

## UEM LAND HOLDINGS BERHAD (“ULHB”)

- I. SHAREHOLDERS’ AGREEMENT BETWEEN ULHB, ISKANDAR COAST SDN BHD (“ICSB”) AND NUSAJAYA PREMIER SDN BHD (“NPSB”) (A WHOLLY-OWNED SUBSIDIARY OF ULHB) IN CONNECTION WITH THE PROPOSED DEVELOPMENT OF A RESIDENTIAL DEVELOPMENT IN PUTERI HARBOUR, NUSAJAYA, ISKANDAR MALAYSIA, JOHOR DARUL TA’ZIM (“SHAREHOLDERS’ AGREEMENT”); AND
  - II. PROPOSED ACQUISITION BY NPSB OF APPROXIMATELY 85.442-ACRE PARCELS OF FREEHOLD LAND IN MUKIM PULAI, DISTRICT OF JOHOR BAHRU, JOHOR DARUL TA’ZIM FROM ICSB AND BANDAR NUSAJAYA DEVELOPMENT SDN BHD (“BND”) FOR A CASH CONSIDERATION OF APPROXIMATELY RM65.2 MILLION (“PURCHASE CONSIDERATION”) (“PROPOSED ACQUISITION”)
- 

### 1. INTRODUCTION

ULHB had on 9 July 2012 announced that NPSB, with the acquisition of land from Tanjung Bidara Ventures Sdn Bhd (“**TBV Land**”), proposed to develop a residential development in Puteri Harbour Nusajaya, Iskandar Malaysia, Johor Darul Ta’zim (“**Proposed Development**”). On behalf of the Board of Directors (“**Board**”) of ULHB, CIMB Investment Bank Berhad (“**CIMB**”) is pleased to announce that in connection with the Proposed Development, ULHB’s wholly-owned subsidiary, NPSB had on 16 April 2013, entered into:

- (i) a shareholders’ agreement with ICSB and ULHB to collaborate on the Proposed Development;
- (ii) two separate sale and purchase agreements (“**SPAs**”) for the acquisition of the following lands which are located in the vicinity of the TBV Land and will form part of the Proposed Development:
  - (a) SPA with ICSB, a 80%-owned subsidiary of Iskandar Investment Berhad (“**IIB**”), which in turn is a 60%-owned subsidiary of Khazanah Nasional Berhad (“**Khazanah**”), for the acquisition of 63.047 acres of freehold land held under HS(D) 306819, PTD 71102 in Mukim Pulai, District of Johor Bahru, Johor Darul Ta’zim (“**ICSB Land**”) at a consideration of RM48.1 million (“**ICSB SPA**”); and
  - (b) SPA with BND, a wholly-owned subsidiary of UEM Land Berhad (“**UEML**”), which is in turn a wholly-owned subsidiary of ULHB, for the acquisition of 7.072 acres and 15.323 acres of freehold land held under HS(D) 458100 PTD 166925 and GRN 436691, Lot 139980 (previously held under HS(D) 453876) respectively, in Mukim Pulai, District of Johor Bahru, Johor Darul Ta’zim (“**BND Land 2**”) (“**BND Lands**”) at a consideration of RM17.1 million (“**BND SPA**”).

(ICSB Land and BND Lands to be collectively referred to as the “**Lands**” and ICSB and BND to be collectively referred to as the “**Vendors**”)

(collectively referred to as “**Proposals**”)

### 2. DETAILS OF THE PROPOSALS

#### 2.1 Details of the Shareholders’ Agreement

2.1.1 To facilitate the collaboration between ICSB and ULHB for the Proposed Development, ULHB had on 16 April 2013, entered into a shareholders’ agreement with ICSB and NPSB to establish the shareholding structure of NPSB and to regulate the relationship amongst ULHB and ICSB as shareholders of NPSB. The objectives of NPSB are to conceptualise, commence, manage, implement and develop all aspects of the Proposed Development, to acquire all necessary lands (including the Lands) for the Proposed Development as well as to carry out all other necessary activities to ensure the success of the Proposed Development.

