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OVERSEAS REGULATORY ANNOUNCEMENT

(This overseas regulatory announcement is issued pursuant to Rule 13.10(B) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.)

Please refer to the attached announcement on the next page.

As at the date of this announcement, the board of directors of Guoco Group Limited comprises Mr. Kwek Leng Hai as Executive Chairman; Mr. Tang Hong Cheong as President & CEO; Mr. Kwek Leng San as Non-executive Director and Mr. Roderic N. A. Sage, Mr. David Michael Norman and Mr. Huang Lester Garson, SBS, JP as Independent Non-executive Directors.

TRANSACTIONS (CHAPTER 10 OF LISTING REQUIREMENTS) : RELATED PARTY TRANSACTIONS PROPOSED DISPOSAL OF MENARA GUOCO BY DC OFFICES SDN BHD, AN INDIRECT WHOLLY-OWNED SUBSIDIARY OF GUOCOLAND (MALAYSIA) BERHAD, TO MTRUSTEE BERHAD, THE TRUSTEE OF TOWER REAL ESTATE INVESTMENT TRUST

GUOCOLAND (MALAYSIA) BERHAD

Type	Announcement
Subject	TRANSACTIONS (CHAPTER 10 OF LISTING REQUIREMENTS) RELATED PARTY TRANSACTIONS
Description	PROPOSED DISPOSAL OF MENARA GUOCO BY DC OFFICES SDN BHD, AN INDIRECT WHOLLY-OWNED SUBSIDIARY OF GUOCOLAND (MALAYSIA) BERHAD, TO MTRUSTEE BERHAD, THE TRUSTEE OF TOWER REAL ESTATE INVESTMENT TRUST

GuocoLand (Malaysia) Berhad ("**Company**") wishes to announce that DC Offices Sdn Bhd ("**DC Offices**"), an indirect wholly-owned subsidiary of the Company, has entered into a conditional sale and purchase agreement with MTrustee Berhad, the trustee of Tower Real Estate Investment Trust, today for the proposed disposal by DC Offices of an office building known as Menara Guoco for a cash consideration of RM242.1 million ("**Proposed Disposal**").

Please refer to the attached announcement for the details of the Proposed Disposal.

This announcement is dated 2 March 2020.

Please refer attachment below.

Attachments



[GLM - Disposal of Menara Guoco.pdf](#)
272.1 kB

Announcement Info

Company Name	GUOCOLAND (MALAYSIA) BERHAD
Stock Name	GUOCO
Date Announced	02 Mar 2020
Category	General Announcement for PLC
Reference Number	GA1-28022020-00098

GUOCOLAND (MALAYSIA) BERHAD (“GLM” OR THE “COMPANY”)

PROPOSED DISPOSAL MENARA GUOCO

1. INTRODUCTION

The Board of Directors of GLM (“**Board**”) wishes to announce that DC Offices Sdn Bhd (“**DC Offices**”), an indirect wholly-owned subsidiary of the Company, has entered into a conditional sale and purchase agreement (“**SPA**”) with MTrustee Berhad (“**Trustee**”), the trustee of Tower Real Estate Investment Trust (“**Tower REIT**”), today for the proposed disposal by DC Offices of an office building known as Menara Guoco (“**Property**”) for a cash consideration of RM242.1 million (“**Disposal Consideration**”) (“**Proposed Disposal**”).

The salient terms of the SPA are set out in **Appendix I** of this announcement.

The Proposed Disposal is deemed to be a related party transaction in view of the interests of certain director and major shareholders of the Company as set out in Section 9 of this announcement. Accordingly, Inter-Pacific Securities Sdn Bhd has been appointed as the Independent Adviser to advise the non-interested directors and non-interested shareholders of the Company on the Proposed Disposal in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”).

2. DETAILS OF THE PROPOSED DISPOSAL

2.1 Information on the Property

The Property is a 19-storey office building known as Menara Guoco erected on part of that piece of freehold land held under Geran 74955, Lot 58303 in the Mukim and District of Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur. It forms part of an integrated commercial development known as Damansara City, comprising another office building, a hotel, a retail mall, serviced apartments and car parks. The Property is strategically located in Damansara Heights, which is an established neighbourhood with easy accessibility from the Kuala Lumpur City Centre and Petaling Jaya.

Further information on the Property is set out in **Appendix II** of this announcement.

