

# OMBAK REAL ESTATE SDN. BHD.

Registration No. 202001008886 (NEW) 1365206-P (OLD)

18 September 2020

**The Board of Directors**  
**Pelaburan Hartanah Nasional Berhad**  
4<sup>th</sup> Floor, Balai PNB  
201-A, Jalan Tun Razak  
50400 Kuala Lumpur



Attention: Puan Adibah Khairiah binti Ismail @ Daud (Company Secretary)

**AmanahRaya Trustees Berhad**  
**(as trustee of Amanah Harta Tanah PNB)**  
Level 11, Wisma AmanahRaya,  
No. 2, Jalan Ampang  
50508 Kuala Lumpur

Attention: Encik Zainudin bin Suhaimi (Deputy Chief Executive Officer)

Dear Sirs,

**AMANAH HARTA TANAH PNB ("AHP" OR "REIT")**

**PROPOSED CONVERSION OF AHP TO AN UNLISTED REAL ESTATE INVESTMENT TRUST BY WAY OF:**

- (i) **PROPOSED SELECTIVE UNIT REDEMPTION EXERCISE; AND**
- (ii) **AMENDMENTS TO THE FIRST RESTATED DEED OF AHP DATED 13 AUGUST 2015**

## 1. INTRODUCTION

We, Ombak Real Estate Sdn Bhd (Registration No. 202001008886 (1365206-P)) ("**ORE**"), a wholly-owned subsidiary company of Permodalan Nasional Berhad (Registration No. 197801001190 (38218-X)) ("**PNB**") and a unit holder of AHP, wish to make a proposal to convert AHP to an unlisted real estate investment trust ("**Unlisted REIT**"), which will involve Pelaburan Hartanah Nasional Berhad (Registration No. 198801008611 (175967-W)), being the manager of AHP ("**Manager**") undertaking the following corporate exercises:

- (i) proposed amendments to the relevant clauses in the First Restated Deed dated 13 August 2015 and supplemented by the First Supplemental Deed dated 28 November 2019 ("**Deed**") entered into between the Manager, AmanahRaya Trustees Berhad (Registration No. 200701008892 (766894-T)), being the trustee of AHP ("**Trustee**") and the several persons therein mentioned, constituting AHP to allow for the following:
  - (a) the implementation of the Proposed SUR (as defined below); and

- (b) the conversion of AHP to an Unlisted REIT which beneficiaries shall be ORE, PNB and Amanah Saham Bumiputera ("**ASB**"),

(collectively referred to as the "**Proposed Amendments**")

- (ii) the proposed selective unit redemption exercise, involving the redemption by AHP of all undivided interest in AHP as constituted by the Deed ("**AHP Units**") held by AHP's unit holders (save and except for the AHP Units held by ORE, PNB and ASB) for RM1.00 per AHP Unit ("**SUR Offer Price**") ("**Proposed SUR**").

(the Proposed Amendments and the Proposed SUR are collectively referred to as the "**Proposals**").

As at 17 September 2020, being the latest practicable date ("**LPD**") prior to this letter ("**Proposal Letter**"), ORE, PNB, and the persons acting in concert with them in accordance with Section 216(2) and 216(3) of the Capital Markets and Services Act 2007 ("**PACs**") ("**CMSA**"), namely ASB, collectively hold 101,358,400 AHP Units, representing approximately 46.07% interest in AHP Units.

## **2. DETAILS OF THE PROPOSALS**

### **2.1 Proposed Amendments**

The Proposed Amendments are to facilitate the following:

#### **2.1.1 Implementation of the Proposed SUR**

The amendments to the Deed will enable AHP to implement the Proposed SUR and subsequently, to undertake the de-listing procedures under Chapter 16.07(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") ("**Listing Requirements**").

#### **2.1.2 Conversion of AHP to an Unlisted REIT**

AHP was established as a real estate investment trust and constituted pursuant to the execution of the Deed. AHP is a unit trust scheme that invests in real estates and other authorised investments with the objectives of providing its investors with stable returns and for long term capital growth primarily from its investment in real estates.

