
INFORMATION ON EW-SALCON AUSTRALIA

1. DATE AND PLACE OF INCORPORATION

EW-Salcon Australia was incorporated in Australia on 27 June 2016 under the Australia Corporations Act 2001 as a proprietary limited company under the name of Salcon Development (Australia) Pty Ltd. Subsequent to the signing of the SPA, Salcon Development (Australia) Pty Ltd changed its name to Eco World-Salcon Y1 Pty Ltd on 19 April 2017.

2. HISTORY, BUSINESS AND ASSET OWNED

The principal activity of EW-Salcon Australia is property development. On 29 June 2016, EW-Salcon Australia entered into a contract of sale with KE Rogers to acquire the Subject Property together with all chattels, plant and equipment owned by KE Rogers on the Subject Property for a total cash consideration of AUD37,880,000. The Acquisition is subject to the covenants, easements and lease specified in the contract of sale but is otherwise free from encumbrances. The Acquisition was completed on 29 March 2017. The details of the Subject Property are set out in Section 2.3, Part A of this Circular.

After completion of the Acquisition, EW-Salcon Australia commenced the design and development of the Yarra One Project. Final plans have been submitted to the Council of the City of Stonnington for endorsement, together with a request for minor amendments via secondary consent pursuant to the amendment to the Planning Permit. Such endorsement and secondary consent are pending from the Council of the City of Stonnington as at the LPD. As such, we expect to commence construction in the first half of 2018.

The Yarra One Project was launched for pre-sale on 3 June 2017.

3. SHARE CAPITAL

As at the LPD, the issued share capital of EW-Salcon Australia is AUD100.00 comprising of 100 fully paid ordinary shares.

4. DIRECTORS

As at the LPD, the directors of EW-Salcon Australia are as follows:

Name	Nationality	Designation
Mr. Saw Kee Guan	Australian	Director
Mr. Law Woo Hock	Malaysian	Director
Dato' Leong	Malaysian	Director

None of the directors of EW-Salcon Australia hold any EW-Salcon Australia Shares.

5. SHAREHOLDERS

As at the LPD, the shareholders of EW-Salcon Australia and their respective shareholdings in EW-Salcon Australia are as follows:

Name	Country of Incorporation	Direct		Indirect	
		No. of EW-Salcon Australia Shares	%	No. of EW-Salcon Australia Shares	%
SDSB	Malaysia	100	100	-	-

SDSB is a wholly-owned subsidiary of Salcon.

INFORMATION ON EW-SALCON AUSTRALIA (Cont'd)

6. SUBSIDIARY AND ASSOCIATED COMPANY

As at the LPD, EW-Salcon Australia does not have any subsidiary or associated company.

7. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES

As at the LPD, our Board is not aware of any material commitments incurred or known to be incurred by EW-Salcon Australia or any contingent liabilities which, upon becoming enforceable, may have a material impact on the profits or NA of EW-Salcon Australia.

8. MATERIAL CONTRACTS

Save as disclosed below, EW-Salcon Australia has not entered into any material contracts (not being contracts entered into in the ordinary course of business) within the past 2 years immediately preceding the date of this Circular:

- (i) On 29 June 2016, EW-Salcon Australia and KE Rogers entered into a contract of sale whereby KE Rogers agreed to sell and EW-Salcon Australia agreed to purchase the Subject Property together with all chattels, plant and equipment owned by KE Rogers on the Subject Property for a total cash consideration of AUD37,880,000. This Acquisition was completed on 29 March 2017.

9. MATERIAL LITIGATION

As at the LPD, EW-Salcon Australia is not engaged in any material litigation, claims or arbitration either as plaintiff or defendant, and our Board is not aware of any proceedings pending or threatened against EW-Salcon Australia or of any facts likely to give rise to any proceedings which may materially affect the financial position or business of EW-Salcon Australia.

10. FINANCIAL SUMMARY

As EW-Salcon Australia had been incorporated only on 27 June 2016, no audited financial statements have been prepared as at the LPD. The summary of EW-Salcon Australia's financial information based on the latest unaudited accounts of EW-Salcon Australia for the 10-month FPE 31 March 2017 is as follows:

	<-----Unaudited----->	
	FPE 31 March 2017	
	(AUD)	⁽¹⁾ (RM)
Revenue	-	-
Interest income	⁽²⁾ 405	1,370
Loss before tax	(967,798)	(3,273,093)
Loss after tax	(611,511)	(2,068,130)
Shareholders' funds/ Net liabilities	(831,236)	(2,811,240)
Share capital	100	338
Total borrowing	24,622,000	83,271,604
Current ratio (times)	0.98	0.98
Net liabilities per share	(8,312)	(28,112)
Loss per share		
- Gross ⁽³⁾	(9,678)	(32,731)
- Net ⁽⁴⁾	(6,115)	(20,681)
Gearing ratio (times)	N/A	N/A

INFORMATION ON EW-SALCON AUSTRALIA (Cont'd)

Notes:

N/A Not applicable

- (1) The exchange rate of AUD1.00: RM3.3820, being the middle rate published by BNM at 5.00 pm on 31 March 2017 is used for comparison and illustrative purposes.
- (2) Comprises interest income from bank deposits.
- (3) Calculated based on loss before taxation over number of EW-Salcon Australia Shares.
- (4) Calculated based on loss after taxation over number of EW-Salcon Australia Shares.

Since its incorporation on 27 June 2016, save for the interest income from bank deposits, EW-Salcon Australia has not generated any revenue. The losses for FPE 31 March 2017 were mainly due to the quit rent of the Subject Property and operational expenses incurred for the Yarra One Project such as marketing expenses and renovation expenses for the show unit. The bank borrowing of AUD24.62 million as at 31 March 2017 is to partially finance the Acquisition.

VALUATION CERTIFICATE FOR THE SUBJECT PROPERTY



LK/JS:DMK
5306343/306996

1 June 2017

Salcon Berhad
15th Floor, Menara Summit
Persiaran Kewajipan, Usj 1,
47600, UEP Subang Jaya
Selangor Darul Ehsan

Dear Sirs

**VALUATION CERTIFICATE OF 16-22 CLAREMONT STREET, SOUTH YARRA, AUSTRALIA
("SUBJECT PROPERTY").**

This Valuation Certificate has been prepared for Salcon Berhad for internal purposes and for submission to Bursa Malaysia Securities Berhad in respect of the proposed disposal by Salcon Development Sdn Bhd, a wholly-owned subsidiary of Salcon Berhad, of 80% equity interest in Eco World-Salcon Y1 Pty Ltd (formerly known as Salcon Development (Australia) Pty Ltd) to Fortune Quest Group Ltd, a wholly-owned subsidiary of Eco World International Berhad, for a disposal consideration of AUD120,000 ("Proposed Disposal").

In accordance with the instructions from Salcon Berhad to value the subject property, we have undertaken an inspection on 1 June 2017 and the date of valuation is 1 June 2017.

The basis of valuation is to assess the Market Value of the subject property as a parcel of freehold land. Market Value is defined as being

"...the estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction, after proper marketing, wherein the parties had each acted knowledgeably, prudently and without compulsion".

This Valuation Certificate and associated Valuation Report have been prepared in accordance with the relevant provisions of the Asset Valuation Guidelines issued by the Securities Commission Malaysia together with the relevant provisions of the Australian and New Zealand Valuation and Property Standards.

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VALUATION CERTIFICATE FOR THE SUBJECT PROPERTY (Cont'd)

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This Valuation Certificate has been solely prepared for inclusion in the circular to the shareholders of Salcon Berhad in connection with the Proposed Disposal only.

Summary of Assumptions

Critical Assumptions

- Vacant possession.
- The planning permit transfers with the land if the event of a sale of the land.
- The valuation is based on the critical condition that the government holds no requirements of the land.
- The proposed plans prepared by Fender Katsalidis Architects dated 11 April 2017 will be the actual development.
- The development is completed as per the costs outlined within this report. These costs have been provided by Hickory Group dated 23 February 2017, and we are advised these costs relate to the approved development.
- The living and external areas as provided by a representative of Salcon are correct and the information provided in respect of the car park and storage allocation is true and correct.
- The development being completed in accordance with the specifications provided and as detailed in this report.
- The development is completed within the scheduled timeframe as outlined within this report.
- All building works are completed in accordance with the information provided and to the satisfaction of all building and Council regulations.
- All conditions within the planning permit are satisfied and adhered to.
- The margin scheme is not available and the auto general tax method being 1/11th of realisations has been adopted.
- It is noted that in the case of advice provided in this report which is of a projected nature, we must emphasise that specific assumptions have been made which appear reasonable based upon current market sentiment and forecasts. It follows that any one of the associated assumptions may change over time and no responsibility can be accepted in this event. Accordingly, the indicated figures should not be viewed as absolute certainty.
- Proposed Plan of Subdivision No PS810944Y is approved and titles have been issued for each apartment.
- Our assessment "as if complete" assumes there are no incentives or discounts offered to purchasers.

