

# Circular/Notice to Shareholders

## GUOCOLAND (MALAYSIA) BERHAD

<b>Subject</b>	CIRCULAR TO SHAREHOLDERS IN RELATION TO: PART A PROPOSED DISPOSAL BY DC OFFICES SDN BHD, AN INDIRECT WHOLLY-OWNED SUBSIDIARY OF GUOCOLAND (MALAYSIA) BERHAD, OF AN OFFICE BUILDING KNOWN AS MENARA GUOCO TO MTRUSTEE BERHAD, ACTING SOLELY IN ITS CAPACITY AS TRUSTEE FOR AND ON BEHALF OF TOWER REAL ESTATE INVESTMENT TRUST, FOR A CASH CONSIDERATION OF RM242.1 MILLION ("PROPOSED DISPOSAL") PART B INDEPENDENT ADVICE LETTER FROM INTER-PACIFIC SECURITIES SDN BHD TO THE NON-INTERESTED SHAREHOLDERS OF GUOCOLAND (MALAYSIA) BERHAD IN RELATION TO THE PROPOSED DISPOSAL AND NOTICE OF EXTRAORDINARY GENERAL MEETING
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Please refer attachment below.

### Attachments



[GLM-Circular.pdf](#)  
2.2 MB

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 <b>Announcement Info</b>	
<b>Company Name</b>	GUOCOLAND (MALAYSIA) BERHAD
<b>Stock Name</b>	GUOCO
<b>Date Announced</b>	15 Jun 2020
<b>Category</b>	Document Submission
<b>Reference Number</b>	DCS-12062020-00040

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

If you are in any doubt as to the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.

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**CIRCULAR TO SHAREHOLDERS IN RELATION TO:**

**PART A**

**PROPOSED DISPOSAL BY DC OFFICES SDN BHD, AN INDIRECT WHOLLY-OWNED SUBSIDIARY OF GUOCOLAND (MALAYSIA) BERHAD, OF AN OFFICE BUILDING KNOWN AS MENARA GUOCO TO MTRUSTEE BERHAD, ACTING SOLELY IN ITS CAPACITY AS TRUSTEE FOR AND ON BEHALF OF TOWER REAL ESTATE INVESTMENT TRUST, FOR A CASH CONSIDERATION OF RM242.1 MILLION (“PROPOSED DISPOSAL”)**

**PART B**

**INDEPENDENT ADVICE LETTER FROM INTER-PACIFIC SECURITIES SDN BHD TO THE NON-INTERESTED SHAREHOLDERS OF GUOCOLAND (MALAYSIA) BERHAD IN RELATION TO THE PROPOSED DISPOSAL**

**AND**

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

*Independent Adviser*

**INTER-PACIFIC**  
SECURITIES SDN. BHD.  
197201001092 (12738-1)

A Participating Organisation of Bursa Malaysia Securities Berhad  
A Trading Participant of Bursa Malaysia Derivatives Berhad

The Notice of Extraordinary General Meeting (“**EGM**”) and the Form of Proxy are enclosed in this Circular.

As a shareholder, you can appoint a proxy or proxies to attend and vote on your behalf. If you wish to do so, you must complete and deposit the Form of Proxy at the registered office of GuocoLand (Malaysia) Berhad at Level 10, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur or lodge electronically via email at [glm-gmeeting@guocoland.com](mailto:glm-gmeeting@guocoland.com), not less than 48 hours before the time set for the EGM or at any adjournment thereof. You are not precluded from attending and voting at the EGM in person should you subsequently wish to do so.

Last date and time for lodging the Form of Proxy : Sunday, 28 June 2020 at 2.30 p.m.

Date and time of the EGM : Tuesday, 30 June 2020 at 2.30 p.m. or at any adjournment of the EGM

Venue of the EGM : Wau Bulan Ballroom, Level 2, Sofitel Kuala Lumpur Damansara, No. 6, Jalan Damanelela, Bukit Damansara, 50490 Kuala Lumpur

This Circular is dated 15 June 2020

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## DEFINITIONS

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Except where the context otherwise requires, the following definitions shall apply throughout this Circular:

“Agreed Liquidated Damages”	:	An amount equivalent to 10% of the Disposal Consideration or such lesser amount as may be agreed between DC Offices and the Trustee in writing
“Board”	:	Board of Directors of GLM
“Bursa Securities”	:	Bursa Malaysia Securities Berhad
“Circular”	:	This circular dated 15 June 2020 to our shareholders in relation to the Proposed Disposal
“Completion Date”	:	The date falling within the Completion Period or Extended Completion Period, as the case may be, when the full Disposal Consideration is paid, or such other date as may be agreed between DC Offices and the Trustee in writing
“Completion Period”	:	60 days from the date of compliance or satisfaction of the last of the conditions precedent or such later date as may be agreed in writing between the Trustee and DC Offices
“Compliance Period”	:	4 months from the date of the SPA or such other period as may be agreed between DC Offices and the Trustee in writing
“DC Offices”	:	DC Offices Sdn Bhd, our indirect wholly-owned subsidiary
“Disposal Consideration”	:	Cash consideration of RM242.1 million for the Proposed Disposal
“EGM”	:	Extraordinary general meeting
“EPS”	:	Earnings per share
“Existing Agreements”	:	All agreements and contracts entered into by DC Offices in relation to the Property or any part thereof that are in effect as at the Completion Date
“Extended Completion Period”	:	30 days from the day after expiry of the Completion Period or such other period as may be agreed between DC Offices and the Trustee in writing
“First Pacific” or “Valuer”	:	First Pacific Valuers Property Consultants Sdn Bhd, a firm of professional valuers
“FYE”	:	Financial year ended/ending 30 June, as the case may be
“GLM” or “Company”	:	GuocoLand (Malaysia) Berhad
“Group”	:	Collectively, our Company and our subsidiaries
“HLCM”	:	Hong Leong Company (Malaysia) Berhad
“IAL”	:	Independent advice letter from IPS dated 15 June 2020 to the non-interested shareholders of our Company in relation to the Proposed Disposal
“IPS” or “Independent Adviser”	:	Inter-Pacific Securities Sdn Bhd
“Liabilities”	:	Collectively, all claims, losses, costs and expenses in relation to the Property
“LPD”	:	1 June 2020, being the latest practicable date prior to the printing of this Circular

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**DEFINITIONS (CONT'D)**

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“Manager”	: GLM REIT Management Sdn Bhd, the management company of Tower REIT
“NA”	: Net assets
“Property”	: A 19-storey office building known as Menara Guoco erected on part of that piece of freehold land held under Geran 74955, Lot 58303 in the Mukim and District of Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur
“Proposed Disposal”	: Proposed disposal of the Property by DC Offices to the Trustee at the Disposal Consideration
“RM” and “sen”	: Ringgit Malaysia and sen, respectively
“SPA”	: Conditional sale and purchase agreement dated 2 March 2020 entered into between DC Offices and the Trustee in relation to the Proposed Disposal
“Tower REIT”	: Tower Real Estate Investment Trust
“Trustee”	: MTrustee Berhad, the trustee of Tower REIT
“Valuation Certificate”	: Valuation certificate dated 19 February 2020 issued by the Valuer in relation to the Property
“Valuation Report”	: Valuation report dated 19 February 2020 issued by the Valuer in relation to the Property

All references to “our Company” in this Circular are to GLM, references to “our Group” are to our Company and our subsidiaries, collectively, and references to “we”, “us”, “our” and “ourselves” are to our Company, and where the context requires, shall include our subsidiaries.

All references to “you” in this Circular are to our shareholders.

Words denoting the singular shall, where applicable, include the plural and vice versa, and words denoting the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to a person shall include a corporation, unless otherwise specified.

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**PART A**

**LETTER TO OUR SHAREHOLDERS IN RELATION TO THE PROPOSED DISPOSAL**

**Registered Office:**

Level 10, Wisma Hong Leong  
18 Jalan Perak  
50450 Kuala Lumpur

15 June 2020

**Board of Directors:**

Mr Raymond Choong Yee How	<i>(Chairman/Non-Executive/Non-Independent)</i>
YBhg Datuk Edmund Kong Woon Jun	<i>(Group Managing Director/Non-Independent)</i>
Mr Peter Ho Kok Wai	<i>(Non-Executive/Independent)</i>
Encik Zulkiflee bin Hashim	<i>(Non-Executive/Independent)</i>
Ms Patricia Chua Put Moy	<i>(Non-Executive/Independent)</i>

**To: Our shareholders**

Dear Sir/Madam,

**PROPOSED DISPOSAL**

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**1. INTRODUCTION**

On 2 March 2020, we announced that DC Offices had on the same day entered into the SPA with the Trustee for the Proposed Disposal.

The Proposed Disposal is deemed to be a related party transaction in view of the interests of certain director and major shareholders of our Company as set out in Section 10, Part A of this Circular. Accordingly, IPS has been appointed as the Independent Adviser to advise the non-interested directors and non-interested shareholders of our Company on the Proposed Disposal in accordance with the Main Market Listing Requirements of Bursa Securities.

**THE PURPOSE OF PART A OF THIS CIRCULAR IS TO PROVIDE YOU WITH DETAILS OF THE PROPOSED DISPOSAL AND TO SEEK YOUR APPROVAL FOR THE RESOLUTION IN RELATION TO THE PROPOSED DISPOSAL TO BE TABLED AT OUR FORTHCOMING EGM. THE NOTICE OF EGM AND THE FORM OF PROXY ARE ENCLOSED IN THIS CIRCULAR.**

**WE ADVISE YOU TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDICES, INCLUDING THE IAL AS SET OUT IN PART B OF THIS CIRCULAR, BEFORE VOTING ON THE RESOLUTION IN RELATION TO THE PROPOSED DISPOSAL TO BE TABLED AT OUR FORTHCOMING EGM.**

## **2. DETAILS OF THE PROPOSED DISPOSAL**

The Proposed Disposal entails the disposal of the Property by DC Offices to the Trustee at the Disposal Consideration, free from encumbrances and upon the terms and conditions of the SPA. The salient terms of the SPA are set out in **Appendix I** of this Circular.

### **2.1 Information on the Property**

The Property is a 19-storey office building known as Menara Guoco erected on part of that piece of freehold land held under Geran 74955, Lot 58303 in the Mukim and District of Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur. It forms part of an integrated mixed development known as Damansara City, comprising 2 office buildings (including the Property), a hotel, a retail mall, serviced apartments and car parks. The Property is strategically located in Damansara Heights, which is an established neighbourhood with easy accessibility from the Kuala Lumpur City Centre and Petaling Jaya.

As at the LPD, the Property was 97.1% occupied by tenants, which comprise multinational and local companies involving in sectors such as property development, tobacco, information technology and engineering. For the FYE 2019, the Property generated a gross rental income of approximately RM15.6 million. Further information on the Property is set out in **Appendix II** of this Circular.

Currently, our Group is occupying a total area of 29,685 square feet or approximately 12.8% of the net lettable area of the Property as our headquarters. The Proposed Disposal is not expected to have any material effect on our operations as we intend to continue renting the occupied space under the Property upon completion of the Proposed Disposal.

Moving forward, as our tenancy of the occupied space will be regarded as related party transaction upon completion of the Proposed Disposal, the renewal of our tenancy shall be on normal commercial terms with rental at prevailing market rate which shall not be more favourable to our Company or Tower REIT than those generally available to the public.

### **2.2 Liabilities to be assumed**

There are no liabilities, including contingent liabilities, in relation to the Proposed Disposal which remain with our Group. There are also no guarantees given by our Group to Tower REIT pursuant to the Proposed Disposal.

### **2.3 Date and original cost of investment**

DC Offices acquired the development rights in respect of the Property in 2012 and completed its construction in 2015 with a total cost of investment of approximately RM167.6 million as at the LPD.

### **2.4 Information on Tower REIT**

Tower REIT was constituted under the principal deed dated 17 February 2006 (as amended and restated by the restated deed dated 29 May 2014 and the second restated deed dated 23 October 2019) entered into between the Manager and the Trustee.

The investment objective of Tower REIT is to invest primarily in a portfolio of real estate including quality office buildings, commercial properties, residential properties and industrial properties in order to provide its unitholders with regular and stable distributions as well as to achieve medium to long-term growth in its net asset value per unit.

As at the LPD, the issued unitholders' capital of Tower REIT is RM285,344,766 comprising 280,500,000 units and Tower REIT's portfolio comprises 2 commercial office buildings located in Kuala Lumpur.



The directors of the Manager as at the LPD are YBhg Datuk Edmund Kong Woon Jun, YBhg Dato' Koh Hong Sun, YBhg Dato' Nicholas John Lough @ Sharif Lough bin Abdullah, Ms Lim Tau Kien and Ms Lim Chew Yan. The substantial unitholders of Tower REIT and their respective unitholdings in Tower REIT as at the LPD are as follows:

<b>Substantial unitholders</b>	<b>Direct</b>		<b>Indirect</b>	
	<b>No. of units (<b>'000</b>)</b>	<b>%</b>	<b>No. of units (<b>'000</b>)</b>	<b>%</b>
GLM Equities Sdn Bhd	60,769	21.7	-	-
Hong Leong Assurance Berhad	57,771	20.6	-	-
GLM	-	-	<sup>(1)</sup> 60,769	21.7
HLCM	-	-	<sup>(1)</sup> 151,836	54.1
YBhg Tan Sri Quek Leng Chan	-	-	<sup>(2)</sup> 151,836	54.1
Mr Kwek Leng Beng	-	-	<sup>(2)</sup> 151,836	54.1
Mr Kwek Leng Kee	-	-	<sup>(2)</sup> 151,836	54.1

**Notes:**

(1) Held through subsidiary(ies).

(2) Held through HLCM.

### 3. BASIS OF AND JUSTIFICATION FOR THE DISPOSAL CONSIDERATION

The Disposal Consideration was arrived at, on a willing-buyer willing-seller basis, after taking into consideration the market value of the Property of RM242.1 million as appraised by the Valuer via its Valuation Report using the investment and comparison methods of valuation. The Valuer has also been appointed by the Manager to appraise the market value of the Property.

The investment method of valuation involves determining the net annual income derived from the Property by deducting all outgoings from the estimated gross annual income and then capitalising the net annual income with an appropriate capitalisation rate to arrive at the market value of the Property.

The comparison method is used to determine the market value of the Property by comparing the recent sale transactions of properties within its vicinity and making appropriate adjustments for all dissimilarities.

The Valuer has adopted the market value derived from the investment method of valuation as fair representation of the market value of the Property, taking into consideration that the Property is capable of generating regular rental income flow for its owner.

### 4. RATIONALE AND BENEFITS OF THE PROPOSED DISPOSAL

The Proposed Disposal represents an opportunity for our Group to realise our investment in the Property. It is also in line with our Group's strategy to focus on property development.

Our Group is continuously evaluating business opportunities in the property development sector. The proceeds from the Proposed Disposal will provide our Group with the necessary funds for existing working capital requirements.

In addition, the repayment of bank borrowings using the proceeds from the Proposed Disposal is also expected to result in interest savings, which would improve our Group's overall cash flow management.

## 5. UTILISATION OF PROCEEDS

The Disposal Consideration is intended to be used in the following manner:

<u>Details of use of proceeds</u>	<u>Note</u>	<u>RM'000</u>	<u>Expected time frame for use from the date of completion of the Proposed Disposal</u>
Repayment of bank borrowings	(1)	146,000	Within 3 months
Working capital requirements	(2)	95,470	Within 24 months
Estimated expenses for the Proposed Disposal	(3)	630	Within 3 months
<b>Total gross proceeds</b>		<b>242,100</b>	

### Notes:

#### (1) Repayment of bank borrowings

As at the LPD, the total bank borrowings of our Group stood at approximately RM1,208.3 million. Our Company intends to use RM146.0 million of the proceeds raised from the Proposed Disposal to pare down the existing borrowings of our Group. Based on the weighted average cost of borrowings of approximately 3.65% per annum, such repayment is expected to result in an annual interest savings of approximately RM5.3 million.

#### (2) Working capital requirements

Working capital requirements of our Group include, but are not limited to, day-to-day operating and administrative expenses, project development expenses and other operating expenses such as sales and marketing, advertising and promotional expenditure as well as professional fees in relation to our property development business.

#### (3) Estimated expenses for the Proposed Disposal

The estimated expenses for the Proposed Disposal comprise professional fees, payments to the relevant authorities, expenses to convene an EGM in relation to the Proposed Disposal, printing, advertisement and other ancillary expenses. In the event the actual expenses incurred are higher/lower than budgeted, the deficit/surplus will be funded from/allocated to the portion earmarked for working capital requirements.

Pending the use of proceeds from the Proposed Disposal in the manner set out above, the proceeds will be placed in interest bearing deposits with financial institutions or short-term money market instruments as our Board may deem fit.

## 6. RISK OF THE PROPOSED DISPOSAL

The Proposed Disposal is conditional upon the fulfilment of the conditions precedent to the SPA as set out in Section 2, Appendix I of this Circular. In the event that the conditions precedent to the SPA are not fulfilled or obtained within the time frame stipulated in the SPA, it may lead to a termination of the SPA or a delay in the completion of the Proposed Disposal. We will endeavor to ensure that all the conditions precedent to the SPA are met within the stipulated time frame in order to facilitate the completion of the Proposed Disposal.

## 7. EFFECTS OF THE PROPOSED DISPOSAL

### 7.1 Share capital and substantial shareholders' shareholdings

The Proposed Disposal will not have any effect on the issued share capital of our Company and the shareholdings of the substantial shareholders of our Company.

## 7.2 NA and gearing

The proforma effects of the Proposed Disposal on the consolidated NA and gearing of our Company based on our audited consolidated statement of financial position as at 30 June 2019 are as follows:

	Audited as at 30 June 2019 (RM'000)	Proforma assuming the Proposed Disposal had been effected on 30 June 2019 (RM'000)
Share capital	385,318	385,318
Reserves	932,636	(1)939,460
Shares held by executive share schemes trust	(23,883)	(23,883)
<b>NA attributable to shareholders</b>	<b>1,294,071</b>	<b>1,300,895</b>
No. of shares in issue <sup>(2)</sup> ('000)	669,880	669,880
NA per share (RM)	1.93	1.94
Total borrowings	1,221,774	(3)1,075,774
Gearing ratio (times)	0.94	0.83

### Notes:

- (1) After incorporating the estimated net gain on disposal of approximately RM6.8 million as set out in Section 7.3, Part A of this Circular.
- (2) After excluding 30,578,100 ordinary shares in our Company held by the executive share scheme trust.
- (3) After the repayment of bank borrowings of RM146.0 million as set out in Section 5, Part A of this Circular.