AHP was launched on 21 March 1989 and was listed on the Kuala Lumpur Stock Exchange (now known as Bursa Securities) on 28 December 1990.

AHP is regulated by the CMSA and the Securities Commission Malaysia ("**SC**")'s Guidelines on Listed Real Estate Investment Trusts ("**Listed REIT Guidelines**"). Upon the completion of the Proposed SUR, AHP will be converted to an Unlisted REIT and regulated by the SC's Guidelines on Real Estate Investment Trusts.

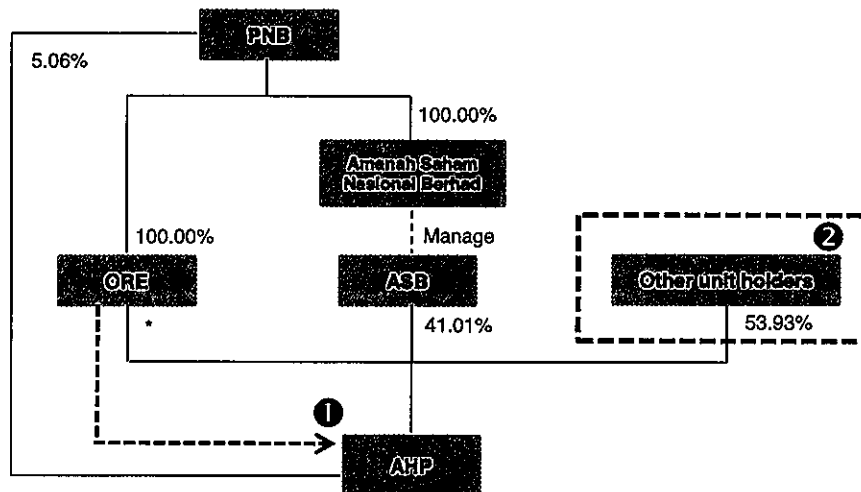
## 2.2 Proposed SUR

The Proposed SUR shall involve the redemption of all AHP Units held by AHP's unit holders, save and except for the AHP Units held by ORE, PNB and ASB, which involves a redemption payment at the SUR Offer Price being made to all unit holders of AHP (excluding ORE, PNB and ASB) ("**Entitled Unit Holders**") whose names appear in the Record of Depositors on an entitlement date to be determined later by the Board of Directors of the Manager ("**Entitlement Date**"). All AHP Units held by the Entitled Unit Holders will be cancelled pursuant to the Proposed SUR.

As at the LPD, a total of 220,000,000 AHP Units have been issued and are held by the unit holders of AHP. Pursuant to the Proposed SUR, AHP shall redeem and cancel 118,641,600 AHP Units held by the Entitled Unit Holders, representing approximately 53.93% interest in AHP Units.

Upon completion of the Proposed SUR, ORE, PNB and ASB will hold the remaining 101,358,400 AHP Units which will represent the entire interest in AHP. ORE does not intend to maintain the listing status of AHP on the Main Market of Bursa Securities upon completion of the Proposals. Pursuant thereto, ORE will request that the Manager make the application to Bursa Securities to delist AHP and withdraw its listing status from the Official List upon completion of the Proposals.

The Proposed SUR is depicted in the diagram below:



Notes:

\* Less than 0.01%

1. ORE submits the Proposal Letter to AHP vide the Manager and the Trustee.
2. Assuming the Proposals are approved by the non-interested unit holders of AHP, AHP will redeem and cancel approximately 53.93% interest in AHP Units.

## 2.3 Salient Terms of the Proposed SUR

The salient terms of the Proposed SUR are as follows:

- (a) If AHP declares, makes and/or pays a dividend or other distribution of any nature whatsoever ("**Distribution**") after the date of this Proposal Letter up to the completion of the Proposals, the SUR Offer Price shall be reduced by an amount equivalent to the Distribution made per AHP Unit;
- (b) From the date of this Proposal Letter until the completion of the Proposals, the Manager and/or the Trustee shall undertake that they will not:
  - (i) undertake any form of capital raising exercise, whether in the form of debt or equity (save for the advances to AHP by ORE for the purpose of the Proposed SUR) and will not grant any options over the AHP Units or issue any new AHP Units;
  - (ii) cause AHP to enter into any material commitment or material contract or undertake any obligation or acquire or dispose of any of its assets or create a security interest over any of its assets outside the ordinary course of business;
  - (iii) pass any resolution in a meeting (other than in respect of any ordinary business tabled in annual general meeting or pursuant to the Proposals) or make any alteration to the provisions of the Deed;
  - (iv) do or cause, or allow to be done or omitted, any act or thing which would result (or be likely to result) in a breach of any lawful obligation of AHP;
  - (v) dilute the interest, holdings or economic interest of AHP in which AHP holds shares; or
  - (vi) enter into any discussion, negotiation or agreement, with any other party with respect to the sale of the assets and liabilities of AHP (save for in the ordinary course of business)without ORE's prior written consent.
- (c) In addition, the Manager and/or Trustee shall not enter into any discussion, negotiation or agreement, with any other party with respect to any privatisation proposal involving AHP or any of the matters specified under paragraph 2.3(b) above at any time until completion of the Proposals; and
- (d) The Manager and/or Trustee shall also agree with and undertake to ORE that, as from the date of acceptance of the Proposals (in accordance with paragraph 8 of this Proposal Letter) until the completion of the Proposals, the Manager and/or Trustee (and the Manager and/or Trustee shall use reasonable endeavours to cause and procure that AHP) shall carry on the business of AHP only in the usual, regular and ordinary course in substantially the same manner as it is carried on as of the date hereof so as to preserve AHP's relationship with all parties in ensuring that AHP's goodwill and going

concern shall not be materially impaired at the completion of the Proposals, save as otherwise agreed in writing by ORE.

The Proposed Amendments and the Proposed SUR are inter-conditional with each other.

## 2.4 SUR Offer Price

The consideration for the Proposed SUR is RM1.00 per AHP Unit.

Entitled Unit Holders whose names appear on the Entitlement Date and who collectively hold 118,641,600 AHP Units shall receive a total cash payment from AHP of RM118,641,600 ("**SUR Consideration**") which represents cash amount of RM1.00 per Unit.

For avoidance of doubt, if AHP declares, makes and/or pays any Distribution after the date of this Proposal Letter up to the completion of the Proposals, the SUR Offer Price shall be reduced by an amount equivalent to the Distribution made per AHP Unit.

The SUR Offer Price shall be funded by way of advances to AHP by ORE, subject to compliance with the relevant laws and regulations.

## 3. ANALYSIS OF THE PROPOSED SUR

For illustrative purposes only, a comparison of the SUR Offer Price against the closing price of AHP Units on 17 September 2020 (being the last full day of trading prior to the suspension of trading of AHP Units ("**LTD**")) and the 5-day, 1-month, 3-month, 6-month and 1-year volume-weighted average market prices ("**VWAP**") of AHP Units up to and including the LTD as set out below:

	Market price/VWAP	SUR Offer Price	Premium	
	RM	RM	RM	%
Closing price as at the LTD	0.67	1.00	0.33	49.25
5-day VWAP up to the LTD	0.67	1.00	0.33	49.25
1-month VWAP up to the LTD	0.67	1.00	0.33	49.25
3-month VWAP up to the LTD	0.69	1.00	0.31	44.93
6-month VWAP up to the LTD	0.69	1.00	0.31	44.93
1-year VWAP up to the LTD	0.72	1.00	0.28	38.89

(Source: Bloomberg)

## **4. RATIONALE FOR THE PROPOSALS**

### **4.1 Proposed Amendments**

The Proposed Amendments is undertaken to facilitate the implementation of the Proposed SUR and the conversion of AHP to an Unlisted REIT upon completion of the Proposed SUR.

### **4.2 Proposed SUR**

AHP is a property unit trust i.e a collective pooling of financial resources of investors into a fund to be used to acquire a selected portfolio of investments. AHP was initiated and developed by PNB, and managed by Pelaburan Hartanah Nasional Berhad or the Manager, with the main investment objective of providing reasonable level of income return to unit holders and allow them to gain from capital growth through the acquisition of a selected portfolio of real estate investments which have potential for long term capital growth.

