

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, solicitor, accountant, bank manager or other professional adviser immediately.

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SUNWAY[®]

REIT

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)
(Stock Code: 5176)

Managed by
SUNWAY REIT MANAGEMENT SDN BHD
(Company Registration No.: 200801005046)

CIRCULAR TO UNITHOLDERS

IN RELATION TO

**THE PROPOSED RENEWAL OF UNITHOLDERS' MANDATE FOR RECURRENT
RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

AND

EXTRACT OF THE NOTICE OF 8TH ANNUAL GENERAL MEETING

The resolution for the above proposal will be tabled at the Eighth Annual General Meeting of Sunway Real Estate Investment Trust ("**Sunway REIT**") ("**8th AGM**") which will be held as a fully virtual meeting through live streaming and online remote voting from the Broadcast Venue. The Notice of the 8th AGM, Proxy Form, AGM Administrative Details, Integrated Report 2020 and this Circular can be downloaded at Sunway REIT's website at <http://www.sunwayreit.com/investor-relations/aggm>. The details of 8th AGM are as follows:

Date and time : Friday, 2 October 2020 at 3:30 pm
Broadcast Venue : Penthouse, Level 20, Menara Sunway, Jalan Lagoon Timur, Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan, Malaysia
Meeting Platform : www.sunwaymanagement.com.my

You are encouraged to participate, speak (in the form of real-time submission of typed texts) and vote remotely at the 8th AGM using the Remote Participation and Voting ("**RPV**") Facility. Please refer to the AGM Administrative Details for the procedures to register, participate, and vote remotely at the 8th AGM using the RPV Facility. If you are unable to participate in the 8th AGM, you may appoint a proxy or proxies to participate and vote on your behalf. In such event, you should complete and deposit the Proxy Form at the registered office of Sunway REIT Management Sdn Bhd located at Level 16, Menara Sunway, Jalan Lagoon Timur, Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan, Malaysia, or submit it via email to sunwaymanagement@sunway.com.my or via fax to (603) 5639 9507, not less than 24 hours before the time appointed for holding the 8th AGM or at any adjournment thereof. The lodging of the Proxy Form shall not preclude you from participating in the 8th AGM should you subsequently wish to do so.

This Circular is dated 28 August 2020

DEFINITIONS

The following abbreviations and definitions shall apply throughout this Circular unless the context otherwise requires:

Act	:	Companies Act 2016 and includes any amendments thereto from time to time
Active Equity	:	Active Equity Sdn Bhd (Company Registration No.: 198201012743)
Adrian Cheah	:	Adrian Cheah Yean Sun
AGM	:	Annual General Meeting
Authorised Investments	:	The following investments in which Sunway REIT may invest, subject to the provisions of the Listed REIT Guidelines: (a) real estate; (b) non-real estate assets; (c) cash, deposits and money market instruments; and (d) any other investment not covered by paragraph (a) to (c) above but as otherwise permitted by the SC
Board	:	Board of Directors of the Manager
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd (Company Registration No.: 198701006854)
Bursa Securities	:	Bursa Malaysia Securities Berhad (Company Registration No.: 200301033577)
CMSA	:	Capital Markets and Services Act 2007 and includes any amendments thereto from time to time
Circular	:	This Circular dated 28 August 2020 in relation to the Proposed Renewal of RRPT Mandate
Deed	:	The amended and restated deed dated 18 September 2018 entered into between the Manager and the Trustee constituting Sunway REIT, as amended, varied or supplemented from time to time
Director	:	(i) director or chief executive of the Manager; (ii) shall have the meaning given in Section 2(1) of the CMSA; and (iii) for the purpose of the Proposed Renewal of RRPT Mandate, includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a director or chief executive of the Manager
EPU	:	Earnings per unit
Evan Cheah	:	Evan Cheah Yean Shin
FYE	:	Financial year ended / ending, as the case may be

- Listed REIT Guidelines : Guidelines on Listed REITs issued by the SC and includes any amendments thereto from time to time
- Listing Requirements : Main Market Listing Requirements issued by Bursa Securities and includes any amendments thereto from time to time
- LPD : 30 July 2020, being the latest practicable date before the printing of this Circular
- Major Shareholder : (i) A person who has an interest or interests in one or more voting shares in a corporation and the number or aggregate number of those shares, is:
 (a) 10% or more of the total number of voting shares in the corporation; or
 (b) 5% or more of the total number of voting shares in the corporation where such person is the largest shareholder of the corporation
- For the purpose of this definition, “interest” shall have the meaning of “interest in shares” given in Section 8 of the Act; and
- (ii) For the purpose of the Proposed Renewal of RRPT Mandate, a major shareholder includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a major shareholder of the Manager
- Major Unitholder : (i) A person who has an interest or interests in one or more units in a unit trust scheme and the number or aggregate number of those units is:
 (a) 10% or more of the total number of the units in the unit trust scheme; or
 (b) 5% or more of the total number of the units in the unit trust scheme where such person is the largest unitholder of the unit trust scheme
- For the purpose of this definition, “interest in units” has the meaning given in Section 4 of the CMSA; and
- (ii) For the purpose of the Proposed Renewal of RRPT Mandate, a major unitholder includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a major unitholder of Sunway REIT
- Manager : Sunway REIT Management Sdn Bhd (Company Registration No.: 200801005046), being the manager of Sunway REIT
- NAV : Net asset value
- Person Connected : In relation to a Director, Major Shareholder or Major Unitholder, means, such person who falls under any one of the following categories:
 (i) a family member of the Director, Major Shareholder or Major Unitholder;

