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If you are in doubt as to the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.

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CapitaLand Malaysia Trust

(Established in Malaysia under the deed dated 7 June 2010 (as amended and restated by a deed dated 13 July 2021) entered into between CapitaLand Malaysia REIT Management Sdn. Bhd. and MTrustee Berhad)

CIRCULAR TO UNITHOLDERS IN RELATION TO

PART A

- (I) **PROPOSED ACQUISITION BY MTRUSTEE BERHAD, ON BEHALF OF CAPITALAND MALAYSIA TRUST ("CLMT"), OF THE SPECIAL CORAL STRATA PARCELS (AS DEFINED HEREIN) AND THE SALE SHARES (AS DEFINED HEREIN) FOR A TOTAL CASH PURCHASE CONSIDERATION OF RM990.50 MILLION (INCLUDING THE INTER-COMPANY SETTLEMENT (AS DEFINED HEREIN)) ("PROPOSED ACQUISITION");**
- (II) **PROPOSED PRIVATE PLACEMENT OF UP TO 1,031.77 MILLION NEW UNITS IN CLMT TO RAISE GROSS PROCEEDS OF UP TO RM495.25 MILLION AT AN ISSUE PRICE TO BE DETERMINED LATER BY WAY OF BOOKBUILDING ("PROPOSED PLACEMENT");**
- (III) **AS PART OF THE PROPOSED PLACEMENT, THE PROPOSED PLACEMENT OF NEW UNITS IN CLMT, TO CMMT INVESTMENT LIMITED AND MENANG INVESTMENT LIMITED BASED ON THEIR RESPECTIVE UNITHOLDINGS IN CLMT; AND**
- (IV) **AS PART OF THE PROPOSED PLACEMENT, THE PROPOSED PLACEMENT OF NEW UNITS IN CLMT TO THE MAJOR UNITHOLDERS OF CLMT (AS DEFINED HEREIN)**

PART B

INDEPENDENT ADVICE LETTER TO THE NON-INTERESTED UNITHOLDERS OF CLMT IN RELATION TO THE PROPOSED ACQUISITION

AND

NOTICE OF UNITHOLDERS' MEETING

Principal Adviser



CIMB Investment Bank Berhad

(Registration No. 197401001266 (18417-M))

Independent Adviser



Kenanga Investment Bank Berhad

Registration No.: 197301002193 (15678-H)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

The notice of the forthcoming unitholders' meeting of CLMT ("**Unitholders' Meeting**") is enclosed together with the Proxy Form in this Circular and are available at the website of CLMT at www.clmt.com.my. The details of the Unitholders' Meeting, which will be held on a virtual basis through live streaming via Remote Participation and Electronic Voting facilities, are as follows:

Broadcast Venue of the Unitholders' Meeting	:	The Auditorium at Level 3A, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor
Meeting Platform	:	https://meeting.boardroomlimited.my
Date and time of the Unitholders' Meeting	:	Thursday, 23 February 2023 at 2.30 p.m.
Last date and time for lodging of the Proxy Form	:	Tuesday, 21 February 2023 at 2.30 p.m.

The Proxy Form appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, must be deposited at the Poll Administrator office, Boardroom Share Registrars Sdn. Bhd. at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia or at its website at <https://investor.boardroomlimited.com> ("**eProxy Lodgement**"), not less than 48 hours before the time appointed for holding the Unitholders' Meeting or any adjournment thereof; in default of this provision, the Proxy Form shall not be treated as valid. Please refer to the Administrative Details for the Unitholders' Meeting for the steps on the eProxy Lodgement. The lodging of Proxy Form will not preclude a Unitholder from participating and voting at the Unitholders' Meeting should a Unitholder subsequently wish to do so.

This Circular is dated 8 February 2023

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	PROXY FORM	ENCLOSED

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Circular:

Act	:	Companies Act 2016
Advance Distribution	:	An advance distribution of CLMT's distributable income for the Advance Distribution Period
Advance Distribution Period	:	The period from the day immediately after the relevant semi-annual distribution up to such date to be determined by the Board which is before the date on which the Placement Units will be allotted and issued under the Proposed Placement
Agreements	:	The Strata Parcels SPA and the Target Companies SPA
ASB	:	Amanah Saham Bumiputera
Board	:	Board of Directors of the Manager
Bursa Securities	:	Bursa Malaysia Securities Berhad
CBS	:	CapitaLand Business Services Pte. Ltd.
CIL	:	CMMT Investment Limited
CIMB or Principal Adviser	:	CIMB Investment Bank Berhad
Circular	:	This circular to Unitholders dated 8 February 2023 in relation to the Proposals
CLI	:	CapitaLand Investment Limited
CLMT	:	CapitaLand Malaysia Trust
CLR	:	CapitaLand Retail (MY) Pte. Ltd.
CMA	:	CapitaLand Mall Asia Limited
Committed Lease	:	A lease is considered to be "committed" when the letter of offer, tenancy, agreement or license agreement, as applicable, is signed by the tenant or licensee, as the case may be
Directors	:	The directors of the Manager as at the LPD
DPU	:	Distribution per Unit
EPF	:	Employees Provident Fund Board
EPU	:	Earnings per Unit

DEFINITIONS (CONT'D)

FPE	:	Financial period ended/ ending
FYE	:	Financial year ended/ ending
IAL	:	Independent adviser letter in relation to the Proposed Acquisition dated 8 February 2023, as enclosed in Part B of this Circular
Illustrative Issue Price	:	The illustrative issue price per Placement Unit of RM0.48, being the lowest traded price (ex-distribution) for the Units over the 52-week period up to and including 3 November 2022, being the latest practicable date prior to the initial announcement for the Proposals on 9 November 2022
Inter-Company Settlement	:	The settlement by CLMT on behalf of the Target Companies of the inter-company amounts owed by the Target Companies to Retail Galaxy and/or its related companies, estimated to be approximately RM2.57 million as at the expected completion date of the Target Companies SPA of 21 March 2023 (subject to adjustments as set out in Section 3.1 of Part B of Appendix I of this Circular) within 5 business days from the date the Sale Shares are registered in the name of the Trustee (on behalf of CLMT)
Interested Directors	:	Tan Choon Siang, Yap Neng Tong and Lim Cho Pin Andrew Geoffrey
Interested Major Unitholders for the Proposed Acquisition and the Proposed Placement	:	CIL and persons connected with it (including MIL)
Interested Major Unitholders for the Proposed Placement to the Sponsors	:	CIL, MIL and persons connected with them
Issue Price	:	The issue price for the Placement Units to be determined on the Price-Fixing Date by way of bookbuilding and announced by the Board at a later date
Kenanga IB or Independent Adviser	:	Kenanga Investment Bank Berhad
KPMG or Reporting Accountants	:	KPMG PLT
KWAP	:	Kumpulan Wang Persaraan (Diperbadankan)
LAT	:	Loss after tax

DEFINITIONS (CONT'D)

LBT	:	Loss before tax
Listed REITs Guidelines	:	Guidelines on Listed Real Estate Investment Trusts issued by SC
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities
LPD	:	13 January 2023, being the latest practicable date prior to the printing of this Circular
Luxury Ace	:	Luxury Ace Sdn. Bhd.
Major Unitholder(s)	:	Being a person who has an interest or interests in CLMT of 10.0% or more of the total number of issued Units, or 5.0% or more of the total number of issued Units if such person is the largest Unitholder. For the purpose of the Proposed Placement to the Major Unitholders, it shall consist of EPF, ASB and KWAP
Manager	:	CapitaLand Malaysia REIT Management Sdn. Bhd., being the manager of CLMT
Maximum Scenario	:	Being 50% of the Total Purchase Consideration to be raised via the Proposed Placement
MIL	:	Menang Investment Limited
Milky Way Properties	:	Milky Way Properties Berhad
Minimum Scenario	:	Being 30% of the Total Purchase Consideration to be raised via the Proposed Placement
MTB	:	Malaysian Trustees Berhad
MTN	:	Medium term notes issued by Special Coral under the MTN Programme
MTN Programme	:	The asset-backed medium term notes programme of up to RM1.1 billion in nominal value undertaken by Special Coral that was established on 28 March 2011 and expiring on 1 April 2031. The trust deed for the MTN Programme was entered into between Special Coral and MTB on 14 March 2011.
NA	:	Net assets
NAV	:	Net asset value
NBV	:	Net book value
NLA	:	Net lettable area
NPI	:	Net property income

DEFINITIONS (CONT'D)

Omnitrix	:	Omnitrix Investment Pte. Ltd.
PAT	:	Profit after tax
PBT	:	Profit before tax
Placement Units	:	The new Units to be allotted and issued to the Sponsors and places to be identified later pursuant to the Proposed Placement
Preference Shares	:	The redeemable preference shares issued by Special Coral
Price-Fixing Date	:	The date on which the Issue Price will be determined by the Board
Proposals	:	The Proposed Acquisition, the Proposed Placement, the Proposed Placement to the Sponsors and the Proposed Placement to the Major Unitholders
Proposed Acquisition	:	Proposed acquisition by the Trustee, on behalf of CLMT, of the Special Coral Strata Parcels and the Sale Shares pursuant to the terms and conditions of the Agreements
Proposed Placement	:	Proposed private placement of up to 1,031.77 million new Units to raise gross proceeds of up to RM495.25 million
Proposed Placement to the Major Unitholders	:	As part of the Proposed Placement, the proposed placement of the Placement Units to the Major Unitholders as set out in Section 6 of this Circular
Proposed Placement to the Sponsors	:	As part of the Proposed Placement, the proposed placement of the Placement Units to the Sponsors as set out in Section 5 of this Circular
QBM or Queensbay Mall	:	A free-standing 8-storey shopping centre located at No.100, Persiaran Bayan Indah, 11900 Bayan Lepas, Pulau Pinang, more particularly described in Section 2.2 of this Circular
QBM Property	:	The Special Coral Strata Parcels and the Target Companies Strata Parcels amounting to 438 strata titles within the Queensbay Mall
QBM Property Valuation	:	The total market value of the QBM Property of RM1,000.00 million as at the Valuation Date as ascribed by the Valuer
Retail Galaxy	:	Retail Galaxy Pte. Ltd., being the vendor of the Sale Shares
Sale Shares	:	All the issued and paid-up share capital of each of the Target Companies
SC	:	Securities Commission Malaysia
Scenic Growth	:	Scenic Growth Sdn. Bhd.

DEFINITIONS (CONT'D)

SGX-ST	:	Singapore Stock Exchange
Special Coral	:	Special Coral Sdn. Bhd., being the vendor of the Special Coral Strata Parcels
Special Coral Strata Parcels	:	The 433 strata titles within the Queensbay Mall held by Special Coral Parcels
Sponsors	:	CIL and MIL
sq ft	:	Square feet
Strata Parcels Purchase Consideration	:	The cash consideration of RM984.48 million for the acquisition of the Special Coral Strata Parcels from Special Coral under the terms and conditions of the Strata Parcels SPA
Strata Parcels SPA	:	The conditional sale and purchase agreement dated 9 November 2022 executed between the Trustee (on behalf of CLMT) and Special Coral for the acquisition of the Special Coral Strata Parcels for the Strata Parcels Purchase Consideration
Success Idea	:	Success Idea Sdn. Bhd.
Target Companies	:	Scenic Growth, Luxury Ace, Success Idea and Milky Way Properties
Target Companies Purchase Consideration	:	The cash consideration of RM3.45 million for the acquisition of all of the Sale Shares from Retail Galaxy (which is subject to adjustment) under the terms and conditions of the Target Companies SPA
Target Companies SPA	:	The conditional share purchase agreement dated 9 November 2022 executed between the Trustee (on behalf of CLMT) and Retail Galaxy for the acquisition of the Sale Shares for the Target Companies Purchase Consideration and for the settlement of the Inter-Company Settlement
Target Companies Strata Parcels	:	The 5 strata titles within Queensbay Mall held collectively by the Target Companies
Temasek	:	Temasek Holdings (Private) Limited
Total Purchase Consideration	:	The total cash consideration of RM990.50 million for the Proposed Acquisition and the Inter-Company Settlement
Trustee	:	MTrustee Berhad, in its capacity as the trustee of CLMT
Units	:	Units in CLMT
Unitholders	:	Unitholders of CLMT
Unitholders' Meeting	:	General Meeting of Unitholders

DEFINITIONS (CONT'D)

US	:	United States of America
Valuer	:	Savills (Malaysia) Sdn Bhd, being the independent registered valuer appointed by the Trustee, on behalf of CLMT
Valuation Certificate	:	The valuation certificate dated 21 November 2022 prepared by the Valuer in respect of the QBM Property
Valuation Date	:	7 October 2022, being the material valuation date for the QBM Property
Valuation Report	:	The valuation report dated 21 November 2022 prepared by the Valuer in respect of the QBM Property
Vendors	:	Special Coral and Retail Galaxy
2Q 2022	:	Second quarter of 2022
3Q 2022	:	Third quarter of 2022
4Q 2022	:	Fourth quarter of 2022

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PRESENTATION OF INFORMATION

In this Circular, words denoting the singular shall include the plural and vice versa, words denoting any gender shall include all genders, words denoting persons shall include corporations and a reference to a section is a reference to the relevant section of this Circular. Any reference in this Circular to any enactment or guidelines is a reference to that enactment or guidelines as for the time being amended or re-enacted.

The terms “tenancy” and “lease” are used inter-changeably in this Circular and in certain circumstances include licenses and do not denote any duration of the tenancy or lease, unless specifically stated. Any reference in this Circular to any lessee is based on the description of the party who enters into a Committed Lease to occupy or to use any part of the NLA, whereas any reference to any tenant is based on the trade name of the occupant of the NLA so leased by the relevant lessee. As such, a lessee may enter into separate Committed Leases for the occupation of several leased areas by different tenants and, conversely, more than one lessee may enter into separate Committed Leases for tenants bearing the same trade name.

Certain statements in this Circular may be forward-looking in nature, which are subject to uncertainties and contingencies. Forward-looking statements may contain estimates and assumptions made by the Board after due inquiry, which are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied in such forward-looking statements. Because of these and other uncertainties, the inclusion of a forward-looking statement in this Circular should not be regarded as a representation or warranty that the Manager’s plans and objectives will be achieved.

Any reference to time of day in this Circular is a reference to Malaysian time, unless otherwise stated.

Any reference in this Circular to “**CLMT**” includes references to MTrustee Berhad, in its capacity as the trustee for CLMT, unless the context requires otherwise.

Figures and percentages may be rounded to 1 or 2 decimal places, or 4 decimal places in the case of historical unit prices and NAV, where appropriate. Percentage changes in this Circular have been calculated on the basis of relevant figures before rounding. Any discrepancies in the tables included in this Circular between the amounts listed, actual figures and the totals thereof are due to rounding.

All references to “**you**” or “**your**” in this Circular are to the Unitholders.

CORPORATE INFORMATION

- Manager : CapitaLand Malaysia REIT Management Sdn. Bhd.
(Registration No. 200801018055 (819351-H))
- Manager's Registered Office & Business Office : Unit No. 1-27, Level 27, Naza Tower
No. 10, Persiaran KLCC
50088 Kuala Lumpur
Telephone No.: +60 3 2279 9888
Facsimile No.: +60 3 2279 9889
- Board : Mr Lui Chong Chee (Chairman, Non-Executive Independent Director)
Mr Tan Choon Siang (Chief Executive Officer, Executive Non-Independent Director)
Mr Foo Wei Hoong (Non-Executive Independent Director)
Mr Tan Boon Peng (Non-Executive Independent Director)
En Mohd Yusof bin Hussian (Non-Executive Independent Director)
Ms Tan Ming-Li (Non-Executive Independent Director)
Mr Yap Neng Tong (Non-Executive Non-Independent Director)
Mr Lim Cho Pin Andrew Geoffrey (Non-Executive Non-Independent Director)
- Trustee : MTrustee Berhad
(Registration No.: 198701004362 (163032-V))
Level 15, Menara AmFirst
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- Principal Adviser : CIMB Investment Bank Berhad
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CORPORATE INFORMATION (CONT'D)

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Facsimile No.: +60 3 2287 1278
Website: www.rahmatlim.com
- Reporting Accountants : KPMG PLT
(Firm No.: LLP0010081-LCA & AF 0758)
Chartered Accountants
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47800 Petaling Jaya
Selangor Darul Ehsan
Telephone No.: +60 3 7721 3388
Facsimile No.: +60 3 7721 3399
Website: www.kpmg.com.my
- Valuer : Savills (Malaysia) Sdn Bhd
(Registration No.: 199501004315 (333510-P))
Level 9, Menara Millenium
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Pusat Bandar Damansara
50490 Kuala Lumpur
Telephone No.: +60 3 2092 5955
Website: www.savills.com.my

EXECUTIVE SUMMARY

THIS EXECUTIVE SUMMARY HIGHLIGHTS SALIENT INFORMATION REGARDING THE PROPOSALS. YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS TOGETHER WITH THE APPENDICES OF THIS CIRCULAR WITHOUT RELYING SOLELY ON THIS EXECUTIVE SUMMARY BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT THE FORTHCOMING UNITHOLDERS' MEETING.

Key Information	Description	Reference to Circular
<p>The Proposed Acquisition</p>	<p>The Proposed Acquisition entails the acquisition by the Trustee (on behalf of CLMT) of the Special Coral Strata Parcels and the Sale Shares for the Total Purchase Consideration of RM990.50 million (including the Inter-Company Settlement) subject to the terms and conditions of the Agreements.</p> <p>Of the Total Purchase Consideration, the Target Companies Purchase Consideration is subject to adjustments such that the final purchase consideration would be equivalent to the NAV of the Target Companies as at the completion date of the Target Companies SPA. In addition, pursuant to the terms and conditions of the Target Companies SPA, CLMT will arrange for the Inter-Company Settlement and thereafter, the amount paid by CLMT for the Inter-Company Settlement will be owed to CLMT by the Target Companies.</p> <p>The completion of the Strata Parcels SPA and the Target Companies SPA are inter-conditional.</p> <p>The Proposed Acquisition is deemed a related party transaction in view of the interests of the directors of the Manager, major shareholders of the Manager, major unitholders of CLMT, and/or persons connected with them.</p>	<p>Sections 2, 14.1 and 14.2</p>
<p>Description of the Queensbay Mall and the QBM Property</p>	<p>Queensbay Mall is a free-standing 8-storey shopping centre with a lower ground floor and a lower ground mezzanine comprising 5 floors of retail space and car parks. Queensbay Mall is one of the largest malls in Penang, strategically located at Bayan Lepas along the south-eastern shorefront of the Penang Island and is approximately 16 years old.</p> <p>Being a stratified property, the QBM Property represents approximately 91.8% of the total share units of the Queensbay Mall.</p> <p>As at the Valuation Date, the committed occupancy rate of the QBM Property is 95% based on its NLA.</p>	<p>Section 2.2</p>

EXECUTIVE SUMMARY (CONT'D)

Key Information	Description	Reference to Circular
Basis and justification in arriving at the Total Purchase Consideration	<p>The Total Purchase Consideration was principally arrived at after taking into consideration:</p> <ul style="list-style-type: none"> (i) the QBM Property Valuation; and (ii) the total acquisition cost of the Target Companies based on: <ul style="list-style-type: none"> (a) the expected balance sheet position of the Target Companies on the expected completion date of the Target Companies SPA, being 21 March 2023; and (b) the expected amount payable by CLMT for the Inter-Company Settlement in accordance with the terms and conditions of the Target Companies SPA. <p>The Total Purchase Consideration represents a discount of approximately 1.0% to the fair value of the QBM Property of RM1,000.00 million (equivalent to the QBM Property Valuation) when recognised by CLMT upon completion of the Agreements.</p>	Section 2.5
Total acquisition cost and proposed funding for the Proposed Acquisition	<p>The estimated total acquisition cost for the QBM Property is up to approximately RM1,025.02 million which is expected to be funded via the following manner:</p> <ul style="list-style-type: none"> (i) at least 30% and up to 50% of the Total Purchase Consideration is to be satisfied via cash proceeds to be raised from the Proposed Placement; and (ii) the remainder, including expenses for the Proposals, is to be satisfied via bank borrowings. <p>In the event that the cash proceeds to be raised from the Proposed Placement is less than 30% of the Total Purchase Consideration, other options and sources of alternative funding will be considered and assessed to complete the Proposed Acquisition. The adoption of such other options and sources to complete the Proposed Acquisition may result in CLMT's gearing level to increase up to 50% but will not exceed 50% of its total asset value, in line with Paragraph 8.32 of the Listed REITs Guidelines.</p>	Sections 2.4 and 2.6
The Proposed Placement	<p>The Trustee, upon the recommendation of the Manager, proposes to undertake a private placement of new Units to raise gross proceeds of up to RM495.25 million by way of bookbuilding, which entails the Manager proposing to allot, issue and place up to 1,031.77 million Placements Units, to part finance the Proposed Acquisition.</p>	Section 4

EXECUTIVE SUMMARY (CONT'D)

Key Information	Description	Reference to Circular
<p>The Proposed Placement to the Sponsors</p>	<p>The Sponsors have undertaken to subscribe for such Placement Units based on their respective unitholdings in CLMT in conjunction with the Proposed Placement. The Sponsors have also undertaken that they shall unconditionally accept the Issue Price which shall be determined once the bookbuilding exercise is closed.</p> <p>Based on the Sponsors' collective unitholdings of 39.49% in CLMT as at the LPD, this is expected to result in the raising of gross proceeds of up to RM195.57 million, subject to the total gross proceeds raised under the Proposed Placement.</p> <p>As the Placement Units are expected to be placed out directly to the Sponsors, the Sponsors and persons connected with them will abstain from voting on the resolutions relating to the Proposed Placement to the Sponsors in respect of their direct/indirect unitholdings in CLMT, at the forthcoming Unitholders' Meeting.</p>	<p>Section 5</p>
<p>Proposed Placement to the Major Unitholders</p>	<p>As the bookbuilding process for the Proposed Placement may involve the participation of the Major Unitholders, in compliance with the Listing Requirements, the Manager proposes to seek the approval of the respective non-interested Unitholders at the forthcoming Unitholders' Meeting for the placement of the Placement Units to the respective Major Unitholders at the Issue Price.</p> <p>The actual number of Placement Units to be allotted and issued to the Major Unitholders and/or persons connected with them will be determined at a later stage by the Manager in consultation with the placement agents to be appointed by the Manager through the bookbuilding process, subject to the Major Unitholders' decision whether to participate in the Proposed Placement or not.</p> <p>As the Placement Units are expected to be placed out directly to the Major Unitholders and/or persons connected with them, the Major Unitholders and persons connected with them will be required to abstain from voting on the resolutions pertaining to themselves in relation to the Proposed Placement to the Major Unitholders in respect of their direct/indirect unitholdings in CLMT, at the forthcoming Unitholders' Meeting.</p>	<p>Section 6</p>
<p>Rationale for the Proposed Acquisition</p>	<p><u>Quality Asset</u></p> <p>Queensbay Mall is strategically located in the south of Penang Island, in the heart of Bayan Lepas Industrial Free Trade Zone. Queensbay Mall has high shoppers' catchment from both Penang Island and the mainland of the Penang state, and features a diverse tenancy mix of international and home-grown brands.</p>	<p>Section 7.1 and Appendix X</p>

EXECUTIVE SUMMARY (CONT'D)

Key Information	Description	Reference to Circular
	<p>As at the Valuation Date, the QBM Property's committed occupancy rate of 95% is higher than the average occupancy for shopping malls on Penang Island.</p> <p><u>Pricing</u> The indicative acquisition yield based on the Total Purchase Consideration is above the range of acquisition yields derived from transactions undertaken by listed Malaysian Real Estate Investment Trusts for the acquisition of retail malls in Malaysia within 2016 to LPD.</p> <p>The indicative acquisition yield based on the Total Purchase Consideration is 7.3% as derived from the forecast NPI of the QBM Property for FYE 31 December 2023.</p> <p><u>Accretive transaction</u> Depending on the gearing level undertaken for the Proposed Acquisition, the Proposed Acquisition is expected to be yield accretive upon completion of the Proposed Acquisition, thereby resulting in a higher DPU.</p> <p><u>Enhances CLMT's portfolio resilience</u> The Proposed Acquisition will diversify CLMT's exposure, reducing CLMT's exposure in Klang Valley in terms of assets under management, thereby strengthening its portfolio resilience. The Proposed Acquisition also increases CLMT's enlarged portfolio occupancy rate, contributing to income stability.</p>	
<p>Rationale for the Proposed Placement</p>	<p>The Proposed Placement is expected to:</p> <ul style="list-style-type: none"> (i) allow the Manager to raise funds expeditiously and cost effectively immediately upon the Proposed Acquisition becoming unconditional; (ii) provide the Manager with the flexibility to balance between equity financing and loan financing for the Proposed Acquisition to optimise returns to Unitholders and allow for debt headroom for future acquisitions; (iii) provide the opportunity to attract more local and international investors to invest in CLMT, thereby enlarging its Unitholders' base; and (iv) increase the total number of issued Units, and hence, may improve the trading liquidity of the Units. 	<p>Section 7.2</p>

EXECUTIVE SUMMARY (CONT'D)

Key Information	Description	Reference to Circular
Rationale for the Proposed Placement to the Sponsors	<p>The Proposed Placement to the Sponsors is for the Sponsors to:</p> <ul style="list-style-type: none"> (i) demonstrate their commitment in supporting the Proposed Placement and to align their interest in CLMT; and (ii) retain its unitholdings in CLMT after the Proposed Placement. 	Section 7.3
Rationale for the Proposed Placement to the Major Unitholders	<p>Being key investors in CLMT and significant investors in the Malaysian equity markets generally, the opportunity is provided to the Major Unitholders to participate in the Proposed Placement.</p>	Section 7.4
Risk Factors	<p>The Proposals are subject to the following risk factors:</p> <ul style="list-style-type: none"> (i) Risk of non-completion of the Agreements; (ii) Risk of non-registration of transfer of strata titles; (iii) Risk from the private owners of the remaining strata ownership of Queensbay Mall; (iv) Tenancy renewal risk of existing tenants; (v) Competition arising from new shopping malls; (vi) Adverse changes in economic conditions; (vii) Epidemics and pandemics; (viii) Higher financing cost may reduce profitability; (ix) Risk associated with major interruption to the ingress and egress to the QBM Property; and (x) Changes in environmental, zoning and governmental rules and regulations. 	Section 10
Resolutions and conditionality	<p>The purpose of this Circular is to seek the approval of the non-interested Unitholders on the following ordinary resolutions:</p> <ul style="list-style-type: none"> (i) Proposed Acquisition; (ii) Proposed Placement; (iii) Proposed Placement to CIL; (iv) Proposed Placement to MIL; (v) Proposed Placement to EPF and/or persons connected with it; (vi) Proposed Placement to ASB and/or persons connected with it; and (vii) Proposed Placement to KWAP and/or persons connected with it. <p>The Proposed Placement is subject to the Proposed Acquisition becoming unconditional. The Proposed Placement to the Sponsors and the Proposed Placement to the Major Unitholders are conditional upon the Proposed Placement but the Proposed Placement is not conditional upon them.</p>	Section 17

PART A
LETTER TO UNITHOLDERS IN
RELATION TO THE PROPOSALS



CapitaLand Malaysia Trust

(Established in Malaysia under the deed dated 7 June 2010 (as amended and restated by a deed dated 13 July 2021) entered into between CapitaLand Malaysia REIT Management Sdn. Bhd. and MTrustee Berhad)

Registered Office of the Manager:

Unit No. 1-27, Level 27, Naza Tower
No. 10, Persiaran KLCC
50088 Kuala Lumpur
Malaysia

8 February 2023

The Board:

Mr Lui Chong Chee (Chairman, Non-Executive Independent Director)
Mr Tan Choon Siang (Chief Executive Officer, Executive Non-Independent Director)
Mr Foo Wei Hoong (Non-Executive Independent Director)
Mr Tan Boon Peng (Non-Executive Independent Director)
En Mohd Yusof bin Hussian (Non-Executive Independent Director)
Ms Tan Ming-Li (Non-Executive Independent Director)
Mr Yap Neng Tong (Non-Executive Non-Independent Director)
Mr Lim Cho Pin Andrew Geoffrey (Non-Executive Non-Independent Director)

To: The Unitholders

Dear Sir / Madam,

- (I) PROPOSED ACQUISITION**
- (II) PROPOSED PLACEMENT**
- (III) PROPOSED PLACEMENT TO THE SPONSORS**
- (IV) PROPOSED PLACEMENT TO THE MAJOR UNITHOLDERS**

1. INTRODUCTION

On 9 November 2022, CIMB announced, on behalf of the Board, that:

- (i) the Trustee, on behalf of CLMT, had on the same day entered into the following in respect of the Proposed Acquisition:
 - (a) a conditional sale and purchase agreement with Special Coral to acquire from Special Coral, the Special Coral Strata Parcels for the Strata Parcels Purchase Consideration; and

- (b) a conditional share purchase agreement with Retail Galaxy to acquire from Retail Galaxy the Sale Shares, which collectively hold the Target Companies Strata Parcels, for the Target Companies Purchase Consideration and the Inter-Company Settlement; and
- (ii) the Trustee, upon the recommendation of the Manager, proposed to undertake the Proposed Placement to part finance the Proposed Acquisition, and as part of the Proposed Placement:
 - (a) the placement of Placement Units to CIL and MIL based on their respective unitholdings in CLMT; and
 - (b) the placement of Placement Units to the Major Unitholders.

In connection with the above, CIMB, on behalf of the Board, had further announced:

- (i) on 23 November 2022, that the Valuation Report had been submitted to Bursa Securities on the same date;
- (ii) on 21 December 2022, the additional parameter for the Proposed Placement and its associated financial effects; and
- (iii) on 4 January 2023, that the additional listing application pertaining to the allotment and issuance of the Placement Units had been submitted to Bursa Securities on 3 January 2023.

On 2 February 2023, CIMB, on behalf of the Board, announced the approval of Bursa Securities pursuant to its letter dated 31 January 2023 for the listing of and quotation for the Placement Units on the Main Market of Bursa Securities. Further details on Bursa Securities' approval are set out in **Section 11** of this Circular.

The Proposed Acquisition is deemed a related party transaction in view of the interests of the directors of the Manager, major shareholders of the Manager, major Unitholders, and/or persons connected with them as described in **Section 14** of this Circular. Accordingly, Kenanga IB was appointed on 8 November 2022 as the Independent Adviser to advise the non-interested directors of the Manager and the non-interested Unitholders on the Proposed Acquisition, and whether the non-interested Unitholders should vote in favour of the Proposed Acquisition.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH RELEVANT INFORMATION IN RELATION TO THE PROPOSALS AND TO SEEK YOUR APPROVAL FOR THE RESOLUTIONS PERTAINING TO THE PROPOSALS WHICH WILL BE TABLED AT THE FORTHCOMING UNITHOLDERS' MEETING. THE NOTICE OF THE UNITHOLDERS' MEETING AND THE PROXY FORM ARE ENCLOSED WITH THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR INCLUDING THE IAL (AS SET OUT IN PART B OF THIS CIRCULAR) TOGETHER WITH THE APPENDICES CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT THE FORTHCOMING UNITHOLDERS' MEETING.

2. THE PROPOSED ACQUISITION

2.1 Background of the Proposed Acquisition

The Proposed Acquisition entails the acquisition of:

- (i) the Special Coral Strata Parcels under the terms and conditions of the Strata Parcels SPA for the Strata Parcels Purchase Consideration; and
- (ii) the Target Companies Strata Parcels via the Sale Shares under the terms and conditions of the Target Companies SPA, for the Target Companies Purchase Consideration.

Pursuant to the terms and conditions of the Target Companies SPA, CLMT shall also complete the Inter-Company Settlement, following which an equivalent amount will be owed to CLMT by the Target Companies.

The total cash consideration for the Proposed Acquisition and the Inter-Company Settlement amounts to RM990.50 million. Of the Total Purchase Consideration, under the terms of the Target Companies SPA, the Target Companies Purchase Consideration and the Inter-Company Settlement are subject to adjustments such that the final Target Companies Purchase Consideration and Inter-Company Settlement to be settled would be equivalent to the NAV of the Target Companies and the final amount of the Inter-Company Settlement respectively as at the completion date of the Target Companies SPA.

The completion of the Strata Parcels SPA and the Target Companies SPA are inter-conditional.

Special Coral is principally a special purpose vehicle incorporated to undertake the securitisation of the Special Coral Strata Parcels in March 2011 whereas the Target Companies are principally investment holding companies which hold the Target Companies Strata Parcels. The vendor of the Target Companies, Retail Galaxy, is an indirect wholly-owned subsidiary of CMA.

Pursuant to the securitisation of the Special Coral Strata Parcels, Special Coral first issued the MTNs on 1 April 2011 comprising Senior Class MTNs and Subordinated Class MTNs under the MTN Programme to raise a total of RM660.00 million to finance the acquisition of the Special Coral Strata Parcels from seven corporations (known as the Originators in the MTN Programme), for RM650.00 million, which was completed on the same date, and the balance to meet all expenses in relation to the MTN Programme. As part of the MTN Programme, CapitaLand Retail Malaysia Sdn. Bhd., an indirect wholly-owned subsidiary of CMA, was appointed as the servicer in relation to the Special Coral Strata Parcels.

The MTN Programme caters for subsequent issuances to finance any capital expenditure (where upon the completion of the acquisition by Special Coral, a series of renovation works may be implemented to enhance the returns of the Special Coral Strata Parcels) and/or for working capital purposes including payment to the debt service account for compliance with its minimum balance requirements as well as to refinance any MTNs on their respective maturity.

The MTN Programme expires on 1 April 2031, being 20 years from the date of the issuance of the first MTN. The MTNs constitute direct, unconditional, unsubordinated and secured obligations of Special Coral, and within each class of the MTNs, rank *pari passu* without discrimination, preference or priority amongst themselves and for all classes of MTNs, in priority to all present and unsecured obligations of Special Coral from time to time (subject to those preferred by law). The Senior Class MTNs rank in priority to the Subordinated Class MTNs under the MTN Programme.

As at the LPD, all the Subordinated Class MTNs are held by Omnitrix, an indirect wholly-owned subsidiary of CMA. Save for Omnitrix's holdings in the Subordinated Class MTNs, as at the LPD, there are no other major Unitholders of CLMT and/or persons connected to them who are also holders of the Senior Class MTNs and Subordinated Class MTNs. The proceeds from the disposal of the Special Coral Strata Parcels will be distributed to the holders of the MTNs in order of priority in accordance with the terms of the MTN Programme.

As part of the terms of the MTN Programme, Special Coral granted a property call option to CMA, an indirect holder of the Subordinated Class MTNs, in respect of the Special Coral Strata Parcels whereby CMA may exercise the option to require Special Coral to dispose the Special Coral Strata Parcels to a real estate investment trust ("**Property Call Option**").

The Property Call Option is exercisable at any time from the date of the first issuance of the MTNs, subject to its terms and conditions. When exercised, the Property Call Option price shall be the then prevailing market price of the Special Coral Strata Parcels (subject to the same being no lower than the outstanding principal and accrued interest on the Senior Class MTNs after providing for all prior payments for taxes and other fees and expenses).

