

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 (collectively, the “Deed”) entered into between Sunway REIT Management Sdn Bhd (“Manager”) and RHB Trustees Berhad (“Trustee”), both companies incorporated in Malaysia)

MINUTES OF THE SEVENTH ANNUAL GENERAL MEETING (“MEETING”) OF SUNWAY REAL ESTATE INVESTMENT TRUST (“SUNWAY REIT”) HELD AT THE GRAND CONGRESS, LEVEL 12, SUNWAY RESORT HOTEL & SPA, PERSIARAN LAGOON, BANDAR SUNWAY, 47500 SUBANG JAYA, SELANGOR DARUL EHSAN, MALAYSIA ON WEDNESDAY, 2 OCTOBER 2019 AT 3:00 PM.

PRESENT:

BOARD OF DIRECTORS OF : Tan Sri Ahmad Bin Mohd Don (*Chairman*)
THE MANAGER : Dato’ Jeffrey Ng Tiong Lip
Mr Elvin A/L Bertly Luke Fernandez
Ms Sarena Cheah Yean Tih
Mr Ng Sing Hwa
Tengku Nurul Azian Binti Tengku Shahrman
Madam Yeo Kar Peng

UNITHOLDERS AND PROXIES : As per the Attendance List

BY INVITATION : RHB Trustees Berhad (*Trustee*)
BDO PLT (*External Auditors*)
BDO Consulting Sdn Bhd (*Independent Scrutineers*)
Sunway Management Sdn Bhd (*Poll Administrator*)
Ms Irene Sin May Lin (*Chief Financial Officer of the Manager*)

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

1. PRELIMINARY

The Chairman, Tan Sri Ahmad Bin Mohd Don (“**Tan Sri Chairman**”) called the Meeting to order at 3:00 pm and welcomed all present at the Meeting.

Tan Sri Chairman introduced the Board of Directors (“**Board**”), the Chief Financial Officer (“**CFO**”), and the Company Secretary of the Manager to the unitholders and proxies present (collectively referred to as the “**Unitholders**”).

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

2. QUORUM

The requisite quorum being present, Tan Sri Chairman declared the Meeting duly convened.

3. CONFIRMATION OF PROXIES

The Company Secretary reported that up to 1 October 2019 at 3:00 pm, the Manager had received a total of 1,821,274,524 units in proxies from the unitholders and a total of 440,473,403 units appointing Tan Sri Chairman as proxy.

4. NOTICE OF MEETING

The notice convening the Meeting was tabled and taken as read.

5. PRESENTATION BY THE CHIEF EXECUTIVE OFFICER (“CEO”)

Prior to the tabling of all resolutions, Tan Sri Chairman invited Dato’ Jeffrey Ng Tiong Lip (“**Dato’ Jeffrey Ng**”), the CEO of the Manager, to brief the Unitholders on the highlights of the financial performance and achievements of Sunway REIT for the last financial year ended 30 June 2019 as well as the market outlook and strategic direction of Sunway REIT moving forward.

6. ELECTRONIC POLLING PROCEDURE

Tan Sri Chairman informed the Unitholders that all the resolutions tabled before the Meeting would be voted by poll using electronic means (“**e-Voting**”). Sunway REIT has appointed BDO Consulting Sdn Bhd as Independent Scrutineers to verify the poll results. Tan Sri Chairman informed that the e-Voting system had been thoroughly tested and proven reliable by the Independent Scrutineers. He then invited Ms Chloe Foo from the Unit Registrar to brief the Unitholders on the e-Voting procedure.

ORDINARY BUSINESS:

7. AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 OF SUNWAY REIT TOGETHER WITH THE REPORTS OF MANAGER, TRUSTEE AND AUDITORS THEREON (“AFS FY2019”)

Tan Sri Chairman informed the Unitholders that the first agenda was to receive the AFS FY2019 and he then opened the floor for questions.

The following questions were raised by the Unitholders which were duly addressed by Dato’ Jeffrey Ng and the CFO:

(a) Mr Khaw Yee Hui, a unitholder of Sunway REIT, asked the following questions:

(i) Was there a specific timeline to invest in real estate abroad?

Dato’ Jeffrey Ng informed the Unitholders that there was no set timeline to invest abroad. The Manager has started exploring business opportunities abroad based on its long term strategic plan called the “Transcend 2025 (TC25)” initiatives.

(ii) If Sunway REIT were to acquire data center(s), what would be the future of the data center versus cloud computing technology?

