

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2016 cont'd

**20. Trade and other receivables (cont'd)****(d) Deposit paid for purchases of land**

The deposits paid for purchases of land are further analysed as follows:

		Group	
	Note	2016 RM'000	2015 RM'000
Purchase of land from Bahagia Wangsa Sdn. Bhd. ("BWSB")	39(i)	23,594	15,594
Purchase of land from Malgold Construction Sdn. Bhd. ("MCSB")	39(ii)	3,900	-
		<u>27,494</u>	<u>15,594</u>

**21. Other current assets**

	Group	
	2016 RM'000	2015 RM'000
Gross amount due from customers for contract work (Note 22)	19,337	11,671
Accrued billings in respect of property development cost	2,242	-
Prepayments	6,659	403
	<u>28,238</u>	<u>12,074</u>

**22. Gross amount due from/(to) customers for contract work-in-progress**

	Group	
	2016 RM'000	2015 RM'000
Construction contract costs incurred to date	1,044,367	1,000,594
Attributable profits	81,047	81,602
Less: Provision for foreseeable losses	(4,002)	(9,213)
	<u>1,121,412</u>	<u>1,072,983</u>
Less: Progress billings	(1,118,232)	(1,112,646)
	<u>3,180</u>	<u>(39,663)</u>

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### 22. Gross amount due from/(to) customers for contract work-in-progress (cont'd)

	Group	
	2016 RM'000	2015 RM'000
Presented as:		
Gross amount due from customers for contract work (Note 21)	19,337	11,671
Gross amount due to customers for contract work (Note 27)	(16,157)	(51,334)
	<u>3,180</u>	<u>(39,663)</u>
Retention sums on construction contracts, included in trade receivables	<u>1,180</u>	<u>913</u>

The costs incurred to date on construction contracts include the following charges made during the financial year:

	Group	
	2016 RM'000	2015 RM'000
Interest expenses	<u>107</u>	<u>-</u>

### 23. Cash and bank balances

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Cash on hand and at banks	3,503	59,967	512	5,192
Restricted cash balances	1,977	9,342	-	-
Short term deposits with licensed banks	44,018	42,646	1,492	1,491
	<u>49,498</u>	<u>111,955</u>	<u>2,004</u>	<u>6,683</u>

The restricted bank balances represent monies maintained pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 and are restricted from use in other operations.

Deposits with licensed banks of the Group and the Company amounting to RM37,176,000 (2015 : RM36,077,000) and RM1,437,000 (2015 : RM1,437,000) respectively are pledged as security for credit facilities granted to the Company and certain subsidiaries, as disclosed in Note 24.

At the reporting date, the weighted average of interest rate and the maturities of deposits were as follows:

	Group		Company	
	2016	2015	2016	2015
Weighted average interest rate (%)	3.01 to 3.17	3.53	3.17	3.22
Maturities (days)	<u>30 to 90</u>	<u>30 to 90</u>	<u>30</u>	<u>30</u>

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2016 cont'd

**23. Cash and bank balances (cont'd)**

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following at each reporting date:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Cash and short term deposits	49,498	111,955	2,004	6,683
Less:				
- Deposits with maturity exceeding 90 days	(37,176)	(36,077)	(1,437)	(1,437)
- Bank overdrafts (Note 24)	(15,142)	(9,666)	-	-
Cash and cash equivalents	<u>(2,820)</u>	<u>66,212</u>	<u>567</u>	<u>5,246</u>

**24. Borrowings**

	Maturity	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Current</b>					
Secured :					
Bank overdrafts (Note 23)	On demand	15,142	9,666	-	-
Revolving credit	2017	100,000	80,000	100,000	80,000
Loans	2017	12,043	-	-	-
Obligations under finance leases (Note 25)	2017	588	624	-	-
		<u>127,773</u>	<u>90,290</u>	<u>100,000</u>	<u>80,000</u>
<b>Non-current</b>					
Secured :					
Loans	2018 - 2020	13,215	7,082	-	-
Revolving credit	2017	-	100,000	-	100,000
Obligations under finance leases (Note 25)	2018 - 2022	1,399	1,732	-	-
		<u>14,614</u>	<u>108,814</u>	<u>-</u>	<u>100,000</u>
Total loans and borrowings		<u>142,387</u>	<u>199,104</u>	<u>100,000</u>	<u>180,000</u>

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2016 cont'd

**24. Borrowings (cont'd)**

The remaining maturities of the loans and borrowings as at 31 December 2016 and 2015 are as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
On demand or within one year	127,773	90,290	100,000	80,000
More than 1 year and less than 2 years	13,455	106,796	-	100,000
More than 2 years and less than 5 years	1,159	2,018	-	-
	<u>142,387</u>	<u>199,104</u>	<u>100,000</u>	<u>180,000</u>

The weighted average effective interest rates at the reporting date for borrowings, excluding obligations under finance lease, were as follows:

	2016 %	2015 %
Bank overdraft	6.85 to 8.10	6.85 to 8.10
Loan	6.90	6.85
Revolving credit	5.61	5.56

**Bridging loan**

The bank overdraft and loans are secured by a third party legal charge on the leasehold land in Mukim Plentong, Johor Bahru registered under KPRJ and fixed deposits with licensed banks as disclosed in Note 23.

**Revolving credit at COF + 1.75%**

The revolving credit facility of RM100,000,000 (2015 : RM180,000,000) of the Company is secured by the following:

- Third party first and second legal charge over a freehold land in Mukim Plentong, Johor Bahru;
- Assignment and charge over an escrow account into which any land sale proceeds is to be credited; and
- Memorandum of deposit over certain deposits of the Group (Note 23).

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**25. Finance lease commitments**

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	Group	
	2016 RM'000	2015 RM'000
<b>Minimum lease payments :</b>		
Not later than 1 year	735	729
Later than 1 year and not later than 2 years	580	809
Later than 2 years and not later than 5 years	915	1,074
Total minimum lease payments	2,230	2,612
Less: Amount representing finance charges	(243)	(256)
Present value of minimum lease payments	1,987	2,356
<b>Present value of payments :</b>		
Not later than 1 year	588	624
Later than 1 year and not later than 2 years	523	712
Later than 2 years and not later than 5 years	876	1,020
Present value of minimum lease payments	1,987	2,356
Less : Amount due within 12 months (Note 24)	(588)	(624)
Due after 12 months (Note 24)	1,399	1,732

These obligations are secured by a charge over the leased assets (Note 13). At the reporting date, the interest rates for the finance lease obligations range between 2.40% to 3.64% (2015 : 2.40% to 3.64%) per annum.

**26. Trade and other payables**

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Current</b>					
<b>Trade payables</b>					
Third parties	(a)	86,387	63,040	-	-
Due to related companies	(a)	21,272	567	-	-
		107,659	63,607	-	-
<b>Other payables</b>					
Due to a shareholder	(b)	1,823	1,823	1,823	1,823
Due to related companies	(b)	57,310	6,785	602	686
Deposit received	(c)	237,308	268,410	-	-
Sundry payables and accruals		38,131	35,725	1,273	1,356
		334,572	312,743	3,698	3,865
Total trade and other payables		442,231	376,350	3,698	3,865
Add : Loans and borrowings (Note 24)		142,387	199,104	100,000	180,000
Total financial liabilities carried at amortised cost		584,618	575,454	103,698	183,865

**NOTES TO THE FINANCIAL STATEMENTS**

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**26. Trade and other payables (cont'd)****(a) Trade payables**

These amounts are non-interest bearing. Trade payables are normally settled on 30 to 90 day (2015 : 30 to 90 day) terms.

**(b) Amounts due to a shareholder and related companies**

The amounts due to a shareholder and related companies, which mainly arose from expenses paid on behalf, are unsecured, non-interest bearing and are repayable on demand.

**(c) Deposit received**

The deposits arose from sales of land which have yet to be completed as at the reporting date and are further analysed as follows:

	Group	
	2016	2015
	RM'000	RM'000
Sale of land to Tropicana Danga Senibong Sdn. Bhd. ("TDSSB")	-	31,102
Sale of land to Greenland Tebrau Sdn. Bhd. ("GTSB")	237,308	237,308
	<u>237,308</u>	<u>268,410</u>

The sale of land to TDSSB was terminated in 2015 and the deposit was refunded to TDSSB during the current financial year.

On 3 April 2015, a subsidiary of the Company, namely Tebrau Bay Sdn. Bhd. ("TBSB") entered into a Sale and Purchase Agreement ("SPA") with GTSB to dispose 3 parcels land for a consideration of RM2,373,079,000. At the reporting date, GTSB has paid a deposit of RM237,308,000 (2015 : RM237,308,000).

At the reporting date, certain conditions precedent in the SPA have not been fulfilled and therefore, the sale of land has not been completed.

TBSB and GTSB have agreed for an extension of the SPA completion date to 5 May 2017 for fulfillment of the conditions precedent.

**27. Other current liabilities**

	Group	
	2016	2015
	RM'000	RM'000
Progress billings in respect of property development cost	-	3,142
Gross amount due to customers for contracts work (Note 22)	16,157	51,334
	<u>16,157</u>	<u>54,476</u>

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**28. Provisions**

	Project costs RM'000	Legal claim RM'000	Total RM'000
At 1 January 2016/ At 31 December 2016	3,640	-	3,640
At 1 January 2015	3,640	220	3,860
Paid during the year	-	(220)	(220)
At 31 December 2015	3,640	-	3,640

**(a) Project costs**

Included in project costs is a provision for liquidated ascertained damages amounting to RM3,000,000 (2015: RM3,000,000), which was made in the ordinary course of business in respect of defects and delay in the completion of a construction contract.

**(b) Legal claim**

In the previous financial year, the Group has settled a legal claim to compensate certain villagers for damages suffered from a flood as a result of a development project.

**29. Share capital**

	Number of ordinary shares of RM0.50 each		Amount	
	2016 '000	2015 '000	2016 RM'000	2015 RM'000
Authorised :				
As at 1 January/31 December	1,000,000	1,000,000	500,000	500,000
Issued and fully paid				
As at 1 January	669,727	669,727	334,864	334,864
Issued during the year	66,973	-	33,486	-
As at 31 December	736,700	669,727	368,350	334,864

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM334,863,572 to RM368,349,929 by way of issuance of 66,972,714 ordinary shares of RM0.50 each at an issue price of RM0.90 per ordinary share via a private placement exercise for additional working capital.

The new ordinary shares issued during the financial year ranked pari passu in all respects with the existing ordinary shares of the Company.

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**30. Share premium**

The share premium represents the excess of consideration received over the par value of shares issued. The share premium is a statutorily restricted reserve which can be utilised for purposes specified under the Companies Act, 1965.

On 31 January 2017, the Companies Act 2016 ("CA 2016") came into operation. Consequently, entities shall comply with CA 2016 in the preparation of financial statements for the financial years ending on or after 31 January 2017.

Section 74 of CA 2016 states that all shares issued before or after 31 January 2017 shall have no par or nominal value. CA 2016 provides certain transitional provisions relating to the abolition of nominal value. Section 618(2) of CA 2016 states that upon the commencement of Section 74 of CA 2016, the share premium account shall become part of share capital.

**31. Deferred taxation**

	Group	
	2016 RM'000	2015 RM'000
At 1 January	91,334	114,903
Recognised in profit or loss (Note 11)	(2,230)	(23,569)
At 31 December	89,104	91,334
Presented after appropriate offsetting as follows :		
Deferred tax assets	(10,350)	(8,719)
Deferred tax liabilities	99,454	100,053
	89,104	91,334

The components and movements of deferred tax liabilities/(assets) of the Group during the financial year are as follows:

**Deferred tax liabilities of the Group**

	Property, plant and equipment RM'000	Land and development expenditure RM'000	Other temporary differences RM'000	Total RM'000
At 1 January 2016	47	99,906	100	100,053
Recognised in profit or loss	(51)	(599)	-	(650)
Offsetting	51	-	-	51
At 31 December 2016	47	99,307	100	99,454
At 1 January 2015	154	116,206	-	116,360
Recognised in profit or loss	75	(16,300)	100	(16,125)
Offsetting	(182)	-	-	(182)
At 31 December 2015	47	99,906	100	100,053



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**31. Deferred taxation (cont'd)****Deferred tax assets of the Group**

	Provisions RM'000	Other temporary differences RM'000	Total RM'000
At 1 January 2016	(6,238)	(2,481)	(8,719)
Recognised in profit or loss	(2,359)	779	(1,580)
Offsetting	(3)	(48)	(51)
At 31 December 2016	<u>(8,600)</u>	<u>(1,750)</u>	<u>(10,350)</u>
At 1 January 2015	-	(1,457)	(1,457)
Recognised in profit or loss	(6,247)	(1,197)	(7,444)
Offsetting	9	173	182
At 31 December 2015	<u>(6,238)</u>	<u>(2,481)</u>	<u>(8,719)</u>

**32. Commitments**

	Group	
	2016 RM'000	2015 RM'000
Approved and contracted for:		
Acquisitions of land	<u>218,443</u>	<u>140,343</u>

The details for the acquisitions of land are disclosed in Note 39(i) and 39(ii).

**33. Employee share option scheme**

At an Extraordinary General Meeting held on 24 June 2014, shareholders approved the proposed establishment of an Employees' Share Option Scheme ("ESOS") for the granting of non-transferable options that are settled by physical delivery of the ordinary shares of the Company, to eligible directors and employees. No share options were granted or exercisable during the financial year.

On 9 March 2017, the Company granted 123,550,000 share options to its eligible directors and employees (Note 40(b)).

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**34. Related party disclosures**

In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Subsidiary</b>				
Loan interest charged	-	-	5,442	10,266
Dividends received	-	-	-	3,000
<b>Related company</b>				
Rental receivable	91	52	-	-
Rental payable	36	111	-	17
Loan interest paid and payable	137	-	-	-
Construction cost paid and payable	7,100	15,000	-	-
<b>Directors' related company</b>				
Purchase of raw materials	1,097	1,040	-	-
Rental payable	4	51	-	-
Project management fees payable	268	405	-	-
Landscaping works paid and payable	51	-	-	-
Construction cost paid and payable	53,116	3,996	-	-

Directors' related company

Purchase of raw materials was from Knusford Marketing Sdn. Bhd, a subsidiary of a company in which certain directors of the Company have interest.

Project management fees were payable to Knusford Project Management Sdn. Bhd., a subsidiary of a company in which certain directors of the Company have interest.

Rental and landscaping works were paid and payable to Knusford Landscape Sdn. Bhd, a subsidiary of a company in which certain directors of the Company have interest.

Construction costs were paid and payable to Greenland Knusford Sdn. Bhd., an associate of a company in which certain directors of the Company have interest.

The directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are mutually agreed upon.

## NOTES TO THE FINANCIAL STATEMENTS

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### 35. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include interest rate risk, liquidity risk and credit risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Executive Vice Chairman, Chief Executive Officer and Heads of Departments. The risk management committee provides independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

#### (a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. As the Group and the Company have no significant interest-bearing financial assets, the Group's and the Company's income and operating cash flows are substantially independent of changes in market interest rates. The Group's and the Company's interest-bearing financial assets are mainly short term in nature and have been mostly placed in fixed deposits.

#### Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 100 basis points lower/higher, with all other variables held constant, the Group's profit net of tax would have been RM637,000 (2015 : RM1,122,000) higher/lower, arising mainly from interest expenses on loans and borrowings offset by interest income on short term deposits.

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2016 cont'd

**35. Financial risk management objectives and policies (cont'd)****(b) Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from both capital markets and financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

Group	2016		
	On demand or within one year RM'000	One to five years RM'000	Total RM'000
<b>Financial liabilities</b>			
Trade and other payables	442,231	-	442,231
Loans and borrowings	133,190	14,857	148,047
<b>Total financial liabilities</b>	<b>575,421</b>	<b>14,857</b>	<b>590,278</b>
<b>Company</b>			
<b>Financial liabilities</b>			
Trade and other payables	3,698	-	3,698
Loans and borrowings	103,992	-	103,992
<b>Total financial liabilities</b>	<b>107,690</b>	<b>-</b>	<b>107,690</b>

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**35. Financial risk management objectives and policies (cont'd)****(b) Liquidity risk (cont'd)**

Group	2015		Total
	On demand or within one year	One to five years	
<b>Financial liabilities</b>			
Trade and other payables	376,350	-	376,350
Loans and borrowings	95,955	113,135	209,090
<b>Total undiscounted financial liabilities</b>	<b>472,305</b>	<b>113,135</b>	<b>585,440</b>
<b>Company</b>			
<b>Financial liabilities</b>			
Trade and other payables	3,865	-	3,865
Loans and borrowings	85,560	104,170	189,730
<b>Total undiscounted financial liabilities</b>	<b>89,425</b>	<b>104,170</b>	<b>193,595</b>

**(c) Credit risk**

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations.

The Group's credit risk is primarily attributable to receivables. The receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents has a maximum exposure equal to the carrying amount of these financial assets.

Credit risk concentration profile

The Group has a concentration of credit risk as 74% (2015: 87%) of its receivables are due from 2 (2015: 2) major customers.

Exposure to credit risk

At the reporting date, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2016 cont'd

**35. Financial risk management objectives and policies (cont'd)****(c) Credit risk (cont'd)**

At the reporting date, the Company's maximum exposure to credit risk is represented by:

- the carrying amount of each class of financial assets recognised in the statements of financial position;
- an amount of RM48,720,000 (2015 : RM48,720,000) relating to a corporate guarantee provided by the Company to a bank for credit facilities granted to subsidiaries (Note 24); and
- an amount of RM29,416,000 (2015 : RM29,416,000) relating to a performance guarantee issued for construction projects being carried out by subsidiaries.

Financials assets that are neither past due or impaired

Information regarding financial assets that are neither past due or impaired are disclosed in Note 20.

Financials assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired are disclosed in Note 20.

**36. Fair values****Determination of fair value**Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximations of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximations of fair value:

	<b>Note</b>
Trade and other receivables (current)	20
Borrowings	24
Trade and other payables (current)	26

The carrying amounts of these financial assets and liabilities are reasonable approximations of fair values due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

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**36. Fair values (cont'd)**Financial guarantees

Financial guarantees given to subsidiaries have not been recognised in the financial statements as the directors are of the opinion that the fair value on initial recognition was not material and it is not probable that a future sacrifice of economic benefits will be required.

**Fair value hierarchy**

The following table provides the fair value measurement hierarchy of the Group's assets.

	Quoted price in active markets Level 1 RM'000	Significant observable inputs Level 2 RM'000	Significant unobservable inputs Level 3 RM'000
<b>At 31 December 2016</b>			
<b>Assets measured at fair value</b>			
Investment properties	-	-	498
<b>At 31 December 2015</b>			
<b>Assets measured at fair value</b>			
Investment properties	-	-	498

During the financial years ended 31 December 2016 and 2015, there were no transfers between the various levels of the fair value measurement hierarchy.

**37. Capital management**

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payments to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2016 and 31 December 2015.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt comprises borrowings and trade and other payables, less cash and bank balances whereas total capital comprises the equity attributable to equity holders of the Company.

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### 37. Capital management (cont'd)

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Borrowings	24	142,387	199,104	100,000	180,000
Trade and other payables	26	442,231	376,350	3,698	3,865
Less: Cash and bank balances	23	(49,498)	(111,955)	(2,004)	(6,683)
Net debt		535,120	463,499	101,694	177,182
Equity		596,395	552,981	570,159	512,036
Total capital		596,395	552,981	570,159	512,036
<b>Capital and net debt</b>		<b>1,131,515</b>	<b>1,016,480</b>	<b>671,853</b>	<b>689,218</b>
<b>Gearing ratio</b>		<b>47.3%</b>	<b>45.6%</b>	<b>15.1%</b>	<b>25.7%</b>

### 38. Segment information

(a) For management purposes, the Group is organised into business units based on their products and services, and has three reportable operating segments as follows :

- (i) Property development - the development of residential and commercial properties;
- (ii) Construction; and
- (iii) Property management.

Other operations of the Group mainly comprises of property investment and investment holding, neither of which constitutes a separately reportable segment.

#### (b) Allocation basis

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, liabilities and expenses.

The directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties. These transactions are eliminated on consolidation.



## AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF IWCITY FOR THE FYE 31 DECEMBER 2016 (Cont'd)

Iskandar Waterfront City Berhad (8256-A)

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**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2016 cont'd

**38. Segment information (cont'd)**

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segment :

	Property development RM'000	Construction RM'000	Property management RM'000	Eliminations RM'000	Consolidated RM'000
<b>31 December 2016</b>					
<b>Revenue</b>					
Revenue	27,494	49,102	-	-	76,596
Inter-segment sales	-	-	-	-	-
Total revenue	<u>27,494</u>	<u>49,102</u>	<u>-</u>	<u>-</u>	<u>76,596</u>
<b>Results</b>					
Segment results	4,256	(5,569)	-	-	(1,313)
Unallocated corporate expenses					<u>(1,497)</u>
Loss from operations					<u>(2,810)</u>
Finance costs					<u>(12,108)</u>
Income tax expense					<u>(1,108)</u>
Loss after tax					<u><u>(16,026)</u></u>
<b>Assets</b>					
Segment assets	1,089,928	256,021	4,222	(279,615)	1,070,556
Investment properties					498
Other investments					90
Investment in associates					55,051
Unallocated corporate assets					<u>211,872</u>
Consolidated total assets					<u><u>1,338,067</u></u>
<b>Liabilities</b>					
Segment liabilities	(221,812)	(636,055)	(12,260)	232,154	(637,973)
Unallocated corporate liabilities					<u>(103,699)</u>
Consolidated total liabilities					<u><u>(741,672)</u></u>
<b>Other segment information</b>					
Segment capital expenditure	-	425	-	-	425
Unallocated corporate capital expenditure					<u>30</u>
Consolidated total capital expenditure					<u><u>455</u></u>
Segment depreciation	273	317	-	-	590
Unallocated corporate depreciation					<u>73</u>
Consolidated total depreciation					<u><u>663</u></u>

## AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF IWCITY FOR THE FYE 31 DECEMBER 2016 (Cont'd)

Iskandar Waterfront City Berhad (8256-A)

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**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2016 cont'd

**38. Segment information (cont'd)**

	Property Development RM'000	Construction RM'000	Property Management RM'000	Eliminations RM'000	Consolidated RM'000
<b>31 December 2015</b>					
<b>Revenue</b>					
Revenue	196,883	(15,247)	-	-	181,636
Inter-segment sales	-	6,022	-	(6,022)	-
Total revenue	196,883	(9,225)	-	(6,022)	181,636
<b>Results</b>					
Segment results	123,971	(45,777)	(25)	(52,908)	25,261
Unallocated corporate expenses					(2,546)
Profit from operations					22,715
Finance costs					(1,961)
Share of results of associate					(200)
Income tax expense					(13,719)
Profit after tax					6,835
<b>Assets</b>					
Segment assets	1,085,837	193,923	15,961	(256,946)	1,038,775
Investment properties					498
Other investments					90
Investment in associates					47,612
Unallocated corporate assets					235,132
Consolidated total assets					1,322,107
<b>Liabilities</b>					
Segment liabilities	(156,711)	(619,879)	(18,155)	209,484	(585,261)
Unallocated corporate liabilities					(183,865)
Consolidated total liabilities					(769,126)
<b>Other segment information</b>					
Segment capital expenditure	889	1,955	-	-	2,844
Unallocated corporate capital expenditure					207
Consolidated total capital expenditure					3,051
Segment depreciation	283	166	-	-	449
Unallocated corporate depreciation					70
Consolidated total depreciation					519

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2016 cont'd

**39. Significant events****(i) Acquisition of land from Bahagia Wangsa Sdn. Bhd.**

On 22 April 2016, a subsidiary of the Company, namely Bayou Management Sdn. Bhd. (BMSB), entered into a conditional Sale and Purchase Agreement with Bahagia Wangsa Sdn Bhd ("BWSB") to acquire 3 adjoining parcels of freehold land within Mukim of Pulai, District of Johor Bahru, Johor for a purchase consideration of RM155,936,000. At the reporting date, the BMSB has paid a deposit amounting to RM23,594,000 (2015 : RM15,594,000) as disclosed in Note 20.

The balance of the purchase consideration of RM132,343,000 (2015 : RM140,343,000) is subject to late payment interest at the rate of 8% (2015 : 8%) per annum due to the payment has not been made within the payment deadline.

As of the date of this report, the balance of the purchase consideration has been paid and the completion of SPA is subject to fulfillment of certain conditions.

**(ii) Acquisition of land from Malgold Construction Sdn. Bhd.**

On 30 September 2016, a subsidiary of the Company, namely Success Straits Sdn. Bhd. ("SSSB") entered into a conditional Sale and Purchase Agreement with Malgold Construction Sdn. Bhd. ("MCSB") to acquire a parcel of land for a purchase consideration of RM39,000,000.

30% of the purchase price amounting to RM11,700,000 is to be settled by cash and the balance of 70% of RM27,300,000 is to be settled via the issuance of 30,333,333 new ordinary shares of the Company at the issue price of RM0.90 per share.

As at the reporting date, SSSB has paid a 10% deposit amounting to RM3,900,000 as disclosed in Note 20.