## 7.3 Earnings and EPS

Based on the latest audited consolidated financial statements of our Company for the FYE 2019, our Group is expected to realise an estimated net gain on disposal of approximately RM6.8 million as shown below:

	<b>RM'000</b>
Disposal Consideration	242,100
Less: Audited net book value of the Property as at 30 June 2019 <sup>(1)</sup>	(242,100)
Estimated expenses for the Proposed Disposal	(630)
Add: Reversal of deferred tax pertaining to the Property	7,454
<b>Estimated net gain on disposal</b>	<b>(2)6,824</b>

### Notes:

- (1) In our audited consolidated financial statements, the Property is stated at fair value, which was determined based on market valuation by an independent valuer as at the reporting date.

For information purposes, the total cost of investment by DC Offices in respect of the development rights of the Property and its construction was approximately RM167.6 million as set out in Section 2.3, Part A of this Circular.

- (2) The actual gain arising from the Proposed Disposal will vary depending on the net book value of the Property as at the time of the completion of the Proposed Disposal.

In addition, part of the proceeds from the Proposed Disposal is proposed to be used for the repayment of bank borrowings which is expected to result in interest savings of approximately RM5.3 million per annum, based on the average cost of borrowings of approximately 3.65% per annum.

Save for the above, the Proposed Disposal is not expected to have any material effect on the consolidated earnings and EPS of our Company for the FYE 2020 and FYE 2021.

For illustrative purposes, based on the latest audited consolidated financial statements of our Company for the FYE 2019, the proforma effects of the Proposed Disposal on the earnings and EPS of our Group, assuming that the Proposed Disposal had been completed at the beginning of the said financial year, are as follows:

	<b>Audited for the FYE 2019 (RM'000)</b>	<b>Proforma assuming the Proposed Disposal was completed on 1 July 2018 (RM'000)</b>
Loss after tax attributable to our shareholders	(32,780)	(32,780)
Add: Estimated net gain arising from the Proposed Disposal	-	6,824
Add: Interest savings arising from the repayment of bank borrowings	-	5,329
Less: Share of results in Tower REIT <sup>(1)</sup>	-	(290)
Less: Loss of net income contribution from the Property <sup>(2)</sup>	-	(8,912)
Proforma loss after tax attributable to our shareholders	<u>(32,780)</u>	<u>(29,829)</u>
No. of shares in issue <sup>(3)</sup> ('000)	669,880	669,880
EPS (sen)	(4.9)	(4.5)

**Notes:**

- (1) Computed based on our Group's interest in Tower REIT of approximately 21.7%.
- (2) Computed based on the gross rental income of the Property for the FYE 2019 of approximately RM15.6 million, and after deducting building operating expenses of approximately RM3.8 million and tax expenses of approximately RM2.8 million.
- (3) After excluding 30,578,100 ordinary shares in our Company held by the executive share scheme trust.

**8. APPROVALS REQUIRED**

The Proposed Disposal is subject to approvals being obtained from:

- (i) the shareholders of our Company at our forthcoming EGM;
- (ii) the unitholders of Tower REIT at a unitholders' meeting to be convened; and
- (iii) any other relevant authority and/or party, if required.

The highest percentage ratio applicable to the Proposed Disposal pursuant to Paragraph 10.02(g) of the Main Market Listing Requirements of Bursa Securities is approximately 18.7%.

## 9. CONDITIONALITY OF THE PROPOSED DISPOSAL

On 3 January 2020, our Board announced that GLM Emerald Industrial Park (Jasin) Sdn Bhd (“**GLM EIPJ**”), a 68%-owned indirect subsidiary of our Company, had on even date entered into a conditional sale and purchase agreement with Parkland Avenue Sdn Bhd (“**PASB**”) and IOI Corporation Berhad for the proposed disposal by GLM EIPJ to PASB of a parcel of land located in the Mukim and District of Jasin, Melaka Darul Azim for a cash consideration of RM119,259,090.72 (“**Proposed Land Disposal**”). As at the LPD, the completion of the Proposed Land Disposal is pending the full settlement of the disposal consideration by PASB.

Save for the Proposed Disposal and the Proposed Land Disposal, there is no other intended corporate exercise/scheme which has been announced by our Company but not yet completed before the printing of this Circular.

The Proposed Disposal is not conditional upon the Proposed Land Disposal and any other proposals undertaken or to be undertaken by our Company.

## 10. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED

Save as disclosed below, none of the directors and/or major shareholders of our Company and/or persons connected with them have any interest, direct or indirect, in the Proposed Disposal:

- (i) GLM, being the holding company of DC Offices, is also the holding company of the Manager and a major unitholder of Tower REIT;
- (ii) HLCCM, the ultimate holding company and a major shareholder of GLM, DC Offices and the Manager, is also a major unitholder of Tower REIT;
- (iii) YBhg Tan Sri Quek Leng Chan and Mr Kwek Leng Beng are directors of HLCCM. YBhg Tan Sri Quek Leng Chan, Mr Kwek Leng Beng and Mr Kwek Leng Kee are the major shareholders of HLCCM, GLM, DC Offices and the Manager, and major unitholders of Tower REIT; and
- (iv) YBhg Datuk Edmund Kong Woon Jun is a director of DC Offices and the Manager and the Group Managing Director of GLM.

YBhg Datuk Edmund Kong Woon Jun has abstained and will continue to abstain from deliberating and voting on the Proposed Disposal at the relevant board meetings.

The interested parties above will abstain and will ensure that persons connected with them will also abstain from voting in respect of their direct and/or indirect shareholdings in our Company on the resolution pertaining to the Proposed Disposal to be tabled at our forthcoming EGM.

The direct and indirect shareholdings of the interested director and major shareholders of our Company as at the LPD are as follows:

	Direct		Indirect	
	No. of shares ('000)	%	No. of shares ('000)	%
<b><u>Interested director</u></b>				
YBhg Datuk Edmund Kong Woon Jun	-	-	-	-
<b><u>Interested major shareholders</u></b>				
GLL (Malaysia) Pte Ltd	455,507	65.0	-	-
GuocoLand Limited	-	-	( <sup>1</sup> )455,507	65.0
GuocoLand Assets Pte Ltd	-	-	( <sup>1</sup> )455,507	65.0
Guoco Group Limited	-	-	( <sup>1</sup> )455,507	65.0
GuoLine Overseas Limited	-	-	( <sup>1</sup> )455,507	65.0

	Direct		Indirect	
	No. of shares ('000)	%	No. of shares ('000)	%
<b><u>Interested major shareholders</u></b> (cont'd)				
GuoLine Capital Assets Limited	-	-	<sup>(1)</sup> 455,507	65.0
HLCM	-	-	<sup>(2)</sup> 455,575	65.0
HL Holdings Sdn Bhd	-	-	<sup>(3)</sup> 455,575	65.0
YBhg Tan Sri Quek Leng Chan	19,507	2.8	<sup>(3)</sup> 455,575	65.0
Kwek Holdings Pte Ltd	-	-	<sup>(4)</sup> 456,075	65.1
Mr Kwek Leng Beng	-	-	<sup>(4)</sup> 456,075	65.1
Hong Realty (Private) Limited	-	-	<sup>(4)</sup> 456,075	65.1
Hong Leong Investment Holdings Pte Ltd	-	-	<sup>(4)</sup> 456,075	65.1
Mr Kwek Leng Kee	-	-	<sup>(4)</sup> 456,075	65.1
Davos Investment Holdings Private Limited	-	-	<sup>(4)</sup> 456,075	65.1

**Notes:**

- (1) Held through GLL (Malaysia) Pte Ltd.
- (2) Held through subsidiaries.
- (3) Held through HLCM.
- (4) Held through HLCM and a company in which the major shareholder has interest.

**11. RELATED PARTY TRANSACTIONS**

Save for the Proposed Disposal, there were no other related party transactions entered into between DC Offices and Tower REIT for the preceding 12 months from the date of this Circular.

**12. AUDIT COMMITTEE'S STATEMENT**

The Board Audit & Risk Management Committee of our Company, after having considered the evaluation of the Independent Adviser and deliberated on all aspects of the Proposed Disposal, is of the opinion that the Proposed Disposal is:

- (i) in the best interest of our Company;
- (ii) fair, reasonable and on normal commercial terms; and
- (iii) not detrimental to the interest of the non-interested shareholders of our Company.

**13. DIRECTORS' RECOMMENDATION**

Our Board (save for YBhg Datuk Edmund Kong Woon Jun), after having considered the evaluation of the Independent Adviser and the Board Audit & Risk Management Committee of our Company, and deliberated on all aspects of the Proposed Disposal, is of the opinion that the Proposed Disposal is in the best interest of our Company.

As such, our Board (save for YBhg Datuk Edmund Kong Woon Jun) recommends that you vote in favour of the resolution pertaining to the Proposed Disposal to be tabled at our forthcoming EGM.

#### 14. TENTATIVE TIMETABLE FOR IMPLEMENTATION

Barring any unforeseen circumstances, the Proposed Disposal is expected to be completed by the 3<sup>rd</sup> quarter of 2020. The tentative timetable for the implementation of the Proposed Disposal is set out below:

<b>Event</b>	<b>Tentative date</b>
EGM	30 June 2020
Completion of the Proposed Disposal	By end August 2020

#### 15. EGM

Our forthcoming EGM, the Notice of which is enclosed in this Circular, will be held at Wau Bulan Ballroom, Level 2, Sofitel Kuala Lumpur Damansara, No. 6, Jalan Damanlela, Bukit Damansara, 50490 Kuala Lumpur on Tuesday, 30 June 2020 at 2.30 p.m. or at any adjournment thereof for the purpose of considering and, if thought fit, passing with or without modifications, the ordinary resolution to give effect to the Proposed Disposal.

If you are unable to attend and vote at our forthcoming EGM in person, please complete the Form of Proxy, which is attached in this Circular, in accordance with the instructions contained therein and deposit it at our registered office at Level 10, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur or lodge electronically via email at [glm-gmeeting@guocoland.com](mailto:glm-gmeeting@guocoland.com), not less than 48 hours before the time appointed for holding our forthcoming EGM or at any adjournment thereof. The completion and deposit of the Form of Proxy will not preclude you from attending and voting at our forthcoming EGM in person should you subsequently wish to do so.

#### 16. FURTHER INFORMATION

You are requested to refer to the enclosed appendices for further information.

Yours faithfully,  
For and on behalf of the Board of  
**GUOCOLAND (MALAYSIA) BERHAD**

**PETER HO KOK WAI**  
Independent Non-Executive Director

**PART B**

**INDEPENDENT ADVICE LETTER FROM IPS TO THE NON-INTERESTED SHAREHOLDERS  
OF OUR COMPANY IN RELATION TO THE PROPOSED DISPOSAL**



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## EXECUTIVE SUMMARY

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All definitions used in this Executive Summary shall have the same meaning as the words and expressions provided in the “Definitions” section of this Circular and as defined in the IAL herein, except where the context herein requires otherwise or where otherwise defined herein. All references to “you” are references made to the non-interested shareholders of GLM (“**Non-Interested Shareholders**”), whilst references to “we”, “us” or “our” are references to IPS, being the Independent Adviser for the Proposed Disposal.

Set out hereunder is an executive summary which serves to highlight some of the salient points arising from IPS’ independent evaluation of the Proposed Disposal. The Non-Interested Shareholders are advised to read and understand the contents of the IAL and the entire Part A of the Circular, including the appendices thereof, for more comprehensive information, evaluation and recommendation on the Proposed Disposal before voting on the resolution pertaining to the Proposed Disposal at the forthcoming EGM.

### 1. INTRODUCTION

The Company had on 2 March 2020 announced that DC Offices had, on the same day, entered into the SPA with the Trustee for the Proposed Disposal.

In view of the interests of a certain director and major shareholders as disclosed in Section 10 of Part A of this Circular, the Proposed Disposal is deemed a related party transaction pursuant to Paragraph 10.08 of the Main Market Listing Requirements of Bursa Securities (“**MMLR**”).

### 2. EVALUATION OF THE PROPOSED DISPOSAL

In evaluating the Proposed Disposal, we have taken into consideration the following:

Section in the IAL	Area of evaluation	IPS’ comments
Section 6.1	Rationale for the Proposed Disposal	<ul style="list-style-type: none"><li>We note that GLM is principally involved in investment holding. The Group comprises four major business segments namely, property development, property investment, hotel management and operation, and plantation.</li><li>The core business of the Group is property development. The property development segment of the Group which accounted for approximately 65.0% of the revenue in FYE 2017 and 48.0% of the revenue in FYE 2018 had increased to 77.4% of the revenue in FYE 2019. The property development segment is the main contributor to the profit after tax (“<b>PAT</b>”) of the Group for the FYE 2017, FYE 2018 and FYE 2019 respectively.</li><li>The Group has a sizeable land bank in Selangor and Melaka for residential, commercial and industrial development projects. In the 2019 Annual Report of GLM, we noted that GLM has approximately 3,869.0 acres of vacant freehold land at Mukim of Jasin, Melaka. The landbank of the Group’s joint ventures and associates as at 30 June 2019 include, amongst others, 541.2 acres of freehold land in Mukim of Rawang, Districts of Gombak and Ulu Selangor, Selangor Darul Ehsan for the Emerald West and Emerald East residential development projects, and 3,069.7 acres of freehold land at Mukim of Sepang, Districts of Sepang and Kuala Langat, Selangor Darul Ehsan for the Pantai Sepang Putra residential development project.</li></ul>

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**EXECUTIVE SUMMARY (Cont'd)**


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Section in the IAL	Area of evaluation	IPS' comments
Section 6.1 (Cont'd)	Rationale for the Proposed Disposal	<ul style="list-style-type: none"> <li>• The Proposed Disposal will enable the Group to realise its investment in the Property, which will raise gross proceeds of RM242.1 million, and result in an estimated net gain on disposal of approximately RM6.8 million to the Group. The Group will be able to utilise the proceeds primarily for repayment of bank borrowings and working capital requirements for its property development business.</li> <li>• The Proposed Disposal is also not expected to have any material effect on GLM's operations as GLM intends to continue leasing the occupied space within the Property.</li> <li>• Premised on the above, we are of the view that the rationale for the Proposed Disposal is <b><u>fair and reasonable</u></b>.</li> <li>• Please refer to Section 6.1 of this IAL for further details.</li> </ul>
Section 6.2	Evaluation of the Disposal Consideration	<ul style="list-style-type: none"> <li>• The Company had appointed the Valuer to conduct the valuation of the Property. We noted that the Valuation Report was prepared in conformity with the Asset Valuation Guidelines issued by the Securities Commission Malaysia ("SC") and the Malaysian Valuation Standards published by the Board of Valuers, Appraisers, Estate Agents and Property Managers, Malaysia. We have relied upon the Valuation Report that was made available to us by GLM and after making due review and enquiries, are satisfied with the valuation appraisal of the Property as conducted by the Valuer.</li> <li>• We are of the view that the valuation methodologies applied by the Valuer are reasonable and are consistent with generally applied valuation methodologies. We are satisfied with the bases and assumptions used by the Valuer in deriving the market value of the Property. As such, we are satisfied with and have relied upon the valuation of the Property conducted by the Valuer.</li> <li>• Based on our analysis of the investment and comparison methods, we are of the view that it is reasonable for the Valuer to use the investment method as the best approach to value the Property, and that the key bases and assumptions of the investment method adopted by the Valuer are reasonable.</li> <li>• Premised on the above, we are of the view that the Disposal Consideration based on the Valuer's appraisal of the market value of the Property of RM242.1 million is <b><u>fair and reasonable</u></b>.</li> <li>• Please refer to Section 6.2 of this IAL for further details.</li> </ul>

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**EXECUTIVE SUMMARY (Cont'd)**

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<b>Section in the IAL</b>	<b>Area of evaluation</b>	<b>IPS' comments</b>
Section 6.3	Salient terms of the SPA	<ul style="list-style-type: none"><li>• Based on our evaluation of the salient terms of the SPA, we are of the view that the salient terms of the SPA are generally on normal commercial terms for transactions of such nature and the said terms are <b><u>fair and reasonable</u></b>.</li><li>• Please refer to Section 6.3 of this IAL for further details.</li></ul>
Section 6.4	Effects of the Proposed Disposal	<ul style="list-style-type: none"><li>• The Proposed Disposal will not have any effect on the issued share capital of GLM and the shareholdings of the substantial shareholders of GLM.</li><li>• The proforma NA per share will increase from RM1.93 per ordinary share in GLM ("<b>GLM Share(s)</b>") to RM1.94 per GLM Share due to the estimated one-off net gain on disposal of the Property of approximately RM6.8 million.</li><li>• Assuming the Proposed Disposal had been effected on 30 June 2019, the proforma gearing of the Group will decrease from 0.94 times to 0.83 times due to the increase in NA of approximately RM6.8 million, as well as the repayment of bank borrowings of approximately RM146.0 million which will reduce the total borrowings of the Group from RM1,221.8 million as at 30 June 2019 to RM1,075.8 million.</li></ul>

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**EXECUTIVE SUMMARY (Cont'd)**

Section in the IAL	Area of evaluation	IPS' comments
Section 6.4 (Cont'd)	Effects of the Proposed Disposal	<ul style="list-style-type: none"> <li>• The Proposed Disposal is not expected to have any material effect on the consolidated earnings and EPS of GLM for the FYE 2020 and FYE 2021. However, based on the latest audited consolidated financial statements of GLM for the FYE 2019 and assuming that the Proposed Disposal had been completed at the beginning of the said financial year, the proforma loss after tax ("<b>LAT</b>") attributable to shareholders of GLM will reduce from approximately RM32.8 million to RM29.8 million, which will result in the reduction of the loss per share from 4.9 sen to 4.5 sen per GLM Share.</li> </ul> <p>Upon completion of the Proposed Disposal, the Group will recognise an estimated net gain of RM6.8 million and will no longer recognise rental income, building operating expenses and the tax expenses associated with the Property amounting to a proforma loss of net income contribution from the Property of RM8.9 million. Nevertheless, we wish to emphasize that the Property is disposed at the market value of RM242.1 million ascribed by the Valuer, and the proceeds from the disposal of the Property is to be utilised by the Group as follows:</p> <ul style="list-style-type: none"> <li>(a) part repayment of bank borrowings of approximately RM146.0 million which is expected to result in interest savings of approximately RM5.3 million per annum, based on the average cost of borrowings of approximately 3.65% per annum; and</li> <li>(b) approximately RM95.47 million is to be utilised as working capital requirements for its property development business,</li> </ul> <p>which are expected to contribute positively to the earnings and EPS of the Group for the ensuing financial years.</p> <ul style="list-style-type: none"> <li>• Based on the above, taken as a whole, we are of the view that the overall financial effects of the Proposed Disposal are <b><u>fair, reasonable and not detrimental to the interests of the Non-Interested Shareholders.</u></b></li> <li>• Please refer to Section 6.4 of this IAL for further details.</li> </ul>

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**EXECUTIVE SUMMARY (Cont'd)**

Section in the IAL	Area of evaluation	IPS' comments
Section 6.5	Market overview and industry outlook	<ul style="list-style-type: none"> <li>• We note that the Malaysian economy moderated sharply to 0.7% in the first quarter of 2020 which reflected the impact of measures taken both globally and domestically to contain the spread of the 2019 coronavirus disease (“<b>COVID-19</b>”) pandemic. Domestically, it mainly reflected the implementation of the Movement Control Order (“<b>MCO</b>”) on 18 March 2020. Nevertheless, large countercyclical policy measures have been implemented by the Malaysian Government and Bank Negara Malaysia (“<b>BNM</b>”) to mitigate the economic impact of the pandemic.</li> <li>• We noted that the overall performance of the office sub-sector in Malaysia was less promising as the overall occupancy rate declined to 80.6% in 2019, down from 82.4% in 2018.</li> <li>• In regards to the Property, we noted that the occupancy rate of the Property as at the LPD is approximately 97.1%, representing close to a full occupancy rate of 100%. Hence, we are of the view that it is <b>reasonable</b> for GLM to realise its investment in the Property against the backdrop of an expected economic contraction as projected by BNM.</li> <li>• Please refer to Section 6.5 of this IAL for further details.</li> </ul>
Section 6.6	Risk factors relating to the Proposed Disposal	<ul style="list-style-type: none"> <li>• We have taken note of the risk factor in relation to the Proposed Disposal as set out in Section 6 of Part A of this Circular.</li> <li>• Apart from the risk factor that had been stated in Section 6 of Part A of this Circular, it is pertinent to note that there is an additional risk factor that should be considered such as the risk of delay in the settlement of the Disposal Consideration.</li> <li>• Please refer to Section 6.6 of this IAL for further details.</li> </ul>

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### **3. CONCLUSION AND RECOMMENDATION**

We have assessed and evaluated the Proposed Disposal and our evaluation is set out in Section 6 of the IAL. The Non-Interested Shareholders should take into account all the merits and demerits of the Proposed Disposal based on all relevant pertinent factors including those which are set out in Part A of this Circular, the relevant appendices thereof, this IAL and other publicly available information.

