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


II. MASTER AGREEMENT BETWEEN JVASB, NUSAJAYA SEAVIEW SDN BHD (“NSSB”) AND NUSAJAYA RISE SDN BHD (“NRSB”) (BOTH ARE INDIRECT WHOLLY-OWNED SUBSIDIARIES OF UEMS) AND LFC.

1. INTRODUCTION

The Company wishes to announce that our wholly-owned subsidiary, UEML, has, today, entered into a joint venture cum shareholders’ agreement with LFC, a wholly-owned subsidiary of MIB and JVASB, the intended joint venture company for the proposed collaboration between UEML and LFC (“JVA”).

Both UEML and LFC wish to work together as strategic joint development partners to jointly develop and optimize the value of thirty eight (38) parcels of freehold lands (located in Gerbang Nusajaya and near the Leisure Farm Resort) within Mukim Pulai, District of Johor Bahru, Johor (“Proposed JV”).

The land parcel owned by NSSB and NRSB measure 98.24 acres and 41.89 acres respectively (“ENT 1” and “ENT 2” respectively or collectively as “UEMS Lands”) whilst the balance thirty-six (36) land parcels owned by LFC measure a total of 91.22 acres (“LFC Lands”). (Both UEMS Lands and LFC Lands are collectively referred as “JV Lands”.)

The Company also wishes to announce that our indirect wholly-owned subsidiaries, NSSB and NRSB, have, today, entered into a Master Agreement with both JVASB and LFC (“Master Agreement”) to record the agreed framework and parameters for the disposal of the JV Lands by NSSB, NRSB and LFC (“Landowners”) to JVASB subject to terms and conditions in the Master Agreement and the JVA. (Both JVA and the Master Agreement are collectively referred to as “Proposals”)

2. DETAILS OF THE PROPOSALS

2.1 Salient Terms of the JVA

2.1.1 To facilitate the Proposed JV, both UEML and LFC had, on 16 February 2016, entered into the JVA to establish the shareholding structure of JVASB and also to work together as strategic joint development partners to optimise the value of the JV Lands (“Project”).

2.1.2 The objectives and business of JVASB shall be –

a) to invest in and fund the Project;

b) to acquire the JV Lands (and other lands, if necessary) for the purpose of the Project;

c) to undertake the development of the Project on the JV Lands pursuant to and in accordance with the provisions of the JVA;

d) subject to prevailing market conditions, to sell the residential and commercial units to be constructed by JVASB within the Project; and

e) to perform and fulfil all acts, matters and things as may be consistent with, necessary for and incidental to the attainment of the objectives of JVASB and all other provisions of the JVA.
2.1.3 Within thirty (30) days from the date of the JVA, or such other period as mutually agreed by the parties, UEML and LFC ("Shareholders") will subscribe the following number of ordinary shares in JVASB:-

<table>
<thead>
<tr>
<th>Shareholders</th>
<th>Number of Ordinary Shares of RM1.00 each (&quot;Ordinary Shares&quot;)</th>
<th>Total Issue Price (RM)</th>
<th>Percentage of Ordinary Shares Held After Subscription (&quot;Agreed Proportion&quot;)</th>
</tr>
</thead>
<tbody>
<tr>
<td>LFC</td>
<td>249,998*</td>
<td>249,998</td>
<td>50 %</td>
</tr>
<tr>
<td>UEML</td>
<td>250,000</td>
<td>250,000</td>
<td>50 %</td>
</tr>
<tr>
<td><strong>Total:</strong></td>
<td><strong>499,998</strong></td>
<td><strong>RM499,998.00</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

*JVASB is, as at the date of the JVA, a wholly-owned subsidiary company of LFC. LFC holds two (2) Ordinary Shares in JVASB, both of which are fully paid-up.

2.1.4 The issued share capital of JVASB may be increased at any time and from time to time by mutual agreement of the Shareholders by way of the issuance of Ordinary Shares and/or redeemable preference shares ("RPS") (collectively referred as the "Shares") for the purpose of funding the Project. The Shares shall only be issued to the Shareholders in accordance with the Agreed Proportion. UEML's portion of the subscription for shares as described in Item 2.1.3 above and any future capital calls will be funded via internally generated funds and/or bank borrowings.

