

NON-RELATED PARTY TRANSACTION ANNOUNCEMENT: CAPITALAND MALAYSIA TRUST (“CLMT”)

PROPOSED ACQUISITION BY MTRUSTEE BERHAD (“TRUSTEE” OR THE “PURCHASER”), ON BEHALF OF CLMT, OF A SINGLE STOREY DETACHED WAREHOUSE WITH AN ANNEXED 3-STOREY OFFICE BUILDING BEARING POSTAL ADDRESS NO. 5 & 7, JALAN JURUNILAI U1/20, HICOM-GLENMARIE INDUSTRIAL PARK, SEKSYEN U1, 40150 SHAH ALAM, SELANGOR DARUL EHSAN (“PROPERTY”) FROM CYNNYX SDN. BHD.

1. INTRODUCTION

The Board of Directors of CapitaLand Malaysia 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 an unconditional sale and purchase agreement (“**SPA**”) with Cynnyx Sdn. Bhd. (Company Registration No: 200101008705 (544461-V)) (“**CSB**” or “**Vendor**”) on 15 May 2023 for the acquisition of the Property for a total cash consideration of RM39,690,000.00 (the “**Proposed Acquisition**”).

2. DETAILS OF THE PROPOSED ACQUISITION

2.1 Proposed Acquisition

The Purchaser has agreed to purchase and the Vendor has agreed to sell the Property, in its present state and condition and on an “as is where is basis”, free from the Existing Charges (as defined below) and all encumbrances with vacant possession, but subject to the conditions of title (express or implied) and restrictions-in-interests endorsed on the land title, for a total cash consideration of RM39,690,000.00 (“**Purchase Price**”).

The Trustee approved the Proposed Acquisition, vide their letter dated 15 May 2023 in accordance with the provisions of the Fifth Amended and Restated Deed dated 13 July 2021 entered into between the Trustee and the Manager constituting CLMT.

2.2 Information on the Property

The Property is a single storey detached warehouse with an annexed 3-storey office building bearing the postal address of No. 5 & 7, Jalan Jurunilai U1/20, Hicom-Glenmarie Industrial Park, Seksyen U1, 40150 Shah Alam, Selangor Darul Ehsan erected on a piece of freehold industrial land held under Geran No. 215178, Lot 61783, Bandar Glenmarie, Daerah Petaling, Negeri Selangor (the “**Land**”). The total built up area of the Property is approximately 84,755 square feet as stipulated in the approved building plan dated June 1996.

The Land is subject to the category of land use, express conditions and restriction in-interests as follows:

Category of Land Use	:	Industrial (<i>Perusahaan</i>)
Express Conditions	:	Industrial (<i>Perusahaan</i>)
Restriction in Interest	:	None (<i>Tiada</i>)
Encumbrances	:	<ul style="list-style-type: none">• A charge over a principal sum in favour of Hong Leong Islamic Bank Berhad (Company No.: 686191-W) registered on 12 December 2014 vide Presentation No. 139782/2014; and• A charge over a principal sum in favour of Hong Leong Bank Berhad (Company No.: 97141-X)

	<p>registered on 12 December 2014 vide Presentation No. 139783/2014</p> <p>(collectively, the “Existing Charges”).</p>
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2.3 Salient terms of the SPA

2.3.1 Manner of settlement of the Purchase Price

The Purchase Price is payable in the following manner:

	Amount (RM)	Percentage of Purchase Price (%)	Timing
(i) Deposit	3,969,000.00	10.0	To be paid to the Vendor upon execution of the SPA
(ii) The balance of the Purchase Price (“Balance Sum”)	35,721,000.00	90.00	To be paid to the Vendor’s solicitors as stakeholders on the date of completion of the SPA (“Completion Date”)
	39,690,000.00	100.00	

In the event the redemption sum to be paid to the Hong Leong Islamic Bank Berhad and Hong Leong Bank Berhad (collectively, the “Existing Chargees”) for the release and discharge of the Existing Charges on the redemption date as set out in the redemption statement (“Redemption Sum”) exceeds the Balance Sum, the Vendor shall pay the difference between the Redemption Sum and the Balance Sum (“Shortfall”) to the Existing Chargees within fourteen (14) days from the date of receipt of the redemption statement by the Vendor’s solicitors and furnish to the Purchaser and/or the Purchaser’s solicitors with written confirmation from the Existing Chargees or the Vendor’s solicitors, as the case may be or such other documentary proof of such payment of the Shortfall.

