

KPJ HEALTHCARE BERHAD (“KPJ” OR THE “COMPANY”)

PROPOSED DISPOSAL OF 2 PARCELS OF VACANT FREEHOLD LAND IN BETHANIA QUEENSLAND AUSTRALIA FOR A TOTAL CASH CONSIDERATION OF AUSTRALIAN DOLLARS (“AUD”) 6,500,000

This announcement is dated 27 January 2023 (“**Announcement**”).

Reference is made to the Company’s announcement dated 13 September 2022 in relation to the Proposed Disposal (as hereinafter defined) (“**Earlier Announcement**”). Unless otherwise stated, the exchange rate of AUD1.00 to Ringgit Malaysia (“**RM**”) 3.0994 (based on the middle rate prevailing as at 5.00 p.m. on 12 September 2022, being the date of the CCLB (as defined herein), as published by Bank Negara Malaysia), is used throughout this Announcement. Certain amounts and percentage figures included herein have been subjected to rounding adjustments.

On behalf of the Board of Directors of KPJ (“**Board**”), AmInvestment Bank Berhad (“**AmInvestment Bank**”) wishes to provide additional information to the Earlier Announcement as follows:-

1. INTRODUCTION

The Board had on 13 September 2022, announced that Jeta Gardens (Qld) Pty Ltd (“**Jeta Gardens**” or “**Vendor**”), a 57%-owned subsidiary of Kumpulan Perubatan (Johor) Sdn Bhd, which in turn is a wholly-owned subsidiary of KPJ, had entered into a Contract for Commercial Land and Buildings (“**CCLB**”) with JLand Australia Pty Ltd (“**JLand Australia**” or “**Purchaser**”) on 12 September 2022, for the proposed disposal of 2 parcels of vacant freehold land measuring a total area of approximately 10.94 hectares held under Lot 5 on RP890048 and Lot 1 on SP240417, Albert Street, Bethania, Queensland, Australia (“**Land**”) for a total cash consideration of AUD6,500,000 (equivalent to RM20,146,100) (“**Disposal Consideration**”) (“**Proposed Disposal**”).

On 17 January 2023, Jeta Gardens had issued a supplemental letter to JLand Australia (“**Supplemental Letter**”) to vary the CCLB and to include additional terms and conditions into the CCLB, which include inter-alia that the CCLB is conditional upon the shareholders’ approval of KPJ on the Proposed Disposal being obtained by the settlement date (“**Shareholders’ Approval Condition**”). The Supplemental Letter has been acknowledged and agreed by JLand Australia, and received by KPJ on 27 January 2023.

The Proposed Disposal is a related party transaction pursuant to Paragraph 10.08 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Listing Requirements**”) by virtue of the interests of the directors and major shareholder as detailed in Section 8 of this Announcement.

In this respect, the Board has appointed BDO Capital Consultants Sdn Bhd as the independent adviser (“**Independent Adviser**”) for the Proposed Disposal.

2. DETAILS OF THE PROPOSED DISPOSAL

Pursuant to the CCLB, Jeta Gardens shall agree to sell and JLand Australia shall agree to purchase the Land free from all encumbrances other than:-

Easement in gross no. 714007690 (burdening Lot 1 on SP240417);

Easement no. 714023228 (benefiting Lot 1 on SP240417);

Easement no. 714023231 (benefiting Lot 1 on SP240417);

Easement no. 714023232 (benefiting Lot 1 on SP240417);

Easement no. 714023233 (benefiting Lot 1 on SP240417);

Easement no. 714023248 (benefiting Lot 1 on SP240417);
Easement no. 714023251 (benefiting Lot 1 on SP240417);
Easement no. 714023254 (benefiting Lot 1 on SP240417);
Easement no. 714023258 (benefiting Lot 1 on SP240417);
Easement no. 714023274 (benefiting Lot 1 on SP240417);
Easement no. 714023276 (benefiting Lot 1 on SP240417);
Easement no. 714023280 (benefiting Lot 1 on SP240417); and
Easement no. 714023282 (benefiting Lot 1 on SP240417),

for the Disposal Consideration based on the terms and subject to the conditions contained in the CCLB. For information, an easement is a right granted by a land proprietor to another, in his capacity as such and for the beneficial enjoyment of his land. Such rights are any right to do something in, over or upon the said land and any right that something should not be so done.

