

Miscellaneous

* Asterisks denote mandatory information

Name of Announcer *	GUOCOLAND LIMITED
Company Registration No.	197600660W
Announcement submitted on behalf of	GUOCOLAND LIMITED
Announcement is submitted with respect to *	GUOCOLAND LIMITED
Announcement is submitted by *	Dawn Pamela Lum
Designation *	Group Company Secretary
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>> Announcement Details

The details of the announcement start here ...

Announcement Title *	ANNOUNCEMENT ON PROPOSED SALE OF HP TOWERS AND MENARA HLA BY GUOCOLAND (MALAYSIA) BERHAD, A 44.73% ASSOCIATED COMPANY OF GUOCOLAND LIMITED, TO A REAL ESTATE INVESTMENT TRUST TO BE ESTABLISHED IN MALAYSIA AND PROPOSED MAIN BOARD LISTING ON BURSA MALAYSIA SECURITIES BERHAD
Description	Further to its announcement of 5 August 2005, GuocoLand Limited ("GLL") is pleased to announce that its 44.73% associate, GuocoLand (Malaysia) Berhad ("GLM"), which is listed on Bursa Malaysia Securities Berhad ("Bursa Securities"), has obtained the requisite approvals from the Securities Commission of Malaysia for, inter alia, the proposed establishment of a real estate investment trust ("REIT") to be listed on the Main Board of Bursa Securities. The REIT will initially comprise two commercial buildings located in Kuala Lumpur, known as HP Towers and Menara HLA ("Properties"), which will be sold by subsidiaries of GLM to the REIT ("Proposed Sale"). The full text of GLM's announcement is set out in the attachment to this announcement. The Proposed Sale will not have a material or significant effect on the GLL Group's earnings per share or net tangible assets per share for the current financial year ending 30 June 2006 as the Properties had been accounted for at fair value when GLL acquired its substantial interests in GLM group, the completion of which had been announced by GLL on 5 December 2002 and 15 March 2004.
Attachments:	 GLM.16November2005.pdf Total size = 678K (2048K size limit recommended)

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General Announcement

Submitted by MB_CIMB on 11/16/2005 07:42:56 PM

Reference No MM-051116-63228

Submitting Merchant Bank (if applicable) : **COMMERCE INTERNATIONAL MERCHANT BANKERS BERHAD**
Submitting Secretarial Firm Name (if applicable) :
* Company name : **GUOCOLAND (MALAYSIA) BERHAD**
* Stock name : **GUOCO**
* Stock code : **1503**
* Contact person : **Linda Lim**
* Designation : **Assistant Manager**

* Type : ☒ Announcement ☐ Reply to query

* Subject :
GUOCOLAND (MALAYSIA) BERHAD ("GLM")

(I) PROPOSED DISPOSALS OF HP TOWERS AND MENARA HLA BY GLM TO A REAL ESTATE INVESTMENT TRUST TO BE ESTABLISHED ("GLM REIT") ("PROPOSED DISPOSALS");

(II) PROPOSED MASTER TENANCY AGREEMENT FOR MENARA HLA; AND

(III) PROPOSED APPOINTMENT OF PREMIUMVIEW DEVELOPMENT SDN BHD, A WHOLLY-OWNED SUBSIDIARY OF GLM, AS THE MANAGEMENT COMPANY TO ADMINISTER AND MANAGE GLM REIT

(I, II AND III ARE COLLECTIVELY REFERRED TO AS THE "PROPOSALS")

(IV) PROPOSED ESTABLISHMENT AND LISTING OF GLM REIT ON THE MAIN BOARD OF BURSA MALAYSIA SECURITIES BERHAD ("PROPOSED LISTING")

* Contents :-

1. INTRODUCTION

We refer to the announcement made on 5 August 2005.

On behalf of GLM, we wish to announce that the Securities Commission ("SC") has in its letter dated 10 November 2005, which was received on 14 November 2005, approved the Proposed Listing comprising, amongst others, the following proposals:

- (i) establishment of GLM REIT with an initial fund size of 237,500,000 units in GLM REIT ("Units");
- (ii) appointment of Premiumview Development Sdn Bhd ("REIT Manager"), as the management company of GLM REIT ("Proposed Appointment of REIT Manager");
- (iii) appointment of AmTrustee Berhad ("Trustee") as the trustee for GLM REIT;
- (iv) appointment of Mr Tan Ming Huat as the Chief Executive Officer of REIT Manager;