AHP Units were offer for sale at RM1.00 per unit pursuant to the initial public offer of AHP Units on 21 September 1990 followed by the listing of AHP on 28 December 1990.

Since the listing of AHP on 28 December 1990, AHP has been distributing its distributable earnings to its unit holders. The net asset value ("NAV") of AHP had only increased RM0.10 per AHP Unit since its listing i.e. from RM1.17 per AHP Unit to RM1.27 per AHP Unit as at 30 June 2020.

The ability of AHP to grow its assets vis-à-vis sustainability of its yield moving forward appears challenging after taking into consideration the existing state and outlook of the Malaysian property market. According to the Malaysian Property Market 2019 Report prepared by the Valuation and Property Services Department, the occupancy performance of both purpose-built office and the retail sub sector recorded a decrease as compared to the preceding year. In view of AHP's exposure to both sectors, PNB acknowledge the challenges facing AHP to maintain its dividend yield moving forward.

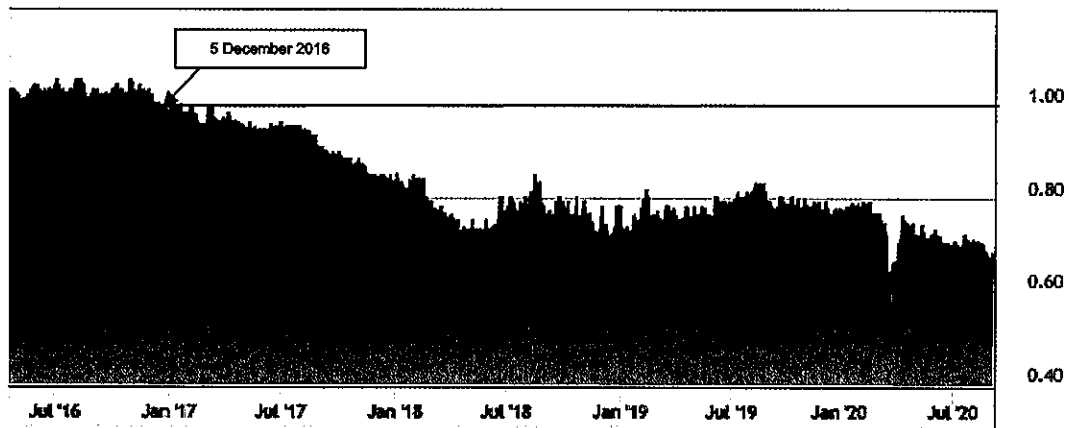
Further, based on the analysis of the comparable real estate investment trusts with assets portfolio comprising office and commercial properties, AHP has the smallest market capitalisation and assets size of approximately RM168.3 million and RM457.5 million respectively as at 31 December 2019. Given the relatively small market capitalisation of AHP and the present economic and capital market condition, any proposals to expand and restructure the assets of AHP through capital fund raising would be challenging.

Hence, the Proposals are intended to facilitate the restructuring and rebalancing of AHP's property portfolio which may involve, amongst others, removing from or injecting certain assets into AHP. In view of AHP's current listing status, AHP is subject to comply with the requisite regulatory framework. Any proposals triggering applicable percentage threshold, will require the appointment of advisers and professionals as well as the convening of extraordinary general meetings, which are lengthy and costly. Hence, the Proposed SUR will provide greater flexibility in executing and managing any form of restructuring or corporate exercises.

Further, AHP Units have been thinly traded, recording an average daily trading volume of 27,578 AHP Units for the past 1 year up to the LPD, which represents approximately 0.02% of AHP's total free float. This is relatively low when compared to the average liquidity of shares/units of companies in the property sector traded on Bursa Securities and comparable

listed real estate investment trusts with assets portfolio comprising office and commercial properties.

Additionally, the unit price of AHP has also been trending downwards over the past few years. The most recent date in which AHP Units traded above the SUR Offer Price is in December 2016.