The salient terms of the CCLB and Supplemental Letter are set out in Appendix I of this Announcement.

2.1 Information on the Land

The Land is located along the northern side of the Albert Street and abuts on the Logan River in the north and Pookgoor Creek to the west. It is located within the sub-urban of Bethania, about 31 kilometres to the south of the Brisbane Central Business, 32.7 kilometres to the south of Brisbane city centre and 50 kilometres to the north-west of Gold Coast city centre.

The Land is surrounded with developments/landmarks comprising the Jeta Gardens Aged Care and Retirement Village to the east, with predominantly of low-density residential further afield, the Logan River to the north and River Bend Gardens (tourist accommodation) to the west. The Palm Lake Resort Bethania and Palm Lake Resort Waterford (land lease communities), as well as Palm Lake Care (aged care facility) are located to the south of Albert Street.

The Land fronts Albert Street and is accessible from Brisbane city centre and Gold Coast city centre via the Pacific Motorway (M1), exiting the Exit 24 onto Loganlea Road and thence via Albert Street.

The location of the Land is highlighted in the map below.



(Source: Valuation Report)

The details of the Land are as follows:-

	Title reference no.	
	50082560	50855907
Lot no.	Lot 5 on RP890048	Lot 1 on SP240417
Description	5.6691 hectares parcel of vacant land designated for low density residential, recreation and open space	5.2670 hectares parcel of vacant land designated for low density residential, recreation and open space
Address	76-84 Albert Street, Bethania, Queensland 4205, Australia	86-96 Albert Street, Bethania, Queensland 4205, Australia
Existing use	Vacant	Vacant
Tenure	Freehold	Freehold
Land Area	5.6691 hectares	5.2670 hectares
Net book value @ 31 December 2021		AUD6,281,863 (RM19,470,006)
Market value		AUD6,500,000 (RM20,146,100)
Date of investment		Note (i)
Original cost of investment		Note (i)
Encumbrances	Mortgage Loan with Malayan Banking Berhad	

(Source: KPJ management and valuation report)

Note:-

- (i) On 30 November 2011, Kumpulan Perubatan (Johor) Sdn Bhd, a wholly-owned subsidiary of KPJ, had acquired 51% equity interest in Jeta Gardens Waterford Trust (the Land was part of the assets of the trust) for a total cash consideration of RM19.0 million. As at 30 June 2010, the land was valued in the books at AUD5.6 million. On 1 January 2013, all of the Jeta Gardens Waterford Trust's operations, assets, liabilities and equity were transferred to Jeta Gardens at recorded book values to facilitate the termination of the trust. As at 20 January 2023, being the latest practicable date of this Announcement ("LPD"), Kumpulan Perubatan (Johor) Sdn Bhd has 57% equity interest in Jeta Gardens.

2.2 Information on the Purchaser

JLand Australia was incorporated in Australia on 22 February 2022 as a private limited company. JLand Australia is principally involved in the activities of property development business in Australia.

As at LPD, the issued share capital of JLand Australia is AUD3.00 comprising 3 ordinary shares.

As at LPD, the directors of JLand Australia are Datuk Akmal bin Ahmad, Yan Chuang Ng and Mohd Yusof bin Ahmad and the sole shareholder of JLand Australia is Johor Land Berhad, a wholly-owned subsidiary of Johor Corporation ("JCorp"), which is a body corporate established under the Johor Corporation Enactment No. 4, 1968 (as amended under Enactment No. 5, 1995).

2.3 Basis of and justification for the Disposal Consideration for the Land

Jeta Gardens has engaged a property and real estate agent to undertake the sale and marketing of the Land. After considering the offers received from prospective buyers, JLand Australia's offer was shortlisted for negotiation and accepted by Jeta Gardens on the basis that it was the highest offer.