- (v) appointments of the following persons as Directors of REIT Manager as follows:
 - Mr Tan Ming Huat;
 - Mr Kwek Leng Seng;
 - Mr Steven Lek Ah Hup;
 - Mr Goh Tian Sui, Director (Independent Director); and
 - YBhg Dato' Ahmad Johari bin Tun Abdul Razak (Independent Director);
- (vi) appointment of Hong Leong Share Registration Services Sdn Bhd as the registrar of GLM REIT;
- (vii) acquisition of the following real estates by GLM REIT:
 - HP Towers (as defined in Section 2.1(i)(a) below) from Prophills Development Sdn Bhd ("PDSB"), an indirect wholly-owned subsidiary of GLM, for a consideration of RM130,000,000 to be satisfied by the issue of 35,625,000 Units at an issue price of RM1.00 per Unit and the balance for a cash consideration of RM94,375,000; and
 - Menara HLA (as defined in Section 2.2(i)(a) below) from Kiapeng Development Sdn Bhd ("KDSB"), an indirect 70%-owned subsidiary of GLM, for a cash consideration of RM221,000,000;
- (viii) 35,625,000 Units to be issued to the vendor, PDSB as stated in Section 1(vii) above, at RM1.00 per Unit pursuant to the proposed acquisition of HP Towers;
- (ix) public issue of 201,875,000 Units in the manner as set out in **Table 1**; and
- (x) listing of and quotation for the entire 237,500,000 Units on the Main Board of Bursa Malaysia Securities Berhad ("Bursa Securities").

In addition, the approval of the SC (on behalf of Foreign Investment Committee) for the Proposed Appointment of REIT Manager was also obtained under the Guideline on the Acquisition of Interests, Mergers and Take-Overs by Local and Foreign Interests.

The SC's approval is subject to, amongst others, the following conditions:

- (i) Trustee to be subject to an audit by an external auditor on its operations and internal controls and procedures. The selection of the external auditor and the scope of reference have to be first cleared by the SC. The audit report must be submitted to the SC before the registration of prospectus. Unsatisfactory findings, if any, must be rectified/remedied or addressed before the registration of prospectus;
- (ii) As the strata title for Menara HLA has not been issued, REIT Manager or its adviser must clearly disclose the following in GLM REIT's prospectus:
 - (a) Strata title for Menara HLA has not been issued and measures taken to ensure that the strata title is issued to GLM REIT as soon as practicable; and
 - (b) Steps taken by GLM REIT to manage the maintenance and services of Menara HLA pending issuance of strata title of Menara HLA;
- (iii) REIT Manager or its adviser to inform the SC upon issuance of the strata title of Menara HLA to GLM REIT;
- (iv) REIT Manager or its adviser to provide satisfactory evidence of compliance with Clause 4.02(4) of the SC Guidelines on Real Estate Investment Trusts issued by the SC ("SC Guidelines on REITs") before the registration of prospectus;

- (v) REIT Manager to submit an operational audit report to the SC, 6 months after GLM REIT is listed. The selection of the external auditor and the scope of reference has to be first cleared by the SC;
- (vi) REIT Manager must maintain 30% Bumiputera equity at all times;
- (vii) SC's approval for the proposed candidates for the Chief Executive Officer and members of the Board of Directors is subject to there being no adverse findings from the vetting process conducted on all the candidates;
- (viii) REIT Manager or its adviser must inform the SC the date of appointment of the Chief Executive Officer and the Board of Directors of REIT Manager within 2 weeks after the appointment is made effective;
- (ix) REIT Manager, Trustee and GLM REIT to fully comply with all the relevant requirements in the SC Guidelines on REITs, the Securities Commission Act, 1993 and any notices that are issued from time to time (where relevant);
- (x) REIT Manager or its adviser to submit the registrable prospectus of GLM REIT at least 14 business days before the date of the prospectus;
- (xi) REIT Manager or its adviser to submit draft deed of GLM REIT at least 30 days before the date of the deed;
- (xii) The listing of GLM REIT must be completed within 6 months from the date of the SC's approval letter. The SC's approval is deemed to lapse if the REIT Manager fails to do so within the stipulated timeframe; and
- (xiii) REIT Manager or its adviser to inform the SC upon the completion of the Proposed Listing.

The Proposed Listing will provide an opportunity for members of the Malaysian public and institutions, and the employees and Directors of REIT Manager, GLM and GuocoLand Limited ("GLL"), a deemed major shareholder of GLM, to participate in the potential growth of real estate investment trust properties. It will also provide investors with an alternative investment vehicle for investing in large scale yield-accretive real estate with minimal capital outlay and which is more liquid as compared to a direct investment in real estate. Furthermore, the proposed establishment of GLM REIT is intended to enhance and improve liquidity in the real estate sector in Malaysia through the capital markets. GLM REIT will facilitate the indirect participation by retail and institutional investors in Malaysian real estate.

The Proposed Listing will not have any effect on the share capital, earnings, net tangible assets ("NTA"), gearing and substantial shareholders' shareholdings of GLM.

Further information on the Proposals and GLM REIT are set out in Sections 2 and 3 respectively of this announcement.

2. DETAILS OF THE PROPOSALS

2.1 Proposed Disposal of HP Towers

(i) Salient terms and conditions of the HP Towers SPA

The salient terms and conditions of the draft conditional Sale and Purchase Agreement to be entered into between PDSB and Trustee for the Proposed Disposal of HP Towers ("HP Towers SPA") are set out below and in Section 7 of this announcement:

- (a) The proposed disposal by PDSB to GLM REIT comprises 2 blocks of office buildings identified as Block A (9 storey) and Block B (21 storey) with a 3-level connecting podium and a 4-level basement car park located on a piece of freehold land held under Lot No. PT 5748, Title No. HS(D) 100327, Town and District of Kuala Lumpur, Wilayah Persekutuan ("HP Land") (known as "HP Towers") together with all fixtures and fittings for a total consideration of RM130,000,000 to be satisfied by the issue of 35,625,000 Units at an issue price of RM1.00 per Unit and the balance in cash amounting to RM94,375,000 ("Proposed Disposal of HP Towers"). The disposal consideration was calculated on the basis of the net lettable area of 350,056 square feet in HP Towers.

