

SUNREIT UNRATED BOND BERHAD (formerly known as Mega Revenue Sdn Bhd)

Principal Terms and Conditions of the Proposal

BACKGROUND INFORMATION

1. ISSUER

- (i) **Name** : SunREIT Unrated Bond Berhad (formerly known as Mega Revenue Sdn Bhd) (“**Issuer**”), a special purpose company whose shares are held by OSK Trustees Berhad (“**REIT Trustee**”), as trustee for Sunway Real Estate Investment Trust (“**SunREIT**”), a real estate investment trust (“**REIT**”) listed on the Main Market of Bursa Malaysia Berhad.
- (ii) **Address** : Registered Office:
Level 16 Menara Sunway
Jalan Lagoon Timur
Bandar Sunway
46150 Petaling Jaya
Selangor Darul Ehsan
- (iii) **Business Registration No.** : 977739-X
- (iv) **Date/Place of incorporation** : 13 February 2012/Malaysia
- (v) **Date of Listing** : Not applicable.
- (vi) **Status** : The Issuer is a resident non-bumiputra controlled company.
- (vii) **Principal Activities** : The Issuer is a special purpose vehicle incorporated for the establishment of the MTN Programme and the issuance of Unrated MTNs under the MTN Programme on behalf of SunREIT.
- (viii) **Board of Directors** : (a) Dato’ Ng Tiong Lip
(b) Sarena Cheah Yeah Ti
- (ix) **Structure of shareholdings and names of shareholders or, in the case of public company, names of all substantial shareholders** :
- | <u>Shareholder</u> | <u>Direct Interest</u> |
|--------------------|---|
| REIT Trustee | RM2.00 comprising of 2 ordinary shares of RM1.00 each |

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(x) **Authorised and paid-up share capital** : **Authorised**
Ordinary shares of RM100,000.00
RM1.00 each

Issued and fully paid-up
Ordinary shares of RM2.00
RM1.00 each

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PRINCIPAL TERMS AND CONDITIONS

2. Names of parties involved in the proposed transaction (where applicable)

- (a) (i) **Principal Adviser** : HwangDBS Investment Bank Berhad (Company No. 14389-U) ("**HwangDBS**").
- (ii) **Lead Arranger** : HwangDBS.
- (iii) **Co-Arranger** : Not applicable.
- (iv) **Solicitor** : Messrs Zaid Ibrahim & Co.
- (v) **Financial Adviser** : Not applicable.
- (vi) **Technical Adviser** : Not applicable.
- (vii) **Trustee** : Not applicable.
- (viii) **Guarantor** : Not applicable.
- (ix) **Valuer** : Not applicable.
- (x) **Facility Agent** : HwangDBS.
- (xi) **Primary Subscriber(s) (under a bought-deal arrangement) and Amount Subscribed** : Not applicable.
- (xii) **Underwriter(s) and Amount Underwritten** : Not applicable.
- (xiii) **Central Depository** : Bank Negara Malaysia ("**BNM**").
- (xiv) **Paying Agent** : BNM.
- (xv) **Reporting Accountant** : Not applicable.
- (xvi) **Calculation Agent** : Not applicable.

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(xvii) Others (please specify)

Placee/Subscriber:

The sole placee for the first issuance of the Unrated MTNs (as defined under item 2(b) below) is DBS Bank Ltd (Company No. 196800306E).

The amount to be subscribed under the first issuance of the Unrated MTNs is up to RM400.0 million. Any further subscription(s) of Unrated MTNs is subject to further approval of DBS Bank Ltd.

(a) Security Agent

- : 1. Public Investment Bank Berhad (Company No. 20027-W) ("**PIVB**") for Pool A Assets (as defined herein under item 2(i)); and
2. HwangDBS for Pool B Assets (as defined herein under item 2(i) below).

(b) REIT Trustee

- : OSK Trustees Berhad (Company No. 573019-U), as the trustee for SunREIT (in such capacity, "**REIT Trustee**"), which is constituted by a deed dated 20 May 2010 (as supplemented by a deed dated 10 June 2010) ("**REIT Deed**") executed between the REIT Manager (as defined under item 2(a)(xvii)(c) below) and the REIT Trustee.

(c) REIT Manager

- : Sunway REIT Management Sdn Bhd (Company No. 806330-X) ("**REIT Manager**"), as the REIT manager for SunREIT. The REIT Manager is responsible for the management and operations of SunREIT.

(b) Facility Description

- : A medium term note programme of up to RM1.0 billion in nominal value ("**MTN Programme**") for the issuance of unrated medium term notes ("**Unrated MTNs**").

(c) Issue Size (RM) / Programme Size

- : The programme size for the MTN Programme shall be up to RM1.0 billion in nominal value.

The first issuance ("**Issue 1**") of the Unrated MTNs pursuant to the MTN Programme shall be up to RM400.0 million in nominal value comprising the following tranches:

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	<u>Tranches</u>	<u>Tenure / Maturity</u>	<u>Nominal Value</u>
	1	5-years	RM270.0 million
	2	5-years	RM130.0 million
(d) Tenure of issue/debt programme (or facility)	<p>: <u>MTN Programme Tenure</u> Up to fifteen (15) years from the date of first issuance.</p> <p>The Issuer may choose to terminate the MTN Programme prior to the expiry of the tenure of the MTN Programme provided that there are no Unrated MTNs outstanding at that time.</p> <p><u>Tenure of Unrated MTNs</u> The Unrated MTNs shall be issued for tenures of more than one (1) year and up to fifteen (15) years as the Issuer may select in consultation with the Lead Arranger, provided that the Unrated MTNs mature upon or prior to the expiry of the MTN Programme.</p>		
(e) Availability period of debt programme (or facility)	<p>: The Unrated MTNs may be issued at any time during the MTN Programme tenure (as described in paragraph 2(d) above), provided that the Unrated MTNs mature on or prior to the expiry of the MTN Programme and that the first issuance under the MTN Programme shall be within two (2) years from the date of the SC's approval.</p>		
(f) Interest / coupon rate (%)	<p>: The coupon rate for the Unrated MTNs shall be determined prior to their respective issuance.</p>		
(g) Interest / coupon payment frequency	<p>: Payable quarterly in arrears from the date of issue of the respective Unrated MTNs.</p>		
(h) Interest /coupon payment basis	<p>: Actual/365 days.</p>		

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(i) **Security/Collateral** : The MTN Programme shall be secured, by the following:

(A) **Pool A Assets (as defined herein) which secures all Unrated MTNs issued under the MTN Programme save and except for Issue 1, Tranche 2:**

(1) A first ranking third party legal charge by the REIT Trustee:

- (i) Sunway Pyramid Shopping Mall;
- (ii) SunCity Ipoh Hypermarket;
- (iii) Menara Sunway;
- (iv) Sunway Tower;
- (v) Sunway Resort Hotel & Spa;
- (vi) Pyramid Tower Hotel;
- (vii) Sunway Putra Place comprising Sunway Putra Mall, Sunway Putra Hotel and Sunway Putra Tower,

with a total market value of not less than RM4.0 billion (hereinafter refer to “**Pool A Properties**”).

(2) A first ranking third party legal assignment by the REIT Trustee of all rental proceeds, proceeds from bank guarantees in respect of tenant’s obligations and insurance proceeds in relation to the Pool A Properties.

(3) A first ranking third party legal charge and assignment by REIT Trustee over the bank accounts (namely Proceeds Account (Pool A), Individual Collection Accounts (Pool A) and Master Collection Account (Pool A) (all as described below)) and first ranking third party legal charge and assignment by the REIT Manager over the Operation Accounts (Pool A) (as described below), for the purpose of depositing monies from the Pool A Properties;

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- (4) A first ranking third party legal charges over future properties acquired by the REIT Trustee, such properties to be referred to as **“Newly Acquired Property(ies)”** in the event that the acquisition of the Newly Acquired Properties will be financed by New Debt (as defined under item 2(t)(ii) below) which is to be secured by taking security over the Pool A Properties on pari passu basis with the MTN Programme;
- (5) An undertaking from the REIT Manager:
 - (i) to deposit all sale/insurance proceeds paid in relation to the Pool A Properties into the respective Proceeds Accounts (Pool A);
 - (ii) to deposit all rental/cashflow generated from the Pool A Properties into their respective Individual Collection Accounts (Pool A);
 - (iii) that it shall not declare or distribute any dividends / distributions to SunREIT’s unitholders if:
 - (a) an event of default has occurred, is continuing or has not been waived or following such declaration or distribution, an event of default would occur; or
 - (b) the financial covenants are not met or will not be met prior and after such distribution;

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- (6) Any other securities deemed appropriate and mutually agreed between the parties prior to execution of the Transaction Documents (as defined under item 2(v)(vi) below)

The above security shall be shared on a pari passu basis in terms of priority and security amongst the Unrated MTNs (save and except for Issue 1, Tranche 2) and the following borrowings which terms require a pari passu ranking charge over the above security (such borrowings shall be collectively referred to as the **"Pool A Assets Pari Passu Debt"**):

- (i) any New Debt (as defined under item 2(t)(ii) below); and
- (ii) the commercial papers (**"CP"**) issuance programme (**"CP Programme"**) of up to RM1.6 billion in nominal value established by SunREIT Capital Berhad (**"SunREIT Cap"**);
- (iii) the commodity murabahah facility (**"HSBC Murabahah Facility"**) of up to the maximum aggregate amount of USD100 million granted by HSBC Amanah Malaysia Berhad (**"HSBC Amanah"**) to the REIT Trustee.