On 3 March 2017, the acquisition of land from MCSB was completed.

**(iii) Acquisition of land from Eight Danga Sdn. Bhd.**

On 30 September 2016, SSSB entered into another conditional Sale and Purchase Agreement with Eight Danga Sdn. Bhd. ("EDSB") to acquire a parcel of land for a purchase consideration of RM51,000,000.

The purchase price is to be settled in full via the issuance of 56,666,667 new ordinary shares of the Company at the issue price of RM0.90 per share.

On 3 March 2017, the acquisition of land from EDSB was completed.

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2016 cont'd

**40. Subsequent events**

- (a) Proposed members' scheme of arrangement to be undertaken by Iskandar Waterfront City Berhad ("the Company") pursuant to Section 366 of the Companies Act 2016 in connection with a proposed merger scheme and a proposed restructuring exercise to be undertaken by its holding company, Iskandar Waterfront Holdings Sdn. Bhd. ("IWH")

On 8 March 2017, the Company received a proposal letter from IWH, in relation to a proposed members' scheme of arrangement to be undertaken by the Company pursuant to Section 366 of the Companies Act 2016 in connection with a proposed merger scheme and a proposed restructuring exercise to be undertaken by IWH.

The proposed scheme, involves amongst others, the proposed merger of the Company with IWH, to be implemented via an exchange of all the ordinary shares in the Company held by the existing shareholders of the Company (excluding shares held by IWH) pursuant to a scheme of arrangement to be undertaken by the Company under Section 366 of the Companies Act 2016 based on an offer price of RM1.50 for each share of the Company, which shall be wholly satisfied via the issuance of one subdivided ordinary share in IWH (following the subdivision of one IWH ordinary share into 2 ordinary shares in IWH as part of IWH's internal restructuring) at an issue price of RM1.50 for each subdivided ordinary shares in IWH.

As of the date of this report, the Company is still deliberating on the proposal put forward by IWH and no decision has been taken.

(b) **Grant of employee share option scheme**

As disclosed in Note 33, the Company granted 123,550,000 share options to its eligible directors and employees on 9 March 2017. At the date of this report, the Company has received RM1,050,000 for the exercise of the share options, in respect of which the shares have yet to be allotted.

**41. Authorisation of financial statements for issue**

The financial statements for the year ended 31 December 2016 were authorised for issue in accordance with a resolution of the directors on 18 April 2017.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF IWCITY FOR THE FYE 31 DECEMBER 2016 (Cont'd)

Iskandar Waterfront City Berhad (8256-A)

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## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016 cont'd

### 42. Supplementary Information - Breakdown of Accumulated losses into Realised and Unrealised

The breakdown of the accumulated losses of the Group and of the Company as at 31 December 2016 into realised and unrealised losses is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group	
	2016 RM'000	2015 RM'000
Total accumulated profits		
- Realised	39,304	41,930
- Unrealised	12,625	61,781
	<u>51,929</u>	<u>103,711</u>
Less: Consolidation adjustments	<u>(75,659)</u>	<u>(111,415)</u>
Accumulated losses as per financial statements	<u>(23,730)</u>	<u>(7,704)</u>
	Company	
	2016 RM'000	2015 RM'000
Total accumulated losses		
- Realised	(49,966)	(48,649)
- Unrealised	-	-
Accumulated losses as per financial statements	<u>(49,966)</u>	<u>(48,649)</u>

**PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF EKOVEST AS AT 30 JUNE 2017 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON**



7 March 2018

The Board of Directors  
Ekovest Berhad  
Wisma Ekovest  
No. 118, Jalan Gombak  
53000 Kuala Lumpur  
Malaysia

Dear Sirs

**REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

We have completed our assurance engagement to report on the compilation of the pro forma consolidated statements of financial position of Ekovest Berhad (the “Company”) and its subsidiaries (collectively the “Group”) as at 30 June 2017. The pro forma consolidated statements of financial position together with the notes thereon, as set out in the Appendix I (which we have stamped for identification purpose), have been compiled by the Directors of the Company for inclusion in the circular to shareholders (“Circular”) in connection with the conditional voluntary take-over offer by the Company to acquire all the ordinary shares in Iskandar Waterfront City Berhad (“IWCity”), comprising the following:

- (a) 837,388,857 ordinary shares in IWCity (“IWCity Shares”), representing the entire issued share capital of IWCity as at 28 February 2018; and
- (b) any new IWCity Shares that may be issued prior to the closing date of the conditional voluntary take-over offer arising from the exercise of outstanding employee share options in IWCity (“IWCity ESOS Options”),

(collectively referred to as the “Offer Shares”)

for a consideration of RM1.50 per Offer Share, which shall be satisfied by way of:-

- (a) a cash consideration of RM1.50 for every 1 Offer Share surrendered;
- OR
- (b) a share exchange based on an exchange ratio of 1 new ordinary share in the Company to be issued at an issue price of RM1.50 each for every 1 Offer Share surrendered.

(collectively, the above are referred to as the “Proposed Offer”).

**PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF EKOVEST AS AT 30 JUNE 2017 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)**

 M A Z A R S

The Board of Directors  
Ekovest Berhad  
7 March 2018  
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The applicable criteria on the basis of which the Directors of the Company have compiled the pro forma consolidated statements of financial position are set out in note 1 in the Appendix I.

The pro forma consolidated statements of financial position have been compiled by the Directors of the Company to illustrate the impact of the transactions set out in notes 2 and 3 in the Appendix I on the Group's financial position as at 30 June 2017, as if the transactions had taken place at 30 June 2017. As part of this process, information about the Group's financial position has been extracted by the Directors of the Company from the following:

- (a) the audited consolidated financial statements of the Group as at 30 June 2017; and
- (b) unaudited consolidated financial statements of IWCity as at 30 June 2017.

***The Directors' Responsibility for the Pro Forma Consolidated Statements of Financial Position***

The Directors of the Company are responsible for compiling the pro forma consolidated statements of financial position on the basis set out in note 1 in the Appendix I.

***Our Independence and Quality Control***

We have complied with the independence and other ethical requirement of the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants and the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

***Our Responsibilities***

Our responsibility is to express an opinion about whether the pro forma consolidated statements of financial position have been compiled, in all material respects, by the Directors of the Company, on the basis set out in note 1 in the Appendix I.

We conducted our engagement with reference to the requirements of International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information included in a Prospectus*, issued by the Malaysian Institute of Accountants. This standard requires that we plan and perform procedures to obtain reasonable assurance about whether the Directors of the Company have compiled, in all material respects, the pro forma consolidated statements of financial position on the basis set out in note 1 in the Appendix I.

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF EKOVEST AS AT 30 JUNE 2017 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (*Cont'd*)



The Board of Directors  
Ekovest Berhad  
7 March 2018  
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For the purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma consolidated statements of financial position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma consolidated statements of financial position.

The purpose of pro forma consolidated statements of financial position included in the Circular of an entity is solely to illustrate the impact of significant events or transactions on the unadjusted financial information of the entity as if the events had occurred or the transactions had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions, when they occur, would have been as presented.

A reasonable assurance engagement to report on whether the pro forma consolidated statements of financial position have been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by Directors of the Company in the compilation of the pro forma consolidated statements of financial position provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions, and to obtain sufficient appropriate evidence about whether:

- (a) The related pro forma adjustments give appropriate effect to those criteria; and
- (b) The pro forma consolidated statements of financial position reflect the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgment, having regard to our understanding of the nature of the entity, the events or transactions in respect of which the pro forma consolidated statements of financial position have been compiled, and other relevant engagement circumstances. The engagement also involves evaluating the overall presentation of the pro forma consolidated statements of financial position.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Opinion*

In our opinion, the pro forma consolidated statements of financial position have been compiled, in all material respects, on the basis set out in note 1 in the Appendix I.



PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF EKOVEST AS AT 30  
JUNE 2017 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON *(Cont'd)*

---

 M A Z A R S

The Board of Directors  
Ekovest Berhad  
7 March 2018  
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*Other Matters*

This report is issued for the sole purpose of inclusion in the Circular in connection with the Proposed Offer and should not be used or relied upon for any other purpose. We accept no duty of responsibility to and deny any liability to any party in respect of any use of, or reliance upon, this report in connection with any transaction other than the Proposed Offer.



MAZARS PLT  
LLP0010622-LCA  
AF 001954  
Chartered Accountants

**PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF EKOVEST AS AT 30 JUNE 2017 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)**

**EKOVEST BERHAD**

**Appendix I**

Pro Forma Consolidated Statements of Financial Position  
As at 30 June 2017

**1. BASIS OF PREPARATION**

The pro forma consolidated statements of financial position of Ekovest Berhad (the "Company" or "Ekovest") and its subsidiaries (collectively, the "Group") as at 30 June 2017 have been prepared by the Directors of the Company for illustrative purposes in connection with the conditional voluntary take-over offer by the Company to acquire all the ordinary shares in Iskandar Waterfront City Berhad ("IWCity"), comprising the following:

- (a) 837,388,857 ordinary shares in IWCity ("IWCity Shares"), representing the entire issued share capital of IWCity as at 28 February 2018; and
- (b) any new IWCity Shares that may be issued prior to the closing date of the conditional voluntary take-over offer arising from the exercise of outstanding employee share options in IWCity ("IWCity ESOS Options"),

(collectively referred to as the "Offer Shares")

for a consideration of RM1.50 per Offer Share ("Offer Price"), which shall be satisfied by way of:-

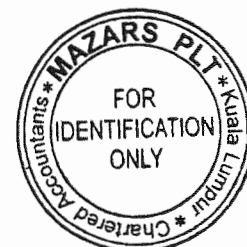
- (a) a cash consideration of RM1.50 for every 1 Offer Share surrendered ("Cash Option");
- OR
- (b) a share exchange based on an exchange ratio of 1 new ordinary share in the Company ("Ekovest Share") to be issued at an issue price of RM1.50 each for every 1 Offer Share surrendered ("Share Exchange Option").

(collectively, the above are referred to as the "Proposed Offer").

The pro forma consolidated statements of financial position of the Group as at 30 June 2017 have been prepared by the Directors of the Company for illustrative purposes, based on the following:

- (a) audited consolidated statements of financial position of the Group as at 30 June 2017, which were prepared in accordance with Financial Reporting Standards ("FRS") in Malaysia; and
- (b) where applicable, unaudited consolidated statements of financial position of IWCity as at 30 June 2017, which were prepared in accordance with FRS in Malaysia.

The accounting policies applied in the compilation of the pro forma consolidated statements of financial position of the Group as at 30 June 2017 are consistent with those accounting policies applied in the preparation of the audited consolidated financial statements of Ekovest Berhad for the financial year ended 30 June 2017.



**PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF EKOVEST AS AT 30 JUNE 2017 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)**

**EKOVEST BERHAD**

**Appendix I**

Pro Forma Consolidated Statements of Financial Position  
As at 30 June 2017

The pro forma consolidated statements of financial position of the Group as at 30 June 2017 have been presented for illustrative purpose only and because of its hypothetical nature, it may not give a true picture of the financial position of the Group as at 30 June 2017. Accordingly, the actual financial position of the Group upon completion of the Proposed Offer would not have been as presented.

The statements of financial position of the Group as at 30 June 2017 have been extracted from the audited consolidated financial statements of the Group for the financial year ended 30 June 2017.

The statements of financial position of IWCity as at 30 June 2017 have been extracted from the unaudited consolidated financial statements for 6-month financial period ended 30 June 2017 published on Bursa Malaysia Securities Berhad.

Basis of consolidation:

The proposed acquisition involving entity under common control, is accounted for using merger method of accounting. The assets and liabilities of the combining entities are reflected at their carrying amounts reported in their consolidated financial statements respectively. Any difference between the consideration paid and the share capital of the acquired entity is reflected within equity as merger reserve. No goodwill or fair value adjustment is recognised.

All figures in this report are rounded to the nearest thousand, unless otherwise stated.

The pro forma effects of the Proposed Offer are illustrated after taking into consideration the following, where applicable:

- (a) IWCity has an existing Employees' Share Option Scheme which is valid for 5 years from 26 September 2014 and may be extended for another 5 years. As at 28 February 2018, there are 104,361,000 IWCity ESOS Options which remain unexercised by the holders of such options.
- (b) The Company does not hold any IWCity Shares as at 28 February 2018.
- (c) Iskandar Waterfront Holdings Sdn Bhd ("IWH") has on 27 November 2017 irrevocably undertaken not to accept the Proposed Offer in respect of all its 315,846,069 IWCity Shares (representing approximately 37.72% equity interest in IWCity).
- (d) Lim Seong Hai Holdings Sdn Bhd ("LSHH") has on 15 December 2017 irrevocably undertaken not to accept the Proposed Offer in respect of all its 776,000 IWCity Shares (representing approximately 0.09% equity interest in IWCity).



**PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF EKOVEST AS AT 30 JUNE 2017 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)**

**EKOVEST BERHAD**

**Appendix I**

Pro Forma Consolidated Statements of Financial Position  
As at 30 June 2017

- (e) On 18 December 2017, the Company had entered into a conditional share sale agreement with Kumpulan Prasarana Rakyat Johor Sdn Bhd (“KPRJ”) (“KPRJ SSA”) to acquire all 53,595,267 IWCity Shares held by KPRJ (representing approximately 6.40% equity interest in IWCity) for a total cash consideration of RM80,392,900.50 or RM1.50 per IWCity Share which is equivalent to the Offer Price.

The KPRJ SSA is conditional upon Ekovest having obtained the approval of its shareholders at an extraordinary general meeting of Ekovest to be convened, which shall not be later than 6 months from the date of KPRJ SSA or such later date as may be mutually agreed upon.

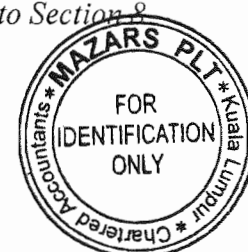
Upon the KPRJ SSA becoming unconditional, Ekovest and the persons acting in concert with the Company for the purpose of the Proposed Offer (“PACs”) will trigger an obligation to undertake a mandatory take-over offer and accordingly, the voluntary take-over offer pursuant to the Proposed Offer will become a mandatory take-over offer.

- (f) As at 28 February 2018, the direct and indirect interests of the PACs in IWCity are as follows:

Name of PACs	Direct		Indirect	
	Number of IWCity Shares	% <sup>(1)</sup>	Number of IWCity Shares	% <sup>(1)</sup>
Tan Sri Dato' Lim Kang Hoo	-	-	315,846,069 <sup>(2)</sup>	37.72
Lim Hoe	-	-	-	-
Tan Sri Datuk Seri Lim Keng Cheng	-	-	776,000 <sup>(3)</sup>	0.09
Wong Khai Shiuan	10,000	- <sup>(4)</sup>	-	-
IWH	315,846,069	37.72	-	-
LSHH	776,000	0.09	-	-
Chow Yoon Sam	10,000	- <sup>(4)</sup>	-	-
Lee Wai Kuen	1,071,000	0.13	-	-
Lim Chen Heng	-	-	-	-
Wong Khai Shiang	576,000	0.07	-	-
<b>Total</b>	<b>318,289,069</b>	<b>38.01</b>	<b>316,622,069</b>	<b>37.81</b>

Notes:

- (1) Computed based on 837,388,857 IWCity Shares as at 28 February 2018.  
(2) Deemed interested by virtue of his interest in IWH pursuant to Section 8 of the Company Act 2016.  
(3) Deemed interested by virtue of his interest in LSHH pursuant to Section 8 of the Companies Act 2016.  
(4) Negligible.



**PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF EKOVEST AS AT 30 JUNE 2017 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)**

**EKOVEST BERHAD**

**Appendix I**

Pro Forma Consolidated Statements of Financial Position  
As at 30 June 2017

- (g) Minimum Acceptance Scenario:  
Assuming:
- (i) As a result of the KPRJ SSA becoming unconditional, the voluntary take-over offer pursuant to the Proposed Offer becomes a mandatory take-over offer;
  - (ii) Ekovest will acquire 53,595,267 IWCity Shares (represents 6.40% equity interest in IWCity) held by KPRJ in cash, pursuant to share sales agreement dated 18 December 2017 between the Company and KPRJ;
  - (iii) Ekovest receives valid acceptances resulting in the Company holding an additional 46,810,093 IWCity Shares (represents 5.59% equity interest in IWCity) (hence, in total 11.99% equity interest in IWCity); and
  - (iv) Arising therefrom, together with the 318,289,069 IWCity Shares (represents 38.01% equity interest in IWCity) held by PACs as at 28 February 2018, meeting the acceptance condition of mandatory take-over offer (based on 837,388,857 total issued shares and assuming no exercise of IWCity ESOS Options).
- (h) Maximum Acceptance Scenario:  
Assuming:
- (i) Ekovest receives valid acceptances in respect of all the Offer Shares (other than those held by IWH and LSHH) resulting in the Company holding 625,127,788 IWCity Shares (represents 66.38% equity interest in IWCity); and
  - (ii) Arising therefrom, together with shares held by PACs as at 28 February 2018, the total holding is 100.00% equity interest in IWCity (based on 941,749,857 total issued shares after full exercise of 104,361,000 IWCity ESOS Options).

**2. MINIMUM ACCEPTANCE SCENARIO**

The pro forma I and II have been prepared for illustrative purposes based on the audited consolidated statements of financial position of the Group as at 30 June 2017.

**2.1 Cash Option**

Pro forma I incorporates the effects of the following:

- (a) Acquisition of 100,405,360 IWCity Shares (represents 11.99% equity interest in IWCity) at the offer price of RM1.50 per IWCity Share for a total cash consideration of RM150.61 million;



**PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF EKOVEST AS AT 30 JUNE 2017 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)**

**EKOVEST BERHAD**

**Appendix I**

Pro Forma Consolidated Statements of Financial Position  
As at 30 June 2017

- (b) Settlement of estimated expenses in relation to the Proposed Offer of approximately RM4.50 million by cash; and
- (c) Transfer of outstanding share premium of RM327.48 million of the Company from share premium account to share capital account.

**2.2 Share Exchange Option**

Pro forma II incorporates the effects of the following:

- (a) Acquisition of 100,405,360 IWCity Shares (represents 11.99% equity interest in IWCity) at the offer price of RM1.50 per IWCity Share, by way of:
  - (i) cash consideration of RM80.39 million, for acquisition of 53,595,267 IWCity Shares (represents 6.40% equity interest in IWCity) held by KPRJ; and
  - (ii) issuance of 46,810,093 Ekovest Shares at the issue price of RM1.50 each totalling RM70.22 million, in exchange of 46,810,093 IWCity Shares.
- (b) Settlement of estimated expenses in relation to the Proposed Offer of approximately RM4.50 million by cash; and
- (c) Transfer of outstanding share premium of RM327.48 million of the Company from share premium account to share capital account.

**3. MAXIMUM ACCEPTANCE SCENARIO**

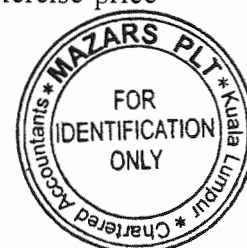
The pro forma III and IV have been prepared for illustrative purposes based on the following:

- (a) audited consolidated statements of financial position of the Group as at 30 June 2017; and
- (b) unaudited consolidated statements of financial position of IWCity as at 30 June 2017.

**3.1 Cash Option**

Pro forma III incorporates the effects of the following:

- (a) Exercise of 105,361,000 IWCity ESOS Options (including 1,000,000 IWCity ESOS Options exercised in July 2017 and termination of 5,500,000 IWCity ESOS Options in January 2018) at the exercise price of RM1.50;



**PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF EKOVEST AS AT 30 JUNE 2017 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)**

**EKOVEST BERHAD**

**Appendix I**

Pro Forma Consolidated Statements of Financial Position  
As at 30 June 2017

- (b) Acquisition of 625,127,788 IWCity Shares (represents 66.38% equity interest in IWCity, after full exercise of 104,361,000 IWCity ESOS Options) at the offer price of RM1.50 per IWCity Share, for a total cash consideration of RM937.69 million;
- (c) Drawdown of bank borrowings of RM480.00 million for this funding purpose;
- (d) The carrying amounts of assets and liabilities of IWCity are combined into the pro forma III using merger method of accounting;
- (e) Settlement of estimated expenses in relation to the Proposed Offer of approximately RM4.50 million by cash; and
- (f) Transfer of outstanding share premium of RM327.48 million of the Company from share premium account to share capital account.

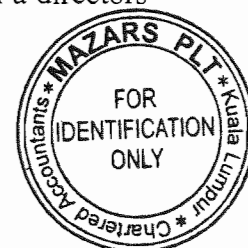
**3.2 Share Exchange Option**

Pro forma IV incorporates the effects of the following:

- (a) Exercise of 105,361,000 IWCity ESOS Options (including 1,000,000 IWCity ESOS Options exercised in July 2017 and termination of 5,500,000 IWCity ESOS Options in January 2018) at the exercise price of RM1.50;
- (b) Acquisition of 625,127,788 IWCity Shares (represents 66.38% equity interest in IWCity, after full exercise of 104,361,000 IWCity ESOS Options) at the offer price of RM1.50 per IWCity Share, by way of issuance of 625,127,788 Ekovest Shares at the issue price of RM1.50 each;
- (c) The carrying amounts of assets and liabilities of IWCity are combined into the pro forma IV using merger method of accounting;
- (d) Settlement of estimated expenses in relation to the Proposed Offer of approximately RM4.50 million by cash; and
- (e) Transfer of outstanding share premium of RM327.48 million of the Company from share premium account to share capital account.

**4. APPROVAL OF PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

The pro forma consolidated statements of financial position as at 30 June 2017 is approved by the Board of Directors of Ekovest Berhad in accordance with a directors' resolution dated 28 February 2018.