After having considered all the various factors included in our evaluation for the Proposed Disposal and based on the information made available to us, we are of the opinion that the Proposed Disposal is **fair and reasonable** insofar as the Non-Interested Shareholders are concerned and it is **not to the detriment** of the Non-Interested Shareholders.

Accordingly, we recommend the Non-Interested Shareholders to **vote in favour** of the ordinary resolution pertaining to the Proposed Disposal that is to be tabled at the Company's forthcoming EGM.

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# INTER-PACIFIC

SECURITIES SDN. BHD.

197201001092 (12738-U)

A Participating Organisation of Bursa Malaysia Securities Berhad  
A Trading Participant of Bursa Malaysia Derivatives Berhad

West Wing, Level 13  
Berjaya Times Square  
No. 1, Jalan Imbi  
55100 Kuala Lumpur

15 June 2020

## To: The Non-Interested Shareholders

Dear Sir/Madam,

### GUOCOLAND (MALAYSIA) BERHAD (“GLM” OR THE “COMPANY”)

### INDEPENDENT ADVICE LETTER TO THE NON-INTERESTED SHAREHOLDERS IN RELATION TO THE PROPOSED DISPOSAL

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*This IAL is prepared for inclusion in Part B of this Circular. All definitions used in this IAL shall have the same meaning as the words and expressions provided in the “Definitions” section of this Circular and the Executive Summary of the IAL, except where the context herein requires otherwise or where otherwise defined herein.*

#### 1. INTRODUCTION

The Company had on 2 March 2020 announced that DC Offices had, on the same day, entered into the SPA with the Trustee for the Proposed Disposal.

In view of the interests of a certain director and major shareholders as disclosed in Section 10 of Part A of this Circular, the Proposed Disposal is deemed a related party transaction pursuant to Paragraph 10.08 of the MMLR.

Accordingly, the Board had, on 2 March 2020, appointed IPS as the Independent Adviser to provide the non-interested directors of the Company and the Non-Interested Shareholders with:

- (a) comments as to whether the Proposed Disposal:
  - (i) is fair and reasonable so far as the Non-Interested Shareholders are concerned; and
  - (ii) is to the detriment of the Non-Interested Shareholders;and such opinion must set out the reasons for, the key assumptions made and the factors taken into consideration in forming that opinion;
- (b) advise the Non-Interested Shareholders on whether they should vote in favour of the Proposed Disposal; and
- (c) take all reasonable steps to satisfy itself that it has a reasonable basis to make the comments and advice in (a) and (b) above.

The purpose of this IAL is to provide the Non-Interested Shareholders with an independent evaluation of the Proposed Disposal, and our opinion and recommendation thereon subject to the scope and limitations specified herein. You should nonetheless rely on your own evaluation of the merits and demerits of the Proposed Disposal before making a decision on the course of action to be taken.

**THIS IAL IS PREPARED SOLELY FOR THE USE OF THE NON-INTERESTED SHAREHOLDERS FOR THE PURPOSE OF VOTING ON THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSED DISPOSAL AT THE FORTHCOMING EGM OF THE COMPANY AND SHOULD NOT BE USED OR RELIED UPON BY ANY OTHER PARTY FOR ANY OTHER PURPOSES WHATSOEVER.**

**YOU ARE ADVISED TO READ AND FULLY UNDERSTAND BOTH THIS IAL AND PART A OF THIS CIRCULAR TOGETHER WITH THE ACCOMPANYING APPENDICES THEREIN AND TO CONSIDER CAREFULLY OUR EVALUATION AND RECOMMENDATION BEFORE VOTING ON THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSED DISPOSAL TO BE TABLED AT THE FORTHCOMING EGM.**

**IF YOU ARE IN ANY DOUBT AS TO THE COURSE OF ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.**

## **2. CREDENTIALS, EXPERIENCE AND EXPERTISE OF IPS**

IPS is a participating organisation of Bursa Securities and provides a range of services including corporate finance advisory, stocks and futures broking and research. Our corporate finance team provides a wide range of corporate finance advisory services including mergers, acquisitions and divestitures, equity fundraisings, corporate restructuring and independent advisory opinions.

Our credentials and experience where we had been appointed as an independent adviser in the past two (2) years prior to the date of this IAL include, amongst others, the following:

- (a) conditional mandatory take-over offer by Divine Inventions Sdn. Bhd. ("**Divine**") through M&A Securities Sdn. Bhd. to acquire all the remaining ordinary shares and warrants in Chin Hin Group Property Berhad ("**CHGP Share(s)**") ("**CHGP Warrant(s)**") not already owned by Divine for a cash offer price of RM0.30 per CHGP Share and RM0.10 per CHGP Warrant respectively, where our independent advice circular was issued and dated 13 February 2020;
- (b) proposed acquisitions of entire equity interests by GSB Group Berhad ("**GSB**") of Aeon Frontier Sdn. Bhd., Kerjaya Prospek Property Sdn. Bhd. and Kerjaya Hotel Sdn. Bhd., proposed subscription by GSB of 42,489,490 new ordinary shares in Desanda Property Sdn. Bhd. ("**DPSB**"), proposed subscription by the existing DPSB shareholders of 251,366,435 new ordinary shares in GSB ("**GSB Share(s)**") at an issue price of RM0.17 per GSB Share, proposed exemption under Paragraph 4.08(1)(a) of the Rules on Take-overs, Mergers and Compulsory Acquisitions to Javawana Sdn. Bhd. ("**Javawana**") from the obligation to undertake a mandatory take-over offer to acquire all the remaining GSB Shares not already owned by Javawana and the proposed amendments to the Constitution of GSB in order to facilitate the creation and issuance of redeemable convertible preference shares in GSB, where our independent advice letter was issued and dated 29 November 2019;
- (c) proposed joint venture between Innoceria Sdn. Bhd., a wholly-owned subsidiary of Grand-Flo Berhad and Pembinaan Maka Cemerlang Sdn. Bhd. to jointly develop 381 pieces of leasehold land, measuring in aggregate 13.23 acres located in Kampar, Perak into a mixed development project comprising 352 units of single-storey terrace house and 24 units of double-storey shop house, where our independent advice letter was issued and dated 21 November 2019;
- (d) unconditional voluntary take-over offer by Tan Sri Dr Chen Lip Keong through UOB Kay Hian Securities (M) Sdn. Bhd. to acquire all the remaining ordinary shares and warrants in Karambunai Corp Bhd ("**KCB Share(s)**") ("**KCB Warrant(s)**") not already held by him, for a cash offer price of RM0.11 per KCB Share and RM0.03 per KCB Warrant respectively, where our independent advice circular was issued and dated 24 October 2019;



- (e) unconditional mandatory take-over offer by Topspike Holding Sdn. Bhd. ("**Topspike**") and Asia New Venture Capital Holdings Sdn. Bhd. ("**ANVCHSB**") through AmlInvestment Bank Berhad to acquire all the remaining ordinary shares of Milux Corporation Berhad ("**Milux Share(s)**") not already owned by Datuk Wira Ling Kah Chok, Asia Capital Fund Limited, Topspike, ANVCHSB and their persons acting in concert ("**PACs**") for a cash consideration of RM0.80 per Milux Share, whereby our independent advice circular was issued and dated 3 June 2019;
- (f) proposed disposals by GSB of the entire issued share capital of Banda Industries Sdn. Bhd. for a total consideration of RM16,580,493.70 and the entire issued share capital of GSB Hotel Sdn. Bhd. for a total consideration of RM2,195,615.86 to Bentong Makmur Holdings Sdn. Bhd., where our independent advice letter was issued and dated 28 May 2019;
- (g) proposed acquisition of 2,477,108 ordinary shares in Ideal Heights Properties Sdn. Bhd. ("**IHP**"), representing approximately 54.50% equity interest in IHP by Bina Puri Properties Sdn. Bhd., a wholly-owned subsidiary of Bina Puri Holdings Bhd. for a total purchase consideration of RM42,682,343, where our independent advice letter was issued and dated 30 November 2018;
- (h) proposed exemption under Paragraph 4.08(1)(b) of the Rules on Take-overs, Mergers and Compulsory Acquisitions to Datuk Amar Abdul Hamed Bin Haji Sepawi ("**Datuk Amar**"), Datuk Hasmi Bin Hasnan ("**Datuk Hasmi**") and their PACs from the obligation to undertake a mandatory take-over offer for the remaining ordinary shares in Naim Holdings Berhad ("**Naim**") not already owned by them arising from the subscription by Datuk Amar, Datuk Hasmi and their PACs for the rights shares in Naim pursuant to the undertakings, where our independent advice letter was issued and dated 29 October 2018;
- (i) unconditional mandatory take-over offer by Tan Sri Dr Chen Lip Keong through UOB Kay Hian Securities (M) Sdn. Bhd. to acquire all the remaining ordinary shares of Petaling Tin Berhad ("**PTB Share(s)**") not already held by him at a cash consideration of RM0.40 per PTB Share, where our independent advice circular was issued and dated 2 July 2018; and
- (j) conditional mandatory take-over offer by Javawana through Aminvestment Bank Berhad to acquire all the remaining GSB Shares not already held by Javawana and any new GSB Shares that may be allotted and issued prior to the closing date of the offer arising from the exercise of the outstanding employees share options in GSB for a cash consideration of RM0.13 per GSB Share, where our independent advice circular was issued and dated 18 June 2018.

Premised on the foregoing, IPS is capable and competent and has the relevant experience in carrying out its role and responsibilities as an independent adviser to advise the non-interested directors of the Company and Non-Interested Shareholders in relation to the Proposed Disposal.

### 3. DECLARATION OF CONFLICT OF INTEREST

We confirm that there is no existing or potential conflict of interest situation for us to carry out our role as the Independent Adviser in connection with the Proposed Disposal and there was no professional relationship between us and GLM in the past two (2) years prior to the date of this IAL.

#### 4. SCOPE AND LIMITATIONS TO OUR EVALUATION OF THE PROPOSED DISPOSAL

IPS was not involved in the formulation and structuring of the Proposed Disposal and/or any deliberations and negotiations pertaining to the terms and conditions of the Proposed Disposal. IPS' scope as the Independent Adviser is limited to expressing an opinion on the fairness and reasonableness of the Proposed Disposal and whether the transaction is to the detriment of the Non-Interested Shareholders, based on the following sources of information and documents:

- (a) information contained in Part A of this Circular and the appendices enclosed therein;
- (b) other relevant information, documents, confirmations and representations provided to us by the Board and management of GLM;
- (c) discussions and consultations with the management of GLM;
- (d) the SPA;
- (e) the Valuation Report and Valuation Certificate; and
- (f) other publicly available information which we consider relevant for our evaluation.

We have made all reasonable enquiries, performed reasonableness checks and corroborated relevant information with independent sources, where possible. We are also guided by the Best Practice Guide in relation to Independent Advice Letters issued by Bursa Securities. In addition, the Board and the management of GLM had undertaken to exercise due care to ensure that all information, data, documents and representations provided to us to facilitate our evaluation are accurate, valid, complete, reasonable and free from any material omission in all material respects. Accordingly, IPS shall not assume any responsibility or liability whatsoever to any party for any inaccuracies, misstatements or omission of facts and information provided or represented by the Board and the management of GLM.

The directors of GLM have collectively and individually accepted full responsibility for the accuracy, validity and completeness of the information, documents, data and statements provided to us and as contained herein in relation to the Proposed Disposal (save and except for opinion expressed by IPS which do not contain factual information provided by the Company and information procured or developed by IPS independently of the Company) and confirmed that, after having made all reasonable enquiries and to the best of their knowledge and belief, all relevant facts and information in relation to the Proposed Disposal that are necessary for our evaluation have been completely and accurately disclosed to us and there is no omission of any material fact, the omission of which would render any such information provided to us false, incomplete, misleading and/or inaccurate.

We are satisfied with the information provided by the Board and the management of GLM and are not aware of any facts or matters not disclosed which may render any such information untrue, inaccurate or misleading or the disclosure of which might reasonably affect our evaluation and opinion as set out in this IAL. After making all reasonable enquiries and to the best of our knowledge and belief, the information we used is reasonable, accurate, complete and free from material omission.

The Non-Interested Shareholders should note that the views expressed by IPS herein are, amongst others, based on the current economic, market, industry, regulatory, monetary, social-political and other conditions prevailing up to the LPD. Such conditions may change over a short period of time which may adversely affect amongst others, the financial and operational conditions of the Group. Accordingly, our evaluation and opinion in this IAL do not take into account information, events and conditions arising or may occur after the LPD. Our advice should be considered in the context of the entirety of this IAL.

In rendering our advice, we had taken note of pertinent issues which we believe are necessary and of importance to an assessment of the implications of the Proposed Disposal and are of general concern to the Non-Interested Shareholders. As such:

- (a) our evaluation and recommendation contained herein are based on the assessment of the fairness and reasonableness of the Proposed Disposal. Comments or points of consideration which may be commercially oriented such as the rationale, financial effects, potential benefits and future prospects of the Proposed Disposal are included for our overall evaluation as we deem necessary for disclosure purposes to enable the Non-Interested Shareholders to consider and form their views in a more holistic manner thereon. We do not express an opinion on legal, accounting and taxation issues relating to the Proposed Disposal;
- (b) our views and advice as contained in this IAL only cater to the Non-Interested Shareholders at large and not to any Non-Interested Shareholder individually or any specific group of Non-Interested Shareholders. Hence, in carrying out our evaluation, we have not given due consideration to the specific investment objectives, risk profiles, financials and tax situations and particular needs of any individual Non-Interested Shareholder or any specific group of Non-Interested Shareholders; and
- (c) we advise that any individual Non-Interested Shareholder or any group of Non-Interested Shareholders who are in doubt as to the action to be taken or require advice in relation to the Proposed Disposal in the context of their individual investment objectives, risk profiles, financials and tax situations or particular needs, to consult their respective stockbrokers, bankers, solicitors, accountants or other professional advisers immediately.

## 5. DETAILS OF THE PROPOSED DISPOSAL

The details of the Proposed Disposal are as set out in Section 2 of Part A of this Circular.

## 6. EVALUATION OF THE PROPOSED DISPOSAL

In evaluating the Proposed Disposal, we have taken into consideration the following factors in forming our opinion:

Factors	Section reference in IAL
Rationale for the Proposed Disposal	6.1
Evaluation of the Disposal Consideration	6.2
Salient terms of the SPA	6.3
Effects of the Proposed Disposal	6.4
Market overview and industry outlook	6.5
Risk factors relating to the Proposed Disposal	6.6

## 6.1 Rationale for the Proposed Disposal

We have taken note of the rationale for the Proposed Disposal as set out in Section 4 of Part A of this Circular. The Proposed Disposal provides an opportunity for the Group to unlock its investment in the Property, and it is in line with the Group's strategy to focus on property development.

We note that GLM is principally involved in investment holding. The Group comprises four major business segments namely, property development, property investment, hotel management and operation, and plantation.

The revenue and PAT from the four major business segments of the Group for the past three (3) financial years are as follows:

	FYE 2017			FYE 2018			FYE 2019				
	Revenue		PAT	Revenue		PAT	Revenue		PAT/(LAT)		
	RM'000	%	RM'000	RM'000	%	RM'000	%	RM'000	%		
Property development	185,572	65.0	159,191	114,885	48.0	54,127	94.5	320,268	77.4	79,782	(275.8) <sup>(3)</sup>
Property investment	10,268	3.6	6,178	32,268	13.5	33,509	58.5	34,114	8.2	11,840	(40.9) <sup>(3)</sup>
Hotel management and operation	51,947	18.2	1,824	65,437	27.3	24,205	42.3	39,873	9.6	13,629	(47.1) <sup>(3)</sup>
Plantation	20,999	7.3	10,568	18,843	7.9	18,183	31.8	13,575	3.3	5,704	(19.7) <sup>(3)</sup>
Others <sup>(1)</sup>	205,404	71.9	182,274	82,418	34.4	20,491	35.8	46,522	11.2	(64,977)	224.6 <sup>(4)</sup>
Elimination <sup>(2)</sup>	(188,576)	(66.0)	(233,571)	(74,451)	(31.1)	(93,265)	(162.9)	(40,400)	(9.7)	(74,906)	258.9 <sup>(4)</sup>
<b>Total</b>	<b>285,614</b>	<b>100.0</b>	<b>126,464</b>	<b>239,400</b>	<b>100.0</b>	<b>57,250</b>	<b>100.0</b>	<b>413,952</b>	<b>100</b>	<b>(28,928)</b>	<b>100.0</b>

(Source: GLM's Annual Reports 2017, 2018 and 2019 and management of GLM)

Notes:

- (1) Others business segment include the provision of management services, investment holdings and trading in securities.
- (2) Inter-segment transactions are eliminated on consolidation.
- (3) The corresponding PAT percentage is negative due to the total aggregate LAT of approximately RM28.9 million.
- (4) The corresponding LAT percentage is positive due to the total aggregate LAT of approximately RM28.9 million.

