

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

DEFINITIVE AGREEMENTS IN RELATION TO THE PROPOSED SALE OF SEVENTY-TWO (72) FREEHOLD INDUSTRIAL PLOTS MEASURING APPROXIMATELY 169.8 ACRES IN PHASE 3, SOUTHERN INDUSTRIAL & LOGISTICS CLUSTERS (“SILC”) IN ISKANDAR PUTERI, JOHOR FOR A TOTAL CONSIDERATION OF RM434.3 MILLION

The Company’s announcements dated 9 October 2020, 6 November 2020 and 7 December 2020 in relation to the Proposed Sale, refer. Unless otherwise stated, the definitions used herein shall have the same meanings as set out in the announcements.

1. INTRODUCTION

The Company wishes to announce that its wholly-owned subsidiaries, UEM Land Berhad (“UEM Land”) and Nusajaya Heights Sdn Bhd (“NHSB”), have today entered into 2 sets of Sale and Purchase Agreements (“SPA”), Limited Power of Attorneys (“PA”), Deed of Mutual Covenants and Deed of Revocation (“DOR”) with the subsidiaries of AME Elite Consortium Berhad (“AME”) i.e. Pentagon Land Sdn Bhd (“Pentagon”) and Greenhill SILC Sdn Bhd (“Greenhill”) (collectively defined as “Purchasers”) and further entered into a Management Agreement with Infinity Park Management Sdn Bhd (all agreements are collectively defined as the “Definitive Agreements”) for the sale of 72 freehold vacant industrial plots in SiLC phase 3 measuring a total acreage of approximately 169.8 acres (“Industrial Plots”) to the Purchasers for a total consideration of RM434.3 million (“Proposed Sale”).

2. SALIENT TERMS OF THE PROPOSED SALE

2.1. Industrial Plots

- a. The Industrial Plots are freehold industrial lands located in the Mukim of Pulai in the District of Johor Bahru, Johor. NHSB is the proprietor and registered owner of the Industrial Plots while UEM Land is the vendor entrusted to develop SiLC, a gated and guarded industrial development in Iskandar Puteri. SiLC’s phases 1 and 2 are sold out. The remaining unsold plots in phase 3 are the said Industrial Plots.
- b. UEM Land has obtained approvals from the relevant authorities to develop SiLC as a gated and guarded development. UEM Land and NHSB will appoint the Purchasers, or a third party, as the manager to provide the gated development services when the SPAs become unconditional. The services start from the unconditional date of SPA 1 until 30 June 2025.

2.2. Structure

- a. The first SPA (“SPA 1”) is for the sale of 38 non-Bumiputera (“non-Bumi”) Industrial Plots signed between UEM Land and NHSB with Pentagon for a total consideration of RM233.5 million. 2% or RM4.7 million was paid as earnest deposit on SPA 1 date while 8% or RM18.7 million will be paid within 10 business days from SPA 1’s unconditional date. The remaining 90% or RM210.1 million will be paid in 3 tranches over 36 months from the unconditional date.
- b. The 38 non-Bumi Industrial Plots are split into 3 blocks; Block A (15 plots), Block B (9 plots) and Block C (14 plots).
- c. The second SPA (“SPA 2”) is for the sale of 34 Bumiputera (“Bumi”) Industrial Plots signed between UEM Land and NHSB with Greenhill for a total consideration of RM200.8 million. 2% or RM4.0 million was paid as earnest deposit on SPA 2 date while 8% or RM16.1 million will be paid within 10 business days from SPA 2’s unconditional date. The remaining 90% or RM180.7 million will be paid within 36 months from the unconditional date.
- d. The parties are no longer entering into the third SPA as detailed out in the announcement dated 9 October 2020. The 3 non-Bumi plots originally planned for UEM Land / NHSB to sign with Pentagon at a total consideration of RM18.2 million now form part of SPA 1.