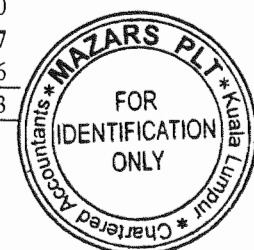


**PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF EKOVEST AS AT 30 JUNE 2017 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)**

Appendix I

**Ekovest Berhad**  
**Pro Forma Consolidated Statements of Financial Position**  
**As At 30 June 2017**  
**Minimum Acceptance Scenario (Cash Option)**

	Audited as at 30 June 2017 RM'000	Adjustments (Note 2.1) RM'000	Pro Forma I RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	64,417	-	64,417
Investment properties	413,411	-	413,411
Land held for property development	218,502	-	218,502
Concession assets	3,179,661	-	3,179,661
Other investment	-	150,608 (a)	150,608
Deferred tax assets	8,447	-	8,447
	<u>3,884,438</u>		<u>4,035,046</u>
<b>Current assets</b>			
Gross amount due from customers	129,226	-	129,226
Property development costs	260,908	-	260,908
Trade and other receivables	423,301	-	423,301
Accrued billings	94,115	-	94,115
Current tax assets	1,174	-	1,174
Investment funds	3,945,318	-	3,945,318
Short term deposits	395,891	(150,608) (a)	245,283
Cash and bank balances	212,733	(4,500) (b)	208,233
	<u>5,462,666</u>		<u>5,307,558</u>
<b>TOTAL ASSETS</b>	<u>9,347,104</u>		<u>9,342,604</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	428,115	327,478 (c)	755,593
Share premium	327,478	(327,478) (c)	-
Other reserves	145,326	-	145,326
Retained earnings	1,020,970	(4,500) (b)	1,016,470
Capital and reserves attributable to equity holders of the Company	1,921,889	-	1,917,389
Non-controlling interests	379,244	-	379,244
<b>Total equity</b>	<u>2,301,133</u>		<u>2,296,633</u>
<b>Non-current liabilities</b>			
Hire purchase liabilities	10,291	-	10,291
Bank term loans	598,909	-	598,909
Medium term notes	5,360,910	-	5,360,910
Provision for heavy repairs	2,567	-	2,567
Deferred tax liabilities	210,456	-	210,456
	<u>6,183,133</u>		<u>6,183,133</u>



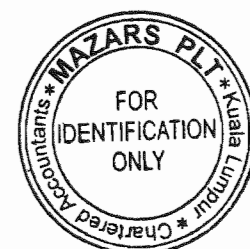


**PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF EKOVEST AS AT 30 JUNE 2017 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)**

Appendix I

**Ekovest Berhad**  
**Pro Forma Consolidated Statements of Financial Position**  
**As At 30 June 2017**  
**Minimum Acceptance Scenario (Cash Option)**

	Audited as at 30 June 2017 RM'000	Adjustments (Note 2.1) RM'000	Pro Forma I RM'000
<b>Current liabilities</b>			
Trade and other payables	409,972	-	409,972
Hire purchase liabilities	5,704	-	5,704
Bank borrowings	403,107	-	403,107
Medium term notes	18,371	-	18,371
Current tax liabilities	25,684	-	25,684
	<u>862,838</u>		<u>862,838</u>
<b>Total liabilities</b>	<u>7,045,971</u>		<u>7,045,971</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>9,347,104</u>		<u>9,342,604</u>
Number of Ekovest Shares in issue ('000)	2,139,203		2,139,203
Net assets attributable to equity holders of the Company per Ekovest Share (RM)	0.90		0.90
Gearing ratio (times) <i>(computed as total borrowings divided by total equity)</i>	2.78		2.79
Net gearing ratio (times) <i>(computed as total borrowings less investment funds, short term deposits and cash and bank balances divided by total equity)</i>	0.80		0.87

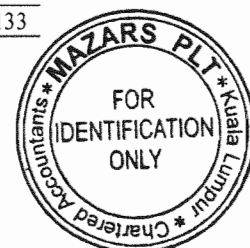


**PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF EKOVEST AS AT 30 JUNE 2017 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)**

Appendix I

**Ekovest Berhad**  
**Pro Forma Consolidated Statements of Financial Position**  
**As At 30 June 2017**  
**Minimum Acceptance Scenario (Share Exchange Option)**

	Audited as at 30 June 2017 RM'000	Adjustments (Note 2.2) RM'000	Pro Forma II RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	64,417	-	64,417
Investment properties	413,411	-	413,411
Land held for property development	218,502	-	218,502
Concession assets	3,179,661	-	3,179,661
Other investment	-	150,608 (a)	150,608
Deferred tax assets	8,447	-	8,447
	<u>3,884,438</u>		<u>4,035,046</u>
<b>Current assets</b>			
Gross amount due from customers	129,226	-	129,226
Property development costs	260,908	-	260,908
Trade and other receivables	423,301	-	423,301
Accrued billings	94,115	-	94,115
Current tax assets	1,174	-	1,174
Investment funds	3,945,318	-	3,945,318
Short term deposits	395,891	(80,393) (a)	315,498
Cash and bank balances	212,733	(4,500) (b)	208,233
	<u>5,462,666</u>		<u>5,377,773</u>
<b>TOTAL ASSETS</b>	<u><u>9,347,104</u></u>		<u><u>9,412,819</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	428,115	70,215 (a) ; 327,478 (c)	825,808
Share premium	327,478	(327,478) (c)	-
Other reserves	145,326	-	145,326
Retained earnings	1,020,970	(4,500) (b)	1,016,470
Capital and reserves attributable to equity holders of the Company	1,921,889	-	1,987,604
Non-controlling interests	379,244	-	379,244
<b>Total equity</b>	<u>2,301,133</u>		<u>2,366,848</u>
<b>Non-current liabilities</b>			
Hire purchase liabilities	10,291	-	10,291
Bank term loans	598,909	-	598,909
Medium term notes	5,360,910	-	5,360,910
Provision for heavy repairs	2,567	-	2,567
Deferred tax liabilities	210,456	-	210,456
	<u>6,183,133</u>		<u>6,183,133</u>



**PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF EKOVEST AS AT 30 JUNE 2017 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)**

Appendix I

**Ekovest Berhad**  
**Pro Forma Consolidated Statements of Financial Position**  
**As At 30 June 2017**  
**Minimum Acceptance Scenario (Share Exchange Option)**

	Audited as at 30 June 2017 RM'000	Adjustments (Note 2.2) RM'000	Pro Forma II RM'000
<b>Current liabilities</b>			
Trade and other payables	409,972	-	409,972
Hire purchase liabilities	5,704	-	5,704
Bank borrowings	403,107	-	403,107
Medium term notes	18,371	-	18,371
Current tax liabilities	25,684	-	25,684
	<u>862,838</u>		<u>862,838</u>
<b>Total liabilities</b>	<u>7,045,971</u>		<u>7,045,971</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>9,347,104</u>		<u>9,412,819</u>
Number of Ekovest Shares in issue ('000)	2,139,203		2,186,013
Net assets attributable to equity holders of the Company per Ekovest Share (RM)	0.90		0.91
Gearing ratio (times) <i>(computed as total borrowings divided by total equity)</i>	2.78		2.70
Net gearing ratio (times) <i>(computed as total borrowings less investment funds, short term deposits and cash and bank balances divided by total equity)</i>	0.80		0.81



**PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF EKOVEST AS AT 30 JUNE 2017 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)**

Appendix I

**Ekovest Berhad**  
**Pro Forma Consolidated Statements of Financial Position**  
**As At 30 June 2017**  
**Maximum Acceptance Scenario (Cash Option)**

	Audited as at 30 June 2017 RM'000	Adjustments (Note 3.1) RM'000	Pro Forma III RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	64,417	3,973 (d)	68,390
Investment properties	413,411	498 (d)	413,909
Land held for property development	218,502	238,281 (d)	456,783
Concession assets	3,179,661	-	3,179,661
Other investments	-	937,692 (b); (937,692) (d); 65,141 (d)	65,141
Deferred tax assets	8,447	10,350 (d)	18,797
	<u>3,884,438</u>		<u>4,202,681</u>
<b>Current assets</b>			
Gross amount due from customers	129,226	-	129,226
Property development costs	260,908	1,186,394 (d)	1,447,302
Trade and other receivables	423,301	154,824 (d)	578,125
Accrued billings	94,115	-	94,115
Current tax assets	1,174	2,934 (d)	4,108
Investment funds	3,945,318	-	3,945,318
Short term deposits	395,891	(393,127) (b)	2,764
Cash and bank balances	212,733	158,042 (a); (544,565) (b); 480,000 (c); 48,425 (d); (4,500) (e)	350,135
	<u>5,462,666</u>		<u>6,551,093</u>
<b>TOTAL ASSETS</b>	<u>9,347,104</u>		<u>10,753,774</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	428,115	204,291 (a); 725,022 (d); (929,313) (d); 327,478 (f)	755,593
Share premium	327,478	(327,478) (f)	-
Other reserves	145,326	(48,669) (a); 164,635 (d); (333,713) (d)	(72,421)
Retained earnings	1,020,970	2,420 (a); (80,038) (d); (4,500) (e)	938,852
Capital and reserves attributable to equity holders of the Company	1,921,889	-	1,622,024
Non-controlling interests	379,244	325,334 (d)	704,578
<b>Total equity</b>	<u>2,301,133</u>		<u>2,326,602</u>
<b>Non-current liabilities</b>			
Hire purchase liabilities	10,291	-	10,291
Bank term loans	598,909	480,000 (c); 218,557 (d)	1,297,466
Medium term notes	5,360,910	-	5,360,910
Provision for heavy repairs	2,567	-	2,567
Deferred tax liabilities	210,456	99,253 (d)	309,709
	<u>6,183,133</u>		<u>6,980,943</u>
<b>Current liabilities</b>			
Trade and other payables	409,972	517,307 (d)	927,279
Hire purchase liabilities	5,704	-	5,704
Bank borrowings	403,107	26,711 (d)	429,818
Medium term notes	18,371	-	18,371
Provision	-	4,635 (d)	4,635
Current tax liabilities	25,684	34,738 (d)	60,422
	<u>862,838</u>		<u>1,446,229</u>
<b>Total liabilities</b>	<u>7,045,971</u>		<u>8,427,172</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>9,347,104</u>		<u>10,753,774</u>



**PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF EKOVEST AS AT 30 JUNE 2017 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)**

Appendix I

Ekovest Berhad  
Pro Forma Consolidated Statements of Financial Position  
As At 30 June 2017  
Maximum Acceptance Scenario (Cash Option)

	Audited as at 30 June 2017 RM'000	Adjustments (Note 3.1) RM'000	Pro Forma III RM'000
Number of Ekovest Shares in issue ('000)	2,139,203		2,139,203
Net assets attributable to equity holders of the Company per Ekovest Share (RM)	0.90		0.76
Gearing ratio (times) <i>(computed as total borrowings divided by total equity)</i>	2.78		3.06
Net gearing ratio (times) <i>(computed as total borrowings less investment funds, short term deposits and cash and bank balances divided by total equity)</i>	0.80		1.21

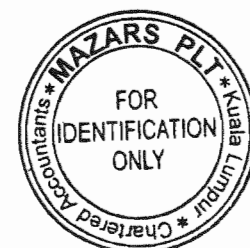


**PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF EKOVEST AS AT 30 JUNE 2017 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)**

Appendix I

**Ekovest Berhad**  
**Pro Forma Consolidated Statements of Financial Position**  
**As At 30 June 2017**  
**Maximum Acceptance Scenario (Share Exchange Option)**

	Audited as at 30 June 2017 RM'000	Adjustments (Note 3.2) RM'000	Pro Forma IV RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	64,417	3,973 (c)	68,390
Investment properties	413,411	498 (c)	413,909
Land held for property development	218,502	238,281 (c)	456,783
Concession assets	3,179,661	-	3,179,661
Other investments	-	937,692 (b); (937,692) (c); 65,141 (c)	65,141
Deferred tax assets	8,447	10,350 (c)	18,797
	<u>3,884,438</u>		<u>4,202,681</u>
<b>Current assets</b>			
Gross amount due from customers	129,226	-	129,226
Property development costs	260,908	1,186,394 (c)	1,447,302
Trade and other receivables	423,301	154,824 (c)	578,125
Accrued billings	94,115	-	94,115
Current tax assets	1,174	2,934 (c)	4,108
Investment funds	3,945,318	-	3,945,318
Short term deposits	395,891	-	395,891
Cash and bank balances	212,733	158,042 (a); 48,425 (c); (4,500) (d)	414,700
	<u>5,462,666</u>		<u>7,008,785</u>
<b>TOTAL ASSETS</b>	<u>9,347,104</u>		<u>11,211,466</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	428,115	204,291 (a); 937,692 (b); 725,022 (c); (929,313) (c); 327,478 (e)	1,693,285
Share premium	327,478	(327,478) (e)	-
Other reserves	145,326	(48,669) (a); 164,635 (c); (333,713) (c)	(72,421)
Retained earnings	1,020,970	2,420 (a); (80,038) (c); (4,500) (d)	938,852
Capital and reserves attributable to equity holders of the Company	1,921,889	-	2,559,716
Non-controlling interests	379,244	325,334 (c)	704,578
<b>Total equity</b>	<u>2,301,133</u>		<u>3,264,294</u>
<b>Non-current liabilities</b>			
Hire purchase liabilities	10,291	-	10,291
Bank term loans	598,909	218,557 (c)	817,466
Medium term notes	5,360,910	-	5,360,910
Provision for heavy repairs	2,567	-	2,567
Deferred tax liabilities	210,456	99,253 (c)	309,709
	<u>6,183,133</u>		<u>6,500,943</u>
<b>Current liabilities</b>			
Trade and other payables	409,972	517,307 (c)	927,279
Hire purchase liabilities	5,704	-	5,704
Bank borrowings	403,107	26,711 (c)	429,818
Medium term notes	18,371	-	18,371
Provision	-	4,635 (c)	4,635
Current tax liabilities	25,684	34,738 (c)	60,422
	<u>862,838</u>		<u>1,446,229</u>
<b>Total liabilities</b>	<u>7,045,971</u>		<u>7,947,172</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>9,347,104</u>		<u>11,211,466</u>



**PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF EKOVEST AS AT 30 JUNE 2017 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)**

Appendix I

**Ekovest Berhad**  
**Pro Forma Consolidated Statements of Financial Position**  
**As At 30 June 2017**  
**Maximum Acceptance Scenario (Share Exchange Option)**

	<b>Audited as at 30 June 2017 RM'000</b>	<b>Adjustments (Note 3.2) RM'000</b>	<b>Pro Forma IV RM'000</b>
Number of Ekovest Shares in issue ('000)	2,139,203		2,764,331
Net assets attributable to equity holders of the Company per Ekovest Share (RM)	0.90		0.93
Gearing ratio (times) <i>(computed as total borrowings divided by total equity)</i>	2.78		2.03
Net gearing ratio (times) <i>(computed as total borrowings less investment funds, short term deposits and cash and bank balances divided by total equity)</i>	0.80		0.58



VALUATION CERTIFICATES FOR MATERIAL PROPERTIES

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+ VALUATION OF +  
281.2887 HECTARES (695.08 ACRES) MIXED RESIDENTIAL AND COMMERCIAL  
DEVELOPMENT LANDS KNOWN AS "TEBRAU BAY"  
BY ISKANDAR WATERFRONT CITY BERHAD TOGETHER WITH  
SIX (6) PARCELS OF MIXED DEVELOPMENT LAND ("THE ALIENATED LANDS")  
MEASURING APPROXIMATELY 92.5803 HECTARES (228.77 ACRES)  
HELD UNDER LOT NOS. PTD 222166 TO PTD 222171 (INCLUSIVE)  
MUKIM OF PLENTONG, DISTRICT OF JOHOR BAHRU, JOHOR

[OUR REF : WTW/04/V/005903(M)/17/JL]

+ +

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**CBRE | WTW**

**C H Williams Talhar & Wong Sdn Bhd** (18149-U)  
Juruukur Berkanun Perunding Harta Antarabangsa  
Chartered Surveyors International Property Consultants



## VALUATION CERTIFICATES FOR MATERIAL PROPERTIES (Cont'd)



## Report and Valuation

Our Ref : WTW/04/V/005903(M)/17/JL

11 December 2017

**PRIVATE & CONFIDENTIAL**

The Board of Directors  
Ekovest Berhad  
Ground Floor, Wisma Ekovest  
No. 118, Jalan Gombak  
53000 Kuala Lumpur

The Board of Directors  
Iskandar Waterfront City Berhad  
Iskandar Waterfront Holdings Sdn Bhd  
G08, Block 8, Danga Bay  
Jalan Skudai  
80200 Johor Bahru

Dear Sirs,

### CERTIFICATE OF VALUATION

**281.2887 HECTARES (695.08 ACRES) MIXED RESIDENTIAL AND COMMERCIAL DEVELOPMENT LANDS KNOWN AS "TEBRAU BAY"**

**BY ISKANDAR WATERFRONT CITY BERHAD TOGETHER WITH SIX (6) PARCELS OF MIXED DEVELOPMENT LAND ("THE ALIENATED LANDS")**

**MEASURING APPROXIMATELY 92.5803 HECTARES (228.77 ACRES)**

**HELD UNDER LOT NOS. PTD 222166 TO PTD 222171 (INCLUSIVE)**

**MUKIM OF PLENTONG, DISTRICT OF JOHOR BAHRU, JOHOR**

We thank you for your instructions to assess the market value of the above captioned property in providing our opinion of the Market Value of the property for the purpose of submission to Bursa Malaysia Securities Berhad in relation to the proposed acquisition of all the ordinary shares in Iskandar Waterfront City Berhad ("IWC") ("IWC Shares") and any new IWC shares that may be issued prior to the closing date of the proposed offer arising from the exercise of the outstanding employee share options in IWC by Ekovest Berhad ("Ekovest") ("Proposed Offer").

Having inspected the property and investigated available data related and relevant to the matter, we are pleased to report that in our opinion, the market value of the subject property **ON THE BASIS AND PROVISO AS STATED IN DETAIL UNDER THE TERMS OF REFERENCE HEREIN** with permission to sell, lease, charge, transfer and free from all encumbrances is **RM3,345,000,000/-** (Ringgit Malaysia : Three Billion, Three Hundred And Forty Five Million Only).

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

The basis of the valuation is Market Value which is defined by the Malaysian Valuation Standards (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 where the parties had each acted knowledgeably, prudently and without compulsion".

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## VALUATION CERTIFICATES FOR MATERIAL PROPERTIES (Cont'd)



C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref : WTW/04/V/005903(M)/17/JL

Page 2

### TERMS OF REFERENCE

To assess the market value of the above captioned property for the purpose of submission to Bursa Malaysia Securities Berhad in relation to the proposed acquisition of all the ordinary shares in Iskandar Waterfront City Berhad ("IWC") ("IWC Shares") and any new IWC shares that may be issued prior to the closing date of the proposed offer arising from the exercise of the outstanding employee share options in IWC by Ekovest Berhad ("Ekovest") ("Proposed Offer").

The subject property, Tebrau Bay together with six (6) parcels of mixed development land is an integrated waterfront development sited along the Straits of Johor, the Tebrau and Plentong Rivers. Part of the subject property is presently submerged land under the straits and rivers.

The subject property comprises forty-seven (47) lots with a combined land area of about 373.869 hectares (923.85 acres) and made up of the following component lots: -

Lot No.	Land Area		Land Use	Title Status
	(hectare)	(acre)		
Lot 156543	0.3700	0.914	Petrol station	Issued
Lot 182455	4.908	12.128	Luxurious apartment	Issued
PTD 173048	0.552	1.364	Commercial	Issued
PTD 222169	19.7699	48.852	Mixed development	Issued
PTD 229065	21.0271	51.959	Agricultural	Issued
PTD 229066	0.2003	0.495	Commercial	Issued
PTD 229071	6.6125	16.34	Commercial	Issued
PTD 229072	1.7159	4.24	Commercial	Issued
PTD 229074	1.7726	4.38	Commercial	Issued
PTD 229075	1.886	4.66	Commercial	Issued
PTD 229076	6.6326	16.39	Commercial	Issued
PTD 229077	4.225	10.44	Commercial	Issued
PTD 229080	0.2317	0.573	Commercial	Issued
PTD 222166	19.428	48.009	Mixed development	Yet to be issued
PTD 222167	8.2503	20.387	Mixed development	Yet to be issued
PTD 222168	10.2406	25.305	Mixed development	Yet to be issued
PTD 222170	24.281	60.00	Mixed development	Yet to be issued
PTD 222171	10.6105	26.219	Mixed development	Yet to be issued
PTD 228804	15.3752	37.993	Agricultural	Yet to be issued
PTD 228807	9.4649	23.388	Agricultural	Yet to be issued
PTD 228808	8.3967	20.749	Agricultural	Yet to be issued
PTD 228809	3.9989	9.881	Agricultural	Yet to be issued
PTD 228829	5.9645	14.739	Agricultural	Yet to be issued
PTD 228830	3.4523	8.531	Agricultural	Yet to be issued
PTD 229048	9.373	23.161	Agricultural	Yet to be issued
PTD 229049	11.4359	28.259	Agricultural	Yet to be issued
PTD 229055	4.6677	11.534	Agricultural	Yet to be issued
PTD 229060	6.4882	16.033	Agricultural	Yet to be issued
PTD 229061	18.9308	46.779	Agricultural	Yet to be issued
PTD 229062	29.8059	73.652	Agricultural	Yet to be issued
PTD 229081	25.3927	62.747	Agricultural	Yet to be issued
PTD 229088	10.9682	27.103	Agricultural	Yet to be issued
PTD 228811	1.5868	3.921	Low-cost house	Yet to be issued
PTD 228812	1.0025	2.477	Low-cost house	Yet to be issued
PTD 228814	3.012	7.443	Low-cost house	Yet to be issued

## VALUATION CERTIFICATES FOR MATERIAL PROPERTIES (Cont'd)



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Lot No.	Land Area		Land Use	Title Status
	(hectare)	(acre)		
PTD 228815	1.6957	4.19	Low-cost house	Yet to be issued
PTD 228825	15.8935	39.274	Low-cost house	Yet to be issued
PTD 228828	17.1731	42.436	Apartment	Yet to be issued
PTD 229047	6.6475	16.426	Commercial	Yet to be issued
PTD 229051	2.4062	5.946	Commercial	Yet to be issued
PTD 229052	2.0239	5.001	Commercial	Yet to be issued
PTD 229053	2.0494	5.064	Commercial	Yet to be issued
PTD 229054	4.0306	9.96	Commercial	Yet to be issued
PTD 229056	3.6654	9.057	Commercial	Yet to be issued
PTD 229058	4.0231	9.941	Commercial	Yet to be issued
PTD 229059	1.874	4.631	Commercial	Yet to be issued
PTD 229083	0.3564	0.881	Commercial	Yet to be issued
<b>Total *</b>	<b>373.869</b>	<b>923.85</b>		

(A) Tebrau Bay

Tebrau Bay was granted with Planning Permission ("Kebenaran Merancang") for mixed residential and commercial development in accordance with the Approved Layout Plan bearing Plan No. BP8/KM/05/07/2014. The approval was conveyed by the Majlis Bandaraya Johor Bahru vide its letter bearing Ref No. MBBJ/U/2014/12/SNT/KM/31(51) dated 12 April 2015.

Vide an Approval Letter bearing Ref No. PTG02/02/03/0100/0062/2015/0262/2016(8) dated 12 April 2016, the scheme has been subsequently approved by the Jawatankuasa Hasil Bumi for development via the "Serahbalik Kurniasemula" ("SBKS") process. The same Authority also agreed to the State Lands application measuring approximately 134.3691 acres; and the registration of Block Titles and Individual Titles in accordance with the Pre-Computation Plans prepared by Messrs. Jurukur Bakti bearing Plan No. JBL/JH/9/2013/BLK.

We were made to understand by the client that the issued document of title for the lands involved in the SBKS approval, along with the payments of Notice Form 5A as well as other relevant statutory charges have been forwarded to the Johor Bahru District Land Office for the purpose of registration of Block Titles and Individual Titles.

As at the time of our valuation, part of the Block Titles and Individual Titles in respect of the subject property have been issued under Lot Nos. PTD 229065, PTD 229066, PTD 229071, PTD 229072, PTD 229074 to PTD 229077 and PTD 229080 whilst the remaining lots are yet to be issued pending completion of the SBKS process.

(B) The Alienated Lands held under PTD 222166 to PTD 222171 (inclusive)

Vide the Alienation cum Development Agreement dated 8 August 2017 entered between The State Government of Johor Darul Ta'zim ("the State Government") and Tebrau Bay Sdn Bhd ("the Company"), it is to be noted that pursuant to a series of negotiations, the Parties have mutually agreed in principle as follows: -

- i. the State Government shall cause the State Authority to acquire the Company's Acquired Lands (as hereinafter defined) in accordance with the Land Acquisition Act at the Agreed Acquisition Cost of RM222,800,000.00 only;

## VALUATION CERTIFICATES FOR MATERIAL PROPERTIES (Cont'd)



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TERMS OF REFERENCE (Cont'd)

- ii. the State Government shall alienate all those lands held under PTD 222166, PTD 222167, PTD 222168, PTD 222169, PTD 222170 and PTD 222171 Mukim of Plentong measuring approximately 228.78 acres (collectively "the Alienated Lands") to the Company and in consideration thereof the Company shall: -
  - (a) irrevocably agree to the Agreed Acquisition Costs which shall be deemed to have been paid by the State Government within the specified period;
  - (b) pay the Premium (as hereinafter defined) for the Alienated Lands at the total sum of RM100,000,000.00 only;
  - (c) pay to KPRJ (as hereinafter defined) the Cash Payment at the total sum of RM10,000,000.00 only in accordance with Clause 3.01(b)(ii) thereof; and
  - (d) at its sole costs and expense, deliver the Benefits in Kind (as hereinafter defined) to the State Government at the Benefits in Kind's Agreed Construction Cost of RM189,177,382.86 only and bearing and absorbing the Ancillary Costs in aggregate sum of RM9,940,250.00 only on or before the relevant Benefits in Kind's Completion Dates (as hereinafter defined) as specified therein.

The Parties are aware and acknowledge that: -

- i. the State Government has on the 4 August 2015 acquired part of the Company's Acquired Lands measuring approximately 92.84 acres (375,640 square metres) in accordance with the Land Acquisition Act with a total compensation in the sum of RM170,099,258.13 only;
- ii. the State Government shall acquire the remaining balance of the Company's Acquired Lands measuring approximately 28.74 acres in accordance with the Land Acquisition Act at the remaining balance of the Agreed Acquisition Costs after the completion of the relevant surrender and re-alienation process of the same by the Company; and
- iii. the State Government has on the 27 July 2015 caused the State Authority to issue the Forms 5A (as hereinafter defined) to the Company.

In consideration of the Company's irrevocable agreement to the acquisition of the Company's Acquired Lands by the State Government in accordance with the Land Acquisition Act at the Agreed Acquisition Costs, the State Government agrees towards part settlement of the Agreed Acquisition Costs to alienate the Alienated Lands to the Company at the Total Alienated Lands Cost upon the terms and conditions set out in the Agreement thereof.

In this context, the Total Alienated Lands Cost means the total of the alienation costs for the Alienated Lands including Agreed Acquisition Cost, the Benefits in Kind's Agreed Construction Costs, the Ancillary Costs, the Premium and the Cash Payment to the KPRJ at the aggregate sum of RM531,917,632.86 only.

As at the time of our valuation, individual title for Lot No. PTD 222169 has been issued in the name of Tebrau Bay Sdn Bhd and has been alienated.

## VALUATION CERTIFICATES FOR MATERIAL PROPERTIES (Cont'd)



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**TERMS OF REFERENCE** (Cont'd)

(C) Sale and Purchase Agreement entered in between Tebrau Bay Sdn Bhd and Greenland Tebrau Sdn Bhd

By the Sale and Purchase Agreement dated 3 April 2015, Tebrau Bay Sdn Bhd ("the Vendor") has agreed to sell and Greenland Tebrau Sdn Bhd ("the Purchaser") has agreed to purchase various parcels of properties, i.e. PTD 194794 (part), PTD 194793 and all that parcel of property as delineated in Green in the Layout Plan annexed thereto as Appendix A in Mukim of Plentong, District of Johor Bahru, Johor measuring approximately 127.922 acres in total upon the terms and conditions therein. The agreement is conditional upon the fulfilment of a number of conditions precedent, that are (i) 433B Approvals, (ii) the completion of reclamation of the Properties, and (iii) the issuance of Subdivided Titles.

