

SUNREIT Perpetual Bond Berhad

PROPOSED ESTABLISHMENT OF A PERPETUAL NOTE PROGRAMME OF RM10.0 BILLION IN NOMINAL VALUE ("PERPETUAL NOTE PROGRAMME")

Other terms and conditions

- (a) Issue Price (RM) : The Perpetual Securities shall be issued at a premium, discount, or at par to the nominal value.

The issue price of the relevant Perpetual Securities shall be determined prior to each issuance.

- (b) Utilisation of proceeds : The net proceeds arising from the issuance of the Perpetual Securities (after deduction of expenses incidental to the Perpetual Securities) will be utilised to advance to SunREIT vide the REIT Trustee pursuant to arrangement(s) between the Issuer and the REIT Trustee for the purposes:

- (1) Financing investment activities (including capital expenditure, asset enhancement, and the related acquisitions and financing expenses) of SunREIT;
- (2) Refinancing of existing and/or future borrowings of SunREIT (or any special purpose vehicle(s) wholly-owned by SunREIT vide REIT Trustee), for its investment activities; and/or

- (3) Working capital requirements of SunREIT,

in any case, in accordance with the Guidelines on Listed Real Estate Investment Trusts issued by the SC on 15 March 2018 (as amended from time to time).

- (c) Status and ranking of claims : The Perpetual Securities shall constitute direct, unsecured, unconditional and subordinated obligations of the Issuer.

Upon declaration of an Enforcement Event, the payment obligations of the Issuer under the Perpetual Note Programme shall:

- (1) rank ahead of the holders of Junior Obligations (as defined herein) of the Issuer;
- (2) rank junior to the claims of all other present and future creditors of the Issuer (other than Parity Obligations of the Issuer); and
- (3) rank pari passu with the Parity Obligations (as defined herein) of the Issuer.

"Junior Obligations" means (i) any class of the Issuer's share capital (including, without limitation, any preference shares and ordinary shares in the capital of the Issuer) and (ii) any other instruments or securities issued, entered into or guaranteed by the Issuer, whether by its terms or by operation of law, ranks in right of payment behind the claims of unsecured or subordinated obligations of the Issuer.

"Parity Obligations" means any instrument or security issued, entered into or guaranteed by the Issuer that ranks or is expressed to rank, whether by its terms or by operation or law, pari passu with the Perpetual Securities.

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- (d) Coupon rate (fixed or floating) : The coupon rate shall be on a fixed or floating basis and will be determined prior to each issuance of the relevant Perpetual Securities on the basis of:

Fixed Rate Perpetual Securities

A fixed coupon rate, which may be reset on the First Reset Date (as defined herein) and subsequently on the Reset Date (as defined herein) thereafter, based on the sum of an Initial Credit Spread (as defined herein) and the Relevant Reset Benchmark Rate (as defined herein) applicable for such period.

Floating Rate Perpetual Securities

The sum of the Initial Credit Spread and the Floating Rate Benchmark (as defined herein) applicable for such period. For the avoidance of doubt, the Floating Rate Perpetual Securities do not have a coupon rate reset mechanism.

"Floating Rate Benchmark" means the reference to a Ringgit deposit for a period equal to the duration of the coupon payment frequency (or such other appropriate benchmark for a period equal to the duration of the coupon payment frequency) to be determined by the Issuer, the JLMs, and the Subscriber(s) not less than two (2) business days prior to the relevant issuance of the Floating Rate Perpetual Securities.

"Relevant Reset Benchmark Rate" means the rate in per cent per annum equal to the relevant MGS Rate or any other relevant benchmark rates for a tenure corresponding to the period between the issue date up to the First Call Date (as defined under *Other Terms and Conditions – Optional Redemption*), which is used as a basis of determining the coupon rate of the relevant series of the Fixed Rate Perpetual Securities, to be determined not less than two (2) business days prior to the relevant issuance of the Fixed Rate Perpetual Securities.

"Initial Credit Spread" means in relation to any series of the Perpetual Securities, the margin/spread determined prior to the issue of such series of the Perpetual Securities.

"First Reset Date" means in relation to any series of the Perpetual Securities, the coupon payment date falling on a date as may be agreed to between the Issuer and the JLMs prior to the issue date of such series of the Perpetual Securities.