2.1.5 The JVA shall be terminated upon occurrence of the following:

a) If any Shareholder of JVASB ceases to hold any shares in JVASB as a result of any disposal or transfer of JVASB’s shares to the other Shareholder in the event of Deadlock;

b) Upon the winding up of JVASB;

c) Upon mutual termination in writing by the Shareholders of JVASB at any time;

d) Termination arising from events of default:-

i) A Shareholder committing a material breach of its obligations under the JVA and in the case of a breach capable of remedy, fails to take appropriate steps to remedy the same within fourteen (14) business days of being specifically required in writing to do so by the other Shareholder; and/or

ii) A Shareholder becomes insolvent or the inability of a Shareholder for a period of twenty one (21) days to pay its debts in the normal course of business or admits in writing its inability to pay its debts as they fall due or enters into any composition or arrangement with its creditors or makes a general assignment for the benefit of its creditors; and/or

iii) Any encumbrances taking possession of, or a receiver or trustee being appointed over the whole or any part of the undertaking, property or assets of a Shareholder; and/or

iv) A Shareholder becomes a bankrupt or goes into liquidation, whether compulsory or voluntary (if applicable), other than for the purpose of a bona fide reconstruction or amalgamation with the consent of the other Shareholder (such consent not to be unreasonably withheld); and/or
(v) A Shareholder makes a general assignment or composition or arrangement with or for the benefit of its creditors; and/or

(vi) A Shareholder cease or threatens to cease carrying on a substantial portion of its business.

2.1.6 Upon termination of the JVA, the Master Agreement shall be automatically terminated.

2.2 Salient Terms of the Master Agreement

2.2.1 The Master Agreement is intended to record the agreed framework and parameters for the disposal of the JV Lands by the Landowners to JVASB, as and when required by JVASB and subject to the terms and conditions in the Master Agreement and the JVA.

2.2.2 The Master Agreement shall have an initial tenure of ten (10) years from the Unconditional Date (as defined herein) ("Initial Tenure") with automatic extensions for a further period of five (5) years ("Extended Tenure") and another five (5) years ("Further Extended Tenure") unless prior notice is given by JVASB to the Landowners of its intention not to renew the Initial Tenure and the Extended Tenure. (The Initial Tenure, Extended Tenure and Further Extended Tenure shall hereinafter be referred to as the "MA Tenure").

2.2.3 For avoidance of doubt, in the event that the tenure of the Master Agreement is not renewed after the expiry of the Initial Tenure and/or Extended Tenure (as the case may be), or the Master Agreement is terminated for any reason whatsoever prior to the expiration of MA Tenure, JVASB shall have the right to continue to develop all the relevant parcels of the JV Lands which sale and purchase agreements have been executed and stamped between JVASB and the Landowner(s) ("SPA") in accordance with the terms of the JVA and the respective SPAs.

2.2.4 The Master Agreement is conditional upon the following conditions precedent to be fulfilled by the respective Landowners within twenty-four (24) months from the date of the Master Agreement ("Conditional Period"):-

   a) LFC and UEML having completed the subscription for new Ordinary Shares in JVASB in accordance to the terms and conditions of the JVA; and

   b) The following conditions precedent in relation to the JV Lands:-

<table>
<thead>
<tr>
<th>Land</th>
<th>Landowner</th>
<th>Conditions Precedent</th>
</tr>
</thead>
<tbody>
<tr>
<td>ENT 1</td>
<td>NSSB</td>
<td>a) Obtain written approval from the appropriate authorities to change the zoning of ENT 1 to &quot;Residential&quot;;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>b) Submit and obtain a valid 'Kebenaran Merencang' approval (&quot;KM Approval&quot;) for ENT 1 with the density of 8 units/acre from the appropriate authorities provided that the costs and expenses of such submission shall be borne by JVASB;</td>
</tr>
<tr>
<td>ENT 2</td>
<td>NRSB</td>
<td>a) Obtain written approval from the appropriate authority to change the zoning of ENT 2 to &quot;Mixed-use Commercial Development&quot;;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>b) Submit and obtain a valid KM Approval for ENT 2 with a plot ratio of 1:4 from the appropriate authorities provided that the costs and expenses of such submission shall be borne by JVASB;</td>
</tr>
</tbody>
</table>
2.2.5 All the Conditions Precedent are to be fulfilled by the parties on or before the expiry of the Conditional Period. In the event that the Conditions Precedent are not fulfilled on or before the expiry of the Conditional Period, the parties may by mutual agreement extend the Conditional Period for a further period of six (6) months from the expiry of the Conditional Period or such other period(s) as may be mutually agreed by the parties (the "Extended Conditional Period").

