

MEDIA RELEASE

29 June 2020

SUNWAY REIT PROPOSES TO ACQUIRE THE PINNACLE SUNWAY, BEING THE 10TH PROPERTY ADDITION TO ITS ASSET PORTFOLIO SINCE ITS INITIAL PUBLIC OFFERING IN JULY 2010**Key Highlights:**

- *Proposed acquisition of The Pinnacle Sunway of RM450.0 million, upon completion, will increase Sunway REIT's property value to RM8.5 billion, reinforcing its position as the 2nd largest listed REIT in Malaysia (measured by property value).*
- *Proposed private placement to raise gross proceeds of up to RM710.0 million to fund the acquisition of The Pinnacle Sunway and expansion of Sunway Carnival Mall.*
- *Proposed establishment of a Distribution Reinvestment Scheme ("DRS") to provide unitholders with an option to elect to reinvest their cash income distribution in new units in Sunway REIT.*

Bandar Sunway, 29 June 2020 – Sunway REIT Management Sdn. Bhd., the Manager of Sunway Real Estate Investment Trust ("Sunway REIT"), is pleased to announce that RHB Trustees Berhad, as trustee of Sunway REIT ("RHB Trustee"), has entered into a conditional sale and purchase agreement ("SPA") with Sunway Integrated Properties Sdn. Bhd. and Sunway Pinnacle Sdn. Bhd. (collectively, the "Vendors"), both of which are wholly-owned indirect subsidiaries of Sunway Berhad ("Sunway") for the proposed acquisition of The Pinnacle Sunway, an iconic Grade A office building in Sunway City, for a total purchase consideration of RM450.0 million ("Proposed Acquisition"). The property has been independently valued by Knight Frank Malaysia Sdn. Bhd.

Further, the transaction entails the following:

- 1) Proposed private placement to raise gross proceeds of up to RM710.0 million to fund the Proposed Acquisition and expansion of Sunway Carnival Mall. The issue price of the proposed private placement will be determined later by way of a bookbuilding process. ("Proposed Private Placement"); and

- 2) Proposed establishment of a Distribution Reinvestment Scheme (“DRS”) to provide unitholders with an option to elect to reinvest their cash income distribution in new units of Sunway REIT. (“Proposed DRS”).

(The Proposed Acquisition, Proposed Private Placement and Proposed DRS are collectively referred to as the “Proposals”).

The Pinnacle Sunway is an iconic 24-storey Grade A office building, 3-storey mezzanine floors and 6 levels of basement car park with a total of 855 bays. The property, which is Green Building Index (“GBI”) certified and has Multimedia Super Corridor (“MSC”) status, is strategically located within Sunway City. The township is Malaysia’s model smart sustainable city and one of Malaysia’s must-visit destinations with a vast array of entertainment, leisure and lifestyle attractions seamlessly integrated across 324 hectares (800 acres) offering all-inclusive convenience.

Located at the pulse of Sunway City, The Pinnacle Sunway is seamlessly connected to Sunway Pyramid Mall, Sunway Resort Hotel & Spa and Menara Sunway. It also has excellent connectivity with various major transportation links such as the country’s first and only elevated Bus Rapid Transit (“BRT”) system, the KTM Komuter and the Light Rail Transit (“LRT”) and has good access to major roads and expressways (Federal Highway, Shah Alam Expressway (KESAS), New Klang Valley Expressway (NKVE) and Damansara-Puchong Expressway (LDP)).

The Pinnacle Sunway is presently 100% occupied and houses a variety of reputable tenants with tenants from the technology and telecommunications sector occupying the largest net lettable area (“NLA”) of the building. The addition of The Pinnacle Sunway to Sunway REIT’s asset portfolio is expected to provide further strength to Sunway REIT’s portfolio and enhance its scale, operational and business synergies within the Sunway City ecosystem.

Property Information

Property description	: An iconic Grade A office building with GBI-certified and MSC-status
Tenure	: Leasehold interest for a term of 99 years, expiring on 1 April 2097, with remaining terms of 77 years
Building age	: 6.5 years
Gross floor area	: 1,145,554 sq.ft. (with 444,752 sq.ft. of car park space – 855 bays)
Net lettable area (“NLA”)	: 576,864 sq.ft.
Occupancy rate	: 100%
Market value	: RM450 million, as at 1 June 2020 (Independently valued by Knight Frank Malaysia Sdn. Bhd.)
Purchase Price	: RM450.0 million

The Proposed Acquisition marks Sunway REIT’s 10th property addition to its asset portfolio since its listing into the Main Market of Bursa Malaysia Securities Berhad in July 2010. Sunway REIT’s property value will increase by 5.6% from RM8.0 billion as at 30 June 2019 to RM8.5 billion upon the completion of the Proposed Acquisition, further reinforcing its position as the 2nd largest listed REIT in Malaysia (measured by property value).

The Proposed Acquisition is expected to be yield accretive to Sunway REIT’s assets portfolio based on a NPI yield of 6.2% (based on 2019 NPI) and is expected to contribute positively to the future earnings and distribution per unit of Sunway REIT upon completion. The Proposed Acquisition will be funded by debt and equity where the latter is to be raised from the Proposed Private Placement.

The Proposed Private Placement entails the issuance of new units in Sunway REIT (“Placement Units”) to raise gross proceeds of up to RM710.0 million through a bookbuilding process to investors at a date to be determined. The gross proceeds raised will be utilised to fund the acquisition of The Pinnacle Sunway and expansion of Sunway Carnival Mall.

The expansion of Sunway Carnival Mall (comprising 9 storeys of retail space and 7 levels of carpark) is expected to transform the retail landscape in Penang with its appealing architectural design and enhanced tenancy mix of international and regional retailers. The Phase 1 of the expansion work has already commenced in 2018 and is expected to be completed in 2021. Proceeds from the Proposed Private Placement will be channeled towards development of Phase 1.

