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

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MALAYSIAN RESOURCES CORPORATION BERHAD

(Registration No. 196801000388 (7994-D))

(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO

PART A

- I. **PROPOSED DISPOSAL BY PUNCAK WANGI SDN BHD ("PWSB" OR "VENDOR"), A WHOLLY-OWNED SUBSIDIARY OF MALAYSIAN RESOURCES CORPORATION BERHAD ("MRCB" OR "COMPANY"), OF AN OFFICE TOWER KNOWN AS MENARA CELCOMDIGI TO MAYBANK TRUSTEES BERHAD ("MTB" OR "PURCHASER"), ACTING SOLELY IN THE CAPACITY AS TRUSTEE FOR SENTRAL REIT, FOR A CASH CONSIDERATION OF RM450 MILLION ("PROPOSED DISPOSAL"); AND**
- II. **PROPOSED SUBSCRIPTION BY MRCB OF UP TO 34,568,734 NEW UNITS IN SENTRAL REIT ("UNITS") PURSUANT TO THE PROPOSED PLACEMENT EXERCISE TO BE UNDERTAKEN BY SENTRAL REIT ("PROPOSED SUBSCRIPTION")**

(COLLECTIVELY, THE "PROPOSALS")

PART B

INDEPENDENT ADVICE LETTER FROM PUBLIC INVESTMENT BANK BERHAD TO THE NON-INTERESTED SHAREHOLDERS OF OUR COMPANY IN RELATION TO THE PROPOSALS

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser for Part A



RHB Investment Bank Berhad

(Registration No. 197401002639 (19663-P))

(A Participating Organisation of Bursa Malaysia Securities Berhad)

Independent Adviser for Part B



PUBLIC INVESTMENT BANK BERHAD

(Registration No. 197401002880 (20027-W))
A Participating Organisation Of Bursa Malaysia Securities Berhad
(Wholly-owned Subsidiary Of Public Bank Berhad)

The Extraordinary General Meeting of MRCB ("**EGM**") will be held virtually through live streaming from the broadcast venue at KL Sentral Room, Level 30, Menara Allianz Sentral, No. 203 Jalan Tun Sambanthan, Kuala Lumpur Sentral, 50470 Kuala Lumpur on Tuesday, 24 October 2023 at 10.00 a.m. or at any adjournment thereof. The Notice of the EGM together with the Form of Proxy are enclosed in this Circular and can be downloaded from our Company's website at <https://www.mrcb.com.my/investor-relations/shareholder.html> or Bursa Securities' website at <https://www.bursamalaysia.com>.

A member entitled to participate, speak (in the form of real time submission of typed texts) and vote remotely at the EGM is entitled to appoint not more than two (2) proxies to participate, speak and vote remotely on his/her behalf. If you decide to appoint a proxy(ies) to participate on your behalf at the EGM, please complete and lodge the Form of Proxy in hard copy form or by electronic means in the following manner and the Form of Proxy must be received by our Share Registrar, Boardroom Share Registrars Sdn Bhd ("**Boardroom**") not less than forty-eight (48) hours before the time appointed for holding the EGM:

- (i) **In hard copy form** - The Form of Proxy must be deposited at the office of our Share Registrar situated at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia.
- (ii) **By electronic means via email** - The Form of Proxy must be received via email to bsr.helpdesk@boardroomlimited.com.
- (iii) **By electronic means via online** - The Form of Proxy must be electronically lodged with our Share Registrar via "Boardroom Smart Investor Portal" at <https://investor.boardroomlimited.com>. Please refer to the Procedure for Electronic Submission of the Form of Proxy in the Administrative Guide for the EGM.

For options (ii) and (iii), our Company may request you to deposit the original executed Form of Proxy to our registered office before or on the day of the EGM for verification purpose. The lodging of the relevant Form of Proxy will not preclude you from participating, speaking and voting remotely at the EGM should you subsequently wish to do so.

Last date and time for lodgement of the Form of Proxy : Sunday, 22 October 2023 at 10.00 a.m.

Date and time of the EGM : Tuesday, 24 October 2023 at 10.00 a.m.

This Circular is dated 9 October 2023

DEFINITIONS

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

"Act"	:	Companies Act 2016
"Board"	:	Board of Directors of our Company
"Bursa Securities"	:	Bursa Malaysia Securities Berhad
"CBRE WTW" or the "Valuer"	:	CBRE WTW Valuation & Advisory Sdn Bhd, being the independent registered valuer appointed by PWSB and MTB
"Circular"	:	This circular dated 9 October 2023 comprising Part A – Letter to our shareholders in relation to the Proposals and Part B – IAL from PIVB to the non-interested shareholders of our Company in relation to the Proposals
"Completion"	:	The completion of the sale and purchase of the Property in accordance with the terms of the SPA
"Completion Date"	:	A day falling no later than 3 months from the Unconditional Date
"Deposit"	:	A sum of RM9.00 million, being 2% of the Disposal Consideration which was paid by MTB to PWSB upon signing of the SPA
"Directors"	:	The directors of our Company and shall have the meaning given in Section 2(1) of the Act
"Disposal Consideration"	:	A total cash consideration of RM450 million payable by MTB to PWSB for the purchase of the Property pursuant to the SPA
"DPU"	:	Distribution per Unit
"EGM"	:	Extraordinary general meeting of our Company
"EPF"	:	Employees Provident Fund Board
"EPS"	:	Earnings per MRCB Share
"Extended Completion Date"	:	A business day falling within 30 days from expiry of the Completion Date or at such later period or periods thereafter, if any, as PWSB and MTB may mutually agree in writing
"FPE"	:	Financial period ended
"FYE"	:	Financial year ended/ending, as the case may be
"IAL"	:	The independent advice letter dated 9 October 2023 from the Independent Adviser to the non-interested shareholders of our Company in relation to the Proposals, as set out in Part B of this Circular
"Interested Directors"	:	Collectively, Datuk Seri Amir Hamzah Azizan, Mohamad Hafiz Kassim and Dato' Mohamad Nasir Ab Latif
"Interested Shareholder"	Major	: EPF

DEFINITIONS (CONT'D)

"Land"	:	All that piece of leasehold land held under HSD 277413, Lot No. PT 11 Section 52, Town of Petaling Jaya, District of Petaling, Selangor, Malaysia
"Lease"	:	The lease of the Property to Celcom Berhad (formerly known as Celcom Axiata Berhad) (" Celcom Berhad ") for 15 years commencing from 1 January 2020 and expiring on 31 December 2034 and shall be automatically extended for 2 further terms of 3 years each in accordance with the terms of the Lease Agreement
"Lease Agreement"	:	Lease agreement dated 20 January 2020 entered into between PWSB and Celcom Berhad for the Lease
"Listing Requirements"	:	Main Market Listing Requirements of Bursa Securities
"LPD"	:	15 September 2023, being the latest practicable date before the date of this Circular
"Maximum Scenario"	:	Based on the assumption that all the outstanding Warrants are exercised into new MRCB Shares before the Completion
"Minimum Scenario"	:	Based on the assumption that none of the outstanding Warrants are exercised into MRCB Shares before the Completion
"MRCB" or "Company"	:	Malaysian Resources Corporation Berhad
"MRCB Group" or "Group"	:	Collectively, MRCB and its subsidiaries
"MRCB Shares" or "Shares"	:	Ordinary shares in our Company
"MTB" or "Purchaser"	:	Maybank Trustees Berhad, acting solely in the capacity as the trustee of Sentral REIT
"NA"	:	Net assets
"NLA"	:	Net lettable area
"PIVB" or "Independent Adviser"	:	Public Investment Bank Berhad, the independent adviser to advise the non-interested Directors and the non-interested shareholders of our Company in relation to the Proposals
"Placement Units"	:	Up to 123,720,000 new Units to be issued by Sentral REIT under the Proposed Placement
"Property"	:	A 27-storey office tower known as Menara CelcomDigi, together with 6 levels of podium and 3 levels of basement car park erected on the Land
"Proposals"	:	Collectively, the Proposed Disposal and Proposed Subscription
"Proposed Disposal"	:	Proposed disposal by PWSB of the Property to MTB, acting solely in the capacity as trustee for Sentral REIT for the Disposal Consideration upon the terms and subject to the conditions set out in the SPA

DEFINITIONS (CONT'D)

"Proposed Placement"	:	Proposed placement of up to 123,720,000 new Units to be undertaken by Sentral REIT at an issue price to be determined later by way of bookbuilding
"Proposed Subscription"	:	Proposed subscription by MRCB of up to 34,568,734 new Units in Sentral REIT pursuant to the Proposed Placement exercise
"PWSB" or "Vendor"	:	Puncak Wangi Sdn Bhd, a wholly-owned subsidiary of MRCB
"RHB Investment Bank" or the "Principal Adviser"	:	RHB Investment Bank Berhad
"RHB Islamic Bank"	:	RHB Islamic Bank Berhad
"RM" and "sen"	:	Ringgit Malaysia and sen respectively
"SPA"	:	The conditional sale and purchase agreement dated 25 July 2023 entered into between PWSB and MTB for the Proposed Disposal
"SRM" or "Manager"	:	Sentral REIT Management Sdn Bhd, the Manager of Sentral REIT
"Unconditional Date"	:	The day upon which the last of the conditions precedent (which have not been waived in writing) have been fulfilled in accordance with the provisions of the SPA
"Undertaking"	:	An undertaking given by MRCB vide its letter dated 25 July 2023 to MTB to subscribe for up to 34,568,734 Placement Units in Sentral REIT under the Proposed Placement, subject to certain conditions as set out in Section 2.2 of Part A of this Circular
"Units"	:	Units in Sentral REIT
"Valuation Certificate"	:	The valuation certificate dated 20 July 2023 issued by the Valuer to appraise the market value of the Property
"Valuation Report"	:	The valuation report dated 20 July 2023 issued by the Valuer to appraise the market value of the Property
"Warrants"	:	Warrants 2017/2027 of our Company

References to "our Company" in this Circular are to MRCB and references to "our Group" are to the Company and our subsidiaries. References to "we", "us", "our" and "ourselves" in this Circular are to the Company and where the context otherwise requires, shall include our subsidiaries. All references to "you" in this Circular are to our shareholders.

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

Any reference in this Circular to the provisions of any statute, rules, regulation or rules of stock exchange shall (where the context admits) be construed as a reference to the provisions of such statute, rules, regulation or rules of stock exchange (as the case may be) as modified by any written law or (if applicable) amendments to the statute, rules, regulation or rules of stock exchange for the time being in force.

DEFINITIONS (CONT'D)

Any reference to a time of day and date in this Circular shall be a reference to Malaysian time and date respectively, unless otherwise specified.

Certain amounts and percentage figures included herein have been subject to rounding adjustments. Any discrepancy between the figures shown herein and figures published by our Company, such as in its quarterly results or annual reports of our Company (as the case may be), is due to rounding differences.

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 (save for the Interested Directors) after due inquiry, which are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied in such forward-looking statements. 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 Company's and/or our Group's plans and objectives will be achieved.

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TABLE OF CONTENTS

	PAGE
PART A	
EXECUTIVE SUMMARY	vii
LETTER TO OUR SHAREHOLDERS IN RELATION TO THE PROPOSALS:	
1. INTRODUCTION	1
2. DETAILS OF THE PROPOSALS	2
3. RATIONALE AND BENEFITS OF THE PROPOSALS	11
4. INDUSTRY OUTLOOK AND PROSPECTS	12
5. RISK FACTORS OF THE PROPOSALS	18
6. EFFECTS OF THE PROPOSALS	20
7. APPROVALS REQUIRED/OBTAINED	23
8. HIGHEST PERCENTAGE RATIO	23
9. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM	23
10. TOTAL AMOUNT TRANSACTED WITH THE SAME RELATED PARTY FOR THE PRECEDING 12 MONTHS	24
11. AUDIT AND RISK MANAGEMENT COMMITTEES' STATEMENT	25
12. DIRECTORS' STATEMENT AND RECOMMENDATION	25
13. INDEPENDENT ADVISER	26
14. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION	26
15. ESTIMATED TIME FRAME FOR COMPLETION	26
16. EGM	27
17. ADDITIONAL INFORMATION	27
PART B	
IAL FROM PIVB TO THE NON-INTERESTED SHAREHOLDERS OF OUR COMPANY IN RELATION TO THE PROPOSALS	28

TABLE OF CONTENTS (CONT'D)

	PAGE
APPENDICES	
I. INFORMATION ON SENTRAL REIT	66
II. INFORMATION ON MTB	68
III. SALIENT TERMS OF THE SPA	69
IV. VALUATION CERTIFICATE FOR THE PROPERTY	76
V. ADDITIONAL INFORMATION	86
NOTICE OF EGM	ENCLOSED
FORM OF PROXY	ENCLOSED

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PART A

LETTER TO OUR SHAREHOLDERS IN RELATION TO THE PROPOSALS

EXECUTIVE SUMMARY

This Executive Summary highlights only the salient information of the Proposals as set out in Part A of this Circular. You are advised to read and carefully consider the contents of this Circular and the appendices contained herein in its entirety for further details and not to rely solely on this Executive Summary in forming a decision on the Proposals before voting at the forthcoming EGM.

Salient information	Description	Reference to Circular
Summary of the Proposals	<p>(i) Proposed disposal by PWSB of an office tower known as Menara CelcomDigi to MTB, acting solely in the capacity as trustee for Sentral REIT for a cash consideration of RM450 million; and</p> <p>(ii) Proposed subscription by our Company of up to 34,568,734 new Units in Sentral REIT pursuant to the Proposed Placement exercise to be undertaken by Sentral REIT</p>	Sections 1 and 2 of Part A of this Circular
Basis of and justification for arriving at the Disposal Consideration and subscription consideration	<p><u>Proposed Disposal</u></p> <p>The Disposal Consideration was arrived at on a willing-buyer willing-seller basis after taking into consideration the following:</p> <p>(i) the market value of the Property of RM450 million as at 23 June 2023, as ascribed by the Valuer vide the Valuation Certificate;</p> <p>(ii) the audited net book value of the Property of RM373.87 million as at 31 December 2022; and</p> <p>(iii) the rationale for the Proposed Disposal, further details of which are set out in Section 3 of Part A of this Circular.</p> <p>The Disposal Consideration equals to the market value of the Property ascribed by the Valuer and represents a premium of approximately RM76.13 million or 20.36% to the audited net book value of the Property of RM373.87 million as at 31 December 2022.</p> <p><u>Proposed Subscription</u></p> <p>The issue price for the Placement Units shall be based on the final price to be determined via a bookbuilding exercise by Sentral REIT. In any event, the Placement Units will be priced at no more than 10% discount to the 5-day volume weighted average market price of the Units immediately preceding the price-fixing date.</p> <p>As price-taker, we shall accept the final price for the Placement Units, being the issue price which shall be determined once the bookbuilding exercise is closed and shall be duly announced by Sentral REIT on Bursa Securities.</p>	Sections 2.1.2 and 2.2.1 of Part A of this Circular

EXECUTIVE SUMMARY (CONT'D)

Salient information	Description	Reference to Circular
<p>Rationale and benefits of the Proposals</p>	<p><u>Proposed Disposal</u></p> <ul style="list-style-type: none"> • The Proposed Disposal is in line with our strategy to unlock value from our investment properties once a long-term lease has been secured. Furthermore, the Proposed Disposal is exempted from real property gains tax and thus increasing the net proceeds to us. • The Proposed Disposal is expected to result in a pro forma gain of approximately RM52.56 million based on the net book value of the Property as at 31 December 2022. • In addition, the cash proceeds from the Proposed Disposal will be partly utilised to pare down the borrowings of our Group which is expected to result in estimated gross interest savings of approximately RM10.79 million per annum based on the prevailing interest rate of 5.15% as at the LPD. • The Proposed Disposal allows our Company to continue to indirectly enjoy recurring income from the Property via future income distributions by Sentral REIT based on our unitholdings in Sentral REIT. <p><u>Proposed Subscription</u></p> <ul style="list-style-type: none"> • The Proposed Subscription will allow us to maintain our unitholding level in the enlarged unitholders' capital of Sentral REIT after the Proposed Placement and continue to benefit from future income distributions by Sentral REIT as well as to share in the profits of Sentral REIT. 	<p>Section 3 of Part A of this Circular</p>
<p>Risk factors of the Proposals</p>	<p><u>Proposed Disposal</u></p> <p>The Proposed Disposal is subject to the following risks:</p> <ul style="list-style-type: none"> (i) Non-completion of the Proposed Disposal; and (ii) Loss of rental income from the Property. <p><u>Proposed Subscription</u></p> <p>The Proposed Subscription is subject to the following risks:</p> <ul style="list-style-type: none"> (i) Risks inherent to property investment; and (ii) Volatility of Unit price. 	<p>Section 5 of Part A of this Circular</p>

EXECUTIVE SUMMARY (CONT'D)

Salient information	Description	Reference to Circular
Approvals required/ obtained for the Proposals	<p>The Proposals are subject to and conditional upon approvals being obtained from the following parties:</p> <ul style="list-style-type: none"> (i) the non-interested shareholders of our Company for the Proposals, at the forthcoming EGM; (ii) the non-interested unitholders of Sentral REIT at a unitholders' meeting to be convened by Sentral REIT for its proposed acquisition of the Property, the Proposed Placement and the proposed placement of the Placement Units to our Company under the Proposed Subscription; (iii) Bursa Securities (to be obtained by MTB, on behalf of Sentral REIT) for the listing of and quotation for the Placement Units on the Main Market of Bursa Securities under the Proposed Placement; (iv) State authority for the transfer of the Property from PWSB to MTB under the Proposed Disposal; and (v) Celcom Berhad as the registered lessee for the transfer of the Property from PWSB to MTB, which was obtained vide Celcom Berhad's letter dated 21 August 2023. <p>The Proposed Disposal and the Proposed Subscription are not inter-conditional upon each other.</p> <p>The Proposals are not conditional upon any other corporate exercise undertaken or to be undertaken by our Company.</p>	Section 7 of Part A of this Circular
Interests of Directors, major shareholders and/or persons connected with them	<p>EPF, our major shareholder, is deemed interested in the Proposals by virtue of it being a major unitholder of Sentral REIT.</p> <p>The following Interested Directors are deemed as interested in the Proposals by virtue of them being EPF's nominee directors sitting on our Board:</p> <ul style="list-style-type: none"> (a) Datuk Seri Amir Hamzah Azizan, our Non-Independent Non-Executive Chairman, is the Chief Executive Officer of EPF; (b) Mohamad Hafiz Kassim, our Non-Independent Non-Executive Director, is the Chief Financial Officer of EPF; and (c) Dato' Mohamad Nasir Ab Latif, our Non-Independent Non-Executive Director. 	Section 9 of Part A of this Circular

EXECUTIVE SUMMARY (CONT'D)

Salient information	Description	Reference to Circular
	<p>Save as disclosed above, none of the Directors and/or major shareholder of our Company and/or persons connected with them have any interests, whether direct or indirect, in the Proposals.</p>	
Audit and Risk Management Committee's statement	<p>Our Audit and Risk Management Committee, after having considered all aspects of the Proposals (including but not limited to the rationale and effects of the Proposals) and the evaluation of the Independent Adviser on the fairness and reasonableness of the Proposals, is of the opinion that the Proposals are:</p> <ul style="list-style-type: none">(a) in the best interest of our Company;(b) fair, reasonable and on normal commercial terms; and(c) not detrimental to the interest of the non-interested shareholders of our Company.	Section 11 of Part A of this Circular
Directors' statement and recommendation	<p>Our Board (save for the Interested Directors), having considered all aspects of the Proposals, including the rationale and benefits of the Proposals, the salient terms of the SPA, the basis of and justification for arriving at the Disposal Consideration, the effects of the Proposals as well as the evaluation of the Independent Adviser on the fairness and reasonableness of the Proposals, is of the opinion that the Proposals are in the best interest of our Company.</p> <p>Accordingly, our Board (save for the Interested Directors) recommends that you vote in favour of the resolutions pertaining to the Proposals to be tabled at the forthcoming EGM.</p>	Section 12 of Part A of this Circular

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MALAYSIAN RESOURCES CORPORATION BERHAD

(Registration No. 196801000388 (7994-D))
(Incorporated in Malaysia)

Registered Office
Level 33A, Menara NU2
No. 203, Jalan Tun Sambanthan
Kuala Lumpur Sentral
50470 Kuala Lumpur

9 October 2023

Board of Directors

Datuk Seri Amir Hamzah Azizan (*Non-Independent Non-Executive Chairman*)
Tan Sri Mohamad Salim Fateh Din (*Executive Vice Chairman*)
Datuk Mohd Imran Mohamad Salim (*Group Managing Director*)
Mohamad Hafiz Kassim (*Non-Independent Non-Executive Director*)
Dato' Mohamad Nasir Ab Latif (*Non-Independent Non-Executive Director*)
Dato' Wan Kamaruzaman Wan Ahmad (*Senior Independent Director*)
Dato' Dr. Junaidah Kamarruddin (*Independent Director*)
Lim Fen Nee (*Independent Director*)

To: Our shareholders

Dear Sir/Madam,

I. PROPOSED DISPOSAL; AND

II. PROPOSED SUBSCRIPTION

1. INTRODUCTION

On 8 June 2023, our Company had announced that MTB, acting solely in the capacity as the trustee of Sentral REIT, had on even date accepted the letter of intent issued by MRCB dated 30 May 2023 to enter into negotiations with PWSB for the proposed disposal of an office tower known as Menara CelcomDigi for a cash consideration of RM450 million.

On 25 July 2023, RHB Investment Bank had, on behalf of our Board, announced that PWSB had on 25 July 2023 entered into the SPA with MTB for the Proposed Disposal.

In conjunction with the Proposed Disposal, Sentral REIT had on 25 July 2023 announced that it is proposing to undertake the Proposed Placement to partly fund the Disposal Consideration.

Our Company, being a major unitholder of Sentral REIT, had vide our letter dated 25 July 2023, given the Undertaking to subscribe for up to 34,568,734 new Units in Sentral REIT pursuant to the Proposed Placement, subject to certain conditions as set out in Section 2.2 of Part A of this Circular. For the avoidance of doubt, we will not participate in the bookbuilding exercise in relation to the Proposed Placement and shall not influence the manner in which the book builds or the determination of the issue price of the Placement Units. Our Company shall accept the final price for the Placement Units as determined by the bookbuilding exercise and announced by Sentral REIT on Bursa Securities.

The Proposals are deemed as a related-party transaction pursuant to Paragraph 10.08 of the Listing Requirements due to the interest of the Interested Major Shareholder and Interested Directors of our Company as set out in Section 9 of Part A of this Circular. Accordingly, we have appointed PIVB on 17 June 2023 to act as the Independent Adviser to advise the non-interested Directors and non-interested shareholders of our Company on the fairness and the reasonableness of the Proposals and whether the Proposals are detrimental to the non-interested shareholders of our Company. The IAL from PIVB in relation to the Proposals is set out in Part B of this Circular.

Further details of the Proposals are set out in the ensuing sections of Part A of this Circular.

THE PURPOSE OF PART A OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE DETAILS OF THE PROPOSALS AND TO SEEK YOUR APPROVAL FOR THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT THE FORTHCOMING EGM. THE NOTICE OF THE EGM AND THE FORM OF PROXY ARE ENCLOSED TOGETHER WITH THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF PART A OF THIS CIRCULAR TOGETHER WITH THE RECOMMENDATION OF THE INDEPENDENT ADVISER IN RELATION TO THE PROPOSALS AS SET OUT IN THE IAL IN PART B OF THIS CIRCULAR AND THE APPENDICES CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT THE FORTHCOMING EGM.

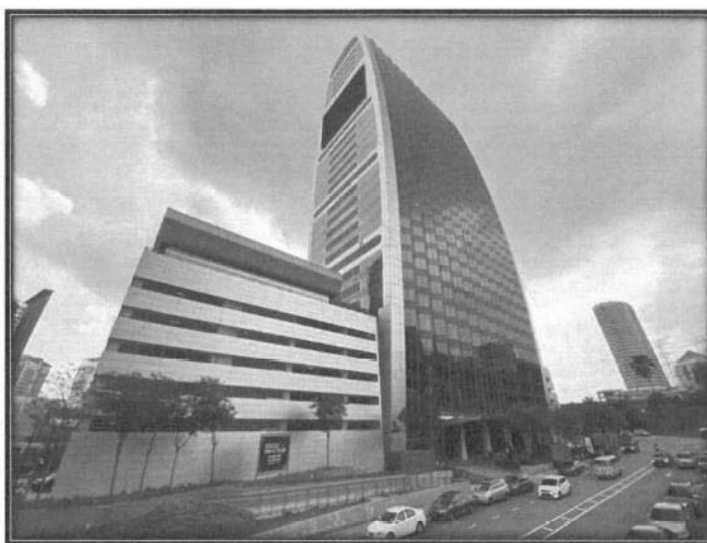
2. DETAILS OF THE PROPOSALS

2.1 Details of the Proposed Disposal

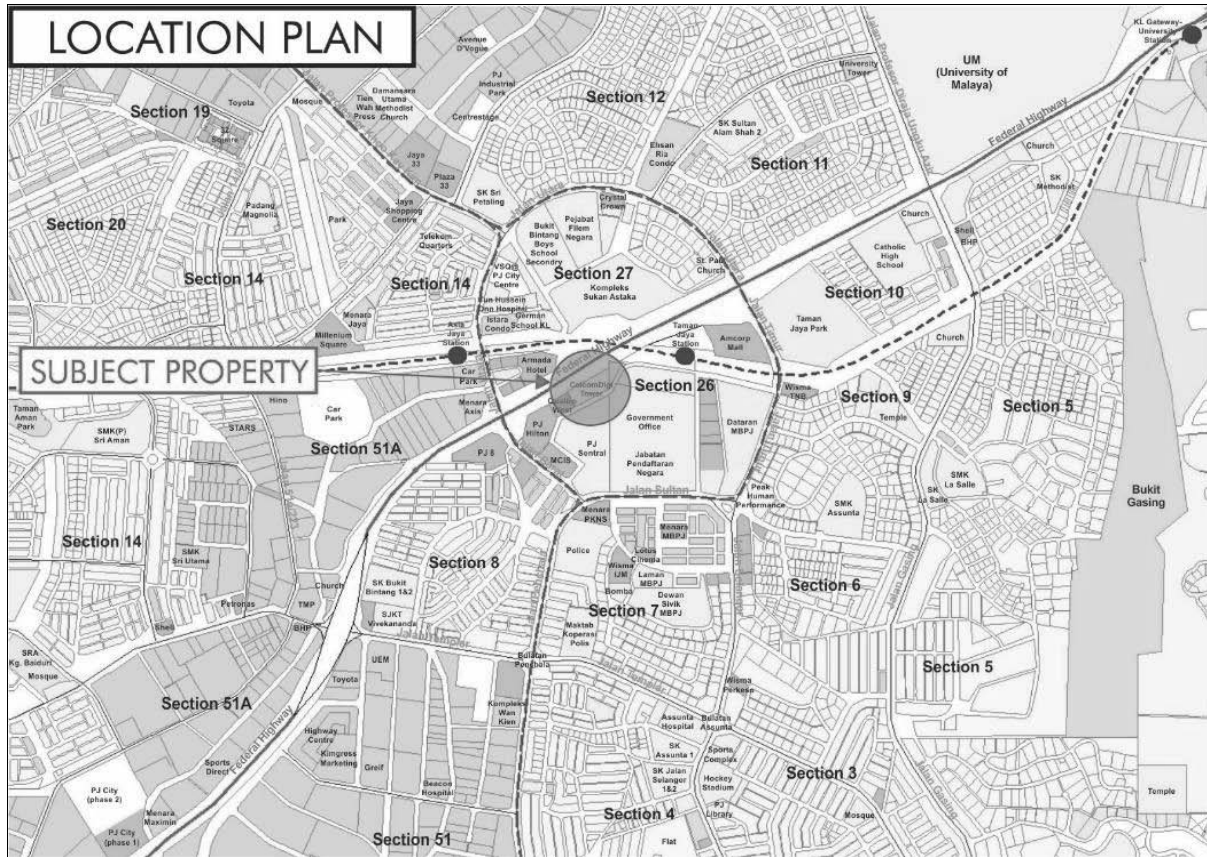
The Proposed Disposal entails the disposal by PWSB of the Property to MTB for the Disposal Consideration, subject to the terms and conditions of the SPA, the salient terms of which are as set out in Appendix III of this Circular.

2.1.1 Information on Menara CelcomDigi

Menara CelcomDigi is a 27-storey purpose-built office building erected on 6 levels of podium and 3 levels of basement car park with a total of 788 car parking bays and 287 motorcycle parking bays, located within the city centre of Petaling Jaya, Selangor. The general view of the Property is as follows:



The Property is easily accessible from all parts of Petaling Jaya New Town via Federal Highway, Jalan Timur and thereafter onto Persiaran Barat, leading to the Property. The Property is also accessible via public transportation i.e. Light Rail Transit ("LRT") Kelana Jaya Line exiting Taman Jaya LRT Station. The Property is located inside the circle coloured pink on the location plan as follows:



Further information on the Property are as follows:

- Address : Menara CelcomDigi, No. 6, Persiaran Barat, Seksyen 52, PJ Sentral, 46200 Petaling Jaya, Selangor.
- Title No. : HSD 277413
- Lot No. : Lot No. PT 11, Section 52, Town of Petaling Jaya, District of Petaling, Selangor
- Tenure : Leasehold 99 years expiring on 10 November 2110 (Unexpired term of approximately 87 years)
- Provisional land area : 8,326 square metres (approximately 89,620 square feet/ 2.057 acres)
- Existing use : Purpose-built office building
- Age of building : Approximately 5 years
- Gross floor area as per the approved building plan : 98,378.3989 square metres (approximately 1,058,935 square feet)

Net floor area as per the floor measurement survey plan : 42,063.00 square metres (approximately 452,762 square feet)

Net lettable area as per the Lease Agreement : 450,000 square feet

Lease : Lease out to Celcom Berhad for 15 years commencing from 1 January 2020 and expiring on 31 December 2034 and shall be automatically extended for 2 further terms of 3 years each in accordance with the terms of the Lease Agreement.

The Lease covers the whole office space together with the podium and basement area with car/motorcycle parking bays. As at the LPD, the rental and service charge income per month derived from the Lease is RM3,062,468.

Please refer to paragraph 4(ii) of Appendix III of this Circular for the details of the novation agreement arising from the Proposed Disposal.

Occupancy rate : 100%

Rental and service charge income for the FYE 31 December 2022	Rental income ^(a)	RM29,294,945
	Service charge ^(b)	RM6,750,000
	Total	<u>RM36,044,945</u>

Notes:

(a) *Comprising rental income from Celcom Berhad of RM28.62 million, rental income from car park operator of RM0.61 million as well as rental and license fee income from telecommunications infrastructure service provider of RM0.06 million.*

(b) *Comprising service charge income from Celcom Berhad for facility maintenance services and utility-related services.*

Category of land use : Building

Express conditions : Commercial building

Encumbrances : A 15-year lease bearing presentation number 111056/2022 created in favour of Celcom Berhad

Restrictions in interest : This land can be transferred, leased or charged with the consent of the state authority

Audited net book value as at 31 December 2022 : RM373,866,000

Name of Valuer : CBRE WTW Valuation & Advisory Sdn Bhd

Market value ascribed by the Valuer : RM450,000,000

Date of valuation : 23 June 2023

2.1.2 Basis of and justification for arriving at the Disposal Consideration

The Disposal Consideration was arrived at on a willing-buyer willing-seller basis and after taking into consideration the following:

- (a) The market value of the Property of RM450 million as at 23 June 2023, as ascribed by CBRE WTW, vide the Valuation Certificate.

In arriving at the market value of the Property, the Valuer has adopted the Income Approach by Investment Method and supported by the Comparison Approach.