PDSB will sell HP Towers with vacant possession subject to the tenancies existing as at Completion Date (as defined below).

- (b) HP Towers is erected on HP Land measuring approximately 7,878.57 square metres. Bungsar Hill Holdings Sdn Bhd is the registered proprietor and bare legal trustee of HP Land. Nevertheless, PDSB is the beneficial owner of HP Land together with HP Towers. Presently, only the qualified title has been issued in respect of HP Land and issue of the final document in respect of the land is still pending.

HP Land is presently subject to a private caveat entered by HSBC Bank Malaysia Berhad ("Caveator") as security for loans granted to PDSB. PDSB has assigned all its rights, title and interest in HP Towers (and including HP Land) to the Caveator by a Deed of Assignment dated 29 October 2004. PDSB has also granted the Caveator a Power of Attorney dated 29 October 2004.

- (c) GLM REIT shall pay the consideration as follows:

- (aa) 35,625,000 Units of RM1.00 per Unit issued as fully paid-up to PDSB prior to the date when the Units are admitted, listed and quoted on the Main Board of Bursa Securities ("Listing Date"); and
- (bb) a sum of RM94,375,000 in cash shall be paid to PDSB and/or the Caveator for the redemption amount owing to the Caveator on the 5th market day after the Listing Date or such other date as the parties may agree in writing ("Completion Date").

Upon completion of the Proposed Disposal of HP Towers and the endorsement of the name of the Trustee as the registered owner of HP Land in all relevant documents, GLM REIT shall receive full legal and beneficial title over HP Land (together with HP Towers) and shall be entitled to exercise all rights, interests and benefits as the registered and beneficial owner of HP Land (together with HP Towers).

- (d) The Proposed Disposal of HP Towers is conditional upon the conditions precedent in the HP Towers SPA being fulfilled within 6 months from the date of execution of the HP Towers SPA or any extension subsequently agreed by the parties. If any of the conditions precedent are not fulfilled by then, the HP Towers SPA shall automatically terminate and the parties to the agreement shall not have any further rights under the said agreement.

(ii) Basis of the disposal consideration

The disposal consideration for HP Towers was determined on a willing buyer-willing seller basis after taking into consideration the market value of HP Towers based on an independent valuation by Knight Frank Ooi & Zaharin Sdn Bhd ("Knight Frank"), an independent registered valuer in its valuation report dated 10 June 2005. Knight Frank used a combination of comparison and investment methods of valuation to arrive at the market value for HP Towers of RM135,000,000.

The disposal consideration for HP Towers represents a discount of approximately 3.70% to the market value of HP Towers.

The issue price of the Units issued as part consideration for the Proposed Disposal of HP Towers of RM1.00 per Unit was determined after taking into consideration the expected net asset value of GLM REIT of RM1.04 upon completion of the Proposed Listing. The new Units to be issued under the Proposed Disposal of HP Towers shall be issued free from all claims, charges, liens and other encumbrances whatsoever and shall rank equally in all respects with and carry all rights similar to the Units to be issued under the Proposed Listing.

GLM REIT intends to finance the cash portion of the purchase consideration for HP Towers through proceeds to be raised from the Proposed Listing.

An application will be made to Bursa Securities for the admission of GLM REIT, and the listing of and quotation for the entire issued and paid-up Units on the Main Board of Bursa Securities. PDSB proposes to appoint HLP Equities Sdn Bhd, a wholly-owned subsidiary of GLM, to retain the Units received for the Proposed Disposal of HP Towers on its behalf.

(iii) Liabilities to be assumed

There are no liabilities which GLM REIT is required to assume from the Proposed Disposal of HP Towers.

(iv) Original cost of investment

PDSB completed the acquisition of HP Towers on 5 November 2004 from Bedford Damansara Heights Development Sdn Bhd, an indirect 50%-owned joint venture company of GLM, for a cash consideration of RM103.82 million.

(v) Background information on HP Towers

HP Towers is situated at No. 12, Jalan Gelenggang, Bukit Damansara, 50490 Kuala Lumpur. The office towers are approximately 13 years old. The category of HP Land use is commercial. The audited net book value of HP Towers at the company level as at 30 June 2005 is RM104.17 million.

Further details of HP Towers are set out in **Table 2**.