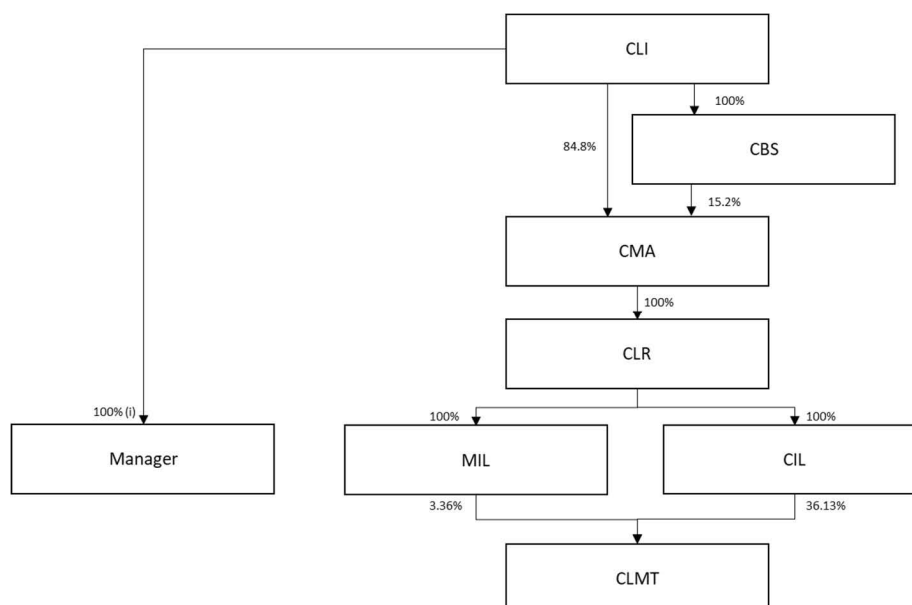
Upon serving the notice of exercise of the Property Call Option, Special Coral may proceed to negotiate and execute the sale and purchase agreement in relation to the Special Coral Strata Parcels with CMA or its assignee or their respective nominee.

On 9 November 2022, CMA had exercised the Property Call Option and nominated CLMT as the purchaser of the Special Coral Strata Parcels based on the terms and conditions of the Strata Parcels SPA as negotiated and agreed upon with CLMT. As stated in CLI's announcement on 9 November 2022, the exercise of the Property Call Option is a continuation of CLI's (the holding company of CMA) strategy to unlock value by converting balance sheet assets into funds under management that generate fee-related earnings and on this basis, upon the completion of the Proposed Acquisition, CLI will continue to benefit from the QBM Property through its unitholdings in CLMT.

Further to CMA's exercise of the Property Call Option and nomination of CLMT as the purchaser of the Special Coral Strata Parcels, CMA also offered for sale to CLMT the Sale Shares. The Special Coral Strata Parcels and the Target Companies Strata Parcels comprise all of CMA's interests in Queensbay Mall.

Notwithstanding the nomination of CLMT, CLMT as the nominated party is not obliged to enter into the Strata Parcels SPA unless the terms and conditions are acceptable to the Manager. The Strata Parcels SPA was entered into after considering all aspects of the Proposed Acquisition as outlined in Sections 15 and 16 of this Circular.

The corporate relationship between CMA and CLMT as at the LPD is set out below:



Note:

(i) Pursuant to CLMT’s announcement on 31 January 2023, CLI has entered into a sale and purchase agreement with CLI FM Pte. Ltd. (“**CLI FM**”) in which CLI will transfer the entire equity interest of 100% in the Manager to CLI FM, which is a direct wholly-owned subsidiary of CLI. This transfer is expected to be completed by the end of February 2023.

For Unitholders who require further information on the MTN Programme, its information memorandum, including its salient terms and its principal terms and conditions, as well as the salient terms of the Property Call Option, can be downloaded via:

(1) <https://www.bixmalaysia.com/bixapi/search/DownloadDocument?DocID=585&DocTypeID=1;>
and

(2) [https://www.bixmalaysia.com/bixapi/search/DownloadDocument?DocID=311&DocTypeID=3,](https://www.bixmalaysia.com/bixapi/search/DownloadDocument?DocID=311&DocTypeID=3;)

respectively.

2.2 Description of Queensbay Mall and the QBM Property

Queensbay Mall is a free-standing 8-storey shopping centre with a lower ground floor and a lower ground mezzanine comprising 5 floors of retail space and car parks as follows:

Floor	Use
Lower Ground (LG)	Retail space and car park
LG Mezzanine	Car park
Ground	Retail space
1st	Retail space
2nd	Retail space
3rd	Retail space and car park
4th	Car park
5th	Car park
6th	Car park
7th	Car park
8th (Roof Level)	Car park

The property is located at No. 100, Persiaran Bayan Indah, 11900 Bayan Lepas, Pulau Pinang. It is one of the largest malls in Penang and is strategically located at Bayan Lepas along the south-eastern shorefront of the Penang Island with transport links and proximity to the Penang Bridge and the Bayan Lepas industrial hub in Penang's Free Trade Zone. Queensbay Mall is accessible from the north and the south of the Penang Island via the Tun Dr Lim Chong Eu Highway. Queensbay Mall was completed and commenced operations in 2006 and is approximately 16 years old.

The location plan of the QBM Property is as shown below:



(Source: The Valuation Report)

Queensbay Mall is a stratified property with a total of 592 strata titles. The QBM Property represents approximately 91.8% of the total share units of Queensbay Mall. The balance 8.2% of the total share units of QBM is held by other private owners.

Further, as at the Valuation Date, the committed occupancy rate of the QBM Property is 95% (inclusive of committed tenancies after the date of valuation but not occupied as yet) based on its NLA. Pursuant to the Strata Parcels SPA, the tenancy agreements will be novated or assigned to the Trustee following the completion of the Strata Parcels SPA for the respective tenants to continue their existing tenancies under similar terms as per the tenancy agreements.

As at the Valuation Date, the major tenants⁽¹⁾ of the QBM Property, together with their percentage of occupancy and tenure of tenancy are as follows:

No.	Trade Name	Percentage of Occupancy ⁽²⁾	Tenure of Tenancy (years)
(i)	AEON	28.9%	5+5+5
(ii)	Golden Screen Cinemas	4.0%	3+3+3
(iii)	Harvey Norman	3.1%	3+3
(iv)	Uniqlo	3.0%	3+3+3

Notes:

(1) Being tenants who occupy more than 25,000 sq ft.

(2) Based on the total NLA of 883,111 sq ft of the QBM Property

Further information on the QBM Property is presented in **Appendix II** of this Circular.

2.3 Details of the Target Companies

Information on the Target Companies is presented in **Appendix III** of this Circular.

The following sets out the tabulation of the Target Companies' latest available audited NAV and inter-company balances, had the Target Companies SPA been completed on 31 December 2021.

	The Target Companies as at 31 December 2021 (RM' million)				
	Luxury Ace	Milky Way Properties	Scenic Growth	Success Idea	Total
NAV ⁽¹⁾	0.62	0.78	0.77	1.09	3.26
Inter-company amount ⁽²⁾	0.50	0.50	0.47	1.07	2.54
				Total	5.80

Notes:

(1) As extracted from the respective Target Companies' latest available audited financial statements for the FYE 31 December 2021, which are enclosed as Appendices V, VI, VII and VIII of this Circular; and

(2) Being the amount owing by the respective Target Companies to Retail Galaxy and/or its related companies as at 31 December 2021, as extracted from their latest available audited financial statements for the FYE 31 December 2021, which are enclosed as Appendices V, VI, VII and VIII of this Circular.

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The following sets out the tabulation of the Target Companies' expected NAV and inter-company balances as at 21 March 2023 (being the expected completion date stated in the Target Companies SPA).

The Target Companies (based on the Proforma Balance Sheet)					
(RM' million)					
	Luxury Ace	Milky Way Properties	Scenic Growth	Success Idea	Total
NAV ⁽¹⁾	0.69	0.80	0.80	1.16	3.45
Inter-company amount ⁽²⁾	0.50	0.52	0.46	1.09	2.57
				Total	6.02

Notes:

- (1) Subject to adjustment under the terms of the Target Companies SPA such that the final Target Companies Purchase Consideration to be settled would be equivalent to the NAV of the Target Companies based on the unaudited balance sheet of the Target Companies as at the completion date of the Target Companies SPA; and
- (2) Subject to adjustment under the terms of the Target Companies SPA such that the Inter-Company Settlement amount to be settled shall be equivalent to the actual amount owed as at the completion date of the Target Companies SPA.

The Manager understands that the inter-company balances of the Target Companies are a result of advances made for the purpose of acquiring the Target Companies Strata Parcels then.

As set out in the Target Companies' latest available audited financial statements for the FYE 31 December 2021, the non-current inter-company balances are non-trade in nature, interest-free and are not expected to be repaid within the next twelve months from the date of their financial statements, whereas the current inter-company balances are non-trade in nature, interest free and repayable on demand.

Solely for illustration purposes only, and strictly taking into account the market value of RM1,130 per sq ft of NLA for the QBM Property as set out in the Valuation Certificate, the value of the Target Companies Strata Parcels can be quantified as follows:

No.	Registered Owner	Title No.	NLA (sq ft)	Value (RM' million)
(i)	Scenic Growth	GRN 97433/M1/3/414	538	0.61
(ii)	Luxury Ace	GRN 97433/M1/3/405	360	0.41
(iii)	Success Idea	GRN 97433/M1/3/409 and 97433/M1/3/410	1,006	1.14
(iv)	Milky Way Properties	GRN 97433/M1/2/390	437	0.49
		Total	2,341	2.65

2.4 Estimated total acquisition cost

The estimated total acquisition cost of the QBM Property is up to approximately RM1,025.02 million, comprising the following:

Estimated total acquisition cost	(RM'000)
Strata Parcels Purchase Consideration	984,480
Target Companies Purchase Consideration	3,445 ⁽¹⁾
Inter-Company Settlement	2,575 ⁽¹⁾
Estimated expenses for the Proposals	Up to 34,518 ⁽²⁾
Total	1,025,018

Notes:

- (1) Represents the estimated figures on the expected completion date of the Target Companies SPA on 21 March 2023 and are subject to adjustments pursuant to the terms and conditions of the Target Companies SPA as detailed in **Sections 3.1 and 4.3 of Part B of Appendix I** of this Circular. The expected completion date of 21 March 2023 in respect of the Target Companies SPA is the same as the expected completion date of the Strata Parcels SPA in order for the Proposed Acquisition to be completed simultaneously in accordance with terms and conditions of the Agreements, as detailed in **Sections 4.2 of Part A and 1 of Part B of Appendix I** of this Circular.
- (2) Details of the estimated expenses for the Proposals are as follows:

	RM' million
Estimated expenses related to the Proposed Acquisition	21.60
Estimated expenses related to the Proposed Placement	Up to 8.03
Financing related expenses	4.17
Miscellaneous fees	0.70
Stamp duty for the Proposed Acquisition	0.02
Total	34.52

2.5 Basis and justification in arriving at the Total Purchase Consideration

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

- (i) the QBM Property Valuation, the details of which are set out in the Valuation Certificate enclosed as **Appendix IV** of this Circular; and
- (ii) the total acquisition cost for the Target Companies as mutually agreed upon between CLMT and Retail Galaxy that was arrived at after taking into consideration:
- (a) the expected NAV of the Target Companies on 21 March 2023 (being the expected completion date stated in the Target Companies SPA) of approximately RM3.45 million which is subject to adjustment such that the final Target Companies Purchase Consideration to be settled would be equivalent to the NAV of the Target Companies based on the unaudited balance sheet of the Target Companies as at the completion date of the Target Companies SPA; and

- (b) the expected Inter-Company Settlement amount on 21 March 2023 (being the expected completion date stated in the Target Companies SPA) of approximately RM2.57 million which is subject to adjustment such that the Inter-Company Settlement amount to be settled shall be equivalent to the actual amount owed as at the completion date of the Target Companies SPA. Upon completing the Inter-Company Settlement, an equivalent amount will be owed to CLMT by the Target Companies.

Further details on the provisions relating to the adjustments for the Target Companies Purchase Consideration and the Inter-Company Settlement are set out in **Sections 3.1 and 4.3 of Part B of Appendix I** of this Circular.

The QBM Property has been valued by adopting the Income Approach (via Investment Method of valuation) and cross checked by the Comparison Approach. Details of the methodologies are set out below:

Valuation approaches	Methodology approaches
Income Approach (Investment Method)	The Investment Method of valuation is principally the capitalised net rental income approach which mathematically takes into consideration the various material factors affecting value in terms of location and accessibility, building condition, occupancy rate, size, tenure of land, restrictions etc. without the requirement for any percentage hypothetical adjustments. It adopts the gross income and outgoings (operating expenses exclusive of interest, tax, depreciation, amortisation and other extraordinary capital expenditure) of an income-generating asset. Generally, the resultant net income is capitalised into market value using a capitalisation rate based on the current market-derived yield rates which reflect the expected return on investments and commensurate with the risk exposure to the asset under consideration.
Comparison Approach	The Comparison Approach entails comparing the QBM Property with comparable shopping centres which have been sold or are being offered for sale and making adjustments for factors which affect value such as location and accessibility, building quality & condition, tenure of land, restrictions and other relevant characteristics.

The market value 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.

The Total Purchase Consideration represents a discount of approximately 1.0% to the fair value of the QBM Property of RM1,000.00 million (equivalent to the QBM Property Valuation) when recognised by CLMT upon completion of the Agreements.

Further details on the QBM Property Valuation are set out in the Valuers' Valuation Certificate which is set out in **Appendix IV** of this Circular.

2.6 Proposed funding for the Proposed Acquisition

The Board has considered a combination of equity fundraising, bank borrowings and other forms of financing. Taking into account the Sponsor's undertaking as detailed in **Section 5** of this Circular and current market sentiments, the funding of the Proposed Acquisition is expected to be undertaken via the following manner:

- (i) at least 30% and up to 50% of the Total Purchase Consideration, is to be satisfied via cash proceeds raised from the Proposed Placement; and
- (ii) the remainder is to be satisfied via bank borrowings.

The estimated expenses for the Proposals are proposed to be funded via bank borrowings.

The minimum 30% of the Total Purchase Consideration to be satisfied via cash proceeds raised from the Proposed Placement was considered after taking into consideration the intended loan to value for the QBM Property, whilst the maximum 50% was considered after taking into account current market sentiments and the need to balance between equity financing and loan financing for the Proposed Acquisition.

In the event that the cash proceeds to be raised from the Proposed Placement is less than 30% of the Total Purchase Consideration, other options and sources of alternative funding will be considered and assessed to complete the Proposed Acquisition. The adoption of such other options and sources to complete the Proposed Acquisition may result in CLMT's gearing level to increase up to 50% but will not exceed 50% of its total asset value, in line with Paragraph 8.32 of the Listed REITs Guidelines. Please refer to **Section 10.1** of this Circular for details on the risk of non-completion of the Proposed Acquisition.

2.7 Liabilities to be assumed

There are no contingent liabilities and/or guarantees to be assumed by CLMT pursuant to the Proposed Acquisition.

Under the terms and conditions of the Target Companies SPA, once the Inter-Company Settlement is completed, an equivalent amount will be owed to CLMT by the Target Companies.

2.8 Estimated additional financial commitment required for the Proposed Acquisition

Save for the bank borrowings to be secured to partly fund the Proposed Acquisition and its related expenses, there is no additional financial commitment required in putting the QBM Property on-stream in view that the QBM Property is already in operation.

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3. INFORMATION ON THE VENDORS

3.1 Special Coral

(i) Information on Special Coral

Special Coral was incorporated as a private limited company in Malaysia under the Act on 16 August 2010. Special Coral is principally a special purpose vehicle incorporated to undertake the securitisation of the Special Coral Strata Parcels in March 2011. Please refer to **Section 2.1** of this Circular for further details on the securitisation of the Special Coral Strata Parcels.

Special Coral has an issued ordinary share capital of RM2 comprising 2 ordinary shares as at the LPD. In addition, Special Coral has in issue 5,000,000 Preference Shares, equivalent to RM5,000,000 reported as a liability in its financial statement. The salient terms of the Preference Shares are:

- (a) Each Preference Share shall confer on the holder thereof the right to receive a cumulative preferential dividend in priority to all other shares in Special Coral;
- (b) Preference dividends (if declared) on the Preference Shares shall be payable on such dates and such intervals as may be determined by Special Coral;
- (c) The Preference Shares shall have a maturity date of 20 years from the date of issue, but with a right of redemption by Special Coral at any time;
- (d) Special Coral shall redeem all of the Preference Shares at the maturity date of the Preference Shares or upon termination of the MTN Programme, whichever is the earlier but shall have the rights, at any time to redeem such Preference Shares (in full or in part) at the redemption price;
- (e) The redemption price of each Preference Share shall be RM1.00;
- (f) The Preference Shares shall rank *pari passu* without any preference or priority among themselves and in priority to other preference shares that may be created in future;
- (g) The Preference Shares shall rank in priority to the ordinary shares with regards to dividend payment and in a distribution of capital in the event of winding up or liquidation of Special Coral;
- (h) The Preference Shares shall not carry any right to attend or voting rights at any meeting of members of Special Coral except in matters or any resolutions varying or abrogating the rights and privileges attached to the Preference Shares; and
- (i) The Preference Shares do not entitle the holder to any rights, bonus, allotment and/or other distribution rights save for dividends that may be declared.

(ii) Directors and substantial shareholders

The directors of Special Coral are Rupavathy a/p A.V. Govindasamy and Ng Jui Shan. They do not have any direct or indirect holdings in the ordinary shares in Special Coral or the Preference Shares as at the LPD.

The substantial shareholders of Special Coral as well as their respective direct and indirect shareholdings as at the LPD are set out below:

Substantial shareholder	Direct				Indirect			
	No. of ordinary shares	%	No. of Preference Shares	%	No. of ordinary shares	%	No. of Preference Shares	%
Omnitrix ⁽¹⁾	-	-	5,000,000	100.00	-	-	-	-
CLR ⁽¹⁾	-	-	-	-	-	-	5,000,000 ⁽²⁾	100.00
CMA ⁽¹⁾	-	-	-	-	-	-	5,000,000 ⁽³⁾	100.00
CLI ⁽¹⁾⁽⁵⁾	-	-	-	-	-	-	5,000,000 ⁽⁴⁾	100.00
TMF Trustees Malaysia Berhad ⁽⁶⁾	2	100.00	-	-	-	-	-	-

Notes:

- (1) Incorporated in Singapore.
- (2) Deemed interested by virtue of its interest in Omnitrix pursuant to Section 8 of the Act.
- (3) Deemed interested by virtue of its interest in CLR pursuant to Section 8 of the Act.
- (4) Deemed interested by virtue of its direct and indirect (via CBS) interests in CMA pursuant to Section 8 of the Act.
- (5) CLI is listed on the Main Board of the SGX-ST. Based on CLI's 2021 Annual Report, as at 31 March 2022, CLI's substantial shareholder is CapitaLand Group Pte. Ltd., an indirect wholly-owned subsidiary of Temasek. Temasek's sole shareholder is the Singapore Minister for Finance under the Singapore Minister for Finance (Incorporation) Act 1959. The Singapore Minister for Finance is a body corporate. In respect of Retail Galaxy and CLMT:
 - (a) CLI's deemed interest in Retail Galaxy (the vendor of the Sale Shares) arises through its subsidiary, CMA (see note 4 above for CLI's direct and indirect interests in CMA). CMA holds 100% equity interest in CLR which in turn holds 100% equity interest in Retail Galaxy; and
 - (b) CLI is deemed interested in CLMT by virtue of its deemed interest in CLR held through CMA (see note 5(a) above). CLR holds 100% equity interest in CIL and MIL, which collectively hold 39.49% unitholdings in CLMT.
- (6) Trust company incorporated in Malaysia.

(iii) Original cost and date of investment

The original cost and date of investment by Special Coral in the Special Coral Strata Parcels are as follows:

Date of investment	Amount (RM'000)
1 April 2011	654,555

3.2 Retail Galaxy

(i) Information on Retail Galaxy

Retail Galaxy was incorporated as a private limited company in Singapore on 11 July 2007. Retail Galaxy is principally an investment holding company.

Retail Galaxy has a paid-up and issued share capital of SGD1 comprising 1 ordinary share as at the LPD.

(ii) Directors and substantial shareholders

The directors of Retail Galaxy are Chong Thoong Shin and Yeo Wee Lam Freddy. They do not have any direct or indirect shareholdings in Retail Galaxy as at the LPD.

The substantial shareholders of Retail Galaxy as well as their respective direct and indirect shareholdings as at the LPD are set out below:

Substantial shareholder	Place of incorporation	Direct		Indirect	
		No. of ordinary shares	%	No. of ordinary shares	%
CLR	Singapore	1	100.00	-	-
CMA	Singapore	-	-	1 ⁽¹⁾	100.00
CLI ⁽³⁾	Singapore	-	-	1 ⁽²⁾	100.00

Notes:

- (1) Deemed interested by virtue of its interest in CLR pursuant to Section 8 of the Act.
- (2) Deemed interested by virtue of its direct and indirect (via CBS) interests in CMA pursuant to Section 8 of the Act.
- (3) CLI is listed on the Main Board of the SGX-ST. Based on CLI's 2021 Annual Report, as at 31 March 2022, CLI's substantial shareholder is CapitaLand Group Pte. Ltd., an indirect wholly-owned subsidiary of Temasek. Temasek's sole shareholder is the Singapore Minister for Finance under the Singapore Minister for Finance (Incorporation) Act 1959. The Singapore Minister for Finance is a body corporate. In respect of Special Coral and CLMT:
 - (a) CLI's deemed interest in Special Coral (the vendor of the Special Coral Strata Parcels) arises through its subsidiary, CMA (see note 2 above for CLI's direct and indirect interests in CMA). CMA holds 100% equity interest in CLR which in turn holds 100% equity interest in Omnitrix that holds 100% of the Preference Shares; and
 - (b) CLI is deemed interested in CLMT by virtue of its deemed interest in CLR held through CMA (see note 3(a) above). CLR holds 100% equity interest in CIL and MIL, which collectively hold 39.49% unitholdings in CLMT.

(iii) **Original cost and date of investment**

The original cost and date of investment by Retail Galaxy in the Target Companies (including advances) are as follows:

Date of investment	Target Companies	No. of ordinary shares	Amount (RM'000)
1 April 2011	Luxury Ace	2	272
1 April 2011	Milky Way Properties	2	327
1 April 2011	Scenic Growth	2	384
1 April 2011	Success Idea	2	842

4. THE PROPOSED PLACEMENT

4.1 Details of the Proposed Placement

In order to part finance the Proposed Acquisition, the Manager proposes to undertake the Proposed Placement to raise gross proceeds of up to RM495.25 million by way of bookbuilding. For the Proposed Placement, this entails the Manager proposing to allot, issue and place up to 1,031.77 million Placements Units. The number of Placement Units was derived after taking into account the Illustrative Issue Price.

The total number of Placement Units to be allotted and issued cannot be determined at this juncture as this depends on investor demand for the Placement Units, and the final Issue Price for the Placement Units which will only be determined and announced by the Board after the close of the bookbuilding exercise.

The Proposed Placement shall be placed out to:

- (i) placees to be identified later that may include the Major Unitholders, namely EPF, ASB and KWAP including persons connected with them; and
- (ii) the Sponsors based on their undertaking to subscribe for such number of Placement Units equivalent to their unitholdings in CLMT at the relevant time of the Proposed Placement. As at the LPD, the Sponsors collectively hold 39.49% unitholdings in CLMT, and for illustrative purposes only, on this basis, it shall result in the raising of gross proceeds of up to RM195.57 million.

Please refer to **Sections 5 and 6** of this Circular for further details on the Proposed Placement to the Sponsors and the Proposed Placement to the Major Unitholders, respectively.

Please also refer to (i) www.kwsp.gov.my for further information on EPF and, (ii) www.kwap.gov.my for further information on KWAP, each being a statutory institution managing funds belonging to the public.

ASB is a unit trust fund approved by the SC and managed by Amanah Saham Nasional Berhad which in turn is wholly-owned by Permodalan Nasional Berhad, and further information on these entities may be found on their websites at www.asnb.com.my and www.pnb.com.my respectively.

The Proposed Placement will be undertaken pursuant to the approval of the Unitholders to be sought and obtained at the forthcoming Unitholders' Meeting. In particular, the approval of the Unitholders will be sought for the Proposed Placement including the allotment and issuance of such number of new Units for the Proposed Placement, the Proposed Placement to the Sponsors and the Proposed Placement to the Major Unitholders.

4.2 Utilisation of Proceeds

The proposed gross proceeds from the Proposed Placement are expected to be utilised in the following manner:

<u>Details of the Utilisation</u>	<u>Amount of Proceeds (RM'000)</u>	<u>Expected Timeframe for Utilisation</u>
Total Purchase Consideration ⁽¹⁾	Up to 495,250	Within 1 month from the completion of the Proposed Placement

Note:

(1) *To part finance the Total Purchase Consideration pursuant to the Agreements. The balance of the Total Purchase Consideration is proposed to be financed via bank borrowings.*

In the event that the Proposed Placement is completed but the Proposed Acquisition is not completed for whatsoever reason (see **Section 10.1** of this Circular), the proceeds which have been earmarked to part settle the Total Purchase Consideration shall be reallocated to fund CLMT's acquisitions of other assets to be identified by the Manager. This will allow the Manager to capitalise on suitable and viable investment opportunities as and when it arises which will contribute positively to CLMT's future earnings and DPU. As at the date of this Circular, apart from the Proposed Acquisition, the Manager has not identified any other assets to be acquired.

Pending the full utilisation of the gross proceeds received from the Proposed Placement in the event that the Proposed Acquisition is not completed as described above, the Manager will place the proceeds or the balance thereof in interest-bearing deposit account(s) with licensed financial institution(s) or short-term money market deposits or any other permissible investments allowed under the trust deed of CLMT, as it may deem fit in the best interest of CLMT and Unitholders.

4.3 Pricing of Placement Units

The Issue Price will be fixed by way of bookbuilding at a later date to be determined and announced by the Board. The Issue Price shall not be fixed at a discount of more than 10% to the 5-market day volume-weighted average market price of the Units before the Price-Fixing Date. This maximum discount was considered only by reference to Paragraph 6.04(a) of the Listing Requirements.

For avoidance of doubt, the Sponsors will not influence the manner in which the book builds for the Proposed Placement nor the determination of the Issue Price. The Sponsors, as price-takers, shall accept the final price for their Placement Units, being the Issue Price, which shall be determined once the bookbuilding exercise is closed and duly announced on Bursa Securities.

4.4 Placement of Units

The Proposed Placement will not be implemented in stages. The Placement Units will be placed out by way of an accelerated bookbuilding by one or more placement agents to be appointed by the Manager, and the placees (save for the Sponsors) will be identified at a later stage.

The Placement Units are not intended to be placed out to any directors, major shareholders, or chief executive officer of the Manager, major Unitholders and/or persons connected with them save for the Sponsors pursuant to the Proposed Placement to the Sponsors, and the Major Unitholders pursuant to the Proposed Placement to the Major Unitholders.

The Placement Units shall be offered to persons falling within Schedule 6 or Section 229 or Schedule 7 or Section 230 of the Capital Markets and Services Act 2007.

The Placement Units may be offered to local and foreign institutional investors. The Placement Units have not been, and will not be, registered under the US Securities Act of 1933, as amended (the “**Securities Act**”) or the securities law of any state of the US. The Placement Units will not be offered for sale in the US or any other jurisdiction where it is unlawful to do so. The Placement Units may be offered and sold outside the US in reliance on Regulation S under the Securities Act.

4.5 Status and ranking of Placement Units

The Placement Units shall, upon allotment and issuance, rank equally in all respects with the existing Units. The Placement Units will not be entitled to any distributable income, right, benefit, entitlement and/or any other distributions that may be declared prior to the date of the allotment and issuance of the Placement Units.

4.6 Listing and quotation of the Placement Units

The Placement Units will be listed and quoted on the Main Market of Bursa Securities, the approval of which was obtained from Bursa Securities on 31 January 2023.

4.7 Advance Distribution

The Manager may distribute the distributable income of CLMT at the quantum and intervals to be determined in its absolute discretion subject to the provisions under the trust deed of CLMT. The Board intends to declare an Advance Distribution.

The Advance Distribution is being proposed to ensure fairness to existing Unitholders and is intended to be implemented to ensure that the distributable income accrued during the Advance Distribution Period is only distributed to the existing Unitholders. As a result, the holders of the Placement Units will not be entitled to the Advance Distribution and hence, the entitlement date for the Advance Distribution will be before the date of allotment and issuance of the Placement Units.

The next distribution after the Advance Distribution will comprise CLMT’s distributable income for the period from the day immediately after the Advance Distribution Period until the end of the relevant semi-annual period determined by the Board. Semi-annual distributions will resume thereafter.

5. THE PROPOSED PLACEMENT TO THE SPONSORS

5.1 The Sponsors' commitment

The Sponsors, both indirect wholly-owned subsidiaries of CMA, having an aggregate unitholding interest of approximately 39.49% in CLMT as at the LPD, are committed to support the Proposed Placement.

Accordingly, the Sponsors have undertaken to subscribe for the Placement Units based on their respective unitholdings in CLMT as at the relevant date of the Proposed Placement in conjunction with the Proposed Placement. The Sponsors have also undertaken that they shall unconditionally accept the final price for their Placement Units, being the Issue Price, which shall be determined once the bookbuilding exercise for the Proposed Placement is closed and duly announced on Bursa Securities.

5.2 Information on CIL (Sponsor)

As at the LPD, CIL directly holds 797.45 million Units representing approximately 36.13% unitholdings in CLMT.

CIL, a company limited by shares, was incorporated in the Federal Territory of Labuan, Malaysia on 8 June 2010 under the Labuan Companies Act 1990. CIL is principally an investment holding company.

CIL has a paid-up and issued share capital of USD318,655 comprising 318,655 ordinary shares as at the LPD. In addition, CIL has in issue 30,550,000 redeemable preference shares, equivalent to SGD30,550,000 ("**RPS**"). The salient terms of the RPS are:

- (a) 5% non-cumulative cash dividend to be declared at the discretion of CIL at the end of each calendar year or any other period to be determined by CIL;
- (b) CIL shall have the right to redeem the RPS in whole or partially thereof at the price of SGD1.00 per RPS at any time at the discretion of CIL;
- (c) The RPS is, at the holders' discretion, convertible into ordinary shares at the ratio of 1 RPS held for 1 ordinary share in CIL at any time; and
- (d) RPS is transferable subject to the consent of CIL and shall be effected by an instrument in writing or such form as CIL may deem appropriate and fit.

The directors of CIL are Chong Thoong Shin, Ng Kuan Yee and Yeo Wee Lam Freddy (Yang Weinan). They do not have any direct or indirect shareholdings in CIL as at the LPD.

The substantial shareholders of CIL as well as their respective direct and indirect shareholdings as at the LPD are set out below:

Substantial shareholder	Direct				Indirect			
	No. of ordinary shares	%	No. of RPS	%	No. of ordinary shares	%	No. of RPS	%
CLR ⁽¹⁾	318,655	100.00	30,550,000	100.00	-	-	-	-
CMA ⁽¹⁾	-	-	-	-	318,655 ⁽³⁾	100.00	30,550,000	100.00
CLI ⁽¹⁾⁽²⁾	-	-	-	-	318,655 ⁽⁴⁾	100.00	30,550,000	100.00

Notes:

- (1) Incorporated in Singapore.
- (2) CLI is listed on the Main Board of the SGX-ST. Based on CLI's 2021 Annual Report, as at 31 March 2022, CLI's substantial shareholder is CapitaLand Group Pte. Ltd., an indirect wholly-owned subsidiary of Temasek. Temasek's sole shareholder is the Singapore Minister for Finance under the Singapore Minister for Finance (Incorporation) Act 1959. The Singapore Minister for Finance is a body corporate. In respect of Special Coral and Retail Galaxy:
- (a) CLI's deemed interest in Special Coral (the vendor of the Special Coral Strata Parcels) arises through its subsidiary, CMA (see note 4 below for CLI's direct and indirect interests in CMA). CMA holds 100% equity interest in CLR which in turn holds 100% equity interest in Omnitrix that holds 100% of the Preference Shares; and
- (b) CLI's deemed interest in Retail Galaxy (the vendor of the Sale Shares) arises through its subsidiary, CMA (see note 4 below for CLI's direct and indirect interests in CMA). CMA holds 100% equity interest in CLR which in turn holds 100% equity interest in Retail Galaxy;
- (3) Deemed interested by virtue of its interests in CLR pursuant to Section 8 of the Act.
- (4) Deemed interested by virtue of its direct and indirect (via CBS) interests in CMA pursuant to Section 8 of the Act.

5.3 Information on MIL (Sponsor)

As at the LPD, MIL directly holds 74.12 million Units representing approximately 3.36% unitholdings in CLMT.

MIL was incorporated in the British Virgin Islands ("BVI") as a BVI business company on 2 February 2010 under the name of Esposito Investments Limited, and subsequently assumed its current name on 27 April 2010. MIL is principally an investment holding company.

MIL has an authorised share capital of USD50,000 comprising of 50,000 shares of USD1.00 each of which 1 share is issued and fully paid-up.

The directors of MIL are Choong Thoong Shin and Yeo Wee Lam Freddy. They do not have any direct or indirect shareholdings in MIL as at the LPD.

The substantial shareholders of MIL as well as their respective direct and indirect shareholdings as at the LPD are set out below:

Substantial shareholder	Place of incorporation	Direct		Indirect	
		No. of shares	%	No. of shares	%
CLR	Singapore	1	100.00	-	-
CMA	Singapore	-	-	1 ⁽²⁾	100.00
CLI ⁽¹⁾	Singapore	-	-	1 ⁽³⁾	100.00

Notes:

- (1) *CLI is listed on the Main Board of the SGX-ST. Based on CLI's 2021 Annual Report, as at 31 March 2022, CLI's substantial shareholder is CapitaLand Group Pte. Ltd., an indirect wholly-owned subsidiary of Temasek. Temasek's sole shareholder is the Singapore Minister for Finance under the Singapore Minister for Finance (Incorporation) Act 1959. The Singapore Minister for Finance is a body corporate. In respect of Special Coral and Retail Galaxy:*
- (a) *CLI's deemed interest in Special Coral (the vendor of the Special Coral Strata Parcels) arises through its subsidiary, CMA (see note 3 below for CLI's direct and indirect interests in CMA). CMA holds 100% equity interest in CLR which in turn holds 100% equity interest in Omnitrix that holds 100% of the Preference Shares; and*
- (b) *CLI's deemed interest in Retail Galaxy (the vendor of the Sale Shares) arises through its subsidiary, CMA (see note 3 below for CLI's direct and indirect interests in CMA). CMA holds 100% equity interest in CLR which in turn holds 100% equity interest in Retail Galaxy;*
- (2) *Deemed interested by virtue of its interests in CLR pursuant to Section 8 of the Act;*
- (3) *Deemed interested by virtue of its direct and indirect (via CBS) interests in CMA pursuant to Section 8 of the Act.*

5.4 Details of the Proposed Placement to the Sponsors

As part of the Proposed Placement, a portion of the Placement Units equivalent to the unitholdings of the Sponsors at the relevant date when the Proposed Placement is implemented, will be placed to the Sponsors at the Issue Price. Based on the Sponsors' unitholdings as at the LPD, this will result in the raising of gross proceeds of up to RM195.57 million, subject to the total gross proceeds raised under the Proposed Placement.

For avoidance of doubt, the Proposed Placement is not conditional upon the Proposed Placement to the Sponsors.

The maximum number of Placement Units that may be allotted and issued to CIL and MIL are 372.82 million Units and 34.65 million Units respectively wherein CIL and MIL will retain their unitholding interests of approximately 36.13% and 3.36% in CLMT respectively. CIL's and MIL's percentage unitholdings in CLMT will not change due to the Sponsors' commitment as described in **Section 5.1** of this Circular, irrespective of the minimum and maximum number of Placement Units to be issued. Hence, the Proposed Placement to the Sponsors will not result in an increase of the unitholdings of the Sponsors and/or persons connected with them by more than 2.0% within a period of 6 months upon the allotment and issuance of the Placement Units and so the mandatory take-over offer obligation under the Rules on Take-Overs, Mergers and Compulsory Acquisitions issued by the SC is not expected to be triggered. Details of the Proposed Placement's effect on the Sponsors' unitholdings are set out in **Section 8.4** of this Circular.