Dato' Jeffrey Ng assured the Unitholders that the Manager would adopt a prudent approach with strict criteria to ensure all investments would be able to endure future challenges and continue to grow in the medium to long-term with defensive and yield-accretive assets to generate stable income. The Manager would have a risk mitigation plan in place before entering into this new emerging industry.

(b) Mr Tham Chee Yeen, a unitholder, posed the following questions:

- (i) What were the reasons for the gross revenue of Sunway Resort Hotel & Spa declining by almost 50% (page 85 of the 2019 Annual Report)?

Dato' Jeffrey Ng explained that the decline was mainly due to the soft market condition in the hospitality market, e.g. the Middle Eastern tourist arrivals had fallen. In addition, there was income disruption for a period of 4 months during the refurbishment of the hotel's grand ballroom, meeting and function rooms.

The hotel operator was currently exploring new markets, like India and Indonesia to improve the revenue and occupancy of the hotel.

- (ii) What was the reason for the increase in gross revenue of Sunway Clio Hotel by more than 100%?

This was mainly due to a full year income contribution in the current financial year as compared to 5-month income contribution in financial year 2018.

- (iii) What would be the yield for Services segment?

The Manager anticipated that the Services segment would achieve a yield of 6.2% after taking into consideration the step-up lease of the 2 properties under the segment, i.e. Sunway Medical Centre (Tower A & B), and Sunway university and college campus.

- (iv) The gross revenue for the Industrial and Others segment has increased by 15%. Would the data center be kept under this segment?

The total permissible asset allocation threshold for "Services" and "Industrial and Others" segments would be 25% of the total asset value of Sunway REIT. Healthcare and education assets would be categorised under Services segment, while data centres, industrial properties, logistics and e-commerce warehouses would be grouped under Industrial and Others segment.

(c) The following queries were raised by Mr Veiven Goon, a unitholder:

- (i) Would there be a potential recovery in the Middle Eastern tourists arrival?

The Manager would be able to update the Unitholders at the next annual general meeting.

- (ii) Please clarify what comprised the "other operating income" of RM8.98 million under the Hotel segment?

It was the vendor's income guarantee contribution for Sunway Clio Hotel. Unitholders were asked to refer to page 201 of the 2019 Annual Report for details of the guaranteed rent in respect of Sunway Clio Hotel under the Master Lease Agreement.

- (iii) In view that the Hotel Master Lease in relation to Sunway Resort Hotel & Spa & Sunway Pyramid Hotel and Sunway Hotel Seberang Jaya would be expiring in FY2020, would there be any possibility that the renewal terms would not be favorable to Sunway REIT?

The Manager has started preliminary discussions with the hotel operator on the proposed renewal of the hotel master lease. Dato' Jeffrey Ng assured the Unitholders that the renewal would be carried out in the best interest of Sunway REIT, on a fair, reasonable and normal commercial terms and conditions, and not detrimental to the interest of unitholders of Sunway REIT.

- (d) Ms Chen Wei Heng, a unitholder, sought clarification from the Board on the justifications to spend RM22.0 million on the refurbishment of Sunway Tower as compared to a total gross revenue of RM38.5 million achieved by the Office segment.

The Manager would undertake a rejuvenation exercise by converting 5 floors of Sunway Tower into co-working and co-living space, riding on the growing demand trend for such spaces. The estimated refurbishment cost was RM22.0 million, including lifts modernization of RM5.0 million, which had been in service for more than 20 years.

This asset enhancement initiative was expected to increase activities in the building, thus improving the occupancy rates and eventually the yield. The expected return from this project would be accretive, i.e. 9% as compared to its current loss making position.

The Manager was in discussions with a few well-known co-working and co-living operators for this project.

- (e) Mr Leo Ann Puat, a unitholder, enquired on the followings:
- (i) The short term borrowings had increased by RM500 million to RM3.09 billion. What's the nature of the borrowings and would they affect the cash flow of Sunway REIT?

The purpose of the borrowings was to finance the investment activities, including capital expenditure and asset enhancement initiatives, with the aim of achieving higher DPU, e.g. acquisition of Sunway university and college campus and expansion of Sunway Carnival Shopping Mall.

The debt service coverage ratio of Sunway REIT was 3 times, which was higher than 1.5 times allowed by conventional banking.

- (ii) In addition to the analysis of the financial information of each business segment, Sunway REIT to include the gross contribution of each property of each segment at its next annual reporting.

The property by property contribution of each segment was set out on page 85 of the 2019 Annual Report.

Subsequent to the clarifications provided by Dato' Jeffrey Ng and the CFO to the enquiries raised by the Unitholders, the AFS FY2019 was duly received by the Unitholders.

