

NON-RELATED PARTY TRANSACTION ANNOUNCEMENT: CAPITALAND MALAYSIA TRUST (FORMERLY KNOWN AS CAPITALAND MALAYSIA MALL TRUST) (“CLMT”)

PROPOSED ACQUISITION BY MTRUSTEE BERHAD (“TRUSTEE”, “MTRUSTEE” OR THE “PURCHASER”), ON BEHALF OF CLMT, OF TWO (2) CONTIGUOUS PARCELS OF FREEHOLD LAND AND INDUSTRIAL PROPERTIES ERECTED THEREON LOCATED WITHIN KAWASAN PERUSAHAAN VALDOR, SUNGAI JAWI, PULAU PINANG, MALAYSIA FROM INGENIEUR EPCM SDN. BHD. (FORMERLY KNOWN AS DYNACIATE SPI SDN. BHD.)

1. INTRODUCTION

The Board of Directors of CapitaLand Malaysia REIT Management Sdn. Bhd. (formerly known as CapitaLand Malaysia Mall REIT Management Sdn. Bhd.) (“**Board**”), being the management company of CLMT (“**Manager**”), wishes to announce that the Trustee on behalf of CLMT, had entered into a conditional sale and purchase agreement (“**SPA**”) with Ingenieur EPCM Sdn. Bhd. (Company Registration No: 200501030251 (712388-D) (formerly known as Dynaciate SPI Sdn. Bhd.) (“**EPCM**” or “**Vendor**”) on 7 June 2022 for the acquisition of the Properties (as defined herein) for a total cash consideration of RM80.0 million (the “**Proposed Acquisition**”).

1.1 The Proposed Acquisition

The Proposed Acquisition shall be undertaken on an “as-is-where-is” basis for a total cash consideration of RM80,000,000.00 (“**Purchase Price**”). The Trustee approved the Proposed Acquisition, vide their letter dated 7 June 2022 in accordance with the provisions of the Fifth Amended and Restated Deed dated 13 July 2021 entered into between MTrustee and the Manager constituting CLMT.

1.2 Information of the Properties

The properties which are the subject of the Proposed Acquisition bear the postal address of No. 1564, MK12, Jalan Nafiri, Kawasan Perusahaan Valdor, 14200 Sungai Jawi, Pulau Pinang and comprises of two contiguous freehold land held under:

- (i) GM448, Lot No 1628, Mukim 12, Tempat Ladang Valdor, Daerah Seberang Perai Selatan, Negeri Pulau Pinang with land area of 2.016 hectares (“**Lot 1628**”); and
- (ii) GM450 Lot No 1630, Mukim 12, Tempat Ladang Valdor, Daerah Seberang Perai Selatan, Negeri Pulau Pinang with land area of 3.093 hectares (“**Lot 1630**”),

(hereinafter collectively referred to as the “**Properties**”)

Erected on the Properties are a single storey warehouse annexed to a double storey office building, two single storey detached warehouses and other ancillary buildings.

Further information of the Properties based on their land titles is as follows:

Category of Land Use:	Nil
Express Conditions:	<p><i>(First Grade)</i> <i>The land comprised in this title:</i></p> <p><i>Shall not be affected by any provision of the National Land Code limiting the compensation payable on the exercise of the State Authority of a right of access or use conferred by Chapter 3 of Part Three of the Code or on the creation of a Collector's right of way; and</i></p> <p><i>Subject to the implied condition that land is liable to be re-entered if it is abandoned for more than three years, shall revert to the State only if the proprietor for the time being dies without heirs; and</i></p> <p><i>The title shall confer the absolute right to all forest produce and to all oil, mineral and other natural deposits on or below the surface of the land (including the right to work or extract any such produce or deposit and remove it beyond the boundaries of the land).</i></p>
Restriction in Interest	Nil
Encumbrances	A charge registered on 23 December 2011 in favour of Public Bank Berhad with the presentation number 0703SC2011002689 (" Existing Charge ").