2.2 Proposed Disposal of Menara HLA

(i) Salient terms and conditions of the Menara HLA SPA

The salient terms and conditions of the draft conditional Sale and Purchase Agreement to be entered into between KDSB and Trustee for the Proposed Disposal of Menara HLA ("Menara HLA SPA") are set out below and in Section 7 of this announcement:

- (a) The proposed disposal by KDSB to GLM REIT comprises a 32 storey high-rise office building with a 4-level basement car park situated at No. 3, Jalan Kia Peng, 50450 Kuala Lumpur and sited on part of a piece of freehold land held under Lot No. 1286, Section 57, Title No. Geran 43969, Town and District of Kuala Lumpur, Wilayah Persekutuan ("HLA Land") (known as "Menara HLA") together with all fixtures and fittings for a cash consideration of RM221,000,000 ("Proposed Disposal of Menara HLA"). The disposal consideration was calculated on the basis of the net lettable area of 396,820 square feet in Menara HLA.

KDSB will sell Menara HLA with vacant possession subject to the tenancies existing as at Completion Date.

- (b) Menara HLA is erected on part of HLA Land measuring approximately 13,442 square metres. A service apartment with a podium and car parks, known as 3 KiaPeng, is also located on the HLA Land. 3 KiaPeng does not form part of Menara HLA under the Proposed Disposal of Menara HLA. KDSB is the registered proprietor and beneficial owner of the HLA Land under the master title. The separate strata titles to Menara HLA and its common areas are presently not available. KDSB intends to procure one strata title for the whole of Menara HLA (including the car parks).

The encumbrances and registered interests on HLA Land together with Menara HLA, 3 KiaPeng and other assets constructed on the land are as follows:

- (aa) first legal charge dated 4 December 2003 in favour of HSBC Bank Malaysia Berhad as the security agent for HSBC Bank Malaysia Berhad and Public Bank Berhad;
- (bb) third party second legal charge dated 4 December 2003 in favour of Affin Bank Berhad; and
- (cc) third party second legal charge dated 4 December 2003 in favour of Malayan Banking Berhad

(the banks set out in (aa), (bb) and (cc) above are collectively referred to as the "Chargees") for a loan granted to KDSB and a syndicated term loan granted to GLM.

- (c) GLM REIT shall satisfy the consideration for the Proposed Disposal of Menara HLA on the Completion Date through cash payments of the redemption amounts owing to Chargees and the balance to KDSB after payments to Chargees, in cash.

GLM REIT shall then, amongst others, execute the Master Tenancy Agreement as detailed in Section 2.3 of this announcement.

- (d) Upon completion of the Proposed Disposal of Menara HLA and the endorsement of the name of the Trustee as the registered owner of HLA Land in all relevant documents, GLM REIT shall receive full legal and beneficial title over the HLA Land (together with Menara HLA but with 3 KiaPeng expressly excluded by the Trustee). This is subject to the encumbrances to be granted in favour of the financiers of GLM REIT. Upon the issue of the strata title for Menara HLA, GLM REIT shall receive the legal title to Menara HLA and be entitled to exercise all rights, interests and benefits as the registered owner of the strata title over Menara HLA. A management corporation will also be established in accordance with the Strata Titles Act, 1985, comprising proprietors of all parcels who shall each be entitled to exercise such number of voting rights which are proportionate to the area of their respective parcels within Menara HLA.
- (e) The Proposed Disposal of Menara HLA is conditional upon the conditions precedent in Menara HLA SPA being fulfilled within 6 months from the date of execution of the Menara HLA SPA or any extension subsequently agreed by the parties. If any of the condition precedents are not fulfilled by then, the Menara HLA SPA shall automatically terminate and the parties to the agreement shall not have any further rights under the said agreement.

(ii) Basis of the disposal consideration

The disposal consideration for Menara HLA was determined on a willing buyer-willing seller basis after taking into consideration the market value of Menara HLA based on an independent valuation by Knight Frank in its valuation report dated 15 June 2005. Knight Frank used a combination of comparison and investment methods of valuation to arrive at the market value for Menara HLA of RM228,000,000.

The disposal consideration for Menara HLA represents a discount of 3.07% to the market value of Menara HLA.

GLM REIT intends to finance the purchase of Menara HLA through borrowings to be procured and proceeds to be raised from the Proposed Listing.

(iii) Liabilities to be assumed

There are no liabilities which GLM REIT is required to assume from the Proposed Disposal of Menara HLA.

(iv) Original cost of investment

KDSB acquired the HLA Land on 24 May 1993 for RM56.00 million. KDSB is the developer of Menara HLA. Based on the audited consolidated financial statements of GLM as at 30 June 2005, the total cost of investment incurred for Menara HLA by KDSB amounted to RM190.70 million.

(v) Information on Menara HLA

Menara HLA is located at No. 3, Jalan Kia Peng, 50450 Kuala Lumpur. It is a 32 storey high rise office building with a 4-level basement car park. Menara HLA is approximately 6 years old. The audited net book value of Menara HLA at the company level as at 30 June 2005 is RM175.14 million.

Further details of Menara HLA are set out in **Table 3**

2.3 Proposed Master Tenancy

Upon payment of the disposal consideration for the Proposed Disposal of Menara HLA, KDSB (as the tenant) shall execute a Master Tenancy Agreement with the Trustee for GLM REIT (as the landlord) ("Master Tenancy Agreement") for the proposed master tenancy arrangement between KDSB and the Trustee in respect of 373,011 square feet, representing 94% of the total net lettable area in Menara HLA, at a gross monthly rental rate of RM3.85 per square foot, for a period of 2 years commencing from the date of the completion of the Menara HLA SPA ("Proposed Master Tenancy"). An agreed form of the Master Tenancy Agreement is enclosed in the Menara HLA SPA.

