



**IJM CORPORATION BERHAD**  
(Company No. 104131-A)

Presentation to the shareholders of IJM Corporation Berhad in relation to the proposed privatisation of IJM Land Berhad by way of a members' scheme of arrangement pursuant to Section 176 of the Companies Act, 1965

8 January 2015

# 1. Overview of the Proposed Privatisation



- On 9 June 2014, IJM announced the Proposed Privatisation to be undertaken via a members' scheme of arrangement between IJM Land, IJM and/or its nominee(s), and all the Scheme Shareholders pursuant to Section 176 of the Act involving the acquisition by IJM and/or its nominee(s) and transfer of all the Scheme Shares to IJM and/or its nominee(s).
- The offer consideration for each Scheme Share is RM3.55 which will be satisfied through:
  - the issuance of 0.5 IJM Share to be issued at the issue price of RM6.66 per IJM Share
  - RM0.22 in cash
- The issue price of RM6.66 per IJM Share and RM0.22 in cash for each Scheme Share has been adjusted for the IJM 2015 Dividend declared by the IJM Board on 25 November 2014.

# 1. Overview of the Proposed Privatisation (Cont'd)



- Based on 558,772,287 IJM Land Shares held by the Scheme Shareholders (representing 35.85% of the issued and paid-up share capital of IJM Land as at 30 November 2014), the total consideration for the Proposed Privatisation is approximately RM1.98 billion to be satisfied in the following manner:

	IJM Shares	IJM Land Shares	Per unit	Total
	Units	Units	(RM)	(RM'billion)
Consideration Shares	279,386,143	-	6.66	1.86
Cash Consideration	-	558,772,287	0.22	0.12
<b>Total</b>				<b>1.98</b>

## 2. Basis and Justification for the Offer Price



- The Offer Price of RM3.55 represents a premium based on the following historical market prices of IJM Land Shares:

	Share price	IJML Dividend	Adjusted share price*	Premium	
	(RM)	(RM)	(RM)	(RM)	(%)
Last Traded Price	3.20	0.06	3.14	0.41	13.06
5-day VWAMP#	3.15	0.06	3.09	0.46	14.89
1-month VWAMP#	3.06	0.06	3.00	0.55	18.33
3-month VWAMP#	2.97	0.06	2.91	0.64	21.99

(Source : Bloomberg)

\* Adjusted share price was arrived at after deducting the IJML Dividend

# VWAMP - Volume weighted average market price up to and including the date prior to the Proposal Letter

## 2. Basis and Justification for the Offer Price (Cont'd)



- The total consideration of RM1.98 billion translates into PER and PBR of 17.22 times and 1.68 times, respectively, as follows:

IJM Land Group	Audited as at 31 March 2014	Ratio
Profit after tax and minority interests	RM310.48 million (excluding gain on re-measurement)	17.22 times
Net assets	RM3.28 billion	1.68 times

## 2. Basis and Justification for the Offer Price (Cont'd)



- The PBR and PER above falls within the range of the trading PBR and PER based on the closing share price of the comparable companies on the Last Trading Day i.e. 5 June 2014:

Comparable Company	PER (times)	PBR (times)
UEM Sunrise	15.45	1.55
IOI Properties	10.20	0.73
SP Setia	16.45	1.31
Mah Sing	10.64	1.66
E&O	26.86	2.12
<b>High</b>	<b>26.86</b>	<b>2.12</b>
<b>Low</b>	<b>10.20</b>	<b>0.73</b>
<b>Average</b>	<b>15.92</b>	<b>1.47</b>

### 3. Basis and Justification for the Issue Price



- The issue price of RM6.66 represents the following premium and/or discount to the historical market prices of IJM Shares:

	Share price	IJM Dividend	IJM 2015 Dividend	Adjusted share price*	(Discount) / Premium	
	RM	RM	RM	RM	RM	%
Last Traded Price	7.00	0.21	0.04	6.75	(0.09)	(1.33)
5-day VWAMP#	6.85	0.21	0.04	6.60	0.06	0.91
1-month VWAMP#	6.63	0.21	0.04	6.38	0.28	4.39
3-month VWAMP#	6.35	0.21	0.04	6.10	0.56	9.18