For avoidance of doubt, approvals for specific resolutions for each Sponsor shall be sought in respect of the Proposed Placement to the Sponsors as detailed in the Notice of Meeting.

6. THE PROPOSED PLACEMENT TO THE MAJOR UNITHOLDERS

6.1 Placement Arrangements

As the bookbuilding process for the Proposed Placement may involve the participation of the Major Unitholders, in compliance with Paragraph 6.06(1) of the Listing Requirements, the Manager proposes to seek the approval of the respective non-interested Unitholders at the forthcoming Unitholders' Meeting for the placement of the Placement Units under the Proposed Placement to the respective Major Unitholders at the Issue Price.

6.2 Details of the Proposed Placement to the Major Unitholders

The actual number of Placement Units as well as the actual number of Placement Units to be allotted and issued to the Major Unitholders and/or persons connected with them will only be determined at a later stage by the Manager in consultation with the placement agent(s) through the bookbuilding process, subject to the Major Unitholders' decision whether to participate in the Proposed Placement or not.

As at the LPD, the Major Unitholders and their respective direct and indirect unitholdings in CLMT are as follows:

Major Unitholders	Unitholdings as at the LPD			
	Direct		Indirect	
	No. of Units ('000)	%	No. of Units ('000)	%
EPF	300,171	13.60	-	-
ASB ⁽¹⁾	236,467	10.71	-	-
KWAP	230,097	10.43	3,920 ⁽²⁾	0.18

Notes:

(1) A unit trust fund approved by the SC and managed by Amanah Saham Nasional Berhad which in turn is wholly-owned by Permodalan Nasional Berhad.

(2) Deemed interested by virtue of interests held by various fund managers of KWAP.

For avoidance of doubt, approvals for specific resolutions for each Major Unitholder shall be sought in respect of the Proposed Placement to the Major Unitholders as detailed in the Notice of Meeting.

7. RATIONALE FOR THE PROPOSALS

7.1 Rationale for the Proposed Acquisition

The Proposed Acquisition is in line with CLMT's investment objective to invest, on a long-term basis, in income-producing real estate which is primarily used for retail, commercial, office and industrial purposes in Malaysia.

The proposed acquisition of the Sale Shares (instead of the Target Companies Strata Parcels) is undertaken in conjunction with the proposed acquisition of Special Coral Strata Parcels, as the Sale Shares represent the rest of CMA's interest in Queensbay Mall, and was offered to CLMT as part of the Proposed Acquisition.

(i) **Quality assets**

Queensbay Mall is strategically located in the south of Penang Island, in the heart of Bayan Lepas Industrial Free Trade Zone, with good accessibility via the Tun Dr Lim Chong Eu Highway, and close proximity to the Penang Bridge and the Sultan Abdul Halim Muadzam Shah Bridge, as well as the Penang International Airport.

Queensbay Mall has high shoppers' catchment from both Penang Island and the mainland of the Penang state and has recorded annual shopper traffic of more than 7.1 million in 2021 and year-to-date 30 November 2022 of approximately 12.7 million, translating to an average monthly footfall of approximately 1.2 million over the same 11-month period.

Being one of the largest malls in Penang, Queensbay Mall features a diverse tenancy mix with 5 retail levels of international and home-grown brands including fashion, lifestyle, dining, entertainment, sports, electronics, home furnishing and department store.

As at the Valuation Date, the QBM Property has a committed occupancy rate of 95%, which is higher than the average occupancy of 78.3% for shopping malls on Penang Island as of the first half of 2022 (*Source: The Manager based on data extracted from the Valuation Report*).

(ii) **Pricing**

The indicative acquisition yield of 7.3% which is derived from dividing the forecast NPI of the QBM Property for FYE 31 December 2023 of RM72.31 million (as set out in **Appendix X** of this Circular) with the Total Purchase Consideration of RM990.50 million.

The range of acquisition yields derived from transactions undertaken by listed Malaysian Real Estate Investment Trusts for the acquisition of retail malls in Malaysia within 2016 to LPD is between 5.7% to 7.0%.

(iii) **Accretive transaction**

Depending on the gearing level for the mode of financing of the Proposed Acquisition, the Proposed Acquisition is expected to be yield accretive upon completion of the Proposed Acquisition, thereby resulting in a higher DPU.

(iv) **Enhances CLMT's portfolio resilience**

The Proposed Acquisition will serve to diversify exposure to the highly competitive Klang Valley retail malls sector. The Proposed Acquisition will reduce CLMT's current exposure in Klang Valley in terms of assets under management from approximately 41.3% to 32.8%, thereby strengthening its portfolio resilience. With the QBM Property's committed occupancy rate of 95%, the Proposed Acquisition also increases CLMT's enlarged portfolio occupancy rate to 85.8% from its existing 83.1% as at 30 September 2022, contributing to income stability.

The Proposed Acquisition will also further strengthen CLMT's position as a sizeable, geographically well-diversified shopping mall real estate investment trust in Malaysia. Following the completion of the Proposed Acquisition, CLMT's total asset value will increase by approximately up to 26.1% from approximately RM3,932.95 million to approximately RM4,959.58 million as shown in the table below. This is expected to increase CLMT's visibility among Malaysian and international investors to support its future growth.

<u>As of 31 December 2021</u>	<u>Existing portfolio</u>	<u>QBM Property</u>	<u>Enlarged portfolio</u>
NLA (sq ft)	3,066,650	883,111	3,949,761
Audited total asset value (RM' million)	3,932.95	1,026.63	4,959.58

Having considered the merits of the Proposed Acquisition as mentioned above, and other available opportunities, including those beyond the retail sector, the Manager is of the view that the Proposed Acquisition continues to meet the investment objectives of CLMT to deliver long term and sustainable distribution of income.

7.2 Rationale for the Proposed Placement

After due consideration of the various funding options available to CLMT and in consultation with the management of the Manager, the Board is of the view that the Proposed Placement is the most appropriate avenue to raise funds for CLMT to part finance the Proposed Acquisition as it is expected to:

- (i) allow the Manager to raise funds expeditiously and cost effectively by being able to implement the equity fund raising immediately upon the Proposed Acquisition becoming unconditional;
- (ii) provide the Manager with the flexibility to balance between equity financing and loan financing for the Proposed Acquisition to optimise returns to Unitholders and allow for debt headroom for future acquisitions;
- (iii) provide the opportunity to attract more local and international investors to invest in CLMT, thereby enlarging its Unitholders' base and serves as a testament to investors' confidence in the future prospects of CLMT; and
- (iv) increase the total number of issued Units, and hence, may improve the trading liquidity of the Units.

There have been no other equity fund-raising exercises undertaken by the Manager and/or the Trustee on behalf of CLMT in the 12 months before 9 November 2022, being the date of announcement of the Proposed Placement.

7.3 Rationale for the Proposed Placement to the Sponsors

The Proposed Placement to the Sponsors is for the Sponsors to demonstrate their commitment in supporting the Proposed Placement and aligning their interests in CLMT.

The Proposed Placement to the Sponsors will also allow CMA (through its indirect interests in the Sponsors) to retain its unitholdings in CLMT after the Proposed Placement.

7.4 Rationale for the Proposed Placement to the Major Unitholders

The Major Unitholders are key investors in CLMT who have supported CLMT in previous placement exercises. The Major Unitholders are also significant investors in the Malaysian equity markets generally. As such, the Board wishes to provide the Major Unitholders with the opportunity to participate in the Proposed Placement.

8. EFFECTS OF THE PROPOSALS

The Manager wishes to emphasise that the proforma effects as set out throughout this Circular are based on certain assumptions with the intention of demonstrating the potential financial effects of the Proposals. The key assumptions used in demonstrating the financial effects for the Proposals are as follows:

- (i) for illustration purposes only and for the purpose of the Proposed Placement, the Issue Price is assumed to be the Illustrative Issue Price;
- (ii) **Minimum Scenario** under the Proposed Placement where it is assumed that a total of 619.06 million Placement Units are issued at the Illustrative Issue Price to raise gross proceeds of RM297.15 million, being 30% of the Total Purchase Consideration, and the remainder of the total acquisition costs of RM726.36 million is assumed to be satisfied via bank borrowings; and
- (iii) **Maximum Scenario** under the Proposed Placement where it is assumed that a total of 1,031.77 million Placement Units are issued at the Illustrative Issue Price to raise gross proceeds of RM495.25 million, being 50% of the Total Purchase Consideration, and the remainder of the total acquisition costs of RM529.77 million is assumed to be satisfied via bank borrowings.

For the avoidance of doubt, the illustrative unitholdings of the substantial Unitholders of CLMT stated in **Section 8.4** may not represent the actual number of Placement Units to be subscribed by the Major Unitholders (or at all) after the completion of the Proposed Placement. No assurance is given that the assumptions used by the Manager to illustrate the effects of the substantial Unitholders' unitholdings in CLMT will materialise after the completion of the Proposed Placement and they do not represent a commitment by the Major Unitholders to subscribe for the Placement Units.

8.1 Unitholders' capital

The proforma effects of the Proposals on Unitholders' capital of CLMT are as follows:

	Minimum Scenario		Maximum Scenario	
	No. of Units ('000)	(RM'000)	No. of Units ('000)	(RM'000)
As at the LPD	2,206,935	2,274,725	2,206,935	2,274,725
Issuance of Placement Units	619,063	292,093 ⁽¹⁾	1,031,771	487,221 ⁽¹⁾
Enlarged Unitholders' capital	2,825,998	2,566,818	3,238,706	2,761,946

Note:

- (1) *After taking into consideration the estimated expenses for the Proposed Placement which will be deducted from Unitholders' capital amounting to approximately RM5.05 million (in relation to the Minimum Scenario) and RM8.03 million (in relation to the Maximum Scenario).*

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8.2 Distributable income, DPU and EPU

The Proposals are not expected to have any effect on the distributable income, DPU and EPU of CLMT for the FYE 31 December 2022 since the Proposals are only expected to be completed during the FYE 31 December 2023. Nevertheless, the Manager believes that when the Proposals are completed, they will contribute positively to the future distributable income, DPU and EPU of CLMT.

It should be noted that the illustration set out herein is based on the historical consolidated financial results of CLMT and the QBM Property which may not reflect or be indicative of their future financial results and will be subject to change. Assuming that the Proposals were completed on 1 January 2021 (being the beginning of CLMT's latest consolidated financial results for the FYE 31 December 2021), for illustration purposes only, the proforma effects of the Proposals on the distributable income of CLMT for the FYE 31 December 2021 are as follows:

	Minimum Scenario ⁽²⁾		Maximum Scenario ⁽²⁾	
	(i)	(ii)	(i)	(ii)
	After the Proposed Placement (RM'000)	After (i) and the Proposed Acquisition (RM'000)	After the Proposed Placement (RM'000)	After (i) and the Proposed Acquisition (RM'000)
Audited as at FYE 31 December 2021				
(RM'000)				
Distributable income	39,033	39,033	39,033	39,033
Incremental distributable income ⁽¹⁾	-	21,110	-	27,600
Proforma income distribution	39,033	60,143	39,033	66,633
Units in circulation ('000)	2,130,856	2,749,918	3,162,627	3,162,627
DPU (sen)	1.84	2.19	1.23	2.11

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Notes:

(1) The incremental distributable income was estimated after taking into consideration the following:

	<u>Minimum Scenario</u>	<u>Maximum Scenario</u>
	<u>RM' million</u>	<u>RM' million</u>
(a) The NPI of the Special Coral Strata Parcels for the FYE 31 December 2021 and the aggregate of PAT (or LAT) of the Target Companies for the FYE 31 December 2021	50.21	50.21
(b) The Manager's fee relating to the QBM Property resulting from the completion of the Proposed Acquisition: <ul style="list-style-type: none">• Base fee of 0.29% on the total asset value• Performance fee of 4.75% on the incremental NPI contribution	(2.98) (2.38)	(2.98) (2.38)
(c) Cost of financing (assumed to be 3.3% per annum based on CLMT's average cost of borrowings for the FYE 31 December 2021)	(23.97)	(17.48)
(d) Depreciation adjustment	0.23	0.23
Total	21.11	27.60

(2) Does not take into account the 76,079,761 new Units issued between 1 January 2022 and the LPD pursuant to CLMT's distribution reinvestment plan and Units issued to the Manager as part of payment of management fees.

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8.3 NAV per Unit and Gearing

The proforma effects of the Proposals on the NAV per Unit and gearing level based on the latest consolidated financial statement of CLMT are as follows:

	Audited as at FYE 31 December 2021 (RM'000)	Minimum Scenario		Maximum Scenario	
		(I)		(II)	
		After the Proposed Placement (RM'000)	After (I) and the Proposed Acquisition (RM'000)	After the Proposed Placement (RM'000)	After (I) and the Proposed Acquisition (RM'000)
Unitholders' capital	2,235,447	2,527,540 ⁽¹⁾	2,527,540	2,722,668 ⁽¹⁾	2,722,668
Undistributed income	155,851	155,151 ⁽²⁾	144,673 ⁽³⁾	155,151 ⁽²⁾	144,673 ⁽³⁾
Total Unitholders' fund / NAV	2,391,298	2,682,691	2,672,213	2,877,819	2,867,341
Units in circulation ('000) ⁽⁷⁾	2,130,856	2,749,918	2,749,918	3,162,627	3,162,627
NAV per Unit (RM)	1.1222	0.9756	0.9717	0.9099	0.9066
Total gross borrowings (exclude unamortised transaction costs)	1,413,256	1,413,256	2,139,616 ⁽⁴⁾	1,413,256	1,943,024 ⁽⁴⁾
Total asset value	3,932,949	4,224,342 ⁽¹⁾⁽²⁾	4,959,581 ⁽⁵⁾	4,419,470 ⁽¹⁾⁽²⁾	4,959,581 ⁽⁵⁾
Gearing (%) ⁽⁶⁾	35.93%	33.45%	43.14% ⁽⁸⁾	31.98%	39.18%

Notes:

- (1) After taking into consideration the following:
 - (a) Gross proceeds raised from the Proposed Placement of RM297.15 million (in respect of the Minimum Scenario) and RM495.25 million (in respect of the Maximum Scenario); and
 - (b) Estimated fees in respect of the Proposed Placement to be deducted from Unitholders' capital of approximately RM5.05 million (in respect of the Minimum Scenario) and RM8.03 million (in respect of the Maximum Scenario).
- (2) After taking into consideration other estimated miscellaneous expenses for the Proposed Placement of approximately RM0.70 million (in relation to both the Minimum Scenario and the Maximum Scenario).

(3) After taking into consideration stamp duty expenses for the Proposed Acquisition of approximately RM0.02 million, reversal of deferred tax liabilities of approximately RM1.14 million and a recognition of fair value loss of approximately RM11.6 million (comprising of acquisition costs of RM21.6 million net of RM10.0 million discount received from the QBM Property Valuation).

(4) Increase in net borrowings after taking into consideration the following:

- (a) Bank borrowing to partly fund the Proposed Acquisition of approximately RM726.36 million (in respect of the Minimum Scenario) and RM529.77 million (in respect of the Maximum Scenario); and
- (b) Estimated financing fees to be amortised over the tenure of the loan of approximately RM5.64 million (in respect of the Minimum Scenario) and RM4.17 million (in respect of the Maximum Scenario).

(5) Net increase in total asset value after taking into consideration the following:

- (a) The QBM Property Valuation of RM1,000.00 million, the property, plant and equipment acquired under the Strata Parcels SPA of approximately RM0.50 million and the Target Companies' trade and other receivables of approximately RM0.08 million as at 31 December 2021;
- (b) Net cash outflow comprising of:

	<u>Minimum Scenario</u> <u>(RM' million)</u>	<u>Maximum Scenario</u> <u>(RM' million)</u>
Net borrowings (refer to note (4) above)	720.72	525.60
Payment of Strata Parcels Purchase Consideration and Target Companies Purchase Consideration	(987.93)	(987.93)
Payment of the Inter-Company Settlement	(2.57)	(2.57)
Tenant deposit from the QBM Property	25.62	25.62
Cash balances from the Target Companies	0.44	0.44
Payment of estimated expenses for the Proposed Acquisition*	(21.60)	(21.60)
Payment of stamp duty for the Proposed Acquisition*	(0.02)	(0.02)
Total	(265.34)	(460.46)

* Part of the total estimated expenses as disclosed in Section 2.4 in this Circular.

- (6) *Calculated by dividing total gross borrowings with total asset value.*
- (7) *Assuming 619.06 million (in relation to the Minimum Scenario) or 1,031.77 million (in relation to the Maximum Scenario) Units will be allotted and issued pursuant to the Proposed Placement. This does not take into account the 76,079,761 new Units issued between 1 January 2022 and the LPD pursuant to CLMT's distribution reinvestment plan and Units issued to the Manager as part of payment of management fees.*
- (8) *In the event that cash proceeds to be raised from the Proposed Placement is less than 30% of the Total Purchase Consideration, and other options and sources of alternative funding is required to complete the Proposed Acquisition as described in **Section 2.6** of this Circular, CLMT's gearing level may increase up to 50% but will not exceed 50% of its total asset value.*

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8.4 Substantial Unitholders' unitholdings

The proforma effects of the Proposals on the unitholdings of the substantial Unitholders are tabulated below on the basis that none of the Major Unitholders participate in the Proposed Placement.

Minimum Scenario

Substantial Unitholder	As at the LPD				(I) After the Proposed Placement				(II) After (I) and the Proposed Acquisition			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Units ('000)	% ⁽⁶⁾	No. of Units ('000)	% ⁽⁶⁾	No. of Units ('000)	% ⁽⁶⁾	No. of Units ('000)	% ⁽⁶⁾	No. of Units ('000)	% ⁽⁶⁾	No. of Units ('000)	% ⁽⁶⁾
CIL	797,447	36.13	-	-	1,021,137 ⁽⁷⁾	36.13	-	-	1,021,137 ⁽⁷⁾	36.13	-	-
CLR	-	-	871,568 ⁽²⁾	39.49	-	-	1,116,050 ⁽⁷⁾	39.49	-	-	1,116,050 ⁽⁷⁾	39.49
CMA	-	-	871,568 ⁽³⁾	39.49	-	-	1,116,050 ⁽⁷⁾	39.49	-	-	1,116,050 ⁽⁷⁾	39.49
CLI ⁽¹⁾	-	-	871,568 ⁽⁴⁾	39.49	-	-	1,116,050 ⁽⁷⁾	39.49	-	-	1,116,050 ⁽⁷⁾	39.49
EPF	300,171	13.60	-	-	300,171	10.62	-	-	300,171	10.62	-	-
ASB	236,467	10.71	-	-	236,467	8.37	-	-	236,467	8.37	-	-
KWAP	230,097	10.43	3,920 ⁽⁵⁾	0.18	230,097	8.14	3,920 ⁽⁵⁾	0.14	230,097	8.14	3,920 ⁽⁵⁾	0.14

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Maximum Scenario

Substantial Unitholder	As at the LPD				(I) After the Proposed Placement				(II) After (I) and the Proposed Acquisition			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Units ('000)	% ⁽⁶⁾	No. of Units ('000)	% ⁽⁶⁾	No. of Units ('000)	% ⁽⁶⁾	No. of Units ('000)	% ⁽⁶⁾	No. of Units ('000)	% ⁽⁶⁾	No. of Units ('000)	% ⁽⁶⁾
CIL	797,447	36.13	-	-	1,170,264 ⁽⁷⁾	36.13	-	-	1,170,264 ⁽⁷⁾	36.13	-	-
CLR	-	-	871,568 ⁽²⁾	39.49	-	-	1,279,038 ⁽⁷⁾	39.49	-	-	1,279,038 ⁽⁷⁾	39.49
CMA	-	-	871,568 ⁽³⁾	39.49	-	-	1,279,038 ⁽⁷⁾	39.49	-	-	1,279,038 ⁽⁷⁾	39.49
CLI ⁽¹⁾	-	-	871,568 ⁽⁴⁾	39.49	-	-	1,279,038 ⁽⁷⁾	39.49	-	-	1,279,038 ⁽⁷⁾	39.49
EPF	300,171	13.60	-	-	300,171	9.27	-	-	300,171	9.27	-	-
ASB	236,467	10.71	-	-	236,467	7.30	-	-	236,467	7.30	-	-
KWAP	230,097	10.43	3,920 ⁽⁵⁾	0.18	230,097	7.10	3,920 ⁽⁵⁾	0.12	230,097	7.10	3,920 ⁽⁵⁾	0.12

Notes:

- (1) CLI is listed on the Main Board of the SGX-ST. Based on CLI's 2021 Annual Report, as at 31 March 2022, CLI's substantial shareholder is CapitaLand Group Pte. Ltd., an indirect wholly-owned subsidiary of Temasek. Temasek's sole shareholder is the Singapore Minister for Finance under the Singapore Minister for Finance (Incorporation) Act 1959. The Singapore Minister for Finance is a body corporate.
- (2) Deemed interested by virtue of its interests in CIL and MIL pursuant to Section 8 of the Act.
- (3) Deemed interested by virtue of its interests in CLR pursuant to Section 8 of the Act.
- (4) Deemed interested by virtue of its direct and indirect (via CBS) interests in CMA pursuant to Section 8 of the Act.
- (5) Deemed interested by virtue of interests held by various fund managers of KWAP.
- (6) Computed based on the total Units in circulation as at the LPD of 2,206.94 million. With regards to the Minimum Scenario and the Maximum Scenario after the Proposals, it is computed based on the following:

	Minimum Scenario (million)	Maximum Scenario (million)
Units to be allotted and issued pursuant to the Proposed Placement	619.06	1,031.77
Enlarged total Units after the Proposed Placement as at the LPD	2,826.00	3,238.71
- (7) On the basis that CIL and MIL subscribe for a total of 244.48 million (in relation to the Minimum Scenario) or 407.47 million (in relation to the Maximum Scenario) Placement Units, being 39.49% of the total number of Units issued pursuant to the Proposed Placement.

8.5 Convertible securities

The Proposed Acquisition and Proposed Placement (including the Proposed Placement to the Sponsors and the Proposed Placement to the Major Unitholders) do not result in the creation of any convertible securities. As at the LPD, CLMT does not have any convertible securities.

9. INDUSTRY OVERVIEW AND OUTLOOK

9.1 Overview and outlook of the Malaysian economy

(i) Overview

The Malaysian economy registered a strong growth of 14.2% in the third quarter of 2022 (2Q 2022: 8.9%). Apart from the sizeable base effects from negative growth in the third quarter of 2021, the high growth was underpinned by continued expansion in domestic demand. On a quarter-on-quarter seasonally-adjusted basis, the economy grew by 1.9% (2Q 2022: 3.5%). Overall, the Malaysian economy expanded by 9.3% in the first three quarters of 2022.

Sectoral performance

All economic sectors expanded in 3Q 2022. The services sector strengthened further by 16.7% (2Q 2022: 12.0%), primarily supported by consumer-related subsectors. Better labour market conditions and the continued recovery in tourism provided strong impetus to retail and leisure-related activities. Policy measures such as the increase in minimum wage further supported domestic spending.

Domestic demand

During 3Q 2022, domestic demand expanded by 13.1% (2Q 2022: 13.0%), driven by firm private sector expenditure.

Private consumption growth remained robust at 15.1% (2Q 2022: 18.3%). This was attributed to the continued recovery in labour market conditions with higher employment and income growth. The strong performance was driven by spending across both necessities and discretionary items. Policy support, including the increase in minimum wage and Bantuan Keluarga Malaysia, also spurred consumer spending.

Public consumption expanded at a faster pace of 4.5% (2Q 2022: 2.6%), attributable to higher growth in spending on supplies and services.

Headline inflation

Headline inflation, as measured by the annual percentage change in the Consumer Price Index, rose to 4.5% during 3Q 2022 (2Q 2022: 2.8%). As expected, the increase was largely driven by the base effect from the discount on electricity bills implemented in the third quarter of 2021, as well as sustained increases in core and price-volatile inflation. The inflationary pressures reflected the confluence of stronger demand conditions and elevated cost pressures, particularly for food-related items.

Labour market conditions

Labour market conditions improved further in the 3Q 2022, with the unemployment and underemployment rates declining to 3.7% and 1.1% of the labour force, respectively (2Q 2022: 3.9% and 1.3%, respectively). This was supported by strong employment gains, amid an increasing number of workers entering the labour force. The labour force participation rate continued to improve, increasing to 69.4% of the working-age population, above the pre-pandemic level (2Q 2022 69.2% / 4Q 2019: 68.5%). Data on jobless claims and new job placements from the Employment Insurance System also showed hiring was sustained amid lower retrenchments during the quarter. Private sector wages also continued to improve in 3Q 2022, supported by the strong pace of economic expansion. In terms of momentum, on a quarter-on-quarter seasonally adjusted basis, wage growth moderated closer to pre-crisis averages (1.1%; 2Q 2022: 2.1% / 2015-2019 avg.: 1.4%). Wage growth was driven by broad-based improvements across both the services and manufacturing sectors.

Exchange rate development

Amid persistent strengthening in the US dollar, the ringgit depreciated by 4.9% (2Q 2022: -4.6%), in line with movements of regional currencies during the quarter (3Q 2022 regional average: -5.5%). Furthermore, the weakening of the yuan also weighed on the ringgit, given the close trade linkages between Malaysia and China.

Net financings

As at end-3Q 2022, net financing grew by 5.4% (2Q 2022: 4.9%) supported mainly by higher outstanding loan growth (3Q 2022: 6.1% vs. 2Q 2022: 5.4%), driven by the household segment. Meanwhile, growth in outstanding corporate bonds was sustained at 3.5% (2Q 2022: 3.4%). Outstanding business loan growth stood at 5.0%, as the growth in loan repayments outpaced that of loan disbursements, particularly in the non-SME segment. By purpose, working capital financing continued to be the key driver of credit growth. There was high repayments growth across most sectors. Loan applications remained forthcoming across most loan purposes and business segments, reflecting continued demand for financing to support business activity.

For households, outstanding loans grew by 6.2% on account of high growth in loan disbursements to households for the purchase of houses and cars. This reflected continued loan demand, despite the lapse of certain measures such as the sales tax relief on new vehicles. In addition, the ability of households to repay loans remained sustained, as observed from the high growth in loan repayments, especially as most repayments have fully resumed during the quarter following the gradual lapse in repayment assistance programmes.

(ii) **Outlook**

Going forward, Malaysia's economic growth will be supported by continued expansion in domestic demand. The economy would benefit from the improvement in labour market conditions, realisation of multi-year projects and higher inbound tourism activity. While external demand is expected to moderate, this will be partly cushioned by Malaysia's diversified export base. The balance of risks to Malaysia's growth outlook remains tilted to the downside. This stems from weaker-than-expected global growth, further escalation of geopolitical conflicts, and worsening supply chain disruptions.

Thus, the nation's GDP is forecasted to expand between 4% – 5% in 2023.

Moving into 2023, headline and core inflation are expected to remain elevated amid both demand and cost pressures, as well as any changes to domestic policy measures. The extent of upward pressures to inflation will remain partly contained by existing price controls, subsidies, and the remaining spare capacity in the economy. The balance of risk to the inflation outlook in 2023 is tilted to the upside and continues to be subject to domestic policy measures on subsidies, as well as global commodity price developments arising mainly from the ongoing military conflict in Ukraine and prolonged supply-related disruptions.

(Source: BNM Quarterly Bulletin – Third Quarter 2022, Ministry of Finance - Economic Outlook 2023)

9.2 Overview and outlook of the retail sector in Malaysia

(i) **Overview of Malaysian retail sales**

The Malaysia retail industry jumped 96% year-on-year in retail sales in 3Q 2022. The Malaysia Retail Industry Report released by Retail Group Malaysia ("RGM") in November 2022 ("RGM Report") indicated that the figure was beyond market expectation. RGM said members of Malaysia Retailers Association ("MRA") and Malaysia Retail Chain Association ("MRCA") had projected the third quarter growth rate at 61.7% in September 2022. Meanwhile, RGM had estimated the quarterly growth rate at 50%.

The strong performance during 3Q 2022 was due mainly to the low base effect from a year ago. During the third quarter of 2021, Malaysia's economy contracted by 4.5%. The recovery of domestic demand also contributed to the higher growth rate. The average inflation rate during the 3Q 2022 jumped much higher to 4.5%. Once again, the increase surpassed the average inflation in Malaysia for the period of 2011 to June 2022 at 2% only.

(ii) **Outlook of Malaysian retail sales**

MRA and MRCA project an average growth rate of 13.9% for the 4Q 2022. Retailers in other specialty stores sub-sector (including photo shops, optical stores, second-hand goods stores, store retailing musical instruments, health equipment stores, arts and craft as well as direct selling firms) remain optimistic for this period. They expect their businesses to increase by 6.6% during the next three-month period.

For the 4Q 2022, the growth rate estimate has been revised upwards from 1% (estimated in September 2022) to 6%. This is lower than the forecast made by members of retailers' associations (at 13.9%). This lower revision takes into consideration the high base a year ago (at 26.5%) as well as the current challenges of Malaysia retail industry. Nevertheless, retailers in Malaysia are hopeful that retail industry will continue to recover at end of this year (2022) due to two upcoming major festivals — Christmas and Chinese New Year at end of January 2023.

(Source: Malaysia Retail Industry Report (November 2022))

(iii) **Overview of Malaysian shopping complex performance**

The performance of shopping complex continued to be moderate as of the first half of 2022 (“1H 2022”).

Occupancy and space availability

The national occupancy rate saw a slight decline at 75.7% as compared to second half of 2021 (76.3%). There were 17.36 million square metres (“s.m.”) of existing retail space recorded, increased from 16.93 million s.m. as recorded in 1H 2021. Kuala Lumpur and Selangor recorded 81.6% and 77.7% occupancy rate respectively, whereas Johor and Pulau Pinang managed to secure an average occupancy of 72.2% and 71.5% respectively. Meanwhile, Negeri Sembilan and Melaka recorded the lowest occupancy rates at 67.1% and 62.5% respectively.

Rental

Rentals of retail space were generally stable in Klang Valley with mixed movements in selected complexes. Suria KLCC continued to earn the highest monthly rentals, ranged from RM393 per square metre (“p.s.m.”) up to as high as RM2,231 p.s.m. At concourse, 3rd and 4th floor level, a decrease between 2.2% to 17.5% were recorded. In Alamanda Shopping Centre Putrajaya, some retail spaces experienced a slight rental growth between 2.1% to 5.5%. In Selangor, rents of retail space were generally stable for most shopping centre except for D’Pulze Cyberjaya and Ikano Power Centre. The ground floor of D’Pulze Cyberjaya and the first floor of Ikano Power Centre, Petaling Jaya recorded negative growth of 5.0% and 6.5% respectively with monthly rents between RM233 p.s.m. to RM278 p.s.m. and RM95 p.s.m. to RM273 p.s.m.

(Source: National Property Information Centre (“NAPIC”) - Property Market Report First Half 2022)

9.3 Penang Retail Sector

Retail Supply

Data from NAPIC recorded 20.0 million retail space in Penang as of 1H 2022, where 11.4 million sq ft (57.2%) of retail space is situated on Penang Island, while the remaining 8.6 million sq ft (42.8%) are on the mainland. 1H 2022 saw the opening of the Sunway Carnival Mall expansion phase on the mainland, measuring an additional 0.35 million sq ft. For comparison, the current Penang’s retail space stood at 11.3 sq ft per capita compared to 9.2 sq ft per capita in Greater Kuala Lumpur, suggesting an equally challenging retail market for Penang.

Upcoming malls include Sunshine Mall (900,000 sq ft) and Penang Times Square Phase 3 & 4 (340,000 sq ft) expected to be completed in 2023. Beyond 2023, The Light Waterfront Mall Phase 1 & 2 (900,000 sq ft) is currently under construction and three other malls are currently under planning stage.

Retail Occupancy

The overall occupancy rate of retail space in Penang improved marginally to 71.5% in 1H 2022 from 70.9% in second half of 2021. In 1H 2022, the occupancy rate on the mainland of the Penang state increased to 62.4%, while the occupancy rate on Penang Island declined to 78.3%.

Nevertheless, the prime retail malls registered an over 80% occupancy rate, with some achieving close to 100% occupancy rate. For example, Sunway Carnival Mall in Seberang Perai continues to be one of the leading malls on the mainland, with an occupancy rate of 97% in 1H 2022. While on Penang Island, the Queensbay Mall, recorded an occupancy rate of over 90%.

Retail Rental Rate

On the rental front, the rental rates for ground floor retail lots in the prime shopping malls ranged from RM2.70 per sq ft per month to as high as RM38.00 per sq ft per month, depending on the mall, location and size of the units. The prime shopping malls are expected to hold up their rental rate despite the influx of more retail space in the upcoming future.

(Source: The Manager based on data extracted from the Valuation Report)

9.4 Prospects of the QBM Property

The QBM Property is situated within Bayan Lepas in close proximity to the Penang Bridge and Sultan Abdul Halim Muadzam Shah Bridge (Second Penang Bridge).

The QBM Property's close proximity to the Tun Dr Lim Chong Eu Highway provides direct access to Georgetown's commercial district. This strategic location offers convenient access to the city's key business and banking districts, as well as to key tourist and heritage sites in the inner city of Georgetown.

In addition, the QBM Property's close proximity to the Penang Bridge and the Sultan Abdul Halim Muadzam Shah Bridge provides Penang mainlanders with easy access to the QBM Property.

The strategic location of the QBM Property allows it to benefit from the immediate catchment area of Bayan Lepas such as:

- (i) the growing residential neighbourhood within the vicinity, which includes prominent condominium developments. In addition, the locality also accommodates medium to high-end condominium, apartment blocks, semi-detached and detached houses;
- (ii) the complementary commercial development surrounding the Queensbay Mall, which includes a hotel and 3-storey shop offices; and
- (iii) the future development of amongst others, office buildings, condominiums and service apartments and hospitality projects within the immediate locality of Queensbay Mall.

The QBM Property has a diverse mix of tenants from different trades, including entertainment, lifestyle, fashion and dining, segregated on a thematic basis throughout the floors of the shopping complex from convenience, fashion, food and dining, and lifestyle at the lower and ground floors, with fashion, lifestyle, entertainment and food court progressively towards higher floors. Such diverse mix provides continued attraction to shoppers and visitors supporting the QBM Property's footfall.

Such tenant diversification is expected to improve CLMT's overall cash flow stability as well as minimise tenant concentration risk.

Notwithstanding the challenging climate of the Malaysian retail sector as a result of the COVID-19 pandemic, the QBM Property has been able to attract and maintain a wide variety of tenants. As a testament to the resilience of the QBM Property, the following tabulates the performance metrics before the COVID-19 pandemic and currently.

	Audited (FYE 31 December)⁽¹⁾			Unaudited⁽²⁾
	2019	2020	2021	11-months FPE 30 November 2022
NPI (RM' million)	79.0	55.3	50.2	69.0 ⁽⁴⁾
Occupancy (%) ⁽³⁾	99.7	97.0	95.8	95 ⁽⁵⁾
Average monthly footfall (million)	1.3	0.8	0.6	1.2

Notes:

- (1) *As extracted from Special Coral's audited financial statements.*
- (2) *Based on the NPI derived from the unaudited management financial statements of Special Coral for the 11-months FPE 30 November 2022.*
- (3) *Based on the NLA of the QBM Property.*
- (4) *Includes writebacks of provision of doubtful debts of approximately RM2.38 million which is expected to be non-recurring. The writebacks are a result of rent arrears being collected post-COVID-19 pandemic during the financial period.*
- (5) *Based on the committed occupancy as at the Valuation Date.*

(Source: The Manager)

10. RISK FACTORS

10.1 Risk of non-completion of the Agreements

In the event either one of the Agreements does not proceed to completion notwithstanding that all conditions precedent having been fulfilled, both Agreements will be terminated. In the event of such termination, all payments made towards the 5% deposit of the Strata Parcels Purchase Consideration and the Target Companies Purchase Consideration shall be returned to CLMT and parties shall have no further claims against each other under the terms of the Agreements. However, CLMT will not be able to claim or recover any of the transaction costs and expenses incurred up to the date of termination in connection with the Proposals and the fulfilment of the conditions precedent.

