

BANDAR MALAYSIA FAQ

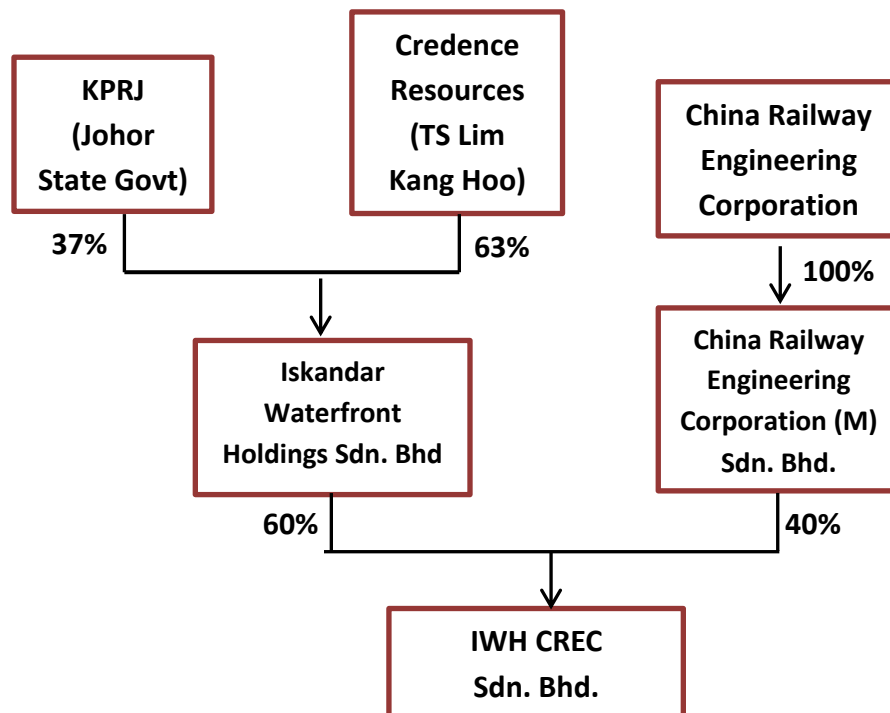
IWH-CREC Sdn Bhd (**ICSB**) has signed a deal to acquire 60% of Bandar Malaysia Sdn Bhd (BMSB) equity from TRX City Sdn Bhd (TRXC) on 17th December 2019 for a consideration of RM6.45 billion.

1. Who is IWH-CREC Sdn Bhd (ICSB)?

ICSB is a joint venture between Iskandar Waterfront Holdings Sdn Bhd (IWH) and China Railway Engineering Corp (M) Sdn Bhd (CRECM). IWH holds 60% interest in ICSB and the remaining 40% is by CRECM.

CRECM is a 100% owned subsidiary of CREC. CREC is a world-leading construction conglomerate with more than 120 years history. As one of the world's largest construction and engineering contractors, CREC takes a leading position in infrastructure construction, industrial equipment manufacturing and real estate development. Over the decades, the CREC has built more than 2/3 of China's national railway network and 90% of China's electrified railway.

IWH shareholding is 37% Kumpulan Prasarana Rakyat Johor (KPRJ – Johor State Govt) and 63% Credence Resources (Tan Sri Dato' Lim Kang Hoo). At the BMSB level, there will be approximately 76% Malaysian/local interest or 53% federal/state's interest.

