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Property

SIME DARBY PROPERTY BERHAD
(Registration No. 197301002148 (15631-P))
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE

PART A

PROPOSED ACQUISITION OF 3 PARCELS OF FREEHOLD LAND WITH A TOTAL NET LAND AREA MEASURING APPROXIMATELY 948.826 ACRES LOCATED IN MUKIM KAPAR, DISTRICT OF KLANG, STATE OF SELANGOR ("KAPAR LAND") BY SIME DARBY PROPERTY (BUKIT TUNKU) SDN BHD, A WHOLLY-OWNED SUBSIDIARY OF SIME DARBY PROPERTY BERHAD ("SD PROPERTY" OR "COMPANY"), FROM SIME DARBY PLANTATION BERHAD FOR A CASH CONSIDERATION OF RM618.0 MILLION ("PROPOSED ACQUISITION")

PART B

INDEPENDENT ADVICE LETTER FROM AFFIN HWANG INVESTMENT BANK BERHAD TO THE NON-INTERESTED SHAREHOLDERS OF SD PROPERTY IN RELATION TO THE PROPOSED ACQUISITION

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser for Part A

Independent Adviser for Part B



Investment Bank

Maybank Investment Bank Berhad

(Registration No. 197301002412 (15938-H))
(A Participating Organisation of Bursa Malaysia Securities Berhad)



Affin Hwang Investment Bank Berhad

(Registration No. 197301000792 (14389-U))
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Company's Extraordinary General Meeting ("**EGM**") will be held virtually via the TIIH Online website at <https://tiih.online>, a remote participation and voting facilities provided by the Company's Share Registrar, Tricor Investor & Issuing House Sdn Bhd ("**Tricor**") and at the Banquet Hall, 1st Floor, Main Lobby, Kuala Lumpur Golf & Country Club, No. 10, Jalan 1/70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur, Malaysia as the Broadcast Venue on Wednesday, 24 May 2023 at 12.30 p.m. or after the conclusion of the Fiftieth (50th) Annual General Meeting of the Company or at any adjournment thereof, whichever is later. The Notice of the EGM together with the Proxy Form, Administrative Details for the EGM and this Circular are available for download at the Company's website at www.simedarbyproperty.com. Please follow the procedures as stipulated in the Administrative Details for the EGM in order to register, participate and vote remotely via Tricor's TIIH Online website.

If you are unable to attend and vote at the Company's EGM, you may appoint a proxy(ies) to do so by completing and depositing the Proxy Form in accordance with the instructions therein at the office of the Company's Share Registrar, Tricor, at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or at its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the EGM. You can also lodge the Proxy Form electronically via Tricor's TIIH Online website at <https://tiih.online> before the lodgement cut-off time as mentioned below. The lodging of the Proxy Form will not preclude you from participating and voting at the EGM, should you subsequently wish to do so.

Last date and time for lodging of the Proxy Form : Monday, 22 May 2023 at 12.30 p.m.

Date and time for EGM : Wednesday, 24 May 2023 at 12.30 p.m. or after the conclusion of the Fiftieth (50th) Annual General Meeting of the Company or at any adjournment thereof, whichever is later.

DEFINITIONS

For the purpose of this Circular, except where the context otherwise requires, the following definitions shall apply throughout this Circular:

Act	:	Companies Act 2016
Affin Hwang IB or Independent Adviser	:	Affin Hwang Investment Bank Berhad (Registration No. 197301000792 (14389-U))
ART-ASB Interested Shareholder or Major Shareholder	:	Amanahraya Trustees Berhad – Amanah Saham Bumiputera
Board	:	Board of Directors of our Company
Bursa Securities	:	Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
Call Option Notice	:	Call option notice dated 29 August 2022 to exercise the call option under the Option Agreement from our Company to the board of directors of SD Plantation in respect of the Proposed Acquisition
Circular	:	This circular to our shareholders dated 9 May 2023 in relation to the Proposed Acquisition
Conditions Precedent	:	Conditions precedent in the SPA as set out in Section 4 of Appendix I of this Circular
Directors	:	Directors of the Company for the time being and shall have the meaning ascribed to it in Section 2(1) of the Act and Section 2(1) of the Capital Markets and Services Act 2007
ECRL	:	East Coast Rail Link
ECRL Development	:	<i>'Projek Laluan Rel Pantai Timur (ECRL), Seksyen C2, Daerah Klang, Negeri Selangor'</i>
EGM	:	Extraordinary general meeting of our Company
Encik Rizal	:	Rizal Rickman Ramli
EPF	:	Employees Provident Fund Board
EPS	:	Earnings per Share
FYE	:	Financial year ended/ending, as the case may be
Government	:	Government of Malaysia
IAL	:	Independent advice letter dated 9 May 2023 prepared by the Independent Adviser in relation to the Proposed Acquisition as set out in Part B of this Circular
Interested Directors	:	Collectively, Encik Rizal and Tengku Ahmad Shah
JLW or Independent Valuer	:	Jones Lang Wootton (Proprietor: Singham Sulaiman Sdn Bhd) (Registration No. 198101012087 (78217-X))
Kapar Land	:	All the 3 parcels of freehold land with a total net land area measuring approximately 948.826 acres held under Geran 297363, Lot 40, Geran 297364, Lot 41, and Geran 297365, Lot 42, all in Mukim Kapar, District of Klang, State of Selangor

DEFINITIONS (Cont'd)

Listing Requirements	:	Main Market Listing Requirements of Bursa Securities
LPD	:	30 April 2023, being the latest practicable date prior to the date of this Circular.
Maybank IB or Principal Adviser	:	Maybank Investment Bank Berhad (Registration No. 197301002412 (15938-H))
Memorandum of Transfer	:	The valid and registrable memorandum of transfer in Form 14A of the National Land Code (Revised 2020) (Act 828) or such other prescribed statutory form, in respect of the Kapar Land, duly completed and executed by the Vendor or the registered owner of the Kapar Land (as the case may be) in favour of SDPBT
NA	:	Net assets
NLA	:	Net land area
Option Agreement	:	Call option agreement dated 25 August 2017 between SD Plantation and our Company where our Company was granted a call option by SD Plantation to purchase the legal and beneficial ownership of and titles to the Kapar Land owned by SD Plantation at any time during the option period, being 5 years from the date of listing of SD Property on 30 November 2017 with an option to extend for another 3 years subject to the parties' mutual agreement, and based on the terms and conditions of the Option Agreement
Ordinary Resolution	:	Ordinary resolution pertaining to the Proposed Acquisition to be tabled at the forthcoming EGM
PNB	:	Permodalan Nasional Berhad (Registration No. 197801001190 (38218-X))
Proposed Acquisition	:	Proposed acquisition of the Kapar Land by SDPBT, a wholly-owned subsidiary of our Company from SD Plantation for the Purchase Consideration
Proposed Development	:	Future development plans to develop the Kapar Land into an integrated sustainable industrial township
Purchase Consideration	:	Cash consideration of RM618.0 million
RM and sen	:	Ringgit Malaysia and sen, respectively
SDPBT or Purchaser	:	Sime Darby Property (Bukit Tunku) Sdn Bhd (Registration No. 198101007406 (73522-W))
SD Plantation Vendor	or	Sime Darby Plantation Berhad (Registration No. 200401009263 (647766-V))
SD Property Company	or	Sime Darby Property Berhad (Registration No. 197301002148 (15631-P))
SD Property Group or Group	:	Collectively, SD Property and its subsidiaries
SD Property Share(s) or Share(s)	:	Ordinary share(s) in SD Property

DEFINITIONS (Cont'd)

SPA	:	Conditional sale and purchase agreement dated 1 December 2022 between SD Plantation and SDPBT in respect of the Proposed Acquisition
Sukuk Musharakah Programme	:	SD Property's existing islamic medium term notes programme of RM4,500.0 million under the Shariah Principle of Musharakah. Principal terms of the Sukuk Musharakah Programme are as follows: <ul style="list-style-type: none">• The programme is based on the Shariah Principle of Musharakah• The purpose of the programme is to finance SD Property Group's future investments and/or capital expenditure and/or working capital and/or general corporate purposes and/or to refinance debt obligations and all utilisation of funds under the Sukuk Musharakah Programme shall be Shariah compliant• The nominal value of the programme is RM4,500.0 million• The availability period of the programme is from the date of first issuance of 16 November 2009 up to 30 years (i.e. 15 November 2039)• Minimum issuance tenor of 1 year and up to 20 years subject to the availability period
Tan Sri Megat	:	Tan Sri Dato' Seri Haji Megat Najmuddin Datuk Seri Dr Haji Megat Khas
Tengku Ahmad Shah	:	Tengku Datuk Seri Ahmad Shah Alhaj ibni Almarhum Sultan Salahuddin Abdul Aziz Shah Alhaj
Unconditional Date	:	The relevant date upon which the SPA becomes unconditional or is deemed to have become unconditional in accordance with the terms and conditions of the SPA
Valuation Certificate	:	Collectively, Valuation Certificate 1 and Valuation Certificate 2
Valuation Certificate 1	:	The valuation certificate prepared by the Independent Valuer dated 2 December 2022 in respect of the Kapar Land
Valuation Certificate 2	:	The update valuation certificate prepared by the Independent Valuer dated 5 April 2023 in respect of the Kapar Land
Valuation Report	:	The valuation report prepared by the Independent Valuer dated 25 November 2022 in respect of the Kapar Land
WCE	:	West Coast Expressway
Yayasan	:	Yayasan Pelaburan Bumiputra (Registration No. 197801000107 (37113-P))

Unless specifically referred to, words denoting the singular shall include the plural and vice versa and words denoting the masculine gender shall include the feminine and neuter genders and vice versa. References to persons shall include corporations, unless otherwise specified.

All references to "you" or "your" in this Circular are to the shareholders of SD Property. All references to "we", "us", "our" and "ourselves" are in respect of SD Property or SD Property Group, where relevant.

Any reference in this Circular to any enactment, rules or regulations is a reference to that enactment, rules or regulations as for the time being amended or re-enacted.

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

Certain amounts and percentage figures included in this Circular have been subject to rounding adjustments. Any discrepancy in the figures included in this Circular between the amounts stated and the totals thereof are due to rounding.

DEFINITIONS (Cont'd)

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 our Board after due enquiry, 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. In light 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 our plans and objectives will be achieved.

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PART A

LETTER TO OUR SHAREHOLDERS IN RELATION TO THE PROPOSED ACQUISITION



Property

SIME DARBY PROPERTY BERHAD

Registration No. 197301002148 (15631-P)
(Incorporated in Malaysia)

Registered Office

Level 10, Block G
No. 2, Jalan PJU 1A/7A
Ara Damansara, PJU 1A
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia

9 May 2023

Board of Directors

Encik Rizal Rickman Ramli (*Non-Independent Non-Executive Chairman*)
Dato' Azmir Merican Azmi Merican (*Group Managing Director*)
Dato' Soam Heng Choon (*Senior Independent Non-Executive Director*)
Tengku Datuk Seri Ahmad Shah Alhaj Ibni Almarhum Sultan Salahuddin Abdul Aziz Shah Alhaj
(*Non-Independent Non-Executive Director*)
Dato' Jaganath Derek Steven Sabapathy (*Non-Independent Non-Executive Director*)
Dato' Seri Ahmad Johan Mohammad Raslan (*Independent Non-Executive Director*)
Datin Norazah Mohamed Razali (*Independent Non-Executive Director*)
Encik Mohamed Ridza Mohamed Abdulla (*Independent Non-Executive Director*)
Dato' Hamidah Naziadin (*Independent Non-Executive Director*)
Dr. Lisa Lim Poh Lin (*Independent Non-Executive Director*)

To: Our shareholders

Dear Sir / Madam,

PROPOSED ACQUISITION

1. INTRODUCTION

In conjunction with the demerger of Sime Darby Berhad to create 3 separate and independent listed entities with distinct businesses in 2017, SD Property had on 25 August 2017 entered into 9 call option agreements with SD Plantation where SD Property was granted call options by SD Plantation to purchase the legal and beneficial ownership of and titles to parcels of land listed therein owned by SD Plantation at any time during the option period, being 5 years from the date of listing of SD Property on 30 November 2017 with an option to extend for another 3 years subject to the parties' mutual agreement ("**Extension**"). As the parties were unable to agree to the terms of the Extension prior to the expiry of the 9 call option agreements, all the said call options have lapsed. Apart from the call option in relation to the Kapar Land, no other call option has been exercised prior to the expiry of the call options.

Notwithstanding, on 29 August 2022, Maybank IB had, on behalf of our Board, announced that our Company had on even date issued the Call Option Notice to the board of directors of SD Plantation to acquire the Kapar Land upon the terms and conditions as set out in the Call Option Notice.

Subsequently on 1 December 2022, Maybank IB had on behalf of our Board, announced that SDPBT, our wholly-owned subsidiary, had on even date entered into the SPA with SD Plantation.

In view of the interests of our Interested Directors, Interested Major Shareholder and/or persons connected with them as disclosed in Section 9 of Part A of this Circular, the Proposed Acquisition is deemed as a related party transaction pursuant to Paragraph 10.08 of the Listing Requirements. Accordingly, we had on 8 June 2022, appointed Affin Hwang IB as the Independent Adviser to advise our non-interested Directors and non-interested shareholders in relation to the Proposed Acquisition.

THE PURPOSE OF PART A OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE DETAILS OF THE PROPOSED ACQUISITION AND TO SEEK YOUR APPROVAL FOR THE ORDINARY RESOLUTION TO BE TABLED AT THE FORTHCOMING EGM. THE NOTICE OF THE EGM TOGETHER WITH THE PROXY FORM ARE SET OUT IN THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR INCLUDING THE IAL AS SET OUT IN PART B OF THIS CIRCULAR BEFORE VOTING ON THE ORDINARY RESOLUTION TO BE TABLED AT THE FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED ACQUISITION

The Proposed Acquisition entails the acquisition of the Kapar Land by our wholly-owned subsidiary, SDPBT, from SD Plantation free from all encumbrances with vacant possession but subject to conditions and restrictions in interest (if any) endorsed on the titles of the Kapar Land, and upon the terms and conditions of the SPA.

2.1 Information on the Kapar Land

Registered owner : SD Plantation

Description : Comprises 3 contiguous titles with a NLA of approximately 948.826 acres

Details of the title and land area	<u>Geran</u>	<u>Lot No.</u>	<u>NLA (acres)</u>
	Geran 297363	Lot 40	319.944
	Geran 297364	Lot 41	316.393
	Geran 297365	Lot 42	312.489
	Total		<u>948.826*</u>

Mukim / District / State : Mukim Kapar, District of Klang, State of Selangor

Tenure : Freehold

Category of land use : Agriculture

Express condition : **For Lot 40:**

- *“The Annual rent reserved to the Government is \$33.30 until the year 1909 inclusive provided that the land be planted with Gutta or Rubber only”.*
- *“Thereafter the Annual rent payable shall be \$166.50”.*

For Lot 41:

- *“The Annual rent reserved to the Government is \$32.50 until the year 1909 inclusive provided that the land be planted with Gutta or Rubber only”.*
- *“Thereafter the Annual rent payable shall be \$162.20”.*

For Lot 42:

- “The Annual rent reserved to the Government is \$33.60 until the year 1909 inclusive provided that the land be planted with Gutta or Rubber only”.
- “Thereafter the Annual rent payable shall be \$167.90”.

For Lot 40, Lot 41 and Lot 42:

- “At least one tenth of the land herein granted shall be annually planted with Gutta or Rubber of any description until the whole area shall be brought under cultivation”.
- “No other farm of cultivation shall be permitted so long as the rent of ten cent per acre only is paid, and if any other farm of cultivation is introduced the quit rent on the area so cultivated shall be raised from ten cents to fifty cents an acre”.
- “An ad valorem duty of two and a half percent on all gutta or rubber exported from the state shall be payable for a term of 15 years from the date of commencement of work. Thereafter the duty in force for the time being shall be payable provided such duty shall not exceed five percent of the value of the crop at the part of export”.
- “The planting of Gutta or Rubber tree shall be commenced within twelve months of the date of this Grant, otherwise the Grant shall become void, the land shall revert to the Ruler of the State”.

Restriction in : Nil
interest

Encumbrances / : **For Lot 40, Lot 41 and Lot 42**

- Endorsements
- 1) Private caveat entered by SD Property, registered on 11 April 2019.
 - 2) Perletakhakan Oleh Mahkamah dari Highlands & Lowlands Berhad kepada Sime Darby Berhad mengikut No. Perintah D6-26-135-2007, registered on 27 May 2011.
 - 3) No. Perserahan: 14736/2023 Pengambilan Sebahagian Tanah - Borang K seluas lebih kurang 3.30578 hektar dan cukai dipinda kepada RM19,188.00, No Warta: 1880 bertarikh 5 Disember 1985 (No. Rujukan Fail: (67) DLM. PTG. SEL .0. 369 SJ.2), registered on 17 March 2023.
 - 4) No. Perserahan: 15582/2023 Pengambilan Sebahagian Tanah - Borang K seluas lebih kurang 1205.390 meter persegi dan cukai dipinda kepada RM19,170.00, No Warta: 2052 bertarikh 14 September 2006 (No. Rujukan Fail: PTG. SEL. 3/KKR/01/102 SJ. 43), registered on 20 March 2023.
 - 5) No. Perserahan: 14740/2023 Pengambilan Sebahagian Tanah - Borang K seluas lebih kurang 8.7564 hektar dan cukai dipinda kepada RM19,069.00, No Warta: 1880 bertarikh 5 Disember 1985 (No. Rujukan Fail: (67) DLM. PTG. SEL .0. 369 SJ.2), registered on 17 Mac 2023.
 - 6) No. Perserahan: 15590/2023 Pengambilan Sebahagian Tanah - Borang K seluas lebih kurang 20007.327 meter persegi dan cukai dipinda kepada RM18,469.00, (No. Rujukan Fail: PTG. SEL. 3/KKR/01/102 SJ.42 (LOT 23232)), registered on 20 March 2023.

Items (3) and (4) are in respect of Lot 41 and items (5) and (6) are in respect of Lot 42 based on the land search results conducted on 6 April 2023.

In respect of Lot 40

- 1) No. Perserahan: 2133/2021 Cadangan Pengambilan Sebahagian Tanah-Borang D seluas lebih kurang 5.2882 hektar, No Warta: 1541 bertarikh 10 June 2021 (No. Rujukan Fail: (20)DLM.PDTK/T/PT/600-2/26/2020-1), registered on 8 September 2021.
- 2) No. Perserahan: 1384/2022 Pengambilan Sebahagian Tanah- Borang K seluas lebih kurang 5.2882 hektar dan cukai dipinda kepada RM4,429.00, No Warta: 2027 bertarikh 9 September 2021 (No. Rujukan Fail:PDTK/T/PT/600-2/26/2020-1 JLD.2), registered on 18 May 2022.

Existing use : Agricultural

The Kapar Land is currently cultivated with matured oil palms aged between 10 to 13 years. However, since the Kapar Land is located within an area zoned for industrial use, the valuation was prepared considering the development potential.

Age profile of the oil palms :

Sungai Kapar Division, Bukit Kerayong Estate		
Age Profile	Acres	Field No
10 years	318.59	P2012B, P2012C
11 Years	283.92	P2011F, P2011G
13 Years	277.28	P2009F, P2009G
Total	879.79	

Production of oil palm for the past 3 years :

Fresh Fruit Bunch (MT)

FYE 2020:	9,152
FYE 2021:	9,230
FYE 2022:	4,853

Plantation profit contribution or revenue for the past 3 years :

***Profit (RM)** **Revenue (RM)**

FYE 2020:	1,206,755	4,772,469
FYE 2021:	2,485,725	7,003,406
FYE 2022:	474,208	4,827,074

*Profit figures presented are calculated up to the Profit Before Interest and Taxes level.

Expenses incurred :

FYE 2020:	RM3,565,713
FYE 2021:	RM4,517,680
FYE 2022:	RM4,352,866

Proposed use : Proposed Development

The site clearance cost is estimated to be approximately RM3 million, subject to the final assessment to be done in relation to the Proposed Development.

Original cost and date of investment by the Vendor :

RM15.4 million

Lot 40, Lot 41 and Lot 42 were acquired by SD Plantation on 16 October 1975. The subsequent investments made by SD Plantation amounting to RM10.7 million up until 15 April 2013 are included in the total cost.

Audited net book : RM11.3 million
value as at 31
December 2022

Date of valuation : 6 March 2023

Market value : RM618.0 million

Note:

* *Based on the Government of Selangor Gazette Notification No. 254 published on 12 January 2023, there is a declaration of intended acquisition pursuant to Section 8 of the Land Acquisition Act 1960 involving parts of the Kapar Land for the ECRL Development. The details of the land area to be acquired are as follows:*

Lot No.	Surveyed Lot No.	Land area to be acquired (acres)
41	23233	8.865
	96901	4.820
42	23231	9.811
Total		23.496

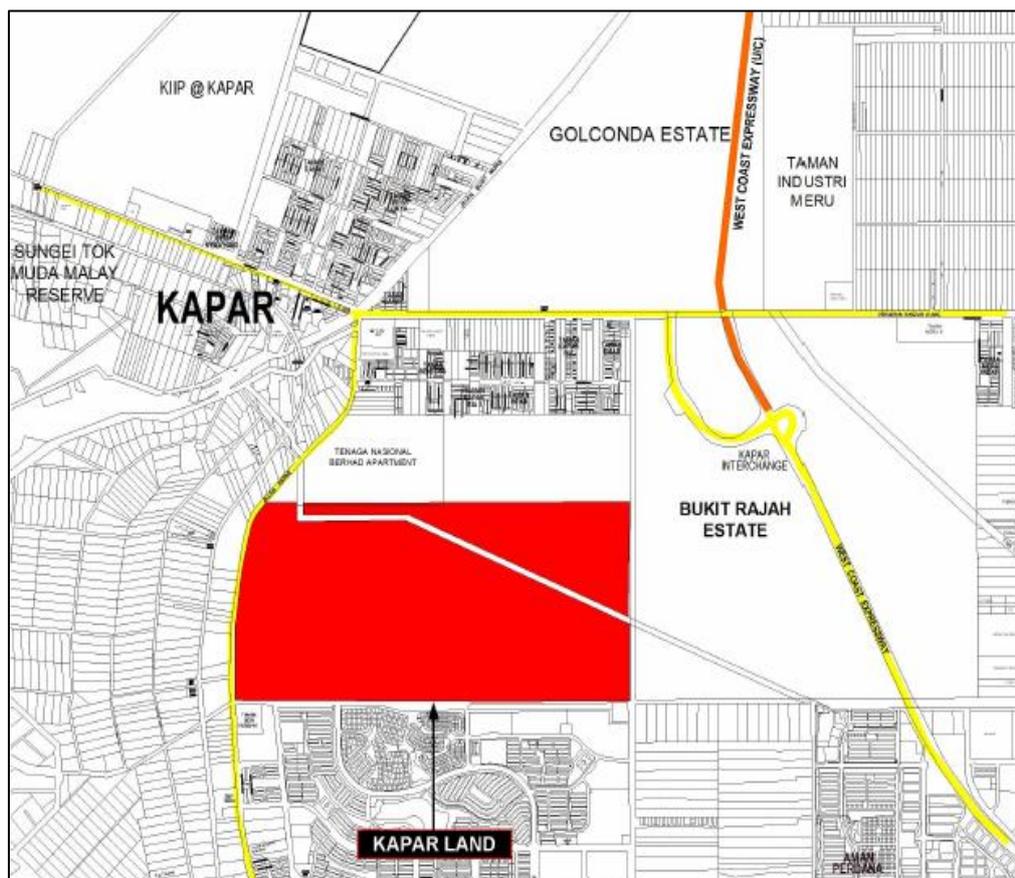
Based on the corresponding land acquisition plan, part of Lot 40, which is erroneously identified as State Land (Tanah Kerajaan), will also be acquired for the ECRL Development. Jabatan Ketua Pengarah Tanah Dan Galian Persekutuan Negeri Selangor has in its letter dated 13 February 2023 stated that the land ownership will be made known to the Ministry of Transport for the acquisition of Lot 40.

Furthermore, a corrigendum will be made pertaining to the land ownership in respect of Lot 41 and Lot 42.

Please refer to Section 5.5 of this Circular for further details.

The Kapar Land is situated within the locality of Mukim Kapar and sited along Jalan Kapar and Jalan Haji Abdul Manan. It is located approximately 2 kilometres away from Kapar town and 9 kilometres away from Meru town, while Klang town and Kuala Lumpur city centre are located approximately 17 kilometres and 50 kilometres away from the Kapar Land, respectively. The Kapar Land is also located approximately 4 kilometres away from the Kapar Interchange of the WCE and the accessibility of the Kapar Land will be further enhanced with the ECRL Development.

The location of the Kapar Land is shown in the map below:



Notes:

-  Road under construction
-  Existing road / access

The details of the Proposed Development and the prospects relating to the Kapar Land are set out in Section 4.3 of Part A of this Circular.

Please refer to **Appendix I** of this Circular for the salient terms of the SPA.

2.2 Basis and justification for the Purchase Consideration

The Purchase Consideration was arrived at on a willing-buyer willing-seller basis after taking into consideration the development potential of the Kapar Land as well as the market value of the Kapar Land as at 4 March 2022 of RM618.0 million (RM14.95 per square foot), as appraised by JLW who is jointly appointed by our Company and SD Plantation. Our Company has also appointed JLW to conduct updates on the valuation of the Kapar Land where the market value of the Kapar Land as at 5 October 2022 and 6 March 2023 has remained at RM618.0 million (RM14.95 per square foot) as set out in the Valuation Certificate.