2.2 Date and original cost of investment

DC Offices acquired the development rights in respect of the Property in 2012 and completed the construction in 2015 with a total cost of investment of approximately RM165.1 million as at 6 February 2020, being the latest practicable date prior to this announcement (“**LPD**”).

2.3 Information on Tower REIT

Tower REIT was constituted under the principal deed dated 17 February 2006 (as amended and restated by the restated deed dated 29 May 2014 and the second restated deed dated 23 October 2019) entered into between GLM REIT Management Sdn Bhd, the management company of Tower REIT (“**Manager**”), and the Trustee.

The investment objective of Tower REIT is to invest primarily in a portfolio of real estate including quality office buildings, commercial properties, residential properties and industrial properties in order to provide its unitholders with regular and stable distributions as well as to achieve medium to long-term growth in its net asset value per unit.

As at the LPD, the issued unitholders' capital of Tower REIT is RM285,344,766 comprising 280,500,000 units and Tower REIT's portfolio comprises 2 commercial office buildings located in Kuala Lumpur.

The directors of the Manager as at the LPD are YBhg Datuk Edmund Kong Woon Jun, YBhg Dato' Koh Hong Sun, YBhg Dato' Nicholas John Lough @ Sharif Lough Bin Abdullah, Ms Lim Tau Kien and Ms Lim Chew Yan. The substantial unitholders of Tower REIT and their respective unitholdings in Tower REIT as at the LPD are as follows:

Substantial unitholders	Direct		Indirect	
	No. of units ('000)	%	No. of units ('000)	%
GLM Equities Sdn Bhd	60,769	21.7	-	-
Hong Leong Assurance Berhad	57,771	20.6	-	-
GLM	-	-	(1)60,769	21.7
Hong Leong Company (Malaysia) Berhad (" HLCM ")	-	-	(1)151,836	54.1
YBhg Tan Sri Quek Leng Chan	-	-	(2)151,836	54.1
Mr Kwek Leng Beng	-	-	(2)151,836	54.1
Mr Kwek Leng Kee	-	-	(2)151,836	54.1

Notes:

- (1) Held through subsidiary(ies).
- (2) Held through HLCM and a company in which the substantial unitholder has interest.

2.4 Liabilities to be assumed

There are no liabilities, including contingent liabilities, in relation to the Proposed Disposal which remain with GLM and its subsidiaries (collectively, "**GLM Group**"). There are also no guarantees given by GLM Group to Tower REIT pursuant to the Proposed Disposal.

3. BASIS OF AND JUSTIFICATION FOR THE DISPOSAL CONSIDERATION

The Disposal Consideration was arrived at on a willing-buyer willing-seller basis after taking into consideration the market value of the Property of RM242.1 million as appraised by First Pacific Valuers Property Consultants Sdn Bhd ("**Valuer**"), a firm of professional valuers appointed by GLM, via its valuation report dated 19 February 2020 ("**Valuation Report**") using the investment and comparison methods of valuation. The Valuer has also been appointed by the Manager to appraise the market value of the Property.

The investment method of valuation involves determining the net annual income derived from the Property by deducting all outgoings from the estimated gross annual income and then capitalising the net annual income with an appropriate capitalisation rate to arrive at the market value of the Property.

The comparison method is used to determine the market value of the Property by comparing the recent sale transactions of properties within its vicinity and making appropriate adjustments for all dissimilarities.

The salient features of the Valuation Report are set out in **Appendix III** of this announcement.

4. RATIONALE AND BENEFITS OF THE PROPOSED DISPOSAL

The Proposed Disposal represents an opportunity for GLM Group to realise its investment in the Property. It is also in line with GLM Group's strategy to focus on property development.

GLM Group is continuously evaluating business opportunities in the property development sector. The proceeds from the Proposed Disposal will provide GLM Group with the necessary funds for existing working capital requirements.

In addition, the repayment of bank borrowings using the proceeds from the Proposed Disposal is also expected to result in interest savings, which would improve GLM Group's overall cash flow management.