The salient terms of the proposed Master Tenancy Agreement are set out in **Table 4**.

2.4 Proposed Appointment of REIT Manager

- (i) Premiumview Development Sdn Bhd, a wholly-owned subsidiary of GLM, is proposed to be the management company to administer and manage GLM REIT in accordance with the investment policy of GLM REIT and the provisions of the deed of trust constituting GLM REIT ("Trust Deed").
- (ii) REIT Manager was incorporated under the Companies Act, 1965 on 13 July 2004 as a private limited company. As at 31 October 2005, the authorised share capital of REIT Manager is RM100,000 comprising 100,000 ordinary shares of RM1.00 each, of which RM2.00 comprising 2 ordinary shares of RM1.00 each are issued and fully paid-up. The authorised share capital and the issued and paid-up share capital of REIT Manager will be increased to RM1.0 million after the approval of the SC for the Proposed Appointment of REIT Manager, in compliance with the SC Guidelines on REITs. REIT Manager is presently dormant and has not issued any audited financial statements since its incorporation.

- (iii) GLM REIT will pay REIT Manager the following fees:
 - (a) Management Fee

A fee of up to 0.9% per annum, calculated as a percentage of the net asset value of GLM REIT;
 - (b) Acquisition Fee

An acquisition fee of 1.0% of the acquisition price, for any future acquisition of real estate by GLM REIT; and
 - (c) Divestment Fee

A divestment fee of 0.5% of the disposal price, for any sale or divestment of real estate by GLM REIT.

3. Information on GLM REIT

GLM REIT is a proposed real estate investment trust with an initial fund size of 237,500,000 Units. Its investment objectives are to acquire and invest primarily in a portfolio of quality yield-accretive real estate. It will focus on commercial properties which will provide stable income and medium to long-term capital appreciation. Subject to the approvals of the relevant authorities, GLM REIT proposes to undertake a public issue of its Units and subsequently list and quote its entire issued and paid-up Units on the Main Board of Bursa Securities. GLM REIT is a unit trust and will not have any Directors. Presently, GLM REIT has yet to be established and hence, it does not have any Unitholders. Upon completion of the Proposed Disposals, GLM REIT will own HP Towers and Menara HLA.

4. UTILISATION OF PROCEEDS FROM THE PROPOSED DISPOSALS

The Proposed Disposals will raise gross cash proceeds of RM315.375 million. GLM proposes to utilise the proceeds in the manner as set out in **Table 5**.

5. RATIONALE FOR THE PROPOSALS

5.1 Proposed Disposals

GLM will realise its investment in HP Towers and Menara HLA from the Proposed Disposals. Part of the proceeds from the Proposed Disposals will be utilised to repay the existing loans and charges of GLM and its subsidiaries ("GLM Group"). The Proposed Disposals will also enable the GLM Group to participate in the local real estate investment market through their interest in GLM REIT as well as their involvement in the management of GLM REIT upon the completion of the Proposed Disposals and Proposed Listing. Upon completion of the Proposed Disposal of HP Towers, the GLM Group will own approximately 15% of the proposed fund size of GLM REIT.

5.2 Proposed Master Tenancy

The Proposed Master Tenancy will provide a stable level of cash flow to GLM REIT while the vacant space in Menara HLA is being marketed.

5.3 Proposed Appointment of REIT Manager

The Proposed Appointment of REIT Manager forms an integral part of the proposals in connection with the Proposed Listing. Since the management company of GLM REIT is responsible for the administration and management of GLM REIT, the appointment of a suitably qualified and experienced manager to manage and administer GLM REIT is crucial to the success of GLM REIT. The majority of the key management of REIT Manager will comprise personnel who individually have at least 18 years experience in the real estate industry and were involved in the development and management of HP Towers and Menara HLA.

REIT Manager, being a wholly-owned subsidiary of GLM and a member of Hong Leong Company (Malaysia) Berhad and its subsidiaries ("Hong Leong Group Malaysia"), will be able to leverage on the Hong Leong Group Malaysia's established network of business relationships with major players in the property industry in Malaysia and overseas. In addition, REIT Manager will be entitled to fees payable by GLM REIT in accordance with the terms of the Trust Deed. This will provide recurring income to the GLM Group.

6. EFFECTS OF THE PROPOSALS

6.1 Share Capital

The Proposals will not have any effect on the issued and paid-up share capital of GLM.

6.2 Earnings

The Proposed Disposals are expected to result in gain on disposals of approximately RM62.06 million at the GLM Group level. There will also be a decrease in building operating profit of approximately RM9.01 million per annum following the Proposed Disposals. However, the Proposed Disposals is expected to result in interest savings of approximately RM10.93 million per annum. Please refer to **Table 5** for details of the repayment of borrowings and interest savings using proceeds from the Proposed Disposals.

Under the Proposed Master Tenancy, the GLM Group expects to provide rental guarantee to GLM REIT over the 2-year term of the Master Tenancy Agreement. GLM does not expect such provision to have a material effect on the earnings of the GLM Group for the financial year ending 30 June 2006.