PROVIDED THAT the ratio of the Pool A Total Loans (as defined under item 2(t)(iii) below) to the Pool A Security Value (as defined under item 2(t)(iii) below) shall not exceed 45% at all times.

In the event the ratio of the Pool A Total Loans to Pool A Security Value exceeds 45%, the Issuer/REIT Trustee is required to restore the stipulated ratio by providing additional security acceptable to the Facility Agent or reducing the Pool A Total Loans within 90 days from the

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date the Issuer/REIT Trustee/REIT Manager becomes aware of the breach. The Issuer/REIT Trustee/REIT Manager shall notify the Facility Agent within five (5) business days of becoming aware of the breach.

A security agency and sharing agreement and/or the accession letter annexed thereto shall be entered into between, among others, PIVB (as security agent), PIVB (as facility agent for the CP Programme), the Facility Agent, the Issuer, SunREIT Capital, the REIT Trustee, the REIT Manager and other parties which have rights over the Pool A Assets to evidence, inter alia the said security sharing arrangement.

(B) Pool B Assets (as defined herein) which secures ONLY Issue 1, Tranche 2:

(1) A first ranking third party legal charge by the REIT Trustee of the following properties:

- (i) Sunway Hotel Seberang Jaya; and
- (ii) Sunway Carnival Shopping Mall.

(hereinafter refer to “**Pool B Properties**”).

(2) A first ranking third party legal assignment by the REIT Trustee of all rental proceeds, proceeds from bank guarantees in respect of tenant's obligations and insurance proceeds in relation to the Pool B Properties;

(3) A first ranking third party legal charge and assignment by REIT Trustee over the bank accounts (namely Proceeds Accounts (Pool B), Individual Collection Accounts (Pool B), Master Collection Account

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(Pool B)) and first ranking third party legal charge and assignment by the REIT Manager over the Operation Accounts (Pool B), all accounts to be opened with such licensed financial institution acceptable to the Facility Agent, for the purpose of depositing monies from the Pool B Properties;

(4) An undertaking from the REIT Manager:

(i) to deposit all sale/insurance proceeds paid in relation to the Pool B Properties into the respective Proceeds Accounts (Pool B);

(ii) to deposit all rental/cashflow generated from the Pool B Properties into their respective Individual Collection Accounts (Pool B);

(iii) that it shall not declare or distribute any dividends / distributions to SunREIT's unitholders if:

(a) an event of default has occurred, is continuing or has not been waived or following such declaration or distribution, an event of default would occur; or

(b) the financial covenants are not met or will not be met prior and after such distribution;

(5) Any other securities deemed appropriate and mutually agreed between the parties prior to execution of the Transaction Documents (as defined under item 2(v)(vi) below)

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PROVIDED THAT the ratio of the Pool B Total Loans (as defined under item 2(t)(iii) below) to the Pool B Security Value (as defined under item 2(t)(iii) below) shall not exceed 45% at all times.

In the event the ratio of the Pool B Total Loans to Pool B Security Value exceeds 45%, the Issuer/REIT Trustee is required to restore the stipulated ratio by providing additional security acceptable to the Facility Agent or reducing the Pool B Total Loans within 90 days from the date the Issuer/REIT Trustee/REIT Manager becomes aware of the breach. The Issuer/REIT Trustee/REIT Manager shall notify the Facility Agent within five (5) business days of becoming aware of the breach.

For avoidance of doubt, the MTN Programme (save and except for Issue 1, Tranche 2) shall be secured by Pool A Assets throughout the tenure of the MTN Programme, and Issue 1, Tranche 2 shall be secured by Pool B Assets for the tenure of Issue 1, Tranche 2.

Pool A Properties and Pool B Properties shall be collectively referred to as “**Secured Properties**”.

- (j) **Details on Utilisation of Proceeds by issuer. If proceeds are to be utilised for project or capital expenditure, description of the project or capital expenditure, where applicable (if any)** : Proceeds raised from the Unrated MTNs shall be utilised for the following purposes:
- (a) Up to RM400.0 million to repay the existing borrowings of SunREIT, including without limitation, any outstanding CPs issued under the CP Programme and any new borrowings taken by SunREIT to repay existing borrowings of SunREIT; and
 - (b) Up to RM600.0 million to repay existing borrowings undertaken by SunREIT and/or to finance (including repayment of cash utilized by SunREIT to part finance) the investment activities (including future acquisition, capital expenditure and the related acquisition

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and financing expenses) of SunREIT in accordance with the REIT Deed and the Guidelines on Real Estate Investment Trust effective 21 August 2008 and updated to 31 July 2011 issued by the SC ("REIT Guidelines").

- (k) **Sinking Fund and Designated Accounts (if any)** : The following accounts in respect of the Pool A Properties and Pool B Properties (collectively the "Designated Accounts") shall be opened:

(a) **Pool A Properties Designated Accounts**

In relation to Pool A Assets and the security sharing arrangement between the Unrated MTNs and the Pool A Assets Pari Passu Debt, the following existing designated accounts under the CP Programme established by SunREIT Cap shall be utilised for Pool A Properties:

(i) **Proceeds Account (Pool A)**

Proceeds Account (Pool A) being an account in the name of REIT Trustee opened with such licensed financial institution acceptable to the Security Agent with a minimum rating of A3/P1, into which all insurance proceeds received by the REIT Trustee in respect of the Pool A Properties are to be deposited. The Proceeds Account (Pool A) shall be operated solely by the REIT Trustee;

The funds in this account cannot be withdrawn save for such withdrawals which are actually funded by identified insurance proceeds already credited into the Proceeds Account made to make good the damage or loss or disrepair to the Pool A Properties or made as compensation due to loss of business income with

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respect to the Pool A Properties (in respect of which such insurance proceeds were paid by insurance companies) Provided That:

- (i) such withdrawal must be accompanied by relevant supporting documents evidencing the amount payable to make good such damage or loss or disrepair furnished by the REIT Trustee;
- (ii) no event of default has occurred under the Unrated MTNs and the Pool A Asset Pari Passu Debt and is subsisting at the time such withdrawal is made or would, following such withdrawal, occur; and
- (iii) the amount of such withdrawal (or when aggregated with previous permitted withdrawals made for the same purpose) would not exceed ten per centum (10%) of the then prevailing market value of the relevant Pool A Properties (in respect of which such withdrawal relates).

Without prejudice to this paragraph, the REIT Trustee may subject to the prior written consent of the Security Agent for Pool A Properties (which consent shall not be unreasonably withheld) withdraw monies from the Proceeds Account (Pool A) which are actually funded by the identified insurance proceeds claims made under the insurances relating to the Pool A Properties that have already been credited into the Proceeds Account (Pool A) and which are in

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excess of ten percent (10%) of the then prevailing market value of the relevant Pool A Properties (in respect of which such withdrawal relates) (hereinafter referred to as the **“Increased Permitted Withdrawals”**) to make good the damage or loss or disrepair to the relevant Pool A Properties PROVIDED THAT:

- (a) The REIT Trustee furnishes the Security Agent with relevant supporting documents (including but not limited to a certified true copy of the relevant insurance claims and/or invoices acceptable to the Security Agent and the Facility Agent certifying the cost and/or expense incurred or to be incurred in respect of the repair made or to be made on the relevant Pool A Properties);
- (b) such Increased Permitted Withdrawals would not result in an event having a Material Adverse Effect (as defined herein) to occur.