SPECIAL BUSINESS:

8. PROPOSED AUTHORITY TO ISSUE AND ALLOT NEW UNITS OF UP TO 20% OF THE TOTAL NUMBER OF ISSUED UNITS OF SUNWAY REIT (ORDINARY RESOLUTION 1)

Tan Sri Chairman briefed the Unitholders that the second agenda was in relation to the proposed authority to issue and allot new units of up to 20% of the total number of issued units of Sunway REIT ("**Proposed Authority**").

As there were no queries raised by the Unitholders, the Meeting proceeded with the polling process.

Ordinary Resolution 1 on the Proposed Authority was proposed by Ms Chan Lai Yin and seconded by Ms Kuan Yeh Tzu. Tan Sri Chairman then announced the result of the poll in respect of Ordinary Resolution 1 as follows:

Resolution	For		Against	
	No. of Units	%	No. of Units	%
Ordinary Resolution 1	870,689,125	93.532843	60,202,200	6.467157

Tan Sri Chairman then declared Ordinary Resolution 1 was passed as follows:

"THAT subject to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Deed and the approvals of the relevant regulatory authorities being obtained, authority be and is hereby given to the Directors of the Manager, to issue and allot units in Sunway REIT ("**New Units**"), at any time at such price to any such persons and upon such terms and conditions as the Directors of the Manager may in their absolute discretion, deem fit and expedient in the best interest of Sunway REIT, provided that the aggregate number of New Units to be issued, when aggregated with the total number of units issued during the preceding 12 months, does not exceed 20% of the total number of issued units of Sunway REIT for the time being comprising 2,945,078,000 units ("**Proposed Authority**");

THAT such authority shall continue to be in force until:

- (i) the conclusion of the next AGM of Sunway REIT at which time this Proposed Authority will lapse, unless by a resolution passed at the next AGM, the authority is renewed;
- (ii) the expiration of the period within which the next AGM of the unitholders is required by law to be held; or
- (iii) the Proposed Authority is revoked or varied by a resolution passed by the unitholders in a general meeting of Sunway REIT, whichever is earlier;

THAT such New Units to be issued pursuant to the Proposed Authority shall, upon issue and allotment, 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 distributions, rights,

benefits, entitlements and/or any other distributions that may be declared prior to the date of issue and allotment of such New Units;

THAT authority be and is hereby given to the Directors of the Manager and the Trustee, acting for and on behalf of Sunway REIT, to give effect to the Proposed Authority including but not limited to the creation of the requisite New Units and with full powers to assent to any conditions, modifications, variations, arrangements and/or amendments as they may deem fit in the best interest of Sunway REIT and/or as may be imposed by the relevant authorities;

AND THAT the Directors of the Manager and the Trustee, acting for and on behalf of Sunway REIT, be and are hereby authorised to implement, finalise, complete and do all acts, deeds and things (including executing such documents as may be required) in relation to the Proposed Authority.”

9. PROPOSED RENEWAL OF UNITHOLDERS’ MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE (ORDINARY RESOLUTION 2)

Tan Sri Chairman briefed the Unitholders that the third agenda was to seek the approval of the Unitholders for Sunway REIT to enter into recurrent related party transactions of a revenue or trading nature, which were necessary for day-to-day operations of Sunway REIT (“**Proposed Mandate**”). Procedures would be in place to ensure that the recurrent related party transactions would be undertaken on an arm’s length basis and on normal commercial terms which would not be more favorable to the related parties than those generally available to the public and would not be detrimental to the minority unitholders. Sunway REIT Holdings Sdn Bhd, being the interested Major Unitholder would abstain from voting in respect of its direct and/or indirect unitholding in Sunway REIT on this resolution.

Since there were no queries raised by the Unitholders, the Meeting proceeded with the polling process.

Ordinary Resolution 2 on the Proposed Mandate was proposed by Mr Tan Kok Hwee and seconded by Mr Tan Chew Boon. Tan Sri Chairman announced the result of the poll in respect of Ordinary Resolution 2 as follows:

Resolution	For		Against	
	No. of Units	%	No. of Units	%
Ordinary Resolution 2	930,517,176	99.992037	74,100	0.007963

Tan Sri Chairman declared that Ordinary Resolution 2 was passed as follows:

“**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 30 August 2019, 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."

10. CLOSE OF MEETING

There being no other business to be transacted, the Meeting concluded at 4:15 pm with a vote of thanks to the Chairman and all those who were presented at the Meeting.