



EKOVEST BERHAD



JOINT PRESS RELEASE

EKOVEST INKS 40 PER CENT DUKE SALE WITH EPF FOR RM1.13B

KUALA LUMPUR, 8 NOVEMBER 2016 – Ekovest Berhad (“Ekovest” or “Company”), a Bursa Malaysia Main Market listed company involved in construction, property development and infrastructure concession businesses, today announced that its wholly-owned subsidiary, Nuzen Corporation Sdn Bhd (“Nuzen”), has entered into a conditional share sale agreement (“SSA”) with the Employees Provident Fund (“EPF”) for the disposal of 40% of the issued and paid-up share capital of Konsortium Lebuhraya Utara-Timur (KL) (“Kesturi”), for a total cash consideration of RM1.13 billion (“Proposed Disposal”).

Nuzen is the holding company of Kesturi, which is the concession holder of the Duta-Ulu Kelang Expressway (“DUKE”), a 34-kilometre highway comprising two phases with a concession period of 54 years. DUKE Phase 1 is already in operation while Phase 2 is expecting to complete construction and commence toll collection by the first half of 2017. Upon completion of the construction for DUKE Phase 2, the traffic volume for DUKE is expected to double.

Upon completion of the SSA, EPF will pay RM921 million in cash to Ekovest. A further RM209 million in cash will be paid by EPF to Ekovest following the issuance of the certificate of practical completion for DUKE Phase 2, of which, RM149 million will be deposited in an interest bearing designated account by Ekovest.

For the proceeds from the Proposed Disposal, Ekovest intends to allocate RM400 million for repayment of borrowings, up to RM245 million to be distributed to shareholders of Ekovest, RM485 million for general corporate, working capital and others.

Speaking after the signing ceremony, Ekovest Berhad Executive Chairman Tan Sri Dato’ Lim Kang Hoo said, “The Proposed Disposal is in line with the Company’s strategy to monetise its matured infrastructure assets to free up its financial resources for the expansion of its infrastructure division and other core businesses, such as construction and property development. It represents an opportunity for the Company to partially monetise its investment in Kesturi at an attractive price, while allowing Ekovest to continue participating in Kesturi and operate the highway via its remaining 60% equity stake. It is estimated to result in a balance sheet gain on disposal of RM764 million which will further strengthen Ekovest’s shareholders funds.

“Furthermore, the Proposed Disposal represents an opportunity for Ekovest and EPF to establish a long-term relationship with each other through their joint investment in a mature yield-generating infrastructure project. We look forward to the prospect of leveraging on the establishment of this relationship as a platform to pursue collaborations on other potential investments in the future,” he added.

Employees Provident Fund Deputy Chief Executive Officer (Investment) Dato’ Mohamad Nasir Ab Latif said, “Similar to all of EPF’s other infrastructure ventures, we focus on several key criteria which include a strong regulatory framework, an operational track record, and other ongoing macroeconomic factors. Following our due diligence exercise, we are convinced that this investment meets EPF’s requirements. The case for investment is strengthened by Kesturi’s long-term contractual relationship with the government, as well as its favorable demographics of highway users.

“With infrastructure assets providing steady yields, we foresee that the EPF will continue to explore opportunities in the infrastructure space in its commitment to generate real rate of returns for its members. The EPF focuses on investments that offer stable cash flows, are inflation-linked in nature, and that which best align with our risk-reward criteria.”

Subject to all relevant approvals being obtained, the Proposed Disposal is expected to be completed by the first half of 2017.

CIMB Investment Bank Berhad is the Principal Advisor for Ekovest, with AmInvestment Bank Berhad as the Co Advisor. The Joint Advisors for EPF is RHB Investment Bank Berhad and Maybank Investment Bank Berhad. Astramina Advisory Sdn Bhd is the Financial Advisor for Ekovest and the Transaction Arranger for EPF.

Present at the SSA signing ceremony were Board members of Ekovest, representatives from the EPF management, and the various teams of advisors and business partners.

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ABOUT EKOVEST

Ekovest is an investment holding company with a presence in construction, civil engineering and infrastructure, property development and toll concession. Founded in 1985 as Ekovest Bina Sdn Bhd, Ekovest went public in 1993 and was subsequently transferred to the Main Board of Kuala Lumpur Stock Exchange in 2000. Tan Sri Dato' Lim Kang Hoo who is the founder and Executive Chairman built the company from a small construction outfit into a reputable infrastructure construction player. Under the present stewardship of Datuk Seri Lim Keng Cheng, the company is being steered to greater heights with strategic developments and acquisitions.

Construction

Construction has been Ekovest's forte, having completed various projects all around Malaysia. Amongst notable projects which Ekovest had participated as the turnkey contractor includes the Universiti Malaysia Sabah (UMS), Universiti Tun Hussein Onn in Batu Pahat, Johor and the Duta-Ulu Kelang Expressway (DUKE). Ekovest was also involved in the fitting out of the Petronas Twin Towers and in various infrastructure construction projects such as the Labuan Financial Park, Kuala Lumpur International Airport, Kuala Lumpur Sentral Station and Putrajaya Federal Government offices. Construction has been Ekovest's main revenue contributor and it is expected that the segment will continue to be the Company's mainstay.

Property Development

The company had in September 2013 launched its maiden property development project, EkoCheras, an eco-friendly mixed development commercial hub located 9km away from KLCC, right on Jalan Cheras next to the proposed Leisure Mall MRT station. Ekovest has several property development projects planned within Klang Valley with an expected gross development value (GDV) of RM7.8 billion over the next 10 years.

Toll Operations

Ekovest is also the concession holder of DUKE which spans 18km in the northeast region of Klang Valley, connecting Jalan Duta NKVE intersection and the Middle Ring Road 2 via Gombak and Ampang. The construction of the DUKE extension (DUKE Phase-II) which will connect the existing DUKE with Jalan Tun Razak and Sri Damansara area is underway and is expected to be completed in end-2016. In January 2016, Ekovest secured the concession of the Setiawangsa-Pantai Expressway (formerly known as the DUKE Phase 3). The DUKE Phase-3 will traverse north to south of Kuala Lumpur and will serve areas such as University Tunku Abdul Rahman, Wangsa Maju, Setiawangsa, Ampang, the Tun Razak Exchange & Bandar Malaysia development corridor and Kerinchi. The DUKE provides an alternative route for road users with improved and more efficient traffic dispersal system in and around Kuala Lumpur city centre to complement and relief peak hour congestion on existing arterial roads and expressways along its alignment.

ABOUT THE EMPLOYEES PROVIDENT FUND (EPF)

The Employees Provident Fund (EPF) is Malaysia's premier retirement savings fund, providing basic financial security for retirement. The EPF is committed to preserving and growing the savings of its members in accordance with best practices in investment and corporate governance. It will always be guided by prudence in its investment decisions.

As a customer-focused organisation, the EPF delivers efficient and reliable services for the convenience of its members and registered employers. The EPF continues to play a catalytic role in the nation's economic growth, consistent with its position as a leading savings institution in Malaysia.