The following is a summary of the valuation approaches adopted by the Valuer in arriving at its assessment of the market value of the Property:

Valuation approaches	Methodology explanation
Income Approach by Investment Method	The Property is valued based on the Income Approach of Valuation by adopting Investment Method. This method entails determining the net current annual income by deducting the annual outgoings from the gross annual income and capitalising the net income by a suitable rate of return consistent with the type and quality of investment to arrive at the market value.
Comparison Approach	As a check, the Comparison Approach is adopted. This approach entails analysing recent transactions and asking prices of similar property in the locality for comparison purposes with adjustments made for differences in location, size, age and condition of the building, tenure, title restrictions if any and other relevant characteristics to arrive at the market value.

The Valuer has adopted the market value derived from the Income Approach by Investment Method as fair representation of the market value of the Property after taking into consideration that the Property is a commercial asset and income generating property, supported by the market value derived from the Comparison Approach.

- (b) the audited net book value of the Property of RM373.87 million as at 31 December 2022; and
- (c) the rationale for the Proposed Disposal, further details of which are set out in Section 3 of Part A of this Circular.

The Disposal Consideration is equivalent to the market value of the Property as ascribed by the Valuer. In addition, the Disposal Consideration represents a premium of approximately RM76.13 million or 20.36% to the audited net book value of the Property of RM373.87 million as at 31 December 2022.

2.1.3 Mode of settlement of the Disposal Consideration

The Disposal Consideration will be satisfied entirely in cash in the manner set out below:

<u>Mode of settlement</u>	<u>Date of settlement</u>	<u>Disposal Consideration (RM'000)</u>	<u>%</u>
Deposit	Paid upon signing of the SPA on 25 July 2023	9,000	2.00
Balance consideration	Payable on or before the Completion Date or the Extended Completion Date, as the case may be	441,000	98.00
Total		450,000	100.00

PWSB and MTB agree that at any time prior to the Completion, PWSB will be entitled to appoint MRCB and/or a wholly-owned subsidiary of MRCB and/or a wholly-owned subsidiary of PWSB as a nominee ("**Vendor's Nominee**") to receive and accept the Disposal Consideration in place of PWSB by giving to MTB 7 business days prior notice in writing of such nomination together with all particulars of the Vendor's Nominee.

2.1.4 Information on Sentral REIT and MTB

Please refer to Appendices I and II of this Circular for further information on Sentral REIT and MTB.

2.1.5 Salient terms of the SPA

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

2.1.6 Liabilities and guarantees

There are no liabilities, including contingent liabilities, in relation to the Property which will remain with our Company after the Proposed Disposal. In addition, there are no guarantees given by our Company to Sentral REIT pursuant to the Proposed Disposal.

2.1.7 Date and original cost of investment

The original cost of investment for the Property upon completion of construction on 17 January 2018 was approximately RM426.95 million.

2.1.8 Expected gain arising from the Proposed Disposal

The Proposed Disposal is expected to result in a pro forma gain on disposal to our Group, details of which are set out below:

	<u>RM'000</u>
Disposal Consideration	450,000
Less: Audited net book value of the Property as at 31 December 2022	(373,866)
Less: Consolidation adjustments ⁽¹⁾	(20,378)

	RM'000
Less: Estimated expenses in relation to the Proposals, as set out in Section 2.1.9 of Part A of this Circular	(1,160)
Less: Deferred taxation	(2,038)
Pro forma gain on the Proposed Disposal	52,558

Note:

- (1) Assuming that MRCB subscribes for up to 34,568,734 Placement Units under the Proposed Subscription, its estimated unitholdings in Sentral REIT is expected to be 27.94% of the enlarged unitholders' capital of Sentral REIT. The consolidation adjustments represent the gain restricted to the extent of our unitholdings in Sentral REIT.

2.1.9 Utilisation of proceeds

The Disposal Consideration of RM450 million from the Proposed Disposal is intended to be utilised by our Group in the following manner:

<u>Details of utilisation</u>	<u>Time frame for utilisation[#]</u>	<u>RM'000</u>	<u>%</u>
Prepayment of term loans ^(a)	Within 1 month	209,611	46.58
Working capital ^(b)	Within 24 months	210,229	46.72
Proposed Subscription ^(c)	On the Completion Date or the Extended Completion Date, as the case may be	29,000	6.44
Estimated expenses in relation to the Proposals ^(d)	Within 1 month	1,160	0.26
Total		450,000	100.00

Notes:

Time frame for utilisation shall be from the date of completion of the Proposed Disposal.

- (a) As at the LPD, the total interest-bearing borrowings of our Group amounted to approximately RM1.94 billion. We intend to utilise RM209.61 million of the proceeds from the Proposed Disposal for the early prepayment of 2 existing term loans, namely the Commodity Murabahah Term Financing-i 1 and Commodity Murabahah Term Financing-i 2 from RHB Islamic Bank (collectively, the "**RHB Term Loans**"). For the avoidance of doubt, the Property is not charged to RHB Islamic Bank as collaterals for the RHB Term Loans. However, our Group is required to prepay the RHB Term Loans in the event we dispose the Property as it is a mandatory covenant under the letters of offer (which forms part of the facility agreements) for the RHB Term Loans ("**RHB Letters of Offer**"). Pursuant to the term of the RHB Letters of Offer, our Group shall mandatorily prepay the RHB Term Loans upon the receipt of proceeds from the disposal of the Property. Based on the prevailing interest rate of the RHB Term Loans of approximately 5.15% per annum as at the LPD, the prepayment of the RHB Term Loans is expected to result in estimated gross interest cost savings of approximately RM10.79 million per annum.

Apart from the RHB Term Loans, our Group also has other outstanding interest-bearing borrowings from other financial institutions with interest rates ranging from 4.25% to 7.85%.

Notwithstanding the above, we are of the opinion that concerns of any potential conflict of interest that exists or is likely to exist as a result of the prepayment of the RHB Term Loans is justified as the said prepayment is a mandatory covenant under the RHB Letters of Offer in the event the Property is disposed. In this instance, a non-prepayment of the RHB Term Loans would result in a breach of contractual obligation by our Group.

(b) We intend to utilise RM210.23 million of the proceeds from the Proposed Disposal to meet our Group's working capital requirements in the following manner:

	<u>RM'000</u>
Construction and property development activities for the projects set out below (including payment to contractors and suppliers, consultant and professional fees, and payment to the relevant authorities)	168,183
Sales and marketing activities for our property development projects set out below (including print and digital advertisements, marketing and launch events, marketing collaterals and sales commission)	31,534
Other administrative expenses (including staff costs, utilities and other office expenses)	10,512
Total	<u><u>210,229</u></u>

The proceeds to be utilised for each component of working capital is subject to the operating and funding requirements of our Group at the point of utilisation and therefore our Group may reallocate the proceeds to be utilised for the components of working capital where required.

As at the LPD, our Group has, amongst others, on-going construction projects as well as property development projects in the pipeline as set out below:

(i) Construction projects

<u>No.</u>	<u>Projects</u>	<u>Details of the projects</u>	<u>Contract value RM'million</u>	<u>Percentage of completion as at the LPD</u>	<u>Expected completion date</u>	<u>Total estimated outstanding construction cost RM'million</u>
1.	National Film Development Corporation Malaysia (FINAS) Headquarters	The development and construction of the new FINAS headquarters located in Damansara Damai, Sungai Buloh, Selangor.	220	11.7%	Early 2025	195
2.	Muara Sungai Pahang Phase 3, Package 3	A flood mitigation project in which a 683.5 m and 68.4 m breakwater will be constructed with four dyke structures and two beacon lights for Sungai Pahang in Daerah Pekan, Pahang.	380	11.2%	Mid 2027	337

(ii) Property development projects

<u>No.</u>	<u>Projects</u>	<u>Details of the projects</u>	<u>Gross development value RM'million</u>	<u>Status as at the LPD</u>	<u>Total estimated outstanding gross development cost RM'million</u>
1.	VISTA, Surfers Paradise, Gold Coast	The development and construction of a 51-storey, 280-unit residential tower located at the Gold Coast, Queensland, Australia.	1,066	Launched in 2023 and expected to commence construction by early 2024. The number of units sold is 37 units	836
2.	Residensi Tujuh, Kwasa Damansara City Centre	The development and construction of 2-blocks of 29-storey residential towers with 573 units in Kwasa Damansara City Centre, Shah Alam, Selangor.	385	Launch and commence construction in second half of 2023	309
3.	Phase 1A & 1B, Bukit Jalil Sentral	The development and construction 3-towers of approximately 42-storeys each with total 1,200 units serviced apartments in Bukit Jalil Sentral, Bukit Jalil, Kuala Lumpur.	n.a.*	In planning stage and expected to be launched in 2024	n.a.*
4.	Parcel A, 9 Seputeh	The development and construction of residential tower with approximately 490 units apartment in Section 98, Kuala Lumpur.	n.a.*	In planning stage and expected to be launched in 2025	n.a.*

Note:

* Not available. As at the LPD, Phase 1A & 1B, Bukit Jalil Sentral and Parcel A, 9 Seputeh projects are still in planning stages and have yet to be finalised for the application for development order.

The allocation of funding for the aforementioned on-going construction projects as well as property development projects in the pipeline will be determined over the progress of the projects based on the respective stage of construction/development and estimated costs required then as well as our Group's operating and financing requirements at that point in time. Any shortfall required to fund the projects will be financed through our Group's internally-generated funds and/or borrowings.

- (c) We have undertaken to subscribe for up to 34,568,734 Placement Units under the Proposed Subscription at an issue price to be determined via bookbuilding pursuant to the Undertaking. We will use a bridging loan and/or internally generated funds to satisfy the subscription consideration. RM29.00 million of the proceeds to be raised from the Proposed Disposal shall be used to repay the bridging loan and/or replenish the Company's internally generated funds for the purpose of the Proposed Subscription.

In the event the actual subscription consideration for the Proposed Subscription is higher than RM29.00 million, the deficit will be funded from the proceeds earmarked for working capital. However, if the actual subscription consideration for the Proposed Subscription is lower than RM29.00 million, the excess will be utilised for working capital of our Group for construction and property development activities.

(d) *The estimated expenses in relation to the Proposals comprise the following:*

	<u>RM'000</u>
<i>Professional fees (i.e. principal adviser, solicitors, valuer and independent adviser)</i>	822
<i>Regulatory fees</i>	45
<i>Other incidental expenses such as printing and dispatch costs, advertising costs, general meeting costs and other ancillary expenses</i>	293
Total	<u><u>1,160</u></u>

Pending utilisation of the cash proceeds to be raised from the Proposed Disposal for the above purposes, the cash proceeds will be placed in interest-bearing deposit(s) with licensed financial institution(s) and/or short-term money market instrument(s). The interest derived from such deposit(s) and/or any gain arising from such short-term money market instrument(s) will be utilised for the future working capital requirements of our Group.

2.1.10 Cash company or Practice Note 17 listed issuer

The Proposed Disposal will not result in our Company becoming a cash company or a Practice Note 17 listed issuer as defined under the Listing Requirements.

2.2 Details of the Proposed Subscription

Pursuant to the Undertaking, our Company has expressly and irrevocably undertaken to MTB to subscribe for up to 34,568,734 Placement Units to be issued under the Proposed Placement at an issue price to be determined via bookbuilding, subject to the following conditions:

- (a) the approval of Sentral REIT's non-interested unitholders for its proposed acquisition of the Property, the Proposed Placement and the proposed placement of Placement Units to our Company under the Proposed Subscription;
- (b) the approval of our Company's non-interested shareholders for the Proposals;
- (c) the Proposed Placement being implemented in a single tranche and the approval of Bursa Securities being obtained by Sentral REIT for the listing of and quotation for the Placement Units on the Main Market of Bursa Securities; and
- (d) the total number of Sentral REIT Units issued is maintained at 1,071,783,000 Units from the date of the SPA to immediately prior to the commencement of the Proposed Placement.

For the avoidance of doubt, the Undertaking shall automatically lapse and terminate and be of no further force and effect upon occurrence of the following, whichever is earlier:

- (i) the completion of the Proposed Placement including the Proposed Subscription;
- (ii) the Proposed Placement is aborted or is otherwise not completed for any reason whatsoever;

- (iii) the completion of the SPA in accordance with its terms; or
- (iv) the termination of the SPA for any reason whatsoever (including by reason of non-fulfilment of any applicable conditions precedent).

2.2.1 Basis of and justification for arriving at the subscription consideration

The issue price for the Placement Units shall be based on final price to be determined via a bookbuilding exercise by Sentral REIT. In any event, the Placement Units will be priced at no more than 10% discount to the 5-day volume weighted average market price of the Units immediately preceding the price-fixing date.

For the avoidance of doubt, we will not influence the manner in which the book builds for the Proposed Placement or the determination of the issue price of the Placement Units. Our Company, as a price-taker, shall accept the final price for the Placement Units, being the issue price which shall be determined once the bookbuilding exercise is closed and shall be duly announced by Sentral REIT on Bursa Securities.

2.2.2 Mode of settlement

The subscription consideration for the Proposed Subscription shall be payable by our Company within 5 market days from the price-fixing date of the Proposed Placement.

2.2.3 Source of funding

The subscription consideration for the Proposed Subscription will be funded via a bridging loan and/or internally generated funds, the manner and quantum of which have not been ascertained as at the date of this Circular.

2.2.4 Liabilities to be assumed by MRCB

There is no liability, including any contingent liability and guarantee, to be assumed by our Company pursuant to the Proposed Subscription.

2.2.5 Estimated additional financial commitment

Save for the subscription consideration, there is no additional financial commitment required for the Proposed Subscription as at the LPD.

3. RATIONALE AND BENEFITS OF THE PROPOSALS

3.1 Proposed Disposal

(i) Unlocking value from investment properties

The Property was developed as a bespoke office building for Celcom Berhad with a long-term lease in place. The Proposed Disposal is in line with our strategy to unlock value from our investment properties once a long-term lease has been secured. Furthermore, the Proposed Disposal is exempted from real property gains tax pursuant to the Real Property Gains Tax (Exemption) (No. 4) Order 2003 [PU(A) 451/2003] and thus increasing the net proceeds to us.

At market valuation of RM450 million, our Company is expected to recognise approximately RM52.56 million in pro forma gain arising from the Proposed Disposal based on the net book value of the Property as at 31 December 2022. In addition, the cash proceeds from the Proposed Disposal will be partly utilised to pare down the borrowings of our Group which is expected to result in estimated gross interest savings of approximately RM10.79 million per annum based on the prevailing interest rate of 5.15% as at the LPD. Based on the audited consolidated financial statements of MRCB for the FYE 31 December 2022, the gearing level of our Group is expected to reduce from 0.45 times to 0.40 times and 0.36 times respectively after the prepayment of term loans under the Minimum Scenario and Maximum Scenario as set out in Section 6.2 of Part A of this Circular.

(ii) Recurring income from Sentral REIT Units

The Proposed Disposal allows us to continue to indirectly enjoy recurring income from the Property via future income distributions by Sentral REIT based on our unitholdings in Sentral REIT. The Proposed Disposal also accords an avenue for our Group to realign our property investments in a more efficient structure of a real estate investment trust. This also de-risks our Company as the roles and responsibilities of a building owner now lies with Sentral REIT.

3.2 Proposed Subscription

The Proposed Subscription demonstrates our commitment to support the continued growth of Sentral REIT. The Proposed Subscription will allow our Company to maintain our unitholding level in the enlarged unitholders' capital of Sentral REIT after the Proposed Placement and continue to benefit from future income distributions by Sentral REIT as well as to share in the profits of Sentral REIT. This, in turn, is expected to contribute positively to the future earnings of our Group in the long term. Assuming that the Proposed Placement is for 123,720,000 Placement Units and our Company subscribes for 34,568,734 Placement Units, our estimated unitholdings in Sentral REIT is expected to remain at 27.94% of the enlarged unitholders' capital of Sentral REIT.

4. INDUSTRY OUTLOOK AND PROSPECTS

4.1 Overview and outlook of the Malaysian economy

In 2022, the Malaysian economy expanded by 8.7%. This was mainly driven by higher domestic demand following the full reopening of the economy. Household spending was particularly strong, reflecting pent-up demand, improved labour market conditions, and continued policy support. Meanwhile, investment activity increased with the acquisition of new machinery and equipment ("**M&E**") and resumption in structures investment. Public sector spending remained supported by government expenditures and higher capital spending of public corporations. On the external front, net exports registered a contraction. Although exports registered a strong expansion, import growth was higher on account of strong household spending and higher investment activity as well as firms building up inventory buffers to mitigate supply chain disruptions.

Private consumption registered a strong growth of 11.3% in 2022. Growth was underpinned by better employment and income conditions. The transition to the endemic phase in the second quarter of 2022 facilitated the materialisation of pent-up demand. Households' necessities spending grew strongly while discretionary spending, particularly in high-touch segments, also improved. Policy measures to assist lower-income households remained available during the year. These include cash transfers, Employees Provident Fund-related measures and the implementation of a higher minimum wage.

Private investment recorded a stronger growth of 7.2%, with higher capital spending particularly in the manufacturing and services sectors. Firms increased the adoption of automation and digitalisation, which contributed to the high investment in M&E. Notably, investment intentions remained strong with approved investments totalling RM265 billion in key industries such as information and communications technology and electrical and electronics ("**E&E**"). Furthermore, the recovery in structures investment was evident from the resumption in construction activity, especially in the non-residential segment.

Public investment growth registered a recovery of 5.3%. This was driven mainly by higher capital expenditure of public corporations, mainly in the oil and gas and telecommunications sectors. Continued progress of existing large infrastructure projects such as the East Coast Rail Link, Light Rail Transit Line 3 and Pan Borneo Highway also supported growth. Public consumption expanded by 3.9%. Growth remained supported by both supplies and services and emolument expenditures. In particular, spending on supplies and services were mainly for small maintenance and repair works.

All economic sectors recorded positive growth during the year. Some selected activities, however, remained below pre-pandemic levels. Notably, the extent of recovery in the food and beverage and accommodation services was constrained by the more gradual rebound in tourism activity. The operating capacity in the mining sector was dampened by facility closures for maintenance purposes, while elevated input prices and prolonged labour shortages continued to weigh on construction and subsequently real estate services activities.

The services sector registered a strong growth of 10.9%. Activities within high-touch services (e.g. retail, dining out and recreational activities), as well as the transport and storage subsector continued to recover during the year. This was supported by the full upliftment of containment measures and gradual recovery of tourism activities amid the reopening of international borders on 1 April 2022. Furthermore, the use of delivery services and e-commerce remained strong, reflected by higher online retail trade activity, which grew by 19.8% in 2022. Real estate and business services also improved throughout the year, in line with the pickup in manufacturing and construction activities.

The manufacturing sector grew by 8.1%, lifted by the strength of global and domestic demand. The full upliftment of containment measures lent support to production activity. Despite the slowdown in global semiconductor sales, growth in Malaysia's E&E cluster remained supported by backlog in orders and demand related to technological megatrends such as electric vehicles, artificial intelligence and Internet of Things.

The Malaysian economy is projected to grow between 4.0% and 5.0% in 2023, supported by firm domestic demand. The economy is expected to face challenges from slowing global growth. Additionally, continued concerns on the elevated cost of living and input costs, as well as their impact to households' and businesses' spending behaviour will add to these challenges. Nonetheless, further improvement in labour market conditions, continued implementation of multi-year investment projects and higher tourism activity – particularly with the resumption of China's outbound tourism – are expected to support private consumption and investment growth.

(Source: Economic and Monetary Review 2022, Bank Negara Malaysia)

4.2 Overview and outlook of the commercial property sector

The property market recorded a total of 389,107 transactions worth RM179.07 billion for 2022. This indicated an increase of 29.5% in volume and 23.6% in value compared to 2021. Of the total transactions recorded in the review year, 20.7% (80,373) and 76.5% (297,700) were transfers dated 2021 and 2022 respectively while the remaining percentage share was for prior years' transfer. Primary market formed 13.8% (53,698 transactions) of the total transactions (purchase from developers) while secondary market took up the remaining 86.2% (335,409 transactions). 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.

Commercial property

The sub-sector recorded a further increase in market activity in 2022. There were 32,809 transactions worth RM32.61 billion recorded in 2022, increased by 46.3% in volume and 16.7% in value as compared with 2021 (22,428 transactions worth RM27.94 billion). The increase in all states and major transactions involving shopping complex and purpose-built office recorded in the review period contributed to the overall improved market.

Selangor contributed the highest volume and value to the national market share, with 26.4% in volume (8,654 transactions) and 31.7% in value (RM10.35 billion). Kuala Lumpur came second with 14.6% in volume (4,777 transactions) and 26.0% in value (RM8.49 billion) and Johor with 14.6% in volume (4,787 transactions) and 14.0% in value (RM4.57 billion).

Shop

Shop segment recorded 16,862 transactions worth RM14.2 billion, dominating 51.4% of the commercial property transactions volume and 43.5% of the total value. Market activity recorded an increase of 45.7% in volume and 48.2% in value (2021: 11,574 transactions worth RM9.6 billion).

Selangor contributed the highest volume and value to the market share, with 19.0% (3,207 transactions) and 29.9% of the total value (RM4.2 billion) followed by Johor with 17.1% (2,880 transactions) and 16.3% of the total value (RM2.3 billion). By type, two to two and a-half storey shops captured more than 53.0% (8,970 transactions) of the shops' market share, followed by three to three and a-half storey shops, registering 27.4% share (4,628 transactions).

Shop overhang segment increased to 6,720 units with a value of RM5.84 billion, up by 1.6% in volume and up 1.1% in value against 2021. The unsold under construction and not constructed saw the reverse, down by 28.8% (2,777 units) and 9.0% (365 units). Johor accounted for nearly 26.0% of shop overhang volume and 28.7% in value (1,731 units worth RM1.67 billion) and the unsold under construction with 36.2% share (1,005 units).

On the supply front, construction activity recorded an increase in completion, starts and new planned supply, each up by 26.2% to 4,000 units, 8.1% to 2,746 units and 62.3% to 3,285 units respectively. As at year-end, there were nearly 548,000 existing shops with more than 25,000 units in the incoming supply and nearly 30,000 units in the planned supply.

Shopping complex

The year recorded nine shopping complex transactions with an accumulative worth of RM377.9 million.

The performance of shopping complex continued to moderate in 2022, as the occupancy rate declined to 75.4%. Five states recorded occupancy rate more than 80.0%. Negeri Sembilan and Melaka recorded among the lowest occupancy rates in the country at 66.6% and 61.2% respectively.

Correspondingly, the available space escalated to 4.31 million square meters ("s.m.") from the 817 buildings throughout the country. Selangor recorded the highest number in the country, dominating 20.7% (889,460 s.m.) of the national total. Johor ranked second with 17.8% (765,194 s.m.) and followed by Kuala Lumpur with 13.1% (563,412 s.m.).

Ten new complexes completed in the review period, adding nearly 264,000 s.m. of retail space into the market. There were around 17.51 million s.m. existing retail space from 1,064 shopping complexes as at year-end; majority of which were shopping centres (554 buildings; 13.28 million s.m.). Selangor dominated the existing retail space with 156 shopping complexes offering nearly 4.0 million s.m. There were another 40 complexes with 1.38 million s.m. in the incoming supply and 9 complexes with 0.35 million s.m. in the planned supply.

Purpose-built office

Twenty office building transactions with an accumulated worth RM1.36 billion were recorded in 2022.

The overall performance of office segment continued to soften in the review period as the overall occupancy rate declined further to 78.5%, down from 78.9% in 2021. The private office buildings recorded average occupancy rate at 71.7%, down from 72.3% in 2021. Pulau Pinang secured a higher occupancy rate at 80.9% while Kuala Lumpur, Selangor and Johor recorded lower than the national level at 72.1%, 67.3% and 59.1% respectively. Private office buildings in Putrajaya recorded the lowest occupancy rate in the country at 49.4%.

There were 10 new completions offering a total office space of 0.42 million s.m., lower compared to 2021 (13 new completion; 0.49 million s.m.). There was a total of 24.30 million s.m. existing office space from 2,585 buildings, while another 1.53 million s.m. (48 buildings) in the incoming supply and nearly 0.99 million s.m. (31 buildings) in the planned supply as at end-2022. Kuala Lumpur dominated all three categories of supplies, contributing 40.4% of the total existing office spaces and 64.0% of the total incoming supply spaces.

2023 Outlook

The property market performance is expected to be cautiously optimistic given the unpredictable external environment. The accommodative policies, continuous government support, well execution of measures outlined in the revised Budget 2023 and the proper implementation of strategies and initiatives under the Twelfth Malaysia Plan are expected to remain supportive of the property sector.

(Source: Property Market Report 2022, National Property Information Centre, Valuation and Property Services Department, Ministry of Finance Malaysia)

4.3 Prospects of Sentral REIT

The investment objective of Sentral REIT is to acquire and invest in commercial properties primarily in Malaysia with a view to provide long-term growth and sustainable distribution of income to unitholders to achieve long-term growth in the net asset value per Unit. As at 30 June 2023, Sentral REIT holds a portfolio of 4 properties located in Kuala Lumpur, 4 properties located in Cyberjaya, Selangor and 1 property located in Penang with the occupancy rate as set out below:

Location	Properties	Occupancy rate %
Kuala Lumpur	• Wisma TechnipFMC	(a)Vacant
	• Part of Plaza Mont' Kiara	93
	• Platinum Sentral	96
	• Menara Shell	99
Cyberjaya, Selangor	• Quill Building 1 – DHL1	100
	• Quill Building 4 – DHL2	100
	• Quill Building 2	(a)Vacant
	• Quill Building 3 – BMW	68
Penang	• Lotus's Building, Jelutong, Penang	100

Note:

(a) As at 30 June 2023, the anchor tenants of these properties had relocated to their own building or consolidated their operations in other building.

In 2023, approximately 162,000 square feet or 10% of Sentral REIT's total committed NLA will be up for renewal. 47% or 75,400 square feet of the aforementioned 162,000 square feet committed NLA were due for renewal in the 1st half of 2023 ("1H2023"). Sentral REIT has renewed approximately 74,000 sq. ft. or 98% of leases due in 1H2023. In addition, Sentral REIT recorded a portfolio occupancy rate of 77% in 2nd quarter of 2023, similar to the portfolio occupancy recorded in the preceding quarter.

The Klang Valley office and retail markets are expected to remain challenging. Sentral REIT will continue to focus on asset management and leasing strategies that are centred on cost optimisation and tenant retention in the current operating environment. Sentral REIT will also step up efforts to market the available office spaces under the portfolio with the focus on bringing in new tenants from the information technology, e-commerce, serviced office and shared services sectors.

(Source: Quarterly report of Sentral REIT for the FPE 30 June 2023)

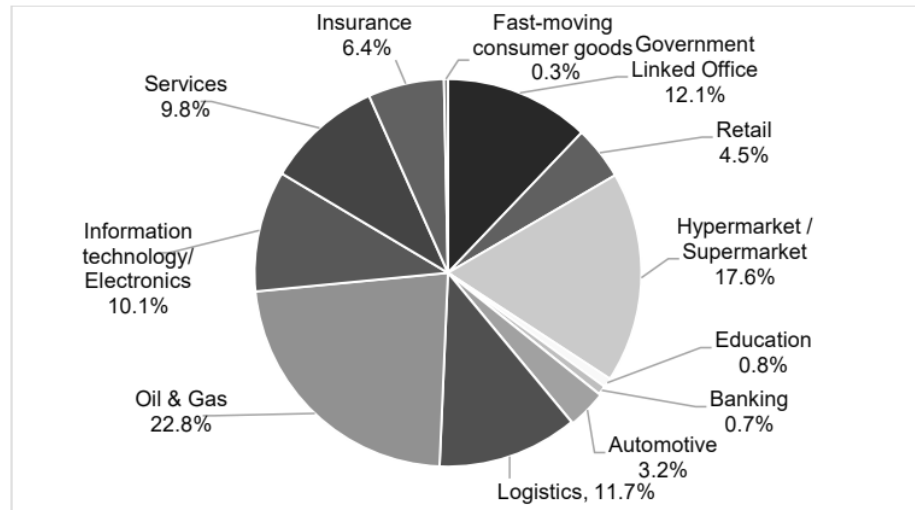
The expected benefits/improvement arising from Sentral REIT's proposed acquisition of the Property, among others, are as follows:

(a) Further enhances and rebalances Sentral REIT's portfolio

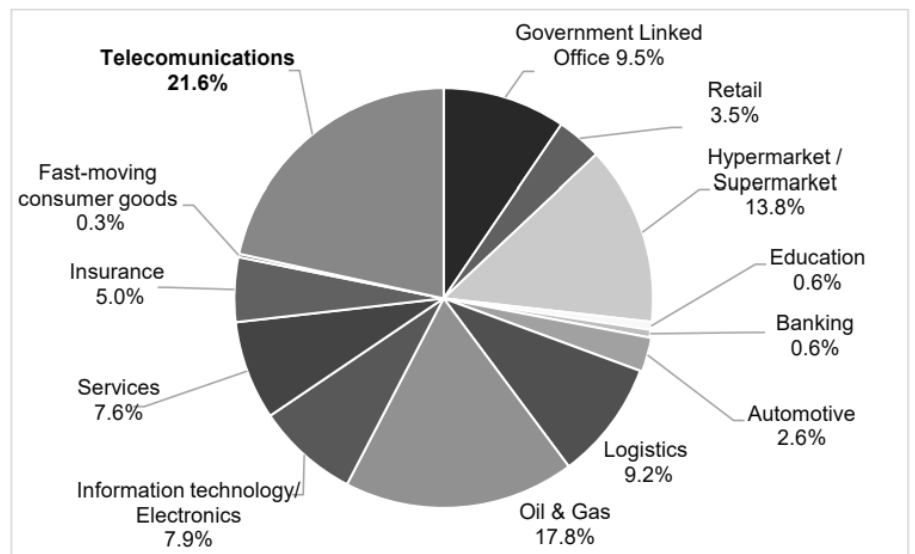
The fully occupied Property post-acquisition is expected to uplift Sentral REIT's overall portfolio's weighted average lease to expiry (by NLA) by 1.6 years, from 3.3 years (for the 4th quarter of 2022) to 4.9 years on a pro forma basis. The portfolio occupancy rate (by NLA) is also expected to increase by 4.0%, from 77.2% (for the 4th quarter of 2022) to 81.2% on a pro forma basis.

In addition, the proposed acquisition of the Property by Sentral REIT is expected to further strengthen and improve its quality of tenant base with the addition of a high quality and established tenant in the telecommunications sector. This also enhances its income diversification by entering into a new resilient tenant sector in the provision of essential services, and reduces its exposure to any one or more major trade or service sectors. Its tenant mix before and after the proposed acquisition of the Property is illustrated below:

Tenancy mix before the proposed acquisition of the Property



Tenancy mix after the proposed acquisition of the Property



(b) Increases total asset size and portfolio geographical diversification

The proposed acquisition of the Property by Sentral REIT is expected to further strengthen its position as a sizeable and geographically diversified commercial real estate investment trust with assets well-spread across Kuala Lumpur Sentral, Kuala Lumpur City Centre, Petaling Jaya, Cyberjaya, Mont Kiara and Penang in Malaysia. For illustrative purposes only, based on the purchase consideration of the Property of RM450 million, Sentral REIT's total asset size will increase from approximately RM2.1 billion to approximately RM2.6 billion post-acquisition of the Property.

(c) DPU yield is expected to be neutral or mildly accretive but it is expected to enhance Sentral REIT's distribution income and improve total unitholders' returns in the long-run

The proposed acquisition of the Property by Sentral REIT is in line with the investment objective of the Manager to continuously pursue an acquisition strategy to acquire and invest in properties used or predominantly used for commercial purposes primarily in Malaysia with a view to provide long-term growth and sustainable distribution of income to the unitholders, and achieve long-term growth in the net asset value.

The proposed acquisition of the Property by Sentral REIT is expected to be DPU yield-neutral or mildly accretive on a pro forma basis. Further, the Manager expects the DPU yield to increase moving forward through its active asset management strategies to improve the net property income of its current portfolio and the Property which includes continuing efforts in enhancing the physical quality and built as well as managing property expenses of the enlarged portfolio.