5. UTILISATION OF PROCEEDS

The Disposal Consideration is intended to be used in the following manner:

Details of use of proceeds	Note	RM'000	Expected time frame for use from the date of completion of the Proposed Disposal
Repayment of bank borrowings	(1)	145,339	Within 12 months
Working capital requirements	(2)	96,131	Within 24 months
Estimated expenses for the Proposed Disposal	(3)	630	Within 3 months
Total gross proceeds		<u>242,100</u>	

Notes:

(1) Repayment of bank borrowings

As at the LPD, the total bank borrowings of GLM Group stood at approximately RM1,214.9 million. The Company intends to use RM145.3 million of the proceeds raised from the Proposed Disposal to pare down the existing borrowings of GLM Group. Based on the weighted average cost of borrowings of approximately 4.4% per annum, such repayment is expected to result in an annual interest savings of approximately RM6.4 million.

(2) Working capital requirements

Working capital requirements of GLM Group include, but are not limited to, day-to-day operating and administrative expenses, and other operating expenses such as sales and marketing, advertising and promotional expenditure as well as professional fees in relation to its property development business.

(3) Estimated expenses for the Proposed Disposal

The estimated expenses for the Proposed Disposal comprise professional fees, payments to the relevant authorities, expenses to convene an extraordinary general meeting in relation to the Proposed Disposal, printing, advertisement and other ancillary expenses. In the event the actual expenses incurred are higher/lower than budgeted, the deficit/surplus will be funded from/allocated to the portion earmarked for working capital requirements.

Pending the use of proceeds from the Proposed Disposal in the manner set out above, the proceeds will be placed in interest bearing deposits with financial institutions or short-term money market instruments as the Board may deem fit.

6. RISK OF THE PROPOSED DISPOSAL

The Proposed Disposal is conditional upon the fulfilment of the conditions precedent to the SPA as set out in Section 2, Appendix I of this announcement. In the event that the conditions precedent to the SPA are not fulfilled or obtained within the time frame stipulated in the SPA, it may lead to a termination of the SPA or a delay in the completion of the Proposed Disposal. The Company will endeavor to ensure that all the conditions precedent to the SPA are met within the stipulated time frame in order to facilitate the completion of the Proposed Disposal.

7. EFFECTS OF THE PROPOSED DISPOSAL

7.1 Share capital and substantial shareholders' shareholdings

The Proposed Disposal will not have any effect on the issued share capital and shareholdings of the substantial shareholders of the Company.

7.2 Net assets ("NA") and gearing

The pro forma effects of the Proposed Disposal on the consolidated NA and gearing of the Company based on its audited consolidated statement of financial position as at 30 June 2019 are as follows:

	Audited as at 30 June 2019 (RM'000)	After the Proposed Disposal (RM'000)
Share capital	385,318	385,318
Reserves	932,636	⁽¹⁾ 939,460
Shares held by executive share schemes trust	(23,883)	(23,883)
NA attributable to shareholders	1,294,071	1,300,895
No. of shares in issue ⁽²⁾ ('000)	669,880	669,880
NA per share (RM)	1.93	1.94
Total borrowings	1,221,774	⁽³⁾ 1,076,435
Gearing ratio (times)	0.94	0.83

Notes:

- (1) After incorporating the estimated net gain on disposal of approximately RM6.8 million as set out in Section 7.3 of this announcement.
- (2) After excluding 30,578,100 ordinary shares in GLM held by the executive share scheme trust.
- (3) After the repayment of bank borrowings of approximately RM145.3 million as set out in Section 5 of this announcement.

7.3 Earnings and earnings per share (“EPS”)

Based on the latest audited consolidated financial statements of the Company for the financial year ended 30 June 2019, and assuming that the Proposed Disposal had been effected at the beginning of the said financial year, GLM Group is expected to realise an estimated net gain on disposal of approximately RM6.8 million, which represents a consolidated EPS of the Company of approximately 1.0 sen, as further illustrated below:

	RM'000
Disposal Consideration	242,100
Less: Audited net book value of the Property as at 30 June 2019 ⁽¹⁾	(242,100)
Estimated expenses for the Proposed Disposal	(630)
Add: Reversal of deferred tax pertaining to the Property	7,454
Estimated net gain on disposal	<u>(2)6,824</u>

Notes:

- (1) In the audited financial statements of the Company, the Property is stated at fair value, of which has been determined based on market valuation by an independent valuer as at the reporting date.

For information purposes, the total cost of investment by DC Offices in respect of the development rights of the Property and its construction was approximately RM165.1 million as set out in Section 2.2 of this announcement.

- (2) The actual gain arising from the Proposed Disposal will vary depending on the net book value of the Property as at the time of the completion of the Proposed Disposal.