“Material Adverse Effect” means a material adverse effect on (i) the business, operations, property, condition (financial or otherwise) or prospects of SunREIT, the REIT Trustee, the Issuer or on the earnings and/or cashflow of the Pool A Properties taken as a whole; (ii) the ability of the REIT Trustee or the Issuer to perform its obligations under the applicable transaction documents; or (iii) the legality, validity or enforceability of the applicable transaction documents or the rights or remedies of the MTNholder or

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financiers or holders of the private debt securities under any Pool A Assets Pari Passu Debt under the applicable transaction documents.

(ii) Master Collection Account (Pool A)

Master Collection Account (Pool A) being an account opened in the name of the REIT Trustee with such licensed financial institution acceptable to the Security Agent with a minimum rating of A3/P1 into which all amounts standing to the credit of each of the Individual Collection Accounts (Pool A) are to be deposited by the REIT Trustee. The Master Collection Account (Pool A) shall be operated solely by the REIT Trustee.

The funds in this account will be applied to meet the following permitted expenditure in the following order of priority if no event of default under the Unrated MTNs or Pool A Assets Pari Passu Debt has occurred:

- (a) such amount necessary:
- (i) for transfers to the Operation Account (Pool A) to fund the operating expenditure (including tax and other statutory obligations) in respect of the Pool A Properties based on the annual budget approved by the Facility Agent and the applicable facility agents/lenders/trustee in respect of the Pool A Assets Pari Passu Debt, and such withdrawal is to be credited into the Operation Accounts (Pool A); and

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- (ii) for the payment of all other fees, charges, expenses and outgoings which are permitted to be incurred by the REIT Trustee by the provisions of the REIT Deed not accounted for in the annual budget as referred to under paragraph (i) above (which for the avoidance of doubt includes payment of principal and interest under the Unrated MTNs and the Pool A Asset Pari Passu Debt):
 - 1. to the extent that the payment of such fees, costs, charges, expenses and outgoings is incidental to the carrying of business of SunREIT; and
 - 2. to fund Permitted Investments (as defined in paragraph 2(v)(v)), so long as:
 - (I) following the making of any withdrawal under this paragraph (ii) there are sufficient funds standing to the credit of the Master Collection Account (Pool A) to meet the obligations to service such interest/principal that is due and payable under the Unrated MTNs and the Pool A Assets Pari Passu Debt on the immediately following payment date;
 - (II) any withdrawal of such amount made by the REIT Trustee for the purposes set out in this paragraph (ii) shall be

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immediately notified by the REIT Trustee to the Security Agent; and

- (III) payment of any such fees, costs, charges, expenses and outgoings is incidental to the carrying of business of SunREIT not accounted for in the annual budget which is more than 10% of the budgeted amount shall only be made with prior approval from the Facility Agent and the applicable facility agents/lenders/trustees in respect of the Pool A Assets Pari Passu Debt;;
- 3. on a pari passu basis fees and expenses under the Unrated MTNs and the Pool A Assets Pari Passu Debt;
- 4. dividend payment to the SunREIT unitholders to the extent permitted by the transaction documents for the Unrated MTNs and the Pool A Assets Pari Passu Debt;
- 5. the balance (if any) thereafter can be utilised by the REIT Trustee at its option to pay for deposit or tender deposit for any future acquisition of real estate and single purpose company

Provided Always that any withdrawal of such amount made by the REIT Trustee for the purposes set out in this

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paragraph shall be permitted by the Security Agent for so long as such withdrawal is accompanied by relevant supporting documents (in form and substance satisfactory to the Security Agent).

(iii) Individual Collection Accounts (Pool A)

Individual Collection Accounts (Pool A) being the accounts opened in the name of the REIT Trustee with any licensed financial institution acceptable to the Security Agent with a minimum rating of A3/P1, into which all revenue proceeds from the Pool A Properties which shall include but not limited to security deposits to satisfy tenant's obligations, rental and rental deposits received by the REIT Trustee from the renting of the Pool A Properties and all such other miscellaneous income are to be deposited. The Individual Collection Accounts (Pool A) shall be operated solely by the REIT Trustee.

The REIT Trustee shall be permitted from time to time to utilise the funds held in the Individual Collection Accounts (Pool A) to make Permitted Investments provided no event of default under the Unrated MTNs or the Pool A Assets Pari Passu Debt has occurred.

The REIT Trustee shall do such acts and things which is necessary (including but not limited to the execution and delivery of a standing instruction or any such documents in connection therewith (in such form satisfactory to the

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Security Agent)) to the account bank to remit all amounts standing to the credit of each of the Individual Collection Accounts (Pool A) to facilitate the withdrawal of such amount from each of the Individual Collection Accounts (Pool A) to be credited into the Master Collection Account (Pool A) at least on a weekly basis.

The funds in the Individual Collection Account (Pool A) cannot be withdrawn save and except where the withdrawal of such amount if necessary to be credited into the Master Collection Account (Pool A).

(iv) Operation Accounts (Pool A)

Operation Accounts (Pool A) being the accounts opened in the name of the REIT Manager with such licensed financial institutions acceptable to the Security Agent with a minimum rating of A3/P1 for the purpose of managing the operating expenditure (including tax and other statutory obligations) of the Pool A Properties. The Operation Accounts (Pool A) shall be operated solely by the REIT Manager.

Monies will be credited into this account on a monthly basis from the Master Collection Account (Pool A) in accordance with the operating expenditure budget prepared by the REIT Manager. The funds in the Operation Accounts (Pool A) cannot be withdrawn save for the following purposes in the order of priority as herein set out:

- (a) to meet administrative expenses under the Unrated

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MTNs and Pool A Assets Pari Passu Debt;

- (b) to meet the Pool A Properties' projected operating expenditure;
- (c) any excess thereafter shall be credited back into the Master Collection Account (Pool A).

Funds held in the Operation Accounts (Pool A) may be utilised for investments in Permitted Investments, provided always that such Permitted Investments shall mature and the proceeds be remitted into the Operation Accounts (Pool A) no later than five (5) business day before any payment obligations become due and payable.

In addition, proceeds from issuance of Unrated MTNs may be credited into the applicable Operation Accounts (Pool A) identified prior to the relevant issuance of Unrated MTNs, and such proceeds may be withdrawn for the purposes described in paragraph 2(j) above.

For the avoidance of doubt, references to "Unrated MTNs" in this paragraph (k)(a) relating to the Pool A Assets Designated Accounts refer to all Unrated MTNs other than Issue¹, Tranche 2.

(b) Pool B Properties Designated Accounts

(i) Proceeds Account (Pool B)

The Proceeds Account (Pool B) being an account in the name of REIT Trustee opened with such licensed financial institution acceptable to the Security Agent for Pool B Properties, into which all insurance proceeds received by the REIT Trustee in respect of the properties under the Pool B Properties are to be deposited. The

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Proceeds Account (Pool B) shall be operated solely by the REIT Trustee.

The funds in the Proceeds Account (Pool B) cannot be withdrawn save for withdrawals which are actually funded by identified insurance proceeds already credited into the Proceeds Account made to make good the damage or loss or disrepair to the Pool B Properties or made as compensation due to loss of business income with respect to the Pool B Properties (in respect of which such insurance proceeds were paid by insurance companies),

Provided that:

- (a) such withdrawal must be accompanied by relevant supporting documents evidencing the amount payable or to be payable to make good such damage or loss or disrepair furnished by the REIT Trustee or in the event of early redemption of the Unrated MTNs, by relevant supporting documents on the nominal value of the Unrated MTNs to be redeemed to be furnished by the Facility Agent;
- (b) no event of default has occurred under the Unrated MTNs and is subsisting at the time of such withdrawal is made or would, following such withdrawal, occur; and
- (c) the amount of such withdrawal (or when aggregated with previous permitted withdrawals made

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of the same purpose) would not exceed ten per centum (10%) of the then prevailing market value of the relevant Pool B Properties (in respect of which such withdrawal relates) other than in the event that such withdrawal is for the redemption of the Unrated MTNs.

Without prejudice to this paragraph, the REIT Trustee may subject to the prior written consent of the Security Agent (which consent shall not be unreasonably withheld) withdraw monies from the Proceeds Account (Pool B) which are actually funded by the identified insurances relating to the relevant properties under Pool B Properties that have already been credited into the Proceeds Account (Pool B) and which are in excess of ten per centum (10%) of the then prevailing market value of the relevant properties (in respect of which such withdrawal relates) (**“Increased Permitted Withdrawals”**) to make good the damage or loss or disrepair to the relevant Pool B Properties PROVIDED THAT:

- (a) the REIT Trustee furnishes the Security Agent with relevant supporting documents (including but not limited to a certified true copy of the relevant insurance claims and/or invoices acceptable to the Security Agent and the Facility Agent certifying the cost and/or expenses incurred or to be incurred in respect of the repair made or to be made on the relevant properties under Pool B Properties);

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- (b) such Increased Permitted Withdrawals would not result in an event having a Material Adverse Effect (as defined under item 2(r) below) to occur.