2.1.2 The Shareholders' Agreement is conditional upon the following:

- (i) approval of the Board of ICSB for the transfer of NPSB Shares (as explained in Section 2.1.3 below) and the proposed participation of ICSB in NPSB in accordance with the terms and conditions of the Shareholders' Agreement;
- (ii) approval of the Board of NPSB to enter into the transaction documents contemplated under the Shareholders' Agreement; and
- (iii) the ICSB SPA becoming unconditional.

(collectively referred to as "**Shareholders' Agreement Conditions Precedent**")

The Shareholders' Agreement shall become unconditional on the date on which the last of the Shareholders' Agreement Conditions Precedent has been fulfilled or deemed fulfilled or waived pursuant to the Shareholders' Agreement ("**Shareholders' Agreement Unconditional Date**"). Completion must take place within 60 days from the Shareholders' Agreement Unconditional Date or on any other date mutually agreed in writing between the parties.

2.1.3 Pursuant to the terms of the Shareholders' Agreement, within 60 Days from the Shareholders' Agreement Unconditional Date, the parties will undertake the following:

- (i) ULHB will transfer 50,000 ordinary shares of RM1.00 each in NPSB ("**NPSB Shares**"), representing 20% of its equity interest in NPSB to ICSB for a purchase consideration of RM50,000 ("**Disposal of NPSB Shares**"); and
- (ii) NPSB will undertake an issuance of 182,375,090 new redeemable preference shares of RM0.01 each at RM1.00 each in which ULHB and ICSB will subscribe 80% and 20% of the issuance respectively ("**RPS Issuance**").

Upon the completion of the Disposal of NPSB Shares and the RPS Issuance, ULHB and ICSB will have an equity interest of 80% and 20% ("**Agreed Proportion**"), respectively and the total equity contribution by the shareholders of NPSB will be RM182.6 million.

The maximum equity contribution by the shareholders of NPSB shall at all times during the duration of the Shareholders' Agreement not exceed RM182.6 million where:

- (i) RM158.3 million would be used for the acquisition of the Lands and TBV Land; and
- (ii) RM24.3 million would be used for working capital.

Any subsequent issue and allotment of shares in NPSB Shares, unless provided under the Shareholders' Agreement, will require the unanimous decision of ULHB and ICSB in writing and shall be issued and allotted pro-rata to ULHB and ICSB according to the Agreed Proportion.

2.1.4 The parties agree that NPSB shall appoint either ULHB or any one of its subsidiaries to provide the relevant project management services for the Proposed Development. To give effect to the following, a project management contract will be entered into in due course on terms to be mutually agreed upon between the parties.

- 2.1.5 As a term to the Shareholders' Agreement, no shareholder of NPSB ("**Transferor**") shall sell, transfer, assign or dispose of its NPSB Shares to any third party without first making an offer to the other shareholder of NPSB ("**Transferee**") in respect of the Transferor's shareholdings in NPSB ("**Relevant Shares**") ("**Pre-emption Rights**"). The offer price for the Relevant Shares shall be agreed upon by the Transferor and Transferee within 30 days from the date of offer, in default of such agreement, such shall be determined by an appraiser to be jointly appointed by the Transferor and Transferee ("**Offer Price**").

If the offer for the Relevant Shares is not accepted by any shareholder within 90 days from the date of the transfer notice ("**Offer Period**"), the Transferor shall then be entitled to transfer or dispose the Relevant Shares to any third party at a price which is not lower than the Offer Price (after deducting any dividend or other distribution declared or made after the date of the offer and to be retained by the Transferor).

The provisions relating to the Pre-emption Rights in this Section 2.1.5 shall not apply to any of the following circumstances:

- (i) any transfer of NPSB Shares by ICSB to the following:
  - (a) Khazanah or any of its subsidiaries; or
  - (b) IIB or any of its subsidiaries;
- (ii) any transfer of NPSB Shares by ULHB to the following:
  - (a) any of ULHB's subsidiaries; or
  - (b) UEM Group Berhad ("**UEMG**") or any of its subsidiaries.

(collectively referred to as the "**Permitted Transfers**").

Any transfer of shares to third parties shall always be subject to such parties agreeing to accept and be bound by the terms of the Shareholders' Agreement (including the provisions relating to the Pre-emption Rights).