2. DETAILS OF THE PROPOSED ACQUISITION

2.1 Salient terms and conditions of the SPA

Purchase Price

The Purchase Price is payable in the following manner:

Purchase Price	RM80,000,000.00
Deposit (10%)	RM8,000,000.00
Balance Purchase Price	RM72,000,000.00

2.1.1 The Properties are to be acquired free from all encumbrances, charges, caveats or liens whatsoever and with legal possession but subject to the restrictions in interest and the conditions, express and implied by law, in respect of the Properties and upon the terms and conditions stipulated in the SPA.

- 2.1.2 A deposit amounting to RM8,000,000.00 only, representing 10% of the Purchase Price ("**Deposit**") shall be paid to the Purchaser's solicitors as stakeholder, on the execution of the SPA, and they are authorised to release the Deposit to the Vendor upon the SPA becoming unconditional.
- 2.1.3 The Purchaser shall pay to the Vendor the sum of RM72,000,000.00 only, being the balance of the Purchase Price ("**Balance Purchase Price**"), in the following manner:
- (i) the sum to be paid to the Existing Chargee on the redemption date as set out in the redemption statement ("**Redemption Sum**") shall be paid to the Existing Chargee to redeem the Properties; and
 - (ii) the remaining sum of the Balance Purchase Price after deducting the Redemption Sum shall be paid to the Purchaser's solicitors as stakeholder.
- 2.1.4 The Purchaser's solicitors are authorised to release the remaining sum of the Balance Purchase Price to the Vendor upon the issuance of the issue document of title in respect of the Properties after the Purchaser is registered as the registered proprietor of the same and subject to such terms and conditions as stipulated in the SPA.

Conditions Precedent

- 2.1.5 The Proposed Acquisition is conditional upon the following being satisfied and fulfilled within 60 days from the date of the SPA with an automatic extension of thirty (30) days or such other later date as may be mutually agreed by the Purchaser and the Vendor ("**Cut-Off Date**"):
- (i) the completion of a due diligence exercise to be conducted by the Purchaser on the Properties and the results thereof being to the satisfaction of the Purchaser;
 - (ii) the completion of a property valuation on the Properties and the valuation being satisfactory to the Purchaser;
 - (iii) all approvals for the sale and purchase of the Properties having been obtained by the Vendor, the Purchaser and CLMT, including in relation to CLMT, approval of the Securities Commission Malaysia ("**SC**"), if any;
 - (iv) the fulfilment of the conditions which may be imposed by the relevant authorities for granting its approvals and/or waivers referred to in Clause 2.1.5 hereof, if any;
 - (v) the approval of the Manager's Board of Directors in respect of the Proposed Acquisition;
 - (vi) the approvals of the Vendor's shareholders in respect of the sale of the Properties; and

(vii) the approval of the shareholders of Dynaciate Group Berhad (Registration No.: 200601012544 (732294-W)) (being the Vendor's holding company) in respect of the sale of the Properties in accordance with the provisions of the SPA at an extraordinary general meeting to be convened.

(collectively "**Conditions Precedent**" and each a "**Condition Precedent**")

The SPA shall become unconditional on the date all the Conditions Precedent have been satisfied, or waived by the Purchaser, being a date not later than the Cut-Off Date ("**Unconditional Date**").

2.2 Basis of the Purchase Price

The Purchase Price is derived based on the market value of the Properties of RM80.0 million, as appraised by PPC International Sdn. Bhd., an independent firm of registered valuers, in its valuation report dated 2 June 2022 ("**Valuation**"). The Valuation is derived using the income approach, with the cost approach as a check.

2.3 Liabilities to be Assumed by CLMT

CLMT will not assume any liability arising from the completion of the Proposed Acquisition.

2.4 Source of Funding

The Proposed Acquisition will be funded entirely by bank borrowings.

3. INFORMATION OF THE VENDOR

3.1 Corporate Information of the Vendor

The Vendor, Ingenieur EPCM Sdn. Bhd. (Company Registration No.: 200501030251 (712388-D)) (formerly known as Dynaciate SPI Sdn. Bhd.) is a private limited company incorporated in Malaysia on 12 October 2005 under the Companies Act, 1965 and is deemed registered under the Companies Act 2016. The Vendor is a wholly-owned subsidiary of Dynaciate Group Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad.

EPCM is involved in construction, civil & mechanical engineering, architectural, steel fabrication & installation works and investment holding.