- (ii) a trustee of a trust (other than a trustee for a share scheme for employees or pension scheme) under which the Director, Major Shareholder or Major Unitholder, or a family member of the Director, Major Shareholder or Major Unitholder, is the sole beneficiary;
- (iii) a partner of the Director, Major Shareholder or Major Unitholder;
- (iv) a person, or where the person is a body corporate, the body corporate or its directors, who is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the Director, Major Shareholder or Major Unitholder;
- (v) a person, or where the person is a body corporate, the body corporate or its directors, in accordance with whose directions, instructions or wishes the Director, Major Shareholder or Major Unitholder is accustomed or is under an obligation, whether formal or informal, to act;
- (vi) a body corporate in which the Director, Major Shareholder or Major Unitholder, or persons connected with them are entitled to exercise, or control the exercise of, not less than 20% of the votes attached to voting shares in the body corporate; or
- (vii) a body corporate which is a related corporation of the Director, Major Shareholder or Major Unitholder

PDP	:	Project delivery partner(s) appointed for a project with responsibilities, including but not limited to, to advise, coordinate, manage and deliver on the planning, design, value engineering, construction, tender and award to sub-contractors, from pre-construction stage to defect liability period
Proposed Renewal of RRPT Mandate	:	Proposed renewal of unitholders' mandate for RRPT as set out in Section 2.3 of this Circular
Puan Sri Susan Cheah	:	Puan Sri Datin Seri (Dr) Susan Cheah Seok Cheng
REIT	:	Real Estate Investment Trust
Related Party	:	The Manager, Trustee, Director, Major Shareholder, Major Unitholder, or Person Connected with any of the aforesaid persons
RM	:	Ringgit Malaysia
RPT	:	A transaction entered into by Sunway REIT which involves the interest, direct or indirect, of a Related Party
RRPT	:	RPT which is recurrent, of a revenue or trading nature and which is necessary for day-to-day operations of Sunway REIT
Sarena Cheah	:	Sarena Cheah Yean Tih, <i>S.M.S.</i> , Director of the Manager and Sunway
SC	:	Securities Commission Malaysia
SRH	:	Sunway REIT Holdings Sdn Bhd (Company Registration No.: 200001009485)

Sunway	:	Sunway Berhad (Company Registration No.: 201001037627)
Sunway Group	:	Sunway, its subsidiaries and jointly controlled entities (incorporated and unincorporated)
Sunway REIT	:	Sunway Real Estate Investment Trust
Sunway Technology	:	Sunway Technology Sdn Bhd (Company Registration No.: 199001018410)
Sunway Technology Group	:	Sunway Technology and its subsidiaries and associated companies
SWC	:	Sungei Way Corporation Sdn Bhd (Company Registration No.: 197401001067)
Tan Sri Jeffrey Cheah	:	Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling AO
Trustee	:	RHB Trustees Berhad (Company Registration No.: 200201005356), as trustee of Sunway REIT

PRESENTATION OF INFORMATION

All references to “**you**” and “**your**” in this Circular are to the unitholders of Sunway REIT.

Unless specifically referred to, words denoting the singular shall, if applicable, include the plural and vice versa and words denoting the masculine gender shall, if applicable, include the feminine and/or neuter genders and vice versa.

References to persons shall include corporations, unless otherwise specified.

Any references in this Circular to the provisions of any enactment, statute, rules, regulation, rules of stock exchange or guideline shall (when the context admits) be construed as a reference to the provisions of such enactment, statute, rules, regulation, or rules of stock exchange (as the case may be) as modified by any written law or (if applicable) amendments to the enactment, statute, rules, regulation, rules of stock exchange or guideline for the time being in force.

Any reference to a time of day in this Circular shall be a reference to Malaysian time, unless otherwise stated.

Certain amounts and percentage figures included herein have been subject to rounding adjustments. Any discrepancies in the tables included in this Circular between the amounts listed, actual figures and the totals thereof, are due to rounding differences.

Certain statements in this Circular may be forward-looking in nature, which are subject to uncertainties and contingencies. Forward-looking statements may contain estimates and assumptions made by the Board after due inquiry, which are nevertheless subject to known or unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from anticipated results, performance or achievements expressed or implied in such forward-looking statements. Hence, the inclusion of a forward-looking statement in this Circular should not be regarded as a representation or warranty that the Manager’s plans and objectives will be achieved.

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Registered office of the Manager:

Level 16, Menara Sunway
Jalan Lagoon Timur
Bandar Sunway
47500 Subang Jaya
Selangor Darul Ehsan
Malaysia

28 August 2020

Board of the Manager:

Tan Sri Ahmad Bin Mohd Don *(Chairman, Independent Non-Executive Director)*
Dato' Ng Tiong Lip *(Chief Executive Officer, Non-Independent Executive Director)*
Elvin A/L Bertly Luke Fernandez *(Senior Independent Non-Executive Director)*
Sarena Cheah Yean Tih, *s.m.s. (Non-Independent Non-Executive Director)*
Ng Sing Hwa *(Non-Independent Non-Executive Director)*
Tengku Nurul Azian Binti Tengku Shahrman *(Independent Non-Executive Director)*
Yeo Kar Peng *(Independent Non-Executive Director)*

To the Unitholders

Dear Sir/Madam,

PROPOSED RENEWAL OF RRPT MANDATE

1. INTRODUCTION

At the 7th AGM held on 2 October 2019, Sunway REIT had procured your approval to enter into those transactions which are recurrent, of a revenue or trading nature and which are necessary for day-to-day operations of Sunway REIT as set out in Section 2.3 below, with the Related Parties ("**Unitholders' Mandate**"). The Unitholders' Mandate will be in force until the conclusion of the forthcoming 8th AGM, unless the mandate is renewed.

