

SIME DARBY PROPERTY BERHAD (“SIME DARBY PROPERTY” OR THE “COMPANY”)

SUPPLEMENTAL AGREEMENTS TO THE CALL OPTION AGREEMENTS BETWEEN SIME DARBY PROPERTY AND SIME DARBY PLANTATION BERHAD

1. INTRODUCTION

Sime Darby Property wishes to announce that the Company had on 17 June 2019 entered into five (5) Supplemental Agreements with Sime Darby Plantation Berhad (“**SD Plantation**”) to vary, replace and substitute the following option lands under the relevant Call Option Agreements executed on 25 August 2017 (“**COA**”):

- i) Byram Estate, District of Seberang Perai Selatan, Pulau Pinang (“**Byram Estate**”);
- ii) Lot 1222 Bukit Selarong Estate, District of Kulim, Kedah Darul Aman (“**Bukit Selarong Estate**”);
- iii) Kulai A Estate, District of Kulaijaya, Johor Darul Takzim (“**Kulai A Estate**”);
- iv) Kulai B Estate, District of Kulaijaya, Johor Darul Takzim (“**Kulai B Estate**”); and
- v) West Estate, Carey Island, District of Kuala Langat, Selangor Darul Ehsan (“**West Estate, Carey Island**”),

(collectively referred to as “**Existing Option Lands**”) with the following lands:

- 2,540 acres of land in Bukit Cheraka Estate, District of Kuala Selangor (“**Bukit Cheraka Estate**”);
- 1,077 acres of land in Bukit Kerayong Estate, District of Kuala Selangor (“**Bukit Kerayong Estate**”); and
- 2,177 acres of land in Jalan Acob Estate, District of Klang (“**Jalan Acob Estate**”)

(collectively referred to as “**New Option Lands**”)

together with:

- The reduction of the acreage of Kulai A Estate from 1,862 acres to 915 acres;
- The reduction of the acreage of West Estate, Carey Island from 2,000 acres to 1,350 acres.

(hereinafter referred to as “**Proposed Arrangement**”).

2. DETAILS OF THE SUPPLEMENTAL AGREEMENTS

2.1 Background

2.1.1 In 2017, as part of the internal rationalisation of Sime Darby Berhad (“**SDB**”) comprising the demerger exercise of SDB which resulted in the creation of three (3) stand-alone pure play companies, Sime Darby Property had on 25 August 2017 entered into nine (9) COAs with SD Plantation to provide Sime Darby Property with access to a pipeline of land banks for future development purposes.

2.1.2 The COAs provide Sime Darby Property with the conditional option to purchase the legal and beneficial ownership of nine (9) parcels of land from SD Plantation at the market values prevailing at the time of the exercise of the call options (based on valuations to be conducted by an independent valuer to be jointly appointed by the parties), at any time within sixty (60) months commencing from 30 November 2017 (“**Validity Period**”), with the option to extend the Validity Period for another thirty-six (36) months, subject to mutual agreement of the parties.

2.2 Variation to the COAs

2.2.1 Sime Darby Property and SD Plantation (“**the Parties**”) had agreed to vary and amend five (5) of the existing COAs in relation to the Existing Option Lands and to enter into Supplemental Agreements with respect to the following New Option Lands:

- i) 2,540 acres of Bukit Cheraka Estate;
- ii) 1,077 acres of Bukit Kerayong Estate; and
- iii) 2,177 acres of Jalan Acob Estate.

2.2.2 The Parties have also agreed to the following amendments and variations to the relevant COAs:

- i) reduction of the acreage of Kulai A Estate from 1,862 acres to 915 acres;
- ii) reduction of the acreage of West Estate, Carey Island from 2,000 acres to 1,350 acres;
- iii) substitution of Kulai B Estate with Bukit Cheraka Estate;
- iv) substitution of Byram Estate with Bukit Kerayong Estate; and
- v) substitution of Bukit Selarong Estate with Jalan Acob Estate.

2.3 Basis and justification for the Proposed Arrangement

The Proposed Arrangement was arrived at after taking into consideration the dynamics of the property development industry, which shaped the development potential for the Existing Option Lands in the COAs.

The Company is cognisant that the primary intent of the demerger exercise was to enable SDB's respective subsidiaries to operate as independent pure play companies in their distinct industries.

