

## UEM SUNRISE BERHAD (“UEMS” OR “COMPANY”)

### REDEMPTION OF 123.3 MILLION ONLY FROM THE TOTAL 792.5 MILLION REDEEMABLE CONVERTIBLE PREFERENCE SHARES ISSUED TO UEM GROUP BERHAD ON 30 OCTOBER 2015 AT A REDEMPTION AMOUNT OF RM150.0 MILLION

#### 1. INTRODUCTION

We refer to previous announcements dated 3 April 2015, 30 June 2015, 17 September 2015, 18 September 2015, 30 September 2015, 7 October 2015, 8 October 2015 and 30 October 2015 in relation to, amongst others, the issuance of 792,515,753 redeemable convertible preference shares (“RCPS”) of RM0.01 each in UEMS at an issue price of RM1.00 each (“UEMS RCPS”) to UEM Group Berhad (“UEMG”), the immediate holding company of UEMS, where UEMG is the sole holder of the UEMS RCPS (“UEMS RCPS Issuance”).

The Board of Directors (“Board”) of UEMS wishes to announce that UEMS has on 24 April 2020, redeemed a total of 123,340,418 UEMS RCPS out of the share capital account of the Company for a redemption sum of RM150.0 million at approximately RM1.22 for each UEMS RCPS (“Redemption Amount”) following a redemption notice issued to UEMG on 17 April 2020 in accordance with the provision of Article 23 of the Company’s Constitution (“Redemption”).

#### 2. DETAILS OF THE PROPOSED REDEMPTION

##### 2.1 Background

At the Extraordinary General Meeting held on 30 October 2015, the shareholders of the Company passed an Ordinary Resolution on the UEMS RCPS Issuance. The UEMS RCPS was issued to UEMG on even date.

The UEMS RCPS are not listed on any stock exchange and mature on 30 October 2020 or 60 months from the issuance date. The UEMS RCPS are redeemable at the option of UEMS at any time after the 48<sup>th</sup> month from the issuance date for a period of six months (up to the 54<sup>th</sup> month from the issuance date) i.e. between 30 October 2019 and 30 April 2020. After 30 April 2020, UEMG has the option to convert the UEMS RCPS into new UEMS ordinary shares at a conversion price of RM1.60 per UEMS RCPS for one UEMS ordinary share. Any remaining UEMS RCPS that are not redeemed or converted upon the maturity of the UEMS RCPS i.e. the expiry of the UEMS RCPS’ tenure, shall be automatically converted into new UEMS ordinary shares at the said conversion price.

##### 2.2 Additional Details on the Redemption

The carrying value of the remaining outstanding UEMS RCPS after the Redemption is estimated at RM834.2 million:

Year	Initial Amount (RM mil)	Yield Factor	Accumulated Amount (RM mil)	Payout (RM mil)	Carrying Value (RM mil)
1	792.5	(1+5%)	832.1	(12.7) <sup>1</sup>	819.5
2	819.5	(1+5%)	860.4	-	860.4
3	860.4	(1+5%)	903.4	(7.9) <sup>1</sup>	895.5
4	895.5	(1+5%)	940.3	-	940.3
5	940.3	(1+2.5%) <sup>2</sup>	963.8	(150.0) <sup>3</sup>	813.8

Year	Initial Amount (RM mil)	Yield Factor	Accumulated Amount (RM mil)	Payout (RM mil)	Carrying Value (RM mil)
	813.8 <sup>4</sup>	(1+2.5%) <sup>2</sup>	834.2	-	834.2

<sup>1</sup> Dividend payout for the UEMS RCPS holder for the financial years ended 31 December 2015 and 31 December 2017.

<sup>2</sup> Pro-rated yield rate as the redemption occurred prior to the expiry of the UEMS RCPS tenure.

<sup>3</sup> Redemption Amount.

<sup>4</sup> Sum less Redemption Amount which during the final six months of the UEMS RCPS' tenure period is still ongoing until its expiry on 30 October 2020 where the final carrying value is estimated at RM834.2 million.

The number of UEMS RCPS to be redeemed is agreed upon after taking into account the accumulated amount prior to redemption of RM963,815,145 over the original RM792,515,753 UEMS RCPS, translating into an approximate value of RM1.22 for each UEMS RCPS. Taking the position to redeem at the Redemption Amount, the number of the UEMS RCPS to be redeemed is 123,340,418. The balance 669,175,335 UEMS RCPS will be converted into new UEMS ordinary shares; either at the option of UEMG or automatically converted upon the maturity of the UEMS RCPS.