On 11 August 2020, the Board announced that Sunway REIT intends to seek your approval for the Proposed Renewal of RRPT Mandate at its forthcoming 8th AGM.

The purpose of this Circular is to provide you with the details of the Proposed Renewal of RRPT Mandate and to seek your approval for the resolution pertaining to the Proposed Renewal of RRPT Mandate to be tabled at the forthcoming 8th AGM. The Notice of the 8th AGM, Proxy Form, AGM Administrative Details, Integrated Report 2020 and this Circular can be downloaded at Sunway REIT's website at <http://www.sunwayreit.com/investor-relations/agm>. Please refer to the AGM Administrative Details on the procedures in relation to the registration, participation and voting remotely via the RPV Facility.

YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDIX I CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED RENEWAL OF RRPT MANDATE TO BE TABLED AT THE FORTHCOMING 8TH AGM.

2. PROPOSED RENEWAL OF RRPT MANDATE

2.1 Details of the Proposed Renewal of RRPT Mandate

In view of the expiry of the Unitholders’ Mandate at the conclusion of the forthcoming 8th AGM, Sunway REIT proposes to seek a renewal of RRPT mandate from you subject to, among others, the following:

- (i) the transactions are in the ordinary course of business and are on terms not more favourable to the Related Parties than those generally available to the public;
- (ii) the Proposed Renewal of RRPT Mandate is subject to annual renewal and disclosure is made in the annual report of Sunway REIT of the aggregated value of transactions conducted pursuant to the Proposed Renewal of RRPT Mandate;
- (iii) the interested Directors and interested Major Unitholders must not vote on the resolution pertaining to the Proposed Renewal of RRPT Mandate. The interested Directors and interested Major Unitholders must also ensure that Persons Connected with them abstain from voting on the resolution approving the Proposed Renewal of RRPT Mandate; and
- (iv) the Manager shall immediately announce to Bursa Securities when the actual value of a RRPT entered into by Sunway REIT, exceeds the estimated value of the RRPT disclosed in this Circular by 10% or more and must include the information as may be prescribed by Bursa Securities in the announcement.

Upon your approval for the resolution pertaining to the Proposed Renewal of RRPT Mandate being obtained pursuant to the above, the provisions of Paragraph 10.08 of the Listing Requirements in relation to the RRPT set out in Section 2.3 of this Circular will not be applicable to Sunway REIT.

The disclosures pertaining to those RRPT will be made in the annual report of Sunway REIT pursuant to the Listing Requirements, which requires a breakdown of the aggregate value of the RRPT entered into during the financial year, amongst others, based on the following information:

- (i) the type of the RRPT made; and
- (ii) the names of the Related Parties involved in each type of the RRPT made and their relationship with Sunway REIT.

2.2 Key investment objective of Sunway REIT and principal activities of Related Parties

The key investment objective of Sunway REIT is to provide unitholders with an exposure to a diversified portfolio of Authorised Investments that will provide stable cash distributions with the potential for sustainable growth of the NAV per unit.

The principal activities of the Related Parties are as follows:

	Related Party	Principal Activities
(i)	Sunway Group	Investment holding and provision of management services. Sunway, through its group of companies, is involved in the businesses of property development, property investment, real estate investment, construction, retail, hospitality, leisure,

	Related Party	Principal Activities
		healthcare, trading and manufacturing, building materials and quarry.
(ii)	Sunway Technology Group	Investment holding; trading in computer hardware and software and related components; software developers, consultants and advisors and provision of other computer software services; provision of training, information technology and consultancy services; and sale and marketing of internet/broadband services and related products.

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2.3 Details of RRPT contemplated under the Proposed Renewal of RRPT Mandate

The details of the RRPT entered into or to be entered into by Sunway REIT with Related Party under the Proposed Renewal of RRPT Mandate are as follows:

No.	Transacting parties	Related Parties and nature of their relationship	Nature of RRPT	Previous estimated value during the validity period ⁽¹⁾ (RM'000)	Actual value transacted, from the 7 th AGM up to the LPD (RM'000)	New estimated value during the new validity period ⁽²⁾ (RM'000)
(i)	Sunway Group	Tan Sri Jeffrey Cheah and Sarena Cheah are Directors and Major Shareholders of Sunway as well as directors in several subsidiaries of Sunway. Evan Cheah and Adrian Cheah are Major Shareholders of Sunway as well as Directors in several subsidiaries of Sunway. Puan Sri Susan Cheah, Active Equity and SWC are the Major Shareholders of Sunway. SRH, a wholly-owned subsidiary of Sunway City Sdn Bhd which is in turn a wholly-owned subsidiary of Sunway. SRH, Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan	Income from rental of premises/properties** and utilities charges	300,000	110,468	300,000
			Interest income earned from investment in money market	5,000	2,359	5,000
			Construction and related services*, foundation and geotechnical engineering and mechanical, electrical plumbing and related services	#	29,792	#
			Interior decorations, design and related services, and renovation works	#	5,361	#
			Property project consultancy, management and related services	#	858	#