"Reset Date" means the First Reset Date, or each date falling on the last day of such period after the First Reset Date as shall be agreed between the Issuer and the JLMs for any particular series of the Perpetual Securities prior to the Issue Date of such Perpetual Securities;

"MGS Rate" means the rate in per cent per annum equal to the relevant Malaysian Government Securities ("**MGS**") rate for a tenure corresponding to the period between the relevant

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issue date of the Perpetual Securities up to the First Call Date, or in the absence of such MGS Rate, the interpolated rate based on the arithmetic mean of the two (2) available closest MGS Rates corresponding to the period between the relevant issue date of the Perpetual Securities up to the First Call Date.

- (e) Coupon payment frequency : Semi-annually in arrears from the applicable issue date or such other frequency to be determined prior to each issuance of the Perpetual Securities subject to the *(Optional Deferral of Coupons)* provision below.
- (f) Coupon payment basis : The coupon payment shall be calculated at the coupon rate on the nominal value of the outstanding Perpetual Securities based on the actual number of days elapsed on a 365 days basis (actual/365).
- (g) Optional Deferral of Coupons and Optional Distribution

(1) Optional Deferral

The Issuer may provide, not less than five (5) business days (or such other period to be agreed between the Issuer and the Trustee), to the Perpetual Securityholder(s) and the Trustee, before the relevant coupon payment date, a deferral notice ("**Deferral Notice**") prior to the coupon payment date to defer part or all of the coupon payment provided that within the period of three (3) months prior to the relevant coupon payment date:

- (a) No dividend, distribution or other payment has been paid or declared by the Issuer in respect of any of the Issuer's Junior Obligations;
- (b) none of the Issuer's Junior Obligations has been redeemed, reduced, cancelled, bought-back or acquired by the Issuer; and
- (c) REIT Manager has not (i) declared or paid any distributions or made any other payment on any of the REIT units or any class of equity capital in SunREIT ranking pari passu with the REIT units, other than any instrument or security (including without limitation any preferred units) ranking in priority in payment and in all other respects to the REIT units; (ii) or voluntarily redeemed, reduced, cancelled, bought-back or acquired any of the REIT units or any class of equity capital in SunREIT ranking pari passu with the REIT units, other than any instrument or security (including without limitation any preferred units) ranking in priority in payment and in all other respects to the REIT units.

(2) Non-Cumulative Deferral

Deferred coupon payments are non-cumulative and the Issuer is not under any obligation to pay that or any other distributions that have not been paid in whole or in part.

The Issuer is not subject to any limit as to the number of times the coupon payment can be deferred.

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(3) Optional Distribution

The Issuer may, at its sole discretion (and is not obliged to), and at any time, elect to pay an amount up to the amount of distribution which is unpaid (an "**Optional Distribution**") in whole or in part by the giving notice of such election to the Trustee of not more than 20 nor less than 15 business days (or such other notice period as may be agreed between the Issuer and the Trustee) prior to the relevant payment date specified in such notice (which notice is irrevocable and shall oblige the Issuer to pay the relevant Optional Distribution on the payment date specified in such notice).

Any partial payment of an Optional Distribution by the Issuer shall be shared by the Perpetual Securityholder(s) of all outstanding Perpetual Securities which coupon payment was deferred pursuant to an Optional Deferral on a pro-rata basis.

(h) Dividend and Capital Stopper : If on any coupon payment date, the coupon payment scheduled to be made on such date is not made in full by reason of an Optional Deferral, the Issuer shall not:

- (1) declare or pay any dividends, distributions or make any other payment on, and will procure that no dividend, distribution or other payment is made on, any of its Junior Obligations or Parity Obligations; or
- (2) redeem, reduce, cancel, buy-back or purchase and will procure that no redemption, reduction, cancellation, buy-back or acquisition is made in respect of, any of its Junior Obligations or Parity Obligations,

and shall cause REIT Manager not to declare or pay any distributions or make any other payment on any of the REIT units; or voluntarily redeem, reduce, cancel, buy-back or acquire any of the REIT units,

until it has paid the next scheduled coupon payment in full or an Optional Distribution equivalent to the amount of the coupon payable with respect to the most recent coupon period which is unpaid in full or part, has been paid in full.

(i) Optional Redemption : The Issuer may, at its option, redeem all or part of the relevant Perpetual Securities (on a pro-rata basis) at the relevant Redemption Price on any Call Date.