2.2.6 The Master Agreement shall become unconditional on the date of the fulfilment of the last of the Conditions Precedent ("Unconditional Date"). JVASB shall, within seven (7) days from the Unconditional Date, issue a confirmation letter to the Landowners to confirm the Unconditional Date.

2.2.7 The disposal of the JV Lands by the Landowners to JVASB in accordance with the terms and conditions of the Master Agreement may be in phases, which shall only commence upon the Unconditional Date.

2.2.8 Within thirty (30) days from the date of the Master Agreement, JVASB shall pay the following non-refundable option consideration to the respective Landowners in connection with the grant of the Option to Purchase ("Option Consideration").

<table>
<thead>
<tr>
<th>Payment From</th>
<th>Payment To</th>
<th>Amount (RM)</th>
</tr>
</thead>
<tbody>
<tr>
<td>JVASB</td>
<td>NRSB</td>
<td>50,000</td>
</tr>
<tr>
<td>JVASB</td>
<td>NSSB</td>
<td>50,000</td>
</tr>
<tr>
<td>JVASB</td>
<td>LFC</td>
<td>100,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>200,000</strong></td>
</tr>
</tbody>
</table>

2.2.9 The purchase price for each parcel comprising the JV Lands ("Base Land Price") have been agreed as follows:-

a) Base Land Price for UEMS Lands shall be RM315,162,848.

b) Base Land Price for LFC Lands shall be RM312,677,210.

Note: The purchase price will be calculated based on the relevant Base Land Price with a 2.5% escalation per annum up to the expiry of the MA Tenure.

2.2.10 The Base Land Prices for the JV Lands were arrived at a 'willing buyer willing seller basis' and also after taking into consideration the following:-

a) Market valuation conducted by the following valuers with the final value being the average of the total values:-

(i) Jones Lang Wootton ("JLW");
(ii) DTZ Nawawi Tie Leung Property Consultants Sdn Bhd ("DTZ"); and
(iii) KGV International Property Consultants (Johor) Sdn Bhd ("KGV").
3. INFORMATION ON MIB

MIB was incorporated in Malaysia under the Companies Act, 1965 ("the Act") on 13 August 1974 as a public limited company. The present authorised and paid-up share capital of MIB are RM5,000,000 and RM3,150,000 respectively. The principal activity of MIB is investment holding.

4. INFORMATION ON UEML

UEML was incorporated in Malaysia under the Act on 7 October 1982 as a public limited company under the name of Renong Berhad. It was listed on the then Main Board of Bursa Malaysia Securities Berhad ("Bursa Securities") on 27 January 1984 and subsequently delisted on 14 November 2003. It was also listed on the Stock Exchange of Singapore Ltd on 31 January 1984 and subsequently delisted on 1 January 1990.

On 10 December 2003, it assumed its present name. On 27 December 2003, it was converted into a private limited company following a group wide restructuring scheme by its holding company, UEM Group Berhad. On 9 April 2008, UEML was re-converted into a public company.

The present authorised share capital of UEML is RM2,550,000,000 comprising 2,450,000,000 ordinary shares of RM1.00 each and 1,000,000,000 redeemable convertible preference shares of RM0.10 each. Its issued and paid up capital is RM559,269,688.30 divided into 464,468,113 ordinary shares of RM1.00 each and 948,015,753 redeemable convertible preference shares of RM0.10 each.

The principal activities of UEML are property development, property investment, project procurement and management, and strategic investment holding.