(ii) Master Collection Account (Pool B)

The Master Collection Account (Pool B) is an account solely operated by the REIT Trustee into which all amounts standing on credit of each of the Individual Collection Accounts (Pool B) and proceeds from the sale, transfer or disposal of Pool B Properties (if any) are to be deposited by the REIT Trustee.

Save for the proceeds from the sale, transfer or disposal of Pool B Properties, (which shall be utilised for the early redemption of the Unrated MTNs of Issue 1, Tranche 2) funds in the Master Collection Account (Pool B) shall be applied to meet the following permitted expenditure in the following order of priority if no Event of Default under the Unrated MTNs has occurred:

- (a) such amount necessary:
- (i) for transfers of the Operation Account (Pool B) (as defined herein) to fund the operating expenditure (including tax and other statutory obligations) in respect of the Pool B Properties based on the annual budget of the Pool B Properties approved by the Facility Agent in respect of the Unrated MTNs and such withdrawal is to be credited into the Operation Account (Pool B); and

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- (ii) for the payment of all other fees, charges, expenses and outgoings which are permitted to be incurred by the REIT Trustee by the provisions of the REIT Deed not accounted for in the annual budget as referred to under paragraph (i) above (which for the avoidance of doubt, includes payment of principal and interest under the Unrated MTNs):
 - 1. to the extent that the payment of such fees, costs, charges, expenses and outgoings is incidental to the carrying of business of SunREIT; and
 - 2. to fund Permitted Investments, so long as:
 - (I) following the make of any withdrawal under this paragraph (ii) there are sufficient funds standing to the credit of the Master Collection Account (Pool B) to meet the obligations to service such interest / principal that is due and payable under the Unrated MTNs immediately following the payment date;
 - (II) any withdrawal of such amount made by the REIT Trustee for the purposes set out in this paragraph (ii) shall be immediately notified by the REIT Trustee to the Security Agent; and

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(III) payment of any such fees, costs, charges, expenses and outgoings that are incidental to the carrying of business of SunREIT not accounted for in the annual budget which is more than 10% of the budgeted amount shall only be made with prior approval from Facility Agent for the MTN Programme;

3. fees and expenses under the Unrated MTNs;

4. dividend payment to SunREIT unitholders to the extent permitted by the Transaction Documents for the MTN Programme and the Pool A Assets Pari Passu Debt;

5. the balance (if any) thereafter can be utilised by the REIT Trustee at its option to pay for deposit and tender deposit for any future acquisition of real estate and single purpose company,

Provided Always that any withdrawal of such amount made by the REIT Trustee for the purposes set out above under the Master Collection Account (Pool B) shall be permitted by the Security Agent for so long as such withdrawal is accompanied by relevant supporting documents (in form and substance satisfactory to the Security Agent).

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In the event funds standing on credit under the Master Collection Account (Pool B) are insufficient to meet the obligations to service such interest / principal that is due and payable under the MTN Programme, SunREIT through the REIT Trustee shall undertake to pledge additional monies within a period of seven (7) days after becoming aware or having being notified by the Facility Agent, into the Master Collection Account (Pool B) to make good the payment obligations payable under the MTN Programme.

(iii) Individual Collection Accounts (Pool B)

The Individual Collection Accounts (Pool B) are accounts solely operated by the REIT Trustee for the purpose of depositing all revenue proceeds from the Pool B Properties which shall include but not limited to security deposits to satisfy tenant's obligations, rental and rental deposits received by the REIT Trustee from the renting of the Pool B Properties and all such other miscellaneous income are to be deposited.

The REIT Trustee shall be permitted from time to time to utilise the funds held in the Individual Collection Accounts (Pool B) to make Permitted Investments provided no event of default under the Unrated MTNs has occurred.

The REIT Trustee shall do such acts and things which is necessary (including by not limited to the

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execution and delivery of a standing instruction or any such documents in connection therewith (in such form satisfactory to the Security Agent)) to the account bank to remit all amounts standing to the credit of each of the Individual Collections Accounts (Pool B) to facilitate the withdrawal of such amount from each of the Individual Collection Account (Pool B) to be credited into the Master Collection Account at least on a weekly basis.

The funds in the Individual Collection Accounts (Pool B) cannot be withdrawn save and except where the withdrawal of such amount if necessary to be credited into the Master Collection Account (Pool B).

(iv) Operation Accounts (Pool B)

The Operation Accounts (Pool B) is an account solely operated by the REIT Manager for the purpose of managing the operating expenditure (including tax and other statutory obligations) of the Pool B Properties.

Monies will be credited into this account on a monthly basis from the Master Collection Account (Pool B) in accordance with the operating expenditure budget prepared by the REIT Manager. The funds in the Operation Accounts (Pool B) cannot be withdrawn save for the following purposes in the order of priority as herein set out:

- (a) to meet administrative expenses under the MTN Programme;

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- (b) to meet the projected operating expenditures under the Pool B Properties;
- (c) any excess thereafter shall be credited back into the Master Collection Account (Pool B).

Funds held in the Operation Accounts (Pool B) may be utilised for investments in Permitted Investments, provided always that such Permitted Investments shall mature and the proceeds be remitted into the Operation Accounts (Pool B) no later than five (5) business day before any payment obligations become due and payable.

In addition, proceeds from issuance of Unrated MTNs may be credited into the applicable Operation Accounts (Pool B) identified prior to the relevant issuance of Unrated MTNs, and such proceeds may be withdrawn for the purposes described in paragraph 2(j) above.

For the avoidance of doubt, references to "Unrated MTNs" in this paragraph (k)(b) relating to the Pool B Assets Designated Accounts refer only to Issue 1, Tranche 2 of the Unrated MTNs.

- (l) **Rating** : Not applicable as the Unrated MTNs will not be rated.
- **Credit rating(s) assigned (please specify if this is an indicative rating or the credit rating is not assigned for the full amount in the case of debt programme, adequate disclosures under paragraph 7.02 of these**

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guidelines to be made)

- **Name of rating agency**

- | | | |
|--|---|---|
| (m) Mode of Issue | : | The Unrated MTNs will be issued by way of private placement without prospectus. |
| (n) Selling Restriction, including tradability (i.e. tradeable or non-tradeable) | : | <p>The Unrated MTNs shall not be offered, sold or delivered, directly or indirectly, nor may any document or other material in connection therewith be distributed in Malaysia, other than to persons falling within Schedule 6 (or Section 229(1)(b)) or Schedule 7 (or Section 230(1)(b)) and Schedule 8 (or Section 257(1)) of the Capital Markets and Services Act 2007 as amended from time to time ("CMSA").</p> <p>Further, the Unrated MTNs are debentures which by their terms shall only be held by a single holder, and accordingly the Unrated MTNs fall within Paragraph 4 Schedule 8 of the CMSA.</p> <p>The Unrated MTNs are non-transferable and non-tradable.</p> |
| (o) Listing Status and types of listing | : | The Unrated MTNs will not be listed on any exchange. |
| (p) Other Regulatory Approvals Required in Relation to the Issue, Offer or Invitation and Whether or not Obtained | : | Not applicable. |
| (q) Conditions Precedent | : | <p>Conditions precedent relevant for issuance of this nature as advised by the Solicitors including but not limited to the following:</p> <ul style="list-style-type: none"> (i) Receipt of valuation report(s) on the Secured Properties indicating the current market value, in form and substance acceptable to the Lead Arranger and by valuers acceptable to the Placee/Subscriber; |

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- (ii) Receipt of the following by the Solicitors, in respect of each of the Issuer, the REIT Trustee and the REIT Manager:
 - (a) certified true copies of the Certificate of Incorporation and the Memorandum and Articles of Association;
 - (b) certified true copies of the latest Form 24 and 49;
 - (c) a list of the authorised signatories and their respective specimen signatures;
 - (d) a satisfactory company search report ;
 - (e) a satisfactory winding up search report; and
- (iii) Board resolution from the Issuer authorising the issuance of the Unrated MTNs by the Issuer and for the Issuer to enter into and execute the Transaction Documents to which it is a party in relation to the MTN Programme;
- (iv) Relevant consents and approvals and resolutions empowering the REIT Trustee has been obtained and remain valid (i) to provide security under the MTN Programme, (ii) to enter into and execute the Transaction Documents in relation to the MTN Programme to which it is a party and (ii) to do all that is necessary for Issuer to undertake the MTN Programme and issuance of the Unrated MTNs thereunder;
- (v) All approvals and waiver required in relation to the implementation of the MTN Programme and its terms and conditions, not limited to that from Securities Commission Malaysia (“SC”) shall have been obtained and remain valid;
- (vi) Execution of Transaction Documents (including but not limited to the security agency and sharing agreement and the accession letter annexed thereto) by the