The Issuer shall give not less than thirty (30) days' and not more than sixty (60) days' prior written notice (which notice shall be irrevocable) (or such other period to be agreed between the Issuer and the Trustee) prior to the proposed Call Date to the Facility Agent and the Trustee (for and on behalf of the Perpetual Securityholder(s) for the Optional Redemption.

"Call Date" means the First Call Date and each coupon payment date thereafter

"First Call Date" means a date to be determined prior to each issuance of the Perpetual Securities where the Optional

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Redemption may first be exercised by the Issuer.

- (j) Optional Early Redemption : Notwithstanding the terms on Optional Redemption above, the Issuer may, at its option, by giving not less than thirty (30) days' and not more than sixty (60) days' prior written notice (which notice shall be irrevocable) to the Facility Agent and the Trustee (for and on behalf of the Perpetual Securityholder(s)), redeem all or part of the relevant Perpetual Securities (on a pro-rata basis) prior to the First Call Date at the relevant Redemption Price, provided that such redemption must occur on a coupon payment date ("**Optional Early Redemption**").
- (k) Accounting Event : If as a result of any changes or amendments to the Malaysian Financial Reporting Standards ("**MFRS**") or any other accounting standards that may replace MFRS for the purposes of the Issuer's consolidated financial statements ("**Relevant Accounting Standard**"), the Perpetual Securities are no longer recorded or will no longer be recorded as "equity" pursuant to the Relevant Accounting Standard, an Accounting Event shall have occurred.
- (l) Accounting Event Redemption : If at any time an Accounting Event has occurred and is continuing and the Issuer has delivered to the Facility Agent and the Trustee (i) a certified true copy of the opinion issued by the independent external auditor of the Issuer opining that an Accounting Event has occurred; and (ii) a certificate signed by two (2) directors or a director and the company secretary of the Issuer stating that the Issuer is entitled to effect the Accounting Event Redemption then the Issuer may, at its option, redeem the relevant Perpetual Securities (in whole, but not in part) at the relevant Redemption Price.

The Issuer shall give not less than thirty (30) days' and not more than sixty (60) days' prior written notice (which notice shall be irrevocable) to the Facility Agent and the Trustee (for and on behalf of the Perpetual Securityholder(s)) for the Accounting Event Redemption.

- (m) Tax Event : If: (i)(A) the Issuer has or will become obliged to pay Additional Amounts (as defined herein) or increase the payment of such Additional Amounts or (i)(B) if the distribution payments made by the Issuer would not in the immediately following coupon payment period be fully tax deductible by the Issuer for Malaysian income tax purposes, as a result of any change in, or amendment to, the laws (or any regulations, rulings or other administrative pronouncements of Malaysia) or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements, which change or amendment is made public on or after the issue date of the relevant Perpetual Securities; and (ii) such obligations cannot be avoided by the Issuer taking reasonable measures available to it, a Tax Event shall have occurred.

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- (n) Tax Event Redemption : If at any time a Tax Event has occurred and is continuing and the Issuer has delivered to the Facility Agent and the Trustee (i) a certified true copy of the opinion issued by an independent external tax adviser of reputable standing opining that a Tax Event has occurred; and (ii) a certificate signed by two (2) directors, or a director and the company secretary of the Issuer stating that the Issuer is entitled to effect the Tax Event Redemption and setting forth a statement of facts showing that a Tax Event has occurred, then the Issuer may, at its option, redeem the relevant Perpetual Securities (in whole, but not in part) at the relevant Redemption Price.

The Issuer shall give not less than thirty (30) days' and not more than sixty (60) days' prior written notice (which notice shall be irrevocable) (or such other period to be agreed between the Issuer and the Trustee) to the Facility Agent and the Trustee (for and on behalf of the Perpetual Securityholder(s)) for the Tax Event Redemption provided that no such notice (pursuant to item (i)(A) of the Tax Event) shall be given earlier than ninety (90) days prior to the earliest date on which the Issuer would be obliged to pay such Additional Amounts were a payment in respect of the relevant Perpetual Securities then due.