(Source : Bloomberg)

\* Adjusted share price was arrived at after deducting the IJM dividends

# VWAMP - Volume weighted average market price up to and including the date prior to the Proposal Letter

## 4. Valuation of Material Real Estate



IJM and IJM Land had jointly appointed the Independent Valuers to conduct the valuation of the material real estate of IJM Land Group, which accounts for 72.0% of IJM Land Group's NBV



## 4. Valuation of Material Real Estate (Cont'd)



Real Estate	Equity Interest by IJM Land	Independent Valuer	Audited NBV as at 31 March 2014	Market Value	Surplus
			(RM mil)	(RM mil)	(RM mil)
Bandar Rimbayu	60%	Knight Frank	1,258.3	1,726.0	467.7
Pantai Sentral Park	100%	Knight Frank	250.9	400.0	149.1
The Light Waterfront and Bandar Sri Pinang	80%	Knight Frank	481.8	2,218.0	1,736.2
Royal Mint Gardens	51%	Knight Frank LLP	395.4	495.5	100.1

## 4. Valuation of Material Real Estate (Cont'd)



Real Estate	Equity Interest by IJM Land	Independent Valuer	Audited NBV as at 31 March 2014	Market Value	Surplus
			(RM mil)	(RM mil)	(RM mil)
S2 Heights	100%	Raine & Horne	348.8	940.3	591.5
Seremban 2	100%	Raine & Horne	241.4	681.6	440.2
Bandar Utama Sandakan	100%	CH Williams	154.9	198.8	43.9
Shah Alam 2	100%	Raine & Horne	153.6	385.6	232.0
<b>Total</b>			<b>3,285.0</b>	<b>7,045.9</b>	<b>3,760.9</b>

## 5. Rationale and Benefits of the Proposed Privatisation



In line with your Board's intention to obtain full control of IJM Land by making it a wholly-owned subsidiary

Greater liberty to plan and decide on the strategic and future business direction of IJM Land

Leverage on IJM's financial standing and resources to assist in the growth of IJM Land and to strengthen IJM Land's position to undertake larger scale projects in the future

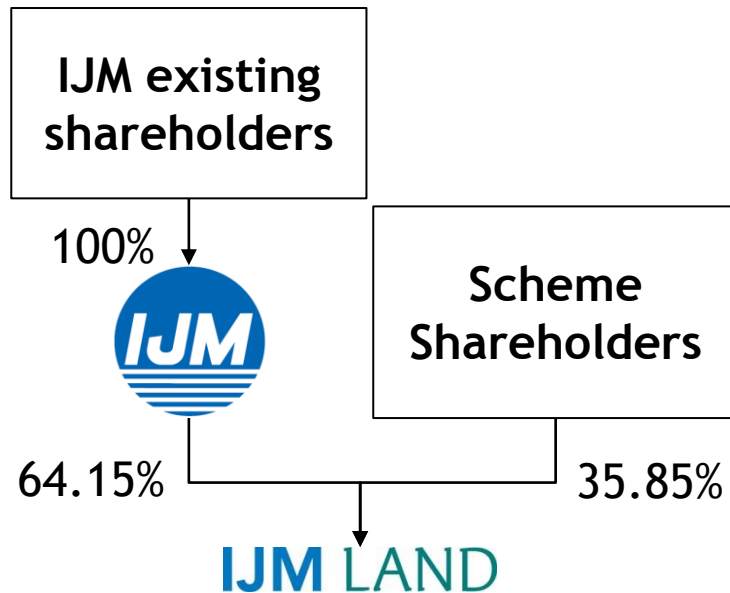
Provides an avenue for the Scheme Shareholders to swap their IJM Land Shares which have been traded at low liquidity level with IJM Shares