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- parties thereto and endorsed as exempted from stamp duty;
- (vii) Confirmation that each of the Designated Accounts have been established in accordance with the provisions of the Transaction Documents;
 - (viii) Consent from the state authority(ies) for the legal charge of the Secured Properties shall have been obtained (where required);
 - (ix) Confirmation that all fees and expenses imposed by the state authority related in perfecting the legal charge for the Secured Properties shall have been paid;
 - (x) The charges over the Secured Properties have been presented for registration at the relevant land office;
 - (xi) Legal opinion from the Solicitors confirming that (i) the Transaction Documents are legal, valid and binding; and (ii) all conditions precedent to the MTN Programme have been duly complied with by the Issuer;
 - (xii) No Event of Default has occurred and continues to subsist;
 - (xiii) In the case where proceeds of the Unrated MTNs are to be used to repay borrowings, proof that such proceeds will be so utilised; and
 - (xiv) Such other Conditions Precedent as may be stipulated by the Lead Arranger and/or the Solicitors.
- (r) **Representations and Warranties** : Representations and warranties for a programme of this nature as advised by the Solicitors, including but not limited to the following:
- (i) The Issuer is a company duly established and existing under Malaysian law and has the power and authority to

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enter into the business in which it is engaged;

- (ii) The Issuer have the power to enter into, exercise its rights under and perform its obligations under the Transaction Documents to which it is a party;
- (iii) All necessary actions, authorisations and consents required for its performance under the Transaction Documents by the Issuer have been taken, fulfilled and obtained and remain in full force and effect;
- (iv) The Issuer's entry into, exercise of its rights under and performance of the Transaction Documents do not and will not violate any existing law or any agreements to which it is a party;
- (v) The Issuer's audited financial statements will be and are prepared (if any) in accordance with approved accounting principles and standards in Malaysia and fairly represented its financial position;
- (vi) No event that would constitute a contravention of or default under the Transaction Documents has occurred;
- (vii) No litigation or arbitration is current or, to the best of the Issuer's knowledge, information and belief, is threatened, which if adversely determined would have a Material Adverse Effect (as defined hereinafter); and
- (viii) Any other representations and warranties including representations and warranties by the REIT Trustee and REIT Manager, as advised by the Solicitors.

"Material Adverse Effect" means, in relation to any event, the occurrence of which would materially and adversely affect (i) the ability of the REIT Trustee or the Issuer to perform any of its obligations under the MTN Programme and/or any of the Transaction Documents to

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which they are a party and/or (ii) the financial position and/or the business of SunREIT, the REIT Trustee or the Issuer.

- (s) Event of Default** : Event of Default for a programme of this nature as advised by the Solicitors, including but not limited to the following:
- (i) The Issuer fails to pay any sum due and payable under the Transaction Documents and/or any of the Unrated MTNs or upon written demand by the Facility Agent in accordance with the Transaction Documents;
 - (ii) Any representation or warranty made or implied under any provision of the Transaction Documents or any information, notice, opinion or certificate or other document delivered pursuant to the terms of the Transaction Documents proves to have been incorrect or misleading by the Facility Agent as of the date of which made or deemed made and which would have a Material Adverse Effect;
 - (iii) Any consent referred to in the Transaction Documents is revoked or withheld or modified or is otherwise not granted or fails to remain in full force and effect, to the extent that such shall have a Material Adverse Effect;
 - (iv) The Issuer enters into or proposes to enter into, or there is declared by any competent court or authority, a moratorium on the payment of indebtedness or other suspensions of payments generally (other than for the purposes of and followed by a reconstruction previously approved in writing by the Facility Agent, unless during or following such reconstruction it becomes or is declared to be insolvent);
 - (v) Any provision of the Transaction Documents is or becomes (or is bona fide claimed by the Issuer or any other

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person to be or to have become) unenforceable for any reason whatsoever;

- (vi) Any step or action is taken for the winding up, dissolution or liquidation of the Issuer, the REIT Manager or the REIT Trustee (including, without limitation, the presentation of a petition for the winding up against the Issuer, the REIT Manager or the REIT Trustee or the making of any order or the passing of any resolution for the winding up, dissolution or liquidation of the Issuer, the REIT Manager or the REIT Trustee unless it is contested in good faith within 30 days and dismissed, struck off, discharged, stayed, suspended, withdrawn or set aside within 90 days (if such longer period as may be agreed by the Facility Agent) from the date of service of such winding-up petition or if a winding-up order has been made against it). For avoidance of doubt, the grace period of 90 days is only relevant in the event the action or dissolution has not been conclusively determined or adjudged by the courts to be final;
- (vii) A distress, execution, attachment or other legal process is levied, enforced or sued out against any of the assets of the Issuer or the material assets of the REIT Trustee or the REIT Manager or any part thereof, unless it is contested in good faith within 30 days and dismissed, struck off, withdrawn, suspended, set aside discharged or stayed within 90 days (or such longer period as may be agreed by the Facility Agent);
- (viii) A receiver, manager, liquidator, trustee, administrator, bailiff or similar officer (other than any officer appointed by BNM) is appointed in respect of the Issuer, the REIT Manager or the REIT Trustee or in respect of all or any part of the respective assets, properties or undertaking of the Issuer, the REIT

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Manager or the REIT Trustee (other than those contemplated or permitted under the Transaction Documents) which may for the time being affect the whole or a substantial part of the assets becomes enforceable, unless it is contested in good faith within 30 days and dismissed, struck off, discharged, stayed, withdrawn or set aside within 90 days (or such longer period as may be agreed by the Facility Agent) from the date of such taking of possession or appointment or of service of notice of execution or enforcement;

- (ix) The Issuer ceases or threatens to cease to carry on all or substantial part of its business;
- (x) The Issuer, the REIT Manager or the REIT Trustee becomes insolvent or commits an act of insolvency or is unable to pay its debts as they fall due or any judgement or judgements is or are obtained against the Issuer;
- (xi) The Issuer, the REIT Manager or the REIT Trustee repudiates any of the Transaction Documents or the Issuer, the REIT Manager or the REIT Trustee does or causes to be done any act or thing evidencing an intention to repudiate any of the Transaction Documents;
- (xii) The Issuer, the REIT Manager or the REIT Trustee stops, suspends or threatens to stop or suspend payment of all or any part of its debts, begins negotiations or takes any proceeding or other step with a view of readjustment, rescheduling or deferral of all of its indebtedness (or of any part of its indebtedness which it will or might otherwise be unable to pay when due) or proposes or makes a general assignment or any arrangement or composition with or for the benefit of its creditors (other than for the purposes of and followed by a reconstruction

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previously approved in writing by the Facility Agent, unless during or following such reconstruction it becomes or is declared to be insolvent) or where a scheme of arrangement under Section 176 of the Companies Act 1965 has been initiated by or against it by their respective creditors;

- (xiii) An event of total loss occurs on any of the Secured Properties which in the reasonable opinion of the Facility Agent would have a Material Adverse Effect;
- (xiv) Any of the assets, undertakings, rights or revenue of the Issuer are seized, nationalised, expropriated or compulsorily acquired by or under the authority of any governmental body which in the reasonable opinion of the Facility Agent has a Material Adverse Effect;
- (xv) Any indebtedness of SunREIT, the Issuer, and/or any subsidiaries and/or any orphan or special purpose vehicle set up for the benefit of SunREIT, is not paid when due or is declared to be or becomes due (unless, prior to any declaration of default by the holder of the Unrated MTNs (“**MTNholder**”) hereunder, the due date of such indebtedness has been contractually extended or deferred by the creditors thereof) and payable prior to its stated maturity or any guarantee or similar obligation of SunREIT, the Issuer and/or any subsidiaries and/or any orphan or special purpose vehicle set up for the benefit of SunREIT are not discharged at maturity or when called or where the security created for such indebtedness becomes immediately enforceable;
- (xvi) The Issuer defaults on any other provision of the Transaction Documents (other than any covenant to pay) which is not capable of remedy or which, being capable of remedy, is not remedied

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within 30 days after the Issuer became aware of or having been notified in writing by the Facility Agent of the event or situation or such other longer remedy period as may be allowed under the Transaction Documents for the relevant event or situation as may be agreed between the Facility Agent and the Issuer;

(xvii) Where there is a revocation, withholding or modifications of any license, authorization or approvals that impairs or prejudices the Issuer's ability to comply with the terms and conditions of the MTN Programme or any of the Transaction Documents;

(xviii) Such other event as may be advised by the Solicitors and to be mutually agreed between the Lead Arranger and the Issuer.