In this connection, the Company and SD Plantation had jointly agreed to review the existing COAs to enable the Parties to calibrate and update the COAs to reflect the needs of the current business strategies of both Parties.

The Board (save for the Interested Directors as defined in Section 8 of this Announcement) is of the view that the Proposed Arrangement is justifiable because it presents the Company with an opportunity to strengthen its market position as one of the leading property developers in Malaysia, particularly in the Greater Klang Valley, by taking advantage of the spillover effects of the infrastructure developments in the north western region of Selangor, and exploit the anticipated operational synergies from the Company's ongoing developments in the area.

3. SALIENT TERMS OF THE SUPPLEMENTAL AGREEMENTS

The salient terms of the Supplemental Agreements are as follows:

#	Salient Terms	Description
1	Parties	<ul style="list-style-type: none"> ▪ SD Plantation ▪ Sime Darby Property
2	Call Option	<ul style="list-style-type: none"> ▪ Subject to the respective COAs, at any time during the option period, Sime Darby Property may exercise the call option in respect of the option land by sending a notice substantially in the form set forth in Schedule 5 of the respective COAs ("Option Notice") to SD Plantation, to require SD Plantation to sell the option land. ▪ The Option Notice shall expressly state that the sale of the option land by SD Plantation is subject to the approval of the shareholders of SD Plantation having been obtained (if shareholders' approval shall be required for the sale of that option land under any applicable law or the rule of a stock exchange). Where such shareholders' approval is required, SD Plantation shall seek such shareholders' approval at any time after the issuance of the Option Notice and prior to the execution of the sale and purchase agreement.

#	Salient Terms	Description
		<ul style="list-style-type: none"> ▪ If shareholders' approval shall be required for the acquisition of that option land under any applicable law or the rule of a stock exchange, Sime Darby Property shall seek such shareholders' approval prior to the issuance of the Option Notice.
3	Option Price	<ul style="list-style-type: none"> ▪ The parties agree that, not less than three months prior to any of the events referred to in section 2 of this table, a valuer shall be appointed to value the option land for the purposes of determining the price payable by Sime Darby Property to SD Plantation for the purchase of the option land. The parties also agree that any such valuation report shall be issued by the valuer no earlier than six months prior to the date of the later of the respective general meetings of shareholders for the shareholders' approvals referred to in referred to in section 2 of this table (as the case may be).
4	Details of Option Lands (in the respective Supplemental Agreements) as referred to in Section 2.2 of this Announcement	<ul style="list-style-type: none"> ▪ 2,540 acres of land in the Bukit Cheraka Estate ▪ 1,077 acres of land in the Bukit Kerayong Estate ▪ 2,177 acres of land in the Jalan Acob Estate ▪ 915 acres of land in the Kulai A Estate ▪ 1,350 acres of land in the West Estate, Carey Island

4. BACKGROUND INFORMATION OF THE PARTIES

4.1 Sime Darby Property Berhad

Sime Darby Property is a public company limited by shares incorporated in Malaysia on 15 September 1973 and is listed on the Main Market of Bursa Malaysia Securities Berhad since 30 November 2017.

4.2 Sime Darby Plantation Berhad

SD Plantation is a public company limited by shares incorporated in Malaysia on 2 April 2004 and is listed on the Main Market of Bursa Malaysia Securities Berhad since 30 November 2017. The Board of Directors and substantial shareholders of SD Plantation as at 31 May 2019 are as follows:

Board of Directors

- i) YBhg Tan Sri Dato' A. Ghani Othman
- ii) YBhg Tan Sri Dato' Seri Mohd Bakke Salleh
- iii) YBhg Tan Sri Datuk Dr Yusof Basiran
- iv) Yth Bapak Muhammad Lutfi
- v) YBhg Datuk Zaiton Mohd Hassan
- vi) YBhg Dato' Mohd Nizam Zainordin
- vii) YBhg Dato' Mohamad Nasir Ab Latif
- viii) YBhg Dato' Henry Sackville Barlow
- ix) Encik Zainal Abidin Jamal
- x) Ms. Tan Ting Min
- xi) Mr. Lou Leong Kok

None of the above Directors have any shares (direct or indirect) in SD Plantation.