No.	Transacting parties	Related Parties and nature of their relationship	Nature of RRPT	Previous estimated value during the validity period ⁽¹⁾ (RM'000)	Actual value transacted, from the 7 th AGM up to the LPD (RM'000)	New estimated value during the new validity period ⁽²⁾ (RM'000)
		Cheah, Adrian Cheah, Active Equity and SWC are the Major Unitholders of Sunway REIT. Sarena Cheah is a Director of the Manager.	Retail consultancy, management and related services	#	1,771	#
			Purchase of hardware, building materials and other related construction materials	#	1	#
			Management fee and related services	55,000	29,925	60,000
			Building facilities management, maintenance, and related services	#	2,005	5,000
			Marketing, advertising and promotion, leasing and other related charges and services	23,000	10,611	23,000
			Security and related services	2,000	2	500
			Service fee for finance, human resources, information technology and related services	3,000	2,113	3,800

No.	Transacting parties	Related Parties and nature of their relationship	Nature of RRPT	Previous estimated value during the validity period ⁽¹⁾ (RM'000)	Actual value transacted, from the 7 th AGM up to the LPD (RM'000)	New estimated value during the new validity period ⁽²⁾ (RM'000)
			Provision of hotel and related services, ticketing and tour related services, recreational club and theme park facilities	1,000	114	1,000
			Net investment/(redemption) in money market***	300,000	(50,000)	300,000
(ii)	Sunway Technology Group	Tan Sri Jeffrey Cheah and Evan Cheah are Directors of Sunway Technology. Evan Cheah is also a Director in several subsidiaries of Sunway Technology. Active Equity is the sole ordinary shareholder of Sunway Technology. Tan Sri Jeffrey Cheah, Sarena Cheah, Evan Cheah and Adrian Cheah have deemed interests in Sunway Technology Group via Active Equity. Tan Sri Jeffrey Cheah, Sarena Cheah, Evan Cheah and Adrian Cheah are the Major Unitholders of Sunway	Income from rental of premises/properties** and utilities charges	2,000	503	2,000
			Computer products, software development, support, maintenance and consultancy services for information technology software and hardware	#	547	#

No.	Transacting parties	Related Parties and nature of their relationship	Nature of RRPT	Previous estimated value during the validity period ⁽¹⁾ (RM'000)	Actual value transacted, from the 7 th AGM up to the LPD (RM'000)	New estimated value during the new validity period ⁽²⁾ (RM'000)
		REIT. Sarena Cheah is a Director of the Manager.				

Notes:

The estimated value of the transactions cannot be determined as the transactions are on project-by-project basis.

* Includes, inter alia, construction of civil and building works, contracting in mechanical, electrical and engineering works, prefabricated construction of building and civil works, precast concrete building contracts and piling contracts. This includes the disbursement to the lessees, as allowed under the leases, for capital expenditures.

** The tenures of the premises/properties (and such other new properties that may be rented out to/by Sunway REIT) are of varying lengths and the rental payment is on a monthly basis.

*** The investment and redemption of money market instrument are assessed on monthly basis depending on operation cash flows. The net investment or redemption amount is derived from total investment net of total redemption during the period. The actual value transacted from the 7th AGM up to the LPD reflects a net redemption amount after netting off the total investment of RM820 million and total redemption of RM870 million.

(1) Validity period refers to the period from the date of the 7th AGM until 2 October 2020.

(2) New validity period refers to the period from the date of the forthcoming 8th AGM until the next AGM.

2.4 Amount due to Sunway REIT by Related Parties

As at the LPD, the breakdown and ageing analysis of outstanding amount due and owing to Sunway REIT by Related Parties pursuant to the RRPT referred to in Section 2.3 of this Circular, which exceeded the credit term for the following periods, are as follows:

Principal Sum (RM'000)	Late Payment Interest (RM'000)	Total Outstanding Amount (RM'000)	Ageing Analysis (RM'000)			
			≤ 1 year	> 1 years to 3 years	> 3 years to 5 years	> 5 years
365	61	426	426	-	-	-

A late payment interest of approximately RM61,000 was charged on the outstanding amount owing by the Related Parties. The Manager has and will continue to discuss with the Related Parties to actively pursue for early settlement of the outstanding amount due. The Board is of the opinion that there will be no recoverability issue as the overdue amount is closely monitored by the Manager and the Manager is optimistic that the amount is recoverable.

2.5 Review procedures in relation to RRPT

The Manager has established procedures for Sunway REIT to ensure that the RRPT are undertaken on an arm's length basis, on Sunway REIT's normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and are not detrimental to the minority unitholders of Sunway REIT.