- 2.1.6 Save in the case of a Permitted Transfer, ULHB agrees that in the event that ULHB transfers or intends to transfer any number of its NPSB Shares to any third party purchaser, ICSB will have the right (but not the obligation) to require ULHB to procure such third party purchaser to purchase all or such number of NPSB Shares held by ICSB or its nominees on terms no less favourable than those offered by the third party purchaser to ULHB, failing which ULHB will not be permitted to sell any of its shares to the third party purchaser.

- 2.1.7 ICSB shall grant an option to NPSB for a period of 5 years from the date of execution of the Shareholders' Agreement to acquire two adjoining parcels of lands located adjacent to the lands to be developed under the Proposed Development held under HS (D) 443037 PTD 79465 and HS (D) 443039, PTD 72280, both situated in Mukim of Pulai, Daerah Johor Bahru, Negeri Johor Darul Ta'zim. To give effect to the foregoing, NPSB and ICSB shall execute the relevant option agreement(s) on terms to be mutually agreed upon between the parties.

## 2.2 Details of the SPAs

- 2.2.1 Concurrent with the execution of the Shareholders' Agreement, NPSB had entered into 2 separate SPAs for the acquisition of the following lands which will form part of the Proposed Development:

- (i) SPA with ICSB for the acquisition of the ICSB Land at a consideration of RM48.1 million; and

- (ii) SPA with BND for the acquisition of the BND Lands at a consideration of RM17.1 million.

2.2.2 NPSB, relying on the undertakings, representations and warranties by the Vendors as contained in the SPAs, shall acquire the Lands at the Purchase Consideration, free from all encumbrances and with vacant possession on an “as is where is basis” but subject to the conditions of the land title.

2.2.3 The ICSB SPA is conditional upon the following approvals being obtained (“**ICSB SPA Conditions Precedent**”):

- (i) the Economic Planning Unit; and
- (ii) Johor State Authority.

The ICSB SPA shall become unconditional on the date that NPSB receives from ICSB the Johor State Authority’s consent letter for the sale and transfer of the ICSB Land to NPSB (“**ICSB SPA Unconditional Date**”), which should not exceed 3 months from the date of the ICSB SPA (with an automatic extension of 3 months) or such later period as may be mutually agreed, failing which the ICSB SPA shall be deemed terminated and thereafter shall have no further effect.

2.2.4 The BND SPA shall become unconditional on the date that the ICSB SPA becomes unconditional (“**BND SPA Unconditional Date**”), failing which the BND SPA shall be deemed terminated and thereafter shall have no further effect.

2.2.5 The Purchase Consideration shall be paid in the following manner:

	<u>ICSB Land</u>	<u>BND Lands</u>	<u>Total</u>
	RM million	RM million	RM million
10% upon the execution of the SPAs (“ <b>Deposit</b> ”)	4.8	1.7	6.5
90% within the stipulated date in the SPAs (“ <b>Balance Purchase Consideration</b> ”)	43.3 <sup>(1)</sup>	15.4 <sup>(2)</sup>	58.7
<b>Purchase consideration</b>	<b>48.1</b>	<b>17.1</b>	<b>65.2</b>

**Notes:**

- (1) 90% within 3 months from the ICSB SPA Unconditional Date (“**ICSB Payment Period**”) or unless mutually agreed upon by NPSB and ICSB, 1 month after the ICSB Payment Period at an interest rate of 8% per annum, payable on a daily basis.
- (2) 90% within 90 days from the BND SPA Unconditional Date (“**BND Payment Period**”) or unless mutually agreed upon by NPSB and BND, 30 days after the BND Payment Period at an interest rate of 8% per annum, payable on a daily basis.

2.2.6 The other salient terms of the SPAs include the following:

- (i) pending the transfer of the Lands to NPSB, the Vendors shall issue limited powers of attorney to NPSB so as to allow NPSB to carry out the relevant submissions to the appropriate authorities as required to carry out the Proposed Development on the Lands; and

- (ii) in the event that the Lands cannot be registered in favour of NPSB free from all encumbrances for any reason other than due to either party's default or any act which is remediable by either party within 30 days from the receipt of such notice, either party shall be entitled to terminate the SPAs whereupon the Vendors shall refund all monies paid by NPSB towards the Purchase Consideration free of interest and the SPAs shall be terminated and shall have no further effect.