The Disposal Consideration was arrived at on a "willing buyer-willing seller" basis, after taking into consideration the market value of the Land of AUD6.5 million based on the valuation done for purposes of the financial year ended ("FYE") 2020 financial statements. (i.e. the latest available valuation report).

Cheston International (KL) Sdn Bhd in collaboration with Colliers International Valuation And Advisory Services ("Independent Valuer"), has conducted a new valuation dated 23 November 2022. The valuation of the Land has been carried out by using the following methods:-

The Land (Title reference no.)	Market Value		Valuation method
	(AUD)	(RM)*	
50082560	6,500,000	20,146,100	Market/Comparison Approach
50855907			
Total	6,500,000	20,146,100	

(Source: Independent Valuer's valuation report dated 23 November 2022)

Note:-

* For the purpose of this Announcement, the exchange rate used is AUD1.00 to RM3.0994 (based on the middle rate prevailing as at 5.00 p.m. on 12 September 2022, being the date of the CCLB, as published by Bank Negara Malaysia).

2.4 Liabilities or guarantees to be assumed by Jeta Gardens

There are no liabilities, including contingent liabilities and/or guarantees, to be assumed by Jeta Gardens arising from the Proposed Disposal.

2.5 Utilisation of proceeds

The Disposal Consideration of AUD6,500,000 or approximately RM20,146,100 is proposed to be utilised in the following manner:-

Details of utilisation	Notes	Expected timeframe for utilisation from Completion Date	Amount	
			(AUD'000)	(RM'000)
General working capital	(i)	Within 12 months	3,723	11,539
Repayment of Jeta Garden's banking facilities	(ii)	Within 1 month	2,664	8,257
Estimated expenses for the Proposed Disposal	(iii)	Within 1 month	113	350
Total			6,500	20,146

Notes:-

- (i) *The proceeds earmarked for the general working capital are intended to be utilised for Jeta Gardens' day to day operation expenses which include, amongst others, payment to suppliers, statutory and administrative payments, staff cost and office related expenses.*
- (ii) *The proceeds for repayment of Jeta Gardens' banking facilities are for the settlement of term loan and short-term revolving credit. Assuming the repayment is to be made at end March 2023, the outstanding banking facilities to be settled is estimated to be AUD2.664 million (RM8.257 million). The weighted average interest rate for the outstanding banking facilities is 4.97% per annum. Any excess or shortfall from the proceeds allocated will be adjusted to/from proceeds allocated for working capital purposes.*
- (iii) *The estimated expenses for the Proposed Disposal which include, amongst others, professional fees (i.e. adviser, solicitors, valuer, etc), regulatory fees and other incidental expenses in relation to the Proposed Disposal.*

Pending utilisation, the cash proceeds from the Proposed Disposal will be deposited with licensed financial institutions and/or invested in money market instruments as the Board may deem fit.

3. RATIONALE

Jeta Gardens is principally involved in the development of retirement and aged care facilities as well as the operation of retirement village and aged care business.

Over the last 3 financial years from 2019 to 2021, Jeta Gardens and its subsidiaries ("**Jeta Group**") had recorded loss before taxation ranging from AUD3.72m – AUD6.14m per annum. As at 31 December 2021, Jeta Group has a deficit in working capital, with the current liabilities exceeding current assets by AUD15.245 million (equivalent to RM47.280 million), and net liabilities of AUD24.987 million (equivalent to RM77.444 million).

The Proposed Disposal enables Jeta Gardens to raise AUD6,500,000 (equivalent to RM20,146,000). The proceeds from the Proposed Disposal would be used to retire the loan taken from the bank for which the Land has been charged as collateral. The surplus cash of AUD3,723,000 (equivalent to RM11,539,066) would be used to fund its working capital.

4. RISK IN RELATION TO THE PROPOSED DISPOSAL

The completion of the Proposed Disposal is dependent on the satisfaction of the condition precedent to the Proposed Disposal, i.e. the Shareholders' Approval Condition. There is no assurance that such condition precedent can be completed by the stipulated date, and in the event of non-fulfilment of the said condition precedent by the stipulated date, the CCLB will be terminated.