To monitor the RRPT, the procedures established by the Manager for Sunway REIT are as follows:

- (i) a list of Related Parties will be circulated by the Manager to notify that all RRPT are required to be undertaken on an arm's length basis, on Sunway REIT's normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and are not detrimental to the minority unitholders of Sunway REIT;
- (ii) rental of properties owned by Sunway REIT shall be at prevailing market rates for the same or substantially similar properties and shall be on normal commercial terms. In the event that any space is vacant for more than 3 months and suitable third party tenants are unable to be secured, taking into account the circumstances of the location, available facilities and other relevant considerations, a written recommendation may be made to the Manager for approval of tenancy to Related Parties, subject to the terms being in accordance with prevailing commercial norms and at rates reflecting the market conditions which are not more favourable to the Related Parties than those generally available to the public and are not detrimental to the minority unitholders of Sunway REIT;
- (iii) in relation to investment in money market instrument with any Related Parties, benchmark rates of the same and/or similar nature shall be obtained, whenever possible, from published information and financial institutions. Such investments with Related Parties will only be made if the rate offered is competitive compared to the benchmark rates;
- (iv) at least 2 other contemporaneous transactions with unrelated third parties for similar products or services and/or quantities will be used as comparison, whenever possible, to determine whether the price and terms offered to/by the Related Parties are fair and reasonable and comparable to those offered to/by

other unrelated third parties for the same or substantially similar type of produces/services and/or quantities. If quotations or comparative pricing from unrelated third parties cannot be obtained, the price and terms of the RRPT will be in accordance with applicable industry norms, prevailing commercial rates and at rates not more favourable to the Related Parties than those generally available to the public and are not detrimental to the minority unitholders of Sunway REIT;

- (v) for the award of construction contracts and related services in connection with property development and investment projects, the Manager will prepare internal project budget that has been validated by the third party cost consultant/quantity surveyor to form the basis for comparison with tenders received. Tenders are invited for all projects and they are evaluated based on pricing as well as technical and financial capabilities of the tenderers. The whole process of project budgeting, tendering, evaluation and selection of tenderer is reviewed and approved based on the standard operating procedures of Sunway REIT;
- (vi) for the award of contracts on a turnkey or PDP basis, an independent cost consultant/quantity surveyor will be appointed to review the cost to ensure that the contracts are undertaken on normal commercial terms;
- (vii) in an open tender exercise when only 1 related party has tendered for a project, the cost/pricing must be certified by an independent cost consultant/quantity surveyor to ensure that the cost/pricing is competitive or alternatively, the pricing could be based on the rate secured from a previous tender within the preceding 12 months;
- (viii) proper records will be maintained by the Manager to capture all RRPT entered into pursuant to the Proposed Renewal of RRPT Mandate to ensure that relevant approvals have been obtained and review procedures for such transactions are adhered to;
- (ix) the Audit Committee of the Manager shall review the internal audit reports to ascertain that the guidelines and procedures established to monitor RRPT have been complied with and the review shall be done at every quarter together with the review of the quarterly results. Further, if during the periodic review, the Audit Committee of the Manager is of the view that the abovementioned procedures are no longer sufficient to ensure that the RRPT are undertaken on an arm's length basis, on Sunway REIT's normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and are not detrimental to the minority unitholders of Sunway REIT, the Audit Committee shall have the discretion to request for additional procedures to be imposed on all the RRPT. In that event, such procedures may be implemented without the approval of unitholders of Sunway REIT, provided that they are more stringent than the existing procedures;
- (x) All RRPT with value equal to or exceeding RM1 million per transaction or where any one of the percentage ratios is 1% or more, whichever is higher, are reviewed and approved by the Audit Committee to ensure compliance with the Listing Requirements on RRPT. RRPTs below RM1 million or percentage ratio of less than 1% are reviewed and authorised by different personnel of managerial level;
- (xi) the internal auditor shall periodically review the guidelines and procedures for all RRPT entered into pursuant to the Proposed Renewal of RRPT Mandate to ensure that relevant approvals have been obtained, review procedures for such transactions are adhered to and ascertain that the guidelines established to monitor RRPT have been complied with;

- (xii) the interested Director in the RRPT must abstain from the Board's deliberation and voting on the resolution(s) for the RRPT. The interested Director must inform the Board, of the details of the nature and extent of his/her interest, including all matters in relation to the proposed RRPT that he/she is aware or should reasonably be aware of, which is not in the best interest of Sunway REIT; and
- (xiii) the interested Major Unitholder or Persons Connected with them must not vote at the general meeting on the resolution pertaining to the Proposed Renewal of RRPT Mandate. It is the duty of the interested Director and interested Major Unitholder to ensure that Persons Connected with them abstain from voting on the resolution pertaining to the Proposed Renewal of RRPT mandate.

2.6 Audit Committee's Statement

The Audit Committee of the Manager has reviewed and considered the procedures set out in Section 2.5 of this Circular and is of the view that:

- (i) the procedures are sufficient to ensure that the RRPT are undertaken on an arm's length basis, on Sunway REIT's normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and are not detrimental to the minority unitholders of Sunway REIT; and
- (ii) the Manager has in place adequate procedures and processes to monitor, track and identify RRPT in a timely and orderly manner. Such procedures and processes are reviewed by the Audit Committee and/or the management staff of the Manager on a yearly basis and as and when required.

3. RATIONALE AND BENEFITS OF THE PROPOSED RENEWAL OF RRPT MANDATE

The RRPT referred to in Section 2.3 of this Circular is intended to meet the business needs of Sunway REIT on the best possible terms and for Sunway REIT to explore beneficial business opportunities with the Related Parties.