5. INFORMATION ON JVASB

JVASB was incorporated in Malaysia under the Act on 20 January 2016 as a private limited company. The present authorised and paid-up share capital of JVASB are RM400,000 and RM2 respectively. The intended principal activity of JVASB is property development.

6. INFORMATION ON THE LANDOWNERS

LFC

LFC was incorporated in Malaysia under the Act on 12 November 1983 as a private limited company. The present authorised and paid-up share capital of LFC are RM5,000,000 and RM3,150,000 respectively. The principal activities of LFC are property development, property investment and resort operation.

NSSB

NSSB was incorporated in Malaysia under the Act on 6 January 1995 as a private limited company under the name of Globerators Sdn Bhd and subsequently changed its name to Prolink Seaview Sdn Bhd on 13 November 1995. On 30 January 2004, it assumed its present name.

The present authorised share capital of NSSB is RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each. Its issued and paid up capital is RM2,600,000 divided into 2,600,000 ordinary shares of RM1.00 each.

The principal activities of NSSB are land trading and investment holding.
NRSB

NRSB was incorporated in Malaysia under the Act on 26 June 1995 as a private limited company under the name of Fahaman Sentiasa Sdn Bhd and subsequently changed its name to Prolink Rise Sdn Bhd on 2 February 1996. On 30 January 2004, it assumed its present name.

The present authorised share capital of NRSB is RM25,000,000 comprising 15,000,000 ordinary shares of RM1.00 each and 10,000,000 redeemable convertible preference shares of RM1.00 each. Its issued and paid up capital is RM9,298,643 divided into 2,849,998 ordinary shares of RM1.00 each and 6,448,645 redeemable convertible preference shares of RM1.00 each.

The principal activities of NRSB are property development, land trading and investment holding.

7. INFORMATION ON THE LANDS

The UEMS Lands, measuring a total of 140.13 acres, are currently held under two (2) agricultural titles and zoned as 'Enterprise' and will be converted to Residential and Commercial titles. UEMS Lands are located within Mukim of Tanjung Kupang, District of Johor Bahru, Johor and next to Leisure Farm Resort, a 1,765 acres of gated development owned by LFC.

The UEMS Lands were acquired by NRSB and NSSB on 30 June 1995 at a total cost of approximately RM16,175,820. The total net book value of the UEMS Lands based on the latest audited financial statements of UEMS as at 31 December 2014 is approximately RM25,440,964.

The LFC Lands are converted commercial land parcels located within Mukim Pulai, District of Johor Bahru, Johor, next to Gerbang Nusajaya, a 4,551 acres masterplan by UEMS. The location plan for the JV Lands is annexed as Annexure 1.

The LFC Lands were acquired by LFC on 24 March 1992 at a total cost of approximately RM4,157,954. The total net book value of the LFC Lands based on the latest audited financial statements of LFC as at 31 December 2014 is approximately RM16,612,586.

The total consideration for the JV Lands cannot be ascertained at this time as pursuant to the Master Agreement, JVASB is entitled to acquire the JV Lands at any time during the MA Tenure and the SPA Purchase Price will depend on the timing of the exercise the Option to Purchase. The scenario for the maximum value consideration for the JV Lands of RM1,003.7 million is set out in Annexure 2. The consideration will be satisfied fully in cash in accordance to the terms of the SPAs to be executed.

8. RATIONALE FOR THE PROPOSALS

Both UEMS and MIB have acknowledged that the JV Lands will strategically enhance their respective masterplans.

With the intention of maximising the value of the JV Lands through the integration of the masterplans of Gerbang Nusajaya and Leisure Farm Resort, this strategic collaboration will provide both parties with an opportunity to tap into each other’s strengths, for example the premium lifestyle driven catalyst in Leisure Farm Resort such as Bale Equestrian & Country Club; and business and employment driven catalysts in Gerbang Nusajaya such as Nusajaya Tech Park and FASTrack Iskandar.

