NON-RELATED PARTY TRANSACTION ANNOUNCEMENT: CAPITALAND MALAYSIA TRUST ("CLMT")

PROPOSED DISPOSAL OF 3 DAMANSARA OFFICE TOWER BY MTRUSTEE BERHAD AS TRUSTEE FOR CLMT ("TRUSTEE") TO LAGENDA HARTA SDN BHD, A WHOLLY-OWNED SUBSIDIARY OF LAGENDA PROPERTIES BERHAD

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1. INTRODUCTION

The Board of Directors of CapitaLand Malaysia REIT Management Sdn. Bhd. ("**Board**"), being the management company of CLMT ("**Manager**"), wishes to announce that the Trustee on behalf of CLMT, had entered into an unconditional sale and purchase agreement ("**SPA**") with Lagenda Harta Sdn Bhd (Company Registration No: 202301022192 (1516115-X)) ("**LHSB**" or "**Purchaser**") on 5 September 2023 for the disposal of the Property (as defined below) for a total cash consideration of RM52,000,000.00 (the "**Proposed Disposal**").

The percentage ratio applicable to the Proposed Disposal is 1.0% of the total asset value of CLMT and the consideration for the Proposed Disposal is to be satisfied by the Purchaser in cash. As the percentage ratio of the Proposed Disposal does not exceed 5.0%, pursuant to Paragraph 10.05(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") ("**Listing Requirements**"), the Manager is not required to announce the Proposed Disposal to Bursa Securities.

However, the Manager wishes to voluntarily announce the Proposed Disposal under paragraph 10.05(2) of the Listing Requirements.

2. DETAILS OF THE PROPOSED DISPOSAL

2.1 Proposed Disposal

The Purchaser has agreed to purchase and the Trustee, on behalf of CLMT ("**Vendor**") has agreed to sell the Property (as defined below) together with the assets used for its maintenance or operation, in its present state and condition and on an "as is where is basis", free from the Existing Charge (as defined below) and all encumbrances with vacant possession (except for the parts of the Building (as defined below) which are currently occupied by existing tenants in respect of which legal possession will be delivered), but subject to the rights, interests and obligations of the existing tenancies; and the conditions of title (express or implied) and restrictions-in-interests endorsed on the strata title, for a total cash consideration of RM52,000,000.00 ("**Disposal Price**").

2.2 Information on the Property

The Property is a 12-storey office building known as "3 Damansara Office Tower" ("**Building**") erected on all that piece of freehold land held under Geran 54431/M1/B4/1, No. Petak 1, No. Tingkat B4, No. Bangunan M1, Lot 45821 Seksyen 39, Bandar Petaling Jaya, Daerah Petaling, Negeri Selangor together with accessory parcels A180, A845, A857, A858, A859 ("**Land**", together with the Building, shall be referred to as the "**Property**").

3 Damansara Office Tower forms part of an integrated commercial development, which also includes a 4-storey shopping mall together with its car park components known as "3 Damansara" ("**Retail Mall**") and the residential tower together with its car park components known as "the Tropics", erected on the master land held under Geran 54431, Lot 45821 Seksyen 39, Bandar Petaling Jaya, Daerah Petaling, Negeri Selangor.

The details of the Property are as follows:

Postal address	:	3 Damansara Office Tower, No. 3, Jalan SS20/27, 47400 Petaling Jaya, Selangor Darul Ehsan, Malaysia
Acquisition date	:	10 July 2015
Type of title	:	Strata
Tenure	:	Freehold
Category of Land Use	:	Building *(Bangunan)*
Express Conditions	:	Commercial *(Perniagaan)*
Restriction in Interest	:	None *(Tiada)*
Encumbrances	:	A charge over a principal sum in favour of CIMB Bank Berhad (Company No.: 13491-P) ("**Retail Mall Financier**") registered on 21 November 2018 vide Presentation No. 57229/2018 (the "**Existing Charge**").
Gross Floor Area	:	129,630 square feet
Net Lettable Area	:	101,246 square feet
Approximate age of building	:	14 years (completed in 2009)
Occupancy as at 31 July 2023	:	30.0%
Audited net book value as at 31 December 2022	:	RM50.0 million

2.3 Salient terms of the SPA

2.3.1 Manner of settlement of Disposal Price

The Disposal Price is payable by the Purchaser in the following manner:

		Amount (RM)	Percentage of Disposal Price (%)	Timing
(i)	Earnest Deposit	1,040,000.00	2.0	Paid to the Vendor upon acceptance of offer.
(ii)	The balance of the deposit ("**Balance Deposit**", together with the Earnest Deposit, shall be referred to as the "**Deposit**")	4,160,000.00	8.0	To be paid to the Vendor upon execution of the SPA.
(iii)	Balance of the Disposal Price ("**Balance Sum**")	46,800,000.00	90.0	To be paid to the Vendor's solicitors as stakeholders on or before the expiry of 3 months from the date of the SPA ("**Completion Period**") which shall be released to the Vendor within 14 days from presentation (or deemed presentation) of the relevant transfer documents OR upon registration of the transfer of the Property in favour of the Purchaser, whichever the earlier.
		52,000,000.00	**100.0**	