(Source: Management of Sentral REIT and announcement of Sentral REIT dated 25 July 2023)

5. RISK FACTORS OF THE PROPOSALS

5.1 Non-completion of the Proposed Disposal

The completion of the Proposed Disposal is subject to amongst others, the fulfilment of conditions precedent in the SPA, as set out in Section 3 of Appendix III of this Circular, in such time and manner prescribed therein, failing which may result in the termination of the SPA.

There is possibility that the SPA may not be completed within the stipulated timeframe. Nevertheless, our Company will take reasonable steps to ensure that every effort is made to fulfil and comply with the conditions precedent set out in the SPA and to complete the Proposed Disposal in a timely manner.

5.2 Loss of rental income from the Property

Prior to the Proposed Disposal, our Group has direct ownership and full control of the Property. This allows our Group to, amongst others, consolidate the earnings from the Property which will subsequently accrue to our shareholders.

After the completion of the Proposed Disposal, our Group will continue to have an indirect interest in the Property as well as other property assets held by Sentral REIT via our unitholdings in Sentral REIT. Thereafter, contribution from the Property to our Group's earnings would be in the form of income distributions and share of profits from Sentral REIT. The contributions from Sentral REIT to our Group's earnings would depend on, amongst others, the financial performance of the Property and other investment properties held by Sentral REIT.

There can be no assurance that the above contribution from the holding of the Units would be greater than the direct contribution from the holding of the Property by our Group had the Proposed Disposal not occurred, or that such contribution will be sustainable.

Nevertheless, our Company via our participation in SRM, the Manager of Sentral REIT, will be able to provide our expertise to the management of the Manager, including the continued participation in the administration of the operation of the Property.

5.3 Risks inherent to property investment

There are certain risks inherent to property investment, such as, amongst others, the following:

5.3.1 The loss of key tenants or a downturn in the business of these tenants

The investment properties held by Sentral REIT ("Investment Properties") have tenancy cycles in which a substantial number of tenancies will expire in certain years. The bankruptcy, insolvency or a downturn in the business of any key tenant, as well as the decision by any key tenant not to renew its tenancy could further adversely affect Sentral REIT's financial condition and results of its operations. In addition, the departure of a key tenant could reduce the attractiveness of the Investment Properties to potential tenants and affect Sentral REIT's ability to retain existing tenants. Renewed rental rates and other terms of renewal may also be less favourable than the original terms of tenancy.

Nevertheless, our Company has extensive experience in property investment and via our participation in the Manager, our Company will be able to contribute to the formulation and implementation of appropriate leasing and marketing strategies for Sentral REIT to minimise such risks which are within our Company's control.

5.3.2 The Investment Properties may face increased competition from other properties

The property industry is increasingly competitive as new properties may be developed and the attractiveness of the Investment Properties may decrease in the future. The income from, and the market value of, the Investment Properties will be dependent on their ability to compete against other properties in attracting and retaining tenants.

In recognition of the need to continuously fulfil changing demands and preferences in the property industry, our Company via our participation in the Manager, will assist Sentral REIT in reviewing its marketing and asset improvement strategies on a regular basis and ensure that Sentral REIT continues to upkeep and upgrade the Investment Properties in order to remain competitive.

5.3.3 The Investment Properties are subject to operating risks

The Investment Properties are subject to a number of operating risks including, amongst others, changes in statutory laws, regulations or government policies which may further increase the cost of compliance with such laws, regulations or policies, such as increase in payroll expenses, increase in quit rent, assessments and other statutory charges, increase in costs of financing for operating or capital requirements, increase in construction, repair and maintenance costs and increase in insurance premiums. These factors may have an adverse effect on the value of the Investment Properties and rental income derived therefrom.

Nevertheless, our Company will continue to keep abreast with the changes in the general economic conditions and development policies and, via its participation in the Manager, will ensure that Sentral REIT puts in place the necessary strategies in order to control and safeguard against such risks.

5.4 Volatility of Unit price

The trading price of the Units is subject to price fluctuations attributable to, amongst others, variations in the results of operations, changes in general economic conditions, changes in accounting principles or other developments affecting the enlarged Sentral REIT, general stock market fluctuations and other events or factors. In addition, cyclical movements in domestic and international securities markets, foreign exchange rates and interest rates may affect the price of, and demand for, the Units. Further, volatility in the market prices of the Units may be caused by factors beyond our control and/or Sentral REIT and may be unrelated and disproportionate to the operating results of Sentral REIT.

However, such risk is mitigated as our Company's investment in Sentral REIT is intended as a long-term investment and our Company is expected to also benefit from the future income distributions by Sentral REIT as well as our Company's share in the profits of Sentral REIT.

6. EFFECTS OF THE PROPOSALS

6.1 Issued share capital and substantial shareholders' shareholdings

The Proposals will not have any effect on the issued share capital and shareholdings of our substantial shareholders as the Proposals do not involve the issuance of any new MRCB Shares.

6.2 NA per Share and gearing

Based on the latest audited consolidated statements of financial position of our Company as at 31 December 2022 and assuming that the Proposals had been effected on that date, the pro forma effects of the Proposals on the NA per MRCB Share and gearing of our Group are illustrated as follows:

Minimum Scenario

	Audited as at 31 December 2022	After the Proposals
	RM'000	RM'000
Share capital	4,356,106	4,356,106
Retained earnings	182,964	^(a) 230,472
Other reserves	(7,897)	(7,897)
Shareholders' funds/NA	4,531,173	4,578,681
No. of Shares in issue ('000)	4,467,510	4,467,510
NA per Share (RM)	1.01	1.02
Total borrowings (RM'000)	2,056,726	^(b) 1,849,260
Gearing ratio (times)	0.45	0.40
Net gearing ratio (times)	0.32	0.27

Notes:

(a) *After realising a pro forma gain arising from the Proposed Disposal of RM52.56 million (which has accounted for the estimated expenses of RM1.16 million), impairment of goodwill of RM2.90 million upon disposal of the Land, and after the charge-out of the balance unamortised issuance cost amounting to RM2.14 million as at the LPD upon prepayment of term loans using the proceeds from the Proposed Disposal.*

(b) *After prepayment of term loans amounting to RM209.61 million using the proceeds from the Proposed Disposal, as detailed in Section 2.1.9 of Part A of this Circular and net of the balance unamortised issuance cost amounting to RM2.14 million as at the LPD.*

Maximum Scenario

	Audited as at 31 December 2022	I Assuming all the outstanding Warrants are exercised	II After I and the Proposals
	RM'000	RM'000	RM'000
Share capital	4,356,106	^(a) 4,904,254	4,904,254
Retained earnings	182,964	182,964	^(b) 230,472
Other reserves	(7,897)	(7,897)	(7,897)
Shareholders' funds/NA	4,531,173	5,079,321	5,126,829
No. of Shares in issue ('000)	4,467,510	^(a) 4,906,028	4,906,028
NA per Share (RM)	1.01	1.04	1.05
Total borrowings (RM'000)	2,056,726	2,056,726	^(c) 1,849,260
Gearing ratio (times)	0.45	0.40	0.36
Net gearing ratio (times)	0.32	0.18	0.14

Notes:

- (a) Assuming all the 438,518,157 outstanding Warrants are exercised at the exercise price of RM1.25 per Warrant into 438,518,157 new MRCB Shares before the Completion. For information purpose, the outstanding Warrants are currently out of the money based on the last traded price on the LPD of MRCB Shares of RM0.455 and the exercise price of the Warrants of RM1.25.
- (b) After realising a pro forma gain arising from the Proposed Disposal of RM52.56 million (which has accounted for the estimated expenses of RM1.16 million), impairment of goodwill of RM2.90 million upon disposal of the Land, and after the charge-out of the balance unamortised issuance cost amounting to RM2.14 million as at the LPD upon prepayment of term loans using the proceeds from the Proposed Disposal.
- (c) After prepayment of term loans amounting to RM209.61 million using the proceeds from the Proposed Disposal as detailed in Section 2.1.9 of Part A of this Circular and net of the balance unamortised issuance cost amounting to RM2.14 million as at the LPD.

6.3 EPS

For illustration purposes, the pro forma effects of the Proposals on the consolidated EPS of MRCB assuming the Proposals had been effected at the beginning of the FYE 31 December 2022, is as follows:

Minimum Scenario

	Audited as at 31 December 2022	After the Proposals
	RM'000	RM'000
Profit after tax attributable to owners of the Company	64,848	64,848
Add: Interest cost savings from prepayment of term loans ^(a)	-	10,795
Add: Pro forma gain arising from the Proposed Disposal	-	52,558
Less: Loss of net property income from the Proposed Disposal ^(b)	-	(14,824)
Less: Impairment of goodwill upon disposal of the Land	-	(2,905)
Less: Charge-out of balance unamortised issuance cost upon prepayment of term loans	-	(2,145)
Profit after tax attributable to owners of the Company	<u>64,848</u>	<u>108,327</u>

	Audited as at 31 December 2022	After the Proposals
Weighted average no. of Shares in issue ('000)	4,467,510	4,467,510
Basic EPS (sen)	1.45	2.42

Notes:

- (a) *The estimated gross interest cost savings takes into consideration the early prepayment of term loans amounting to approximately RM10.79 million based on the prevailing interest of 5.15% per annum as at the LPD.*
- (b) *Loss of net income contribution from the Property computed based on the gross rental and service charge income for the FYE 31 December 2022 of RM36.05 million and after deducting building operating expenses of RM16.54 million and estimated tax expenses of RM4.68 million (assumed at 24% corporate tax rate).*

Maximum Scenario

	Audited as at 31 December 2022	I Assuming all the outstanding Warrants are exercised	II After I and the Proposals
	RM'000	RM'000	RM'000
Profit after tax attributable to owners of the Company	64,848	64,848	64,848
Add: Interest cost savings from prepayment of term loans ^(a)	-	-	10,795
Add: Pro forma gain arising from the Proposed Disposal	-	-	52,558
Less: Loss of net property income from the Proposed Disposal ^(b)	-	-	(14,824)
Less: Impairment of goodwill upon the disposal of the Land	-	-	(2,905)
Less: Charge-out of balance unamortised issuance cost upon prepayment of term loans	-	-	(2,145)
Profit after tax attributable to owners of the Company	<u>64,848</u>	<u>64,848</u>	<u>108,327</u>
Weighted average no. of Shares in issue ('000)	4,467,510	^(c) 4,906,028	4,906,028
Basic EPS (sen)	1.45	1.32	2.21

Notes:

- (a) *The estimated gross interest cost savings takes into consideration the early prepayment of term loans amounting to approximately RM10.79 million based on the prevailing interest of 5.15% per annum as at the LPD.*
- (b) *Loss of net income contribution from the Property computed based on the gross rental and service charge income for the FYE 31 December 2022 of RM36.05 million and after deducting building operating expenses of RM16.54 million and estimated tax expenses of RM4.68 million (assumed at 24% corporate tax rate).*
- (c) *Assuming all the 438,518,157 outstanding Warrants are exercised at the exercise price of RM1.25 per Warrant into 438,518,157 new MRCB Shares before the Completion. For information purpose, the outstanding Warrants are currently out of the money based on the last traded price on the LPD of MRCB Shares of RM0.455 and the exercise price of the Warrants of RM1.25.*

The Proposals are expected to contribute positively to the future earnings of our Group in the ensuing financial years when the benefits of the utilisation of proceeds are realised.

7. APPROVALS REQUIRED/OBTAINED

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

- (i) our Company's non-interested shareholders for the Proposals at the forthcoming EGM;
- (ii) the non-interested unitholders of Sentral REIT at a unitholders' meeting to be convened by Sentral REIT for its proposed acquisition of the Property, the Proposed Placement and the proposed placement of the Placement Units to MRCB under the Proposed Subscription;
- (iii) Bursa Securities (to be obtained by MTB, on behalf of Sentral REIT) for the listing of and quotation for the Placement Units on the Main Market of Bursa Securities under the Proposed Placement;
- (iv) State authority for the transfer of the Property from PWSB to MTB under the Proposed Disposal; and
- (v) Celcom Berhad as the registered lessee for the transfer of the Property from PWSB to MTB, which was obtained vide Celcom Berhad's letter dated 21 August 2023.

The Proposed Disposal and the Proposed Subscription are not inter-conditional upon each other.

The Proposals are not conditional upon any other corporate exercise undertaken or to be undertaken by our Company.

8. HIGHEST PERCENTAGE RATIO

The highest percentage ratio applicable to the Proposals pursuant to Paragraph 10.02(g) of the Listing Requirements is approximately 10.57%, computed based on the aggregate value of the Disposal Consideration for the Proposed Disposal and assuming a subscription consideration for the Proposed Subscription of RM29 million as compared to the latest audited consolidated NA of MRCB as at 31 December 2022.

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

Save as disclosed below, none of our Directors and/or major shareholders, and/or persons connected with them has any interests, whether direct or indirect, in the Proposals.

EPF, our major shareholder is deemed interested in the Proposals by virtue of it being a major unitholder of Sentral REIT. EPF will abstain and will ensure that persons connected with it will abstain from voting in respect of their respective direct and/or indirect shareholdings in our Company, if any, on the resolutions pertaining to the Proposals at the forthcoming EGM.

The following Interested Directors are deemed as interested in the Proposals by virtue of them being EPF's nominee directors sitting on the Board:

- (a) Datuk Seri Amir Hamzah Azizan, our Non-Independent Non-Executive Chairman, is the Chief Executive Officer of EPF;
- (b) Mohamad Hafiz Kassim, our Non-Independent Non-Executive Director, is the Chief Financial Officer of EPF; and
- (c) Dato' Mohamad Nasir Ab Latif, our Non-Independent Non-Executive Director.

The Interested Directors have abstained and will continue to abstain from deliberating and voting on the Proposals at the relevant Board meetings. In addition, they will abstain and will ensure that persons connected with them will abstain from voting in respect of their respective direct and/or indirect shareholdings in our Company, if any, on the resolutions pertaining to the Proposals at the forthcoming EGM.

The direct and indirect shareholdings of the Interested Major Shareholder and Interested Directors in our Company as at the LPD are as follows:

Name	Shareholdings as at the LPD			
	Direct shareholdings		Indirect shareholdings	
	No. of Shares	%	No. of Shares	%
<u>Interested Major Shareholder</u>				
EPF	1,617,485,447	36.21	-	-
<u>Interested Directors</u>				
Datuk Seri Amir Hamzah Azizan	667	(1)-	-	-
Mohamad Hafiz Kassim	-	-	-	-
Dato' Mohamad Nasir Ab Latif	-	-	-	-

Note:

(1) Negligible.

10. TOTAL AMOUNT TRANSACTED WITH THE SAME RELATED PARTY FOR THE PRECEDING 12 MONTHS

The Proposals are deemed as a related-party transaction pursuant to Paragraph 10.08 of the Listing Requirements.

Save for the Proposals, the total amount transacted between our Company and the Interested Major Shareholder for the 12 months preceding the date of this Circular is approximately RM72.82 million.

No.	Announcement Date	MRCB / Subsidiary	Signing Counter Party	Related Party	Transaction	Total Amount Transacted (RM)	Relevant Percentage Ratio %
(i)	5 December 2022	Semasa Parking Sdn Bhd ("SPSB")	MTB, acting solely in the capacity as trustee for Sentral REIT	EPF	Acceptance of contract for the operation of car park at Platinum Sentral by SPSB	3,420,000	0.07%

No.	Announcement Date	MRCB / Subsidiary	Signing Counter Party	Related Party	Transaction	Total Amount Transacted (RM)	Relevant Percentage Ratio %
(ii)	5 December 2022	SPSB	MTB, acting solely in the capacity as trustee for Sentral REIT	EPF	Acceptance of contract for the operation of car park at Menara Shell by SPSB.	7,200,000	0.16%
(iii)	13 December 2022	Kwasa Sentral Sdn Bhd	KD District Cooling System Sdn Bhd ("KDDCS")	EPF	Tenancy Agreement for renting of premises to KDDCS for the supply of chilled water to Menara KWSP in Kwasa Damansara.	62,197,430	1.38%

11. AUDIT AND RISK MANAGEMENT COMMITTEE'S STATEMENT

The Audit and Risk Management Committee of our Company, after having considered all aspects of the Proposals (including but not limited to the rationale and effects of the Proposals) and the evaluation of the Independent Adviser on the fairness and reasonableness of the Proposals, is of the opinion that the Proposals are:

- (a) in the best interest of our Company;
- (b) fair, reasonable and on normal commercial terms; and
- (c) not detrimental to the interest of the non-interested shareholders of our Company.

In forming its views, the Audit and Risk Management Committee of our Company has taken into consideration, amongst others, the following:

- (i) the rationale and benefits of the Proposals;
- (ii) the salient terms of the SPA;
- (iii) the basis and justification for arriving at the Disposal Consideration; and
- (iv) the effects of the Proposals.

12. DIRECTORS' STATEMENT AND RECOMMENDATION

Our Board (save for the Interested Directors), having considered all aspects of the Proposals, including the rationale and benefits of the Proposals, the salient terms of the SPA, the basis of and justification for arriving at the Disposal Consideration, the effects of the Proposals as well as the evaluation of the Independent Adviser on the fairness and reasonableness of the Proposals, is of the opinion that the Proposals are in the best interest of our Company.

Accordingly, our Board (save for the Interested Directors) recommends that you **vote in favour** of the resolutions pertaining to the Proposals to be tabled at the forthcoming EGM.

13. INDEPENDENT ADVISER

In view that the Proposals are deemed as a related-party transaction pursuant to Paragraph 10.08 of the Listing Requirements, our Company has appointed PIVB on 17 June 2023 to act as the Independent Adviser to:

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

Please refer to Part B of this Circular for the IAL in relation to the Proposals. You are advised to read and carefully consider the contents of this Circular (including the IAL) before voting on the resolutions pertaining to the Proposals to be tabled at the forthcoming EGM.

14. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION

As at the LPD, save for the Proposals, there is no other corporate exercise which has been announced but has yet to be completed.

15. ESTIMATED TIME FRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all relevant approvals being obtained, the Proposals are expected to be completed by the 4th quarter of 2023.

The tentative timetable for the implementation of the Proposals are set out below:

<u>Date/Month</u>	<u>Events</u>
24 October 2023	<ul style="list-style-type: none">• Convening of the EGM to obtain the approval from the non-interested shareholders of our Company for the Proposals
End November 2023	<ul style="list-style-type: none">• Fulfilment of all the conditions precedent of the SPA for the Proposed Disposal• Listing of and quotation for the Placement Units on the Main Market of Bursa Securities• Completion of the Proposed Subscription
Early December 2023	<ul style="list-style-type: none">• Completion of the SPA

16. EGM

The forthcoming EGM will be held virtually through live streaming from the broadcast venue at KL Sentral Room, Level 30, Menara Allianz Sentral, No. 203 Jalan Tun Sambanthan, Kuala Lumpur Sentral, 50470 Kuala Lumpur using Remote Participation and Electronic Voting Facilities provided by our Share Registrar, via the online meeting platform at <https://meeting.boardroomlimited.my> on Tuesday, 24 October 2023 at 10.00 a.m., or at any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modification, the resolution to give effect to the Proposals.

The Notice of the EGM and Form of Proxy are enclosed in this Circular and can be downloaded from our Company's website at <https://www.mrcb.com.my/investor-relations/shareholder.html> or Bursa Securities' website at <https://www.bursamalaysia.com>.

A member entitled to participate, speak (in the form of real time submission of typed texts) and vote remotely at the EGM is entitled to appoint not more than two (2) proxies to participate, speak and vote remotely on his/her behalf. If you decide to appoint a proxy(ies) to participate on your behalf at the EGM, please complete and lodge the Form of Proxy in hard copy form or by electronic means in the following manner and the Form of Proxy must be received by our Share Registrar not less than forty-eight (48) hours before the time appointed for holding the EGM:

(i) In hard copy form

The Form of Proxy must be deposited at the office of our Share Registrar situated at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

(ii) By electronic means via email

The Form of Proxy must be received via email to bsr.helpdesk@boardroomlimited.com.

(iii) By electronic means via online

The Form of Proxy must be electronically lodged with our Share Registrar via Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com>. Please refer to the Procedure for Electronic Submission of the Form of Proxy in the Administrative Guide for the EGM.

For options (ii) and (iii), our Company may request you to deposit the original executed Form of Proxy to our registered office before or on the day of the EGM for verification purpose.

The lodging of the relevant Form of Proxy will not preclude you from participating, speaking and voting remotely at the EGM should you subsequently wish to do so.

17. ADDITIONAL INFORMATION

You are advised to refer to the attached appendices for additional information.

Yours faithfully,
For and on behalf of our Board
MALAYSIAN RESOURCES CORPORATION BERHAD

DATUK SERI AMIR HAMZAH AZIZAN
Non-Independent Non-Executive Chairman

PART B

**IAL FROM PIVB TO THE NON-INTERESTED SHAREHOLDERS OF OUR COMPANY IN
RELATION TO THE PROPOSALS**

EXECUTIVE SUMMARY

ALL DEFINITIONS USED IN THIS EXECUTIVE SUMMARY SHALL HAVE THE SAME MEANING AS THE WORDS AND EXPRESSIONS PROVIDED IN THE “DEFINITIONS” SECTION AND CONTEXT OF THE CIRCULAR, EXCEPT WHERE THE CONTEXT OTHERWISE REQUIRES OR WHERE OTHERWISE DEFINED IN THIS IAL.

THIS EXECUTIVE SUMMARY HIGHLIGHTS ONLY THE PERTINENT INFORMATION OF THE PROPOSALS. NON-INTERESTED SHAREHOLDERS ARE ADVISED TO CAREFULLY READ THE CONTENTS OF THE IAL FOR FURTHER INFORMATION AND THE RECOMMENDATIONS FROM PIVB, BEING THE INDEPENDENT ADVISER IN RELATION TO THE PROPOSALS. THE IAL SHOULD ALSO BE READ IN CONJUNCTION WITH PART A OF THE CIRCULAR, INCLUDING THE APPENDICES THEREIN, FOR ANY OTHER RELEVANT INFORMATION BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSALS AT THE FORTHCOMING EGM.

1. INTRODUCTION

On 8 June 2023, the Company had announced that MTB, acting solely in the capacity as trustee of Sentral REIT, had on even date accepted the letter of intent issued by MRCB dated 30 May 2023 to enter into negotiations with PWSB for the Proposed Disposal.

On 25 July 2023, RHB Investment Bank had on behalf of the Board, announced that PWSB, a wholly-owned subsidiary of MRCB, entered into the SPA with MTB in relation to Proposed Disposal for the Disposal Consideration.

In conjunction with the Proposed Disposal, Sentral REIT had on 25 July 2023 announced that it is proposing to undertake the Proposed Placement to partly fund the Disposal Consideration. MRCB, being a major unitholder of Sentral REIT, had vide its letter dated 25 July 2023, given the Undertaking to subscribe for up to 34,568,734 Placement Units pursuant to the Proposed Placement.

For the avoidance of doubt, in view that MRCB is a major unitholder of Sentral REIT, the Group will not participate in the bookbuilding exercise in relation to the Proposed Placement and shall not influence the manner in which the book builds or the determination of the issue price of the Placement Units. MRCB shall accept the final price for the Placement Units as determined by the bookbuilding exercise and announced by Sentral REIT on Bursa Securities.

In view of the interests of the Interested Directors and Interested Major Shareholder as set out in Section 9, Part A of the Circular, the Proposals are deemed as related party transactions pursuant to Paragraph 10.08 of the Listing Requirements.

Accordingly, the Board of MRCB had on 17 June 2023, appointed PIVB as the Independent Adviser to advise the non-interested directors and non-interested shareholders of MRCB in relation to the Proposals.

The purpose of this IAL is to provide the non-interested shareholders of MRCB with an independent evaluation on the Proposals together with our recommendation on whether the non-interested shareholders should vote in favour or against the resolutions in relation to the Proposals at the forthcoming EGM, subject to the scope and limitations of our role and evaluation specified herein. The non-interested shareholders should nonetheless rely on their own evaluation of the merits of the Proposals before making a decision on the course of action to be taken.

2. EVALUATION OF THE PROPOSALS

We have assessed and evaluated the Proposals to arrive at our conclusion and recommendation after taking into consideration the various factors as summarised below:

Area of evaluation	PIVB's comments
<p>Rationale and benefits of the Proposals</p>	<p><u>Rationale and benefits of the Proposed Disposal</u></p> <p>(i) Unlocking value from investment properties</p> <ul style="list-style-type: none"> ▪ We note that the Proposed Disposal is in line with the Group's strategy to unlock value from its investment properties. Further, as a long-term lease has been secured for the Property, the Proposed Disposal would also allow MRCB to maximise its value to be derived from the Property as reflected in the Disposal Consideration. The Disposal Consideration was arrived at after taking into consideration, amongst others the market value provided by the Valuer by adopting the Income Approach by Investment Method which has considered the value of such long-term lease and is further supported by the Comparison Approach. ▪ The Group will only be disposing the Property at the current valuation and will not be able to enjoy any future appreciation in the value of the Property, if any. Upon completion of the Proposed Disposal, the existing Lease Agreement will be novated to MTB, being the trustee for Sentral REIT. As such, the Group will forgo the rental and service charge income from the Property. Nonetheless, the Group is expected to indirectly receive income from the Property via the income distribution from the Group's unitholdings in Sentral REIT. ▪ The Proposed Disposal represents an opportunity for the Group to unlock the value of its investment in the Property, which is expected to contribute positively to the profit of the Group and improve its cash flow and liquidity position. The Group is expected to realise a pro forma gain of approximately RM52.56 million and it intends to utilise approximately RM209.61 million from the Disposal Consideration for the prepayment of the Group's RHB Term Loans and approximately RM210.23 million for working capital requirements which consist of construction and property development activities, sales and marketing activities and other administrative expenses. ▪ As at the LPD, the total interest-bearing borrowings of the Group amounted to approximately RM1.94 billion with interest rates ranging from 4.25% to 7.85%. Notwithstanding that the interest rates of the RHB Term Loans of approximately 5.15% per annum is within the aforementioned interest rate range and is not the highest, the Group is required to prepay the RHB Term Loans in the event the Property is disposed pursuant to a mandatory covenant under the RHB Letters of Offer (which forms part of the facility agreements). For information purposes, the Property is not charged to RHB Islamic Bank as collaterals for the RHB Term Loans. ▪ Pursuant to the above, we are of the view that the utilisation of proceeds for the prepayment of the RHB Term Loans is reasonable. We also note that concerns of any potential conflict of interest that exists or is likely to exist in relation to RHB Investment Bank's role as the Principal Adviser to MRCB for the Proposals are mitigated by the factors as stipulated in Section 2.1, Appendix V of the Circular. In the event the proceeds are utilised for the repayment of the other facilities, it may result in a breach of contractual obligation by the Group, by virtue of the requirement of an agreed term in the respective RHB Letters of Offer.

EXECUTIVE SUMMARY (Cont'd)

Area of evaluation	PIVB's comments
<p>Rationale and benefits of the Proposals (Cont'd)</p>	<ul style="list-style-type: none"> ▪ Upon the prepayment of the RHB Term Loans, the Group's gearing is expected to be reduced from 0.45 times to 0.40 and 0.36 times under the Minimum Scenario and Maximum Scenario, respectively. This would further improve the debt capacity of the Group, which will provide more financial flexibility to raise any future funding if required. In addition, the Group is expected to have interest savings of approximately RM10.79 million per annum which is expected to improve the future profitability and cash flow of the Group. The availability of cash from the proceeds earmarked from the Disposal Consideration for working capital would reduce the need to take on additional borrowings to fund working capital requirements. ▪ As the Proposed Disposal entails the disposal of the Property to a REIT, pursuant to the Real Property Gains Tax ("RPGT") (Exemption) (No. 4) Order 2003 [PU(A) 451/2003], PWSB is exempted from the payment of any RPGT recognised. For illustration purposes only, assuming the disposal of the Property to a third party which is not operating as a REIT and the year of acquisition by PWSB of the Land in 2011 for RPGT computation purposes, the disposal of the Property in the sixth year and beyond will attract a RPGT rate of 10%. As such, the RPGT would amount to approximately RM8.36 million, after taking into consideration its acquisition cost and other expenses for the computation of its net chargeable gain. <p>(ii) Recurring income from Sentral REIT Units</p> <ul style="list-style-type: none"> ▪ We note that MRCB will subscribe for up to 34,568,734 Placement Units in the Proposed Placement. This will allow the Group to maintain its existing unitholdings level in the enlarged unitholders' capital of Sentral REIT and allow the Group to continue to participate in income generated from the Property, as well as other property assets under the portfolio of Sentral REIT via future income distribution by Sentral REIT. ▪ The Proposed Disposal will allow the Group to realign its property investments in a more efficient structure of a REIT, where subject to requirements, a REIT would benefit from a tax-free status. ▪ The Group will also be able to de-risk itself from the responsibilities of managing the Property, which entail day-to-day operations, maintenance and repair of the building, renovations as well as collection risk from the existing tenants. Instead, the Group will be able to redirect its time and resources towards its other projects. <p><u>Rationale and benefits of the Proposed Subscription</u></p> <ul style="list-style-type: none"> ▪ The Proposed Subscription represents an opportunity for the Group to maintain its existing unitholdings level in the enlarged unitholders' capital of Sentral REIT after the completion of the Proposed Placement. ▪ The continued investment in Sentral REIT will allow the Group to continue to participate in income generated from the Property as well as other property assets under the portfolio of Sentral REIT via future income distribution by Sentral REIT, which is expected to contribute positively to the future earnings and cashflow of the Group. ▪ We noted that Sentral REIT's distribution yield ranges from 7.62% to 8.19% during the past 3 years from 2020 to 2022, which is higher than the average 12-month fixed deposit rates offered by banking institutions in Malaysia which ranges from 1.70% to 2.90%, according to the Monthly Highlights & Statistics in June 2023 published by Bank Negara Malaysia. Further, Sentral REIT has the highest 3-year average distribution yield in comparison to other listed REITs in Malaysia.

EXECUTIVE SUMMARY (Cont'd)

Area of evaluation	PIVB's comments
<p>Rationale and benefits of the Proposals (Cont'd)</p>	<ul style="list-style-type: none"> ▪ We also note that, for the avoidance of doubt, in view that MRCB is a major unitholder of Sentral REIT, it will not participate in the bookbuilding exercise in relation to the Proposed Placement and shall not influence the manner in which the book builds or the determination of the issue price of the Placement Units. MRCB shall accept the final price for the Placement Units as determined by the bookbuilding exercise and announced by Sentral REIT on Bursa Securities. <p>Premised on the above, we are of the opinion that the rationale and benefits of the Proposals are reasonable and not detrimental to the interests of the non-interested shareholders.</p> <p>Please refer to Section 9 of this IAL for further details.</p>
<p>Evaluation of the Proposals</p>	<p>(i) Market value of the Property</p> <ul style="list-style-type: none"> ▪ MRCB had appointed CBRE WTW as the independent registered valuer to conduct the valuation of the Property. The valuation of the Property was prepared in accordance with the Asset Valuation Guidelines issued by the Securities Commission Malaysia and the Malaysian Valuation Standards issued by the Board of Valuers, Appraisers, Estate Agents and Property Managers, Malaysia. ▪ The valuation approaches adopted by the Valuer in arriving at its assessment of the market value of the Property of RM450.00 million are as follows: <ul style="list-style-type: none"> (i) Income Approach by Investment Method; and (ii) Comparison Approach. ▪ We have made references to the Valuation Certificate and Valuation Report. After our review and the due enquiries made, we are satisfied with the approaches and assumptions adopted by the Valuer in deriving the market value of the Property. ▪ We are of the view that the Disposal Consideration of RM450.00 million is fair and not detrimental to the interests of the non-interested shareholders, after taking the following into consideration: <ul style="list-style-type: none"> (i) the Disposal Consideration is priced at the market value of the Property as ascribed by the Valuer of RM450.00 million; and (ii) the Disposal Consideration represents a premium of approximately RM76.13 million or 20.36% to the audited net book value (“NBV”) of RM373.87 million of the Property as at 31 December 2022. <p>(ii) Basis of and justification for the Proposed Subscription</p> <ul style="list-style-type: none"> ▪ MRCB intends to participate in the Proposed Placement and had given the Undertaking to subscribe for up to 34,568,734 Placement Units at an issue price to be determined later. ▪ We noted that the issue price for the Placement Units shall be determined by way of bookbuilding exercise and in any event, will be priced at not more than 10% discount to the 5-day volume weighted average market price of the Units immediately preceding the price-fixing date. We also note that MRCB, which is a major unitholder of Sentral REIT, will not participate in the bookbuilding exercise and will not influence the manner in which the book builds or the determination of the issue price of the Placement Units. MRCB shall accept the final price as determined by the bookbuilding exercise and announced by Sentral REIT on Bursa Securities. ▪ The Undertaking provided by MRCB to subscribe for such number of Placement Units allows MRCB to maintain its unitholding level of 27.94%, as at the LPD, in the enlarged unitholders’ capital of Sentral REIT after the completion of the Proposed Placement.