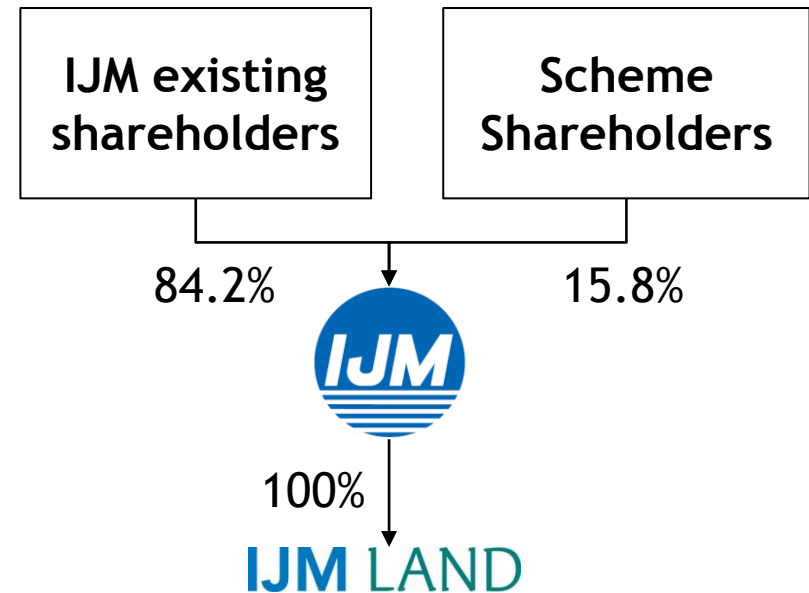
## 6. Effects of the Proposed Privatisation



### Before the Proposed Privatisation



### After the Proposed Privatisation



IJM does not intend to maintain the listing status of IJM Land upon completion of the Proposed Privatisation

## 6. Effects of the Proposed Privatisation (Cont'd)



### Share Capital

The issued and paid-up share capital shall increase by approximately 18.7% post Proposed Privatisation:

	Minimum Scenario No. of IJM Shares (mil)	Maximum Scenario No. of IJM Shares (mil)
As at 30 November 2014	1,489.4	1,489.4
To be issued assuming full exercise of the ESOS Options	-	1.9
	1,489.4	1,491.2
To be issued pursuant to the Proposed Privatisation	279.4	279.4
<b>Enlarged issued and paid-up share capital</b>	<b>1,768.7</b>	<b>1,770.6</b>

## 6. Effects of the Proposed Privatisation (Cont'd)



### Earnings and EPS

Based on the proforma illustration below, the Proposed Privatisation is expected to contribute positively to the enlarged IJM Group:

	Audited for FYE 31 Mar 14 RM mil	After the Proposed Privatisation RM mil
Net profit attributable to the owners of our Company	829.6	827.1
Add: Net profit of the IJM Land Group	-	191.9*
<b>Proforma profits of our enlarged Group</b>	<b>829.6</b>	<b>1,019.0</b>
Weighted average number of IJM Shares in issue (mil)	1,404.6	1,684.0
Basic EPS (sen)	59.06	60.51

\*Represents the remaining 35.85% share of net profit of the IJM Land Group

## 6. Effects of the Proposed Privatisation (Cont'd)



### NA, NA per IJM Share and gearing

Based on the proforma illustration below, the new issuance of IJM Shares will improve the shareholders' funds of IJM post Proposed Privatisation and accordingly improve the gearing of the enlarged IJM Group from 0.48 times to 0.43 times:

	Audited as at 31 March 2014 (RM'mil)	After adjustments for the exercise of Warrants 2009/2014 and ESOS Options from 1 April 2014 up to 30 November 2014 (RM'mil)	After Proposed Privatisation	
			Minimum Scenario (RM'mil)	Maximum Scenario (RM'mil)
Shareholders' funds / NA	6,738.8	6,987.1	8,092.7	8,103.5
NA per IJM Share (RM)	4.72	4.69	4.58	4.58
Net gearing (times)	0.53	0.48	0.43	0.43

## 7. Approvals required



The Proposed Privatisation is subject to the following being obtained:

	<b>Approvals required</b>	<b>Status</b>
1	Grant of waiver by the SC pursuant to PN 44 of the Code	Obtained on 24 July 2014
2	<b>Approval of IJM shareholders</b>	<b>To be obtained at today's EGM</b>
3	IJM shareholders for the issuance of the Consideration Shares to certain Directors and IJM major shareholders and persons connected to them	Waiver from Bursa Securities obtained on 26 June 2014
4	Approval of Bursa for the listing and quotation for the Consideration Shares	Obtained on 19 December 2014