Upon the declaration of an Event of Default, the relevant Unrated MTNs shall be immediately due and payable, the Security Agent shall act upon the instruction of the MTNholder to enforce the rights accruing to it under the Transaction Documents provided that in the case of the Unrated MTNs (other than Issue 1, Tranche 2) enforcement of security over the Pool A Assets shall be subject to the Security Agency and Sharing Agreement.

(t) Covenants

(i) Positive Covenants

: Positive Covenants by the Issuer for programme of this nature as advised by the Solicitors, including but not limited to the following:

(A) The Issuer:

(a) It shall provide to the Facility Agent at least on an annual basis, a certificate confirming that:

(i) it has complied with all its

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obligations under the Transaction Documents;

- (ii) it has complied with the financial covenants (as described in paragraph (t)(iii) below) together with the relevant calculations;
 - (iii) that there does not exist or had not existed, from the first date the Unrated MTNs were issued, any Event of Default, and if such is not the case, to specify the same;
- (b) It shall deliver to the Facility Agent as soon as they become available (and in any event within 180 days after the end of its financial year) copies of its financial statements for that year which shall contain the income statements and balance sheets of the Issuer and which are audited and certified without qualification by a firm of independent certified public accountants acceptable to the Facility Agent;
- (c) It shall deliver to the Facility Agent as soon as they become available but not later than 90 days after the end of each quarter, a certified true copies of its management accounts and reports comprising at least its unaudited income statements and balance sheets;
- (d) It shall promptly notify the Facility Agent forthwith upon it becoming aware of any change in its conditions (financial or otherwise) and of any litigation or other proceedings of any nature whatsoever being threatened or initiated against it before any court or tribunal or administrative agency which has a Material Adverse Effect;
- (e) It shall promptly give notice to the Facility Agent if the occurrence of any Event of Default or any event that gives rise to any right or remedy under the Transaction Documents becoming immediately enforceable, forthwith upon

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becoming aware thereof, and it shall take all reasonable steps and/or such other steps as may reasonably be requested by the Facility Agent;

- (f) It shall maintain in full force and effect all relevant authorisations, consents, rights, licences, approvals and permits (governmental and otherwise) which is or may become necessary to enable it to own its assets, to carry on its business in a reasonable diligent, proper and efficient manner or for the Issuer to enter into or perform its obligations under the Transaction Documents or to ensure the legality, validity, enforceability, admissibility in evidence of its obligations or the priority or rights of the Facility Agent or MTNholder under the Transaction Documents and it shall comply with the same;
- (g) It shall at all times on demand execute all such further documents and do all such further acts reasonably necessary at any time or times to give further effect to the terms and conditions of the Transaction Documents;
- (h) It shall exercise reasonable diligence in carrying out its business and affairs in a proper and efficient manner and in accordance with sound financial and commercial standards and practices;
- (i) It shall promptly perform and carry out all its obligations under the Transaction Documents (including but not limited to redeeming the Unrated MTNs at maturity date) and ensure that it shall immediately notify the Facility Agent in the event that it is unable to fulfil or comply with any of the provisions of the Transaction Documents;
- (j) It shall prepare its financial statements on a basis consistently applied in accordance with the generally approved accounting standards in Malaysia and

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those financial statements shall give a true and fair view of its results of the operations for the period to which the financial statements are made up and shall disclose or provide against all liabilities (actual and contingent) of the Issuer;

- (k) It shall keep proper books and records at all times and will permit upon reasonable request by the Facility Agent or its agent and servants and any person appointed or authorised by it at all reasonable times to have access to and to inspect its books of accounts and records relating to its business at any office, branch or place of business of the Issuer and all records kept by any other persons;
- (l) It shall promptly comply with all appropriate laws including the provisions of the CMSA and all circulars, conditions or guidelines issued by the SC from time to time;
- (m) It shall maintain a paying agent in Malaysia and shall procure that the Paying Agent to notify the Facility Agent in the event that the Paying Agent does not receive payment from the Issuer on the relevant due date.

(B) The REIT Manager:

- (a) The REIT Manager shall:
 - (i) procure the Secured Properties be valued as follows:
 - (1) a full valuation once every three (3) years;
 - (2) in the year where a full valuation is not done, a desktop valuation; and
- copies of all the valuation reports shall be delivered to the Facility Agent;

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- (ii) provide to the Facility Agent at least on an annual basis, a certificate confirming that the financial covenants as described in paragraphs (t)(iii)(a), (t)(iii)(b) and t(iii)(c) below have been complied with together with the relevant calculations;

Such other undertakings from the Issuer, the REIT Trustee and the REIT Manager as may be advised by the Solicitors and to be mutually agreed between the Lead Arranger and the Issuer.

(ii) Negative Covenants

: Negative Covenants for programme of this nature as advised by the Solicitors, including but not limited to the following, without the prior written consent of the MTNholder:

- (a) SunREIT (via the REIT Trustee) will not make any distributions to SunREIT unitholders at any time an Event of Default has occurred, is continuing and has not been waived or an Event of Default will occur as a result of such payment or distribution. The Issuer will not declare any dividends or make any other distributions on or in respect of its share capital;
- (b) The Issuer will not substantially alter the nature of its business or amend its Memorandum and Articles of Association;
- (c) The Issuer will not assign its rights or transfer its obligation under the Transaction Documents;
- (d) The Issuer will not surrender, transfer, assign, relinquish or otherwise dispose of any of its rights and interest under any of the Transaction Documents;
- (e) The Issuer will not enter into any re-organisation, amalgamation, merger, reconstruction, take-over or winding up of itself or any other schemes of

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compromise or arrangement affecting its present constitution which may materially affect its ability to perform its obligations;

- (f) The Issuer will not enter into any other contracts, agreements or other arrangements or commitments other than those required under the Transaction Documents or for the purpose relating to the MTN Programme;
- (g) The Issuer shall not create or permit to arise or subsist any debenture, mortgage, charge (whether fixed or floating), pledge, lien or any other encumbrance whatsoever or any other agreement or arrangement having substantially the same effect on its assets or factor any of its accounts receivables save and except as disclosed;
- (h) Other than those created for the benefit of the MTNholder and those as disclosed to and agreed by the Lead Arranger prior to the execution of the Transaction Documents, and the Permitted Security Interest (as defined herein), the REIT Trustee, shall not charge, pledge, assign, or otherwise create or permit to exist any security interest over the Secured Properties or any other properties or assets of SunREIT and revenues present or future of SunREIT and revenues present or future of the Secured Properties or any other properties or assets of SunREIT, without the approval of the MTNholder;

“Permitted Security Interest” means:

- (1) the relevant security interest created by the REIT Trustee to secure the CP Programme and the HSBC Murabahah Facility (**“Existing Debts”**);
- (2) the relevant security interest created by the REIT Trustee, the

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REIT Manager and the Issuer to secure the Unrated MTNs;

- (3) such first ranking security created or to be created by the REIT Trustee over the Newly Acquired Properties (as defined herein) and their cashflow and income and designated bank accounts, in favour of or for the benefit of New Financiers (as defined herein) or any security agent/trustee/facility agent of any new private debt securities that may be issued by the Issuer or another special purpose vehicle of SunREIT, and security over the same assets for the benefit of the MTNholder if such New Debts shall rank pari passu with the MTN Programme and the existing debts;
- (4) such security created or to be created by the REIT Trustee and the REIT Manager over assets securing the MTN Programme, to secure New Debts PROVIDED THAT the ratio of the Pool A Total Loans to the Pool A Security Value and the ratio of the Pool B Total Loans to the Pool B Security Value shall not exceed 45% respectively and provided that if such New Debts shall rank pari passu with the MTN Programme, the REIT Trustee and the REIT Manager shall grant pari passu security over all assets (if any) securing the New Debt, in favour of the MTNholder.

“New Debt” means the New Finance or any new private debt securities that may be issued by the Issuer or any other special purpose vehicle of SunREIT.

“New Finance” means such permitted indebtedness incurred or to be incurred by the REIT Trustee or by any other special purpose vehicle set up by the

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REIT Trustee on behalf of SunREIT, in the form of bilateral and/or syndicated loan arising from the provision of financing by the New Financiers.