EXECUTIVE SUMMARY (Cont'd)

Area of evaluation	PIVB's comments																												
<p>Evaluation of the Proposals (Cont'd)</p>	<ul style="list-style-type: none"> ▪ Additionally, we also noted that the Proposed Placement will be implemented in a single tranche. As compared to a multiple tranches scenario, this would allow Sentral REIT to avoid potential timing gaps and fluctuations in market prices, thereby reducing the possibility of Sentral REIT not being able to raise the required amount of proceeds or, alternatively, require additional bank borrowings to meet the shortfall, in the event of a decline in the market price of Sentral REIT units. Additionally, the implementation in a single tranche may expedite the completion of the Proposed Placement by Sentral REIT and as such, realise the benefits from the utilisation of the proceeds raised more expeditiously. However, the single tranche represents a single opportunity for Sentral REIT to identify the placees that would be willing to subscribe for the large number of Placement Units within the timeframe of the Proposed Placement, and in the event Sentral REIT is unable to secure sufficient take up for the Proposed Placement, it will not be able to raise the required amount of proceeds or, would require additional bank borrowings. ▪ Premised on the above, we are of the view that the subscription price is deemed fair as the price of the Placement Units would be fixed and priced the same for all subscribers of the Placement Units. Further, we are of the view that the Proposed Subscription is deemed fair and reasonable because the number of Placement Units that MRCB intends to subscribe will enable MRCB to maintain its unitholding level in the enlarged unitholders' capital of Sentral REIT and therefore enable MRCB to continue to enjoy the recurring income and share the profits of Sentral REIT via income distribution. <p>Please refer to Section 10 of this IAL for further details.</p>																												
<p>Evaluation of the salient terms of the SPA</p>	<p>We are of the opinion that the terms contained in the SPA are reasonable and are not detrimental to the interests of the non-interested shareholders.</p> <p>Please refer to Section 11 of this IAL for further details.</p>																												
<p>Effects of the Proposals</p>	<ul style="list-style-type: none"> ▪ We noted that the Disposal Consideration and subscription consideration to be paid by MRCB for the Proposed Subscription will be satisfied entirely in cash. Therefore, the Proposals will not involve any issuance of new MRCB Shares and will not have any effect on the issued share capital and substantial shareholders' shareholdings of MRCB. ▪ We note that upon the completion of the Proposed Disposal, the Group is expected to realise a pro forma gain of approximately RM52.56 million and we also note that the pro forma NA per Share and net gearing will improve upon completion of the Proposed Disposal as follows: <p><u>Minimum Scenario</u></p> <table border="1" data-bbox="596 1485 1345 1626"> <thead> <tr> <th></th> <th>Audited as at 31 December 2022</th> <th>After the Proposals</th> </tr> </thead> <tbody> <tr> <td>NA per Share (RM)</td> <td>1.01</td> <td>1.02</td> </tr> <tr> <td>Gearing ratio (times)</td> <td>0.45</td> <td>0.40</td> </tr> <tr> <td>Net gearing ratio (times)</td> <td>0.32</td> <td>0.27</td> </tr> </tbody> </table> <p><u>Maximum Scenario</u></p> <table border="1" data-bbox="596 1704 1345 1899"> <thead> <tr> <th></th> <th>Audited as at 31 December 2022</th> <th>Assuming all the outstanding Warrants are exercised</th> <th>After the Proposals</th> </tr> </thead> <tbody> <tr> <td>NA per Share (RM)</td> <td>1.01</td> <td>1.04</td> <td>1.05</td> </tr> <tr> <td>Gearing ratio (times)</td> <td>0.45</td> <td>0.40</td> <td>0.36</td> </tr> <tr> <td>Net gearing ratio (times)</td> <td>0.32</td> <td>0.18</td> <td>0.14</td> </tr> </tbody> </table>		Audited as at 31 December 2022	After the Proposals	NA per Share (RM)	1.01	1.02	Gearing ratio (times)	0.45	0.40	Net gearing ratio (times)	0.32	0.27		Audited as at 31 December 2022	Assuming all the outstanding Warrants are exercised	After the Proposals	NA per Share (RM)	1.01	1.04	1.05	Gearing ratio (times)	0.45	0.40	0.36	Net gearing ratio (times)	0.32	0.18	0.14
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EXECUTIVE SUMMARY (Cont'd)

Area of evaluation	PIVB's comments
<p>Effects of the Proposals (Cont'd)</p>	<ul style="list-style-type: none"> ▪ The pro forma EPS of the Company for the FYE 31 December 2022 will improve after the completion of the Proposed Disposal from 1.45 sen to 2.42 sen under the Minimum Scenario and from 1.32 sen (assuming all the outstanding Warrants are exercised) to 2.21 sen under the Maximum Scenario after taking into consideration of the following: <ul style="list-style-type: none"> (i) interest cost savings from the prepayment of the RHB Term Loans of RM10.79 million; (ii) pro forma gain arising from the Proposed Disposal of RM52.56 million; (iii) loss of net property income from the Proposed Disposal of RM14.82 million (iv) impairment of goodwill upon disposal of the Land of RM2.91 million; and (v) charge-out of balance unamortised issuance cost upon prepayment of the RHB Term Loans of RM2.14 million. <p>We are of the opinion that the pro forma effects of the Proposals are <u>not detrimental</u> to the interests of the non-interested shareholders of MRCB.</p> <p>Please refer to Section 12 of this IAL for further details.</p>
<p>Risk factors</p>	<ul style="list-style-type: none"> ▪ We have taken note of the risk factors in relation to the Proposals as set out in Section 5, Part A of the Circular. ▪ We note that although measures will be taken by the Group to contain or mitigate the risks highlighted arising from the Proposals, no assurance can be given that the risks will not crystallise and give rise to material and adverse impact on the financial position and business of the Company. Notwithstanding the above, we note that the Group is already exposed to the inherent risks associated with the property development industry since the incorporation of MRCB in 1968, as well as risks inherent to property investment as MRCB is also a unitholder in Sentral REIT since 2015. As such, the Group is not expected to be exposed to new business and investment risks as a result of the Proposals. <p>Please refer to Section 13 of this IAL for further details.</p>
<p>Industry outlook and prospects of the Group</p>	<ul style="list-style-type: none"> ▪ The Malaysian economy expanded moderately in the second quarter of 2023 (2.9%; 1Q 2023: 5.6%) weighed mainly by slower external demand. With the challenging global environment, the Malaysian economy is projected to expand close to the lower end of the 4.0% to 5.0% range in 2023, supported by domestic demand amid improving employment and income as well as implementation of multi-year projects. The property market in 2023 is expected to continue its momentum with various initiatives outlined by the government under the revised Budget 2023. <p>In view of the outlook of the Malaysian economy and the property market, it represents an opportune time for MRCB to unlock the value of its investment properties via the Proposed Disposal. We also note that the cash proceeds raised from the Proposed Disposal would be utilised for the prepayment of the RHB Term Loans, which is expected to result in additional interest savings and reduce the gearing of the Group, as well as funding of working capital, which is expected to improve the cash flow of the Group.</p> <ul style="list-style-type: none"> ▪ The Proposed Disposal would allow the Group to enjoy recurring income from the Property via future income distributions by Sentral REIT, based on MRCB's unitholdings level in Sentral REIT, as well as provide an avenue for the Group to realign its property investments in a more efficient structure through investment in a REIT. Further, we also note that the Proposed Disposal would allow the Group to de-risk itself from the responsibilities of managing the Property and be able to redirect its time and resources towards its other projects.

EXECUTIVE SUMMARY (Cont'd)

Area of evaluation	PIVB's comments
Industry outlook and prospects of the Group (Cont'd)	<ul style="list-style-type: none"><li data-bbox="536 282 1383 421">▪ Upon completion of the Proposed Subscription, the Group would be able to prevent its unitholdings level from being diluted and be able to maintain their unitholdings level in Sentral REIT. This also demonstrates the Group's commitment and support of the continued growth of Sentral REIT. Further, Sentral REIT is expected to benefit from the inclusion of the Property in its asset portfolio. <p data-bbox="536 443 1383 577">Premised on the foregoing, in view of the projected expansion of the Malaysian economy, the expected momentum of the property market in Malaysia, the benefits to the Group and Sentral REIT arising from the Proposals, as well as the projects in the pipeline of the Group, we are of the opinion that there are sufficient merits to the Proposals and are <u>not detrimental</u> to the interests of the non-interested shareholders of MRCB.</p> <p data-bbox="536 600 1383 633">Please refer to Section 14 of this IAL for further details.</p>

3. CONCLUSION AND RECOMMENDATION

Premised on our overall assessment of the Proposals, we are of the opinion that the Proposals are **fair** and **reasonable** and **not detrimental** to the interests of the non-interested shareholders of MRCB.

Accordingly, we recommend that the non-interested shareholders of MRCB to **vote in favour** of the resolution pertaining to the Proposals to be tabled at the forthcoming EGM.

NON-INTERESTED SHAREHOLDERS ARE ADVISED TO READ BOTH THIS IAL AND PART A OF THE CIRCULAR TOGETHER WITH THE ACCOMPANYING APPENDICES AND CAREFULLY CONSIDER THE RECOMMENDATION CONTAINED HEREIN BEFORE VOTING ON THE ORDINARY RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT THE FORTHCOMING EGM.

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Registered Office:

27th Floor, Menara Public Bank
146, Jalan Ampang
50450 Kuala Lumpur

9 October 2023

To: The non-interested shareholders of Malaysian Resources Corporation Berhad

Dear Sir/Madam,

**INDEPENDENT ADVICE LETTER TO THE NON-INTERESTED SHAREHOLDERS OF
MALAYSIAN RESOURCES CORPORATION BERHAD IN RELATION TO THE PROPOSALS**

1. PREAMBLE

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

2. INTRODUCTION

On 8 June 2023, the Company had announced that MTB, acting solely in the capacity as trustee of Sentral REIT, had on even date accepted the letter of intent issued by MRCB dated 30 May 2023 to enter into negotiations with PWSB for the Proposed Disposal.

On 25 July 2023, RHB Investment Bank had on behalf of the Board, announced that PWSB, a wholly-owned subsidiary of MRCB, entered into the SPA with MTB in relation to Proposed Disposal for the Disposal Consideration.

In conjunction with the Proposed Disposal, Sentral REIT had on 25 July 2023 announced that it is proposing to undertake the Proposed Placement to partly fund the Disposal Consideration. MRCB, being a major unitholder of Sentral REIT, had vide its letter dated 25 July 2023, given the Undertaking to subscribe for up to 34,568,734 Placement Units pursuant to the Proposed Placement.

For the avoidance of doubt, in view that MRCB is a major unitholder of Sentral REIT, the Group will not participate in the bookbuilding exercise in relation to the Proposed Placement and shall not influence the manner in which the book builds or the determination of the issue price of the Placement Units. MRCB shall accept the final price for the Placement Units as determined by the bookbuilding exercise and announced by Sentral REIT on Bursa Securities.

In view of the interests of the Interested Directors and Interested Major Shareholder as set out in Section 9, Part A of the Circular, the Proposals are deemed as related party transactions pursuant to Paragraph 10.08 of the Listing Requirements.

Accordingly, the Board had on 17 June 2023, appointed PIVB as the Independent Adviser to advise the non-interested directors and non-interested shareholders of MRCB in relation to the Proposals.

The purpose of this IAL is to provide the non-interested shareholders with an independent evaluation on the Proposals together with our recommendation on whether the non-interested shareholders should vote in favour or against the resolutions in relation to the Proposals at the forthcoming EGM, subject to the scope and limitations of our role and evaluation specified herein. The non-interested shareholders should nonetheless rely on their own evaluation of the merits of the Proposals before making a decision on the course of action to be taken.

PUBLIC INVESTMENT BANK BERHAD (20027-W)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

Level 27, Menara Public Bank 2, No. 78, Jalan Raja Chulan, 50200 Kuala Lumpur

Peti Surat 12154, 50768 Kuala Lumpur. Telephone: 03-20362800, 22683000 Facsimile: 03-20362860

(Wholly-owned subsidiary of Public Bank Berhad)

THE NON-INTERESTED SHAREHOLDERS ARE ADVISED TO READ BOTH THIS IAL AND PART A OF THE CIRCULAR TOGETHER WITH THE ACCOMPANYING APPENDICES AND CAREFULLY CONSIDER THE RECOMMENDATION CONTAINED HEREIN BEFORE VOTING ON THE ORDINARY RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT THE FORTHCOMING EGM.

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

3. DETAILS OF THE PROPOSALS

3.1 Details of the Proposed Disposal

The Proposed Disposal involves the disposal by PWSB of the Property to MTB, acting solely in the capacity as trustee for Sentral REIT for the Disposal Consideration of RM450.00 million.

The Disposal Consideration will be satisfied entirely in cash in the following manner:

Mode of settlement	Date of settlement	Disposal Consideration (RM'000)	%
Deposit	Paid upon signing of the SPA on 25 July 2023	9,000	2.00
Balance consideration	Payable on or before the Completion Date or the Extended Completion Date, as the case may be	441,000	98.00
Total		450,000	100.00

Further details on the Proposed Disposal are set out in Section 2.1, Part A of the Circular.

3.2 Details of the Proposed Subscription

Sentral REIT is proposing to undertake a proposed placement of up to 123,720,000 Placement Units to partly fund the Disposal Consideration. The Proposed Subscription entails the subscription of up to 34,568,734 Placement Units by MRCB to be issued under the Proposed Placement at an issue price to be determined via bookbuilding, subject to certain conditions.

Further details on the Proposed Subscription are set out in Section 2.2, Part A of the Circular.

4. SOURCE OF INFORMATION

In preparing this IAL, PIVB has relied upon the following sources of information and documents:

- (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) the quarterly reports and annual reports of MRCB and Sentral REIT;
- (v) other relevant information, documents, confirmations and representation furnished to us by the Board, management, and/or representatives of MRCB (“**Management**”); and
- (vi) other publicly available information.

5. LIMITATIONS TO THE EVALUATION OF THE PROPOSALS

We were not involved in any formulation or any deliberation and negotiation on the terms and conditions of the Proposals. The terms of reference of our appointment as the Independent Adviser to the non-interested directors and non-interested shareholders of MRCB in relation to the Proposals are in accordance with the requirements set out in Paragraphs 10.08(2) and (3) of the Listing Requirements.

Our scope is limited to expressing an independent opinion on the fairness and reasonableness of the Proposals insofar as the non-interested shareholders are concerned based on the following information and documents available to us as mentioned in Section 4 of this IAL.

We have made all reasonable enquiries to the Board and Management and have relied upon the information and documents as mentioned above. The Board has confirmed to us that all relevant material facts and information essential to the evaluation of the Proposals have been disclosed to us and has collectively and individually accepted full responsibility for the accuracy, validity and completeness of the information provided to us. After making all reasonable enquiries and to the best of our knowledge and belief, we are satisfied that all relevant facts, information and representations necessary for our evaluation of the Proposals have been disclosed to us and that such information is sufficient, accurate, valid, reasonable and there is no omission of any material facts, which would make any information provided to us incomplete, misleading or inaccurate.

In rendering our advice, we had taken note of pertinent factors, which we believe are necessary and of importance to our assessment of the Proposals and therefore of general concern to the non-interested shareholders of MRCB. As such:

- (i) the scope of PIVB's responsibility regarding the evaluation and recommendation contained herein is confined to the assessment of the fairness and reasonableness and other implications of the Proposals only. Comments or points of consideration which may be commercially oriented are included for our overall evaluation as we deem it necessary for disclosure purposes to enable the non-interested shareholders of MRCB to consider and form their views thereon. We do not express an opinion on legal, accounting and taxation issues relating to the Proposals;
- (ii) PIVB's views and recommendation as contained in the IAL only cater to the non-interested shareholders of MRCB at large and not to any non-interested shareholder individually. Hence, in carrying out our evaluation, we have not given consideration to the specific investment objectives, risk profiles, financial and tax situations and particular needs of any individual non-interested shareholder or any specific group of non-interested shareholders; and
- (iii) we recommend that any individual non-interested shareholder or group of non-interested shareholders who is in doubt as to the action to be taken or require advice in relation to the Proposals in the context of their individual objectives, risk profiles, financial and tax situations or particular needs, consult their respective stockbrokers, bankers, solicitors, accountants or other professional advisers immediately.

Our evaluation and recommendation expressed herein are based on prevailing economic, market and other conditions, and the information and/or documents made available to us, as at the LPD. Such conditions may change over a short period of time. Accordingly, our evaluation and recommendation expressed herein do not take into account of the information, events and conditions arising after the LPD.

After the despatch of this IAL, PIVB will immediately notify the non-interested shareholders if, we become aware of the following:

- (i) significant change affecting the information contained in this IAL;
- (ii) there is reasonable ground to believe that the statements in this IAL are misleading or deceptive; or
- (iii) there is a material omission in this IAL.

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

We confirm that there is no situation of conflict of interest that exists or are likely to exist in relation to our role as the Independent Adviser in connection to the Proposals. Other than our current appointment for the Proposals, we have not advised MRCB in the capacity of principal adviser nor independent adviser for any corporate exercise within the past two (2) years preceding the LPD.

PIVB is a holder of the Capital Markets Services Licence issued by the Securities Commission Malaysia and is a participating organisation of Bursa Securities. Our credentials and experience where we had been appointed as an independent adviser since 2021 and up to the LPD include, amongst others, the following:

- (i) proposed award of contract for engineering, procurement and construction works on part of an integrated petrochemical facility in Indonesia by PT Lotte Chemical Indonesia to Lotte Engineering & Construction Co., Ltd, a 43.8%-owned associate of Lotte Chemical Corporation, the major shareholder of Lotte Chemical Titan Holding Berhad. Our independent advice letter was issued on 1 December 2021;
- (ii) proposed transfer by Sungei Bagan Rubber Company (Malaya) Berhad of its entire 49% equity interest in Balland Properties Limited, held through its wholly-owned subsidiary, Springvale International Limited, and 9.44% equity interest in Kuchai Development Berhad, in exchange for 100% equity interest in Torbridge Holdings Limited held by The Nyalas Rubber Estates Limited at an agreed exchange value of RM32,166,047. Our independent advice letter was issued on 17 September 2021;
- (iii) proposed exemption to Yakin Setiamas Sdn Bhd and persons acting in concert with it from the obligation to undertake a mandatory offer for the remaining ordinary shares in Mudajaya Group Berhad (“**Mudajaya**”) (“**Mudajaya Share(s)**”), Warrants (as defined herein) and options under employees’ share option scheme not already owned by them pursuant to the proposed renounceable rights issue of up to 668,885,366 new Mudajaya Shares (“**Right Share(s)**”) on the basis of 1 Rights Share for every 1 existing Mudajaya Share held, together with up to 668,885,366 free detachable warrants in Mudajaya (“**Warrant(s)**”) on the basis of 1 Warrant for every 1 Rights Share subscribed for at an issue price of RM0.22 per Rights Share held on the entitlement date, pursuant to Paragraph 4.08(1)(b) of the Rules on Take-Overs, Mergers and Compulsory Acquisitions. Our independent advice letter was issued on 11 June 2021;
- (iv) unconditional mandatory take-over offer by Eller Axis Sdn Bhd to acquire all the remaining ordinary shares in Can-One Berhad (“**Can-One**”) (“**Can-One Share(s)**”) not already owned by Eller Axis Sdn Bhd and Yeoh Jin Hoe at a cash consideration of RM2.50 per Can-One Share. Our independent advice circular was issued on 4 June 2021;
- (v) unconditional mandatory take-over offer by ADA Capital Investments Capital and Teong Lian Aik (“**Joint Offerors**”) to acquire all the remaining ordinary shares in GETS Global Berhad (“**GETS**”) (“**GETS Share(s)**”) not already owned by the Joint Offerors for a cash consideration of RM1.03 per GETS Share. Our independent advice circular was issued on 8 February 2021; and
- (vi) proposed selective capital reduction and repayment exercise undertaken by MTD ACPI Engineering Berhad pursuant to Section 116 of the Act. Our independent advice letter was issued on 25 January 2021.

Premised on the foregoing, PIVB is capable and competent in carrying out its role and responsibilities as the Independent Adviser to advise the non-interested directors and non-interested shareholders of MRCB in relation to the Proposals.

7. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM

As at the LPD and save as disclosed below, none of the Directors, major shareholder and/or persons connected with them has any interests, whether direct or indirect, in the Proposals:

Related party	Nature of interest	Direct shareholdings		Indirect shareholdings	
		No. of MRCB Shares held	%	No. of MRCB Shares held	%
<u>Interested Major Shareholder</u>					
EPF	<ul style="list-style-type: none"> Major shareholder of MRCB Major unitholder of Sentral REIT 	1,617,485,447	36.21	-	-
<u>Interested Directors</u>					
Datuk Seri Amir Hamzah Azizan	<ul style="list-style-type: none"> Non-Independent Non-Executive Chairman of MRCB Chief Executive Officer of EPF 	667	*	-	-
Mohamad Hafiz Kassim	<ul style="list-style-type: none"> Non-Independent Non-Executive Director of MRCB Chief Financial Officer of EPF 	-	-	-	-
Dato' Mohamad Nasir Ab Latif	Non-Independent Non-Executive Director of MRCB	-	-	-	-

Note:

* Negligible.

Accordingly, the Interested Directors have abstained and will continue to abstain from all Board deliberations and voting in respect of the Proposals. The Interested Major Shareholder and the Interested Directors will abstain from voting in respect of their direct and/or indirect interest in MRCB, if any, on the resolutions pertaining to the Proposals to be tabled at the forthcoming EGM. They have also undertaken that they will ensure that persons connected with them will abstain from voting in respect of their direct and/or indirect interest in MRCB, if any, on the resolutions pertaining to the Proposals to be tabled at the forthcoming EGM.

8. EVALUATION OF THE PROPOSALS

PIVB's scope in arriving at our opinion and recommendation as the Independent Adviser to the non-interested shareholders in relation to the Proposals are limited to the following:

(a) Rationale and benefits of the Proposals	Section 9
(b) Evaluation of the Proposals	Section 10
(c) Evaluation of the salient terms of the SPA	Section 11
(d) Effects of the Proposals	Section 12
(e) Risk factors	Section 13
(f) Industry outlook and prospects of the Group	Section 14

The views expressed by PIVB in this IAL are, amongst others, based on current economic, market and political conditions prevailing as at the LPD. In this respect, the non-interested shareholders of MRCB should take note of any announcements relevant to their consideration of the Proposals which may be released after the LPD.

9. RATIONALE AND BENEFITS OF THE PROPOSALS

We have set out below our comments on the rationale and benefits for the Proposals as stated in Section 3, Part A of the Circular.

9.1 Rationale and benefits of the Proposed Disposal

9.1.1 Unlocking value from investment properties

We note that the Proposed Disposal is in line with the Group's strategy to unlock value from its investment properties. This is evidenced by the Group's previous disposal of investment properties which include, amongst others, Block 1A Maxis Tower in 2007, Platinum Sentral in 2015, as well as Menara Shell and Sooka Sentral in 2016. Further, as a long-term lease has been secured for the Property, the Proposed Disposal would also allow MRCB to maximise its value to be derived from the Property as reflected in the Disposal Consideration. As detailed in Section 2.1.2, Part A of the Circular, the Disposal Consideration was arrived at after taking into consideration, amongst others the market value provided by the Valuer by adopting the Income Approach by Investment Method which has considered the value of such long-term lease and is further supported by the Comparison Approach.

The Group will only be disposing the Property at the current valuation and will not be able to enjoy any future appreciation in the value of the Property, if any. We note that upon completion of the Proposed Disposal, the existing Lease Agreement will be novated to MTB, being the trustee for Sentral REIT. As such, upon completion of the Proposed Disposal, the Group will forgo the rental and service charge income from the Property. For information purposes, the rental and service charge income was approximately RM36.05 million for the FYE 31 December 2022. Nonetheless, the Group is expected to indirectly receive income from the Property via the income distribution from the Group's unitholdings in Sentral REIT.

The Proposed Disposal represents an opportunity for the Group to unlock the value of its investment in the Property, which is expected to contribute positively to the profit of the Group and improve the cash flow and liquidity position of the Group. Pursuant to the Proposed Disposal, the Group is expected to realise a pro forma gain of approximately RM52.56 million, based on the net book value of the Property as at 31 December 2022 of RM373.87 million after taking into consideration the estimated expenses to be incurred by the Group for the Proposals of approximately RM1.16 million as well as after consolidation adjustments and deferred taxation as discussed in Section 2.1.8, Part A of the Circular. Additionally, we note that the Group intends to utilise approximately RM209.61 million from the Disposal Consideration for the prepayment of the Group's RHB Term Loans and approximately RM210.23 million for working capital requirements which consist of construction and property development activities, sales and marketing activities and other administrative expenses.

As at the LPD, the total interest-bearing borrowings of the Group amounted to approximately RM1.94 billion with interest rates ranging from 4.25% to 7.85%. Notwithstanding that the interest rates of the RHB Term Loans of approximately 5.15% per annum is within the aforementioned interest rate range and is not the highest, the Group is required to prepay the RHB Term Loans in the event the Property is disposed pursuant to a mandatory covenant under the RHB Letters of Offer (which forms part of the facility agreements). For information purposes, the Property is not charged to RHB Islamic Bank as collaterals for the RHB Term Loans.

Pursuant to the above, we are of the view that the utilisation of proceeds for the prepayment of the RHB Term Loans is reasonable. We also note that concerns of any potential conflict of interest that exists or is likely to exist in relation to RHB Investment Bank's role as the Principal Adviser to MRCB for the Proposals are mitigated by the factors as stipulated in Section 2.1, Appendix V of the Circular. In the event the proceeds are utilised for the repayment of the other facilities, it may result in a breach of contractual obligation by the Group, by virtue of the requirement of an agreed term in the respective RHB Letters of Offer.

Upon the prepayment of the RHB Term Loans, the Group's gearing is expected to be reduced from 0.45 times to 0.40 and 0.36 times under the Minimum Scenario and Maximum Scenario, respectively (as further detailed in Section 6.2, Part A of the Circular). This would further improve the debt capacity of the Group, which will provide more financial flexibility for the Group to raise any future funding if required. In addition, based on the Group's prevailing interest rate for the borrowings to be repaid of approximately 5.15% per annum, the prepayment of the RHB Term Loans is expected to result in gross interest savings of approximately RM10.79 million per annum. This is expected to improve the future profitability of the Group and also improve the cash flow of the Group with lower interest expense. In addition, the availability of cash from the proceeds earmarked from the Disposal Consideration for working capital would reduce the need for the Group to take on additional borrowings to fund working capital requirements which if taken, is expected to reduce the earnings of the Group due to interest expenses to be paid.

As the Proposed Disposal entails the disposal of the Property to a REIT, pursuant to the Real Property Gains Tax (Exemption) (No. 4) Order 2003 [PU(A) 451/2003], PWSB is exempted from the payment of any RPGT recognised. On the other hand, in the event that the Property is being disposed to a party, which is not operating as a REIT, a RPGT ranging from 10% to 30% will be charged based on the number of years the Property was owned before being disposed. For illustration purposes only, assuming the disposal of the Property to a third party which is not operating as a REIT and the year of acquisition by PWSB of the Land in 2011 for RPGT computation purposes, the disposal of the Property in the sixth year and beyond will attract a RPGT rate of 10%. As such, the RPGT would amount to approximately RM8.36 million, after taking into consideration its acquisition cost and other expenses for the computation of its net chargeable gain.

9.1.2 Recurring income from Sentral REIT Units

We note that Sentral REIT intends to undertake the Proposed Placement and is expected to issue up to 123,720,000 Placement Units and that MRCB will subscribe for up to 34,568,734 Placement Units. This will allow the Group to maintain its existing unitholdings level in the enlarged unitholders' capital of Sentral REIT after the completion of its Proposed Placement and allow the Group to continue to participate in income generated from the Property, as well as other property assets under the portfolio of Sentral REIT via future income distribution by Sentral REIT.

The Proposed Disposal will allow the Group to realign its property investments in a more efficient structure of a REIT. A REIT would benefit from a tax-free status, subject to requirements whereby most of its assets and income are tied to real estate and must distribute at least 90% of its total income to its unitholders annually.

Notwithstanding the above, upon completion of the Proposed Disposal, the Group will be able to de-risk itself from the responsibilities of managing the Property, which entail day-to-day operations, maintenance and repair of the building, renovations as well as collection risk from the existing tenants. Instead, the Group will be able to redirect its time and resources towards its other projects.

9.2 Rationale and benefits of the Proposed Subscription

The Proposed Subscription represents an opportunity for the Group to maintain its existing unitholdings in the enlarged unitholders' capital of Sentral REIT after the completion of the Proposed Placement, which was undertaken to raise funds from Sentral REIT's unitholders expeditiously as part payment of the Disposal Consideration in tandem with bank borrowings. As detailed above, the continued investment in Sentral REIT will allow the Group to continue to participate in income generated from the Property as well as other property assets under the portfolio of Sentral REIT via future income distribution by Sentral REIT, which is expected to contribute positively to the future earnings and cashflow of the Group.

For information purposes, the distribution ratio and yield of Sentral REIT for the past 3 years are as follows:

	Audited FYE 31 December		
	2020	2021	2022
Distribution per Unit (sen)	7.08	7.41	6.82
Distribution yield (%)	8.09	8.19	7.62

(Source: Annual reports of Sentral REIT)

In addition to the above, for comparison purposes, the 3-year average distribution yields of Sentral REIT and other listed REITs in Malaysia are as follows:

Name of REIT*	3-year average distribution yield
Sentral REIT	7.97%
KIP REIT	7.83%
Amfirst REIT	7.62%
UOA REIT	7.49%
Amanahraya REIT	7.03%
Atrium REIT	6.77%
IGB Commercial REIT	6.25%
Al-‘Aqar Healthcare REIT	6.19%
Hektar REIT	5.77%
Capitaland Malaysia Trust	5.17%
Al-Salam REIT	5.09%
KLCC REIT	5.01%
Axis REIT	4.90%
YTL Hospitality REIT	4.87%
Sunway REIT	4.57%
IGB REIT	4.52%
Pavilion REIT	4.40%
Tower REIT	3.34%
Low	3.34%
High	7.97%
Average	5.82%

(Source: Annual reports of the respective REITs)

Note:

* Excluding AME REIT which was listed on the Main Market of Bursa Securities on 20 September 2022 and had only 1 year of income distribution to its unitholders.

Premised on the above, we noted that Sentral REIT’s distribution yield ranges from 7.62% to 8.19% during the past 3 years, which is higher than the average 12-month fixed deposit rates offered by banking institutions in Malaysia which ranges from 1.70% to 2.90%, during the past 3 years as well as up to and including July 2023, according to the Monthly Highlights & Statistics in July 2023 published by Bank Negara Malaysia. Additionally, based on the table above, we also noted that Sentral REIT has the highest 3-year average distribution yield as compared to other listed REITs in Malaysia.