The Proposed JV is also expected to accelerate the development momentum in Gerbang Nusajaya and the economic activities created are expected to result in spill-over benefits that would enhance Nusajaya as a whole.
9. FUTURE PROSPECTS OF THE JV LANDS

Both UEMS and MIB, via JVASB, intend to undertake a mixed residential and commercial development on the JV Lands ("Proposed Development"). The Proposed Development will comprise of luxury landed villas, mixed use development and neighbourhood retail shop developments and will be launched in phases depending on the market movements. The Proposed Development is expected to span over a maximum period of 20 years with an estimated Gross Development Value of over RM5 billion.

The total development cost and expected profit to be derived from the Proposed Development have not been determined at this juncture, pending the finalisation of a detailed layout plan for the Proposed Development.

Nonetheless, the Proposed Development is expected to contribute positively to the UEMS and/or its subsidiaries ("UEMS Group") future earnings and to further enhance its profile as a reputable township developer.

10. RISK FACTORS

The Proposals would subject UEMS Group to risks inherent in the property development business of which the UEMS Group is already involved in. Such risks may include dependency on Iskandar Puteri (formerly known as Nusajaya), competition from other property developers, changes in economic and political conditions and increases in construction costs. Any adverse change in these conditions may have a material adverse effect on the UEMS Group. These risks are addressed as part of the UEMS Group’s ordinary course of business and are not expected to represent new risks to the UEMS Group’s operations.

Further, the Proposals is conditional upon the conditions precedent set out in Section 2 above being fulfilled. As such, the Proposals may not be completed if any of the Conditions Precedent is not fulfilled (all of which are beyond the UEMS Group’s control).

11. FINANCIAL EFFECTS OF THE PROPOSALS

Issued and paid-up share capital and substantial shareholders’ shareholdings

The Proposals will not have any effect on the UEMS’ issued and paid-up share capital and/or substantial shareholders’ shareholding in UEMS as the Proposals does not involve any issuance of UEMS shares.

Net asset (“NA”), NA per share and gearing

The Proposals is not expected to have any material effect on UEMS’ consolidated NA, NA per share and gearing.

Earnings and earnings per share (“EPS”)

The Proposals is not expected to have any material effect on UEMS’ consolidated earnings and EPS for the financial year ending 31 December 2016.

Nevertheless, the Proposals is expected to contribute positively to the future earnings of the UEMS Group.

12. APPROVALS REQUIRED

Save as disclosed in Section 2 above, the Proposals does not require any regulatory and/or shareholder approval (including UEMS’ shareholders’ approval).
13. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED

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

14. DIRECTORS' STATEMENT

UEMS' Board of Directors, after having considered all aspects of the Proposals (including but not limited to the rationale and prospects as discussed in Sections 8 and 9 above), is of the opinion that the Proposals are in the best interests of UEMS and its shareholders.

15. OTHER INFORMATION REQUIRED UNDER THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD ("LISTING REQUIREMENTS")

The highest percentage ratio applicable to the Proposals pursuant to paragraph 10.02(g) of the Listing Requirements is 7.93%.

16. DOCUMENTS FOR INSPECTION

The JVA and the Master Agreement are available for inspection at UEMS' registered office at 19-2, Mercu UEM, Jalan Stesen Sentral 5, Kuala Lumpur Sentral, 50470 Kuala Lumpur, during normal business hours from Mondays to Fridays (except public holidays) for a period of 3 months from the date of this announcement.

This announcement is dated 16 February 2016.
LOCATION PLAN OF JV LANDS
ANNEXURE 2

MAXIMUM CONSIDERATION FOR JV LANDS
<table>
<thead>
<tr>
<th>Calculating the Based Purchased Price before Escalation</th>
<th>UEMS LANDS</th>
<th>LFC LANDS</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base Purchase Price before escalation</td>
<td>RM315,162,848.00</td>
<td>RM312,677,210.00</td>
<td>RM627,840,058.00</td>
</tr>
<tr>
<td>Number of escalation years, t</td>
<td>19</td>
<td>19</td>
<td></td>
</tr>
<tr>
<td>Escalation Rate</td>
<td>2.5%</td>
<td>2.5%</td>
<td></td>
</tr>
<tr>
<td>Max. SPA Purchase Price</td>
<td>RM503,835,145</td>
<td>RM499,861,480</td>
<td>RM1,003,696,625</td>
</tr>
</tbody>
</table>