VALUATION CERTIFICATE FOR THE SUBJECT PROPERTY (Cont'd)

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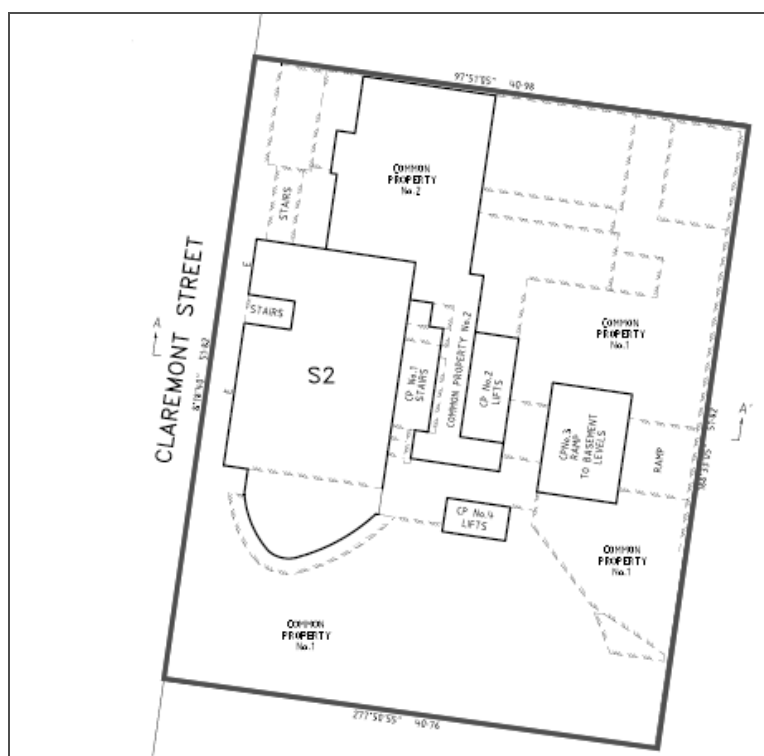
1. PROPERTY

Category

- Development site.
- Fee simple subject to vacant possession.

Title Details / Description / Site Area / Zoning

- The subject property is registered under two (2) Certificates of Title, being Lots 28, 29 and 30 on Plan of Subdivision 4308 and Lot 31 on Plan of Subdivision 4308. Salcon Development (Australia) Pty Ltd is registered on both titles as the Sole Proprietor.
- The property is regular in shape occupying the east side of Claremont Street, South Yarra. At the time of inspection, the property was occupied by a double-storey commercial building constructed in 1950's, which has been periodically renovated and refurbished with an office conversion in the 1990's. The building is associated with an at-grade car park for 32 cars.
- Total site area of 2,128 square metres with a combined frontage of 51.82 metres to Claremont Street. A plan of the land is shown below.
- Pursuant to the provisions of the Stonnington Planning Scheme, the property is subject to the Commercial 1 Zoning.



VALUATION CERTIFICATE FOR THE SUBJECT PROPERTY (Cont'd)

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**Locality**

The subject property is situated within the established suburb of South Yarra, approximately three kilometers south-east of the Melbourne Central Activities District. The proposed development forms part of a mixed use area known as the 'Forrest Hill Precinct' which is bordered by Chapel Street to the east, Toorak Road to the south, the Yarra River to the north and the railway lines to the west. The precinct comprises a number of high-rise mixed use apartment developments and a pedestrian laneway with ground floor retail tenancies.

Buildings

The northern part of the site is currently an at-grade carpark for 32 cars and the southern part comprises a double storey commercial building. The building was constructed in the 1950's and has been periodically renovated and refurbished with an office conversion in the 1990's. Having regard to the current Planning Permit, we consider the current structures to be an underutilisation of the site. The commercial building is built to the boundary and the car park is fenced by wrought iron fences to the Claremont Street frontage.

Planning Approval

The planning permit process for the subject property is summarised in the following table.

Planning Permit Number	0541/15
Description	Construction of a mixed use building in a commercial 1 zone, design and development overlay, land subject to inundation overlay and environmental audit overlay, use of the land for dwellings, and reduction in the standard car parking requirements in accordance with the endorsed plans and subject to the following conditions.
Determination	Approved
Determination Date	27 April 2016

The approval is subject to a number of conditions, most of which are considered to be standard for this type of development.

VALUATION CERTIFICATE FOR THE SUBJECT PROPERTY (Cont'd)

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**Proposed Development**

The proposed residential apartment mix may be summarised as follows:

Apartment Type	No. in Development	Apartment Type %	Living Area Range		Average Living Area
One Bedroom/One Bathroom	52	19.40%	50m ²	to 67m ²	53m ²
Two Bedrooms/One Bathroom	16	5.97%	63m ²	to 65m ²	63m ²
Two Bedrooms/Two Bathrooms	166	61.94%	67m ²	to 94m ²	76m ²
Three Bedrooms/Two Bathrooms	8	2.99%	99m ²	to 102m ²	101m ²
Three Bedrooms/Two Bathrooms & Powder Room	22	8.21%	102m ²	to 125m ²	116m ²
Penthouse - Three Bedrooms/Three Bathrooms	1	0.37%	158m ²	to 158m ²	158m ²
Penthouse - Four Bedrooms/Three Bathrooms	2	0.75%	205m ²	to 207m ²	206m ²
Penthouse - Four Bedrooms/Four Bathrooms	1	0.37%	224m ²	to 224m ²	224m ²
Total/Overall	268		50m²	224m²	77m²

All retail and commercial units will be situated on the south-western corner of the development. The ground floor retail unit and the first floor office unit will form part of Claremont Plaza, a pedestrian laneway connecting the existing laneway and provides access to Daly Street.

The office units on Levels 3 and 4 will have the same configuration as Level 1 and occupy the entire southern peripheral of the development. Level 3 will overlook the void of Claremont Plaza and Level 4 will overlook Claremont Plaza trellis. The tenancies will benefit from two private lifts accessible from the plaza. We assume all units will comprise a shell.

A summary of the retail and commercial tenancies is shown below.

Unit	Level	GLAR (m ²)
Retail Tenancy	Ground floor	239m ²
Office Tenancy	First floor	267m ²
Office Tenancy	Third floor	282m ²
Office Tenancy	Fourth floor	281m ²
Total		1,069m²

VALUATION CERTIFICATE FOR THE SUBJECT PROPERTY (Cont'd)

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The subject property provides for four levels of basement car parking with storage units also being located on each of the basement levels. In accordance with schedules provided by the applicant, we assume 52 storage units will be available for purchase. We summarise the location of vehicular accommodation and separate storage units as follows:

Level	No of single Car Bays	No of Tandem Bays	Number of Separate Storage Units
Basement 4	49	2	22
Basement 3	49	2	40
Basement 2	43	2	52
Basement 1	26	0	58
Sub-total	167	12	172
Total	179		172

No presales have been achieved to date.

VALUATION CERTIFICATE FOR THE SUBJECT PROPERTY (Cont'd)

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**2. VALUATION DETAILS****Valuation Approaches**

In arriving at the assessed Market Value, we have adopted the direct comparison approach and the hypothetical development approach.

The valuation approaches adopted are outlined as follows:

- **Direct Comparison Approach**

The direct comparison method for development land has regard to sales of broadly similar properties transacted in the open market and compares these sales to the subject property having regard to factors including but not limited to:

- Prevailing market conditions with specific consideration to potential unit pricing, sale rates and development costs.
- Land area and potential densities/unit yield.
- Zoning status under the Local Authority Planning Scheme.
- Development Approvals.
- Likely scheme cost contributions where applicable.
- Access and proximity to local transport corridors including freeways and rail facilities.
- Immediate competition and profile of developers active within the general localities.
- Servicing constraints.
- Environmental constraints.
- Location.

Typically, sales are analysed on a rate per square metre of land area or potential unit yield, and an appropriate rate is attributed to the subject property having regard to the considerations outlined above.