- (o) Unitholder/Unitholding Event : If:
- (1) the Issuer reduces (except by way of a buyback of shares by the Issuer) its issued paid-up capital; or
 - (2) the dealing in units of SunREIT is suspended for a continuous period of more than 30 days; or
 - (3) the Issuer or SunREIT enters into any proceedings or takes any action for any dissolution or winding up of itself, or any amalgamation, consolidation, merger or restructuring the result of which would diminish the share capital of the Issuer or the capital of SunREIT,

a Unitholder/Unitholding Event shall have occurred.

- (p) Unitholder/Unitholding Event Redemption : Where applicable, if at any time a Unitholder/Unitholding Event has occurred and is continuing, then the Issuer may, at its option, redeem the relevant Perpetual Securities (in whole, but not in part) at the relevant Redemption Price.

The Issuer shall give not less than thirty (30) days' and not more than sixty (60) days' prior written notice (of which notice shall be irrevocable) (or such other period to be agreed between the Issuer and the Trustee) to the Facility Agent and the Trustee (for and on behalf of the Perpetual Securityholder(s)) for the Unitholder/ Unitholding Event Redemption.

- (q) Rating Event : In respect of the Rated Perpetual Securities, if, as a result of any amendment, clarification, or change in the equity credit criteria, guidelines, or methodology of the Rating Agency request from time to time by the Issuer to grant an equity classification to Rated Perpetual Securities of the Issuer under

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the Perpetual Note Programme that results in a lower equity credit for the relevant series of the Rated Perpetual Securities, as compared to (1) the equity credit that was first assigned on the relevant Issue Date by the relevant Rating Agency or, (2) if the equity credit is not assigned on the relevant Issue Date, at the date when the equity credit is assigned for the first time, a Rating Event shall be deemed to have occurred.

- (r) Rating Event Redemption : In respect of the Rated Perpetual Securities, if at any time a Rating Event has occurred and is continuing, the Issuer may at its option, redeem any series of the Rated Perpetual Securities (in whole, but not in part).

In the event that the Issuer wishes to redeem the relevant series of the Rated Perpetual Securities, the Issuer shall give not less than thirty (30) days' and not more than sixty (60) days' prior written notice (of which the notice shall be irrevocable) (or such other period to be agreed between the Issuer and the Trustee) to the Facility Agent and the Trustee (for and on behalf of the Perpetual Securityholder(s) of the Rated Perpetual Securities) for the Rating Event Redemption.

Together with the delivery of any notice of redemption pursuant to this paragraph, the Issuer shall deliver or procure that the Trustee to receive a certificate signed by two (2) authorized signatories of the Issuer stating that the circumstances referred to above prevail and setting out the reasonable details of such circumstances.

The Issuer shall be bound to redeem the Rated Perpetual Securities on the proposed redemption date as specified in the aforesaid notice of redemption in accordance with this paragraph.

- (s) Redemption Price : Redemption Price is the cash sum payable by the Issuer to the Perpetual Securityholder(s) pursuant to the relevant Redemption Event and shall be calculated in accordance with the formula described below:-

- (1) In respect of any Redemption Event which occurs on or after the First Call Date, the relevant Redemption Price payable shall be calculated as follows:

- (i) the nominal value of the outstanding Perpetual Securities; plus
- (ii) the aggregate accrued but unpaid coupon payments calculated up to and inclusive of the date of redemption.

For the avoidance of doubt, the computation for the Redemption Price above would be applicable to an Accounting Event Redemption, a Rating Event Redemption and a Tax Event Redemption even if such redemption occurs prior to the First Call Date.

- (2) In the case of a Redemption Event which occurs prior to the First Call Date (save for an Optional Early

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Redemption, an Accounting Event Redemption, a Rating Event Redemption and a Tax Event Redemption), the relevant Redemption Price payable shall be calculated as follows:

- (i) the greater of (a) the nominal value of the outstanding Perpetual Securities or (b) the Make-Whole Amount (as defined herein); plus
 - (ii) the aggregate accrued but unpaid coupon payments calculated up to and inclusive of the date of redemption.
- (3) In the case of a Redemption Event pursuant to an Optional Early Redemption, the relevant Redemption Price payable shall be calculated as follows:
- (i) the greater of (a) an agreed percentage of the nominal value of the outstanding Perpetual Securities or (b) the Make-Whole Amount; plus
 - (ii) the aggregate accrued but unpaid coupon payments calculated up to and inclusive of the date of redemption.