The Proposed Appointment of REIT Manager is not expected to have any material effect on the earnings of the GLM Group for the financial year ending 30 June 2006.

6.3 NTA and Gearing

The impact of the Proposed Disposals on the consolidated NTA and gearing, based on the audited consolidated financial statements of GLM as at 30 June 2005, is set out in **Table 6**. GLM expects its consolidated NTA per share to improve from RM1.07 (as at 30 June 2005) to RM1.16 and the gearing ratio for the Group to improve from 0.49 times (as at 30 June 2005) to 0.17 times, after the Proposed Disposals.

The Proposed Master Tenancy and Proposed Appointment of REIT Manager are not expected to have any material effect on the consolidated NTA per share or gearing of GLM as at 30 June 2005.

6.4 Substantial shareholders

The Proposals will not have any effect on the substantial shareholders' shareholdings of GLM.

7. CONDITIONS OF THE PROPOSALS

The Proposals are subject to the approvals of the following:

- (i) SC for the Proposed Acquisition of REIT Properties and Proposed Appointment of REIT Manager, and SC (on behalf of Foreign Investment Committee) for the Proposed Appointment of REIT Manager, which were obtained on 10 November 2005, subject to conditions as set out in Section 1 of this announcement;
- (ii) shareholders of GLM for the Proposals at an extraordinary general meeting ("EGM") to be convened;

- (iii) Bursa Securities, for its approval for the Units to be admitted, listed and quoted on the Main Board of Bursa Securities; and
- (iv) any other relevant authorities and/or corporate approvals.

The Proposed Disposals are expected to be completed during the first quarter of 2006. The Proposed Disposal of HP Towers, Proposed Disposal of Menara HLA, Proposed Master Tenancy, Proposed Appointment of REIT Manager and Proposed Listing are inter-conditional.

8. DIRECTORS' AND/OR MAJOR SHAREHOLDERS' INTERESTS

Save as disclosed below, none of the other Directors and/or major shareholders or any persons connected to the Directors and/or major shareholders of GLM have any interest, direct or indirect, in the Proposals:

- (i) KDSB is a wholly-owned subsidiary of Guoman Hotel & Resort Holdings Sdn Bhd ("GHRH") which in turn is a 70%-owned subsidiary of GLM as at 31 October 2005. The remaining 30% interest in GHRH is held by Cheltenham Investments Pte Ltd, a wholly-owned subsidiary of GLL which in turn is a deemed major shareholder of GLM through GLL (Malaysia) Pte Ltd, a wholly-owned subsidiary of GLL and a direct major shareholder of GLM.

Furthermore, Hong Leong Company (Malaysia) Berhad ("HLCM") is also a deemed major shareholder of GLM through GLL. Upon completion of the Proposed Disposal of HP Towers, the GLM Group will own approximately 15% of the proposed fund size of GLM REIT.
- (ii)
 - (a) YBhg Tan Sri Quek Leng Chan is a Director of GLM and GLL. He is a deemed major shareholder of GLL and GLM through HLCM. He also has direct interest in GLL and GLM.
 - (b) Mr Kwek Leng Beng and Mr Quek Leng Chye are deemed major shareholders of GLM through HLCM. They also have direct interest in GLM.
 - (c) Mr Kwek Leng Seng and Mr Tan Ming Huat are Directors of GLM and REIT Manager, a wholly-owned subsidiary of GLM and they have direct interest in GLM. Furthermore, Mr Tan Ming Huat is the proposed Chief Executive Officer of REIT Manager.
 - (d) Mr Quek Chee Hoon is a Director of GLM and GLL and has direct interest in GLL.
 - (e) YBhg Tan Sri Quek Leng Chan, Mr Quek Leng Chye and Mr Kwek Leng Seng are brothers.
- (iii) GLM REIT proposes to allocate Units to the eligible Directors and employees of REIT Manager, GLM and GLL in conjunction with the Proposed Listing. Therefore, YBhg Tan Sri Quek Leng Chan, Mr Kwek Leng Seng, Mr Tan Ming Huat and Mr Quek Chee Hoon may hold Units which they may subscribe upon completion of the Proposed Listing.

The shareholdings of GLL, HLCM, YBhg Tan Sri Quek Leng Chan, Mr Kwek Leng Beng, Mr Quek Leng Chye, Mr Kwek Leng Seng, Mr Tan Ming Huat and Mr Quek Chee Hoon in GLM as at 31 October 2005 are set out in **Table 7**.

In view of the Proposed Disposal of HP Towers, Proposed Disposal of Menara HLA, Proposed Master Tenancy and Proposed Appointment of REIT Manager being inter-conditional, GLL, HLCM, YBhg Tan Sri Quek Leng Chan, Mr Kwek Leng Beng, Mr Quek Leng Chye, Mr Kwek Leng Seng, Mr Tan Ming Huat and Mr Quek Chee Hoon are deemed interested in the Proposals. Therefore, they will abstain from voting in respect of their direct and indirect shareholdings in GLM (if any) on the resolution for the Proposals to be tabled at the EGM to be convened. They will also undertake to ensure that persons connected to them shall abstain from voting in respect of their direct and indirect shareholdings (if any) on the resolution for the Proposals to be tabled at the EGM to be convened. Further, YBhg Tan Sri Quek Leng Chan, Mr Kwek Leng Seng, Mr Tan Ming Huat and Mr Quek Chee Hoon have abstained and will continue to abstain from deliberating and voting on the Proposals at the relevant Board of Directors' meetings.