The direct comparison approach is also adopted to assess an “as if complete” value which is utilised under the hypothetical development approach to value. This approach, when applied to residential units, gives consideration to living area, floor plan configuration, car park allocation, location and aspect, and analysis is undertaken on a rate per square metre of living area basis and as a sum of money.

The direct comparison approach when applied to the retail units involves applying a Value Rate to the selected unit of comparison which, in this case, is the value per square metre of Gross Lettable Area (GLA), with the adopted Value Rate derived from analysis of comparable sales evidence.

VALUATION CERTIFICATE FOR THE SUBJECT PROPERTY (Cont'd)

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In addition, we have also adopted the capitalisation approach to assess an “as if complete” value for the retail and office units. The capitalisation approach involves estimating the potential sustainable Net Market Income which is then capitalised at an appropriate rate derived from analysis of comparable sales evidence.

Adjustments to the Capitalised Value are then made for items including letting up allowance, together with marketing expenses and leasing commissions and lease incentives including rent free periods.

- **Hypothetical Development Approach**

The hypothetical development model is based upon explicit assumptions regarding the prospective cash flows which will arise from the development of the subject property. The approach will take account of the project gross realisation; but will not account for escalations in revenue or cost. A Profit and Risk (P&R) factor is applied to the net position derived after the deduction of selling/marketing costs and GST from the assessed gross realisation. This factor is a reflection of the required return and risk profile of the property. It is a static factor providing a required return for the life of the project, does not represent an annual return; and accordingly, is useful for projects or discrete portions of projects of relatively short duration. Relevant development, holding, interest and acquisition costs are then deducted from the net realisation resulting in an estimate of the current feasible project related site assessment of the subject property.

This approach is specific to the project and in part relies upon information provided by the developer. The approach is sensitive and changes in assumptions and provided information will result in a change to the resultant assessment.

The abovementioned methods of valuation have been adopted by the Valuer in view of the following:


- (i) Direct comparison approach was adopted since there are available information for comparable sales evidences in surrounding localities of the Subject Property i.e. within the Forrest Hill precinct of South Yarra; and
- (ii) Hypothetical development approach was adopted since there are available information for the proposed development of the Subject Property such as approved layout plans, costing and timing for development.

VALUATION CERTIFICATE FOR THE SUBJECT PROPERTY (Cont'd)

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**3. DIRECT COMPARISON APPROACH****3.1 DEVELOPMENT SALES EVIDENCE**

To our knowledge, there has been limited recent sales within the Forrest Hill precinct of South Yarra therefore, we have had to consider dated sales together with sales in surrounding localities and make the relevant adjustments. The most comparable sales evidence that we have considered in our valuation is summarised below:

6-8 Claremont Street, South Yarra, Vic	
Sale Details	
Sale Price	\$14,600,000
Sale Date	September 2015
Vendor	Victorian Aids Council
Purchaser	Glorious Sun Enterprises (Offshore Developer)
Zoning	Commercial 1 Zone
Site Area	1,030m ²
Units	106
Density	9.72m ² /unit site
	
Analysis & Assumptions	
Rate per m² of Site Area	\$14,175/m ²
Rate per unit	\$137,736/unit
Comments	
<p>A rectangular shaped allotment situated on the eastern side of Claremont Street. The property comprises a two level brick and iron building which is occupied by the vendors of the site, the Victorian Aids Council (VAC). The property was sold with a two year leaseback to VAC, without a planning permit in place. We are advised the site sold to Hong Kong based developers, Glorious Sun Enterprises. Neighbouring properties to the north and south have been developed with high rise residential, yielding 17 and 20 levels respectively. A subsequent planning application was lodged for the development of 106 apartments over 28 levels. Enquiries with the Council indicated the planning application recently completed the advertising process and is awaiting decision.</p>	
Comparison	
<p>This is the most recent sale which occurred within the Forrest Hill precinct of South Yarra. The property incorporates approximately 26 metres of frontage to Claremont Street, and existing high rise development abuts the property's northern and southern boundaries. The property sold without a planning permit and transacted approximately 20 months ago. Having regard to the superior planning circumstances and market movement since the time of sale, we have adopted a higher rate per square metre of land area for the subject property.</p> <p><i>Our assessed value of \$17,000 equates to a premium of approximately 20% when compared to the rate achieved for the sale of \$14,175/m². As required as part of our instructions, we consider this can be broadly apportioned as being 10% due to the planning permit which is a time and cost saving, and 10% due to market movement.</i></p>	

VALUATION CERTIFICATE FOR THE SUBJECT PROPERTY (Cont'd)

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37-41 Claremont Street, South Yarra, Vic

Sale Details

Sale Price	\$14,055,000
Sale Date	July 2015
Purchaser	LK Property Group (Local Developer)
Zoning	Mixed Use Zone
Site Area	970 m ²
Units	324 (Rejected)
Yield/Density	2.99m ² of site area per unit site



Analysis & Assumptions

Rate per m² of Site Area	\$14,490/m ²
Rate per Unit	\$43,380/unit

Comments

A rectangular shaped development site with approximately 24.38 metres of frontage to Claremont Street and a rear laneway. Existing buildings to the site include two double storey office warehouses which are both in average to fair condition. The buildings were leased at the time of sale yielding a gross income of \$250,000 p.a. We are advised vacant possession was available in July 2016. The property sold without a planning permit to LK Property Group on an unconditional basis. A subsequent planning application was lodged for the development of 324 apartments over 32 levels and was rejected. Discussions with the Council indicated a new planning permit comprising a 21 level development was approved at the Victorian Civil and Administrative Tribunal (VCAT) earlier this year, the exact density is unknown at this stage until new plans are finalised and submitted however, it is understood the new proposal will include a reduced number of apartments. We have analysed the sale using the original plans in absence of the latest plans.

Comparison:

The property is significantly smaller at 970 square metres with a frontage to Claremont Street of 24.48 metres and a rear laneway. The property did not benefit from a planning permit. Overall, we would anticipate a higher rate to be applicable to the subject property due to market movement since the sale and the inferior planning circumstances.

Our assessed value of \$17,000 equates to a premium of approximately 17% when compared to the rate achieved for the sale of \$14,490/m². As required as part of our instructions, we consider this can be broadly apportioned as being 7% due to the planning permit and 10% due to market movement.

VALUATION CERTIFICATE FOR THE SUBJECT PROPERTY (Cont'd)

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103-105 High Street, Prahran, Vic

Sale Details

Sale Price	\$10,000,000
Sale Date	August 2016
Purchaser	Setia (Offshore Developer)
Zoning	Commercial 1 Zone
Site Area	850m ²
Units	47
Density	18.09m ² /unit site



Analysis & Assumptions

Rate per m² of Site Area	\$11,765/m ²
Rate per unit	\$212,766/unit

Comments

The property is located in Prahran, approximately 4.5 radial kilometres south of the Melbourne Central Business District. It comprises two adjoining allotments (separately titled) and is regular in shape with frontages to High Street and Percy Street (each of approximately 25 metres).

Current buildings consist of two commercial buildings returning approximately \$120,000 per annum (leases due to expire in mid-2017). The property is affected by a Design and Development Overlay (DDO7) however is included in Amendment C172 (within Prahran Precinct) with a preferred maximum building height of 27 metres (8 storeys).

The site sold with a permit for a nine level development comprising 47 apartments, a whole floor of office accommodation and two retail tenancies on the ground floor. Our discussion with the selling agent revealed the property sold at auction with over 190 developers enquiring about the property. Six nominated developers were chosen to compete for the sale with the successful purchaser being Setia, a well-known Malaysian developer.

Comparison

A smaller site situated in Prahran approximately 1.5 kilometres south of the subject property. We consider this property to be comparable given the proximity to the subject site and the underlying Commercial 1 Zone, allowing a high-density mixed use development. Similar to the subject, the sale property was sold with a planning permit for a mixed use development comprising apartments, offices and retail components, albeit at a lower density and lower permissible height. Overall we consider the subject property to be superior, and a higher rate per square metre of land area is adopted.

Our assessed value of \$17,000 equates to a premium of approximately 45% when compared to the rate achieved by the sale of \$11,765/m². As required as part of our instructions, we consider this can be broadly apportioned as being 10% due to the locational differences, 25% due to the superior density achieved at the subject property including the higher approved height of development, 7% as a result of site differences, with the subject site providing greater flexibility being within a high density area and 3% due to market movement.