In the event that, due to the fault of the Purchaser, the Purchaser is unable to pay the Balance Sum in full on or before the expiry of the Completion Period, the Vendor shall grant to the Purchaser an automatic extension of 1 month from the expiry of the Completion Period ("**Extended Completion Period**") to pay the Balance Sum or any outstanding thereof subject to payment by the Purchaser of late payment interest at the rate of 8.0% per annum calculated from the day immediately after the expiry of the Completion Period to the date of payment. Such interest shall be paid together with the Balance Sum to the Vendor's solicitors as stakeholders on or before expiry of the Extended Completion Period.

2.3.2 Corporate guarantee

The Purchaser shall procure Lagenda Properties Berhad, as the Purchaser's parent company, to provide the Vendor with an irrevocable and unconditional corporate guarantee to guarantee the Purchaser's performance and obligations of the SPA. Unless otherwise provided in the SPA, the Purchaser shall ensure that the corporate guarantee procured shall remain valid and enforceable until the obligations of the Purchaser are fulfilled, performed and/or completed pursuant to the terms of the SPA.

2.3.3 Easement agreement

The Vendor has agreed to grant an easement, to the Purchaser and its authorised persons, the rights to use at all times, without interruption and/or interference, for any purposes whatsoever and to pass or re-pass along, the bridge connecting the Retail Mall and the Building and the M&E rooms located at the Retail Mall for a period of 99 years, which shall commence on the date of completion of the SPA ("**Completion Date**") and at a nominal easement fee of RM10.00 only.

The Vendor and Purchaser shall, as soon as practicable after the date of the SPA, negotiate and finalise the terms and conditions of the easement agreement. Upon the finalisation of the easement agreement, parties shall take all necessary actions and steps to register the easement at the land registry in accordance with the terms of the easement agreement. As the Retail Mall is currently charged to the Retail Mall Financier, the prior consent of the Retail Mall Financier in respect of the registration of the easement on the title to the Retail Mall is required to be obtained. In the event the consent of the Retail Mall Financier cannot be obtained, the easement shall operate as a contractual easement and the contractual easement created pursuant to the provisions of the easement agreement shall continue to be valid and binding on the Vendor and the Purchaser notwithstanding that the easement cannot be registered.

2.3.4 Naming rights

The Purchaser agrees and undertakes that all references to the "3 Damansara" trademark ("**Trademark**") and/or "3 Damansara Office Tower" shall be removed from the Property including the postal address of the Property and the name of the Building ("**Removal Exercise**") at the costs and expenses of the Vendor, within 3 months from the Completion Date with an automatic extension of a further 3 months subject to the Vendor producing supporting documents to show that it has taken steps towards the Removal Exercise. The Purchaser undertakes to inform the Vendor in writing upon the completion of the Removal Exercise with documentary evidence.

The Purchaser acknowledges and agrees that pending the completion of the Removal Exercise, the Purchaser shall not use the Trademark for any illegal purpose and that the Purchaser shall not take such actions to cause the perception of the Trademark to be adversely affected. The Purchaser shall indemnify the Vendor and keep the Vendor fully indemnified in respect of any loss or damage suffered by the Vendor as a result of the Purchaser's breach of the foregoing obligation. The parties agree that with effect from completion of the SPA, the Purchaser is entitled to re-brand/rename the Building notwithstanding that the Removal Exercise has yet to be completed.

2.3.5 Default and termination

(i) Default by Purchaser

In the event of a default by the Purchaser which is not remedied within 14 days from the date of the Purchaser's receipt of the Vendor's written notice, the Vendor shall be entitled to either specific performance of the SPA (together with all reliefs flowing therefrom) or termination of the SPA, by notice in writing to the Purchaser ("**Vendor's Notice**").

Upon termination, the Deposit shall be forfeited to the Vendor and the Purchaser shall within 10 business days from the Vendor's Notice, re-deliver vacant possession of the Property, return or cause the return of all original documents previously delivered to the Purchaser and the Purchaser's solicitors and withdraw any private caveat lodged over the Property attributable to the Purchaser. Thereafter, the Vendor shall, within 10 business days of the Purchaser's fulfilment of the foregoing, refund or cause to be refunded to the Purchaser all moneys (if any) paid by the Purchaser towards the Disposal Price (less the Deposit and late payment interest (if any)), free of interest.

(ii) Default by Vendor

In the event of a default by the Vendor which is not remedied within 14 days from the date of the Vendor's receipt of the Purchaser's written notice, the Purchaser shall be entitled to either specific performance of the SPA (together with all reliefs flowing therefrom) or termination of the SPA, by notice in writing to the Vendor ("**Purchaser's Notice**").