Save for the above, the Proposed Disposal is not expected to have any material effect on the consolidated earnings and EPS of the Company for the financial year ending 30 June 2020 as it is expected to be completed by the 3rd quarter of 2020.

8. APPROVALS REQUIRED

The Proposed Disposal is subject to approvals being obtained from:

- (i) the shareholders of GLM at an extraordinary general meeting to be convened;
- (ii) the unitholders of Tower REIT at a unitholders' meeting to be convened; and
- (iii) any other relevant authority and/or party, if required.

The highest percentage ratio applicable to the Proposed Disposal pursuant to Paragraph 10.02(g) of the Main Market Listing Requirements of Bursa Securities is approximately 18.7%.

The Proposed Disposal is not conditional upon any other proposals undertaken or to be undertaken by the Company.

9. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

Save as disclosed below, none of the directors and/or major shareholders of the Company and/or persons connected with them have any interest, direct or indirect, in the Proposed Disposal:

- (i) GLM, being the holding company of DC Offices, is also the holding company of the Manager and a major unitholder of Tower REIT;
- (ii) HLCM, the ultimate holding company of GLM, is a major shareholder of DC Offices and the Manager, and a major unitholder of Tower REIT;
- (iii) YBhg Tan Sri Quek Leng Chan and Mr Kwek Leng Beng are directors of HLCM. YBhg Tan Sri Quek Leng Chan, Mr Kwek Leng Beng and Mr Kwek Leng Kee are the major shareholders of HLCM, GLM, DC Offices and the Manager, and major unitholders of Tower REIT; and
- (iv) YBhg Datuk Edmund Kong Woon Jun is a director of DC Offices and the Manager and the Group Managing Director of GLM.

YBhg Datuk Edmund Kong Woon Jun has abstained and will continue to abstain from deliberating and voting on the Proposed Disposal at the relevant board meetings.

The interested parties above will abstain and have undertaken that they will ensure that persons connected with them will also abstain from voting in respect of their direct and/or indirect shareholdings in the Company on the resolution pertaining to the Proposed Disposal to be tabled at the extraordinary general meeting to be convened.

The direct and indirect shareholdings of the interested director and major shareholders of GLM as at the LPD are as follows:

	Direct		Indirect	
	No. of shares ('000)	%	No. of shares ('000)	%
<u>Interested director</u>				
YBhg Datuk Edmund Kong Woon Jun	-	-	-	-
<u>Interested major shareholders</u>				
GLL (Malaysia) Pte Ltd	455,507	65.0	-	-
GuocoLand Limited	-	-	(1)455,507	65.0
GuocoLand Assets Pte Ltd	-	-	(1)455,507	65.0
Guoco Group Limited	-	-	(1)455,507	65.0
GuoLine Overseas Limited	-	-	(1)455,507	65.0
GuoLine Capital Assets Limited	-	-	(1)455,507	65.0
HLCM	-	-	(2)455,575	65.0
HL Holdings Sdn Bhd	-	-	(3)455,575	65.0
YBhg Tan Sri Quek Leng Chan	19,507	2.8	(3)455,575	65.0
Kwek Holdings Pte Ltd	-	-	(4)456,075	65.1
Mr Kwek Leng Beng	-	-	(4)456,075	65.1
Hong Realty (Private) Limited	-	-	(4)456,075	65.1
Hong Leong Investment Holdings Pte Ltd	-	-	(4)456,075	65.1
Mr Kwek Leng Kee	-	-	(4)456,075	65.1
Davos Investment Holdings Private Limited	-	-	(4)456,075	65.1

Notes:

- (1) Held through GLL (Malaysia) Pte Ltd.
- (2) Held through subsidiaries.

- (3) Held through HLCM.
- (4) Held through HLCM and a company in which the major shareholder has interest.

10. RELATED PARTY TRANSACTIONS

Save for the Proposed Disposal, there were no other related party transactions entered into between DC Offices and Tower REIT for the preceding 12 months from the date of this announcement.

11. INDEPENDENT ADVISER

In view that the Proposed Disposal is a related party transaction, Inter-Pacific Securities Sdn Bhd has been appointed to act as the Independent Adviser to undertake the following in relation to the Proposed Disposal:

- (i) comment as to whether the Proposed Disposal is:
 - (a) fair and reasonable so far as the shareholders of the Company are concerned; and
 - (b) to the detriment of the non-interested shareholders of the Company,and such opinion must set out the reasons for, the key assumptions made and the factors taken into consideration in forming that opinion;
- (ii) advise the non-interested shareholders of the Company on whether they should vote in favour of the Proposed Disposal; and
- (iii) take all reasonable steps to satisfy itself that it has a reasonable basis to make the comments and advice in relation to subparagraphs (i) and (ii) above.

