

PRELIMINARY LETTER OFFER TO PURCHASE ("MOU") THE PROPERTY AT 218-236 A'BECKETT STREET, MELBOURNE, AUSTRALIA BETWEEN MAGNA PRIMA AUSTRALIA PTY LTD ("MPA" OR THE "PURCHASER"), A WHOLLY-OWNED SUBSIDIARY OF MAGNA PRIMA BERHAD ("MAGNA" OR THE "COMPANY") AND YUCAL AUSTRALIA PTY LTD ("YUCAL" OR THE "VENDOR") ("PROPOSED ACQUISITION")

1. INTRODUCTION

On behalf of the Board of Directors of Magna ("Board"), M&A Securities Sdn Bhd ("M&A Securities") wishes to announce that MPA had on 30 June 2011 entered into an MOU with Yucal for the Proposed Acquisition.

2. SALIENT TERMS OF THE MOU

2.1 MPA intends to purchase from Yucal, all of the property described in Certificate of Title Volume 11145 Folio 423 ("Property") together with any improvements on 218-236 A'Beckett Street, Melbourne, Australia for a purchase consideration of AUD\$26,000,000 (exclusive of GST) ("Purchase Consideration").

The deposit of AUD\$2,600,000 being 10% of the Purchase Consideration shall be payable 30 days after the execution of the Contract (as defined under paragraph 2.5 below), payable to Lincolns Lawyers' trust, being the Vendor's lawyer trust account in accordance with the Sale of Land Act 1962.

2.2 The settlement date shall be 90 days from exchange of the MOU, with a right for the Purchaser to extend the settlement date by up to 30 days if the Purchaser ("Settlement Date"):

- (a) Gives the Vendor written notice at least 10 business days before the settlement date; and
- (b) Pays interest on the balance of the purchase price after the extended settlement period of 30 days at the rate specified in the Penalty Interest Rate Act 1983 (Vic).

2.3 The due diligence on the Property shall be conducted on the Property within 21 business days from the date of signing the MOU ("Due Diligence Period").

2.4 If the Purchaser is not satisfied in its sole, absolute and unfettered discretion with the results of the due diligence, the Purchaser may terminate the MOU by written notice to the Vendor at any time prior to 5pm of the last day of the Due Diligence Period.

2.5 The MOU is subject to the execution of a formal Contract of Sale within 14 days of the date of this offer ("Contract").

2.6 The Vendor must not treat, deal, negotiate or enter into any Contract, heads of agreement or correspondence with any person other than the Purchaser in relation to the sale or development of the Property during the Due Diligence Period ("Exclusivity Right").

In consideration for the Vendor's provision of the said Exclusivity Right, the Purchaser shall pay AUD\$2,600,000 to the Vendor ("Exclusivity Right Sum") in the following installments:

- (a) AUD\$1,300,000 on the date that the MOU is signed; and
- (b) AUD\$1,300,000 on the date the Contract is signed.

Should the Purchaser proceed to execute the Contract, the Exclusivity Sum shall be adjusted in the Purchaser's favor at settlement.

The Exclusivity Right sum will be returned (without offset or deduction) to the Purchaser in full within 90 days of the Purchaser notifying the Vendor in writing that it elects to terminate the MOU in the circumstances envisaged in the Due Diligence Period.

- 2.7 The Vendor shall not sell or encumber or otherwise deal with Property in anyway other than as contemplated by the MOU or the Contract save with the written consent of the Purchaser (such consent to not to be unreasonably withheld or delayed).
- 2.8 The Vendor shall at its cost novate all existing Off-the-Plan Contracts of Sale to the Purchaser and ensure that all cash deposits are transferred to the Purchaser's solicitors by the Settlement Date, and for those paid by bank guarantee, the Vendor must use its best endeavours to reissue them in favour of the Purchaser by the Settlement Date, failing which they must be held on trust for the Purchaser. This arrangement, however, will be subject to the terms and conditions of the MOU.

Should the Purchaser decide to terminate any existing Off-the-Plan Contract of Sale, the Purchaser shall bear the costs of the termination and the Purchaser indemnifies the Vendor from all claims or demands arising from or in relation to such termination.

Regarding the current 198 Off-the-Plan apartments that have been sold and the agency agreement between the Vendor and Elite Real Estate ("Agent"), the Vendor and the Purchaser agree that:

- (a) The Vendor shall endeavour to novate the agency agreement to the Purchaser, and the Purchaser agrees to accept the agency agreement;
- (b) The Vendor is responsible for all current outstanding fees with regards to the agent's commission that have fallen due prior to or at the date of the letter and must produce evidence of payment by the Settlement Date; and
- (c) Regardless of whether the agency agreement is novated, with regards to all future fees with regards to the agent's commission that fall due after Settlement Date, the Purchaser shall pay the commission directly to the agent and indemnify the Vendor with regards to the same.

3. BRIEF INFORMATION ON THE PROPERTY

The Property is located on A'Beckett Street, at the heart of the Melbourne's Central Business District. The Property is freehold, with an area of approximately 2,700 square meters. The proposed development, named as Dynasty Living, on the Property is a 25-storey residential development with 320 units of apartments, of which 62% have already been sold.

The indicative gross development value is AUD\$210 million and the indicative gross development cost is AUD\$148 million. Construction is expected to commence during the 4th quarter of 2011, and expected to be completed in 2013.

Further details of the development on the Property shall be made available in due course.

4. DETAILS OF YUCAL

Further details of Yucal will be provided upon the execution of the Contract.

5. RATIONALE

In line with the Company's plan of putting a strong footing for growth, this maiden project in Australia will be the Company's first step in placing Magna on the global map.

6. EFFECTS OF THE PROPOSED ACQUISITION

The effects of the Proposed Acquisition will only be determined upon finalisation of the terms of the Proposed Acquisition.

7. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

None of the directors, major shareholders and persons connected with a director or major shareholder of Magna has any interest, direct or indirect, in the Proposed Acquisition.

8. STATEMENT BY THE DIRECTORS

The Board is of the opinion that the Proposed Acquisition, if implemented, will be in the best interest of the Company.

9. ADVISERS

M&A Securities has been appointed by Magna as the Adviser for the Proposed Acquisition.

10. DOCUMENT AVAILABLE FOR INSPECTION

The MOU will be available for inspection during normal office hours at the registered office of Magna at Lot No.C-G11 & C-G12, Block C, Jalan Persiaran Surian, Palm Spring @ Kota Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan from Mondays to Fridays except public holidays for a period of three (3) months from the date of this announcement.

This Announcement is dated 30 June 2011.