As part of the Proposals, Sunway REIT intends to establish a DRS to provide unitholders with an option to elect to reinvest their cash income distribution in new units in Sunway REIT. The establishment of the said scheme offers an opportunity to unitholders to reinvest further into Sunway REIT and flexibility to receive all or part of income distribution in cash and/or units. In addition, the Proposed DRS provides an additional avenue to Sunway REIT in its capital management strategies.

Dato' Jeffrey Ng, CEO of Sunway REIT Management Sdn. Bhd., said, "The Pinnacle Sunway will be the 8th asset which Sunway REIT owns in Sunway City and complements the diversified base of Sunway REIT's asset portfolio and The Pinnacle Sunway is well positioned to benefit from the broader business eco-system components of Sunway City including the retail, commercial, hospitality, healthcare, education and infrastructures connectivity across carpark facilities, bridges and walkways. The Proposed Acquisition allows Sunway REIT to enhance the scale to maximise the business synergies between The Pinnacle Sunway and its existing properties within the Sunway City eco-system."

He added, "Notwithstanding the prevailing unprecedented challenging times, we are undeterred with our strategic goals and targets which we have set in TRANSCEND 2025 (TC25). With a foresight to continue to grow the asset portfolio to strive towards the strategic target of RM13.0 billion - RM15.0 billion by FY2025, the Proposed Acquisition is indeed timely and opportunistic. The asset growth trajectory will be further enlarged by our expansion of Sunway Carnival Mall in Penang."

TC25 is Sunway REIT's transformational strategic programme which sets Sunway REIT strategic goals and target up to 2025, supported by key enablers to guide Sunway REIT to achieve its aspiration to become a leading diversified REIT in Malaysia.

Dato' Jeffrey further elaborated, "We are in a position of strength to embark on a private placement exercise to provide an opportunity to unitholders to be part of our growth journey whilst capitalising on the opportunities to further strengthen our financial position and capital base which includes improving financial flexibility with gearing expected to decrease as well as enhancing trading liquidity of Sunway REIT and expanding its unitholder base."

He concluded, "We are all living in world-changing times and this will see the survival of the fittest. We believe that Sunway REIT's "Strengthen and Grow" strategy will see Sunway REIT emerge stronger."

The Proposals are subject to the approval of Sunway REIT's unitholders at a unitholders' meeting to be convened.

About Sunway Real Estate Investment Trust

Sunway Real Estate Investment Trust (Sunway REIT or Trust) is one of the largest diversified real estate investment trusts (REITs) in Malaysia with a diverse portfolio strategically located across award-winning integrated townships in key locations in Greater Kuala Lumpur, Penang, and Perak.

Sunway REIT was listed on the Main Market of Bursa Malaysia Securities Berhad (Bursa Malaysia) on 8 July 2010. The market capitalisation of Sunway REIT stood at RM4.7 billion as at 26 June 2020.

Sunway REIT is a component of FTSE Bursa Malaysia Mid 70 Index, FTSE Bursa Malaysia Top 100 Index, FTSE Bursa Malaysia Emas Index, FTSE ASEAN All-Share Index, FTSE ASEAN All-Share ex Developed Index, FTSE ASEAN Malaysia Index, FTSE4 Good Bursa Malaysia Index, Bursa Malaysia REIT Index, GPR APREA Composite REIT Index - Malaysia, FTSE EPRA / NAREIT Global REIT Index, FTSE EPRA / NAREIT Global Index, FTSE EPRA / NAREIT Asia ex Japan Index, FTSE EPRA / NAREIT Asia Pacific Index, FTSE EPRA / NAREIT Emerging REIT Index and MSCI Malaysia Small Cap Index.

Sunway REIT owns a portfolio of 17 assets comprising 4 retail malls, 6 hotels, 4 offices, a medical centre, an industrial property and an education asset with a combined property value that stood at RM8.1 billion as at 31 March 2020.

Sunway REIT's assets are primarily located in Sunway City where its flagship asset, Sunway Pyramid Shopping Mall, is located. Other assets located in Sunway City include Sunway Resort Hotel & Spa, Sunway Pyramid Hotel, Sunway Clio Property (comprising Sunway Clio Hotel and Sunway Clio Retail), Menara Sunway, Sunway Medical Centre (Tower A&B) and Sunway university & college campus. On the northern Peninsular of Malaysia, Sunway REIT owns SunCity Ipoh Hypermarket in Perak. In Penang, Sunway REIT owns Sunway Hotel Seberang Jaya, Sunway Hotel Georgetown and Sunway Carnival Shopping Mall. Sunway REIT owns two properties in Shah Alam, namely, Wisma Sunway and Sunway REIT Industrial – Shah Alam 1.

Sunway REIT owns four properties in in Kuala Lumpur, namely Sunway Tower and the remaining three assets which constitute part of the 3-in-1 integrated development, Sunway Putra. Sunway Putra consists of Sunway Putra Mall, Sunway Putra Hotel and Sunway Putra Tower.

Important notice

Kindly read this media release in conjunction with the announcement released to Bursa Malaysia dated 29 June 2020 for a more comprehensive understanding of the Proposals.

This media release may contain certain forward-looking statements which are subject to change due to a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions; interest rate trends; cost of capital and capital availability including availability of financing in the amounts and on the terms necessary to support future business; availability of real estate properties; competition from other companies; changes in operating expenses including employee wages, benefits and training and property expenses, regulatory and public policy changes. You are cautioned not to place undue reliance on these forward-looking statements which are based on the Management's current view of future events as predictions of future events. Past performance is not necessarily indicative of its future performance.

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