

BOUSTEAD PLANTATIONS BERHAD (“BPB” OR “COMPANY”)

PROPOSED SALE OF FREEHOLD PLANTATION LANDS HELD UNDER 3 LAND TITLES MEASURING A TOTAL OF 138.89 HECTARES FOR A TOTAL CASH CONSIDERATION OF RM136,043,971.70

1. INTRODUCTION

On behalf of the Board of Directors of BPB (“**Board**”), Affin Hwang Investment Bank Berhad (“**Affin Hwang IB**”) wishes to announce that CIMB Islamic Trustee Berhad (“**CIMB Trustee**”), acting solely in the capacity as a trustee for BPB, had on 24 January 2018 entered into the following:

- (i) sale and purchase agreement with Sunrich Conquest Sdn Bhd (“**Sunrich Conquest**”) (“**First SPA**”) for the proposed sale of a parcel of freehold land held under GRN 57798 Lot 4358, Mukim 12, District of Seberang Perai Utara, Pulau Pinang measuring 82.84 hectares (“**Ha**”) (“**First Land**”) for a total cash consideration of RM81,142,971.00 (“**First Sale Consideration**”), subject to the terms and conditions of the First SPA (“**First Proposed Sale**”); and
- (ii) sale and purchase agreement with Titanium Greenview Sdn Bhd (“**Titanium Greenview**”) (“**Second SPA**”) for the proposed sale of 2 parcels of freehold land held under GM 288 Lot 248 and GRN 19398 Lot 249, both in Mukim 12, District of Seberang Perai Utara, Pulau Pinang measuring 0.20 Ha and 55.85 Ha respectively (“**Second Land**”) for a total cash consideration of RM54,901,000.70 (“**Second Sale Consideration**”), subject to the terms and conditions of the Second SPA (“**Second Proposed Sale**”).

For the purpose of this announcement:

- (a) Sunrich Conquest and Titanium Greenview shall collectively be referred to as the “**Buyers**”;
- (b) First SPA and Second SPA shall collectively be referred to as the “**SPAs**”;
- (c) First Land and Second Land shall collectively be referred to as the “**Lands**”;
- (d) the aggregate of the First Sale Consideration and the Second Sale Consideration is RM136,043,971.70 and shall collectively be referred to as the “**Sale Consideration**”; and
- (e) First Proposed Sale and Second Proposed Sale shall collectively be referred to as the “**Proposed Sale**”.

2. DETAILS OF THE PROPOSED SALE

The Proposed Sale entails the sale of the Lands by CIMB Trustee to the Buyers for the Sale Consideration. The Land, measuring 138.89 Ha, forms part of Malakoff Estate. Following the completion of the sale of part of the Malakoff Estate measuring 677.78 Ha on 26 September 2017 and this Proposed Sale, BPB will continue to own and operate its plantation business on the remaining 562.33 Ha of Malakoff Estate.

By way of background, currently, CIMB Trustee acts solely in the capacity as a trustee for BPB and holds all of the plantation assets of Al-Hadharah Boustead REIT (“**BREIT**”), including the Lands, on behalf of BPB as the sole beneficiary.

BREIT was a real estate investment trust established pursuant to the trust deed executed between Boustead REIT Managers Sdn Bhd, as the manager of BREIT, and CIMB Trustee. BREIT was listed on the Main Market of Bursa Securities on 8 February 2007 with BPB as the substantial unitholder. Following the privatisation of BREIT by BPB in January 2014, BREIT was delisted from the Main Market of Bursa Securities.

2.1 Basis and justification of arriving at the Sale Consideration

The Sale Consideration is derived at on a “willing-buyer willing-seller” basis after taking into consideration the market value of the Lands of RM131 million as appraised by Messrs. Jones Lang Wootton (Proprietor: Singham Sulaiman Sdn Bhd) (“**Valuer**”), a firm of independent valuers registered with the Board of Valuers, Appraisers and Estate Agents Malaysia, as at the material date of valuation of 15 January 2018.

Based on the valuation report dated 22 January 2018 on the Lands (“**Valuation Report**”), the Valuer has adopted the comparison approach of valuation in arriving at the market value of the Lands.