We also note that, for the avoidance of doubt, in view that MRCB is a major unitholder of Sentral REIT, it will not participate in the bookbuilding exercise in relation to the Proposed Placement and shall not influence the manner in which the book builds or the determination of the issue price of the Placement Units. MRCB shall accept the final price for the Placement Units as determined by the bookbuilding exercise and announced by Sentral REIT on Bursa Securities.

Pursuant to the above, we are of the view that the sale of the Property and interest savings arising from the prepayment of existing RHB Term Loans with the cash proceeds from the Proposed Disposal will contribute positively to the profit of the Group and improve the cash flow and liquidity position of the Group. Further, the Group will also be able to continue to indirectly enjoy recurring income from the Property subsequent to the Proposed Disposal and also maintain its unitholdings in Sentral REIT via the Proposed Subscription.

10. EVALUATION OF THE PROPOSALS

We noted from Section 2.1.2, Part A of the Circular that the Disposal Consideration was arrived on a willing-buyer willing-seller basis after taking into consideration, amongst others the market value of the Property of RM450.00 million as ascribed by the Valuer and the net book value of the Property of RM373.87 million as at 31 December 2022.

10.1 Market value of the Property

Market value is defined as the estimated amount for which an asset or liability should exchange on the date of valuation 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.

We noted that MRCB and MTB had appointed CBRE WTW as the independent registered valuer to conduct the valuation of the Property. The valuation of the Property was prepared in accordance with the Asset Valuation Guidelines issued by the Securities Commission Malaysia and the Malaysian Valuation Standards issued by the Board of Valuers, Appraisers, Estate Agents and Property Managers, Malaysia.

The valuation approaches adopted by the Valuer in arriving at its assessment of the market value of the Property are as follows:

Valuation methodologies	General description	Market value (RM)	Market value (rounded) (RM)
Income Approach by Investment Method	The Property is valued based on the Income Approach of Valuation by adopting Investment Method. This method entails determining the net current annual income by deducting the annual outgoings from the gross annual income and capitalising the net income by a suitable rate of return consistent with the type and quality of investment to arrive at the market value.	448,430,433	450,000,000
Comparison Approach	As a check, the Comparison Approach is adopted. This approach entails analysing recent transactions and asking prices of similar property in the locality for comparison purposes with adjustments made for differences in location, size, age and condition of the building, tenure, title restrictions if any and other relevant characteristics to arrive at the market value.	452,762,000	450,000,000

The Valuer has adopted the market value derived from the Income Approach by Investment Method as fair representation of the market value of the Property after taking into consideration that the Property is a commercial and income generating property, supported by the market value derived from the Comparison Approach.

Further to the above, we have made references to the Valuation Certificate and Valuation Report. After our review and the due enquiries made, we are satisfied with the approaches and assumptions adopted by the Valuer in deriving the market value of the Property.

Our comments on the valuation approaches adopted by the Valuer are as follows:

10.1.1 Income Approach by Investment Method

The parameters adopted by the Valuer in arriving at the market value of the Property and our comments are as follows:

Description	Parameters	PIVB's comments
Term Gross Monthly Rental	<p><u>Office tower</u> RM6.68 per square feet ("psf") to RM8.36 psf</p> <p><u>Car park</u> RM75.00 to RM150.00 per bay</p>	<ul style="list-style-type: none"> We note that the Valuer had adopted the existing passing rent of the Property as the term gross monthly rental. "Term Gross Monthly Rental" refers to the existing passing rental income per month of the subject property. Celcom Berhad is the sole occupant of the office space and based on the Lease Agreement, the base rent for the office tower shall be subject to revision and upward adjustment on the 6th anniversary of the rent commencement date. The revised base rent shall not be less than 5.00% and not more than 10.00% and the service charge rate will be increased by 10% every term of 3 years from the lease commencement date. Pursuant to the aforementioned, we also note that the Valuer had adopted the growth rate of 5.00% for selected rental term on base rental growth and 10.00% for each subsequent term on service charge growth. We are of the opinion that the term gross rental adopted by the Valuer is reasonable and it is in line with the current passing rental rates of similar class of office buildings in the immediate localities such as Mid Valley City, Kuala Lumpur ("KL") Sentral, Damansara Heights and Bangsar which ranges from RM4.65 psf to RM8.80 psf (<i>Source: Price & Rental for Wilayah Persekutuan KL First Half 2022 report by the Valuation and Property Services Department, Ministry of Finance Malaysia</i>). For the car park, we note that the Valuer had adopted the existing passing rent of the Property as the term gross monthly income per parking bay. Based on the Lease Agreement, the vehicle parking fee shall be reviewed every term of 3 years commencing from the first day immediately after the expiry of the 3 years from the lease commencement date and shall be increased based on a fixed rate of 15.00%. Further, based on the car park operation agreement dated 2 May 2023, it is stipulated that the car park operator shall pay the landlord monthly rental in the amount equivalent to 60.00% of the total parking bay monthly rental. We also note that the Valuer had adopted the growth rate of 15.00% for each subsequent term as per the car park operation agreement for the valuation. We are of the opinion that the term gross monthly income for car park adopted by the Valuer is reasonable and is in line with the range of RM100 to RM200 per bay per month within the immediate vicinity as analysed by the Valuer.
Reversionary Gross Monthly Rental / Income (for Car Park)	<p><u>Office tower</u> RM6.30 psf</p> <p><u>Car park</u> RM150 per bay</p>	<ul style="list-style-type: none"> We note that the Valuer had adopted the expected passing rent of the Property in the future as the reversionary gross monthly rental. "Reversionary Gross Monthly Rental" refers to the estimated market rental income per month of the subject property. For the office tower, we are of the opinion that the reversionary gross monthly rental adopted by the Valuer is reasonable and is in line with the current passing rental rates of similar class of office buildings in the immediate localities such as Mid Valley City, KL Sentral, Damansara Heights and Bangsar which ranges from RM4.65 psf to RM8.80 psf (<i>Source: Price & Rental for Wilayah Persekutuan KL First Half 2022 report by the Valuation and Property Services Department, Ministry of Finance Malaysia</i>). For the car park, we are of the opinion that the reversionary gross monthly income adopted by the Valuer is reasonable and is in line with the range of RM100 to RM200 per bay per month within the immediate vicinity as analysed by the Valuer.

Description	Parameters	PIVB's comments
Monthly Outgoings	<u>Term</u> RM1.65 psf <u>Reversionary</u> RM1.65 psf	<ul style="list-style-type: none"> The Valuer had considered the Property's historical average outgoings of FYE 31 December 2022 and annualised FYE 31 December 2023 which ranges from RM1.60 psf to RM1.66 psf. Further, the Valuer adopted a 5.00% increment for each of the subsequent term monthly outgoings. We noted that the Valuer adopted a rate of 30.00% of the gross monthly rental for term and reversionary for the upkeep and maintenance of the car park area. We are of the opinion that the monthly outgoings and the increment rate adopted by the Valuer are reasonable and are within the industry norm range of comparable monthly outgoings of RM1.40 psf to RM1.80 psf, as analysed by the Valuer.
Term Capitalisation Rate	<u>Term</u> 5.75% to 6.50% <u>Reversionary</u> 6.00%	<ul style="list-style-type: none"> For the office tower, the Valuer had adopted net yield term of 5.75% to 6.50% and net yield (reversionary) of 6.00% after taking into consideration amongst others, the location of the Property in Petaling Jaya, building specification, building age and existing term rental of Celcom Berhad. In view that the car park is part and parcel of the office tower, the Valuer had adopted similar net yield term of 5.75% to 6.50% and net yield (reversionary) of 6.00%. We are of the opinion that the capitalisation rates adopted by the Valuer are reasonable and are in line with the net yield range of 4.99% to 6.28%^(a) of the transactions for office buildings as analysed by the Valuer.
Void	10.00%	<ul style="list-style-type: none"> We note that the Valuer adopted a void rate of 10.00% for both the office tower and car park, after taking into consideration the location and occupancy rate of surrounding purpose-built offices. The void rate adopted is for the reversionary period which is subsequent to expiry of the Lease. We are of the opinion that the void rate adopted by the Valuer is reasonable and is in line with the void rate ranging from 2.50% to 10.00%^(b) adopted by valuers of precedent transactions.
Other Income	RM5,400 per month	<ul style="list-style-type: none"> Other Income consists of rental income from the lease of parking space for telecommunication equipment and antenna. We are of the opinion that the other income adopted by the Valuer for the office tower is reasonable as it is based on the actual historical income received.
Present value	<u>Term</u> 5.75% to 6.50% <u>Reversionary</u> 6.00%	<ul style="list-style-type: none"> The Valuer had adopted 5.75% to 6.50% for current term and 6.00% for reversionary term as the present value factors. The present value factors are based on the yields adopted for the current and reversionary terms as detailed under the parameter for Term Capitalisation Rate above. We are of the opinion that the present value factors adopted is reasonable as they are in line with the capitalisation rates adopted by the Valuer.

Notes:

(a) The net yield of transacted purpose-built offices as analysed by the Valuer are as follows:

No.	Office building	Net yield	Year
1.	UOA Corporate Tower	4.99%	2020
2.	Menara Guoco	5.59%	2020
3.	The Pinnacle Sunway	6.28%	2020

(b) The void rate adopted by the respective valuers for completed precedent transactions in relation to purpose-built offices in the Klang Valley, as disclosed in their respective circulars to shareholders as announced on Bursa Securities during the period from 1 January 2020 up to and including the LPD are as follows:

<i>No.</i>	<i>Office building</i>	<i>Occupancy rate as disclosed in the circular to shareholders</i>	<i>Void rate adopted by the respective independent valuers as at the date of their valuation</i>	<i>Year of completion</i>
1.	<i>UOA Corporate Tower</i>	93.09%	5.00%	2020
2.	<i>Menara Guoco</i>	97.10%	2.50%	2020
3.	<i>The Pinnacle Sunway</i>	100.00%	5.00%	2020
4.	<i>Menara IGB & IGB Annexe</i>	68.75%	10.00%	2021
5.	<i>Centrepont South</i>	83.82%	5.00%	2021
6.	<i>Centrepont North</i>	89.76%	5.00%	2021
7.	<i>Boulevard Properties</i>	88.28%	5.00%	2021
8.	<i>Gardens South Tower</i>	83.93%	10.00%	2021
9.	<i>Gardens North Tower</i>	75.38%	10.00%	2021
10.	<i>Southpoint Properties</i>	59.26%	10.00%	2021
11.	<i>Menara Tan & Tan</i>	69.01%	15.00%	2021
12.	<i>G Tower</i>	77.19%	15.00%	2021
13.	<i>Hampshire Place Office</i>	62.15%	10.00%	2021

Based on the above, the market value of the Property derived by the Valuer from the Income Approach by Investment Method is RM448,430,433 and was rounded to RM450,000,000.

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10.1.2 Comparison Approach

A summary of the transactions of office buildings located within the Klang Valley as comparables considered by the Valuer in arriving at the market value of the Property is as follows:

Comparable No.	1	2	3
Type of property	A stratified 27-storey office building and 2-storey retail space	A stratified 38-storey office building with a penthouse level	A 24-storey office building with 3-storey mezzanine floor and 6 levels of basement car park
Address	Menara Southpoint, Mid Valley City, Medan Syed Putra Selatan, 59200 Kuala Lumpur	UOA Corporate Tower, Avenue 10, The Vertical, Bangsar South City, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur	The Pinnacle Sunway, Persiaran Lagoon, Bandar Sunway, 47500 Subang Jaya, Selangor
NLA (square feet ("sf"))	515,501 sf	732,871 sf	576,864 sf
No. of car park bays	1,065	Not available*	855
Tenure	99 years lease expiring on 21 March 2120	99 years lease expiring on 16 August 2106	99 years lease expiring on 1 April 2097
Consideration	RM573,500,000	RM700,000,000	RM450,000,000
Vendor	Mid Valley City Southpoint Sdn Bhd	Distinctive Acres Sdn Bhd, a wholly-owned indirect subsidiary of UOA Development Bhd and Paramount Properties Sdn Bhd, a wholly-owned subsidiary of UOA Development Bhd	Sunway Integrated Properties Sdn Bhd & Sunway Pinnacle Sdn Bhd, both indirect wholly-owned subsidiaries of Sunway Berhad
Purchaser	MTrustee Berhad, trustee of IGB Commercial Real Estate Investment Trust	RHB Trustees Berhad, trustee of UOA Real Estate Investment Trust	RHB Trustees, as trustee of Sunway Real Estate Investment Trust
Date of announcement	10 June 2021	28 September 2020	29 June 2020
Analysed value	RM1,113 psf	RM955 psf	RM780 psf
Adjusted market rate	RM1,001 psf	RM1,218 psf	RM1,034 psf

Note:

* Based on the announcement dated 28 September 2020 made to Bursa Securities, the Valuer noted that Comparable 2 sits on top of a 6-storey partial basement car park and 4-storey basement car park, but such car park did not form part of the transaction.

(Source: Valuation Report)

A summary of the adjustments made by the Valuer to derive the aforementioned adjusted market rate for each comparable are as follows:

Comparable No.	1		2		3	
Analysed value	RM1,113 psf		RM955 psf		RM780 psf	
Adjustment factors						
Location	-5.0%	The general location of Comparable 1 is better than the Property. Therefore, a downwards adjustment of 5.0% has been made to the comparable	-2.5%	The general location of Comparable 2 is better than the Property. Therefore, a downward adjustment of 2.5% has been made to the comparable	+5.0%	The general location of the Property is better than Comparable 3. Therefore, an upward adjustment of 5.0% has been made to the comparable
Accessibility/visibility	-	No adjustment made	+10.0%	The accessibility/visibility of the Property is better than Comparable 2. Therefore, an upward adjustment of 10.0% has been made to the comparable	+10.0%	The accessibility/visibility of the Property is better than Comparable 3. Therefore, an upward adjustment of 10.0% has been made to the comparable
Public transportation	-	No adjustment made	-	No adjustment made	+5.0%	The Property has better public transportation connectivity as compared to Comparable 3. Therefore, an upward adjustment of 5.0% has been made to the comparable
Building age / condition	-	No adjustment made	-	No adjustment made	-	No adjustment made
Design / finishes / specifications	-	No adjustment made	-	No adjustment made	+10.0%	The design/finishes/specifications of the Property are better than Comparable 3. Therefore, an upward adjustment of 10.0% has been made to the comparable
NLA	+2.5%	The NLA of Comparable 1 is larger than the Property. Therefore, an upward adjustment of 2.5% has been made to the comparable	+7.5%	The NLA of Comparable 2 is larger than the Property. Therefore, an upward adjustment of 7.5% has been made to the comparable	+2.5%	The NLA of Comparable 3 is larger than the Property. Therefore, an upward adjustment of 2.5% has been made to the comparable
Strata / Individual title	+5.0%	The Property is held under individual title. Therefore, an upward adjustment of 5.0% has been made to the comparable as it is held under strata title	+5.0%	The Property is held under individual title. Therefore, an upward adjustment of 5.0% has been made to the comparable as it is held under strata title	-	No adjustment made

Comparable No.	1		2		3	
Component (office & retail)	-2.5%	The transaction of Comparable 1 comprises office and retail area components. The retail area fetches a higher monthly rental income per square foot as compared to the office component. Therefore, a downward adjustment of 2.5% has been made to the comparable	-	No adjustment made	-	No adjustment made
Tenure	-5.0%	The tenure of the Property is leasehold with an unexpired term of approximately 87 years whilst the remaining unexpired term of Comparable 1 is approximately 98 years. Therefore, a downward adjustment of 5.0% has been made to the comparable	-	No adjustment made	+5.0%	The tenure of the Property is leasehold with an unexpired term of approximately 87 years whilst the remaining unexpired term of Comparable 3 is approximately 77 years. Therefore, an upward adjustment of 5.0% has been made to the comparable
Car park sufficiency	-	No adjustment made	-	No adjustment made	-	No adjustment made
Car park ratio against NLA	-	No adjustment made	+7.5%	An upward adjustment of 7.5% under NLA to car park ratio has been made given that the transaction does not include any car park bays	-	No adjustment made
Green building status	-	No adjustment made	+5.0%	The Property is certified as LEED Gold Green Building. Therefore, an upward adjustment of 5.0% has been made to the comparable as it is not a green building	-	No adjustment made
Multimedia Super Corridor status ("MSC Status")	-5.0%	The Property is non-MSC Status. Therefore, a downward adjustment of 5.0% has been made to the comparable as it is a MSC status building	-5.0%	The Property is a non-MSC Status office building. Therefore, a downward adjustment of 5.0% has been made to the comparable as it is a MSC status building	-5.0%	The Property is a non-MSC Status office building. Therefore, a downward adjustment of 5.0% has been made to the comparable as it is a MSC status building
Adjusted market rate	RM1,001 psf		RM1,218 psf		RM1,034 psf	

(Source: Valuation Report)

We note that the Valuer had arrived at the adjusted market values of the comparables which ranged from RM1,001 psf to RM1,218 psf, after taking into consideration relevant adjustments such as age, building design, public transportation, type of title, green building status, tenure, component, accessibility, MSC Status, NLA and location.

The Valuer had used Comparable No. 1 as the most appropriate comparable as it is the latest transaction and its similarity in terms of size compared to the Property.

Following from the above, the Valuer had adopted RM1,000.00 psf (inclusive of car park) over the NLA of the Property and the market value of the Property as derived from the Comparison Approach is RM452,762,000 and was rounded to RM450,000,000. We concur with the Valuer that the ascribed value of the Property based on the Comparison Approach is RM450,000,000.

Premised on the above, we are of the view that the valuation of the Property using the Income Approach by Investment Method is reasonable and the market value of the Property derived therefrom is fair.

Further, we are of the view that the Disposal Consideration of RM450.00 million is fair and not detrimental to the interests of the non-interested shareholders, after taking the following into consideration:

- (i) **the Disposal Consideration is priced at the market value of the Property as ascribed by the Valuer of RM450.00 million; and**
- (ii) **the Disposal Consideration represents a premium of approximately RM76.13 million or 20.36% to the audited net book value (“NBV”) of RM373.87 million of the Property as at 31 December 2022.**

10.2 Basis of and justification for the Proposed Subscription

Based on Section 2.2, Part A of the Circular, MRCB intends to participate in the Proposed Placement and had given the Undertaking to subscribe for up to 34,568,734 Placement Units at an issue price to be determined later.

We noted that the issue price for the Placement Units shall be determined by way of bookbuilding exercise. In any event, the Placement Units will be priced at not more than 10% discount to the 5-day volume weighted average market price of the Units immediately preceding the price-fixing date. Further, we also note that MRCB, which is a major unitholder of Sentral REIT, will not participate in the bookbuilding exercise in relation to the Proposed Placement and will not influence the manner in which the book builds or the determination of the issue price of the Placement Units. MRCB shall accept the final price as determined by the bookbuilding exercise and announced by Sentral REIT on Bursa Securities.

In terms of the Placement Units, we noted that the undertaking given by MRCB to subscribe up to 34,568,734 Placement Units is equivalent to approximately 27.94% of 123,720,000 new Units, which is the total number of Placement Units to be issued under the Proposed Placement by Sentral REIT. The undertaking provided by MRCB to subscribe for such number of Placement Units allows MRCB to maintain its unitholding level of 27.94%, as at the LPD, in the enlarged unitholders' capital of Sentral REIT after the completion of the Proposed Placement.

Additionally, we also noted that the Proposed Placement will be implemented in a single tranche. As compared to a multiple tranches scenario, this would allow Sentral REIT to avoid potential timing gaps and fluctuations in market prices, thereby reducing the possibility of Sentral REIT not being able to raise the required amount of proceeds or, alternatively, require additional bank borrowings to meet the shortfall, in the event of a decline in the market price of Sentral REIT units. Additionally, the implementation in a single tranche may expedite the completion of the Proposed Placement by Sentral REIT and as such, realise the benefits from the utilisation of the proceeds raised more expeditiously. However, the single tranche represents a single opportunity for Sentral REIT to identify the places that would be willing to subscribe for the large number of Placement Units within the timeframe of the Proposed Placement, and in the event Sentral REIT is unable to secure sufficient take up for the Proposed Placement, it will not be able to raise the required amount of proceeds or, would require additional bank borrowings.

Premised on the above, we are of the view that the subscription price is deemed fair as the price of the Placement Units would be fixed and priced the same for all subscribers of the Placement Units. Further, we are of the view that the Proposed Subscription is deemed fair and reasonable because the number of Placement Units that MRCB intends to subscribe will enable MRCB to maintain its unitholding level in the enlarged unitholders' capital of Sentral REIT and therefore enable MRCB to continue to enjoy the recurring income and share the profits of Sentral REIT via income distribution.

11. SALIENT TERMS OF THE SPA

Our comments on the salient terms of the SPA as extracted from Appendix III of the Circular are as follows:

Salient terms of the SPA	PIVB's comments
<p>1. Agreement to sell and to purchase</p> <p><i>PWSB agrees to sell and MTB agrees to purchase, the Property and the benefit and obligations in respect of the Lease and several tenancies and/or lease(s) in respect of the Property granted by PWSB (“Existing Tenancies”), at the Disposal Consideration free from all encumbrances (save for the Lease and the Existing Tenancies) together with all rights, title and interest, subject however to the conditions, category of use and restrictions of title of the Land, expressed or implied, in the titles to the Land, upon the terms and conditions of the SPA.</i></p>	<p>The term is reasonable as it stipulates that the sale and assignment of the rights, title and interest in the Property, is free from any encumbrances save for the Lease and the Existing Tenancies. For information purposes, the rights and restrictions in interest of the Land states that the Land can be transferred, leased or charged with the consent of the state authority, which is reasonable for properties of such nature. We note that the registration of transfer of the Property from PWSB to MTB can only be made upon Completion.</p>
<p>2. Disposal Consideration and payment terms</p> <p>(i) Manner of payment of Disposal Consideration</p> <p><i>Subject to the adjustment provided for in paragraph 2(ii) below (if applicable), the Disposal Consideration payable for the sale and purchase of the Property shall be RM450 million only, which has been arrived at based on the value as stated in the Valuation Certificate and shall be paid and/or satisfied by MTB as follows:</i></p> <p>(a) <i>upon the execution of SPA, MTB has paid the Deposit to PWSB; and</i></p> <p>(b) <i>the remaining balance of 98% of the Disposal Consideration, being RM441,000,000.00 only shall be paid by MTB to PWSB on or before the Completion Date or the Extended Completion Date, as the case may be.</i></p> <p>(ii) Adjustment</p> <p>(a) <i>PWSB and MTB acknowledge and agree that the Valuer has been engaged by MTB for the purposes of independently determining the current market value of the Property.</i></p> <p>(b) <i>In the event that the open market value of the Property shall be varied/adjusted pursuant to comments provided by any appropriate authorities in respect of the Valuation Certificate or the Valuation Report and/or variation in the Valuation Certificate or the Valuation Report, the Disposal Consideration shall be adjusted upwards or downwards accordingly (“Disposal Consideration Adjustment”), and the Disposal Consideration shall accordingly be deemed to be the sum as adjusted in accordance with paragraph 2(ii)(c) below.</i></p>	<p>The term is reasonable as it is a normal commercial term mutually agreed by the parties. The amount of Deposit, which has been paid upon signing of the SPA on 25 July 2023, is reasonable as it is a common practice in transaction of such nature.</p> <p>We also note that pursuant to the terms of the SPA, in the event the SPA is terminated due to default by the Vendor, the Vendor is required to refund the Deposit and all monies paid by the Purchaser free of interest. We are of the view that such clause is common practice for transactions of such nature.</p> <p>The term is reasonable as it sets out that both parties agree that in the event of adjustment on market value of the Property due to comments by any appropriate authorities and/or variation in the Valuation Certificate or the Valuation Report, the revised market value of the Property shall be the Disposal Consideration and the adjustment limit will be capped at a level of upward or downward by 3% of the initial Disposal Consideration.</p>

Salient terms of the SPA	PIVB's comments
<p>(c) <i>Notwithstanding the foregoing provisions and any other provision of the SPA:</i></p> <p>(1) <i>if the Disposal Consideration Adjustment shall amount to an upward adjustment of 3% or more of the Disposal Consideration, MTB shall be entitled to give notice to PWSB immediately terminating the SPA; and</i></p> <p>(2) <i>if the Disposal Consideration Adjustment shall amount to a downward adjustment of 3% or more of the Disposal Consideration, PWSB shall be entitled to give notice to MTB immediately terminating the SPA; and</i></p> <p>(3) <i>none of the parties is required to pay any damages whatsoever for termination arising from Disposal Consideration Adjustment.</i></p>	<p>In the event of an upwards adjustment of 3% or more, the Purchaser is entitled to terminate the transaction, whereas a downward adjustment of 3% or more allows the Vendor to terminate the SPA.</p> <p>In view of the above, we note that the Disposal Consideration Adjustment whether upwards or downwards, is not detrimental to either party.</p>
<p>3. Conditions precedent</p> <p>(i) Conditions Precedent</p> <p><i>The sale and purchase of the Property is subject to and conditional upon the following conditions precedent (collectively, the “Conditions Precedent”) all to be fulfilled or obtained within the period of six (6) months from the date of the SPA, or such longer period or periods, if any, as PWSB and MTB may mutually agree in writing (“Conditional Period”):</i></p> <p>(a) <i>PWSB obtaining, at its own cost and expense, the following:</i></p> <p>(1) <i>the approval from the shareholder of PWSB, and if required, the shareholders of its holding company, MRCB, for the disposal of the Property to MTB;</i></p> <p>(2) <i>the written consent from the relevant state authority to transfer the Property from PWSB to MTB; and</i></p> <p><i>Note: For information purposes, the registration of a valid and registrable memorandum of transfer in respect of the Property from PWSB to MTB is an administrative step post-Completion to register MTB (acting solely in the capacity as trustee for Sentral REIT) as the registered proprietor of the Property with the relevant land registry, which can only be done upon Completion i.e. only after PWSB having received the Disposal Consideration in full made by MTB.</i></p> <p>(3) <i>the written consent from Celcom Berhad as the registered lessee for the transfer of the Property from PWSB to MTB in form and substance acceptable to the Purchaser, which was obtained vide Celcom Berhad’s letter dated 21 August 2023;</i></p> <p>(b) <i>MTB obtaining, at its own cost and expense, the following:</i></p> <p>(1) <i>the approval of the non-interested unitholders of Sentral REIT with respect to the acquisition of the Property and the issuance of the Placement Units pursuant to the Proposed Placement;</i></p> <p>(2) <i>the approval from Bursa Securities for the listing of and quotation for the Placement Units on the Main Market of Bursa Securities;</i></p>	<p>The term is reasonable as it sets out the approvals/procedures which are customary to facilitate the completion of the Proposed Disposal. We note that the registration of transfer of the Property from PWSB to MTB can only be made upon Completion.</p>

Salient terms of the SPA	PIVB's comments
<p>(3) <i>the letter of commitment or confirmation in relation to the loan or credit facility granted or to be granted by the banks or financier institution ("MTB's Financier") to MTB to assist MTB in the purchase of the Property, including the issuance of any debt instrument to be subscribed or purchased by MTB's Financier issued by MTB's Financier (or in the case of debt instrument, the letter of commitment from MTB's Financier to the arranger of debt instrument) and accepted by MTB or MTB's special purpose company which will be used for the aforesaid purposes;</i></p> <p>(4) <i>written confirmation issued by MTB that it has received the proceeds from the Proposed Placement; and</i></p> <p>(5) <i>if the due diligence findings on the Property are satisfactory to MTB, written confirmation by MTB of the same; or if the due diligence findings on the Property are not satisfactory to MTB</i></p> <p style="padding-left: 40px;">(A) <i>subject to PWSB's rectification of the non-satisfactory findings within 14 business days from the date of MTB's request or such longer period as may be agreed by MTB, written confirmation from MTB that the due diligence findings have been rectified to its satisfaction; or</i></p> <p style="padding-left: 40px;">(B) <i>written confirmation by MTB to accept the extension period for the rectification of the non-satisfactory findings; and</i></p> <p>(e) <i>PWSB, at its own cost and expense, and MTB, at the cost and expense of Sentral REIT, procuring the undertaking of a valuation exercise on the Property by the Valuer whereby a written report shall be prepared by the Valuer (which shall be addressed separately to PWSB and Sentral REIT) to determine the valuation of the Property in such written report.</i></p>	

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Salient terms of the SPA	PIVB's comments
<p>(ii) Non-Satisfaction/Waiver</p> <p><i>To the extent that failure to satisfy any of the Conditions Precedent does not contravene any law or regulations issued by the Securities Commission Malaysia or Bursa Securities, PWSB and MTB may mutually agree to waive any of the Conditions Precedent which are to be satisfied by any of the parties.</i></p> <p><i>If any of the Conditions Precedent are not satisfied or waived on the last day of the Conditional Period, or if any of the requisite approval(s) or consent(s) required for the fulfilment of the Conditions Precedent has been rejected or refused to be granted by the appropriate authorities or the relevant parties at any time prior to the expiry of the Conditional Period, then either PWSB or MTB shall be entitled to give notice to the other party immediately terminating the SPA in accordance with the terms and conditions of the SPA, and the SPA shall lapse and none of the parties shall have any claim against the other party, save for antecedent breach, and PWSB shall thereafter be at liberty to sell, transfer or otherwise dispose of the Property to any third party either by public auction or private contract and at such time and place and subject to such conditions and in such manner as PWSB shall think fit without the necessity of previously tendering or offering to sell to MTB and without having to account to MTB for any profit made on such resale or disposal.</i></p> <p>(iii) Unconditionally</p> <p><i>The SPA will become unconditional on the day upon which the last of the Conditions Precedent (which have not been waived in writing) have been fulfilled in accordance with the provisions of the SPA. In the event that any Condition Precedent remains unfulfilled after all other Condition Precedent have been fulfilled and such Condition Precedent is waived by the relevant party or by the parties in accordance with the terms of the SPA, the SPA will become unconditional on the day upon which such unfulfilled Conditions Precedent is waived.</i></p>	<p>The term is reasonable as it provides an avenue where in the event the Conditions Precedent are not satisfied or waived, either of the parties are entitled to terminate the SPA and the Vendor will have the liberty to sell, transfer or dispose the Property to any interested party at its discretion.</p> <p>The term is reasonable as it sets out the condition for the transaction to become unconditional.</p>
<p>4. Completion</p> <p>(i) Completion of sale and purchase of the Property</p> <p><i>The completion of the sale and purchase of the Property shall take place on the day on which the obligations of MTB in respect of the satisfaction of the Disposal Consideration are duly completed in accordance with the SPA at the office of PWSB.</i></p> <p>(ii) Novation of Existing Tenancies and other agreements in respect of the Property</p> <p><i>On the Completion Date or the Extended Completion Date, PWSB shall, at the cost and expense of PWSB, deliver to MTB's solicitors the duly executed novation agreement (or in cases where the Existing Tenancies or agreements are not capable of being novated but which are capable of being assigned, the deed of assignment in respect of such Existing Tenancies or other agreements).</i></p> <p><i>The novation agreement (or assignment, as the case may be) shall only take effect on the Completion Date or the Extended Completion Date. Where the Lease or any of the Existing Tenancies are not novated, MTB shall keep PWSB harmless and fully indemnified against all actions, proceedings, claims, demands, penalties, costs and expenses which may be brought or made against or reasonably incurred by PWSB by reason of or on account of the non-observance of all or any of the stipulations and conditions on the part of MTB in respect such Lease or Existing Tenancies or otherwise howsoever after Completion.</i></p>	<p>The term is reasonable as it sets out the event that the Proposal Disposal is deemed completed upon the satisfaction of the Disposal Consideration.</p> <p>The term is reasonable as it sets out the procedures for the novation of the Existing Tenancies and other agreements upon completion of the Proposed Disposal.</p>