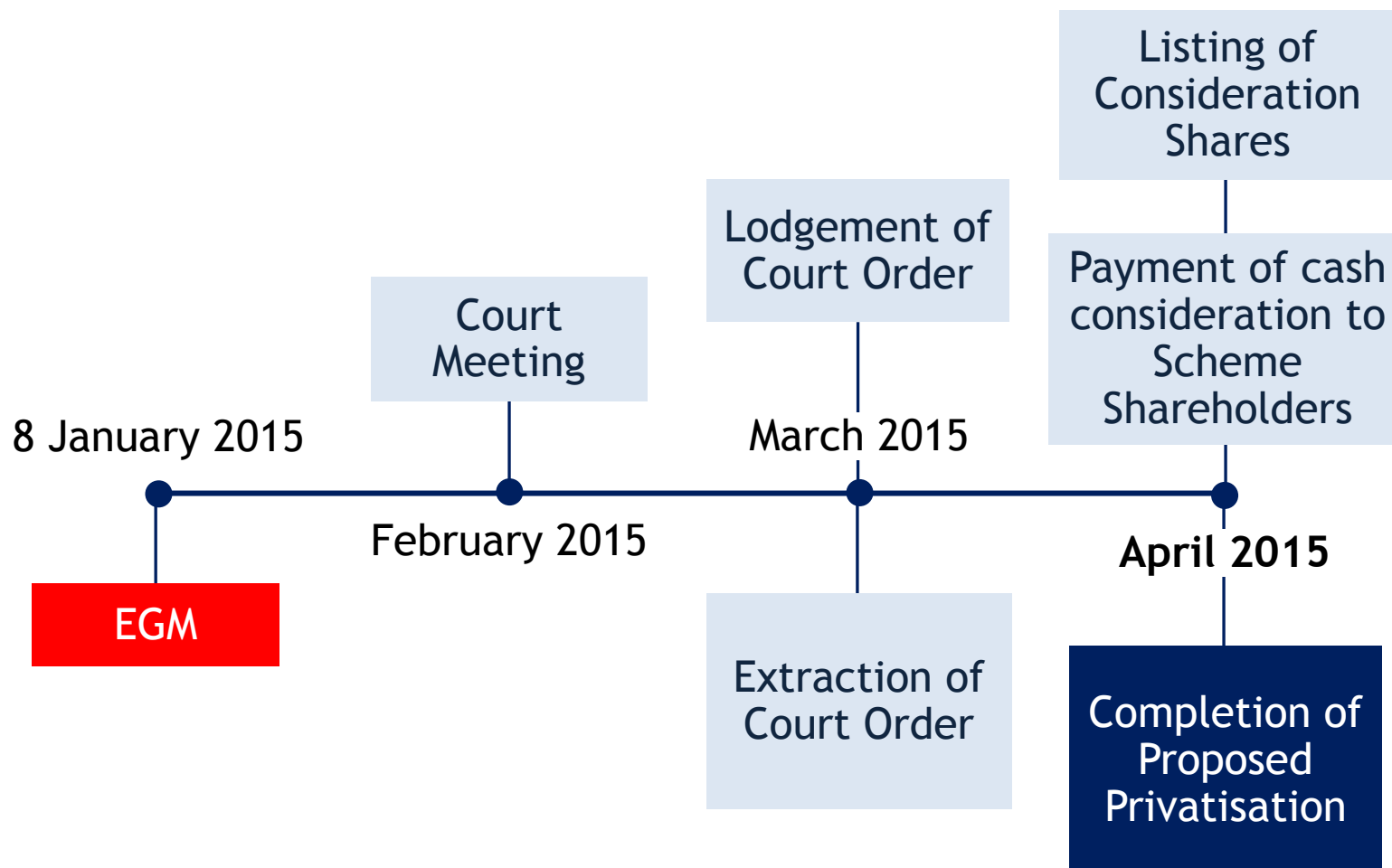
## 7. Approvals required (*Cont'd*)



The Proposed Privatisation is subject to the following being obtained: (*Cont'd*)