Based on the above, the core business of the Group is property development. The property development segment of the Group which accounted for approximately 65.0% of the revenue in FYE 2017 and 48.0% of the revenue in FYE 2018 had increased to 77.4% of the revenue in FYE 2019. The property development segment is the main contributor to the PAT of the Group for the FYE 2017, FYE 2018 and FYE 2019 respectively.

The Group has proven its versatility with a diverse range of property development projects including, amongst others, affordable to high-end landed houses and high-rise luxury residential properties to Grade A office towers, all with a geographical focus in Kuala Lumpur and Selangor such as:

- (a) Damansara City, an integrated mixed development project located in Damansara Heights;
- (b) Emerald 9, a fully integrated mixed development project in 9th Mile Cheras;
- (c) Emerald Hills, a freehold development in Alam Damai, Cheras; and
- (d) Emerald Rawang, a township development in Rawang.

The Group has a sizeable land bank in Selangor and Melaka for residential, commercial and industrial development projects. In the 2019 Annual Report of GLM, we noted that GLM has the following land bank:

- (a) 3,869.0 acres of vacant freehold land at Mukim of Jasin, Melaka;
- (b) the landbank of the Group's joint ventures and associates as at 30 June 2019 include, amongst others, 541.2 acres of freehold land in Mukim of Rawang, Districts of Gombak and Ulu Selangor, Selangor Darul Ehsan for the Emerald West and Emerald East residential development projects; and
- (c) 3,069.7 acres of freehold land at Mukim of Sepang, Districts of Sepang and Kuala Langat, Selangor Darul Ehsan for the Pantai Sepang Putra residential development project.

The Proposed Disposal will enable the Group to realise its investment in the Property, which will raise gross proceeds of RM242.1 million, and result in an estimated net gain on disposal of approximately RM6.8 million to the Group. The Group will be able to utilise the proceeds primarily for repayment of bank borrowings and working capital requirements for its property development business.

The estimated net gain on disposal of approximately RM6.8 million will increase the proforma NA per GLM Share as at 30 June 2019 from RM1.93 to RM1.94 per GLM Share and the proforma gearing ratio as at 30 June 2019 will decrease from 0.94 times to 0.83 times after taking into consideration the repayment of bank borrowings of approximately RM146.0 million from part of the proceeds of the Proposed Disposal. The repayment of bank borrowings will result in an annual interest savings of approximately RM5.3 million based on the average cost of borrowing of approximately 3.65% per annum.

The proforma effects of the Proposed Disposal are further explained and illustrated in Section 7 of Part A of this Circular and Section 6.4 of this IAL.

The Proposed Disposal will allow the Group to place greater focus on its core business of property development.

The Group is currently occupying a total area of 29,685 square feet or approximately 12.8% of the net lettable area of the Property for use as the Group's headquarters. The Proposed Disposal is not expected to have any material effect on the Group's operation as GLM intends to continue leasing the occupied space within the Property.

Premised on the above, we are of the view that the rationale for the Proposed Disposal is **fair and reasonable**.

## **6.2 Evaluation of the Disposal Consideration**

### **6.2.1 Basis and justification for the Disposal Consideration**

As stated in Section 3 of Part A of this Circular, the Disposal Consideration was arrived at on a willing-buyer willing-seller basis after taking into consideration the market value of the Property of RM242.1 million as appraised by the Valuer via its Valuation Report using the investment and comparison methods of valuation.

#### **IPS' comments**

The Property is a 19-storey office building known as Menara Guoco, erected on part of that piece of freehold land held under Geran 74955, Lot 58303 in the Mukim and District of Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur. It forms part of an integrated mixed development known as Damansara City, comprising 2 office buildings (including the Property), a hotel, a retail mall, serviced apartments and car parks. The Property is strategically located in Damansara Heights, which is an established neighbourhood with easy accessibility from the Kuala Lumpur City Centre and Petaling Jaya.

The Property does not have car park bays and hence, does not generate any income from parking facilities.

As at the LPD, the Property was 97.1% occupied by tenants, which comprise multinational and local companies involved in sectors such as property development, tobacco, information technology and engineering. For the FYE 2019, the Property generated a gross rental income of approximately RM15.6 million.

Further information on the Property are as set out in Section 2.1 of Part A and Appendix II of this Circular.

The Company had appointed the Valuer to conduct the valuation of the Property. We noted that the Valuation Report was prepared in conformity with the Asset Valuation Guidelines issued by the SC and the Malaysian Valuation Standards published by the Board of Valuers, Appraisers, Estate Agents and Property Managers, Malaysia. We have relied upon the Valuation Report that was made available to us by GLM and after making due review and enquiries, are satisfied with the valuation appraisal of the Property as conducted by the Valuer.

We are of the view that the valuation methodologies applied by the Valuer are reasonable and are consistent with generally applied valuation methodologies. We are satisfied with the bases and assumptions used by the Valuer in deriving the market value of the Property. As such, we are satisfied with and have relied upon the valuation of the Property conducted by the Valuer.

The basis of valuation of the Property is the market value of the Property in its existing physical condition, taking into consideration the current tenancy status and on the basis that the strata title to the Property will be issued for commercial use conveying a freehold tenure, which is registrable, transferable and marketable and transferred to the Trustee free from encumbrances.

We noted that in arriving at the market value of the Property, the Valuer had adopted the investment and the comparison methods of valuation.

The investment method is used to value a property that generates regular income to the owner. It involves determining the net annual income derived from the Property by deducting all outgoings from the estimated gross annual income and then capitalising the net annual income with an appropriate capitalisation rate to arrive at the market value of the Property. The capitalisation rate is derived by analysing the transactions of properties deemed similar in all aspects to the Property.

The comparison method is used to determine the market value of the Property by comparing the recent sale transactions of properties within the vicinity of the Property, and then making appropriate adjustments for all dissimilarities of each property with unique characteristics, thus establishing the estimated market value of the Property.

The market value of the Property derived by adopting the comparison method and investment method are as follows:

<b>Valuation methodology</b>	<b>Market value (RM)</b>
Investment method	242,100,000
Comparison method	242,600,000

The Property is capable of generating regular rental income flow for its owner(s) over a long period and its present use is the highest and best use for the Property, hence the market value arrived at using the investment method provides the best indication of the worth of the Property. In addition, both incomes and expenditures have been calculated based on past actual information while the rate of return for the Property is based on the rate of returns for other properties that are similar as the Property. The comparison method is used to complement the market value arrived at using the investment method.

The market value of the Property derived by the Valuer from the investment method is RM242.1 million. We concur with the Valuer that the ascribed value of the Property based on the investment method of RM242.1 million is a fair representation of the market value of the Property.

Please refer to the Valuation Certificate as set out in Appendix III of this Circular.

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Our comments on the valuation methods adopted by the Valuer are as follows:

(i) **Investment method**

The key bases and assumptions adopted by the Valuer in arriving at the market value of the Property, as extracted from the Valuation Report, and our comments are as follows:

<b>IPS' comments</b>	
<p>Monthly term gross rental RM4.93 to RM7.00 per square foot ("psf")</p>	<p>Based on the tenancy agreements of the Property provided to the Valuer, the existing rentals range from RM4.93 psf to RM7.00 psf per month, depending on, among others, space occupied, duration of the tenancy and negotiations between the landlord and tenants. The Valuer had adopted the current passing rent as term gross rental rate. We are of the view that this is reasonable.</p>
<p>Reversionary gross monthly rental RM6.55 psf</p>	<p>We note that the Valuer had found that the current asking rental in Damansara Heights and the surrounding area such as Taman Tun Dr Ismail, KL Sentral and Mid Valley City are in the region of RM5.50 psf to RM9.00 psf<sup>(1)</sup> depending on, amongst others, the age, condition, Multimedia Super Corridor ("MSC") status building specification and rating classifications of the building.</p> <p>In addition, the Valuer had considered the office rental rate of newer comparable buildings as reported in the Property Market Report 2019, issued by the Valuation and Property Services Department of the Ministry of Finance Malaysia ("JPPH"). Based on the Property Market Report 2019, the monthly office rental rate of newer comparable buildings are in the region of RM5.00 psf to RM8.60 psf<sup>(2)</sup> and the Valuer's market survey on the asking rental rates are in the region of RM5.50 to RM9.00 psf. In arriving at the market rental value of the Property, the Valuer had taken into consideration the passing rental of the Property, concluded rentals and the asking rentals of similar type of office buildings within the vicinity. The Valuer had made diligent adjustments from the concluded rentals prior to arriving at the fair market rental of the Property.</p> <p>We note that the Valuer had also taken into consideration the similarities and differences in location, age of the buildings, condition, size, building features, and particularly taking into account the Property's MSC status, compliance with Green Building Index ("GBI") certified rating, the Leadership in Energy &amp; Environmental Design ("LEED") Gold rating and quality building construction work. The Valuer had made appropriate adjustments for all the dissimilarities on each unique characteristic in order to derive the estimated market rental value of the Property.</p> <p>Based on the analysis above, we note the Valuer had adopted a market rental rate of RM6.55 psf for the monthly gross rental for reversion. We are of the view that this is reasonable.</p>



<b>IPS' comments</b>	
<p>Monthly outgoings – Term and reversionary RM1.40 psf to RM1.47 psf</p>	<p>We note that the Valuer had considered the average yearly outgoings based on the psf per month for the Property from 2017 to 2019<sup>(3)</sup> and also the outgoings of other office buildings within Klang Valley<sup>(4)</sup>. The Valuer had adopted the average monthly outgoings of RM1.40 psf.</p> <p>We also note that the Valuer had adopted the average monthly outgoings for reversionary rate of RM1.47 psf in order to reflect an increase of approximately 5% based on the average outgoings for the past three (3) years in view of the rising costs due to inflation and lesser maintenance and management fee incurred after taking into consideration the age of the Property which is approximately two (2) years old.</p> <p>We concur with the Valuer that the said outgoings are reasonable and are in line with the market rate.</p>
<p>Void – 2.5%</p>	<p>We also note that the Valuer had taken into consideration the general trend of vacancy for similar types of properties and the duration of the rent-free allowance based on prevailing market practice when determining the allowance for void. We note that the Valuer had allocated 2.5% of gross annual rental for risk of vacancy period and uncertainty vacancy between rent reviews and rent-free and fitting out period as fair representation for void. We are of the view that this is reasonable.</p>
<p>Yield/ Capitalisation rate – Term and reversionary 5.50% and 5.75%</p>	<p>We note that the Valuer had arrived at the fair yield/capitalisation rates based on the yield analysis of sale transactions of similar types of properties in the vicinity of the Property. The Valuer had also analysed the rental trends and annual outgoings of similar type of properties.</p> <p>We also note that the capitalisation rate for the term and reversionary period are based on evidence obtained on transacted properties, as well as information extracted from valuations of investment properties owned by Real Estate Investment Trusts (“<b>REIT(s)</b>”) and a financial institution within Klang Valley<sup>(5)</sup> whereby the net yields ranged from 4.43% to 6.50%. The Valuer had also considered relevant factors including location, age, tenancy profile, building specification/green building features and MSC compliance.</p> <p>Based on the analysis above, we note that the Valuer had adopted a net yield (term) of 5.50% and net yield (reversionary) of 5.75% to reflect the security of the existing tenancy, certain and fixed rental income quality of the tenants. We concur with the Valuer that the net yields adopted by the Valuer are a fair representation in arriving at the market value of the Property. Accordingly, we are of the view that this is reasonable.</p>

Notes:

(1) The following are the current asking rentals of office buildings in Damansara Heights and the surrounding area:

No	Name of building	Location	Rental range (psf per month)
1	Menara Millennium	Damansara Heights	RM5.50 - RM6.20
2	Menara LGB	Taman Tun Dr. Ismail	RM5.70 - RM6.00
3	NU Tower	KL Sentral	RM7.10 - RM7.50
4	Menara Shell	KL Sentral	RM8.20 - RM8.50
5	Mercu 2	KL Eco City	RM6.50 - RM7.10
6	South Point	Mid Valley City	RM8.50 - RM9.00

(2) Based on the Property Market Report 2019 issued by JPPH, the range of rental rates of office space in Damansara Heights and the surrounding area are as follows:

No	Name of building	Location	Rental range (psf per month)
1	Plaza Zurich (HP Tower)	Damansara Heights	RM3.00 - RM4.95
2	Menara BRDB	Bangsar	RM4.65 - RM5.80
3	Menara UOA	Bangsar	RM4.65 - RM6.00
4	Menara Sapura Kencana	Publika Sri Hartamas	RM5.25 - RM6.50
5	Plaza Sentral (TH Tower)	KL Sentral	RM5.30 - RM6.80
6	The Horizon Tower 8, Avenue 5	Bangsar South	RM6.00 - RM8.60
7	Centrepoint South	Mid Valley City	RM5.00 - RM8.20

(3) The outgoings of the Property from 2017 to 2019 are as follows:

Year	Outgoings (RM)	Outgoings (psf per month)
2017	3,745,753.94	RM1.34
2018	4,140,257.63	RM1.49#
2019	3,807,376.96	RM1.37
	<b>Average</b>	<b>RM1.40</b>

# The Valuer had noted that the outgoings for 2018 had increased to RM1.49 psf from RM1.34 psf in 2017 due to the fact that the large amount of payments made in 2018 originated from some of the portions of the 2017 bill of the assessment rates.

(4) The outgoings for other office buildings within Klang Valley are as follows:

No	Name of building	Outgoings (psf per month)	Net lettable area ("NLA") (square feet ("sq. ft."))
1	Menara UOA Damansara II	RM1.39	290,793
2	Menara UOA Bangsar – Parcel B	RM1.41	307,551
3	Menara Bank Muamalat	RM1.10	221,647
4	UOA Centre Parcels	RM1.26	123,950
5	Menara Axis, Petaling Jaya	RM1.00	181,169

(5) The estimated capitalisation rates of investment properties owned by REITs and a financial institution within Klang Valley are as follows:

No	Property	Year	Estimated capitalisation rate (%)
1	Menara AmFirst	2018	6.25
2	Sunway Tower	2018	6.50
3	Sunway Clio	2017	4.43
4	Menara Shell	2016	5.50
5	Tropicana City Office Tower and Mall	2015	6.00
6	NU Tower 1	2015	4.71
7	Platinum Sentral	2015	5.62
8	Dijaya Plaza	2015	5.47

Based on the above, the market value of the Property derived by the Valuer from the investment method is RM242,100,000.

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(ii)

**Comparison method**

We noted that the Valuer had analysed sales transactions of similar type of properties that have occurred during the past 3 years within the vicinity and neighbourhood of the Property. The Valuer had analysed the following comparable transactions:

Details	Comparable 1	Comparable 2	Comparable 3
Source	JPPH and announcement from Bursa Securities	JPPH and announcement from Bursa Securities	First Pacific Group Internal Database Research – Sale and purchase agreement dated 15 <sup>th</sup> March 2018.
Sirata Title No.	Pajakan Negeri 46338	Geran 68832	Master Title No. Pajakan Negeri 52716
Lot No.	Lot 58190	Lot 57687	Parent Lot 20007 Section 95A
Mukim District	Kuala Lumpur	Kuala Lumpur	Kuala Lumpur
State	Kuala Lumpur	Kuala Lumpur	Kuala Lumpur
Address	Federal Territory of Kuala Lumpur Ikhlas Point, Tower 11, Avenue 5, The Horizon, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur	Federal Territory of Kuala Lumpur Wisma UOA Pantai, No. 11, Jalan 4/83A, Jalan Pantai Baru, 59200 Kuala Lumpur	Federal Territory of Kuala Lumpur ACE Tower, BO2-B-5-1 to BO2-B-18A-1, Menara 3, No. 3 Jalan Bangsar, KL Eco City, 59200 Kuala Lumpur
Type	12-storey with 1 lower ground floor office building	5-storey office building with 2 mezzanine floors and 3 levels of basement car park space	12 units of boutique office space within 21-storey office building
Age	Approximately 11 years	Approximately 13 years	Approximately 2 years
NLA	5,021 square metres (54,046 sq. ft.)	14,593 square metres (157,083 sq. ft.)	5,947 square metres (64,016 sq. ft.)
Tenure	99 years lease expiring on 16 August 2106	Term in perpetuity (freehold)	99 years lease expiring 5 December 2113
Date of transaction	28 December 2018	8 June 2018	15 March 2018
Vendor	Takaful Ikhlas Family Berhad	RHB Trustees Berhad	Nurimekar Sdn. Bhd.
Purchaser	Sanichi Capital Berhad	CIMB Bank Berhad	ACE Corporation (M) Sdn. Bhd.
Consideration	RM46,000,000	RM120,000,000	RM85,000,000
Analysis (psf)	RM851.13	RM647.00	RM1,327.79
Adjustment factors considered	Tenure, location, size, building certification	(GBI, LEED, MSC), age of the building and type of title	(strata or individual)
Adjusted value (psf)	RM1,042.63	RM792.63	RM1,394.18

We note that the Valuer had found that the recent transacted price psf of office buildings within the vicinity of the Property ranges from approximately RM647.00 psf to RM1,327.79 psf. Relevant adjustments were made for tenure, location, size, building certification, age of the building and type of title (strata or individual) by the Valuer and the values derived are between RM792.63 psf to RM1,394.18 psf.

Based on the above, the Valuer had used Comparable 1 as the best comparable as it was the latest transacted comparable sale to occur and is a parcel of stratified office building similar to the Property.

For the purpose of valuation, the Valuer had adopted a value of RM1,045 psf. The market value of the Property derived by the Valuer from the comparison method is RM242.6 million. We concur with the Valuer that the ascribed value of the Property based on the comparison method of RM242.6 million is fair.

Based on our analysis of the investment and comparison methods, we are of the view that it is reasonable for the Valuer to use the investment method as the best approach to value the Property, and that the key bases and assumptions of the investment method adopted by the Valuer are reasonable.

Premised on the above, we are of the view that the Disposal Consideration based on the Valuer's appraisal of the market value of the Property of RM242.1 million is **fair and reasonable**.