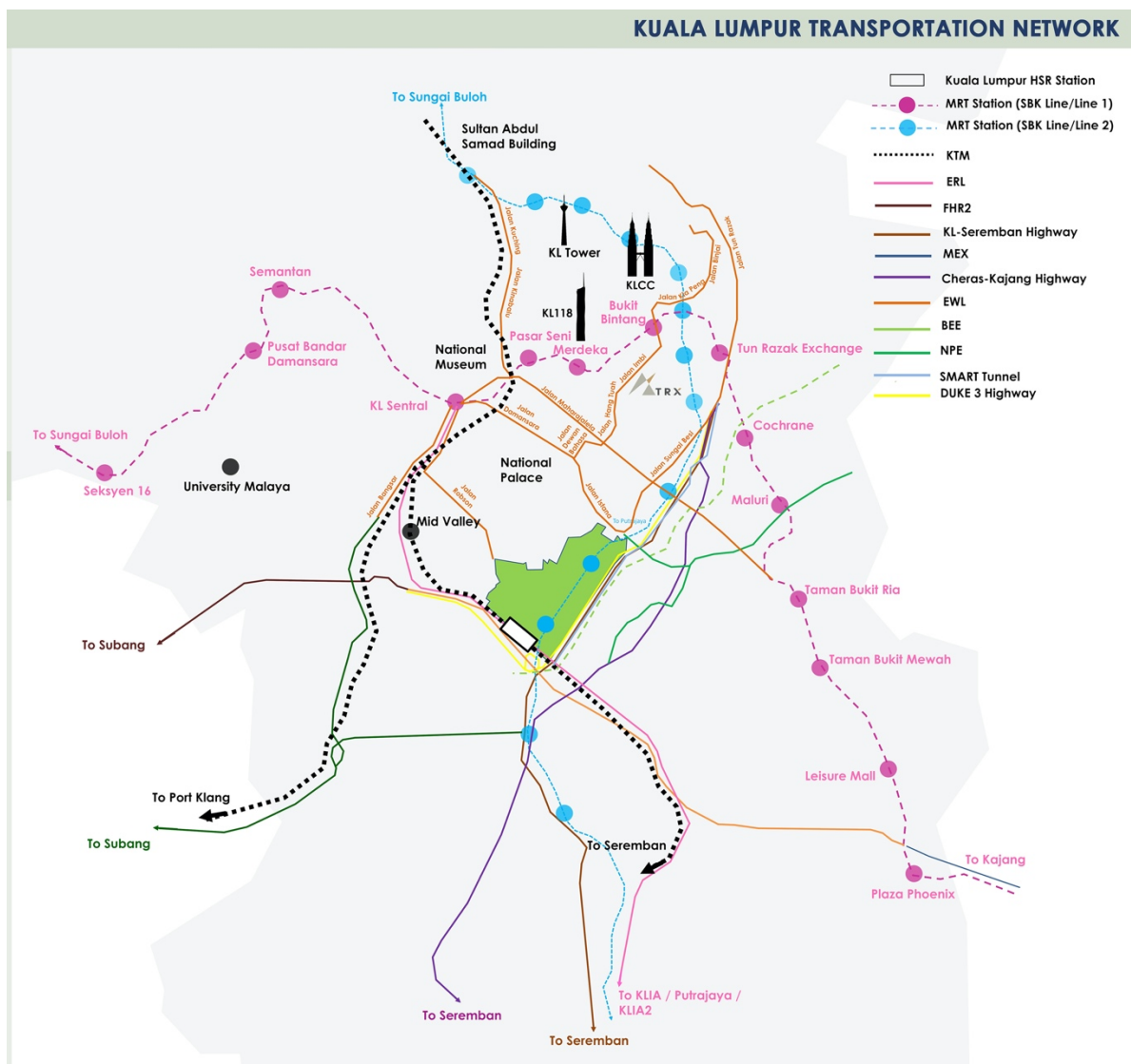


2. Who is TRX City Sdn Bhd (TRXC)?

TRXC is a wholly owned subsidiary of the Ministry of Finance, Malaysia. TRXC was formerly a subsidiary of 1Malaysia Development Bhd before it was transferred to MoF due to mounting 1MDB debts and the inability to fund the TRXC projects, including Bandar Malaysia.

3. What does Bandar Malaysia Sdn Bhd (BMSB) own?

BMSB owns the largest piece of development land in the heart of Kuala Lumpur, the 486-acre Bandar Malaysia is located at the site of Royal Malaysian Air Force base on Jalan Sg Besi.



4. What is the valuation of BMSB?

The acquisition price of RM 6.45bil for a 60% stake in BMSB takes into account:

- the valuation of the land of RM12.35bil; and
- the RM1.6 billion of sukuk issued by BMSB.

	Amount
Value of Bandar Malaysia land	RM12.35 billion
(Deduct): Value of sukuk debt	RM1.6 billion
Value of Bandar Malaysia Sdn Bhd (after deducting RM1.6bn debt)	RM10.75 billion
Value of 60% stake in Bandar Malaysia Sdn Bhd	RM6.45 billion

5. What is the proposed development at BMSB?

The development aspires to be an exemplary mixed-use community of the highest standard, where nature, culture and creativity are integral parts of everyday life. It will offer investment opportunities in various sectors, as well as provide 10,000 affordable housing units and an 85-acre park for the public.