9. COMPLIANCE WITH THE SC'S POLICIES AND GUIDELINES ON ISSUE/OFFER OF SECURITIES ("SC GUIDELINES")

The Proposed Disposals and Proposed Master Tenancy are not subject to the SC Guidelines. The Board of Directors of GLM is not aware of any departures from the SC Guidelines on REITs in respect of the Proposed Appointment of REIT Manager, save as follows:

The SC Guidelines on REITs states that the fees of a real estate investment trust shall, amongst others, be based on the fund's net asset value. GLM has sought a waiver from this guideline and SC has on 10 November 2005 approved the REIT Manager's fee to include acquisition and divestment fees, details as set out in Section 2.4(iii) of this announcement.

10. DIRECTORS' STATEMENT

The Directors of GLM, save for YBhg Tan Sri Quek Leng Chan, Mr Kwek Leng Seng, Mr Tan Ming Huat and Mr Quek Chee Hoon who are deemed interested in the Proposals, having considered all aspects of the Proposals, are of the opinion that the Proposals are in the best interest of the GLM Group.

11. ADVISERS

11.1 Main Adviser

CIMB has been appointed by GLM as the Adviser for the Proposals.

11.2 Independent Adviser

The Proposals are deemed related party transactions under Chapter 10 of the Listing Requirements of Bursa Securities. Accordingly, the Directors of GLM, save for YBhg Tan Sri Quek Leng Chan, Mr Kwek Leng Seng, Mr Tan Ming Huat and Mr Quek Chee Hoon who are deemed interested in the Proposals, have appointed RHB Sakura Merchant Bankers Berhad as the independent adviser to advise the non-interested Directors and shareholders of GLM in relation to the Proposals. RHB Sakura Merchant Bankers Berhad had on 15 August 2005, confirmed to Bursa Securities on its eligibility to act as an independent adviser for the Proposals.

12. DOCUMENTS AVAILABLE FOR INSPECTION

The valuation reports on HP Towers and Menara HLA, and the draft copies of the HP Towers SPA, Menara HLA SPA and Master Tenancy Agreement are available for inspection by the shareholders of GLM during normal business hours at the Registered Office of GLM at Level 10, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur, from Monday to Friday (except on public holidays) for a period of 3 months from the date of this announcement.

(This announcement is dated 16 November 2005).

Tables Section - This section is to be used to create and insert tables. Please make the appropriate reference to the table(s) in the Contents of the Announcement:



tables.plm.d

Table 1 – Allocation of Units for the Proposed Public Issue

	Number of Units
Malaysian citizens, companies, societies, co-operative and institutions incorporated or organised under the laws of Malaysia	9,300,000
Eligible employees and directors of REIT Manager, GLM and GLL	2,500,000
Eligible institutional and sophisticated investors via a bookbuilding exercise	190,075,000
Total	201,875,000

Table 2 –Details of HP Towers

Gross built-up area (square feet)	Net lettable area (square feet)	Occupancy rate	Tenancy description
493,351 (office space) 163,374 (car park)	350,056	As at 31 October 2005, the occupancy rate is approximately 86.5% and is occupied by tenants not related to GLM.	The gross rental income from HP Towers (including carpark collections and naming rights) is approximately RM10.4 million for the financial year ended 30 June 2005. A majority of the existing tenancy agreements provide for rental renewal based on the then prevailing market rates. The other tenancy agreements provide for renewal with option for rental increment of up to 20% from its existing rates.

Table 3 – Details of Menara HLA

Gross built-up area (square feet)	Net lettable area (square feet)	Occupancy rate	Tenancy description
506,427 (office) 296,391 (car park)	396,820	As at 31 October 2005, the occupancy rate is approximately 81.0% occupied as follows: (i) 30.6% by Hong Leong Assurance Bhd and HLG Capital Berhad; and (ii) 50.4% by other tenants not related to GLM. The occupancy rate will increase to 94.0% under the Proposed Master Tenancy for a period of 2 years commencing from the completion of the Menara HLA SPA. As at 31 October 2005, KDSB has pre-committed tenancies which are expected to increase the occupancy rate of Menara HLA to 84% of the net lettable area when these tenants take up the office space in the fourth quarter of 2005. GLM and its subsidiaries will also carry out continuous marketing efforts to seek new tenants.	The gross rental income from Menara HLA (including carpark collections and naming rights) is approximately RM11.5 million for the financial year ended 30 June 2005. A majority of the existing tenancy agreements provide for rental renewal based on the then prevailing market rates. The other tenancy agreements provide for renewal with option for rental increment of up to 25% from its existing rates.