### 6.3 Salient terms of the SPA

The salient terms of the SPA are set out in Appendix I of this Circular. Our comments on the salient terms are as follows:

<b>Salient terms of the SPA</b>	<b>IPS' comments</b>
<p><b><u>Agreement for sale and purchase</u></b></p> <p>The Property is sold by DC Offices and purchased by the Trustee on, among others, the following basis:</p> <ul style="list-style-type: none"> <li>(i) the sale of the Property is subject to fulfilment of all conditions precedent as set out in the conditions precedent below;</li> <li>(ii) the Property is sold free from encumbrance;</li> <li>(iii) the Property is sold together with all associated rights and benefits of DC Offices as at the Completion Date;</li> <li>(iv) the Property is sold subject to the Existing Agreements, and on the basis that the Existing Agreements are novated to the Trustee wherever possible, or all benefits, rights, entitlements and interest of DC Offices under the Existing Agreements are assigned to the Trustee;</li> <li>(v) the Property is sold subject to all conditions of title and restrictions in interest affecting the land on which the Property is situated or otherwise affecting the Property, express or implied, including all endorsements and conditions as may be set out in the strata title of the Property to be issued;</li> <li>(vi) the Property is sold in 'as is where is' condition as at the Completion Date; and</li> <li>(vii) the Property is sold with all licenses, approvals and certificate(s) of completion and compliance issued for the same.</li> </ul>	<p>These clauses set out the basis of the sale and purchase of the Property between DC Offices and the Trustee.</p> <p>These clauses are typical to transactions of such nature and as such we are of the view that these are <b>fair and reasonable</b>.</p>

Salient terms of the SPA	IPS' comments
<p><b><u>Conditions precedent</u></b></p> <p>The SPA is conditional upon fulfillment of the following conditions precedent within the Compliance Period:</p> <ul style="list-style-type: none"> <li>(i) DC Offices having obtained the approval of the shareholders of its holding company, GLM, at a general meeting for its sale of the Property upon the terms of the SPA;</li> <li>(ii) the Trustee and the Manager having obtained the approval of the unitholders of Tower REIT at a unitholders' meeting for its purchase of the Property upon the terms of the SPA;</li> <li>(iii) the Trustee being satisfied with the results of the technical due diligence of the Property;</li> <li>(iv) in the event the market value of the Property as stated in the Valuation Report is varied or adjusted by the Valuer pursuant to comments received from the appropriate authorities, the Trustee and DC Offices having agreed to proceed with the sale and purchase at the Disposal Consideration or at such other price as mutually agreed between the Trustee and DC Offices. If the mutually agreed price is different from the Disposal Consideration, the parties having entered into a supplemental agreement to reflect such mutually agreed price; and</li> <li>(v) any other approvals or consents from third parties and any other matter as may be agreed in writing by DC Offices and the Trustee.</li> </ul> <p>If any of the conditions precedent to the SPA is not fulfilled by the last day of the Compliance Period, either party may terminate the SPA by notice in writing to the other, whereupon the SPA shall terminate and be null and void and of no further effect and neither party shall have any claim against the other party.</p> <p>The SPA shall become unconditional and effective on the date when the last of the conditions precedent is fulfilled or such later date as may be agreed in writing between the Trustee and DC Offices.</p>	<p>The conditions precedent are ordinary terms that are typical to transactions of such nature. These conditions precedent are mainly approvals from the relevant parties to give effect to the Proposed Disposal and are common terms in a sale and purchase agreement of this nature.</p> <p>As such, we are of the view that the conditions precedent are <b><u>fair</u></b> and <b><u>reasonable</u></b>.</p>

Salient terms of the SPA	IPS' comments
<p><b><u>Disposal Consideration</u></b></p> <p>The Disposal Consideration agreed between DC Offices and the Trustee, on a willing buyer willing seller basis, is RM242.1 million and the Trustee shall pay the Disposal Consideration within the Completion Period.</p> <p>If the Trustee fails to pay the Disposal Consideration or any part thereof within the Completion Period, DC Offices shall automatically extend time by the Extended Completion Period provided always that the Trustee pays DC Offices late payment interest (chargeable at the simple interest rate of 8% per annum) on the amount due and remaining unpaid, commencing from the day after the last day of the Completion Period until the date of full and final settlement of the same.</p>	<p>This clause sets out the terms of payment and the Disposal Consideration of the Property. The Disposal Consideration of the Property is at the market value which is appraised by the Valuer. Please refer to Appendix III of this Circular for the Valuation Certificate for the basis at arriving at the market value of the Property.</p> <p>Taking the above into consideration, we are of the view that this clause is <b><u>fair</u></b> and <b><u>reasonable</u></b>.</p>
<p><b><u>Novation and assignment agreements</u></b></p> <p>The Existing Agreements shall be dealt with in the following manner:</p> <ul style="list-style-type: none"> <li>(i) DC Offices may request the applicable third party to the Existing Agreements to sign and return the novation agreements in relation to the Existing Agreements;</li> <li>(ii) in lieu of a novation agreement, the parties to the SPA may agree to the execution and delivery of new agreements to be made between the Trustee and the applicable third party and the termination of the applicable Existing Agreements and the release of DC Offices thereunder; or</li> <li>(iii) if any applicable third party fails to execute the novation agreement in relation to the Existing Agreement, DC Offices shall (unless waived by the Trustee) sign and deliver an assignment agreement to assign the full benefits, entitlements, rights, title and interests of DC Offices under and arising from that Existing Agreement to the Trustee.</li> </ul>	<p>These terms set out the manner in which all agreements and contracts entered into by DC Offices (whether by formal agreements or exchange of letters) in relation to the Property, or any part thereof (including but not limited to tenancy agreements), are dealt with.</p> <p>We are of the view that these terms are <b><u>fair</u></b> and <b><u>reasonable</u></b>.</p>

Salient terms of the SPA	IPS' comments
<p><b><u>Completion</u></b></p> <p>On payment of the full Disposal Consideration, the following shall be treated to have occurred as from time of the Completion Date:</p> <ul style="list-style-type: none"> <li>(i) full beneficial interests in, and title to, the Property shall be conveyed to the Trustee and its successors in title and lawful assigns;</li> <li>(ii) legal possession of the Property shall be conveyed to the Trustee;</li> <li>(iii) with the delivery of legal possession, risks shall pass to the Trustee;</li> <li>(iv) all associated rights and benefits shall be assigned absolutely and unconditionally by DC Offices to the Trustee; and</li> <li>(v) the Trustee shall assume the liabilities under the Existing Agreements accruing as from the Completion Date.</li> </ul> <p><b><u>Property sold free from claims and liabilities</u></b></p> <p>The Trustee shall indemnify DC Offices against the Liabilities that may be sustained by DC Offices if any claim is made against DC Offices for any Liabilities accruing after (and including) the Completion Date.</p> <p>DC Offices shall indemnify the Trustee against all Liabilities that may be sustained by the Trustee if any claim is made against the Trustee for any Liabilities accruing before (and excluding) the Completion Date.</p>	<p>These terms spell out that upon full payment and completion, it shall be deemed that full beneficial interests, title, legal possession, risks, all associated rights and benefits, and liabilities shall pass to the Trustee.</p> <p>We are of the view that these terms are <b><u>fair</u></b> and <b><u>reasonable</u></b>.</p>
<p>The Trustee shall indemnify DC Offices against the Liabilities that may be sustained by DC Offices if any claim is made against DC Offices for any Liabilities accruing after (and including) the Completion Date.</p> <p>DC Offices shall indemnify the Trustee against all Liabilities that may be sustained by the Trustee if any claim is made against the Trustee for any Liabilities accruing before (and excluding) the Completion Date.</p>	<p>This clause serves to safeguard the interests of DC Offices against all Liabilities that may be sustained by DC Offices if any claim is made against DC Offices for any Liabilities accruing after (and including) the Completion Date.</p> <p>This clause also serves to safeguard the interests of the Trustee against all Liabilities that may be sustained by the Trustee for any Liabilities accruing before (and excluding) the Completion Date.</p> <p>Therefore, we are of the view that this clause is <b><u>fair</u></b> and <b><u>reasonable</u></b>.</p>



Salient terms of the SPA	IPS' comments
<p><b>Default</b></p> <p>(i) If, for any reason whatsoever:</p> <p>(a) the Trustee fails to pay an amount due to DC Offices in accordance with the provisions of the SPA;</p> <p>(b) the Trustee fails to observe or perform any material obligation on its part contained in the SPA (other than (a) above) and if such failure is capable of remedy, the Trustee having failed to remedy the same to the reasonable satisfaction of DC Offices within 10 days from the date of written notice from DC Offices to the Trustee requesting remedy thereof; or</p> <p>(c) any of the representations or warranties of the Trustee shall at any time be found to be incorrect, untrue or misleading in any material aspect,</p> <p>DC Offices shall be entitled to terminate the SPA by notice in writing to the Trustee, whereupon:</p> <p>(aa) if the Disposal Consideration or any part thereof has been paid to DC Offices, DC Offices shall deduct and forfeit the Agreed Liquidated Damages from the Disposal Consideration received by it or if no Disposal Consideration has been paid to DC Offices, the Trustee shall pay the Agreed Liquidated Damages to DC Offices within 10 business days from the date of receipt of DC Offices' notice of termination;</p> <p>(bb) DC Offices shall then refund and/or procure the refund of any other amount paid by the Trustee towards the Disposal Consideration (if paid) free of interest after deducting the Agreed Liquidated Damages;</p> <p>(cc) in exchange of the full refund under (bb) above, the Trustee shall perform its termination obligations pursuant to the terms of the SPA,</p> <p>and thereafter the SPA shall terminate and be null and void and be of no further effect and neither party shall have any claim against the other (save and except for antecedent breach).</p>	<p>This clause safeguards the interest of DC Offices in the event of a default by the Trustee. We noted that under such circumstances, DC Offices may issue to the Trustee a notice specifying the relevant breach and requiring the Trustee to remedy such breach within 10 days from the date of such notice ("<b>Remedy Period</b>"). If the Trustee fails to remedy the relevant breach within the Remedy Period, DC Offices shall have the right to terminate the SPA.</p> <p>This clause also sets out Agreed Liquidated Damages that DC Offices is entitled to in the event of a default by the Trustee. We noted that if the Disposal Consideration or any part thereof has been paid to DC Offices, DC Offices shall deduct and forfeit the Agreed Liquidated Damages from the Disposal Consideration received by it or if no Disposal Consideration has been paid to DC Offices, the Trustee shall pay the Agreed Liquidated Damages to DC Offices within 10 business days from the date of receipt of DC Offices' notice of termination and thereafter the SPA shall be terminated.</p>

Salient terms of the SPA	IPS' comments
<p>(ii) If, for any reason whatsoever:</p> <p>(a) DC Offices fails to perform any material obligations on its part contained in the SPA and if such failure is capable of remedy, DC Offices having failed to remedy the same to the reasonable satisfaction of the Trustee within 10 days from the date of written notice from the Trustee to DC Offices requesting remedy thereof; or</p> <p>(b) any of the representations or warranties of DC Offices shall at any time be found to be incorrect, untrue or misleading in any material aspect,</p> <p>the Trustee shall be entitled to the remedy at law for specific performance. Alternatively, at the election of the Trustee, it may terminate the SPA by notice in writing to DC Offices whereupon:</p> <p>(aa) DC Offices shall refund and/or procure the refund of all amounts paid by the Trustee towards the Disposal Consideration together with interest accrued thereon;</p> <p>(bb) DC Offices shall pay to the Trustee the Agreed Liquidated Damages within 10 business days from the date of receipt of the Trustee's notice of termination;</p> <p>(cc) in exchange of the full refund and payment under (aa) and (bb) above, the Trustee shall perform its termination obligations pursuant to the terms of the SPA,</p> <p>and thereafter the SPA shall terminate and be null and void and be of no further effect and neither party shall have any claim against the other (save and except for antecedent breach).</p> <p>(iii) Upon termination of the SPA in accordance with (i) and (ii) above, DC Offices shall be at liberty to sell or otherwise deal with the Property in any manner as DC Offices deems fit without reference to the Trustee.</p>	<p>This clause safeguards the interest of the Trustee in the event of a default by DC Offices. We noted that under such circumstances, the Trustee may issue to DC Offices a notice specifying the relevant breach and requiring DC Offices to remedy such breach within the Remedy Period. If DC Offices fails to remedy the relevant breach within the Remedy Period, the Trustee shall have the right to terminate the SPA or may seek specific performance.</p> <p>This clause sets out the Agreed Liquidated Damages that the Trustee is entitled to in the event of a default by DC Offices. We noted that DC Offices shall pay to the Trustee the Agreed Liquidated Damages within 10 business days from the date of receipt of the Trustee's notice of termination, and thereafter the SPA shall be terminated.</p> <p>Thus, we are of the view that the clauses to safeguard the interests of both DC Offices and the Trustee in the event of a default by either party are <b>fair and reasonable</b>.</p>

Based on our evaluation of the salient terms of the SPA, we are of the view that the salient terms of the SPA are generally on normal commercial terms for transactions of such nature and the said terms are **fair and reasonable**.

#### 6.4 Effects of the Proposed Disposal

The financial effects of the Proposed Disposal are as set out in Section 7 of Part A of this Circular.

Our comments on the financial effects of the Proposed Disposal are as follows:

<b>Effects of the Proposed Disposal on:</b>	<b>IPS' comments</b>
Issued share capital and substantial shareholders' shareholdings	The Proposed Disposal will not have any effect on the issued share capital of GLM and the shareholdings of the substantial shareholders of GLM as the Proposed Disposal does not involve any issuance of new GLM Shares.
NA and gearing	The proforma NA per share will increase from RM1.93 per GLM Share to RM1.94 per GLM Share due to the estimated net gain on disposal of the Property of approximately RM6.8 million.  Assuming the Proposed Disposal had been effected on 30 June 2019, the proforma gearing of the Group will decrease from 0.94 times to 0.83 times due to the increase in NA of approximately RM6.8 million, as well as the repayment of bank borrowings of approximately RM146.0 million which will reduce the total borrowings of the Group from RM1,221.8 million as at 30 June 2019 to RM1,075.8 million.

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Effects of the Proposed Disposal on: Earnings and EPS	IPS' comments
	<p>The Proposed Disposal is not expected to have any material effect on the consolidated earnings and EPS of GLM for the FYE 2020 and FYE 2021.</p> <p>However, based on the latest audited consolidated financial statements of GLM for the FYE 2019 and assuming that the Proposed Disposal had been completed at the beginning of the said financial year, the proforma LAT attributable to shareholders of GLM will reduce from approximately RM32.8 million to RM29.8 million, which will result in the reduction of the loss per share of GLM from 4.9 sen to 4.5 sen per GLM Share after taking into the account the following:</p> <ul style="list-style-type: none"> <li>(a) estimated one-off net gain on disposal of the Property of approximately RM6.8 million;</li> <li>(b) the interest savings arising from the repayment of bank borrowings of approximately RM5.3 million based on the average cost of borrowing of approximately 3.65% per annum;</li> <li>(c) the loss from the share of results in Tower REIT of RM0.3 million, based on GLM's interest in Tower REIT of approximately 21.7%; and</li> <li>(d) the loss of net income contribution from the Property of RM8.9 million, based on the gross rental income of the Property for the FYE 2019 of approximately RM15.6 million, and after deducting building operating expenses of approximately RM3.8 million and tax expenses of approximately RM2.8 million.</li> </ul>

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We note that upon completion of the Proposed Disposal, the Group will recognise an estimated net gain of RM6.8 million. The estimated net gain of RM6.8 million was due to the reversal of deferred tax of approximately RM7.45 million as the Group will be able to save on the payment of real property gain taxes arising from the Proposed Disposal pursuant to the Real Property Gains Tax (Exemption) (No. 4) Order 2003. Presently the Property is recorded at fair value in the accounts as it is treated as an investment property.

In addition, upon completion of the Proposed Disposal, the Group will no longer recognise rental income, building operating expenses and the tax expenses associated with the Property. We have noted the loss of net income contribution from the Property of RM8.9 million as explained in the earnings and EPS table above. Nevertheless, we wish to emphasize that the Property is disposed at the market value of RM242.1 million ascribed by the Valuer, and the proceeds from the disposal of the Property will be utilised by the Group for the following :

- (a) part repayment of bank borrowings of approximately RM146.0 million which is expected to result in interest savings of approximately RM5.3 million per annum, based on the average cost of borrowings of approximately 3.65% per annum; and
  - (b) approximately RM95.47 million is to be utilised as working capital requirements for its property development business,
- which are expected to contribute positively to the earnings and EPS of the Group for the ensuing financial years .

Based on the above, taken as a whole, we are of the view that the overall financial effects of the Proposed Disposal are **fair and reasonable and not detrimental to the interests of the Non-Interested Shareholders.**

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## 6.5 Market overview and industry outlook

### 6.5.1 Overview of the Malaysian economy

The Malaysian economy moderated sharply to 0.7% in the first quarter of 2020 (4Q 2019: 3.6%). On the supply side, the services and manufacturing sectors moderated while the other sectors contracted. In terms of expenditure, external demand and investments declined, while private consumption growth moderated. On a quarter-on-quarter seasonally-adjusted basis, the economy contracted by 2.0%.

The moderation reflected the impact of measures taken both globally and domestically to contain the spread of the COVID-19 pandemic. Domestically, it mainly reflected the implementation of the MCO. After a steady expansion in the first two months of the quarter, economic activity came to a sharp downshift with the implementation of the MCO on 18 March 2020. Movement restrictions including international and domestic travel restrictions, limited work and operating hours and mandatory social distancing significantly curtailed economic activity. Production was only permitted for essential goods and services and the industries integral to their supply chains. Labour-intensive and consumer-oriented sectors were also impacted.

During the quarter, headline inflation remained modest at 0.9%, mainly reflecting the lapse in the remaining impact from Sales and Services Tax implementation and lower price-volatile inflation. Core inflation moderated slightly to 1.3%.

The economic stimulus measures implemented by the Government of Malaysia will provide sizeable assistance to households and businesses. This is further augmented by the BNM's broad array of measures, including reductions in the Overnight Policy Rate ("**OPR**") and Statutory Reserve Requirement ("**SRR**"), deferment of loan and financing repayments for a period of six months for individual and small and medium enterprises ("**SME**") borrowers, daily market operations to ensure ample liquidity, and enhancements to existing financing facilities under BNM's Fund for SMEs. BNM has also allowed banks to utilise their regulatory buffers to further ensure continued financial intermediation.

The global and Malaysian economic outlook for 2020 will be significantly impacted by the COVID-19 pandemic as strict measures to contain the spread of the pandemic, will weigh considerably on both external demand and domestic growth. The Malaysian economy is expected to contract in the second quarter. This reflects the longer duration of containment measures both globally and domestically. As these containment measures are eased and the domestic MCO is lifted, economic activity is expected to gradually improve in the second half ("**2H**") of 2020. The sizable fiscal, monetary and financial measures and progress in transport-related public infrastructure projects will provide further support to growth in 2H of 2020. In line with the projected improvement in global growth, the Malaysian economy is expected to register a positive recovery in 2021.

Average headline inflation in 2020 is likely to turn negative, due mainly to projections of substantially lower global oil prices. Going forward, the outlook of headline inflation remains significantly affected by global oil and other commodity prices including food, as well as evolving demand conditions. Underlying inflation is expected to be subdued amid the projections of weaker domestic growth prospects and labour market conditions.