BANDAR MALAYSIA

The Catalyst For The Transformation of Greater Kuala Lumpur



UNDERGROUND CANAL CITY



WORLD-CLASS CITY | Commerce & Community



CENTRAL PARK & UNDERGROUND LANDSCAPE | Interplay of Levels with Lush Greenery & Water features



URBAN LIFESTYLE HUB | Cultural Streets, Theme parks & Underground Retails



Large Contiguous Park (48.6 acres) and affordable housing (10,000 units)



Masterplan



6. What happened to the earlier sale of BMSB in 2017?

June 2015	TRXC commenced international Request for Proposal to source investors for Bandar Malaysia.
July 2015	40 parties including global players from Singapore, China, Japan, Korea and Australia expressed interest to participate in the RFP process.
Dec 2015	IWH-CREC was the winning bidder. TRXC, IWH and CREC entered into a Share Sale Agreement and RM741 million was paid as deposit . However, the deposit was channelled to 1MDB (parent company of TRXC then) for 1MDB to pay its debt obligations.
May 2017	TRXC notified ICSB that the transaction has been terminated. TRXC refunded the RM741 million deposit . The Government (MOF) had to step in to advance the amount to TRXC as the funds were earlier used to pay 1MDB obligations .
June 2017	MOF issued a Request For Proposal (RFP) for Fortune 500 companies or International real estate companies to take on the role of master developer of Bandar Malaysia. However, there was no take up for this.

7. Why is the Government reviving the sale of BMSB?

The Government revived the deal after the necessary detoxification exercise proved that it can generate economic impact on urban development for Malaysia. It will attract more foreign and domestic direct investments which will create new business activities and employment opportunities for ordinary Malaysians. The projected gross development value (GDV) for Bandar Malaysia is approximately RM140 billion over the next 20 years.

8. Why didn't the Government tender again?

The Government had attempted retenders for BMSB in 2017 and 2018 with no confirmed interest at a higher valuation. On the other hand, the previous award to ICSB was based on an open tender in 2015 with the participation of 40 local and international companies.

Following the detoxification exercise that cleansed the project from previous financial scandals, ICSB was still interested in reviving the earlier agreement with significantly improved terms. With the improved terms, and to maintain good relations with foreign governments involved in the project, the Government has decided to proceed with reinstating ICSB as the winning bidder for the 60% stake in BMSB.

9. What are the improved terms of the new agreement?

In this revived deal, which was approved by the Cabinet, the payment terms have been shortened and accelerated from the original 7 years to 3 years to the benefit of the Government of Malaysia. In addition to the original deposit sum of RM741million, ICSB will pay an additional RM500 million advance payment.

Furthermore, Bandar Malaysia will be more Rakyat centric:

- The number of affordable homes will be doubled to 10,000 units.
- There will be an 85-acre People's Park, which will be a combination of a single 48 acre contiguous park and several satellite parks.
- There will be greater Bumiputera participation throughout the project implementation, and priority will be given for the use of Malaysian produced construction materials, technology and talent in the project.

This revived Bandar Malaysia deal would bring substantive economic value to the nation with an expected Gross Development Value (GDV) of approximately RM140 billion. Consistent with announcement on the Bandar Malaysia project revival by YAB Prime Minister in April 2019, this deal is viewed as an integral part of fostering and cementing long-term bilateral relations between Malaysia and China.

	Old Agreement signed on 31 December 2015	New Agreement signed on 17 December 2019
Payment Terms	Purchase Price paid in 7 years	Purchase Price paid in 3 years
Deposit	RM741 million deposit	RM741 million deposit and RM500 million advance payment
Park and recreational area	DBKL standard requirement of 10% i.e. 48.6 acres of park and recreational area.	Total 85 acres of park and recreational area.
Affordable homes	5,000 units	10,000 units
Bumiputera participation		Greater Bumiputera participation and higher usage of Malaysian produced construction materials, technology and talent.
Dividend from land sales	Dividend according to shareholding i.e. 60% to ICSB and 40% to TRXC (govt)	Dividend will be 50:50 to ICSB and TRXC (govt).