

SUNWAY®

REIT

SUNWAY REAL ESTATE INVESTMENT TRUST

(Established in Malaysia under the Deed dated 20 May 2010, the Supplemental Deed dated 10 June 2010 and the Supplemented 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”))

MINUTES OF THE SIXTH ANNUAL GENERAL MEETING (“MEETING”) OF SUNWAY REAL ESTATE INVESTMENT TRUST (“SUNWAY REIT”) HELD AT THE GRAND LUXOR, LEVEL CP4, SUNWAY PYRAMID CONVENTION CENTRE, 3, JALAN PJS 11/15, BANDAR SUNWAY, 47500 SUBANG JAYA, SELANGOR DARUL EHSAN, MALAYSIA ON WEDNESDAY, 26 SEPTEMBER 2018 AT 3:00 PM.

PRESENT:

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

UNITHOLDERS AND PROXIES : As per the Attendance List

BY INVITATION : RHB Trustees Berhad (*Trustee*)
BDO (*External Auditors*)
BDO Governance Advisory 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 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 Secretary reported that up to 25 September 2018 at 3:00 pm, the Manager had received a total of 2,202,434,457 units in proxies from the unitholders and a total of 401,123,972 units appointing Tan Sri Chairman as proxy.

4. NOTICE OF MEETING AND VOTING PROCEDURES

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

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 Messrs. BDO Governance Advisory 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 Joey Wong from the Unit Registrar to brief the Unitholders on the e-Voting procedures.

ORDINARY BUSINESS:

5. AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 OF SUNWAY REIT TOGETHER WITH THE REPORTS OF MANAGER, TRUSTEE AND AUDITORS THEREON ("AFS FY2018")

Tan Sri Chairman briefed the Unitholders that the first agenda was to receive the AFS FY2018 and then opened the floor for questions in relation to the AFS FY2018.

The following enquiries raised by the Unitholders were addressed by Dato' Jeffrey Ng Tiong Lip ("**Dato' Jeffrey**") and the CFO:

- (i) Would Sunway REIT be able to sustain the distribution per unit ("**DPU**") growth (FY2018: 4.1% year-over-year growth to 9.57 sen) and maintain the distribution yield (FY2018: 5.4%) moving forward?

The Manager remained cautious due to the following factors:

- (a) the market was envisaged to remain challenging. Under the administration of the new government, transitional uncertainties might arise in the near term including potential variations to policies and plans that might impact the overall business strategy of Sunway REIT;
- (b) the new supply of retail, hotel and office spaces in the market had led to oversupply situation; and
- (c) the escalating operating costs due to asset enhancement activities and higher minimum wage while the rent stays unchanged or maintain at single-digit reversion;

The Manager had been focusing on cost containment in order to achieve the financial targets for FY2019. Given that Sunway REIT has the first right of refusal to acquire Sunway's ("**Sponsor**") properties, the Manager has also continuously engaged with the Sponsor to assess the readiness of the pipeline assets for injection into Sunway REIT as the DPU could only be improved through yield accretive acquisitions.

The Manager would endeavour to maintain the existing DPU in FY2019.

- (ii) What was the progress of the expansion of Sunway Carnival Shopping Mall?

The progress of the construction works was well within the timeline. The groundbreaking ceremony was held in early March 2018 followed by the commencement of the construction works thereafter. The project was currently at the piling stage and the expansion of the new wing was scheduled to be completed in the first half of FY2021.

- (iii) Was Sunway REIT looking at other greenfield development?

Sunway REIT has embarked on the greenfield development last year with the expansion of Sunway Carnival Shopping Mall. However, the primary investment objective of Sunway REIT was to acquire assets that could generate immediate return instead of embarking on greenfield development that might only generate returns in the long run.

- (iv) Why no business presence in Johor Bahru?

Sunway REIT has a strong stream of assets for potential injection as it has the first right of refusal to acquire Sponsor's properties. The Manager would consider acquiring assets located in the integrated township of Sunway Iskandar when the Sponsor is ready to sell those assets. This would allow Sunway REIT to further leverage on township synergies.

- (v) What were the reasons for the increased in total borrowings from RM2.344 billion in FY2017 to RM2.903 billion in FY2018 (page 103 of the 2018 Annual Report)?

Sunway REIT's outstanding borrowings increased by RM559 million during the financial year mainly due to the drawdown of borrowings for the acquisitions of Sunway REIT Industrial - Shah Alam 1, Sunway Clio Property and capital expenditure. However, despite a higher gearing ratio, Sunway REIT managed to keep the average cost of funding low, being one of the lowest cost of debt at 3.98% against other REITs in Malaysia.

- (vi) Why the financial highlights in the abridged 2018 Annual Report was quoted in the United States dollar ("**USD**")?

The purpose of translating the financial highlights into USD was to provide better understanding of the financial performance of Sunway REIT to potential foreign investors.

Subsequent to the clarifications provided by Dato' Jeffrey and the CFO to the queries raised by the Unitholders, the AFS FY2018 was duly received by the Unitholders.

SPECIAL BUSINESS:

6. 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 voting process.

Ordinary Resolution 1 on the Proposed Authority was proposed by Mr Mah Ah Wat and seconded by Mr Koay Chew Bin. Tan Sri Chairman announced that the poll result in respect of Ordinary Resolution 1 was as follows:

Resolution	For		Against	
	No. of Units	%	No. of Units	%
Ordinary Resolution 1	2,164,821,587	98.2712	38,082,800	1.7288

Tan Sri Chairman then declared Ordinary Resolution 1 was carried 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 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 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 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.”

7. PROPOSED 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 and which was 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 voting process.

Ordinary Resolution 2 on the Proposed Mandate was proposed by Ms Elis Leong Woon Yue and seconded by Ms Shereen Lee Pei Suan. Tan Sri Chairman announced that the poll result in respect of Ordinary Resolution 2 was as follows:

Resolution	For		Against	
	No. of Units	%	No. of Units	%
Ordinary Resolution 2	998,744,122	99.9967	33,000	0.0033

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

“**THAT** approval be 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 2018, 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.”

8. CLOSE OF MEETING

There being no other business to be transacted, the Meeting concluded at 3:45 pm with a vote of thanks to the Chair.