The Properties are now identified as PTD 229071, PTD 229072, PTD 229074, PTD 229075, PTD 229076, PTD 229077, PTD 229080 and PTD 222169, Mukim of Plentong, District of Johor Bahru, Johor.

Subsequently, the parties have entered into the Supplemental Agreement on 5 May 2017 to amend, modify and/or vary certain provisions of the above agreement.

As at the time of our valuation, the above transaction is yet to be completed and the lands are still held by Tebrau Bay Sdn Bhd.

(D) Construction Agreement entered in between Aset Nusantara Development Sdn Bhd and Tebrau Bay Sdn Bhd

By the Construction Agreement dated 8 June 2015 entered between Aset Nusantara Development Sdn Bhd ("ANDSB") and Tebrau Bay Sdn Bhd ("the Contractor"), ANDSB is desirous of engaging the Contractor and the Contractor is desirous of constructing and completing on behalf of ANDSB (i) all buildings on Parcel A (as thereafter defined) in accordance with Approved Building Plans, (ii) the requisite infrastructure required to procure the Certificate of Completion and Compliance ("CCC") of all buildings on Parcel A, and (iii) to obtain the CCC of all buildings on Parcel A (collectively "the Project") and Completion Certificate for the contract sum of RM48,356,091.00 only subject to the terms and conditions therein contained.

In consideration of: -

- i. the contract sum to be paid by ANDSB to the Contractor at the times and manner stipulated therein; and
- ii. ANDSB agreeing, vide the Waiver Cum Undertaking Letter to be executed and given by ANDSB to the Contractor upon the execution thereof, in exchange of the Contractor crediting the Shortfall as paid in full, to waive all rights claims and interest whatsoever in relation to PTD 166483, Mukim of Plentong, District of Johor Bahru ("Parcel C") [part of the subject property] and/or any claims against the Contractor arising in respect of Parcel C (if any),

ANDSB thereby appoints the Contractor and the Contractor thereby accepts such appointment to be the main contractor to carry out the Project subject to the terms and conditions therein.

## VALUATION CERTIFICATES FOR MATERIAL PROPERTIES (Cont'd)



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**TERMS OF REFERENCE** (Cont'd)

Having regard to the foregoing, as instructed, the valuation is carried out based on the following BASIS(S): -

1. PART OF THE BLOCK TITLES AND INDIVIDUAL TITLES IN RESPECT OF THE SUBJECT PROPERTY ARE YET TO BE ISSUED UNDER THE "SERAHBALIK KURNIASEMULA" PROCESS. AS SUCH, DETAILS PERTAINING TO THE SUBJECT PROPERTY OF WHICH THE TITLES HAVE YET TO BE ISSUED ARE BASED ON THE PRE-COMPUTATION PLAN PREPARED BY MESSRS. JURUKUR BAKTI BEARING PLAN NO. JBL/JH/9/2013/BLK AND CERTIFIED BY THE JOHOR REGISTRY OF LANDS AND MINES.

OUR VALUATION IS ON THE BASIS THAT THE REGISTRABLE, MARKETABLE BLOCK TITLES AND INDIVIDUAL TITLES IN RESPECT OF THE SUBJECT PROPERTY WITH CATEGORY OF LAND USE FOR "AGRICULTURE" / "BUILDING" ARE FORTHCOMING AND WHEN ISSUED THEY WILL EITHER CONVEY AN INTEREST IN PERPETUITY OR LEASEHOLD INTEREST EXPIRING ON 21 JANUARY 2097.

2. OUR VALUATION HAS TAKEN INTO CONSIDERATION THE TOTAL ALIENATED LANDS COST FOR THE ALIENATED LANDS IN ACCORDANCE WITH THE ALIENATION CUM DEVELOPMENT AGREEMENT DATED 8 AUGUST 2017 IN CONJUNCTION WITH THE ALIENATION OF THE SUBJECT LOTS, VIZ. LOT NO. PTD 222166 TO PTD 222171 (INCLUSIVE).
3. THE INDIVIDUAL TITLE FOR LOT NO. PTD 222169 HAS BEEN ISSUED AND HENCE ALIENATED WHILST INDIVIDUAL TITLES IN RESPECT OF THE REMAINING FIVE (5) LOTS, VIZ. LOT NO. PTD 222166, PTD 222167, PTD 222168, PTD 222170 AND PTD 222171 ARE YET TO BE ISSUED. WE WERE ADVISED BY THE CLIENT THAT TEBRAU BAY SDN BHD UNDERTAKES TO FULLY SETTLE THE COST OF ALIENATION AND COMPLETE THE PROCESS OF ISSUANCE OF INDIVIDUAL TITLES IN ACCORDANCE WITH THE ALIENATION CUM DEVELOPMENT AGREEMENT DATED 8 AUGUST 2017.

OUR VALUATION IS ON THE BASIS THE REGISTRABLE, MARKETABLE INDIVIDUAL TITLES WITH MIXED DEVELOPMENT CATEGORY OF USE IN RESPECT OF LOT NOS. PTD 222166, PTD 222167, PTD 222168, PTD 222170 AND PTD 222171, MUKIM OF PLENTONG, DISTRICT OF JOHOR BAHRU WILL BE ISSUED BY THE STATE AUTHORITY IN THE NAME OF TEBRAU BAY SDN BHD AND WHEN ISSUED THEY WILL CONVEY A LEASEHOLD INTEREST OF 99 YEARS.

4. TRANSACTION INVOLVING LANDS SOLD TO GREENLAND TEBRAU SDN BHD, VIZ. LOT NOS. PTD 229071, PTD 229072, PTD 229074, PTD 229075, PTD 229076, PTD 229077, PTD 229080 AND PTD 222169, MUKIM OF PLENTONG, DISTRICT OF JOHOR BAHRU IS YET TO BE COMPLETED. THUS, WE HAVE INCLUDED THESE LOTS IN OUR VALUATION.
5. WE WERE GIVEN TO UNDERSTAND BY THE CLIENT THAT THEY ARE IN THE PROCESS OF OBTAINING THE WAIVER CUM UNDERTAKING LETTER FROM ASET NUSANTARA DEVELOPMENT SDN BHD FOR LOT NO. PTD 166483 ("PARCEL C"), TO WAIVE ALL RIGHTS CLAIMS AND INTEREST WHATSOEVER IN RELATION TO THE LOT AND/OR ANY CLAIMS AGAINST THE CLIENT ARISING IN RESPECT OF THE LOT.

WE WERE ADVISED BY THE CLIENT THAT THEY UNDERTAKES TO FULLY COMPLETE THE PROCESS OF OBTAINING THE WAIVER CUM UNDERTAKING LETTER. BASED ON THE UNDERTAKING PROVIDED BY THE CLIENT, WE HAVE VALUED THE SUBJECT LOT WITH LEGAL POSSESSION AND FREE FROM ALL ENCUMBRANCES.

## VALUATION CERTIFICATES FOR MATERIAL PROPERTIES (Cont'd)



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TERMS OF REFERENCE (Cont'd)

6. WE WERE INSTRUCTED BY THE CLIENT TO VALUE THE ON-GOING DEVELOPMENT, VIZ. BOTANIKA @ TEBRAU BAY ON LOT 182455 BASED ON THE STATUS OF SALE AS AT 16 JUNE 2017. ACCORDINGLY, WE HAVE REFLECTED IN OUR VALUATION THE PROGRESS PAYMENT BILLED TO THE PURCHASERS AND THE WORKS DONE CERTIFIED BY THE CONSULTANT.
7. WE HAVE CONSIDERED AND ADOPTED THE COST ESTIMATE FOR EARTHWORK & RECLAMATION WORK AS PREPARED BY MESSRS. MEGACONSULT SDN BHD IN OUR VALUATION.

OUR VALUATION IS BASED ON THE ABOVE INFORMATION / DOCUMENTS PROVIDED BY THE CLIENT WHICH ARE PRESUMED TO BE VALID AND CORRECT. WE RESERVE THE RIGHT TO MAKE AMENDMENTS (INCLUDING THE MARKET VALUE) IF ANY OF THE ABOVE INFORMATION / DOCUMENTS ARE INVALID / INCORRECT.

PROPERTY IDENTIFICATION

- The Subject Property : 281.2887 hectares (695.08 acres) mixed residential and commercial development lands known as "Tebrau Bay" by Iskandar Waterfront City Berhad together with six (6) parcels of mixed development land ("the Alienated Lands") measuring approximately 92.5803 hectares (228.77 acres) collectively forms an integrated waterfront development along the Straits of Johor, the Tebrau and Plentong Rivers
- Location : Along the Straits of Johor, the Tebrau and Plentong Rivers, within the Eastern Corridor of Iskandar Malaysia region, Johor Bahru, Johor
- Title / Lot No. : Part of the Block Titles and Individual Titles are yet to be issued
- Land Area Under Valuation : 373.869 hectares or 923.85 acres  
(inclusive of the State Lands measuring approximately 134.3691 acres)
- Tenure : Term In Perpetuity or Leasehold upon issuance of title documents
- Registered Owners : i. Tebrau Bay Sdn Bhd  
ii. Bayou Bay Development Sdn Bhd  
ii. Kumpulan Prasarana Rakyat Johor Sdn Bhd
- Date of Valuation : 31 October 2017

Based on the Pre-Computation Plan prepared by Messrs. Jurukur Bakti bearing Plan No. JBL/JH/9/2013/BLK and certified by the Johor Registry of Lands and Mines, details of the Block Titles and Individual Titles that under our valuation are tabulated as below: -

Block / Individual Title	Provisional Lot No.	Provisional Land Area	
		(hectare)	(acre)
Block Title 1	PTD 229061	18.9308	46.779
Block Title 2	PTD 229062	29.8059	73.652
Block Title 3	PTD 229065	21.0271	51.959
Block Title 4	PTD 229081	25.3927	62.747

## VALUATION CERTIFICATES FOR MATERIAL PROPERTIES (Cont'd)



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## PROPERTY IDENTIFICATION (Cont'd)

Block / Individual Title	Provisional Lot No.	Provisional Land Area	
		(hectare)	(acre)
Block Title 5	PTD 229088	10.9682	27.103
Block Title 6	PTD 229048	9.373	23.161
Block Title 7	PTD 229049	11.4359	28.259
Block Title 8	PTD 229060	6.4882	16.033
Block Title 9	PTD 228830	3.4523	8.531
Block Title 10	PTD 228829	5.9645	14.739
Block Title 11	PTD 228808	8.3967	20.749
Block Title 12	PTD 228807	9.4649	23.388
Block Title 13	PTD 228804	15.3752	37.993
Block Title 14	PTD 229055	4.6677	11.534
Block Title 15	PTD 228809	3.9989	9.881
Low-Cost House	PTD 228811	1.5868	3.921
Low-Cost House	PTD 228812	1.0025	2.477
Low-Cost House	PTD 228814	3.012	7.443
Low-Cost House	PTD 228815	1.6957	4.19
Low-Cost House	PTD 228825	15.8935	39.274
Apartment	PTD 228828	17.1731	42.436
Commercial	PTD 229047	6.6475	16.426
Commercial	PTD 229051	2.4062	5.946
Commercial	PTD 229052	2.0239	5.001
Commercial	PTD 229053	2.0494	5.064
Commercial	PTD 229054	4.0306	9.96
Commercial	PTD 229056	3.6654	9.057
Commercial	PTD 229058	4.0231	9.941
Commercial	PTD 229059	1.874	4.631
Commercial	PTD 229066	0.2003	0.495
Commercial	PTD 229071	6.6125	16.34
Commercial	PTD 229072	1.7159	4.24
Commercial	PTD 229074	1.7726	4.38
Commercial	PTD 229075	1.886	4.66
Commercial	PTD 229076	6.6326	16.39
Commercial	PTD 229077	4.225	10.44
Commercial	PTD 229080	0.2317	0.573
Commercial	PTD 229083	0.3564	0.881

As at the time of our valuation, part of the Block Titles and Individual Titles in respect of the subject property have been issued under Lot Nos. PTD 229065, PTD 229066, PTD 229071, PTD 229072, PTD 229074 to PTD 229077 and PTD 229080 whilst the remaining lots are yet to be issued pending completion of the SBKS process.

Vide the Alienation cum Development Agreement, in consideration of the Company's irrevocable agreement to the acquisition of the Company's Acquired Lands by the State Government in accordance with the Land Acquisition Act at the Agreed Acquisition Costs, the State Government agrees to alienate the Alienated Lands to the Company at the Total Alienated Lands Cost upon the terms and conditions set out in the Agreement thereof.



## VALUATION CERTIFICATES FOR MATERIAL PROPERTIES (Cont'd)



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**PROPERTY IDENTIFICATION** (Cont'd)

Pursuant to the Agreement, the Balance Total Alienated Lands Cost is to be settled by the Company by way of delivery of the State Government Benefits as follows, that is, the Company shall: -

- i. pay the Premium for such alienation and all Other Payments as set out under Forms 5A;
- ii. pay the Cash Payment to KPRJ for the purpose of constructing the multi-purpose hall in Bandar Baru Permas Jaya, Johor Bahru; and
- iii. construct and complete construction for the State Government and deliver vacant possession of the Benefits in Kind by the relevant Benefits in Kind's Completion Dates bearing and absorbing the Benefits in Kind's Agreed Construction Costs and Ancillary Costs.

In consideration of the Company's obligation as set out above, and submit its application to the State Authority for alienation of the Alienated Lands, the State Government shall cause the State Authority to approve such application(s) and issue documents of title in respect of the Alienated Lands in six (6) block titles in the name of the Company on the following terms: -

	Alienated Land A <sup>[Note 1]</sup>	Alienated Lands B
PTD No(s).	PTD 222169	PTD 222166; PTD 222167; PTD 222168; PTD 222170; and PTD 222171
Land Area	Approximately 48.852 acres	Approximately 179.92 acres
Terms	In perpetuity	99 years <sup>[Note]</sup>
Premium	RM21,354,511.35	RM78,645,488.65
Quite Rent	In accordance with the Johor Land Rules, 1966	
Category of Use	Mixed Development	
Express Conditions	To be inserted by the State Authority	
Restrictions-in-interest	The Alienated Land cannot be transferred, charged or leased without the prior written consent for the State Authority	

**Notes: -**

- (1) Alienated Land A together with Lot Nos. PTD 229071, PTD 229072, PTD 229074 to PTD 229077 and PTD 229080 are to be disposed of by Tebrau Bay Sdn Bhd to Greenland Tebrau Sdn Bhd, being the joint venture entity set up between Southern Crest Development Sdn Bhd, a wholly-owned subsidiary of Iskandar Waterfront City Bhd, and Greenland Malaysia Real Estate Operator Sdn Bhd. The land disposal is conditional upon the fulfilment of a number of conditions precedent such as (i) 433B Approvals, (ii) the completion of reclamation of the Properties and (iii) the issuance of Subdivided Titles. Subsequently, upon the request of the Purchaser to vary the terms and manner of payment of the balance of the purchase price, the parties have entered into the Supplemental Agreement dated 5 May 2017 to amend, modify and/or vary certain provisions of the Sale and Purchase Agreement dated 3 April 2015.

As at the time of our valuation, the above transaction is yet to be completed and the lands are still held by Tebrau Bay Sdn Bhd. Therefore, we have also included and considered these lands in our valuation.

- (2) Pursuant to the Alienation cum Development Agreement, upon completion of the land reclamation works of such relevant part of the Alienated Lands B, Tebrau Bay Sdn Bhd shall surrender the relevant issue document of title of that relevant part of the Alienated Lands B to the state authority and the Johor State Government shall cause the state authority to convert and issue a title in replacement for each of the relevant part of the Alienated Lands B from "99 years Leasehold" to "Freehold", within thirty (30) days from the date of surrender of the relevant title without further payment of any premium.

## VALUATION CERTIFICATES FOR MATERIAL PROPERTIES (Cont'd)



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### GENERAL DESCRIPTION

The subject property, Tebrau Bay together with six (6) parcels of mixed development land is an integrated waterfront development sited along the Straits of Johor, the Tebrau and Plentong Rivers. Parts of the subject property are presently submerged land under the straits and rivers. Together, the sites have a combined land area of about 373.869 hectares (923.85 acres).

At the time of our inspection, we noted that parts of the subject property were occupied by the squatters and numerous buildings / structures such as residential dwellings, restaurants, community halls, garages, shops, and etc. These squatters made up the settlements namely Kampung Desa Melayu, Kampung Bakar Batu, Kampung Plentong Tengah, Kampung Senibong and Kampung Saujana Baru.

Due consideration has been given to the number of squatters on the sites. However, based on the SBKS Approval Letter these squatters will be relocated to the houses and shops to be constructed by Tebrau Bay Sdn Bhd; by means of deliver the Benefits in Kind to the State Government in accordance with the Alienation cum Development Agreement.

Taking into account the provisions under the SBKS Approval Letter and Alienation cum Development Agreement, we are of the view that the squatters on the subject sites is unlikely to have any impact on the market value of the subject property.

The lands that unoccupied are generally covered by undergrowth and wild trees whilst the areas lie along the riverbank are overgrown with mangrove.

The ongoing luxurious apartment development namely Botanika @ Tebrau Bay on Lot 182455 was undergoing the construction works of Blocks B and C as well as the mock-up units of 3-storey townvilla at the time of our inspection.

Based on the Sale Status Report provided to us by the client, summary of the total selling price and amount collected as at 16 June 2017 are as follows: -

Block	No. of Unit	No. of Unit Sold	Total Net Selling Price of Sold Unit	Amount Billed as at 16 June 2017
Block B	264	27	RM19,086,002/-	RM6,913,640/-
Block C	264	110*	RM73,369,878/-	RM41,517,300/-
<b>Total</b>	<b>528</b>	<b>137</b>	<b>RM92,455,880/-</b>	<b>RM48,430,940/-</b>

\* The Sale and Purchase Agreement of three (3) units, i.e. C-08-08, C-08-09 and C-19-09 are yet to be stamped

Vide the Letters of Award and Interim Payment Certificates provided to us by the client, summary of the contract sums and certified value of work done for the development are as follows: -

Package	Contract Sum	Certified Value of Work Done
Piling Works (Blocks B & C)	RM11,307,428.10	Completed
Guard House & Entrance Statement Works	RM566,800.30	Completed
Main Building and Associated Works (Blocks B & C)	RM197,523,312.28	RM81,066,466.94
Main Building and Associated Works (Townvilla)	RM26,190,812.63	RM1,783,998.47

Lot No. PTD 229077 (Lot 1A, part of the land in relation to sale of 127.922 acres lands to Greenland Tebrau Sdn Bhd) is a parcel of commercial land granted with Planning Permission ("Kebenaran Merancang") by the Majlis Bandaraya Johor Bahru for a mixed commercial development use vide its letter bearing Ref No. MBBJ/U/2015/12/PBN/KM/29 dated 5 January 2016.

## VALUATION CERTIFICATES FOR MATERIAL PROPERTIES (Cont'd)



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### GENERAL DESCRIPTION (Cont'd)

During our inspection, we noted that the site was erected upon a 5-storey commercial block along with 2-storey sales gallery. Based on the Approval Letter and Approved Temporary Permit Plans both bearing Ref No. MJB/U/2015/14/PMT/54(19) dated 13 August 2017, the 5-storey commercial block together with 2-storey sales gallery has been approved by the Majlis Bandaraya Johor Bahru.

The Alienated Lands held under Lot Nos. PTD 222166 to PTD 222171 (inclusive) were completely submerged by the Straits of Johor during the course of our inspection.

Vide a letter issued by the Department of Environment bearing Ref No. AS(PN)50/013/100/074 Jld.9(1) dated 27 July 2016, the Detailed Environmental Impact Assessment (DEIA) Report prepared by the EIA Consultant, Messrs. Asia Pacific Environmental Consultants Sdn Bhd for "The Proposed Reclamation Works on Lots PTD 222166 - PTD 222171 (228.78 Acres), Mukim Plentong, District of Johor Bahru, Johor Darul Ta'zim for Tebrau Bay Sdn Bhd" has been approved subject to the terms as stipulated therein.

Parts of the subject property will require earthworks/reclamation works before development can commence. Based on the Cost Estimate for Earthwork & Reclamation Work prepared by Messrs. Megaconsult Sdn Bhd as provided to us by the client, the estimated cost of earthwork and reclamation work for the subject property are as follows: -

Package	Estimated Cost	Constructed Cost	Balance Cost
Package A	RM14,151,952.00	RM3,860,290.69	RM10,291,661.31
Package C & D	RM86,619,560.00	-	RM86,619,560.00
Package E (E1, E2 & E3)	RM376,459,181.30	RM131,797,024.70	RM244,662,156.60
Package E4	RM945,175,957.45	-	RM945,175,957.45
Package F	RM175,092,674.57	RM54,182,230.00	RM120,910,444.57
<b>Total</b>	<b>RM1,597,499,325.32</b>	<b>RM189,839,545.39</b>	<b>RM1,407,659,779.93</b>

The amount of earthwork and reclamation work is derived based on the lands will be reclaimed up to platform level of +3.0m land-surface datum (LSD). The proposed platform level of +3.0m LSD is subjected to High Astronomical Tide (HAT) and referred to the report entitled "Projek Tebatan Banjir Jangka Panjang Negeri Johor".

### PLANNING PROVISION

The subject property is designated for mixed residential and commercial development use.

### METHOD OF VALUATION

In arriving at the market value of the subject property, we have considered the Income Approach (Residual Method) and Comparison Approach.

We have adopted the Income Approach (Residual Method) for the ongoing development, viz. Botanika @ Tebrau Bay and the land that can be developed in the immediate future (within the next 5 years). Whilst for the balance lands which are not for immediate development, we have adopted the Comparison Approach.

In valuing the lands designated for low-cost housing use, viz. Lot Nos. PTD 228811, PTD 228812, PTD 228814, PTD 228815 and PTD 228825, the primary method is Income Approach (Residual Method) as there is a dearth of recent and similar land transactions. Besides, these developments are the responsibility of the developer to provide affordable housing under the relevant state policy and planning requirement.

## VALUATION CERTIFICATES FOR MATERIAL PROPERTIES (Cont'd)



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**VALUE CONSIDERATION**Income Approach (Residual Method)

The following outlines the parameters adopted in undertaking our assessment: -

Summary of Parameters

Gross Development Value	RM2,130,178,437/- (Note 1)
Gross Development Cost	RM1,770,217,690/- (Note 2)
Developer's Profit	Sold Unit : 12.5% of Balance GDV Unsold Unit : 15% of GDV
Development Period	9 years (Note 3)
Discount Rate	8.0% per annum

Note 1:

The GDV in our valuation is arrived at by reference to the selling / transacted prices of similar properties in the neighbourhood of the subject property and the details are as follows: -

Transacted Price (high-rise residential unit)

Property / Location	Transacted Price Range (RM over Built-up Area)
The WaterEdge Apartment, Senibong Cove	RM597 to RM621 per sq. ft.
Bayu Marina Resort, Taman Bayu Puteri	RM559 to RM579 per sq. ft.
D'Carlton Seaview Residences, Taman Megah Ria	RM500 to RM600 per sq. ft.

Selling Price (high-rise residential unit)

No.	Scheme / Location	Launch Date	Unit Type	Size (sf)	Price From (RM psf)	Take-Up Rate (%)
1	Green Haven	2013	Studio	710	600 - 700	70%
			1BR	754 - 764		
			2BR	969 - 1,012		
			3BR	1,227 - 1,593		
			Dual Key	1,149		
2	The Marina View	2013	2BR	1,155	770 - 780	50%
			3BR	1,559 - 1,853		
			4+1BR	2,417 - 2,926		
3	Marina Cove	2014	1BR	526	480 - 600	60%
			2BR	793 - 942		
			3BR	1,100 - 1,300		
4	Seventh Cove (Block A)	2015	2BR	907 - 1,108	800 - 1,200	15%
			2+1BR	1,024 - 1,242		
			3BR	1,382 - 1,717		
			3BR+Garden	1,702 - 2,083		
			Dual Key	1,705 - 2,068		
			PH	3,611 - 4,861		
5	Sovereign Bay	2015	Studio	533 - 1,449	580 - 630	65%
			1+1BR			
			2+1BR			
6	Southkey Mosaic	2015	1BR	676 - 758	650 - 700	70%
			2BR	904 - 1,127		
			3BR	1,465 - 1,509		

## VALUATION CERTIFICATES FOR MATERIAL PROPERTIES (Cont'd)



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**VALUE CONSIDERATION** (Cont'd)Income Approach (Residual Method) (Cont'd)Note 1: (Cont'd)

Transacted Price (retail / shop lot)

Property / Location	Floor Area (sq. feet)	Consideration (Analysis)	Date
<b>Bayu Marina Resort, Taman Bayu Puteri</b>			
Unit No. 01-02, Jalan Bayu Puteri 2/1	1,485	RM977,460/- (RM658 p.s.f)	14/02/17
Unit No. 01-10, Jalan Bayu Puteri 2/1	1,136	RM555,220/- (RM489 p.s.f)	26/05/15
<b>Suriamas Apartment, Taman Dato' Onn</b>			
Unit No. G-01, Block D, Jalan Serantau	732	RM400,000/- (RM546 p.s.f)	07/10/14
<b>Plaza Mentari Apartment (Sun City), Taman Pelangi</b>			
Unit No. G-16, Jalan Kuning	1,837	RM955,240/- (RM520 p.s.f)	31/05/14

Selling Price (retail / shop lot)

No.	Project Name	Selling Price (RM psf)	Remarks
1	Meridin @ Medini, Medini Iskandar	RM1,200 onwards	<ul style="list-style-type: none"> <li>Retail podium with 30 units of 1,000 sq. feet each</li> <li>Take-up rate 100%</li> </ul>
2	Country Garden Danga Bay, Danga Bay	RM2,000	<ul style="list-style-type: none"> <li>21 units of Retail / F&amp;B outlets known as Danga Avenue 1</li> <li>Standard land size ranging 800 sq. feet to 950 sq. feet</li> <li>Take-up rate 100%</li> </ul>
3	Encorp Marina, Puteri Harbour	RM2,000 - RM2,400	<ul style="list-style-type: none"> <li>Retail podium with 25 units of 1,100 sq. feet each</li> <li>Take-up rate 100%</li> </ul>

In view of the above, we have adopted the selling price as follows: -

Proposed Development	Adopted Selling Price (RM over Built-Up Area)
Apartment and Townvilla	RM530 and RM350 per sq. ft. respectively
SOVO / SOFO	RM650 per sq. ft.
Retail Lot	RM750 per sq. ft.