This comparison approach of valuation entails comparing the Lands with similar properties that were transacted recently within the same location or other comparable localities. In comparing, adjustments were made for differences in attributes and factors such as location, accessibility, size, title conditions and restrictions, designated use, improvements and amenities, time element and other relevant factors to arrive at the value of the Lands.

The Valuer had adopted only one method of valuation as there is no approved layout plan for the development of the Lands as at the material date of valuation.

The Sale Consideration represents a premium of about RM5 million or 3.82% over the market value of the Lands of RM131 million accorded by the Valuer.

2.2 Description of the Land

The Lands forms part of the Home Division of Malakoff Estate, which are located at the northern part of the mainland of Pulau Pinang and within the locality of Tasek Gelugor. The Lands are accessible from the North-South Expressway via the Bertam Toll Plaza and located about 13 kilometres due north-east and 4 kilometres due west from Butterworth and Tasek Gelugor towns respectively. The Lands are sited on the right side of Jalan Pokok Machang, travelling from Pusat Perniagaan Pokok Sena towards Tasek Gelugor town. The Lands are located approximately 20 kilometres due north-east of the Butterworth Ferry Terminal. Further details on the Lands are set out below:

Registered owner	:	CIMB Trustee
Title particulars	:	GRN 57798 Lot 4358, GM 288 Lot 248 and GRN 19398 Lot 249, all in Mukim 12, District of Seberang Perai Utara, Pulau Pinang
Property address	:	Part of Home Division, Malakoff Estate, Tasek Gelugor, Seberang Perai Utara, Pulau Pinang
Existing use	:	Oil palm plantation
Description	:	Cultivated with oil palm and includes buildings, road facilities and other amenities
Category of land use	:	Nil

Restriction in interest : Nil

Encumbrances : Nil

Endorsement : **GRN 19398 Lot 249**
"Nombor Perserahan: 0799N2005000577 Hak Laluan Talian Elektrik tanah seluas lebih kurang 3.938 Ha telah terlibat dengan talian bekalan elektrik mengikut Seksyen 11, Akta Bekalan Elektrik 1990 didaftarkan pada 17 June 2005."

GM 288 Lot 248 and GRN 57798 Lot 4358
 Nil

Express condition : **In respect of GM 288 Lot 248**
"GERAN MUKIM FIRST GRADE
The land comprised in this title: -
 (a) *shall not be affected by any provision of the National Land Code limiting the compensation payable on the exercise by the State Authority of a right of access or use conferred by Chapter 3 of Part Three of the Code or on the creation of a Collector's right of way; and*
 (b) *subject to the implied condition that land is liable to be re-entered if it is abandoned for more than three years, shall revert to the State only if the proprietor for the time being dies without heirs;*
and the title shall confer the absolute right to all forest produce and to all oil, mineral and other natural deposits on or below the surface of the land (including the right to work or extract any such produce or deposit and remove it beyond the boundaries of the land)."

In respect of GRN 19398 Lot 249 and GRN 57798 Lot 4358
"(FIRST GRADE)

The land comprised in this title: -
 (a) *shall not be affected by any provision of the National Land Code limiting the compensation payable on the exercise by the State Authority of a right of access or use conferred by Chapter 3 of Part Three of the Code or on the creation of a Land Administrator's right of way; and*
 (b) *subject to the implied condition that land is liable to be re-entered if it is abandoned for more than three years shall revert to the State only if the proprietor for the time being dies without heirs;*
and the title shall confer the absolute right to all forest produce and to all oil, mineral and other natural deposits on or below the surface of the land (including the right to work or extract any such produce or deposit and remove it beyond the boundaries of the land)."