VALUATION CERTIFICATE FOR THE SUBJECT PROPERTY (Cont'd)

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250 Sturt Street, Southbank, Vic

Sale Details

Sale Price	\$10,800,000
Sale Date	November 2016
Purchaser	Local Developer
Zoning	Capital City Zone
Site Area	832m ²
Units	91
Density	9.14m ² /unit site



Analysis & Assumptions

Rate per m² of Site Area	\$12,981/m ²
Rate per unit	\$118,681/unit

Comments

A near regular shaped site adjoining the Victorian College of the Arts with a frontage of 24 metres to the west side of Sturt Street. The property was occupied by a double storey commercial building comprising a gym, an apartment with outdoor terrace and 8 at-grade car parks. The building is returning a gross annual rent of \$250,000 plus GST, the lease will expire in May 2019, however, an option for vacant possession is available subject to a six month notice period and vendor agreement.

The site is incorporated within a Design and Development Overlay which stipulates a height limit of 40 metres and a floor area ratio of 10:1. However, the property was sold with a planning permit for 16 levels and 91 apartments which equates to an actual plot ratio of 30:1, exceeding the allowable plot ratio. The transaction was on cash terms and the purchaser is an offshore developer. The proposed development includes a stacker car parking system being inferior to standard car parks within a basement.

Comparison

A significantly smaller property situated in the inner-city suburb of Southbank located approximately 2.5 kilometres west of the subject property. We consider this property to be comparable given the inner-city location and the permit issued proposing a high-density apartment development. However, we recognise South Yarra benefits from superior amenity and the subject property benefits from a planning permit allowing the construction of a 26 level mixed use development with superior density and one unit per eight square metres, hence a higher rate per square metre of land area is adopted for the subject property.

Our assessed value of \$17,000 equates to a premium of approximately 31% when compared to the rate achieved by the sale of \$12,981/m². As required as part of our instructions, we consider this can be broadly apportioned as being 10% due to the locational differences, 18% due to the superior density achieved at the subject property including the higher approved height and 3% due to market movement.

VALUATION CERTIFICATE FOR THE SUBJECT PROPERTY (Cont'd)

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7-15 Horne Street, Elsternwick, Vic

Sale Details

Sale Price	\$12,660,000
Sale Date	November 2016
Purchaser	Local Developer
Zoning	Commercial 1 Zone
Site Area	1,239m ²
Units	N/A



Analysis & Assumptions

Rate per m² of Site Area	\$10,218/m ²
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Comments

A regular shaped development site described within three separate titles with a combined frontage of 44.5 metres located on the south-western side of Horne Street, in proximity to the Glen Huntly retail strip and Elsternwick railway station.

7 - 12 Horne Street is occupied by a double storey brick dwelling currently operating as a licensed brothel and was offered with vacant possession or option of tenancy, 13 Horne Street is occupied by a vacant three level freestanding office building and 15 Horne Street is a vacant single storey clear span warehouse, both offered with vacant possession. We understand 7 - 12 Horne Street will continue to operate for the next couple of years until planning approvals have been sought.

Discussions with the selling agent revealed the property was purchased by an experienced local developer on cash terms and the purchasers expectation is between nine and 11 levels. There is precedence for a 10 storey development on Glen Huntly Road in proximity to the sale.

Comparison

A smaller site situated in Elsternwick which is an affluent suburb located approximately eight kilometres south-east of the Melbourne CBD and approximately seven kilometres south of the subject property. We consider this sale to be comparable given the underlying zoning and demographics, albeit apartments in Elsternwick typically achieve lower end realisations compared to South Yarra. The sale property sold without a planning permit and in our view, the future proposed development will be of an inferior density. Overall, we consider the subject property to be superior and a higher rate per square metre of land area is adopted.

Our assessed value of \$17,000 equates to a premium of approximately 66% when compared to the rate achieved by the sale of \$10,218/m². As required as part of our instructions, we consider this can be broadly apportioned as being 25% due to the locational differences, 30% due to the planning permit which is a time and cost saving, 8% as a result of site differences, being located within an area that traditionally has been lower rise development, with the subject site providing greater flexibility for a higher density development and 3% due to market movement.

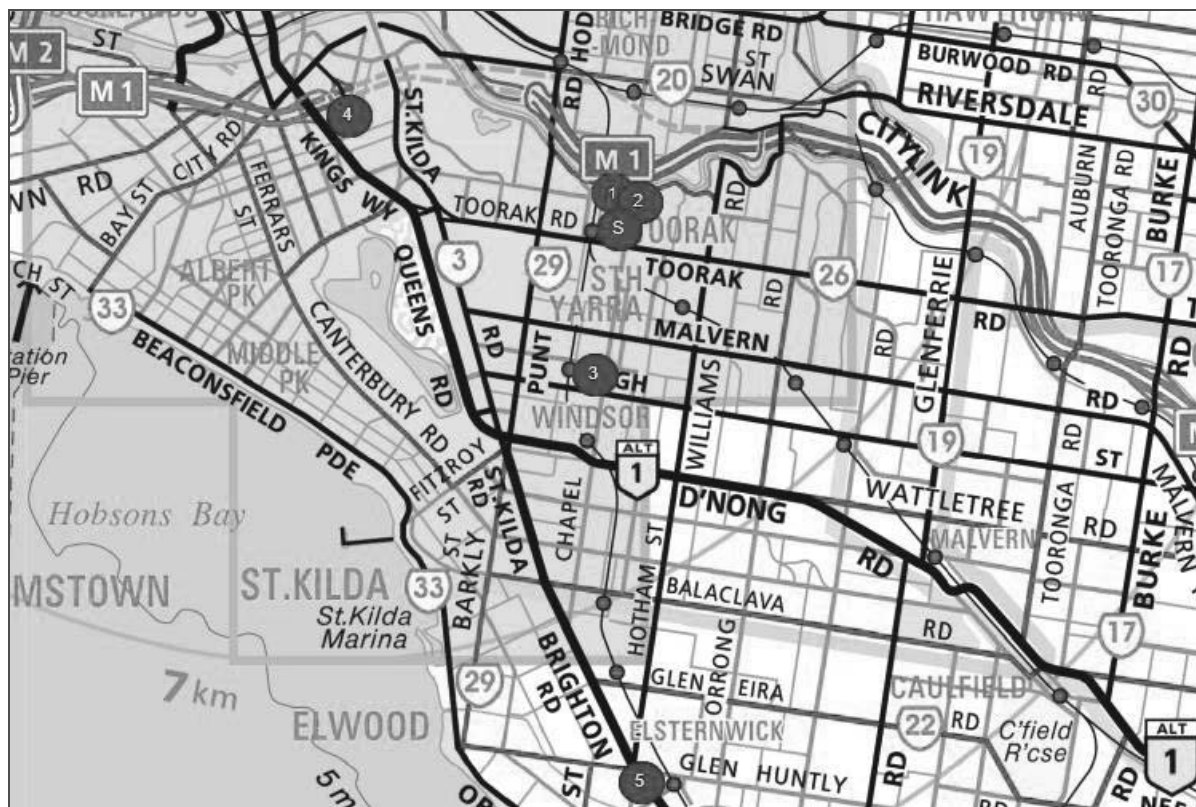
We emphasise that we have provided a percentage breakdown of the discount apportioned to each of the previously mentioned comparable sales for illustration purposes only. These apportionments are arbitrary in nature only, and are not to be used or relied upon as a formal method of comparison.

VALUATION CERTIFICATE FOR THE SUBJECT PROPERTY (Cont'd)

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The sales outlined above are depicted on the map below:



Property	Number
16 – 22 Claremont Street, South Yarra (Subject Property)	S
6 – 8 Claremont Street, South Yarra, Vic	1
37 – 41 Claremont Street, South Yarra, Vic	2
103 – 105 High Street, Prahran, Vic	3
250 Sturt Street, Southbank, Vic	4
7 – 15 Horne Street, Elsterwick, Vic	5

Our commentary in respect to the subject property in comparison to the sales evidence is summarised overleaf.