For the sold units, we have considered the balance amount of GDV to be billed.

Block	Total Net Selling Price of Sold Unit	Amount Billed as at 16 June 2017	Balance to be Billed
Block B	RM19,086,002/-	RM6,913,640/-	RM12,172,362/-
Block C	RM73,369,878/-	RM41,517,300/-	RM31,852,578/-
<b>Total</b>	<b>RM92,455,880/-</b>	<b>RM48,430,940/-</b>	<b>RM44,024,940/-</b>

In accordance with the Johor State's Policy on Bumiputra Quota, 40% of the component in any development are subject to 15% Bumiputra discount on the sale price. We were informed by the client that Bumiputra Quota for Botanika @ Tebrau Bay development is 20% for the reason that the development was approved prior to the new guideline.

## VALUATION CERTIFICATES FOR MATERIAL PROPERTIES (Cont'd)



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**VALUE CONSIDERATION (Cont'd)**

**Income Approach (Residual Method) (Cont'd)**

**Note 2:**

The Gross Development Cost (GDC) are based on the following material parameters: -

Items	Rate Adopted	Justification
Contribution & Statutory Charges	-	Based on information gathered from the relevant Departments / Agencies and the records that compiled from our previous valuations of similar properties in Johor Bahru.
Title & Survey Fees	RM850 per title	Based on the cost for survey, subdivision and registration of titles.
Main Building & Infrastructure Costs	<p><u>Piling Work (Blocks B &amp; C)</u> Contract Sum: RM11,307,428.10 (RM12 psf/GFA) Certified Value of Work Done: Completed</p> <p><u>Main Building and Associated Works (Blocks B &amp; C)</u> Contract Sum: RM197,523,312.28 (RM178 psf/GFA) Certified Value of Work Done: RM81,066,466.94</p> <p><u>Main Building and Associated Works (Townvilla)</u> Contract Sum: RM26,190,812.63 (RM118 psf/GFA) Certified Value of Work Done: RM1,783,998.47</p> <p><u>Other Development Components</u> 23-storey Apartment (Block A): RM190 psf/GFA SOVO / SOFO: RM200 psf/GFA Retail Lots: RM200psf/GFA Elevated Car Park: RM75 psf/GFA</p>	The building costs are based on the industry average cost by counter checked with the developers and data from our previous valuations of similar property.
Finance Charges	30% of the main building and infrastructure costs at 8.0% interest per annum	Based on the current Base Lending Rate (BLR) 6.65% to 6.75% per annum plus security margin of 1.0% to 2.5% per annum.
Professional Fees	6.0% of the main building and infrastructure costs	Based on the normal rate within the industry practice.
Project Mgt & Administrative Fees	3.0% of the main building and infrastructure costs	Based on the normal rate within the industry practice.
Marketing & Legal Fees	3.0% of GDV	The market rate is in the region of 2% to 3% of the gross development value.
Contingencies	5.0% of the total construction and development costs	Based on the normal rate within the industry practice.

**Note 3:**

This is the time frame required for construction and completion as well as the marketing of the units of development.

There are several mega infrastructure projects in the pipeline that are anticipated to boost the Johor's as well as Iskandar Malaysia's property development, e.g. Kuala Lumpur-Singapore High Speed Rail (HSR) and Johor Bahru-Singapore Rapid Transit System (RTS Link).

The Kuala Lumpur-Singapore High Speed Rail (HSR) is an alternative mode of public transport travel between Kuala Lumpur and Singapore. It will connect 7 cities in Malaysia (with one of the terminal station at Iskandar Puteri) to Singapore, following a coastal route. It is targeted to be implemented by 2026.

Malaysia and Singapore signed a bilateral agreement on the 4km Rapid Transit System (RTS Link) between Johor Bahru and Singapore at the recent 8<sup>th</sup> Singapore-Malaysia Leader's Retreat. The link which connects Malaysia from Bukit Chagar station in Johor Bahru and Woodlands North in Singapore, is expected to commence in 2024. The system would also be able to carry up to 10,000 passengers per hour in each direction and shorten the travel period between both countries to 30 minutes from more than one hour currently.

## VALUATION CERTIFICATES FOR MATERIAL PROPERTIES (Cont'd)



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**VALUE CONSIDERATION (Cont'd)**

Income Approach (Residual Method) (Cont'd)

Note 3: (Cont'd)

Having regard to the above factors, the development period adopted in our valuation for the ongoing Botanika @ Tebrau Bay apartment development and proposed development on a commercial land (PTD 229047) that measuring approximately 16.426 acres at nine (9) years is considered fair and reasonable after taking into consideration the time frame required for construction and marketing of the units.

Based on the above parameters adopted in the Income Approach (Residual Method), the market value for the ongoing development viz. Botanika @ Tebrau Bay and land for immediate development is derived at RM235,406,751/-, say RM235,000,000/-.

Comparison Approach

In valuing the lands where the development is not in the immediate future, we have adopted the Comparison Approach taking into consideration that the lands are not for immediate development.

For the purpose of this valuation, we have adopted Lot Nos. PTD 222166, PTD 222167, PTD 222168, PTD 222170 and PTD 222171 as the Base Lots with further adjustments made for differences to other lots in arriving at their market value.

Details	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Source	Bursa Announcements dated 3 April 2015 and 5 May 2017	Valuation and Property Services Department (JPPH) & HKEX Announcement	Valuation and Property Services Department (JPPH)	Valuation and Property Services Department (JPPH) & SGX Announcement
Lot No, Mukim, District and State	Part of PTD 194794, PTD 194793 & part of PTD 220207, Mukim of Plentong, District of Johor Bahru, Johor	PTB 20365, PTB 23171, PTB 23172, PTB 23457, PTB 23459 & PTB 23461, Township of Johor Bahru, District of Johor Bahru, Johor	PTD 194715, PTD 194722, PTD 194723, PTD 194729 to PTD 194750, Mukim of Plentong, District of Johor Bahru, Johor	PTB 24076, Township of Johor Bahru, District of Johor Bahru, Johor
Location	Along Jalan Senibong, within Kg Senibong locality, Johor Bahru, Johor	Along Jalan Ismail Sultan, beside the Causeway, Johor Bahru, Johor	Within Kg Teluk Jawa locality, Masai, Johor	Along Jalan Ibrahim Sultan, Johor Bahru, Johor
Type	Mixed development land	Mixed commercial land	Commercial and residential lands	Land approved for mixed commercial development use
Tenure	Freehold / Term in perpetuity	Freehold / Term in perpetuity	Freehold / Term in perpetuity	Freehold / Term in perpetuity
Land Area (hectare)	51.767 ha	47.076 ha	5.376 ha	9.231 ha
Land Area (acre)	127.92 ac	116.33 ac	13.26 ac	22.81 ac
Date	03/04/2015 & 05/05/2017	30/11/2013	26/07/2013	03/02/2013
Vendor	Tebrau Bay Sdn Bhd	DYMM Sultan Ibrahim	Giant Star Sdn Bhd	Vantage Bay Sdn Bhd
Purchaser	Greenland Tebrau Sdn Bhd	R & F Development Sdn Bhd	Casa Properties Development Sdn Bhd	Vantage Bay JB Sdn Bhd
Consideration	RM2,373,079,016/- *	RM4,500,000,001/- **	RM115,000,000/-	RM895,716,000/-
Analysis	RM4,584 p.s.m (RM426 p.s.f)	RM9,559 p.s.m (RM888 p.s.f)	RM2,143 p.s.m (RM199 p.s.f)	RM9,703 p.s.m (RM901 p.s.f)
Adjustment	Adjustments are made on time/market condition, location/accessibility, staggered payment terms, waterfront premium, size, tenure, land use, title status, plot ratio and negative factors			
Adjusted Land Value	RM2,881 p.s.m (RM268 p.s.f)	RM2,371 p.s.m (RM220 p.s.f)	RM2,700 p.s.m (RM251 p.s.f)	RM2,790 p.s.m (RM259 p.s.f)

## VALUATION CERTIFICATES FOR MATERIAL PROPERTIES (Cont'd)



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

Note: -

- \* The purchase consideration with staggered payment up to five (5) years. The payment of consideration after taken into consideration of time value of money principle, discounted at 8.0% over a staggered period up to 5 years is about RM1,754,749,548/-.
- \*\* The purchase consideration with staggered payment up to three (3) years. The payment of consideration after taken into consideration of time value of money principle, discounted at 8.0% over a staggered period up to 3 years is about RM3,915,900,001/-.

Comparable 4 has net adjustment of 75% was mainly due to the differences in term of location, size and plot ratio as compared to the subject property. Nevertheless, we have still considered it as one of the comparables in this exercise by virtue of there are limited waterfront commercial land transactions in the locality.

We have placed greater emphasis on Comparable Nos. 1 and 3 for the reason that Comparable 1 is the latest transaction and being part of the subject property whilst Comparable 3 is located in close proximity to the subject property. Therefore, the average adjusted land value of Comparable Nos. 1 and 3 is adopted as a fair representation for the Base Lots (reclaimed land basis).

Based on the above, we have adopted the land value (reclaimed land basis) of RM255 per square foot as the base land value and thereafter further adjustments made for differences in location/accessibility, waterfront premium, size, tenure, title status, land use if any and other relevant characteristics to arrive at the market value of the remaining lots.

Part of the subject property is presently submerged land that either required earthworks or reclamation works before development can commence. Thus, the estimated cost of earthwork and reclamation work for the subject property as prepared by Messrs. Megaconsult Sdn Bhd has been taken into consideration in our valuation to reflect the current condition of the subject property ("as is" basis).

According to the estimated cost of earthwork and reclamation work as prepared by Messrs. Megaconsult Sdn Bhd, part of the works has been awarded to the relevant contractors. The constructed cost is based on the certified work done on site and has been verified by the consultant. Hence, we have adopted the actual amount as per the contracts awarded and variation order, if any as well as the actual constructed cost for the works that have been carried out.

For the balance earthwork and reclamation works that are yet to be awarded, we have incorporated additional 15% of the estimated cost by the consultant as profit/risk margin. Our enquiries with the contractors revealed that the profit margin has to be in the region of 10% to 20% of the estimated work value to induce the contractor to a project. Thus, the adopted rate at 15% of the estimated cost is considered fair and reasonable margin for the earthwork and reclamation work that are yet to be awarded.

The costs of the reclamation work are dependent on various factors including location, land area, volume of reclamation and source of material. Our enquiries with the developer's contractors and counter-checked with the data from our previous valuations of similar properties revealed that the estimated cost of earthwork and reclamation work for the subject property is reasonable and in line with the market.

The market value of the subject property after taking into consideration the estimated cost of earthwork and reclamation work is thence deferred at the discount rate of 8.0% over the estimated period for such work to be completed.



## VALUATION CERTIFICATES FOR MATERIAL PROPERTIES (Cont'd)



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**VALUE CONSIDERATION** (Cont'd)

**Comparison Approach** (Cont'd)

The estimated required time for the earthwork/reclamation works is based on our observation and enquiries with the contractors whilst the discount rate at 8.0% per annum is market derived of which is in tandem with the finance rate and reflects adequately the time value of money.

The computation of the market value by respective lots are as follows: -

i. Lot Nos. PTD 222166, PTD 222167, PTD 222168, PTD 222170 and PTD 222171 (Base Lots)

We have adopted the land value (reclaimed land basis) of RM255 per square foot over the land area of the subject lots.

At the time of our valuation, individual titles in respect of the subject lots are yet to be issued. In arriving at the market value of the subject lots, we have considered the total cost of alienation in accordance with the Alienation cum Development Agreement dated 8 August 2017.

The Total Alienated Lands Cost of the subject property at the aggregate sum of RM531,917,632.86 comprises the following: -

- i. Agreed Acquisition Cost in relation to the Company's Acquired Lands at the sum of RM222,800,000.00 only of which shall be deemed to have been paid by the State within the specified period;
- ii. pay the Premium for such alienation at the total sum of RM100,000,000.00 only and all Other Payments as set out under Forms 5A;
- iii. pay the Cash Payment at the total sum of RM10,000,000.00 only to KPRJ; and
- iv. construct and complete construction for the State Government and deliver vacant possession of the Benefits in Kind to the State Government at the Benefits in Kind's Agreed Construction Cost of RM189,177,382.86 only and bearing and absorbing the Ancillary Costs in aggregate sum of RM9,940,250.00 only on or before the relevant Benefits in Kind's Completion Dates.

Notwithstanding the above, the State Government has on 4 August 2015 acquired part of the Company's Acquired Lands measuring approximately 92.84 acres in accordance with the Land Acquisition Act with a total compensation in the sum of RM170,099,258.13 only.

Individual title for Lot No. PTD 222169 has been issued in the name of Tebrau Bay Sdn Bhd and hence alienated as at the time of our valuation.

Accordingly, we have reflected the balance alienation costs for the Alienated Lands in our valuation.

Subject to the provisions of Article V thereof in the Alienation cum Development Agreement, the State Government thereby undertakes to the Company that it shall cause and procure the State Authority and/or Relevant Authority to review and reduce from the current requirement of the Company to construct 4,008 units of "Perumahan Rakyat Johor" of PTD 194800 and PTD 194801 Mukim Plentong, Johor Bahru to such number of units to enable the Company realise on a nett saving basis an amount RM33,618,635.86 only upon such terms to be mutually agreed and confirmed in writing.

PROVIDED ALWAYS that in the event the Parties are unable to mutual agree on such terms, the quantum of the Company's obligation with respect of the Benefits in Kind's Agreed Construction Cost shall be deemed to be reduced to the sum of RM165,498,997.00 only.

In the event where the proviso above is applicable, the State Government shall be liable to pay to the Company the sum of RM33,618,635.86 only towards the construction cost of the Benefits in Kind.

## VALUATION CERTIFICATES FOR MATERIAL PROPERTIES (Cont'd)



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**VALUE CONSIDERATION** (Cont'd)

Comparison Approach (Cont'd)

The market value of the subject lots after taking into consideration the estimated cost of earthwork/reclamation work and the above costs of alienation is deferred at the discount rate of 8.0% over a period of four (4) years - the time frame required for the reclamation works as well as construct, complete construction and deliver vacant possession of the Benefits in Kind to the State Government within the specific period as set out under the Alienation cum Development Agreement.

Based on the above, the market value of the subject lots is derived at RM682,840,047/- and rounded to RM683,000,000/-.

ii. Lot Nos. PTD 229061, PTD 229062, PTD 229065, PTD 229081, PTD 229088 and PTD 229083

We have adopted the land value (ready land basis) of RM165 per square foot over the land area of the subject lots.

The market value of the subject lots after taking into consideration the estimated cost of earthwork/reclamation work is deferred at the discount rate of 8.0% over a period of two (2) years for such work to be carried out.

Based on the above, the market value of the subject lots is derived at RM1,411,597,573/- and rounded to RM1,411,000,000/-.

iii. Lot Nos. PTD 228829, PTD 228830, PTD 229048, PTD 229049, PTD 229051 to PTD 229056 and PTD 229058 to PTD 229060

We have adopted the land value (ready land basis) of RM115 per square foot for Lot Nos. PTD 228829, PTD 228830, PTD 229048, PTD 229049, PTD 229055 and PTD 229060 whereby these lands are held under unconverted title (block title approved for mixed commercial development use).

On the other hand, Lot Nos. PTD 229051 to PTD 229054, PTD 229056, PTD 229058 and PTD 229059 are held under converted commercial title. Hence, the land value is thence being adjusted upwards for the difference in title status. We have adopted the land value of RM135 per square foot for the lands that are held under converted commercial title.

The market value of the subject lots after taking into consideration the estimated cost of earthwork/reclamation work is deferred at the discount rate of 8.0% over a period of one (1) year for such work to be carried out.

Based on the above, the market value of the subject lots is derived at RM632,417,479/- and rounded to RM632,000,000/-.

iv. Lot Nos. PTD 228804 and PTD 228807 to PTD 228809

We have adopted the land value (ready land basis) of RM150 per square foot over the land area of the subject lots.

The market value of the subject lots after taking into consideration the estimated cost of earthwork/reclamation work is deferred at the discount rate of 8.0% over a period of one (1) year for such work to be carried out.

Based on the above, the market value of the subject lots is derived at RM464,434,432/- and rounded to RM464,000,000/-.

## VALUATION CERTIFICATES FOR MATERIAL PROPERTIES (Cont'd)



C H Williams Talhar & Wong Sdn Bhd (18149-U)

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

In arriving at the market value of Lot Nos. PTD 173048 (vacant commercial land), we have considered the following market evidences: -

Details	Comparable 1	Comparable 2	Comparable 3
Source	Valuation and Property Services Department (JPPH)		
Lot No., Mukim, District and State	Lot 207317, Mukim of Plentong, District of Johor Bahru, Johor	PTD 209607, Mukim of Plentong, District of Johor Bahru, Johor	Lot 163782, Mukim of Plentong, District of Johor Bahru, Johor
Location	Within Bandar Seri Alam, Johor Bahru, Johor	Along Jalan Besar, Pasir Gudang, Johor	Off Jalan Pantai, Johor Bahru, Johor
Type	Vacant commercial land	Vacant commercial land	Commercial development land
Tenure	Freehold / Term in perpetuity	Leasehold 99 years expiring on 20 Sept 2084	Freehold / Term in perpetuity
Land Area (sq. m)	2,907.00 sq. m	4,046.87 sq. m	3,354.00 sq. m
Land Area (sq. ft)	31,291 sq. ft	43,560 sq. ft	36,102 sq. ft
Date	18/04/2017	25/08/2015	15/09/2014
Vendor	Seri Alam Properties Sdn Bhd	One Minden Sdn Bhd	An Tan Lian
Purchaser	D Elegance (Seri Alam) Sdn Bhd	Yong Ming Motor Sdn Bhd	Piramid Mewah Sdn Bhd
Consideration	RM2,603,635/-	RM3,049,200/-	RM2,166,152/-
Analysis	RM896 p.s.m (RM83.21 p.s.f)	RM753 p.s.m (RM70.00 p.s.f)	RM646 p.s.m (RM60.00 p.s.f)
Adjustment	Adjustments are made on time/market condition, location/accessibility, shape, tenure and title status		
Adjusted Land Value	RM537 p.s.m (RM49.92 p.s.f)	RM448 p.s.m (RM41.65 p.s.f)	RM576 p.s.m (RM53.55 p.s.f)

We have considered Comparable Nos. 1 and 3 as the best comparable for the reason that Comparable 1 is the latest transaction whilst Comparable 3 is located close proximity to the subject lot.

We have adopted a rounded value of RM50 per square foot over the land area in our valuation and the market value of the subject lot is derived at RM2,970,836/- and rounded to RM3,000,000/-.

## VALUATION CERTIFICATES FOR MATERIAL PROPERTIES (Cont'd)



C H Williams Talhar &amp; Wong Sdn Bhd (18149-U)

Our Ref : WTW/04/V/005903(M)/17/JL

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

In arriving at the market value of Lot Nos. PTD 229066 (vacant commercial land), we have considered the similar market evidences: -

Details	Comparable 1	Comparable 2	Comparable 3
Source	Valuation and Property Services Department (JPPH)		
Lot No., Mukim, District and State	Lot 207317, Mukim of Plentong, District of Johor Bahru, Johor	PTD 209607, Mukim of Plentong, District of Johor Bahru, Johor	Lot 163782, Mukim of Plentong, District of Johor Bahru, Johor
Location	Within Bandar Seri Alam, Johor Bahru, Johor	Along Jalan Besar, Pasir Gudang, Johor	Off Jalan Pantai, Johor Bahru, Johor
Type	Vacant commercial land	Vacant commercial land	Commercial development land
Tenure	Freehold / Term in perpetuity	Leasehold 99 years expiring on 20 Sept 2084	Freehold / Term in perpetuity
Land Area (sq. m)	2,907.00 sq. m	4,046.87 sq. m	3,354.00 sq. m
Land Area (sq. ft)	31,291 sq. ft	43,560 sq. ft	36,102 sq. ft
Date	18/04/2017	25/08/2015	15/09/2014
Vendor	Seri Alam Properties Sdn Bhd	One Minden Sdn Bhd	An Tan Lian
Purchaser	D Elegance (Seri Alam) Sdn Bhd	Yong Ming Motor Sdn Bhd	Piramid Mewah Sdn Bhd
Consideration	RM2,603,635/-	RM3,049,200/-	RM2,166,152/-
Analysis	RM896 p.s.m (RM83.21 p.s.f)	RM753 p.s.m (RM70.00 p.s.f)	RM646 p.s.m (RM60.00 p.s.f)
Adjustment	Adjustments are made on time/market condition, location/accessibility, shape, tenure and title status		
Adjusted Land Value	RM806 p.s.m (RM74.89 p.s.f)	RM737 p.s.m (RM68.42 p.s.f)	RM741 p.s.m (RM68.85 p.s.f)

We have considered Comparable Nos. 1 and 3 as the best comparable for the reason that Comparable 1 is the latest transaction whilst Comparable 3 is located close proximity to the subject lot.

We have adopted a rounded value of RM70 per square foot over the land area in our valuation and the market value of the subject lot is derived at RM1,509,400/- and rounded to RM1,500,000/-.

## VALUATION CERTIFICATES FOR MATERIAL PROPERTIES (Cont'd)



C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref : WTW/04/V/005903(M)/17/JL

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**VALUE CONSIDERATION** (Cont'd)

Comparison Approach (Cont'd)

In arriving at the market value of Lot No. PTD 228828 (vacant apartment land), we have considered the following market evidences: -

Details	Comparable 1	Comparable 2	Comparable 3
Source	Valuation and Property Services Department (JPPH)		
Lot No., Mukim, District and State	Lots 2476, 2680 & 2734, Mukim of Pulai, District of Johor Bahru, Johor	Lot 3053, Mukim of Plentong, District of Johor Bahru, Johor	PTD 222154 & PTD 222155, Mukim of Plentong, District of Johor Bahru, Johor
Location	Next to The Seed @ Taman Sutera Utama, Skudai, Johor	Off Jalan Kg. Plentong Baru, within Kg. Plentong Baru, Johor Bahru	Adjoining Jalan Persiaran Sinaran Ilmu, Bandar Seri Alam, Masai, Johor
Type	Development land approved for mixed housing development use	Development land zoned for mixed housing use	Residential land
Tenure	Freehold / Term in perpetuity		
Land Area (hectare)	27.746 ha	3.824 ha	23.919 ha
Land Area (acre)	68.56 ac	9.45 ac	59.11 ac
Date	22/04/2015	18/12/2013	20/09/2013
Consideration	RM155,936,337/-	RM18,523,890/-	RM154,045,584/-
Analysis	RM562 p.s.m (RM52.21 p.s.f)	RM484 p.s.m (RM45.00 p.s.f)	RM644 p.s.m (RM59.83 p.s.f)
Adjustment	Adjustments are made on time/market condition, location/accessibility, size, tenure, title status and density		
Adjusted Land Value	RM506 p.s.m (RM46.99 p.s.f)	RM557 p.s.m (RM51.75 p.s.f)	RM612 p.s.m (RM56.84 p.s.f)

We have considered Comparable Nos. 2 and 3 as the best comparable as they are located in the close proximity to the subject lot.

We have adopted a rounded value of RM50 per square foot over the land area in our valuation and the market value for the subject lot is derived at RM92,424,575/- and rounded to RM92,000,000/-.

