOLDERS' MANDATE TO ALLOT AND ISSUE NEW UNITS OF UP TO 10% OF THE APPROVED FUND SIZE OF SUNWAY REIT PURSUANT TO CLAUSE 14.03 OF THE GUIDELINES ON REAL ESTATE INVESTMENT TRUSTS ISSUED BY SECURITIES COMMISSION MALAYSIA ("REIT GUIDELINES")

After explaining the rationale behind the resolution, Tan Sri Chairman informed the unitholders that he would like to propose that the voting of Ordinary Resolution No.1 be carried out by way of poll in accordance with Schedule 1 Clause 11(a)(i) of the Trust Deed.

SUNWAY REAL ESTATE INVESTMENT TRUST

Minutes of the Fifth Annual General Meeting held on 25 October 2017

He then explained the procedures for conducting the poll and further informed that Messrs BDO had been appointed as the independent scrutineer for the polling exercise.

Based on the unitholders and proxies who were present and voted, the resolution was duly passed with 2,312,984,340 units (98.249%) voted for and 41,222,400 units (1.751%) voted against the resolution.

It was hereby RESOLVED:-

- (a) **THAT pursuant to the REIT Guidelines, Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the approval of the relevant regulatory authorities, where such approval is required, approval be hereby given to the Directors of Sunway REIT Management Sdn Bhd, the Manager for Sunway REIT (“the Manager”), to issue and allot new units in Sunway REIT (“New Units”) from time to time to such persons and for such purposes as the Directors of the Manager may in their absolute discretion deem fit and in the best interest of Sunway REIT, provided that the aggregate number of New Units issued pursuant to this resolution, when aggregated with the number of units in Sunway REIT issued during the preceding 12 months, must not exceed 10% of the approved fund size of Sunway REIT for the time being comprising 3,650,888,858 units (“Proposed Mandate”).**
- (b) **THAT such approval shall continue to be in force until:**
- (i) **the conclusion of the next Annual General Meeting of the unitholders at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;**
 - (ii) **the expiration of the period within which the next Annual General Meeting of the unitholders is required by law to be held; or**
 - (iii) **revoked or varied by resolution passed by the unitholders in a unitholders’ meeting, whichever is the earlier.**
- (c) **THAT the New Units to be issued pursuant to the Proposed Mandate shall, upon allotment and issue, 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 distribution, right, benefit, entitlement and/or any other distributions that may be declared prior to the date of allotment and issue of such New Units.**
- (d) **THAT authority be hereby given to the Directors of the Manager and RHB Trustees Berhad (“the Trustee”), acting for and on behalf of Sunway REIT, to give effect to the Proposed Mandate with full powers to assent to any condition, modification, variation and/or amendment as they may deem fit in the best interest of Sunway REIT and/or as may be imposed by the relevant authorities.**
- (e) **AND FURTHER THAT the Directors of the Manager and the Trustee, acting for and on behalf of Sunway REIT, be hereby authorised to implement, finalise, complete and take all necessary steps and to do all acts (including execute such documents as may be required), deeds, things in relation to the Proposed Mandate.**

CONCLUSION

The Meeting concluded at 4.30 p.m. with a vote of thanks to the Chair.

Confirmed as a true and correct record:-

.....
CHAIRMAN

Dated this 31st day of October 2017