*(Source: Economic and Financial Developments in the Malaysian Economy in the First Quarter of 2020, BNM)*

### 6.5.2 Overview of the property industry in Malaysia

The property market performance recorded a slight improvement with a marginal increase in 2019. A total of 328,647 transactions worth RM141.40 billion were recorded, showing an increase of 4.8% in volume and 0.8% in value compared to 2018, which recorded 313,710 transactions worth RM140.33 billion.

Sectoral market activity performance improved marginally: residential (6.0%), commercial (7.2%), industrial (3.8%), and agriculture (2.0%) with the exception of development land sub-sector, which declined slightly by 1.2%. In terms of value of transactions, residential sub-sector recorded a 5.3% growth, whereas commercial, industrial, agriculture and development land sub-sectors recorded otherwise, decreased by -1.8%, -1.1%, -4.4% and -9.1% respectively.

The residential sub-sector led the overall property market, with 63.7% contribution. This was followed by agriculture sub-sector (20.9%), commercial (7.8%), development land (5.7%) and industrial (1.9%). In terms of value, residential took the lead with 51.2% share, followed by commercial (20.5%), industrial (10.5%), development land (9.0%) and agriculture (8.8%).

The commercial sub-sector performed moderately in 2019. There were 25,654 transactions worth RM28.99 billion recorded, up by 7.2% in volume but the value had declined by 1.8%. All states recorded higher market volume except for Kuala Lumpur, Negeri Sembilan and Perlis. On the contrary, the total commercial transactions value recorded a decline as half the states in the country saw a decline.

Nevertheless, the overall performance of the office sub-sector in Malaysia was less promising as the overall occupancy rate declined to 80.6% in 2019, down from 82.4% in 2018.

There were 21 new completions offering a total space of 576,179 square meters (“s.m.”), a significant increase compared to 2018 (250,938 s.m.). Only eight of the new completions were buildings belonging to the Government of Malaysia whilst the remaining thirteen of the newly completed buildings were private buildings. Three of the thirteen newly completed private buildings are located in Kuala Lumpur namely Menara Prudential, The Exchange 106 and Eko Cheras Office Suite. As at end-2019, there was a total of 22.59 million s.m. existing office space from 2,549 buildings, while another 51 buildings with 2.38 million s.m. in the incoming supply and 15 buildings with nearly 0.4 million s.m. in the planned supply. Kuala Lumpur dominated all three categories of supplies.

The office rental market was generally stable with minimal mixed movements in selected buildings. Office space in the Intermark, Kuala Lumpur commanded a higher rental range of RM99 per square meter (“p.s.m.”) to RM129 p.s.m. In KL Sentral, the market was generally stable with office space in 1 Sentrum and Q Sentral securing rental rates ranging from RM70 p.s.m to RM86 p.s.m. and RM55 p.s.m to RM75 p.s.m. respectively. In Selangor, Jaya 33’s tower block secured a rental range of RM41 p.s.m. to RM53 p.s.m., while office space in Century Square and Wisma Mustapha Kamal, both in Cyberjaya were rented at the range of RM40 p.s.m. to RM52 p.s.m.

*(Source: Property Market Report 2019, Valuation and Property Service Department, Ministry of Finance Malaysia)*

### **6.5.3 Overview of the property industry in Kuala Lumpur**

The property market performance in Kuala Lumpur softened in 2019 indicated by the contraction in market activity. The review period registered 15,427 transactions with a total value of RM18.37 billion, declined by 0.4% and 21.2% in volume and value respectively over 2018 (15,488 transactions worth RM23.30 billion). Residential subsector continued to propel the overall market, accounting for 72.0% of the state’s property market volume. This was followed by the commercial (25.8%), development land (1.3%) and industrial (1.0%) sub-sectors.

Market movements across all sub-sectors were on the downtrend except for residential sub-sector which increased by a mere 1.1%. Other sub-sectors witnessed contraction, led by development land (-19.4%), industrial (-14.4%) and commercial (-2.6%). In terms of value, only industrial sub-sector showed an upward pattern whereas development land, commercial and residential sub-sectors recorded otherwise.

The commercial property sub-sector in Kuala Lumpur recorded 3,974 transactions with a total value of RM8.56 billion in 2019 against 2018 (4,079 transactions worth RM11.69 billion). This indicated a decline of 2.6% in volume and 26.8% in value against 2018 as fewer numbers of major sales recorded in the year.

The purpose-built office segment saw two prominent transactions in 2019. These included The Menara AIMS in Jalan Changkat Raja Chulan and Wisma MPL in Jalan Raja Chulan.

The average occupancy rate for purpose-built office reduced to 78.3% in 2019 as compared to 79.7% in 2018. The annual take-up was at 72,716 s.m. (2018: 341,604 s.m.). This was due to low take-up in several purpose-built offices.

Prices of office space in purpose-built office buildings saw mixed performance across the board. In the central town prime area, a marginal decline between 2.5% and 3.1% was recorded in Vogue Suites One (level 33) and Menara UOA Bangsar (level 13 to level 22). On a positive note, 3 Towers (level 14 to level 22) and Phileo Promenade (level 11) recorded a slight increase of 5.9% and 6.7% respectively. In the central town secondary area, a marginal decrease of more than 3.0% showed at Plaza Sentral (level 23) and Q Sentral (level 18 to level 22). The highest price range was recorded at Gleaneagles Medical Centre (level 5 to level 6) at RM16,162 p.s.m. to RM20,990 p.s.m.

The office rental market remained stable in 2019. Several office buildings witnessed double-digit growth namely Plaza See Hoy Chan, Jalan Raja Chulan, The Horizon, Bangsar South (Tower 2A, Avenue 5) and The Horizon, Bangsar South (Tower 6, Avenue 5). Petronas Twin Towers remained the highest rental in the sub-sector with ranging between RM96.87 p.s.m. and RM129.17 p.s.m.

As at the fourth quarter (“Q4”) of 2019, the Purpose-Built Office Rental Index for the state stood at 140.4 points, up by 3.2% from 136.1 points in Q4 2018. The Purpose-Built Office Average Rental as at Q4 2019 stood at RM54.19 p.s.m., increased from RM52.54 p.s.m., recorded in Q4 2018.

*(Source: Property Market Report 2019, Valuation and Property Service Department, Ministry of Finance Malaysia)*

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### **IPS' comments:**

We noted that the Malaysian economy moderated sharply to 0.7% in the first quarter of 2020 which reflected the impact of measures taken both globally and domestically to contain the spread of the COVID-19 pandemic. Domestically, it mainly reflected the implementation of the MCO. After a steady expansion in the first two months of the quarter, economic activity came to a sharp downshift with the implementation of the MCO on 18 March 2020. Movement restrictions including international and domestic travel restrictions, limited work and operating hours and mandatory social distancing significantly curtailed economic activity. Production was only permitted for essential goods and services and the industries integral to their supply chains. Labour-intensive and consumer-oriented sectors were also impacted.

The economic stimulus measures implemented by the Government of Malaysia will provide sizeable assistance to households and businesses. This is further augmented by BNM's broad array of measures, including reductions in the OPR and SRR, deferment of loan and financing repayments for a period of six months for individual and SME borrowers, daily market operations to ensure ample liquidity, and enhancements to existing financing facilities under BNM's Fund for SMEs. BNM has also allowed banks to utilise their regulatory buffers to further ensure continued financial intermediation.

In addition, we noted that the Malaysian economy is expected to contract in the second quarter. This reflects the longer duration of containment measures both globally and domestically. Nevertheless, as these containment measures are eased and the domestic MCO is lifted, economic activity is expected to gradually improve in 2H of 2020. The sizable fiscal, monetary, and financial measures and progress in transport-related public infrastructure projects will provide further support to growth in 2H of 2020.

The property market performance recorded a slight improvement with a marginal increase in 2019. A total of 328,647 transactions worth RM141.40 billion were recorded, showing an increase of 4.8% in volume and 0.8% in value compared to 2018, which recorded 313,710 transactions worth RM140.33 billion.

Nevertheless, the overall performance of the office sub-sector in Malaysia was less promising as the overall occupancy rate declined to 80.6% in 2019, down from 82.4% in 2018.

The property market performance in Kuala Lumpur softened in 2019 indicated by the contraction in market activity. There were 15,427 registered transactions with a total value of RM18.37 billion, which declined by 0.4% and 21.2% in volume and value respectively over 2018 (15,488 transactions worth RM23.30 billion). Residential subsector continued to propel the overall market, accounting for 72.0% of the state's property market volume. This was followed by the commercial (25.8%), development land (1.3%) and industrial (1.0%) sub-sectors.

The commercial property sub-sector in Kuala Lumpur recorded 3,974 transactions with a total value of RM8.56 billion in 2019 against 2018 (4,079 transactions worth RM11.69 billion). This indicated a decline of 2.6% in volume and 26.8% in value against 2018 as fewer numbers of major sales recorded in 2019.

The average occupancy rate for purpose-built offices in Kuala Lumpur had reduced to 78.3% in 2019 as compared to 79.7% in 2018. The annual take-up was at 72,716 s.m. (2018: 341,604 s.m.). This was due to low take-up in several purpose-built offices.

The prices of office space in purpose-built office buildings in Kuala Lumpur saw mixed performance across the board whereby the change in prices ranged from a decline of 3.1%, which was recorded at Menara UOA Bangsar in Bangsar, up to an increase of 6.7%, which was recorded at Phileo Promenade on Jalan Tun Razak in Kuala Lumpur.

In regards to the Property, we noted that the occupancy rate of the Property as at the LPD is approximately 97.1%, representing close to a full occupancy rate of 100%. We have also considered the bases and assumptions adopted by the Valuer in valuing the Property in the Valuation Report and we opined that the short and medium-term prospects of capital appreciation of the Property are likely to be limited. Hence, we are of the view that it is **reasonable** for the Group to realise its investment in the Property against the backdrop of an expected economic contraction as projected by BNM.

## **6.6 Risk factors relating to the Proposed Disposal**

In considering the Proposed Disposal, the Non-Interested Shareholders are advised to give careful consideration to the risk factor as set out in Section 6 of Part A of this Circular.

### **IPS' comments**

Apart from the risk factor that had been stated in Section 6 of Part A of this Circular, we wish to also highlight the risk of delay in the settlement of the Disposal Consideration of the Proposed Disposal. The Trustee had warranted and undertook to settle the Disposal Consideration within the Completion Period. However, there is a risk that the Trustee may not be able to settle the Disposal Consideration in a timely manner. In order to ensure that the interest of the Group is safeguarded, it is provided in the terms of the SPA that in the event that the Trustee fails to pay the Disposal Consideration or any part thereof within the Completion Period, DC Offices shall automatically extend time by the Extended Completion Period, provided always that the Trustee pays DC Offices late payment interest (chargeable at the simple interest rate of 8% per annum) on the amount due and remaining unpaid, commencing from the day after the last day of the Completion Period until the date of full and final settlement of the same.

We note that Tower REIT intends to finance the acquisition of the Property through debt financing. Based on the latest quarterly results of Tower REIT for the 9-month FPE 31 March 2020, we note that the total borrowings of Tower REIT of RM17.6 million represents approximately 3.04% of the total assets of Tower REIT of approximately RM578.66 million. As such, with Tower REIT's low gearing level, we believe that Tower REIT is likely to be able to procure debt financing from a financial institution(s) to finance the acquisition of the Property. In addition, as Tower REIT is listed on the Main Market of Bursa Securities, we believe that the Manager and the Trustee will ensure timely completion of the acquisition of the Property from GLM.

We wish to highlight to the Non-Interested Shareholders that no assurance can be given that the risk factors, as stated above and in Section 6 of Part A of this Circular, will not occur and affect the completion of the Proposed Disposal.

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## 7. CONCLUSION AND RECOMMENDATION

The Non-Interested Shareholders should take into account all the merits and demerits of the Proposed Disposal based on all relevant pertinent factors including those which are set out in Part A of this Circular, the relevant appendices thereof, this IAL and other publicly available information.

In our evaluation of the Proposed Disposal and in arriving at our opinion, we have taken into consideration various factors which are summarised as follows:

- (i) the rationale for the Proposed Disposal is fair and reasonable;
- (ii) the basis and justification of arriving at the Disposal Consideration are fair and reasonable;
- (iii) the salient terms of the SPA are fair and reasonable;
- (iv) the financial effects of the Proposed Disposal on the Group, taken as a whole, are not detrimental to the interests of the Non-Interested Shareholders;
- (v) the market overview and industry outlook; and
- (vi) the risk factors associated with the Proposed Disposal.

After having considered all the various factors included in our evaluation for the Proposed Disposal and based on the information made available to us, we are of the opinion that the Proposed Disposal is **fair and reasonable** insofar as the Non-Interested Shareholders are concerned and it is **not to the detriment** of the Non-Interested Shareholders.

Accordingly, we recommend the Non-Interested Shareholders to **vote in favour** of the ordinary resolution pertaining to the Proposed Disposal that is to be tabled at the Company's forthcoming EGM.

Yours faithfully,  
For and on behalf of  
**INTER-PACIFIC SECURITIES SDN.BHD.**

**TAN KOK TIAM**  
Head  
Corporate Finance

**SOON WAI LEONG**  
Senior Manager  
Corporate Finance

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**SALIENT TERMS OF THE SPA**

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The salient terms of the SPA are as follows:

**1. Agreement for sale and purchase**

The Property is sold by DC Offices and purchased by the Trustee on, among others, the following basis:

- (i) the sale of the Property is subject to fulfilment of all conditions precedent as set out in Section 2 below;
- (ii) the Property is sold free from encumbrance;
- (iii) the Property is sold together with all associated rights and benefits of DC Offices as at the Completion Date;
- (iv) the Property is sold subject to the Existing Agreements, and on the basis that the Existing Agreements are novated to the Trustee wherever possible, or all benefits, rights, entitlements and interest of DC Offices under the Existing Agreements are assigned to the Trustee;
- (v) the Property is sold subject to all conditions of title and restrictions in interest affecting the land on which the Property is situated or otherwise affecting the Property, express or implied, including all endorsements and conditions as may be set out in the strata title of the Property to be issued;
- (vi) the Property is sold in 'as is where is' condition as at the Completion Date; and
- (vii) the Property is sold with all licenses, approvals and certificate(s) of completion and compliance issued for the same.

**2. Conditions precedent**

The SPA is conditional upon fulfilment of the following conditions precedent within the Compliance Period:

- (i) DC Offices having obtained the approval of the shareholders of its holding company, GLM, at a general meeting to its sale of the Property upon the terms of the SPA;
- (ii) the Trustee and the Manager having obtained the approval of the unitholders of Tower REIT at a unitholders' meeting to its purchase of the Property upon the terms of the SPA;
- (iii) the Trustee being satisfied with the results of the technical due diligence of the Property;
- (iv) in the event the market value of the Property as stated in the Valuation Report is varied or adjusted by the Valuer pursuant to comments received from the appropriate authorities, the Trustee and DC Offices having agreed to proceed with the sale and purchase at the Disposal Consideration or at such other price as mutually agreed between the Trustee and DC Offices. If the mutually agreed price is different from the Disposal Consideration, the parties having entered into a supplemental agreement to reflect such mutually agreed price; and
- (v) any other approvals or consents from third parties and any other matter as may be agreed in writing by DC Offices and the Trustee.

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**SALIENT TERMS OF THE SPA (CONT'D)**

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If any of the conditions precedent to the SPA is not fulfilled by the last day of the Compliance Period, either party may terminate the SPA by notice in writing to the other, whereupon the SPA shall terminate and be null and void and of no further effect and neither party shall have any claim against the other party.

The SPA shall become unconditional and effective on the date when the last of the conditions precedent is fulfilled or such later date as may be agreed in writing between the Trustee and DC Offices.

**3. Disposal Consideration**

The Disposal Consideration agreed between DC Offices and the Trustee, on a willing-buyer willing-seller basis, is RM242.1 million and the Trustee shall pay the Disposal Consideration within the Completion Period.

If the Trustee fails to pay the Disposal Consideration or any part thereof within the Completion Period, DC Offices shall automatically extend time by the Extended Completion Period, provided always that the Trustee pays DC Offices late payment interest (chargeable at the simple interest rate of 8% per annum) on the amount due and remaining unpaid, commencing from the day after the last day of the Completion Period until the date of full and final settlement of the same.

**4. Novation and assignment agreements**

The Existing Agreements shall be dealt with in the following manner:

- (i) DC Offices may request the applicable third party to the Existing Agreements to sign and return the novation agreements in relation to the Existing Agreements;
- (ii) in lieu of a novation agreement, the parties to the SPA may agree to the execution and delivery of new agreements to be made between the Trustee and the applicable third party and the termination of the applicable Existing Agreements and the release of DC Offices thereunder; or
- (iii) if any applicable third party fails to execute the novation agreement in relation to the Existing Agreement, DC Offices shall (unless waived by the Trustee) sign and deliver an assignment agreement to assign the full benefits, entitlements, rights, title and interests of DC Offices under and arising from that Existing Agreement to the Trustee.

**5. Completion**

On payment of the full Disposal Consideration, the following shall be treated to have occurred as from time of the Completion Date:

- (i) full beneficial interests in, and title to, the Property shall be conveyed to the Trustee and its successors in title and lawful assigns;
- (ii) legal possession of the Property shall be conveyed to the Trustee;
- (iii) with the delivery of legal possession, risks shall pass to the Trustee;
- (iv) all associated rights and benefits shall be assigned absolutely and unconditionally by DC Offices to the Trustee; and
- (v) the Trustee shall assume the liabilities under the Existing Agreements accruing as from the Completion Date.

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**SALIENT TERMS OF THE SPA (CONT'D)**

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**6. Property sold free from claims and liabilities**

The Trustee shall indemnify DC Offices against the Liabilities that may be sustained by DC Offices if any claim is made against DC Offices for any Liabilities accruing after (and including) the Completion Date.

DC Offices shall indemnify the Trustee against all Liabilities that may be sustained by the Trustee, if any claim is made against the Trustee for any Liabilities accruing before (and excluding) the Completion Date.

**7. Default**

(i) If, for any reason whatsoever:

- (a) the Trustee fails to pay an amount due to DC Offices in accordance with the provisions of the SPA;
- (b) the Trustee fails to observe or perform any material obligation on its part contained in the SPA (other than (a) above) and if such failure is capable of remedy, the Trustee having failed to remedy the same to the reasonable satisfaction of DC Offices within 10 days from the date of written notice from DC Offices to the Trustee requesting remedy thereof; or
- (c) any of the representations or warranties of the Trustee shall at any time be found to be incorrect, untrue or misleading in any material aspect,

DC Offices shall be entitled to terminate the SPA by notice in writing to the Trustee, whereupon:

- (aa) if the Disposal Consideration or any part thereof has been paid to DC Offices, DC Offices shall deduct and forfeit the Agreed Liquidated Damages from the Disposal Consideration received by it, or if no Disposal Consideration has been paid to DC Offices, the Trustee shall pay the Agreed Liquidated Damages to DC Offices within 10 business days from the date of receipt of DC Offices' notice of termination;
- (bb) DC Offices shall then refund and/or procure the refund of any other amount paid by the Trustee towards the Disposal Consideration (if paid) free of interest after deducting the Agreed Liquidated Damages;
- (cc) in exchange of the full refund under (bb) above, the Trustee shall perform its termination obligations pursuant to the terms of the SPA,

and thereafter, the SPA shall terminate and be null and void and be of no further effect, and neither party shall have any claim against the other (save and except for antecedent breach).