At the conversion price of RM1.60 per UEMS RCPS for one UEMS ordinary share, the number of new UEMS ordinary shares to be issued and allotted at maturity is estimated at up to 521,350,327.

The Redemption is funded from UEMS' internally generated funds.

### 3. RATIONALE FOR THE REDEMPTION

- 3.1 Bandar Nusajaya Development Sdn Bhd ("**BND**"), UEMS' wholly owned subsidiary, entered into a loan agreement with Khazanah Nasional Berhad ("**Khazanah**") on 27 June 2003. The bulk of the loan was utilised towards the development of Iskandar Puteri in Johor. On 24 June 2005, Khazanah transferred its obligations under the agreement to UEMG. The amount transferred then was close to RM892.0 million. The loan was restructured via an issuance of a 10-year BND RCPS of RM450.0 million, while the balance was restructured into a 7-year term loan which BND fully repaid on 29 April 2010. Upon the maturity of the BND RCPS, UEMG agreed to UEMS' partial redemption proposal via the proceeds from the disposal of the Imperia office tower in Puteri Harbour amounting to RM130.0 million (net of government service tax) and allowed UEMS to restructure the balance via the UEMS RCPS Issuance for a period of another five years. These allowed UEMS the flexibility and time to repay the loans to UEMG permitting UEMS to focus on its business operations, geographically diversify amongst others and create a track record as a reputable developer in Melbourne, Australia as evidenced from the success of UEMS' Aurora Melbourne Central and Conservatory.
- 3.2 UEMG has always been supportive of UEMS' expansion and growth, as proven by the advances and loans furnished to UEMS in addition to the subscription of the BND RCPS and UEMS RCPS.
- 3.3 The Redemption will be one of the steps towards the closure of a long outstanding debt obligation that UEMS has with UEMG. With the UEMS RCPS partially redeemed and eventual conversion into new UEMS ordinary shares, there will be no other classes of shares at UEMS other than the ordinary shares.

- 3.4 The eventual conversion of the unredeemed UEMS RCPS into new UEMS ordinary shares may result in UEMG increasing its shareholding from the current 66.06% to 69.56% in UEMS. UEMS' public shareholding spread will then fall below the 25% minimum public shareholding spread requirement stipulated under Paragraph 8.02(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") by approximately 1.5% to 23.5%. The Company will apply to Bursa Securities in due time to seek approval for a lower level of public shareholding spread and/or for an extension of time to address the shortfall in the public shareholding spread.
- 3.5 The Redemption is 16% of the total redemption value of RM963.8 million; a relatively small fraction of the entire amount.

#### 4. FINANCIAL EFFECTS

##### 4.1 Issued and Paid-Up Share Capital and Substantial Shareholders' Shareholdings

The Redemption has no effect on the number of UEMS' issued and paid-up ordinary shares and substantial shareholders' shareholdings in UEMS. At present, UEMG's shareholding in UEMS is 66.06%. The number of UEMS RCPS is reduced to 669,175,335 after the Redemption.

##### 4.2 Net Asset, Net Asset per Share and Gearing

Proforma impact of the Redemption to UEMS' consolidated net asset, net asset per share and gearing for the financial year ended 2019 are as follows:

<u>RM mil</u>	<u>Unaudited as at 31/12/19</u>	<u>Effect of redemption</u>	<u>Proforma as at 31/12/19 (Post Redemption)</u>
No. of ordinary shares (mil)	4,537.4	-	4,537.4
Shareholders funds (RM mil)	7,286.2	(150.0)	7,136.2
Cash (RM mil)	1,057.4	(150.0)	907.4
Borrowings (RM mil)	3,386.9	-	3,386.9
Gross gearing ratio	0.46	-	0.47
Net gearing ratio	0.32	-	0.35
NTA per share (RM)	1.61	-	1.57

##### 4.3 Earnings and Earnings per Share

The Redemption is not expected to have a material effect on UEMS' consolidated earnings and earnings per share.

#### 5. APPROVALS REQUIRED

The Redemption is not subject to the approvals of any authority and/or the shareholders of UEMS. Pursuant to Section 72 of the Companies Act 2016 for the Redemption out of the share capital account of the Company, all the Directors of the Company have made a solvency statement under Section 113 of the Companies Act 2016 in relation to the Redemption.

This announcement is dated 24 April 2020.