2.3 The Purchase Consideration was arrived at after taking into consideration the following:

- (i) the market valuation of the ICSB Land as appraised by Knight Frank (Proprietor: Ooi & Zaharin Sdn Bhd) (an independent firm of professional valuer), as set out in its letter dated 20 October 2011 ("**Valuation Letter**"), of RM48.1 million using the comparison method of valuation;
- (ii) the net book value of the BND Land 2 of RM11.7 million or RM17.50 per square foot as at 31 December 2012; and
- (iii) the development proposal and prospects of the Proposed Development as set out in Section 7 below.

2.4 ULHB is unable to procure information on the net book value of the ICSB Land and ICSB's cost and date of investment in ICSB Land.

BND acquired the BND Lands between May 1994 and June 1995 at a total cost of approximately RM2.1 million. The net book value of the BND Lands as at 31 December 2012 is RM13.1 million. From the BND Lands transaction, ULHB will record a gain of RM4.0 million. The consideration ULHB will receive from the BND Lands transaction will be used for the subscription of the RPS Issuance.

2.5 ULHB portion of the RPS Issuance in NPSB will be partly set off against advances which were provided to NPSB and consideration from the BND Lands transaction.

NPSB will fund the Purchase Consideration through the equity capital received from ULHB and ICSB, whilst future development cost and working capital will be funded via proportionate shareholders' advance/equity capital and/or internally generated funds.

2.6 ULHB Group will not assume any liabilities (including contingent liabilities and/or guarantees) arising from the Proposed Acquisition.

2.7 Barring any unforeseen circumstances, ULHB expects the Proposed Acquisition to be completed within 9 months.

### **3. INFORMATION ON THE VENDORS**

#### **ICSB**

ICSB, an 80%-owned subsidiary of IIB was incorporated in Malaysia on 10 October 2006 and is principally an investment holding company.

IIB, a 60%-owned subsidiary of Khazanah, was incorporated in Malaysia on 3 November 2006 and is principally an investment holding company. IIB is a strategic developer of catalytic projects, working closely with the authorities, other developers and investment partners in the region to achieve Iskandar Malaysia's vision of becoming a sustainable metropolis of international standing. It is the commercial arm of the Government that has been formed to spearhead the development and transformation of Iskandar Malaysia by conceptualising and developing catalytic projects. IIB drives investments across clusters in high-value service sectors to support the development of Iskandar Malaysia focusing on education, leisure and tourism, healthcare and wellness, and the creative industry.

## **BND**

BND, a wholly-owned subsidiary of ULHB was incorporated in Malaysia on 19 November 1992 under the name of Pembangunan Lintasan Kedua Sdn Bhd and subsequently changed its name to Prolink Development Sdn Bhd on 3 May 1994. On 13 August 2004, it assumed its present name.

The principal activities of BND are investment holding, property development and land trading and as agent for its subsidiaries.

## **4. INFORMATION ON NPSB**

NPSB was incorporated in Malaysia on 22 March 2012 and its principal activity is property development. Upon the completion of the Disposal of NPSB Shares, NPSB will be an 80%-owned subsidiary of ULHB.

## **5. INFORMATION ON THE LAND**

The Lands are vacant parcels of freehold land measuring approximately 85.442 acres, which is currently classified as agricultural land although it is designated for residential development. The Lands are strategically located in Nusajaya and is approximately 40.0 kilometres to the South-West of Johor Bahru City Centre. Specifically, the Lands are adjacent to Kota Iskandar (the Johor State Government Administrative Centre) and ULHB's existing prime development in Nusajaya, being Puteri Harbour, an integrated waterfront and marina development which offers a panoramic view of the Straits of Johor.

In addition, the ICSB Land also forms part of the land bank measuring approximately 4,500 acres, which was effectively disposed off to Khazanah as part of the degearing exercise of the UEM World Berhad (*now known as Global Converge Sdn Bhd*) ("**UEM World**") group of companies in 2006 ("**Degearing Exercise**"). UEM World was the previous immediate holding company of ULHB's wholly-owned subsidiary, UEML (prior to ULHB's listing on the Main Board (*now known as Main Market*) of Bursa Malaysia Securities Berhad in 2008).