The non-completion of the Agreements as described above may occur in the event any of the proposed methods of funding for the Proposed Acquisition as set out in **Section 2.6** of this Circular does not proceed for whatsoever reason or if CLMT is unable to raise sufficient funding for any reason beyond the control of CLMT.

In the event of a situation such as the proposed methods of funding for the Proposed Acquisition as set out in **Section 2.6** of this Circular not proceeding for whatsoever reason, CLMT and the Board shall consider other options and sources for alternative funding to complete the Proposed Acquisition. However, there is no assurance that sufficient funding can be procured in time to complete the Proposed Acquisition in accordance with terms of the Agreements or that such funding shall not cost more than or at least at the same cost as, the bank borrowings or the Proposed Placement currently contemplated by the Board.

10.2 Private owners with 8.2% strata ownership of Queensbay Mall

The remaining share units of Queensbay Mall that are not acquired under the Proposed Acquisition of approximately 8.2% are owned by private owners. Hence, it is possible for CLMT to be adversely affected by the private owners in certain circumstances such as where the strata parcels belonging to the private owners are not well maintained or kept tenanted as it would affect the overall image of the Queensbay Mall.

10.3 Risk of non-registration of transfer of strata titles

There is a risk that the transfer of the Special Coral Strata Parcels cannot be registered in favour of the Trustee. In such event, the Trustee will not be the legal owner and will only own the beneficial interest in the Special Coral Strata Parcels. Accordingly, the Trustee will not have an indefeasible legal title to the Special Coral Strata Parcels. The beneficial ownership of the Trustee may be defeated in favour of a purchaser for value of the land without prior notice of such beneficial ownership.

Pursuant to the terms and conditions of the Strata Parcels SPA, Special Coral shall hold the Special Coral Strata Parcels as bare trustee for the Trustee in the event of non-registration of transfer of strata titles. Further details are set out in **Section 8 of Part A of Appendix I** of this Circular.

The New Strata Titles (as defined herein in **Section 2 of Part B of Appendix I** of this Circular) are expected to be issued by the fourth quarter of 2023.

10.4 Tenancy renewal risk of existing tenants

There is no guarantee that existing tenants of the QBM Property will renew their tenancies. In the event that the tenancies are not renewed and new tenants are not procured for the affected tenancies at similar rates and terms, this may have an impact on the earnings derived from the QBM Property.

10.5 Competition arising from new shopping malls

Although the QBM Property has a strong and resilient track record, new or existing shopping malls may pose competition in terms of introducing larger or new retail concept space, better trade mix and/or more attractive tenancy terms such as low rental rates and rent-free period, capital expenditure subsidies, amongst others, which may adversely impact the footfall, renewal of tenancies and rental income of the QBM Property.

The nearest shopping mall which could be considered as a competitor mall to QBM Property is 1st Avenue Penang located at Georgetown, Penang.

10.6 Adverse changes in economic conditions

Adverse changes in economic conditions resulting in lower footfall and/or lower discretionary spending at the QBM Property may affect the performance of the tenants, hence affecting their ability to support their rental payments during the tenure of their tenancies. This would result in a higher risk of non-renewal of tenancies.

10.7 Epidemics and pandemics

The operations of Queensbay Mall may be affected by potential disease outbreaks, epidemics and pandemics. This could thereby materially impact the business, financial conditions and operations of the tenants of the QBM Property which may in turn have an adverse impact on its financial condition and results of operations.

10.8 Higher financing cost may reduce profitability

CLMT proposes to part finance the Proposed Acquisition by way of bank borrowings. As at the LPD, the terms of the borrowings have not been finalised. If financing costs are higher than anticipated, there is a risk that the higher financing cost may materially reduce the profitability of the QBM Property.

10.9 Accessibility to the QBM Property may be impacted if there is a major interruption to the ingress and egress to the QBM Property

As there are undeveloped vacant parcels of lands in the immediate proximity to Queensbay Mall, any future development and construction on these vacant lands may interrupt the ingress and egress to or from Queensbay Mall during the period of construction. This may negatively impact the businesses of the tenants of the QBM Property which in turn may adversely affect the profitability of the QBM Property.

10.10 Changes in environmental, zoning and governmental rules and regulations

Introduction or changes in environmental, zoning and governmental rules and regulations may require extensive upgrades or renovation to Queensbay Mall in order to ensure compliance.

11. APPROVALS REQUIRED

The Proposals are subject to approvals being obtained from the following parties:

- (i) the state authority for the transfer of the QBM Property pursuant to the Proposed Acquisition, also referred to as the Transfer Approval in **Section 3.1 of Part A of Appendix I** of this Circular, which has not been obtained as at the LPD;
- (ii) Bursa Securities for the listing of and quotation for the Placement Units on the Main Market of Bursa Securities, which was obtained vide its letter dated 31 January 2023, subject to the following conditions:
 - (a) Confirmation by CIMB on the compliance of at least 25% of the public unitholding spread of requirements pursuant to Paragraph 8.02(1) of the Listing Requirements upon the listing and quotation of the Placement Units;
 - (b) CLMT and CIMB must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Placement;
 - (c) CIMB to furnish Bursa Securities with the certified true copy of the resolutions passed by the Unitholders at the Unitholders' Meeting approving the Proposed Placement;
 - (d) CIMB to inform Bursa Securities upon the completion of the Proposed Placement; and
 - (e) CIMB to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Placement is completed;
- (iii) the Unitholders at the forthcoming Unitholders' Meeting for the Proposals; and
- (iv) any other relevant authorities/parties, if required.

The completion of the Strata Parcels SPA and the Target Companies SPA are inter-conditional.

Further details on the conditions precedent of the Strata Parcels SPA and the Target Companies SPA are set out in **Sections 3 of Part A** and **2 of Part B**, respectively, of **Appendix I** of this Circular.

Save for the conditions precedent as set out in **Sections 3.2 of Part A** and **2(i) of Part B of Appendix I** of this Circular, none of the other conditions precedent have been fulfilled as at the LPD.

12. RELATED PARTY TRANSACTIONS WITHIN THE PAST 12 MONTHS

The aggregate total amount transacted between CLMT and its related parties in the past 12 months preceding the LPD is approximately RM20.39 million.

In the past 12 months preceding the LPD, there has been no direct transactions by CLMT with Special Coral and Retail Galaxy except for the Proposed Acquisition.

13. PERCENTAGE RATIO

The highest percentage ratio applicable to the Proposed Acquisition pursuant to Paragraph 10.02(g)(iii) of the Listing Requirements is approximately 41.42% (being the consideration threshold calculated based on CLMT's latest audited NA as at 31 December 2021).

14. INTERESTS OF THE DIRECTORS AND MAJOR SHAREHOLDERS OF THE MANAGER, MAJOR UNITHOLDERS AND/OR PERSONS CONNECTED

Save as disclosed below, none of the directors, major shareholders and chief executive of the Manager and/or major Unitholders and/or persons connected with them have any interest, direct or indirect, in the Proposals.

14.1 Interested Directors of the Manager

As at the LPD, Tan Choon Siang, Yap Neng Tong and Lim Cho Pin Andrew Geoffrey are nominee directors of CLI on the Board. In view of such interests and the interests described in **Sections 14.2** and **14.3** of this Circular, the Interested Directors are deemed interested in the Proposed Acquisition, the Proposed Placement and Proposed Placement to the Sponsors.

As at the LPD, save for Lim Cho Pin Andrew Geoffrey who directly holds 50,484 Units representing approximately 0.002% unitholding in CLMT, none of the Interested Directors have any unitholdings in CLMT.

Based on the above, the Interested Directors have abstained and will abstain from deliberating and voting on the resolutions relating to the Proposed Acquisition, the Proposed Placement and Proposed Placement to the Sponsors at the respective Board meeting(s).

The Interested Directors will also abstain from voting on the resolutions relating to the Proposed Acquisition, the Proposed Placement and the Proposed Placement to the Sponsors in respect of their direct/indirect unitholdings in CLMT, at the forthcoming Unitholders' Meeting. They have also undertaken to ensure that persons connected with them will also abstain from voting on the resolutions for the Proposed Acquisition, the Proposed Placement and the Proposed Placement to the Sponsors, in respect of their direct/indirect unitholdings in CLMT, at the forthcoming Unitholders' Meeting.

14.2 The Proposed Acquisition and the Proposed Placement to the Sponsors

CIL who is a major Unitholder of CLMT holding directly 797,447,041 Units representing 36.13% unitholdings in CLMT as at the LPD, is deemed interested in the Proposed Acquisition by virtue of:

- (i) it being a 100% indirect subsidiary of CMA. Omnitrix, also an indirect wholly-owned subsidiary of CMA, holds all of the Subordinated Class MTNs under the MTN Programme and holds 100% of Special Coral's Preference Shares, all of which are to be redeemed upon completion of the Proposed Acquisition;
- (ii) CMA having exercised the Property Call Option and having an indirect 100% shareholding in Retail Galaxy, the vendor of the Target Companies; and

- (iii) CapitaLand Retail Malaysia Sdn. Bhd., a 100% indirect subsidiary of CMA, was the party authorised to negotiate and liaise directly with CLMT in relation to the Strata Parcels SPA under the terms of the Property Call Option.

Accordingly, CIL and persons connected with it (including MIL which holds directly 74,121,107 Units representing approximately 3.36% unitholdings in CLMT as at the LPD) are deemed interested in the Proposed Acquisition.

The proceeds from the Proposed Placement are to be utilised to part settle the Total Purchase Consideration and ultimately CMA may indirectly derive an interest through the proceeds of the Proposed Placement. As such, CIL and persons connected with it (including MIL) are deemed interested in the Proposed Placement.

In addition to the above, CMA has 100% indirect interest in the Sponsors that have undertaken to subscribe for Placement Units based on their unitholdings in CLMT as detailed in **Section 5** of this Circular. Accordingly, CIL, MIL and persons connected with them are deemed interested in the Proposed Placement to the Sponsors.

Based on the above, the Interested Major Unitholders for the Proposed Acquisition and the Proposed Placement and the Interested Major Unitholders for the Proposed Placement to the Sponsors will abstain from voting on the resolutions relating to the Proposed Acquisition, the Proposed Placement and the Proposed Placement to the Sponsors in respect of their direct/indirect unitholdings in CLMT, at the forthcoming Unitholders' Meeting. They will also ensure that persons connected with them will also abstain from voting on the resolutions for the Proposed Acquisition, the Proposed Placement and the Proposed Placement to the Sponsors, in respect of their direct/indirect unitholdings in CLMT, at the forthcoming Unitholders' Meeting.

14.3 The Proposed Placement to the Major Unitholders

As detailed in **Section 6** of this Circular, the Placement Units may be allocated to the Major Unitholders under the bookbuilding exercise of the Proposed Placement.

(i) The Proposed Placement to EPF

EPF is a major Unitholder of CLMT holding directly 300,170,698 Units representing approximately 13.60% unitholding in CLMT as at the LPD. Accordingly, EPF and its persons connected are deemed interested in the Proposed Placement to EPF.

EPF will be required to abstain from voting on the resolution relating to the Proposed Placement to EPF in respect of its direct/indirect unitholdings in CLMT, at the forthcoming Unitholders' Meeting. EPF will also be required to ensure that its persons connected will also abstain from voting on the resolution relating to the Proposed Placement to EPF in respect of their direct/indirect unitholdings in CLMT, at the forthcoming Unitholders' Meeting.

(ii) The Proposed Placement to ASB

ASB is a major Unitholder of CLMT holding directly 236,467,200 Units representing approximately 10.71% unitholding in CLMT as at the LPD. Accordingly, ASB and its persons connected are deemed interested in the Proposed Placement to ASB.

ASB will be required to abstain from voting on the resolution relating to the Proposed Placement to ASB in respect of its direct/indirect unitholdings in CLMT, at the forthcoming Unitholders' Meeting. ASB will also be required to ensure that its persons connected will also abstain from voting on the resolution relating to the Proposed Placement to ASB in respect of their direct/indirect unitholdings in CLMT, at the forthcoming Unitholders' Meeting.

(iii) **The Proposed Placement to KWAP**

KWAP is a major Unitholder of CLMT holding directly 230,097,200 Units representing approximately 10.43% unitholding in CLMT, and holding indirectly 3,920,370 Units representing approximately 0.18% unitholding in CLMT, as at the LPD. Accordingly, KWAP and its persons connected are deemed interested in the Proposed Placement to KWAP.

KWAP will be required to abstain from voting on the resolution relating to the Proposed Placement to KWAP in respect of its direct/indirect unitholdings in CLMT, at the forthcoming Unitholders' Meeting. KWAP will also be required to ensure that its persons connected will also abstain from voting on the resolution relating to the Proposed Placement to KWAP in respect of their direct/indirect unitholdings in CLMT, at the forthcoming Unitholders' Meeting.

14.4 The Manager

As at the LPD, the Manager does not hold any direct or indirect unitholdings in CLMT. Notwithstanding CLI's 100% direct shareholding interest in the Manager, the Manager will not vote on any of the Proposals with regard to its voting rights (if any) in accordance with Paragraph 13.26 of the Listed REITs Guidelines. Paragraph 13.26 of the Listed REITs Guidelines provides that a management company must not exercise the voting rights for the units it holds or its nominees hold in any unit holders' meeting, regardless of the party who requested for the meeting and the matter or matters that are laid before the meeting.

15. DIRECTORS' STATEMENT

The Board (save for the Interested Directors who have abstained and will continue to abstain from deliberating and voting on the Proposed Acquisition, the Proposed Placement and the Proposed Placement to the Sponsors), having considered all aspects of the Proposals, including but not limited to, the rationale, basis of arriving at the Total Purchase Consideration, the terms and conditions of the Agreements, the effects of the Proposals and having sought independent advice from the Independent Adviser and after careful deliberation is of the opinion that the Proposals are in the best interest of CLMT, are fair, reasonable and are not detrimental to the interest of the non-interested Unitholders.

The Board recommends that you vote in favour of the resolutions pertaining to the Proposals to be tabled at the forthcoming Unitholders' Meeting.

16. THE MANAGER'S AUDIT COMMITTEE STATEMENT

After having considered all aspects of the Proposals, including but not limited to, the rationale, basis of arriving at the Total Purchase Consideration, the terms and conditions of the Agreements, the effects of the Proposals and having sought independent advice from the Independent Adviser, the Audit Committee of the Manager is of the view that the Proposals are in the best interest of CLMT, are fair, reasonable and on normal commercial terms, and are not detrimental to the interest of the non-interested Unitholders.

17. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION

Save for the Proposals, there are no other corporate exercises/schemes which have been announced by the Manager that are pending completion as at the date of this Circular.

The Proposed Placement is subject to the Proposed Acquisition becoming unconditional. The Proposed Placement to the Sponsors and the Proposed Placement to the Major Unitholders are conditional upon the Proposed Placement but the Proposed Placement is not conditional upon them.

The Proposals are not conditional upon any other corporate exercises.

18. TENTATIVE TIMETABLE

The estimated timeframe for the Proposals, subject to the meeting of all the relevant conditions precedent in relation to the Proposed Acquisition is as follows:

Date	Events
23 February 2023	Unitholders' Meeting to approve the Proposals
End February 2023	Announcement of the fixing of the Issue Price
Mid March 2023	(i) Allotment and issuance of the Placement Units (ii) Listing and quotation of the Placement Units on the Main Market of Bursa Securities
21 March 2023	Completion of the Proposed Acquisition

19. ADVISERS

19.1 Principal Adviser

The Manager has appointed CIMB as the principal adviser for the Proposals.

19.2 Independent Adviser

The Manager has appointed Kenanga IB as the Independent Adviser for the Proposed Acquisition in view of the interests of the interested parties disclosed in **Section 14** of this Circular.

The role of the Independent Adviser is to:

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

20. MEETING

The Unitholders' Meeting will be held on a virtual basis through live streaming via Remote Participation and Electronic Voting facilities from the broadcast venue at The Auditorium at Level 3A, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor on Thursday, 23 February 2023 at 2.30 p.m., and at any adjournment, for the purpose of considering and, if thought fit, passing the resolutions on the Proposed Acquisition, Proposed Placement, Proposed Placement to the Sponsors and the Proposed Placement to the Major Unitholders. The Notice of Unitholders' Meeting is enclosed in this Circular.

Any Unitholder who is unable to participate and vote at the Unitholders' Meeting should complete, sign and return the enclosed Proxy Form and power of attorney or other authority, in accordance with the instructions contained therein. Such Proxy Form and power of attorney or other authority must arrive at the office of the Poll Administrator, Boardroom Share Registrars Sdn. Bhd., not less than 48 hours before the time set for the Unitholders' Meeting and at any adjournment thereof, either by being: (i) deposited at the 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia; or (ii) delivered by electronic means at its website at <https://investor.boardroomlimited.com>; otherwise the Proxy Form shall not be treated as valid and the person so named shall not be entitled to participate and vote in respect thereof. The lodging of Proxy Form will not preclude a Unitholder from participating and voting at the Unitholders' Meeting should a Unitholder subsequently wish to do so.

21. FURTHER INFORMATION

Unitholders are requested to refer to the attached appendices for further information.

Yours faithfully,

For and on behalf of the Board of

CAPITALAND MALAYSIA REIT MANAGEMENT SDN. BHD.

(Registration No. 200801018055 (819351-H))

Mr Lui Chong Chee

Chairman, Non-Executive Independent Director

PART B
**INDEPENDENT ADVICE LETTER TO THE NON-
INTERESTED UNITHOLDERS OF CLMT IN
RELATION TO THE PROPOSED ACQUISITION**

EXECUTIVE SUMMARY

All capitalised terms used in this Executive Summary shall have the same meanings as the words and expressions defined in the “Definitions” section of the Circular, except where the context otherwise requires or where otherwise defined in this IAL. All references to “we”, “us” or “our” in this Executive Summary are references to Kenanga IB, being the Independent Adviser for the Proposed Acquisition.

This Executive Summary is intended to be a brief summary of this IAL which has been prepared by Kenanga IB to provide the non-interested Unitholders with an independent evaluation of the Proposed Acquisition and to express our recommendation on the Proposed Acquisition.

You are advised to read and understand both this IAL and the letter from the Board set out in Part A of the Circular together with the accompanying appendices, and to carefully consider the evaluations and recommendations contained in both the letters before voting on the resolution pertaining to the Proposed Acquisition to be tabled at the forthcoming Unitholders’ Meeting.

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.

1. INTRODUCTION

On 9 November 2022, CIMB announced, on behalf of the Board, that:

- (i) the Trustee, on behalf of CLMT had on the same day entered into the following in respect of the Proposed Acquisition:
 - (a) the Strata Parcels SPA; and
 - (b) the Target Companies SPA; and
- (ii) the Trustee, upon the recommendation of the Manager, proposed to undertake the Proposed Placement to part finance the Proposed Acquisition, and as part of the Proposed Placement:
 - (a) the Proposed Placement to the Sponsors; and
 - (b) the Proposed Placement to the Major Unitholders.

The Proposed Acquisition is deemed a related party transaction in view of the interests of the directors of the Manager, major shareholders of the Manager, major Unitholders, and/or persons connected with them as described in **Section 14 of Part A of the Circular**.

Accordingly, the Board had appointed us, Kenanga IB, as the Independent Adviser to advise the non-interested directors of the Manager and the non-interested Unitholders on the Proposed Acquisition, and whether the non-interested Unitholders should vote in favour of the Proposed Acquisition.

EXECUTIVE SUMMARY (Cont'd)

2. EVALUATIONS OF THE PROPOSED ACQUISITION

In evaluating the Proposed Acquisition, we have taken into consideration the following:

Consideration factors	Reference in the IAL	Evaluation
Rationale for the Proposed Acquisition and Proposed Placement	Section 6.1	<p data-bbox="699 432 1158 465"><u>Rationale for the Proposed Acquisition</u></p> <p data-bbox="699 495 1399 768">We note that the Proposed Acquisition is being undertaken arising from CMA having exercised the Property Call Option and nominated CLMT as the purchaser of the Special Coral Strata Parcels based on the terms and conditions of the Strata Parcels SPA as negotiated and agreed upon with CLMT. CMA has also offered for sale to CLMT the Sale Shares. The Special Coral Strata Parcels and the Target Companies Strata Parcels comprise all of CMA's interests in QBM.</p> <p data-bbox="699 797 1399 920">The Proposed Acquisition is in line with CLMT's investment objective to invest, on a long-term basis, in income-producing real estate which is primarily used for retail, commercial, office and industrial purposes in Malaysia.</p> <p data-bbox="699 949 1399 1072">(i) With the accessibility of QBM Property and diverse mix of tenants, QBM Property is expected to enjoy a steady flow of shoppers that would be attractive to existing and potential tenants.</p> <p data-bbox="699 1102 1399 1406">(ii) Based on the Total Purchase Consideration, it is expected that the QBM Property is able to fetch an indicative acquisition yield of 7.3%, which is derived from the forecast NPI of the QBM Property for the FYE 31 December 2023. The indicative acquisition yield of 7.3% is higher than the range of acquisition yields from 5.7% to 7.0% derived from the acquisitions of shopping malls in Malaysia by listed Malaysian real estate investment trusts as estimated by the Valuer in the Valuation Report.</p> <p data-bbox="699 1435 1399 1525">(iii) The Proposed Acquisition is expected to be yield accretive upon completion of the Proposed Acquisition, thereby resulting in a higher DPU.</p> <p data-bbox="794 1554 1399 1677">For illustrative purposes only, assuming that the Proposals were completed on 1 January 2021, the DPU of CLMT for the FYE 31 December 2021 is expected to increase from 1.84 sen to –</p> <p data-bbox="794 1706 1342 1740">(a) 2.19 sen under Minimum Scenario; or</p> <p data-bbox="794 1769 1315 1803">(b) 2.11 sen under Maximum Scenario.</p> <p data-bbox="699 1832 1399 1955">(iv) The Proposed Acquisition will further strengthen CLMT's position as a sizeable and geographically diversified shopping mall real estate investment trust in Malaysia.</p> <p data-bbox="699 1984 1399 2040">Based on the above, we are of the opinion that the rationale for the Proposed Acquisition is reasonable.</p>

EXECUTIVE SUMMARY (Cont'd)

Consideration factors	Reference in the IAL	Evaluation
		<p><u>Rationale for the Proposed Placement</u></p> <p>The Proposed Placement will enable CLMT to fund the Proposed Acquisition in a way that limits the potential impact to the gearing level, dilutive impact to a Unitholders' unitholdings and weighted average cost of capital if the Proposed Acquisition was fully funded through bank borrowings or new issuance of the Placement Units. Please refer to Section 6.1.2 of this IAL for further details on the evaluation.</p> <p>The Proposed Placement is expected to reduce the impact of the bank borrowings to be obtained to finance the Total Purchase Consideration which in turn provides CLMT with greater financial flexibility to obtain further financing facilities as and when required in the future as well as to allow for debt headroom for any future acquisitions.</p> <p>The Proposed Placement will also enable the Manager to raise funds expeditiously upon the Proposed Acquisition becoming unconditional and will potentially widen its Unitholders' base and enhance trading liquidity of the Units.</p> <p>Based on the above, we are of the opinion that the rationale for the Proposed Placement is reasonable.</p>
Basis and justification in arriving at the Total Purchase Consideration	Section 6.2	<p>We note from the Circular that the Total Purchase Consideration represents a discount of approximately 1.0% to the fair value of the QBM Property of RM1,000.00 million (equivalent to the QBM Property Valuation of RM1,000.00 million as ascribed by the Valuer using the Income Approach and cross checked using the Comparison Approach).</p> <p>We are satisfied with the bases and assumptions used by the Valuer in arriving at the valuation of QBM Property. Accordingly, we have relied on the Valuation Report to assess the fairness of the Total Purchase Consideration.</p> <p>As the completion of the Strata Parcels SPA and the Target Companies SPA are inter-conditional, we have estimated the fair value of the Special Coral Strata Parcels and Target Companies holistically, instead of by individual purchase consideration under the Strata Parcels SPA and the Target Companies SPA.</p> <p>Based on our evaluation as set out in Section 6.2.1 of this IAL, the Total Purchase Consideration represents a discount of approximately 1.0% to the indicative fair value of the Special Coral Strata Parcels and Target Companies of approximately RM1,000.0 million.</p> <p>Based on the above, we are of the opinion that the Total Purchase Consideration is fair.</p>

EXECUTIVE SUMMARY (Cont'd)

Consideration factors	Reference in the IAL	Evaluation
Salient terms of the Agreements	Section 6.3	Based on our review of the salient terms of the Agreements in entirety, we are of the view that the overall terms and conditions of the Agreements are reasonable and not detrimental to the non-interested Unitholders.
Effects of the Proposals	Section 6.4	<p>We are of the view that the pro forma effects of the Proposals are not detrimental to the interests of the non-interested Unitholders on an overall basis, after considering the following:</p> <ul style="list-style-type: none"> (i) The Proposals are expected to increase the Unitholders' capital; (ii) The Proposed Placement is dilutive to CLMT's substantial Unitholders' unitholdings; (iii) The Proposals are expected to contribute positively to the future distributable income, DPU and EPU of CLMT; (iv) The Proposals are dilutive to CLMT's NAV per Unit; and (v) the Proposals are expected to increase CLMT's gearing level.
Industry overview and outlook	Section 6.5	<p>For the 11-month period up to 30 November 2022, QBM has recorded an average monthly footfall of approximately 1.2 million.</p> <p>We note that despite the challenging climate of the Malaysian retail sector as a result of the COVID-19 pandemic, the QBM Property has been able to maintain its occupancy rates of 97% and 96% for the FYEs 31 December 2020 and 2021.</p> <p>Based on the above, barring any unforeseen circumstances, we are of the view that, the prospects of the QBM Property to be positive as it is expected to continue attracting both shoppers and tenants in the future, which in turn will provide CLMT with a stable income stream.</p> <p>Nonetheless, we wish to highlight that there shall be no guarantee that the anticipated benefits from the Proposed Acquisition as set out in Section 7 of Part A of the Circular will be realised by CLMT in the foreseeable future.</p>

EXECUTIVE SUMMARY (Cont'd)

Consideration factors	Reference in the IAL	Evaluation
Risk factors	Section 6.6	<p>We note that the addition of the QBM Property to CLMT's portfolio upon completion of the Proposed Acquisition is not expected to significantly change the business risks profile of CLMT in view of the current portfolio of CLMT consists of a shopping mall located in Penang.</p> <p>Nonetheless, we wish to highlight that although measures will be taken by CLMT and/or the Manager to mitigate such risks associated with the Proposed Acquisition, no assurance can be given that one or a combination of the risk factors will not occur and give rise to a material adverse impact on the business and operation of CLMT, its financial performance or prospects thereon.</p>

3. CONCLUSION AND RECOMMENDATION

Premised on our evaluations of the Proposed Acquisition in **Section 6 of this IAL**, we are of the opinion that, the Proposed Acquisition is fair and reasonable and not detrimental to the interests of non-interested Unitholders.

Accordingly, we recommend that the non-interested Unitholders to vote in favour of the resolution pertaining to the Proposed Acquisition to be tabled at the forthcoming Unitholders' Meeting.

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8 February 2023

To: The non-interested Unitholders of CapitalLand Malaysia Trust

Dear Sir/Madam,

CAPITALAND MALAYSIA TRUST

INDEPENDENT ADVICE LETTER TO THE NON-INTERESTED UNITHOLDERS OF CAPITALAND MALAYSIA TRUST IN RELATION TO THE PROPOSED ACQUISITION

This IAL is prepared for inclusion in the Circular to Unitholders in relation to the Proposals and should be read in conjunction with the same. All capitalised terms used in this IAL shall have the same meaning as the words and expressions provided in the “Definitions” section of the Circular to Unitholders in relation to the Proposals, except where the context otherwise requires or otherwise as defined herein. All references to “we”, “us” or “our” in this IAL are references to Kenanga IB, being the Independent Adviser for the Proposed Acquisition.

1. INTRODUCTION

On 9 November 2022, CIMB announced, on behalf of the Board, that:

- (i) the Trustee, on behalf of CLMT had on the same day entered into the following in respect of the Proposed Acquisition:
 - (a) the Strata Parcels SPA; and
 - (b) the Target Companies SPA; and
- (ii) the Trustee, upon the recommendation of the Manager proposed to undertake the Proposed Placement to part finance the Proposed Acquisition, and as part of the Proposed Placement:
 - (a) the Proposed Placement to the Sponsors; and
 - (b) the Proposed Placement to the Major Unitholders.

The Proposed Acquisition is deemed a related party transaction in view of the interests of the directors of the Manager, major shareholders of the Manager, major Unitholders, and/or persons connected with them as described in **Section 14 of Part A of the Circular**.

Accordingly, the Board had appointed us, Kenanga IB, as the Independent Adviser to advise the non-interested directors of the Manager and the non-interested Unitholders on the Proposed Acquisition, and whether the non-interested Unitholders should vote in favour of the Proposed Acquisition.

The purpose of this IAL is to:

- (i) provide the non-interested Unitholders with an independent evaluation of the Proposed Acquisition and to comment as to whether the Proposed Acquisition is fair and reasonable as far as the non-interested Unitholders are concerned;
- (ii) comment as to whether the Proposed Acquisition is to the detriment to the non-interested Unitholders; and

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- (iii) provide our recommendation whether the non-interested Unitholders should vote in favour of the resolution pertaining to the Proposed Acquisition to be tabled at the forthcoming Unitholders' Meeting.

Nonetheless, the non-interested Unitholders should rely on their own evaluation of the merits of the Proposed Acquisition before deciding on the course of action to be taken at the forthcoming Unitholders' Meeting.

This IAL is prepared solely for the use of the non-interested Unitholders for the purpose of considering the merits of the Proposed Acquisition and should not be used or relied upon by any other party or for any other purposes whatsoever.

THE NON-INTERESTED UNITHOLDERS ARE ADVISED TO READ AND UNDERSTAND BOTH THIS IAL AND THE LETTER FROM THE BOARD SET OUT IN PART A OF THE CIRCULAR TOGETHER WITH THE ACCOMPANYING APPENDICES, AND TO CAREFULLY CONSIDER THE EVALUATIONS AND RECOMMENDATIONS CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED ACQUISITION TO BE TABLED AT THE FORTHCOMING UNITHOLDERS' MEETING.

IF THE NON-INTERESTED UNITHOLDERS ARE IN ANY DOUBT AS TO THE COURSE OF ACTION TO BE TAKEN, THE NON-INTERESTED UNITHOLDERS SHOULD CONSULT THEIR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

2. DETAILS OF THE PROPOSED ACQUISITION

The Proposed Acquisition entails the acquisition of:

- (i) the Special Coral Strata Parcels under the terms and conditions of the Strata Parcels SPA for a cash consideration of RM984.48 million; and
- (ii) the Target Companies Strata Parcels via the Sale Shares under the terms and conditions of the Target Companies SPA for a cash consideration of RM3.45 million.

Pursuant to the terms and conditions of the Target Companies SPA, CLMT shall also complete the Inter-Company Settlement, following which an equivalent amount will be owed to CLMT by the Target Companies. The amount for the Inter-Company Settlement is currently estimated to be approximately RM2.57 million.

As such, the Total Purchase Consideration of RM990.50 million comprises the following:

	RM'000
Strata Parcels Purchase Consideration	984,480
Target Companies Purchase Consideration	(1)3,445
Inter-Company Settlement	(1)2,575
Total Purchase Consideration	990,500

Note:

- (1) Represents the estimated figures on the expected completion date of the Target Companies SPA on 21 March 2023 and are subject to adjustments pursuant to the terms and conditions of the Target Companies SPA.

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The completion of the Strata Parcels SPA and the Target Companies SPA are inter-conditional.

Further details of the Proposed Acquisition are set out in **Section 2 of Part A of the Circular** and should be read in its entirety.

3. INTERESTS OF THE DIRECTORS AND MAJOR SHAREHOLDERS OF THE MANAGER, MAJOR UNITHOLDERS AND/OR PERSONS CONNECTED

Save as disclosed below, none of the directors, major shareholders and chief executive of the Manager and/or major Unitholders and/or persons connected with them have any interest, direct or indirect, in the Proposals.

(i) Interested Directors of the Manager

Tan Choon Siang, Yap Neng Tong and Lim Cho Pin Andrew Geoffrey are deemed interested in the Proposed Acquisition, the Proposed Placement and the Proposed Placement to the Sponsors.

The Interested Directors have abstained and will abstain from deliberating and voting on the resolutions relating to the Proposed Acquisition, the Proposed Placement and the Proposed Placement to the Sponsors at the respective Board meeting(s).

The Interested Directors will also abstain from voting on the resolutions relating to the Proposed Acquisition, the Proposed Placement and the Proposed Placement to the Sponsors in respect of their direct / indirect unitholdings in CLMT, at the forthcoming Unitholders' Meeting. They have also undertaken to ensure that persons connected with them will also abstain from voting on the resolutions for the Proposed Acquisition, the Proposed Placement and the Proposed Placement to the Sponsors, in respect of their direct / indirect unitholdings in CLMT, at the forthcoming Unitholders' Meeting.

(ii) The Proposed Acquisition and the Proposed Placement to the Sponsors

CIL, who is a major Unitholder of CLMT holding directly 797,447,041 Units (representing 36.13% unitholding in CLMT as at the LPD), is deemed interested in the Proposed Acquisition.

The proceeds from the Proposed Placement are to be utilised to part settle the Total Purchase Consideration and ultimately CMA may indirectly derive an interest through the proceeds of the Proposed Placement. As such, CIL and persons connected with it (including MIL) are deemed interested in the Proposed Placement.

In addition to the above, CMA has 100% indirect interest in the Sponsors that have undertaken to subscribe for Placement Units based on their unitholdings in CLMT. Accordingly, CIL, MIL and persons connected with them are deemed interested in the Proposed Placement to the Sponsors.

Based on the above, the Interested Major Unitholders for the Proposed Acquisition and the Proposed Placement and the Interested Major Unitholders for the Proposed Placement to the Sponsors will abstain from voting on the resolutions relating to the Proposed Acquisition, the Proposed Placement and the Proposed Placement to the Sponsors in respect of their direct / indirect unitholdings in CLMT, at the forthcoming Unitholders' Meeting. They will also ensure that persons connected with them will also abstain from voting on the resolutions for the Proposed Acquisition, the Proposed Placement and the Proposed Placement to the Sponsors, in respect of their direct / indirect unitholdings in CLMT, at the forthcoming Unitholders' Meeting.

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(iii) The Proposed Placement to the Major Unitholders

The Major Unitholders, being EPF, ASB and KWAP and persons connected with them, are deemed interested in the Proposed Placement to the Major Unitholders as set out below:

- (a) EPF and its persons connected are deemed interested in the Proposed Placement to EPF;
- (b) ASB and its persons connected are deemed interested in the Proposed Placement to ASB; and
- (c) KWAP and its persons connected are deemed interested in the Proposed Placement to KWAP.

The Interested Major Unitholders for the Proposed Placement to the Major Unitholders will be required to abstain from voting on the resolutions pertaining to themselves in relation to the Proposed Placement to the Major Unitholders in respect of their direct / indirect unitholdings in CLMT, at the forthcoming Unitholders' Meeting.

They will also be required to ensure that persons connected with them will also abstain from voting on the resolutions pertaining to themselves in relation to the Proposed Placement to the Major Unitholders, in respect of their direct / indirect unitholdings in CLMT, at the forthcoming Unitholders' Meeting.

(iv) The Manager

Paragraph 13.26 of the Listed REITs Guidelines provides that a management company must not exercise the voting rights for the units it holds or its nominees hold in any unit holders' meeting, regardless of the party who requested for the meeting and the matter or matters that are laid before the meeting.