- e. Both SPA 1 and SPA 2 need to fulfil the same conditions precedent (“CP”) i.e. the Purchasers’ board and shareholders’ approval on the Proposed Sale (“CP1”) and the Economic Planning Unit’s (“EPU”) consent on the Proposed Sale (“EPU Consent”) (“CP2”). SPA 2 has an additional CP relating to the approval for Bumi release on the Bumi Industrial Plots (“CP3”). CP1 and CP2 under both SPA are to be fulfilled within 4 months from the date of the respective SPA. CP3 however is to be fulfilled within 12 months from SPA 2’s date. Any further extension to the CP period is to be mutually agreed by all parties. Each SPA will become unconditional on the date of the last CP fulfilled for each respective SPA.
 - f. Completion on the part of the Purchasers is when the Purchasers settle in full the total consideration or Early Completion Consideration (see item 2.2(g) below) for the respective Industrial Plots and when the Purchasers receive full PA and the transfer documents of the relevant non-Bumi and Bumi Industrial Plots. Completion on the part of UEM Land and NHSB is when their duties and obligations under the SPA have been fulfilled.
 - g. Purchasers are entitled to complete the purchase of any non-Bumi Industrial Plot in Block A, B, C or the Bumi Industrial Plots after the CPs are met without adhering to the payment schedule (a plot which is completed earlier is known as the “Early Completion Plot”). If this occurs, the Purchasers will pay the balance consideration less initial payment for the Early Completion Plot (“Early Completion Consideration”) and following therefrom, the total balance consideration under SPA 1 and SPA 2 will be adjusted accordingly.
 - h. Vacant possession of respective Industrial Plots will be delivered to the Purchasers upon full settlement of the plots’ total consideration or Early Completion Consideration.
 - i. In the event of default by the parties, the following will apply:
 - If the default is on the Purchasers, UEM Land is entitled to terminate the Definitive Agreements and forfeit the deposits of those plots yet to be paid in full as agreed liquidated damages; and
 - If the defaults are on UEM Land and NHSB, the Purchasers are entitled to a specific performance or the Purchasers may terminate the sale and purchase of the plots yet to be paid in full and receive an amount equal to the deposits of such plots as agreed liquidated damages.
- In both scenarios, all other monies paid will be refunded to the Purchasers while all documents furnished to the Purchasers will be returned. UEM Land will also file the DOR to revoke the Limited PA granted to the Purchasers.
- j. The Proposed Sale is expected to be completed in the first half of 2025.

2.3. Basis of the Total Consideration

The Total Consideration was arrived at on a willing buyer willing seller basis after taking into consideration the valuation by Messrs Khong & Jaafar Sdn Bhd dated 4 December 2019 of RM390 million using a ‘market approach to value’ methodology.

3. RATIONALE FOR THE PROPOSED SALE

- 3.1 UEMS is the landowner and master developer of Iskandar Puteri. Among the catalytic developments under the Iskandar Puteri Development Masterplan is the development of SiLC where UEMS converted the lands into industrial plots and make available the plots with infrastructures connectivity ready for buyers to immediately develop and construct. Phases 1 and 2 were launched in 2008 and fully taken up. Phase 3 was launched in February 2017. 13 plots are sold to-date. The Proposed Sale allows UEMS the ability to fully monetise its remaining Industrial Plots in phase 3.
- 3.2 The Proposed Sale is expected to progressively contribute to UEMS group’s earnings for the next 3 to 4 years. The transaction may complete earlier if all CPs can be met ahead of schedule. Proceeds from this sale will contribute towards UEMS group’s funding requirements including new land acquisitions.

4. EFFECTS OF THE PROPOSED SALE

The Proposed Sale will not have any effect on the issued and paid-up share capital of UEMS and the shareholdings of UEMS' substantial shareholders in UEMS. It is expected to contribute positively to UEMS group progressively from 2022 until 2025 depending on the completion of both SPA. It is not expected to have a material effect on the gearing of UEMS group for the current financial year.

5. APPROVALS REQUIRED

The Proposed Sale requires the approval of the Purchasers' shareholders (including the approvals of their ultimate holding company's shareholders, if required) and EPU Consent; all to be procured in the first half of 2021. The approval for Bumi release on the Bumi Industrial Plots is expected to be procured towards the end of 2021. The Proposed Sale does not require UEMS' shareholders' approval.

6. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

None of the Directors and major shareholders of UEMS and/or persons connected to them have any interest, direct or indirect, in the Proposed Sale.

7. DOCUMENTS FOR INSPECTION

The SPAs are available for inspection during normal business hours at the registered office of the Company at Level U6, Block C5, Solaris Dutamas, No.1, Jalan Dutamas 1, 50480 Kuala Lumpur for a period of 3 months from the date of this announcement.

This announcement is dated 30 December 2020.