Tenure : Interest in perpetuity, in respect of all titles

Total land area	Title No.	Land area
		Ha
	GRN 57798 Lot 4358	82.84
	GM 288 Lot 248	0.20
	GRN 19398 Lot 249	55.85
	Total	138.89

Age profile of the oil palm	:	Age profile	Ha	%	
		Prime mature (10 to 20 years)	117.70	100.00	
Estate land area	:	Estate land area	Ha	%	
		Planted area	117.70	84.74	
		Planting reserve	-	-	
		Unplantable area	-	-	
		Building, sites and roads	13.24	9.53	
		Others (buffer zones, nursery, rentice, etc.)	7.95	5.73	
		Total estate land area	138.89	100.00	
Average production of fresh fruit bunches (“FFB”)	:	Metric tonne/Ha/annum	2014	2015	2016
			19.16	23.25	13.55
Plantation profit	:	RM'000/annum	2014	2015	2016
			453	458	334
Audited net book value as at 31 December 2016	:	RM11.6 million			
Market value as at 15 January 2018*	:	RM131 million			

Note:

* Based on the Valuation Report.

2.3 Salient terms of the SPAs

The salient terms of the SPAs are as follows:

(i) Conditions precedent (“CPs”)

The SPAs are conditional upon the following:

- (i) the approval of the Estate Land Board for the transfer of the Lands to the Buyers; and
- (ii) the approval of the Economic Planning Unit for the purchase of the Lands from CIMB Trustee, at the Buyers’ cost and expenses.

The CPs will be fulfilled within 6 months from the date of the SPAs with an automatic extension of 3 months or any extended period as agreed between CIMB Trustee and the Buyers (“**Approval Period**”).

(ii) Terms of payment

The Sale Consideration will be settled in the following manner:

- (i) payment of RM13.6 million, being 10% of the Sale Consideration (“**Deposit**”), breakdown as follows:
 - (a) RM2.7 million, being 2% of the Sale Consideration before the execution of the SPAs, which was made on 12 January 2018;
 - (b) RM6.8 million, being 5% of the Sale Consideration upon execution of the SPAs; and
 - (c) RM4.1 million, being 3% of the Sale Consideration upon execution of the SPAs for payment of the real property gains tax,
- (ii) payment of RM122.4 million, being 90% of the Sale Consideration (“**Balance Purchase Price**”) within 3 months from the fulfilment of all CPs (“**Unconditional Date**”).

(iii) Delivery of land title

Upon execution of the SPAs, CIMB Trustee will deliver the original document of title of each of the Lands (“**Title Deeds**”) to its solicitors. Within 5 business days from the payment of the Balance Purchase Price, CIMB Trustee’s solicitors will deliver the Title Deeds to the Buyers’ solicitors.

(iv) Execution of Memorandum of Transfer (“MOT”)

The Buyers’ solicitors will submit the MOT for adjudication of the stamp duties after the Unconditional Date.

Upon payment of the Balance Purchase Price by CIMB Trustee’s solicitors and subject to the MOT being duly stamped, the Buyers’ solicitors will present the MOT for registration with the relevant land registry within 5 business days after receipt of the title deed and other relevant documents required.

(v) Non-completion of the SPAs or non-registration of the MOT

If the SPAs cannot be completed or the transfer of the Lands cannot be registered by the relevant land authority for any reason or defect which cannot be rectified within 30 days, the Buyers may terminate the SPAs by written notice to CIMB Trustee, and:

- (i) CIMB Trustee will return all monies paid relating to the Sale Consideration free of interest to the Buyers (“**Refund**”) within 14 days from the date of the Buyers’ termination notice to CIMB Trustee; and
- (ii) in simultaneous exchange of the Refund, the Buyers will withdraw all private caveats lodged over the Land, return the MOT, the original Title Deeds (if delivered) and all other related documents with CIMB Trustee’s interest on the Lands intact and the Lands is in the same state and condition as at the date of its delivery and free from any structures which the Buyers may have erected or constructed and occupiers.

Thereafter, the SPAs will be terminated and both parties will not have any claim against the other except any pre-existing breach under the SPAs. CIMB Trustee can sell or deal with the Lands in such manner they deem fit.

(vi) Default by the Buyers

If the Buyers fail to pay the Balance Purchase Price or any part of it and CIMB Trustee had complied with all its obligations pursuant to the SPAs, CIMB Trustee may terminate the SPAs and forfeit the Deposit as agreed liquidated damages. Upon termination of the SPAs, subject to the withdrawal of the private caveats lodged by the Buyers on the Lands (if any) and re-delivery of the possession of the Lands in the same state and condition as at the date of its delivery, CIMB Trustee will return to the Buyers all payments of the Sale Consideration, free of interest, after deducting the Deposit.

