



Sunway REIT Unitholders' Meeting

Questions & Answers

15 June 2023

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

Unitholders: Yap Yik Yong, Lim Jit Thin, Lee Chin Guan, Kow Lih Shi, Lew Tuck Wai

1. What is the payback period for this investment?

Based on the initial yield of 8%, it is anticipated that the payback period would be approximately 12 to 13 years.

2. The computation of the annual incremental net distributable income assumed RM20.8 million in Finance Cost based on the assumption that the purchase consideration will be fully financed by borrowings. However, under "Method of Financing for Purchase Consideration", part of the cash proceeds from SMC Disposal could be allocated to partly fund the Balance Purchase Consideration. Appreciate the advisor's explanation on the above.

At the point of the preparation for the Circular, the completion dates for SMC Disposal and the Proposed Acquisition were uncertain and undetermined. Hence, a conservative approach had been taken into consideration, with the assumption that the Manager may incur interest expense on the basis that the Balance Purchase Consideration for the Proposed Acquisition will be fully funded by debt. On the other hand, the interest savings that may potentially be received by the Manager had also been included in the computation of pro forma, with the assumption that the net cash proceeds from the SMC Disposal will be used to repay Sunway REIT's existing borrowings.

3. Sunway REIT had been removed from FTSE4Good Bursa Malaysia Index recently, is there anything to do with this Proposed Acquisition?

In the recent FTSE Bursa Malaysia semi-annual review, Sunway REIT will be excluded from FTSE4Good Bursa Malaysia Index with effective from 19 June 2023. The exclusion from the index is not relevant to Sunway REIT's financials or fundamentals. However, the exclusion is mainly due to the lack of trading liquidity of Sunway REIT's units on Bursa Malaysia, resulting in Sunway REIT being excluded from one of the main indices on Bursa Malaysia, namely FTSE Bursa Malaysia Mid 70 Index, and subsequently being excluded from the FTSE4Good Bursa Malaysia Index.

The Manager is working closely with the Investor Relations team to improve trading liquidity for index re-inclusion. Hence, the Manager would like to reaffirm that the exclusion from FTSE4Good Bursa Malaysia Index is not related to this Proposed Acquisition.

4. Given that this year marks the third year of economic recovery, is the rental income from the Proposed Acquisition better than pre-pandemic?

The rental income from the Proposed Acquisition is based on the existing lease agreements to be novated, hence the rental is fixed throughout the years with built-in rental reversion terms.

5. What could Sunway REIT do to increase dividend payout?

The Manager has reverted to 100% distribution payout policy in Q4 2022. The Manager will maintain the distribution payout of 100% in FY2023.

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