(ii) If, for any reason whatsoever:

- (a) DC Offices fails to perform any material obligations on its part contained in the SPA and if such failure is capable of remedy, DC Offices having failed to remedy the same to the reasonable satisfaction of the Trustee within 10 days from the date of written notice from the Trustee to DC Offices requesting remedy thereof; or
- (b) any of the representations or warranties of DC Offices shall at any time be found to be incorrect, untrue or misleading in any material aspect,

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**SALIENT TERMS OF THE SPA (CONT'D)**

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the Trustee shall be entitled to the remedy at law for specific performance. Alternatively, at the election of the Trustee, it may terminate the SPA by notice in writing to DC Offices whereupon:

- (aa) DC Offices shall refund and/or procure the refund of all amounts paid by the Trustee towards the Disposal Consideration together with interest accrued thereon;
- (bb) DC Offices shall pay to the Trustee the Agreed Liquidated Damages within 10 business days from the date of receipt of the Trustee's notice of termination;
- (cc) in exchange of the full refund and payment under (aa) and (bb) above, the Trustee shall perform its termination obligations pursuant to the terms of the SPA,

and thereafter, the SPA shall terminate and be null and void and be of no further effect, and neither party shall have any claim against the other (save and except for antecedent breach).

- (iii) Upon termination of the SPA in accordance with (i) and (ii) above, DC Offices shall be at liberty to sell or otherwise deal with the Property in any manner as DC Offices deems fit without reference to the Trustee.

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**INFORMATION ON THE PROPERTY**


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The information on the Property is as follows:

Postal address	:	Menara Guoco, No. 6, Jalan Damanlela, Bukit Damansara, 50490 Kuala Lumpur
Strata title	:	Not issued yet
Master title	:	Geran 74955, Lot 58303, Mukim and District of Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur
Beneficial owner	:	DC Offices
Category of land use	:	Building
Existing and proposed use	:	Offices
Terms of tenure	:	Freehold
Audited net book value	:	RM242.1 million based on our latest audited consolidated financial statements for the FYE 2019
Market value	:	RM242.1 million as appraised by the Valuer as at the material date of valuation of 22 January 2020 using the investment and comparison methods of valuation
Encumbrances	:	The Property is currently assigned to Public Bank Berhad, being the existing financier of DC Offices. The encumbrances over the master title are as follows: <ul style="list-style-type: none"> <li>(i) lease to Tenaga Nasional Berhad for an area measuring 756 square metres from 30 March 2014 to 29 March 2044 registered on 17 December 2014; and</li> <li>(ii) lease to Tenaga Nasional Berhad for an area measuring 4,367 square metres from 18 July 2017 to 17 July 2047 registered on 15 July 2019</li> </ul>
Age of building	:	Approximately 2 years
Surveyed floor area	:	310,183 square feet
Net lettable area	:	232,133 square feet
Percentage of occupancy as at the LPD	:	Approximately 97.1%
Gross rental income for the FYE 2019	:	Approximately RM15.6 million



## VALUATION CERTIFICATE

## VALUATION CERTIFICATE FOR MENARA GUOCO

Our Ref : VC20/0028/01/NAD

Date : 19 February 2020


**FIRST PACIFIC**  
**FIRST PACIFIC VALUERS**  
**PROPERTY CONSULTANTS SDN BHD**
(60249141)  
 Directors  
**Sr. Hj. Mohamad Sarip Saleh** Diploma in Estate Management (Kingston) UK  
 V117 E1174  
**Sr. P.L. Lee** B App Sc Property Resource Management (Valuation) Aust. FRISM, APEPS  
 VS96 E565

**BOARD OF DIRECTORS**  
**GUOCOLAND (MALAYSIA) BERHAD**  
**LEVEL 13, MENARA GUOCO**  
**NO. 6, JALAN DAMANLELA**  
**BUKIT DAMANSARA**  
**50490 KUALA LUMPUR**

Dear Sir/Madam,

**VALUATION CERTIFICATE ON 19-STOREY OFFICE BUILDING KNOWN AS MENARA GUOCO WITHIN AN INTEGRATED MIXED DEVELOPMENT KNOWN AS DAMANSARA CITY ERECTED ON ALL THAT PIECE OF FREEHOLD LAND HELD UNDER GERAN 74955 FOR LOT. 58303 MUKIM KUALA LUMPUR, DAERAH KUALA LUMPUR, WILAYAH PERSEKUTUAN KUALA LUMPUR (THE "MASTER TITLE")**  
**PROPERTY ADDRESS : MENARA GUOCO, NO. 6, JALAN DAMANLELA, BUKIT DAMANSARA, 50490 KUALA LUMPUR**

We thank you for your instructions to carry out a formal valuation on the Subject Property in providing our opinion of the Market Value for purpose of submission to Bursa Malaysia Securities Berhad ("**Bursa Securities**") and for inclusion in the circular to shareholders of GuocoLand (Malaysia) Berhad in relation to the proposed disposal by DC Offices Sdn Bhd, an indirect wholly-owned subsidiary of GuocoLand (Malaysia) Berhad, of an office building known as Menara Guoco ("**Subject Property**") to MTrustee Berhad, acting solely in its capacity as trustee for and on behalf of Tower Real Estate Investment Trust for a cash consideration of RM242,100,000.00.

The Subject Property was inspected on 22 January 2020. The date of inspection is taken as the date of valuation, i.e. 22 January 2020.

The valuation has been carried out in accordance with the Asset Valuation Guidelines issued by the Securities Commission Malaysia and the Malaysian Valuation Standards ("**MVS**") issued by the Board of Valuers, Appraisers, Estate Agents and Property Managers Malaysia and with the necessary professional responsibility and due diligence.

The basis of valuation adopted is the **Market Value** which is defined by the MVS to be "the estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

The Valuation Certificate should be read in conjunction with the full Valuation Report (Ref No: VC20/0028/01/NAD) prepared by First Pacific Valuers Property Consultants Sdn Bhd for the submission to Bursa Securities which detailed the basis under which the valuations have been prepared.

Registered Valuers • Estate Agents • Auctioneers • Property &amp; Project Managers • International Property Consultants



Level 3A, Wisma Rapid, No. 32-36, Jalan 30/70A, Desa Sri Hartamas, 50480 Kuala Lumpur, Malaysia.  
 Tel: (603) 6203 1188 (Hunting Line) Fax: (603) 6203 9814  
 E-mail: enquiries@firstpacific.com.my website: http://www.firstpacific.com.my

## VALUATION CERTIFICATE (CONT'D)

## VALUATION CERTIFICATE FOR MENARA GUOCO



IDENTIFICATION OF THE PROPERTY	
<b>Name and Address:</b>	Menara Guoco, No. 6, Jalan Damanlela, Bukit Damansara, 50490 Kuala Lumpur
<b>Type of Property:</b>	19-storey office building
<b>Date of Inspection:</b>	22 January 2020
<b>Date of Valuation:</b>	For the purpose of this valuation exercise, the material date of valuation is the date of inspection, i.e. 22 January 2020
<b>Master Title Particulars:</b>	Title No. Geran 74955, Lot No. 58303, Mukim Kuala Lumpur, District of Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur
<b>Tenure:</b>	Freehold
<b>Category of Land Use:</b>	Bangunan
<b>Express Condition:</b>	Tanah ini hendaklah digunakan untuk bangunan perdagangan bagi tujuan pangsapuri servis, hotel butik, pejabat dan ruang perniagaan sahaja
<b>Restriction in Interest:</b>	Nil
<b>Encumbrances and other Endorsement:</b>	<p>The Subject Property is currently assigned to Public Bank Berhad, being the existing financier of DC Offices Sdn Bhd. The encumbrances and other endorsement over the Master Title are as follows:</p> <ol style="list-style-type: none"> <li>1) Lease part of the land to TENAGA NASIONAL BERHAD vide PDSC49445/2014 for size of 756 square metres for 30 years from 30 March 2014 to 29 March 2044 registered on 17 December 2014</li> <li>2) Permohonan Tukarsyarat, Sekatan, Kategori Tanah vide PDN2777/2018 registered on 30 August 2018</li> <li>3) Lease part of the land to TENAGA NASIONAL BERHAD vide PDSC25333/2019 for size of 4,367 square metres for 30 years from 18 July 2017 to 17 July 2047 registered on 15 July 2019</li> </ol>
<b>General Description of the Property:</b>	<p>Menara Guoco is situated along Jalan Damanlela within Damansara City, an integrated mixed development located in the sub-urban area of Damansara Heights. It is located 5 kilometres by road to the west of Kuala Lumpur City Centre and approximately 10 kilometres north from the Petaling Jaya City Centre.</p> <p>Situated within the vicinity is an on-going development known as Pavilion Damansara Heights. Nearby schemes include Taman SA, Bukit Bandaraya, Bangsar Baru, Lucky Garden, Medan Damansara, Taman Bukit Damansara and Bukit Kiara.</p>
<b>Site:</b>	<p>The Master Title lot, with a land area of 32,450 square metres ("<b>s.m.</b>") (approximately 349,289 square feet ("<b>sq ft</b>") or 8.02 acres), is irregular in shape and bounded with 3 major roads i.e. the west to north boundary is adjoining with Damansara Link and SPRINT Highway towards Kuala Lumpur which run parallel with Jalan Beringin at the north and Jalan Johar to the west and Jalan Damanlela to the south.</p> <p>To the east across an unnamed metalled road is Menara Millennium, the south boundary is adjoining with Twins@Damansara Heights and across Jalan Damanlela is an on-going development known as Pavillion Damansara Heights.</p> <p>Generally, the site is flat in terrain and lies slightly higher than three road frontages namely Jalan Johar, Jalan Damanlela and Jalan Beringin. The Subject Property is accessible via Damansara Link/SPRINT Highway through ramp leading to the Subject Property's main entrance. Generally, the boundaries are not demarcated with any form of fencing.</p>
<b>Net Lettable Area ("NLA"):</b>	232,133 sq ft (21,566 s.m.)

## VALUATION CERTIFICATE (CONT'D)

## VALUATION CERTIFICATE FOR MENARA GUOCO



<b>Total Car Parking Bays:</b>	Nil												
<b>Age of Building:</b>	Approximately 2 years old												
<b>Certificate of Completion and Compliance:</b>	The Subject Property has obtained Certificate of Completion and Compliance (CCC) bearing reference no. LAM/WP/No. 8355 dated 10 January 2018.												
<b>Occupancy:</b>	<p>The Subject Property registered an occupancy rate of approximately 97.1% or 225,169 sq ft of the total NLA based on the Tenancy Schedule as at January 2020 as provided to us by DC Offices Sdn Bhd.</p> <p>Based on the tenancy schedule, the top three tenants who occupy the largest office space of the Subject Property are British American Tobacco (Malaysia) Berhad (64,007 sq ft), Dentsu Aegis Network Malaysia Sdn Bhd (58,381 sq ft) and Aecom Perunding Sdn Bhd (40,932 sq ft).</p>												
<b>Tenancy:</b>	<p>The Subject Property is tenanted by a variety of tenants, including multinational companies. The current monthly rental ranged between RM4.93 per square foot ("<b>psf</b>") to RM7.00 psf. The total gross rental of the Subject Property is RM1,451,983.44 per month and the net lettable area of the Subject Property is 232,133 sq ft, representing an average monthly rental of approximately RM6.25 psf.</p> <table border="1"> <thead> <tr> <th>Category</th> <th>Size (sq ft)</th> <th>Rental (psf)</th> </tr> </thead> <tbody> <tr> <td>Above 10,000 sq ft</td> <td>13,084 to 14,951</td> <td>RM5.50 to RM7.00</td> </tr> <tr> <td>Above 5,000 sq ft and below 10,000 sq ft</td> <td>5,330 to 9,454</td> <td>RM6.15 to RM6.80</td> </tr> <tr> <td>Below 5,000 sq ft</td> <td>1,288 to 4,692</td> <td>RM4.93 to RM7.00</td> </tr> </tbody> </table>	Category	Size (sq ft)	Rental (psf)	Above 10,000 sq ft	13,084 to 14,951	RM5.50 to RM7.00	Above 5,000 sq ft and below 10,000 sq ft	5,330 to 9,454	RM6.15 to RM6.80	Below 5,000 sq ft	1,288 to 4,692	RM4.93 to RM7.00
Category	Size (sq ft)	Rental (psf)											
Above 10,000 sq ft	13,084 to 14,951	RM5.50 to RM7.00											
Above 5,000 sq ft and below 10,000 sq ft	5,330 to 9,454	RM6.15 to RM6.80											
Below 5,000 sq ft	1,288 to 4,692	RM4.93 to RM7.00											
<b>Outgoings:</b>	The office space outgoings are about RM1.40 psf per month.												

## PROPERTY MARKET OUTLOOK

The Malaysian property market is expected to remain resilient in 2020, underpinned by the strong gross domestic product growth in the second quarter of 2019 at 4.9%, government-driven initiatives (i.e. Home Ownership Campaign and new rate for Real Property Gains Tax on disposal of properties) to further support the market activities in the housing sector, reduction in the Overnight Policy Rate, and the revival of the East Coast Rail Link and Bandar Malaysia which are expected to have a positive impact on the property market landscape in the medium term and long term.

*(Source: Property Market Report First Half 2019)*

Generally, during times of increased uncertainty, if the unprecedented COVID-19 pandemic in Malaysia prolong further, the property market could be negatively affected over the short to medium term period. Investors' confidence and sentiments remain largely cautious and most of them are adopting a wait-and-see approach to observe the extent of this unprecedented pandemic, which may result in the property market facing, among others, the following:-

- softening of the market;
- reduced transaction activities and volumes;
- moderately low demand levels;
- oversupply of properties on the market for sale;
- declining prices of properties;
- declining occupancy rates;
- declining rental rates; and
- increasing yields.

**VALUATION CERTIFICATE (CONT'D)****VALUATION CERTIFICATE FOR MENARA GUOCO**

As the economic and property market outlook remains challenging, the Government had recently announced several economic stimulus packages which will, hopefully, assist to mitigate any immediate impact which will, in turn, cushion the real estate market in the short to medium term.

However, it may be premature at this juncture to assess the magnitude of the COVID-19 pandemic on the property market in Malaysia as its impact on real estate property values remains unknown.

**Impact on the valuation of the Subject Property**

Since the material date of valuation of the Subject Property on 22 January 2020, we had taken steps to assess the impact of the COVID-19 pandemic on the parameters adopted in the valuation of the Subject Property, including the existing rentals and outgoings of the Subject Property, as well as the status of renewal for tenancies which are near expiry. We note that all the existing tenancies of the Subject Property remain in effect, and the outgoings of the Subject Property are not expected to increase materially arising from the COVID-19 pandemic. In addition, negotiations for renewal of tenancies which are near expiry are ongoing and tenants have indicated their intent to renew at no less than the expiring gross monthly rental rates.

Based on our foregoing assessment, there has not been any material change arising from the COVID-19 pandemic in the parameters adopted in the valuation of the Subject Property. Accordingly, there is no change to the market value of the Subject Property as stated in this Valuation Certificate arising from the COVID-19 pandemic.

**METHOD OF VALUATION**

In arriving at the opinion on the Market Value of the Subject Property, we are adopting two methods of valuation, i.e. the Investment Method and the Comparison Method. We have adopted the Investment Method as the primary method for this valuation exercise and Comparison Method as a check method. The Comparison Method is used to complement the Market Value of the Subject Property arrived at using the Investment Method.

**INVESTMENT METHOD**

The Investment Method is used to value a property that generates regular income to the owner. It involves determining the net annual income derived from the property under valuation by deducting all outgoings from the estimated gross annual income and then capitalising the net annual income with an appropriate capitalisation rate to arrive at the Market Value of the property. The capitalisation rate is derived by analysing the transactions of properties deemed similar in all aspects to the Subject Property.

**COMPARISON METHOD**

The Comparison Method is used to determine the Market Value of the Subject Property by comparing the recent sale transactions of properties within vicinity and then making appropriate adjustments for all dissimilarities as each property is with unique characteristics, thus establishing the estimated Market Value of the Subject Property.