Upon termination, the Vendor shall within 10 business days of the Purchaser's Notice refund or cause to be refunded to the Purchaser all moneys (if any) paid by the Purchaser towards the Disposal Price (including the Deposit) free of interest and in addition, pay to the Purchaser a sum equivalent to the Deposit as agreed liquidated damages. The Purchaser shall, within 10 business days from the Vendor's refund, re-deliver vacant possession of the Property, return or cause the return of all original documents previously delivered to the Purchaser and the Purchaser's solicitors and withdraw any private caveat lodged over the Property attributable to the Purchaser.

2.4 Basis of the Disposal Price

The Disposal Price was arrived at on a "willing buyer willing seller" basis after taking into consideration, the market value of the Property of RM50.0 million, as appraised by Henry Butcher Malaysia Sdn. Bhd., an independent firm of registered valuers, in its valuation report dated 31 July 2023 ("**Valuation**") and the audited net book value of the Property of RM50.0 million as at 31 December 2022. The Valuation was derived using the income approach with the comparison approach as a check method.

The Disposal Price is above the Valuation by 4.0%.

2.5 Liabilities to be Assumed by CLMT

CLMT will not assume any liability in relation to the Proposed Disposal.

3. INFORMATION ON THE PURCHASER

The Purchaser, LHSB, was incorporated in Malaysia under the Companies Act, 2016 ("**CA 2016**") on 13 June 2023 as a private limited company under the name of Lagenda Property 1 Sdn Bhd. On 23 August 2023, it assumed its present name.

As at 18 August 2023, being the latest practicable date prior to this announcement ("**LPD**"), the issued share capital of the Purchaser is RM1.00 comprising of 1 ordinary share. LHSB, is a direct wholly-owned subsidiary of Lagenda Properties Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad. As at the LPD, the sole director of LHSB is Dato' Doh Jee Ming.

4. RATIONALE FOR THE PROPOSED DISPOSAL

The Proposed Disposal is in line with the objective of CLMT to deliver long term and sustainable distribution of income to unitholders by proactively reviewing the best use of each asset, in terms of value and yield, under various market cycles.

The Proposed Disposal is also in line with the Manager's portfolio reconstitution strategy to rejuvenate CLMT's portfolio and focus on retail and logistics assets. The Manager is of the view that it is an opportune time to divest the Property with the Disposal Price above Valuation. The Proposed Disposal will provide CLMT with financial flexibility to pursue yield accretive investments in the logistics sector.

5. UTILISATION OF PROCEEDS

The net proceeds from the Proposed Disposal, after deducting all fees and expenses relating to the Proposed Disposal, will be utilised to repay existing borrowings and is expected to be utilised within 12 months from the Completion Date.

6. EFFECTS OF THE PROPOSED DISPOSAL

6.1 Unitholders' Capital and Substantial Unitholders' Unitholding

The Proposed Disposal will not have any effect on the total units in issue and the substantial unitholders' unitholding of CLMT as the Disposal Price will be satisfied by the Purchaser entirely in cash.

6.2 Net Asset Value ("NAV")

The Proposed Disposal will have no material impact to the unaudited NAV of CLMT.

6.3 Earnings

The expected net gain on disposal arising from the Proposed Disposal is approximately RM0.4 million and will have no material impact to the earnings of CLMT for the financial year ending 31 December 2023.

6.4 Gearing

The proforma gearing ratio are as below:

	Before the Proposed Disposal	After the Proposed Disposal
Based on CLMT's audited consolidated financial position as at 31 December 2022	36.2%	35.4%
Based on CLMT's consolidated financial position as at 30 June 2023	44.1%	43.5%

7. APPROVALS REQUIRED FOR THE PROPOSED DISPOSAL

The Proposed Disposal is not subject to any approvals from regulatory authorities and the unitholders of CLMT.

8. INTERESTS OF THE DIRECTORS, MAJOR SHAREHOLDERS OF THE MANAGER, MAJOR UNITHOLDERS OF CLMT AND/OR PERSONS CONNECTED WITH THEM

None of the Directors of the Manager, major shareholders of the Manager, major unitholders of CLMT and/or persons connected with them has any interest, direct or indirect, in the Proposed Disposal.

9. DIRECTORS' STATEMENT

The Board, having considered all aspects of the Proposed Disposal and after careful deliberation, is of the opinion that the Proposed Disposal is in the best interest of CLMT.

10. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances, the Proposed Disposal is expected to be completed by the first quarter of 2024.

11. PERCENTAGE RATIO APPLICABLE TO THE PROPOSED DISPOSAL

The percentage ratio applicable to the Proposed Disposal pursuant to Paragraph 10.02(g)(ix) of the Listing Requirements is 1.0% of the total asset value of CLMT.

12. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available for inspection at the Manager's registered office at Unit No. 1-27, Level 27, Naza Tower, No. 10, Persiaran KLCC, 50088 Kuala Lumpur, Malaysia during normal business hours from Mondays to Fridays (except for public holidays) for a period of 3 months from the date of this announcement:

(i) the SPA; and
(ii) the valuation report on the Property dated 31 July 2023.

This announcement is dated 5 September 2023.