Substantial Shareholders

No.	Substantial Shareholders	Shareholding in SD Plantation			
		Direct		Indirect	
		No. of Shares	%	No. of Shares	%
1.	Employees Provident Fund Board	903,645,610	13.13	89,745,421	1.30
2.	AmanahRaya Trustees Berhad - Amanah Saham Bumiputera	3,005,678,436	43.66	-	-

5. LIABILITIES TO BE ASSUMED

There are no liabilities, including contingent liabilities and guarantees, to be assumed by Sime Darby Property pursuant to the Proposed Arrangement.

6. FINANCIAL EFFECTS OF THE PROPOSED ARRANGEMENT

The Proposed Arrangement will not have a material effect on the earnings or net assets per share, gearing, share capital and substantial shareholders' shareholding of Sime Darby Property for the financial year ending 31 December 2019.

7. APPROVALS OF SHAREHOLDERS AND REGULATORY AUTHORITIES

The Proposed Arrangement is not subject to the approval of Sime Darby Property's shareholders or any regulatory authorities.

8. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS' AND/OR PERSONS CONNECTED WITH THEM

8.1 Interested Shareholders

Save as disclosed below, none of the major / substantial shareholders of Sime Darby Property, or persons connected with them, have any interest, direct or indirect, in the Proposed Arrangement:

- i) Permodalan Nasional Berhad ("**PNB**") is a person connected with Amanah Saham Bumiputera ("**ASB**") and is a substantial shareholder of Sime Darby Property, holding 5.22% equity interest in Sime Darby Property as at 31 May 2019. In addition, PNB holds 4.38% equity interest in SD Plantation. Accordingly, PNB is deemed interested in the Proposed Arrangement.
- ii) ASB is a major shareholder and also the largest shareholder of Sime Darby Property, holding 43.87% equity interest in Sime Darby Property as at 31 May 2019. In addition, ASB holds 43.66% equity interest in SD Plantation. Accordingly, ASB is deemed interested in the Proposed Arrangement.

[The rest of this page has been intentionally left blank]

8.2 Interested Directors

Save as disclosed below, none of the directors of Sime Darby Property, or persons connected with them, have any interest, direct or indirect, in the Proposed Arrangement:

- i) Tan Sri Dr. Zeti Akhtar Aziz is the Non-Independent Non-Executive Chairman of Sime Darby Property. She is the Group Chairman of PNB and representative of PNB on the Board of Directors of Sime Darby Property.
- ii) Datuk Dr. Mohd Daud Bakar and Encik Rizal Rickman Ramli are Non-Independent Non-Executive Directors of Sime Darby Property. They are representatives of PNB on the Board of Directors of Sime Darby Property.

(Collectively referred to as “Interested Directors”)

As such, the Interested Directors are deemed interested in the Proposed Arrangement and have abstained and will continue to abstain from deliberating and voting on resolutions relating to the Proposed Arrangement at the relevant meetings of the Board of Directors of Sime Darby Property.

8.3 Transactions with Interested Shareholders

There were no other transactions entered into between Sime Darby Property and / or the subsidiaries of Sime Darby Property which involves the interest of PNB and ASB for the preceding 12 months, from 17 June 2018 to 17 June 2019.

9. AUDIT COMMITTEE (“AC”) STATEMENT

The AC of the Board of Directors of Sime Darby Property, after having considered all aspects of the Proposed Arrangement, including but not limited to the salient terms of the Supplemental Agreements, the rationale for the Proposed Arrangement and the prospects of the New Option Lands, is of the opinion that the Proposed Arrangement is:

- i) in the best interest of the Sime Darby Property;
- ii) fair, reasonable and on the Sime Darby Property Group’s normal commercial terms; and
- iii) not detrimental to the interest of the minority shareholders of Sime Darby Property.

10. DIRECTORS’ STATEMENT

The Board of Directors of Sime Darby Property (save for the Interested Directors), after having considered all aspects of the Proposed Arrangement, including but not limited to the salient terms of the Supplemental Agreements, the rationale for the Proposed Arrangement and the prospects of the New Option Lands is of the opinion that the Proposed Arrangement is in the best interest of Sime Darby Property.

11. DOCUMENTS FOR INSPECTION

A copy each of the Supplemental Agreements is available for inspection during normal business hours at the registered office of Sime Darby Property at Level 10, Block G, No. 2, Jalan PJU 1A/7A, Ara Damansara, PJU 1A, 47301 Petaling Jaya, Selangor Darul Ehsan from Mondays to Fridays (except public holidays) for a period of three (3) months from the date of this Announcement.

This Announcement is dated 17 June 2019.