## VALUATION CERTIFICATES FOR MATERIAL PROPERTIES (Cont'd)



C H Williams Talhar &amp; Wong Sdn Bhd (18149-U)

Our Ref : WTW/04/V/005903(M)/17/JL

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

In arriving at the market value of Lot 156543 (vacant petrol station land), we have considered the following market evidences: -

Details	Comparable 1	Comparable 2	Comparable 3
Source	Valuation and Property Services Department (JPPH)		
Lot No., Mukim, District and State	PTD 196453, Mukim of Pulau, District of Johor Bahru, Johor	PTD 171206, Mukim of Tebrau, District of Johor Bahru, Johor	PTD 105041, Mukim of Kulai, District of Kulai, Johor
Location	Located along Jalan Gelang Patah within Taman Mutiara Rini, Skudai, Johor	Located along Jalan Dato Onn Utama, within Bandar Dato Onn, Johor Bahru, Johor	Located along Jalan Pontian - Johor Bahru, Taman Sri Pulau Perdana 2, Kangkar Pulai, Johor
Type	Vacant petrol station land		
Tenure	Leasehold expiry on 4 September 2911	Freehold / Term in perpetuity	Freehold / Term in perpetuity
Land Area (sq. m)	4,607 sq. m	4,047 sq. m	4,897 sq. m
Land Area (sq. ft)	49,593 sq. ft	43,562 sq. ft	52,711 sq. ft
Date	05/09/2016	15/11/2015	30/09/2013
Vendor	Mutiara Rini Sdn Bhd	Johor Land Berhad	Mah Sing Properties Sdn Bhd
Purchaser	Wong Ngee Fat + 1	Jamaliah Binti Showkat Ali	Petronas Dagangan Berhad
Consideration	RM5,455,000/-	RM5,880,870/-	RM6,250,000/-
Analysis	RM1,184 p.s.m (RM110.00 p.s.f)	RM1,453 p.s.m (RM135.00 p.s.f)	RM1,276 p.s.m (RM118.57 p.s.f)
Adjustment	Adjustments are made on time/market condition, location/accessibility and tenure		
Adjusted Land Value	RM829 p.s.m (RM77.00 p.s.f)	RM915 p.s.m (RM85.05 p.s.f)	RM938 p.s.m (RM87.15 p.s.f)

We have considered Comparable 1 as the best comparable as it is the latest sales transaction.

We have adopted a rounded value of RM75 per square foot over the land area in our valuation and the market value of the subject lot is derived at RM2,986,982/- and rounded to RM3,000,000/-.

## VALUATION CERTIFICATES FOR MATERIAL PROPERTIES (Cont'd)



C H Williams Talhar &amp; Wong Sdn Bhd (18149-U)

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

By the Sale and Purchase Agreement and Supplemental Agreement dated 3 April 2015 and 5 May 2017 respectively, Tebrau Bay Sdn Bhd ("the Vendor") has agreed to sell and Greenland Tebrau Sdn Bhd ("the Purchaser") has agreed to purchase various parcels of properties presently held under Lot Nos. PTD 229071, PTD 229072, PTD 229074, PTD 229075, PTD 229076, PTD 229077, PTD 229080 and PTD 222169 upon the terms and condition therein.

In arriving at the market value of the above lands, we have considered the similar market evidences: -

Details	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Source	Bursa Announcements dated 3 April 2015 and 5 May 2017	Valuation and Property Services Department (JPPH) & HKEX Announcement	Valuation and Property Services Department (JPPH)	Valuation and Property Services Department (JPPH) & SGX Announcement
Lot No., Mukim, District and State	Part of PTD 194794, PTD 194793 & part of PTD 220207, Mukim of Plentong, District of Johor Bahru, Johor	PTB 20365, PTB 23171, PTB 23172, PTB 23457, PTB 23459 & PTB 23461, Township of Johor Bahru, District of Johor Bahru, Johor	PTD 194715, PTD 194722, PTD 194723, PTD 194729 to PTD 194750, Mukim of Plentong, District of Johor Bahru, Johor	PTB 24076, Township of Johor Bahru, District of Johor Bahru, Johor
Location	Along Jalan Senibong, within Kg Senibong locality, Johor Bahru, Johor	Along Jalan Ismail Sultan, beside the Causeway, Johor Bahru, Johor	Within Kg Teluk Jawa locality, Masai, Johor	Along Jalan Ibrahim Sultan, Johor Bahru, Johor
Type	Mixed development land	Mixed commercial land	Commercial and residential lands	Land approved for mixed commercial development use
Tenure	Freehold / Term in perpetuity	Freehold / Term in perpetuity	Freehold / Term in perpetuity	Freehold / Term in perpetuity
Land Area (hectare)	51.767 ha	47.076 ha	5.376 ha	9.231 ha
Land Area (acre)	127.92 ac	116.33 ac	13.26 ac	22.81 ac
Date	03/04/2015 & 05/05/2017	30/11/2013	26/07/2013	03/02/2013
Vendor	Tebrau Bay Sdn Bhd	DYMM Sultan Ibrahim	Giant Star Sdn Bhd	Vantage Bay Sdn Bhd
Purchaser	Greenland Tebrau Sdn Bhd	R & F Development Sdn Bhd	Casa Properties Development Sdn Bhd	Vantage Bay JB Sdn Bhd
Consideration	RM2,373,079,016/- *	RM4,500,000,001/- **	RM115,000,000/-	RM895,716,000/-
Analysis	RM4,584 p.s.m (RM426 p.s.f)	RM9,559 p.s.m (RM888 p.s.f)	RM2,143 p.s.m (RM199 p.s.f)	RM9,703 p.s.m (RM901 p.s.f)
Adjustment	Adjustments are made on time/market condition, location/accessibility, staggered payment terms, waterfront premium, size, land use, title status, plot ratio and negative factor			
Adjusted Land Value	RM3,390 p.s.m (RM315 p.s.f)	RM3,556 p.s.m (RM330 p.s.f)	RM3,037 p.s.m (RM282 p.s.f)	RM4,464 p.s.m (RM415 p.s.f)

Note: -

\* The purchase consideration with staggered payment up to five (5) years. The payment of consideration after taken into consideration of time value of money principle, discounted at 8.0% over a staggered period up to 5 years is about RM1,754,749,548/-.

\*\* The purchase consideration with staggered payment up to three (3) years. The payment of consideration after taken into consideration of time value of money principle, discounted at 8.0% over a staggered period up to 3 years is about RM3,915,900,001/-.

## VALUATION CERTIFICATES FOR MATERIAL PROPERTIES (Cont'd)



C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref : WTW/04/V/005903(M)/17/JL

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VALUE CONSIDERATION (Cont'd)

Comparison Approach (Cont'd)

We have considered Comparable 1 as the best comparable in view of the transaction involved the subject under this valuation.

The adjusted land value of RM315 per square foot based on Comparable 1 is thence being adjusted upwards by virtue of the titled land area under valuation is after surrender of road reserve and other public amenities, e.g. retention pond, sewerage treatment plant and main switch station (net land area). Therefore, we have adopted the net land value (reclaimed land basis) of RM380 per square foot for the subject lots.

Part of the subject lot requires reclamation work before development can commence. The estimated cost of earthwork and reclamation work for the subject property as prepared by Messrs. Megaconsult Sdn Bhd has been taken into consideration in our valuation to reflect the current condition of the subject property ("as is" basis). In addition to the above cost advised by the consultant, we have adopted 15% of the estimated cost as profit/risk margin for the earthwork and reclamation work to be carried out by the contractors.

No further time value discount for the reclamation period as this has been considered while in arriving at the present value of the purchase consideration for Comparable 1. The payment of consideration with staggered period up to five (5) years has taken into account the time required for reclamation work.

The Purchaser, Greenland Tebrau Sdn Bhd has paid to the Vendor, Tebrau Bay Sdn Bhd the sum of RM237,307,901.60 only being the deposit payment and RM46,324,363.86 only in accordance to the terms of the Sale and Purchase Agreement and Supplemental Agreement respectively.

Based on the above, the market value of the subject lots is derived at RM1,143,083,787/- and rounded to RM1,140,000,000/-.

Lands designated for Low-Cost Housing Use

In valuing the lands designated for low-cost housing use, viz. Lot Nos. PTD 228811, PTD 228812, PTD 228814, PTD 228815 and PTD 228825, we have adopted the Income Approach (Residual Method).

The following outlines the parameters adopted in undertaking our assessment: -

Summary of Parameters

Gross Development Value	RM412,852,000/- (Note 1)
Gross Development Cost	RM513,618,991/- (Note 2)
Developer's Profit	- (Note 3)
Development Period	5 years (Note 4)
Discount Rate	8.0%

Note 1:

The selling prices of Perumahan Rakyat Johor are regulated and set by the Johor State Government in accordance to the type and specific built-up areas. Hence, we have adopted the controlled selling prices for the subject lots in accordance to its approved development. The controlled selling prices of the Perumahan Rakyat Johor is tabulated as follows: -

Development Component	Built-up Area (sf)	Selling Price (Per Unit)
Perumahan Komuniti Johor (PKJ) A	720	RM42,000/-
Perumahan Komuniti Johor (PKJ) B	850	RM80,000/-
Rumah Mampu Milik Johor (RMMJ)	1,000	RM120,000/-



## VALUATION CERTIFICATES FOR MATERIAL PROPERTIES (Cont'd)



C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref : WTW/04/V/005903(M)/17/JL

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**VALUE CONSIDERATION** (Cont'd)

Lands designated for Low-Cost Housing Use (Cont'd)

**Note 2:**

The Gross Development Cost (GDC) are based on the following material parameters: -

Items	Rate Adopted	Justification
Contribution & Statutory Charges	-	Based on information gathered from the relevant Departments / Agencies and the records that compiled from our previous valuations of similar properties in Johor Bahru.
Title & Survey Fees	RM850 per title	Based on the cost for survey, subdivision and registration of titles.
Site Clearance & Earthworks	RM250,000/- per acre	The rate is in line with industry average cost, i.e. RM150,000/- to RM350,000/- per acre depending on the physical attributes of the land including its terrain. The estimated cost is based on industry average cost by counter checked with the developers and data from our previous valuations of similar property.
Main Building & Infrastructure Costs	Perumahan Komuniti Johor: RM80 to RM85 psf Rumah Mampu Milik Johor: RM110 psf	The building costs are based on the industry average cost by counter checked with the developers and data from our previous valuations of similar property.
Finance Charges	40% of the total site clearance and earthworks, main building and infrastructure costs	Based on the current Base Lending Rate (BLR) 6.65% to 6.75% per annum plus security margin of 1.0% to 2.5% per annum.
Professional Fees	3.0% of the total site clearance and earthworks, main building and infrastructure costs	The rate for normal development range from 5% to 8%. Since this is a non-profitable housing development, we have adopted 3%.
Project Mgt & Administrative Fees	1.5% of the total site clearance and earthworks, main building and infrastructure costs	The rate is considered reasonable for affordable housing developments.
Marketing & Legal Fees	1.0% of GDV	It is derived from our analysis of similar developments and after taking into account the affordable housing development content of the subject property.
Contingencies	5.0% of the total construction and development costs	Based on the normal rate within the industry practice.

**Note 3:**

This is due to the reason that the selling prices of Perumahan Rakyat Johor were regulated and fixed by authorities which solely for community welfare purpose and not for profit driven as usual common industry practice.

**Note 4:**

This is the time frame required for construction and completion as well as the marketing of the units of development.

Based on the above parameters adopted in the Income Approach (Residual Method), the market value of Lot Nos. PTD 228811, PTD 228812, PTD 228814, PTD 228815 and PTD 228825 is derived at -RM68,580,321/-, say -RM70,000,000/-.

## VALUATION CERTIFICATES FOR MATERIAL PROPERTIES (Cont'd)



C H Williams Talhar &amp; Wong Sdn Bhd (18149-U)

Our Ref : WTW/04/V/005903(M)/17/JL

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**RECONCILIATION OF VALUES**

We have arrived the market value of the subject property using the Income Approach (Residual Method) and Comparison Approach as tabulated below.

Valuation Approach	Derivation of Value
<b>Income Approach (Residual Method)</b>	
Ongoing development & land for immediate development (Lot 182455 & PTD 229047)	RM235,000,000/-
<b>Comparison Approach</b>	
Lands for future development: -	
a. Cluster I (PTD 222166, PTD 222167, PTD 222168, PTD 222170 & PTD 222171)	RM683,000,000/-
b. Cluster II (PTD 229061, PTD 229062, PTD 229065, PTD 229081, PTD 229088 & PTD 229083)	RM1,411,000,000/-
c. Cluster III (PTD 228829, PTD 228830, PTD 229048, PTD 229049, PTD 229051 to PTD 229056 & PTD 229058 to PTD 229060)	RM632,000,000/-
d. Cluster IV (PTD 228804 & PTD 228807 to PTD 228809)	RM464,000,000/-
e. PTD 173048 (Commercial land)	RM3,000,000/-
f. PTD 229066 (Commercial land)	RM1,500,000/-
g. PTD 228828 (Apartment land)	RM92,000,000/-
h. Lot 156543 (Petrol station land)	RM3,000,000/-
<b>Less</b>	
Additional Premium for State Lands measuring about 134.3691 acres	Note 2 RM292,655,900/-
Value after deducting the Additional Premium for State Lands	RM2,996,844,100/-
Deferred for 5 years @ 8.0% (for holding period & risk discount) Note 1	0.6806
Market Value of lands for future development	RM2,039,601,739/-
	say, RM2,040,000,000/-
<b>Comparison Approach</b>	
Lands sold to Greenland Tebrau Sdn Bhd (PTD 229071, PTD 229072, PTD 229074, PTD 229075, PTD 229076, PTD 229077, PTD 229080 & PTD 222169)	RM1,140,000,000/-
<b>Income Approach (Residual Method)</b>	
Lands designated for low-cost housing use (PTD 228811, PTD 228812, PTD 228814, PTD 228815 & PTD 228825)	-RM70,000,000/-
<b>Total</b>	<b>RM3,345,000,000/-</b>

Note 1 The market value of the future development lands has been further adjusted to take into consideration that they are not for immediate development, i.e. the holding period and risk factor, discounted at 8.0% over the five (5) years period considered reasonable and realistic taking into account the current market condition, sales status and work progress of the subject development.

Note 2 The Additional Premium is estimated by referring to the Total Alienation Land Cost (Premium) imposed by the State Government in respect of the Alienated Lands which analysed at about RM50 per square foot over the land area.

VALUATION CERTIFICATES FOR MATERIAL PROPERTIES (Cont'd)

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C H Williams Talhar &amp; Wong Sdn Bhd (18149-U)

Our Ref : WTW/04/V/005903(M)/17/JL

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**VALUATION**

Taking into consideration the above factors, we therefore assess the market value of the subject property **ON THE BASIS AND PROVISO AS STATED IN DETAIL UNDER THE TERMS OF REFERENCE HEREIN** with permission to sell, charge, lease, transfer and free from all encumbrances at **RM3,345,000,000/-** (Ringgit Malaysia : Three Billion, Three Hundred And Forty Five Million Only).

Yours faithfully  
for and on behalf of  
C H Williams Talhar & Wong Sdn Bhd

  
Sr TAN KA LEONG

B. Surv (Hons) Prop. Mgt. MRICS, FRISM, MPEPS  
Registered Valuer (V-629)

## VALUATION CERTIFICATES FOR MATERIAL PROPERTIES (Cont'd)

# Raine & Horne

**Raine & Horne International  
Zaki + Partners Sdn. Bhd.**

(Company No. 99440-T)

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## Report and Valuation

30 November, 2017

The Board of Directors  
Ekovest Berhad  
Ground Floor, Wisma Ekovest  
No. 118, Jalan Gombak  
53000 Kuala Lumpur

The Board of Directors  
Iskandar Waterfront City Berhad  
Iskandar Waterfront Holdings Sdn Bhd  
G08, Block 8, Danga Bay  
Jalan Skudai  
80200 Johor Bahru

Dear Sirs,

**TWO (2) PARCELS OF COMMERCIAL DEVELOPMENT LAND KNOWN AS PARCEL D8 AND D9, UNDER TITLE GRN NOS. 90571 & 90585, LOT NOS. 726 & 733, MUKIM OF PULAI, DISTRICT OF JOHOR BAHRU, JOHOR ("SUBJECT PROPERTIES")**

This valuation certificate is prepared for the purpose of inclusion in the circular to the shareholders of Ekovest Berhad in relation to the proposed acquisition of all the ordinary shares in Iskandar Waterfront City Berhad ("IWC") ("IWC Shares") and any new IWC Shares that may be issued prior to the closing date of the Proposed Offer arising from the exercise of the outstanding employee share options in IWC by Ekovest Berhad ("Proposed Offer").

We, Raine & Horne International Zaki + Partners Sdn Bhd have been jointly instructed by Ekovest Berhad, Iskandar Waterfront Holdings Sdn Bhd and Iskandar Waterfront City Berhad to ascertain the Market Value of the Subject Properties. The full details of the valuation are included in our Report and Valuation bearing VJB17.070 in due course.

The Report and Valuation has been 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 and Estate Agents with the necessary professional responsibility and due diligence.

We were specifically instructed by Ekovest Berhad, Iskandar Waterfront Holdings Sdn Bhd and Iskandar Waterfront City Berhad to value the Subject Properties as at 30 November 2017. Accordingly, we have inspected the Subject Properties on 27 September 2017. The material date of the valuation is as at 30 November 2017.

The basis of valuation is the **MARKET VALUE** which is defined as the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing where the parties had each acted knowledgeably, prudently and without compulsion.

This Certificate of Valuation should be read in conjunction with the full Report and Valuation.



(Property, Plant & Machinery Valuation)

**Perunding Harta Tanah Antarabangsa • International Property Consultants**

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## VALUATION CERTIFICATES FOR MATERIAL PROPERTIES (Cont'd)



For the purpose of this valuation exercise, we were instructed by our client to assess the market value of the subject properties based on the following:-

- 1) The properties are valued based on "as-is-where-is" basis.

Details of the Subject Properties as extracted from our Report are as follows:-

### 1. Location

GRN Nos. 90571 and 90585, Lot Nos. 726 and 733, Mukim of Pulai, District of Johor Bahru, State of Johor (hereinafter referred to as 'the subject properties') is located off Jalan Sungai Danga within Sungai Danga approximately 10 kilometres due north-west of Johor Bahru City Centre.

The subject properties are accessible from the Johor Bahru City Centre via Jalan Tun Abdul Razak, Jalan Sungai Danga and finally onto Jalan Sungai Temon Asli. Alternatively, the properties are also accessible from Jalan Skudai.

### 2. Site

The subject properties are two (2) separate plots of almost regular shaped vacant plots of land. The boundaries of the subject properties are undefined by any form of fencing.

The site areas of the subject properties are as follows:-

Nos.	Title Nos.	Lot Nos.	Net Land Area*		
			Hectares	Acres	Sq. Feet
1	GRN 90571	726	2.1651	5.3500	233,044
2	GRN 90585	733	1.7239	4.2599	185,560
<b>Total</b>			<b>3.8890</b>	<b>9.6099</b>	<b>418,604</b>

\* Net land area after deducting land which were compulsorily acquired by the relevant authorities.

#### Lot 726

The land lies slightly below the frontage road, Jalan Sungai Temon Asli and is almost regular in shape. Generally the land is flat.

We observed the property is vacant of any buildings and earthworks completed.

#### Lot 733

The land lies slightly higher than the frontage road, Jalan Sungai Temon Asli is almost regular in shaped and is generally flat.

We observed the property is vacant of any buildings and earthworks completed.

## VALUATION CERTIFICATES FOR MATERIAL PROPERTIES (Cont'd)



## 3. Particulars of titles

Parcel No	D8	D9
Lot and Title Nos.	GRN 90571, LOT 726	GRN 90585, LOT 733
Mukim, District and State	Pulai, Johor Bahru, Johor	
Tenure	Freehold	
Date of Registration of Title	19 November 2002	
Land Area (Hectares)	2.2587	1.9323
Annual Rent (RM)	58.00	70.00
Land Acquisition	We note that part of Lot 726 (about 37.0000 poles or 10,073 sq. feet) was acquired by the Government vide Form K under Land Acquisition Act 1960 vide Presentation No. 15/1982 dated 5 <sup>th</sup> . January, 1982. The net land area of Lot 726 after deducting the acquired portion is <u>2.1651 hectares or 5.3500 acres.</u>	We note that part of Lot 733 (about 39.0000 poles or 10,617.75 sq. feet and 1,097.1093 sq. metres or 11,809 sq. feet) was acquired twice by the Government vide Form K under Land Acquisition Act 1960 vide Presentation No. 15/1982 dated 5 <sup>th</sup> . January, 1982 and 2520/2009 dated 5 <sup>th</sup> . June, 2009 respectively. The net land area of Lot 733 after deducting the acquired portion is <u>1.7239 hectares or 4.2599 acres.</u>
Category of Land Use	NIL	
Registered Owner	SUCCESS STRAITS SDN. BHD.	
Express Condition	NIL.	
Restriction In - Interest	NIL.	
Encumbrances	The title is an unencumbered.	

## 4. Planning Details

Our verbal enquiries at the Planning Department, Pejabat Tanah Dan Galian Johor on Thursday, 18<sup>th</sup> May, 2017 and based on Draf Perancangan Tempatan Daerah Johor Bahru & Kulai 2025 revealed the revealed the property is designated for **Commercial use**.

## VALUATION CERTIFICATES FOR MATERIAL PROPERTIES (Cont'd)



<b>Kelas B Perniagaan</b> (Sedia ada, Komited dan Cadangan)	B1 : Runcit B3 : Perkhidmatan Profesional B4 : Makanan dan Minuman B5 : Penginapan B6 : Perkhidmatan Kenderaan B7 : Kompleks Membeli Belah B8 : Hypermarket B9 : Tempat Letak Kenderaan B10 : Hiburan dan Sukan Dalam Bangunan B12 : Stesen Minyak	<b><u>KELAS B1, B4, B6, B7, B8, B12</u></b> Kedai Pejabat = ≤ 4 tingkat 'Free Standing' = 1 : 3  <b><u>KELAS B3, B5</u></b> Kedai Pejabat = ≤ 4 tingkat 'Free Standing' = 1 : 4  <b><u>Gabungan</u></b> <b><u>KELAS B3, B5, B7, B8</u></b> 'Free Standing' = 1 : 4
	Note : <ul style="list-style-type: none"> <li>• Pembangunan perumahan (density 40 unit / ekar) adalah dibenarkan dalam kawasan / zon perniagaan dan perlu mengikut garis panduan terkini yang telah ditetapkan (penyediaan kemudahan masyarakat, rekreasi dan rizab utiliti) serta tertakluk kepada kebenaran Pihak Berkuasa Tempatan.</li> <li>• Segala perubahan/pindaan pembangunan (sedia ada atau komited) perlu mengikut keperluan garis panduan terkini tertakluk kepada persetujuan Pihak Berkuasa Tempatan.</li> </ul>	

## 5. Method Of Valuation

On 30 September 2016, Success Straits Sdn. Bhd. entered into Sale and Purchase Agreement for the proposed acquisitions of the Subject Properties at the total purchase price, as follows:

- (i) Under the Sale and Purchase Agreement 1, for the proposed acquisition of GRN 90585, Lot 733 from the vendor, Malgold Construction Sdn Bhd for a purchase consideration of RM 39,000,000.00 or RM210.00 per square foot to be satisfied in the following manner:
  - (a) a cash payment of RM11,700,000 representing 30% of the purchase price; and
  - (b) an issuance of 30,333,333 new shares at the issue price, representing 70% of purchase price; and
- (ii) under the Sale and Purchase Agreement 2, for the proposed acquisition of GRN 90571 and Lot 726 from the vendor, Eight Danga Sdn Bhd for a purchase consideration of RM51,000,000 or RM219 per square foot to be satisfied in full via the issuance of 56,666,667 new shares at the issue Price.

The two purchases were completed on 6 March 2017.

In arriving at the market value of the Subject Properties, we have considered the above purchases in end 2016 which were transacted at a purchase price of of RM210.00 per square foot for GRN 90585 and RM219.00 per square foot for GRN 90571.

We have adopted **ONLY** the **Comparison Method** of valuation as the **ONLY** method of valuation as the subject properties are vacant land. **Presently there are no plans for development.**

## Comparison Method

The Comparison Method of Valuation seeks to determine the value of the property being valued by comparing and adopting as a yardstick recent sale evidences involving other similar properties within the same location or other comparable localities with adjustment made for differences in time, location, size, tenure, zoning, plot ratio and other relevant characteristics to arrive at the market value.