Salient terms of the SPA	PIVB's comments
<p data-bbox="320 203 496 226">5. Termination</p> <p data-bbox="376 241 735 271">(i) Termination on default by PWSB</p> <p data-bbox="411 284 1031 551"><i>In the event that there is a default by PWSB to complete the Proposed Disposal in accordance with the terms and conditions of the SPA or in the event any representation, warranty or undertaking of PWSB is not true or accurate or is not complied with in any material respect, MTB shall give to PWSB a one (1) month's notice to rectify the alleged breach or default as stipulated in the said notice. In the event PWSB fails to rectify the alleged breach or default within the said one (1) month, MTB shall be entitled at its sole and absolute discretion to do either of the following (by notice in writing to PWSB):</i></p> <p data-bbox="411 566 911 595"><i>(a) to require specific performance of the SPA; or</i></p> <p data-bbox="411 607 1031 768"><i>(b) to terminate the SPA and PWSB shall within 14 business days refund to MTB, or if to the extent paid by MTB's Financier, to MTB's Financier, the Deposit and all the monies paid by MTB under the SPA free of interest and MTB shall, save and except for below, at PWSB's own cost and expense attend to the following:</i></p> <p data-bbox="467 784 1031 1025"><i>(I) in the event that MTB's Financier's caveat cannot be withdrawn for any reason whatsoever, procure the execution of a fresh withdrawal of private caveat form from MTB's Financier and deliver the same to PWSB together with the requisite registration fee and, if the private caveat is not withdrawn, cause to be withdrawn such private caveat lodged by MTB's Financier or MTB's Financier's solicitors on the document of title (if any);</i></p> <p data-bbox="467 1041 1031 1283"><i>(II) redeliver legal possession for those parts of the Property which have been rented under the Existing Tenancies and vacant possession of the said Property in their original state and condition (fair wear and tear excepted) for those parts of the Property which have not been rented under the Existing Tenancies in its original state and condition to PWSB (if legal and/or vacant possession has been delivered earlier to MTB);</i></p> <p data-bbox="467 1299 1031 1563"><i>(III) if not presented/registered at the land registry or if presented but rejected by the land registry, to return all PWSB's documents (including but not limited to the completion documents if already delivered) and any documents evidencing PWSB's rights on the said Property to PWSB in their original state and condition and with PWSB's rights thereto as the registered owner of the Property remaining intact (if the same or any have been delivered to MTB's solicitors or MTB's Financier's solicitors);</i></p> <p data-bbox="467 1579 1031 1872"><i>(IV) execute and deliver to PWSB the original deed(s) of novation or re-assignment, as the case may be, in respect of the Lease and the Existing Tenancies for the novation and transfer of all the rights, benefits, interest and obligations of PWSB in the Lease and the Existing Tenancies, warranties, guarantees, maintenance agreements or the re-assignment of all the rights, benefits and interest of PWSB to MTB, as applicable which have been novated or assigned to MTB on the Completion Date or the Extended Completion Date; and</i></p> <p data-bbox="467 1888 1031 2007"><i>(V) in the event any of the licences are issued in the name of MTB, provide full co-operation to PWSB at PWSB's costs and expense, to enable PWSB to apply for any licences to be reissued in the name of PWSB.</i></p>	<p data-bbox="1054 284 1382 443">The term is reasonable as it serves to protect the interests of the Purchaser if there is a default by the Vendor, and it sets out the procedures and consequences of default by the Vendor.</p>

Salient terms of the SPA	PIVB's comments
<p>(ii) Termination on default by MTB</p> <p><i>In the event that MTB fails to satisfy the Disposal Consideration or any part thereof or to complete the sale and purchase of the Property in accordance with the terms and conditions of the SPA or in the event any representation, warranty or undertaking of MTB is not true or accurate or is not complied with in any material respect by Completion, save for non-payment of the Disposal Consideration or any part thereof, PWSB shall give to MTB one (1) month's notice to rectify the alleged breach or default as stipulated in the said notice. In the event that MTB fails to rectify the alleged breach or default within the said one (1) month, PWSB is entitled at its sole and absolute discretion to do either of the following (by notice in writing to MTB):</i></p> <p><i>(a) to require specific performance of the SPA; or</i></p> <p><i>(b) to terminate the SPA and upon the termination of the SPA, PWSB shall refund to MTB, or if to the extent paid by MTB's Financier, to MTB's Financier, the Deposit and all the monies paid by MTB or MTB's Financier (to the extent paid by MTB's Financier) under the SPA free of interest and MTB shall:</i></p> <p><i>(I) in the event that MTB's Financier's caveat cannot be withdrawn for any reason whatsoever, procure at MTB's own cost and expense, the execution of a fresh withdrawal of private caveat form from MTB's Financier and deliver the same to PWSB together with the requisite registration fee and, if the private caveat is not withdrawn, cause to be withdrawn such private caveat lodged by MTB's Financier or MTB's Financier's solicitors on the document of title (if any);</i></p> <p><i>(II) redeliver legal possession for those parts of the Property which have been rented under the Existing Tenancies and vacant possession for those parts of the Property which have not been rented under the Existing Tenancies in its original state and condition (fair wear and tear excepted) to PWSB (if legal and/or vacant possession has been delivered earlier to MTB);</i></p> <p><i>(III) if not presented/registered at the land registry or if presented but rejected by the land registry, to return all PWSB's documents (including but not limited to the completion documents if already delivered) and any documents evidencing PWSB's rights on the said Property to PWSB in their original state and condition and with PWSB's rights thereto as the registered owner of the Property remaining intact (if the same or any have been delivered to MTB's solicitors or MTB's Financier's solicitors);</i></p> <p><i>(IV) execute and deliver to PWSB the original deed(s) of novation or re-assignment, as the case may be, in respect of the Lease and the Existing Tenancies for the novation and transfer of all the rights, benefits, interest and obligations of PWSB in the Lease and the Existing Tenancies, warranties, guarantees, maintenance agreements or the re-assignment of all the rights, benefits and interest of PWSB to MTB, as applicable which have been novated or assigned to MTB on the Completion Date or the Extended Completion Date;</i></p>	<p>The term is reasonable as it serves to protect the interests of the Vendor if there is a default by the Purchaser, and it sets out the procedures and consequences of default by the Purchaser.</p>

Salient terms of the SPA	PIVB's comments
<p>(V) in the event any of the licences are issued in the name of MTB, provide full co-operation to PWSB at MTB's costs and expense, to enable PWSB to apply for any licences to be reissued in the name of PWSB; and</p> <p>(VI) pay the stamp duty in respect of all such novation and re-assignments.</p> <p>(iii) Non-registration of Transfer</p> <p>(a) If the transfer through a valid and registrable memorandum of transfer in respect of the Property ("Transfer") cannot be registered for any reason whatsoever other than through any default of MTB or MTB's Financier or any of their solicitors, PWSB and MTB shall work together to procure the registration of the Transfer. If the matter giving rise to the non-registration cannot be rectified within six (6) months or such extended period as PWSB and MTB may mutually agree, MTB may by a notice in writing to PWSB terminate the SPA in accordance with the terms and conditions of the SPA ("Termination Notice").</p> <p>(b) Upon receipt of the Termination Notice, PWSB shall within 14 business days from the date of the Termination Notice refund or caused to be refunded to MTB, or if to the extent paid by MTB's Financier, to MTB's Financier, all the monies paid by MTB under the SPA free of interest in exchange for the following:</p> <p>(I) in the event that MTB's Financier's caveat cannot be withdrawn for any reason whatsoever, procure at MTB's own cost and expense, the execution of a fresh withdrawal of private caveat form from MTB's Financier and deliver the same to PWSB together with the requisite registration fee and, if the private caveat is not withdrawn, cause to be withdrawn such private caveat lodged by MTB's Financier or MTB's Financier's solicitors on the document of title (if any);</p> <p>(II) redeliver legal possession for those parts of the Property which have been rented under the Existing Tenancies and vacant possession of the said Property for those parts of the Property which have not been rented under the Existing Tenancies in its original state and condition (fair wear and tear excepted) to PWSB (if legal and/or vacant possession has been delivered earlier to MTB); and</p> <p>(III) the Transfer, original issue document of title and other documents delivered to MTB's solicitors or MTB's Financier's solicitor, rentals and existing tenants' deposit in accordance with the terms of the SPA.</p>	<p>The term is reasonable as it sets out the procedures in the event of non-registration of the Transfer. If the Transfer cannot be registered, we note that the Purchaser may terminate the SPA and the Vendor shall refund all monies paid by the Purchaser within 14 business days upon receipt of the Termination Notice from the Purchaser.</p>

Premised on the above, we are of the opinion that the terms contained in the SPA are reasonable as far as the interests of MRCB are concerned and that the salient terms are not detrimental to the interests of the non-interested shareholders of MRCB.

12. EFFECTS OF THE PROPOSALS

In our evaluation, we have also considered the effects arising from the Proposals as set out in Section 6, Part A of the Circular.

12.1 Share capital and substantial shareholders' shareholdings

We noted that the Disposal Consideration and subscription consideration to be paid by MRCB for the Proposed Subscription will be satisfied entirely in cash. Therefore, the Proposals will not involve any issuance of new MRCB Shares and will not have any effect on the issued share capital and substantial shareholders' shareholdings of MRCB.

12.2 NA per share and net gearing

We note that upon the completion of the Proposed Disposal, the Group is expected to realise a pro forma gain of approximately RM52.56 million pursuant to the Proposed Disposal, after deducting amongst others the audited net book value of the Property as at 31 December 2022, consolidation adjustment, estimated expenses in relation to the Proposals and deferred taxation as disclosed in Section 2.1.8, Part A of the Circular.

We also note that the pro forma NA per Share and net gearing will improve upon completion of the Proposed Disposal as follows:

Minimum Scenario

	Audited as at 31 December 2022	After the Proposals
NA per Share (RM)	1.01	1.02
Gearing ratio (times)	0.45	0.40
Net gearing ratio (times)	0.32	0.27

Maximum Scenario

	Audited as at 31 December 2022	Assuming all the outstanding Warrants are exercised	After the Proposals
NA per Share (RM)	1.01	1.04	1.05
Gearing ratio (times)	0.45	0.40	0.36
Net gearing ratio (times)	0.32	0.18	0.14

12.3 EPS

The pro forma EPS of the Company for the FYE 31 December 2022 will improve after the completion of the Proposed Disposal from 1.45 sen to 2.42 sen under the Minimum Scenario and from 1.32 sen (assuming all the outstanding Warrants are exercised) to 2.21 sen under the Maximum Scenario.

The aforementioned increase was after taking into consideration the following:

- (i) interest cost savings from the prepayment of the RHB Term Loans of RM10.79 million;
- (ii) pro forma gain arising from the Proposed Disposal of RM52.56 million;
- (iii) loss of net property income from the Proposed Disposal of RM14.82 million;
- (iv) impairment of goodwill upon disposal of the Land of RM2.91 million; and
- (v) charge-out of balance unamortised issuance cost upon prepayment of the RHB Term Loans of RM2.14 million.

Premised on the above, we are of the opinion that the pro forma effects of the Proposals are not detrimental to the interests of the non-interested shareholders of MRCB.

13. RISK FACTORS

In Section 5, Part A of the Circular, we note that the Board had identified various risk factors which are by no means exhaustive, relating to the Proposals. The risk factors identified and summarised together with our views are as follows:

(i) Non-completion of the Proposed Disposal

We note that the Proposed Disposal is conditional upon, amongst others, the fulfillment of the conditions precedent stipulated in the SPA within the stipulated timeframe. The non-fulfillment of the conditions precedent may result in the SPA being terminated and the potential benefits to be derived from the Proposed Disposal may not be realised.

Nevertheless, we note that MRCB will take reasonable steps to ensure that every effort is made to fulfill and comply with the conditions precedents set out in the SPA and to complete the Proposed Disposal in a timely manner.

(ii) Loss of rental income from the Property

We note that MRCB, prior to the Proposed Disposal, has direct ownership and full control over the Property and are able to consolidate the earnings generated by the Property, which will subsequently accrue to the shareholders of MRCB in the form of dividends declared and paid by MRCB. However, after the completion of the Proposed Disposal, MRCB will not own the Property and as such would not be able to directly consolidate the earnings generated from the Property. Nevertheless, the Group will continue to have an indirect interest in the Property, as well as other property assets held by Sentral REIT, via MRCB's unitholdings in Sentral REIT. This will result in MRCB being able to continue benefiting from the income generated by the Property as well as other property assets under the portfolio of Sentral REIT through the distributions and share of profits from Sentral REIT.

However, the aforementioned distributions and share of profits from Sentral REIT would depend on, amongst others, the financial performance of the Property and other Investment Properties under Sentral REIT's portfolio. As such, there can be no assurance that the contribution from holding units in Sentral REIT would be greater than the contribution by directly holding the Property. Nonetheless, MRCB by way of its equity interest in SRM, being the Manager, will be able to provide its expertise to the management of the Manager thus allowing MRCB to have continued participation in the administration related to the operation of the Property.

(iii) Loss of key tenants or a downturn in the business of these tenants

We note that the Investment Properties held in Sentral REIT's portfolio have tenancy cycles in which a substantial number of tenancies will expire in certain years. The bankruptcy, insolvency or a downturn in the business of any key tenants, as well as any non-renewal by any key tenant could further adversely affect Sentral REIT's financial condition and results of its operations. The loss of key tenants could reduce the attractiveness of the Investment Properties to potential tenants and result in the Sentral REIT being unable to retain existing tenants. The aforementioned factors could also lead to less favourable rental rates and other terms as compared to the original terms of tenancy.

Notwithstanding the above, we note that the Company, by way of its participation in the Manager via its equity interest in the Manager and drawing from its extensive experience in property investment, will be able to contribute to the formulation and implementation of appropriate leasing and marketing strategies for Sentral REIT to minimise such risks which are within the Company's control.

(iv) The Investment Properties may face increased competition from other properties

The property industry is increasingly competitive as new properties that cater to the changing preferences of potential tenants may be developed, which may reduce the attractiveness and interest by potential tenants in the Investment Properties in the future. As such, the income from and the market value of the Investment Properties will be dependent on their ability to compete against other properties.

Despite the aforementioned, we note that MRCB by way of its participation in the Manager via its equity interest in the Manager, will be able to contribute its expertise to assist Sentral REIT in reviewing its marketing and asset improvement strategies. This is to ensure that Sentral REIT continues to upkeep and upgrade their Investment Properties to maintain its competitiveness in the property industry.

(v) The Investment Properties are subject to operating risks

We note that the Investment Properties are subject to various operation risks such as changes in statutory laws, regulations or government policies which may increase the cost of compliance with such laws, regulations and policies. These factors may have an adverse impact on the value of the Investment Properties and rental income derived from the Investment Properties.

Nevertheless, we note that MRCB will continue to keep abreast with the changes in general economic conditions and latest development policies and by way of its participation in the Manager via its equity interest in the Manager, would ensure that Sentral REIT implements the necessary strategies in order to control and safeguard against such risks.

(vi) Volatility of Unit price

We note that trading price of the Units is subject to price fluctuations which may be the result of, amongst others, Sentral REIT's financial performance, changes in general economic conditions, changes in accounting principles, as well as other factors which may affect and cause the price of Units to fluctuate. Further, the volatility of the price of the Units may potentially be caused by factors which are beyond the control of the Company and/or Sentral REIT.

However, we noted that such risk is mitigated as the Company's investment in Sentral REIT is intended as a long-term investment and the Company is also expected to benefit from the future income distributions by Sentral REIT, as well as the Company's share in the profits of Sentral REIT.

We note that although measures will be taken by the Group to contain or mitigate the risks highlighted arising from the Proposals, no assurance can be given that the risks will not crystallise and give rise to material and adverse impact on the financial position and business of the Company. Notwithstanding the above, we note that the Group is already exposed to the inherent risks associated with the property development industry since the incorporation of MRCB in 1968, as well as risks inherent to property investment as MRCB is also a unitholder in Sentral REIT since 2015. As such, the Group is not expected to be exposed to new business and investment risks as a result of the Proposals.

14. INDUSTRY OUTLOOK AND PROSPECTS OF THE GROUP

The Malaysian economy expanded moderately in the second quarter of 2023 (2.9%; 1Q 2023: 5.6%), weighed mainly by slower external demand. Domestic demand remained the key driver of growth, supported by private consumption and investment. Household spending was supported by further growth in employment and wages. Meanwhile, investment activity was underpinned by capacity expansion, progress of multi-year projects and higher fixed asset spending by the government. Continued recovery in inbound tourism partially offset the slower goods export growth. Growth during the quarter was also affected by the high base effect in the second quarter of 2022 when the economy experienced strong growth from reopening effects and policy measures. On the supply side, the services and construction sectors continued to support growth. Meanwhile, production in the agriculture and mining sectors were affected by hot weather and plant maintenance. On a quarter-on-quarter seasonally-adjusted basis, the economy grew by 1.5% (1Q 2023: 0.9%).

With the challenging global environment, the Malaysian economy is projected to expand close to the lower end of the 4.0% to 5.0% range in 2023. Growth will continue to be supported by domestic demand amid improving employment and income as well as implementation of multi-year projects. Tourist arrivals are expected to continue rising, which would support tourism-related activities. Governor Datuk Abdul Rasheed Ghaffour explained, "Risks to Malaysia's growth outlook is subject to downside risk stemming primarily from weaker-than-expected global growth. There are, however, upside risk factors such as stronger-than-expected tourism activity and faster implementation of projects."

(Source: Economic and Financial Developments in the Malaysian Economy in the 2nd Quarter of 2023, Bank Negara Malaysia)

According to the Property Market Report 2022, the property market recorded an increase in 2022 supported by a better performance in all sectors compared to the previous year. In 2022, total transactions volume and value increased by 29.5% and 23.6%, respectively to 389,107 transactions and RM179.07 billion (2021: 300,497 transactions; RM144.87 billion). Total transactions volume in 2022 is the highest volume recorded within the period of 10 years (2012: 427,520 transactions) whilst total transactions value is higher than the previous record high in 2014 (RM162.97 billion).

Several initiatives which outlined under Budget 2022 by the government to a certain extent helped improve property market activities which includes, amongst other, the following:

- (i) RM1.5 billion allocations for low-income groups housing projects i.e. rumah mesra rakyat and maintenance assistance programmes;
- (ii) Lifting the imposition of Real Property Gains Tax on the disposal of properties in the 6th year onwards by Malaysian citizens, permanent residents and other than companies; and
- (iii) Guarantees of up to RM2 billion to banks via Skim Jaminan Kredit Perumahan in assisting gig works, small entrepreneurs and farmers in obtaining home financing.

There were 243,190 transactions worth RM94.28 billion recorded in 2022, increased by 22.3% in volume and 22.6% in value as compared with 2021. Secondary market formed about 80.0% (194,749 transactions) of the total transactions while primary market (purchase from developers) formed nearly 20.0% (48,441 transactions).

The commercial property sub-sector recorded a further increase in market activity in 2022. There were 32,809 transactions worth RM32.61 billion recorded in 2022, increased by 46.3% in volume and 16.7% in value as compared with 2021 (22,428 transactions worth RM27.94 billion). The increase in all states and major transactions involving shopping complex and purpose-built office recorded in the review period contributed to the overall improved market.

The year recorded nine shopping complex transactions with an accumulative worth of RM377.9 million. The performance of shopping complex continued to moderate in 2022, as the occupancy rate declined to 75.4%.

For purpose-built office, 20 transactions with an accumulated worth of RM1.36 billion were recorded in 2022. The overall performance of office segment continued to soften in the review period as the overall occupancy rate declined further to 78.5%, down from 78.9% in 2021. The office rental market portrayed mixed performance in 2022. In Kuala Lumpur, several office buildings witnessed double digit growth namely Menara Perak (16.9%) and Wisma Boustead (15.7%). A higher rental was seen at Wisma Genting, Jalan Sultan Ismail ranging between RM118.41 per square meter (“p.s.m”) to 131.32 p.s.m. In Selangor, the office rentals were generally stable with monthly rental range of RM40 – RM50 p.s.m. except for office spaces on the ground floor/level 1 in Damansara Uptown 1 & 2, ranging from RM107.85 p.s.m. to RM155.00 p.s.m. whilst office space at mezzanine floor, Sunway Pinnacle were tenanted at monthly rental range.

The property market in 2023 is expected to continue its momentum with various initiatives outlined by the government under the revised Budget 2023.

As the country’s GDP growth is projected to be moderately lower than the previous year and in line with other countries in the region, the property market performance is expected to be cautiously optimistic given the unpredictable external environment. The accommodative policies, continuous government support, well execution of measures outlined in the revised Budget 2023 and the proper implementation of strategies and initiatives under the RMK12 are expected to remain supportive of the property sector.

(Source: Property Market Report 2022, Valuation and Property Services Department, Ministry of Finance)

In view of the outlook of the Malaysian economy and the property market, it represents an opportune time for MRCB to unlock the value of its investment properties, such as via the Proposed Disposal. The Proposed Disposal would be able to contribute to the profitability of the Group as it is expected to result in a pro forma gain of RM52.56 million. We also note that the cash proceeds raised from the Proposed Disposal would be utilised for the prepayment of the RHB Term Loans, which is expected to result in additional interest savings and reduce the gearing of the Group, as well as funding of working capital, which is expected to improve the cash flow of the Group. The aforementioned would also improve the debt capacity of the Group, which will provide more financial flexibility for the Group to raise any future funding if required.

In addition to the above, we also note that the Proposed Disposal would allow the Group to enjoy recurring income from the Property via future income distributions by Sentral REIT, based on MRCB's unitholdings in Sentral REIT, as well as provide an avenue for the Group to realign its property investments in a more efficient structure through investment in a REIT. Moreover, the Group would be able to de-risk itself from the responsibilities of managing the Property and be able to redirect its time and resources towards its other projects. Further, we note that the investment objective of Sentral REIT with intention to provide long-term growth and sustainable distribution of income to its unitholders will bode well for MRCB as one of such unitholders and the Proposed Subscription will further allow MRCB to maintain its proportionate share of such distributions.

Upon completion of the Proposed Subscription, the Group would be able to prevent its unitholdings from being diluted and be able to maintain their unitholdings in Sentral REIT. This also demonstrates the Group's commitment and support of the continued growth of Sentral REIT. Sentral REIT is expected to benefit from the inclusion of the Property in its asset portfolio, as the Property is strategically located in the prime commercial hub within Petaling Jaya, has the LEED Gold Green Building rating and has long-term steady stream of rental income from its existing tenant. Additionally, we also noted that it is expected to increase the asset size, geographical diversity, tenant mix of Sentral REIT's asset portfolio. Further, the inclusion of the Property in Sentral REIT's asset portfolio is also expected to enhance Sentral REIT's distribution and improve total unitholders' returns in the long-run.

The Group is also expected to benefit from projects in its pipeline which include construction projects such as the development and construction of the new headquarters of the National Film Development Corporation Malaysia (FINAS), as well as a flood mitigation project for Sungai Pahang in Daerah Pekan, Pahang. The Group is also expected to benefit from property development projects in its pipeline such as the development and construction of a residential tower known as VISTA located at Gold Coast, Queensland, Australia, *Residensi Tujuh* residential tower located in Kwasa Damansara City Centre, Shah Alam, Selangor, serviced apartments in Bukit Jalil Sentral, as well as *9 Seputeh* residential tower in Seputeh, KL.

Premised on the foregoing, in view of the projected expansion of the Malaysian economy, the expected momentum of the property market in Malaysia, the benefits to the Group and Sentral REIT arising from the Proposals, as well as the projects in the pipeline of the Group, we are of the opinion that there are sufficient merits to the Proposals and are not detrimental to the interests of the non-interested shareholders of MRCB.

15. FURTHER INFORMATION

We advise you to refer to the enclosed appendices contained in the Circular for further information.

16. CONCLUSION AND RECOMMENDATION

We have assessed and evaluated the Proposals holistically, taking into consideration the various factors set out in this IAL. In arriving at our conclusion and recommendation, we have considered and summarised the following pertinent factors, which the non-interested shareholders should consider when forming their views on the Proposals as follows:

Consideration factors	Our evaluation
Rationale and benefits of the Proposals	<p>The Proposals will allow MRCB to achieve the following:</p> <p>(a) unlocking value from investment properties which would allow the Group to recognise a pro forma gain and contribute positively to the profit, cash flow and liquidity position of the Group. The Group will only be disposing the Property at the current valuation and will not be able to enjoy any future appreciation in the value of the Property, if any. Upon completion of the Proposed Disposal, the existing Lease Agreement will be novated to MTB, being the trustee for Sentral REIT. As such, the Group will forgo the rental and service charge income from the Property. Nonetheless, the Group is expected to indirectly receive income from the Property via the income distribution from the Group's unitholdings in Sentral REIT.</p> <p>The Group is required to prepay the RHB Term Loans in the event the Property is disposed pursuant to a mandatory covenant under the RHB Term Loans (which forms part of the facility agreements). For information purposes, the Property is not charged to RHB Islamic Bank as collaterals for the RHB Term Loans. In the event the proceeds are utilised for the repayment of the other facilities, it may result in a breach of contractual obligation by the Group, by virtue of the requirement of an agreed term in the respective RHB Letters of Offer.</p> <p>The utilisation of proceeds raised from the Proposed Disposal for the prepayment of the RHB Term Loans would result in additional interest savings which would improve the future profitability of the Group and improve the cash flow with lower interest expense;</p> <p>(b) recurring income from Sentral REIT Units via the Property as well as other property assets under the portfolio of Sentral REIT. Further, the Group will be able to de-risk itself from the responsibilities of managing the Property; and</p> <p>(c) maintain its unitholding level in Sentral REIT via the Proposed Subscription.</p> <p>Pursuant to the above, we are of the view that the sale of the Property and interest savings arising from the prepayment of existing RHB Term Loans with the cash proceeds from the Proposed Disposal will contribute positively to the profit of the Group. The Proposed Disposal is also expected to improve the cash flow and liquidity position of the Group. Further, the Group will also be able to continue to indirectly enjoy recurring income from the Property subsequent to the Proposed Disposal and also maintain its unitholdings level in Sentral REIT via the Proposed Subscription.</p>
Evaluation of the Proposals	<p>We are of the opinion that the Proposals are fair and reasonable and not detrimental to the interests of the non-interested shareholders as:</p> <p>(i) the Disposal Consideration is priced at the market value of the Property as ascribed by the Valuer of RM450.00 million;</p> <p>(ii) the Disposal Consideration represents a premium of approximately RM76.13 million or 20.36% to the audited NBV of RM373.87 million of the Property as at 31 December 2022; and</p> <p>(iii) price of the Placement Units pursuant to the Proposed Subscription would be fixed and priced the same for all subscribers. Further, we are of the view that the Proposed Subscription is deemed fair and reasonable because the number of Placement Units that MRCB intends to subscribe will enable MRCB to maintain its existing unitholding level in the enlarged unitholders' capital of Sentral REIT.</p>

Consideration factors	Our evaluation																												
Evaluation of the salient terms of the SPA	We are of the opinion that the terms contained in the SPA are reasonable as far as the interests of MRCB are concerned and that the salient terms are not detrimental to the interests of the non-interested shareholders of MRCB.																												
Effects of the Proposals	<p>The Disposal Consideration and subscription consideration to be paid by MRCB for the Proposed Subscription will be satisfied entirely in cash. Therefore, the Proposals will not involve any issuance of new MRCB Shares and will not have any effect on the issued share capital and substantial shareholders' shareholdings of MRCB.</p> <p>We note that upon the completion of the Proposed Disposal, the Group is expected to realise a pro forma gain of approximately RM52.56 million pursuant to the Proposed Disposal, after deducting amongst others the audited NBV of the Property as at 31 December 2022, consolidation adjustment, estimated expenses in relation to the Proposals and deferred taxation.</p> <p>We also note that the pro forma NA per Share and net gearing will improve upon completion of the Proposed Disposal as follows:</p> <p><u>Minimum Scenario</u></p> <table border="1" data-bbox="670 788 1364 974"> <thead> <tr> <th></th> <th>Audited as at 31 December 2022</th> <th>After the Proposals</th> </tr> </thead> <tbody> <tr> <td>NA per Share (RM)</td> <td>1.01</td> <td>1.02</td> </tr> <tr> <td>Gearing ratio (times)</td> <td>0.45</td> <td>0.40</td> </tr> <tr> <td>Net gearing ratio (times)</td> <td>0.32</td> <td>0.27</td> </tr> </tbody> </table> <p><u>Maximum Scenario</u></p> <table border="1" data-bbox="670 1057 1364 1265"> <thead> <tr> <th></th> <th>Audited as at 31 December 2022</th> <th>Assuming all the outstanding Warrants are exercised</th> <th>After the Proposals</th> </tr> </thead> <tbody> <tr> <td>NA per Share (RM)</td> <td>1.01</td> <td>1.04</td> <td>1.05</td> </tr> <tr> <td>Gearing ratio (times)</td> <td>0.45</td> <td>0.40</td> <td>0.36</td> </tr> <tr> <td>Net gearing ratio (times)</td> <td>0.32</td> <td>0.18</td> <td>0.14</td> </tr> </tbody> </table> <p>The pro forma EPS of the Company for the FYE 31 December 2022 will improve after the completion of the Proposed Disposal from 1.45 sen to 2.42 sen under the Minimum Scenario and from 1.32 sen (assuming all the outstanding Warrants are exercised) to 2.21 sen under the Maximum Scenario.</p> <p>The aforementioned increase was after taking into consideration the following:</p> <ul style="list-style-type: none"> (i) interest cost savings from the prepayment of the RHB Term Loans of RM10.79 million; (ii) pro forma gain arising from the Proposed Disposal of RM52.56 million; (iii) loss of net property income from the Proposed Disposal of RM14.82 million; (iv) impairment of goodwill upon disposal of the Land of RM2.91 million; and (v) charge-out of balance unamortised issuance cost upon prepayment of the RHB Term Loans of RM2.14 million. <p>Premised on the above, we are of the opinion that the pro forma effects of the Proposals are not detrimental to the interests of the non-interested shareholders of MRCB.</p>		Audited as at 31 December 2022	After the Proposals	NA per Share (RM)	1.01	1.02	Gearing ratio (times)	0.45	0.40	Net gearing ratio (times)	0.32	0.27		Audited as at 31 December 2022	Assuming all the outstanding Warrants are exercised	After the Proposals	NA per Share (RM)	1.01	1.04	1.05	Gearing ratio (times)	0.45	0.40	0.36	Net gearing ratio (times)	0.32	0.18	0.14
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Net gearing ratio (times)	0.32	0.18	0.14																										

Consideration factors	Our evaluation
Risk factors	<p>The risk factors identified are as follows:</p> <ul style="list-style-type: none"> (a) non-completion of the Proposed Disposal; (b) loss of rental income from the Property; (c) loss of key tenants or a downturn in the business of these tenants; (d) the Investment Properties may face increased competition from other properties; (e) the Investment Properties are subject to operating risks; and (f) volatility of Unit price. <p>We note that although measures will be taken by the Group to contain or mitigate the risks highlighted arising from the Proposals, no assurance can be given that the risks will not crystallise and give rise to material and adverse impact on the financial position and business of the Company. Notwithstanding the above, we note that the Group is already exposed to the inherent risks associated with the property development industry since the incorporation of MRCB in 1968, as well as risks inherent to property investment as MRCB is also a unitholder in Sentral REIT since 2015. As such, the Group is not expected to be exposed to new business and investment risks as a result of the Proposals.</p>
Industry outlook and prospects of the Group	<p>In view of the projected expansion of the Malaysian economy, the expected momentum of the property market in Malaysia, the benefits to the Group arising from the Proposals, as well as the projects in the pipeline of the Group, we are of the opinion that there are sufficient merits to the Proposals and are not detrimental to the interest of the non-interested shareholders of MRCB.</p>

Based on our overall assessment and evaluation above, we are of the opinion that the Proposals are ***fair*** and ***reasonable*** and ***not detrimental*** to the non-interested shareholders of MRCB.

Accordingly, we recommend that the non-interested shareholders ***vote in favour*** of the ordinary resolutions pertaining to the Proposals to be tabled at the forthcoming EGM.