JLW has adopted the comparison approach of valuation as the only approach of valuation as the development plans for the Kapar Land are not available and/or have not been finalised by the Company as at the LPD. The comparison approach involves a comparison of the property under valuation with the completed sales of other similar properties. Where dissimilarities exist, adjustments are made.

The Valuation Certificate is set out in **Appendix II** of this Circular.

Our Board, save for the Interested Directors, is of the view that the Purchase Consideration is justifiable because it reflects the market value of the Kapar Land as ascribed by JLW which is deemed to be on a fair value transacted on arm's length basis as well as the value proposition of the future development of the Kapar Land.

2.3 Mode of satisfaction of the Purchase Consideration

The Purchase Consideration is to be fully satisfied in cash based on the following timing:

Component	Timing of payment/ settlement	Purchase Consideration (%)	Purchase Consideration (RM)
Deposit	Upon execution of the SPA, being 1 December 2022	10.00	61,800,000
Balance cash consideration to be paid by the Purchaser (" Balance Purchase Consideration ")	Within 3 months from the Unconditional Date	90.00	556,200,000
Total		100.00	618,000,000

The mode of satisfaction of the Purchase Consideration was determined after taking into consideration the prevailing cash flow position, working capital requirements as well as gearing of our Group.

2.4 Source of funding

The Purchase Consideration will be funded through a combination of internally generated funds, bank borrowings and/or proceeds from the Sukuk Musharakah Programme, the proportion of which are expected to be as follows:

Description of source of funding	RM'000	%
Internally generated funds	62,000	10.0
Bank borrowings and/or proceeds from the Sukuk Musharakah Programme	556,000	90.0
Total	618,000	100.0

In the event our Group is unable to secure bank borrowings and/or raise proceeds from the Sukuk Musharakah Programme to fund part or all of the RM556.0 million to settle the Purchase Consideration, our Group proposes to use internally generated funds and/or existing financing facilities to complete the Proposed Acquisition. Based on our Company's latest audited consolidated financial results for the FYE 31 December 2022, our Group has cash and bank balances of approximately RM599.2 million.

2.5 Liabilities to be assumed

There are no liabilities, including contingent liabilities and guarantees, to be assumed by SD Property and SDPBT pursuant to the Proposed Acquisition.

2.6 Background information on SD Plantation

SD Plantation was incorporated in Malaysia under the Companies Act 1965 as a private limited company on 2 April 2004 under the name of Sime Plantations Sdn Bhd and is deemed registered under the Act. SD Plantation changed its name to Sime Darby Plantation Sdn Bhd on 2 January 2008 and was subsequently converted into a public limited company on 20 July 2017 under its present name. In conjunction with the demerger exercise undertaken by Sime Darby Berhad in 2017, SD Plantation was listed on the Main Market of Bursa Securities on 30 November 2017.

SD Plantation is principally involved in the production, processing, refining and sales of palm oil and palm kernel oil, manufacturing and marketing of specialty fats, edible oils, rubber, other palm oil and rubber related products as well as investment holding.

As at the LPD, the share capital of SD Plantation is RM1.63 billion comprising 6,915,714,601 ordinary shares.

The directors of SD Plantation as at the LPD are Tan Sri Megat, Mohamad Helmy Othman Basha, Dato' Halipah Esa, Dato' Idris Kechot, Datuk Mohd Anwar Yahya, Datuk Seri Dr. Nik Norzrul Thani Nik Hassan Thani, Datuk Seri Amir Hamzah Azizan, Dato' Sri Sharifah Sofianny Syed Hussain, Dato' Mohd Nizam Zainordin and Tan Ting Min.

As at the LPD, save for Tan Sri Megat who holds 20,025 ordinary shares (direct interest) in SD Plantation, the directors of SD Plantation do not hold any ordinary shares in SD Plantation.

As at the LPD, the substantial shareholders of SD Plantation and its respective shareholdings are as follows:

	Direct		Indirect	
	No. of ordinary shares	%	No. of ordinary shares	%
ART-ASB	3,185,356,777	46.06	-	-
EPF	900,939,790	13.03	102,979,599 ⁽¹⁾	1.49
Kumpulan Wang Persaraan (Diperbadankan)	438,334,512	6.34	23,050,700 ⁽²⁾	0.33

Notes:

- (1) Deemed to have interest in the ordinary shares of SD Plantation managed by / through Citigroup Nominees (Tempatan) Sdn Bhd for the EPF.
- (2) Deemed to have interest in the ordinary shares of SD Plantation managed by Kumpulan Wang Persaraan (Diperbadankan)'s fund managers.

2.7 Estimated additional financial commitment

Save for the Purchase Consideration and the costs in relation to the Proposed Development (the exact quantum of which has yet to be determined at this juncture), our Board does not foresee any additional financial commitment arising from the Proposed Acquisition.

3. RATIONALE AND BENEFITS OF THE PROPOSED ACQUISITION

The Proposed Acquisition is in line with our Group's transformation journey under the SHIFT25 strategy. The SHIFT25 strategy was established by SD Property in 2021, defining the Group's ambitions, business direction, goals and tactics in pivoting the organisation over the next few years up to 2025. Integral to SHIFT25 strategy is to ensure the Group pivots from a pure-play residential focused property developer into a sustainable real estate company with multiple sources of income and a broader presence along the real estate value chain encompassing property development, investment and asset management, with a target to broaden our Group's income base.

The Kapar Land will be earmarked for our Group's development activities in the industrial segment which contributed approximately 25.0% of the sales recorded by our Group for the FYE 31 December 2022. In fact, our Group has successfully developed industrial properties in Bandar Bukit Raja, City of Elmina as well as Serenia City in Selangor, XME Nilai in Negeri Sembilan and most recently, the Pagoh Special Economic Zone, Johor and Hamilton Nilai City, Negeri Sembilan.

The Proposed Acquisition is also in line with our Group's active land bank management, by adding value to our existing matured townships in areas with promising development prospects.

Further rationale and benefits of the Proposed Acquisition are set out below:

3.1 Key role in the execution of our Group's strategy

Industrial and logistics development remains a key growth engine of our Group as well as to diversify our recurring income streams via the development of built-to-suit facilities. Following the successful industrial launches as mentioned above, our Group anticipates that demand for industrial products will continue to remain resilient in the future.

3.2 The location of the Kapar Land is ideal for industrial development

Leveraging on the on-going construction of the ECRL as well as WCE highways, the Kapar Land is projected to catalyse further industrial development projects under SD Property in Klang, Selangor due to its strategic location. It is expected that the existing location offers enhanced industrial operational efficiency by improving transportation time to Port Klang, a key national seaport gateway. The Kapar Land also lies within a large catchment of population surrounding the development due to its connectivity to major cities such as Klang and Shah Alam, which may encourage job creations, especially within the industrial & logistics segment. The Kapar Land is also surrounded by a mature ecosystem comprising of established industrial players (such as, amongst others, Vinda Malaysia Sdn Bhd and Kossan Latex Industries Sdn Bhd) and supporting components such as schools, hospitals, lifestyle parks, retail and commercial facilities which will attract new buyers and tenants for facilities to be developed by our Group.

3.3 Catalyst for our Group's expansion in developing and managing industrial assets

The Kapar Land is envisaged to be developed into an integrated and sustainable industrial development comprising a managed industrial park facility with green initiatives which includes, among others, the provision of solar power, rainwater harvesting and waste management which would be a key value proposition for our Group to tap into the growing demand for high-technology industrial facilities with sustainable building elements. The Proposed Development is expected to be launched in the fourth quarter of 2024 and the completion of the Proposed Development is targeted to be in 2039.

4. INDUSTRY OVERVIEW, OUTLOOK AND PROSPECTS

4.1 Overview and prospects of the Malaysian economy

The Malaysian economy registered a growth of 7.0% in the fourth quarter of 2022 (“**4Q 2022**”) (third quarter of 2022 (“**3Q 2022**”): 14.2%), as support from the stimulus measures and low base effect waned. At 7.0%, the fourth quarter growth was still above the long-term average of 5.1%. On a quarter-on-quarter seasonally-adjusted basis, the economy declined by 2.6% (3Q 2022: 1.9%). For 2022 as a whole, the economy expanded by 8.7% (2021: 3.1%).

All economic sectors registered growth in the fourth quarter of 2022. The services sector expanded by 8.9% (3Q 2022: 16.7%), supported by consumer-related subsectors amid better labour market conditions and the continued recovery in tourism activities. The sector also benefitted from improvements in real estate and business services activities. The construction sector expanded by 10.1% (3Q 2022: 15.3%). Of significance, civil engineering and non-residential subsectors were lifted by continued progress of large infrastructure, commercial and industrial projects.

Domestic demand grew by 6.8% (3Q 2022: 13.1%), mainly supported by private sector expenditure. Private consumption expanded by 7.4% (3Q 2022: 15.1%), supported by improving labour market conditions and policy measures. Spending was driven by consumption of necessities, particularly for transport as well as housing and utilities, and selected discretionary components such as recreational services and culture. Public consumption grew by 2.4% (3Q 2022: 4.5%), reflecting continued support from Government spending on emolument and supplies and services.

For 2023, the Malaysian economy is expected to expand at a more moderate pace, amid a challenging external environment. Growth will be driven by domestic demand, supported by the continued recovery in labour market and realisation of multi-year investment projects. The services and manufacturing sectors will continue to drive the economy. Meanwhile, the slowdown in exports following weaker global demand will be partially cushioned by higher tourism activity. The balance of risks to Malaysia’s growth outlook remains tilted to the downside. This stems from weaker-than-expected global growth, tighter financial conditions, further escalation of geopolitical conflicts, and worsening supply chain disruptions.

(Source: Quarterly Bulletin 4Q 2022, Bank Negara Malaysia; Malaysia Economic Performance Fourth Quarter 2022, Department of Statistics Malaysia)

4.2 Overview and outlook of the property development industry in Malaysia

Malaysia’s domestic demand continued to strengthen, supported by the steady recovery in labour market conditions and ongoing policy support. The higher growth was also reflective of normalising economic activity as the country moved towards endemicity and the reopening of international borders. On a similar track to the country’s economic growth, the property market recorded more transactions in 2022 as compared to 2021. Volume of transactions across the sub-sectors in the property development sector recorded more than 389,000 transactions worth RM179.07 billion in value, year-on-year growths of 249.5% in volume and 23.6% in value.

The industrial sub-sector in particular, recorded 8,082 transactions worth RM21.16 billion in 2022. Compared to 2021, the market activity of the industrial sub-sector increased by 44.5% in volume and 24.8% in value. Selangor continued to dominate the market, with 31.8% (1,219 transactions) of the nation’s volume, followed by Johor and Perak, each with 13.8% and 9.0% market share. Terraced factory formed 31.4% of the total industrial transactions, followed by vacant plots (29.5%), and semi-detached factory (23.2%). The industrial overhang remained minimal at 1,071 units worth RM1.39 billion, indicating a marginal decline of 5.2% and 12.2% in volume and value, respectively (first half of 2021 (“**1H 2021**”): 1,130 overhang units worth RM1.58 billion).

On a similar note, the unsold under construction category declined by 22.9% with 504 units compared to the second half of 2021 at 654 units.

The positive projection on economic growth by Bank Negara Malaysia, expected around 4.5% in 2023, is backed by the nation's sound macroeconomic fundamentals, robust domestic demand coupled with the effective implementation of the 12th Malaysia Plan. The property sector would also benefit from the improving labour market conditions and higher tourist arrivals as well as continued implementation of multi-year investments projects such as the ECRL.

(Source: Property Market 2022 Snapshots, Valuation and Property Services Department, Ministry of Finance; Quarterly Bulletin 4Q 2022, Bank Negara Malaysia; Economic Outlook 2023, Ministry of Finance Malaysia; Malaysia Economic Performance Fourth Quarter 2022, Department of Statistics Malaysia; 'Budget 2023 revised up to RM388.1 bn, GDP growth at 4.5%', 24 February 2023, Bernama)

Outlook of the central region of Malaysia

The central region property market performance improved in the 1H 2022, indicated by the increase in market activities. The region registered 44,889 transactions worth RM37.88 billion, increased by 24.4% and 32.6% in volume and value respectively as compared to the 1H 2021. Combined, Selangor, Wilayah Persekutuan Kuala Lumpur and Putrajaya formed 23.9% and 44.9% of the national volume and value of transactions. By state, Selangor dominated the region's overall property transactions with 80.3% in volume (36,026 transactions) and 71.4% in value (RM27.06 billion) of the total transactions.

The industrial sub-sector contributed a marginal portion of 2.9% to the overall market activity in the central region. The region's market performance recorded an increase of 36.2% in volume to 1,299 transactions (1H 2021: 954 transactions) and 54.3% in value to RM5.51 billion (1H 2021: RM3.57 billion).

The growth in residential, commercial and industrial construction in Malaysia is expected to receive a boost from ongoing major rail infrastructure projects such as the ECRL and the Singapore-Kuala Lumpur High-Speed Railway, which will open up inland, lesser-developed regions to investment and drive higher-value transit-oriented developments.

From January to June 2022, Malaysian Investment Development Authority approved RM123.3 billion worth of investments in the manufacturing, services and primary sectors of which the Klang Valley accounted for RM1.7 billion, with approved investments expected to match pre-pandemic level of over RM200 billion by the end of 2022. Total warehousing space in the Klang Valley was approximately 55.1 million square foot ("sq. ft") as at 2021 with another 5.43 million sq. ft under development. Warehouse space demand supply remains healthy as vacancy rates decline and rental rates improve in tandem at a slow steady pace.

16 notable transactions were recorded in the 3Q 2022, comprising development lands, office and retail buildings. Land transactions were mainly industrial, some with factories erected thereon located mainly in the city fringe or in the outskirts to the west of Klang Valley with a few for high-rise developments located within the city. Overall, prices and yields remained unchanged compared to the 2Q 2022. Industrial and development land will continue to dominate major transactions.

(Source: Central Region Property Market Report First Half 2022, Valuation and Property Services Department, Ministry of Finance; Malaysia infrastructure outlook, industry Trend Analysis — Rail Projects To Drive Residential, Non-Residential Development, 8 February 2018, BMI Research; 'Approved investments in 2022 to match pre-pandemic level of over RM200 billion yearly', 8 November 2022, New Straits Times; and Klang Valley Property Market Outlook 3Q 2022, C H Williams Talhar & Wong)

4.3 Prospects of the Kapar Land

The Kapar Land is situated within the region of Bandar Bukit Raja, Klang, which has a significant growth potential in the future. Given its strategic location and sizeable NLA of approximately 950 acres, the Kapar Land is to be developed into an integrated sustainable industrial township.

The first phase of the Proposed Development is expected to be launched in 2024 and will be structured as a phased development over a period of 10 to 15 years. Based on the preliminary master layout plan, the estimated gross development value of the Proposed Development is estimated to be in between RM5.0 billion and RM6.0 billion. The development cost (together with the source of funding to fund such cost) as well as the expected profit of the Proposed Development can only be determined at a later date subject to the final assessment to be done in relation to the Proposed Development.

Our Board is confident that the Proposed Development can be successfully undertaken given the positive factors such as the increase in foreign direct investments for the approved investments in manufacturing, services and primary sectors as well as global and local industrial sector trends which indicate strong demand for industrial properties and accordingly, the Proposed Development is well-positioned to contribute positively to the future earnings of our Group.

For the avoidance of doubt, pursuant to the Option Agreement in respect of the Kapar Land or such portion thereof which are not required by our Group for immediate development, a tenancy agreement to be executed by SDPBT in favour of SD Plantation upon such rental, terms and conditions as may be mutually agreed to enable SD Plantation to continue operating the plantations including harvesting oil palm trees situated on the Kapar Land concerned and shall be entitled to retain all proceeds or revenue derived from operating the plantations ("**Proposed Tenancy**"). Please refer to Section 6(i)(c) of **Appendix I** of this Circular for further information on the Proposed Tenancy.

5. RISK FACTORS

Save for the risk factors set out below, our Board does not foresee any other additional risks arising from the Proposed Acquisition given that our Group is already involved in property development activities:

5.1 Non-completion of the Proposed Acquisition

The Proposed Acquisition is subject to the fulfilment of the Conditions Precedent, the details of which are set out in Section 4 of **Appendix I** of this Circular. There can be no assurance that the Conditions Precedent will be obtained or fulfilled. There can also be no assurance that the Proposed Acquisition can be completed within the timeframe stipulated under the SPA.

Notwithstanding, our Board will take reasonable steps to ensure that the Conditions Precedent which are within our control will be met within the stipulated timeframe and that every effort is made to obtain all necessary approvals to be sought by us in order to complete the Proposed Acquisition in a timely manner.

5.2 Financing risk

Our Group's ability to obtain new bank borrowings and the cost of such financing are dependent on numerous factors, including general capital market conditions, interest rates, credit availability from banks or other lenders, lenders' confidence in our Group and the political, social and economic conditions in Malaysia. There can be no assurance that the additional financing will be available in amounts or on terms acceptable to our Group.

In addition, our Group may be exposed to movements in interest rates in respect of the new bank borrowings to be obtained, leading to higher borrowing costs which may adversely affect our Group's cash flows and financial performance as well as our future loan repayment obligations.

Nevertheless, our Group will continuously monitor and review our debt portfolio, which includes taking into consideration our Group's gearing level, interest costs as well as cash flows to achieve and maintain an optimal capital structure.

5.3 Return on investment of the Kapar Land

The Proposed Development is expected to contribute positively to the future earnings of our Group. However, there can be no assurance that the Proposed Development will generate the expected return on investment and the duration required for SD Property to recoup its investment in the Kapar Land could be longer than anticipated. The success and profitability of the Proposed Development depend on various factors, which include, among others, risks inherent to the property sector such as timely completion of the development, price of construction materials, availability and cost of funds, market demand for property products and changes in applicable laws and regulations as well as other risks outside of our Group's control (such as natural disasters). In the event of the occurrence of one or more of such risk, our results of operations and financial condition could be affected.

Notwithstanding, in order to mitigate such risks, our Group has and will continue to exercise due care in our evaluation of the Kapar Land including its development potential, gross development value and gross development cost for the Proposed Development. Our Group will also be monitoring and adjusting its development and marketing strategies in response to changing economic conditions and market demand as well as conducting continuous review on the progress of the Proposed Development.

5.4 Non-approval of the relevant authorities

The Proposed Development is subject to various planning and development approvals being obtained from the relevant authorities. There can be no assurance that all necessary permits, licences, certificates and consents/approvals will be successfully obtained within the scheduled timeframe. Failure or delays in obtaining such consents/approvals may result in significant delays in the development schedules and/or cost overruns for the Proposed Development, which may in turn affect the results of operations of our Group.

With the involvement of an experienced team, our Group will seek to limit these risks through, among others, careful planning and close monitoring of the progress of the Proposed Development and endeavour, to the best of our ability, to obtain all the necessary permits, licences, certificates and consents/approvals required for the Proposed Development.

5.5 Compulsory acquisition by the Government and potential legal risk involving the Kapar Land

The Government has the power to compulsorily acquire any land in Malaysia pursuant to the provisions of the applicable legislation including the Land Acquisition Act 1960. In such event, the amount of compensation to be awarded is based on the market value of the property and is assessed on the basis prescribed in the Land Acquisition Act 1960 and other relevant laws. Compulsory acquisition by the Government (depending on the final plans to be issued by the Government, if any), could affect the prospects of the Kapar Land. In the event of any compulsory acquisition of the Kapar Land, our Group will seek to minimise any potential losses from such situations by invoking the relevant provisions in the Land Acquisition Act 1960 in relation to our Group's rights to submit an objection in respect of compensation, where necessary.

Pursuant to a gazette published by the Government of Selangor on 12 January 2023, there is a declaration of intended acquisition by the Government pursuant to Section 8 of the Land Acquisition Act 1960 involving parts of Lot 41 and Lot 42 of the Kapar Land measuring 23.496 acres for the ECRL Development. Based on the corresponding land acquisition plan, part of Lot 40, which is erroneously identified as State Land (*Tanah Kerajaan*), will also be acquired for the ECRL Development. However, as at the LPD, the possible affected area in connection with the potential acquisition of Lot 40 of the Kapar Land is unidentified, and our Company is not aware of any previous and/or ongoing negotiations between SD Plantation and the Government or the final development plans for the ECRL Development being issued by the Government. As such, our Company is unable to ascertain whether the compensation payable for the potential land acquisition is adequate to cover the cost and expenses incurred by SD Property arising from such acquisition.

For the avoidance of doubt, should any compulsory acquisition take place between the date of the SPA and the completion date of the Proposed Acquisition, our Group can either proceed with or terminate the Proposed Acquisition. Our Board will assess available options and choose the best option in the interest of our Group. In the event our Group decides to terminate the Proposed Acquisition, our Group shall notify SD Plantation and all monies paid by SDPBT towards the Purchase Consideration shall be refunded to SDPBT free of interest. Please refer to Section 7 of **Appendix I** of this Circular for further details on the land acquisition clause included in the SPA.

Further, in the event there is any claim or litigation by any potential third parties involving the Kapar Land prior to the completion date of the Proposed Acquisition, there can be no assurance that the potential claim or litigation can be resolved in a timely manner. As such, this might affect the completion of the Proposed Acquisition within the timeframe stipulated in the SPA or the title transfer process. In the event for whatsoever reasons, our Group is not able to carry out the Proposed Development or any delay to the expected timeframe for the Proposed Development, this will also result in consequential losses which may impact the financial performance of our Group.

6. EFFECTS OF THE PROPOSED ACQUISITION

6.1 Share capital and substantial shareholders' shareholding

The Proposed Acquisition will not have any effect on the share capital of our Company and the shareholding of the substantial shareholders of our Company as the Proposed Acquisition does not entail the issuance of new SD Property Shares.

6.2 NA per Share and gearing

For illustrative purposes only, based on the latest audited consolidated statement of financial position of our Company as at 31 December 2022 and on the assumption that the Proposed Acquisition had been effected on that date, the pro forma effect of the Proposed Acquisition on the consolidated NA per SD Property Share and gearing of our Group are as follows:

	Audited as at 31 December 2022	After the Proposed Acquisition
	(RM'000)	(RM'000)
Share capital	6,800,839	6,800,839
Reserves	(3,742)	(3,742)
Retained profits	2,722,621	(3) 2,721,421
NA attributable to owners of our Company	9,519,718	9,518,518
Non-controlling interests	125,078	125,078
Total equity	9,644,796	9,643,596
No. of SD Property Shares in issue ('000)	6,800,839	6,800,839
NA per SD Property Share (RM) ⁽¹⁾	1.40	1.40
Total borrowings	3,037,845	(4) 3,593,845
Gearing (times) ⁽²⁾	0.31	0.37

Notes:

- (1) Computed based on NA attributable to owners of our Company over total number of SD Property Shares in issue.
- (2) Computed based on total borrowings over total equity.
- (3) After adjusting for the estimated expenses relating to the Proposed Acquisition of approximately RM1.2 million.
- (4) Assuming RM556.0 million or approximately 90.0% of the Purchase Consideration is funded by new bank borrowings and/or the proceeds from the Sukuk Musharakah Programme.

6.3 Earnings and EPS

For illustrative purposes only, based on the latest audited consolidated statement of profit or loss of our Company for the FYE 31 December 2022 and assuming that the Proposed Acquisition had been effected on 1 January 2022, being the beginning of the FYE 31 December 2022, the pro forma effect of the Proposed Acquisition on the earnings of our Group and EPS are as follows:

	FYE 31 December 2022	After the Proposed Acquisition
	(RM'000)	(RM'000)
Net profit attributable to owners of our Company	315,839	294,995 ⁽¹⁾
No. of SD Property Shares in issue ('000)	6,800,839	6,800,839
EPS (sen)	4.64	4.34

Note:

- (1) After adjusting for the estimated expenses relating to the Proposed Acquisition of approximately RM1.2 million as well as the interest cost to be incurred on the new bank borrowings and/or proceeds from the Sukuk Musharakah Programme to be obtained to fund RM556.0 million or approximately 90% of the Purchase Consideration at an indicative rate of 4.64% per annum.

Barring any unforeseen circumstances, the Proposed Acquisition is expected to contribute positively to the future earnings of our Group and EPS of our Group arising from the future development of the Kapar Land.

6.4 Convertible securities

As at the LPD, our Company does not have any outstanding convertible securities in issue.

7. PERCENTAGE RATIO

The highest percentage ratio applicable to the Proposed Acquisition pursuant to Paragraph 10.02(g) of the Listing Requirements is approximately 6.6% based on the Purchase Consideration compared with the audited consolidated NA of our Company as at 31 December 2021 of RM9,326.5million.

The highest aggregated percentage ratio for all transactions between our Group and the interested shareholder, namely Transaction 1 (as defined in Section 10 of Part A of this Circular) and the Proposed Acquisition, is 7.7% as compared with the audited consolidated NA of our Company as at 31 December 2021 of RM9,326.5 million.

8. APPROVALS REQUIRED

The Proposed Acquisition is subject to the following being obtained:

- (i) approval of our non-interested shareholders at the forthcoming EGM;
- (ii) approval of the Estate Land Board for the transfer and acquisition of the Kapar Land⁽¹⁾; and
- (iii) where required, the approval, waiver and/or consent of any other relevant authority and/or party.

The Proposed Acquisition is not conditional upon any other corporate exercise/scheme of our Company.

Note:

(1) The application was submitted on 27 January 2023 and the approval of the Estate Land Board was obtained on 18 April 2023.

9. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

Save as disclosed below, none of our Directors and/or major shareholders of our Company as well as persons connected with them have any interest, direct or indirect, in the Proposed Acquisition:

- (i) ART-ASB, a direct major shareholder of our Company and also the direct major shareholder of SD Plantation;
- (ii) PNB, a person connected with ART-ASB and a substantial shareholder of our Company;
- (iii) Yayasan, a person connected with ART-ASB and an indirect substantial shareholder of our Company, via its 99.99% equity interest in PNB;

- (iv) Encik Rizal, our Non-Independent Non-Executive Chairman who is also a nominee director of PNB in our Company; and
- (v) Tengku Ahmad Shah, our Non-Independent Non-Executive Director who is also a nominee director of PNB in our Company.

The Interested Directors have abstained and will continue to abstain from all deliberations and voting at the relevant Board meetings in relation to the Proposed Acquisition.

The Interested Directors and Interested Major Shareholder will abstain from voting in respect of their direct and/or indirect shareholding in our Company, if any, on the Ordinary Resolution and have also undertaken to ensure that persons connected with them will abstain from voting in respect of their direct and/or indirect shareholding in our Company, if any, on the Ordinary Resolution.

The Interested Directors do not hold any SD Property Share as at the LPD. The shareholding of the Interested Major Shareholder and persons connected with them in our Company as at the LPD are as follows:

	<u>Direct</u>		<u>Indirect</u>	
	<u>No. of SD Property Shares</u>	<u>%</u>	<u>No. of SD Property Shares</u>	<u>%</u>
<u>Interested Major Shareholder</u>				
ART-ASB	3,056,954,500	44.95	-	-
<u>Persons connected with the Interested Major Shareholder</u>				
PNB	374,183,792	5.50	-	-
Yayasan	-	-	374,183,792 ⁽¹⁾	5.50

Note:

(1) Deemed interested by virtue of its interest in PNB pursuant to Section 8 of the Act.

10. TRANSACTIONS WITH RELATED PARTIES FOR THE PAST 12 MONTHS

Save for the Proposed Acquisition, the transaction disclosed below, recurrent related party transactions which are not subject to disclosure and/or shareholders' approval under the Listing Requirements and transactions under shareholders' mandate for recurrent related party transactions which were approved at SD Property's forty-ninth (49th) annual general meeting held on 24 May 2022, the SD Property Group has not entered into any transaction involving the interest of the Interested Directors, Interested Major Shareholder and/or persons connected with them for the past 12 months preceding the date of this Circular:

<u>Transaction date</u>	<u>Name of company</u>	<u>of</u>	<u>Transacting party</u>	<u>Nature of transaction</u>	<u>Amount (RM million)</u>
23 June 2022	Sime Darby Property Ventures (MY) Sdn Bhd ("SDPV"), a wholly-owned subsidiary of SD Property		Ombak Real Estate 2 Sdn Bhd ("OMBAK"), a wholly-owned subsidiary of PNB	SDPV and OMBAK are indirectly related through Sime Darby Property – LOGOS Property Industrial Development Fund 1 LP (formerly known as Sime Darby Property Industrial Development Fund LP) ("Fund") as limited partners in the Fund.	100.0 ⁽¹⁾

("Transaction 1")

Note:

(1) 20.0% of the effective capital commitment at the first close of the Fund (referring to the Fund's key milestone of securing 70.0% in capital commitments from investors) as at 31 October 2022.

11. CORPORATE EXERCISE ANNOUNCED BUT PENDING COMPLETION

Save for the Proposed Acquisition, there is no other corporate exercise which has been announced by our Company but is pending completion.

12. STATEMENT BY THE AUDIT COMMITTEE

The Audit Committee of our Company, after having considered all aspects of the Proposed Acquisition, including but not limited to the rationale, benefits and effects of the Proposed Acquisition, salient terms of the SPA, basis and justification for the Purchase Consideration, prospects of the Kapar Land and the evaluation of the Independent Adviser, is of the opinion that the Proposed Acquisition is:

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

13. DIRECTORS' STATEMENT AND RECOMMENDATION

Our Board (save for the Interested Directors), having considered all aspects of the Proposed Acquisition, including but not limited to the rationale, benefits and effects of the Proposed Acquisition, salient terms of the SPA, basis and justification for the Purchase Consideration prospects of the Kapar Land and the evaluation of the Independent Adviser, is of the opinion that the Proposed Acquisition is in the best interest of our Company.

Accordingly, our Board (save for the Interested Directors) recommends that you vote in favour of the Ordinary Resolution.

14. TENTATIVE TIMETABLE FOR IMPLEMENTATION

Barring any unforeseen circumstances, the Proposed Acquisition is expected to be completed by the third quarter of 2023.

The tentative timetable in relation to the Proposed Acquisition is as follows:

Event	Tentative timeline
EGM to approve the Proposed Acquisition	24 May 2023
Fulfilment of the Conditions Precedent	Second quarter of 2023
Completion of the Proposed Acquisition	Third quarter of 2023

15. INDEPENDENT ADVISER

In view of the interests of the Interested Directors, Interested Major Shareholder as well as persons connected with them as set out in Section 9 of Part A of this Circular, in compliance with Paragraph 10.08 of the Listing Requirements, Affin Hwang IB has been appointed as Independent Adviser to undertake the following in relation to the Proposed Acquisition:

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

16. EGM

The EGM, the notice of which is enclosed in this Circular, will be held virtually via the TIIH Online website at <https://tiih.online>, a remote participation and voting facilities provided by the Company's Share Registrar, Tricor and at the Banquet Hall, 1st Floor, Main Lobby, Kuala Lumpur Golf & Country Club, No. 10, Jalan 1/70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur, Malaysia as the Broadcast Venue on Wednesday, 24 May 2023 at 12:30p.m. or after the conclusion of the Fiftieth (50th) Annual General Meeting of the Company or at any adjournment thereof, whichever is later, for the purpose of considering and if thought fit, passing with or without modification, the resolution to give effect to the Proposed Acquisition.

If you are unable to attend and vote in person at the EGM and wish to appoint a proxy(ies), you should complete, sign and return the enclosed Proxy Form in accordance with the instructions provided thereon. The Proxy Form must be completed and deposited at Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. Alternatively, to be submitted electronically vide TIIH Online website at <https://tiih.online> not less than forty-eight (48) hours before the time set for holding the EGM or any adjournment thereof. The lodging of the Proxy Form will not preclude you from attending and voting in person at the EGM should you subsequently wish to do so. However, you will not be allowed to participate in the EGM together with a proxy appointed by you.

17. FURTHER INFORMATION

You are advised to refer to the appendices attached to this Circular for further information.

Yours faithfully

For and on behalf of the Board

SIME DARBY PROPERTY BERHAD

DATO' AZMIR MERICAN AZMI MERICAN

Group Managing Director

PART B

**IAL FROM AFFIN HWANG IB TO THE NON-INTERESTED SHAREHOLDERS OF
SD PROPERTY IN RELATION TO THE PROPOSED ACQUISITION**

EXECUTIVE SUMMARY

Definitions or defined terms used in this Executive Summary shall have the same meaning as defined in the "Definitions" section of Part A of the Circular, except where the context requires otherwise or as otherwise defined.

All references to "we", "us" and "our" in this Executive Summary are to Affin Hwang IB, being the independent adviser for the Proposed Acquisition.

This Executive Summary highlights the salient information of the Proposed Acquisition. We advise the non-interested shareholders of the Company to read and understand this IAL in its entirety, together with Part A of the Circular and the appendices thereto. Non-interested shareholders of the Company are not to rely solely on this Executive Summary before forming an opinion on the Proposed Acquisition. You are also advised to consider carefully the recommendation contained herein before voting on the resolution pertaining to the Proposed Acquisition to be tabled at the forthcoming EGM. If you are in doubt as to the course of action to be taken, you should consult your stockbroker, solicitor, accountant, banker or other professional adviser immediately.

1. INTRODUCTION

On 29 August 2022, Maybank IB on behalf of the Board, announced that SD Property had issued the Call Option Notice to the board of directors of SD Plantation to acquire the Kapar Land, upon the terms and conditions as set out in the Call Option Notice.

On 1 December 2022, Maybank IB on behalf of the Board, announced that SDPBT, the wholly-owned subsidiary of SD Property had on 1 December 2022 entered into the SPA with SD Plantation.

The Proposed Acquisition is deemed a related party transaction under Paragraph 10.08 of the Listing Requirements in view of the interests of the Interested Directors, Interested Major Shareholder and/or persons connected with them as set out in Section 9 of Part A of the Circular. Accordingly, in compliance with Paragraph 10.08(2)(c) of the Listing Requirements, the Board (save for the Interested Directors) appointed Affin Hwang IB on 8 June 2022 to act as the independent adviser to advise the non-interested Directors and non-interested shareholders of the Company in respect of the Proposed Acquisition.

2. EVALUATION OF THE PROPOSED ACQUISITION

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

Section in the IAL	Section of evaluation	Comments
6.1	Rationale for the Proposed Acquisition	The Proposed Acquisition is in line with the Group's transformation journey under the SHIFT25 strategy. Integral to the SHIFT25 strategy is to ensure the Group pivots from a pure-play residential focused property developer into a sustainable real estate company with multiple sources of income and a broader presence along the real estate value chain encompassing property development, investment and asset management, with a target to broaden the Group's income base.

EXECUTIVE SUMMARY

Section in the IAL	Section of evaluation	Comments
		<p>The location of the Kapar Land is ideal for industrial development due to its proximity and connectivity within Klang and to Shah Alam, and is situated within a mature industrial and commercial area of Bandar Bukit Raja, Klang in Selangor. The Kapar Land is located adjacent and is an extension to the Group's existing industrial land plots in Bandar Bukit Raja, which has been identified for development under its industrial and logistics development business.</p> <p>With the Group's experience in industrial development, coupled with the prospects of industrial property sector in Malaysia, the Proposed Acquisition which involves acquiring additional land bank i.e. the Kapar Land for the Proposed Development is expected to contribute to the growth of the Group's industrial and logistics development business.</p> <p>Premised on the above, we are of the view that the rationale for the Proposed Acquisition is reasonable.</p>
6.2	Evaluation of the Purchase Consideration	<p>The Purchase Consideration of RM618.0 million was arrived at on a willing-buyer willing-seller basis after taking into consideration the development potential of the Kapar Land as well as the market value of the Kapar Land which was updated as at 5 October 2022 and 6 March 2023 by JLW of RM618.0 million.</p> <p>We are of the view that the adoption of the comparison approach of valuation, and the bases and assumptions used by JLW as the Independent Valuer are reasonable, and that the Purchase Consideration is fair as the Purchase Consideration is equivalent to the market value of the Kapar Land.</p>
6.3	Salient terms of the SPA	<p>The salient terms of the SPA include:</p> <ul style="list-style-type: none"> (i) agreement to sell and to purchase; (ii) Purchase Consideration; (iii) adjustment of Purchase Consideration; (iv) Conditions Precedent; (v) non-registration of transfer; (vi) completion; (vii) land acquisition; and (viii) power of attorney.

EXECUTIVE SUMMARY

Section in the IAL	Section of evaluation	Comments
		<p>After evaluation of the salient terms of the SPA, we are of the view that the interest of the Purchaser is generally protected under the SPA. However, we wish to highlight that there is no deadline imposed for the refund of monies or payment of liquidated damages. In the event the SPA is terminated by either party as per the situation set out in Section 6.3(4)(iii) of this IAL or by the Purchaser as per the situation set out in Section 6.3(7)(i)(e) of this IAL, the Vendor is obligated to refund such monies within a reasonable time as provided for under Section 47 of the Contracts Act 1950. In the event the SPA is terminated by the Purchaser on default of the Vendor, the Vendor is obligated to refund such monies and/or pay such liquidated damages within a reasonable time as provided for under Section 47 of the Contracts Act 1950.</p> <p>Taking into consideration the provisions under Section 47 of the Contracts Act 1950, we are of the view that the overall terms of the SPA are fair and reasonable and in the best interest of the Company.</p>
6.4	Industry overview and prospects	<p><u>Overview and outlook of the Malaysian economy</u></p> <p>Malaysia registered Gross Domestic Product (“GDP”) growth of 8.7% in 2022 as compared to 3.1% in 2021. The growth in the Malaysian economy was mainly driven by improved labour market conditions and a rebound in economic activity and demand. Nonetheless, risks emanating from the global economic and financial markets outlook may result in the pull back of the overall growth in both external and domestic activities.</p> <p><u>Overview and outlook of the property sector</u></p> <p>The overall property market in Malaysia has shown signs of growth in 2022, with an increase of 29.5% in volume and 23.6% in value compared to 2021. The country’s industrial property sector has seen steady growth in recent years largely due to expected growth in the manufacturing sector supported by domestic demand and exports. The growth momentum of the industrial property market is foreseen to continue with a steady pipeline of distribution and warehouse projects. Particularly in Klang Valley, growth in the industrial property market looks set to continue, riding on the locality’s good accessibility and connectivity, and availability of development/industrial land at competitive pricing.</p>

EXECUTIVE SUMMARY

Section in the IAL	Section of evaluation	Comments
		<p><u>Prospects of the Kapar Land</u></p> <p>The Proposed Acquisition provides SD Property with the opportunity to expand its industrial land bank in Bandar Bukit Raja, Klang in Selangor.</p> <p>Given its strategic location within Bandar Bukit Raja and its sizeable NLA of approximately 950 acres, the Kapar Land is to be developed into an integrated sustainable industrial township i.e. the Proposed Development. The first phase of the Proposed Development is expected to be launched in 2024 and will be structured as a phased development over a period of 10 to 15 years. The Proposed Development is expected to enhance the revenue and income stream of the Group over its phased development period in the future.</p>
6.5	Risk factors	<p>The risk factors of the Proposed Acquisition are:</p> <ul style="list-style-type: none"> (i) non-completion of the Proposed Acquisition; (ii) financing risk; (iii) return on investment of the Kapar Land; (iv) non-approval by regulatory authorities; and (v) compulsory acquisition by the Government and potential legal risk involving the Kapar Land. <p>Although SD Property has sufficient expertise and knowledge to mitigate the risks associated with the Proposed Acquisition, no assurance can be given that any change in these factors will not materially affect the Group's business operations and financial performance.</p>
6.6	Effects of the Proposed Acquisition	<p><u>Share capital and substantial shareholders' shareholdings</u></p> <p>No effect.</p> <p><u>NA, NA per share and gearing</u></p> <ul style="list-style-type: none"> (i) Proforma NA to decrease from RM9.520 billion to RM9.519 billion, after adjusting for the estimated expenses relating to the Proposed Acquisition; (ii) Proforma NA per SD Property Share to remain the same at RM1.40; and (iii) Proforma gearing to increase from 0.31 times to 0.37 times, on the assumption that new bank borrowings and/or the proceeds from the Sukuk Musharakah Programme will be used to fund approximately 90% of the Purchase Consideration.

EXECUTIVE SUMMARY

Section in the IAL	Section of evaluation	Comments
		<p><u>Earnings and EPS</u></p> <p>There is a decrease in net profit from RM315.84 million to RM295.00 million, and decrease in EPS from 4.64 sen to 4.34 sen, after adjusting for the estimated expenses relating to the Proposed Acquisition and the interest cost to be incurred on the assumption that new bank borrowings and/or the proceeds from the Sukuk Musharakah Programme will be used to fund approximately 90% of the Purchase Consideration on a proforma basis.</p> <p>We are of the view that the effects of the Proposed Acquisition are consequential to the cash acquisition and potential new borrowings to be taken and/or drawdown of the Sukuk Musharakah Programme. The Proposed Acquisition and subsequent Proposed Development, when implemented, are expected to be earnings accretive in the future for the Group.</p>

3. CONCLUSION AND RECOMMENDATION

We have assessed and evaluated the Proposed Acquisition and have set out our evaluation in Section 6 of this IAL. You should consider the merits and demerits of the Proposed Acquisition carefully based on all relevant and pertinent factors including the considerations as set out in this IAL, Part A of the Circular together with the appendices and other publicly available information before making a decision to vote on the resolution pertaining to the Proposed Acquisition.

After taking into consideration our overall assessment and evaluation of the Proposed Acquisition based on the information available to us up to the LPD, we are of the opinion that the Proposed Acquisition is **FAIR** and **REASONABLE** and is **NOT DETRIMENTAL** to the non-interested shareholders of the Company.

Accordingly, we recommend that you **VOTE IN FAVOUR** of the resolution pertaining to the Proposed Acquisition to be tabled at the forthcoming EGM.

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9 May 2023

To: The non-interested shareholders of SD Property

Dear Sir/Madam

SIME DARBY PROPERTY BERHAD

INDEPENDENT ADVICE LETTER TO THE NON-INTERESTED SHAREHOLDERS OF THE COMPANY IN RELATION TO THE PROPOSED ACQUISITION

1. INTRODUCTION

On 29 August 2022, Maybank IB on behalf of the Board, announced that SD Property had issued the Call Option Notice to the board of directors of SD Plantation to acquire the Kapar Land, upon the terms and conditions as set out in the Call Option Notice.

On 1 December 2022, Maybank IB on behalf of the Board, announced that SDPBT, the wholly-owned subsidiary of SD Property had on 1 December 2022 entered into the SPA with SD Plantation.

Please refer to Section 2 of Part A of the Circular for further information on the Proposed Acquisition.

The Proposed Acquisition is deemed a related party transaction under Paragraph 10.08 of the Listing Requirements in view of the interests of the Interested Directors, Interested Major Shareholder and/or persons connected with them as set out in Section 9 of Part A of the Circular. Accordingly, in compliance with Paragraph 10.08(2)(c) of the Listing Requirements, the Board (save for the Interested Directors) appointed Affin Hwang IB on 8 June 2022 to act as the independent adviser to advise the non-interested Directors and non-interested shareholders of the Company in respect of the Proposed Acquisition.

The purpose of this IAL is to:

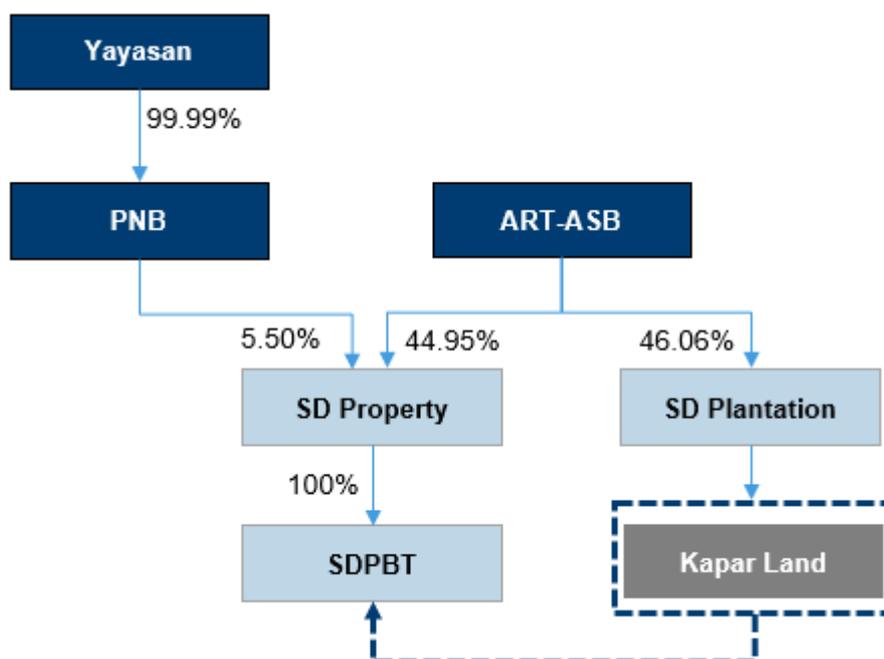
- (i) provide the non-interested shareholders of the Company with an independent evaluation of the Proposed Acquisition and to form an opinion as to whether the Proposed Acquisition is fair and reasonable in so far as the non-interested shareholders of the Company are concerned;
- (ii) advise whether the Proposed Acquisition is detrimental to the non-interested shareholders of the Company; and
- (iii) provide our recommendation in relation to the resolution pertaining to the Proposed Acquisition to be tabled at the forthcoming EGM.

YOU ARE ADVISED TO READ THIS IAL AND PART A OF THE CIRCULAR TOGETHER WITH THE APPENDICES AND CONSIDER CAREFULLY THE EVALUATION AND RECOMMENDATION CONTAINED IN THIS IAL BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED ACQUISITION TO BE TABLED AT THE FORTHCOMING EGM.

IF YOU ARE IN DOUBT AS TO THE COURSE OF ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, SOLICITOR, ACCOUNTANT, BANKER OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

2. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

The parties to the Proposed Acquisition and their shareholdings in the respective entities as at the LPD are set out in the diagram below:



Further information on the Interested Directors, Interested Major Shareholder and/or persons connected with them are set out in Section 9 of Part A of the Circular.

We note from Section 9 of Part A of the Circular that the interested major shareholder, ART-ASB, is a direct major shareholder of SD Property and also the direct major shareholder of SD Plantation. Further, we note that the following parties who are persons connected to ART-ASB are also deemed interested in the Proposed Acquisition:

- (i) PNB which is a substantial shareholder of SD Property; and
- (ii) Yayasan which is an indirect substantial shareholder of SD Property, via its 99.99% equity interest in PNB.

The Interested Major Shareholder will abstain from voting in respect of its direct and/or indirect shareholdings in the Company on the resolution pertaining to the Proposed Acquisition to be tabled at the forthcoming EGM.

The Interested Major Shareholder has undertaken that it will also ensure that persons connected with it who have interests in the shares of the Company will abstain from voting in respect of their direct and/or indirect shareholdings in the Company on the resolution pertaining to the Proposed Acquisition to be tabled at the forthcoming EGM.

In addition, Section 9 of Part A of the Circular also states that:

- (i) Encik Rizal, the Non-Independent Non-Executive Chairman of SD Property, is also a nominee director of PNB in SD Property; and
- (ii) Tengku Ahmad Shah, the Non-Independent Non-Executive Director of SD Property, is also a nominee director of PNB in SD Property.

Premised on the above, Encik Rizal and Tengku Ahmad Shah are deemed interested in the Proposed Acquisition. As such, they have abstained and will continue to abstain from all deliberations and voting at the relevant Board meetings and voting in respect of their direct and/or indirect shareholdings in the Company on the resolution pertaining to the Proposed Acquisition to be tabled at the forthcoming EGM. They have further undertaken to ensure that persons connected with them who have interests in the shares of the Company will abstain from voting in respect of their direct and/or indirect shareholdings in the Company on the resolution pertaining to the Proposed Acquisition to be tabled at the forthcoming EGM.

3. SCOPE AND LIMITATIONS OF OUR EVALUATION OF THE PROPOSED ACQUISITION

We have not been involved in the formulation, deliberation and negotiation of the terms of the Proposed Acquisition. Our scope as the independent adviser is limited to expressing an independent opinion on the Proposed Acquisition based on information and documents provided to us or which are available to us, including the following:

- (i) the information contained in Part A of the Circular and the appendices attached thereto;
- (ii) the SPA;
- (iii) the Valuation Report and Valuation Certificate;
- (iv) other relevant information and documents furnished to us by the directors and management of SD Property (“**Management**”) or obtained in or derived from our discussions with the Management between the date of our appointment as the IA on 8 June 2022 up to the LPD; and
- (v) other publicly available information which we deem relevant.

We have relied on the Board and the Management to take due care to ensure that all the information, documents and representations in respect of the Group and the Proposed Acquisition provided to us by them to facilitate our evaluation of the Proposed Acquisition are accurate, complete and free from material omission. We have not undertaken any independent investigation into the business and affairs of the Group and all relevant parties involved in the Proposed Acquisition. However, after making all reasonable enquiries and to the best of our knowledge and belief, we acknowledge that this IAL constitutes a full and true disclosure of all material facts concerning the Proposed Acquisition, and we are satisfied that the information used is free from material omission and we have no reason to believe that the information used is unreasonable, inaccurate or incomplete as at the LPD. Our advice should be considered in the context of the entirety of this IAL.

In preparing this IAL, we have taken into consideration those factors that we believe are of relevance and of general importance to the non-interested shareholders of the Company for an assessment of the Proposed Acquisition and which are of concern to the non-interested shareholders of the Company as a whole.

Since our evaluation as set out in this IAL is rendered solely for the benefit of the non-interested shareholders of the Company as a whole, we have not taken into consideration any specific investment objectives, financial and tax position, risk profiles, financial situation and particular needs of any director, individual shareholder or any specific group of shareholders.

If you are in doubt as to the action to be taken or require specific advice in relation to the Proposed Acquisition in the context of your individual investment objectives, financial and tax position, risk profiles, financial situation or particular needs, we recommend that you consult your stockbroker, solicitor, accountant, banker or other professional adviser immediately.

Our evaluation and opinion as set out in this IAL are based on prevailing equity capital market, economic, industry, regulatory, monetary, socio-political and other conditions (if applicable), and the information/documents made available to us as at the LPD. Such conditions may change significantly over a short period of time.

The members of the Board have seen and approved the contents of this IAL. The members of the Board collectively and individually accept full responsibility for the accuracy and completeness of all statements and/or information stated in this IAL and after having made all reasonable enquiries and to the best of the Board's knowledge and belief, the Board confirms all statements and/or information in this IAL are free from material omission and:

- (i) no statement and/or information in this IAL is unreasonable, inaccurate or incomplete;
- (ii) there are no other facts and/or information, the omission of which would make any statement or information in this IAL unreasonable, inaccurate or incomplete; and
- (iii) all relevant material facts and/or information, including those required under the Listing Requirements, have been disclosed in this IAL.