Pursuant thereto, the Manager will not vote on any of the Proposals with regards to its voting rights (if any).

Please refer to **Section 14 of Part A of the Circular** for further details.

4. SCOPE AND LIMITATIONS OF OUR EVALUATIONS OF THE PROPOSED ACQUISITION

We have not been involved in the formulation, deliberation and negotiation of the terms and conditions of the Proposed Acquisition.

Our scope as the Independent Adviser is limited to expressing an independent opinion on the Proposed Acquisition insofar as the non-interested directors of the Manager and non-interested Unitholders are concerned based on information and documents made available to us as set out below:

- (i) the information contained in Part A of the Circular together with the accompanying appendices (including the Valuation Certificate);
- (ii) the Valuation Report;
- (iii) the Agreements;

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- (iv) other information, documents, confirmations and/or representations provided by the Board and management of the Manager (“**Management**”); and
- (v) other relevant publicly available information.

It is not within our terms of reference to express any opinion on legal, accounting and taxation issues relating to the Proposed Acquisition or commercial merits of the Proposed Acquisition.

We have relied on the Board and the Management to exercise due care to ensure that all information, documents and representations provided to us to facilitate our evaluations are accurate, valid and complete in all material respects and free from material omission. The Board has seen, reviewed and accepted this IAL. We have also undertaken reasonableness checks and where possible, corroborating such information with independent sources. The Board has, individually and collectively, accepted full responsibility for the accuracy, validity and completeness of the information provided to us and given herein (save for our assessment, evaluations and opinions) and has confirmed that after making all reasonable enquiries and to the best of their knowledge and belief, there is no omission of any fact that would make any statement in this IAL incomplete, misleading or inaccurate.

Accordingly, having made all reasonable enquiries, we are satisfied with the sufficiency of the information provided and disclosure from the Board and the Management, and we have no reason to believe that any of the information is unreasonable, unreliable, inaccurate, incomplete and/or that there are any facts not contained in this IAL, the omission of which would make any information in this IAL misleading.

Our evaluations and opinions as set out in this IAL are based upon market, economic, industry, regulatory and the information / documents made available to us, as at the LPD. Such conditions may change significantly over a short period of time. Accordingly, our evaluations and opinions in this IAL do not consider the information, events and conditions arising after the LPD.

We will notify the non-interested Unitholders, if after the despatch of the Circular, we:

- (i) become aware of any significant change affecting the information contained in this IAL;
- (ii) have reasonable grounds to believe that a material statement in this IAL is misleading or deceptive; or
- (iii) have reasonable grounds to believe that there is a material omission in this IAL.

If circumstances require, a supplementary IAL will be sent to the non-interested Unitholders if there are material changes in our recommendation as set out in this IAL.

In forming our opinion, we have considered factors which we believe would be of relevance and general importance to the non-interested Unitholders as a whole. We have not taken into consideration any specific investment objective, financial situation, risk profiles or particular needs of any individual unitholder or any specific group of unitholders. We recommend that any individual unitholder or group of unitholders who are in doubt as to the action to be taken or require advice in relation to the Proposed Acquisition in the context of their individual objectives, financial situation, risk profiles or particular needs, to consult their respective stockbrokers, bank managers, solicitors, accountants or other professional advisers. We shall not be liable for any damage or loss of any kind sustained or suffered by any individual unitholder or any specific group of unitholders relying on the evaluation as set out in this IAL for any purpose whatsoever.

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5. DECLARATION OF CONFLICT OF INTEREST AND OUR CREDENTIALS, EXPERIENCE AND EXPERTISE

Save for our appointment as the Independent Adviser for the Proposed Acquisition, we do not have any other professional relationship with CLMT for the past 2 years preceding the LPD. We confirm that there is no situation of conflict of interest that exists or is likely to exist in relation to our role as the Independent Adviser to CLMT for the Proposed Acquisition.

We provide a range of advisory services which include, among others, mergers, acquisitions and divestitures, take-overs / general offers, fund raising and initial public offerings. We have experience in the independent analysis of transactions and issuing opinions on whether the terms and financial conditions of a transaction are deemed fair and reasonable, including those of acquisitions, disposals and general offers. We are a holder of a Capital Markets Services Licence issued by the Securities Commission Malaysia as a principal adviser who is permitted to carry on the regulated activity of advising on corporate finance under the Capital Markets and Services Act 2007.

Our credentials and experience as an Independent Adviser since 2018 up to the LPD, include among others, the following:

Company	Proposal
Lion Posim Berhad ("LPB")	Independent advice letter dated 17 November 2022 to the non-interested shareholders of LPB pertaining to a proposed unincorporated joint venture and proposed diversification
Cycle & Carriage Bintang Berhad ("CCB")	Independent advice circular dated 15 August 2022 to the holders of the offer shares in CCB pertaining to an unconditional voluntary take-over offer
Shin Yang Shipping Corporation Berhad ("SYSCORP")	Independent advice letter dated 17 May 2022 to the non-interested shareholders of SYSCROP pertaining to the proposed acquisition of Piasau Gas Sdn Bhd
IJM Plantations Berhad ("IJMP")	Independent advice circular dated 30 September 2021 to the holders of the offer shares in IJMP pertaining to an unconditional mandatory take-over offer
Malton Berhad ("Malton")	Independent advice letter dated 15 August 2019 to the non-interested shareholders of Malton pertaining to the proposed disposal of equity interest in Pavilion Bukit Jalil Mall and proposed subscription of redeemable preference shares in Regal path Sdn Bhd
Sarawak Consolidated Industries Berhad ("SCIB")	Independent advice letter dated 11 June 2019 to the non-interested shareholders of SCIB pertaining to the proposed acquisition of land together buildings erected thereon
Kein Hing International Berhad ("KHIB")	Independent advice letter dated 25 July 2018 to the non-interested shareholders of KHIB pertaining to the proposed acquisition of equity interest in Kein Hing Muramoto (Vietnam) Co., Ltd
CCM Duopharma Biotech Berhad ("CCMD")	Independent advice letter dated 16 May 2018 to the non-interested shareholders of CCMD pertaining to the proposed acquisition equity interest in PanGen Biotech Inc.
Malaysian Resources Corporation Berhad ("MRCB")	Independent advice letter dated 4 May 2018 to the non-interested shareholders of MRCB pertaining to the management contract for the appointment of MRCB as a management contractor in connection with the development and construction of a development project
Ibraco Berhad ("Ibraco")	Independent advice letter dated 22 February 2018 to the non-interested shareholders Ibraco pertaining to the proposed sale of corporate office

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Company	Proposal
MCT Berhad ("MCT")	Independent advice circular dated 5 February 2018 to the holders of the offer shares in MCT pertaining to an unconditional mandatory take-over offer

Premised on the above, we are capable, competent and have the relevant experience in carrying out our role and responsibilities as the Independent Adviser for the Proposed Acquisition.

6. EVALUATIONS OF THE PROPOSED ACQUISITION

We have been appointed as the Independent Adviser for the Proposed Acquisition as it has been deemed a related party transaction.

In addition, we note that the Trustee, upon the recommendation of the Manager, proposed to undertake the Proposed Placement to part finance the Proposed Acquisition. In this regard, we have, where relevant, evaluated the merits and demerits of the Proposed Placement in the context of the Proposed Acquisition.

We have taken the following into consideration in our evaluation:

Section 6.1	: Rationale for the Proposed Acquisition and Proposed Placement
Section 6.2	: Basis and justification in arriving at the Total Purchase Consideration
Section 6.3	: Salient terms of the Agreements
Section 6.4	: Effects of the Proposals
Section 6.5	: Industry overview and outlook
Section 6.6	: Risk factors

6.1 Rationale for the Proposed Acquisition and Proposed Placement

6.1.1 Rationale for the Proposed Acquisition

We note that the Proposed Acquisition is being undertaken arising from CMA having exercised the Property Call Option and nominated CLMT as the purchaser of the Special Coral Strata Parcels based on the terms and conditions of the Strata Parcels SPA as negotiated and agreed upon with CLMT. CMA has also offered for sale to CLMT the Sale Shares. The Special Coral Strata Parcels and the Target Companies Strata Parcels comprise all of CMA's interests in QBM.

We further note that the Property Call Option entitles CMA to exercise the Property Call Option to require Special Coral to dispose the Special Coral Strata Parcels to real estate investment trust. Notwithstanding the nomination of CLMT, CLMT as the nominated party is not obliged to enter into the Strata Parcels SPA unless the terms and conditions are acceptable to the Manager. The Strata Parcels SPA was entered into after considering all aspects of the Proposed Acquisition, including but not limited to, the rationale, basis of arriving at the Total Purchase Consideration, the terms and conditions of the Agreements and the effects of the Proposals.

As stated in CLI's announcement on 9 November 2022, the exercise of the Property Call Option is a continuation of CLI's (the holding company of CMA) strategy to unlock value by converting balance sheet assets into funds under management that generate fee-related earnings and on this basis, upon the completion of the Proposed Acquisition, CLI will continue to benefit from the QBM Property through its unitholdings in CLMT.

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We note from **Section 7.1 of Part A of the Circular** that the Proposed Acquisition is in line with CLMT's investment objective to invest, on a long-term basis, in income-producing real estate which is primarily in used for retail, commercial, office and industrial purposes in Malaysia.

We further note that the proposed acquisition of the Sale Shares (instead of the Target Companies Strata Parcels) is undertaken in conjunction with the proposed acquisition of Special Coral Strata Parcels, as the Sale Shares represent the rest of CMA's interest in QBM, and was offered to CLMT as part of the Proposed Acquisition.

In view of the above and based on our evaluation of the Proposed Acquisition as set out in **Sections 6.1 to 6.6 of this IAL**, we are of the view that the Proposed Acquisition as a result of the exercise of the Property Call Option by CMA is reasonable and not detrimental to the non-interested Unitholders.

(i) Quality assets

QBM is strategically located in close proximity to expressways and is within 5km radius from the Penang Bridge, and 10km radius from Georgetown and Penang International Airport. Besides that, QBM also has a diverse tenancy mix with 5 retail levels of international and home-grown brands including fashion, lifestyle, dining, entertainment, sports, electronics, home furnishing and department store. For the 11-month period up to 30 November 2022, QBM has recorded an average monthly footfall of approximately 1.2 million.

Hence, with the accessibility of QBM Property and diverse mix of tenants, QBM Property is expected to enjoy a steady flow of shoppers that would be attractive to existing and potential tenants.

The QBM Property also features a committed occupancy rate of 95% (inclusive of committed tenancies after the Valuation Date but not occupied as yet) based on its NLA, which is higher than the average occupancy of 78.3%⁽¹⁾ for shopping malls on Penang Island for the first half of 2022.

Note:

- (1) Based on the information set out in Supply and Occupancy of Shopping Complex in Pulau Pinang for the first half of 2022, Valuation and Property Services Department, Ministry of Finance Malaysia.

(ii) Pricing

Based on our evaluation as set out in **Section 6.2.1 of this IAL**, the Total Purchase Consideration of RM990.50 million represents a discount of approximately 1.0% to the indicative fair value of the Special Coral Strata Parcels and Target Companies of approximately RM1,000.0 million.

Based on the Total Purchase Consideration, it is expected that the QBM Property is able to fetch an indicative acquisition yield of 7.3%, which is derived from dividing the forecast NPI of the QBM Property for the FYE 31 December 2023 of RM72.31 million with the Total Purchase Consideration of RM990.50 million.

We are of the view that the indicative acquisition yield of 7.3% is reasonable as it is higher than the range of acquisition yields from 5.7% to 7.0% derived from the acquisitions of shopping malls in Malaysia by listed Malaysian real estate investment trusts as estimated by the Valuer in the Valuation Report.

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(iii) Accretive transaction

Supported by annual rental income of RM80.61 million or approximately RM91.28 per sq ft per year based on the aggregate of Special Coral's and the Target Companies' audited financial statements for the FYE 31 December 2021, we take cognisance that the Proposed Acquisition is expected to be yield accretive upon completion of the Proposed Acquisition, thereby resulting in a higher DPU.

For illustrative purposes only, the DPU yield accretion on a pro forma basis after the Proposed Acquisition are as follows:

	Audited for the FYE 31 December 2021	Minimum Scenario	Maximum Scenario
Distributable income (RM'million)	39.03	⁽²⁾ 60.14	⁽²⁾ 66.63
Units in circulation (million)	2,130.86	2,749.92	3,162.63
DPU (sen)	1.84	2.19	2.11
DPU yield (%) ⁽¹⁾	3.41	4.06	3.91

Notes:

- (1) Computed based on the 5-market day volume-weighted average market price of the Units up to and including the LPD of RM0.54.
- (2) After taking into consideration the estimated incremental distributable income as set out below:

Description	Minimum Scenario (RM'million)	Maximum Scenario (RM'million)
The NPI of the Special Coral Strata Parcels for the FYE 31 December 2021 and the aggregate of the PAT (or LAT) of the Target Companies for the FYE 31 December 2021	50.21	50.21
The Manager's fee relating to the QBM Property resulting from the completion of the Proposed Acquisition:		
- Base fee of 0.29% on the total asset value	(2.98)	(2.98)
- Performance fee of 4.75% on the incremental NPI contribution	(2.38)	(2.38)
Cost of financing (assumed to be 3.3% per annum based on CLMT's average cost of borrowings for the FYE 31 December 2021)	(23.97)	(17.48)
Depreciation adjustment	0.23	0.23
Total	21.11	27.60

The annual rental income of the QBM Property is expected to further increase in the coming years due to the upliftment of the movement control order in April 2022. Nevertheless, the Proposals are not expected to have any effect on the distributable income and DPU of CLMT for the FYE 31 December 2022 since it is only expected to be completed in the FYE 31 December 2023.

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(iv) Enhances CLMT's portfolio resilience

The Proposed Acquisition will serve to diversify CLMT's exposure to the competitive Klang Valley retail malls sector. With the QBM Property's committed occupancy rate of 95%, the Proposed Acquisition will increase CLMT's enlarged portfolio occupancy rate to 85.8% from its occupancy rate of 83.1% as at 30 September 2022, contributing to income stability. The Proposed Acquisition will further strengthen CLMT's position as a sizeable and geographically diversified shopping mall real estate investment trust in Malaysia.

The Proposed Acquisition is expected to increase the total NLA of CLMT's portfolio from 3.07 million sq ft as at 31 December 2021 to 3.95 million sq ft with a corresponding increase in its value of investment properties from approximately RM3,932.95 million as at 31 December 2021 to approximately RM4,959.58 million after the Proposed Acquisition.

Despite that the investment mandate of CLMT has been extended beyond the retail sector, we note that having considered the merits of the Proposed Acquisition, and other available opportunities, including those beyond the retail sector, the Manager is of the view that the Proposed Acquisition continues to meet the investment objectives of CLMT to deliver long term and sustainable distribution of income.

We are of the view that the Proposed Acquisition is reasonable after taking into account the reasons set out below and our evaluations as set out in **Section 6 of this IAL**, which include, among others, occupancy rate of QBM Property of 95%, expected increase in DPU as well as enhancement of CLMT's portfolio. Further, CLMT may still be able to consider acquisitions of other income-producing assets beyond the retail sector as and when opportunities arise, subject to funding requirements and potential earnings accretion.

Premised on our evaluation as set out above, we are of the opinion that the rationale for the Proposed Acquisition is reasonable. The QBM Property is expected to contribute positively to the future earnings and distributable income of CLMT. Nevertheless, the non-interested Unitholders should note that the potential benefits arising from the Proposed Acquisition are subject to certain risk factors as disclosed in Section 10 of Part A of the Circular and our commentaries under Section 6.6 of this IAL.

6.1.2 Rationale for the Proposed Placement

We took cognisance of the details of the Proposed Placement as set out in **Section 4 of Part A of the Circular** and the following matters:

- (i) the Proposed Placement entails the Manager proposing to allot, issue and place up to 1,031.77 million Placement Units to raise gross proceeds of up to RM495.25 million. The number of Placement Units was derived after taking into account the Illustrative Issue Price;
- (ii) the Proposed Placement will be undertaken pursuant to the approval of the non-interested Unitholders to be sought and obtained at the forthcoming Unitholders' Meeting;
- (iii) the Issue Price will be fixed by way of bookbuilding at a later date to be determined. The Issue Price shall not be fixed at a discount of more than 10% to the 5-market day volume-weighted average market price of the Units before the Price-Fixing Date. This maximum discount was considered only by reference to Paragraph 6.04(a) of the Listing Requirements; and

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- (iv) the proceeds raised from the Proposed Placement are expected to be utilised to part finance the Total Purchase Consideration. The balance of the Total Purchase Consideration is proposed to be financed via bank borrowings as illustrated below:

Source of funds	Minimum Scenario		Maximum Scenario	
	(RM'million)	%	(RM'million)	%
Proposed Placement	297.15	30.00	495.25	50.00
Borrowings	693.35	70.00	495.25	50.00
Total	990.50	100.00	990.50	100.00

We note that the minimum 30% of the Total Purchase Consideration to be satisfied via cash proceeds raised from the Proposed Placement was considered after taking into consideration the intended loan to value for the QBM Property. On the other hand, the maximum 50% was considered after taking into account current market sentiments and the need to balance between equity financing and loan financing for the Proposed Acquisition.

In the event that the cash proceeds to be raised from the Proposed Placement is less than 30% of the Total Purchase Consideration, the Manager will consider and assess other options and sources of alternative funding to complete the Proposed Acquisition.

In the event that the Proposed Placement is completed but the Proposed Acquisition is not completed, the proceeds which have been earmarked to part settle the Total Purchase Consideration shall be reallocated to fund CLMT's acquisitions of other assets to be identified by the Manager. This will allow the Manager to capitalise on suitable and viable investment opportunities as and when it arises which will contribute positively to CLMT's future earnings and DPU.

The Proposed Placement is subject to the Proposed Acquisition becoming unconditional notwithstanding that the proceeds shall be reallocated to fund CLMT's acquisitions of other assets in the event the Proposed Acquisition is not completed.

We further note that the Board is of the view that the Proposed Placement is the most appropriate avenue to raise funds for CLMT to part finance the Proposed Acquisition as it is expected to:

- (i) allow the Manager to raise funds expeditiously and cost effectively by being able to implement the equity fund raising immediately upon the Proposed Acquisition becoming unconditional;
- (ii) provide the Manager with the flexibility to balance between equity financing and loan financing for the Proposed Acquisition to optimise returns to Unitholders and allow for debt headroom for future acquisitions;
- (iii) provide the opportunity to attract more local and international investors to invest in CLMT, thereby enlarging its Unitholders' base and serve as a testament to investors' confidence in the future prospects of CLMT; and
- (iv) increase the total number of issued Units, and hence, may improve the trading liquidity of the Units.

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Kenanga IB's comments:

In evaluating the funding structure for the Proposed Acquisition, we have considered the effects of the Proposed Acquisition and Proposed Placement on the weighted average cost of capital ("WACC"), gearing of CLMT and the dilutive impact arising from the Proposed Placement to the existing Unitholders, assuming the following funding structure for the Total Purchase Consideration:

- Debt Scenario** : Fully funded through bank borrowings
- Minimum Scenario** : Funded through a combination of 30% through proceeds from the Proposed Placement and 70% from bank borrowings
- Maximum Scenario** : Funded through a combination of 50% through proceeds from the Proposed Placement and 50% from bank borrowings
- Equity Scenario** : Fully funded through proceeds from the Proposed Placement

The WACC of CLMT is derived as follows:

$$\text{WACC} = \frac{E}{D + E} (k_e) + \frac{D}{D + E} (k_d) (1 - t)$$

Where:

E Market value of the Units, as follows:

	As at the LPD (RM'million)	Debt Scenario (RM'million)	Minimum Scenario (RM'million)	Maximum Scenario (RM'million)	Equity Scenario (RM'million)
Market value of the Units	1,186.23 ⁽¹⁾	1,186.23 ⁽¹⁾	1,478.32 ⁽²⁾	1,673.45 ⁽³⁾	2,138.95 ⁽⁴⁾

Notes:

- (1) Based on the 5-day volume-weighted average market price of the Units up to and including the LPD of RM0.54 and the total number of issued Units as at the LPD of 2,206.94 million Units ("**Existing Market Capitalisation**").
- (2) After taking into consideration of the Existing Market Capitalisation and issuance of 619.06 million Placement Units at the Illustrative Issue Price, net of expenses for the Proposed Placement of approximately RM5.05 million.
- (3) After taking into consideration of the Existing Market Capitalisation and issuance of 1,031.77 million Placement Units at the Illustrative Issue Price, net of expenses for the Proposed Placement of approximately RM8.03 million.
- (4) After taking into consideration of the Existing Market Capitalisation and issuance of 2,063.54 million Placement Units at the Illustrative Issue Price, net of expenses for the Proposed Placement of approximately RM15.46 million.

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D CLMT's debt, as follows:

	Audited as at 31 December 2021 (RM'million)	Debt Scenario (RM'million)	Minimum Scenario (RM'million)	Maximum Scenario (RM'million)	Equity Scenario (RM'million)
CLMT's debt	1,413.26	2,433.97 ⁽¹⁾	2,139.62 ⁽²⁾	1,943.02 ⁽³⁾	1,413.26

Notes:

- (1) After taking into consideration the bank borrowings of approximately RM1,020.71 million to fully fund the Proposed Acquisition inclusive of acquisition fees, authority fees, professional fees, financing fees and miscellaneous fees amounting to approximately RM30.21 million.
- (2) After taking into consideration the bank borrowings of approximately RM726.36 million to partly fund the Proposed Acquisition inclusive of acquisition fees, placement fees, authority fees, professional fees, financing fees and miscellaneous fees amounting to approximately RM33.03 million.
- (3) After taking into consideration the bank borrowings of approximately RM529.77 million to partly fund the Proposed Acquisition inclusive of acquisition fees, placement fees, authority fees, professional fees, financing fees and miscellaneous fees amounting to approximately RM34.52 million.

ke Cost of equity, representing the rate of return required by an investor on the cash flow streams generated by CLMT given the risks associated with the cash flows and is derived using the Capital Asset Pricing Model below:

$$k_e = R_f + \beta \text{ (EMRP) (as defined below)}$$

R_f - Risk-free rate of return, representing the expected rate of return from a risk-free investment and is derived based on the yield of the 10-year Malaysian Government Securities as at the LPD of 3.94% as extracted from Bank Negara Malaysia's Fully Automated System for Issuing / Tendering (FAST).

Beta ("β") - β is the sensitivity of an asset's returns to the changes in market returns. It measures the correlation of systematic risk between the said asset and the market. A β of more than 1 signifies that the asset is riskier compared to the market and a β of lower than 1 signifies that the asset is less risky as compared to the market.

In deriving the estimated beta, we have relied on the 3-year historical β of CLMT up to the LPD.

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As the historical β was extracted from Bloomberg based on the capital structure of CLMT as at the LPD, we have unlevered the β of CLMT and then re-levered it based on the capital structures of CLMT after taking into consideration the different funding structures for the Proposed Acquisition as follows:

	As at the LPD	Debt Scenario	Minimum Scenario	Maximum Scenario	Equity Scenario
Re-levered β	0.51	0.72	0.57	0.51	0.39

Equity market risk premium ("EMRP") - The EMRP refers to an excess return that investing in an equity asset provides over a risk-free rate of return. This excess return compensates investors for taking on the relatively higher risk of equity investment.

We have relied on the EMRP for Malaysia of 8.01% as published in January 2023 by Professor Aswath Damodaran, who is an established Professor of Finance at the Stern School of Business at New York University. He has published various researches on equity risk premium since 2008 as well as other papers in the Journal of Financial and Quantitative Analysis, the Journal of Finance, the Journal of Financial Economics and the Review of Financial Studies.

As such, the k_e of CLMT based on the Capital Asset Pricing Model and after taking into consideration different funding structures for the Proposed Acquisition as follows:

	As at the LPD (%)	Debt Scenario (%)	Minimum Scenario (%)	Maximum Scenario (%)	Equity Scenario (%)
k_e	8.06	9.67	8.54	8.00	7.06

k_d Pre-tax cost of debt, representing the rate of return required by the lenders and is based on the weighted average interest rate of the existing borrowings of CLMT of 3.10% to 3.24% and the estimated cost of the additional borrowings to be raised to fund the Proposed Acquisition of 4.90%.

t Pursuant to the amendment of Section 61A of the Income Tax Act 1967, effective from the year of assessment 2007, the total income of a real estate investment trust shall be exempted from income tax provided that the real estate investment trust distributes 90% or more of its total income for that year of assessment.

We note that the CLMT's distribution policy is to pay out at least 90% of distributable income in each financial year, therefore, we have not considered any tax effect in the computation of WACC.

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Based on the above, for illustrative purposes only, CLMT's pro forma WACC upon completion of the Proposed Acquisition, assuming the different scenarios are as follows:

	Debt Scenario (%)	Minimum Scenario (%)	Maximum Scenario (%)	Equity Scenario (%)
Weighted average cost of equity (k_e)	3.17	3.49	3.70	4.25
Weighted average cost of debt (k_d)	2.61	2.21	1.94	1.25
WACC	5.78	5.70	5.65	5.50
Gearing ⁽¹⁾	49.08	43.14	39.18	28.50

Note:

- (1) Computed by dividing total borrowings by total asset value.

For illustrative purposes only, the dilution impact arising from the Proposed Placement to an existing Unitholder, with a direct unitholding of approximately 10% as at the LPD i.e. 220.69 million Units is as follows:

	Debt Scenario (%)	Minimum Scenario (%)	Maximum Scenario (%)	Equity Scenario (%)
Unitholding after completion of the Proposals	10.00	7.81 ⁽¹⁾	6.81 ⁽²⁾	5.17 ⁽³⁾

Notes:

- (1) Assuming 619.06 million Units to be issued to raise RM297.15 million to part finance 30% of the Proposed Acquisition.
- (2) Assuming 1,031.77 million Units to be issued to raise RM495.25 million to part finance 50% of the Proposed Acquisition.
- (3) Assuming 2,063.54 million Units to be issued to raise RM990.50 million to fully finance the Proposed Acquisition.

As shown above, the WACC of CLMT would not change substantially across the funding structures that may be employed to finance the Proposed Acquisition. A combination of equity and debt funding enables CLMT to optimise the funding in a manner that will mitigate the following:

- (i) higher cost of capital, increase in gearing and annual financing costs (as compared to finance the Proposed Acquisition entirely through borrowings); and
- (ii) dilutive impact to Unitholders' unitholdings (as compared to finance the Proposed Acquisition entirely through proceeds from Proposed Placement).

Based on the illustration above, we are of the view that the funding structures implied by the Minimum Scenario and Maximum Scenario is reasonable as it takes into consideration the market sentiments and will enable CLMT to fund the Proposed Acquisition in a way that limits the potential impact to the gearing level, dilutive impact to a Unitholders' unitholdings and WACC if the Proposed Acquisition was fully funded through bank borrowings or new issuance of Placement Units.

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We further note that the Proposed Placement is expected to reduce the impact of bank borrowings to be obtained to finance the Total Purchase Consideration which in turn provides CLMT with greater financial flexibility to obtain further financing facilities as and when required in the future as well as to allow for debt headroom for any future acquisitions.

The Proposed Placement will also enable the Manager to raise funds expeditiously upon the Proposed Acquisition becoming unconditional and will potentially widen its Unitholders' base and enhance trading liquidity of the Units.

Premised on our evaluation as set out above, we are of the opinion that the rationale for the Proposed Placement is reasonable.

6.2 Basis and justification in arriving at the Total Purchase Consideration

We note from the Circular that the Total Purchase Consideration represents a discount of approximately 1.0% to the fair value of the QBM Property of RM1,000.00 million (equivalent to the QBM Property Valuation of RM1,000.00 million as ascribed by the Valuer using the Income Approach and cross checked using the Comparison Approach).

As set out in **Section 2.5 of Part A of the Circular**, the Total Purchase Consideration was principally arrived at after taking into consideration of the following:

- (i) the QBM Property Valuation, the details of which are set out in the Valuation Certificate enclosed as **Appendix IV of the Circular**; and
- (ii) the total acquisition cost for the Target Companies as mutually agreed upon between CLMT and Retail Galaxy that was arrived at after taking into consideration:
 - (a) the expected NAV of the Target Companies as at 21 March 2023 (being the expected completion date stated in the Target Companies SPA) of approximately RM3.45 million which is subject to adjustment such that the final Target Companies Purchase Consideration to be settled would be equivalent to the NAV of the Target Companies based on the unaudited balance sheet of the Target Companies as at the completion date of the Target Companies SPA; and
 - (b) the expected Inter-Company Settlement amount as at 21 March 2023 (being the expected completion date stated in the Target Companies SPA) of approximately RM2.57 million which is subject to adjustment such that the Inter-Company Settlement amount to be settled shall be equivalent to the actual amount owed as at the completion date of the Target Companies SPA. Upon completing the Inter-Company Settlement, an equivalent amount will be owed to CLMT by the Target Companies.

We note that the expected NAV of the Target Companies of approximately RM3.45 million is based on the unaudited balance sheet as at 21 March 2023, being the expected completion date of the Target Companies SPA, which is same as the expected completion date of the Strata Parcels SPA. We further note that the expected NAV of the Target Companies is also close to the audited NAV of the Target Companies as at 31 December 2021 of RM3.25 million. We wish to highlight that subject to adjustment under the terms and conditions of the Target Companies SPA such that the final Target Companies Purchase Consideration to be settled would be equivalent to the NAV of the Target Companies based on the unaudited balance sheet of the Target Companies as at the completion date of the Target Companies SPA.

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In view of the above and that the payment of the balance of 98% of the Target Companies Purchase Consideration will be settled on the completion date, we are of the view that the use of unaudited NAV as at 21 March 2023 is reasonable.

We have reviewed the Valuation Report for the QBM Property Valuation. The non-interested Unitholders are advised to read our commentaries below and refer to the Valuation Certificate enclosed in **Appendix IV of the Circular**.

We note that the Valuer adopted the Income Approach (Investment Method of valuation) as the primary methodology to derive the market value of the QBM Property. The Comparison Approach was used to cross checked the valuation derived from the Income Approach. Further details of the valuation methodologies are set out below:

(i) Income Approach (Investment Method)

The Investment Method of valuation is principally the capitalised net rental income approach which mathematically takes into consideration the various material factors affecting value in terms of location and accessibility, building condition, occupancy rate, size, tenure, restrictions, etc. without the requirement for any percentage hypothetical adjustments. It adopts the gross income and outgoings (operating expenses exclusive of interest, tax, depreciation, amortisation and other extraordinary capital expenditure) of an income-generating asset.

Generally, the resultant net income is capitalised into market value using a capitalisation rate based on the current market-derived yield rates which reflect the expected return on investments and commensurate with the risk exposure to the asset under consideration.

The Valuer had structured the valuation model on the basis of "Term" and "Reversion". "Term" refers to the actual rental rates captured as per the tenancy agreements. "Reversion" refers to the market rental rate, which takes into consideration of the occupational arrangement (tenancy mix) of the entire mall.

We concur with the Valuer insofar as the Income Approach is the most appropriate valuation methodology to be applied to the QBM Property as the QBM Property is an income-generating asset.

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The key bases and assumptions adopted by the Valuer to arrive at the market value of the QBM Property under the Investment Method are as set out below:

No.	Key bases and assumptions	Kenanga IB's comments																								
1.	<p data-bbox="347 1397 375 1733">Average gross rental rate</p> <table border="1" data-bbox="411 1240 619 1720"> <thead> <tr> <th data-bbox="411 1420 528 1720"></th> <th data-bbox="411 1240 528 1420">Amount (RM per sq ft per month)</th> </tr> </thead> <tbody> <tr> <td data-bbox="533 1420 619 1720">Term</td> <td data-bbox="533 1240 619 1420">8.60</td> </tr> <tr> <td data-bbox="576 1420 619 1720">Reversion</td> <td data-bbox="576 1240 619 1420">8.80</td> </tr> </tbody> </table>		Amount (RM per sq ft per month)	Term	8.60	Reversion	8.80	<p data-bbox="347 958 375 1227">Fair and reasonable</p> <p data-bbox="411 271 470 1227">The average gross rental rate (term) adopted by the Valuer of RM8.60 per sq ft per month is based on the actual rental rates of secured tenancies.</p> <p data-bbox="507 271 598 1227">The average gross rental rate (reversion) adopted by the Valuer of RM8.80 per sq ft per month is adopted by the Valuer after taking into consideration, among others, the following:</p> <p data-bbox="635 271 662 1227">(i) historical average gross rental rates and growth rates as set out below:</p> <table border="1" data-bbox="687 271 991 1122"> <thead> <tr> <th data-bbox="687 869 815 1122" rowspan="2"></th> <th colspan="3" data-bbox="687 421 767 869">FYE 31 December</th> <th data-bbox="687 271 815 421" rowspan="2">8-month FPE 31 August 2022</th> </tr> <tr> <th data-bbox="772 757 815 869">2018</th> <th data-bbox="772 645 815 757">2019</th> <th data-bbox="772 533 815 645">2020</th> </tr> </thead> <tbody> <tr> <td data-bbox="820 869 927 1122">Average gross rental rate (RM per sq ft per month)</td> <td data-bbox="820 757 927 869">8.30</td> <td data-bbox="820 645 927 757">8.58</td> <td data-bbox="820 533 927 645">7.56</td> <td data-bbox="820 421 927 533">7.30</td> </tr> <tr> <td data-bbox="932 869 991 1122">Growth rate (%)</td> <td data-bbox="932 757 991 869">-</td> <td data-bbox="932 645 991 757">3.00</td> <td data-bbox="932 533 991 645">(12.00)</td> <td data-bbox="932 421 991 533">(3.00)</td> </tr> </tbody> </table> <p data-bbox="1023 271 1114 1122">The average gross rental rate (reversion) of RM8.80 per sq ft per month represents a growth of 2.33% from the average gross rental rate (term) of RM8.60 per sq ft per month;</p> <p data-bbox="1145 271 1204 1227">(ii) tenancy mix of the QBM Property and performance of the existing tenants; and</p> <p data-bbox="1236 271 1264 1227">(iii) current market rental rates of QBM.</p>		FYE 31 December			8-month FPE 31 August 2022	2018	2019	2020	Average gross rental rate (RM per sq ft per month)	8.30	8.58	7.56	7.30	Growth rate (%)	-	3.00	(12.00)	(3.00)
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4.	Allowance for void of 5%	<p data-bbox="264 958 292 1227">Fair and reasonable</p> <p data-bbox="323 277 384 1227">A void allowance is provided to reflect rent free periods and risks of vacancy arising from changes in tenants.</p> <p data-bbox="416 277 477 1227">The Valuer has adopted 5% void allowance in view of the committed occupancy rate of the QBM Property as at the Valuation Date of 95%.</p> <p data-bbox="509 277 598 1227">We note that the committed occupancy rate of 95% is marginally lower than the range of occupancy rates of the Special Coral Strata Parcels for the past 4 FYEs up to 31 December 2021 as set out below:</p> <table border="1" data-bbox="630 277 805 1227"> <thead> <tr> <th data-bbox="630 873 715 1209" rowspan="2"></th> <th colspan="4" data-bbox="630 425 715 873">FYE 31 December</th> <th data-bbox="630 277 715 425">11-month FPE 30 November 2022</th> </tr> <tr> <th data-bbox="715 761 758 873">2018</th> <th data-bbox="715 649 758 761">2019</th> <th data-bbox="715 537 758 649">2020</th> <th data-bbox="715 425 758 537">2021</th> <th data-bbox="758 277 805 425">2022</th> </tr> </thead> <tbody> <tr> <td data-bbox="758 873 805 1209">Occupancy rate (%)</td> <td data-bbox="758 761 805 873">98</td> <td data-bbox="758 649 805 761">100</td> <td data-bbox="758 537 805 649">97</td> <td data-bbox="758 425 805 537">96</td> <td data-bbox="758 277 805 425">(1)95</td> </tr> </tbody> </table> <p data-bbox="837 1146 865 1227">Note:</p> <p data-bbox="896 421 924 1227">(1) Based on the committed occupancy rate as at the Valuation Date.</p>		FYE 31 December				11-month FPE 30 November 2022	2018	2019	2020	2021	2022	Occupancy rate (%)	98	100	97	96	(1)95
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No.	Key bases and assumptions	Kenanga IB's comments												
		<p><u>Other revenue</u></p> <p>The Valuer has adopted capitalisation rate (term) at 8.50% and capitalisation rate (reversion) at 9.00% taking into consideration the nature of other revenue where the risks associated are usually higher than normal rental income and in view of the COVID-19 condition.</p>												
6.	<p>Car park</p> <p><u>Net income</u></p> <table border="1" data-bbox="603 1245 770 1720"> <thead> <tr> <th></th> <th>Amount (RM'000)</th> </tr> </thead> <tbody> <tr> <td>Term</td> <td>5,157</td> </tr> <tr> <td>Reversion</td> <td>5,730</td> </tr> </tbody> </table> <p><u>Capitalisation rate</u></p> <table border="1" data-bbox="863 1245 1062 1720"> <thead> <tr> <th></th> <th>Rate per annum (%)</th> </tr> </thead> <tbody> <tr> <td>Term</td> <td>6.25</td> </tr> <tr> <td>Reversion</td> <td>6.50</td> </tr> </tbody> </table>		Amount (RM'000)	Term	5,157	Reversion	5,730		Rate per annum (%)	Term	6.25	Reversion	6.50	<p>Fair and reasonable</p> <p>The total car park bays stated in the approved building plans of QBM is 2,552, including car park bays along the driveway on the ground floor and outside the Special Coral Strata Parcels which are not owned by Special Coral and do not form part of the QBM Property.</p> <p>Pursuant thereto, the QBM Property consists of 2,529 car park bays. Further, 18 car park bays are reserved for, among others, car wash areas and Carsome, an online used car buying and selling platform. Therefore only 2,511 car park bays are considered in the valuation for Income Approach as the revenue from the aforementioned 18 car park bays are recognised separately.</p> <p>The car park bays have been valued at RM35,000 per bay based on the following parameters:</p> <p>(i) net income (reversion) of RM5.73 million is arrived at based on historical information of QBM Property whilst the net income (term) of RM5.16 million, representing a discount of 10% to the reversion rate, taking into consideration for the uncertainties due to COVID-19 condition; and</p> <p>(ii) capitalisation rate (term) at 6.25% per annum and capitalisation rate (reversion) at 6.50% per annum, after taking into consideration the initial net yield per annum for transactions involving similar properties which is within the range of 5.70% to 7.00% as set out in item 5 above.</p>
	Amount (RM'000)													
Term	5,157													
Reversion	5,730													
	Rate per annum (%)													
Term	6.25													
Reversion	6.50													

Premised on the above, the market value of the QBM Property as ascribed by the Valuer using the Income Approach is RM1,000.00 million.