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

Lee Yo-Hunn
Chief Executive Officer

Rachel Ong Ly-Shil
Head
Corporate Finance & Advisory

INFORMATION ON SENTRAL REIT

1. INFORMATION ON SENTRAL REIT

Sentral REIT is a real estate investment trust constituted under Restated Trust Deed dated 2 December 2019 ("**Trust Deed**") and the Supplemental Deed dated 24 December 2020 by SRM, as the Manager of Sentral REIT, and MTB, as the trustee for Sentral REIT. Sentral REIT established its operations in 2006 and was listed on the Main Market of Bursa Securities on 8 January 2007. On 14 April 2015, Sentral REIT, formerly known as Quill Capita Trust, changed its name to MRCB-Quill REIT, and assumed its current name on 11 January 2021. As at the LPD, MRCB holds 27.94% equity interest in Sentral REIT and 80.0% equity interest in the Manager respectively.

The investment objectives of Sentral REIT is to acquire and invest in commercial properties primarily in Malaysia with a view to provide long-term growth and sustainable distribution of income to unitholders and to achieve long-term growth in the net asset value per unit of Sentral REIT. As at LPD, the approved fund size is 1,100,000,000 Units and the issued unitholders' capital is RM1.24 billion.

As at the LPD, the substantial unitholders of Sentral REIT are as follows:

Name	Country of Incorporation / Nationality	Unitholdings as at the LPD			
		Direct		Indirect	
		No. of Units		No. of Units	
		('000)	%	('000)	%
MRCB	Malaysia	299,468	27.94	-	-
EPF	Malaysia	128,626	12.00	-	-
Capitacommercial Trust	Singapore	117,040	10.92	-	-
Quill Land Sdn Bhd	Malaysia	59,040	5.51	-	-

As at the LPD, the management company of Sentral REIT is SRM. The Manager was incorporated in Malaysia under the Companies Act 1965 and deemed registered under the Act under the name of Quill Capita Management Sdn Bhd. Subsequently, it changed its name to MRCB Quill Management Sdn Bhd on 22 May 2015 and assumed its present name on 18 February 2021. The issued share capital of the Manager as at the LPD is RM1,000,000.

As at LPD, the directors of SRM are as follows:

Name	Position
Tan Sri Saw Choo Boon	Non-Independent Non-Executive Chairman
Ann Wan Tee	Non-Independent Non-Executive Director
Kwan Joon Hoe	Non-Independent Non-Executive Director
Datuk Dr. Roslan A. Ghaffar	Independent Non-Executive Director
Datuk Kamalul Arifin Othman	Independent Non-Executive Director
Po Yih Ming	Independent Non-Executive Director

INFORMATION ON SENTRAL REIT (CONT'D)

As at the LPD, the shareholders of SRM are as follows:

Name	Shareholders as at the LPD			
	Direct		Indirect	
	No. of shares		No. of shares	
	('000)	%	('000)	%
MRCB	800	80.00	-	-
Global Jejaka Sdn Bhd	200	20.00	-	-

2. UNIT CAPITAL

The unit capital of Sentral REIT as at the LPD is as follows:

	No. of Units ('000)	RM
Existing unit capital	1,071,783	1,235,876,768

3. SUMMARY OF FINANCIAL INFORMATION

A summary of the financial information of Sentral REIT as extracted from the audited consolidated financial statements of Sentral REIT for the past 3 FYEs 31 December 2020 to 31 December 2022 and FPE 30 June 2023 as follows:

	FYE 2020	FYE 2021	FYE 2022	6 month FPE 30 June 2023
	RM'000	RM'000	RM'000	RM'000
Revenue ⁽¹⁾	164,014	159,603	147,350	75,667
Income before taxation	73,783	68,796	49,692	35,297
Income net of taxation, representing total comprehensive income for the financial year	72,894	70,246	52,274	35,297
Current ratio (times)	0.36	0.61	3.32	2.96
Net asset value	1,323,502	1,317,866	1,291,042	1,289,683
Total asset value	2,227,662	2,180,376	2,146,717	2,144,245
Total borrowings	844,977	805,649	804,494	804,662
Gearing (times) ⁽²⁾	0.38	0.37	0.37	0.38
Issued unitholders' capital	1,235,877	1,235,877	1,235,877	1,235,877
Number of units in circulation ('000)	1,071,783	1,071,783	1,071,783	1,071,783
Net income per unit (sen)	6.80	6.55	4.88	3.29
Net asset value per unit (RM) ⁽³⁾	1.23	1.23	1.20	1.20

Notes:

(1) Consist of both realised and unrealised revenue.

(2) Calculated based on total borrowings over total asset value.

(3) Calculated based on net asset value over number of units in circulation.

INFORMATION ON MTB

1. INFORMATION ON MTB

MTB was incorporated on 12 April 1963 under the Companies Act 1965 and is deemed registered under the Act. It is registered as a trust company under the Trust Companies Act 1949 on 11 November 1963. MTB caters to a wide range of clients, from large corporate bond structures to providing will writing and private trust services for its private clients group. Its product offerings are as follows:

- (i) Corporate trust services where MTB acts as trustee for unit trust, real estate investment trust, private debts securities, e-money, peer-to-peer and equity crowdfunding platforms. MTB also provides corporate escrow and custodian services; and
- (ii) Private trust services where MTB assists individuals in setting up and managing private trust (including Islamic offerings such as hibah takaful trust and hibah trust services), wills/wasiat writing, and estate planning/administration.

As at the LPD:

- (i) MTB has an issued share capital of RM1,000,000 comprising 100,000 ordinary shares;
- (ii) the directors of MTB are as follows:

<u>Name</u>	<u>Designation</u>
Cheng Kee Check	Non-Independent Non-Executive Chairman
Dato' John Chong Eng Chuan	Non-Independent Non-Executive Director
Shirley Goh	Independent Non-Executive Director
Surindar Kaur A/P Gian Singh	Independent Non-Executive Director

- (iii) the shareholders of MTB are as follows:

<u>Name</u>	<u>Direct</u>		<u>Indirect</u>	
	<u>No. of shares</u>	<u>%</u>	<u>No. of shares</u>	<u>%</u>
Malayan Banking Berhad	20,000	20.00	-	-
Maybank (Nominees) Sendirian Berhad	20,000	20.00	-	-
MyFin Berhad	20,000	20.00	-	-
Maybank Nominees (S) Pte Ltd	20,000	20.00	-	-
Aurea Lakra Holdings Sdn Bhd	20,000	20.00	-	-

SALIENT TERMS OF THE SPA

The salient terms of the SPA are set out below:

1. Agreement to sell and purchase

PWSB agrees to sell and MTB agrees to purchase, the Property and the benefit and obligations in respect of the Lease and several tenancies and/or lease(s) in respect of the Property granted by PWSB ("**Existing Tenancies**"), at the Disposal Consideration free from all encumbrances (save for the Lease and the Existing Tenancies) together with all rights, title and interest, subject however to the conditions, category of use and restrictions of title of the Land, expressed or implied, in the titles to the Land, upon the terms and conditions of the SPA.

2. Disposal Consideration and payment terms**(i) Manner of payment of Disposal Consideration**

Subject to the adjustment provided for in paragraph 2(ii) below (if applicable), the Disposal Consideration payable for the sale and purchase of the Property shall be RM450 million only, which has been arrived at based on the value as stated in the Valuation Certificate and shall be paid and/or satisfied by MTB as follows:

- (a) upon the execution of SPA, MTB has paid the Deposit to PWSB; and
- (b) the remaining balance of 98% of the Disposal Consideration, being RM441,000,000 only shall be paid by MTB to PWSB on or before the Completion Date or the Extended Completion Date, as the case may be.

(ii) Adjustment

- (a) PWSB and MTB acknowledge and agree that the Valuer has been engaged by MTB for the purposes of independently determining the current market value of the Property.
- (b) In the event that the open market value of the Property shall be varied/adjusted pursuant to comments provided by any appropriate authorities in respect of the Valuation Certificate or the Valuation Report and/or variation in the Valuation Certificate or Valuation Report, the Disposal Consideration shall be adjusted upwards or downwards accordingly ("**Disposal Consideration Adjustment**"), and the Disposal Consideration shall accordingly be deemed to be the sum as adjusted in accordance with paragraph 2(ii)(c) below.
- (c) Notwithstanding the foregoing provisions and any other provision of the SPA:
 - (1) if the Disposal Consideration Adjustment shall amount to an upward adjustment of 3% or more of the Disposal Consideration, MTB shall be entitled to give notice to PWSB immediately terminating the SPA; and
 - (2) if the Disposal Consideration Adjustment shall amount to a downward adjustment of 3% or more of the Disposal Consideration, PWSB shall be entitled to give notice to MTB immediately terminating the SPA; and
 - (3) none of the parties is required to pay any damages whatsoever for termination arising from the Disposal Consideration Adjustment.

SALIENT TERMS OF THE SPA (CONT'D)

3. Conditions precedent**(i) Conditions Precedent**

The sale and purchase of the Property is subject to and conditional upon the following conditions precedent (collectively, the "**Conditions Precedent**") all to be fulfilled or obtained within the period of 6 months from the date of the SPA, or such longer period or periods, if any, as PWSB and MTB may mutually agree in writing ("**Conditional Period**"):

(a) PWSB obtaining, at its own cost and expense, the following:

- (1) the approval from the shareholder of PWSB, and if required, the shareholders of its holding company, MRCB, for the disposal of the Property to MTB;
- (2) the written consent from the relevant state authority to transfer the Property from PWSB to MTB; and

Note: For information purposes, the registration of a valid and registrable memorandum of transfer in respect of the Property from PWSB to MTB is an administrative step post-Completion to register MTB (acting solely in the capacity as trustee for Sentral REIT) as the registered proprietor of the Property with the relevant land registry, which can only be done upon Completion i.e. only after PWSB having received the Disposal Consideration in full made by MTB.

- (3) the written consent from Celcom Berhad as the registered lessee for the transfer of the Property from PWSB to MTB in form and substance acceptable to the Purchaser, which was obtained vide Celcom Berhad's letter dated 21 August 2023;

(b) MTB obtaining, at its own cost and expense, the following:

- (1) the approval of the non-interested unitholders of Sentral REIT with respect to the acquisition of the Property and the issuance of the Placement Units pursuant to the Proposed Placement;
- (2) the approval from Bursa Securities for the listing of and quotation for the Placement Units on the Main Market of Bursa Securities;
- (3) the letter of commitment or confirmation in relation to the loan or credit facility granted or to be granted by the banks or financier institution ("**MTB's Financier**") to MTB to assist MTB in the purchase of the Property, including the issuance of any debt instrument to be subscribed or purchased by MTB's Financier issued by MTB's Financier (or in the case of debt instrument, the letter of commitment from MTB's Financier to the arranger of debt instrument) and accepted by MTB or MTB's special purpose company which will be used for the aforesaid purposes;
- (4) written confirmation issued by MTB that it has received the proceeds from the Proposed Placement; and

SALIENT TERMS OF THE SPA (CONT'D)

- (5) if the due diligence findings on the Property are satisfactory to MTB, written confirmation by MTB of the same; or if the due diligence findings on the Property are not satisfactory to MTB:
 - (A) subject to PWSB's rectification of the non-satisfactory findings within 14 business days from the date of MTB's request or such longer period as may be agreed by MTB, written confirmation from MTB that the due diligence findings have been rectified to its satisfaction; or
 - (B) written confirmation by MTB to accept the extension period for the rectification of the non-satisfactory findings; and
- (c) PWSB, at its own cost and expense, and MTB, at the cost and expense of Sentral REIT, procuring the undertaking of a valuation exercise on the Property by the Valuer whereby a written report shall be prepared by the Valuer (which shall be addressed separately to PWSB and Sentral REIT) to determine the valuation of the Property in such written report.

(ii) Non-Satisfaction/Waiver

To the extent that failure to satisfy any of the Conditions Precedent does not contravene any law or regulations issued by the Securities Commission Malaysia or Bursa Securities, PWSB and MTB may mutually agree to waive any of the Conditions Precedent which are to be satisfied by any of the parties.

If any of the Conditions Precedent are not satisfied or waived on the last day of the Conditional Period, or if any of the requisite approval(s) or consent(s) required for the fulfilment of the Conditions Precedent has been rejected or refused to be granted by the appropriate authorities or the relevant parties at any time prior to the expiry of the Conditional Period, then either PWSB or MTB shall be entitled to give notice to the other party immediately terminating the SPA in accordance with the terms and conditions of the SPA, and the SPA shall lapse and none of the parties shall have any claim against the other party, save for antecedent breach, and PWSB shall thereafter be at liberty to sell, transfer or otherwise dispose of the Property to any third party either by public auction or private contract and at such time and place and subject to such conditions and in such manner as PWSB shall think fit without the necessity of previously tendering or offering to sell to MTB and without having to account to MTB for any profit made on such resale or disposal.

(iii) Unconditionality

The SPA will become unconditional on the day upon which the last of the Conditions Precedent (which have not been waived in writing) have been fulfilled in accordance with the provisions of the SPA. In the event that any Condition Precedent remains unfulfilled after all other Conditions Precedent have been fulfilled and such Condition Precedent is waived by the relevant party or by the parties in accordance with the terms of the SPA, the SPA will become unconditional on the day upon which such unfulfilled Condition Precedent is waived.

4. Completion**(i) Completion of sale and purchase of the Property**

The completion of the sale and purchase of the Property shall take place on the day on which the obligations of MTB in respect of the satisfaction of the Disposal Consideration are duly completed in accordance with the SPA at the office of PWSB.

SALIENT TERMS OF THE SPA (CONT'D)

(ii) Novation of Existing Tenancies and other agreements in respect of the Property

On the Completion Date or the Extended Completion Date, PWSB shall, at the cost and expense of PWSB, deliver to MTB's solicitors the duly executed novation agreement (or in cases where the Existing Tenancies or agreements are not capable of being novated but which are capable of being assigned, the deed of assignment in respect of such Existing Tenancies or other agreements).

The novation agreement (or assignment, as the case may be) shall only take effect on the Completion Date or the Extended Completion Date. Where the Lease or any of the Existing Tenancies are not novated, MTB shall keep PWSB harmless and fully indemnified against all actions, proceedings, claims, demands, penalties, costs and expenses which may be brought or made against or reasonably incurred by PWSB by reason of or on account of the non-observance of all or any of the stipulations and conditions on the part of MTB in respect such Lease or Existing Tenancies or otherwise howsoever after Completion.

5. Termination**(i) Termination on default by PWSB**

In the event that there is a default by PWSB to complete the Proposed Disposal in accordance with the terms and conditions of the SPA or in the event any representation, warranty or undertaking of PWSB is not true or accurate or is not complied with in any material respect, MTB shall give to PWSB a 1 month's notice to rectify the alleged breach or default as stipulated in the said notice. In the event PWSB fails to rectify the alleged breach or default within the said 1 month, MTB shall be entitled at its sole and absolute discretion to do either of the following (by notice in writing to PWSB):

- (a) to require specific performance of the SPA; or
- (b) to terminate the SPA and PWSB shall within 14 business days refund to MTB, or if to the extent paid by MTB's Financier, to MTB's Financier, the Deposit and all the monies paid by MTB under the SPA free of interest and MTB shall, save and except for below, at PWSB's own cost and expense attend to the following:
 - (I) in the event that MTB's Financier's caveat cannot be withdrawn for any reason whatsoever, procure the execution of a fresh withdrawal of private caveat form from MTB's Financier and deliver the same to PWSB together with the requisite registration fee and, if the private caveat is not withdrawn, cause to be withdrawn such private caveat lodged by MTB's Financier or MTB's Financier's solicitors on the document of title (if any);
 - (II) redeliver legal possession for those parts of the Property which have been rented under the Existing Tenancies and vacant possession of the said Property in their original state and condition (fair wear and tear excepted) for those parts of the Property which have not been rented under the Existing Tenancies in its original state and condition to PWSB (if legal and/or vacant possession has been delivered earlier to MTB);

SALIENT TERMS OF THE SPA (CONT'D)

- (III) if not presented/registered at the land registry or if presented but rejected by the land registry, to return all PWSB's documents (including but not limited to the completion documents if already delivered) and any documents evidencing PWSB's rights on the said Property to PWSB in their original state and condition and with PWSB's rights thereto as the registered owner of the Property remaining intact (if the same or any have been delivered to MTB's solicitors or MTB's Financier's solicitors);
- (IV) execute and deliver to PWSB the original deed(s) of novation or re-assignment, as the case may be, in respect of the Lease and the Existing Tenancies for the novation and transfer of all the rights, benefits, interest and obligations of PWSB in the Lease and the Existing Tenancies, warranties, guarantees, maintenance agreements or the re-assignment of all the rights, benefits and interest of PWSB to MTB, as applicable which have been novated or assigned to MTB on the Completion Date or the Extended Completion Date; and
- (V) in the event any of the licences are issued in the name of MTB, provide full co-operation to PWSB at PWSB's costs and expense, to enable PWSB to apply for any licences to be reissued in the name of PWSB.

(ii) Termination on default by MTB

In the event that MTB fails to satisfy the Disposal Consideration or any part thereof or to complete the sale and purchase of the Property in accordance with the terms and conditions of the SPA or in the event any representation, warranty or undertaking of MTB is not true or accurate or is not complied with in any material respect by Completion, save for non-payment of the Disposal Consideration or any part thereof, PWSB shall give to MTB 1 month's notice to rectify the alleged breach or default as stipulated in the said notice. In the event that MTB fails to rectify the alleged breach or default within the said 1 month, PWSB is entitled at its sole and absolute discretion to do either of the following (by notice in writing to MTB):

- (a) to require specific performance of the SPA; or
- (b) to terminate the SPA and upon the termination of the SPA, PWSB shall refund to MTB, or if to the extent paid by MTB's Financier, to MTB's Financier, the Deposit and all the monies paid by MTB or MTB's Financier (to the extent paid by MTB's Financier) under the SPA free of interest and MTB shall:
 - (I) in the event that MTB's Financier's caveat cannot be withdrawn for any reason whatsoever, procure at MTB's own cost and expense, the execution of a fresh withdrawal of private caveat form from MTB's Financier and deliver the same to PWSB together with the requisite registration fee and, if the private caveat is not withdrawn, cause to be withdrawn such private caveat lodged by MTB's Financier or MTB's Financier's solicitors on the document of title (if any);
 - (II) redeliver legal possession for those parts of the Property which have been rented under the Existing Tenancies and vacant possession for those parts of the Property which have not been rented under the Existing Tenancies in its original state and condition (fair wear and tear excepted) to PWSB (if legal and/or vacant possession has been delivered earlier to MTB);

SALIENT TERMS OF THE SPA (CONT'D)

- (III) if not presented/registered at the land registry or if presented but rejected by the land registry, to return all PWSB's documents (including but not limited to the completion documents if already delivered) and any documents evidencing PWSB's rights on the said Property to PWSB in their original state and condition and with PWSB's rights thereto as the registered owner of the Property remaining intact (if the same or any have been delivered to MTB's solicitors or MTB's Financier's solicitors);
- (IV) execute and deliver to PWSB the original deed(s) of novation or re-assignment, as the case may be, in respect of the Lease and the Existing Tenancies for the novation and transfer of all the rights, benefits, interest and obligations of PWSB in the Lease and the Existing Tenancies, warranties, guarantees, maintenance agreements or the re-assignment of all the rights, benefits and interest of PWSB to MTB, as applicable which have been novated or assigned to MTB on the Completion Date or the Extended Completion Date;
- (V) in the event any of the licences are issued in the name of MTB, provide full co-operation to PWSB at MTB's costs and expense, to enable PWSB to apply for any licences to be reissued in the name of PWSB; and
- (VI) pay the stamp duty in respect of all such novation and re-assignments.

(iii) Non-registration of Transfer

- (a) If the transfer through a valid and registrable memorandum of transfer in respect of the Property ("**Transfer**") cannot be registered for any reason whatsoever other than through any default of MTB or MTB's Financier or any of their solicitors, PWSB and MTB shall work together to procure the registration of the Transfer. If the matter giving rise to the non-registration cannot be rectified within 6 months or such extended period as PWSB and MTB may mutually agree, MTB may by a notice in writing to PWSB terminate the SPA in accordance with the terms and conditions of the SPA ("**Termination Notice**").
- (b) Upon receipt of the Termination Notice, PWSB shall within 14 business days from the date of the Termination Notice refund or caused to be refunded to MTB, or if to the extent paid by MTB's Financier, to MTB's Financier, all the monies paid by MTB under the SPA free of interest in exchange for the following:
 - (I) in the event that MTB's Financier's caveat cannot be withdrawn for any reason whatsoever, procure at MTB's own cost and expense, the execution of a fresh withdrawal of private caveat form from MTB's Financier and deliver the same to PWSB together with the requisite registration fee and, if the private caveat is not withdrawn, cause to be withdrawn such private caveat lodged by MTB's Financier or MTB's Financier's solicitors on the document of title (if any);
 - (II) redeliver legal possession for those parts of the Property which have been rented under the Existing Tenancies and vacant possession of the said Property for those parts of the Property which have not been rented under the Existing Tenancies in its original state and condition (fair wear and tear excepted) to PWSB (if legal and/or vacant possession has been delivered earlier to MTB); and

SALIENT TERMS OF THE SPA (CONT'D)

- (III) the Transfer, original issue document of title and other documents delivered to MTB's solicitors or MTB's Financier's solicitor, rentals and existing tenants' deposit in accordance with the terms of the SPA.

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VALUATION CERTIFICATE FOR THE PROPERTY



CBRE WTW VALUATION & ADVISORY SDN BHD (197401001098)
(formerly known as C. H. Williams Talhor & Wong Sdn Bhd)

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Menara Multi-Purpose
8 Jalan Munshi Abdullah
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Report and Valuation

Our Ref : WTW/01/V/002745/23/LKC

20 July 2023

PRIVATE & CONFIDENTIAL

BOARD OF DIRECTORS
MALAYSIAN RESOURCES CORPORATION BERHAD
Level 33A, Menara NU 2
No. 203, Jalan Tun Sambanthan
Kuala Lumpur Sentral
50470 Kuala Lumpur
Wilayah Persekutuan Kuala Lumpur

BOARD OF DIRECTORS
MAYBANK TRUSTEES BERHAD AS
TRUSTEE FOR SENTRAL REIT
8th Floor Menara Maybank
100 Jalan Tun Perak
50050 Kuala Lumpur

Dear Sirs,

CERTIFICATE OF VALUATION
MENARA CELCOMDIGI
ERECTED ON LOT NO. PT 11 SECTION 52
TOWN OF PETALING JAYA
DISTRICT OF PETALING, SELANGOR
FOR SUBMISSION TO BURSA MALAYSIA SECURITIES BERHAD
(Menara CelcomDigi, No. 6, Persiaran Barat
Seksyen 52, PJ Sentral, 46200 Petaling Jaya, Selangor)

We thank you for your instructions to carry out a formal valuation on the above-mentioned property in providing our opinion of the Market Value of the subject property for the purpose of submission to Bursa Malaysia Securities Berhad ("**Bursa Securities**") in relation to the following:

- a) proposed disposal by Puncak Wangi Sdn Bhd ("**Puncak Wangi**"), a wholly-owned subsidiary of Malaysian Resources Corporation Berhad ("**MRCB**") ("**Proposed Disposal**"); and
- b) proposed acquisition by Maybank Trustees Berhad ("**MTB**"), acting solely in the capacity as trustee for Sentral REIT ("**Trustee**") ("**Proposed Acquisition**"),

of an office building known as Menara CelcomDigi erected on HSD 277413, Lot No. PT 11 Section 52, Town of Petaling Jaya, District of Petaling, Selangor.

This Certificate of Valuation is prepared for the inclusion in the circular to the shareholders of MRCB in relation to the Proposed Disposal and the circular to the unitholders of Sentral REIT in relation to the Proposed Acquisition.

The valuation has been prepared in accordance with the requirements as set out in the Asset Valuation Guidelines issued by the Securities Commission Malaysia and the Malaysian Valuation Standards ("**MVS**") issued by the Board of Valuers, Appraisers, Estate Agents and Property Managers, Malaysia.

For all intents and purposes, this Certificate of Valuation should be read in conjunction with the full Report and Valuation.

The basis of the valuation is Market Value which is defined by the MVS to be "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".

We have inspected the subject property on several occasions, the latest being on 23 June 2023. The material date of valuation is taken as at 23 June 2023.

VALUATION CERTIFICATE FOR THE PROPERTY (CONT'D)



CBRE WTW VALUATION & ADVISORY SDN BHD (197401001098)

Our Ref: WTW/01/V/002745/23/LKC

Page 2

TERMS OF REFERENCE

The valuation is carried out based on the following **BASIS**:-

- i) The net lettable area of the subject property is 452,762 square feet as per the floor measurement survey plan prepared by Jurukur Bandardesa. During the lease term period expiring on 31 December 2034 and the lease renewal of further two (2) terms expiring on 31 December 2040, the net floor area is 450,000 square feet as stipulated in the lease agreement dated 20 January 2020 entered between Puncak Wangi and Celcom Berhad; and
- ii) It has a total of 788 car parking bays.

IT IS TO BE NOTED THAT THE VALUATION IS BASED ON THE ABOVE BASIS WHICH ARE ASSUMED TO BE VALID AND CORRECT. WE RESERVE THE RIGHT TO MAKE AMENDMENTS (INCLUDING THE MARKET VALUE) IF ANY OF THE ABOVE ASSUMPTIONS IS INVALID/INCORRECT.

PROPERTY IDENTIFICATION

The property	: A twenty seven (27)-storey purpose-built office building erected on six (6) levels of podium and three (3) levels of basement car park with a total of 788 car parking bays
Address	: Menara CelcomDigi, No. 6, Persiaran Barat, Seksyen 52, PJ Sentral, 46200 Petaling Jaya, Selangor
Title No.	: HSD 277413
Lot No.	: Lot No. PT 11 Section 52, Town of Petaling Jaya, District of Petaling, Selangor
Provisional Land Area	: 8,326 square metres (approximately 89,620 square feet / 2.057 acres)
Gross Floor Area as per the Approved Building Plan No. 1 (L-AO)	: 98,378.3989 square metres (approximately 1,058,935 square feet)
Net Floor Area as per the Floor Measurement Survey Plan ^(Note)	: 42,063.00 square metres (approximately 452,762 square feet)

VALUATION CERTIFICATE FOR THE PROPERTY (CONT'D)


CBRE WTW VALUATION & ADVISORY SDN BHD (197401001098)

Our Ref: WTW/01/V/002745/23/LKC

Page 3

PROPERTY IDENTIFICATION (Cont'd)

Net Floor Area as per the Lease Agreement dated 20 January 2020 ^(Note)	: 450,000 square feet
Tenure	: Leasehold 99 years expiring on 10 November 2110 (Unexpired term of approximately 87 years)
No. of Car Park Bays allocated to the subject property	: 788 bays
Occupancy Rate as at Date of Valuation	: 100.00% (Single Tenant)
Age of Building	: Approximately 5 years as per the Certificate of Completion and Compliance (CCC) issued by Ar. John Quek Keng Heng bearing reference no. LAM/S/No. 24507 on 17 January 2018
Green Building rating certificate	: Certified as Leadership in Energy and Environmental Design ("LEED") Gold Green Building
Category of Land Use	: Building
Express Condition	: Commercial building
Restriction in Interest	: Tanah ini boleh dipindahmilik, dipajak atau digadai setelah mendapat kebenaran Pihak Berkuasa Negeri
Registered Owner	: PUNCAK WANGI SDN BHD
Encumbrances	: A 15-year lease bearing presentation number 111056/2022 created in favour of CELCOM BERHAD (formerly known as CELCOM AXIATA BERHAD)
Date of Valuation	: 23 June 2023

Note :

The net lettable area of the subject property is 452,762 square feet as per the floor measurement survey plan prepared by Jurukur Bandardesa. During the lease term period expiring on 31 December 2034 and the lease renewal of further two (2) terms expiring on 31 December 2040, the net floor area is 450,000 square feet as stipulated in the lease agreement dated 20 January 2020 entered between Puncak Wangi and Celcom Berhad.

VALUATION CERTIFICATE FOR THE PROPERTY (CONT'D)


CBRE WTW VALUATION & ADVISORY SDN BHD (197401001098)

Our Ref: WTW/01/V/002745/23/LKC

Page 4

GENERAL DESCRIPTION

The subject property is a twenty-seven (27)-storey purpose-built office building erected on six (6) levels of podium and three (3) levels of basement car park with a total of 788 car parking bays. It is situated along Persiaran Barat, Seksyen 52, PJ Sentral, 46200 Petaling Jaya, Selangor.

Site

The site, is trapezoidal in shape and has a land area of 8,326 square metres (approximately 89,620 square feet/ 2.057 acres).

It is sandwiched between Federal Highway to the north and Persiaran Barat to the south. The site is generally flat in terrain and lies at the same level with the existing frontage metalled road, Persiaran Barat which runs along its southern boundary whilst its northern boundary lies slightly above Federal Highway. However, the site has no direct access from Federal Highway.

The compound where not built-upon is improved with concrete driveway, tarmac and landscaped. Proper pre-cast concrete drainage system is provided within the subject site.

Building

Based on the approved building plan dated 7 December 2017 and a revised approved building plan dated 19 October 2018 prepared by Hijjas Kasturi Associates Sdn, the gross floor area and net floor area is 98,378.3989 square metres (approximately 1,058,935.2479 square feet) and 42,423.0339 square metres (approximately 456,637.2946 square feet), respectively.

The total net lettable area of the subject property as per the lease agreement dated 20 January 2020 and the floor measurement survey plan prepared by Jurukur Bandardesa dated 17 December 2019 are as follows:-

Lease Agreement		Floor Measurement Survey Plan	
square metres	square feet	square metres	square feet
41,806.41	450,000	42,063	452,762

For the purpose of this valuation, we have adopted the net floor area as follow:-

Term	Net Floor Area (square feet)
During the lease term which is expiring on 31 December 2034 and the Lease Renewal of further two (2) terms expiring on 31 December 2040	450,000
Reversionary	452,762

THIS VALUATION IS BASED ON AVAILABLE INFORMATION THAT IS PRESUMED TO BE CORRECT. WE RESERVE THE RIGHT TO AMEND THE FACTS AND THE VALUE IN THE EVENT THAT THESE ARE INCORRECT.

VALUATION CERTIFICATE FOR THE PROPERTY (CONT'D)


CBRE WTW VALUATION & ADVISORY SDN BHD (197401001098)

 Our Ref: WTW/01/V/002745/23/LKC
 Page 5

Car Parking Bays

Based on the Lease Agreement dated 20 January 2020 and the car park operation agreement dated 2 May 2023 between Puncak Wangi ("Landlord") and Semasa Parking Sdn Bhd ("Car Park Operator"), the subject building has a total of 788 car parking bays.

The number of car parking bays as stated in the Lease Agreement dated 20 January 2020, number of bays as per the approved building plan prepared by Hijjas Kasturi Associates Sdn bearing plan no. 1 (L-AO) approved by Majlis Bandaraya Petaling Jaya on 7 December 2017 vide reference no. MBPJ/120100/T/P10/92/2012 as well as our on-site calculation are as follows:-

Lease Agreement & Car Park Operation Agreement (No. of bays)	Approved Building Plan dated 7 December 2017 (No. of bays)	On Site Calculation (No. of bays)
788	788	790

For the purpose of this valuation, we have adopted 788 car park bays as per the Lease Agreement dated 20 January 2020 and approved building plan dated 7 December 2017.

Motorcycle Parking Bays

Based on the above-mentioned lease agreement, approved building plan and our site inspection, the subject building has a total of 287 motorcycle parking bays.

Based on the car park operation agreement dated 2 May 2023, Semasa Parking Sdn Bhd has been appointed as the car park operator to administer, manage and operate the parking operation of the common car park area for a period of three (3) years commencing on 1 January 2023 expiring on 31 December 2025.

The renewal of appointment is subject to the due observance and performance by the car park operator of all the terms and conditions herein contained, the landlord may at the sole and absolute discretion of the landlord, renew the appointment for the renewal term (further term of three (3) years) on such terms and conditions to be mutually agreed between the landlord and the car park operator, including without limitation, the monthly rental payable by the car park operator to the landlord.