12. DIRECTORS' STATEMENT

The Board (save for YBhg Datuk Edmund Kong Woon Jun), after having considered the preliminary evaluation of the Independent Adviser and deliberated on all aspects of the Proposed Disposal, is of the opinion that the Proposed Disposal is in the best interest of the Company.

13. AUDIT COMMITTEE'S STATEMENT

The Board Audit & Risk Management Committee of the Company, after having considered the preliminary evaluation of the Independent Adviser and deliberated on all aspects of the Proposed Disposal, is of the opinion that the Proposed Disposal is:

- (i) in the best interest of the Company;
- (ii) fair, reasonable and on normal commercial terms; and
- (iii) not detrimental to the interest of the non-interested shareholders of the Company.

14. ESTIMATED TIME FRAME FOR COMPLETION

Barring any unforeseen circumstances, the Proposed Disposal is expected to be completed by the 3rd quarter of 2020.

15. DOCUMENTS FOR INSPECTION

Copies of the SPA and the Valuation Report are available for inspection at the registered office of the Company at Level 10, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur during normal business hours from Mondays to Fridays (except public holidays) for a period of 3 months from the date of this announcement.

This announcement is dated 2 March 2020.

SALIENT TERMS OF THE SPA

The salient terms of the SPA are as follows:

1. Agreement for sale and purchase

The Property is sold by DC Offices and purchased by the Trustee on, among others, the following basis:

- (i) the sale of the Property is subject to fulfillment of all conditions precedent as set out in Section 2 below;
- (ii) the Property is sold free from encumbrance;
- (iii) the Property is sold together with all associated rights and benefits of DC Offices as at the date when the full Disposal Consideration is paid ("**Completion Date**");
- (iv) the Property is sold subject to all agreements and contracts entered into by DC Offices in relation to the Property that are in effect as at the Completion Date (collectively, the "**Existing Agreements**"), and on the basis that the Existing Agreements are novated to the Trustee wherever possible, or all benefits, rights, entitlements and interest of DC Offices under the Existing Agreements are assigned to the Trustee;
- (v) the Property is sold subject to all conditions of title and restrictions in interest affecting the land on which the Property is situated or otherwise affecting the Property, express or implied, including all endorsements and conditions as may be set out in the strata title of the Property to be issued;
- (vi) the Property is sold in 'as is where is' condition as at the Completion Date; and
- (vii) the Property is sold with all licenses, approvals and certificate(s) of completion and compliance issued for the same.

2. Conditions precedent

The SPA is conditional upon fulfilment of the following conditions precedent within 4 months from the date of the SPA (or such other period as may be agreed between DC Offices and the Trustee in writing) ("**Compliance Period**"):

- (i) DC Offices having obtained the approval of the shareholders of its holding company, GLM, at a general meeting to its sale of the Property upon the terms of the SPA;
- (ii) the Trustee and the Manager having obtained the approval of the unitholders of Tower REIT at a unitholders' meeting to its purchase of the Property upon the terms of the SPA;
- (iii) the Trustee being satisfied with the results of the technical due diligence of the Property;
- (iv) in the event the market value of the Property as stated in the valuation report is varied or adjusted by the valuer pursuant to comments received from the appropriate authorities, the Trustee and DC Offices having agreed to proceed with the sale and purchase at the Disposal Consideration or at such other price as mutually agreed between the Trustee and DC Offices. If the mutually agreed price is different from the Disposal Consideration, the parties having entered into a supplemental agreement to reflect such mutually agreed price; and
- (v) any other approvals or consents from third parties and any other matter as may be agreed in writing by DC Offices and the Trustee.

SALIENT TERMS OF THE SPA (CONT'D)

If any of the conditions precedent to the SPA is not fulfilled by the last day of the Compliance Period, either party may terminate the SPA by notice in writing to the other, whereupon the SPA shall terminate and be null and void and of no further effect and neither party shall have any claim against the other party.