In view of the above, the SUR Offer Price provides an opportunity for the Entitled Unit Holders to realise their investments in AHP in an efficient and expeditious manner at a premium to the prevailing market prices of AHP Units, with the SUR Offer Price representing a premium ranging from 38.89% to 49.25% over the closing price of AHP Units as tabulated in Section 3 of this letter.

## 5. CONDITIONS PRECEDENT

The completion of the Proposals shall be subject to the fulfilment of all requisite conditions precedent including, but not limited to the following:

- (a) the approval of the unit holders of AHP in relation to the Proposals at the extraordinary general meeting ("EGM") of AHP to be convened;
- (b) the approval of the SC, for the registration of the amended Deed pursuant to the Proposed Amendments;
- (c) the approval of the SC, for the application on conversion of AHP to an Unlisted REIT;
- (d) the approval of the SC, for the application for exemption under Paragraph 1.06 of the Listed REIT Guidelines from having to comply with certain provisions of the Listed REIT Guidelines pursuant to the Proposed SUR;
- (e) the approval of the SC, for the application under Paragraph 1.11 of the Rules on Takeovers, Mergers and Compulsory Acquisitions ("Rules") to extend the time for compliance with certain provisions of the Rules (if necessary) and its consent for the contents and issuance of the circular cum explanatory statement and the independent advice circular to the unit holders of AHP pursuant to the Proposals;

- (f) the approval of Bursa Securities, for the withdrawal of the listing status of AHP from the Official List of Bursa Securities after the completion of the Proposed SUR; and
- (g) the approval of any other third parties in relation to the Proposals (if necessary).

The special resolution for the Proposals to be tabled at the EGM of AHP must be approved by at least a majority in number of the non-interested unit holders and 75% in value to the votes attached to the AHP Units held by the non-interested unit holders that are cast either in person or by proxy at the EGM; and must not be voted against by more than 10% of the votes attaching to all AHP Units held by the non-interested unit holders. ORE, PNB, ASB and persons connected to them will abstain from voting on the special resolution pertaining to the Proposals.

The Proposed Amendments will become effective upon registration of the amended Deed with the SC. The payment of the SUR Consideration to the Entitled Unit Holders will be made as soon as possible after fulfilment of the abovementioned conditions precedent and the registration of the amended Deed with the SC.

## 6. DIRECTORS' AND MAJOR UNIT HOLDERS' INTEREST

Save as disclosed below, to the best of ORE's knowledge, there are no other directors of the Manager, major unit holders of AHP and/or persons connected to them who are interested in the Proposals.

### Interested Directors of the Manager

- (i) Encik Ahmad Zulqarnain bin Che On ("**Encik Ahmad Zulqarnain**"), is the President and Group Chief Executive of PNB and a Non-Independent Non-Executive Director of the Manager;
- (ii) Dato' Johan bin Ariffin ("**Dato' Johan**"), is a Director of PNB and an Independent Non-Executive Chairman of the Manager;
- (iii) Encik Rizal Rickman bin Ramli ("**Encik Rizal Rickman**"), is the Chief Investment Officer – Real Estate of PNB and a Non-Independent Non-Executive Director of the Manager; and
- (iv) Datuk Mohd Anwar bin Yahya ("**Datuk Mohd Anwar**"), is an Independent Non-Executive Director of Amanah Saham National Berhad ("**ASNB**") and an Independent Non-Executive Director of the Manager.

Accordingly, Encik Ahmad Zulqarnain, Dato' Johan, Encik Rizal Rickman and Datuk Mohd Anwar (collectively referred to as the "**Interested Directors**") will abstain from all deliberations and voting on the resolutions pertaining to the Proposals at the relevant meetings of the Board of Directors of the Manager.



None of the Interested Directors own any AHP Units. Nevertheless, the Interested Directors will ensure that all persons connected to them will abstain from voting in respect of their direct and/or indirect unit holding in AHP (if any) on the resolutions pertaining to the Proposals at AHP's EGM to be convened.