## VALUATION CERTIFICATE (CONT'D)

## VALUATION CERTIFICATE FOR MENARA GUOCO



## VALUE CONSIDERATION

**(i) Investment Method**

To derive the Market Value of the Subject Property, the necessary inputs would be rental income expected to be generated by the Subject Property, the kind of expenditures required to ensure the Subject Property is adequately maintained and the rate of return generally expected by investors from these kinds of properties. The parameters adopted in the Investment Method are as follows:-

Description	Parameters	Remarks
Term Gross Rental	RM4.93 psf to RM7.00 psf	The existing rentals for the building are between RM4.93 psf and RM7.00 psf. The rentals are different depending on various factors such as, among others, space occupied, durations of the tenancy and negotiations between the landlord and the tenants. We have adopted the actual rental agreed in the tenancy agreement.
Reversionary Gross Rental	RM6.55 psf	<p>The current market rental rates of office are derived from the asking rental. We have made adjustments on the rental rates according to relevant factors based on the rental rates in the surrounding neighbourhood.</p> <p>Menara Milenium : RM5.50 psf – RM6.20 psf  Menara LGB : RM5.70 psf – RM6.00 psf  Nu Tower : RM7.10 psf – RM7.50 psf  Menara Shell : RM8.20 psf – RM8.50 psf  Mercu 2 : RM6.50 psf – RM7.10 psf  South Point : RM8.50 psf – RM9.00 psf</p> <p>Based on the Property Market Report 2019 issued by the Valuation and Property Services Department Ministry of Finance, Malaysia (“JPPH”), the rental rates between 2018 to 2019 of similar properties within the vicinity are:-</p> <p>Plaza Zurich (HP Tower) : RM3.00 psf – RM4.95 psf  Menara BRDB : RM4.65 psf – RM5.80 psf  Menara UOA : RM4.65 psf – RM6.00 psf  Menara Sapura Kencana : RM5.25 psf – RM6.50 psf  Plaza Sentral (TH Tower) : RM5.30 psf – RM6.80 psf  The Horizon (Tower 8) : RM6.00 psf – RM8.60 psf  Centre South Point : RM5.00 psf – RM8.20 psf</p> <p>After analysing the comparable rentals of the office buildings in the immediate vicinity of the Subject Property and the comparable rentals of the existing tenancies of the Subject Property, we derived the fair market rental of the Subject Property from the comparable rentals of the existing tenancies.</p> <p>In our opinion, the current passing gross rentals of the tenancies within the Subject Property would be the most appropriate comparable rentals and is a fair representation of the market rental.</p> <p>Based on the Tenancy Schedule of the Subject Property, approximately 85% of the office space with total occupied NLA of 191,262 sq ft commands a passing rental above RM6.00 psf while the remaining 15% of the office space with total occupied NLA of 34,103 sq ft commands a passing rental below RM6.00 psf.</p>

## VALUATION CERTIFICATE (CONT'D)

## VALUATION CERTIFICATE FOR MENARA GUOCO



		<p>The Subject Property has an average monthly rental of approximately RM6.44 psf, which was derived based on the total gross monthly rental of RM1,451,983.44 and the total occupied NLA of 225,365 sq ft. As majority of the office spaces of the Subject Property commands a passing rental of above RM6.00 psf level, we derived the monthly rental of RM6.55 psf after making an upward adjustment of approximately 2% to the average monthly rental of RM6.44 psf.</p> <p>In view of the above, we have adopted RM6.55 psf as market rental for all units within the Subject Property in the reversion period irrespective of floor levels and space occupied as a base rent for this valuation exercise.</p>
Monthly Outgoings (Term)	2017 : RM1.34 psf 2018 : RM1.49 psf 2019 : RM1.37 psf	As per information provided by the client, after consideration, we have adopted the average monthly outgoings of the Subject Property at RM1.40 psf, which is in line with the market rate.
Monthly Outgoings (Reversionary)	RM1.47 psf	This estimate is adopted to reflect an increase of approximately 5.00% from the past three year average in view of the rising cost due to inflation and lesser maintenance and management fee incurred after taking into consideration the age of the Subject Property which is approximately 2 years old. The said outgoings are considered fair and reasonable as well as in line with the market rate.
Void	2.50%	<p>Considering various factors stated below, we have adopted a minimal of 2.50% for void for this valuation:-</p> <ul style="list-style-type: none"> <li>(a) New Building – The Subject Property is new and it is only approximately 2-years old.</li> <li>(b) Occupancy – The occupancy rate of the Subject Property is 97.1%.</li> <li>(c) Quality Tenant – The Subject Property is currently occupied by multinational and established local companies.</li> <li>(d) Long-term Tenancy – Majority (99%) of the tenants have a tenancy of 3 terms of 3-year each.</li> <li>(e) Grade A Building – The Subject Property has been awarded with GBI and LEED Certification as well as MSC Status.</li> </ul> <p>A well-managed new Grade A office building with 97.1% occupancy comprising multinational and established local companies as tenants located at the most exclusive sought after affluent neighbourhood of Damansara Heights, with direct access to public transport, meets the needs of the office tenants beyond their demand for a productive workplace.</p> <p>In addition, coupled with the Subject Property's high rate of occupancy and the quality tenants with long term tenancy, void period could possibly be reduced to a minimum that translates to low risk of termination of tenancy. Thus, conservatively, we have adopted 2.50% for void for the investment method.</p> <p>We have adopted 2.50% of gross annual rental for risk of vacancy period and uncertainty vacancy between rent reviews and rent free and fitting out periods as fair representation for void.</p>

## VALUATION CERTIFICATE (CONT'D)

## VALUATION CERTIFICATE FOR MENARA GUOCO



Capitalisation Rate (Term)	5.50%	Based on the recent transactions of similar type of office buildings within Klang Valley, we noted that the net yields ranged between 4.43% to 6.50%.
Capitalisation Rate (Reversionary)	5.75%	It is noted that Nu Tower 1, Platinum Sentral and Menara Shell located at Kuala Lumpur Sentral transacted at a net yield of 4.71%, 5.62% and 5.50% respectively whilst Sunway Tower and Menara AmFirst located at Petaling Jaya transacted at a net yield of 6.50% and 6.25% respectively. Based on the above analysis and having considered the relevant factors including location, age, tenancy profile, building specification/green building features and MSC compliance of the Subject Property, we have adopted the net yield (term) at 5.50% and net yield (reversionary) at 5.75% to reflect the security of the existing tenancy, certain and fixed rental income quality of the tenants. The net yields adopted for this valuation exercises are a fair reflection in arriving at the Market Value of the Subject Property.

The Market Value derived from Investment Method is RM242,100,000.00 (Ringgit Malaysia: Two Hundred Forty Two Million and One Hundred Thousand only).

**(ii) Comparison Method**

In arriving at the Market Value of the Subject Property based on Comparison Method, we have considered transactions of office buildings within the immediate and surrounding localities.

The comparables are as follows:-

Property Details	Comparison 1	Comparison 2	Comparison 3
Property Type	An Office Complex	An Office Complex	An Office Complex
Address	Ikhlas Point, Tower 11, Avenue 5, The Horizon, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur	Wisma UOA Pantai, No. 11, Jalan 4/83A, Jalan Pantai Baru, 59200 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur	ACE Tower, BO2-B-5-1 to BO2-B-18A-1, Menara 3, No. 3, Jalan Bangsar, KL Eco City, 59200 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur
Legal Description	Lot 58190, Pajakan Negeri 46338, Mukim and District of Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur	Lot No. 57687, Geran 68832, Mukim and District of Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur	Parent Lot No. 20007 Section 95A, Master Title No. Pajakan Negeri 52716, Mukim and District of Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur
NLA	54,046.00 sq ft	157,083.00 sq ft	64,016.00 sq ft
Category of land use	Building	Building	Building
Tenure	99 years lease expiring on 16 August 2106	Freehold	99 years lease expiring on 5 December 2113
Remaining Tenure	87.69 years	-	95.79 years
Date of Transaction	28 December 2018	8 June 2018	15 March 2018

## VALUATION CERTIFICATE (CONT'D)

## VALUATION CERTIFICATE FOR MENARA GUOCO



Property Details	Comparison 1	Comparison 2	Comparison 3
Consideration	RM46,000,000.00/-	RM120,000,000.00/-	RM85,000,000.00/-
Car Park Bays	–	306 bays	–
Vendor	TAKAFUL IKHLAS FAMILY BERHAD	RHB TRUSTEES BERHAD	NURIMEKAR SDN BHD
Purchaser	SANICHI CAPITAL SDN BHD	CIMB BANK BERHAD	ACE CORPORATION (M) SDN BHD
Analysed Value (Exclude carpark bays)	RM851.13 psf	RM647.00 psf	RM1,327.79 psf
Source	JPPH & Bursa Announcement	JPPH & Bursa Announcement	JPPH
Adjustment Factors Considered	Tenure, location/accessibility, size, building certification (GBI, LEED & MSC), age of the building and type of title (Strata or Individual)		
Adjusted Value	<b>RM1,042.63 psf</b>	<b>RM792.63 psf</b>	<b>RM1,394.18 psf</b>

In arriving at the Market Value of the Subject Property, we have taken into consideration each aspect of the comparable properties in terms of tenure, location/accessibility, size, building certification (GBI, LEED & MSC), age of the building and type of title (Strata or Individual). After making the appropriate adjustments, we have noted that the values psf for the Subject Property derived range between RM792.63 psf to RM1,394.18 psf.

In reconciling our opinion of the Market Value of the Subject Property, we have placed greater emphasis on Comparable 1 due to the following factors:-

- Comparable 1 is the latest transacted comparable sale; and
- Comparable 1 is a parcel of stratified office building which is similar to the Subject Property.

Having regard to the foregoing, we have adopted a value of RM1,045.00 psf or RM242,600,000.00, in our valuation as a fair representation of the Market Value of the Subject Property.

<b>RECONCILIATION OF VALUE</b>
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The Market Value of the Subject Property derived by adopting the valuation methods are tabulated below:-

Method of Valuation	Market Value (RM)
Comparison Method	RM242,600,000.00
Investment Method	RM242,100,000.00

We have adopted the Market Value derived from Investment Method of RM242,100,000.00 as a fair representation of the Market Value of the Subject Property in view of the fact that the Subject Property is an income generating property.



**VALUATION CERTIFICATE (CONT'D)**

**VALUATION CERTIFICATE FOR MENARA GUOCO**



**OPINION OF VALUE**

Having taken into consideration all relevant and pertinent factors and recent transactions of comparable properties in the immediate and nearby locality, we are of the opinion that the Market Value of the Subject Property, on the basis that the strata title with "building" category of land use will be issued to the Subject Property for commercial use conveying a freehold tenure, which is registrable, transferable and marketable and it being sold free from encumbrance without vacant possession is **RM242,100,000.00 (RINGGIT MALAYSIA : TWO HUNDRED FORTY TWO MILLION AND ONE HUNDRED THOUSAND ONLY).**

Yours faithfully  
For and on behalf of

**FIRST PACIFIC VALUERS PROPERTY CONSULTANTS SDN BHD**

**Sr Lee Pak Ling FRISM, APEPS**  
Managing Director  
B.App.Sc. Property Resource Management (Valuation), AMI  
Registered Valuer (V596) & Estate Agent (E565)



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**FURTHER INFORMATION**

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**1. DIRECTORS' RESPONSIBILITY STATEMENT**

Our Board has seen and approved this Circular and our Board collectively and individually accepts full responsibility for the accuracy of the information given in this Circular and confirms that, after having made all reasonable enquiries and to the best of its knowledge and belief, there are no other facts, the omission of which would make any statement in this Circular misleading.

**2. CONSENTS AND CONFLICT OF INTEREST****2.1 IPS**

IPS, being the Independent Adviser for the Proposed Disposal, has given and has not subsequently withdrawn its written consent to the inclusion of its name, the IAL and all references thereto in the form and context in which they appear in this Circular.

IPS has confirmed that no conflict of interest exists or is likely to exist in its capacity as the Independent Adviser for the Proposed Disposal.

**2.2 First Pacific**

First Pacific, being the Valuer in respect of the valuation of the Property for the Proposed Disposal, has given and has not subsequently withdrawn its written consent to the inclusion of its name, the Valuation Certificate and all references thereto in the form and context in which they appear in this Circular.

First Pacific was appointed by our Company and the Manager to appraise the market value of the Property for the Proposed Disposal. First Pacific was also the independent property valuer appointed by our Company to appraise the market value of the Property to determine its fair value for our audited consolidated financial statements for the FYE 2019. In this respect, First Pacific has confirmed that no conflict of interest exists or is likely to exist in its capacity as the Valuer in respect of the valuation of the Property for Proposed Disposal.

**3. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES****3.1 Material commitments**

As at the LPD, our Board is not aware of any material commitments incurred or known to be incurred by our Group which, upon becoming enforceable, may have a material impact on the profits or NA of our Group.

**3.2 Contingent liabilities**

As at the LPD, our Board is not aware of any contingent liabilities which, upon becoming enforceable, may have a material impact on the profits or NA of our Group.

**4. MATERIAL LITIGATION, CLAIMS OR ARBITRATION**

As at the LPD, there is no material litigation, claims or arbitration involving the Property.

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**FURTHER INFORMATION (CONT'D)**

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**5. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at our registered office at Level 10, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur during normal office hours from Mondays to Fridays (except public holidays) from the date of this Circular up to and including the date of our EGM:

- (i) our Constitution;
- (ii) the letters of consent and conflict of interest referred to in Section 2 of this Appendix;
- (iii) our audited consolidated financial statements for the FYE 2019 and FYE 2018;
- (iv) our unaudited consolidated financial statements for the 9-month financial period ended 31 March 2020;
- (v) the SPA;
- (vi) the Valuation Certificate referred to in Appendix III of this Circular; and
- (vii) the Valuation Report.



## NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an Extraordinary General Meeting (“**EGM**”) of GuocoLand (Malaysia) Berhad (“**GLM**” or the “**Company**”) will be held at Wau Bulan Ballroom, Level 2, Sofitel Kuala Lumpur Damansara, No. 6, Jalan Damanlela, Bukit Damansara, 50490 Kuala Lumpur on Tuesday, 30 June 2020 at 2.30 p.m. or at any adjournment of the EGM, for the purpose of considering and, if thought fit, passing with or without modifications, the following ordinary resolution:

### ORDINARY RESOLUTION

**PROPOSED DISPOSAL BY DC OFFICES SDN BHD (“DC OFFICES”), AN INDIRECT WHOLLY-OWNED SUBSIDIARY OF GLM, OF AN OFFICE BUILDING KNOWN AS MENARA GUOCO ERECTED ON PART OF THAT PIECE OF FREEHOLD LAND HELD UNDER GERAN 74955, LOT 58303 IN THE MUKIM AND DISTRICT OF KUALA LUMPUR, STATE OF WILAYAH PERSEKUTUAN KUALA LUMPUR (“PROPERTY”) TO MTRUSTEE BERHAD (“TRUSTEE”), ACTING SOLELY IN ITS CAPACITY AS TRUSTEE FOR AND ON BEHALF OF TOWER REAL ESTATE INVESTMENT TRUST, FOR A CASH CONSIDERATION OF RM242.1 MILLION (“PROPOSED DISPOSAL”)**

“**THAT** subject to the approvals of all relevant authorities and/or parties having been obtained, where required, approval be and is hereby given to DC Offices to dispose of the Property to the Trustee for a cash consideration of RM242.1 million in accordance with the terms and conditions contained in the conditional sale and purchase agreement dated 2 March 2020 entered into between DC Offices and the Trustee in relation to the Proposed Disposal (“**SPA**”);

**THAT** the Board of Directors of GLM (“**Board**”) be and is hereby authorised to use the proceeds from the Proposed Disposal as set out in Section 5, Part A of the circular to shareholders dated 15 June 2020 and the Board be further authorised to revise the use of proceeds from the Proposed Disposal in the manner as it may deem fit or expedient and in the best interest of the Company and its subsidiaries;

**AND THAT** the Board (save for YBhg Datuk Edmund Kong Woon Jun) be and is hereby authorised to take all such necessary steps and enter into all deeds, agreements, arrangements, undertakings, transfers and indemnities as it may deem fit, necessary, expedient and/or appropriate and in the best interests of the Company in order to implement, finalise, complete and give full effect to the Proposed Disposal and the terms and conditions of the SPA with full powers to assent to any conditions, modifications, variations and/or amendments as may be required by any relevant authorities as it may deem fit, appropriate and in the best interests of the Company.”

### By Order of the Board

**Chin Min Yann (SSM PC No. 202008002583) (MAICSA 7034011)**  
**Lee Sow Yeang (SSM PC No. 202008002989) (MAICSA 7020119)**  
Company Secretaries

Kuala Lumpur  
15 June 2020

**Notes:**

1. For the purpose of determining members' eligibility to attend this meeting, only members whose names appear in the Record of Depositors as at 22 June 2020 shall be entitled to attend this meeting or appoint proxy(ies) to attend and vote on their behalf.
2. Save for a member who is an exempt authorised nominee, a member entitled to attend and vote at this meeting is entitled to appoint not more than two (2) proxies to attend, participate, speak and vote in his stead. A proxy may but need not be a member of the Company. A member who is an authorised nominee may appoint not more than two (2) proxies in respect of each securities account it holds. A member who is an exempt authorised nominee for multiple beneficial owners in one securities account ("**Omnibus Account**") may appoint any number of proxies in respect of the Omnibus Account.
3. Where two (2) or more proxies are appointed, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies, failing which, the appointments shall be invalid.
4. The Forms of Proxy must be deposited at the Registered Office of the Company at Level 10, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur or lodged electronically via email at [glm-meeting@guocoland.com](mailto:glm-meeting@guocoland.com), not less than 48 hours before the time appointed for holding of the meeting or adjourned meeting.
5. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the resolution set out in this Notice will be put to a vote by way of a poll.



I/We, \_\_\_\_\_

NRIC/Passport/Company No. \_\_\_\_\_

of \_\_\_\_\_

being a member of GuocoLand (Malaysia) Berhad ("**Company**"), hereby appoint \_\_\_\_\_

\_\_\_\_\_

NRIC/Passport No. \_\_\_\_\_

of \_\_\_\_\_

or failing him/her, \_\_\_\_\_

\_\_\_\_\_

NRIC/Passport No. \_\_\_\_\_

of \_\_\_\_\_

\_\_\_\_\_

or failing him/her, the Chairman of the meeting as my/our proxy/proxies to vote for me/us and on my/our behalf at the Extraordinary General Meeting of the Company to be held at Wau Bulan Ballroom, Level 2, Sofitel Kuala Lumpur Damansara, No. 6, Jalan Damanlela, Bukit Damansara, 50490 Kuala Lumpur on Tuesday, 30 June 2020 at 2.30 p.m. or at any adjournment thereof.

My/Our proxy/proxies is/are to vote on a poll as indicated below with an "X":

RESOLUTION	FOR	AGAINST
ORDINARY RESOLUTION – PROPOSED DISPOSAL		

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2020

Number of shares held \_\_\_\_\_

Signature(s) of Member \_\_\_\_\_

**Notes:**

- For the purpose of determining members' eligibility to attend this meeting, only members whose names appear in the Record of Depositors as at 22 June 2020 shall be entitled to attend this meeting or appoint proxy(ies) to attend and vote on their behalf.
- If you wish to appoint other person(s) to be your proxy, insert the name(s) and address(es) of the person(s) desired in the space so provided.
- If there is no indication as to how you wish your vote(s) to be cast, the proxy will vote or abstain from voting at his/her discretion.
- A proxy may but need not be a member of the Company.
- Save for a member who is an exempt authorised nominee, a member shall not be entitled to appoint more than two (2) proxies to attend, participate, speak and vote at the same meeting. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. A member who is an exempt authorised nominee for multiple beneficial owners in one securities account ("**Omnibus Account**") may appoint any number of proxies in respect of the Omnibus Account.
- Where two (2) or more proxies are appointed, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies, failing which, the appointments shall be invalid (please see note 9 below).
- In the case where a member is a corporation, this Form of Proxy must be executed under its Common Seal or under the hand of its Attorney.
- All Forms of Proxy must be duly executed and deposited at the Registered Office of the Company at Level 10, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur or lodged electronically via email at glm-gmeeting@guocoland.com, not less than 48 hours before the time appointed for holding of the meeting or adjourned meeting.
- In the event two (2) or more proxies are appointed, please fill in the ensuing section:

Name of Proxies	% of shareholdings to be represented

- Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the resolution set out in the Notice of Extraordinary General Meeting will be put to a vote by way of a poll.



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AFFIX  
STAMP

The Company Secretaries  
**GuocoLand (Malaysia) Berhad (192001000022 (300-K))**  
Level 10, Wisma Hong Leong  
18 Jalan Perak  
50450 Kuala Lumpur  
Malaysia

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