Thereafter, the SPAs will be terminated and both parties will not have any claim against the other except any pre-existing breach under the SPAs. CIMB Trustee can sell or deal with the Lands in such manner they deem fit.

Each party will pay its own solicitors' fees and the respective costs agreed to be borne and discharged by the party as set out in the SPAs without any contribution by the other.

(vii) Default by CIMB Trustee

If CIMB Trustee fails to complete the sale of the Lands or breach any of the terms and conditions under the SPAs and the Buyers had complied with all its obligations pursuant to the SPAs, the Buyers may either seek specific performance and all other remedies available under the law or terminate the SPAs. Upon termination of the SPAs, CIMB Trustee will return to the Buyers all payments of the Sale Consideration and a further sum equivalent to the Deposit as agreed liquidated damages.

Thereafter, the SPAs will be terminated and will have no further effect and both parties will not have any claims against the other except any pre-existing breach, without prejudice to other rights and remedies available to the Buyers, in law or equity or under the SPAs.

(viii) Representations and warranties

The representations and warranties made by CIMB Trustee under the SPAs are, among others, as follows:

- (i) CIMB Trustee is the registered owner of the Lands and BPB is the beneficial owner of the Land, which is free from encumbrances, charges, caveats, liens and restrictions-in-interest;
- (ii) CIMB Trustee is not in default under any agreement or instrument to which it is a party or by which it may be bound and there is no pending or imminent litigation, arbitration or administrative proceedings which might materially affect or impair CIMB Trustee's ability to perform its obligations under the SPAs;
- (iii) there are no demands, suits, proceedings, claims or liabilities by any third party against CIMB Trustee which would affect the obligations of CIMB Trustee under the provisions of the SPAs;

- (iv) the Lands or any part of it have not been acquired by the Government or any other authorities and CIMB Trustee and/or BPB have not received any notice that the Lands or any part of it are subject to acquisition or intended acquisition by the Government or any authorities;
- (v) there are no outstanding notices in respect of the Lands served upon CIMB Trustee and/or BPB;
- (vi) no winding-up proceedings have been commenced against CIMB Trustee and/or BPB as at the date of the SPAs and CIMB Trustee and/or BPB have not commenced any action or passed any resolution for its voluntary winding-up;
- (vii) all outgoing (including fines and penalties, if any) assessed or imposed upon the Lands which are due and payable as at the date of the SPAs have been fully settled by CIMB Trustee and any outgoing (including fines and penalties, if any) that may be assessed or imposed upon the Lands at any time between the date of the SPAs and delivery of vacant possession of the Lands will be fully settled by CIMB Trustee; and
- (viii) CIMB Trustee has observed and complied with all conditions of title, covenants, restrictions and category of use, whether express or implied, in respect of the Lands and will indemnify the Buyers against any liabilities in respect of taxes, fees, charges or other amounts payable in respect of the Lands before the delivery of vacant possession of the Lands as provided under the SPAs.

The representations and warranties made by the Buyers under the SPAs are, among others, as follows:

- (a) the Buyers are not in default under any agreement or instrument to which it is a party or by which it may be bound and there is no pending or imminent litigation, arbitration or administrative proceedings which might materially affect or impair the Buyers' ability to perform its obligations under the SPAs;
- (b) there are no demands, suits, proceedings, claims or liabilities by any third party against the Buyers which would affect the rights of the Buyers to purchase the Land; and
- (c) no winding-up proceedings have been commenced against the Buyers as at the date of the SPAs and the Buyers have not commenced any action or passed any resolution for its voluntary winding-up.

(ix) Limitation of liability

CIMB Trustee entered into the SPAs in its capacity as trustee for BPB and not in its personal capacity. Any liability arising under the SPAs ("**Liability**") is therefore limited to the extent which CIMB Trustee can satisfy the Liability out of the assets held in trust for BPB and to the extent which CIMB Trustee can claim against BPB. As such, any other liability or indemnity shall be assumed by BPB.