	Approvals required	Status
5	Approval of the Scheme by the Scheme Shareholders at the Court Meeting of IJM Land	To be obtained by IJM Land
6	Sanction of the Scheme by the Court and the lodgement of the office copy of the sealed order with the Registrar of Companies Malaysia	To be obtained by IJM Land

## 8. Tentative Timeline





**IJM CORPORATION BERHAD**

(Company No. 104131-A)

**QUESTIONS FROM MINORITY SHAREHOLDER WATCHDOG GROUP  
IN RELATION TO THE  
PROPOSED PRIVATISATION OF IJM LAND BERHAD BY WAY OF A MEMBERS'  
SCHEME OF ARRANGEMENT PURSUANT TO SECTION 176 OF THE COMPANIES  
ACT, 1965**

8 January 2015



Q1. As stated on page 1 of the Circular, pursuant to the waiver obtained from Bursa Securities from having to comply with Paragraph 10.08 of the Listing Requirements, the independent adviser is no longer required for the Proposed Privatisation.

- i. Please explain for the benefit of the shareholders the reason or rationale for seeking a waiver and on what basis was the waiver granted.
- ii. Would the non-requirement of an independent adviser not deprive shareholders an access to an independent view and recommendation and, therefore, may be detrimental to their interests?
- iii. However, on page 18 (Section 9(a)), it was also stated that the grant of waiver by the Securities Commission Malaysia ("SC") pursuant to PN44 of the Code from certain provisions was subject to, among others, obtaining the SC's consent for an independent advice circular. Please explain.



## Reply to Question 1(i)

The Proposed Privatisation is a related party transaction (“RPT”) pursuant to Paragraph 10.08 of the Listing Requirements in view of EPF’s interests in both IJM and IJM Land as EPF is a major shareholder of IJM and held more than 5% in IJM Land at the time of the initial announcement on the Proposed Privatisation on 9 June 2014.

A waiver was sought from complying with Paragraph 10.08 of the Listing Requirements based on, inter-alia, the following justifications:-

- a) EPF did not initiate and is not the promoter of the Proposed Privatisation, and had no knowledge of the Proposed Privatisation prior to the release of the initial announcement of the Proposed Privatisation on 9 June 2014. In other words, EPF’s position is no different from the other shareholders of IJM who would have only known about the Proposed Privatisation via the same announcement;



- b) given that EPF does not have any control or influence on the Boards of IJM and IJM Land in relation to the Proposed Privatisation since it does not have any representative on both the Boards of IJM and IJM Land, and the Proposed Privatisation cannot be approved by EPF solely, it may not be fair to preclude or deprive EPF from exercising its right as a shareholder, similar to any other non-interested shareholders of IJM, especially when EPF is a statutory institution that manages funds belonging to the general public and hence, is accountable to its contributors; and
  
- b) there is no preferential treatment being extended to EPF pursuant to the Proposed Privatisation because all the non-interested shareholders of IJM Land are extended the same terms and conditions under the Proposed Privatisation.



### Reply to Question 1(ii)

Due to reasons stated in the Reply 1(i) above, the non-availability of an independent view and recommendation on the Proposed Privatisation would not be detrimental to the interests of the non-interested shareholders of IJM, especially when EPF's position is no different from the other shareholders of IJM and EPF is not extended any preferential treatment pursuant to the Proposed Privatisation.

### Reply to Question 1(iii)

The condition as set out in Section 9(a)(2) on page 18 of the Circular in relation to obtaining the SC's consent for an independent advice circular is a condition imposed by the SC to be fulfilled by IJM Land and not by IJM.



Q2. We also noted from page 19 of the Circular that IJM's interested major shareholder, EPF, and certain IJM directors also have shareholdings in IJM Land. In view of their interests in the Proposed Privatisation, a waiver had been sought and obtained from Bursa Securities which would allow them to vote on the resolution pertaining to the Proposed Privatisation to be tabled at the forthcoming EGM.

Please explain for the benefit of shareholders the reason or rationale for seeking a waiver and on what basis was the waiver granted.





Based on the justifications as set out in the responses to Q1(i) and Q1(ii), Bursa Securities had granted a waiver from compliance with Paragraph 10.08 of the Listing Requirements, so that EPF would be allowed to vote on the resolution pertaining to the Proposed Privatisation.