The responsibility of the Board in respect of the independent advice and expression of opinion by Affin Hwang IB in relation to the Proposed Acquisition as set out in this IAL is to ensure that all information in relation to the Group and the Proposed Acquisition that is relevant to Affin Hwang IB's evaluation of the Proposed Acquisition have been accurately and completely disclosed to Affin Hwang IB and is free from material omission.

We will notify the non-interested shareholders of the Company after the issuance of this IAL up to the date of the forthcoming EGM, if we:

- (i) become aware of a significant change affecting the information set out 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 shareholders of the Company. We will immediately notify the non-interested shareholders of the Company of any material change in circumstances that would affect the consideration or the accuracy or the completeness of the information contained in this IAL.

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4. CONSENT AND DECLARATION OF CONFLICT OF INTEREST

Affin Hwang IB, being the independent adviser to the Company for the Proposed Acquisition, has given and has not subsequently withdrawn its consent to the inclusion in this IAL of its name and all references thereto in the form and context in which they so appear in this IAL.

Save as disclosed below and our role as the independent adviser for the Proposed Acquisition, Affin Hwang IB does not have any other professional relationship with SD Property in the past 2 years before the LPD.

Affin Bank Berhad, the holding company of Affin Hwang IB, has provided Sime Darby Brunsfield Properties Holding Sdn Bhd, a 60%-owned subsidiary of SD Property, a 10-year term loan facility of up to RM250.00 million ("**Facility**"). As at the LPD, RM153.06 million of the Facility is outstanding, which represents approximately 1.44% of the shareholders' equity attributable to the equity holders of Affin Bank Berhad of RM10,629 million as at 31 December 2022.

The Facility was provided by Affin Bank Berhad in the ordinary course of business. Affin Hwang IB does not receive or derive any financial interest or benefit from the Proposed Acquisition, save for the professional fees as the independent adviser for the Proposed Acquisition. In addition, there is no direct interest to be derived from Affin Hwang IB's appointment as the independent adviser to SD Property in respect of the Proposed Acquisition.

Affin Hwang IB is of the view that the professional relationships as set out above would not give rise to a situation of conflict of interest in Affin Hwang IB's role as the independent adviser for the Proposed Acquisition. Accordingly, Affin Hwang IB confirms that we are not aware of any conflict of interest that exists or is likely to exist in relation to our role as the independent adviser for the Proposed Acquisition.

5. CREDENTIALS AND EXPERIENCE OF AFFIN HWANG IB

Affin Hwang IB is a Participating Organisation of Bursa Securities and provides a range of services including corporate finance advisory, debt capital markets advisory, structured lending, stockbroking and research. Our corporate finance advisory team provides a full range of corporate finance advisory services including mergers and acquisitions, corporate and debt restructuring, initial public offerings, equity fund raisings and independent advisory opinions.

Affin Hwang IB had, over the past 2 years before 1 December 2022 being the date of announcement of the Proposed Acquisition and up to the LPD, issued independent advice opinions in relation to 4 related party transactions which included a major disposal under the Listing Requirements and 1 take-over offer under the Rules on Take-overs, Mergers and Compulsory Acquisitions issued by the Securities Commission Malaysia with a total transaction value of approximately RM4,920.07 million.

The details of our past experience are as follows:

- (i) disposal of 50,000,000 ordinary shares representing 100% of the issued and paid-up share capital of HS Credit (Manchester) Ltd by HSC Manchester Holding Pte. Ltd., an indirect wholly-owned subsidiary of Hap Seng Consolidated Berhad to Lei Shing Hong Capital Limited for a cash consideration of British Pound Sterling 152,958,000 (equivalent to RM837,337,979). Our independent advice letter was issued on 27 April 2023;
- (ii) disposal of all the securities of:
 - (a) Lingkaran Trans Kota Sdn Bhd, a wholly-owned subsidiary of Lingkaran Trans Kota Holdings Berhad ("**Litrak Holdings**") by Litrak Holdings for a disposal consideration of RM2,326 million fully satisfied in cash; and
 - (b) Sistem Penyuraian Trafik KI Barat Sdn Bhd, a wholly-owned subsidiary of Sistem Penyuraian Trafik KI Barat Holdings Sdn Bhd ("**Sprint Holdings**") by Sprint Holdings, which is in turn a 50% associate company of Litrak Holdings, for a disposal consideration of RM904 million fully satisfied in cash.

Our independent advice letter was issued on 14 July 2022;

- (iii) disposal of 50,000,001 ordinary shares representing 100% of the issued and paid-up share capital of HS Credit (Birmingham) Ltd by HSC Birmingham Holding Limited, an indirect wholly-owned subsidiary of Hap Seng Consolidated Berhad to Lei Shing Hong Capital Limited for a cash consideration of British Pound Sterling 127,800,000 (equivalent to RM706,171,680). Our independent advice letter was issued on 5 July 2022;
- (iv) settlement of amount owing of RM47.68 million by NBH Service Centre Sdn Bhd to Chin Well Service Centre Sdn Bhd, a wholly-owned subsidiary of Chin Well Holdings Berhad. Our independent advice letter was issued on 12 January 2022; and
- (v) unconditional voluntary take-over offer by Jardine Cycle & Carriage Limited (“**JCCL**”), through CIMB Investment Bank Berhad, to acquire all the remaining ordinary shares in Cycle & Carriage Bintang Berhad not already held by JCCL (“**Offer Shares**”) at a cash consideration of RM2.40 per Offer Share. Our independent advice circular was issued on 19 April 2021.

Based on the above, we are capable and competent in carrying out our role and responsibilities as the independent adviser to advise the non-interested shareholders of the Company in relation to the Proposed Acquisition.

6. EVALUATION OF THE PROPOSED ACQUISITION

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

No.	Item	Section
1.	Rationale for the Proposed Acquisition	6.1
2.	Evaluation of the Purchase Consideration	6.2
3.	Salient terms of the SPA	6.3
4.	Industry overview and prospects	6.4
5.	Risk factors	6.5
6.	Effects of the Proposed Acquisition	6.6

6.1 RATIONALE FOR THE PROPOSED ACQUISITION

The rationale for the Proposed Acquisition is set out in Section 3 of Part A of the Circular.

We note that the Group is pursuing a transformation journey under the SHIFT25 strategy. Integral to the SHIFT25 strategy is to ensure the Group pivots from a pure-play residential focused property developer into a sustainable real estate company with multiple sources of income and a broader presence along the real estate value chain encompassing property development, investment and asset management, with a target to broaden the Group’s income base. As of 31 December 2022, property development was the main growth contributor by segment, accounting for 93.0% of the total group revenue. The three segments of SD Property include property development, investment & asset management and leisure.

(Source: Annual Report 2022 of SD Property and the Management)

As set out in Section 3 of Part A of the Circular, Kapar Land will be earmarked for the Group's development activities under the industrial segment which has contributed approximately 25.0% of the sales recorded by the Group for the FYE 31 December 2022. The Group has successfully developed industrial properties in Bandar Bukit Raja, City of Elmina as well as Serenia City in Selangor, XME Nilai in Negeri Sembilan and most recently, the Pagoh Special Economic Zone, Johor and Hamilton Nilai City, Negeri Sembilan.

We further note that the Proposed Acquisition is in line with the Group's active land bank management, by adding value to its existing matured townships such as Bandar Bukit Raja, City of Elmina as well as Serenia City in Selangor.

(i) Key role in the execution of the Group's strategy

As part of the Group's transformation journey, expansion of the industrial and logistics development business remains a key growth engine of the Group as well as to diversify its income streams.

The Group is currently supported by approximately 2,800 acres of industrial land held by the Group across 6 major townships, namely Elmina Business Park, Bandar Bukit Raja, Bandar Universiti Pagoh, Serenia City, Nilai Impian and Malaysia Vision Valley 2.0 ("MVV 2.0").

The Kapar Land is located adjacent and is an extension to the Group's existing industrial land plots in Bandar Bukit Raja which has been identified for development under its industrial and logistics development business. Bandar Bukit Raja is the Group's ongoing development in Klang which was launched in early 2000s. The said development which covers 4,333 acres has been mostly developed and consists of a diverse mix of residential projects comprising affordable, medium and high-end homes as well as commercial and industrial properties. The Group's current remaining industrial land bank in Bandar Bukit Raja is approximately 270 acres. The Proposed Acquisition is expected to replenish the Group industrial land bank by 950 acres to approximately 1,220 acres.

(Source: Annual Report 2022 of SD Property and the Management)

The Proposed Acquisition is expected to further strengthen the Group's foothold in Bandar Bukit Raja and expand the Group's industrial land plot at Bandar Bukit Raja by approximately 950 acres in line with the Group's active land bank management.

With the Group's experience in industrial development, coupled with the prospects of the industrial property sector in Malaysia, the Proposed Acquisition which involves acquiring the Kapar Land for the Proposed Development is expected to contribute to the growth of the Group's industrial and logistics development business.

(ii) The location of the Kapar Land is ideal for industrial development

We note that the Kapar Land is strategically located within the Mukim of Kapar in Selangor and ideal for industrial development due to its proximity and connectivity within Klang and to Shah Alam, and is situated within a mature industrial and commercial area of Bandar Bukit Raja, Klang in Selangor. The Kapar Land is located adjacent and is an extension to the Group's existing industrial land plots in Bandar Bukit Raja which has been identified for development under its industrial and logistics development business.

The Kapar Land also has access to major infrastructure within the Klang Valley as set out below:

- (a) the Kapar Interchange of the WCE is located about 4 kilometres due north-east of the Kapar Land. Upon full completion, WCE will connect Banting in Selangor and Taiping in Perak;
- (b) the Kapar Land is accessible from the New Klang Valley Expressway (“NKVE”) by exiting at the Setia Alam Interchange onto Persiaran Setia Alam and Jalan Meru;
- (c) North and West Ports of Port Klang are located about 20 kilometres due south and 40 kilometres due southwest of the Kapar Land respectively; and
- (d) the accessibility to the Kapar Land and its locality will be further enhanced upon the completion of the proposed ECRL. The alignment of which within Selangor State (passing through districts of Gombak, Kuala Selangor and Klang) was announced following the issuance of the Government of Selangor Gazette Notification No. 3182 on 23 December 2021 for the intended land acquisition under the Section 4 of the Land Acquisition Act 1960.

(Source: Valuation Report; Valuation Certificate)

As stated in the Valuation Report, there are existing industrial schemes within the vicinity including, among others, Sungai Kapar Indah Industrial Park, Seri Alam Industrial Park, Kapar Bestari Industrial Area, Taman Perindustrian Meru Indah, Taman Perindustrian Meru, Bukit Raja Industrial Park and Bukit Raja Prime Industrial Estate. This will contribute to a diversity of businesses across the supply chain ecosystem. The Valuation Report also states that there are existing residential schemes in the vicinity and township developments within a 20-kilometre radius from the Kapar Land.

The Kapar Land is strategically located adjacent and is an extension to the Group’s existing land bank in Bandar Bukit Raja which has been identified for industrial development *(Source: The Management)* and ongoing Bandar Bukit Raja, Klang development. As set out in Section 3 of Part A of the Circular, the Kapar Land is also surrounded by a mature ecosystem comprising established industrial players and supporting components such as schools, hospitals, lifestyle parks, retail and commercial facilities.

The Proposed Acquisition will complement the Group’s industrial development projects in Klang, Selangor with the expansion of its land bank. The Group will also be able to leverage on the Bandar Bukit Raja’s strength as an established industrial township in attracting future potential buyer for the Proposed Development.

(iii) Catalyst for the Group’s expansion in developing and managing industrial assets

We note that the Group is currently working on expanding the industrial and logistics development business by introducing its industrial product offerings to a wider clientele base of local and global players.

Leveraging on the Group’s past experiences in the development of industrial warehouses and properties in Elmina Business Park, Cipta Serenia at Serenia Business Park and XME Business Park in Nilai Impian *(Source: Annual Report 2022 of SD Property and the Management)*, the Kapar Land is envisaged to be developed into an integrated and sustainable industrial development comprising a managed industrial park facility with green initiatives, which will facilitate the Group’s expansion in developing and managing industrial assets in line with the Group’s SHIFT25 strategy.

Premised on the above, we are of the view that the rationale for the Proposed Acquisition is reasonable.

6.2 EVALUATION OF THE PURCHASE CONSIDERATION

The basis of determining and justification for the Purchase Consideration are set out in Section 2.2 of Part A of Circular.

We note that the Purchase Consideration of RM618.0 million was arrived at on a willing-buyer willing-seller basis after taking into consideration the development potential of the Kapar Land as well as the market value of the Kapar Land as at 4 March 2022 of RM618.0 million (RM14.95 per square foot (“**psf**”)), based on the valuation conducted by JLW as the Independent Valuer. The Company has also appointed JLW to conduct an updated valuation on the Kapar Land where the market value of the Kapar Land has remained at RM618.0 million (RM14.95 psf) as at 5 October 2022 and 6 March 2023 as set out in the Valuation Certificate.

In evaluating the Purchase Consideration, we have reviewed the Valuation Report prepared by JLW in accordance with the Malaysian Valuation Standards published by the Board of Valuers, Appraisers, Estate Agents and Property Managers Malaysia as well as the Asset Valuation Guidelines issued by the Securities Commission Malaysia.

In arriving at the opinion of the market value on the Kapar Land, JLW adopted the comparison approach of valuation as the only approach of valuation as the development plans for the Kapar Land are not available and/or has not been finalised by the Company as at the LPD. We are of the view that the adoption of comparison approach as the only approach of valuation is reasonable as development plans for the Kapar Land are not available and/or have not been finalised by the Company as at the LPD.

The comparison approach of valuation involves a comparison of the property under valuation with the completed sales of other similar properties. Where dissimilarities exist, adjustments are made.

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In arriving at the market value of the Kapar Land, 3 transactions of unconverted development land within Kapar/Jenjarom in Selangor have been considered by the Independent Valuer. We summarise below the comparable sales evidence as well as the key bases and assumptions made in the valuation of the Kapar Land by the Independent Valuer:

	Kapar Land	Sale Comparable 1	Sale Comparable 2	Sale Comparable 3
Type	3 parcels of unconverted development land	A parcel of unconverted development land	A parcel of unconverted development land	A parcel of unconverted development land
Identification and location	Lot 40, 41 and 42, along Jalan Kapar and Jalan Haji Abdul Manan, Kapar, Selangor Darul Ehsan	Lot 92, located along Jalan Bukit Kerayong and Jalan Akob, Kapar, Selangor Darul Ehsan	Lot 2495, located along Jalan Kampung Sri Cheeding, Jenjarom, Selangor Darul Ehsan	Lot 5049, located along Jalan Pusara, Jenjarom, Selangor Darul Ehsan
Tenure	Interest in perpetuity	Interest in perpetuity	Interest in perpetuity	Interest in perpetuity
Category of land use	Agriculture	Agriculture	Nil	Nil
Zoning	Zoned for Industrial use	Zoned for Industrial use	Zoned for Industrial use	Zoned for mixed use
Land area	948.826 acres / 41,330,928 square feet	184.0132 acres / 8,015,615 square feet	128.4998 acres / 5,597,451 square feet	297.5144 acres / 12,959,728 square feet
Consideration	RM618,000,000	RM150,114,839	RM85,081,254	RM169,800,000
Date of transaction	1 December 2022	23 July 2021	22 July 2021	3 June 2021
Vendor	Sime Darby Plantation Berhad	Sime Darby Plantation Berhad	Sime Darby Plantation Berhad	PNB Development Sdn Bhd
Analysed price psf		RM18.73 psf	RM15.20 psf	RM13.10 psf
Adjustment factors considered		Zoning & subdivision, location, size and shape		
Adjusted value		RM15.00 psf	RM14.90 psf	RM14.50 psf

We note that the comparable properties which were considered by the Independent Valuer have an adjusted value of between RM14.50 psf and RM15.00 psf after relevant adjustments were made on location, size and shape of the comparable properties as well as any relevant planning requirements for the transaction as set out below:

- (i) the location of the Kapar Land is better sited and/or located within a more matured area than the comparable properties which resulted in upward adjustments to the analysed price psf of the comparable properties; and
- (ii) the size of the Kapar Land is larger than the comparable properties which resulted in downward adjustments to the analysed price psf of the comparable properties.

Other factors considered in adjusting the analysed price psf of the comparable properties includes the shape of the Kapar Land which is separated by gas pipeline and transaction terms of a comparable property in respect of its conversion of land use.

We are of the view that the above adjusted value is reasonable as relevant adjustments have been made to ensure that the transactions are comparable to the Kapar Land under the Proposed Acquisition.

The Independent Valuer has adopted the adjusted value of RM15.00 psf based on Sale Comparable 1 as it is located within the same locality of the Kapar Land. This translates into a market value of RM619.9 million for the Kapar Land which was rounded to RM620.0 million. The Independent Valuer then adjusted the market value of the Kapar Land with an estimated cost of RM2 million to be incurred to relocate two religious structures to another site within the Kapar Land to achieve a more efficient layout for eventual development. We note that the said estimated cost includes the relocation cost and construction of a new religious structure, as well as related cost to procure the relevant approvals for its construction. We further note that the Independent Valuer did not consider the associated land cost in arriving at the estimated cost for the said relocation as the religious structures are expected to be relocated within a reserved area of the Kapar Land that is earmarked for religious worships. Although the Independent Valuer had adjusted the market value of the Kapar Land with an estimated cost of RM2 million to be incurred to relocate two religious structures to another site within the Kapar Land, based on our discussion with the Management, it is the intention of SDPBT to only relocate one of the religious structures as the other religious structure which is located at the fringe of the Kapar Land along Jalan Kapar does not affect SDPBT's existing development planning layout.

We are of the view that the Independent Valuer's assumptions are reasonable as the above adjustment have been made for the relocation of both religious structures within the Kapar Land to facilitate a more efficient layout for future development of the Kapar Land and is a more prudent approach in arriving at the market value of the Kapar Land. After the adjustment for the cost of relocation of the two religious structures, the Independent Valuer had arrived at a market value of RM618.0 million for the Kapar Land.

Based on the above, we are of the view that the adoption of the comparison approach of valuation, and the bases and assumptions used by the Independent Valuer are reasonable. As the Purchase Consideration is equivalent to the market value of the Kapar Land, we are of the view that the Purchase Consideration is fair.

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6.3 SALIENT TERMS OF THE SPA

The salient terms of the SPA have been set out in Appendix I of the Circular. Our evaluation of the salient terms of the SPA is as follows:

NO.	SALIENT TERMS	SPA	Affin Hwang IB's comments
1.	Agreement to sell and to purchase	<p>(i) Subject to the terms and conditions contained in the SPA, the Vendor shall sell and the Purchaser shall purchase the Kapar Land at the Purchase Consideration on an as-is-where-is basis in its present state and condition.</p> <p>(ii) The Kapar Land shall be sold to the Purchaser with vacant possession but subject to the following contractual conditions:</p> <p>(a) free from all encumbrances;</p> <p>(b) the Vendor being liable for any costs or expenses for the relocation or reassignment of its employee(s) who are employed in connection with the cultivation of oil palm on the Kapar Land and related support services ("Employee(s)") or for any ex-gratia payments made to the Employee(s);</p> <p>(c) all easements, rights of way, right to lay, place or carry electrical installations pursuant to Section 11 of the Electricity Supply Act 1990, wayleaves, agreements and acquisitions endorsed on the original issue documents of title in respect of the Kapar Land ("Document of Title") or otherwise affecting the Kapar Land;</p> <p>(d) save as expressly otherwise provided herein, to any conditions (whether express or implied), category of land use and restrictions in interest registered on the Document of Title; and</p> <p>(e) upon the basis that each of the representations and warranties set out in the SPA are true and accurate in all respects.</p>	<p>These terms enable the Purchaser to acquire the Kapar Land which include the physical structure(s) with vacant possession and free from all encumbrances, subject to the terms and conditions contained in the SPA.</p> <p>Upon completion of the Proposed Acquisition, the Purchaser will be entitled to all rights and benefits to the Kapar Land, subject to all restrictions in interest and conditions of title as well as the existing category of land use.</p> <p>As the Purchaser is only purchasing the Kapar Land, the Vendor will bear the costs or expenses to relocate or reassign its Employee(s) or for any ex-gratia payments made to the Employee(s).</p>

NO.	SALIENT TERMS	SPA	Affin Hwang IB's comments
		<p>(iii) The parties have agreed on the list of any and all physical structure(s) and building(s) such as offices, staff quarters, workshops, stores, waste treatment plants as well as religious, communal & educational structures such as temples, shrines, cemeteries and schools currently existing on the Kapar Land, whether legal or illegal, as at the date of the SPA in which the list of the same shall be itemized by the Vendor to the best of the Vendor's knowledge and ability by letter to the Purchaser upon the execution of the SPA but excludes any additional physical structure(s) and building(s) that are erected after the expiry of the Completion Period (as defined in Section 6.3(2)(i)(b) below) or Extended Completion Period (as defined in Section 6.3(2)(ii) below), as the case may be as annexed in Schedule 2 of the SPA ("Physical Structure(s)"). The Purchaser will accept all the Physical Structure(s).</p>	<p>In view that the Proposed Acquisition is on an "as-is-where-is basis", the terms of the SPA provide for the Purchaser to acquire the Kapar Land which includes the Physical Structures. Based on our discussion with the Management, the relevant cost for the removal of the Physical Structures will not have a material impact on the estimated development cost of the Proposed Development. In addition, the cost to remove the Physical Structures will be incurred as part and parcel of the cost to be incurred in respect of infrastructure works to be undertaken for the Proposed Development. Nonetheless, such removal cost of the Physical Structures is not expected to be incurred in the immediate term.</p>
2.	Purchase Consideration	<p>(i) The Purchaser shall pay the Purchase Consideration for the Kapar Land to the Vendor in the following manner:</p> <p>(a) 10.0% of the Purchase Consideration upon execution of the SPA ("Deposit") shall be paid as follows:</p> <p>(aa) the sum amounting to RM18,540,000 which is equivalent to 3.0% of the Purchase Consideration to be retained ("Retention Sum") shall be paid to the Purchaser's solicitors as stakeholders for their onward transmission to the Director-General of Inland Revenue within 60 days from the date of disposal in accordance with Section 21B of the Real Property Gains Tax Act 1976; and</p> <p>(bb) the sum of RM43,260,000.00 being the Deposit less the Retention Sum shall be paid to the Vendor; and</p> <p>(b) 90.0% of the Purchase Consideration ("Balance Purchase Price") to the Vendor within 3 months from the Unconditional Date (i.e. the date upon which the last of all the approvals required for the Proposed Acquisition have been obtained upon terms and conditions acceptable or deemed to be acceptable to the parties in accordance with the SPA) or such other date as the parties may mutually agree in writing ("Completion Period").</p>	<p>Payment of a 10% Deposit is in line with common commercial terms of other acquisition or disposal transactions.</p> <p>The Retention Sum to be held by the Purchaser's Solicitors as stakeholders is in line with Section 21B(1) of the Real Property Gains Tax Act 1976 that the Purchaser's lawyer retains 3% of the purchase price from the deposit paid and remits the same to the Inland Revenue Board together with the prescribed tax forms within the 60-day timeframe.</p> <p>The flexibility for the Purchaser to settle the Balance Purchase Price within 3 months from the Unconditional Date is not detrimental to the Purchaser.</p>

NO.	SALIENT TERMS	SPA	Affin Hwang IB's comments
		<p>(ii) In the event that the Purchaser is unable to comply with Section 6.3(2)(i)(b) above for any reason whatsoever, the Vendor shall grant the Purchaser an automatic extension of 1 month following the expiry of the Completion Period ("Extended Completion Period") subject to imposition of late payment interest of 8.0% per annum of the outstanding sum commencing from the date immediately from the expiry of the Completion Period until date of full settlement calculated on a daily basis.</p>	<p>Interest of 8% per annum is imposed on any late payment of the Purchase Consideration which is in line with common commercial terms of other acquisition or disposal transactions.</p>
3.	<p>Adjustment of Purchase Consideration</p>	<p>The Purchaser shall upon execution of the SPA appoint a registered surveyor to commence a survey on the Kapar Land to determine the actual area of the Kapar Land ("Survey") and shall ensure that such Survey is completed on or before the date on which full amount of the Purchase Consideration is received by the Vendor in accordance with Section 6.3(2) above ("Completion Date"). The Purchaser shall immediately upon completion of the Survey and within 14 days thereof, notify the Vendor of the results of the surveyed area. The parties hereby agree that in the event that there is a discrepancy between the results of the surveyed area of the Kapar Land and the area of the Kapar Land as set out in the SPA, the Purchase Consideration shall be adjusted based on RM14.95 per square foot for such difference in area, and the Purchase Consideration referred to in the SPA shall be the Purchase Consideration which has been adjusted pursuant to this Section 6.3(3).</p>	<p>The appointment of the surveyor by the Purchaser was based on commercial negotiations between the parties and is in line with the terms of the template SPA attached to the Option Agreement.</p> <p>It is reasonable for the Purchaser to appoint a registered surveyor to survey the Kapar Land to ensure that the land size is accurately reflected in the SPA. The Survey is also being conducted in conjunction with the Purchaser's preparation of the concept masterplan for the Proposed Development.</p> <p>The Purchase Consideration is to be adjusted for any difference in surveyed area and the area set out in the SPA based on RM14.95 psf, which is the market value of the Kapar Land on a psf basis.</p>
4.	<p>Conditions Precedent</p>	<p>(i) The parties acknowledge and agree that the completion of the SPA is conditional upon the following approvals ("Approvals") (where necessary) being obtained within 6 months from the date of the SPA or such other date as may be mutually agreed by the parties ("Approvals Fulfilment Date):</p> <p>(a) The approval of the Estate Land Board under the National Land Code for the transaction contemplated herein which approval shall be applied for by and at the expense of the Vendor or the registered proprietor (as the case may be)⁽¹⁾;</p> <p>(b) If required, the approvals of the shareholders of the Vendor⁽²⁾ and the Purchaser; and</p>	<p>The 6 months period to fulfil the Conditions Precedent is reasonable as it typically takes approximately 3 to 6 months to obtain the approval of the Estate Land Board under the National Land Code.</p> <p>The Conditions Precedent represent the necessary approvals to give effect to the Proposed Acquisition.</p> <p>We note that the approval of the Estate Land Board has been obtained via Estate Land Board's letter dated 18 April 2023.</p> <p>The only Condition Precedent which is outstanding as at the LPD is the approval from SD Property's shareholders in relation to the Proposed Acquisition. The approval from SD Property's shareholders will be sought at the Company's forthcoming EGM.</p>