2.4 Liabilities to be assumed

The Buyers intend to fund the Proposed Sale via a combination of cash and/or bank borrowings, the breakdown of which has not been determined at this juncture.

Save for the abovementioned bank borrowings, BPB is not aware of any liabilities, including contingent liabilities and guarantees, to be assumed by the Buyers pursuant to the Proposed Sale.

2.5 Original cost of investment by BPB

The original cost and date of investment by BPB in the Lands are as follows:

<u>Date of acquisition</u>	<u>Land area</u> Ha	<u>Cost of investment</u> RM' million
17 January 2014	138.89	11.6

2.6 Use of proceeds

The Sale Consideration is expected to be used by BPB and/or its subsidiaries ("BPB Group") in the following manner:

<u>Details of utilisation</u>	<u>RM' million</u>	<u>Timeframe for full utilisation from the completion of the Proposed Sale</u>
Repayment of bank borrowings ⁽¹⁾	127.5	Within 6 months
Real property gains tax ⁽²⁾	6.8	Within 6 months
Estimated expenses for the Proposed Sale ^{(2) (3)}	1.7	Within 6 months
	<u><u>136.0</u></u>	

Notes:

- (1) *The Company intends to utilise RM127.5 million of the Sale Consideration to repay bank borrowings which will be used to finance any proposed acquisition of plantation lands. Assuming that BPB Group partly finances any proposed acquisition of plantation lands with bank borrowings at the interest rate of 4.35% per annum, the expected interest savings from the repayment of bank borrowings is about RM5.5 million per annum.*
- (2) *Any surplus or shortfall of funds for the payment of real property gains tax and/or expenses for the Proposed Sale will be adjusted accordingly to or from the amount allocated for the repayment of bank borrowings, as the case may be.*
- (3) *Includes professional fees, regulatory fees and other miscellaneous expenses in relation to the Proposed Sale.*

2.7 Information on Sunrich Conquest

Sunrich Conquest was incorporated in Malaysia under the Companies Act, 2016 ("Act") as a private limited company on 25 October 2017 under its present name.

As at the date of this announcement:

- (i) Sunrich Conquest has not commenced operations since its incorporation
- (ii) the issued share capital of Sunrich Conquest is RM100,000 comprising 100,000 ordinary shares in Sunrich Conquest; and

(iii) the shareholders of Sunrich Conquest are as follows:

	Direct		Indirect	
	No. of shares	%	No. of shares	%
GSD Land (M) Sdn Bhd	70,000	70.00	-	-
Wibawa Bumimas Sdn Bhd	30,000	30.00	-	-

2.8 Information on Titanium Greenview

Titanium Greenview was incorporated in Malaysia under the Act as a private limited company on 17 November 2017 under its present name.

As at the date of this announcement:

- (i) Titanium Greenview has not commenced operations since its incorporation;
- (ii) the issued share capital of Titanium Greenview is RM100,000 comprising 100,000 ordinary shares in Titanium Greenview; and
- (iii) the shareholders of Titanium Greenview are as follows:

	Direct		Indirect	
	No. of shares	%	No. of shares	%
GSD Land (M) Sdn Bhd	70,000	70.00	-	-
Wibawa Bumimas Sdn Bhd	30,000	30.00	-	-

3. RATIONALE FOR THE PROPOSED SALE

The Lands, measuring 138.89 Ha, forms part of Malakoff Estate. Following the completion of the sale of part of the Malakoff Estate measuring 677.78 Ha on 26 September 2017 and this Proposed Sale, BPB will continue to own and operate its plantation business on the remaining 562.33 Ha of Malakoff Estate.

The strategic location of the Lands provides an opportunity for BPB to realise the capital appreciation of the Lands by disposing the Lands at a substantial premium over the net book value of the Lands. BPB will realise an estimated gain of about RM115.9 million upon completion of the Proposed Sale, representing an upfront gain of about RM834,000 per Ha which will increase BPB's shareholders value by about 7 sen per BPB share.