On the other hand, the Interested Directors are allowed to vote on the resolution pertaining to the Proposed Privatisation because the Proposed Privatisation is not regarded as RPT (notwithstanding the interests of the Interested Directors) by virtue of Paragraph 10.08(11)(c) of the Listing Requirements. Notwithstanding that Interested Directors are allowed to vote, they have voluntarily abstained from voting on the resolution pertaining to the Proposed Privatisation.



Q3. As shown on page 8 of the Circular, the Offer Price of RM3.55 for each Scheme Share (IJM Land Share) is at price-to-book ratio ("PBR") of 1.68 times.

In the case of the Consideration Share (IJM Share), based on the Issue Price of RM6.66 for each IJM Share, what is the PBR?

If the valuation of Material Real Estate were to be factored in for both IJM Land and IJM, what would be the respective revised PBRs?



Based on the IJM Group's audited net assets ("NA") attributable to owners of IJM as at 31 March 2014 of RM6.74 billion, the Issue Price represents a PBR of 1.41 times.

If the net revaluation surplus arising from the valuation of the Material Real Estate were taken into account, the adjusted audited NA of the IJM Group and IJM Land Group as at 31 March 2014 would be RM8.27 billion and RM5.67 billion respectively. Accordingly, the PBRs of the Issue Price and Offer Price would be 1.15 and 0.98 respectively.



Q4. Page 8 of the Circular also states that the Offer Price of RM3.55 for each IJM Land Share represents price-to-earnings ratio (“PER”) of 17.22 times.

In the case of the Consideration Share (IJM Share), based on the Issue Price of RM6.66 for each IJM Share, what is the PER?

At an issue price of RM6.66 per share, how does it fare or stand in comparison with other comparable companies in terms of PBR and PER?



Based on the IJM Group's adjusted net profit attributable to the owners of IJM for the financial year ended 31 March 2014 of RM686.71 million (after excluding RM142.89 million, being IJM's share of the gain on re-measurement arising from the acquisition of additional equity interest in Radiant Pillar Sdn Bhd by IJM Land), the Issue Price represents a PER of 13.62 times, which falls within the range of trading PERs of IJM's selected comparable companies, namely Sunway Berhad, WCT Holdings Berhad and Gamuda Berhad, of between 7.63 times and 16.15 times based on the closing share prices of these comparable companies on the Last Trading Day (i.e. 5 June 2014).

Based on the IJM Group's audited NA attributable to owners of IJM as at 31 March 2014 of RM6.74 billion, the Issue Price represents a PBR of 1.41 times, which falls within the range of trading PBRs of IJM's selected comparable companies of between 1.03 times and 2.16 times based on the closing share prices of these comparable companies on the Last Trading Day.



Q5. Apart from having Maybank Investment Bank Berhad (“Maybank IB”) as the Principal Adviser, IJM also appointed a Financial Adviser, Newfields Advisors Sdn Bhd (“Newfields”). Please enlighten shareholders why Maybank IB’s role could not be expanded to include that of a Financial Adviser. Shareholders may also wish to have a better understanding of what specifically are the areas and differences in work scope performed by the two different advisers.



The primary responsibilities of the Principal Adviser in relation to the Proposed Privatisation are as follows:

- assist IJM with the overall management and co-ordination of the transaction;
- advise on compliance with the guidelines and disclosure requirements of the various regulatory authorities including but not limited to the SC and Bursa Securities; and
- submit the necessary applications pertaining to the Proposed Privatisation to the SC and Bursa Securities on behalf of IJM and liaise with the various regulatory authorities on these applications on behalf of IJM.



On the other hand, Newfields, who had been exploring ideas/proposals with the Management on restructuring of IJM's property division for this transaction, their primary role as Financial Adviser had encompassed advising on the appropriate strategies, including methods and the corresponding terms, to privatise IJM Land. In its capacity as Financial Adviser, together with the Principal Adviser, Newfields also co-ordinates the workstreams of the other professional advisers appointed by IJM to ensure an expeditious completion of the Proposed Privatisation.





Thank You