VALUATION CERTIFICATE FOR THE SUBJECT PROPERTY (Cont'd)

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Address	16-22 Claremont Street, South Yarra	6-8 Claremont Street, South Yarra	37 & 39-41 Claremont Street, South Yarra	103-105 High Street, Prahran	250 Sturt Street, Southbank	7-15 Horne Street, Elsternwick
Sale/Valuation Date	Jun-17	Sep-15	Jul-15	Aug-16	Nov-16	Nov-16
Sale Price/Valuation Date	\$37,000,000	\$14,600,000	\$14,055,000	\$10,000,000	\$10,800,000	\$12,660,000
Land Area	2,128 m ²	1,030 m ²	970 m ²	850 m ²	832 m ²	1,239 m ²
Zoning	C1Z	C1Z	MUZ	C1Z	CCZ	C1Z
Frontage	52 m	26 m	24 m	50 m	24 m	45 m
Permit Issued	Yes	No	No	Yes	Yes	No
No. of Storeys (Permit)	26	28	21 (Proposed)	9	16	-
No. of Units Allowable	268	106	324**	47	91	-
Unit Density	1: 7.9m ²	1: 9.7m ²	1: 3.0m ²	1: 18.1m ²	1: 9.1m ²	-
Analysis						
\$/m ² Land Area	\$17,386/m ²	\$14,175/m ²	\$14,490/m ²	\$11,765/m ²	\$12,981/m ²	\$10,218/m ²
\$/unit site permitted	\$138,060/ unit	\$137,736/ unit	\$43,380/ unit	\$212,766/ unit	\$118,681/ unit	-
Comments of Comparison						
Planning	Inferior - No Permit	Inferior - No Permit	Inferior - No Permit	Similar	Similar	Inferior - No Permit
Zoning	Same	Same	Similar	Same	Similar	Same
Topography	Similar	Similar	Similar	Similar	Similar	Similar
Shape/Frontage	Inferior	Inferior	Inferior	Inferior	Inferior	Similar
Density achievable	Inferior	Inferior	Inferior	Inferior	Inferior	Inferior
Location	Similar	Similar	Similar	Inferior	Inferior	Inferior
Overall	Inferior	Inferior	Superior	Inferior	Inferior	Inferior
Adopted Rate for Subject in Comparison to Sales						
\$/m ² Site Area	Higher	Higher	Higher	Higher	Higher	Higher
\$/unit	Higher	Higher	Higher	Lower	Higher	-

*Notes:

C1Z: Commercial 1 Zone

MUZ: Mixed Use Zone

CCZ: Capital City Zone

**Based on original plans for the site, which has been rejected by the relevant authority.



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VALUATION CERTIFICATE FOR THE SUBJECT PROPERTY (Cont'd)

In addition, we have summarised the resulted adjustments to sales following adopted rates as follows:

Address	6-8 Claremont Street, South Yarra	37 & 39-41 Claremont Street, South Yarra	103-105 High Street, Prahran	250 Sturt Street, Southbank	7-15 Horne Street, Elsternwick
Comments of Comparison					
Planning Permit	No Permit	No Permit	Issued Permit	Issued Permit	No Permit
Density & Approved Height	-	-	Lower Density and lower approved height	Lower Density and lower approved height	-
Zoning	-	-	-	-	-
Topography	-	-	-	-	-
Shape/Frontage	Shorter Frontage	Shorter Frontage	Shorter Frontage based on single street frontage	Shorter Frontage	-
Location	-	-	Inferior location	Inferior location	Inferior location
Site Differences	-	-	Lesser flexibility	-	Lesser flexibility
Analysis					
\$/m ² Land Area Comparison	\$14,175/m ² Higher	\$14,490/m ² Higher	\$11,765/m ² Higher	\$12,981/m ² Higher	\$10,218/m ² Higher
\$/unit site Comparison	\$137,736/unit* Higher	\$43,380/unit* Higher	\$212,766/ unit Lower	\$118,681/ unit Higher	-
Assessed rates for the subject property after consideration of the sales evidence					
\$/m ² Site Area			\$17,000		
\$/ permitted unit site			\$140,000		
Resulted Adjustments to Sales following adopted Rates	+20%	+17%	+45%	+31%	+66%
* Based on proposed development which has not been approved					
In considering the sales to the subject property we have had regard to the planning status and whether the property sold with a permit in place, the proposed or permitted density and height of development, zoning, shape and frontage, location, site differences including surrounding development and market movements between the date of sale and the date of valuation.					

VALUATION CERTIFICATE FOR THE SUBJECT PROPERTY (Cont'd)

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**3.2 ASSESSMENT OF VALUE - DIRECT COMPARISON APPROACH**

Based on the above comments, we have adopted a rate of \$17,000 per square metre of land area and \$140,000 per unit site. After considering both measures we have broadly adopted the midpoint of \$37,000,000 exclusive of GST.

Our calculations are as follows:

Direct Comparison				
Site Area	2,128m ²	@	\$17,000/m ²	\$36,179,400
No of Units	268 units	@	\$140,000/unit	\$37,520,000
Adopted Value				\$37,000,000

Our adopted rate of \$17,000 per square metre of land area sits above the analysed range shown by the sales evidence. This is reasonable having regard to the following considerations:

- The two sales considered in the subject street, Claremont are dated sales transacting in 2015. The adopted rate for the subject property is 20% and 17% above the sales. Since 2015, the residential development market continued to experience growth over the two year period.
- Both Claremont Street sales sold without a permit, in comparison to the subject property which has a permit. Our experience suggests permits can add up to 20% in value in a strong market.
- On a per unit basis the density of the subject property is similar to the density proposed at 6 – 8 Claremont Street which reflected an analysis of \$137,736 per unit site. This is in comparison to our adopted rate of \$140,000 per unit site. The difference is marginal even though the subject property has a permit and the sale property sold without a permit being inferior.
- The properties located at Prahran and Southbank both sold with permits in place reflecting significantly lower heights at 9 and 16 levels respectively. This is in comparison to the subject's 26 levels approved. Based on the higher achieved height in development, a significantly higher rate per square metre of land for the subject property is warranted.
- The sale at Elsternwick is located further from the CBD and sold without a permit. The height within the immediate locality is significantly less than the subject's locality hence they are likely to achieve less than half the height that has been approved for the subject, i.e. circa 10 to 12 levels is anticipated for the sale property.

VALUATION CERTIFICATE FOR THE SUBJECT PROPERTY (Cont'd)

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4. HYPOTHETICAL DEVELOPMENT APPROACH

In assessing a gross realisation "as if complete" value for the proposed subject development, we have had regard to both existing apartment sales and proposed apartments currently selling 'off the plan'. The developments we consider most comparable to the subject development and where we have obtained information is detailed as follows:

4.1 "AS IF COMPLETE" VALUE

Existing Apartment Sales

"Claremont Manor" 3-9 Claremont Street, South Yarra			
	Development Consent	Status	Average Rate (\$/m²)
	Yes	Established	\$10,280 /m ²
<p>A mixed use development comprising 285 apartments, five office suites and three retail spaces over 19 levels. The apartments are a mix of one, two, three and four bedroom designs. Communal facilities include a lap pool, gym, residents' club with lounge, function and theatre rooms. Features of the apartments include timber flooring, floor to ceiling windows, kitchen with stainless steel appliances and stone benchtop. Some apartments do not come with a car space.</p>			
Analysis			
<p>A recently completed development situated in proximity to the subject property of a similar size. The apartments have comparable specifications and residents' facilities. We consider this to be our most comparable existing apartment sales evidence. Similar rates per square metre of living area have been adopted for the subject apartments.</p>			

"Lucia" 8 Daly Street, South Yarra			
	Development Consent	Status	Average Rate (\$/m²)
	Yes	Established	\$10,050 /m ²
<p>A mixed use development featuring two 20 storey apartment towers with three levels of basement car parking. The development is situated just off the intersection of Chapel Street and Toorak Road. Communal facilities include a 16 storey garden wall, podium with an infinity pool, residents' sky lounge, gym, spa and sauna complex. Fixtures and finishes to the apartments include tiled flooring, floor to ceiling windows, kitchen with Caesarstone benchtop and Miele appliances. Some units will not include a car park.</p>			
Analysis			
<p>A larger development adjoining the eastern boundary of the subject site proposing similar communal facilities and specifications. The apartments are generally smaller than the subject apartments. Lower rates per square metre of living area are adopted for the smaller one bedroom apartments, and slightly higher rates are adopted for the two bedroom apartments given the subject apartments will be new.</p>			

VALUATION CERTIFICATE FOR THE SUBJECT PROPERTY (Cont'd)

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**"Yarra House" 18 Yarra Street, South Yarra**

Development Consent	Status	Average Rate (\$/m ²)
Yes	Established	\$10,445 /m ²

A mixed use development comprising 97 dwellings situated over 25 levels plus ground floor retail. It is the last building on Yarra Street and the closest to the river, giving it uninterrupted north facing views of the CBD. The building fronts a railway line. Communal features include an entertainment area incorporating BBQ facilities, yoga space, gymnasium and bathroom & shower situated to rooftop level. Features include kitchens with Bosch appliances and stone bench tops, central heating and cooling and secure basement car parks with storage cages.

