

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 HUA HING SEAFOOD RESTAURANT SDN BHD (COMPANY No. 837193-U) (“HUA HING SEAFOOD” OR “THE PURCHASER”) OF TWO UNITS OF STRATIFIED SHOP LOTS IDENTIFIED AS GROUND AND FIRST FLOOR, LOT 55, BLOCK G, ASIA CITY PHASE 1B, KAMPUNG AIR, KOTA KINABALU, SABAH (“ASIA CITY PROPERTY”) FOR A CASH CONSIDERATION OF RINGGIT MALAYSIA ONE MILLION EIGHT HUNDRED THOUSAND (RM1,800,000) (“THE PROPOSED DISPOSAL”).

1. INTRODUCTION

Pelaburan Hartanah Nasional Berhad (Company No. 175967-W) (“**PHNB**” or the “**Manager**”), the management company of AHP wishes to announce that on 9 August 2019, ART as Trustee for AHP has entered into a Sale and Purchase Agreement (“**SPA**”) with Hua Hing Seafood in respect of the Proposed Disposal for a cash consideration of RM1,800,000 (“Disposal Consideration”).

2. DETAILS OF THE DISPOSAL

2.1 Information on the Asia City Property

Asia City Property comprises of two (2) units of stratified shop lots identified as Ground and First Floor, Lot 55, Block G, Asia City Phase 1B, Kampung Air, Kota Kinabalu, Sabah erected on part of a piece of land held under Master Title No. TL017544651, District of Kampung Air, Kota Kinabalu, Sabah. It has a combined gross floor area of approximately 3,700 sq. ft. (344 sq meter).

Pertinent information of the Asia City Property is as follows:-

Postal Address:	No. 55 (Ground & First Floor), Block G, Ruang Singgah Mata 4, Asia City, 88000 Kota Kinabalu, Sabah
Particular of Title:	Master Title No. TL017544651, District of Kampung Air, Kota Kinabalu, Sabah
Tenure :	99-year leasehold interest expiring on 31 st December 2076 (unexpired lease of 57 years)
Type of Property:	Two (2) units of stratified shop lots
Gross Floor Area:	Approximately 3,700 sq. ft. (344 sq meter)
Existing use:	Shop-offices
Valuation	RM1,900,000 (as at 30 November 2017) by Rahim & Co International Sdn Bhd
Update Valuation	RM1,900,000 (as at 1 October 2018 and 3rd June 2019) by Rahim & Co International Sdn Bhd

Carrying Value	RM1,900,000 (as at 30 June 2019)
Date of Acquisition	12 December 1995
Acquisition Price	RM1,200,000
Occupancy rate	100% - Single tenant
Current Tenant	Amanah Saham Nasional Berhad. For a term of three (3) years commencing from 1 November 2017 and expiring on 31 October 2020. However, the tenant has served its 12-month notice of termination on 25 July 2018, the tenancy has been terminated on 24 July 2019 and currently it is renewed on a month to month basis.
Encumbrances:	Nil

2.2 Salient terms and conditions of the Proposed Disposal

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

- (i) The First Sale and Purchase Agreement (“the First Sale Agreement”) dated 18 July 1994 entered between A.C. Property Development Sdn Bhd (Company No. 98843-K) (formerly known as Mapesat Sdn Bhd (Company No. 22677-H) (“the Developer”) of the first part, Sabah Economic Development Corporation and Sabah Urban Development Corporation Sdn Bhd (Company No. 11700-T), being the subsidiary company of Sabah Economic Development Corporation (“the Owner”) of the second part and Fook Chuan Trading Sdn Bhd (“the First Purchaser”);
- (ii) By a Sale and Purchase Agreement dated 12 December 1995 and a Deed of Assignment dated 26 July 1996, respectively (“the Second Sale Agreement”) made between the First Purchaser and ART (“the Vendor”), the First Purchaser sold and the Vendor purchased the Asia City Property subject to the terms and conditions therein contained;
- (iii) A Winding-Up Order was made against the Developer by the High Court in Sabah and Sarawak at Kota Kinabalu vide Companies Winding-Up Petition No. BKI-28NCC-5/10-2013 on the 25th February 2014 and the licensed Liquidator, Mr Lim San Pen was appointed as the Liquidator of the Developer;
- (iv) The subdivided title deed to the Asia City Property has yet to be issued by the relevant authority and as such, the transfer of the Asia City Property by the Liquidator of the Developer to the Vendor has not been effected pursuant to the terms of the First Sale Agreement and the Second Sale Agreement;
- (v) The Purchaser had inspected the Asia City Property and is aware and satisfied with its state and conditions of the Asia City Property and is purchasing the Asia City Property on an “as is where is” basis;