The Degearing Exercise was undertaken by the UEM World group with the intention to, amongst others, improve its gearing position via the disposal of landbank which required a long gestation period and large capital investment. Consequentially, the UEM World group would be in a stronger financial position to improve on its asset turnover and to focus on the development of its remaining landbank in Nusajaya.

## **6. RATIONALE FOR THE PROPOSALS**

With the significant strengthening of the ULHB Group's financial position and operational capabilities as well as the improved development landscape and clarity of potential in Nusajaya since the Degearing Exercise, ULHB believes that it is now an opportune time for the ULHB Group to re-acquire the ICSB Land from the Khazanah group.

It is ULHB's expectations that demand for residential properties in Nusajaya would continue to increase given the completion of several catalyst projects in 2012. These include the Coastal Highway, the Legoland theme park as well as the local campuses of the University of Southampton and Marlborough College.

In line with such expectations, the Proposed Acquisition and Shareholders' Agreement represents an opportunity for the ULHB Group to consolidate strategic land parcels which are in close proximity to its existing development in Puteri Harbour. The collaboration with ICSB has provided NPSB with an opportunity to acquire a strategic land parcel within the vicinity of the Puteri Harbour development which complements the Proposed Development. In addition, with the Shareholders' Agreement, ICSB shall grant an option to NPSB for a period of 5 years to acquire two more adjoining parcels of lands located adjacent to the lands to be developed under the Proposed Development measuring up to 270.548 acres.

The Proposed Acquisition is intended to complement the existing TBV Land for the Proposed Development. The additional lands from the Proposed Acquisition will allow NPSB to achieve a greater development scale and provide NPSB with the flexibility to increase its type of offerings under the Proposed Development. This will in return be expected to generate greater returns to the ULHB Group.

In addition to improving and sustaining the ULHB Group's long term earnings growth, the Proposed Acquisition also provides ULHB with more control of the overall pace of development and property supply in Puteri Harbour. This is undertaken with a view of optimising the pricing and marketability of not just the Lands but also ULHB's existing property portfolio in Nusajaya. To this end, ULHB may evaluate further opportunities to consolidate land bank in Nusajaya which meets such strategic objectives, whilst continuing on its business expansion in other localities.

Furthermore, the Proposed Acquisition would allow ULHB to realise its original development vision for Puteri Harbour where high density urban waterfront precincts at the heart of public and private marinas are balanced with landed and high-rise residential precincts on both sides, one of which being the location of the Lands.

## **7. FUTURE PROSPECTS OF THE LANDS**

The Lands is intended to complement the Proposed Development in Puteri Harbour which is envisaged to be a premier residential enclave featuring a mix of distinctive, landed canal-front homes with individual berthing and high-end condominiums. The Proposed Development, which is expected to commence in 2014 and will span over a 7-year period.

The total development cost and expected profit to be derived from the Proposed Development have not been determined at this juncture, pending the finalisation of a detailed layout plan for the Proposed Development.

Nonetheless, the Proposed Development is expected to contribute positively to the ULHB Group's future earnings and to further enhance its profile as a reputable township developer.

## **8. RISK FACTORS**

The Proposals would subject the ULHB Group to risks inherent in the property development business of which the ULHB Group is already involved in. Such risks may include dependency on Nusajaya, competition from other property developers, changes in economic and political conditions and increases in construction costs. Any adverse change in these conditions may have a material adverse effect on the ULHB Group. These risks are addressed as part of the ULHB Group's ordinary course of business and are not expected to represent new risks to the ULHB Group's operations.

Further, the Proposals are conditional upon the conditions precedent set out in Sections 2.1.2, 2.2.3 and 2.2.4 above being fulfilled. As such, the Proposal may not be completed if any of the conditions precedent is not fulfilled (some of which are beyond the ULHB Group's control).

## **9. FINANCIAL EFFECTS OF THE PROPOSALS**

### **9.1 Issued and paid-up share capital and substantial shareholders' shareholdings**

The Proposals will not have any effect on the ULHB's issued and paid-up share capital and/or substantial shareholders' shareholding in ULHB as the Proposals does not involve any issuance of ULHB shares.