Save for the above completion risk, the Board does not foresee any other material risk factors which could materially affect the Proposed Disposal.

5. EFFECT OF THE PROPOSED DISPOSAL

5.1 Issued share capital and substantial shareholders' shareholdings

The Proposed Disposal will not have any effect on the issued share capital and substantial shareholders' shareholdings of KPJ as it does not involve any issuance of new shares in KPJ.

5.2 Net assets (“NA”), NA per share and gearing

For illustration purposes, based on the audited consolidated financial statements of KPJ for the FYE 31 December 2021, assuming that the Proposed Disposal had been effected on the last day of the financial year, the financial impact to the Group’s NA, NA per share and gearing for FYE 31 December 2021 are as follows:-

	Audited FYE 31 December 2021	After the Proposed Disposal
	(RM’000)	(RM’000)
Share capital	959,521	959,521
Treasury shares	(155,310)	(155,310)
Merger reserve	(3,367)	(3,367)
Exchange reserve	(725)	(725)
Revaluation reserve	237,768	237,768
Share options reserve	45,622	45,622
Retained earnings	1,051,921	⁽ⁱ⁾ 1,051,453
Equity attributable to owners of the Company/ NA	<u>2,135,430</u>	<u>2,134,962</u>
Non-controlling interests	115,078	115,078
Total equity	<u>2,250,508</u>	<u>2,250,040</u>
No. of shares in issue (excluding treasury shares) (<i>’000</i>)	4,326,852	4,326,852
NA per share (<i>RM</i>)	0.49	0.49
Total borrowings ⁽ⁱⁱ⁾	1,828,464	1,820,208
Gearing (<i>times</i>)	0.86	0.85

Notes:-

- (i) After taking into consideration the loss on sale of the Land of RM118,000 and after deducting the estimated expenses for the Proposed Disposal of RM350,000.
- (ii) Assuming the repayment of banking facilities amounting to RM8.257 million from the proceeds of the Proposed Disposal.

5.3 Earnings and Earnings per share (“EPS”)

For illustration purposes, based on the audited consolidated financial statements of KPJ for FYE 31 December 2021, assuming the Proposed Disposal was completed at the beginning of the financial year, the financial effects on the KPJ Group’s earnings and EPS are as follows:-

	<u>Amount</u> <u>(RM’000)</u>
Profit attributable to owners of the Company	51,033
Add: Interest saving on early repayment of banking facilities	335
Less: Loss on sale of the Land ⁽ⁱ⁾	(118)
Less: Estimated expenses for the Proposed Disposal	(350)
Proforma profit attributable to owner of the Company	<u>50,900</u>
Weighted average number of Shares in issue (‘000)	4,291,969
Basic EPS before the Proposed Disposal (sen)	1.19
Basic EPS after the Proposed Disposal (sen)	1.19

Note:-

- (i) *Expected proforma loss arising from the Proposed Disposal.*

Although the disposal consideration of RM20.146 million is above the net book value of the Land, the Proposed Disposal is expected to give rise to RM118,000 loss on disposal to the KPJ Group due to the cost incurred for the sale of Land, details of which are set out below:-

	<u>Amount</u> <u>(RM’000)</u>
<i>Disposal Consideration</i>	<i>20,146</i>
<i>Less: Net Book Value of the Land as at 31 December 2021</i>	<i>(19,470)</i>
<i>Proforma gross gain arising from the Proposed Disposal</i>	<i>676</i>
<i>Less: Incidental cost for sale of Land (agent and legal costs)</i>	<i>(794)</i>
<i>Expected proforma loss from the Proposed Disposal</i>	<i><u>(118)</u></i>

Approximately RM11.539 million of disposal proceeds are earmarked for Jeta Gardens’ working capital for the next 12 months. This would give rise to annual interest savings cost of RM546,250 assuming Jeta Gardens finances its working capital through bank borrowings at 4.75% per annum.