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(ii) Comparison Approach

The Comparison Approach entails comparing the QBM Property with comparable shopping centres and car parks which have been sold or are being offered for sale and making adjustments for factors which affect value such as location and accessibility, building quality and condition, tenure of land, restrictions and other relevant characteristics.

A summary of the precedent transactions that the Valuer has considered in arriving at the market value of the QBM Property (excluding car parks) under the Comparison Approach is set out below:

Property	Subject property	Comparable 1	Comparable 2	Comparable 3
Description	QBM Property 8-storey stratified shopping centre with a lower ground floor (438-strata titles and accessory parcels only)	Pavilion Bukit Jalil 5-storey shopping centre with 2 levels of basement car park	Elite Pavilion Mall 10-storey shopping centre with basement / elevated car parks, pedestrian link bridges and pedestrian tunnel	Damen 5-storey shopping mall with a lower ground floor and 2 levels basement car park
Location	Bayan Lepas, Penang Freehold	Bukit Jalil, Kuala Lumpur Freehold	Bukit Bintang, Kuala Lumpur Freehold for Elite Pavilion	USJ, Selangor Freehold
Date of transaction	7 October 2022 (date of valuation)	28 May 2019 (3.40 years ago)	27 July 2017 (5.20 years ago)	17 September 2015 (7.10 years ago)
Consideration	RM1,000.00 million or RM1,130 per sq ft	RM1,480.00 million or RM805 per sq ft	RM580.00 million or RM2,395 per sq ft	RM486.84 million or RM1,155 per sq ft
Adjustments	-	Upwards NLA, occupancy rate Downwards Building age / condition / grade, type of title	Upwards Tenure Downwards Location, NLA, building age / condition / grade, type of title	Upwards Location Downwards NLA, building age / condition / grade, type of title

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	Subject property	Comparable 1	Comparable 2	Comparable 3
Total adjustments	-	37.50%	-60.00%	-2.50%
Adjusted value (without car park)	-	RM1,030 per sq ft	RM1,000 per sq ft	RM1,070 per sq ft

We note that the precedent transactions selected by the Valuer are all within Klang Valley in view that there are no suitable comparable transactions in Penang or northern region of Malaysia.

Based on due enquiry with the Valuer, we have taken note of the adjustments made to the comparables by the Valuer and consider these adjustments reasonable. We concur that Comparable 1 is more appropriate as it is the latest transaction and has close similarities with the QBM Property in terms of location (both are situated outside city centres) and tenure (both are freehold properties).

A summary of the precedent transactions that the Valuer has considered in arriving at the market value of the car parks of the QBM Property under the Comparison Approach is set out below:

Property	Subject property	Comparable 1	Comparable 2	Comparable 3
Description	Car parks of the QBM Property 8-storey stratified shopping centre with a lower ground floor (438-strata titles and accessory parcels only)	Car parks of Pacific Tower Management office (P-B1-3) at basement 1 and car parks at lower ground, basement 1 to basement 3 of Pacific Tower	Car parks of KPJ Selangor Specialist Car parks at a 5-storey car park block with a half basement level and an open roof level	Car parks of The Ascent Paradigm 4 levels elevated car park at the Ascent, the Paradigm Petaling Jaya.
Location	Bayan Lepas, Penang	Seksyen 13, Petaling Jaya, Selangor	Seksyen 20, Shah Alam, Selangor	Paradigm Mall, Petaling Jaya, Selangor
Consideration	-	RM53.70 million or RM44,200 per bay	RM13.00 million or RM45,900 per bay	RM26.00 million or RM30,100 per bay
No. of bays	2,529	1,216	283	865

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	Subject property	Comparable 1	Comparable 2	Comparable 3
Tenure	Freehold	Leasehold – approximately 93 years	Leasehold – approximately 79 years	Leasehold – approximately 94 years
Date of transaction	7 October 2022	14 October 2019	8 December 2017	23 February 2017
Adjustments	-	<u>Upwards</u> Tenure	<u>Downwards</u> Tenure	<u>Downwards</u> Type of development and catchment, tenure
Total adjustments		<u>Downwards</u> Type of development and catchment, number of bays, building age / condition	<u>Downwards</u> Type of development and catchment, number of bays, building age / condition	<u>Downwards</u> Number of bays, building age / condition
Adjusted value per bay		-20.00% RM36,200	-25.00% RM36,100	-2.50% RM30,800

Similarly, the precedent transactions selected by the Valuer are all within Klang Valley in view that there are no suitable comparable transactions in Penang or northern region of Malaysia.

We note that under the Income Approach, the Valuer has considered only 2,511 car park bays in the valuation as the revenue from the other 18 car park bays, which are reserved for, among others, car wash areas and Carsome, are recognised separately.

Under the Comparison Approach, the Valuer has considered the entire 2,529 car park bays of the QBM Property, which is based on the maximum number of income-generating car park bays. This is to ensure consistency with the selected precedent transactions.

Based on due enquiry with the Valuer, we have taken note of the adjustments made to the comparables by the Valuer and consider these adjustments reasonable. We concur that Comparable 1 is more appropriate as it is the latest transaction and has close similarity with the QBM Property in terms of number of car park bays.

Kenanga

Premised on the above, the market value of the QBM Property as ascribed by the Valuer using the Comparison Approach is as set out below:

	Amount (RM'million)
QBM Property (without car parks)	(1)909.60
Carparks	(2)88.52
Total	998.12
Value adopted	1,000.00

Notes:

- (1) Computed based on total NLA of 883,111 sq ft and RM1,030 per sq ft.
- (2) Computed based on 2,529 car park bays, which is based on the maximum number of income-generating car park bays, and RM35,000 per bay.

Reconciliation of values

The market value of the QBM Property are thus reconciled as follows:

Method of valuation	Market value (RM'million)
Income Approach	1,000.00
Comparison Approach	1,000.00

Based on the Valuation Report, we are satisfied with the bases and assumptions used by the Valuer in arriving at the valuation of QBM Property. Accordingly, we have relied on the Valuation Report to assess the fairness of the Total Purchase Consideration.

6.2.1 Evaluation of the Total Purchase Consideration

The completion of the Strata Parcels SPA and Target Companies SPA are inter-conditional. As such, for the purpose of evaluating the fairness of the Total Purchase Consideration, we have estimated the fair value of the Special Coral Strata Parcels and Target Companies holistically, instead of by individual purchase consideration under the Strata Parcels SPA and Target Companies SPA.

(i) Valuation of the Special Coral Strata Parcels

The indicative valuation for the Special Coral Strata Parcels is as set out below:

	Amount (RM'000)
Market value of the Special Coral Strata Parcels	(1)997,349

Note:

- (1) Based on the aggregate NLA of strata parcels held by Special Coral of 880,770 sq ft over the total NLA of QBM Property of 883,111 sq ft multiplied by the QBM Property Valuation of RM1,000.00 million.

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(ii) Valuation of the Target Companies

The Target Companies are principally engaged in the operations of investment in and letting of property.

The carrying amount of the respective Target Companies Strata Parcels make up more than 80.00% of the total assets of the respective Target Companies as at 31 December 2021 as set out below:

Audited as at 31 December 2021	Scenic Growth (RM'000)	Luxury Ace (RM'000)	Success Idea (RM'000)	Milky Way Properties (RM'000)
Book value of investment property	1,100	1,000	2,300	1,400
Total assets	1,340	1,223	2,324	1,413
% of the total assets (%)	82.09	81.77	98.97	99.08

Apart from the investment property(ies), the other assets of the Target Companies comprised the following:

(a) Trade and other receivables

We note that the trade and other receivables are recorded at costs after impairment losses and the directors believed that no additional allowance for impairment losses is necessary in respect of past due receivables as the receivables are mainly arising from tenants who has good payment records and sufficient security deposits are held as collaterals;

(b) Bank balance; and

(c) Current tax assets.

Pursuant thereto, the carrying amounts of the Target Companies' assets (save for the investment properties) as at 31 December 2021, are reasonably expected to approximate their fair values.

Premised on the above, to assess the fair value of the Target Companies, we have taken into consideration of revalued net assets value valuation method ("RNAV") as it is a commonly adopted valuation methodology in approaching valuations of asset-based companies as all or certain substantial property related assets may be carried at their historical costs or book values.

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The net revaluation deficits of the Target Companies Strata Parcels are as set out below :

	Aggregate NLA sq ft	Market value of strata parcels ⁽¹⁾ (RM'000)	Book value of investment property ⁽²⁾ (RM'000)	Revaluation deficit (RM'000)	Real property gains tax (RM'000)	Net revaluation deficit (RM'000)
		(A)	(B)	(C) = (A) - (B)	(D)	(C) - (D)
Scenic Growth	538	608	1,100	(492)	⁽³⁾ -	(492)
Luxury Ace	360	407	1,000	(593)	⁽³⁾ -	(593)
Success Idea	1,006	1,137	2,300	(1,163)	⁽³⁾ -	(1,163)
Milky Way Properties	437	494	1,400	(906)	⁽³⁾ -	(906)
Total	2,341	2,646	5,800	(3,154)	-	(3,154)

Notes:

- (1) Based on market value of RM1,130 per sq ft of NLA for the QBM Property as set out in the Valuation Certificate.
- (2) Based on the audited book value as at 31 December 2021.
- (3) No real property gain tax is being adjusted for revaluation deficit of the property.

Based on the audited financial statements of the Target Companies as at 31 December 2021 and the net revaluation deficits of the Target Companies Strata Parcels, the indicative fair values of the Target Companies based on the RNAV approach are as follows:

	Scenic Growth (RM'000)	Luxury Ace (RM'000)	Success Idea (RM'000)	Milky Way Properties (RM'000)	Total (RM'000)
Audited NA as at 31 December 2021	769	615	1,090	775	3,249
Inter-Company Settlement ⁽¹⁾	465	500	1,073	500	2,538
Adjusted NA	1,234	1,115	2,163	1,275	5,787
Adjustment for revaluation deficit	(492)	(593)	(1,163)	(906)	(3,154)
Estimated RNAV	742	522	1,000	369	2,633

Note:

- (1) Being the amount owing by the Target Companies to Retail Galaxy and/or its related companies as at 31 December 2021 based on the latest available audited financial statements of the respective Target Companies for the FYE 31 December 2021. The Target Companies Purchase Consideration shall be adjusted based on the actual NAV of the Target Companies as at the completion date.

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Indicative fair value of the Special Coral Strata Parcels and Target Companies

Based on the above, our estimation of the indicative fair value of the Special Coral Strata Parcels and Target Companies is as follows:

	Amount (RM'000)
Market value of the Special Coral Strata Parcels	997,349
Estimated RNAV of the Target Companies	2,633
Total	999,982
Total Purchase Consideration	990,500
Discount of the Total Purchase Consideration to the indicative fair value of the Special Coral Strata Parcels and Target Companies	1.0%

Based on the assessment above, the Total Purchase Consideration represents a discount of approximately 1.0% to the indicative fair value of the Special Coral Strata Parcels and Target Companies of approximately RM1,000.0 million. Therefore, we are of the opinion that the Total Purchase Consideration is fair.

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6.3 Salient terms of the Agreements

The Proposed Acquisition is subject to the terms and conditions of the Strata Parcels SPA and the Target Companies SPA as set out in **Appendix I of the Circular**. We have evaluated the salient terms of the Strata Parcels SPA and the Target Companies SPA in their entirety, summarised as follows:

6.3.1 Strata Parcels SPA

No	Salient terms of the Strata Parcels SPA	Kenanga IB's comments
1.	<p>Sale and purchase</p> <p>Subject to the terms and conditions of the Strata Parcels SPA, Special Coral agrees to sell to CLMT and CLMT agrees to purchase from Special Coral the Special Coral Strata Parcels and the related assets belonging to Special Coral as set out in the Strata Parcels SPA ("Assets") on an "as-is-where-is" basis, for a purchase consideration of RM984,480,000.</p> <p>The completion of the Strata Parcels SPA is inter-conditional with the completion of the Target Companies SPA.</p>	<p>Reasonable</p> <p>These terms allow that subject to the fulfillment of the conditions precedent to the Special Coral Strata Parcels SPA, CLMT will acquire the Special Coral Strata Parcels on an "as-is-where-is" basis free from all the encumbrances, together with all the associated licenses, rights, certificates and easement, which are necessary for the daily operations of the Special Coral Strata Parcels, which will be transferred to CLMT upon the Completion Date (as defined below).</p>
2.	<p>Basis of the sale and purchase</p> <p>The sale and purchase of the Special Coral Strata Parcels is agreed upon on the basis that:</p> <p>(i) all the conditions precedent are complied with or waived in accordance with the terms of the Strata Parcels SPA;</p> <p>(ii) the Special Coral Strata Parcels shall be sold and transferred to CLMT free from all liens, claims, encumbrances and existing charges on the Special Coral Strata Parcels currently charged to MTB ("Existing Charges") but subject to the tenancies, restrictions in interest and conditions, express and implied by law, on the strata titles in respect of the Special Coral Strata Parcels;</p>	<p>We note that this is a normal commercial term for transactions of similar nature and are of the view that this clause is reasonable as it confers CLMT the right to waive any of the conditions precedent of the Strata Parcels SPA to the extent permitted by law where it deems fit and in its best interest for the parties to proceed with the completion of the Strata Parcels SPA.</p>

Kenanga

No	Salient terms of the Strata Parcels SPA	Kenanga IB's comments
(iii)	<p>the Special Coral Strata Parcels shall be sold and transferred to CLMT with the easement granted pursuant to an agreement dated 1 April 2011 made between (a) Hikmat Budi Sdn Bhd (“Hikmat Budi”), (b) C P Landmark Sdn Bhd (“CP Landmark”), (c) Special Coral and (d) C P Mall Sdn Bhd, whereby Hikmat Budi and CP Landmark have granted to Special Coral a right of way in respect of the present entrance road between Hikmat Budi’s land and CP Landmark’s land (both being the servient land) so as to allow ingress and egress to and from the land where the Special Coral Strata Parcels are erected on (being the dominant land);</p>	
(iv)	<p>a Certificate of Fitness for Occupation (“CFO”) has been issued for QBM and Special Coral having given CLMT a copy of the CFO;</p>	
(v)	<p>all permit, licence, consent, approval, certificates, registration or authorisation from the relevant appropriate authorities in respect of any and all matters relating to the Special Coral Strata Parcels required to be taken up by Special Coral (other than licences that are required to be taken out and maintained by the tenants, lessees and licensees, and CLMT, if any) as set out in the Strata Parcels SPA having been issued and remaining valid and subsisting as at completion;</p>	
(vi)	<p>all the Assets shall be sold and transferred to CLMT free from all liens, claims, encumbrances and the Existing Charges but on an “as-is-where-is” basis without any representations or warranties; and</p>	
(vii)	<p>each of Special Coral’s warranties under the Strata Parcels SPA remains true and accurate in all material respects.</p>	

Kenanga

No	Salient terms of the Strata Parcels SPA	Kenanga IB's comments
3.	<p data-bbox="272 734 304 1514">Conditions precedent</p> <p data-bbox="304 734 491 1514">The sale and purchase of the Special Coral Strata Parcels is conditional upon the following conditions precedent being satisfied and fulfilled within the cut-off date (the date that falls 120 days from the date of the Strata Parcels SPA) or such other later date as may be mutually agreed by the parties ("Cut-off Date"):</p> <ul style="list-style-type: none"> <li data-bbox="491 734 619 1514">(i) Special Coral obtaining the approval of the state authority for the transfer of the Special Coral Strata Parcels in favour of the Trustee (on behalf of CLMT) pursuant to the restriction in interest appearing on the strata titles of each of the Special Coral Strata Parcels ("Transfer Approval"); <li data-bbox="619 734 746 1514">(ii) Special Coral having delivered or caused to be delivered, to CLMT or CLMT's solicitors a disclosure letter within 45 days from the date of the Strata Parcels SPA and the contents of such disclosure letter being reasonably satisfactory to CLMT; and <li data-bbox="746 734 842 1514">(iii) CLMT procuring the Unitholders' approval for the purchase of (a) the Special Coral Strata Parcels and (b) the Sale Shares. <p data-bbox="842 734 970 1514">In respect of the conditions precedent above, Special Coral shall, within 3 business days from the date of the Strata Parcels SPA, apply for the Transfer Approval, and shall do all such acts and things as may be reasonably required to procure the fulfillment of the condition precedent.</p> <p data-bbox="970 734 1070 1514">The Strata Parcels SPA shall become unconditional on the date when all the conditions precedent have been satisfied, being a date not later than the Cut-off Date ("Unconditional Date").</p>	<p data-bbox="272 1514 304 1957">Reasonable</p> <p data-bbox="304 1514 491 1957">The conditions precedent represent the necessary approvals / procedures to be fulfilled or obtained before the parties could proceed to complete the Strata Parcels SPA.</p> <p data-bbox="491 1514 678 1957">The purpose of the disclosure letter referred to in item (ii) is to provide additional information regarding the Special Coral Strata Parcels after the date of the Strata Parcels SPA which is subject to the acceptance of CLMT.</p> <p data-bbox="678 1514 865 1957">The Strata Parcels SPA will become unconditional if the conditions precedent are fulfilled, or otherwise waived by CLMT (to the extent permitted by the law) within the Cut-Off Date.</p> <p data-bbox="865 1514 1070 1957">As at the LPD, save for item (ii), none of the conditions precedent have been fulfilled.</p>

Kenanga

No	Salient terms of the Strata Parcels SPA	Kenanga IB's comments
4.	<p data-bbox="280 1317 304 1865">Purchase consideration and payment terms</p> <p data-bbox="339 927 363 1865">The Strata Parcels Purchase Consideration shall be paid in the following manner:</p> <p data-bbox="399 893 422 1865">(i) The deposit shall be paid by CLMT to Special Coral in the following manner:</p> <p data-bbox="458 745 549 1765">(a) CLMT shall pay the sum of RM19,689,600 only, being 2% of the Strata Parcels Purchase Consideration upon the execution of the Strata Parcels SPA ("Strata Parcels Earnest Deposit"); and</p> <p data-bbox="584 745 735 1765">(b) CLMT shall deliver or cause the delivery to Special Coral's solicitors as stakeholder of the bank guarantee certificate for an amount equivalent to the sum of RM29,534,400 only, being 3% of the Strata Parcels Purchase Consideration ("Bank Guarantee Certificate") within 5 business days from the Unconditional Date.</p> <p data-bbox="770 745 890 1865">(ii) CLMT shall pay the balance of the Strata Parcels Purchase Consideration of a sum of RM964,790,400, being 98% of the Strata Parcels Purchase Consideration ("Balance Purchase Consideration") within the period after the Unconditional Date up to and including 21 March 2023 ("Completion Period") in the following manner:</p> <p data-bbox="925 745 1045 1765">(a) by paying and causing CLMT's financier, from which CLMT will take a loan or other form of financing from to finance the purchase of the Special Coral Strata Parcels ("CLMT's Financier"), to pay to MTB the sum required to be paid to MTB to discharge the Existing Charges ("Redemption Sum"); and</p> <p data-bbox="1080 745 1136 1765">(b) by paying and causing CLMT's Financier to pay to Special Coral the remaining Balance Purchase Consideration (less the Redemption Sum).</p>	<p data-bbox="280 568 304 723">Reasonable</p> <p data-bbox="339 197 580 723">The Strata Parcels Earnest Deposit, which was paid on 9 November 2022, is refundable if the Strata Parcels SPA is terminated as a result of non-fulfilment of the conditions precedent before the Cut-Off Date, and the Balance Purchase Consideration is only payable upon the Strata Parcels SPA becoming unconditional.</p> <p data-bbox="616 197 767 723">The balance deposit is payable in the form of bank guarantee upon the Strata Parcels SPA becoming unconditional and will be returned on the Completion Date or if the Strata Parcels SPA is terminated by either party.</p>

Kenanga

No	Salient terms of the Strata Parcels SPA	Kenanga IB's comments
	<p>On the date of payment of the Balance Purchase Consideration and interest (if any) by CLMT, Special Coral's solicitors are authorised to:</p> <ul style="list-style-type: none"> (i) release the Strata Parcels Earnest Deposit and all interest earned (if any) to Special Coral; and (ii) return the Bank Guarantee Certificate to CLMT for cancellation. 	
5.	<p>Completion</p> <p>Subject to the completion of the sale and purchase of the Sale Shares occurring on the same day as the date on which the full Strata Parcels Purchase Consideration is paid in accordance with the terms and conditions of the Strata Parcels SPA ("Completion Date"), the purchase of the Special Coral Strata Parcels by CLMT shall be deemed to be completed upon:</p> <ul style="list-style-type: none"> (i) the payment of the Strata Parcels Purchase Consideration to Special Coral in accordance with the terms and conditions of the Strata Parcels SPA; (ii) the delivery of possession of the Special Coral Strata Parcels by Special Coral to CLMT in accordance with the terms and conditions of the Strata Parcels SPA; and (iii) the receipt by CLMT of the certified true copies of the latest assessment receipts in Special Coral's possession and the latest quit rent receipts in respect of the Special Coral Strata Parcels. 	<p>Reasonable</p> <p>This term ensures that the completion of the Strata Parcels SPA takes place upon completion of the Target Companies SPA and the full payment of the Strata Parcels Purchase Consideration by CLMT to Special Coral on a date falling within the Completion Period.</p> <p>This term also sets out the necessary documents which are required to be handed to CLMT by Special Coral, on the Completion Date, simultaneously with the full payment of the Strata Parcels Purchase Consideration by CLMT to Special Coral, marking the completion of the Strata Parcels SPA.</p>

Kenanga

No	Salient terms of the Strata Parcels SPA	Kenanga IB's comments
6.	<p>Extension of the Completion Period</p> <p>(i) In the event the Balance Purchase Consideration is not paid within the Completion Period, Special Coral shall grant to CLMT an extension of time of 1 month from the expiry of the Completion Period to complete payment of the Balance Purchase Consideration provided always that CLMT shall pay to Special Coral the interest charges on the Balance Purchase Consideration or such part thereof as remains outstanding at the rate of 3% per annum calculated on a day-to-day basis commencing from the day of the expiry of the Completion Period until the day of actual receipt of the Balance Purchase Consideration which is outstanding by Special Coral.</p> <p>(ii) The interest charges, if any, as referred to in the paragraph above shall be paid by CLMT to Special Coral together with the Balance Purchase Consideration to be paid to Special Coral.</p>	<p>Reasonable</p> <p>The extended Completion Period will provide CLMT more time to make the payment of Balance Purchase Consideration to Special Coral, if required, in order to complete the Strata Parcels SPA.</p> <p>However, it should be noted that CLMT will be liable to pay interest at the rate of 3% per annum calculated on a day-to-day basis on the remaining Balance Purchase Consideration during the extended Completion Period to Special Coral.</p> <p>We are of the view that the interest rate of 3% per annum is reasonable in view that it is lower than the interest rates applicable for transactions of similar nature. In addition, it is also below CLMT's effective interest rate for its borrowings based on its latest available audited financial statements for the FYE 31 December 2021.</p>

Kenanga

No	Salient terms of the Strata Parcels SPA	Kenanga IB's comments
7.	<p>Failure to complete</p> <p>If Special Coral fails to complete the sale of the Special Coral Strata Parcels in any way or breaches any of the material terms of the Strata Parcels SPA, CLMT shall be entitled to:</p> <ul style="list-style-type: none"> (i) the remedy of specific performance at the cost and expense of Special Coral; or (ii) terminate the Strata Parcels SPA by notice in writing to Special Coral, in which event Special Coral shall, within 21 business days of the receipt of such notice: <ul style="list-style-type: none"> (a) Special Coral's solicitors shall return the Bank Guarantee Certificate to CLMT; (b) Special Coral's solicitors shall refund the Strata Parcels Earnest Deposit together with all interest earned (if any) to CLMT; and (c) Special Coral shall refund and cause to be refunded to CLMT and/or CLMT's Financier, as the case may be, all other sums paid by or on behalf of CLMT towards account of the Strata Parcels Purchase Consideration in accordance with the Strata Parcels SPA free of interest. <p>If CLMT fails to pay or cause to be paid the Strata Parcels Purchase Consideration in accordance with the terms and conditions of the Strata Parcels SPA, Special Coral shall be entitled to terminate the Strata Parcels SPA by notice in writing to CLMT. Within 21 business days thereafter:</p> <ul style="list-style-type: none"> (i) Special Coral's solicitors shall return the Bank Guarantee Certificate to CLMT; (ii) Special Coral's solicitors shall refund the Strata Parcels Earnest Deposit together with all interest earned (if any) to CLMT; and (iii) Special Coral shall refund and/or cause to be refunded to CLMT and/or CLMT's Financier, as the case may be, all other sums paid by or on behalf of CLMT towards account of the Strata Parcels Purchase Consideration free of interest in accordance with the terms and conditions of the Strata Parcels SPA. 	<p>Reasonable</p> <p>This term entitles the non-defaulting party to terminate the Strata Parcels SPA should there be occurrence of any of the event set out under this term.</p> <p>If Special Coral fails to complete the sale of the Special Coral Strata Parcels or breaches any of the material terms of the Strata Parcels SPA, CLMT shall be entitled to pursue the remedy of specific performance or terminate the Strata Parcels SPA.</p> <p>In the event of a termination due to default by either parties:</p> <ul style="list-style-type: none"> (i) Special Coral's solicitors shall: <ul style="list-style-type: none"> (a) refund the Strata Parcels Earnest Deposit together with all interest earned (if any) to CLMT; and (b) return the Bank Guarantee Certificate to CLMT. (ii) Special Coral shall refund to CLMT any other amount which had been paid by CLMT towards account of the Strata Parcels Purchase Consideration free of interest.

Kenanga

No	Salient terms of the Strata Parcels SPA	Kenanga IB's comments
	<p>Upon any termination of the Strata Parcels SPA pursuant to any provision therein and in exchange for the refund of the purchase consideration in accordance with the terms and conditions therein:</p> <p>(i) if legal possession and vacant possession of the Special Coral Strata Parcels have been delivered to CLMT, CLMT shall re-deliver:</p> <p>(a) legal possession of the Special Coral Strata Parcels that are subject to tenancies; and</p> <p>(b) vacant possession of the Special Coral Strata Parcels that are not subject to tenancies;</p> <p>to Special Coral in the same state and condition as was delivered to CLMT under the Strata Parcels SPA, fair wear and tear excepted;</p> <p>(ii) CLMT shall return to Special Coral all documents which may have been received by it, CLMT's solicitors, CLMT's Financier and/or CLMT's Financier's solicitors from Special Coral pursuant to the Strata Parcels SPA (including but not limited to the original strata titles in respect of the Special Coral Strata Parcels and the memoranda of transfer in Form 14A of the National Land Code 1965 in favour of CLMT in respect of the Special Coral Strata Parcels ("Transfer"), with Special Coral's and MTB's rights and interests in the Special Coral Strata Parcels intact) subject to CLMT's right to retain the Transfer for submission to the stamp office in the event the Transfer is required for purpose of refund of stamp duty paid thereon and thereafter to return the cancelled Transfer to Special Coral;</p> <p>(iii) if any caveat and/or other encumbrances have been lodged or created over the Special Coral Strata Parcels by CLMT, CLMT's Financier and/or any third party on the account of CLMT, CLMT shall withdraw or cause to be withdrawn all such caveats and/or other encumbrances lodged or created over the Special Coral Strata Parcels; and</p> <p>the Strata Parcels SPA shall thereafter cease to have any further force or effect without prejudice to the rights of either party thereto to bring any legal action against the other for any antecedent breach of its respective obligations thereunder.</p>	<p>In the event of termination, CLMT shall, where applicable:</p> <p>(i) re-deliver the legal possession or vacant possession of the Special Coral Strata Parcels to Special Coral;</p> <p>(ii) return to Special Coral all documents received by CLMT; and</p> <p>(iii) withdraw all caveats and/or encumbrances lodged or created over the Special Coral Strata Parcels.</p>

Kenanga

No	Salient terms of the Strata Parcels SPA	Kenanga IB's comments
8.	<p data-bbox="272 1518 304 1877">Non-registration of Transfer</p> <p data-bbox="336 734 400 1877">On Completion Date, Special Coral shall deliver or cause to be delivered the following documents to CLMT:</p> <ul style="list-style-type: none"> <li data-bbox="424 734 520 1877">(i) the declaration of trust made between Special Coral and CLMT whereby Special Coral shall hold the legal title to the Special Coral Strata Parcels as bare trustee for and on behalf of CLMT from the Completion Date executed by Special Coral; <li data-bbox="544 734 671 1877">(ii) the power of attorney to be executed by Special Coral whereby Special Coral grants to CLMT the power to deal with the legal title to the Special Coral Strata Parcels as fully and effectually as Special Coral could do as the legal proprietor of the Special Coral Strata Parcels from the Completion Date ("Power of Attorney") executed by Special Coral; and <li data-bbox="695 734 919 1877">(iii) the original written undertaking addressed to CLMT from Omnatrix being the holder of subordinated class MTNs (as defined under the trust deed dated 14 March 2011 executed between Special Coral and MTB in relation to the issuance of the MTNs under the MTN Programme) and the existing redeemable preference shares of Special Coral, that it will take all necessary steps and actions to maintain the subsistence of Special Coral until at least after the registration of the Transfer and the discharge by Special Coral of all its obligations under the Strata Parcels SPA. 	<p data-bbox="272 573 304 734">Reasonable</p> <p data-bbox="336 192 520 734">This term ensures that in the event that the Special Coral Strata Parcels cannot be registered for reasons not attributed to either parties, Special Coral will hold the legal title to the Special Coral Strata Parcels as bare trustee for CLMT.</p> <p data-bbox="544 192 799 734">This arrangement allows CLMT to hold beneficial ownership in Special Coral Strata Parcels. Further, Special Coral will grant to CLMT the power to deal with the legal title to the Special Coral Strata Parcels as fully and effectually as Special Coral could do as the legal proprietor of the Special Coral Strata Parcels from the Completion Date.</p>
	<p data-bbox="962 734 1297 1877">In the event that the Transfer is not or cannot be registered for any reason or defect not attributable to any act, omission, fault, neglect and/or blameworthy conduct on the part of the parties and cannot be rectified despite all efforts made by the parties, Special Coral shall hold the Special Coral Strata Parcels as bare trustee (provided that the Strata Parcels Purchase Consideration has been fully paid) for CLMT in which event Special Coral shall do or cause to be done everything necessary to ensure the rights, title and interest of CLMT in relation to the Special Coral Strata Parcels are protected at all times and shall not act in any manner so as to jeopardise the rights, title and interest of CLMT in relation to the Special Coral Strata Parcels. In connection thereto, Special Coral shall irrevocably agree and acknowledge that upon the completion of the Strata Parcels SPA, CLMT shall be entitled to deal with the Special Coral Strata Parcels or the interest therein in any manner as it deems fit and to exercise all powers given to it under and pursuant to the Power of Attorney.</p>	

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No	Salient terms of the Strata Parcels SPA	Kenanga IB's comments
	On or after the Completion Date, CLMT shall be entitled to lodge a trust caveat against the Special Coral Strata Parcels to protect its rights, title, interest and benefits in and to the Special Coral Strata Parcels.	
9.	<p>Delivery of possession</p> <p>On the Completion Date, Special Coral shall:</p> <p>(i) be deemed to have delivered legal possession of the Special Coral Strata Parcels that are subject to tenancies; and</p> <p>(ii) deliver vacant possession of the Special Coral Strata Parcels that are not subject to tenancies;</p> <p>to CLMT.</p>	<p>Reasonable</p> <p>This term is customary in transactions of similar nature and hence is deemed reasonable.</p>
10.	<p>Warranties</p> <p>Under the Strata Parcels SPA, Special Coral warrants and represents, among others, that:</p> <p>(i) Special Coral is the legal and beneficial owner of the Special Coral Strata Parcels;</p> <p>(ii) subject to the procurement of the Transfer Approval, relevant corporate approvals referred to in the Strata Parcels SPA and the payment of the Redemption Sum to MTB, Special Coral has full power and authority to execute, deliver and perform the terms of the Strata Parcels SPA and it is able to transfer its legal and beneficial ownership in the Special Coral Strata Parcels in favour of the Trustee (on behalf of CLMT) free from all encumbrances subject to the tenancies;</p> <p>(iii) save for the Existing Charges, the Special Coral Strata Parcels and the Assets are free from all encumbrances and any adverse claims. Special Coral has not created and will not create any encumbrances over the Special Coral Strata Parcels and the Assets and/or dealt with the same in any manner whatsoever;</p>	<p>Reasonable</p> <p>This term sets out the warranties provided by Special Coral to CLMT in relation to the Strata Parcels SPA. The warranties serve to safeguard the interest of CLMT prior to the completion of the Strata Parcels SPA.</p> <p>In the event of a breach of any of the warranties set out in this term, Special Coral undertakes to indemnify CLMT against all claims, actions, proceedings, etc.</p>

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No	Salient terms of the Strata Parcels SPA	Kenanga IB's comments
(iv)	the Strata Parcels SPA and the tenancy agreements are enforceable and binding on Special Coral;	
(v)	the CFO has been issued by the relevant authorities;	
(vi)	the regulatory approvals set out in the Strata Parcels SPA have been issued and will be valid as at / be renewed up to the Completion Date;	
(vii)	that all information relating to the Special Coral Strata Parcels set out in the Strata Parcels SPA are true and accurate to the best of the knowledge, information and belief of Special Coral;	
(viii)	Special Coral is capable of delivering vacant possession relating to the Special Coral Strata Parcels that are not tenanted on Completion Date; and	
(ix)	on the Completion Date, the Special Coral Strata Parcels shall be in the same state and condition as at the date of the Strata Parcels SPA, fair wear and tear excepted.	