- (vi) The Vendor is currently renting the Asia City Property to Amanah Saham Nasional Berhad (Company No. 47457-V) (“the Tenant”) and the Tenant has served its 12-month notice of termination of tenancy effective from 25 July 2018;
- (vii) 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 update valuation as at 1 October 2018 and 3 June 2019; and
- (viii) The Proposed Disposal is contingent and conditional upon and will take effect only when the following (“**Conditions Precedent**”) are fulfilled:-
 - a) The consent in writing of the Liquidator of the Developer through the Liquidator permitting the Vendor to sell and assign to the Purchaser the benefit of the First Sale Agreement and the Asia City Property has been obtained; and
 - b) The consent may be obtained by securing the necessary execution by the Liquidator of a consent to a Deed of Assignment between the parties hereto which Deed of Assignment together with the terms therein shall be read and construed as an integral part of the SPA.

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

- (i) a sum of Ringgit Malaysia Thirty Six Thousand (RM36,000) only being the advanced 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 Forty Four Thousand (RM144,000) only being the balance deposit under SPA upon the execution of the SPA; and
- (iii) the balance of the purchase price of Ringgit Malaysia One Million Six Hundred Twenty Thousand (RM1,620,000) only shall be paid to the Vendor’s solicitor as stakeholder within a period of three (3) calendar months from the date of the requisite consent and undertaking by the consent has been signed by the Liquidator of the Developer for the sale and assignment of the Asia City Property and/or within three (3) months from the date of the receipt of the duly executed consent of the Deed of Assignment in respect of the Purchaser’s Loan from the Liquidator of the Developer which ever is later (Completion Date). A grace period of one (1) months from the Completion Date is granted to the Purchaser to settle the balance purchase price subject to interest at the rate of ten percentum (10%) per annum.

2.4 Basis of arriving at the Disposal Consideration

The Disposal Consideration for Asia City Property was arrived at based on a willing-buyer and a willing-seller basis and at 5.26% lower than the market value (as at 30 November 2017 and updated market value as at 1 October 2018 and 3 June 2019) of RM1,900,000 as valued by Rahim & Co International Sdn Bhd, an independent firm of registered valuer. The valuation of RM1,900,000 was arrived at by using a combination of comparison and investment methods of valuation.

Reasons for accepting the Disposal Consideration which is lower by 5.26% of the market value are as follows:

- (i) Reducing balance of unexpired lease tenure, presently 57 years and will keep reducing every year;
- (ii) Unissued subdivided title deed;
- (iii) Winding-up of the Developer; and
- (iv) Termination of the existing tenancy of Amanah Saham Nasional Berhad.

3. INFORMATION ON THE PURCHASER

Hua Hing Seafood is a company incorporated on 31 October 2008 with a paid up capital of RM500,000. Its principal nature of business is operating seafood restaurant.

4. RATIONALE FOR THE DISPOSAL

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

5. UTILIZATION OF SALES PROCEED

Proceeds from the Proposed Disposal of Ringgit Malaysia One Million and Eight Hundred Thousand Only (RM1,800,000) will be utilized to pare down the existing borrowings of AHP and subsequently reducing its gearing level.

6. EFFECTS OF THE DISPOSAL

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

Based on the current carrying value of RM1,900,000, the Proposed Disposal

will result in a loss of RM100,000. However, based on the actual cost of the Asia City Property, the Proposed Disposal will result in a gain of RM147,083.

The Proposed Disposal is not expected to have significant impact on the earnings of AHP for the financial year ending 31 December 2019.

7. APPROVALS REQUIRED

The Proposed Disposal has been approved by the Trustee on 26 March 2019. It is not subject to the approvals of the unit holders of AHP or any regulatory authorities.

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

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

9. STATEMENT BY THE 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 2020.

11. DEPARTURE FROM THE GUIDELINES ON LISTED REAL ESTATE INVESTMENT TRUSTS

To the best knowledge of the Board of Directors of the Manager, the Proposed Disposal does not depart from the provisions of the Guidelines on Listed 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 9 August 2019; and
- (ii) the Valuation Report and Update Valuation Report of the Asia City Property by Rahim & Co International Sdn Bhd dated 30 November

2017 and up-date valuation letters as at 1 October 2018 and 3 June 2019.

This announcement is dated 9 August 2019.