

Type : Announcement

Subject : PROPOSED DISPOSAL BY AMANAHRAYA TRUSTEES BERHAD (COMPANY No. 766894-T) (“**TRUSTEE**” OR “**ART**”) AS TRUSTEE FOR AMANAH HARTA TANAH PNB (“AHP”) TO ARH JURUKUR BAHAN SDN BHD (Co. No. 172472-K) (“**ARH**” OR “**THE PURCHASER**”) OF A FREEHOLD LAND HELD UNDER, GERAN 40683, LOT NO. 14656, MUKIM OF SETAPAK AND DISTRICT OF GOMBAK, STATE OF SELANGOR DARUL EHSAN TOGETHER WITH AN INTERMEDIATE FOUR (4) STOREY SHOP-OFFICE LOCATED AT NO. 224, JALAN NEGARA 2, TAMAN MELAWATI, 53100 KUALA LUMPUR (“**THE PROPERTY**”) FOR A CASH CONSIDERATION OF RINGGIT MALAYSIA TWO MILLION THREE HUNDRED AND FIFTY THOUSAND (RM2,350,000) (“**THE PROPOSED DISPOSAL**”).

1. INTRODUCTION

Pelaburan Hartanah Nasional Berhad (Company No. 175967) (“**PHNB**” or the “**Manager**”), the management company of AHP wishes to announce that on 31 December 2018, ART as trustee for AHP has entered into a Sale and Purchase Agreement (“**SPA**”) with ARH in respect of the Proposed Disposal for a cash consideration of RM2,350,000 (“**Disposal Consideration**”).

2. DETAILS OF THE PROPOSED DISPOSAL

2.1 Information on the Property

The Property is an intermediate four (4) storey shop-offices erected on a piece of freehold land held under Geran 40683, Lot No. 14656, Mukim of Setapak and District of Gombak, Selangor Darul Ehsan, bearing a postal address No. 224, Jalan Negara 2, Taman Melawati, 53100 Kuala Lumpur. It has a surveyed land area of 164 sq m (about 1,765 sq ft), gross floor area of approximately 654.04 sq m (7,040 sq ft) and net lettable area of approximately 622.91 sq m (6,705 sq ft).

Pertinent information of the Property is as follows:-

Postal Address	No. 224, Jalan Negara 2, Taman Melawati, 53100 Kuala Lumpur
Particular of Title	Lot 14656, Geran 40683, Mukim of Setapak, District of Gombak, State of Selangor Darul Ehsan
Tenure	Freehold
Type of Property	An intermediate four (4) storey shop-office
Total Surveyed Land Area	164 sq m (about 1, 765 sq ft)
Gross Floor Area	Approximately 654.04 sq m (7,040 sq ft)
Net Lettable Area	Approximately 622.91 sq m (6,705 sq ft).
Existing use	Shop-office

Appraised value	RM2,100,000 By Rahim & Co International Sdn Bhd (as at 30 th November 2017):
Update Valuation	RM2,100,000 By Rahim & Co International Sdn Bhd (as at 1 st October 2018):
Carrying Value	RM2,100,000 (as at 30 November 2018)
Date of Acquisition	30 August 1996
Acquisition price	RM750,000
Occupancy rate	100% - Single tenant (as at 30 th September 2018)
Current Tenant	ARH Jurukur Bahan Sdn Bhd or The Purchaser.
Encumbrances:	Nil

2.2 Salient terms and conditions of the SPA

The salient terms and conditions of the SPA are as follows:-

- (i) The Proposed Disposal is on “*as is where is*” basis subject to the terms and conditions of the SPA.
- (ii) The consideration for the Proposed Disposal is arrived at on a “*willing-buyer-willing-seller*” basis after taking into consideration the fair market value as determined by Rahim & Co. International Sdn Bhd as at 30 November 2017 and an updated valuation as at 1 October 2018.
- (iii) The Proposed Disposal is conditional upon and subject to the approval of the Trustee and any relevant authorities (the “**Conditions Precedent**”)
- (iv) The SPA shall become unconditional on the date on which the Condition Precedents shall have been obtained in accordance with the provisions of the SPA (“**the Unconditional Date**”).