6.3.2 Target Companies SPA

No	Salient terms of the Target Companies SPA	Kenanga IB's comments
1.	<p>Sale and purchase</p> <p>Retail Galaxy agrees to sell as legal and beneficial owner all the Sale Shares and CLMT agrees to purchase all the Sale Shares free from all encumbrances and together with all rights including all dividends and distributions declared, made or paid on or after the Completion Date (the term "Completion Date" in the Target Companies SPA has the same meaning as in the Strata Parcels SPA). CLMT shall not be obliged to complete the purchase of any of the Target Companies' Sale Shares unless the sale of all the Sale Shares is completed simultaneously in accordance with the Target Companies SPA.</p> <p>The completion of the Target Companies SPA is inter-conditional with the completion of the Strata Parcels SPA.</p>	<p>Reasonable</p> <p>These terms allow that subject to the completion of the Strata Parcels SPA, CLMT will acquire all the Sale Shares free from all encumbrances.</p>

Kenanga

No	Salient terms of the Target Companies SPA	Kenanga IB's comments
2.	<p>Conditions precedent</p> <p>The Target Companies SPA is conditional upon the fulfillment of the following conditions precedent:</p> <ul style="list-style-type: none"> (i) Retail Galaxy having delivered or caused to be delivered, to CLMT or CLMT's solicitors a disclosure letter within 45 days from the date of the Target Companies SPA and the contents of such disclosure letter being reasonably satisfactory to CLMT; (ii) the satisfaction of all conditions precedent set out in the Strata Parcels SPA, unless such conditions are waived or deemed as being fulfilled by the parties to the Strata Parcels SPA in accordance with the terms of the Strata Parcels SPA; and (iii) the receipt by CLMT's solicitors of a certified true copy of each of the replacement issue document of strata titles to the properties legally and beneficially owned by the Target Companies ("New Strata Titles") or a written confirmation from Retail Galaxy's solicitors that the applications for the issuance of the New Strata Titles have been submitted and in this relation, all costs, disbursements in relation to the issuance of the issue document of strata titles shall be borne by Retail Galaxy. 	<p>Reasonable</p> <p>The conditions precedent represent the necessary procedures to be fulfilled or obtained before the parties could proceed to complete the Target Companies SPA.</p> <p>The purpose of the disclosure letter referred to in item (i) is to provide additional information regarding the Target Companies after the date of the Target Companies SPA which is subject to the acceptance of CLMT.</p> <p>We noted that the 5 strata titles are lost and therefore Retail Galaxy shall procure the replacement of the documents to be obtained. As at the LPD, caveats have been lodged against the Target Companies Strata Parcels.</p>
	<p>(hereinafter collectively referred to as "Conditions Precedent") and each a "Condition Precedent"). The parties may mutually agree to waive any of the Conditions Precedent imposed on the other party at any time by notice in writing to the other party.</p> <p>One of the conditions precedent in the Strata Parcels SPA as set out in Section 6.3.1 above is the Unitholders' approval for the acquisition of both the Special Coral Strata Parcels and the Sale Shares. The satisfaction of all conditions precedent in the Strata Parcels SPA as a condition precedent to the Target Companies SPA would therefore include the Unitholders' approval for the acquisition of the Sale Shares.</p>	<p>The Target Companies SPA will become unconditional if the conditions precedent are fulfilled, or otherwise mutually waived by the parties at any time by notice in writing to the other party.</p> <p>As at the LPD, save for item (i), none of the other conditions precedent have been fulfilled.</p>

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No	Salient terms of the Target Companies SPA	Kenanga IB's comments										
3.	<p data-bbox="272 741 304 1951">Purchase consideration and payment terms</p> <p data-bbox="331 741 424 1951">The Target Companies Purchase Consideration for the Sale Shares is RM3,445,000 and a breakdown of the purchase consideration in respect of the shares in each of the Target Companies is as follows:</p> <table border="1" data-bbox="453 752 603 1868"> <thead> <tr> <th data-bbox="453 752 528 1368">Target Companies</th> <th data-bbox="453 1368 528 1570">Luxury Ace</th> <th data-bbox="453 1570 528 1749">Milky Way Properties</th> <th data-bbox="453 1749 528 1868">Scenic Growth</th> <th data-bbox="453 1868 528 1951">Success Idea</th> </tr> </thead> <tbody> <tr> <td data-bbox="528 752 603 1368">Purchase consideration (RM'000)</td> <td data-bbox="528 1368 603 1570">685</td> <td data-bbox="528 1570 603 1749">804</td> <td data-bbox="528 1749 603 1868">800</td> <td data-bbox="528 1868 603 1951">1,156</td> </tr> </tbody> </table> <p data-bbox="635 741 699 1951">The Target Companies Purchase Consideration shall be paid or settled by CLMT in the following manner:</p> <ul style="list-style-type: none"> <li data-bbox="730 741 858 1951">(i) upon execution of the Target Companies SPA, CLMT shall pay to Retail Galaxy's solicitors as stakeholder, an amount equivalent to 2% of the Target Companies Purchase Consideration as earnest deposit for the purchase of the Sale Shares ("Target Companies Earnest Deposit"); <li data-bbox="890 741 1082 1951">(ii) within 5 business days from the day on which the last of the conditions precedent is fulfilled, deemed to be fulfilled or waived in accordance with the Target Companies SPA ("Target Companies SPA Unconditional Date"), CLMT shall deliver or caused to be delivered to Retail Galaxy's solicitors as stakeholder, a bank guarantee certificate for an amount equivalent to 3% of the Target Companies Purchase Consideration as the balance deposit for the purchase of the Sale Shares; and <li data-bbox="1114 741 1177 1951">(iii) on the Completion Date, subject to Retail Galaxy complying with its obligations at completion: <ul style="list-style-type: none"> <li data-bbox="1193 741 1257 1951">(a) CLMT shall pay the sum of RM3,376,100 being the amount equivalent to 98% of the Target Companies Purchase Consideration to Retail Galaxy; and 	Target Companies	Luxury Ace	Milky Way Properties	Scenic Growth	Success Idea	Purchase consideration (RM'000)	685	804	800	1,156	<p data-bbox="272 185 304 730">Reasonable</p> <p data-bbox="331 185 491 730">The Target Companies Earnest Deposit, which was paid on 9 November 2022, is refundable if the Target Companies SPA is terminated as a result of non-fulfillment of the conditions precedent before the cut-off date.</p> <p data-bbox="523 185 746 730">The balance deposit is payable in the form of bank guarantee upon the Target Companies SPA becoming unconditional and will be returned on the Completion Date or if the Target Companies SPA is terminated due to breach of obligations under the Target Companies SPA by either party.</p>
Target Companies	Luxury Ace	Milky Way Properties	Scenic Growth	Success Idea								
Purchase consideration (RM'000)	685	804	800	1,156								

Kenanga

No	Salient terms of the Target Companies SPA	Kenanga IB's comments
	<p>(b) Retail Galaxy's solicitors shall release to Retail Galaxy, the Target Companies Earnest Deposit together with all interest accrued and return to CLMT, the bank guarantee certificate in relation to the balance deposit.</p> <p>Consideration adjustment amount</p> <p>As soon as practicable but in no event more than 30 days following the Completion Date, CLMT shall prepare, or cause to be prepared, and deliver to Retail Galaxy the unaudited balance sheet of each of the Target Companies, which shall set forth the Total Assets (as defined below) and Total Liabilities (as defined below) of each of the Target Companies as of the Completion Date, prepared, or caused to be prepared, in the same manner, with consistent classification and estimation methodology used in the preparation of the Pro Forma Balance Sheet (as defined below) ("Completion Date Balance Sheet"). Within 7 days of the delivery of the Completion Date Balance Sheet by CLMT to Retail Galaxy the Parties shall mutually agree on (i) the Completion Date Net Asset Value (as defined below) and (ii) the Consideration Adjustment Amount (as defined below) (if any) to be paid by CLMT to Retail Galaxy or by Retail Galaxy to CLMT, as the case may be.</p> <p>For the purpose of this clause, the Target Companies Purchase Consideration shall be adjusted based on the following formula:</p> <p>$A - B = C$</p> <p>Where:</p> <p>A = Completion Date Net Asset Value being an amount in Ringgit Malaysia, which represents (a) the Total Assets, less (b) the Total Liabilities; shown on the Completion Date Balance Sheet</p> <p>B = Net Asset Value being the amount of RM3,445,000, which represents (a) the total assets shown on the Pro Forma Balance Sheet, less (b) the total liabilities shown on the Pro Forma Balance Sheet.</p> <p>C = Consideration Adjustment Amount.</p>	<p>This term provides recourse to both parties in the event of any shortfall or excess in the NAV of the Target Companies on the Completion Date.</p> <p>CLMT will be required to pay Retail Galaxy the Consideration Adjustment Amount in the event the Completion Date Net Asset Value is higher than the Net Asset Value.</p> <p>On the other hand, Retail Galaxy will be required to pay CLMT the Consideration Adjustment Amount in the event the Completion Date Net Asset Value is less than the Net Asset Value.</p>

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No	Salient terms of the Target Companies SPA	Kenanga IB's comments
	<p>If the Consideration Adjustment Amount is:</p>	
(i)	<p>positive, then the Target Companies Purchase Consideration shall be increased by the Consideration Adjustment Amount and CLMT shall promptly (and in any event within 5 business days) after the final determination thereof pay to Retail Galaxy the Consideration Adjustment Amount; or</p>	
(ii)	<p>negative, then the Target Companies Purchase Consideration shall be reduced by the Consideration Adjustment Amount and Retail Galaxy shall promptly (and in any event within 5 business days) after the final determination thereof refund to CLMT the Consideration Adjustment Amount.</p>	
	<p>In the context of this clause, the following terms shall have the meaning set out below:</p>	
Completion Date Balance Sheet	<p>: means the unaudited balance sheet of each of the Target Companies, which shall set forth the Total Assets and Total Liabilities of each of the Target Companies as of the Completion Date, prepared, or caused to be prepared, in the same manner, with consistent classification and estimation methodology, as the Pro Forma Balance Sheet was prepared.</p>	
Completion Date Net Asset Value	<p>: means an amount in Ringgit Malaysia, which represents (a) the Total Assets shown on the Completion Date Balance Sheet, less (b) the Total Liabilities shown on the Completion Date Balance Sheet.</p>	
Net Asset Value	<p>: means the amount of RM3,445,000, which represents (a) the total assets shown on the Pro Forma Balance Sheet, less (b) the total liabilities shown on the Pro Forma Balance Sheet.</p>	
Pro Forma Balance Sheet	<p>: means the pro forma balance sheet of each of the Target Companies as of 21 March 2023, in the form mutually agreed upon by CLMT and Retail Galaxy.</p>	

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No	Salient terms of the Target Companies SPA	Kenanga IB's comments
	<p>Total Assets : means the total assets of each of the Target Companies on the Completion Date, as determined by applying consistent principles, practices, methodologies and policies as those set forth in the Pro Forma Balance Sheet.</p> <p>Total Liabilities : means the total liabilities of each of the Target Companies on the Completion Date, as determined by applying consistent principles, practices, methodologies and policies as those set forth in the Pro Forma Balance Sheet.</p>	
4.	<p>Completion</p> <p>Timing and location</p> <p>Subject to the completion of the Strata Parcels SPA occurring on the same day, completion shall take place on the Completion Date at the offices of any of the Target Companies or at such other location as may be agreed by the parties, where all the events detailed in the following clause shall occur.</p> <p>Retail Galaxy's obligations at completion</p> <p>Retail Galaxy shall on Completion Date deliver or cause to be delivered to CLMT:</p> <p>(i) the share certificates in respect of the Sale Shares together with valid share transfer forms duly executed by Retail Galaxy in favour of CLMT to transfer the Sale Shares to the Trustee (as trustee for CLMT);</p> <p>(ii) a copy of the resolution of the board of directors of each of the Target Companies (duly certified as being a true copy by a director or the secretary of the relevant Target Company) approving:</p> <p>(a) subject to the stamping of the duly completed share transfer form(s), the transfer of the Sale Shares from Retail Galaxy to the Trustee (as trustee for CLMT) upon the terms of the Target Companies SPA;</p>	<p>Reasonable</p> <p>This term sets out the necessary procedures to be fulfilled by Retail Galaxy on the Completion Date, upon full payment of the Target Companies Purchase Consideration, marking the completion of the Target Companies SPA.</p>

Kenanga

No	Salient terms of the Target Companies SPA	Kenanga IB's comments
	<p>(b) the cancellation of the existing share certificates in respect of the Sale Shares in favour of Retail Galaxy and the issuance of new share certificate(s) in respect of the Sale Shares in favour of the Trustee (as trustee for CLMT);</p> <p>(c) the entry of the Trustee's name (as trustee for CLMT) into the Register of Members of each of the Target Companies in respect of the Sale Shares subject only to the production of duly stamped and completed share transfer form(s) in respect of the Sale Shares;</p> <p>(d) the appointment of the incoming directors as directors of the board of each of the Target Companies with effect from the Completion Date; and</p> <p>(e) the revocation of all existing mandates for the operation of the bank accounts of each of the Target Companies and the granting of new mandates giving authority to those persons nominated by CLMT consistent with CLMT's policies regarding bank account management;</p> <p>(iii) letter from each of the directors resigning as directors of each of the Target Companies with effect from the date of appointment of the incoming directors and confirming that the said directors have no claims whatsoever against any of the Target Companies in such form as may be required by CLMT; and</p> <p>(iv) cause such persons whose names shall be notified by CLMT to Retail Galaxy in writing, prior to the Target Companies SPA Unconditional Date to be validly appointed as directors of each of the Target Companies.</p>	<p>Settlement of existing shareholder's loan</p> <p>CLMT shall cause and procure the Target Companies to repay all loan or advances owed by the Target Companies to Retail Galaxy and/or its related companies as at the Completion Date in full within 5 business days of the date the Sale Shares are registered in the name of the Trustee (on behalf of CLMT).</p> <p>Upon completion of the Proposed Acquisition, CLMT will assume the Inter-Company Settlement, which has been agreed as part of the Total Purchase Consideration.</p>

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No	Salient terms of the Target Companies SPA	Kenanga IB's comments
	<p>Failure to complete</p> <p>If the provisions of the Retail Galaxy's obligations at completion above are not complied with in any respect on the Completion Date by Retail Galaxy, CLMT shall not be obliged to complete the purchase of the Sale Shares or pay any of the Target Companies Purchase Consideration and may in its absolute discretion by written notice to Retail Galaxy:</p> <ul style="list-style-type: none"> (i) defer completion by a period of not more than 20 business days to such other date as it may specify in such notice (and so that the provisions of clause "Retail Galaxy's obligations at completion" above shall apply to completion as so deferred); (ii) waive all or any of the requirements contained or referred to in clause "Retail Galaxy's obligations at completion" at its discretion (and without prejudice to its rights under the Target Companies SPA) and proceed to completion so far as practicable; or (iii) terminate the Target Companies SPA without liability on its part. 	<p>This term sets out the recourse available to CLMT if Retail Galaxy fails to fulfill its obligation on Completion Date.</p> <p>In the event that Retail Galaxy's obligation are not complied with on Completion Date, CLMT may:</p> <ul style="list-style-type: none"> (i) defer completion by a period not more than 20 business days; (ii) waive all or any of the Retail Galaxy's obligations at completion; and (iii) terminate the Target Companies SPA.
5.	<p>Termination</p> <p>Failure to fulfill conditions precedent</p> <p>In the event that any of the conditions precedent is not fulfilled or waived prior to the cut-off date (the date that falls 120 days from the date of the Target Companies SPA or such other later date as may be mutually agreed by the parties) then CLMT shall not be bound to proceed with the purchase of the Sale Shares and the Target Companies SPA shall cease to be of any effect and within 5 business days from such termination, Retail Galaxy's solicitors shall return the Target Companies Earnest Deposit to CLMT and upon receipt of the Target Companies Earnest Deposit together with all interest accrued thereon, the Target Companies SPA shall thereafter cease to have any further force or effect without prejudice to the rights of either party save for those which listed as to remain in force and in respect of claims arising out of any antecedent breach of the Target Companies SPA.</p>	<p>Reasonable</p> <p>This term entitles CLMT to terminate the Target Companies SPA should there be occurrence of any of the event set out under this term.</p> <p>In the event that the conditions precedent is not fulfilled or waived prior to the cut-off date, CLMT shall be entitled terminate the Target Companies SPA. Retail Galaxy's solicitors shall refund the Target Companies Earnest Deposit together with all interest accrued to CLMT.</p>

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No	Salient terms of the Target Companies SPA	Kenanga IB's comments
	<p>CLMT's rights to terminate</p> <p>CLMT may give written notice to Retail Galaxy any time prior to completion, to terminate the Target Companies SPA if it is aware of any fact, matter or event (whether existing or occurring on or before the date of the Target Companies SPA or arising or occurring afterwards) which:</p> <ul style="list-style-type: none"> (i) constitutes a material breach by Retail Galaxy of the Target Companies SPA; (ii) would constitute a material breach of any of the warranties in the Target Companies SPA; or (iii) results in the termination of the Strata Parcels SPA in accordance with the terms thereof; <p>and in which event, Retail Galaxy shall cause Retail Galaxy's solicitors to return to CLMT the Target Companies Earnest Deposit together with all interest accrued thereon and the bank guarantee certificate if it has been delivered to Retail Galaxy's solicitors prior to the termination within 5 business days from the date of such termination.</p>	<p>This term sets out the rights of CLMT to terminate the Target Companies SPA if there is:</p> <ul style="list-style-type: none"> (i) a material breach by Retail Galaxy of the Target Companies SPA; (ii) a material breach of any of the warranties in the Target Companies SPA; or (iii) an event which results in the Strata Parcels SPA is terminated. <p>Upon such termination, Retail Galaxy's solicitors shall:</p> <ul style="list-style-type: none"> (i) refund to CLMT the Target Companies Earnest Deposit together with all interest earned; and (ii) return the Bank Guarantee Certificate to CLMT if it has been delivered.
6.	<p>Private Caveat</p> <p>Pending the issuance of the New Strata Titles, CLMT shall be entitled to lodge its private caveats respectively against each of the Target Companies Strata Parcels at any time hereafter to protect its interest in the Target Companies Strata Parcels provided that CLMT has prior to the lodgement of the private caveat, deposited with the Retail Galaxy's solicitors as stakeholder, the duly executed withdrawal of private caveat form together with the requisite registration fees whereby Retail Galaxy's solicitors shall be irrevocably authorised to withdraw the said private caveat immediately upon any lawful termination of the Target Companies SPA.</p>	<p>Reasonable</p> <p>This term sets out the conditions for CLMT to lodge a private caveat.</p>

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No	Salient terms of the Target Companies SPA	Kenanga IB's comments
7.	<p data-bbox="272 734 304 1850">Warranties</p> <p data-bbox="304 734 336 1850">Under the Target Companies SPA, Retail Galaxy warrants and represents, among others that:</p> <ul style="list-style-type: none"> <li data-bbox="336 734 384 1850">(i) the shares in each of the Target Companies have been properly and validly issued and allotted and each are fully paid or credited as fully paid; <li data-bbox="384 734 432 1850">(ii) each of the Target Companies is duly incorporated and validly existing under the laws of Malaysia and has been in continuous existence since its incorporation, registration or organisation; <li data-bbox="432 734 480 1850">(iii) none of the Target Companies has entered into any agreements or arrangements with or granted any option or the right of refusal in favour of, any third party for the purchase of the Target Companies Strata Parcels nor granted any power of attorney to any third parties in respect of any of Target Companies Strata Parcels, which is still subsisting as at the Completion Date; <li data-bbox="480 734 528 1850">(iv) none of the Target Companies Strata Parcels is subject to any interest, right of set off, caveat, prohibitory order, burden, liability, mortgage, charge, lease, right of way, easement, pledge, lien, assignment, hypothecation, security interest, title retention, preferential right or trust arrangement or other security arrangement or agreement conferring a right to a priority of payment or encumbrance whatsoever and howsoever created or arising; <li data-bbox="528 734 576 1850">(v) the Target Companies have observed and complied with all conditions of title, covenants, restrictions in interest and category of land use, whether express or implied, in respect of the Target Companies Strata Parcels; <li data-bbox="576 734 624 1850">(vi) to the best of Retail Galaxy's knowledge, there has been no forfeiture or intended forfeiture of the Target Companies Strata Parcels or any part thereof by any relevant authority; <li data-bbox="624 734 671 1850">(vii) all applicable quit rents, rates, assessments and other lawful outgoings due to the relevant authorities in respect of the Target Companies Strata Parcels have been paid; and 	<p data-bbox="272 1850 304 1957">Reasonable</p> <p data-bbox="304 1850 336 1957">This term sets out the warranties provided by Retail Galaxy to CLMT in relation to the Target Companies SPA to safeguard the interest of CLMT prior to the Target Companies SPA being completed.</p> <p data-bbox="336 1850 368 1957">CLMT can rescind the Target Companies SPA without any liability on CLMT's part in the event any of these warranties have been breached and such breach is against the interest of CLMT.</p>

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No	Salient terms of the Target Companies SPA	Kenanga IB's comments
	(viii) all conditions affecting the Target Companies Strata Parcels whether express or implied under the National Land Code or any other statute and regulations have been complied with by the Target Companies.	

Based on our review of the Agreements in entirety, particularly the salient terms as set out above, we are of the view that the overall terms and conditions of the Agreements are reasonable and not detrimental to the non-interested Unitholders.

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6.4 Effects of the Proposals

We take cognisance of the effects of the Proposals as set out in **Section 8 of Part A of the Circular**.

The key assumptions used in demonstrating the financial effects for the Proposals are as follows:

- (i) for illustration purposes only and for the purpose of the Proposed Placement, the Issue Price is assumed to be the Illustrative Issue Price;
- (ii) **Minimum Scenario** under the Proposed Placement where it is assumed that a total of 619.06 million Placement Units are issued at the Illustrative Issue Price to raise gross proceeds of RM297.15 million, being 30% of the Total Purchase Consideration, and the remainder of the total acquisition costs of RM726.36 million is assumed to be satisfied via bank borrowings; and
- (iii) **Maximum Scenario** under the Proposed Placement where it is assumed that a total of 1,031.77 million Placement Units are issued at the Illustrative Issue Price to raise gross proceeds of RM495.25 million, being 50% of the Total Purchase Consideration, and the remainder of the total acquisition costs of RM529.77 million is assumed to be satisfied via bank borrowings.

For the avoidance of doubt, the illustrative unitholdings of the substantial Unitholders of CLMT stated in **Section 8.4 of Part A of the Circular** may not represent the actual number of Placement Units to be subscribed by the Major Unitholders (or at all) after the completion of the Proposed Placement. No assurance is given that the assumptions used by the Manager to illustrate the effects of the substantial Unitholders' unitholdings in CLMT will materialise after the completion of the Proposed Placement and they do not represent a commitment by the Major Unitholders to subscribe for the Placement Units.

Our commentaries on the effects are summarised as follows:

Effects	Kenanga IB's comments
Unitholders' capital and substantial Unitholders' unitholdings	<p>The Proposals are expected to increase the Unitholders' capital from RM2,274.73 million consisting of 2,206.94 million Units to –</p> <ul style="list-style-type: none"> (i) RM2,566.82 million consisting of 2,826.00 million Units under Minimum Scenario; or (ii) RM2,761.95 million consisting of 3,238.71 million Units under Maximum Scenario. <p>The Proposed Placement is dilutive to CLMT's substantial Unitholders' unitholdings, wherein upon completion of the Proposed Placement, the collective direct unitholdings of the substantial Unitholders is expected to be diluted from 70.87% as at the LPD to –</p> <ul style="list-style-type: none"> (i) 63.26% under the Minimum Scenario; or (ii) 59.80% under the Maximum Scenario.

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Effects	Kenanga IB's comments
Distributable income, DPU and EPU	<p>For illustrative purposes only, assuming that the Proposals were completed on 1 January 2021:</p> <p>(i) the distributable income of CLMT for the FYE 31 December 2021 is expected to increase from RM39.03 million to –</p> <p>(a) RM60.14 million under Minimum Scenario; or</p> <p>(b) RM66.63 million under Maximum Scenario.</p> <p>(ii) the DPU of CLMT for the FYE 31 December 2021 is expected to increase from 1.84 sen to –</p> <p>(a) 2.19 sen under Minimum Scenario; or</p> <p>(b) 2.11 sen under Maximum Scenario.</p> <p>This is due to the incremental distributable income contributed by the QBM Property as set out in Section 8.2 of Part A of the Circular.</p> <p>Since the Proposals are only expected to be completed during the FYE 31 December 2023, the Proposals are not expected to have any effect on the distributable income, DPU and EPU of CLMT for the FYE 31 December 2022.</p> <p>Nevertheless, upon the completion of the Proposals, the Manager believes that the Proposals will contribute positively to the future distributable income, DPU and EPU of CLMT.</p>
NAV per Unit and gearing	<p>Upon completion of the Proposals, CLMT's NAV per Unit will decrease from RM1.12 as at 31 December 2021 to –</p> <p>(i) RM0.97 under the Minimum Scenario; or</p> <p>(ii) RM0.91 under the Maximum Scenario.</p> <p>We note that the Proposals are dilutive to CLMT's NAV per Unit as the Illustrative Issue Price of RM0.48 per Unit is below CLMT's NAV per Unit as at 31 December 2021 of RM1.12.</p> <p>Further, upon completion, the Proposals are expected to increase CLMT's gearing level from 35.93% as at 31 December 2021 to –</p> <p>(i) 43.14% under the Minimum Scenario; or</p> <p>(ii) 39.18% under the Maximum Scenario.</p> <p>Notwithstanding the expected increase in gearing ratio, the resultant gearing ratio of up to 43.14% is still within the limit prescribed under the Listed REITs Guidelines, i.e. CLMT's total borrowings must not exceed 50% of its total asset value at the time the borrowings are incurred. This would provide CLMT with greater financial flexibility to obtain further financing facilities as and when required in the future.</p>

Premised on the above, we are of the opinion that the pro forma effects of the Proposals are not detrimental to the interests of the non-interested Unitholders on an overall basis.

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6.5 Industry overview and outlook

We take cognisance of the industry overview, outlook of the retail sector and prospects of QBM Property as set out in **Section 9 of Part A of the Circular** and our commentaries are as set out below:

(i) Penang retail sector

We note that the upcoming completion of new malls in Penang is expected to intensify the competition within the retail sector in Penang.

As set out in the Valuation Report, the retail sector has been one of the hardest hits by the COVID-19 pandemic since 2020. The economic recovery continues, but it remains uneven. 2022 is equally a challenging year for the retail sector amidst an increasing retail mall supply, subdued consumer sentiment and impacted purchasing power. In this competitive market environment, the high-footfall malls are nevertheless doing well.

We note that for the 11-month period up to 30 November 2022, QBM has recorded an average monthly footfall of approximately 1.2 million. The occupancy rates of the QBM Property for the past 4 FYEs up to 31 December 2021 and 11-month FPE 30 November 2022 were between 95% to 100%. Premised on this, we are of the view that the QBM Property may not be materially and adversely affected by the challenging prospects of the Penang retail sector.

(ii) Prospects of the QBM Property

We note that QBM is one of the largest malls in the northern region, strategically located within Bayan Lepas Industrial Free Trade Zone, which allows it to benefit from the immediate catchment area of Bayan Lepas, which includes growing residential neighbourhood and commercial development within the vicinity.

In addition, QBM Property's close proximity to the Penang Bridge and the Sultan Abdul Halim Muadzam Shah Bridge enables it to also capture footfalls from Butterworth, Bukit Mertajam, Kulim and Batu Kawan.

We note that the QBM Property has a mix of tenants from different trades, which includes fashion, lifestyle, dining, entertainment, sports, electronics, home furnishing and department store. As at the Valuation Date, the major tenants of the QBM Property (being tenants who occupy more than 25,000 sq ft) are AEON, Golden Screen Cinemas, Harvey Norman and Uniqlo.

As at the Valuation Date, the committed occupancy rate of the QBM property is 95% based on its NLA, which is higher than the average occupancy of 78.3% for shopping malls on Penang Island as of the first half of 2022, based on the information set out in Supply and Occupancy of Shopping Complex in Pulau Pinang for the first half of 2022 issued by Valuation and Property Services Department, Ministry of Finance Malaysia.

We further note that despite the challenging climate of the Malaysian retail sector as a result of the COVID-19 pandemic, the QBM Property has been able to maintain its occupancy rates of 97% and 96% for the FYEs 31 December 2020 and 2021.

Based on the above, barring any unforeseen circumstances, we are of the view that the prospects of the QBM Property to be positive as it is expected to continue attracting both shoppers and tenants in the future, which in turn will provide CLMT with a stable income stream.

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Nonetheless, we wish to highlight that the Proposed Acquisition is subject to risks and uncertainties which are not within CLMT's control such as tenancy renewal risk, competition from new shopping malls, pandemic risk and adverse changes in economic conditions. The occurrence of any of such events may impact CLMT's revenue and earnings to be derived from the Proposed Acquisition. There shall also be no guarantee that the anticipated benefits from the Proposed Acquisition as set out in Section 7 of Part A of the Circular will be realised by CLMT in the foreseeable future.

6.6 Risk factors

In considering the Proposed Acquisition, the non-interested Unitholders of CLMT are advised to give careful consideration to the risk factors as set out in **Section 10 of Part A of the Circular** and are summarised as follows:

(i) Risk of non-completion of the Agreements

The Agreements may not be completed in the event CLMT is unable to raise sufficient funding for any reason beyond the control of CLMT.

If either one of the Agreements does not proceed to completion notwithstanding that all conditions precedent having been fulfilled, both Agreements will be terminated. As such, the expected benefits from the Proposed Acquisition will not be materialised.

Although all payments made for the deposits will be returned to CLMT, CLMT will not be able to claim or recover any transaction costs and expenses incurred.

We note that in the event CLMT is unable to raise sufficient funding from the Proposed Placement and/or bank borrowings, CLMT and the Manager will consider and assess other options and sources for alternative funding to complete the Proposed Acquisition. However, there is no assurance that sufficient funding can be procured in time to complete the Proposed Acquisition in accordance with terms and conditions of the Agreements or that the terms for such funding will be favourable to CLMT.

(ii) Private owners with 8.2% strata ownership of QBM

CLMT will not own the entire QBM upon completion of the Proposed Acquisition as the QBM Property only represents 91.8% of the units in QBM. The remaining 8.2% units, which are owned by private owners may be subjected to mismanagement such as not well maintained or not tenanted and might affect the overall image of the QBM.

Nevertheless, the Manager does not expect such situation to materially compromise or be detrimental to the interest of the QBM Property as all strata owners are required to comply with by-laws of QBM, which among others, include compliance with store front design guidelines to uphold the overall image of QBM.

(iii) Risk of non-registration of transfer of strata titles

In the event that the Special Coral Strata Parcels cannot be registered in favour of the Trustee, the Trustee will only own the beneficial interest in Special Coral Strata Parcels. As such, the beneficial ownership of the Trustee may be defeated in favour of a purchase for value of the land without giving prior notice of such beneficial ownership.

In such event, Special Coral shall hold the Special Coral Strata Parcels as bare trustee for the Trustee.

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We further note that, on the Completion Date, Special Coral shall provide CLMT with the Power of Attorney whereby Special Coral grants CLMT the power to deal with the legal title to the Special Coral Strata Parcels as fully and effectually as Special Coral could do as the legal proprietor of the Special Coral Strata Parcels from the Completion Date.

Further, we note that the New Strata Titles are expected to be issued by the fourth quarter of 2023. However, there is no assurance that the New Strata Titles can be obtained within the expected timeline.

(iv) Tenancy renewal risk of existing tenants

As at the Valuation Date, the committed occupancy rate of the QBM Property is 95% based on its NLA. However, there is no certainty that all the existing tenants will renew their tenancies upon expiry. In the event of non-renewal existing tenancies and CLMT is unable to secure new tenancies with similar or more favourable rates and terms, the earnings to be derived from the QBM Property will be adversely affected.

We note that the Manager will use all reasonable steps and leverage on the positive attributes of QBM Property to retain its existing tenants. Besides, we also note that the Manager will continuously engage with prospective tenants to fill up vacancies resulting from non-renewals.

(v) Competition arising from new shopping malls

As set out in **Section 9.3 of Part A of the Circular**, there are 2 new shopping malls to be completed in 2023 and 4 other new shopping malls to be completed after 2023.

The QBM Property may be affected by increased competition from the new shopping malls, as the new shopping malls could potentially affect the occupancy rates and/or exert downward pressure on rental rates. This may in turn adversely impact the cash flows of CLMT and its ability to make distribution to its Unitholders in the future.

Nevertheless, the Manager opines that the strategic location of the QBM will enable the QBM Property to attract shoppers from Penang and the neighbouring cities. The Manager shall leverage on its expertise and experience in managing other investments of CLMT to manage the QBM Property and undertake retail and asset management initiatives to ensure the QBM Property remains competitive.

(vi) Adverse changes in economic conditions and epidemics and pandemics, as well as changes in environmental, zoning and governmental rules and regulations

We note that the following circumstances may adversely affect the financial conditions of the tenants of the QBM Property, which may result in higher risk of non-renewal of tenancies:

- (a) adverse changes in economic conditions, such as a general downturn in the global and Malaysian economy, may result in lower footfall and/or lower discretionary spending at the QBM Property; and
- (b) any potential disease outbreaks, epidemics and pandemics, for example the recent COVID-19.

Further, any changes in environmental, government laws and regulations which might result in CLMT having to undergo extensive upgrades or renovation may require further capital expenditures from CLMT.

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Non-renewal of tenancies and/or incurrence of additional capital expenditure may affect the cash flow and income-generated by the QBM Property and therefore, the distributions to the Unitholders.

We note that the Manager shall leverage on its expertise and experience in managing other investments of CLMT to manage the QBM Property and to mitigate the aforementioned risks, if any.

(vii) Higher financing cost may reduce profitability

We note that the Total Purchase Consideration is proposed to be part financed by way of bank borrowings

In view of that, the terms of the borrowings have not been finalised as at the LPD, there is a risk that CLMT may not be able to obtain financing facilities with terms favourable to CLMT. In the event that the financing costs are higher than anticipated, it may have an adverse impact on the profitability and cash flow generated from the QBM Property and eventually, CLMT's distribution to the Unitholders.

We note that the Manager will actively monitor and review the debt portfolio of CLMT, taking into account its gearing level, interest costs and cash flows to ensure that CLMT's financial position remains at a healthy level. The Manager will also undertake capital management strategy which involves adopting and maintaining an appropriate prudent leverage level to ensure optimal distributable income to the Unitholders, while maintaining flexibility for future requirements.

(viii) Accessibility to the QBM Property may be impacted if there is a major interruption to the ingress and egress to the QBM Property

As at the LPD, Hikmat Budi and CP Landmark have granted to Special Coral a right of way in respect of the present entrance road between Hikmat Budi's land and CP Landmark's land to allow ingress and egress to and from QBM.