NO.	SALIENT TERMS	SPA	Affin Hwang IB's comments
		<p>Note:</p> <p>(1) <i>The application was submitted on 27 January 2023 and the approval of the Estate Land Board was obtained on 18 April 2023.</i></p> <p>(2) <i>The approval of the shareholders of the Vendor is not required in respect of the Proposed Acquisition.</i></p> <p>(c) the approval of such other relevant governmental or other authorities or regulatory bodies (if required) in respect of the sale and the purchase of the Kapar Land in accordance with the terms of the SPA.</p> <p>(ii) In the event that either party is unable to obtain any of the Approvals, the parties agree to an automatic extension of the Approvals Fulfilment Date of 1 month subject to further extension as may be mutually agreed by the parties ("Extended Approvals Fulfilment Date").</p> <p>(iii) In the event any of the Approvals are not obtained by the Approvals Fulfilment Date, the Extended Approvals Fulfilment Date or any other date as mutually agreed by the parties, either party may terminate the SPA by written notice to the other party. Upon such termination, the Vendor shall refund or cause to be refunded to the Purchaser free of interest all whatsoever monies paid or caused to be paid by the Purchaser towards account of the Purchase Consideration and the Purchaser shall redeliver vacant possession of the Kapar Land to the Vendor (if the Kapar Land has been delivered to the Purchaser). There is no indicative timeline for such refund to be made to the Purchaser by the Vendor as mutually agreed between the parties.</p> <p>(iv) The SPA shall be deemed to be unconditional on the Unconditional Date.</p>	<p>The extension of the period to fulfil the Conditions Precedent is reasonable in the event of any unforeseen delays to obtain the requisite approvals by the parties in line with common commercial terms of other acquisition or disposal transactions.</p> <p>If the Approvals are not obtained by the Approvals Fulfilment Date, the Extended Approvals Fulfilment Date or any other date as mutually agreed by the parties, either party may elect to terminate the SPA, which is reasonable in view that the non-fulfillment of conditions precedent do not amount to a breach of terms of the SPA.</p> <p>Please refer to our concluding comments under Section 6.3 below where there is no indicative timeline for such refund.</p>

NO.	SALIENT TERMS	SPA	Affin Hwang IB's comments
5.	Non-registration of transfer	In the event that the Memorandum of Transfer cannot be registered in favour of the Purchaser for any reason whatsoever not due to the default of the Vendor or the Purchaser (and which non-registration, if capable of remedy, is not remedied by the Vendor within 60 days or any other date to be mutually agreed by the parties, of the notification of such non-registration), then the Vendor shall hold in trust the Kapar Land comprised in the Memorandum of Transfer on trust for the Purchaser absolutely.	Based on our discussion with the Management, the risk of such occurrence is low. However, should this trust arrangement be required, the Vendor will hold in trust the Kapar Land for the Purchaser and enable the Purchaser to proceed with its Proposed Development plans. Pending the registration of the transfer of the Kapar Land, the SPA provides for a power of attorney to be granted by the Vendor in favour of the Purchaser specifically for the purpose of facilitating the Purchaser in its development approvals submission for the Proposed Development.
6.	Completion	<p>(i) Completion of the sale and purchase of the Kapar Land shall take place at the office of the Vendor or such other place as the parties agree on the Completion Date when all the following business shall be transacted:</p> <p>(a) the Vendor shall hand over to the Purchaser a letter confirming delivery of vacant possession of the Kapar Land to the Purchaser which shall be subject to the conditions stipulated in Section 6.3(1)(ii) above and such other documents relating to the Kapar Land in the event the same has not been delivered by the Vendor to the Purchaser;</p> <p>(b) the Purchaser shall make payment of the Balance Purchase Price in accordance with Section 6.3(2)(i) above; and</p> <p>(c) a tenancy agreement to be executed by the Purchaser in favour of the Vendor in respect of the Kapar Land or such portion thereof which are not required by the Purchaser for immediate development upon such rental, terms and conditions as may be mutually agreed to enable the Vendor to continue operating the plantations including harvesting oil palm trees situated on the Kapar Land concerned and shall be entitled to retain all proceeds or revenue derived from operating the plantations.</p> <p>Note: * As at the LPD, the parties have not entered into any tenancy agreement. Should the parties enter into any tenancy agreement, the Company will make the relevant announcement to Bursa Securities and seek the shareholders' approval for the Proposed Tenancy (if required).</p>	<p>This term serves to set out the responsibilities of all parties on the Completion Date.</p> <p>Please refer to our comments on settlement of Purchase Consideration as set out under Section 6.3(2) above.</p> <p>Based on our discussion with the Management, the tenancy of the Kapar Land will provide additional rental income to the Company while the preparatory work on the application for Proposed Development plans and order are being undertaken. The tenancy agreement is to be executed based on the template agreed upon pursuant to the Option Agreement, which includes the following terms:</p> <p>(i) Term – 3 years, with option to renew for a further period of 3 years; and</p> <p>(ii) Rent – Based on the preceding month's average Malaysian Palm Oil Board delivered price of Crude Palm Oil per metric tonne multiplied by the total planted area in hectare, which is deemed as market rates.</p>

NO.	SALIENT TERMS	SPA	Affin Hwang IB's comments
			The Company will make the relevant announcement to Bursa Securities should the parties enter into the tenancy agreement pursuant to the Option Agreement in respect of Kapar Land or such portion thereof which are not required by the Group for immediate development.
7.	Land acquisition	<p>In the event of the Government or any other authority having power in that behalf acquires any parts of the Kapar Land for any purposes whatsoever between the date of the SPA and the Completion Date, the Vendor shall immediately notify the Purchaser of the same and the Purchaser shall, within 14 days from the date of the receipt of the written notification from the Vendor, be entitled to either:</p> <p>(i) terminate the SPA by giving a notice of termination to the Vendor, whereupon the following provisions shall apply:</p> <p>(a) all sums and/or payments previously received by the Purchaser as compensation for any acquisition or proposed acquisition by any governmental, statutory, urban or municipal authority acquiring or exercising any rights or taking any step under the Land Acquisition Act 1960 and/or any other legislation of the Kapar Land shall be forthwith paid to the Vendor;</p> <p>(b) the Purchaser shall at its own cost and expense return or cause to be returned to the Vendor the Memorandum of Transfer, the Document of Title and the transfer documents as stipulated in the SPA (unless the Vendor is satisfied that the Purchaser is required to submit the Memorandum of Transfer to the Stamp Office in connection with its application to the Stamp Office for a refund of the stamp duty paid (if any) on the Memorandum of Transfer) and all other documents deposited with the Purchaser or the Purchaser's Solicitors which are still in the possession of the Purchaser or the Purchaser's Solicitors free from encumbrances;</p> <p>(c) the Purchaser shall re-deliver vacant possession of the Kapar Land if the same had then been delivered to the Purchaser;</p>	The Purchaser has the right to terminate the SPA in the event a compulsory acquisition takes place before the Completion Date which is reasonable as the compulsory acquisition may affect the Purchasers' future development plans as well as the market value of the Kapar Land.

NO.	SALIENT TERMS	SPA	Affin Hwang IB's comments
		<p>(d) thereafter the Vendor shall be entitled to dispose of or otherwise deal with the Kapar Land in such manner as the Vendor shall deem fit and expedient as if the SPA has not been entered into; and</p> <p>(e) the Vendor shall refund or cause to be refunded to the Purchaser free of interest, all whatsoever monies paid or caused to be paid by the Purchaser towards account of the Purchase Consideration. There is no indicative timeline for such refund to be made to the Purchaser by the Vendor as mutually agreed between the parties; or</p> <p>(ii) proceed with the SPA by issuing a written notice of its intention to the Vendor. In such event:</p> <p>(a) the Vendor shall immediately notify the Government or the acquiring authority of the Purchaser's interest in the affected Kapar Land and the terms of the SPA;</p> <p>(b) with effect from the Completion Date, the Purchaser shall be entitled to receive all compensation monies and to appear and attend at such enquiry or hearings either in the name of the Vendor or the Purchaser; and</p> <p>(c) with effect from the Completion Date, all compensation monies received by the Vendor shall belong absolutely to the Purchaser and be paid over to the Purchaser forthwith.</p> <p>In the event that the Purchaser opts to proceed under Section 6.3(7)(ii) above, the Purchaser agrees that no governmental, statutory, urban or municipal authority acquiring or exercising any right or taking any step under the Land Acquisition Act 1960 and/or any other legislation to acquire the Kapar Land or any part thereof for any purpose whatsoever shall cause the Purchase Consideration to be adjusted nor affect the Purchase Consideration in any way.</p>	<p>Please refer to our concluding comments under Section 6.3 below where there is no indicative timeline for such refund.</p> <p>In the event a compulsory acquisition takes place before the Completion Date and the Purchaser decides to proceed with the SPA, all compensation monies will be accorded to the Purchaser. We note that under Section 12(1) of the Land Acquisition Act 1960, a Land Administrator shall make full enquiry into the value of all scheduled lands and thereafter assess the amount of compensation which in his opinion is appropriate, taking into consideration the following:</p> <p>(a) the market value as determined in accordance with the Land Acquisition Act 1960;</p> <p>(b) any increase, which shall be deducted from the total compensation, in the value of the other land of the person claiming an interest in compensation to be made on account of the acquisition of land under the Land Acquisition Act ("Person Interested") likely to accrue from the use to which the land acquired will be put;</p> <p>(c) the damage, if any, sustained or likely to be sustained by the Person Interested at the time of the Land Administrator's taking possession of the land by reason of severing such land from his other land;</p>

NO.	SALIENT TERMS	SPA	Affin Hwang IB's comments
			<p>(d) the damage, if any, sustained or likely to be sustained by the Person Interested at the time of the Land Administrator's taking possession of the land by reason of the acquisition injuriously affecting his other property, whether movable or immovable, in any other manner;</p> <p>(e) if, in consequence of the acquisition, he is or will be compelled to change his residence or place of business, the reasonable expenses, if any, incidental to such change; and</p> <p>(f) where only part of the land is to be acquired, any undertaking by the State Authority, or by the Government, person or corporation on whose behalf the land is to be acquired, for the construction or erection of roads, drains, walls, fences or other facilities benefiting any part of the land left unacquired, provided that the undertaking is clear and enforceable.</p> <p>As such, the compensation payable for the compulsory acquisition may not be similar to the current market value of the Kapar Land. If the compensation is lower than the current market value of the Kapar Land, this will not be in the best interest of the Purchaser. In the event a compulsory acquisition takes place before the Completion Date, this term is reasonable as SD Property has the opportunity to assess the relevant risk, including the impact of any potential shortfall of the said compensation, before deciding to proceed with the SPA.</p> <p>The Board and Management will assess the available options and act in the best interest of the Group. In the event the Group decides to terminate the Proposed Acquisition, the Group shall notify SD Plantation and all monies paid by SDPBT towards the Purchase Consideration shall be refunded to SDPBT free of interest.</p>

NO.	SALIENT TERMS	SPA	Affin Hwang IB's comments
8.	Power of attorney	Immediately upon the execution of the SPA and if requested by the Purchaser, the Vendor shall grant and execute or cause to be granted and executed a power(s) of attorney to the Purchaser or an officer of the Purchaser in respect of the Kapar Land specifically for the purposes of facilitating the Purchaser to submit applications for approvals of development plans (" Development Approvals ") to the appropriate authorities having jurisdiction over the Kapar Land. In the event that a power of attorney is not accepted by the appropriate authorities for such purposes of applying for the Development Approvals, the Vendor shall upon the request of the Purchaser, sign or cause to be signed the submissions by the registered owner of such affected Kapar Land. All costs of applying and obtaining approval for Development Approvals and the cost of the powers of attorney shall be borne by the Purchaser PROVIDED ALWAYS that the Purchaser shall indemnify the Vendor (or any of the registered owners of the Kapar Land executing a power of attorney) against any claims, demands, costs, expenses and any loss or injury howsoever arising from the granting of the power of attorney by the Vendor (or registered owner) to the Purchaser and PROVIDED FURTHER that the Purchaser shall indemnify the Vendor (or any of the registered owners of the Kapar Land executing a power of attorney) against any imposition of property assessment tax on the Kapar Land (which had not be imposed prior to such submission of application for approval of developmental plans) by the relevant governmental or other authority and the Purchaser shall be responsible to bear the charges so imposed.	<p>Although not an ordinary term, it is not detrimental to the Purchaser as the granting of a power of attorney will enable the Purchaser to proceed with the submission of Development Approvals before the completion of the Proposed Acquisition and facilitate an expeditious commencement of development on the Kapar Land by the Purchaser.</p> <p>As the submission of Development Approvals and request for power of attorney is at the request of the Purchaser, it is reasonable for the Purchaser to bear all cost incurred in connection with the submission for Development Approvals and powers of attorney, and indemnify the Vendor (or any registered owners) against all claims arising from the granting of the power of attorney and any imposition of property assessment tax on the Kapar Land (which had not be imposed before such submission).</p>

Based on the salient terms of the SPA, and our comments as set out above, we are of the view that the interest of the Purchaser is generally protected under the SPA. However, we wish to highlight that there is no deadline imposed for the refund of monies or payment of liquidated damages. In the event the SPA is terminated by either party as per the situation set out in Section 6.3(4)(iii) above or by the Purchaser as per the situation set out in Section 6.3(7)(i)(e) above, the Vendor is obligated to refund such monies within a reasonable time as provided for under Section 47 of the Contracts Act 1950. In the event the SPA is terminated by the Purchaser on default of the Vendor, the Vendor is obligated to refund such monies and/or pay such liquidated damages within a reasonable time as provided for under Section 47 of the Contracts Act 1950.

Section 47 of the Contracts Act 1950 provides that "where, by the contract, a promisor is to perform his promise without application by the promisee, and no time for performance is specified, the engagement must be performed within a reasonable time." We note that under the said act, it is further explained that the question of "what is a reasonable time" is, in each particular case, a question of fact, and this is to be determined according to the circumstances of each particular case.

Thus, the refund of monies or payment of liquidated damages (where applicable) must be performed within a reasonable time in line with common commercial terms of other acquisition or disposal transactions. Failing which, the Purchaser shall be entitled to enforce the said obligation through a legal proceeding. The possible remedy for the Purchaser includes court-ordered damages from the Vendor. The damages awarded may be in the form of compensatory damages, which are meant to cover the actual losses suffered by the Purchaser from the failure of the Vendor to refund such monies or pay such liquidated damages (where applicable), and may include expenses incurred in connection with the claim.

Taking into consideration the provisions under Section 47 of the Contracts Act 1950, we are of the view that the overall terms of the SPA are fair and reasonable and in the best interest of the Company.

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6.4 INDUSTRY OVERVIEW AND PROSPECTS

We summarise below some key points for evaluation in relation to the overview and prospects of the Malaysian economy and the property development industry as set out in Section 4 of Part A the Circular.

6.4.1 Overview and outlook of the Malaysian economy

Even in the face of global challenges, Malaysia's economy continued to post a strong recovery. Domestic GDP grew by 8.7% in 2022 (2021: 3.1%). As COVID-19 restrictions were lifted, economic activities resumed. Labour market conditions and investment activities improved, further supporting domestic growth. The reopening of international borders helped revive tourism activity. Continued policy support, such as the minimum wage increase and cash transfers, provided an additional lift to the economy.

Overall, Malaysia's economic recovery in 2022 was largely driven by stronger domestic demand as economic activity normalised. However, the pace of recovery varied across different economic sectors. While economic activity in export-oriented industries thrived, some sectors such as that of the leisure related services remained below pre-pandemic levels. This was mostly due to tourist arrivals recovering only at a gradual pace during the year.

Headline inflation averaged higher in 2022 at 3.3% (2021: 2.5%). Underlying inflation, as measured by core inflation, also rose, averaging at 3.0% (2021: 0.7%). The surge in global commodity prices and prolonged supply-related disruptions were key factors that resulted in cost-push inflationary pressures. The continued United States dollar strength against the ringgit also led to higher import prices, which added to the cost pressures. While inflation was largely driven by these cost factors, the strengthened domestic demand following the economic reopening also contributed to the increasing inflationary pressures. However, upward pressures on prices were partly contained by domestic price controls, subsidies, and prevailing spare capacity in the economy.

As the Malaysian economy was on a firmer footing, the Monetary Policy Committee ("MPC") deemed that it was the right time to begin withdrawing excess monetary policy support. The MPC gradually increased the Overnight Policy Rate (OPR) through four 25 basis point adjustments at the May, July, September and November meetings in 2022. This resulted in a total increase of 100 basis points, bringing the OPR to 2.75% from a historical low of 1.75% in 2020.

While Malaysia's economic growth had exceeded its pre-pandemic level in 2022, the economy is expected to face headwinds in the coming year, particularly from global developments. Conditions will continue to evolve and uncertainties remain surrounding global growth and global financial markets amid monetary policy tightening in major economies and the recent banking sector issues, geopolitical conflicts and supply chain disruptions.

(Source: Bank Negara Malaysia ("BNM") Annual Report 2022)

Comments from Affin Hwang IB on the outlook of the Malaysian economy

Malaysia registered GDP growth of 8.7% in 2022 as compared to 3.1% in 2021. The growth in the Malaysian economy was mainly driven by improved labour market conditions and a rebound in economic activity and demand. Nonetheless, risks emanating from the global economic and financial markets outlook may result in the pull back of the overall growth in both external and domestic activities.

6.4.2 Overview and outlook of the property sector

Property sector in Malaysia

A total of 389,107 transactions worth RM179.07 billion were recorded in 2022, showing an increase of 29.5% in volume and 23.6% in value compared to 2021. Volume of transactions across the sub-sectors showed upward movements. Residential, commercial and industrial, agriculture and development land sub-sectors recorded year-on-year growths of 22.3%, 46.3%, 44.5%, 44.6% and 35.7% respectively. Value of transactions moved in tandem with residential, commercial, industrial, agriculture and development land sub-sectors recorded an increase of 22.6%, 16.7%, 24.8%, 50.5% and 16.6% respectively.

The residential sub-sector led the overall property market, with 62.5% contribution in volume. This was followed by agriculture (21.1%), commercial (8.4%), development land and others (5.9%) and industrial (2.1%). In terms of value, residential led with 52.6% share, followed by commercial (18.2%), industrial (11.8%), agriculture (10.0%) and development land and others (7.4%).

The Budget for year 2023 has been revised by the new federal government and the planned measures outlined are expected to continue supporting the property sector. The industrial market outlook will remain positive as the manufacturing sector growth is expected to remain healthy in the short term supported by stronger domestic demand and healthy exports. The current situation points to cautious optimism in the property market.

(Source: Valuation Certificate 2)

In the past 12 months, the logistics industry has continued to outperform many other sectors. Moving into 2023, demand for logistics assets will continue to outpace supply amid normalisation of all economic activities. The industrial property sector remains on upward growth trajectory with a steady pipeline of distribution and warehouse projects, driven by strong and steady demand from both logistics players and investors.

(Source: Real Estate Highlights 2nd Half 2022, Knight Frank Research)

Industrial property market in Klang Valley

The growth momentum continues with Klang Valley registering a total of 2,130 industrial property transactions with collective value of RM8.02 billion in the first nine months of 2022 (first nine months of 2021: 1,395 transactions; collective value RM6.08 billion).

As of 3Q 2022, the cumulative industrial property inventory in Klang Valley stood at 46,762 units, concentrated in District of Petaling and District of Klang with 14,413 units (30.8% share) and 8,760 units (18.7% share), respectively.

In the pipeline, there are 1,560 industrial units currently under-construction (incoming supply) with another 1,702 units in the planning pipeline. District of Petaling and District of Klang also topped in terms of incoming supply with 498 units (31.9%) and 413 units (26.5%) respectively.

As for planned supply, it is worthy to mention that about half (48.9% share or 833 units) will be from the District of Klang. This is likely attributed to its proximity to Port Klang – the country's largest port and the world's 12th busiest port (2021); the availability of large tracts of development/ industrial land at competitive pricing, good and improving road infrastructure with the under construction 233-kilometre WCE expected to be fully completed and operational by 2024; and other factors.

Amid the oversupplied market in selected property sub-sectors, the country's real estate investment trusts (REITs) are diversifying or expanding their portfolio into the flourishing industrial segment.

(Source: Real Estate Highlights 2nd Half 2022, Knight Frank Research)

Comments from Affin Hwang IB on the overview and outlook of the property sector

We note that the overall property market in Malaysia has shown signs of growth in 2022, with an increase of 29.5% in volume and 23.6% in value compared to 2021. The country's industrial property sector has seen steady growth in recent years largely due to expected growth in the manufacturing sector supported by domestic demand and exports. The growth momentum of the industrial property market is foreseen to continue with a steady pipeline of distribution and warehouse projects. Particularly in Klang Valley, growth in the industrial property market looks set to continue, riding on the locality's good accessibility and connectivity, and availability of development/industrial land at competitive pricing.

6.4.3 Prospects of the Kapar Land

We note from Section 4.3 of Part A of the Circular, the prospects of and future plan for the Kapar Land are as follows:

- (i) the Kapar Land is situated within the region of Bandar Bukit Raja, Klang in Selangor which has significant growth potential in the future;
- (ii) the Kapar Land is to be developed into an integrated sustainable industrial township given its strategic location and sizeable NLA of approximately 950 acres; and
- (iii) the Board is confident that the Proposed Development can be successfully undertaken given the positive factors such as the increase in foreign direct investments for approved investments in manufacturing, services and primary sectors as well as global and local industrial sector trends which indicate strong demand for industrial properties.

The Kapar Land is located within the District of Klang and is strategically located due to its proximity to Port Klang, as well as having good accessibility and connectivity to several highways namely WCE and NKVE, as well as the ECRL Development which will connect the locality with the East Coast of Malaysia.

As set out in Section 3.2 of Part A of the Circular, leveraging on the on-going construction of the ECRL as well as WCE highways, the Kapar Land is projected to catalyse further the industrial development projects under SD Property in Klang, Selangor due to its strategic location. It is expected that the existing location offers enhanced industrial operational efficiency by improving transportation time to Port Klang, a key national seaport gateway. The Kapar Land also lies within a large catchment of population surrounding the development due to its connectivity to major cities such as Klang and Shah Alam, which may encourage job creations, especially within the industrial and logistics segment. The Kapar Land is also surrounded by other established developments and facilities comprising supporting components such as schools, hospitals, lifestyle parks, retail and commercial facilities which is expected to further enhance the attractiveness of the Proposed Development by the Group.

In addition, the above is supported by SD Property's co-development of an Industrial Development Fund ("IDF") with LOGOS SE Asia Pte. Ltd. pursuant to SD Property's strategy to drive its industrial and logistics development business. The IDF will be channelled into developing sustainable, large-scale, integrated modern logistic assets with green building certification at its E-Metro Logistics Park in Bandar Bukit Raja, Klang. The IDF serves as a key stepping stone for SD Property to expand its industrial and logistics development business, and to enhance recurring income from the industrial and logistics development sector in the long term.

(Source: Annual Report 2022 of SD Property and the Management)

Given its strategic location within Bandar Bukit Raja, Klang in Selangor and sizeable NLA of approximately 950 acres, the Kapar Land is to be developed into an integrated sustainable industrial township. The first phase of the Proposed Development is expected to be launched in 2024 and the Proposed Development will be structured as a phased development over a period of 10 to 15 years, which is well-positioned to contribute positively to the future earnings of the Group. The Proposed Acquisition will also complement the Group's existing and future industrial development projects in Klang, Selangor.

Premised on the above, the Proposed Acquisition provides SD Property with the opportunity to expand its industrial land bank in Bandar Bukit Raja, Klang in Selangor and to enhance the revenue and income stream of the Group upon commencement of development and sale of the units in the Proposed Development over its phased development period in the future.

6.5 RISK FACTORS

We have taken note of the risk factors associated with the Proposed Acquisition as set out in Section 5 of Part A of the Circular as follows:

6.5.1 Non-completion of the Proposed Acquisition

The Proposed Acquisition is subject to the fulfilment of the Conditions Precedent, the details of which are set out in Section 4 of Appendix I of the Circular. There can be no assurance that the Conditions Precedent will be obtained or fulfilled. There can also be no assurance that the Proposed Acquisition can be completed within the timeframe stipulated under the SPA.

Notwithstanding, the Board will take reasonable steps to ensure that the Conditions Precedent which are within its control will be met within the stipulated timeframe and that every effort is made to obtain all necessary approvals to be sought by the Group in order to complete the Proposed Acquisition in a timely manner.