Analysis

A smaller development more boutique in nature comprising 97 apartments with superior specifications. The development benefits from uninterrupted views of the Melbourne CBD. Higher rates per square metre of living area adopted given the subject apartments will be new.

"Central South Yarra" 2-4 Yarra Street, South Yarra

Development Consent	Status	Average Rate (\$/m ²)
Yes	Established	\$8,247 /m ²

A 30 level apartment tower comprising 357 apartments, lower level car parking and ground level retail space. The property fronts a railway line and the South Yarra train station. The apartments are a mix of one and two bedrooms, including two penthouses. Communal facilities include an outdoor sky terrace, a sky pool, gym and rooftop residents' lounge. Features of the apartments include tiled flooring, floor to ceiling windows and kitchen with Miele appliances. Car parks are not included for some units.

Analysis

A larger development situated in proximity to the railway lines with inferior communal facilities. Having regard to the superior location and facilities of the subject apartments, higher rates per square metre of living area have been adopted for the subject apartments.

VALUATION CERTIFICATE FOR THE SUBJECT PROPERTY (Cont'd)

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Apartment Sales 'Off the Plan'

"55 Claremont" 55 Claremont Street, South Yarra

Development Consent	Status	Average Rate (\$/m ²)
Yes	Marketed "off the plan"	\$10,316 - \$14,686

A boutique project being developed by Michael Yates and Co which upon completion, will comprise a total of 39 apartments over 17 levels. The development will comprise a mix of one, two, three and four bedroom apartments with three apartments on each floor. Features of the apartments will include oak or grey flooring and kitchens with integrated Gaggenau appliances and island benches. Communal facilities will include a communal lounge with terrace and barbecue facilities on the third floor. Discussions with the agent revealed that approximately 50% of the apartments have presold as at May 2017. Two bedroom and two bathroom apartments received most interest from prospective buyers.

Analysis

The development is more boutique in nature and target the owner occupier market with superior specifications including Gaggenau appliances. Some apartments will benefit from uninterrupted views over the Yarra River, CBD and Melbourne High School's oval. Generally similar rates per square metre of living area have been adopted for the subject apartments.

"Capitol Grand" 241 Toorak Road, South Yarra

Development Consent	Status	Average Rate (\$/m ²)
Yes	Marketed "off the plan"	\$10,842 - \$25,385

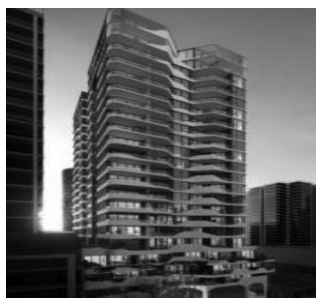
A proposed high-end project being developed by LK Property situated on the north-western corner of Toorak Road and Chapel Street. Upon completion the development will comprise 450 apartments and ground floor retail amenities over two separate buildings. Communal facilities will include a gym, lap pool, an infinity pool and a 24-hour concierge. Apartment specifications are separated into three categories, classic, deluxe and superior. We have only focused on the prices achieved for the classic range given this is most comparable with the specifications proposed for the subject apartments, albeit still superior. The classic range comprises kitchens with Gaggenau appliances and reconstituted stone benchtops, timber flooring in the living and dining area, chrome fixtures throughout and ducted heating and cooling.

Analysis

Larger development with superior communal facilities and proposed specifications. The apartments target owner occupiers with premium fittings and fixtures and will benefit from good views. Lower rates per square metre of living area have been adopted for the subject apartments.

VALUATION CERTIFICATE FOR THE SUBJECT PROPERTY (Cont'd)

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**"4248" 42-48 Claremont Street, South Yarra**

Development Consent	Status	Average Rate (\$/m ²)
Yes	Marketed "off the plan"	\$9,068 - \$15,702

A proposed mixed use development which upon completion will comprise eight office suites and 132 apartments over 21 levels. Upon completion the development will include a mix of one, two and three bedroom apartments with just seven apartments on most floors. Communal facilities include a wellness centre, swimming pool and a lounge. Finishes to the apartments are oak floorboards, kitchens with marble island bench tops and full length windows. Car parking is only available for two and three bedroom units. Discussions with the agent revealed that approximately 30% of the development has presold as at May 2017.

Analysis

A recently completed development situated in proximity to the subject property of a similar size. The apartments have comparable specifications and residents' facilities. We consider this to be our most comparable existing apartment sales evidence. Similar rates per square metre of living area have been adopted for the subject apartments.

"Rockley Garden" 339 Toorak Road, South Yarra

Development Consent	Status	Average Rate (\$/m ²)
Yes	Marketed "off the plan"	\$9,519 - \$12,727

A boutique development being developed by MetaCorp which upon completion will comprise 49 apartments over eight levels. The apartments will be a mix of one, two and three bedroom units. All the apartments will include at least one car space. A communal lounge will be included within the development. Finishes and fittings for the apartments will comprise Herringbone timber floors, kitchen with marble finishes and Miele appliances. Discussions with the agent revealed that approximately 90% of the apartments have presold as at May 2017 and two bedroom units are most sought after.

Analysis

The development will be more boutique in nature with superior specifications targeting owner occupiers, albeit will have inferior communal facilities and views to upper levels. Similar rates have been adopted for the subject apartments on the lower levels and higher rates have been adopted for the upper floor apartments.

"Esque" 649 Chapel Street, South Yarra

Development Consent	Status	Average Rate (\$/m ²)
Yes	Marketed "off the plan"	\$8,400 - \$11,438

A proposed development by Mitraland Australia proposing 66 two bedroom apartments over 18 levels with a four level basement. The development is designed by Fender Katsalidis Architects and each floor will only comprise four apartments. Features of the apartments will include polished floorboards, kitchen with stone bench tops and Miele appliances. Some of the apartments will not come with a car space. Discussions with the selling agent revealed interest has been from investors and owner occupiers and two bedroom apartments can be amalgamated to create larger dwellings.

Analysis

A smaller development more boutique in nature with superior specifications. The subject two bedroom apartments are generally larger than the subject units. Higher rates have been adopted for the smaller subject two bedrooms given the difference in living areas.

VALUATION CERTIFICATE FOR THE SUBJECT PROPERTY (Cont'd)

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**"Royal Como" 663 Chapel Street, South Yarra**

Development Consent	Status	Average Rate (\$/m ²)
Yes	Marketed "off the plan"	\$8,661 - \$18,128




A proposed mixed use development comprising 112 one, two and three bedroom dwellings situated over 21 levels plus ground floor retail. The project is being developed by C&L International Holdings Pty Ltd with marketing having recently commenced. Features of the development include timber floors, 2.4-2.7 metre ceiling heights, stone bench tops, Miele appliances, audio-visual intercom, residents lounge, gymnasium, swimming pool and concierge. We are advised approximately 60% of apartments have presold to predominantly offshore purchasers, in six months. We are further advised that all apartments have sold at full asking prices, with no discounting however in some instances upgrades have been provided at no additional cost to purchasers on a case by case basis.

Analysis

The development will be more boutique in nature with comparable communal facilities and finished to a similar standard to the subject apartments. The location is considered to be overall slightly superior. Similar to slightly lower prices for the subject apartments. Similar sums of money have been adopted for the subject penthouses, reflecting lower rates, given the slight size difference in living area.

Retail Sales Evidence

In assessing a gross realisation "As If Complete" value for the ground floor retail accommodation as part of the proposed subject development, we have had regard to the following strata commercial/retail sales.

	1R/1A Yarra Street, South Yarra	1B/7 Yarra Street, South Yarra	Ground Floor, 40 Yarra Street, South Yarra	Ground Floor, 21 Daly Street, South Yarra	Ground Floor, 12-14 Claremont St, South Yarra
					
Sale Price	\$1,080,000	\$796,000	\$1,280,000	\$3,705,000	\$2,400,000
Sale Date	May-17	Mar-17	May-16	Nov-15	May-14
Tenant	Oaks Hotels	Restaurant	MRA Fitness Group Pty Ltd	Fancy Nance & Little Frankies	Adriano Zumbo
Gross Lettable Area Retail (m²)	90	67	211	410	197
Car Spaces	2	1	2	NA	NA
Passing Net Income (\$ p.a.)	\$67,232	\$49,200	\$88,000	\$197,514	\$160,000
Passing Net Income (\$/m²)	\$747	\$734	\$417	\$482	\$812
Market Net Income (\$ p.a.)	\$67,232	\$49,200	\$88,000	\$197,514	\$160,000
Market Net Income (\$/m²)	\$747	\$734	\$417	\$482	\$812
Face Rent Analysis & Assumptions					
Initial Yield	6.23%	6.18%	6.88%	5.33%	6.67%
Market Yield	6.23%	6.18%	6.88%	5.33%	6.67%
Direct Comparison (\$/m² GLA)	\$12,000	\$11,881	\$6,066	\$9,037	\$12,183

After consideration of the sales evidence and the subject's exposure to Claremont Street, the laneway and the proposed plaza, we consider a capitalisation rate 6.00% to be appropriate, which falls within the sales range analysis of the capitalisation rates.