The parties agree that the Purchaser shall not be obliged to pay the Balance Sum from the date of receipt of the redemption statement by the Vendor’s solicitors until the Shortfall has been paid by the Vendor to the Existing Chargees or the Vendor’s solicitors, as the case may be.

The Vendor’s solicitors are authorised by the parties to release the Remaining Balance Sum together with interest, if any, to the Vendor after fourteen (14) days from the date of presentation of the instrument of transfer (“Transfer”) at the relevant land authority provided always that the relevant land authority does not reject or suspend the presentation of the Transfer due to the fault of the Vendor within the said fourteen (14) days, and in such event the Vendor’s solicitors shall receive the letter of rejection or suspension by the relevant land authority within the said fourteen (14) days; or the date the Transfer is registered in the name of the Purchaser, whichever is earlier, unless otherwise agreed to be released earlier by the Purchaser.

2.3.2 Completion

The period for Completion shall be on or before the expiry of three (3) months from the date of the SPA or on or before the expiry of one (1) month from the date of the EPU Confirmation, in the case where the Purchaser submits the application for the EPU Confirmation (as defined below), whichever is later ("**Completion Period**").

In the event that the Purchaser fails to pay the pay the Balance Sum in full on or before the expiry of the Completion Period, the Vendor shall grant to the Purchaser an automatic extension of one (1) month from the expiry of the Completion Period ("**Extended Completion Period**") to pay the Balance Sum or any outstanding thereof subject to payment by the Purchaser of late payment interest at the rate of eight per centum (8%) per annum calculated from the day immediately after the expiry of the Completion Period to the date of payment. Such interest shall be paid together with the Balance Sum to the Vendor's solicitors as stakeholders on or before expiry of the Extended Completion Period.

2.3.3 Confirmation from the Economic Planning Unit, Prime Minister's Department ("EPU") pursuant to the Guideline on the Acquisition of Properties effective 1 March 2014 issued by the EPU ("EPU Guidelines")

Subject to the Vendor's undertaking to assist the Purchaser (as set out below), the Purchaser shall within thirty (30) days from the date of the SPA ("**EPU Application Period**") submit and apply for the written confirmation from the EPU stating that no approval from EPU is required pursuant to the EPU Guidelines for the sale and purchase of the Property under the SPA ("**EPU Confirmation**"), which is necessary for the presentation and registration of the Transfer (if necessary) at their own costs and expenses. For avoidance of doubt, if the Purchaser does not submit the EPU Confirmation application to the EPU on or before the expiry of the EPU Application Period, the Balance Sum shall be paid by the Purchaser to the Vendor's solicitors as stakeholders on or before the expiry of three (3) months from the date of the SPA.

The Vendor undertakes to assist the Purchaser in obtaining the EPU Confirmation including rendering all assistance and promptly providing all documents and/or information that may be required by the EPU, within ten (10) days from the date of the SPA. The EPU Application Period will be extended free of interest by the number of days elapsing after the ten (10) days from the date of the SPA until the date of the Purchaser's solicitors' receipt of the requested documents and/or information.

2.4 Basis of the Purchase Price

The Purchase Price was arrived at on a "willing buyer willing seller" basis based on the market value of the Property of RM40.4 million, as appraised by PPC International Sdn. Bhd., an independent firm of registered valuers, in its valuation report dated 2 May 2023 ("**Valuation**"). The Valuation was derived using the income approach, with the cost approach as a check.

2.5 Liabilities to be Assumed by CLMT

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

2.6 Source of Funding

The Proposed Acquisition will be funded by bank borrowings.

3. INFORMATION ON THE VENDOR

The Vendor, Cynnyx Sdn. Bhd. (Company Registration No.: 200101008705 (544461-V)) is a private limited company incorporated in Malaysia on 11 April 2001 under the Companies Act, 1965 and is deemed registered under the Companies Act, 2016. CSB is principally involved in investment holding.