"Make-Whole Amount" means the amount, equal to the sum of (a) the present value of the nominal value of the outstanding Perpetual Securities to be redeemed discounted from the First Call Date to the redemption date, and (b) the present value of all coupon payment distributable from the redemption date up to and including, the First Call Date, discounted to the redemption date on a semi-annual basis (assuming a 365 day year) at the relevant discount rate being the relevant MGS Rate or any other relevant benchmark rates to be determined prior to the issuance of the Perpetual Securities plus a margin to be agreed between the Issuer and Lead Manager prior to each issuance of the Perpetual Securities.

(t) Form and denomination : **Form**

The Perpetual Securities shall be issued in accordance with (1) the Participation and Operation Rules for Payment and Securities Services issued by PayNet ("**PayNet Rules**") and (2) the Operational Procedures for Securities Services issued by PayNet ("**PayNet Procedures**"), or their replacement thereof (collectively the "**PayNet Rules and Procedures**") applicable from time to time.

Each Perpetual Securities shall be represented by a global certificate (exchangeable for definitive certificates on the occurrence of certain limited events). The global certificate shall be deposited with BNM and shall be in bearer form.

No physical delivery of the Perpetual Securities is permitted.

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Denomination

The denomination of the Perpetual Securities shall be Ringgit Malaysia One Thousand (RM1,000.00) or in multiples of Ringgit Malaysia One Thousand (RM1,000.00) thereof or such other denominations to be mutually agreed by the Issuer and the Lead Manager as may be allowed under the PayNet Rules and Procedures at the time of issuance.

- (u) Taxation : All payments by the Issuer shall be made without deductions or withholding for or on account of any present or future tax, duty or charge of whatsoever nature imposed or levied by or on behalf of Government of Malaysia, or any other authority thereof or therein having power to tax, and which are required by law to be deducted or withheld.
- In the event such taxes, duties or charges are imposed, the Issuer is required to pay any additional amount ("**Additional Amount**") in respect of any such deduction or withholding on payment of principal or distribution for or on account of any such taxes or duties by way of grossing up to the Perpetual Securityholder(s) to ensure that the Perpetual Securityholder(s) receive the amounts they would have received had no such deduction or withholding been made.
- (v) Transaction Documents : The Transaction Documents shall include the following:
- (1) the Trust Deed;
 - (2) the Programme Agreement;
 - (3) the Subscription Agreement(s);
 - (4) the Securities Lodgement Form; and
 - (5) such other agreements as may be advised by the Solicitors to the JPAs/JLAs.
- (w) Fees and expenses : All costs and expenses in relation to the Perpetual Note Programme (including but not limited to legal and other professional fees, reasonable out of pocket expenses, traveling expenses and all goods and services, value added and other duties or taxes payable on such cost and expenses) shall be for the account of the Issuer.
- (x) No Set-off : Subject to applicable law, no Perpetual Securityholder(s) may exercise, claim or plead any right of set-off, deduction, withholding or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with the Perpetual Securities, and each Perpetual Securityholder(s) shall, by virtue of its holding of any Perpetual Securities, be deemed to have waived all such rights of set-off, deduction, withholding or retention against the Issuer. Notwithstanding the above, if any of the amounts owing to any Perpetual Securityholder(s) by the Issuer in respect of, or arising under or in connection with the Perpetual Securities is discharged by set-off, such Perpetual Securityholder(s) shall, subject to applicable law, immediately pay an amount equal to the

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amount of such discharge to the Issuer (or, in the event of its winding-up or administration, the liquidator or as appropriate, administrator of the Issuer) and, until such time as payment is made, shall hold such amount in trust for the Issuer (or the liquidator or as appropriate, administrator of the Issuer) and accordingly any such discharge shall be deemed not to have taken place.

- (y) Trustees' Reimbursement Account : The Trustee (acting on instruction of the Issuer) shall open and maintain an account designated as “Trustees' Reimbursement Account for Perpetual Securityholder(s)' Actions” (as required under the Trust Deeds Guidelines), in which a sum of RM30,000.00 is to be deposited therein. The Trustee's Reimbursement Account shall be operated by the Trustee and the monies shall only be used strictly by the Trustee in carrying out its duties in relation to the occurrence of Enforcement Event which are provided in the Trust Deed. The sum of RM30,000.00 in the Trustee's Reimbursement Account shall be maintained at all times throughout as long as there is amount outstanding under the Perpetual Note Programme.

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