“Newly Acquired Properties” means such properties acquired or to be acquired from time to time (other than the Secured Properties) by the REIT Trustee whether by proceeds of any issues of the Unrated MTNs, the proceeds of any New Debt or proceeds from new listing of SunREIT units.

“New Financiers” means all party(ies) for the time being providing or making available directly or indirectly financing in the form of bilateral and/or syndicated loan to the REIT Trustee or to other special purpose vehicle set up by the REIT Trustee on behalf of SunREIT (other than from subscription or purchase of Unrated MTNs and the commercial papers under the CP Programme).

- (i) The Issuer will not reduce its issued and paid-up capital;
- (j) The Issuer shall not make any loans to its directors, shareholder(s) or its related or associated companies except as permitted under this principal terms and conditions;
- (k) The Issuer shall not open any bank accounts except as consented to by the Security Agent;
- (l) The Issuer will not enter into a transaction, whether directly or indirectly with any interested persons (including a director, major shareholder or chief executive) unless:
 - (i) such transaction shall be on terms that are no less favourable to the Issuer than those which could have been obtained in a comparable transaction from persons who are not interested persons; and

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- (ii) with respect to transactions involving an aggregate payment or value equal to or greater than RM10 million, the Issuer obtains certification from an independent adviser that the transaction is carried out on fair and reasonable terms,

Provided that:

1. the Issuer certifies to the Facility Agent that the transaction complies with paragraph (i);
 2. the Issuer has received certification referred to in paragraph (ii) where applicable; and
 3. the transaction has been approved by the majority of the Issuer's board of directors or shareholders in a general meeting, as the case may be required.
- (m) The REIT Trustee shall not encumber, dispose, deal with in any manner or exercise any rights in respect of, its shares in the Issuer in any manner which may prejudice the rights of the MTNholder; and

Such other undertakings by the Issuer, the REIT Trustee and the REIT Manager as may be advised by the Solicitors to be mutually agreed between the Lead Arranger and the Issuer.

(iii) Financial Covenants

: Financial Covenants for programme of this nature and in accordance to the REIT Guidelines, but to include:

- (a) SunREIT will maintain an Interest Service Coverage Ratio ("ISCR") of at least 1.5 times in respect of any Relevant Period (as defined herein);

The ISCR is the ratio of EBITDA of SunREIT to the Interest Expenses of all debts of SunREIT.

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“EBITDA” shall mean, profit before taxation, interest, depreciation and amortisation.

“Interest Expenses” shall mean, in relation to the previous twelve (12) months’ period commencing from the date of calculation, the sum of interest expenses for all debts.

The ISCR is to be calculated annually by the REIT Manager, based on the publicly announced annual financial statement of SunREIT, and shall be submitted to the Facility Agent within forty five (45) days of the end of each financial period.

“Relevant Period” being each period of twelve (12) months ending on the last day of SunREIT’s financial year end.

- (b) The ratio of the Pool A Total Loan to the Pool A Security Value shall not exceed 45% at all times; and

“Pool A Total Loans” shall mean the aggregate principal amount/nominal value outstanding under the Unrated MTNs (other than Issue 1 Tranche 2) and all the Pool A Assets Pari Passu Debt.

“Pool A Security Value” shall mean the open market value of the Pool A Properties and any other immovable properties constituting security for the MTN Programme at the applicable time, based on the latest available valuation report prepared by an independent licensed valuer acceptable to the Security Agent.

- (c) The ratio of the Pool B Total Loan to the Pool B Security Value shall not exceed 45% at all times.

“Pool B Total Loans” shall mean the aggregate principal amount/nominal

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value outstanding under the Issue 1 Tranche 2 Unrated MTNs.

“Pool B Security Value” shall mean the open market value of the Pool B Properties and any other immovable properties constituting security for the MTN Programme at the applicable time, based on the latest available valuation report prepared by an independent licensed valuer acceptable to the MTNholder.

(iv) Special Covenants:

- (a) If any of the Unrated MTNs are redeemed prior to their maturity date (whether pursuant to a right of early redemption or due to a declaration of an Event of Default or otherwise), the MTNholder shall, as soon as reasonably practicable, provide a certificate/notice to the Facility Agent with reasonable details confirming the amount of its Break Costs (as defined herein) or Break Gains (as defined herein).
- (b) The Issuer shall on the day of such early redemption, pay to the MTNholder its Break Costs.
- (c) Provided no Event of Default has occurred, the Issuer may make the relevant redemption net of any Break Gains.
- (d) If an Event of Default has occurred, any Break Gains shall be paid by the MTNholder to the Security Agent (net of any tax) to apply towards:
 - (i) any amounts due and payable by the Issuer or any security party due to occurrence of such Event of Default; or
 - (ii) if no such amount is payable, to the Issuer .

“Break Costs” means the amount of hedging loss (if any) to the MTNholder caused by such early redemption of the Unrated MTNs.

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“Break Gains” means the amount of hedging gain (if any) to the MTNholder caused by such early redemption of the Unrated MTNs.

(u) Provisions on buy-back and early redemption

: Unless previously redeemed and cancelled, the Unrated MTNs shall be redeemed by the Issuer at par or at its respective nominal value falling on the expiry of the relevant tenure of the Unrated MTNs.

The Issuer may at any time and from time to time on a coupon payment date, redeem the Issue 1, Tranche 2 Unrated MTNs in whole, in the event of the sale, transfer or disposal of the REIT Trustee’s rights and interest over any of the Pool B Properties. All net proceeds from the sale, transfer or disposal of the Pool B Properties shall be used to redeem the Issue 1, Tranche 2 Unrated MTNs. All of the Unrated MTNs redeemed or cancelled shall not be resold.

In the event the date of receipt of the net proceeds from the sale, transfer or disposal does not fall on the coupon payment date, the net proceeds shall be deposited into the Master Collection Account (Pool B) and shall be withdrawn toward the redemption of the Issue 1, Tranche 2 Unrated MTNs on the relevant coupon payment dates. In addition, all costs and expenses incurred by the MTNholder relating to the redemption of the Unrated MTNs shall be borne by the Issuer.

There is no right of early redemption for Issue 1, Tranche 1.

Other issuances of Unrated MTNs may be redeemed early upon such terms and conditions to be agreed between the Issuer and the MTNholder.

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(v) Other Principal Terms and Conditions for the Issue

- (i) Issue Price (RM)** The Unrated MTNs shall be issued at a discount or at par to the nominal value.

The issue price of the Unrated MTNs shall be calculated in accordance with the Operational Procedures for Securities Services issued by Malaysian Electronic Clearing Corporation Sdn Bhd ("**MyClear**"), as amended or substituted from time to time ("**MyClear Procedures**").

The issue price of the relevant Unrated MTNs shall be determined prior to each issuance.

- (ii) Yield to Maturity ("YTM") (%)** : To be determined prior to or at the time of issuance of the relevant Unrated MTNs.

- (iii) Form and Denomination** : **Form**

Each tranche of the Unrated MTNs shall be represented by a Global Certificate to be deposited with BNM and shall be in bearer form. No physical delivery of the Unrated MTNs is permitted.

Issuance of the Unrated MTNs shall be in accordance with (a) the "Participation and Operation Rules for Payment and Securities Services issued by MyClear ("**MyClear Rules**") and (b) MyClear Procedures, or their replacement thereof (collectively the "**MyClear Rules and Procedures**") applicable from time to time.

Denomination

The Unrated MTNs shall be denominated in RM100,000 if issued in accordance of MyClear Rules or such other denominations as shall be agreed upon between the Lead Arranger and the Issuer for private placement.

- (iv) Minimum Level of Subscription (RM or %)** : 100% of the size of each issuance.

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- (v) **Permitted Investments** : Permitted Investments shall mean:
- (a) Securities guaranteed by the Government of Malaysia;
 - (b) Fixed income securities issued in Malaysia with the approval of the Government of Malaysia by any authority established under federal or state law;
 - (c) Investment in money market instruments where there is the flexibility of early withdrawal without incurring any penalty such as bankers' acceptance or promissory notes or certificates of deposit issued by any bank licensed pursuant to the Banking and Financial Institution act 1989 and having a minimum long term rating of A1 and short term rating of P1 or its equivalent;
 - (d) Deposits with any bank licensed pursuant to the Banking and Financial Institution Act 1989 and having a minimum long term rating of A1 and short term rating of P1 or its equivalent; and
 - (e) Other debt or capital market instruments of private entities having a long term rating of at least AAA and short term rating of P1 as determined by RAM Rating Services Berhad or its equivalent by Malaysian Rating Corporation Berhad,

Provided That the Permitted Investments shall mature no later than five (5) business days before any payment obligations are due and payable under the MTN Programme or any Pool A Assets Pari Passu Debt and that such investments comply with the Guidelines on Real Estate Investment Trust issued by the Securities Commission.