6. APPROVALS REQUIRED

The Proposed Disposal is subject to the following approvals being obtained:-

- (i) the approval of the shareholders of KPJ at an extraordinary general meeting (“EGM”) to be convened for the Proposed Disposal; and
- (ii) approvals/consents of any other relevant authorities and/or parties, if required.

The Proposed Disposal is not conditional upon any other proposals undertaken or to be undertaken by KPJ.

7. HIGHEST PERCENTAGE RATIO

The highest percentage ratio applicable for the Proposed Disposal pursuant to Paragraph 10.02(g) of the Listing Requirements is 11.35% (including the percentage ratio of the sale and leaseback proposal with Al-Aqar Healthcare REIT announced on 2 September 2022 and the rental revision of a property located in Australia with Al-Aqar Australia Pty Ltd announced on 15 October 2021).

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

As at LPD, the interest of the Interested Directors and Interested Major Shareholders are as follows:-

8.1 Interested Directors' Interest

The directors who are deemed interested in the Proposed Disposal are as follows:-

- (i) Datuk Md Arif bin Mahmood, the Non-Independent Non-Executive Chairman of KPJ, is a person connected to JCorp by virtue of him being a Board representative of JCorp in KPJ;
- (ii) Rozaini bin Mohd Sani is a Non-Independent Non-Executive Director of KPJ and also a senior management of JCorp; and
- (iii) Shamsul Anuar bin Abdul Majid is a Non-Independent Non-Executive Director of KPJ and also a senior management of JCorp.

On the contrary, Khairuddin bin Jaflus, who is an Independent Non-Executive Director of KPJ and also an independent non-executive director of Johor Land Berhad, on a voluntary basis, had informed that he will abstain from all deliberations at the relevant Board meetings for the Proposed Disposal.

(Collectively referred to as "**Interested Directors**").

Accordingly, the Interested Directors have abstained and will continue to abstain from all deliberations and voting in respect of the Proposed Disposal at the relevant Board meetings of the Company. The Interested Directors will also abstain from the voting and have undertaken to ensure that persons connected to them will abstain from voting in respect of their direct and/or indirect shareholdings (if any) in KPJ on the resolution pertaining to the Proposed Disposal to be tabled at the forthcoming EGM of KPJ.

As at LPD, save for Datuk Md Arif bin Mahmood who holds 30,000 ordinary shares in KPJ, the other Interested Directors do not have any shareholdings in KPJ.

8.2 Interested Major Shareholder's Interest

JLand Australia is a wholly-owned subsidiary of Johor Land Berhad, which in turn is a wholly-owned subsidiary of JCorp. As such, JCorp is deemed interested in the Proposed Disposal ("**Interested Major Shareholder**").

The direct and indirect shareholdings of the Interested Major Shareholder in KPJ as at LPD are as follows:-

	Direct		Indirect	
	No. of shares	%	No. of shares	%
	'000		'000	
JCorp	1,545,916	35.58	417,760	⁽ⁱ⁾ 9.63

Note:-

- (i) *Deemed interested by virtue of its shareholdings in Kulim (Malaysia) Berhad, Johor Ventures Sdn. Bhd., RHB Nominees (Tempatan) Sdn. Bhd. For JCorp Capital Solutions Sdn. Bhd., Johor Land Berhad and Waqaf An-Nur Corporation Berhad pursuant to Section 8(4) of the Companies Act 2016.*

Accordingly, JCorp will abstain from voting in respect of its direct and indirect shareholdings in KPJ on the resolution pertaining to the Proposed Disposal to be tabled at the forthcoming EGM. In addition, JCorp will ensure that persons connected to it, if any, will abstain from voting in respect of their direct and indirect shareholdings in KPJ on the resolution pertaining to the Proposed Disposal to be tabled at the forthcoming EGM.