VALUATION CERTIFICATE FOR THE SUBJECT PROPERTY (Cont'd)






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Commercial Sales Evidence

There are three commercial units situated on Levels 1, 2 and 3 of the subject development. The Level 1 tenancy will form part of Claremont Plaza, the Level 2 tenancy will have an aspect to the void of Claremont Plaza and Level 3 will outlook the trellis on top of the public plaza.

We have had regard to the following strata units in assessing an appropriate value and capitalisation rate.

	18/25 Claremont Street, South Yarra	701/10 Yarra Street, South Yarra	906/9 Yarra Street, South Yarra	510/12-14 Claremont Street, South Yarra	506/12-14 Claremont Street, South Yarra
					
Sale Price	\$448,888	\$1,045,000	\$515,000	\$395,000	\$810,000
Sale Date	Dec-16	Jul-16	Mar-16	Dec-15	Aug-15
Tenant	Ingrams Accountants	Judgement Union Aus	Consulting Firm	Short term lease	Thurlestone Shipping Ltd
Net Lettable Area (m²)	71	250	74	67	121
Car Spaces	2	3	2	0	1
Occupancy	100%	100%	100%	100%	100%
Passing Net Income (\$ p.a.)	\$33,000	VP	\$28,000	VP	\$59,000
Passing Net Income (\$/m²)	\$465	N/A	\$378	N/A	\$488
Market Net Income (\$ p.a.)	\$33,000	\$75,000	\$29,600	\$28,140	\$59,000
Market Net Income (\$/m²)	\$465	\$300	\$400	\$420	\$488
Face Rent Analysis & Assumptions					
Initial Yield	7.35%	N/A	5.44%	N/A	7.28%
Market Yield	7.35%	7.18%	5.75%	7.12%	7.28%
Direct Comparison (\$/m² GLA)	\$6,322	\$4,180	\$6,959	\$5,896	\$6,694

After consideration of the sales we have adopted capitalisation rates towards the upper end of the range at 6.75% for Office 1 and 7.00% for Office 2 and 3. Office 2 and 3 will have inferior exposure compared to Office 1 which benefits from exposure to the plaza. Our adopted capitalisation rates also has regard to the size of the units, with the evidence demonstrating the larger units have reflected higher rates of approximately 7.18% to 7.28%. We have adopted slightly lower capitalisation rates to reflect that the subject units will be new.

4.2 GROSS REALISATION ASSESSMENT

In assessing a value for the proposed subject apartments "as if complete", we have had regard to the sales evidence and our comments previously detailed.

In addition, we have considered the following:

- The development is large comprising 268 apartments.
- The location within the inner suburb of South Yarra and being in close proximity to public transport and retail.
- Some of the apartments will not have a car park, however there are additional car parks and storage units which have not been allocated and can be purchased separately.
- The floor plans of the apartments are functional with no apartments relying on borrowed light.

VALUATION CERTIFICATE FOR THE SUBJECT PROPERTY (Cont'd)

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- The orientation of the apartments and privacy issues which will arise from existing/proposed development.
- The subject apartments will be new.
- The development has been designed by Fender Katsalidis a well regarded architect in the Melbourne market.

A summary of our gross realisation for the subject apartments is as follows:

Apartment Type	Number of Units	Living Area Range	Adopted Value Range	\$/m ² Living Area Range
1 Bed & 1 Bath	52	50m ² to 67m ²	\$430,000 to \$575,000	\$8,060/m ² to \$9,900/m ²
2 Bed & 1 Bath	16	63m ² to 65m ²	\$580,000 to \$670,000	\$9,206/m ² to \$10,308/m ²
2 Bed & 2 Bath	166	67m ² to 94m ²	\$640,000 to \$1,120,000	\$8,933/m ² to \$13,800/m ²
3 Bed & 2 Bath	8	99m ² to 102m ²	\$1,277,000 to \$1,487,000	\$12,899/m ² to \$14,578/m ²
3 Bed & 3 Bath	23	102m ² to 158m ²	\$1,425,000 to \$2,270,000	\$13,058/m ² to \$14,913/m ²
4 Bed & 3/4 Bath	3	205m ² to 224m ²	\$3,170,000 to \$3,570,000	\$15,314/m ² to \$15,938/m ²
Total	268	50m² to 224m²	\$430,000 to \$3,570,000	\$8,060/m² to \$15,938/m²

A summary of the gross realisation based on the average assessed value per apartment type is outlined as follows:

Apartment Type	Average Living Area	Average Adopted Value	Average \$/m ² Living Area	Total Gross Realisation
1 Bed & 1 Bath	53m ²	\$475,385	\$9,028/m ²	\$24,720,000
2 Bed & 1 Bath	63m ²	\$620,313	\$9,788/m ²	\$9,925,000
2 Bed & 2 Bath	76m ²	\$856,910	\$11,216/m ²	\$142,247,000
3 Bed & 2 Bath	101m ²	\$1,385,125	\$13,731/m ²	\$11,081,000
3 Bed & 3 Bath	118m ²	\$1,644,652	\$13,963/m ²	\$37,827,000
4 Bed & 3/4 Bath	212m ²	\$3,321,333	\$15,667/m ²	\$9,964,000
Overall Average	77m²	\$879,716	\$11,452/m²	\$235,764,000

Overall, our assessed apartment value “as if complete” equates to \$235,764,000 inclusive of GST. Our assessed value exclusive of GST equates to \$214,330,909.

In addition, there are 8 car spaces and 52 storage cages which are unallocated. Discussions with selling agents in the locality indicate car spaces have been selling for \$80,000. Given the number of apartments available, together with limited parking in the immediate area, we believe these car parks will be sold. We consider a nominal amount to be applicable to additional storage units. For the purpose of our assessment we have applied \$5,000 for a small storage cage, \$7,000 for a medium sized storage cage and \$20,000 for a large storage cage.

VALUATION CERTIFICATE FOR THE SUBJECT PROPERTY (Cont'd)

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There is a single ground floor retail unit and three office tenancies situated on Levels 1, 3 and 4.

Based on the sales and rental evidence, we have assessed values for these proposed units below:

Premises	Retail Unit	Office 1	Office 2	Office 3
Gross Lettable Retail Area	239 m ²	267 m ²	282 m ²	281 m ²
\$/GLRA	\$622	\$419	\$368	\$343
Net Market Income	\$148,560	\$111,960	\$103,860	\$96,485
Capitalised @	6.00%	6.75%	7.00%	7.00%
Indicated Value	\$2,476,000	\$1,658,667	\$1,483,714	\$1,378,357
Adjustments				
PV of Rental Incentive @ 3 months	(\$36,650)	(\$27,621)	(\$25,623)	(\$25,623)
PV of Let Up Period (3 months)	(\$36,650)	(\$27,621)	(\$25,623)	(\$23,803)
Leasing Commissions @ 12%	(\$17,827)	(\$13,435)	(\$12,463)	(\$11,578)
Market Value	\$2,384,872	\$1,589,990	\$1,420,006	\$1,317,353
Adopt	\$2,380,000	\$1,590,000	\$1,420,000	\$1,320,000
\$/m ² GLA	\$9,958	\$5,955	\$5,035	\$4,698

In assessing a rental value on a rate per square metre of lettable area we have considered the sales evidence for the retail and for the commercial.

The retail rents reflected a range between \$417 and \$812 per square metre of lettable area. We have adopted a rate of \$600 per square metre of lettable area together with a rate of \$215 per month for the car parks. This results in a blended rate of \$622 per square metre of lettable area. As previously discussed the sales at 21 Daly Street and 12-14 Claremont Street, although dated, are most comparable with the subject retail unit given they are both located in the pedestrian laneway in close proximity to the subject property offering similar level of exposure. These reflected analysed rents of \$482 and \$812 per square metre of lettable area. The subject retail unit has a lettable area of 239 square metres, which is slightly larger than the sale at 12 – 14 Claremont Street which has an area of 197 square metres. The subject property is approximately 21% larger in area, hence we consider a lower rate on a rental value to be appropriate. After consideration of the above, we have adopted a blended rate of \$622 per square metre of lettable area.