The Conditions Precedent are approvals necessary to give effect to the Proposed Acquisition, which the Board will take reasonable steps to ensure that the Conditions Precedent will be met within the stipulated timeframe and that every effort is made to obtain all necessary approvals to complete the Proposed Acquisition in a timely manner. We note that the only Condition Precedent which is outstanding as at the LPD is the approval from SD Property's shareholders in relation to the Proposed Acquisition where SD Property will take all reasonable steps to satisfy, failing which, the Proposed Acquisition will be terminated and the potential benefits expected from the Proposed Acquisition will not be realised. The approval from SD Property's shareholders will be sought at the Company's forthcoming EGM.

We also wish to highlight that there are completion obligations to be met by both parties, such as the delivery of vacant possession of the Kapar Land by the Vendor, payment of the Balance Purchase Price by the Purchaser and the execution of the tenancy agreement by the Purchaser in favour of the Vendor. Should any party fail to complete the Proposed Acquisition or commits a breach of any of the terms and conditions under the SPA, and if capable of remedy, is not remedied within 30 days after written notice is given by the non-defaulting party, the non-defaulting party is entitled to pursue specific performance, or alternatively, elect to terminate the SPA and receive an agreed liquidated damages equivalent to 10% of the Purchase Consideration (or forfeit the Deposit, as the case may be). The remedies to each party are parallel and the termination clauses protect the interest of each party.

6.5.2 Financing risk

The Group's ability to obtain new bank borrowings and at an acceptable cost of such financing are dependent on numerous factors, including general capital market conditions, interest rates, credit availability from banks or other lenders, lenders' confidence in the Group and the political, social and economic conditions in Malaysia. There can be no assurance that the additional financing will be available in amounts or on terms acceptable to the Group.

In addition, the Group may be exposed to movements in interest rates in respect of the new bank borrowings to be obtained, leading to higher borrowing costs which may adversely affect the Group's cash flows and financial performance as well as its future loan repayment obligations.

Nevertheless, the Group will continuously monitor and review its debt portfolio, which includes taking into consideration the Group's gearing level, interest costs as well as cash flows to achieve and maintain an optimal capital structure.

We note that the gearing of the Group will increase from 0.31 times as at 31 December 2022 to 0.37 times on the assumption that new borrowings and/or the proceeds from the Sukuk Musharakah Programme will be used to fund approximately 90% of the Purchase Consideration. We further note that the first phase of the Proposed Development is targeted to be launched in 2024 and Proposed Development will be structured as a phased development over a period of 10 to 15 years. Despite the immediate increase in the gearing of the Group, the Proposed Acquisition and subsequent Proposed Development, when implemented, are expected to be earnings accretive in the future for the Group.

BNM had in its Monetary Policy Statement on 3 November 2022 stated that many central banks are expected to continue raising interest rates to manage inflationary pressures. Any further increase in Overnight Policy Rate by BNM may increase the financing risk for the Proposed Acquisition. We note that the Group will seek to mitigate such risk through prudent cash flow management and monitor the Group's debt portfolio and financial gearing to achieve and maintain an optimal capital structure. Nevertheless, there can be no assurance that further increases in interest rates will not lead to disruptions to the cash flows and financial performance of the Group as well as its future loan repayment obligations.

6.5.3 Return on investment of the Kapar Land

The Proposed Development is expected to contribute positively to the future earnings of the Group. However, there can be no assurance that the Proposed Development will generate the expected return on investment and the duration required for SD Property to recoup its investment in the Kapar Land could be longer than anticipated. The success and profitability of the Proposed Development depends on various factors, which include, among others, risks inherent to the property sector such as timely completion of the development, price of construction materials, availability and cost of funds, market demand for property products and changes in applicable laws and regulations as well as other risks outside of our Group's control (such as natural disasters). In the event of the occurrence of one or more of such risk, the Group's results of operations and financial condition could be affected.

Notwithstanding, in order to mitigate such risks, the Group has and will continue to exercise due care in its evaluation of the Kapar Land including its development potential, gross development value and gross development cost for the Proposed Development. The Group will also be monitoring and adjusting its development and marketing strategies in response to changing economic conditions and market demand as well as conducting continuous review on the progress of the Proposed Development.

The Proposed Development is a consequential event of the Proposed Acquisition. We note that the Proposed Development is expected to contribute positively to the earnings of the Group in the medium to long term. However, any adverse changes in the risk inherent to the property sector and borrowings interest rates environment may affect the viability of the Proposed Development and consequently have an adverse financial impact on the Group.

Nevertheless, taking into account that the Group has more than 50 years of experience in property development (*Source: Annual Report 2022 of SD Property and the Management*), we believe that the Group has the necessary experience and will exercise due care in its evaluation of the potential risks and benefits associated with the Kapar Land and also respond to economic conditions and market demands by adjusting its development and marketing strategies accordingly.

6.5.4 Non-approval by regulatory authorities

The Proposed Development is subject to various planning and development approvals being obtained from the relevant authorities. There can be no assurance that all necessary permits, licences, certificates and consents/approvals will be successfully obtained within the scheduled timeframe. Failure or delays in obtaining such consents/approvals may result in significant delays in the development schedules and/or cost overruns for the Proposed Development, which may in turn affect the results of operations of the Group.

With the involvement of an experienced team, the Group will seek to limit these risks through, among others, careful planning and close monitoring of the progress of the Proposed Development and endeavour, to the best of its ability, to obtain all the necessary permits, licences, certificates and consents/approvals required for the Proposed Development.

The Proposed Development is a consequential event of the Proposed Acquisition. We note that the Company will need to obtain various planning and development approvals to undertake the Proposed Development to realise the potential benefits of the Proposed Acquisition. As the Group has more than 50 years of experience in property development (Source: Annual Report 2022 of SD Property and the Management), and seeking approvals from authorities for any of the Group's proposed development are part of the normal course of business operation of the Group, we believe that the Management has the necessary experiences and are familiar with the application processes.

Nevertheless, non-interested shareholders should note that although the Company will seek to limit these risks, there can be no assurance that all necessary permits, licences, certificates and consents/approvals will be successfully obtained. In such event, the Group may adjust the development and marketing strategies for the Proposed Development.

6.5.5 Compulsory acquisition by the Government and potential legal risk involving the Kapar Land

The Government has the power to compulsorily acquire any land in Malaysia pursuant to the provisions of the applicable legislation including the Land Acquisition Act 1960. In such event, the amount of compensation to be awarded is based on the market value of the property and is assessed on the basis prescribed in the Land Acquisition Act 1960 and other relevant laws. Compulsory acquisition by the Government (depending on the final plans to be issued by the Government, if any), could affect the prospects of the Kapar Land. In the event of any compulsory acquisition of the Kapar Land, the Group will seek to minimise any potential losses from such situations by invoking the relevant provisions in the Land Acquisition Act 1960 in relation to the Group's rights to submit an objection in respect of compensation, where necessary.

Pursuant to a gazette published by the Government of Selangor on 12 January 2023, there is a declaration of intended acquisition by the Government pursuant to Section 8 of the Land Acquisition Act 1960 involving parts of Lot 41 and Lot 42 of the Kapar Land measuring 23.496 acres for the ECRL Development ("**Section 8 Gazette**"). Based on the corresponding land acquisition plan, part of Lot 40 of the Kapar Land, which is erroneously identified as State Land (*Tanah Kerajaan*), will also be acquired for the ECRL Development. However, as at the LPD, the possible affected area in connection with the potential acquisition of Lot 40 of the Kapar Land is unidentified and the Company is not aware of any previous and/or on-going negotiations between SD Plantation and the Government or on the final development plans for the ECRL Development being issued by the Government. As such, the Company is unable to ascertain whether the compensation payable for the potential land acquisition is adequate to cover the cost and expenses incurred by SD Property arising from such acquisition.

For the avoidance of doubt, should any compulsory acquisition take place between the date of the SPA and the Completion Date of the Proposed Acquisition, the Group can either proceed with or terminate the Proposed Acquisition. The Board will assess available options and choose the best option in the interest of the Group. In the event the Group decides to terminate the Proposed Acquisition, the Group shall notify SD Plantation and all monies paid by SDPBT towards the Purchase Consideration shall be refunded to SDPBT free of interest. Please refer to Section 7 of Appendix I of the Circular for further details on the land acquisition clause included in the SPA.

Further, in the event there is any claim or litigation by any potential third parties involving the Kapar Land prior to the Completion Date of the Proposed Acquisition, there can be no assurance that the potential claim or litigation can be resolved in a timely manner. As such, this might affect the completion of the Proposed Acquisition within the timeframe stipulated in the SPA or the title transfer process. In the event for whatsoever reasons, the Group is not able to carry out the Proposed Development or any delay to the expected timeframe for the Proposed Development, this will also result in consequential losses which may impact the financial performance of the Group.

We note that the Government has the power to compulsorily acquire any land in Malaysia pursuant to the provisions of the applicable legislation including the Land Acquisition Act 1960 for certain purposes where the compensation to be awarded is based on the market value of a property assessed on the basis prescribed in the Land Acquisition Act 1960 and other relevant laws.

We further note that the Government of Selangor has published the Section 8 Gazette to declare an intended acquisition by the Government involving parts of the Kapar Land measuring approximately 23.5 acres in area, for the ECRL Development. Based on the corresponding land acquisition plan, part of Lot 40 which is erroneously identified as State Land (*Tanah Kerajaan*) will also be acquired for the ECRL Development, a possible affected area of which is unidentified as at the LPD. Based on our discussion with the Management, the affected portion of the Kapar Land which has been identified for acquisition by the Government for the ECRL Development pursuant to the Section 8 Gazette will not affect the Group's plan for the Proposed Development.

In view that the Government has published the Section 8 Gazette, a Land Administrator shall make full enquiry into the value of the Kapar Land and assess the amount of compensation which in his opinion is appropriate and thereafter prepare a written award upon conclusion of the enquiry. The amount to be awarded is based on the market value of the affected portion of the Kapar Land and is assessed on the basis prescribed in the Land Acquisition Act 1960. As at the LPD, the Company is not aware of any previous and/or on-going negotiations between SD Plantation and the Government or the final development plans for the ECRL Development being issued by the Government, and therefore is unable to ascertain the compensation payable for such land acquisition.

The compensation payable for the compulsory acquisition may not be similar to the current market value of the affected portion of the Kapar Land. In the event of any compulsory acquisition of the Kapar Land, the Group will seek to minimise any potential losses from such situations by invoking the relevant provisions in the Land Acquisition Act 1960 in relation to the Group's rights to submit an objection in respect of the amount of compensation. However, there can be no assurance that a compulsory acquisition by the Government will not occur or have a material adverse effect on the value of the Kapar Land.

Should any compulsory acquisition take place between the date of the SPA and the Completion Date, the Group has the option to proceed with or terminate the Proposed Acquisition. The Board and Management will assess the available options and act in the best interest of the Group. In the event the Group decides to terminate the Proposed Acquisition, the Group shall notify SD Plantation and all monies paid by SDPBT towards the Purchase Consideration shall be refunded to SDPBT free of interest, the terms of which are set out in Section 7 of Appendix I of the Circular.

We note that upon the signing of the SPA, the Group may also be exposed to future claims or potential litigation by any third parties involving the Kapar Land. There can be no assurance that the potential claim or litigation can be resolved in a timely manner and that the Proposed Acquisition will be completed within the timeframe stipulated in the SPA or the titles will be transferred in favour of SDPBT. Further, in the event the Group is not able to carry out the Proposed Development or there are any delays to the expected timeframe for the Proposed Development, this will also result in consequential losses which may impact the financial performance of the Group.

Premised on the above, the risk profile of SD Property will not change as a result of the Proposed Acquisition. We wish to highlight that although SD Property has sufficient expertise and knowledge to mitigate the risks associated with the Proposed Acquisition, no assurance can be given that one or a combination of these risk factors, will not occur and adversely affect the Proposed Acquisition or the Company.

In evaluating the Proposed Acquisition, the non-interested shareholders of the Company are advised to carefully consider the above said risk factors and to note that these risk factors are not meant to be exhaustive.

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6.6 EFFECTS OF THE PROPOSED ACQUISITION

In evaluating the Proposed Acquisition, we have taken note of the effects of the Proposed Acquisition as set out in Section 6 of Part A of the Circular.

6.6.1 Share capital and substantial shareholders' shareholdings

The Proposed Acquisition will not have any effect on the share capital of the Company and the shareholdings of the substantial shareholders of SD Property as the Proposed Acquisition does not involve any issuance of new SD Property Shares.

6.6.2 NA, NA per SD Property Share and gearing

Based on the latest audited consolidated statement of financial position of the Company as at 31 December 2022, the proforma effect of the Proposed Acquisition on the NA, NA per SD Property Share and gearing of the Group are as set out below:

- (i) Proforma NA to decrease from RM9.520 billion to RM9.519 billion, after adjusting for the estimated expenses relating to the Proposed Acquisition of approximately RM1.2 million;
- (ii) Proforma NA per SD Property Share to remain the same at RM1.40; and
- (iii) Proforma gearing to increase from 0.31 times to 0.37 times, on the assumption that new bank borrowings and/or the proceeds from the Sukuk Musharakah Programme will be used to fund approximately 90% of the Purchase Consideration.

6.6.3 Earnings and EPS

Upon completion of the Proposed Acquisition, there is a decrease in net profit attributable to owners of the Company from RM315.84 million to RM295.00 million after adjusting for the estimated expenses relating to the Proposed Acquisition and interest cost to be incurred on the assumption that new bank borrowings and/or the proceeds from the Sukuk Musharakah Programme will be used to fund approximately 90% of the Purchase Consideration on a proforma basis. This translates to the decrease in EPS from 4.64 sen to 4.34 sen.

Nonetheless, we note that the Proposed Acquisition and the subsequent Proposed Development, when implemented, are expected to contribute positively to the future earnings and EPS of the Group.

Based on the above, we are of the view that the effects of the Proposed Acquisition are consequential to the cash acquisition and potential new borrowings to be taken and/or drawdown of the Sukuk Musharakah Programme. The Proposed Acquisition and subsequent Proposed Development, when implemented, are expected to be earnings accretive in the future for the Group.

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7. CONCLUSION AND RECOMMENDATION

We have assessed and evaluated the Proposed Acquisition and have set out our evaluation in Section 6 of this IAL, as summarised in the table below. You should consider the merits and demerits of the Proposed Acquisition carefully based on all relevant and pertinent factors including those set out below and other considerations as set out in this IAL, Part A of the Circular together with the appendices and other publicly available information before making a decision to vote on the resolution pertaining to the Proposed Acquisition.

No.	Items of evaluation	Comments
1.	Rationale for the Proposed Acquisition	<p>The Proposed Acquisition is in line with the Group's transformation journey under the SHIFT25 strategy. Integral to the SHIFT25 strategy is to ensure the Group pivots from a pure-play residential focused property developer into a sustainable real estate company with multiple sources of income and a broader presence along the real estate value chain encompassing property development, investment and asset management, with a target to broaden the Group's income base.</p> <p>The Group intends to undertake the Proposed Development which comprise an integrated sustainable industrial township on the Kapar Land.</p> <p>The Kapar Land is located at a strategic location within the Mukim of Kapar in Selangor as the location offers extensive connectivity and access to essential infrastructure in the Klang Valley which is ideal for industrial development. The Kapar Land is located adjacent and is an extension to the Group's existing industrial land plots in Bandar Bukit Raja which has been identified for development under its industrial and logistics development business.</p> <p>With the Group's experience at industrial development, coupled with the prospects of the industrial property sector in Malaysia, the Proposed Acquisition which involves acquiring additional land bank i.e. the Kapar Land for the Proposed Development is expected to contribute to the growth of the Group's industrial and logistics development business.</p> <p>Premised on the above, we are of the view that the rationale for the Proposed Acquisition is reasonable.</p>
2.	Evaluation of the Purchase Consideration	<p>The Purchase Consideration of RM618.0 million was arrived at on a willing-buyer willing-seller basis after taking into consideration the development potential of the Kapar Land as well as the market value of the Kapar Land as at 4 March 2022 of RM618.0 million, based on the valuation conducted by JLW.</p> <p>The Company has also appointed JLW to conduct an updated valuation on the Kapar Land where the market value of the Kapar Land has remained at RM618.0 million (RM14.95 psf) as at 5 October 2022 and 6 March 2023. JLW adopted the comparison approach of valuation as the only approach of valuation as the development plans for the Kapar Land were not available and/or has not been finalised by the Company as at the LPD.</p>

No.	Items of evaluation	Comments
		<p>We are of the view that the adoption of comparison approach as the only approach of valuation is reasonable as the development plans for the Kapar Land were not available and/or has not been finalised by the Company as at the LPD, and that the Purchase Consideration is fair as the Purchase Consideration is equivalent to the market value of the Kapar Land.</p>
3.	Salient terms of the SPA	<p>After evaluation of the salient terms of the SPA, we are of the view that the interest of the Purchaser is generally protected under the SPA. However, we wish to highlight that there is no deadline imposed for the refund of monies or payment of liquidated damages. In the event the SPA is terminated by either party as per the situation set out in Section 6.3(4)(iii) of this IAL or by the Purchaser as per the situation set out in Section 6.3(7)(i)(e) of this IAL, the Vendor is obligated to refund such monies within a reasonable time as provided for under Section 47 of the Contracts Act 1950. In the event the SPA is terminated by the Purchaser on default of the Vendor, the Vendor is obligated to refund such monies and/or pay such liquidated damages within a reasonable time as provided for under Section 47 of the Contracts Act 1950.</p> <p>Thus, the refund of monies or payment of liquidated damages (where applicable) must be performed within a reasonable time in line with common commercial terms of other acquisition or disposal transactions. Failing which, the Purchaser shall be entitled to enforce the said obligation through a legal proceeding.</p> <p>Taking into consideration the provisions under Section 47 of the Contracts Act 1950, we are of the view that the overall terms of the SPA are fair and reasonable and in the best interest of the Company.</p>
4.	Industry overview and prospects	<p><u>Overview and outlook of the Malaysian economy</u></p> <p>Malaysia registered GDP growth of 8.7% in 2022 as compared to 3.1% in 2021. The growth in the Malaysian economy was mainly driven by improved labour market conditions and a rebound in economic activity and demand. Nonetheless, risks emanating from the global economic and financial markets outlook may result in the pull back of the overall growth in both external and domestic activities.</p> <p><u>Overview and outlook of the property sector</u></p> <p>The overall property market in Malaysia has shown signs of growth in 2022, with an increase of 29.5% in volume and 23.6% in value compared to 2021. The country's industrial property sector has seen steady growth in recent years largely due to expected growth in the manufacturing sector supported by domestic demand and exports. The growth momentum of the industrial property market is foreseen to continue with a steady pipeline of distribution and warehouse projects. Particularly in Klang Valley, growth in the industrial property market looks set to continue, riding on the locality's good accessibility and connectivity, and availability of development/industrial land at competitive pricing.</p>

No.	Items of evaluation	Comments
		<p><u>Prospects of the Kapar Land</u></p> <p>The Proposed Acquisition provides SD Property with the opportunity to expand its industrial land bank in Bandar Bukit Raja, Klang in Selangor, and enhance the revenue and income stream of the Group upon commencement of development and sales of the units in the Proposed Development over its phased development period in the future.</p>
5.	Risk factors	<p>The risk profile of SD Property will not change as a result of the Proposed Acquisition.</p> <p>Nevertheless, although SD Property has sufficient expertise and knowledge to mitigate the risks associated with the Proposed Acquisition, no assurance can be given that any change in these factors will not materially affect the Group's business operations and financial performance.</p>
6.	Effects of the Proposed Acquisition	<p><u>Share capital and substantial shareholders' shareholdings</u></p> <p>No effect.</p> <p><u>NA, NA per share and gearing</u></p> <p>(i) Proforma NA to decrease from RM9.520 billion to RM9.519 billion, after adjusting for the estimated expenses relating to the Proposed Acquisition of approximately RM1.2 million;</p> <p>(ii) Proforma NA per SD Property Share to remain the same at RM1.40; and</p> <p>(iii) Proforma gearing to increase from 0.31 times to 0.37 times, on the assumption that new bank borrowings and/or the proceeds from the Sukuk Musharakah Programme will be used to fund approximately 90% of the Purchase Consideration.</p> <p><u>Earnings and EPS</u></p> <p>There is a decrease in net profit from RM315.84 million to RM295.00 million, and decrease in EPS from 4.64 sen to 4.34 sen.</p> <p>We are of the view that the effects of the Proposed Acquisition are consequential to the cash acquisition and potential new borrowings to be taken and/or drawdown of the Sukuk Musharakah Programme. The Proposed Acquisition and subsequent Proposed Development, when implemented, are expected to be earnings accretive in the future for the Group.</p>

After taking into consideration our overall assessment and evaluation of the Proposed Acquisition based on the information available to us up to the LPD, we are of the opinion that the Proposed Acquisition is **FAIR AND REASONABLE** and is **NOT DETRIMENTAL** to the non-interested shareholders of the Company.

Accordingly, we recommend that you **VOTE IN FAVOUR** of the resolution pertaining to the Proposed Acquisition to be tabled at the forthcoming EGM.

Yours faithfully
for and on behalf of
AFFIN HWANG INVESTMENT BANK BERHAD

JOHAN HASHIM
Head
Corporate Finance

STELLA CHOY
Director
Corporate Finance

APPENDIX I – SALIENT TERMS OF THE SPA

1. Agreement to sell and to purchase

- (i) Subject to the terms and conditions contained in the SPA, the Vendor shall sell and the Purchaser shall purchase the Kapar Land at the Purchase Consideration on an as-is-where-is basis in its present state and condition.
- (ii) The Kapar Land shall be sold to the Purchaser with vacant possession but subject to the following contractual conditions:
 - (a) free from all encumbrances;
 - (b) the Vendor being liable for any costs or expenses for the relocation or reassignment of its employee(s) who are employed in connection with the cultivation of oil palm on the Kapar Land and related support services (“**Employee(s)**”) or for any ex-gratia payments made to the Employee(s);
 - (c) all easements, rights of way, right to lay, place or carry electrical installations pursuant to Section 11 of the Electricity Supply Act 1990, wayleaves, agreements and acquisitions endorsed on the original issue documents of title in respect of the Kapar Land (“**Document of Title**”) or otherwise affecting the Kapar Land;
 - (d) save as expressly otherwise provided herein, to any conditions (whether express or implied), category of land use and restrictions in interest registered on the Document of Title; and
 - (e) upon the basis that each of the representations and warranties set out in the SPA are true and accurate in all respects.
- (iii) The parties have agreed on the list of any and all physical structure(s) and building(s) such as offices, staff quarters, workshops, stores, waste treatment plants as well as religious, communal & educational structures such as temples, shrines, cemeteries and schools currently existing on the Kapar Land, whether legal or illegal, as at the date of the SPA in which the list of the same shall be itemized by the Vendor to the best of the Vendor’s knowledge and ability by letter to the Purchaser upon the execution of the SPA but excludes any additional physical structure(s) and building(s) that are erected after the expiry of the Completion Period (as defined in Section 2 of this Appendix I) or Extended Completion Period (as defined in Section 2 of this Appendix I), as the case may be as annexed in Schedule 2 of the SPA (“**Physical Structure(s)**”). The Purchaser will accept all the Physical Structure(s).

2. Purchase Consideration

- (i) The Purchaser shall pay the Purchase Consideration for the Kapar Land to the Vendor in the following manner:
 - (a) 10.0% of the Purchase Consideration upon execution of the SPA (“**Deposit**”) shall be paid as follows:
 - (aa) the sum amounting to RM18,540,000 which is equivalent to 3.0% of the Purchase Consideration to be retained (“**Retention Sum**”) and shall be paid to the Purchaser’s solicitors as stakeholders for their onward transmission to the Director-General of Inland Revenue within 60 days from the date of disposal in accordance with Section 21B of the Real Property Gains Tax Act 1976; and
 - (bb) the sum of RM43,260,000 being the Deposit less the Retention Sum shall be paid to the Vendor; and

- (b) 90.0% of the Purchase Consideration ("**Balance Purchase Price**") to the Vendor within 3 months from the Unconditional Date (i.e. the date upon which the last of all the approvals required for the Proposed Acquisition have been obtained upon terms and conditions acceptable or deemed to be acceptable to the parties in accordance with the SPA) or such other date as the parties may mutually agree in writing ("**Completion Period**").
- (ii) In the event that the Purchaser is unable to comply with Section 2(i)(b) above for any reason whatsoever, the Vendor shall grant the Purchaser an automatic extension of 1 month following the expiry of the Completion Period ("**Extended Completion Period**") subject to imposition of late payment interest of 8.0% per annum of the outstanding sum commencing from the date immediately from the expiry of the Completion Period until date of full settlement calculated on a daily basis.

3. **Adjustment of Purchase Consideration**

The Purchaser shall upon execution of the SPA appoint a registered surveyor to commence a survey on the Kapar Land to determine the actual area of the Kapar Land ("**Survey**") and shall ensure that such Survey is completed on or before the date on which the full amount of the Purchase Consideration is received by the Vendor in accordance with Section 2 above ("**Completion Date**"). The Purchaser shall immediately upon completion of the Survey and within 14 days thereof, notify the Vendor of the results of the surveyed area. The Parties hereby agree that in the event that there is a discrepancy between the results of the surveyed area of the Kapar Land and the area of the Kapar Land as set out in the SPA, the Purchase Consideration shall be adjusted based on RM14.95 per sq. ft for such difference in area, and the Purchase Consideration referred to in the SPA shall be the Purchase Consideration which has been adjusted pursuant to this Section 3.