## VALUATION CERTIFICATES FOR MATERIAL PROPERTIES (Cont'd)

Valuation Computation

Details of the sale comparables as obtained from Jabatan Penilaian dan Perkhidmatan Harta (JPPH) and the computation by using the Comparison Approach is tabulated as follows:-

Property Details	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Property type	Lot 48488 & PTB 24546	PTD 183269	PTD 166965	PTB 21602
Location	Danga Bay, Persiaran Abu Bakar	Located along Persiaran Medini, Nusajaya	Along Jalan Nakhoda, Puteri Harbour, Taman Sentosa II	Jalan Abdullah Ibrahim - Jalan Gereja, CBD
Town Planning/ Zoning	Commercial	Commercial	Commercial	Commercial
Title Land Use	Building	Building	Building	Building
Tenure	Freehold	Freehold	Freehold	Leasehold 99 years with 87 years unexpired term
Land Area (sq. ft.)	607,930	83,634	144,427	275,437
Date of Transaction	30/04/2014	25/06/2014	04/08/2014	07/02/2014
Source of Information	JPPH	JPPH	JPPH	JPPH
Vendor	Rampai Focus Sdn Bhd	Medini Development Sdn Bhd	Liberty Bridge Sdn Bhd	Perbadanan Johor
Purchaser	Greenland Danga Sdn Bhd	WCT Realty Sdn Bhd	Flair Venture Sdn Bhd	Arab Asia Properties Sdn Bhd
Consideration	RM547,130,700	RM54,382,500	RM80,660,745	RM151,500,000
Value (per sq. ft.)	RM899.99	RM650.24	RM558.49	RM550.04
Adjusted Value (per sq. ft.)	RM539.99	RM390.15	RM346.26	RM357.52

From the analysis, the adjusted land values range from RM346 to RM539 per square foot. We have adopted Comparable 4 as the best comparable which has the most similarity (lowest total adjustment rate) with the Subject Property in terms of its characteristics. After considering various factors including the past transaction in 2016, current property market condition as well as the analysis of recent transactions, our opinion of the market Value of the Subject Property is RM350.00 per sq. foot.



## VALUATION CERTIFICATES FOR MATERIAL PROPERTIES (Cont'd)

**Raine & Horne**  
Raine & Horne International Zaki + Partners Sdn. Bhd.

**Opinion of Value**

Having regard to the foregoing, our opinion of the Market Value of the legal interests in the various Subject Properties forming the subjects of this valuation and subject to the titles being free of all encumbrances, good, marketable and registrable is **RM146,512,000/- (Ringgit Malaysia: One Hundred Forty Six Million Five Hundred Twelve Thousand Only)**.

The break-down values for the above properties are as follows:-

Nos.	Title Nos.	Lot Nos.	Price per square foot (RM psf)	Land area (square foot)	Market Value (RM)
1	GRN 90571	726	350	233,044	81,566,000.00
2	GRN 90585	733	350	185,560	64,946,000.00
<b>Total</b>				<b>418,604</b>	<b>146,512,000.00</b>

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

Yours faithfully,  
for **Raine & Horne International**  
**Zaki + Partners Sdn. Bhd.**

  
Wong Yin Fook  
Registered Valuer No. V 231  
Partner

## VALUATION CERTIFICATES FOR MATERIAL PROPERTIES (Cont'd)

Our Ref : SC2017/JB/PU/2476 (G) DANGA SUTERA  
Date : 11<sup>th</sup> December 2017



Chartered Surveyors  
International Property Consultants  
Registered Valuers, Real Estate Agents  
Property Managers, Plant & Machinery Valuers

The Board of Directors  
**EKOVEST BERHAD**  
Ground Floor, Wisma Ekovest  
No. 118, Jalan Gombak,  
53000 KUALA LUMPUR.

**CHESTON INTERNATIONAL (JOHOR) SDN. BHD.**  
(Company Regn.No: 285040-P) VE(1) 0199/1  
43-A, Jalan Kuning Dua, Taman Pelangi,  
80400 Johor Bahru, MALAYSIA.  
Tel : +6 07-334 3363  
Fax : +6 07-334 3361  
E-mail: cheston@cheston.com.my

The Board of Directors  
**ISKANDAR WATERFRONT CITY BERHAD**  
&  
**ISKANDAR WATERFRONT HOLDINGS SDN. BHD.**  
G08 Block 8, Danga Bay, Jalan Skudai,  
80200 JOHOR BAHRU, Johor.

Dear Sirs,

**VALUATION CERTIFICATE OF 3 PLOTS OF FREEHOLD VACANT DEVELOPMENT LANDS WITH SECOND STAGE PLANNING APPROVAL OF SURRENDER AND RE-ALIENATION ("SBKS 2 APPROVAL") FOR HOUSING DEVELOPMENT HELD UNDER LOT NOS. 2476, 2680 AND 2734, TITLE NOS. GRN 81455, GRN 101213 AND GRN 82840, ALL WITHIN MUKIM OF PULAI, DISTRICT OF JOHOR BAHRU, STATE OF JOHOR, IDENTIFIED AS "DANGA SUTERA" ("SUBJECT PROPERTIES").**

We were instructed by **EKOVEST BERHAD** to conduct the valuation of the abovementioned property for the purposes of submission to Bursa Malaysia Securities Berhad in relation to the proposed acquisition of all the ordinary shares in Iskandar Waterfront City Berhad ("IWC") ("IWC Shares") and any new IWC Shares that may be issued prior to the closing date of the Proposed Offer arising from the exercise of the outstanding employee share options on IWC by Ekovest Berhad ("Proposed Offer").

This Valuation Certificate is prepared for the purpose of inclusion in the circular prospectus pursuant to the Proposed Offer and is to be read in conjunction with our Report and Valuation bearing Reference No. SC2017/JB/PU/2476 (G) *DANGA SUTERA* dated 11<sup>th</sup> December 2017.

The relevant date of valuation of the above property is 31<sup>st</sup> October 2017.

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

The basis of valuation adopted is the **MARKET VALUE** which is defined as:

*"the estimated amount for which an asset or liability should exchange on the date of valuation between a willing seller and a willing buyer in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".*

## Other Offices:

KL	: T: 03-4251 2599 (12 Lines)	F: 03-4251 6599	E: cikl@chestonint.com
Penang	: T: 04-2626 555	F: 04-2628 555	E: cipg@chestonint.com
Perak	: T: 05-2433 999	F: 05-2433 666	E: cipk@chestonint.com
Kedah	: T: 04-7720 555	F: 04-7719 555	E: cikd@chestonint.com



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## VALUATION CERTIFICATES FOR MATERIAL PROPERTIES (Cont'd)



## 1.0 SALIENT DETAILS OF THE SUBJECT PROPERTY

## 1.1 Interest Valued / Type of Property

The subject of this valuation comprises 3 contiguous pieces of vacant freehold development lands with the benefit of SBKS 2 Approval for housing development with a total land area of 27.3339 ha. (approx. 67.543 ac.).

## 1.2 Location

The Subject Properties are situated about 3 km. off the Skudai Highway, about 17 km. north of Johor Bahru City centre. It is just next to "The SEED Apartments" within Taman Sutera Utama, and is not far from the Danga Utama commercial centre. It is easily accessible from Johor Bahru City by way of the Skudai Highway for about 14 km. and then a left turn onto Jalan Sutera Danga for another 1.6 km. until the 3<sup>rd</sup> traffic lights intersection in front of the Taman Sutera Utama's commercial centre. The access is a left turn onto Persisiran Sutera Danga until the 2<sup>nd</sup> traffic lights intersection, followed by another left turn onto an unnamed metalled service road (in between the southern boundary of "The SEED Apartments" and the SJK (C) Kuo Kuang (2) primary school) for about 500 m. until a Chinese temple and finally another left turn onto a laterite road reserve, to where the Subject Property is located, on the right side of the road reserve. The Subject Properties had been cleared and siteworks to level the site are now in progress as at the time of inspection.

## 1.3 Title Particulars

The Certified True Copy of the Register Document of Title obtained from the Registry of Titles in Kota Iskandar revealed the following details: -

NO	LOT NO	TITLE NO	LAND AREA	ANNUAL RENT
1	Lot 2476	Geran 81455	8.3466 ha.	RM405.00
2	Lot 2680	Geran 101213	8.3011 ha. **	RM405.00
3	Lot 2734	Geran 82840	10.6862 ha.	RM289.00

\*\*Balance after compulsory acquisition

**Common to all Lots:**

Mukim:	Pulai
District:	Johor Bahru
State:	Johor Darul Takzim
Category Of Land Use:	Agriculture
Tenure:	In Perpetuity
Registered Proprietor:	Bayou Management Sdn. Bhd.
Encumbrances:	Charged to Affin Islamic Bank Berhad
Caveats:	(Nil)
Restrictions in Interests:	(Nil)
Express Condition:	<b>Lot 2476</b>

i) Tanah ini hendaklah ditanam dengan tanaman Kelapa.

**Lots 2680 and 2734**

- i) Tanah ini hendaklah ditanam dengan tanaman Kelapa Sawit.
- ii) Pemilik tanah hendaklah sepanjang masa mengambil langkah-langkah menurut perintah yang dikehendaki oleh Pentadbir Tanah menjaga tanah ini daripada hakisan.

## VALUATION CERTIFICATES FOR MATERIAL PROPERTIES (Cont'd)



#### 1.4 Property Description

The Subject Properties consist of 3 contiguous plots of freehold agricultural lands with a total nett land area (balance after compulsory acquisition) of 27.3339 hectares (approx. 67.543 acres), located about 17 km. north of Johor Bahru City Centre. The lands had received SBKS 2 Approval for housing development. They are second layer lots along a road reserve, and at the rear of *The SEED Apartments*, while the Skudai River is at the rear (east) of the Subject Property.

The lands comprise Lots 2734, 2476 and 2680 which are the 2<sup>nd</sup> to 4<sup>th</sup> layer lots off the metalled road. The adjoining road frontage Lot 704 is adjoining Subject Lot 2734. There is road reserve running along the common boundary between the Subject Properties and *The SEED Apartments* which has now been cleared and levelled. The Subject Properties had been cleared and siteworks to level the lands are now in progress. There are no buildings thereon except for a small wooden security guard post thereon.

The lands are under the Agriculture Category of Use in the titles but has been granted SBKS 2 Approval for mixed housing development vide a letter from the Pejabat Pengarah Tanah dan Galian Johor bearing *Ref. No. (17) dlm. PTG 3/8/218/04* dated 2 November 2010. Please refer to **Section 2.2.1: Residual Method** for further information.

The conversion premium had been paid on 11/02/2011 and the lands are therefore considered as **converted** residential lands. We have valued the lands as residential lands even though the change has not yet been endorsed in the Titles. Service and amenities such as piped water and electricity are available in the locality and can be connected to the Subject Property.

#### 1.5 Occupancy Status

The Subject Property had been cleared and siteworks to level the lands are now in progress.

#### 1.6 Planning Details

The Subject Property is designated as agricultural lands in the Titles. However, it had been approved for mixed housing development under the Second Stage Planning Approval of Surrender and Re-alienation (*SBKS 2 Approval*) as described below. Since the premiums had been paid, it is considered as converted lands.

## 2.0 MARKET VALUE

### 2.1 Date of Valuation

31<sup>st</sup> October 2017

### 2.2 Valuation Methodology

In arriving at the Market Value of the Subject Property, since the subdivided individual titles have not been issued, we have adopted the Comparison Method as the primary valuation method while we have adopted Residual Method as a cross-check.

#### 2.2.1 Comparison Method

In determination of value by this method, a survey was made of land sales that have occurred in this or similar areas within the recent past. These comparable sale prices are then adjusted for comparability to reflect differences in time, location and accessibility, corner/end premium, tenure, size, land use and other relevant factors to render the sold properties as similar as possible with the Subject Properties.

## VALUATION CERTIFICATES FOR MATERIAL PROPERTIES (Cont'd)



We have compiled and analysed sale evidences of similar type of development lands in the vicinity and neighbourhood of the Subject Properties. In arriving at our opinion of the market value of the land using the Comparison Method, the following sale evidences, amongst others, are considered suitable comparables and adopted.

**Details of Sale Transactions and Comparison Method**

		COMPARABLE 1	COMPARABLE 2	COMPARABLE 3
	LOT	Lot 1958, Mukim of Pulai, District of Johor Bahru, Johor	Lot 726, Mukim of Pulai, District of Johor Bahru, Johor	Lot 733, Mukim of Pulai, District of Johor Bahru, Johor
b	TITLE NO.	GRN 95642	GRN 90571	GRN 90585
c	LOCATION	Fronting Jalan Sutera Kuning, Off Persisiran Perling 1, next to Taman Sutera and Taman Perling, Johor Bahru, Johor.	Fronting Jalan Sg. Danga, in the locality of Kg. Sg. Danga, Johor Bahru, Johor	Fronting Jalan Sg. Danga, in the locality of Kg. Sg. Danga, Johor Bahru, Johor
d	PROPERTY TYPE	A Parcel of Development Land	A Parcel of Development Land	A Parcel of Development Land
e	TENURE	In Perpetuity	In Perpetuity	In Perpetuity
f	LAND AREA	22,361 sq. m. (240,692 sq. ft.)	21,652.14 sq. m. (233,061 sq. ft.)	19,323 sq. m. (207,991 sq. ft.)
g	CONSIDERATION	RM31,534,813	RM51,000,000	RM39,000,000
h	DATE OF TRANSACTION	28 July 2016	30 September 2016	30 September 2016
i	PLANNING DETAILS	Residential	Commercial	Commercial
j	VENDOR	Delta Bestari Sdn Bhd	Eight Danga Sdn Bhd	Malgold Construction Sdn Bhd
k	PURCHASER	Instant Achievement Sdn Bhd	Success Straits Sdn Bhd	Success Straits Sdn Bhd
l	SOURCE	Valuation and Property Services Department Ministry of Finance	Valuation and Property Services Department Ministry of Finance	Valuation and Property Services Department Ministry of Finance
	<b>ANALYSIS (Price / Area)</b>	<b>RM131.02 per sq. ft.</b>	<b>RM218.83 per sq. ft.</b>	<b>RM187.51 per sq. ft.</b>
	<b>Adjustment Factor Considered</b>	Market condition, location/accessibility, category of land use / zoning and size.		
	<b>Effective Adjusted Value (per sq. ft.)</b>	<b>RM65.51</b>	<b>RM65.65</b>	<b>RM56.25</b>

There are no transactions of similar big development lands in the locality as most of the lands in the vicinity are of smaller plots. We therefore had to rely on the smaller plots transactions and the high percentage of adjustments was mostly due to quantum allowance for the much bigger size of the Subject Property. We have analysed and made diligent adjustments for differences between the comparable sale transactions against the Subject Property. We note that the sale evidences range from RM131.02 per sq. ft. to RM218.83 per sq. ft. After making the necessary adjustments the adjusted values range from RM56.25 per sq. ft. to RM65.65 per sq. ft.

## VALUATION CERTIFICATES FOR MATERIAL PROPERTIES (Cont'd)



In arriving at the market value of the Subject Property, we have considered the purchase in 2015 which were transacted at a purchase price of RM53 per square foot which was considered lower than the then market value of RM60 per square foot (based on internal computation using Comparison Method). Based on the present property market conditions and in view of the good demand for landed developments, the subject property merits a higher market value in 2017 (RM65.51 per sq. ft.) than the value in 2015 (RM60 per sq. ft.) by 9.2%.

In arriving at the market value of the Subject Property using the Comparison Method, we have emphasised upon Comparable 1 which both are zoned for residential use (mixed development) and both are situated just next to an ongoing stratified development. As such, the value for the Subject Properties are calculated at RM192,743,128.94 and rounded to **RM192,700,000/-**.

### 2.2.1 Residual Method

The Subject Property has been granted the SBKS 2 Approval for mixed housing development vide a letter from the Pejabat Pengarah Tanah dan Galian Johor bearing *Ref. No. (17) dlm. PTG 3/8/218/04* dated 2 November 2010. (The aforesaid SBKS 2 Approval has been transferred to Bahagia Wangsa Sdn. Bhd. vide a letter from the Pejabat Pengarah Tanah dan Galian Johor bearing *Ref. No. (5) dlm. PTG 3/8/218/04 JLD 2* dated 27 July 2011).

The Subject Property had been transferred to Bayou Management Sdn Bhd ("BMSB") and the aforesaid SBKS 2 Approval transferred to BMSB vide a letter from the Pejabat Pengarah Tanah dan Galian Johor bearing *Ref. No. (9) dlm. PTG 3/8/218/04 JLD.2* dated 15 July 2015. The presentation of the transfer documents for the Subject Property in favour of BMSB by the previous vendor for registration at the land office was only done on 20 April 2017.

The development components on the Subject Property and the Approved Site Layout Plan bearing Reference No. (17A) *dlm. PTG 3/8/218/04* are as follows:-

No.	Type of Property	Unit	%	Land Area (Acre)	%
<b>Residential</b>					
1	Detached House (80' x 90')	8	0.95	1.38	2.04
2	Double-Storey Terrace House (24' x 80')	248	29.52	13.93	20.60
3	Cluster House (32' x 90')	240	28.57	15.87	23.47
4	Low-Medium Cost Flat (RM80,000)	84	10.00	1.40	2.07
5	Low-Medium Cost Flat (RM50,000)	74	8.81	1.24	1.83
6	Low-Cost Flat (RM35,000)	186	22.14	3.13	4.63
	<b>Sub-Total</b>	<b>840</b>	<b>100.00</b>	<b>36.95</b>	<b>54.64</b>
<b>Facilities &amp; Utilities</b>					
1	Surau	1		0.30	0.44
2	Kindergarten	1		0.30	0.44
3	Reservoir	1		0.40	0.59
4	Retention Pond	2		2.04	3.02
5	Pump Station	1		0.16	0.24
6	Electric Sub-station	3		0.18	0.27
7	Open Space	3		6.35	9.39
8	Buffer Zone	-		1.44	2.13
9	Road Reserve	-		19.50	28.84
	<b>Sub-total</b>	<b>12</b>		<b>30.67</b>	<b>45.36</b>
	<b>Grand Total</b>			<b>67.62</b>	<b>100.00</b>

## VALUATION CERTIFICATES FOR MATERIAL PROPERTIES (Cont'd)



(However, based on our calculation as extracted from the title searches showed that the total nett land area after the acquisition of portion of Lot 2680 is 27.3339 hectares (67.543 acres). In valuing the Subject Property, we have adopted the net land area of 27.3339 hectares (67.543 acres) as stated in the title searches instead of the land area of 27.3649 hectares (67.62 acres) as stated in the approval letter in our computation of the value of the Subject Property.)

The Bumiputra allocation in this development would be sold at a discount of 15% lower than the normal selling price, subject to the various categories as below:-

No.	Selling Price	Allocation for Bumiputra Unit
1	House with selling price of RM300,000 and above	20%
2	House with selling price of RM200,001 to RM299,999	30%
3	House with selling price of RM200,000 and below	40%

We have noted that premium, quit rent, registration fees, application and preparation of plans as well as the contribution to the Drainage and Irrigation Department (DID) amounting to RM419,620 have been paid to the relevant authorities. However, the issuance of individual titles is still pending from the relevant authorities.

We have also noted that the Pre-Computation Plans for each development component have been prepared by the land surveyor, Mesra Ukur Sdn Bhd and have been approved by Pejabat Pengarah Tanah dan Galian Johor on 29 October 2010 vide Reference No PTG 3/8/218/04.

We were also informed by our client that the building plans for the above development have not yet been submitted to the relevant authorities for approval.

Based on the above SBKS 2 Approval, we have also used the Residual Approach as a cross-check on the valuation. In essence, this method entails determining the price a prudent developer will pay for the land based on the profit that can be derived upon development of that land. This valuation approach is based on the estimated Gross Development Value (GDV) of the property when fully developed and sold, and then deducting all the costs of development, including the developer's profit. This net amount would represent the amount receivable in the future when the development is fully completed and as such this sum has to be discounted to bring it to its present worth. The residue left would represent the present value of the land.

Summary of parameters: -

Total Gross Development Value (GDV):	RM686,230,000/-
Total Gross Development Cost (GDC):	RM422,458,870/-
Total Development Period:	4 years
Developer's Profit:	15.00% of GDV
Present Value Factor:	8% per annum
Valuation under Residual Method:	RM193,900,000/-

(a) Gross Development Value (GDV)

The gross development value shown in the Residual Method of valuation is arrived at by reference to the current selling prices of completed houses of similar units of development in the neighbourhood of the Subject Property.

The Subject Property had been approved with 3 main development components and the requisite low medium-cost flats and low-cost flats. To arrive at our opinion of the selling price for each development component, we have adopted the Comparison Method. Under this method, the value for each component is determined by comparing it with recent sales of similar properties in the vicinity or within similar localities. Where dissimilarities exist (such as location, condition, time factor, size, etc.) adjustments are made.

## VALUATION CERTIFICATES FOR MATERIAL PROPERTIES (Cont'd)



The GDV shown in the Residual Method of valuation is arrived at by reference to the current selling prices of completed houses of similar units of development in the neighbourhood of the subject property, which are tabulated below.

No	Lot No. / Title No. / Mukim / District	Address	Tenure	Land Area (Sq. Ft.)	Built-up Area (Sq. Ft.)	Transacted Price (RM)	Transacted Date
<b>Double Storey Terrace Houses</b>							
1	Lot 87427 / Geran 257598 / Pulai / Johor Bahru	No. 51, Jalan Sutera Jingga, Taman Sutera	Freehold	1,916	2,950	1,188,000/-	25/03/2017
2	Lot 87431 / Geran 257615 / Pulai / Johor Bahru	No. 59, Jalan Sutera Jingga, Taman Sutera	Freehold	1,916	2,950	1,188,000/-	15/03/2017
3	Lot 193859 / Geran 533124 / Pulai / Johor Bahru	No. 12, Jalan Gita 1/5, Horizon Hill	Freehold	1,799	2,583	1,041,800/-	06/02/2017
<b>Double Storey Cluster Houses</b>							
1	PTD 179378 / HSD 493229 / Pulai / Johor Bahru	PTD 179378, Taman Bukit Indah	Freehold	2,520	2,483	1,528,000/-	11/09/2016
2	Lot 67323 / Geran 333075 / Pulai / Johor Bahru	Lot 145290, Taman Sutera Utama	Freehold	3,200	3,300	2,048,000/-	27/04/2016
3	PTD 174963 / HSD 493314 / Pulai / Johor Bahru	No. 2, Jalan Indah 11/8, Taman Bukit Indah	Freehold	3,388	2,600	1,706,000/-	14/07/2016

Source: Valuation and Property Services Department, Ministry of Finance, Malaysia

Based on the analysis of prevailing market prices in the existing and under construction residential developments in the neighbourhood of the subject property, we have adopted the following selling prices:-

Type of Development	Units	Land Area (Sq. Ft.)	Built Up Area (Sq. Ft.)	Selling Price
Double Storey Terrace House	248	1,920	2,500	RM1,100,000/-
Double Storey Cluster House	240	2,880	3,200	RM1,700,000/-

The selling prices for the low medium-cost flats and low-cost flats are regulated and controlled by the State Government as follows:-

No	Type Of Property	Unit	Selling Price (RM)
1	Low Medium-Cost Flat	84	RM80,000
2	Low Medium-Cost Flat	74	RM50,000
3	Low-Cost Flat	186	RM35,000

We have adopted the selling prices above in our Residual Method.

#### Vacant Detached Land (80' x 90')

Since there is a lack of suitable sale evidences of detached properties due to variance in selling prices due to the design, building specification, size, built up area, etc. the market value arrived at based on such sales evidence would be inaccurate. For this reason, they are valued as vacant detached plots since there are evidences of such sales. We recommend the detached plots would be sold as vacant residential lands. There are 8 plots of vacant lands approved for detached houses, each measuring about 7,200 sq. ft. In arriving at our opinion of the market value of the vacant detached land using the Comparison Method, the following sale evidences, amongst others, are considered suitable comparables and adopted.



## VALUATION CERTIFICATES FOR MATERIAL PROPERTIES (Cont'd)



No	Lot No. / Title No. / Mukim / District	Address	Tenure	Land Area (Sq. Ft.)	Transacted Price (RM)	Analysis RM Per Sq. Ft.	Transacted Date
1	Lot 125554 / Geran 394820 / Tebrau / Johor Bahru	Lot 125554, Jalan Seri Impian 18, Taman Impian Emas	Freehold	16,619	2,200,000/-	132.37	08/12/2016
2	Lot 68906 / Geran 334556 / Pulai / Johor Bahru	No. 42 Jalan Pinang, Leisure Farm	Freehold	19,838	2,028,885/-	102.27	15/10/2016
3	Lot 49410 / Geran 334814 / Pulai / Johor Bahru	Lot 49410, Leisure Farm	Freehold	43,906	4,390,600/-	100.00	10/03/2016

Source: Valuation and Property Services Department, Ministry of Finance, Malaysia

Based on the sale analysis, we have arrived **RM1,150,000** per plot as fair price of the detached house plot.

Since the proposed selling prices for the 3 main development components are above RM300,000 per unit, the Bumiputra Allocation as per the approval is 20%. Hence, we have allocated 20% for Bumiputra units in our valuation workings. There is no need for Bumiputra allocations for low medium-cost flats and low-cost flats.

## (b) Gross Development Cost (GDC)

The total Gross Development Cost (GDC) is estimated at RM422,458,870/-.

