

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 GEO GLOBAL MANAGEMENT SDN BHD (Co. No. 1035282-W) (“**GEO GLOBAL**” OR “**THE PURCHASER**”) OF A FREEHOLD COMMERCIAL LAND HELD UNDER, GERAN 10228–GERAN 10235, LOT NOS. 16829–16836 (INCLUSIVE), MUKIM OF SETAPAK AND DISTRICT OF KUALA LUMPUR, STATE OF WILAYAH PERSEKUTUAN KUALA LUMPUR TOGETHER WITH A BLOCK OF 4-STOREY SHOP-OFFICE WITH CAR PARKING FACILITIES & A LIFT LOCATED AT BANGUNAN SRI IMPIAN, NOS. 24–31, JALAN SETIAWANGSA 8, TAMAN SETIAWANGSA, 54200 KUALA LUMPUR (“**THE PROPERTY**”) FOR A CASH CONSIDERATION OF RINGGIT MALAYSIA SEVENTEEN MILLION ONLY RM17,000,000 (“**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 Geo Global in respect of the Proposed Disposal for a cash consideration of RM17,000,000 (“**Disposal Consideration**”).

2. DETAILS OF THE PROPOSED DISPOSAL

2.1 Information on the Property

The Property is a block of eight (8) units of 4-storey shop office with car parking facilities and a lift erected on eight terraced plots of freehold commercial land held under Lot Nos. 16829-16836 , Geran 10228–Geran 10235, Mukim of Setapak and District of Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, bearing postal address Bangunan Sri Impian, Nos. 24-31, Jalan Setiawangsa 8, Taman Setiawangsa, 54200 Kuala Lumpur. It has a total surveyed land area of 14,380 sq ft (1,336 sq m), gross floor area of the subject building of approximately 57,520 sq ft (about 5,343.78 sq m) and total net lettable area of 38,290 sq ft (3,557.25 sq m).

Pertinent information of the Property is as follows:-

Postal Address	Bangunan Sri Impian, Nos. 24 – 31, Jalan Setiawangsa 8, Taman Setiawangsa, 54200 Kuala Lumpur
Particular of Title	Lot Nos. 16829 – 16836 , Geran 10228– Geran 10235, Mukim of Setapak and District of Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur
Tenure	Freehold

Type of Property	A block of eight (8) units of 4-storey shop-office with car parking facilities and a lift
Total Surveyed Land Area	14,380 sq ft (1,336 sq m)
Gross Floor Area	57,520 sq ft (about 5,343.78 sq m)
Total Net Lettable Area	38,290 sq ft (3,557.25 sq m).
Existing use	Shop-offices
Appraised value	RM15,000,000 By Rahim & Co International Sdn Bhd (as at 30 November 2017)
Update Valuation	RM15,000,000 By Rahim & Co International Sdn Bhd (as at 1st October 2018)
Carrying Value	RM15,000,000 (as at 30 November 2018)
Date of Acquisition	15 May 1996
Acquisition Price	RM12,000,000
Occupancy rate	100% - Single tenant (as at 30 November 2018)
Current Tenant	Geo Global Management 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 subject to the completion and registration of the transfer of all eight (8) titles of the Property en-bloc to the Purchaser (subject always to the Purchaser having paid the full Disposal Consideration). In the event that any of the titles is being rejected for registration into the name of the Purchaser for any reason whatsoever, then, the Purchaser shall be entitled to rescind this SPA.

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

- (i) a sum of Ringgit Malaysia Three Hundred Forty Thousand (RM340,000) 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 Five Hundred and ten thousand (RM510,000) only being the retention sum upon execution of the SPA;
- (iii) a sum of Ringgit Malaysia Eight Hundred and Fifty Thousand (RM850,000) only being the balance deposit upon execution of the SPA; and
- (iv) the aggregate balance of the Disposal Consideration of Ringgit Malaysia Fifteen Million and Three Hundred Thousand (RM15,300,000) only shall be paid to the Purchaser's Solicitor as stakeholders within Ninety (90) business days from the date of this Agreement ("Completion Period"). An extension of thirty (30) business days from the expiry of Completion Period shall be granted by the Vendor to the Purchaser subject to eight per centum (8%) per annum. Upon execution of the SPA, the Vendor agrees to grant three (3) months rental free period to the Purchaser who is presently renting the Property.

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 4th October 2018) of RM15,000,000 as valued by Rahim & Co International Sdn Bhd, an independent firm of registered valuer. The valuation of RM15,000,000 was arrived by using a combination of comparison and investment methods of valuation.

3. INFORMATION ON THE PURCHASER

Geo Global is a private limited company and was incorporated in Year 2013 with an issued and paid up capital of RM 1,000,000. The Principal business of the company is provision of education.

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 RM17,000,000 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 unit holders of AHP.

The expected net gain on disposal is approximately RM2,000,000 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 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 Updated Valuation Report of the Property by Rahim & Co International Sdn Bhd dated 30 November 2017 and 1 October 2018, respectively.

This announcement is dated 31 December 2018.