In the event Hikmat Budi's land and CP Landmark's land, which are currently vacant, are being developed, the businesses of the tenants of the QBM Property maybe negatively affected, which in turn may adversely affect the profitability of the QBM Property.

We note that the Manager will actively monitor and review the situation of Hikmat Budi's land and CP Landmark's land and will make appropriate plans for alternative ingress and egress should the need arises.

In view that CLMT's current portfolio consist of a shopping mall located in Penang, namely Gurney Plaza, the proposed addition of the QBM Property to CLMT's portfolio upon completion of the Proposed Acquisition is not expected to significantly change the business risks profile of CLMT.

Nonetheless, we wish to highlight that although measures will be taken by CLMT and/or the Manager to mitigate such risks associated with the Proposed Acquisition, no assurance can be given that one or a combination of the risk factors will not occur and give rise to material adverse impact on the business and operation of CLMT, its financial performance or prospects thereon.

In evaluating the Proposed Acquisition, non-interested Unitholders should carefully consider the said risk factors and their respective mitigating factors prior to voting on the resolution pertaining to the Proposed Acquisition at the forthcoming Unitholders' Meeting. Non-interested Unitholders should also note that the risk factors mentioned in the Circular and this IAL are not meant to be exhaustive.

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7. CONCLUSION AND RECOMMENDATION

The non-interested Unitholders should carefully consider the justifications for the Proposed Acquisition based on all relevant and pertinent factors including those set out in this IAL as well as those set out in **Part A of the Circular** together with the accompanying appendices before voting on the ordinary resolution pertaining to the Proposed Acquisition at the forthcoming Unitholders' Meeting.

Premised on our evaluations of the Proposed Acquisition in Section 6 of this IAL, we are of the opinion that the Proposed Acquisition is fair and reasonable and not detrimental to the interests of non-interested Unitholders.

Accordingly, we recommend that the non-interested Unitholders to vote in favour of the resolution pertaining to the Proposed Acquisition to be tabled at the forthcoming Unitholders' Meeting.

Yours faithfully,
For and on behalf of
KENANGA INVESTMENT BANK BERHAD

DATUK CHAY WAI LEONG
Group Managing Director

DATUK ROSLAN HJ TIK
Executive Director, Head
Group Investment Banking & Islamic Banking

SALIENT TERMS OF THE AGREEMENTS

A. SALIENT TERMS OF THE STRATA PARCELS SPA

The salient terms of the Strata Parcels SPA are as follows:

1. SALE AND PURCHASE

Subject to the terms and conditions of the Strata Parcels SPA, Special Coral agrees to sell to CLMT and CLMT agrees to purchase from Special Coral the Special Coral Strata Parcels and the related assets belonging to Special Coral as set out in the Strata Parcels SPA (“**Assets**”) on an “as-is-where-is” basis, for a purchase consideration of RM984,480,000.

The completion of the Strata Parcels SPA is inter-conditional with the completion of the Target Companies SPA.

2. BASIS OF THE SALE AND PURCHASE

The sale and purchase of the Special Coral Strata Parcels is agreed upon on the basis that:

- 2.1 all the conditions precedent are complied with or waived in accordance with the terms of the Strata Parcels SPA;
- 2.2 the Special Coral Strata Parcels shall be sold and transferred to CLMT free from all liens, claims, encumbrances and existing charges on the Special Coral Strata Parcels currently charged to MTB (“**Existing Charges**”) but subject to the tenancies, restrictions in interest and conditions, express and implied by law, on the strata titles in respect of the Special Coral Strata Parcels;
- 2.3 the Special Coral Strata Parcels shall be sold and transferred to CLMT with the easement granted pursuant to an agreement dated 1 April 2011 made between (i) Hikmat Budi Sdn Bhd (“**Hikmat Budi**”), (ii) C P Landmark Sdn Bhd (“**CP Landmark**”), (iii) Special Coral and (iv) C P Mall Sdn Bhd, whereby Hikmat Budi and CP Landmark have granted to Special Coral a right of way in respect of the present entrance road between Hikmat Budi’s land and CP Landmark’s land (both being the servient land) so as to allow ingress and egress to and from the land where the Special Coral Strata Parcels are erected on (being the dominant land);
- 2.4 a Certificate of Fitness for Occupation (“**CFO**”) has been issued for Queensbay Mall and Special Coral having given CLMT a copy of the CFO;
- 2.5 all permit, licence, consent, approval, certificates, registration or authorisation from the relevant appropriate authorities in respect of any and all matters relating to the Special Coral Strata Parcels required to be taken up by Special Coral (other than licences that are required to be taken out and maintained by the tenants, lessees and licensees, and CLMT, if any) as set out in the Strata Parcels SPA having been issued and remaining valid and subsisting as at completion;
- 2.6 all the Assets shall be sold and transferred to CLMT free from all liens, claims, encumbrances and the Existing Charges but on an “as-is-where-is” basis without any representations or warranties; an

SALIENT TERMS OF THE AGREEMENTS (CONT'D)

- 2.7 each of Special Coral's warranties under the Strata Parcels SPA remains true and accurate in all material respects.

3. CONDITIONS PRECEDENT

The sale and purchase of the Special Coral Strata Parcels is conditional upon the following conditions precedent being satisfied and fulfilled within the cut-off date (the date that falls 120 days from the date of the Strata Parcels SPA) or such other later date as may be mutually agreed by the parties ("**Cut-off Date**"):

- 3.1 Special Coral obtaining the approval of the state authority for the transfer of the Special Coral Strata Parcels in favour of the Trustee (on behalf of CLMT) pursuant to the restriction in interest appearing on the strata titles of each of the Special Coral Strata Parcels ("**Transfer Approval**");
- 3.2 Special Coral having delivered or caused to be delivered, to CLMT or CLMT's solicitors a disclosure letter within 45 days from the date of the Strata Parcels SPA and the contents of such disclosure letter being reasonably satisfactory to CLMT;
- 3.3 CLMT procuring the Unitholders' approval for the purchase of (i) the Special Coral Strata Parcels and (ii) the Sale Shares.

In respect of the conditions precedent as set out in Paragraph 3.1 above, Special Coral shall, within 3 business days from the date of the Strata Parcels SPA, apply for the Transfer Approval, and shall do all such acts and things as may be reasonably required to procure the fulfillment of this condition precedent.

The Strata Parcels SPA shall become unconditional on the date when all the conditions precedent have been satisfied, being a date not later than the Cut-off Date ("**Unconditional Date**").

The purpose of the disclosure letter referred to in Paragraph 3.2 above is to provide additional information regarding the Special Coral Strata Parcels after the date of the Strata Parcels SPA which is subject to the acceptance of CLMT.

4. PURCHASE CONSIDERATION AND PAYMENT TERMS

The Strata Parcels Purchase Consideration shall be paid in the following manner:

- 4.1 The deposit shall be paid by CLMT to Special Coral in the following manner:
- 4.1.1 CLMT shall pay the sum of RM19,689,600 only, being 2% of the Strata Parcels Purchase Consideration upon the execution of the Strata Parcels SPA ("**Strata Parcels Earnest Deposit**");
- 4.1.2 CLMT shall deliver or cause the delivery to Special Coral's solicitors as stakeholder of the bank guarantee certificate for an amount equivalent to the sum of RM29,534,400 only, being 3% of the Strata Parcels Purchase Consideration ("**Bank Guarantee Certificate**") within 5 business days from the Unconditional Date.

SALIENT TERMS OF THE AGREEMENTS (CONT'D)

4.2 CLMT shall pay the balance of the Strata Parcels Purchase Consideration of a sum of RM964,790,400, being 98% of the Strata Parcels Purchase Consideration (“**Balance Purchase Consideration**”) within the period after the Unconditional Date up to and including 21 March 2023 (“**Completion Period**”) in the following manner:

4.2.1 by paying and causing CLMT’s financier, from which CLMT will take a loan or other form of financing from to finance the purchase of the Special Coral Strata Parcels (“**CLMT’s Financier**”), to pay to MTB the sum required to be paid to MTB to discharge the Existing Charges (“**Redemption Sum**”); and

4.2.2 by paying and causing CLMT’s Financier to pay to Special Coral the remaining Balance Purchase Consideration (less the Redemption Sum).

On the date of payment of the Balance Purchase Consideration and interest (if any) by CLMT, Special Coral’s solicitors are authorised to:

- (i) release the Strata Parcels Earnest Deposit and all interest earned (if any) to Special Coral; and
- (ii) return the Bank Guarantee Certificate to CLMT for cancellation.

5. COMPLETION

5.1 Subject to the completion of the sale and purchase of the Sale Shares occurring on the same day as the date on which the full Strata Parcels Purchase Consideration is paid in accordance with the terms and conditions of the Strata Parcels SPA (“**Completion Date**”), the purchase of the Special Coral Strata Parcels by CLMT shall be deemed to be completed upon:

5.1.1 the payment of the Strata Parcels Purchase Consideration to Special Coral in accordance with the terms and conditions of the Strata Parcels SPA;

5.1.2 the delivery of possession of the Special Coral Strata Parcels by Special Coral to CLMT in accordance with the terms and conditions of the Strata Parcels SPA; and

5.1.3 the receipt by CLMT of the certified true copies of the latest assessment receipts in Special Coral’s possession and the latest quit rent receipts in respect of the Special Coral Strata Parcels.

6. EXTENSION OF THE COMPLETION PERIOD

6.1 In the event the Balance Purchase Consideration is not paid within the Completion Period, Special Coral shall grant to CLMT an extension of time of 1 month from the expiry of the Completion Period to complete payment of the Balance Purchase Consideration provided always that CLMT shall pay to Special Coral the interest charges on the Balance Purchase Consideration or such part thereof as remains outstanding at the rate of 3% per annum calculated on a day-to-day basis commencing from the day of the expiry of the Completion Period until the day of actual receipt of the Balance Purchase Consideration which is outstanding by Special Coral.

SALIENT TERMS OF THE AGREEMENTS (CONT'D)

- 6.2** The interest charges, if any, as referred to in paragraph 6.1 above shall be paid by CLMT to Special Coral together with the Balance Purchase Consideration to be paid to Special Coral.

7. FAILURE TO COMPLETE

- 7.1** If Special Coral fails to complete the sale of the Special Coral Strata Parcels in any way or breaches any of the material terms of the Strata Parcels SPA, CLMT shall be entitled to:

7.1.1 the remedy of specific performance at the cost and expense of Special Coral;
or

7.1.2 terminate the Strata Parcels SPA by notice in writing to Special Coral, in which event Special Coral shall, within 21 business days of the receipt of such notice:

(i) Special Coral's solicitors shall return the Bank Guarantee Certificate to CLMT;

(ii) Special Coral's solicitors shall refund the Strata Parcels Earnest Deposit together with all interest earned (if any) to CLMT; and

(iii) Special Coral shall refund and cause to be refunded to CLMT and/or CLMT's Financier, as the case may be, all other sums paid by or on behalf of CLMT towards account of the Strata Parcels Purchase Consideration in accordance with the Strata Parcels SPA free of interest.

- 7.2** If CLMT fails to pay or cause to be paid the Strata Parcels Purchase Consideration in accordance with the terms and conditions of the Strata Parcels SPA, Special Coral shall be entitled to terminate the Strata Parcels SPA by notice in writing to CLMT. Within 21 business days thereafter:

7.2.1 Special Coral's solicitors shall return the Bank Guarantee Certificate to CLMT;

7.2.2 Special Coral's solicitors shall refund the Strata Parcels Earnest Deposit together with all interest earned (if any) to CLMT; and

7.2.3 Special Coral shall refund and/or cause to be refunded to CLMT and/or CLMT's Financier, as the case may be, all other sums paid by or on behalf of CLMT towards account of the Strata Parcels Purchase Consideration free of interest in accordance with the terms and conditions of the Strata Parcels SPA.

- 7.3** Upon any termination of the Strata Parcels SPA pursuant to any provision therein and in exchange for the refund of the purchase consideration in accordance with the terms and conditions therein:

7.3.1 if legal possession and vacant possession of the Special Coral Strata Parcels have been delivered to CLMT, CLMT shall re-deliver:

SALIENT TERMS OF THE AGREEMENTS (CONT'D)

- (i) legal possession of the Special Coral Strata Parcels that are subject to tenancies; and
- (ii) vacant possession of the Special Coral Strata Parcels that are not subject to tenancies;

to Special Coral in the same state and condition as was delivered to CLMT under the Strata Parcels SPA, fair wear and tear excepted;

7.3.2 CLMT shall return to Special Coral all documents which may have been received by it, CLMT's solicitors, CLMT's Financier and/or CLMT's Financier's solicitors from Special Coral pursuant to the Strata Parcels SPA, (including but not limited to the original strata titles in respect of the Special Coral Strata Parcels and the memoranda of transfer in Form 14A of the National Land Code 1965 in favour of CLMT in respect of the Special Coral Strata Parcels ("**Transfer**"), with Special Coral's and MTB's rights and interests in the Special Coral Strata Parcels intact) subject to CLMT's right to retain the Transfer for submission to the stamp office in the event the Transfer is required for purpose of refund of stamp duty paid thereon and thereafter to return the cancelled Transfer to Special Coral;

7.3.3 if any caveat and/or other encumbrances have been lodged or created over the Special Coral Strata Parcels by CLMT, CLMT's Financier and/or any third party on the account of CLMT, CLMT shall withdraw or cause to be withdrawn all such caveats and/or other encumbrances lodged or created over the Special Coral Strata Parcels; and

the Strata Parcels SPA shall thereafter cease to have any further force or effect without prejudice to the rights of either party thereto to bring any legal action against the other for any antecedent breach of its respective obligations thereunder.

8. NON-REGISTRATION OF TRANSFER

8.1 On Completion Date, Special Coral shall deliver or cause to be delivered the following documents to CLMT:

8.1.1 the declaration of trust made between Special Coral and CLMT whereby Special Coral shall hold the legal title to the Special Coral Strata Parcels as bare trustee for and on behalf of CLMT from the Completion Date executed by Special Coral;

8.1.2 the power of attorney to be executed by Special Coral whereby Special Coral grants to CLMT the power to deal with the legal title to the Special Coral Strata Parcels as fully and effectually as Special Coral could do as the legal proprietor of the Special Coral Strata Parcels from the Completion Date ("**Power of Attorney**") executed by Special Coral; and

8.1.3 the original written undertaking addressed to CLMT from Omnatrix being the holder of subordinated class MTNs (as defined under the trust deed dated 14 March 2011 executed between Special Coral and MTB in relation to the

SALIENT TERMS OF THE AGREEMENTS (CONT'D)

issuance of the MTNs under the MTN Programme) and the existing redeemable preference shares of Special Coral, that it will take all necessary steps and actions to maintain the subsistence of Special Coral until at least after the registration of the Transfer and the discharge by Special Coral of all its obligations under the Strata Parcels SPA.

- 8.2** In the event that the Transfer is not or cannot be registered for any reason or defect not attributable to any act, omission, fault, neglect and/or blameworthy conduct on the part of the parties and cannot be rectified despite all efforts made by the parties, Special Coral shall hold the Special Coral Strata Parcels as bare trustee (provided that the Strata Parcels Purchase Consideration has been fully paid) for CLMT in which event Special Coral shall do or cause to be done everything necessary to ensure the rights, title and interest of CLMT in relation to the Special Coral Strata Parcels are protected at all times and shall not act in any manner so as to jeopardise the rights, title and interest of CLMT in relation to the Special Coral Strata Parcels. In connection thereto, Special Coral shall irrevocably agree and acknowledge that upon the completion of the Strata Parcels SPA, CLMT shall be entitled to deal with the Special Coral Strata Parcels or the interest therein in any manner as it deems fit and to exercise all powers given to it under and pursuant to the Power of Attorney.
- 8.3** On or after the Completion Date, CLMT shall be entitled to lodge a trust caveat against the Special Coral Strata Parcels to protect its rights, title, interest and benefits in and to the Special Coral Strata Parcels.

9. DELIVERY OF POSSESSION

On the Completion Date, Special Coral shall:

- 9.1** be deemed to have delivered legal possession of the Special Coral Strata Parcels that are subject to tenancies; and
- 9.2** deliver vacant possession of the Special Coral Strata Parcels that are not subject to tenancies;

to CLMT.

10. WARRANTIES

Under the Strata Parcels SPA, Special Coral warrants and represents, among others, that:

- (i) Special Coral is the legal and beneficial owner of the Special Coral Strata Parcels;
- (ii) subject to the procurement of the Transfer Approval, relevant corporate approvals referred to in the Strata Parcels SPA and the payment of the Redemption Sum to MTB, Special Coral has full power and authority to execute, deliver and perform the terms of the Strata Parcels SPA and it is able to transfer its legal and beneficial ownership in the Special Coral Strata Parcels in favour of the Trustee (on behalf of CLMT) free from all encumbrances subject to the tenancies;

SALIENT TERMS OF THE AGREEMENTS (CONT'D)

- (iii) save for the Existing Charges, the Special Coral Strata Parcels and the Assets are free from all encumbrances and any adverse claims. Special Coral has not created and will not create any encumbrances over the Special Coral Strata Parcels and the Assets and/or dealt with the same in any manner whatsoever;
- (iv) the Strata Parcels SPA and the tenancy agreements are enforceable and binding on Special Coral;
- (v) the CFO has been issued by the relevant authorities;
- (vi) the regulatory approvals set out in the Strata Parcels SPA have been issued and will be valid as at / be renewed up to the Completion Date;
- (vii) that all information relating to the Special Coral Strata Parcels set out in the Strata Parcels SPA are true and accurate to the best of the knowledge, information and belief of Special Coral;
- (viii) Special Coral is capable of delivering vacant possession relating to the Special Coral Strata Parcels that are not tenanted on Completion Date; and
- (ix) on the Completion Date, the Special Coral Strata Parcels shall be in the same state and condition as at the date of the Strata Parcels SPA, fair wear and tear excepted.

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SALIENT TERMS OF THE AGREEMENTS (CONT'D)

B. SALIENT TERMS OF THE TARGET COMPANIES SPA

The salient terms of the Target Companies SPA are as follows:

1. SALE AND PURCHASE

Retail Galaxy agrees to sell as legal and beneficial owner all the Sale Shares and CLMT agrees to purchase all the Sale Shares free from all encumbrances and together with all rights including all dividends and distributions declared, made or paid on or after the Completion Date (the term “**Completion Date**” in the Target Companies SPA has the same meaning as in the Strata Parcels SPA). CLMT shall not be obliged to complete the purchase of any of the Target Companies Sale Shares unless the sale of all the Sale Shares is completed simultaneously in accordance with the Target Companies SPA.

The completion of the Target Companies SPA is inter-conditional with the completion of the Strata Parcels SPA.

2. CONDITIONS PRECEDENT

The Target Companies SPA is conditional upon the fulfillment of the following conditions precedent:

- (i) Retail Galaxy having delivered or caused to be delivered, to CLMT or CLMT’s solicitors a disclosure letter within 45 days from the date of the Target Companies SPA and the contents of such disclosure letter being reasonably satisfactory to CLMT;
- (ii) the satisfaction of all conditions precedent set out in the Strata Parcels SPA, unless such conditions are waived or deemed as being fulfilled by the parties to the Strata Parcels SPA in accordance with the terms of the Strata Parcels SPA; and
- (iii) the receipt by CLMT’s solicitors of a certified true copy of each of the replacement issue document of strata titles to the properties legally and beneficially owned by the Target Companies (“**New Strata Titles**”) (namely in relation to all of the Target Companies Strata Parcels) or a written confirmation from Retail Galaxy’s solicitors that the applications for the issuance of the New Strata Titles have been submitted and in this relation, all costs, disbursements in relation to the issuance of the issue document of strata titles shall be borne by Retail Galaxy.

(hereinafter collectively referred to as “**Conditions Precedent**” and each a “**Condition Precedent**”), The parties may mutually agree to waive any of the Conditions Precedent imposed on the other party at any time by notice in writing to the other Party.

The purpose of the disclosure letter referred to in Paragraph (ii) above is to provide additional information regarding the Target Companies after the date of the Target Companies SPA which is subject to the acceptance of CLMT.

SALIENT TERMS OF THE AGREEMENTS (CONT'D)

One of the conditions precedent in the Strata Parcels SPA as set out in **Section 3.2 of Part A of Appendix I** of this Circular is the Unitholders' approval for the acquisition of both the Special Coral Strata Parcels and the Sale Shares. The satisfaction of all conditions precedent in the Strata Parcels SPA as a conditions precedent to the Target Companies SPA would therefore include the Unitholders' approval for the acquisition of the Sale Shares.

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SALIENT TERMS OF THE AGREEMENTS (CONT'D)

3. PURCHASE CONSIDERATION AND PAYMENT TERMS

The Target Companies Purchase Consideration for the Sale Shares is RM3,445,000 and a breakdown of the purchase consideration in respect of the shares in each of the Target Companies is as follows:

Target Companies	Luxury Ace	Milky Way Properties	Scenic Growth	Success Idea
Purchase Consideration (RM'000)	685	804	800	1,156

The Target Companies Purchase Consideration shall be paid or settled by CLMT in the following manner:

- (i) upon execution of the Target Companies SPA, CLMT shall pay to Retail Galaxy's solicitors as stakeholder, an amount equivalent to 2% of the Target Companies Purchase Consideration as earnest deposit for the purchase of the Sale Shares ("**Target Companies Earnest Deposit**");
- (ii) within 5 business days from the day on which the last of the conditions precedent is fulfilled, deemed to be fulfilled or waived in accordance with the Target Companies SPA ("**Target Companies SPA Unconditional Date**"), CLMT shall deliver or caused to be delivered to Retail Galaxy's solicitors as stakeholder, a bank guarantee certificate for an amount equivalent to 3% of the Target Companies Purchase Consideration as the balance deposit for the purchase of the Sale Shares; and
- (iii) on the Completion Date, subject to Retail Galaxy complying with its obligations at completion:
 - (a) CLMT shall pay the sum of RM3,376,100 being the amount equivalent to 98% of the Target Companies Purchase Consideration to Retail Galaxy;
 - (b) Retail Galaxy's solicitors shall release to Retail Galaxy, the Target Companies Earnest Deposit together with all interest accrued and return to CLMT, the bank guarantee certificate in relation to the balance deposit.

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SALIENT TERMS OF THE AGREEMENTS (CONT'D)

3.1 Consideration adjustment amount

As soon as practicable but in no event more than 30 days following the Completion Date, CLMT shall prepare, or cause to be prepared, and deliver to Retail Galaxy the unaudited balance sheet of each of the Target Companies, which shall set forth the Total Assets (as defined below) and Total Liabilities (as defined below) of each of the Target Companies as of the Completion Date, prepared, or caused to be prepared, in the same manner, with consistent classification and estimation methodology used in the preparation of the Pro Forma Balance Sheet (as defined below) ("**Completion Date Balance Sheet**"). Within 7 days of the delivery of the Completion Date Balance Sheet by CLMT to Retail Galaxy, the Parties shall mutually agree on (i) the Completion Date Net Asset Value and (as defined below) (ii) the Consideration Adjustment Amount (as defined below) (if any) to be paid by CLMT to Retail Galaxy or by Retail Galaxy to CLMT, as the case may be.

For the purpose of this Clause 3.1, the Target Companies Purchase Consideration shall be adjusted based on the following formula:

$$A - B = C$$

Where:

A = Completion Date Net Asset Value being an amount in Ringgit Malaysia, which represents (a) the Total Assets, less (b) the Total Liabilities; shown on the Completion Date Balance Sheet

B = Net Asset Value being the amount of RM3,445,000, which represents (a) the total assets shown on the Pro Forma Balance Sheet, less (b) the total liabilities shown on the Pro Forma Balance Sheet.

C = Consideration Adjustment Amount

If the Consideration Adjustment Amount is:

- (i) **positive**, then the Target Companies Purchase Consideration shall be increased by the Consideration Adjustment Amount and CLMT shall promptly (and in any event within 5 business days) after the final determination thereof pay to Retail Galaxy the Consideration Adjustment Amount;
- (ii) **negative**, then the Target Companies Purchase Consideration shall be reduced by the Consideration Adjustment Amount and Retail Galaxy shall promptly (and in any event within 5 business days) after the final determination thereof refund to CLMT the Consideration Adjustment Amount.

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SALIENT TERMS OF THE AGREEMENTS (CONT'D)

In the context of this Clause 3.1, the following terms shall have the meaning set out below:

Completion Date Balance Sheet	:	means the unaudited balance sheet of each of the Target Companies, which shall set forth the Total Assets and Total Liabilities of each of the Target Companies as of the Completion Date, prepared, or caused to be prepared, in the same manner, with consistent classification and estimation methodology, as the Pro Forma Balance Sheet was prepared;
Completion Date Net Asset Value	:	means an amount in Ringgit Malaysia, which represents (a) the Completion Date Total Assets shown on the Completion Date Balance Sheet, less (b) the Completion Date Total Liabilities shown on the Completion Date Balance Sheet;
Net Asset Value	:	means the amount of RM3,445,000, which represents (a) the total assets shown on the Pro Forma Balance Sheet, less (b) the total liabilities shown on the Pro Forma Balance Sheet;
Pro Forma Balance Sheet	:	means the pro forma balance sheet of each of the Target Companies as of 21 March 2023, in the form mutually agreed upon by CLMT and Retail Galaxy;
Total Assets	:	means the total assets of each of the Target Companies on the Completion Date, as determined by applying consistent principles, practices, methodologies and policies as those set forth in the Pro Forma Balance Sheet;
Total Liabilities	:	means the total liabilities of each of the Target Companies on the Completion Date, as determined by applying consistent principles, practices, methodologies and policies as those set forth in the Pro Forma Balance Sheet.

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SALIENT TERMS OF THE AGREEMENTS (CONT'D)

4. COMPLETION**4.1 Timing and Location**

Subject to the completion of the Strata Parcels SPA occurring on the same day, completion shall take place on the Completion Date at the offices of any of the Target Companies or at such other location as may be agreed by the parties, where all the events detailed in Clause 4.2 shall occur.

4.2 Retail Galaxy's obligations at completion

Retail Galaxy shall on Completion Date deliver or cause to be delivered to CLMT:

- (i) the share certificates in respect of the Sale Shares together with valid share transfer forms duly executed by Retail Galaxy in favour of CLMT to transfer the Sale Shares to the Trustee (as trustee for CLMT);
- (ii) a copy of the resolution of the board of directors of each of the Target Companies (duly certified as being a true copy by a director or the secretary of the relevant Target Company) approving:
 - (a) subject to the stamping of the duly completed share transfer form(s), the transfer of the Sale Shares from Retail Galaxy to the Trustee (as trustee for CLMT) upon the terms of the Target Companies SPA;
 - (b) the cancellation of the existing share certificates in respect of the Sale Shares in favour of Retail Galaxy and the issuance of new share certificate(s) in respect of the Sale Shares in favour of the Trustee (as trustee for CLMT);
 - (c) the entry of the Trustee's name (as trustee for CLMT) into the Register of Members of each of the Target Companies in respect of the Sale Shares subject only to the production of duly stamped and completed share transfer form(s) in respect of the Sale Shares;
 - (d) the appointment of the incoming directors as directors of the board of each of the Target Companies with effect from the Completion Date;
 - (e) the revocation of all existing mandates for the operation of the bank accounts of each of the Target Companies and the granting of new mandates giving authority to those persons nominated by CLMT consistent with CLMT's policies regarding bank account management;
- (iii) letter from each of the directors resigning as directors of each of the Target Companies with effect from the date of appointment of the incoming directors and confirming that the said directors have no claims whatsoever against any of the Target Companies in such form as may be required by CLMT; and
- (iv) cause such persons whose names shall be notified by CLMT to Retail Galaxy in writing, prior to the Target Companies SPA Unconditional Date to be validly appointed as directors of each of the Target Companies.

SALIENT TERMS OF THE AGREEMENTS (CONT'D)

4.3 Settlement of existing shareholder's loan

CLMT shall cause and procure the Target Companies to repay all loan or advances owed by the Target Companies to Retail Galaxy and/or its related companies as at the Completion Date in full within 5 business days of the date the Sale Shares are registered in the name of the Trustee (on behalf of CLMT).

4.4 Failure to complete

If the provisions of Clause 4.2 above are not complied with in any respect on the Completion Date by Retail Galaxy, CLMT shall not be obliged to complete the purchase of the Sale Shares or pay any of the Target Companies Purchase Consideration and may in its absolute discretion by written notice to Retail Galaxy:

- (i) defer completion by a period of not more than 20 business days to such other date as it may specify in such notice (and so that the provisions of Clause 4.2 above shall apply to completion as so deferred);
- (ii) waive all or any of the requirements contained or referred to in Clause 4.2 at its discretion (and without prejudice to its rights under the Target Companies SPA) and proceed to completion so far as practicable; or
- (iii) terminate the Target Companies SPA without liability on its part.

5. TERMINATION**5.1 Failure to fulfill Conditions Precedent**

In the event that any of the Conditions Precedent is not fulfilled or waived prior to the cut-off date (the date that falls 120 days from the date of the Target Companies SPA or such other later date as may be mutually agreed by the parties) then CLMT shall not be bound to proceed with the purchase of the Sale Shares and the Target Companies SPA shall cease to be of any effect and within 5 business days from such termination, Retail Galaxy's solicitors shall return the Target Companies Earnest Deposit to CLMT and upon receipt of the Target Companies Earnest Deposit together with all interest accrued thereon, the Target Companies SPA shall thereafter cease to have any further force or effect without prejudice to the rights of either party save for those which listed as to remain in force and in respect of claims arising out of any antecedent breach of the Target Companies SPA.

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SALIENT TERMS OF THE AGREEMENTS (CONT'D)

5.2 CLMT's rights to terminate

CLMT may give written notice to Retail Galaxy any time prior to completion, to terminate the Target Companies SPA if it is aware of any fact, matter or event (whether existing or occurring on or before the date of the Target Companies SPA or arising or occurring afterwards) which:

- (i) constitutes a material breach by Retail Galaxy of the Target Companies SPA;
- (ii) would constitute a material breach of any of the warranties in the Target Companies SPA; or
- (iii) results in the termination of the Strata Parcels SPA in accordance with the terms thereof;

and in which event, Retail Galaxy shall cause Retail Galaxy's solicitors to return to CLMT the Target Companies Earnest Deposit together with all interest accrued thereon and the bank guarantee certificate if it has been delivered to Retail Galaxy's solicitors prior to the termination within 5 business days from the date of such termination.

6. PRIVATE CAVEAT

Pending the issuance of the New Strata Titles, CLMT shall be entitled to lodge its private caveats respectively against each of the Target Companies Strata Parcels at any time hereafter to protect its interest in the Target Companies Strata Parcels PROVIDED THAT CLMT has prior to the lodgement of the private caveat, deposited with Retail Galaxy's solicitors as stakeholder, the duly executed withdrawal of private caveat form together with the requisite registration fees whereby Retail Galaxy's solicitors shall be irrevocably authorised to withdraw the said private caveat immediately upon any lawful termination of the Target Companies SPA.

7. WARRANTIES

Under the Target Companies SPA, Retail Galaxy warrants and represents, among others that:

- (i) the shares in each of the Target Companies have been properly and validly issued and allotted and each are fully paid or credited as fully paid;
- (ii) each of the Target Companies is duly incorporated and validly existing under the laws of Malaysia and has been in continuous existence since its incorporation, registration or organisation;
- (iii) none of the Target Companies has entered into any agreements or arrangements with or granted any option or the right of refusal in favour of, any third party for the purchase of the Target Companies Strata Parcels nor granted any power of attorney to any third parties in respect of any of Target Companies Strata Parcels, which is still subsisting as at the Completion Date;

SALIENT TERMS OF THE AGREEMENTS (CONT'D)

- (iv) none of the Target Companies Strata Parcels is subject to any interest, right of set off, caveat, prohibitory order, burden, liability, mortgage, charge, lease, right of way, easement, pledge, lien, assignment, hypothecation, security interest, title retention, preferential right or trust arrangement or other security arrangement or agreement conferring a right to a priority of payment or encumbrance whatsoever and howsoever created or arising;
- (v) the Target Companies have observed and complied with all conditions of title, covenants, restrictions in interest and category of land use, whether express or implied, in respect of the Target Companies Strata Parcels;
- (vi) to the best of Retail Galaxy's knowledge, there has been no forfeiture or intended forfeiture of the Target Companies Strata Parcels or any part thereof by any relevant authority;
- (vii) all applicable quit rents, rates, assessments and other lawful outgoings due to the relevant authorities in respect of the Target Companies Strata Parcels have been paid; and
- (viii) all conditions affecting the Target Companies Strata Parcels whether express or implied under the National Land Code or any other statute and regulations have been complied with by the Target Companies.

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FURTHER INFORMATION ON THE QBM PROPERTY

Postal address	No 100, Persiaran Bayan Indah, 11900 Bayan Lepas, Pulau Pinang
Description of titles	<ul style="list-style-type: none"> • 433 strata parcels with accessory parcels, situated on lower ground, lower mezzanine, ground, 1st, 2nd, 3rd, 4th, 5th, 6th, 7th and 8th floors; and • 5 strata parcels situated on 1st and 2nd floors, together forming part of a free-standing 8-storey shopping centre with a lower ground floor and a lower ground mezzanine comprising 5 floors of retail space and car parks known as Queensbay Mall, Mukim 12, District of Barat Daya, State of Pulau Pinang.
Registered owner(s)	<ul style="list-style-type: none"> • Special Coral for 433 strata titles within Queensbay Mall • Scenic Growth for 1 strata title within Queensbay Mall • Luxury Ace for 1 strata title within Queensbay Mall • Success Idea for 2 strata titles within Queensbay Mall • Milky Way Properties for 1 strata title within Queensbay Mall
Tenure	<ul style="list-style-type: none"> • Freehold for all 438 strata titles within Queensbay Mall (which are the subject matter of the Proposed Acquisition) • QBM is erected on a piece of freehold land held under Geran 97433, Lot 15736, Mukim 12, Daerah Barat Daya, Negeri Pulau Pinang
Property use	Shopping mall
Age of the buildings	Approximately 16 years from completion and commencement of operations
Commencement of operations	December 2006
Gross strata area	Total of 1,282,681 sq ft as at the Valuation Date comprising: <ul style="list-style-type: none"> • Strata title area: 881,833 sq ft • Accessories parcels to the strata titles: 45,338 sq ft • Car park: 355,510 sq ft
NLA	883,111 sq ft as at the Valuation Date. All of the NLA is intended to be used for the purpose of letting-out and none for self-occupation.
Occupancy rate	95% as at the Valuation Date inclusive of committed tenancies but not occupied as yet.
Aggregate gross rental income per annum	RM80.61 million based on the aggregate of Special Coral's and the Target Companies' audited financial statements for FYE 31 December 2021.
NBV	<ul style="list-style-type: none"> • RM953.09 million, being the value of the investment properties and property, plant and equipment of Special Coral extracted from its audited financial statements as at 31 December 2021. • RM3.25 million, being the aggregate audited NBV of the Target Companies as at 31 December 2021.

FURTHER INFORMATION ON THE QBM PROPERTY (CONT'D)

Encumbrances	<ul style="list-style-type: none"> • There is a charge registered on each of the 433 strata titles held by Special Coral in favour of MTB for the MTN Programme. • There are no encumbrances registered on the 5 strata titles held by Success Idea, Luxury Ace, Milky Way Properties and Scenic Growth. <p>(Based on the land title search results conducted on 7 and 17 October 2022 (“Land Title Search Results”))</p>
Express conditions based on the Land Title Search Results	All of the 438 strata titles within Queensbay Mall are subject to the express condition that the parcel shall be used for commercial purposes only.
Restrictions in interest based on the Land Title Search Results	All of the 438 strata titles within Queensbay Mall are subject to a restriction-in-interest endorsed on the master title, pursuant to which they cannot be transferred, charged, leased, sub-leased or subject to any other manner of dealings without the written consent of the state authority.

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