As at 30 May 2022, the issued share capital of the Vendor is RM148,000,000 comprising 142,000,000 ordinary shares and 6,000,000 redeemable convertible preference shares.

3.2 Details of Directors of the Vendor

The directors of EPCM as at 30 May 2022 are as follows:

	Name	Designation
(a)	Woon Kok Kee	Director
(b)	Khoo Song Heng	Alternate Director to Woon Kok Kee
(c)	Tan Ooi Jin	Director
(d)	Kamarul Bahrain Bin Mohd Johan	Director
(e)	Heng King Wey	Director

3.3 Details of the shareholders of the Vendor

The shareholders of EPCM as at 30 May 2022 are as follows:

No.	Name	No. of Shares	Type of Shares
(a)	Dynaciate Group Berhad	142,000,000	Ordinary Shares
(b)	Khoo Song Heng	3,000,000	Redeemable Convertible Preference Shares
(c)	Woon Kok Kee	3,000,000	Redeemable Convertible Preference Shares

4. RATIONALE FOR THE PROPOSED ACQUISITION AND PROSPECTS OF THE PROPERTIES

4.1 CLMT's Investment Objectives

The Proposed Acquisition is in line with CLMT's investment objective to deliver long term and sustainable distribution of income to unitholders by acquiring quality real estate with stable recurring income.

4.2 Diversification of Asset Class

The Proposed Acquisition will enable CLMT to gain a foothold in Malaysia's logistics sector with sizeable property with a total net lettable area of approximately 335,000 square feet. The Properties are in close proximity to the Batu Kawan Industrial Park and offers excellent accessibility to the North South Highway and Penang Second Bridge. The Properties have quality tenants operating in the logistic sector and is expected to improve CLMT's portfolio occupancy.

4.3 Accretion of Distribution Per Unit

The Proposed Acquisition is accretive to CLMT's Distribution Per Unit.

5. EFFECTS OF THE PROPOSED ACQUISITION

5.1 Unitholders' Capital and Substantial Unitholders' Unitholding

The Proposed Acquisition will not have any effect on the total units in issue and the substantial unitholders' unitholding of CLMT as the Purchase Price will be paid entirely in cash.

5.2 Net Asset Value ("NAV")

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

5.3 Earnings

The Proposed Acquisition is expected to contribute positively to the earnings of CLMT for the financial year ending 31 December 2022 upon the completion of the Proposed Acquisition.

5.4 Gearing

The Purchaser intends to fund the Proposed Acquisition with bank borrowings. The proforma gearing ratio based on CLMT's audited consolidated financial position as at 31 December 2021 will increase from 35.9% to 37.2% which is below the gearing limit of 50% prescribed by the Guidelines on Listed Real Estate Investment Trusts issued by the SC on 15 March 2018 (updated on 18 June 2019) ("**REIT Guidelines**").

6. APPROVALS REQUIRED FOR THE PROPOSED ACQUISITION

The Proposed Acquisition is subject to and conditional upon approvals being obtained from the following:

- (i) shareholders of the Vendor;
- (ii) shareholders of Dynaciate Group Berhad; and
- (iii) any other relevant regulatory authorities or parties, if required.

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

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

8. DIRECTORS' STATEMENT

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

9. RISK FACTORS

The Properties may be subject to certain risks inherent in the property market industry. These include but are not limited to the following:

- (i) compulsory acquisition by the Government;
- (ii) adverse changes in economic conditions;
- (iii) adverse local market conditions;
- (iv) changes in environmental laws and regulations, zoning laws and other governmental rules and fiscal policies;
- (v) competition arising from new warehouses with bigger space and/ or better facility which may impact its rental and renewal; and
- (vi) acts of God, uninsurable losses, outbreak of disease and other factors.

10. ESTIMATED TIMEFRAME FOR COMPLETION

The Proposed Acquisition is expected to be completed by the second half of 2022.

11. PERCENTAGE RATIO APPLICABLE TO THE PROPOSED ACQUISITION

The percentage ratio applicable to the Proposed Acquisition pursuant to Paragraph 10.02(g)(ix) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad is 2.0%.

12. DOCUMENTS AVAILABLE FOR INSPECTION

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

- (i) The SPA; and
- (ii) The valuation report on the Properties dated 2 June 2022.

This announcement is dated 7 June 2022.