9. TRANSACTIONS WITH JCORP FOR THE PRECEDING 12 MONTHS

Save for the sale and leaseback proposal with Al-`Aqar Healthcare REIT announced on 2 September 2022 and a rental revision of a property located in Australia with Al-Aqar Australia Pty Ltd announced on 15 October 2021, there were no transactions (excluding transactions in the ordinary course of business) entered into between KPJ and JCorp for the preceding 12 months from the date of this Announcement.

10. AUDIT COMMITTEE'S STATEMENT

The audit committee of KPJ (save for Rozaini bin Mohd Sani and Khairuddin bin Jaflus), after having considered all aspects of the Proposed Disposal, including the rationale and financial effects of the Proposed Disposal, valuation of the Land ascribed by the Independent Valuer as well as the preliminary views of the Independent Adviser, is of the opinion that the Proposed Disposal is fair, reasonable and on normal commercial terms and are in the best interests of the Company and not detrimental to the interest of the minority shareholders.

11. DIRECTOR'S STATEMENT / RECOMMENDATION

The Board, save for the Interested Directors, after having considered all aspects of the Proposed Disposal, including the rationale and financial effects of the Proposed Disposal, valuation of the Land as ascribed by the Independent Valuer as well as the preliminary views of the Independent Adviser for the Proposed Disposal, is of the opinion that the Proposed Disposal is in the best interests of the Company.

12. ADVISERS

AmlInvestment Bank has been appointed as the Principal Adviser for the Proposed Disposal.

The Proposed Disposal is deemed a related party transaction pursuant to the Listing Requirements. In this relation, the Board had appointed BDO Capital Consultants Sdn Bhd as the Independent Adviser to undertake the following:-

- (i) comment as to whether the Proposed Disposal is:-
- (a) fair and reasonable so far as the non-interested shareholders of KPJ are concerned; and
 - (b) to the detriment of the non-interested shareholders of KPJ, and set out the reasons for such opinion, the key assumptions made and the factors taken into consideration in forming that opinion;

- (ii) advise the non-interested directors of the Company and the non-interested shareholders of KPJ on the Proposed Disposal, and whether the non-interested shareholders of KPJ should vote in favour of the Proposed Disposal; and
- (iii) take all reasonable steps to satisfy itself that it has a reasonable basis to make the comments and advice in relation to items (i) and (ii) above.

13. ESTIMATED TIMEFRAME FOR THE COMPLETION OF THE PROPOSED DISPOSAL

Barring any unforeseen circumstances and subject to the fulfilment of the condition(s) precedent as set out in the Supplemental Letter, the Proposed Disposal is expected to be completed in the 1st quarter of the year 2023.

14. DOCUMENTS AVAILABLE FOR INSPECTION

The CCLB, Supplemental Letter, valuation report and valuation certificate will be made available for inspection at registered office of KPJ at Level 13, Menara KPJ, 238 Jalan Tun Razak, 50400 Kuala Lumpur during normal office hours from Mondays to Fridays (except on public holidays) for a period of 3 months from the date of this Announcement.

SALIENT TERMS OF THE CCLB AND SUPPLEMENTAL LETTER

The salient terms of the CCLB as supplemented by the Supplemental Letter are as follows:-

Consideration

The Disposal Consideration is AUD6,500,000.00. The deposit which is 10% of the Disposal Consideration amounting to AUD650,000.00 ("**Deposit**") shall be paid within 5 business days after the date of the CCLB and the balance of the Disposal Consideration amounting to AUD5,850,000.00 ("**Balance Consideration**") shall be satisfied by 15 April 2023 or such other date as may be agreed in writing by the parties or fixed pursuant to the conditions of the CCLB ("**Settlement Date**").

Deposit

1) The Deposit shall be paid by the Purchaser to Eagle Street (Brisbane) Pty Ltd t/as Ray White Commercial (Queensland) ("**Deposit Holder**") within 5 business days after 12 September 2022.