The SPA shall become unconditional and effective when the last of the conditions precedent is fulfilled or such later date as may be agreed in writing between the Trustee and DC Offices ("**Effective Date**").

3. Disposal Consideration

The Disposal Consideration agreed between DC Offices and the Trustee, on a willing buyer willing seller basis, is RM242.1 million and the Trustee shall pay the Disposal Consideration within 60 days from the Effective Date ("**Completion Period**").

If the Trustee fails to pay the Disposal Consideration or any part thereof within the Completion Period, DC Offices shall automatically extend time by 30 days from the expiry of the Completion Period or such other period as may be agreed between the Trustee and DC Offices in writing, provided always that the Trustee pays DC Offices late payment interest (chargeable at the simple interest rate of 8% per annum) on the amount due and remaining unpaid, commencing from the day after the last day of the Completion Period until the date of full and final settlement of the same.

4. Novation and assignment agreements

The Existing Agreements shall be dealt with in the following manner:

- (i) DC Offices may request the applicable third party to the Existing Agreements to sign and return the novation agreements in relation to the Existing Agreements;
- (ii) In lieu of a novation agreement, the parties to the SPA may agree to the execution and delivery of new agreements to be made between the Trustee and the applicable third party and the termination of the applicable Existing Agreements and the release of DC Offices thereunder; or
- (iii) If any applicable third party fails to execute the novation agreement in relation to the Existing Agreement, DC Offices shall (unless waived by the Trustee) sign and deliver an assignment agreement to assign the full benefits, entitlements, rights, title and interests of DC Offices under and arising from that Existing Agreement to the Trustee.

5. Completion

On payment of the full Disposal Consideration, the following shall be treated to have occurred as from the Completion Date:

- (i) full beneficial interests in, and title to, the Property shall be conveyed to the Trustee and its successors in title and lawful assigns;
- (ii) legal possession of the Property shall be conveyed to the Trustee;
- (iii) with the delivery of legal possession, risks shall pass to the Trustee;
- (iv) all associated rights and benefits shall be assigned absolutely and unconditionally by DC Offices to the Trustee; and
- (v) the Trustee shall assume the liabilities under the Existing Agreements accruing as from the Completion Date.

SALIENT TERMS OF THE SPA (CONT'D)

6. Property sold free from claims and liabilities

The Trustee shall indemnify DC Offices against all claims, losses, costs and expenses (“**Liabilities**”) that may be sustained by DC Offices if any claim is made against DC Offices for any Liabilities accruing after (and including) the Completion Date. DC Offices shall indemnify the Trustee against all Liabilities that may be sustained by the Trustee if any claim is made against the Trustee for any Liabilities accruing before (and excluding) the Completion Date.

7. Default

(i) If, for any reason whatsoever:

- (a) the Trustee fails to pay an amount due to DC Offices in accordance with the provisions of the SPA;
- (b) the Trustee fails to observe or perform any material obligation on its part contained in the SPA (other than (a) above) and if such failure is capable of remedy, the Trustee having failed to remedy the same to the reasonable satisfaction of DC Offices within 10 days from the date of written notice from DC Offices to the Trustee requesting remedy thereof; or
- (c) any of the representations or warranties of the Trustee shall at any time be found to be incorrect, untrue or misleading in any material aspect,

DC Offices shall be entitled to terminate the SPA by notice in writing to the Trustee, whereupon:

- (aa) if the Disposal Consideration or any part thereof has been paid to DC Offices, DC Offices shall deduct and forfeit an amount equivalent to 10% of the Disposal Consideration or such lesser amount as may be agreed between the parties in writing (“**Agreed Liquidated Damages**”) from the Disposal Consideration received by it or if no Disposal Consideration has been paid to DC Offices, the Trustee shall pay the Agreed Liquidated Damages to DC Offices within 10 business days from the date of receipt of DC Offices’ notice of termination;
- (bb) DC Offices shall then refund and/or procure the refund of any other amount paid by the Trustee towards the Disposal Consideration (if paid) free of interest after deducting the Agreed Liquidated Damages;
- (cc) in exchange of the full refund under (bb) above, the Trustee shall perform its termination obligations pursuant to the terms of the SPA,

and thereafter the SPA shall terminate and be null and void and be of no further effect and neither party shall have any claim against the other (save and except for antecedent breach).