4. **Conditions Precedent**

- (i) The parties hereby acknowledge and agree that the completion of the SPA is conditional upon the following approvals ("**Approvals**") (where necessary) being obtained within 6 months from the date of the SPA or such other date as may be mutually agreed by the parties ("**Approvals Fulfilment Date**"):
 - (a) the approval of the Estate Land Board under the National Land Code for the transaction contemplated herein which approval shall be applied for by and at the expense of the Vendor or the registered proprietor (as the case may be)⁽¹⁾;
 - (b) if required, the approvals of the shareholders of the Vendor⁽²⁾ and the Purchaser; and
 - (c) the approval of such other relevant governmental or other authorities or regulatory bodies (if required) in respect of the sale and the purchase of the Kapar Land in accordance with the terms of the SPA.

Notes:

- (1) *The application was submitted on 27 January 2023 and the approval of the Estate Land Board was obtained on 18 April 2023.*
- (2) *The approval of the shareholders of the Vendor is not required in respect of the Proposed Acquisition.*
- (ii) In the event that either party is unable to obtain any of the Approvals, the parties agree to an automatic extension of the Approvals Fulfilment Date of 1 month subject to further extension as may be mutually agreed by the parties ("**Extended Approvals Fulfilment Date**").

- (iii) In the event any of the Approvals are not obtained by the Approvals Fulfilment Date, the Extended Approvals Fulfilment Date or any other date as mutually agreed by the parties, either party may terminate the SPA by written notice to the other party. Upon such termination, the Vendor shall refund or cause to be refunded to the Purchaser free of interest all whatsoever monies paid or caused to be paid by the Purchaser towards account of the Purchase Consideration and the Purchaser shall redeliver vacant possession of the Kapar Land to the Vendor (if the Kapar Land has been delivered to the Purchaser). There is no indicative timeline for such refund to be made to the Purchaser by the Vendor as mutually agreed between the parties.
- (iv) The SPA shall be deemed to be unconditional on the Unconditional Date.

5. Non-registration of Transfer

In the event that the Memorandum of Transfer cannot be registered in favour of the Purchaser for any reason whatsoever not due to the default of the Vendor or the Purchaser (and which non-registration, if capable of remedy, is not remedied by the Vendor within 60 days or any other date to be mutually agreed by the parties, of the notification of such non-registration), then the Vendor shall hold in trust the Kapar Land comprised in the Memorandum of Transfer on trust for the Purchaser absolutely.

6. Completion

- (i) Completion of the sale and purchase of the Kapar Land shall take place at the office of the Vendor or such other place as the parties agree on the Completion Date when all the following business shall be transacted:
 - (a) the Vendor shall hand over to the Purchaser a letter confirming delivery of vacant possession of the Kapar Land to the Purchaser which shall be subject to the conditions stipulated in Section 1(ii) of this Appendix I and such other documents relating to the Kapar Land in the event the same has not been delivered by the Vendor to the Purchaser;
 - (b) the Purchaser shall make payment of the Balance Purchase Price in accordance with Section 2(i) of this Appendix I; and
 - (c) a tenancy agreement to be executed by the Purchaser in favour of the Vendor in respect of the Kapar Land or such portion thereof which are not required by the Purchaser for immediate development upon such rental, terms and conditions as may be mutually agreed to enable the Vendor to continue operating the plantations including harvesting oil palm trees situated on the Kapar Land concerned and shall be entitled to retain all proceeds or revenue derived from operating the plantations.

Note:

* *As at the LPD, the parties have not entered into any tenancy agreement. Should the parties enter into any tenancy agreement, our Company will make the relevant announcement to Bursa Securities and seek our shareholders' approval for the Proposed Tenancy (if required).*

7. Land Acquisition

In the event of the Government or any other authority having power in that behalf acquires any parts of the Kapar Land for any purposes whatsoever between the date of the SPA and the Completion Date, the Vendor shall immediately notify the Purchaser of the same and the Purchaser shall, within 14 days from the date of the receipt of the written notification from the Vendor, be entitled to either:

- (i) terminate the SPA by giving a notice of termination to the Vendor, whereupon the following provisions shall apply:
 - (a) all sums and/or payments previously received by the Purchaser as compensation for any acquisition or proposed acquisition by any governmental, statutory, urban or municipal authority acquiring or exercising any rights or taking any step under the Land Acquisition Act 1960 and/or any other legislation of the Kapar Land shall be forthwith paid to the Vendor;
 - (b) the Purchaser shall at its own cost and expense return or cause to be returned to the Vendor the Memorandum of Transfer, the Document of Title and the transfer documents as stipulated in the SPA (unless the Vendor is satisfied that the Purchaser is required to submit the Memorandum of Transfer to the Stamp Office in connection with its application to the Stamp Office for a refund of the stamp duty paid (if any) on the Memorandum of Transfer) and all other documents deposited with the Purchaser or the Purchaser's Solicitors which are still in the possession of the Purchaser or the Purchaser's Solicitors free from encumbrances;
 - (c) the Purchaser shall re-deliver vacant possession of the Kapar Land if the same had then been delivered to the Purchaser;
 - (d) thereafter the Vendor shall be entitled to dispose of or otherwise deal with the Kapar Land in such manner as the Vendor shall deem fit and expedient as if the SPA has not been entered into; and
 - (e) the Vendor shall refund or cause to be refunded to the Purchaser free of interest, all whatsoever monies paid or caused to be paid by the Purchaser towards account of the Purchase Consideration. There is no indicative timeline for such refund to be made to the Purchaser by the Vendor as mutually agreed between the parties; or
- (ii) proceed with the SPA by issuing a written notice of its intention to the Vendor. In such event:
 - (a) the Vendor shall immediately notify the Government or the acquiring authority of the Purchaser's interest in the affected Kapar Land and the terms of the SPA;
 - (b) with effect from the Completion Date, the Purchaser shall be entitled to receive all compensation monies and to appear and attend at such enquiry or hearings either in the name of the Vendor or the Purchaser; and
 - (c) with effect from the Completion Date, all compensation monies received by the Vendor shall belong absolutely to the Purchaser and be paid over to the Purchaser forthwith.

In the event that the Purchaser opts to proceed under Section 7(ii) of this Appendix I, the Purchaser agrees that no governmental, statutory, urban or municipal authority acquiring or exercising any right or taking any step under the Land Acquisition Act 1960 and/or any other legislation to acquire the Kapar Land or any part thereof for any purpose whatsoever shall cause the Purchase Consideration to be adjusted nor affect the Purchase Consideration in any way.

8. Power of Attorney

Immediately upon the execution of the SPA and if requested by the Purchaser, the Vendor shall grant and execute or cause to be granted and executed a power(s) of attorney to the Purchaser or an officer of the Purchaser in respect of the Kapar Land specifically for the purposes of facilitating the Purchaser to submit applications for approvals of development plans ("**Development Approvals**") to the appropriate authorities having jurisdiction over the Kapar Land. In the event that a power of attorney is not accepted by the appropriate authorities for such purposes of applying for the Development Approvals, the Vendor shall upon the request of the Purchaser, sign or cause to be signed the submissions by the registered owner of such affected Kapar Land. All costs of applying and obtaining approval for Development Approvals and the cost of the powers of attorney shall be borne by the Purchaser PROVIDED ALWAYS that the Purchaser shall indemnify the Vendor (or any of the registered owners of the Kapar Land executing a power of attorney) against any claims, demands, costs, expenses and any loss or injury howsoever arising from the granting of the power of attorney by the Vendor (or registered owner) to the Purchaser and PROVIDED FURTHER that the Purchaser shall indemnify the Vendor (or any of the registered owners of the Kapar Land executing a power of attorney) against any imposition of property assessment tax on the Kapar Land (which had not be imposed prior to such submission of application for approval of developmental plans) by the relevant governmental or other authority and the Purchaser shall be responsible to bear the charges so imposed.



Proprietor: Singham Sulaiman Sdn. Bhd.
Registration No.: 198101012087 (78217-X)

Chartered Surveyors
Registered Valuers
Registered Estate Agents
Registered Property Managers
Research and Property Consultants
Asset Managers
Project Coordinators

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Our Ref.: V/PC-(C)/012/22/BURSA

Date: 2 December 2022

Sime Darby Property Berhad

10th Floor, Block G
No. 2, Jalan PJU 1A/7A
Ara Damansara PJU 1A
47301 Petaling Jaya
Selangor Darul Ehsan

Dear Sirs,

VALUATION OF THREE PARCELS OF UNCONVERTED DEVELOPMENT LAND IDENTIFIED AS LOTS 40, 41 AND 42, ALL WITHIN MUKIM KAPAR, DISTRICT OF KLANG, SELANGOR DARUL EHSAN (“SUBJECT PROPERTY”)

1. Terms of Reference

This valuation certificate has been prepared for the purposes of submission to Bursa Malaysia Securities Berhad (“Bursa Securities”) and for the inclusion in the circular to the shareholders of Sime Darby Property Berhad (“SD Property”) in relation to the proposed acquisition of the Subject Property by Sime Darby Property (Bukit Tunku) Sdn Bhd, a wholly-owned subsidiary of Sime Darby Property Berhad, from Sime Darby Plantation Berhad.

We hereby confirm that we have valued, in accordance with the instruction from SD Property, the Subject Property vide our Report and Valuation bearing Reference No. V/PC-(C)/012/22/BURSA dated 25 November 2022. This valuation certificate is to be read in conjunction with the abovementioned Report and Valuation.

The Report and Valuation has been prepared in accordance with the Malaysian Valuation Standards issued by the Board of Valuers, Appraisers, Estate Agents and Property Managers as well as the Asset Valuation Guidelines issued by the Securities Commission Malaysia, and with the necessary professional responsibility and due diligence.

2. The Subject and Date of Valuation

The subject of this valuation comprises the interest in perpetuity in three parcels of unconverted development land located along Jalan Kapar and Jalan Haji Abdul Manan, Kapar, Selangor Darul Ehsan.

The relevant date of valuation is 5 October 2022.

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**3. Particulars of Titles**

Enquiries conducted at Selangor Darul Ehsan Land Registry on 15 September 2022 revealed the following particulars of titles in respect of the Subject Property:-

Lot No.	Title No.	Land Area	Quit Rent
40	GRN 297363	134.7651 hectares	RM20,215.00
41	GRN 297364	131.224 hectares	RM19,684.00
42	GRN 297365	135.878 hectares	RM20,382.00

all located within Mukim Kapar, District of Klang, Selangor Darul Ehsan.

Other common details of the titles are as follows:

Tenure: Interest in perpetuity.

Category of Land Use: *Pertanian.*

Express Condition:

- 1) The Annual rent reserved to the Government is \$ 33.30 (Lot 40), \$ 32.50 (Lot 41) and \$ 33.60 (Lot 42) until the year 1909 inclusive provided that the land be planted with Gutta or Rubber only.
- 2) Thereafter the Annual rent payable shall be \$ 166.50 (Lot 40), \$ 162.20 (Lot 41) and \$ 167.90 (Lot 42).
- 3) At least one tenth of the land herein granted shall be annually planted with Gutta or Rubber of any description until the whole area shall be brought under cultivation.
- 4) No other farm of cultivation shall be permitted so long as the rent of ten cent per acre only is paid, and if any other farm of cultivation is introduced the quit rent on the area so cultivated shall be raised from ten cents to fifty cents an acre.
- 5) An ad valorem duty of two a half percent on all gutta or rubber exported from the state shall be payable for a term of 15 years from the date of commencement of work. Thereafter the duty in force for the time being shall be payable provided such duty shall not exceed five percent of the value of the crop at the part of export.
- 6) The planting of gutta or rubber tree shall be commenced within twelve month of the date of this Grant, otherwise the Grant shall become void, the land shall revert to the Ruler of the State.

Restriction in Interest: *Tiada.*

Registered Proprietor: Sime Darby Plantation Berhad.

Encumbrances/Endorsements: In respect of all lots

- i. Private caveat entered by Sime Darby Property Berhad, registered on 11 April 2019.
- ii. *Perletakhakan Oleh Mahkamah dari Highlands & Lowlands Berhad kepada Sime Darby Berhad mengikut No. Perintah D6-26-135-2007, registered on 27 May 2011.*



In respect of component Lot 40

- i. *No. Perserahan: 2133/2021 Cadangan Pengambilan Tanah – Borang D seluas lebih kurang 5.2882 hektar, No Warta: 1541 bertarikh 10 June 2021 (No. Rujukan Fail: (20)DLM.PDTK/T/PT/600-2/26/2020-1), registered on 8 September 2021.*
- ii. *No. Perserahan: 1384/2022 Pengambilan Sebahagian Tanah – Borang K seluas lebih kurang 5.2882 hektar dan cukai dipinda kepada RM4,429.00, No Warta: 2027 bertarikh 9 September 2021 (No. Rujukan Fail: PDTK/T/PT/600-2/26/2020-1 JLD.2), registered on 18 May 2022.*

Notes:

As per Certified Plan Nos. PA 74662, PA 218344 and PA 218347 prepared by the Selangor Darul Ehsan Survey and Mapping Department, we noted that component Lots 41 and 42 have been re-surveyed and ascribed with new lot numbers. Details of which are as follows:-

Lot No.	Certified Plan No.	Surveyed Lot No.	Surveyed Land Area			
			Hectares	Acres	Square Metres	Square Feet
41	PA 74662	23233	10.04	24.809	100,400	1,080,696
	PA 218347	96901	118.00	291.584	1,180,000	12,701,414
42	PA 74662	23231	66.33	163.905	663,300	7,139,702
	PA 218344	96900	60.13	148.584	601,300	6,472,339

The above re-surveys were carried out due to the land acquisitions for *Projek Saluran Paip Gas Petronas and Menaiktaraf Laluan Persekutuan 5 Kapar-Klang*. As a result of these acquisitions, the Subject Property has been severed into two portions.

As per Government of Selangor Gazette Notification No. 1541 gazetted on 10 June 2021 and *Borang K Akta Pengambilan Tanah 1960* dated 22 February 2022, we noted that parts of component Lot 40 measuring about 5.2882 hectares (13.0674 acres) have been acquired for purpose of *Cadangan Talian Penghantaran Elektrik 132KV dari PMU Vallambrosa 1 ke PMU Marine Park*.

In our valuation, we have adopted the total net land area as follows:-

Lot No. (Surveyed Lot No.)	Net Land Area			
	Hectares	Acres	Square Metres	Square Feet
40	129.4769	319.944	1,294,769	13,936,777
41 (23233 and 96901)	128.04	316.393	1,280,400	13,782,110
42 (23231 and 96900)	126.46	312.489	1,264,600	13,612,041
Total	383.9769	948.826	3,839,769	41,330,928

As per Government of Selangor Gazette Notification No. 3182 gazetted on 23 December 2021, we noted that parts of the Subject Property (Surveyed Lots 23231, 23233 and 96901) have been gazetted under Section 4 of Land Acquisition Act 1960 for the intended land acquisition for *Projek Laluan Rel Pantai Timur (ECRL), Daerah Klang, Negeri Selangor*.



4. Brief Description of the Subject Property

The Subject Property is situated within the locality of Kapar and sited along Jalan Kapar and Jalan Haji Abdul Manan. Kapar and Meru towns are located about 2 kilometres due north and 9 kilometres due east of the Subject Property respectively whilst Klang town and Kuala Lumpur city centre are located about 17 kilometres due south-east and 50 kilometres due east of the Subject Property respectively.

North and West Ports of Port Klang are located about 20 kilometres due south and 40 kilometres due southwest of the Subject Property respectively.

The Kapar Interchange of the West Coast Expressway (“WCE”) is located about 4 kilometres due north-east of the Subject Property. Section 5 of WCE which connects Kapar and Bukit Raja/Shah Alam is completed and opened to motorists. Upon full completion, WCE will connect Banting in Selangor and Taiping in Perak.

The accessibility to the Subject Property and its locality will be further enhanced upon the completion of the proposed East Coast Rail Link (“ECRL”). The alignment of which within Selangor State (passing through districts of Gombak, Kuala Selangor and Klang) was announced following the issuance of the Government of Selangor Gazette Notification No. 3182 on 23 December 2021 for the intended land acquisition under the Section 4 of the Land Acquisition Act 1960.

Vide a document titled ‘*Program Publisiti Awal Rancangan Tempatan Majlis Perbandaran Klang 2035 (Pengubahan 1)*’ dated 15 October 2022, we noted that the proposed ECRL alignment (*jajaran aras tanah*) will run alongside the eastern boundary of the Subject Property. This intended acquisition of the Subject Property is for ECRL which will comprise the railway track, railway station together with the supporting facilities and the access road to the station. Notwithstanding, the details of the actual demarcation and the affected land area are yet to be finalised. Our valuation is subject to this intended land acquisition under Section 4 Land Acquisition Act 1960.

The Subject Property enjoys dual frontage and fronts onto Jalan Kapar and Jalan Haji Abdul Manan. The Subject Property is accessible from the New Klang Valley Expressway by exiting at the Setia Alam Interchange onto Persiaran Setia Alam and Jalan Meru. The Subject Property is also accessible via the WCE by exiting at the Kapar Interchange, thence onto Persiaran Hamzah Alang, all being well-maintained metalled roads.

The site is almost rectangular in shape. The site is generally flat in terrain and lies at about the same level as the surrounding areas. The site is cultivated with matured oil palms aged between 10 to 13 years, the holding of which is well-maintained. The site is not demarcated by any form of fencing.

Component Lots 41 and 42 (Surveyed Lots 96900 and 96901) accommodate a labour line comprising a site office, assistant manager’s bungalow, workshop, dispensary, surau and several staff quarters buildings.

We also noted that two Hindu temples are located within component Lot 42/Surveyed Lot 96900 occupying an area of about 1.7 acres.

5. Planning Details

Our verbal enquiries with the *Jabatan Perancangan Bandar Majlis Perbandaran Klang*, revealed that the Subject Property is located within an area zoned for industrial use.



6. Basis of Valuation

The basis of valuation adopted is the **Market Value** which is defined as “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 where the parties had each acted knowledgeably, prudently and without compulsion”.

7. Valuation Methodology

In arriving at our opinion of the Market Value, we have adopted the **Comparison Approach** whereby comparison is made of the property under valuation with sales of other similar properties. Where dissimilarities exist, adjustments are made.

The other approach which can be adopted is the Income Approach by way of Residual Method. However, this method will be subjective at this juncture as the configuration of the development components will be arbitrary without any development plans made available. As such, we have only adopted the Comparison Approach to arrive at the Market Value.

The details of the sale comparables (as obtained from *Jabatan Penilaian Dan Perkhidmatan Harta* (“JPPH”) and Bursa Securities), factors considered for adjustment and the adjusted values are tabulated as follows:-

Property Details	Sale Comparable 1	Sale Comparable 2	Sale Comparable 3
Type	A parcel of unconverted development land	A parcel of unconverted development land	A parcel of unconverted development land
Identification and Location	Lot 92, located along Jalan Bukit Kerayong and Jalan Akob, Kapar, Selangor Darul Ehsan	Lot 2495, located along Jalan Kampung Sri Cheeding, Jenjarom, Selangor Darul Ehsan	Lot 5049, located along Jalan Pusara, Jenjarom, Selangor Darul Ehsan
Tenure	Interest in perpetuity	Interest in perpetuity	Interest in perpetuity
Category of Land Use	Agriculture	Nil	Nil
Zoning	Zoned for industrial use	Zoned for industrial use	Zoned for mixed use
Land Area	184.0132 acres / 8,015,615 square feet	128.4998 acres / 5,597,451 square feet	297.5144 acres / 12,959,728 square feet
Consideration	RM150,114,839.00	RM85,081,254.00	RM169,800,000.00
Date of Transaction	23 July 2021	22 July 2021	3 June 2021
Vendor	Sime Darby Plantation Berhad	Sime Darby Plantation Berhad	PNB Development Sdn Bhd
Purchaser	H&A Holdings Sdn Bhd	Worldklang Group Properties Sdn Bhd	Able Dairies Sdn Bhd, Unican Industries Sdn Bhd and Able Development Sdn Bhd
Analysed Price per square foot (“psf”)	RM18.73 psf	RM15.20 psf	RM13.10 psf
Adjustment Factors Considered	Zoning & subdivision, location, size and shape.		
Adjusted Value	RM15.00 psf	RM14.90 psf	RM14.50psf

We have relied on Sale Comparable 1 as it is located within the same locality. In our valuation, we have allowed for the cost to relocate the two Hindu temples to another site within the Subject Property in anticipation of creating a better flow to achieve a more efficient layout for eventual development. The relocation will be within the reserve area that is earmarked for religious worships, hence land cost is not applicable in this instance. We have judiciously exercised estimation of the relocation cost which totalled to RM2,000,000.00 (which includes construction of a new temple and cost to procure relevant approvals).

The Market Value of the Subject Property as per the Comparison Approach is RM618,000,000.00 (RM14.95 psf).



8. Opinion of Value

Having regard to the foregoing, our opinion of the Market Value of the interest in perpetuity in Lots 40, 41 and 42, all within Mukim Kapar, District of Klang, Selangor Darul Ehsan (three parcels of unconverted development land having a total net land area of about 383.9769 hectares (948.826 acres)), on the basis of vacant possession and subject to the titles being free of all encumbrances (including existing private caveats), good, marketable and registrable is RM618,000,000.00 (Ringgit Malaysia Six Hundred Eighteen Million Only).

We would also like to confirm that there are no further pertinent factors which may affect the value of the subject property and the contents of this Valuation Certificate are in compliance with the Asset Valuation Guidelines issued by the Securities Commission Malaysia.

Yours faithfully

For and on behalf of

JONES LANG WOOTTON

**LIM TZE HER, FRISM MRICS FMVA
REGISTERED VALUER, V-805 AND CHARTERED SURVEYOR
EXECUTIVE DIRECTOR**

Our Ref.: V/UD1/002/23/BURSA – V/PC-(C)/012/22/BURSA

Date: 5 April 2023

Sime Darby Property Berhad

10th Floor, Block G
No. 2, Jalan PJU 1A/7A
Ara Damansara PJU 1A
47301 Petaling Jaya
Selangor Darul Ehsan

Dear Sirs,

UPDATE VALUATION OF THREE PARCELS OF UNCONVERTED DEVELOPMENT LAND IDENTIFIED AS LOTS 40, 41 AND 42, ALL WITHIN MUKIM KAPAR, DISTRICT OF KLANG, SELANGOR DARUL EHSAN (“SUBJECT PROPERTY”)

This update valuation certificate has been prepared for the purposes of submission to Bursa Malaysia Securities Berhad in relation to the proposed acquisition of the Subject Property by Sime Darby Property (Bukit Tunku) Sdn Bhd, a wholly-owned subsidiary of Sime Darby Property Berhad (“SD Property”), from Sime Darby Plantation Berhad. This update valuation certificate is for the inclusion in the circular to shareholders of SD Property.

We hereby confirm that we have valued, in accordance with the instruction from SD Property, the interest in perpetuity in the Subject Property having a total net land area of about 383.9769 hectares (948.826 acres).

The relevant date of valuation is 6 March 2023.

This update valuation certificate is to be read in conjunction with our Report and Valuation bearing Reference No. V/PC-(C)/012/22/BURSA dated 25 November 2022 as well as our valuation certificate dated 2 December 2022.

The Update Valuation has been prepared in accordance with the Malaysian Valuation Standards issued by the Board of Valuers, Appraisers, Estate Agents and Property Managers Malaysia and the Asset Valuation Guidelines issued by the Securities Commission Malaysia, and with the necessary professional responsibility and due diligence.

The basis of valuation adopted is the **Market Value** which is defined as “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”.

Particulars of Titles

The title particulars of the Subject Property remain unchanged as per our latest title enquiries on 10 March 2023.

Notes:-

Vide the Sale and Purchase Agreement dated 1 December 2022 made between Sime Darby Plantation Berhad (“the Vendor”) and Sime Darby Property (Bukit Tunku) Sdn Bhd (“the Purchaser”), a wholly-owned subsidiary of SD Property, we noted that the Subject Property (having a total net land area of 383.9769 hectares/948.826 acres) was transacted at RM618,000,000.00. It is also provided that in the event of land acquisition in between the date of SPA and the completion date (i.e. the date on which the full amount of the purchase consideration is received by the Vendor), the Purchaser is entitled at his option to either terminate or proceed with the SPA. In the event that the Purchaser opts to proceed, the Purchaser shall be entitled to receive all compensation monies resulted from the land acquisition and no governmental, statutory, urban or municipal authority acquiring or exercising any right or taking any step under the Land Acquisition Act 1960 and/or any other legislation to acquire the Subject Property or any part thereof for any purpose whatsoever shall cause the purchase consideration to be adjusted nor affect the purchase consideration in any way.

As per Government of Selangor Gazette Notification No. 254 gazetted on 12 January 2023, we noted that parts of the Subject Property (Surveyed Lots 23231, 23233 and 96901) have been gazetted under Section 8 of Land Acquisition Act 1960 for the land acquisition for *Projek Laluan Rel Pantai Timur (ECRL), Seksyen C2, Daerah Klang, Negeri Selangor*. Details of the land area to be acquired are as follows:-

Lot No.	Surveyed Lot No.	Land Area to be Acquired			
		Hectares	Acres	Square Metres	Square Feet
41 [^]	23233	3.5877	8.865	35,877	386,176
	96901	1.9507	4.820	19,507	209,971
42 [^]	23231	3.9705	9.811	39,705	427,380

[^]The land ownership in respect of the above lots was not identified in the above Gazette Notification.