Given the strategic location of the Lands, BPB is able to unlock and realise higher return through the Proposed Sale. This gives BPB the opportunity to use the realised funds for repayment of bank borrowings for the purpose of strategic expansion in new plantation land banks, hence growing BPB's plantation revenue and profit in the future.

4. RISK FACTORS

The Proposed Sale is conditional upon all the fulfilment of all CPs. There is no assurance that the Proposed Sale can be completed within the timeframe stipulated under the SPAs. Any delay in the fulfilment of the CPs may lead to a delay in the completion or termination of the Proposed Sale.

Notwithstanding the above, BPB will take all reasonable steps to ensure that the CPs are met on a timely basis in order for the Proposed Sale to be completed within a reasonable timeframe.

5. EFFECTS OF THE PROPOSED SALE

5.1 Share capital and substantial shareholders' shareholdings

The Proposed Sale will not have any effect on BPB's issued share capital and its substantial shareholders' shareholdings, as the Sale Consideration will be satisfied wholly in cash.

5.2 Earnings

The Proposed Sale is not expected to have any impact on the earnings and earnings per share of BPB Group for the financial year ended 31 December 2017.

Upon completion of the Proposed Sale, BPB is expected to realise an estimated net gain of about RM115.9 million (net of taxation and estimated expenses), which translates into a gain of about 7 sen per BPB share based on 1,600,000,000 BPB shares in issue.

5.3 Net assets ("NA") and gearing

For illustrative purposes, the pro forma effects of the Proposed Sale on the NA and gearing of BPB Group based on the latest audited consolidated financial statements of BPB as at 31 December 2016 and on the assumption that the Proposed Sale had been effected on the said date are set out below:

	Audited as at 31 December 2016	After the Proposed Sale
	RM'000	RM' 000
Share capital	800,000	800,000
Non-distributable reserves	622,495	622,495
Retained profits	763,206	(1) 879,106
Shareholders' equity / NA	2,185,701	2,301,601
Number of ordinary shares in issue ('000)	1,600,000	1,600,000
NA per share (RM)	1.37	1.44
Total borrowings	901,152	(2) 773,652
Gearing ratio (times) (3)	0.41	0.34

Notes:

(1) After taking into consideration the estimated net gain of RM115.9 million arising from the Proposed Sale.

(2) Assuming that RM127.5 million of the Sale Consideration is used for repayment of bank borrowings.

(3) Gearing is calculated as total borrowings divided by shareholders' equity.

6. APPROVALS REQUIRED

The Proposed Sale is subject to the following approval:

- (i) Estate Land Board; and
- (ii) Economic Planning Unit of the Prime Minister's Department of Malaysia.

The Proposed Sale is not subject to the approval of the shareholders of BPB.

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

None of the major shareholders and/or directors of BPB and/or persons connected with them have any interest, direct or indirect, in the Proposed Sale.

8. DIRECTORS' STATEMENT

The Board, having considered all aspects of the Proposed Sale including but not limited to the Sale Consideration, the rationale, the terms of the SPAs, the valuation on the Lands and the financial effects of the Proposed Sale, is of the opinion that the Proposed Sale is in the best interest of BPB Group.

9. ESTIMATED TIMEFRAME FOR COMPLETION

The Proposed Sale is expected to be completed by the 3rd quarter of 2018.

10. HIGHEST PERCENTAGE RATIO APPLICABLE

The highest percentage ratio applicable to the Proposed Sale pursuant to Paragraph 10.02(g) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad is 6.22% based on the Sale Consideration against the audited consolidated NA of BPB as at 31 December 2016.

11. ADVISER

Affin Hwang IB has been appointed as the Principal Adviser for the Proposed Sale.

12. APPLICATION TO AUTHORITIES

The applications to the Estate Land Board for the transfer of the Lands to the Buyers are expected to be made within 6 months from the date of this announcement.

13. DOCUMENTS AVAILABLE FOR INSPECTION

The SPAs and the Valuation Report will be made available at BPB's registered office at 28th Floor, Menara Boustead, 69, Jalan Raja Chulan, 50200 Kuala Lumpur from Monday to Friday (except public holiday) during business hours for a period of 1 month from the date of this announcement.

This announcement is dated 24 January 2018.