PLANNING PROVISION

The subject property is designated for commercial use as per the Express Condition in the document of title.

METHOD OF VALUATION

The subject property is valued based on the Income Approach of Valuation by adopting Investment Method. This method entails determining the net current annual income by deducting the annual outgoings from the gross annual income and capitalising the net income by a suitable rate of return consistent with the type and quality of investment to arrive at the market value.

As a check we have adopted the Comparison Approach. The Comparison Approach entails analysing recent transactions and asking prices of similar property in the locality for comparison purposes with adjustments made for differences in location, size, age and condition of the building, tenure, title restrictions if any and other relevant characteristics to arrive at the market value.

VALUATION CERTIFICATE FOR THE PROPERTY (CONT'D)



CBRE WTW VALUATION & ADVISORY SDN BHD (197401001098)

Our Ref: WTW/01/V/002745/23/LKC
Page 6

VALUE CONSIDERATION**a) Income Approach (Investment Method)**

We have adopted the Income Approach (Investment Method) as the primary approach for this valuation exercise whilst the Comparison Approach is used as a check.

The parameters adopted in the Income Approach (Investment Method) for the office building and car park are as follows:-

1. Office Building

Description	Parameters	Remarks												
Term Gross Monthly Rental	Term 1	Expired												
	Term 2 to Term 5	RM6.68 psf to RM7.41 psf												
	1 st Renewal Term & 2 nd Renewal Term	RM7.86 psf to RM8.36 psf												
		<p>We have adopted existing passing rent of the Menara CelcomDigi.</p> <p>Based on the Lease Agreement dated 20 January 2020, the base rent shall be subject to revision and upward adjustment on the sixth (6th) anniversary of the rent commencement date. The revised base rent shall not be less than 5.00% and not more than 10.00% and the service charge rate will be increased by 10.00% every three (3) years from the lease commencement date.</p> <p>Based on the above, we have considered a base rental growth of 5.00% for the selected rental term and 10.00% growth of service charge for each subsequent term.</p>												
Reversionary Gross Monthly Rental	RM6.30 psf	We have considered the concluded rentals of similar office building within Klang Valley and existing passing rent of the office building.												
Other Income	RM5,400/- per month	Based on the actual income received.												
Term Monthly Outgoings	RM1.65 psf	<p>We have considered the actual historical outgoings amount and observed that there were lower outgoings in year 2020 and year 2021. This is due to lesser operational consumption as a result of the Movement Control Order (“MCO”) enforcement.</p> <p>The average outgoings analysed from the actual records of Menara CelcomDigi for year 2019 to 2023 (annualised) as provided to us are as follows:-</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Monthly Outgoings</th> </tr> </thead> <tbody> <tr> <td>2019</td> <td>RM1.44 psf</td> </tr> <tr> <td>2020</td> <td>RM1.41 psf</td> </tr> <tr> <td>2021</td> <td>RM1.29 psf</td> </tr> <tr> <td>2022</td> <td>RM1.60 psf</td> </tr> <tr> <td>2023 (Annualised)</td> <td>RM1.66 psf</td> </tr> </tbody> </table> <p>For the purpose of this valuation, we have adopted the rounded average outgoings of 2 years [Year 2022 & 2023 (Annualised)] at RM1.65 per square foot per month for term 1 and reversionary based on the analysis of the average outgoings provided to us by the client. We did not include Year 2020 and 2021 as these years were affected by the MCO and not reflective of current market conditions.</p> <p>We have adopted 5.00% increment for each of the subsequent term monthly outgoings.</p>	Year	Monthly Outgoings	2019	RM1.44 psf	2020	RM1.41 psf	2021	RM1.29 psf	2022	RM1.60 psf	2023 (Annualised)	RM1.66 psf
Year	Monthly Outgoings													
2019	RM1.44 psf													
2020	RM1.41 psf													
2021	RM1.29 psf													
2022	RM1.60 psf													
2023 (Annualised)	RM1.66 psf													

VALUATION CERTIFICATE FOR THE PROPERTY (CONT'D)



CBRE WTW VALUATION & ADVISORY SDN BHD (197401001098)

Our Ref: WTW/01/V/002745/23/LKC

Page 7

VALUE CONSIDERATION (Cont'd)**a) Income Approach (Investment Method)** (Cont'd)**1. Office Building** (Cont'd)

Description	Parameters		Remarks
Reversionary Monthly Outgoings	RM1.65 psf		We have considered the actual historical outgoings amount of the office building. Upon reversionary, we adopted outgoings of RM1.65 per square foot over the net lettable area.
Void	10.00%		We have adopted the void for rent-free period and risk of vacancy and uncertainty. Taking into consideration the current market condition of similar properties, we have adopted the void at 10.00%
Term Capitalisation Rate	Term 1	Expired	Selected office building yield located within Klang Valley are ranging from 4.99% to 6.28%. Taking into consideration the existing term rental, location, building specification and building age of the subject property, we have adopted the net yield (term) at 5.75% to 6.50% and net yield (reversionary) at 6.00%.
	Term 2 to Term 5	5.75% to 6.00%	
	1 st Renewal Term & 2 nd Renewal Term	6.25% to 6.50%	
Reversionary Capitalisation Rate	6.00%		

Note : "psf" denotes per square foot

VALUATION CERTIFICATE FOR THE PROPERTY (CONT'D)



CBRE WTW VALUATION & ADVISORY SDN BHD (197401001098)

Our Ref: WTW/01/V/002745/23/LKC

Page 8

VALUE CONSIDERATION (Cont'd)**2. Car Park**

Description	Parameters		Remarks
Term Gross Monthly Income (per bay)	Term 1	Expired	<p>We have adopted existing passing rent of the Menara CelcomDigi.</p> <p>Based on the Lease Agreement dated 20 January 2020, the vehicle parking fee shall be reviewed every three (3) years commencing from the first day immediately after the expiry of the three (3) years from the lease commencement date and shall be increased based on a fixed rate of 15.00%.</p> <p>Based on the car park operation agreement dated 2 May 2023, the car park operator shall pay the landlord monthly rental in the amount equivalent to 60.00% of the total parking bay monthly rental.</p> <p>Based on the above, we have considered a growth of 15.00% for each subsequent term.</p>
	Term 2 to Term 5	RM 75.00 to RM113.00	
	1 st Renewal Term to 2 nd Renewal Term	RM 130.00 to RM 150.00	
Reversionary Gross Monthly Income	RM150 per bay		<p>Based on our survey of the car parking rates within immediate vicinity revealed that the rate of ranging from RM100 per bay per month to RM200 per bay per month.</p> <p>We have adopted RM150 per bay per month for reversionary.</p>
Monthly Outgoings	30.00%		We have adopted a rate of 30.00% of the gross monthly rental for term and reversionary for the upkeep and maintenance of the car park area.
Void	10.00%		We have adopted the void for rent-free period and risk of vacancy and uncertainty. Taking into consideration the current market condition of similar properties, we have adopted the void at 10.00%
Term Capitalisation Rate	Term 1	Expired	<p>In view that the car park is part and parcel of the subject office building.</p> <p>Therefore, we have adopted similar net yield (term) at 5.75% to 6.50% and net yield (reversionary) at 6.00%.</p>
	Term 2 to Term 5	5.75% to 6.00%	
	1 st Renewal Term to 2 nd Renewal Term	6.25% to 6.50%	
Reversionary Capitalisation Rate	6.00%		

Having regards to the above analysis and assumptions adopted in our valuation, we have arrived the Market Value via Income Approach (Investment Method) at RM448,430,433/-, say RM450,000,000/-.

VALUATION CERTIFICATE FOR THE PROPERTY (CONT'D)



CBRE WTW VALUATION & ADVISORY SDN BHD (197401001098)

Our Ref: WTW/01/V/002745/23/LKC
Page 9**VALUE CONSIDERATION** (Cont'd)**b) Comparison Approach**

In arriving at the market value of the subject property based on the Comparison Approach, we have considered transactions of similar types office buildings as follows:-

Details	Comparable 1	Comparable 2	Comparable 3
Source	Prospectus of IGB Commercial REIT (" IGB Commercial REIT ") & Bursa announcement dated 10 June 2021	Bursa announcement dated 28 September 2020	Bursa announcement dated 29 June 2020
Building Name	Menara Southpoint	UOA Corporate Tower	The Pinnacle Sunway
Address	Menara Southpoint, Mid Valley City, Medan Syed Putra Selatan, 59200 Kuala Lumpur	UOA Corporate Tower, Avenue 10, The Vertical, Bangsar South City, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur	The Pinnacle Sunway, Persiaran Lagoon, Bandar Sunway, 47500 Subang Jaya, Selangor
Type	A stratified twenty seven (27)-storey office space & 2-storey retail space	A stratified thirty eight (38)-storey office building with a penthouse level	A twenty four (24)-storey office building with three-storey mezzanine floors and six levels of basement car park
Number of car park bays	1,065	NA ^{Note}	855
Tenure	Leasehold 99 years expiring on 21 March 2120	Leasehold 99 years expiring on 16 August 2106	Leasehold 99 years expiring on 1 April 2097
Net Lettable Area (" NLA ") (square feet)	515,501	732,871	576,864
Date of Announcement	10/06/2021	28/09/2020	29/06/2020
Vendor	Mid Valley City Southpoint Sdn Bhd	Distinctive Acres Sdn Bhd, wholly-owned indirect subsidiary of UOA Development Bhd & Paramount Properties Sdn Bhd, wholly owned subsidiary of UOA Development Bhd	Sunway Integrated Properties Sdn Bhd and Sunway Pinnacle Sdn Bhd, wholly-owned indirect subsidiaries of Sunway Berhad
Purchaser	MTrustee Berhad, trustee of IGB Commercial REIT	RHB Trustees Berhad, trustee of UOA Real Estate Investment Trust (" UOA REIT ")	RHB Trustees Berhad, trustee of Sunway Real Estate Investment Trust (" Sunway REIT ")
Consideration	RM573,500,000/-	RM700,000,000/-	RM450,000,000/-
Analysis (RM per square foot over NLA)	RM1,113 psf	RM955 psf	RM780 psf
Adjustments	Adjustments made on location-general, accessibility / visibility, public transportation - LRT/MRT/KTM/BRT, building age / condition, design / finishes / specifications, size (NLA), strata title/ individual title, components (office / office & retail), tenure, car park ratio, green building & MSC status		
Adjusted Value (RM per square foot over NLA)	RM1,001/-	RM1,218/-	RM1,034/-

Note: Based on the announcement dated 28 September 2020 made to Bursa Securities, we noted that comparable 2 sits on top of a 6-storey partial basement car park and 4-storey basement car park, but such car park did not form part of the transaction.

It is noted that the analysed values range from RM1,001 per square foot to RM1,218 per square foot.

VALUATION CERTIFICATE FOR THE PROPERTY (CONT'D)

CBRE WTW VALUATION & ADVISORY SDN BHD (197401001098)

Our Ref: WTW/01/V/002745/23/LKC
Page 10

VALUE CONSIDERATION (Cont'd)**b) Comparison Approach** (Cont'd)

Having regard to the foregoing, we have adopted Comparable 1 as the most appropriate comparable as it is the latest transaction and its similarity in terms of size (NLA).

We have adopted a rounded sum of RM1,000 per square foot (inclusive of car park) over the NLA in our valuation and the market value of the subject property is derived at RM452,762,000/-, say RM450,000,000/-.

RECONCILIATION OF VALUE

The market value for the subject property derived from both the Income Approach (Investment Method) and Comparison Approach are shown as follows:-

Income Approach (Investment Method)	-	RM450,000,000/-
Comparison Approach	-	RM450,000,000/-

Taking into consideration the nature of the subject property i.e. commercial asset and an income generating property, we have adopted the market value derived from the Income Approach (Investment Method) as a fair representation of the market value. The Income Approach is deemed more reflective as it will eliminate the uncertainty in terms of qualitative and quantitative adjustments made via Comparison Approach.

VALUATION

Taking into consideration the above factors, we therefore assess the market value of the subject property **BASED ON THE BASIS AND PROVISO AS STATED IN DETAIL UNDER THE TERMS OF REFERENCE HEREIN** with permission to transfer, lease, charge and free from all encumbrances at **RM450,000,000/- (Ringgit Malaysia : Four Hundred And Fifty Million Only)**.

Yours faithfully
for and on behalf of
CBRE WTW Valuation & Advisory Sdn Bhd
(formerly known as C H Williams Talhar & Wong Sdn Bhd)

Sr HENG KIANG HAI
MBA (Real Estate), B.Surv (Hons) Prop.Mgt,
MRICS, FRISM, FPEPS, MMIPFM
Registered Valuer (V-486)

ADDITIONAL INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by our Board who collectively and individually accept full responsibility for the accuracy of the information given herein. Our Board hereby confirms that, after making all reasonable enquiries, and to the best of their knowledge and belief, there are no false or misleading statements contained in this Circular or other facts, the omission of which would make any statement in this Circular false or misleading.

Information relating to Sentral REIT, SRM and MTB in this Circular was obtained from publicly available sources and/or provided by SRM and MTB. The responsibility of our Board is therefore limited to ensuring that such information has been accurately reproduced in this Circular and our Board accepts no further or other responsibility in respect of such information.

2. CONSENT AND CONFLICT OF INTEREST**2.1 RHB Investment Bank**

EPF is a common shareholder of MRCB and RHB Bank Berhad ("**RHB Bank**") (being the holding company of RHB Investment Bank). Nevertheless, EPF is not involved in the day-to-day operations of RHB Bank and the subsidiaries and associated companies of RHB Bank ("**RHB Banking Group**").

In addition, Dato' Mohamad Nasir Ab Latif, the Non-Independent Non-Executive Director of MRCB, is also a Non-Independent Non-Executive Director of RHB Bank and the Non-Independent Non-Executive Chairman of RHB Islamic Bank. Nevertheless, in view of his role as a non-executive Director of RHB Bank and non-executive Chairman of RHB Islamic Bank, he is not involved in the day-to-day operations of RHB Banking Group.

RHB Investment Bank, being the Principal Adviser to our Company for the Proposals, has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references thereto in the form and context in which they appear in this Circular.

RHB Investment Bank, its subsidiaries and associated companies, as well as its holding company, RHB Bank form a diversified financial group. RHB Banking Group may extend credit facilities or engage in private banking, commercial banking and investment banking transactions including, amongst others, brokerage, securities trading, asset and fund management and credit transaction service businesses. RHB Banking Group has engaged and may in the future, engage in transactions with and perform services for and/or its affiliates, in addition to the role as set out in this Circular. RHB Banking Group, its directors and major shareholders may from time to time hold or deal in the securities of and/or its affiliates for their own accounts or their proprietary accounts.

Furthermore, in the ordinary course of business, RHB Banking Group may at any time offer or provide its services or engage in any transactions (whether on its own account or otherwise) with and/or affiliates and/or any other entity or person, hold long or short positions in the securities offered by and/or its affiliates, make investments recommendations and/or publish or express independent research views on such securities 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 and/or its affiliates.

ADDITIONAL INFORMATION (CONT'D)

The business of RHB Banking Group generally act independently of each other, and accordingly, there may be situations where parts of RHB Banking Group and/or its customers now have or in the future, may have interest or take actions that may conflict with the said regulations issued by the relevant authorities governing its advisory business, which require, amongst others, segregation between dealing and advisory activities and Chinese Wall between different business divisions.

As at the LPD, RHB Banking Group had extended various credit facilities amounting to RM333.61 million ("**Credit Facilities**") (with an amount of approximately RM209.61 million outstanding) to MRCB Group. In addition, as at the LPD, RHB Banking Group holds an aggregate of RM175 million Islamic Medium Term Notes issued by MRCB under its Islamic Medium Term Notes programme under the Shariah principle of Murabahah (via a Tawarruq arrangement) ("**Sukuk Murabahah**") as set out below:

Sukuk Murabahah	Size of issuance RM'million	Issuance date	Maturity date	Coupon rate %	RHB Banking Group's holding amount RM'million
Issue Number 3, Series 1	200	18.10.2021	16.10.2026	4.66	40
Issue Number 3, Series 2	300	18.10.2021	18.10.2028	5.09	50
Issue Number 3, Series 3	100	18.10.2021	17.10.2031	5.20	30
Issue Number 5, Series 1	200	28.02.2023	27.02.2026	5.19	30
Issue Number 5, Series 2	150	28.02.2023	26.02.2027	5.26	25
				Total	175

RHB Banking Group's exposure to MRCB Group represents approximately 1.77% of the audited consolidated NA of RHB Bank of approximately RM28.72 billion as at 31 December 2022. RHB Investment Bank understands that it is the intention of MRCB to utilise approximately RM209.61 million from the proceeds to be raised from the Proposed Disposal to prepay the following term loans from RHB Islamic Bank:

- (i) the Commodity Murabahah Term Financing-i 1 from RHB Islamic Bank of approximately RM142.61 million; and
- (ii) the Commodity Murabahah Term Financing-i 2 from RHB Islamic Bank of approximately RM67.00 million.

ADDITIONAL INFORMATION (CONT'D)

Notwithstanding the above, RHB Investment Bank is of the opinion that concerns of any potential conflict of interest that exists or is likely to exist in relation to its role as the Principal Adviser to our Company for the Proposals are mitigated by the following:

- (a) MRCB has to utilise part of the proceeds from the Proposed Disposal for the prepayment of the RHB Term Loans from RHB Islamic Bank by virtue of the covenants in the RHB Letters of Offer that it is mandatory for MRCB to prepay the RHB Term Loans upon the receipt of proceeds from the disposal of the Property;
- (b) RHB Investment Bank is a licensed investment bank and its appointment as the Principal Adviser to our Company for the Proposals is in the ordinary course of its business and RHB Investment Bank does not receive or derive any financial interest or benefits save for the professional fees received in relation to its appointment as the Principal Adviser to our Company for the Proposals;
- (c) the Credit Facilities and the subscription of the Sukuk Murabahah were approved by RHB Banking Group's relevant credit committee and granted on an arm's length basis and is not material when compared to the audited consolidated NA of RHB Bank of approximately RM28.72 billion as at 31 December 2022;
- (d) the Corporate Finance division of RHB Investment Bank is required under its investment banking license to comply with strict policies and guidelines issued by the Securities Commission Malaysia, Bursa Securities and Bank Negara Malaysia governing its advisory operations. These guidelines require, amongst others, the establishment of Chinese Wall policies, clear segregation between dealing and advisory activities and the formation of an independent committee to review its business operations; and
- (e) the conduct of RHB Banking Group in its banking business is strictly regulated by the Financial Services Act 2013, the Capital Markets and Services Act 2007 and RHB Banking Group's own internal controls which includes, segregation of reporting structures, in that its activities are monitored and reviewed by independent parties and committees.

As at the LPD, save as disclosed above, RHB Investment Bank confirms that it is not aware of any conflict of interest that exists or is likely to exist in relation to its role as the Principal Adviser to our Company for the Proposals.

2.2 PIVB

PIVB, being the Independent Adviser to the non-interested Directors and non-interested shareholders of our Company for the Proposals, 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.

PIVB confirms that it is not aware of any conflict of interest that exists or is likely to exist in relation to its role as the Independent Adviser to the non-interested Directors and non-interested shareholders of our Company for the Proposals.

ADDITIONAL INFORMATION (CONT'D)

2.3 CBRE WTW

CBRE WTW, being the Valuer to our Company for the Property in respect of the Proposed Disposal, has given and has not subsequently withdrawn its written consent to the inclusion of its name as well as the Valuation Certificate and the extract of the Valuation Report and all references thereto in the form and context in which they appear in this Circular.

CBRE WTW confirms that it is not aware of any conflict of interest that exists or is likely to exist in relation to its role as the Valuer to our Company for the Property in respect of the Proposals.

3. MATERIAL COMMITMENTS

As at the LPD, save as disclosed below, there is no material commitment incurred or known to be incurred by our Group which may have a material impact on the financial results/position of our Group:

	RM'000
Authorised capital expenditure for property, plant and equipment	
- contracted for	5,605
- not contracted for	14,413
Total	<u>20,018</u>

4. CONTINGENT LIABILITIES

As at the LPD, save as disclosed below, there is no contingent liability incurred or known to be incurred by our Group which, upon becoming enforceable, may have a material impact on the financial results/position of our Group:

	RM'000
Contingent liabilities	
Performance guarantees extended to third parties [#]	<u>954,076</u>

Note:

[#] *Included in the performance guarantees extended to third parties is an amount of RM31.3 million that had been called on previously by third parties. Our Group has instituted injunction proceedings against the third parties. In the previous financial year, our Group and the third parties entered into a dispute resolution agreement whereby the third parties agreed to an interim injunction to preserve status quo on the performance guarantees pending determination of the dispute between the parties via arbitration. On this basis, the performance guarantees have not been provided for in the financial statements.*

5. MATERIAL LITIGATIONS, CLAIMS OR ARBITRATIONS

As at the LPD, there is no material litigation, claims or arbitration involving the Property and our Board is not aware and do not have any knowledge of proceeding, pending or threatened, or of any fact likely to give rise to a proceeding in respect of the Property, which may materially and adversely affect the financial position or business of our Group.

ADDITIONAL INFORMATION (CONT'D)

6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at our Company's registered office at Level 33A, Menara NU2, No. 203, Jalan Tun Sambanthan, Kuala Lumpur Sentral, 50470 Kuala Lumpur from Mondays to Fridays (except public holidays) during normal business hours from the date of this Circular up to and including the date of the forthcoming EGM:

- (i) Constitution of our Company;
- (ii) audited consolidated financial statements of MRCB Group for the past 2 financial years up to the FYE 31 December 2022 and the latest unaudited consolidated financial statements of MRCB for the 6-month FPE 30 June 2023;
- (iii) Valuation Certificate and Valuation Report;
- (iv) SPA; and
- (v) letters of consent and declaration of conflict of interest referred to in Section 2 of Appendix V of this Circular.

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MALAYSIAN RESOURCES CORPORATION BERHAD

(Registration No. 196801000388 (7994-D))

(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting ("EGM") of **Malaysian Resources Corporation Berhad ("MRCB" or "Company")** will be held virtually through live streaming from the broadcast venue at KL Sentral Room, Level 30, Menara Allianz Sentral, No. 203 Jalan Tun Sambanthan, Kuala Lumpur Sentral, 50470 Kuala Lumpur using Remote Participation and Electronic Voting Facilities ("**RPEV Facilities**") provided by the Company's Share Registrar, via the online meeting platform at <https://meeting.boardroomlimited.my> on Tuesday, 24 October 2023 at 10.00 a.m., or at any adjournment thereof, for the purpose of considering and, if thought fit, passing with or without any modification, the following resolutions:

ORDINARY RESOLUTION 1

PROPOSED DISPOSAL BY PUNCAK WANGI SDN BHD ("PWSB" OR "VENDOR"), A WHOLLY-OWNED SUBSIDIARY OF MRCB, OF AN OFFICE TOWER KNOWN AS MENARA CELCOMDIGI TO MAYBANK TRUSTEES BERHAD ("MTB" OR "PURCHASER"), ACTING SOLELY IN THE CAPACITY AS TRUSTEE FOR SENTRAL REIT, FOR A CASH CONSIDERATION OF RM450 MILLION ("PROPOSED DISPOSAL")

"**THAT** subject to the approvals of all relevant authorities and/or parties being obtained (if required) and the conditions precedent in the conditional sale and purchase agreement dated 25 July 2023 entered into between PWSB and MTB for the Proposed Disposal ("**SPA**"), being fulfilled and waived (as the case may be), approval be and is hereby given to PWSB to dispose of a 27-storey office tower known as Menara CelcomDigi, together with 6 levels of podium and 3 levels of basement car park erected on all that piece of leasehold land held under HSD 277413, Lot No. PT 11 Section 52, Town of Petaling Jaya, District of Petaling, Selangor, Malaysia for a cash consideration of RM450 million ("**Disposal Consideration**") upon the terms and conditions contained in the SPA.

THAT the proceeds arising from the Proposed Disposal be utilised for the purposes set out in Section 2.1.9 of Part A of the circular to shareholders in relation to the Proposed Disposal dated 9 October 2023, and the Board of Directors of the Company ("**Board**") be authorised with full powers to vary the manner and/or purposes of utilisation of such proceeds in such manner as the Board may deem fit, necessary and/or expedient in the best interest of the Company;

AND THAT the Board (save for Datuk Seri Amir Hamzah Azizan, Mohamad Hafiz Kassim and Dato' Mohamad Nasir Ab Latif, collectively the "**Interested Directors**") be and is hereby empowered and authorised to do all acts, deeds and things (including all applications and submissions to the relevant regulatory authorities and bodies) and take all such decisions as they may in their absolute discretion deem fit, necessary, expedient and/or appropriate in the best interest of the Company and to take all such steps and to execute, sign, deliver and cause to be delivered on behalf of the Company all such documents and/or arrangements (including without limitations, the affixation of the Company's Common Seal in accordance with the Company's Constitution) as may be necessary or expedient in order to implement, finalise, give full effect and complete the Proposed Disposal under the terms and conditions of the SPA with full powers to assent to any condition, modification, variation and/or amendment in any manner as may be required or imposed by the relevant authorities including to enter into any supplemental agreement(s), if any, in connection with the Proposed Disposal, and to deal with all matters relating thereto and to take all such steps and do all acts and things in any manner or as the Board (save for the Interested Directors) may deem necessary or expedient in the best interest of the Company."

ORDINARY RESOLUTION 2

PROPOSED SUBSCRIPTION BY MRCB OF UP TO 34,568,734 NEW UNITS IN SENTRAL REIT ("UNITS") PURSUANT TO THE PROPOSED PLACEMENT EXERCISE TO BE UNDERTAKEN BY SENTRAL REIT ("PROPOSED SUBSCRIPTION")

"THAT subject to the approvals of all relevant regulatory authorities or parties being obtained (if required), approval be and is hereby given for the Company to subscribe of up to 34,568,734 new Units in Sentral REIT pursuant to the proposed placement of up to 123,720,000 new Units to be undertaken by Sentral REIT, representing up to approximately 11.5% of its existing total Units in issue, at an issue price to be determined later.

AND THAT the Board be and is hereby empowered and authorised to do all acts, deeds and things and take all such decisions as they may in their absolute discretion deem fit, necessary, expedient and/or appropriate in the best interest of the Company and to take all such steps and to execute, sign, deliver and cause to be delivered on behalf of the Company all such documents and/or arrangements (including without limitations, the affixation of the Company's Common Seal in accordance with the Company's Constitution) as may be necessary or expedient in order to implement, finalise, give full effect to and complete the Proposed Subscription with full powers to assent to any term, condition, modification, variation and/or amendment in any manner as may be required or imposed by the relevant authorities and to deal with all matters relating thereto and to take all such steps and do all acts and things in any manner or as the Board may deem necessary or expedient in the best interest of the Company."

By Order of the Board

Mohd Noor Rahim Yahaya
MAICSA 0866820/SSM PC No. 202008002339
Company Secretary

Kuala Lumpur
9 October 2023

Notes:

- The Broadcast Venue 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 present at the main venue of the meeting. Members and proxies WILL NOT BE ALLOWED to attend this EGM in person at the broadcast venue on the day of the EGM. Members and proxies are advised to participate and vote remotely at this EGM through live streaming and online remote voting using the RPEV Facilities provided by the Company's Share Registrar, Boardroom Share Registrars Sdn Bhd. Members are advised to read the Administrative Notes carefully and follow the procedures in the Administrative Notes for this EGM in order to participate remotely.*
- Only members whose names appear in the Record of Depositors on 16 October 2023 shall be eligible to attend in person or appoint proxies to attend and/or vote on their behalf at the EGM.*
- A member of the Company who is entitled to attend and vote at this meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of a proxy.*
- Where a member appoints two (2) proxies, the appointment shall be invalid unless the proportion of the shareholdings to be represented by each proxy is specified.*
- Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one 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.*
- Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central) Depositories) Act 1991, 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.*
- The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly appointed under a power of attorney. In the case of a corporation, it shall be executed under its Common Seal or signed by its attorney duly authorised in writing or by an officer on behalf of the corporation.*
- The Form of Proxy or other instruments of appointment **must be deposited** at the office of the Share Registrar of the Company, **Boardroom Share Registrars Sdn Bhd, 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor, Malaysia** or lodged electronically via **Boardroom Smart Investor Portal** at <https://investor.boardroomlimited.com> not less than 48 hours before the time set for holding the meeting or any adjournment thereof.*

MRCB

MALAYSIAN RESOURCES CORPORATION BERHAD

(Registration No. 196801000388 (7994-D))

(Incorporated in Malaysia)

FORM OF PROXY

CDS Account No.	
No. of Shares Held	

I/We.....
[Full name in capital letters, NRIC/Passport/Company No.]

Tel. No.:of
[Full address]

being a member/members of MALAYSIAN RESOURCES CORPORATION BERHAD hereby appoint:

Full Name (in capital letters):	NRIC/Passport No.:	Proportion of Shareholdings	
		No. of Shares	%
Address:			
Email Address:			
Mobile Number:			

and/or* (*delete as appropriate)

Full Name (in capital letters)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			
Email Address:			
Mobile Number:			

or failing him/her, the Chairman of the Meeting as *my/our prox(ies) to vote for *me/us on *my/our behalf at the Extraordinary General Meeting ("EGM") of the Company to be held virtually through live streaming from the broadcast venue at KL Sentral Room, Level 30, Menara Allianz Sentral, No. 203 Jalan Tun Sambanthan, Kuala Lumpur Sentral, 50470 Kuala Lumpur using the Remote Participation and Electronic Voting Facilities ("RPEV Facilities") via the online meeting platform at <https://meeting.boardroomlimited.my> on Tuesday, 24 October 2023 at 10.00 a.m. or at any adjournment thereof.

My/our proxy is to vote on the Resolutions as indicated by an "X" in the appropriate spaces below. If this form is returned without any indication as to how the proxy vote, the proxy shall vote or abstain as he/she think fit.

ORDINARY RESOLUTIONS	FOR	AGAINST
1. PROPOSED DISPOSAL		
2. PROPOSED SUBSCRIPTION		

Signed on thisday of 2023.

*Signature of Member(s)/Common Seal

*DELETE IF NOT APPLICABLE



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Notes :

1. The Broadcast Venue 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 present at the main venue of the meeting. Members and proxies WILL NOT BE ALLOWED to attend this EGM in person at the broadcast venue on the day of the EGM. Members and proxies are advised to participate and vote remotely at this EGM through live streaming and online remote voting using the RPEV Facilities provided by the Company's Share Registrar, Boardroom Share Registrars Sdn Bhd. Members are advised to read the Administrative Notes carefully and follow the procedures in the Administrative Notes for this EGM in order to participate remotely.
2. Only members whose names appear in the Record of Depositors on 16 October 2023 shall be eligible to attend in person or appoint proxies to attend and/or vote on their behalf at the EGM.
3. A member of the Company who is entitled to attend and vote at this meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of a proxy.
4. Where a member appoints two (2) proxies, the appointment shall be invalid unless the proportion of the shareholdings to be represented by each proxy is specified.
5. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one 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.
6. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, 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.
7. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly appointed under a power of attorney. In the case of a corporation, it shall be executed under its Common Seal or signed by its attorney duly authorised in writing or by an officer on behalf of the corporation.
8. The Form of Proxy or other instruments of appointment **must be deposited** at the office of the Share Registrar of the Company, **Boardroom Share Registrars Sdn Bhd, 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor, Malaysia** or **lodged electronically via Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com>** not less than 48 hours before the time set for holding the meeting or any adjournment thereof.

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AFFIX
STAMP

**BOARDROOM SHARE REGISTRARS SDN BHD
(Registration No. 199601006647 (378993-D))**

11th Floor, Menara Symphony,
No. 5, Jalan Prof. Khoo Kay Kim,
Seksyen 13,
46200 Petaling Jaya,
Selangor, Malaysia

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