Vide the corresponding land acquisition plan, we noted part of Lot 40, which is erroneously identified as State Land (*Tanah Kerajaan*), falls within the area to be acquired.

However, *Jabatan Ketua Pengarah Tanah Dan Galian Persekutuan Negeri Selangor* has stated in its letter dated 13 February 2023 that the land ownership will be made known to Ministry of Transport for acquisition of Lot 40 and a corrigendum will be made pertaining to the land ownership to Lot 41 and Lot 42 as well.

We were given to understand that SD Property will proceed with the above SPA and will act in accordance with the conditions outlined in the above SPA.

Under the circumstance, the subject of valuation remains the same; and the latest information in relation to the land acquisition is for reference purposes only. In this valuation and as per the instruction from SD Property, we have adopted the total net land area of 383.9769 hectares/948.826 acres.

Physical Status

There is no significant change in the physical status of the Subject Property.

Planning Details

There is no change in the planning details of the Subject Property.

Market Condition

A total of 389,107 transactions worth RM179.07 billion were recorded in 2022, showing an increase of 29.5% in volume and 23.6% in value compared to 2021. Volume of transactions across the sub-sectors showed upward movements. Residential, commercial and industrial, agriculture and development land sub-sectors recorded year-on-year growths of 22.3%, 46.3%, 44.5%, 44.6% and 35.7% respectively. Value of transactions moved in tandem with residential, commercial, industrial, agriculture and development land sub-sectors recorded an increase of 22.6%, 16.7%, 24.8%, 50.5% and 16.6% respectively.

The residential sub-sector led the overall property market, with 62.5% contribution in volume. This was followed by agriculture (21.1%), commercial (8.4%), development land and others (5.9%) and industrial (2.1%). In terms of value, residential led with 52.6% share, followed by commercial (18.2%), industrial (11.8%), agriculture (10.0%) and development land and others (7.4%).

Source: National Property Information Centre (NAPIC), JPPH

The Budget for year 2023 has been revised by the new federal government and the planned measures outlined are expected to continue supporting the property sector. The industrial market outlook will remain positive as the manufacturing sector growth is expected to remain healthy in the short term supported by stronger domestic demand and healthy exports. The current situation points to cautious optimism in the property market.

Valuation Methodology

In arriving at our opinion of the Market Value, we have adopted the **Comparison Approach**.

There is no change in the comparables and parameters adopted. Therefore, the Market Value remains unchanged.

Opinion of Value

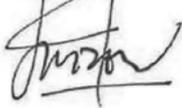
Having regard to the foregoing, our opinion of the Market Value of the interest in perpetuity in Lots 40, 41 and 42, all within Mukim Kapar, District of Klang, Selangor Darul Ehsan (three parcels of unconverted development land having a total net land area of about 383.9769 hectares (948.826 acres)), on the basis of vacant possession and subject to the titles being free of all encumbrances (including existing private caveats), good, marketable and registrable is RM618,000,000.00 (Ringgit Malaysia Six Hundred Eighteen Million Only).

We would also like to confirm that there are no further pertinent factors which may affect the value of the Subject Property and the contents of this update valuation certificate are in compliance with the Asset Valuation Guidelines issued by the Securities Commission Malaysia.

Yours faithfully

For and on behalf of

JONES LANG WOOTTON



**LIM TZE HER, FRISM MRICS FMVA
REGISTERED VALUER, V-805 AND CHARTERED SURVEYOR
EXECUTIVE DIRECTOR**

LTH/SAH/DAN

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by our Board and our Directors collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement herein misleading.

Information relating to SD Plantation as contained in this Circular were provided by the management and/or board of directors of SD Plantation and/or obtained from publicly available sources. Therefore, the responsibility of our Board with respect to such information is limited to ensuring that such information is accurately reproduced in this Circular.

2. CONSENT AND CONFLICT OF INTEREST**2.1. Maybank IB**

Maybank IB, being the Principal Adviser to our Company for the Proposed Acquisition, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereto in the form and context in which it appears in this Circular.

Maybank IB and its related and associated companies ("**Maybank Group**") form a diversified financial group and are engaged in a wide range of investment and commercial banking, brokerage, securities trading, asset and fund management and credit transaction services businesses. The Maybank Group has engaged and may in the future, engage in transactions with and perform services for our Group and/or our affiliates¹, in addition to the role set out in this Circular. In addition, in the ordinary course of business, any member of the Maybank Group may at any time offer or provide its services to or engage in any transaction (on its own account or otherwise) with any member of our Group, our shareholders and/or our affiliates and/or any other entity or person, hold long or short positions in securities issued by our Company and/or our affiliates, and may trade or otherwise effect transactions for its own account or the account of its customers in debt or equity securities or senior loans of any member of our Group and/or our affiliates.

This is a result of the businesses of the Maybank Group generally acting independently of each other and accordingly, there may be situations where parts of the Maybank Group and/or its customers now have, or in the future, may have interest or take actions that may conflict with the interest of our Group. Nonetheless, the Maybank Group is required to comply with applicable laws and regulations issued by the relevant authorities governing its advisory business, which require, among others, segregation between dealing and advisory activities and Chinese wall between different business divisions.

As at the LPD, the Maybank Group has, in its ordinary course of business, extended credit facilities amounting to RM2,991.0 million to our Group and/or our affiliates, of which about RM1,155.8 million is outstanding².

¹ An "affiliate" of any person and/or entity shall mean any other person that directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, the first person, as well as any managed or advised private equity funds and similar investment vehicles of such person. For purposes of this definition, "control" of a person means the possession of power to direct or cause the direction of management and policies of such person, whether through ownership of 50.0% voting securities or more, or by contract or otherwise.

² RM267.7 million from the amount stated is in relation to the amount outstanding for facilities extended to Battersea Project Holding Company Limited, a joint venture of our Group.

Notwithstanding, Maybank IB is of the view that the aforesaid lending relationship will not give rise to a conflict of interest situation in its capacity as Principal Adviser to our Company for the Proposed Acquisition as:

- (i) the extension of the credit facilities arose in the ordinary course of business of the Maybank Group;
- (ii) the conduct of the Maybank Group in its banking business is strictly regulated by the Financial Services Act 2013, Islamic Financial Services Act 2013 and the Maybank Group's own internal controls and checks; and
- (iii) the total outstanding amount owed by our Group and/or our affiliates to the Maybank Group is not material when compared to the audited NA of the Maybank Group as at 31 December 2022 of RM88.9 billion.

Maybank IB confirms that as at the LPD, it is not aware of any circumstance that exists or is likely to exist which would give rise to a possible conflict of interest situation in its capacity as Principal Adviser to our Company for the Proposed Acquisition.

2.2. JLW

JLW, being the Independent Valuer for the Proposed Acquisition, has given and has not subsequently withdrawn its written consent to the inclusion of its name, Valuation Certificate and all references thereto in the form and context in which they appear in this Circular.

JLW confirms that as at the LPD, it is not aware of any circumstance that exists or is likely to exist which would give rise to a possible conflict of interest situation in its capacity as Independent Valuer in respect of the Kapar Land for the Proposed Acquisition.

2.3. Affin Hwang IB

Affin Hwang IB, being the Independent Adviser for the Proposed Acquisition, has given and has not subsequently withdrawn its written consent to the inclusion of its name, the IAL and all references thereto in the form and context in which they appear in this Circular.

Affin Hwang IB confirms that it is not aware of any conflict of interest which exists or is likely to exist in its capacity as the Independent Adviser in respect of the Proposed Acquisition.

3. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at the LPD, our Board is not aware of any material litigation, claims or arbitration, proceedings pending or threatened, involving the Kapar Land, or of any facts likely to give rise to any proceedings which may materially and adversely affect the Kapar Land.

4. MATERIAL COMMITMENTS

Save as disclosed below, as at the LPD, our Board is not aware of any material commitments incurred or known to be incurred by our Group that has not been provided for which, upon becoming enforceable, may have a material impact on the financial results or position of our Group:

	As at 31 December 2022
	RM'000
<u>Contracted capital commitments:</u>	
- Property, plant and equipment	28,731
- Investment properties	79,618
- Intangible assets	462
	<hr/> 108,811 <hr/>

In addition, our Group's estimated commitment to subscribe for shares in joint ventures pursuant to the respective shareholders' agreements on joint ventures, and/or as approved by our Board are as follows:

	As at 31 December 2022
	RM'000
<u>Estimated commitments:</u>	
- Fund	168,568
- Sime Darby Property MIT Development Sdn Bhd	45,800
	<hr/> 214,368 <hr/>

5. CONTINGENT LIABILITIES

Save as disclosed below, as at the LPD, our Board is not aware of any contingent liabilities that has not been provided for which, upon becoming enforceable, may have a material impact on the financial results or position of our Group:

	As at 31 December 2022
	RM'000
- Claims pending against our Group	82,009 ⁽ⁱ⁾⁽ⁱⁱ⁾
	<hr/> 82,009⁽ⁱ⁾⁽ⁱⁱ⁾ <hr/>

Notes:

(i) Claim against Sime Darby Property (Ara Damansara) Sdn Bhd ("SDPAD")

A civil suit was commenced by 71 purchasers of Ara Hill ("Plaintiffs") against SDPAD, claiming general and specific damages of approximately RM40.0 million and specific performance arising from SDPAD's alleged breaches of the terms of the sale and purchase agreements and the provisions of various statutes.

The Plaintiffs alleged that the breaches by SDPAD have, among others, caused the delay in delivery of strata titles, which caused the Plaintiffs to suffer loss and damage, including indirect losses (which have not been proven by the Plaintiffs). The trial commenced on 16 April 2018. On 28 April 2021, the court allowed the Plaintiffs' application to add the Joint Management Body of Ara Hill as a co-defendant to this suit. A total of 7 trial dates were fixed between April 2018 to December 2022 and new trial dates have been fixed in April 2023.

The Plaintiffs' claim is divided into various allegations levelled against SDPAD. These claims and allegations have yet to be proven by the Plaintiffs and it would be speculative, at this juncture, to ascertain SDPAD's potential liability to the Plaintiffs in respect of this civil suit.

(ii) Arbitration between Bumimetro Construction Sdn Bhd ("BCSB") v Sime Darby Property (KL East) Sdn Bhd ("SDPKE")

BCSB ("Claimant"), the main contractor of a development in Melawati, Kuala Lumpur ("Project") has referred disputes arising from the Project and the construction contract ("Contract") with SDPKE ("Respondent") to arbitration by issuing a notice of arbitration ("Notice") on 20 September 2018. In the Notice, the Claimant is claiming for specific damages of approximately RM40.0 million. The Respondent had disputed the claims by the Claimant, in its written response to the Notice ("Response") on 22 October 2018.

On 22 April 2019, the Respondent filed its Defence and Counterclaim and had counterclaimed for complete works/defects rectification costs incurred, liquidated damages and recoupment of advance payments for an approximate sum of RM36.0 million (subsequently amended to RM40.0 million on 19 June 2020). On 3 March 2021, the Claimant had also amended its claim for specific damages to approximately RM42.0 million.

The arbitration proceedings are being held in accordance with the rules of the Asian International Arbitration Centre before a single arbitrator. The hearing commenced on 15 June 2020 and continued for another 40 days on various dates between June 2020 to September 2022. Further hearing dates have been fixed in April 2023.

Solicitors for the Respondent are of the view that there are tenable grounds on the positions taken by the Respondent in resisting the claim subject to documentary and evidentiary proof.

6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of our Company at Level 10, Block G, No. 2, Jalan PJU 1A/7A, Ara Damansara, PJU 1A, 47301 Petaling Jaya, Selangor Darul Ehsan, during the normal business hours from Monday to Friday (except public holidays) from the date of this Circular up to the date of the EGM:

- (i) our Constitution;
- (ii) our audited consolidated financial statements for the past 2 FYEs 31 December 2021 and 31 December 2022;
- (iii) the Valuation Certificate and Valuation Report;
- (iv) the SPA; and
- (v) the letters of consent referred to in Section 2 of Appendix III of this Circular.



Property

SIME DARBY PROPERTY BERHAD

(Registration No. 197301002148 (15631-P))
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting ("EGM") of Sime Darby Property Berhad ("SD Property" or "Company") will be held virtually via the TIIH Online website at <https://tiih.online> and at the Banquet Hall, 1st Floor, Main Lobby, Kuala Lumpur Golf & Country Club, No. 10, Jalan 1/70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur, Malaysia as the Broadcast Venue on Wednesday, 24 May 2023 at 12.30 p.m. or after the conclusion of the Fiftieth (50th) Annual General Meeting of the Company or at any adjournment thereof, whichever is later, for the purpose of considering and if thought fit, passing with or without modification the following resolution:

ORDINARY RESOLUTION

PROPOSED ACQUISITION OF 3 PARCELS OF FREEHOLD LAND WITH A TOTAL NET LAND AREA MEASURING APPROXIMATELY 948.826 ACRES LOCATED IN MUKIM KAPAR, DISTRICT OF KLANG, STATE OF SELANGOR ("KAPAR LAND") BY SIME DARBY PROPERTY (BUKIT TUNKU) SDN BHD ("SDPBT"), A WHOLLY-OWNED SUBSIDIARY OF SD PROPERTY, FROM SIME DARBY PLANTATION BERHAD ("SD PLANTATION" OR "VENDOR"), FOR A CASH CONSIDERATION OF RM618.0 MILLION ("PURCHASE CONSIDERATION") ("PROPOSED ACQUISITION")

"THAT subject to the approvals from all relevant authorities and/or parties being obtained in respect of the Proposed Acquisition, approval be and is hereby given for SDPBT to acquire the Kapar Land for a cash consideration of RM618.0 million only, on the terms and subject to the conditions set out in the conditional sale and purchase agreement dated 1 December 2022 entered into between SD Plantation and SDPBT in respect of the Proposed Acquisition ("**SPA**");

AND THAT the Board of Directors of SD Property ("**Board**") be and is hereby authorised to sign and execute all necessary documents, do all things and acts as may be required, necessary or appropriate to give full effect to the Proposed Acquisition with full power to assent to any conditions, variations, modifications, and/or amendments in any manner as may be required or permitted and to deal with all matters relating thereto and to take all such steps to do all acts and things in any manner as they may deem necessary or expedient to implement, finalise, complete and give full effect to the Proposed Acquisition."

By Order of the Board

NOREEN MELINI MUZAMLI

Group Company Secretary
(SSM PC No. 201908002218)
(LS 0008290)

Petaling Jaya, Malaysia
9 May 2023

Notes:

- The EGM will be conducted on a virtual basis through live streaming and online remote voting via remote participation and voting ("**RPV**") facilities which are available on Tricor Investor & Issuing House Services Sdn Bhd's ("**Tricor**") TIIH Online website at <https://tiih.online>. Members can attend, participate and vote in the meeting remotely or online using the RPV facilities. Please refer to the Administrative Details for the EGM for the procedures to register, participate and vote remotely via the RPV facilities.*

The Administrative Details on the conduct of the virtual EGM is available at the Company's website at www.simedarbyproperty.com.

- The broadcast venue of the EGM is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the meeting to be at the main venue of the meeting. No shareholders, proxy(ies), authorised representative(s) or attorney(s) will be physically present at the broadcast venue.*

3. *A member entitled to attend and vote at the meeting is entitled to appoint a proxy(ies) to exercise all or any of his/her rights to attend, participate, speak and vote at the meeting for his/her behalf. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.*
4. *A member may appoint up to two (2) proxies to attend and vote at the meeting. Where a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.*
5. *Where a member of the Company is an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act 1991 (“**SICDA**”), he/she may appoint not more than two (2) proxies in respect of each Securities Account he/she holds with ordinary shares of the Company standing to the credit of the said Securities Account to attend and vote at a meeting of the Company instead of him/her.*
6. *Where a member of the Company is an Exempt Authorised Nominee as defined under SICDA which holds ordinary shares in the Company for multiple beneficial owners in one (1) Securities Account (Omnibus Account), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds PROVIDED THAT each beneficial owner of ordinary shares, or where the ordinary shares are held on behalf of joint beneficial owners, such joint beneficial owners, shall only be entitled to instruct the Exempt Authorised Nominee to appoint not more than two (2) proxies to attend and vote at a general meeting of the Company instead of the beneficial owner or joint beneficial owners.*
7. *The instrument appointing a proxy shall be in writing, executed by the appointor or his/her attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation’s seal or under the hands of two (2) authorised officers, one of whom shall be a director, or of its attorney duly authorised. Any alteration to the instrument appointing a proxy must be initialled.*
8. *The appointment of proxy may be made in a hardcopy form or by electronic means, not less than forty-eight (48) hours before the time set for holding the meeting or at any adjournment thereof, as follows:*

(i) *In Hardcopy Form*

The instrument appointing a proxy or proxies and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority, must be deposited at the office of the Share Registrar of the Company, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

(ii) *By Electronic Means*

The instrument appointing a proxy or proxies can be submitted electronically, via TIIH Online website at <https://tiih.online>. Please refer to the Administrative Details for the EGM for further information on electronic submission of proxy form via TIIH Online.

The instrument appointing a proxy or proxies can also be submitted via email to Tricor’s email address at is.enquiry@my.tricorglobal.com or via facsimile at telephone no. +603-2783 9222.

The appointment of the proxy(ies) will be INVALID if the Proxy Form/ e-Proxy Form is not completed correctly in accordance with the instructions stated in the form.

9. *The members, proxies or corporate representatives may submit questions in relation to the resolutions to be tabled at the EGM at <https://tiih.online> prior to the meeting or to use the query box to transmit questions by typed texts via RPV facilities during live streaming of the EGM of the Company. The Board and Senior Management will be in attendance either at the broadcast venue or remotely to provide responses accordingly.*
10. *Pursuant to Paragraph 8.29(A) of Main Market Listing Requirements of Bursa Securities, all the resolution(s) at the EGM of the Company shall be put to vote by way of poll.*

11. *In respect of deposited securities, only members whose names appear on the Record of Depositors on 15 May 2023 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his/her behalf.*

Personal data privacy:

*Please refer to the Notice to Shareholders under the Personal Data Protection Act 2010 (“**PDPA Notice**”) published on the Company’s website under the Shareholders and Dividend Info section at <https://www.simedarbyproperty.com/investor-relations/shareholders> concerning the Company’s collection of your personal data for the purpose of the Company’s General Meeting(s).*

You hereby declare that you have read, understood and accepted the statements and terms contained in the PDPA Notice.

In disclosing the proxy’s personal data, you as a shareholder, warrant that the proxy(ies) has/have given his/her/their explicit consent for his/her/their personal data being disclosed to and processed by the Company in accordance with the Notice to Proxies under the Personal Data Protection Act 2010 published on the Company’s website under the Shareholders and Dividend Info section at <https://www.simedarbyproperty.com/investor-relations/shareholders>.



Property

SIME DARBY PROPERTY BERHAD

(Registration No. 197301002148 (15631-P))
(Incorporated in Malaysia)

PROXY FORM

CDS Account No.	No. of Shares held

I/ We _____ Tel: _____

[Full name in block, NRIC/ Passport/ Company No.]

of _____

being shareholder(s) of **SIME DARBY PROPERTY BERHAD** (Registration No. 197301002148 (15631-P)) (the "**Company**"), hereby appoint

Full Name (in Block Letters)	NRIC/ Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			
Telephone no./ Email address			

*and/or

Full Name (in Block Letters)	NRIC/ Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			
Telephone no./ Email address			

or failing him/her the Chairman of the Meeting as my/our proxy(ies) to vote for me/us on my/our behalf at the Extraordinary General Meeting ("EGM**") of the Company to be held virtually via the TIIH Online website at <https://tiih.online> and at the Banquet Hall, 1st Floor, Main Lobby, Kuala Lumpur Golf & Country Club, No. 10, Jalan 1/70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur, Malaysia as the Broadcast Venue on Wednesday, 24 May 2023 at 12.30 p.m. or after the conclusion of the Fiftieth (50th) Annual General Meeting of the Company or at any adjournment thereof, whichever is later, for the resolution as set out in the Notice of EGM.

My/our proxy/proxies is/are to vote as indicated below. If no indication is given, my/our proxy shall vote or abstain from voting as he/she thinks fit.

ORDINARY RESOLUTION	FOR	AGAINST
PROPOSED ACQUISITION		

(Please indicate with an "X" in the appropriate box against the resolutions on how you wish your proxy to vote. The proxy is to vote on the resolutions set out in the Notice of Meeting as you have indicated. If no specific instruction as to voting is given, this form will be taken to authorise the proxy to vote at his/her discretion.)

Signature/ Common Seal of Shareholder

Signed this _____ day of _____ 2023

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:

	<u>No. of shares</u>	<u>Percentage</u>
Proxy 1	_____	_____%
Proxy 2	_____	_____%
Total	_____	100.0%



* Please delete where inapplicable.

** If you do not wish to appoint the Chairman of the Meeting as your proxy/one of your proxies, please strike out the words "or failing him/her, the Chairman of the Meeting" and insert the name(s) of the proxy(ies) you wish to appoint in the blank space(s) provided.

Notes:

1. *The EGM will be conducted on a virtual basis through live streaming and online remote voting via remote participation and voting ("RPV") facilities which are available on Tricor Investor & Issuing House Services Sdn Bhd's ("Tricor") TIH Online website at <https://tiah.online>. Members can attend, participate and vote in the meeting remotely or online using the RPV facilities. Please refer to the Administrative Details for the EGM for the procedures to register, participate and vote remotely via the RPV facilities.*

The Administrative Details on the conduct of the virtual EGM is available at the Company's website at www.simedarbyproperty.com.

2. *The broadcast venue of the EGM is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the meeting to be at the main venue of the meeting. No shareholders, proxy(ies), authorised representative(s) or attorney(s) will be physically present at the broadcast venue.*
3. *A member entitled to attend and vote at the meeting is entitled to appoint a proxy(ies) to exercise all or any of his/her rights to attend, participate, speak and vote at the meeting for his/her behalf. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.*
4. *A member may appoint up to two (2) proxies to attend and vote at the meeting. Where a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.*
5. *Where a member of the Company is an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA"), he/she may appoint not more than two (2) proxies in respect of each Securities Account he/she holds with ordinary shares of the Company standing to the credit of the said Securities Account to attend and vote at a meeting of the Company instead of him/her.*
6. *Where a member of the Company is an Exempt Authorised Nominee as defined under SICDA which holds ordinary shares in the Company for multiple beneficial owners in one (1) Securities Account (Omnibus Account), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds PROVIDED THAT each beneficial owner of ordinary shares, or where the ordinary shares are held on behalf of joint beneficial owners, such joint beneficial owners, shall only be entitled to instruct the Exempt Authorised Nominee to appoint not more than two (2) proxies to attend and vote at a general meeting of the Company instead of the beneficial owner or joint beneficial owners.*
7. *The instrument appointing a proxy shall be in writing, executed by the appointor or his/her attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hands of two (2) authorised officers, one of whom shall be a director, or of its attorney duly authorised. Any alteration to the instrument appointing a proxy must be initialled.*
8. *The appointment of proxy may be made in a hardcopy form or by electronic means, not less than forty-eight (48) hours before the time set for holding the meeting or at any adjournment thereof, as follows:*

(i) *In Hardcopy Form*

The instrument appointing a proxy or proxies and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority, must be deposited at the office of the Share Registrar of the Company, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

(ii) By Electronic Means

The instrument appointing a proxy or proxies can be submitted electronically, via TIIH Online website at <https://tiih.online>. Please refer to the Administrative Details for the EGM for further information on electronic submission of proxy form via TIIH Online.

The instrument appointing a proxy or proxies can also be submitted via email to Tricor's email address at is.enquiry@my.tricorglobal.com or via facsimile at telephone no. +603-2783 9222.

The appointment of the proxy(ies) will be INVALID if the Proxy Form/ e-Proxy Form is not completed correctly in accordance with the instructions stated in the form.

9. The members, proxies or corporate representatives may submit questions in relation to the resolutions to be tabled at the EGM at <https://tiih.online> prior to the meeting or to use the query box to transmit questions by typed texts via RPV facilities during live streaming of the EGM of the Company. The Board and Senior Management will be in attendance either at the broadcast venue or remotely to provide responses accordingly.
10. Pursuant to Paragraph 8.29(A) of Main Market Listing Requirements of Bursa Securities, all the resolution(s) at the EGM of the Company shall be put to vote by way of poll.
11. In respect of deposited securities, only members whose names appear on the Record of Depositors on 15 May 2023 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his/her behalf.

Personal data privacy:

Please refer to the Notice to Shareholders under the Personal Data Protection Act 2010 ("**PDPA Notice**") published on the Company's website under the Shareholders and Dividend Info section at <https://www.simedarbyproperty.com/investor-relations/shareholders> concerning the Company's collection of your personal data for the purpose of the Company's General Meeting(s).

You hereby declare that you have read, understood and accepted the statements and terms contained in the PDPA Notice.

In disclosing the proxy's personal data, you as a shareholder, warrant that the proxy(ies) has/have given his/her/their explicit consent for his/her/their personal data being disclosed to and processed by the Company in accordance with the Notice to Proxies under the Personal Data Protection Act 2010 published on the Company's website under the Shareholders and Dividend Info section at <https://www.simedarbyproperty.com/investor-relations/shareholders>.



Fold this flap for sealing

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AFFIX
STAMP

THE SHARE REGISTRAR

SIME DARBY PROPERTY BERHAD
(Registration No. 197301002148 (15631-P))
c/o Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Malaysia

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