(ii) If, for any reason whatsoever:

- (a) DC Offices fails to perform any material obligations on its part contained in the SPA and if such failure is capable of remedy, DC Offices having failed to remedy the same to the reasonable satisfaction of the Trustee within 10 days from the date of written notice from the Trustee to DC Offices requesting remedy thereof; or
- (b) any of the representations or warranties of DC Offices shall at any time be found to be incorrect, untrue or misleading in any material aspect,

SALIENT TERMS OF THE SPA (CONT'D)

the Trustee shall be entitled to the remedy at law for specific performance. Alternatively, at the election of the Trustee, it may terminate the SPA by notice in writing to DC Offices whereupon:

- (aa) DC Offices shall refund and/or procure the refund of all amounts paid by the Trustee towards the Disposal Consideration together with interest accrued thereon;
- (bb) DC Offices shall pay to the Trustee the Agreed Liquidated Damages within 10 business days from the date of receipt of the Trustee's notice of termination;
- (cc) in exchange of the full refund under (bb) above, the Trustee shall perform its termination obligations pursuant to the terms of the SPA,

and thereafter the SPA shall terminate and be null and void and be of no further effect and neither party shall have any claim against the other (save and except for antecedent breach).

- (iii) Upon termination of the SPA in accordance with (i) and (ii) above, DC Offices shall be at liberty to sell or otherwise deal with the Property in any manner as DC Offices deems fit without the reference to the Trustee.

INFORMATION ON THE PROPERTY

The information on the Property is as follows:

Postal address	:	Menara Guoco, Damansara City, No. 6, Jalan Damanlela, Bukit Damansara, 50490 Kuala Lumpur
Strata title	:	Not issued yet
Master title	:	Geran 74955, Lot 58303, Mukim and District of Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur
Beneficial owner	:	DC Offices
Category of land use	:	Building
Existing and proposed use	:	Offices
Terms of tenure	:	Freehold
Audited net book value	:	RM242.1 million based on the latest audited consolidated financial statements of GLM for the financial year ended 30 June 2019
Market value	:	RM242.1 million as appraised by the Valuer as at the material date of valuation of 22 January 2020 using the investment and comparison methods of valuation
Encumbrances	:	The encumbrances over the master title are as follows: <ul style="list-style-type: none"> (i) lease to Tenaga Nasional Berhad for an area measuring 756 square metres from 30 March 2014 to 29 March 2044 registered on 17 December 2014; and (ii) lease to Tenaga Nasional Berhad for an area measuring 4,367 square metres from 18 July 2017 to 17 July 2047 registered on 15 July 2019
Age of building	:	Approximately 2 years
Surveyed floor area	:	310,183 square feet
Net lettable area	:	232,133 square feet
Percentage of occupancy as at the LPD	:	97.1%
Gross rental income for the financial year ended 30 June 2019	:	Approximately RM15.6 million

SALIENT FEATURES OF THE VALUATION REPORT

The salient features of the Valuation Report are as follows:

- (i) The market value of the Property as appraised by the Valuer as at the material date of valuation of 22 January 2020 is RM242.1 million using the investment and comparison methods of valuation.
- (ii) The basis of valuation adopted for the Property is market value, which is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.
- (iii) The investment method involves determining the net annual income derived from the Property by deducting all outgoings from the estimated gross annual income and then capitalising the net annual income with an appropriate capitalisation rate to arrive at the market value of the Property. The capitalisation rate is derived by analysing the transactions of properties deemed similar in all aspects to the Property. The main parameters used by the Valuer are as follows:
 - (a) gross annual rental income for initial term is based on the total annual rental receivables from existing tenants, while gross annual rental for reversionary period is based on estimated present market rental value of the Property with adjustments made for all dissimilarities;
 - (b) gross annual outgoings for initial term are based on average annual outgoings incurred, while gross annual outgoings for reversionary period take into consideration rising cost due to inflation and lesser maintenance and management fee incurred based on the age of the Property;
 - (c) allowance for void of 2.5% after taking into consideration the general trend of vacancy for similar types of property and the duration of rent free allowance based on prevailing market practice; and
 - (d) net yields of 5.50% and 5.75% per annum are adopted by the Valuer for initial term and reversionary period respectively.
- (iv) The comparison method compares the recent sale transactions of properties within vicinity of the Property, namely Ikhlas Point, Wisma UOA Pantai and ACE Tower. Appropriate adjustments are then made for all dissimilarities to arrive at the market value of the Property.