2.3 The Purchaser shall pay the Disposal Consideration in the following manner:-

- (i) a sum of Ringgit Malaysia Forty Seven Thousand (RM47,000) only being the earnest deposit under the SPA, which has been paid to AHP, upon acceptance of the offer for sale prior to the execution of the SPA;
- (ii) a sum of Ringgit Malaysia One Hundred Eighty Eight Thousand (RM188,000) only being the balance deposit sum upon execution of the SPA; and
- (iii) the aggregate balance of the Disposal Consideration of Ringgit Malaysia Two Million One Hundred and Fifteen Thousand (RM2,115,000) only shall be paid to the Purchaser’s Solicitor

as stakeholders on or before the Completion Date (defined in the SPA as a period of three (3) months commencing from the date of the SPA with an extension period of one (1) month from the Completion Date or such further period as may be mutually agreed in writing, subject to interest of eight per centum (8%) per annum.

The Purchaser shall acquire the Property, which is currently free from encumbrances and subject to the existing tenancy, but otherwise, with vacant possession.

2.4 Basis of arriving at the Disposal Consideration

The Disposal Consideration for the Property was arrived at on a willing-buyer and willing-seller basis and at its market value (as at 30th November 2017 and an updated market value as at 1st October 2018) of RM2,100,000 as valued by Rahim & Co International Sdn Bhd, an independent firm of registered valuer. The valuation of RM2,100,000 was arrived by using a combination of comparison and investment methods of valuation.

3. INFORMATION ON THE PURCHASER

ARH is a private limited company and was incorporated in Year 1988 with an issued and paid up capital of RM2,050,000. Their principle business of the company is quantity surveying, building, construction, mining and valuation.

4. RATIONALE FOR THE PROPOSED DISPOSAL

The Proposed Disposal is in line with the objective of PHNB, the Manager of AHP, to restructure and rebrand AHP for having a portfolio of better grade and quality of properties.

5. UTILISATION OF SALES PROCEED

Proceeds from the Proposed Disposal of RM2,350,000 will be utilised to pare down the existing borrowing of AHP and subsequently reduce its gearing level.

6. EFFECTS OF THE PROPOSED DISPOSAL

The Proposed Disposal will not have any effect on the unit holders' capital or unit holdings of the substantial unitholders of AHP.

The expected net gain on disposal is approximately RM250,000 arising from the Proposed Disposal and will not have significant impact to the earnings of AHP for the financial year ending 31 December 2018.

7. APPROVALS REQUIRED

The Proposed Disposal has been approved by the Trustee on 29 November 2018. It is not subject to the approvals of the unit holders of AHP and any regulatory authorities.

8. DIRECTORS' AND MAJOR SHAREHOLDERS'/UNIT HOLDERS' INTEREST

None of the Directors or major shareholders of PHNB and/or major unit holders of AHP or persons connected with them, has interest, direct or indirect, in the Proposed Disposal.

9. STATEMENT BY DIRECTORS

The Board of Directors of PHNB, after careful consideration of all aspects of the Proposed Disposal, is of the opinion that the Proposed Disposal is fair and reasonable and is in the best interest of AHP and its' unit holders.

10. ESTIMATED TIME FRAME FOR COMPLETION

Barring any unforeseen circumstances, the Proposed Disposal is expected to be completed by the first quarter of the financial year 2019.

11. DEPARTURE FROM THE REIT GUIDELINES

To the best knowledge of the Board of Directors of the Manager, the Proposed Disposal does not depart from the Guidelines on Real Estate Investment Trusts.

12. DOCUMENTS FOR INSPECTION

The following documents are available for inspection at the business address of the Manager at 20th Floor, Menara PNB, 201-A Jalan Tun Razak, 50400 Kuala Lumpur during normal office hours from Monday to Friday (*except on public holidays*) for a period of three (3) months from the date of this announcement:-

- (i) the SPA dated 31 December 2018; and
- (ii) the Valuation Report and Update Valuation Report of the Property by Rahim & Co International Sdn Bhd dated 30th November 2017 and 1st October 2018, respectively.

This announcement is dated 31 December 2018.