The Proposed Renewal of RRPT Mandate will also:

- (i) facilitate transactions entered into in the ordinary course of business of Sunway REIT which are transacted from time to time with the Related Parties provided that such transactions are undertaken on an arm's length basis, on Sunway REIT's normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and are not detrimental to the minority unitholders of Sunway REIT;
- (ii) eliminate the need to make announcements to Bursa Securities or to convene separate general meetings from time to time to seek your approval as and when RRPT with the Related Parties arise. This will reduce the associated expenses, improve administrative efficiency and allow manpower, resource and time to be better channelled towards achieving other corporate objectives; and
- (iii) enable Sunway REIT to enter into recurrent transaction expediently as these transactions are time sensitive and confidential in nature. Hence, it may be impractical to seek your approval on a case by-case basis before entering into such transaction.

4. VALIDITY PERIOD FOR THE PROPOSED RENEWAL OF RRPT MANDATE

The resolution pertaining to the Proposed Renewal of RRPT Mandate, if approved by you, shall take effect from 2 October 2020, being the date of passing of the ordinary resolution proposed at the forthcoming 8th AGM to approve the resolution pertaining to the Proposed Renewal of RRPT Mandate and shall only continue to be in force until:

- (i) the conclusion of the next AGM of Sunway REIT following the forthcoming 8th AGM at which such ordinary resolution is passed to effect the Proposed Renewal of RRPT Mandate, at which time it will lapse, unless by a resolution passed at the general meeting, the Proposed Renewal of RRPT 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 Renewal of RRPT Mandate is revoked or varied by a resolution passed by you in general meeting,

whichever is the earlier.

5. EFFECTS OF THE PROPOSED RENEWAL OF RRPT MANDATE

The Proposed Renewal of RRPT Mandate will not have any material effect on the issued unit capital of Sunway REIT, Major Unitholders' unitholdings and NAV, gearing and EPU of Sunway REIT.

6. APPROVALS REQUIRED

The Proposed Renewal of RRPT Mandate as set out in Section 2 of this Circular is subject to your approval at the forthcoming 8th AGM.

7. INTERESTS OF DIRECTORS, MAJOR UNITHOLDERS AND/OR PERSONS CONNECTED

As at LPD, the direct and indirect interests of the interested Directors, Major Unitholders and Persons Connected with them are as follows:

Interest of the Interested Director

Name of Director	Direct		Indirect	
	No. of Units	%	No. of Units	%
Sarena Cheah	-	-	1,204,081,565 ⁽¹⁾	40.88

Interests of the Interested Major Unitholders and the Person Connected with the Interested Major Unitholders

Name of Major Unitholders	Direct		Indirect	
	No. of Units	%	No. of Units	%
SRH	1,204,078,565	40.88	-	-
Tan Sri Jeffrey Cheah	-	-	1,204,078,565 ⁽²⁾	40.88
Puan Sri Susan Cheah	-	-	1,204,078,565 ⁽³⁾	40.88
Sarena Cheah	-	-	1,204,081,565 ⁽¹⁾	40.88
Evan Cheah	-	-	1,204,078,565 ⁽⁴⁾	40.88

Name of Major Unitholders	Direct		Indirect	
	No. of Units	%	No. of Units	%
Adrian Cheah	-	-	1,204,078,565 ⁽⁴⁾	40.88
Active Equity	-	-	1,204,078,565 ⁽⁵⁾	40.88
SWC	-	-	1,204,078,565 ⁽⁶⁾	40.88
Sunway	-	-	1,204,078,565 ⁽⁷⁾	40.88

Interest of the Person Connected with the Interested Director

Name of Person Connected	Direct		Indirect	
	No. of Units	%	No. of Units	%
Tan Yit Chong *	3,000	#	1,204,081,565 ⁽³⁾	40.88

Notes:

Negligible

* Spouse of Sarena Cheah

- (1) Deemed interest by virtue of Section 8 of the Act held through Active Equity, SWC, Sunway, SRH and spouse.
- (2) Deemed interest by virtue of Section 8 of the Act held through Active Equity, SWC, Sunway and SRH.
- (3) Deemed interest held through spouse.
- (4) Deemed interest by virtue of Section 8 of the Act held through Active Equity, SWC, Sunway and SRH.
- (5) Deemed interest by virtue of Section 8 of the Act held through SWC, Sunway and SRH.
- (6) Deemed interest by virtue of Section 8 of the Act held through Sunway and SRH.
- (7) Deemed interest by virtue of Section 8 of the Act held through SRH.

Sarena Cheah, being the interested Director, has abstained and will continue to abstain from all deliberations and voting at the relevant Board meetings of the Manager pertaining to the RRPT.

Sarena Cheah, being the interested Major Unitholder will abstain from voting in respect of her direct and/or indirect unitholdings in Sunway REIT on the Proposed Renewal of RRPT Mandate to be tabled at the forthcoming 8th AGM. Further, she will also ensure that person connected with her abstain from voting in respect of their direct and/or indirect unitholdings, if any, in Sunway REIT on the Proposed Renewal of RRPT Mandate to be tabled at the forthcoming 8th AGM.

In addition, SRH, being the interested Major Unitholder, and Tan Yit Chong, being the Person Connected to the interested Director and Major Unitholder, will abstain from voting in respect of their direct and/or indirect unitholdings in Sunway REIT on the Proposed Renewal of RRPT Mandate to be tabled at the forthcoming 8th AGM.

Save as disclosed above, none of the other Directors or Major Unitholders or Persons Connected with them have any interest, direct or indirect, in the Proposed Renewal of RRPT Mandate.