- (vi) **Transaction Documents** : The standard documentation for a programme of this nature, would include, inter alia,:

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- (a) the Programme Agreement;
- (b) the Subscription Agreement (where required); and
- (c) the Security Agency and Sharing Agreement.

In respect of Issue 1 Tranche 2:

- (a) the Assignment of Proceeds (Pool B);
- (b) the REIT Manager Charge over Operation Accounts (Pool B);
- (c) the REIT Trustee Charge over REIT Trustee Designated Accounts (Pool B);
- (d) the REIT Manager Undertaking (Pool B); and
- (e) the Land Charges (Pool B).

In respect of other issues (other than Issue 1 Tranche 2):

- (a) Assignment of Proceeds dated 3 April 2012 between OSK Trustees Berhad and Public Investment Bank Berhad (as security agent);
- (b) the REIT Manager Charge over Operations Account dated 3 April 2012 between Sunway REIT Management Sdn Bhd and Public Investment Bank Berhad (as security agent);
- (c) the REIT Trustee Charge over REIT Trustee Designated Accounts dated 3 April 2012 between OSK Trustees Berhad and Public Investment Bank Berhad (as security agent);
- (d) the REIT Manager Undertaking (Pool A); and
- (e) the Land Charges (Pool A)

(vii) Status

- : The Unrated MTNs shall constitute direct, secured, unconditional debt obligations of the Issuer ranking pari passu in all respects without discrimination, preference or priority among themselves and shall rank at least pari passu with all other present and future unsecured and unsubordinated obligations of the Issuer, subject to those preferred by law and the Transaction Documents.

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- (viii) Availability** : Upon the completion of documentation and, unless waived by the Lead Arranger, compliance of all conditions precedent and other applicable conditions to the satisfaction of the Lead Arranger.
- (ix) Adverse Market** : From the date of provision of a formal offer until the first issue date of the Unrated MTNs, if there has been a change in national or international financial, political or economic conditions or currency exchange rates or exchange controls which would render the issue as contemplated in the Transaction Documents temporarily or permanently commercially impracticable or impossible and that such event materially and adversely affect the Issuer's ability to perform its payment obligations under the Transaction Documents, then the Lead Arranger acting on the instruction of the MTNholder, shall notify the Issuer and:
- (a) whilst such circumstances exist, no issuance may be effected;
 - (b) that Lead Arranger/Facility Agent (acting on the instruction of the MTNholder) and the Issuer shall negotiate in good faith for an alternative basis mutually acceptable to the parties; and
 - (c) unless within thirty (30) days after the giving of such notice or such extended period as the parties may mutually agree in writing, such circumstances cease to exist or an alternative basis mutually acceptable to the parties hereto is arrived at, the MTNholder's commitment in relation to the issue shall be cancelled whereupon the Issuer shall be obligated to forthwith upon the demand refund to the MTNholder all monies released (if any) together with any other monies covenanted to be paid by the Issuer to the investor(s) under and in relation to the Transaction Documents.

Principal Terms and Conditions of the Proposal

- (x) **Taxes** : All payments in respect of the Unrated MTNs will be made by the Issuer free and clear of any and all taxes, duties, imports, withholdings and other deductions whatsoever. In the event that such withholdings or deductions are imposed, the Issuer shall gross up payments of such that the recipient will receive the full amount of the payment as if no such deduction or withholding has been made. For the avoidance of doubt, the Issuer's obligation to gross up does not apply to tax on the general income of the MTNholder.
- (xi) **Fees and Expenses** : All legal and professional fees including but not limited to such costs in connection with the preparation, negotiation, execution, perfection of the Transaction Documents or otherwise in connection with the MTN Programme or any security created thereunder or in connection with dealing with any third party claim or order against the Issuer or such costs relating to stamp duties, taxes and other out-of-pocket expenses reasonably incurred pursuant to the MTN Programme (notwithstanding non-utilisation of the MTN Programme by the Issuer) shall be borne by the Issuer.
- In addition, all costs and expenses amongst other insurance premia, legal fees, stamp duty, valuation fees, governmental or statutory levies and taxes and other costs, expenses or other moneys whatsoever in the Event of Default shall be borne by the Issuer.
- (xii) **Documentation** : The terms and conditions of the Unrated MTNs issue and the security for the MTN Programme shall be set out in various agreements ("**Transaction Documents**") in form and substance acceptable to the Lead Arranger and the Issuer and shall include standard provisions relating to warranties and representations, positive and negative covenants, financial covenants, undertakings, mergers, acquisitions, cross default, force majeure and etc.

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- (xiii) Severability** : The illegal, invalidity or unenforceability of any provision or part thereof of the Transaction Documents under the law of any jurisdiction shall not effect or impair the validity, legality and enforceability of any other provision and the remaining provision of the Transaction Documents shall be construed as if such invalid, unlawful or unenforceable provision or part thereof had never been contained in the Transaction Documents.
- (xiv) Rights Binding** : The rights given to the MTNholder in the Transaction Documents shall be binding on the Issuer and its successors and shall not be determined or in any way prejudiced or affected by:
- (a) any liquidation (whether compulsory or voluntary) affecting the Issuer or the Secured Properties or any change in the Issuer's constitution whether by way of amalgamation, consolidation, reconstruction or otherwise; or
 - (b) any change in the MTNholder's constitution whether by way of amalgamation, consolidation, reconstruction or otherwise.
- (xv) Jurisdiction** : The Issuer shall unconditionally and irrevocably submit to the non-exclusive jurisdictions of the courts of Malaysia.
- (xvi) Governing Laws** : Laws of Malaysia.

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APPENDIX 1

Description of the Secured Properties

1) Property 1 (Sunway Pyramid Shopping Mall)

Five parcels of leasehold lands measuring approximately 820,070 square feet held under Lot Nos. 62059, 32, 51175, PT891 and PT1312 for Title Nos. PN 17414, PN9495, PN9500, HS(D)233143 and HS(D)259957 respectively, all within Town of Sunway, District of Petaling, Selangor Darul Ehsan.

2) Property 2 (SunCity Ipoh Hypermarket)

A parcel of leasehold land measuring approximately 354,994 square feet held under Lot No. 331232, Title No. PN258216, Mukim Hulu Kinta, District of Kinta, Perak Darul Ridzuan.

3) Property 3 (Sunway Resort Hotel & Spa)

Two parcels of leasehold land measuring approximately 376,274 square feet held under Lot No. 35, Title No. PN9492 and Lot No. 51173, Title No. PN9498, Town of Sunway, Daerah Petaling, Selangor.

4) Property 4 (Menara Sunway)

A parcel of leasehold land measuring approximately 193,395 square feet held under Lot No. 61760, Title No. PN17105, Town of Sunway, District of Petaling, Selangor.

5) Property 5 (Sunway Tower)

A parcel of freehold land measuring approximately 25,898 square feet held under Lot No. 55, Section 45, Title No. Geran 45110, Town and District of Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur.

6) Property 6 (Pyramid Tower Hotel)

The parcels measuring approximately 356,888 square feet of gross floor area built on a leasehold land, such parcels which are held under Strata Title No. PN17415/M1/1/1, Parcel No. 1, Building No. M1, together with Accessory Parcel Nos. A1 to A547 (inclusive) sited on Lot No. 62060, Town of Sunway, District of Petaling, Selangor Darul Ehsan.

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7) Property 7 (Sunway Putra Place)

A parcel of freehold commercial land measuring approximately 193,621 square feet together with a shopping mall, a hotel and service apartments and office tower buildings known as Putra Place held under Geran 10012, Lot No. 38, Section 51, Town and District of Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur.

8) Property 8 (Sunway Carnival Shopping Mall)

Three parcels of leasehold land measuring approximately 348,428 square feet held under Lot Nos. 5497, 5498 and 5499 for Title Nos. PN 1816, 1817 and 1818 respectively, all within Mukim 01, District of Seberang Perai Tengah, Penang.

9) Property 9 (Sunway Hotel Seberang Jaya)

A parcel of leasehold land measuring approximately 46,220 square feet held under Lot No. 5785 for Title Nos. PN 2602 within Mukim 01, District of Seberang Perai Tengah, Penang.

The Property 1 to 7 are collectively known as the “**Pool A Properties**” and Property 8 and 9 are collectively known as the “**Pool B Properties**”. The Pool A Properties and the Pool B Properties shall be collectively referred to as “**Secured Properties**”.