Items	Rate Adopted	Remark and Justification
Preliminaries, Site Preparation and Earthwork	RM100,000 per acre	Based on the average industry cost and with reference to the records of similar developments and by consulting licensed land and quantity surveyor for their past projects.
Subdivision & Survey Fees		The subdivision and survey fees have already been paid for the approved subject scheme.
Statutory Contribution	SAJ: RM1,200 per unit TNB: RM550 per unit IWK: 1% of GDV	Based on the average industry cost and guideline issued by the relevant authorities.
Infrastructure and Landscaping cost	RM300,000 per acre	Based on our surveys and enquiries with developer's and quantity surveyors as well as landscape consultants.
Building cost	a) Double-Storey Terrace House : RM130 per square foot on the gross floor area b) Double-Storey Cluster House : RM160 per square foot on the gross floor area c) Low Medium-Cost Flat (RM80,000 per unit): RM80 per square foot on the gross floor area c) Low Medium-Cost Flat (RM50,000 per unit): RM75 per square foot on the gross floor area d) Low-Cost Flat : RM70 per square foot on the gross floor area	Reference made to the records of similar developments, consultation with the developer's on their past projects and various contracts awarded, enquiries with the contractors and quantity surveyors and made reference with JUBM and Langdon Seah Construction Cost Handbook Malaysia 2017.
Professional fee	5% of infrastructure, landscaping and building costs	Reference made to the Scale Fees, and enquiries with the respective professionals and similar developments and based on the average industry cost.

## VALUATION CERTIFICATES FOR MATERIAL PROPERTIES (Cont'd)



Items	Rate Adopted	Remark and Justification
Legal, Marketing & Agency Fees	2% of GDV	This include the cost of advertising permits, advertising hoarding, printing of brochures, advertising in newspaper, marketing and fees payable to real estate agents, legal fees and preparations of sale and purchase agreements. A budget of 2% of the GDV is the normal and fair rate.
Contingencies	5% of infrastructure, landscaping and building costs as well as the professional fee	Developers normally adopt a rate of between 3% to 5% for contingencies depending on the risk and size of the project as an allowance to cover any unpredicted and unforeseen development cost increase and delays in construction. We have adopted a rate of 5% of the professional fees in the proposed development in view of the size of the development.
Financial charges	8% per annum	It is a common practice by developers to obtain financing to complete the project on time. The interest rate of 8% is arrived after taking into account the base lending rate offered by the commercial banks in Malaysia at the current base lending rate of 6.7% and adding a spread of about 1.3% in line with the practice in the industry as a security margin.
Development period	4 years	There are 840 units of residential units (including the 8 plots of vacant detached lands) here, comprising 496 units of non low-cost houses and 344 units of low-cost houses. Based on the current property market outlook, the supply of landed houses within Taman Sutera Utama is insufficient as there is a very good demand for landed properties. Due to the good demand for landed properties in this area, the proposed development should be able to be completed in 4 years' time (based on sale of 120-150 units per year of non low-cost houses).
Developer's Profit	15% of GDV	The margin for developer's profit varies from one project to another and on factors such as the nature of the development, the scale and content capital outlay needed, marketability of units, profit margin from other investment and etc. Our surveys and enquiries with developers revealed that 15% of the GDV is a fair representation for developer's involvement and risk taken in the development which is in line with the market practice.
Present value factor	8% per annum	The present value of the interest on the Subject Property over 4 years at a discount rate of 8% reflecting adequately the time value of money and also the time frame required for construction and completion, marketing and sale of the units in the development. In the Residual Method, the discount rate adopted is reflective of the existing base lending rate and cost of borrowing of the financial institutions for similar type of developments as well as the risk involved in undertaking the development comprising construction cost risk, market pricing risk, project management risk, the country's economic and political stability risk and etc. In respect of this valuation we have adopted the long term corporate cost of borrowing rate of 8% as the common practice in the industry which is regarded as the fair discount rate, taking into consideration the current base lending rate, cost of borrowing of similar type of projects as well as reflecting the abovementioned risk elements of the development.

## VALUATION CERTIFICATES FOR MATERIAL PROPERTIES (Cont'd)



## 2.3 Reconciliation Of Values

In accordance with the development approval the Subject Property is approved for mixed developments. However, the lots have not been subdivided and individual titles with the 'Building' category of land use have not been issued. In addition, there is no building plans approval granted to the Subject Property. Since the subdivided individual titles have not yet been issued, the developer may make changes on the present approved development components to fulfil the higher and best use of the land and maximise their profit. In addition, the actual built-up area cannot be determined as the approved building plans are not available. Therefore, the residual value arrived at is just the estimation of the value and costs components, depending on the final actual built-up area. However, if the Comparison Method is used, there are adequate comparable sale transactions of similar type of development lands within the vicinity of the Subject Property which can be relied upon in arriving at the market value. The details of the sale evidences are obtained from the Valuation And Property Services Department of the Ministry Of Finance.

In light of the above, we have adopted the Market Value derived from the Comparison Method which is at **RM192,700,000/-** as the fair representation of the market value of the Subject Property while the Market Value derived from the Residual Method which is RM193,900,000/- is a guide and check to verify the reasonableness of the Market Value derived from the Comparison Method.

## 3.0 OPINION OF VALUE

Having regard to the foregoing, taking into consideration all pertinent factors and based upon our analysis of relevant market data, we are of the opinion that the market value of the Subject Property, held on Lots 2476, 2680 and 2734, Title Nos. Geran 81455, Geran 101213 and Geran 82840, Mukim of Pulai, District of Johor Bahru, State of Johor, with vacant possession and subject to the title being free of all encumbrances, good, marketable and registerable is **RM192,700,000/-** (Ringgit Malaysia : One Hundred Ninety Two Million Seven Hundred Thousand Only).

For and on behalf of  
CHESTON INTERNATIONAL (JOHOR) SDN. BHD.

  
NG HONG SIN (MRISM; MRICS; MPEPS; MMIEA; ACI Arb)  
Registered Valuer V-322

## FURTHER INFORMATION

### 1. DIRECTORS' RESPONSIBILITY STATEMENT

The Board has seen and approved this Circular and the Directors of the Company collectively and individually accept full responsibility for the accuracy of the information contained in this Circular. They confirm that after making all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts which, if omitted, would make any statement in this Circular false or misleading.

All information relating to IWCity in this Circular was obtained from publicly available sources and the management of IWCity (*where provided*). The sole responsibility of the Board is restricted to ensuring that such information is accurately reproduced in this Circular.

### 2. CONSENT AND CONFLICT OF INTEREST

#### 2.1 Mercury Securities

Mercury Securities 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.

As at the LPD, Mercury Securities confirms that it is not aware of any existing conflict of interest or any circumstances which would or is likely to give rise to a possible conflict of interest in relation to its role as the Principal Adviser for the Proposed Offer.

#### 2.2 Astramina

Astramina 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.

Astramina has been appointed by Ekovest as the Financial Adviser for the Proposed Offer and subsequently appointed by IWCity as the Transaction Arranger in respect of the Proposed Offer. Astramina does not derive any advisory fee from IWCity for its role as the Transaction Arranger. The Board had been duly informed of and had taken cognisance of Astramina's appointment by IWCity as the Transaction Arranger in respect of the Proposed Offer.

The dual roles undertaken by Astramina for both Ekovest and IWCity in relation to the Proposed Offer may potentially give rise to a conflict of interest on the part of Astramina in relation to the Proposed Offer but any such potential conflict of interest is mitigated by the following:-

- (i) the terms of engagement of Astramina as Transaction Arranger for IWCity are limited to ensuring an expeditious flow of information between IWCity and Ekovest, and to assist in arranging and co-ordinating project work streams to promote the timely implementation of the Proposed Offer;
- (ii) the appointment of various professional advisers by Ekovest, including the Principal Adviser for the Proposed Offer; and
- (iii) the appointment of independent adviser by IWCity to advise the non-interested directors and shareholders of IWCity in relation to the Proposed Offer.

Save as disclosed above, as at the LPD, Astramina confirms that it is not aware of any other conflict of interest or any circumstances which would or is likely to give rise to a possible conflict of interest in relation to its role as the Financial Adviser for the Proposed Offer.

**FURTHER INFORMATION (Cont'd)****2.3 Mazars PLT**

Mazars PLT has given and has not subsequently withdrawn its written consent to the inclusion of its name, the Reporting Accountants' letter on the pro forma consolidated statement of financial position of Ekovest as at 30 June 2017 and all references thereto in the form and context in which they appear in this Circular.

As at the LPD, Mazars PLT confirms that it is not aware of any existing conflict of interest or any circumstances which would or is likely to give rise to a possible conflict of interest in relation to its role as the Reporting Accountants for the Proposed Offer.

**2.4 C H Williams Talhar & Wong Sdn Bhd**

C H Williams Talhar & Wong Sdn Bhd has given and has not subsequently withdrawn its written consent to the inclusion of its name, the valuation certificate for the Plentong Land and all references thereto in the form and context in which they appear in this Circular.

As at the LPD, C H Williams Talhar & Wong Sdn Bhd confirms that it is not aware of any existing conflict of interest or any circumstances which would or is likely to give rise to a possible conflict of interest in relation to its role as the independent valuer for the Plentong Land.

**2.5 Raine & Horne International Zaki + Partners Sdn Bhd**

Raine & Horne International Zaki + Partners Sdn Bhd has given and has not subsequently withdrawn its written consent to the inclusion of its name, the valuation certificate for the Danga Land and all references thereto in the form and context in which they appear in this Circular.

As at the LPD, Raine & Horne International Zaki + Partners Sdn Bhd confirms that it is not aware of any existing conflict of interest or any circumstances which would or is likely to give rise to a possible conflict of interest in relation to its role as the independent valuer for the Danga Land.

**2.6 Cheston International (Johor) Sdn Bhd**

Cheston International (Johor) Sdn Bhd has given and has not subsequently withdrawn its written consent to the inclusion of its name, the valuation certificate for the Sutera Land and all references thereto in the form and context in which they appear in this Circular.

As at the LPD, Cheston International (Johor) Sdn Bhd confirms that it is not aware of any existing conflict of interest or any circumstances which would or is likely to give rise to a possible conflict of interest in relation to its role as the independent valuer for the Sutera Land.

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## FURTHER INFORMATION (Cont'd)

## 3. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES

**Material commitments**

As at the LPD, save as disclosed below, the Board is not aware of any approved contractual material commitments incurred or known to be incurred by the Ekovest Group:-

Material commitments	Amount (RM'000)
Authorised and contracted for:-	
- properties	39,883
- concession assets	2,535,807
	<b>2,575,690</b>

**Contingent liabilities**

As at the LPD, the Board is not aware of any contingent liabilities incurred or known to be incurred by the Ekovest Group which may, upon becoming enforceable, have a material impact on the profits and/or NA of the Ekovest Group.

## 4. MATERIAL LITIGATION

Save as disclosed below, as at the LPD, the Ekovest Group is not engaged in any material litigation, claims or arbitration, either as a plaintiff or defendant and the Directors do not have any knowledge of any such proceedings, pending or threatened against the Ekovest Group or of any fact, which is likely to give rise to any such proceedings which may materially affect the position or business of the Ekovest Group:-

**Ekovest v Shapadu Construction Sdn Bhd ("Shapadu")**

Ekovest had initiated an arbitration proceeding against Shapadu, arising out of and/or in relation to a dispute between the parties as a result of the termination of Ekovest's sub-contracts with Shapadu for a project known as the New North Klang Straits Bypass Expressway ("**Project**").

Ekovest sought to recover from Shapadu, *inter alia*, the sum of RM29,558,720.93 on a quantum meruit basis for its loss and damage due to the works carried out under the sub-contracts and/or alternatively, the sum of RM7,459,356.15 being the value of the work done uncertified and the sum of RM8,217,960.68 being the amounts retained as retention monies in respect of work executed and value of goods and materials delivered under the sub-contracts.

Shapadu in turn put up a counterclaim against Ekovest for, *inter alia*, the sum of RM33,010,000.00 allegedly being the liquidated ascertained damages due to Shapadu or alternatively, the sum of RM30,700,000.00, being the liquidated ascertained damages due to Lebuhraya Shapadu Sdn Bhd, the employer of the Project ("**Employer**"), the sum of RM2,008,868.93 as an indemnity for failure to carry out and maintain the works, the sum of RM22,189,859.75 as an indemnity being the costs of completion, the sum of RM8,298,455.65 as an indemnity being damages suffered by the Employer in completing the works and the sum of RM2,006,101.39 as an indemnity being the loss and expense suffered by the Employer.

Ekovest's solicitors confirmed that the matter has been kept in abeyance in order to allow the parties to look into a proposal to fully and finally dispose of the arbitration pursuant to Ekovest's application for an issue to be determined. There have been no further developments.

## FURTHER INFORMATION (*Cont'd*)

In respect of the counterclaim made by Shapadu which are mainly on the basis of an indemnity, Ekovest's solicitors are of the view that Ekovest will have a reasonable prospect of success in defending the claim.

### 5. MATERIAL CONTRACTS

Save as disclosed below, the Ekovest Group has not entered into any material contracts (*not being contracts entered into in the ordinary course of business*) during the 2 years preceding the date of this Circular:-

- (i) the KPRJ SSA;
- (ii) a sale and purchase agreement dated 29 September 2017 between KL Bund Sdn Bhd (*formerly known as Ekovest KL Bund Sdn Bhd*) (*a wholly-owned subsidiary of Ekovest*) (as purchaser) and Datuk Bandar Kuala Lumpur (as vendor) to purchase all those leasehold land held under PN 45357, Lot 160, Seksyen 86A, Wilayah Persekutuan Kuala Lumpur measuring approximately 8,488 square metres, for a cash consideration of RM41,316,000. The acquisition is pending completion;
- (iii) a sale and purchase agreement dated 7 April 2017 between Ekovest Properties Sdn Bhd (*a wholly-owned subsidiary of Ekovest*) (as purchaser) and LSHH (as vendor) for the purchase of all the following pieces of freehold land held under (a) GRN 24930, Lot 256, Seksyen 85, Wilayah Persekutuan Kuala Lumpur measuring approximately 2,403 square metres and (b) GM 1497, Lot 326, Seksyen 85, Wilayah Persekutuan Kuala Lumpur measuring approximately 2,290 square metres, for a cash consideration of RM26,772,950 (*exclusive of Goods and Services Tax*). The acquisition was completed on 28 August 2017;
- (iv) a joint venture and shareholders' agreement dated 6 January 2017 between Ekovest Construction Sdn Bhd (*a wholly-owned subsidiary of Ekovest*) and Samling Resources Sdn Bhd wherein Ekovest Construction Sdn Bhd shall hold 30% equity interest and Samling Resources Sdn Bhd shall hold 70% equity interest respectively in the joint venture company, for the purpose of implementing the project awarded to Samling Resources Sdn Bhd known as "Pan Borneo Highway Sarawak – Work Package Semantan to Sg. Moyan Bridge + KSR Interchanges with a total contract value of RM2,112,800,000;
- (v) a conditional share sale agreement dated 8 November 2016 between Nuzen Corporation Sdn Bhd (*a wholly-owned subsidiary of Ekovest*) (as vendor) and Employees Provident Fund Board (as purchaser) for the disposal of 40% equity interest in Konsortium Lebuh raya Utara-Timur (KL) Sdn Bhd ("**Kesturi**") comprising:-
  - (a) 3,440,400 ordinary shares in Kesturi; and
  - (b) 18,000,000 redeemable preference shares in Kesturi,
 for a total cash consideration of RM1,130.0 million. The disposal was completed on 13 February 2017; and
- (vi) a sale and purchase agreement dated 5 May 2016 between KL Bund Sdn Bhd (*formerly known as Ekovest KL Bund Sdn Bhd*) (*a wholly-owned subsidiary of Ekovest*) (as purchaser) and Nik Hussain Holdings Sdn Bhd (as vendor) for the purchase of 24 pieces of leasehold land held under PN 8284 – PN 8306, Lot 16272 – Lot 16294 and PN50118 Lot 200266, all in Mukim of Setapak, Wilayah Persekutuan Kuala Lumpur, for a cash consideration of RM26,550,000. The sale and purchase transaction was completed on 27 September 2016.

## FURTHER INFORMATION (Cont'd)

## 6. HISTORICAL SHARE PRICES

The monthly highest and lowest market prices of the Ekovest Shares traded on Bursa Securities for the past 12 months preceding the date of this Circular are as follows:-

	High (RM)	Low (RM)
<b>2018</b>		
February	1.060	0.920
January	1.180	0.925
<b>2017</b>		
December	0.975	0.890
November	1.100	0.910
October	1.180	1.060
September	1.150	1.080
August	1.150	1.060
July	1.240	0.985
June	1.240	1.150
May	1.470	1.010
April	1.470	1.300
March	1.520	1.150
Last transacted market price of the Ekovest Shares as at the LTD		0.920
Last transacted market price of the Ekovest Shares as at the LPD		1.000

(Source: Bloomberg)

## 7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of Ekovest at Ground Floor, Wisma Ekovest, No. 118 Jalan Gombak, 53000 Kuala Lumpur, Malaysia during normal office hours on Mondays to Fridays (*except public holidays*) from the date of this Circular up to and including the date of the EGM:-

- (i) Constitution of Ekovest and IWCity (*pursuant to Section 619(3) of the Act, the memorandum and articles of association is now deemed to be the Constitution*);
- (ii) audited consolidated financial statements of Ekovest for the FYE 30 June 2015, 30 June 2016 and 30 June 2017 as well as the latest unaudited consolidated financial results of Ekovest for the 6-month FPE 31 December 2017;
- (iii) audited consolidated financial statements of IWCity for the FYE 31 December 2014, 31 December 2015 and 31 December 2016 as well as the latest unaudited consolidated financial results of IWCity for the FYE 31 December 2017;
- (iv) pro forma consolidated statement of financial position of Ekovest as at 30 June 2017 together with the Reporting Accountants' Letter referred to in Appendix III of this Circular;



**FURTHER INFORMATION (Cont'd)**

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- (v) valuation certificates by C H Williams Talhar & Wong Sdn Bhd, Raine & Horne International Zaki + Partners Sdn Bhd and Cheston International (Johor) Sdn Bhd referred to in Appendix IV of this Circular as well as their respective valuation reports;
- (vi) a copy of the Notice dated 18 December 2017 and Offer Document dated 12 March 2018;
- (vii) Undertakings;
- (viii) KPRJ SSA;
- (ix) letters of consent referred to in Section 2 of this Appendix V;
- (x) relevant cause papers in respect of the material litigation referred to in Section 4 of this Appendix V; and
- (xi) material contracts referred to in Section 6 in Appendix I of this Circular and Section 5 of this Appendix V.

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## Ekovest Berhad

(Company No. 132493-D)

(Incorporated in Malaysia under the Companies Act, 1965)

### NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** an Extraordinary General Meeting (“**EGM**”) of Ekovest Berhad (“**Ekovest**” or the “**Company**”) will be held at Grand Seasons Hotel, 72 Jalan Pahang, 53000 Kuala Lumpur on Thursday, 29 March 2018 at 10.30 a.m. or at any adjournment thereof, for the purpose of considering and if thought fit, to pass with or without modifications, the following resolution:-

#### ORDINARY RESOLUTION

**CONDITIONAL VOLUNTARY TAKE-OVER OFFER BY EKOVEST BERHAD (“EKOVEST” OR THE “COMPANY”) TO ACQUIRE ALL THE OFFER SHARES (AS DEFINED HEREIN) IN ISKANDAR WATERFRONT CITY BERHAD (“IWCITY”) (“PROPOSED OFFER”)**

“**THAT** subject to:-

- (i) the approvals of the relevant authorities being obtained, including the approval-in-principle granted by Bursa Malaysia Securities Berhad for the listing and quotation of new ordinary shares in Ekovest to be issued as consideration shares under the Proposed Offer (“**Regulatory Approvals**”); and
- (ii) Ekovest having received, on or before the close of the Proposed Offer, valid acceptances in respect of the Offer Shares (*provided that such acceptances are not, where permitted, subsequently withdrawn*) which would result in:-
  - (a) in the case of a voluntary take-over offer, Ekovest individually holding more than 50% of the voting shares of IWCity; or
  - (b) in the event the voluntary take-over offer becomes a mandatory take-over offer, Ekovest and the persons acting in concert with Ekovest for the purpose of the Proposed Offer collectively holding more than 50% of the voting shares of IWCity,

approval be and is hereby given to the Company to acquire all the IWCity Shares, including any new IWCity Shares that may be issued prior to the close of the Proposed Offer arising from the exercise of the outstanding employee share options of IWCity (“**Offer Shares**”), from the holders of such Offer Shares (“**Holders**”) for a consideration of RM1.50 per Offer Share (“**Offer Price**”), which shall be satisfied in accordance with the terms and conditions as set out in the document outlining the details, terms and conditions of the Proposed Offer (“**Offer Document**”) by way of:-

- (i) a cash consideration of RM1.50 for every 1 Offer Share surrendered; or
- (ii) a share exchange based on an exchange ratio of 1 new ordinary share in Ekovest (“**Ekovest Share**”) (“**Consideration Share**”) for every 1 Offer Share surrendered;

**THAT** the Board of Directors of the Company (“**Board**”) be and is hereby authorised to implement the Proposed Offer and to purchase IWCity Shares via acquisitions from the open market and/or direct business transactions on or before the close of the Proposed Offer at a purchase price of not more than the Offer Price;

**THAT** the approval be and is hereby given to the Company to acquire 53,595,267 IWCity Shares held by Kumpulan Prasarana Rakyat Johor Sdn Bhd for a total cash consideration of RM80,392,900.50 in accordance with the terms and conditions of the share sale agreement dated 18 December 2017 entered into between the Company and Kumpulan Prasarana Rakyat Johor Sdn Bhd ("**SSA**") and that the Board be and is hereby authorised to give effect to such acquisition in accordance with the terms of the SSA;

**THAT** subject to the Regulatory Approvals, authority be and is hereby given to the Board to allot and issue up to 625,127,788 Consideration Shares at any time to such Holders who accept the Proposed Offer and elect to receive Consideration Shares, in accordance with the terms and conditions contained in the Offer Document dated 12 March 2018;

**THAT** the Consideration Shares shall, upon allotment and issuance, rank *pari passu* in all respects with the existing Ekovest Shares, save and except that the holders of such Consideration Shares shall not be entitled to any dividend, right, allotment and/or distribution, in respect of which the entitlement date precedes the date of allotment of such Consideration Shares;

**AND THAT** in order to implement, complete and give full effect to the Proposed Offer (*including the SSA*), approval be and is hereby given to the Board to do or to procure to be done all acts, deeds and things and to execute, sign and deliver on behalf of Ekovest, all such documents as it may deem necessary, expedient and/or appropriate to implement, complete and give full effect to the Proposed Offer, with full powers to assent to any condition, modification, variation and/or amendment thereto as the Board may deem fit in connection with the Proposed Offer."

By Order of the Board  
**EKOVEST BERHAD**

**Lim Thiam Wah**  
Company Secretary

Kuala Lumpur  
12 March 2018

Notes:-

1. Only depositors whose names appear in the General Meeting Record of Depositors as at 19 March 2018 shall be entitled to attend and vote at the Extraordinary General Meeting.
2. A member shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meeting provided that where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
3. 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. For 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.
5. If the appointor is a corporation, the proxy form must be executed under its common seal or under the hand of an officer or attorney duly authorised.
6. To be valid, the proxy form, duly completed must be deposited at the Registered Office not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof, in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll.
7. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by way of poll.



## Ekovest Berhad

(Company No. 132493-D)

(Incorporated in Malaysia under the Companies Act, 1965)

### FORM OF PROXY

I/We \_\_\_\_\_ of NRIC / Passport / Company No. \_\_\_\_\_  
(Full Name in Capital Letters)

of \_\_\_\_\_  
(Full Address)

being (a) member(s) of EKOVEST BERHAD, hereby appoint(s) \_\_\_\_\_  
(Full Name in Capital Letters)

of NRIC / Passport No. \_\_\_\_\_ of \_\_\_\_\_  
(Full Address)

or failing him/her \_\_\_\_\_ of NRIC / Passport No. \_\_\_\_\_ of  
(Full Name in Capital Letters)

\_\_\_\_\_ or  
(Full Address)

failing him / her, the Chairman of the Meeting as \*my / our first proxy to vote for \*me / us and on \*my / our behalf, at the Extraordinary General Meeting of the Company, to be held at Grand Seasons Hotel, 72 Jalan Pahang, 53000 Kuala Lumpur on Thursday, 29 March 2018 at 10.30 a.m. or at any adjournment thereof.

My / our proxy is to vote as indicated below:

Resolution		For	Against
Ordinary Resolution	Proposed Offer		

Please indicate with "X" in the appropriate space how you wish your proxy to vote. If you do not indicate how you wish your proxy to vote on any resolution, the proxy shall vote as he thinks fit or, at his discretion, abstain from voting.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2018.

No. of shares held	
CDS account no.	

\_\_\_\_\_  
\*Signature of member(s) / Common seal of shareholder

\* Delete if not applicable

#### Notes:-

1. Only depositors whose names appear in the General Meeting Record of Depositors as at 19 March 2018 shall be entitled to attend and vote at the Extraordinary General Meeting.
2. A member shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meeting provided that where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
3. 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. For 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.
5. If the appointor is a corporation, the proxy form must be executed under its common seal or under the hand of an officer or attorney duly authorised.
6. To be valid, the proxy form, duly completed must be deposited at the Registered Office not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof, in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll.
7. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by way of poll.



Fold this flap for sealing

Then fold here

AFFIX  
STAMP

The Company Secretary  
**Ekovest Berhad (132493-D)**  
Ground Floor, Wisma Ekovest  
No. 118 Jalan Gombak  
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