8. DIRECTORS' RECOMMENDATION

The Board (save and except for Sarena Cheah who is deemed interested in the Proposed Renewal of RRPT Mandate), having considered all aspects of the Proposed Renewal of RRPT Mandate, is of the opinion that the Proposed Renewal of RRPT Mandate is in the best interest of Sunway REIT.

Accordingly, the Board recommends that you vote in favour of the resolution pertaining to the Proposed Renewal of RRPT Mandate to be tabled at the forthcoming 8th AGM.

9. AGM

The 8th AGM, the extract of the notice of which is set out in this Circular, will be held as a fully virtual meeting through live streaming and online remote voting from the Broadcast Venue at the Penthouse, Level 20, Menara Sunway, Jalan Lagoon Timur, Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan, Malaysia on Friday, 2 October 2020 at 3:30 pm or at any adjournment thereof, for the purpose of considering and, if thought fit, passing with or without modifications, the resolution to give effect to the Proposed Renewal of RRPT Mandate.

You are encouraged to participate, speak (in the form of real-time submission of typed texts) and vote remotely at the 8th AGM using the RPV Facility. Please refer to the AGM Administrative Details for the procedures to register, participate, and vote remotely at the 8th AGM using the RPV Facility. If you are unable to participate in the 8th AGM, you may appoint a proxy or proxies to participate and vote on your behalf. In such event, you should complete and deposit the Proxy Form at the registered office of Sunway REIT Management Sdn Bhd located at Level 16, Menara Sunway, Jalan Lagoon Timur, Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan, Malaysia, or submit it via email to **sunwaymanagement@sunway.com.my** or via fax to (603) 5639 9507, not less than 24 hours before the time appointed for holding the 8th AGM or at any adjournment thereof. The lodging of the Proxy Form shall not preclude you from participating in the 8th AGM should you subsequently wish to do so.

10. FURTHER INFORMATION

You are requested to refer to Appendix I contained in this Circular for additional information.

Yours faithfully,
For and on behalf of the Board of
SUNWAY REIT MANAGEMENT SDN BHD
(Manager for Sunway REIT)

Tan Sri Ahmad Bin Mohd Don
Chairman, Independent Non-Executive Director

FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been reviewed and approved by the Board and they collectively and individually accept full responsibility for the accuracy of the information given herein and confirm that after making all reasonable enquiries and, to the best of their knowledge and belief, there are no other facts, the omission of which, would make any statement herein misleading.

2. MATERIAL CONTRACTS

Save as disclosed below, there are no material contracts (not being contracts entered into in the ordinary course of business) that have been entered into by the Trustee and/or the Manager, for and on behalf of Sunway REIT, within the past 2 years immediately preceding the LPD:

- (i) On 16 August 2018, the Trustee and the Manager entered into a Second Supplemental Agreement to the Hotel Master Lease dated 26 May 2010 ("**HML**") with Sunway Resort Hotel Sdn Bhd ("**SRHSB**") to vary the lease area under the HML.
- (ii) On 18 September 2018, the Trustee and the Manager entered into an Amended and Restated Deed to amend and supplement the existing deed dated 20 May 2010 and a supplemental deed dated 10 June 2010.
- (iii) On 20 September 2018, the Trustee entered into a Facility Agreement with Public Bank Berhad ("**PBB**") for the additional revolving loan facility of up to RM250.0 million for the purpose of repaying, partly or fully, the commercial papers ("**CP**") issued by SUNREIT Capital Berhad under the CP programme up to the nominal value of RM1.6 billion.
- (iv) On 24 December 2018, the Trustee entered into a Conditional Sale and Purchase agreement with Sunway Destiny Sdn Bhd for the proposed acquisition of a purpose-built campus for a total purchase consideration of RM550 million. The acquisition was completed on 15 April 2019.
- (v) On 25 March 2019, the Trustee entered into Programme Agreement, Trust Deed and other relevant transaction documents with SUNREIT Capital Berhad, Public Investment Bank Berhad, PB Trustee Services Berhad, and the Manager in respect of the proposed establishment of a CP programme of up to RM3.0 billion in nominal value.
- (vi) On 5 April 2019, the Trustee entered into Programme Agreement, Trust Deed and other relevant transaction documents with SUNREIT Perpetual Bond Berhad, HSBC Bank Malaysia Berhad, Kenanga Investment Bank Berhad, Pacific Trustees Berhad, and the Manager in respect of the proposed establishment of a perpetual note programme of up to RM10.0 billion in nominal value.
- (vii) On 15 April 2019, the Trustee entered into Novation Agreements with Sunway Destiny Sdn Bhd, Sunway University Sdn Bhd, Sunway Education Group Sdn Bhd and Sunway College (KL) Sdn Bhd respectively in respect to the novation of the existing lease agreements for the purpose-built campus.