### **9.2 Net asset ("NA"), NA per share and gearing**

The Proposals is not expected to have any material effect on ULHB's consolidated NA, NA per share and gearing.

### **9.3 Earnings and earnings per share (“EPS”)**

The Proposals is not expected to have any material effect on ULHB’s consolidated earnings and EPS for the financial year ending 31 December 2013.

Nevertheless, the Proposals are expected to contribute positively to the future earnings of the ULHB Group.

## **10. APPROVALS REQUIRED**

Save as disclosed in Sections 2.1.2 and 2.2.3 above, the Proposals does not require any regulatory and/or shareholder approval (including ULHB’s shareholders’ approval).

The applications to the relevant authorities, where applicable, are expected to be submitted within 1 month from the date of this announcement.

## **11. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED**

Save as disclosed below, none of the Directors and major shareholders of ULHB and/or persons connected to them have any interest, direct or indirect, in the Proposals.

As at 31 March 2013, Khazanah holds 60.0% in IIB which in turn holds 80.0% equity interest in ICSB as well as 64.9% equity interest in ULHB via its wholly-owned subsidiary, UEMG. As such, Khazanah and UEMG, being the major shareholders of ULHB, are deemed to be interested in the Proposals.

YBhg Tan Sri Dr Ahmad Tajuddin Ali and YBhg Dato’ Izzaddin Idris are Directors of both UEMG and ULHB, whilst Mr Sheranjiv Sammanthan is a nominee of Khazanah on ULHB’s Board. As such, YBhg Tan Sri Dr Ahmad Tajuddin Ali, YBhg Dato’ Izzaddin Idris and Mr Sheranjiv Sammanthan (collectively referred to as the “**Interested Directors**”) are deemed interested in the Proposals and have abstained from deliberating and voting at any Audit Committee and/or Board meeting of ULHB in respect of the Proposals.

None of the Interested Directors hold, directly and/or indirectly, any shares in ULHB.

## **12. AUDIT COMMITTEE’S STATEMENT**

The Audit Committee of ULHB after having considered all aspects of the Proposals (including but not limited to the rationale and prospects as discussed in Sections 6 and 7 above), is of the opinion that the Proposals is:

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

## **13. DIRECTORS’ STATEMENT**

ULHB’s Board (other than the Interested Directors), after having considered all aspects of the Proposals (including but not limited to the rationale and prospects as discussed in Sections 6 and 7 above), is of the opinion that the Proposals are in the best interests of ULHB and its shareholders.



**14. OTHER INFORMATION REQUIRED UNDER THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (“LISTING REQUIREMENTS”)**

- (i) The highest percentage ratio applicable to the Proposals pursuant to paragraph 10.02(g) of the Listing Requirements is 0.79%.

The Proposals will form part of ULHB’s existing shareholders’ mandate in relation to recurrent related party transactions (“RRPT”) (“RRPT Mandate”) (which was obtained at ULHB’s latest Annual General Meeting held on 14 June 2012), whereby ULHB’s shareholders have given their approval for the ULHB Group to acquire and/or dispose land and/or land based properties from Khazanah and its subsidiaries in the ULHB Group’s ordinary course of business (“Property RRPT”) provided that the value of such Property RRPT shall not exceed, in aggregate, 10% in terms of percentage ratios as provided under paragraph 10.02(g) of the Listing Requirements.

- (ii) In the 12 months preceding the date of this announcement, there was no transaction by the ULHB Group with Khazanah and persons connected to it (including ICSB) other than the RRPTs which were undertaken pursuant to the RRPT Mandates obtained on 16 June 2011 and 14 June 2012.

**15. ADVISER**

CIMB has been appointed as the Adviser to ULHB for the Proposals in respect of compliance with the relevant Malaysian regulatory requirements.

**16. DOCUMENTS FOR INSPECTION**

The SPAs, Shareholders’ Agreement and the Valuation Letter are available for inspection at ULHB’s office at 19-2, Mercuri UEM, Jalan Stesen Sentral 5, Kuala Lumpur Sentral, 50470 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 16 April 2013.**