As at 10 May 2023, being the latest practicable date prior to this announcement (“LPD”), the issued share capital of the Vendor is RM1,500,000.00 comprising 1,500,000 ordinary shares.

As at the LPD, the directors of CSB are Datuk Goh Keng Cheng and Wong Wai Man, both of whom are indirect shareholders of CSB as set out below. The shareholders of CSB as at the LPD are as follows:

Name	Nationality / Place of Incorporation	Shareholdings in CSB			
		Direct		Indirect	
		No. of ordinary shares	%	No. of ordinary shares	%
Cynnyx Distribution Sdn. Bhd. (“CDSB”)	Malaysia	1,310,250	87.35	-	-
Netsell Vision (M) Sdn. Bhd. (“Netsell”)	Malaysia	189,750	12.65	-	-
Datuk Goh Keng Cheng	Malaysia	-	-	1,310,250 ⁽¹⁾	87.35
Wong Wai Man	Malaysia	-	-	189,750 ⁽²⁾	12.65

Notes:

(1) Deemed interested by virtue of his shareholdings in CDSB pursuant to Section 8(4) of the Companies Act 2016.

(2) Deemed interested by virtue of his shareholdings in Netsell pursuant to Section 8(4) of the Companies Act 2016.

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

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.

The Proposed Acquisition would further improve the asset diversification of the overall property portfolio of CLMT with the inclusion of an additional asset in the logistics sector.

4.2 Prospects of the Property

The Property is strategically located in Hicom-Glenmarie Industrial Park, a renowned and well-established industrial park. Hicom-Glenmarie Industrial Park is regarded as a prime area for logistics warehouses in Klang Valley due to its accessibility to various highways and expressways such as North Klang Valley Expressway (NKVE), ELITE, Guthrie Corridor Expressway and Federal Highway, making it home to multiple warehouses such as QSR, Proton and City-Link Express.

The Manager will be undertaking a convert-to-suit exercise to transform the Property into a temperature-controlled distribution centre. The Manager has executed a Letter of Offer with a fashion retail tenant. The Property will be converted to suit the requirements of the tenant and the retrofitting period is estimated to be approximately 5 months. The long-term lease agreement which is in the midst of negotiation with the tenant is expected to commence in early 2024. The gross annual rental revenue is estimated to be RM3.5 million and generates a yield of approximately 6.5%.

As part of CLMT's growth strategy, the Manager intends to collaborate with CLMT's retail tenants and provide an integrated platform for their retail outlets and distribution centres in Malaysia.

4.3 Accretion of Distribution Per Unit

The Proposed Acquisition is potentially accretive to CLMT's Distribution Per Unit, upon commencement of the lease agreement.

5. RISK FACTORS

The Property 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.

6. EFFECTS OF THE PROPOSED ACQUISITION

6.1 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.

6.2 Net Asset Value ("NAV")

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

6.3 Earnings

The Proposed Acquisition is expected to contribute positively to the earnings of CLMT for the financial year ending 31 December 2023 upon commencement of the lease agreement.

6.4 Gearing

The Purchaser intends to fund the Proposed Acquisition with bank borrowings. The proforma gearing ratio are as below:

	Before the Proposed Acquisition	After the Proposed Acquisition
Based on CLMT's audited consolidated financial position as at 31 December 2022	36.2%	36.8%
Based on CLMT's consolidated financial position as at 31 March 2023	44.3%	44.8%

The gearing ratios are below the gearing limit of 50% prescribed by the Guidelines on Listed Real Estate Investment Trusts issued by the Securities Commission, Malaysia on 15 March 2018 (revised on 28 November 2022).

7. APPROVALS REQUIRED FOR THE PROPOSED ACQUISITION

The Proposed Acquisition is not subject to and conditional upon any approvals from regulatory authorities, save for the EPU Confirmation as stated in paragraph 2.3.3 of this announcement.

8. 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.

9. 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.

10. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances, the Proposed Acquisition is expected to be completed by the third quarter of 2023.

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 1.0%.

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 Property dated 2 May 2023.

This announcement is dated 15 May 2023.