- (viii) On 26 April 2019, the Trustee and the Manager entered into a Facility Agreement with PBB for the acceptance of a revolving loan facility of up to RM1.5 billion for the purpose of repaying, partly or fully, the outstanding CP issued by SUNREIT Capital Berhad under the CP programme up to the nominal value of RM3.0 billion.
- (ix) On 31 May 2019, the Trustee and the Manager entered into a Supplemental Agreement to the Property Management Agreement dated 1 August 2018 with AREM (Malaysia) Sdn Bhd relating to the management of the properties of Sunway REIT.
- (x) On 1 July 2019, the Trustee and the Manager entered into a Property Management Agreement with Zerín Properties Urus Harta relating to the management of the properties of Sunway REIT. On 1 June 2020, the appointment was renewed for another year on the same terms and conditions.
- (xi) On 5 September 2019, the Trustee and the Manager entered into a Third Supplemental Agreement to the HML with SRHSB to exclude a multi-storey building annexed to Sunway Resort Hotel (“**SRH Annexe**”) together with a link bridge connecting SRH Annexe to Sunway Pyramid Hotel from the HML.
- (xii) On 17 September 2019, the Trustee and the Manager entered into a Facility Agreement with PBB for the acceptance of a revolving loan facility of up to RM250.0 million for the purpose of repaying, partly or fully, the outstanding CP issued by SUNREIT Capital Berhad under the CP Programme up to the nominal value of RM3.0 billion.
- (xiii) On 29 June 2020, the Trustee entered into a conditional Sale and Purchase Agreement with Sunway Integrated Properties Sdn Bhd and Sunway Pinnacle Sdn Bhd for the acquisition of The Pinnacle Sunway for a cash consideration of RM450.0 million.
- (xiv) On 7 July 2020, the Trustee and the Manager entered into a Hotel Master Lease with SRHSB in relation to Sunway Resort Hotel and Sunway Pyramid Hotel and a Hotel Master Lease with Sunway Hotel (Seberang Jaya) Sdn Bhd in relation to Sunway Hotel Seberang Jaya, for the lease period of 10 years commencing from 8 July 2020 with the rent at 90% of the hotel’s gross operating profit for the respective fiscal year.

3. MATERIAL LITIGATION

Save as disclosed below, as at the LPD, Sunway REIT and its subsidiaries (“**Sunway REIT Group**”) are not engaged in any material litigation, claim or arbitration, either as plaintiff or defendant, which has or would have a material and adverse effect on the financial position or business of Sunway REIT Group and, to the best of the Board’s knowledge and belief, the Board confirmed that there are no proceedings pending or threatened against Sunway REIT Group or any facts likely to give rise to any proceedings which materially and adversely affect the financial position or business of Sunway REIT Group:

Metroplex Holdings Sdn Bhd (“Metroplex”) v Trustee and Manager (collectively, the “Defendants”)

On 28 September 2015, Metroplex filed a writ of summons and a statement of claim against the Defendants to claim, amongst others, damages for various chattels and movable items (i.e. furniture and office equipment, decorations, cutlery, kitchen equipment, bar equipment, concierge and reception tables, blinds and curtains) (“**Chattels and Movable Items**”) which Metroplex alleged the Chattels and Movable

Items were acquired and owned by them and were not removed when the Defendants took possession of the hotel at Sunway Putra on 27 September 2011. Metroplex has in its statement of claim alleged that the Chattels and Movable Items were worth in excess of RM80 million as at September 2011.

On 3 November 2017, the High Court allowed Metroplex's claim on liability in which the damages to be awarded to Metroplex shall be assessed ("**High Court's Decision**").

Subsequently, the Defendants appealed to the Court of Appeal against the High Court's Decision on 6 November 2017. The Court of Appeal allowed the Defendants' Appeal and set aside the High Court's Decision on 22 January 2019 ("**Court of Appeal's Decision**").

On 20 February 2019, Metroplex filed motion for leave to appeal to the Federal Court against the Court of Appeal's Decision ("**Motion**"). The Motion was allowed on 25 November 2019. Subsequently, Metroplex filed a notice of appeal to appeal against the Court of Appeal's Decision on 2 December 2019 ("**Appeal**"). The case management and the hearing for the Appeal is fixed on 28 August 2020 and 7 September 2020 respectively.

The solicitors acting for the Defendants are of the view that the Defendants have a reasonably fair chance of successfully resisting the Appeal.

4. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Manager at Level 16, Menara Sunway, Jalan Lagoon Timur, Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan, Malaysia during business hours from Mondays to Fridays (except public holidays) from the date of this Circular up to and including the date of the forthcoming 8th AGM:

- (i) the Deed;
- (ii) the audited financial statements of Sunway REIT for the past two FYEs 30 June 2019 and 30 June 2020;
- (iii) the material contracts referred to in Section 2 of the Appendix I above; and
- (iv) the relevant cause papers in respect of the material litigation referred to in Section 3 of the Appendix I above.

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SUNWAY[®]

REIT

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)

EXTRACT OF THE NOTICE OF 8TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Eighth Annual General Meeting (“**8th AGM**”) of Sunway Real Estate Investment Trust (“**Sunway REIT**”) will be held as a fully virtual meeting through live streaming and online remote voting from the Broadcast Venue at the Penthouse, Level 20, Menara Sunway, Jalan Lagoon Timur, Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan, Malaysia on Friday, 2 October 2020 at 3:30 pm, for the following purposes:

AS SPECIAL BUSINESS:

To consider and if thought fit, to pass the following as Ordinary Resolution:

3. Proposed Renewal of Unitholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature (Ordinary Resolution 2)

“**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 August 2020, 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 earlier;

AND THAT the Directors of the Manager 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 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.”

**By Order of the Board of
SUNWAY REIT MANAGEMENT SDN BHD**
(Manager for Sunway REIT)

TAN KIM AUN (MAICSA 7002988) (SSM PC NO. 202008001249)
ONG WEI LENG (MAICSA 7053539) (SSM PC NO. 202008001016)
Company Secretaries

Bandar Sunway
28 August 2020