### **Major unit holders**

As at the LPD, ORE and ASNB are wholly-owned subsidiaries of PNB. ASNB is the manager of ASB, a major unit holder of AHP. ORE, PNB and ASB collectively hold 101,358,400 AHP Units, representing approximately 46.07% interest in AHP Units. In this regard, ORE, PNB and ASB are interested unit holders pursuant to the Proposals. ORE, PNB and ASB will abstain from voting in respect of their respective direct and/or indirect unit holdings in AHP, on the resolutions pertaining to the Proposals at AHP's EGM to be convened. In addition, ORE, PNB and ASB will ensure that all persons connected to them will abstain from voting in respect of their direct and/or indirect unit holdings in AHP (if any) on the resolutions pertaining to the Proposals at AHP's EGM to be convened.

## **7. GOVERNING LAW AND DISPUTE RESOLUTION**

This Proposal Letter and any agreement constituted by the acceptance of this Proposal Letter shall be governed by the laws of Malaysia and each party will submit to non-exclusive jurisdiction of the courts of Malaysia.

## **8. ACCEPTANCE PERIOD**

If the Board of Directors of the Manager (save for the Interested Directors) is agreeable to take steps to implement the Proposals and to recommend the Proposals to the Entitled Unit Holders upon the terms envisaged in this Proposal Letter, please execute the enclosed duplicate of this Proposal Letter at the place indicated, and return the same to us so as to be received by us no later than 5.00 p.m., 19 October 2020 (or such other date as may be extended by us in writing) after which the Proposals in this Proposal Letter shall lapse.

Yours faithfully,

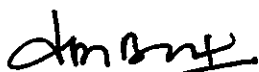
For and on behalf of the Board of Directors of  
**Ombak Real Estate Sdn Bhd**



**AHMAD ZULQARNAIN BIN CHE ON**  
Director

**TO: OMBAK REAL ESTATE SDN BHD**

We, Pelaburan Hartanah Nasional Berhad (Registration No. 198801008611 (175967-W)), being the Manager of AHP, together with AmanahRaya Trustees Berhad (Registration No. 200701008892 (766894-T)), being the trustee of AHP, hereby acknowledge receipt of your letter dated 18 September 2020 in relation to the Proposals.



\_\_\_\_\_  
Authorised signatory

Name : **Adibah: Khairiah binti Ismail @ Daud**  
Group Company Secretary

Designation :

Date : **18/9/2020 @ 3.27pm**

\_\_\_\_\_  
Authorised signatory

Name :


Designation :

Date :

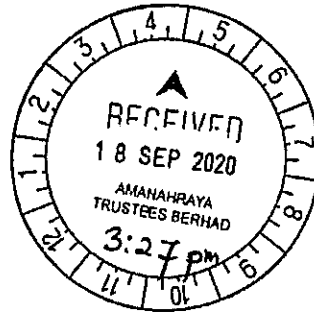
**TO: OMBAK REAL ESTATE SDN BHD**

We, Pelaburan Hartanah Nasional Berhad (Registration No. 198801008611 (175967-W)), being the Manager of AHP, together with AmanahRaya Trustees Berhad (Registration No. 200701008892 (766894-T)), being the trustee of AHP, hereby acknowledge receipt of your letter dated 18 September 2020 in relation to the Proposals.

\_\_\_\_\_  
Authorised signatory  
Name :  
Designation :  
Date :

  
\_\_\_\_\_  
Authorised signatory  
Name : AMIR TARMIZI ABDUL HAMID  
Head, Operations Department I  
AMANAHRAYA TRUSTEES BERHAD  
Designation :  
Date :

  
ZULHIDA ABD MAURAD  
Head, Legal Department  
AMANAHRAYA TRUSTEES BERHAD



**TO: OMBAK REAL ESTATE SDN BHD**

We, Pelaburan Hartanah Nasional Berhad (Registration No. 198801008611 (175967-W)), being the Manager of AHP, together with AmanahRaya Trustees Berhad (Registration No. 200701008892 (766894-T)), being the trustee of AHP, hereby agree to and accept the terms of your letter dated 18 September 2020 in relation to the Proposals.

\_\_\_\_\_  
Authorised signatory

Name :

Designation :

Date :

\_\_\_\_\_  
Authorised signatory

Name :

Designation :

Date :