2) If the Purchaser:

- (i) fails to pay the Deposit as provided in paragraph 1 above;
- (ii) pays the Deposit by cheque which is post-dated; or
- (iii) pays the Deposit by cheque which is not honoured on presentation;

then, the Purchaser shall be in substantial breach of this CCLB and the Vendor may:

- (i) affirm this CCLB and exercise the rights to:
 - a) sue the Purchaser for damages for breach or for specific performance and damages in addition to or instead of damages for breach; and
 - b) recover from the Purchaser as a liquidated debt the Deposit or any part of it which the Purchaser has failed to pay and shall pay the Deposit or any part of the Deposit which is recovered to the Deposit Holder; or
- (ii) terminate this CCLB and exercise the rights to:
 - a) declare the Deposit (or so much of it as shall have been paid) forfeited and/or sue the Purchaser for breach; or
 - b) declare the Deposit (or so much of it as shall have been paid) forfeited and/or resell the Land and if the resale is completed within 2 years from the date of termination any deficiency and any expense arising from such resale shall be recoverable by the Vendor from the Purchaser as liquidated damages;

and in either case the Vendor may recover from the Purchaser as a liquidated debt the Deposit or any part of it which has not been paid by the Purchaser.

3) The Deposit shall be retained by the Deposit Holder until settlement or earlier termination of this CCLB whereupon the Deposit Holder shall pay the Deposit to the person entitled to it.

4) If this CCLB is terminated other than due to the Purchaser's default, the Deposit will be paid to the Purchaser.

SALIENT TERMS OF THE CCLB AND SUPPLEMENTAL LETTER (CONT'D)

Settlement of Balance Consideration

- 1) The Balance Consideration shall be paid on the Settlement Date as the Vendor or the Vendor's solicitor directs in exchange for:
 - a) possession of the Land (such possession to be vacant except for any lease);
 - b) a properly executed transfer for the Land in favour of the Purchaser capable of immediate registration (after stamping) in the appropriate office free from encumbrances (other than those set out in Section 2 of this Announcement) and title to the Land free from encumbrances (other than those set out in Section 2 of this Announcement) but subject to the conditions of this CCLB;
 - c) any declaration required, by the Duties Act 2001 to be furnished to procure the stamping of the transfer;
 - d) such other instruments or declarations as are required by law to be signed by the Vendor to procure the stamping and/or registration of the transfer;
 - e) except as otherwise provided in this CCLB, any instrument of title for the Land required to register the transfer;
 - f) notices of assignment issued pursuant to this CCLB;
 - g) all other instruments (which shall be duly stamped) in the possession or control of the Vendor evidencing estates and interests affecting the Land and which are exclusive to the Land;
 - h) true copies of all other instruments (which shall be duly stamped) in the possession or control of the Vendor evidencing estates and interests affecting the Land but which are not exclusive to the Land;
 - i) the Certificate of Classification pursuant to the Building Act 1975 appropriate to the uses stated in item H* (if the improvements on the Land may not be lawfully occupied unless such certificate has issued);
 - j) all plans and drawings relating to the construction of the improvements on the Land in the possession or control of the Vendor; and
 - k) all documents in the possession or control of the Vendor which the Purchaser would reasonably require to enable the Purchaser to manage the Land and to prepare returns under the Income Tax Assessment Act 1936.

Note:-

* There is no present use stated under item H of the CCLB for Land.

Conditions Precedent

- 1) The CCLB shall be conditional upon KPJ's shareholders' approval on the Proposed Disposal being obtained by the Settlement Date ("**Shareholders' Approval Condition**").
- 2) For the purpose of satisfying the Shareholders' Approval Condition:
 - a. the Vendor shall procure KPJ to hold a shareholders' meeting in relation to the Proposed Disposal ("**Meeting**");

SALIENT TERMS OF THE CCLB AND SUPPLEMENTAL LETTER (CONT'D)

- b. the Vendor shall forthwith notify the Purchaser of the outcome of the Meeting upon the conclusion of the said Meeting ("**Notice**"); and
 - c. if the Vendor fails to give such Notice within 24 hours of the conclusion of the Meeting, then the Shareholder Approval Condition shall be deemed satisfied.
- 3) In the event that the Shareholders' Approval Condition is not satisfied and the CCLB is terminated as a result thereto:-
- a. Vendor shall cause the Deposit Holder, within 14 business days, to refund the Purchaser or its nominee the Deposit and other monies paid by the Purchaser under the CCLB; and
 - b. Vendor and Purchaser shall discuss and negotiate in good faith and on best effort basis on the sharing of the costs and expenses incurred by the parties up until 9 December 2022, being the cut-off agreed by the parties, and incurred by KPJ up to the date of obtaining KPJ's shareholders' approval.