Table 4 - Salient terms of the proposed Master Tenancy Agreement

Demised Premises	:	The master tenancy shall be for 373,011 square feet representing 94% of the total net lettable area of Menara HLA ("Demised Premises")
Monthly rental payable	:	RM1,436,092.35 calculated at the rate of RM3.85 per square foot
Tenancy period	:	2 years commencing from the Completion Date of the Menara HLA SPA
Deposit	:	3 ½ months rent equivalent to RM5,026,323.23 payable to GLM REIT on or before the commencement of the term of the tenancy period. The deposit shall be returned to KDSB free of interest within 14 days from the expiry or sooner termination of the Master Tenancy Agreement in accordance with the terms of the Master Tenancy Agreement
Payment terms of rental	:	Payable monthly and in advance on or before the 7 th day of each calendar month
Services and maintenance	:	GLM REIT shall provide services and maintenance to the common areas of the Demised Premises
Sub-Letting	:	GLM REIT consents to the sub-letting of the Demised Premises by KDSB to the existing tenants and/or such other persons deemed fit by KDSB, during the term of the Master Tenancy Agreement

Table 5 – Utilisation of proceeds from the Proposed Disposals

	Notes	RM 000
Redemption of HP Towers and Menara HLA	(1)	227,902
Working capital	(2)	87,223
Estimated expenses for the Proposals		250
		<u>315,375</u>

Notes:

(1) *Comprising payment of amounts owing to:*

(a) *Caveator to redeem HP Towers from its existing encumbrances. As at 31 October 2005, the amount is approximately RM70.00 million. GLM is expected to realise interest savings of approximately RM2.71 million per annum from the repayment of the encumbrances based on an average interest rate of 3.88% per annum; and*

(b) *Chargees to redeem Menara HLA from its existing encumbrances. As at 31 October 2005, the total amount outstanding is approximately RM157.90 million. GLM is expected to realise interest savings of approximately RM8.22 million per annum from the repayment of the encumbrances based on an average interest rate of 5.21% per annum.*

In the event the total amount of loans due to the Caveator and Chargees is higher/lower than the above amount at the time of redemption, the amount allocated for working capital will be reduced/increased accordingly.

(2) *For GLM Group's property development activities and the potential repayment of GLM Group's borrowings which have not been identified as at the date of this announcement.*

Table 6 – Proforma effect of the Proposed Disposals on the consolidated NTA and gearing of GLM

		I After the Proposed Disposals but before redemption of HP Towers and Menara HLA RM 000	II After I and the redemption of HP Towers and Menara HLA RM 000
	Audited as at 30 June 2005 RM 000		
Share capital	350,229	350,229	350,229
Share premium	35,089	35,089	35,089
Exchange reserves	7,619	7,619	7,619
Retained profit	359,060	⁽¹⁾ 421,120	421,120
Shareholders' fund/ NTA	751,997	814,057	814,057
Number of ordinary shares (000)	700,458	700,458	700,458
NTA per share (RM)	1.07	1.16	1.16
Total borrowings (RM 000) ⁽²⁾	372,198	372,198	⁽³⁾ 135,012
Gearing (times)	0.49	0.46	0.17

Notes:

- ⁽¹⁾ Includes a net gain at the GLM Group level of RM62.06 million after taking into consideration the gain of RM63.29 million arising from the Proposed Disposals, the net effect of the share of rental guarantee of RM1.02 million arising from the Proposed Master Tenancy and share of the estimated expenses of RM212,500 for the Proposals. The rental guarantee was derived at after taking into consideration GLM's forecasted occupancy rate of 79.14% to 94.67% in Menara HLA, at the forecasted average monthly rental rate of RM3.94 to RM4.18 per square foot for 2 years period commencing 16 February 2006, being the expected commencement date of the Proposed Master Tenancy.
- ⁽²⁾ Includes all interest-bearing borrowings.
- ⁽³⁾ After taking into consideration the repayment of loans in relation to Menara HLA of RM9.28 million between the period from 1 July 2005 to 31 October 2005 using internal funds and proposed repayments of encumbrances owing to the Caveator and the Chargees to redeem HP Towers and Menara HLA respectively using proceeds from the Proposed Disposals.

Table 7 – Shareholders' shareholdings in GLM

	<----Number of GLM Shares as at 31 October 2005---->			
	Direct	%	Indirect	%
GLL	-	-	313,282,857	⁽¹⁾ 44.73
HLCM	-	-	321,311,453	⁽²⁾ 45.87
YBhg Tan Sri Quek Leng Chan	3,266,280	0.47	321,311,453	⁽³⁾ 45.87
Mr Quek Leng Chye	947,530	0.14	321,311,453	⁽³⁾ 45.87
Mr Kwek Leng Beng	1,613,717	0.23	321,311,453	⁽³⁾ 45.87
Mr Kwek Leng Seng	123,180	0.02	-	-
Mr Tan Ming Huat	50,800	0.01	-	-
Mr Quek Chee Hoon	-	-	-	-

Notes:

⁽¹⁾ Deemed interested through GLL (Malaysia) Pte Ltd.

⁽²⁾ Deemed interested through subsidiary and associated corporations.

⁽³⁾ Deemed interested through HLCM.