The costs and expenses that are subject to the aforesaid discussion and negotiations may include:

- (i) legal fees and charges;
- (ii) Australian Foreign Investment Review Board (FIRB) cost;
- (iii) Stamp duty;
- (iv) All cost and expenses incurred by the Purchaser for preparing the development application for the subject Land;
- (v) All cost and expenses incurred by the Vendor for preparing the Land for sale including legal fee, agent fee and advertising costs;
- (vi) All costs and expenses incurred by the Vendor or KPJ, as the case may be, for convening the Meeting.

Events of default

- 1) Events of default by the Purchaser and consequences under the CCLB:-

In the event that, the Purchaser fails to:

- (i) pay the Balance Consideration before the Settlement Date; or
- (ii) comply with any of the terms or conditions of the CCLB;

then the Vendor may affirm or terminate the CCLB. In the event that, the Vendor:

- a) affirms the CCLB, the Vendor may:
 - (i) sue the Purchaser for damages for breach or for specific performance and damages in addition to or instead of damages for breach; and
 - (ii) recover from the Purchaser as a liquidated debt the Deposit or any part of it which the Purchaser has failed to pay and shall pay the Deposit or any part of the Deposit which is recovered to the stakeholder of the Deposit.
- b) terminates the CCLB, the Vendor may:
 - (i) declare the Deposit (or so much of it as shall have been paid) forfeited and/or sue the Purchaser for breach; or
 - (ii) declare the Deposit (or so much of it as shall have been paid) forfeited and/or resell the Land and if the resale is completed within two (2) years from the date of

SALIENT TERMS OF THE CCLB AND SUPPLEMENTAL LETTER (CONT'D)

termination any deficiency and any expense arising from such resale shall be recoverable by the Vendor from the Purchaser as liquidated damages;

and in either case the Vendor may recover from the Purchaser as a liquidated debt the Deposit or any part of it which has not been paid by the Purchaser.

- 2) There is no event of default set out for the Vendor but if the CCLB is terminated other than due to the Purchaser's default, the Deposit will be paid to the Purchaser.

Development Application

- 1) The Vendor acknowledges that the Purchaser may, at its sole cost and expense, lodge a Development Application*.
- 2) Within 20 business days of the Vendor receiving a written request from the Purchaser, the Vendor must, subject to the remainder of this condition, execute and return to the Purchaser all consents and other documents necessary to allow the Purchaser to make a Development Application.
- 3) The Vendor may refuse to execute any such consents or other documents if it is (acting reasonably) of the opinion that the proposed change of use or reconfiguration envisaged by the Purchaser's Development Application or any party thereof may be materially detrimental to the Vendor or its use or occupation of the Vendor's adjoining land.
- 4) The Purchaser is liable for and indemnifies the Vendor against all liability, loss, penalties, payments, costs, charges and expenses in connection with the making and progressing of the Development Application.
- 5) Without limiting paragraph 2 above, the Vendor is not obliged to lodge an appeal (where an appeal is possible), initiate any review, incur any cost or expense or otherwise take any action in relation to the Development Application.
- 6) Paragraph 2 above ceases to apply upon settlement of the sale and purchase of the Land in accordance with the terms of this CCLB.

Note:-

* 'Development Application' means an application for a Development Approval and includes any preliminary approvals or steps required to be taken to obtain a Development Approval. 'Development Approval' means an approval under the Planning Act 2016 (Qld) that permits a material change of use for the Land and/or for the Land to be lawfully reconfigured in a form and for a use acceptable to the Purchaser in its discretion.