In respect of the commercial units, the rental range disclosed by the evidence is in the order of \$300 to \$488 per square metre of lettable area. We consider the evidence to provide a good cross section for the subject proposed units and consider the adopted range to be appropriate as it falls within the sales range. On this basis we have adopted a blended rate inclusive of car parks of \$343 to \$419 per square metre of lettable area.

Our assessment equates to \$6,710,000 exclusive of GST.

VALUATION CERTIFICATE FOR THE SUBJECT PROPERTY (Cont'd)

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In total our assessed gross realisation “as if complete” including the residential, retail and commercial component equates to \$243,478,000 inclusive of GST and \$221,953,636 exclusive of GST. A summary of the breakup is as follows:

Summary of Gross Realisation				
Residential Apartments - Available for Sale (assessed)	268	\$235,764,000	Inclusive of GST	\$879,716/unit
Unallocated Car Parks	8	\$640,000	Inclusive of GST	\$80,000/car space
Unallocated Storage	52	\$364,000	Inclusive of GST	\$7,000/storage
Retail Unit	1	\$2,380,000	Exclusive of GST	\$2,380,000/unit
Commercial Units	3	\$4,330,000	Exclusive of GST	\$1,443,333/unit
Total Gross Realisation		\$243,478,000		
GST Payable on Apartments and Unallocated Car parks/Storage		\$21,524,364		
Total Gross Realisation exclusive of GST		\$221,953,636	Exclusive of GST	

VALUATION CERTIFICATE FOR THE SUBJECT PROPERTY (Cont'd)

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**4.3 RESIDUAL CASH FLOW ANALYSIS****Feasibility Assumptions**

Our residual cash flow analysis for the proposed development at the subject property has been prepared based on information provided. Our cash flow projections are forecasts based on available information and are exposed to fluctuating economic conditions.

Feasibility Assumptions		
Sale Assumptions		
Site Area		2,128 m ²
Indicated Density (inclusive of retail units)		1:7.82m ²
Proposed Development		
Residential Units		268 lots
Office and Retail Units		<u>4 lots</u>
Total Units		272 lots
Gross Realisation		
Available Residential Units (inclusive of GST)		\$235,764,000
Unallocated Car Parks & Storage		\$1,004,000
Retail Unit and Car Parks		\$2,380,000
Commercial Units and Car Parks		<u>\$4,330,000</u>
Total Gross Realisation		\$243,478,000
Average Residential Unit Value (inclusive of GST)		\$879,716
Rate of Sale Per Month		22 units
Presales		N/A
Selling Costs (exclusive of GST)		3.25%
GST on Gross Realisations		1/11th
Cost Assumptions		
Acquisition Costs (exclusive of GST)		5.75%
GST on construction		10.00%
Development Costs (inclusive of GST)		\$124,645,788
Development Costs (exclusive of GST)		\$113,403,444
Cost \$/unit (incl retail & commercial)		\$416,924
Finance Costs		6.50%
Public Open Space Contribution		\$2,960,000
Rates and Taxes		
Per Annum		\$835,000
\$/unit		\$3,070
Timing Assumptions		
Lead in time (Before Construction, post settlement)		10 months
Settlement on Hypothetical Land Purchase		3 months
Construction	1.83 yrs	22 months
Selling Period - Available Residential Units (Post Completion)	1.00 yrs	12 months
Selling Period - Commercial Units (Post Completion)	0.25 yrs	3 months
Selling Period - Retail Units (Post Completion)	0.08 yrs	1 months
Settlement on Sales		1 month
Total Project Period	3.92 yrs	47 months
Terms on Sale		
Deposit		10%
Balance	3 months	90%
Hurdle Rates		
Developer's Margin		22.50%
Internal Rate of Return (excl. interest)		16.00%

VALUATION CERTIFICATE FOR THE SUBJECT PROPERTY (Cont'd)

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We make the following comments in relation to our feasibility assumptions:

- **Rate of sale per month**

We have adopted a rate of sale with respect of the residential apartments of approximately 22 units per month post completion of the development. For the purpose of our cashflow we have allowed a lead in period of 10 months to obtain a level of presales which is common practice in the market place. The balance of the apartments we have treated as sales post completion of the development representing a rate of 14 apartments per month over a 12 month period.

Marketing will continue during the construction period and sales will occur. Hence, the actual sales rate inclusive of the 10 month lead in period, construction and 12 month sales period would equate to approximately six apartments per month.

- **GST**

Our gross realisation for the residential apartments is assessed inclusive of GST. Our gross realisation for the commercial and retail units is assessed exclusive of GST. We have not adopted the margin scheme and applied the general tax method being 1/11th of our gross relation for the apartments.

- **Selling Expenses**

We have allowed a total selling expense of 3.25% of the gross realisation exclusive of GST. This allows for 2.50% for sales commission on all apartments and the retail units, 0.50% for marketing and advertising. This is in addition to the Coordination of Marketing and Administration Fee included in our project costs.

- **Interest Rate**

The interest rate adopted equates to 6.50%. This accounts for all costs including line fees, application fees etc.

- **Land Holding Costs**

The Land Holding Costs is inclusive of the Land Tax payable for the balance of 2017 (\$329,167), the Land Tax payable from 2018 through to the end of the project period (\$2,004,098) and the Council Rates payable throughout the project period (\$119,132), which arrives at a total sum of \$2,452,397. These costs are calculated based upon the estimated land value and the Victorian Tax General Rates (2009 – present) in accordance with the State Revenue Office and the rate in the dollar for the City of Stonnington, being the local Council Authority.

VALUATION CERTIFICATE FOR THE SUBJECT PROPERTY (Cont'd)

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- **Purchase Costs**

The Purchase Costs are inclusive of estimated Stamp Duty payment of \$2,223,688 which is approximately 5.5% of the total land value and the estimated Legal Costs/Due Diligence costs associated with the purchase (\$101,077).

- **Targets**

We have adopted a developer's margin of 22.50% and a target internal rate of return including interest of 16%. We have adopted these targets for the following reasons:

- Planning approval has been obtained hence, there is no planning risk if developed in accordance with the endorsed plans.
- The development is situated in the inner suburb of South Yarra. There are a number of apartments proposed and under construction within the area. Furthermore, a number of competing developments are largely presold demonstrating proven demand for the area.
- The development of 272 units (including retail and commercial units) is a large project. The proposed development is expected to run for approximately four years.
- Current economic conditions, interest rates and buyer profile for the area.
- A preliminary cost estimate has been prepared by Hickory Group however, the costs have not been verified by a quantity surveyor and the therefore risk remains that the costs will be higher than what has been adopted.
- The sales rate may not be achieved if market conditions deteriorate. In this event, the project will take longer resulting in a higher interest payment.
- There have been a number of recent changes and government announcements that will impact investors and foreign purchasers.

VALUATION CERTIFICATE FOR THE SUBJECT PROPERTY (Cont'd)

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**Residual Cash Flow Summary**

The following is a summary of our analysis, assuming 100% debt funding.

Hypothetical Development Approach			
Gross Realisation			\$243,478,000
Less			
Selling Costs @	3.58%	\$8,704,339	
GST based on 1/11th		\$21,524,364	<u>\$30,228,702</u>
Net Realisation			\$213,249,298
Less Profit & Risk Factor @	22.50%		\$39,313,023
Funds Available for Development			\$173,936,275
Less			
Development Costs		\$124,645,788	
Statutory Costs		\$2,960,000	
Interest @	6.50%	\$16,840,991	
Purchase Costs	5.75%	\$2,324,765	
Holding Costs		\$2,452,397	
Add GST Input Credits		\$15,718,354	<u>\$133,505,587</u>
Indicated Value (inclusive of GST)			\$40,430,688
GST			\$3,675,517
Indicated Value (exclusive of GST)			\$36,755,171
Rounded to (exclusive of GST)			\$36,800,000

Indicated Value excl. of GST	\$36,800,000
Profit After Interest	\$39,313,023
Developer's Margin	22.50%
IRR Including Interest	12.50%
\$/unit	\$135,294/unit
\$/m ²	\$17,292/m ²

Our assessed value of \$36,800,000 exclusive of GST is specific to the project and is based on our assumptions and information provided with our instructions. Should this information or assumptions alter, it will impact on the assessment.

VALUATION CERTIFICATE FOR THE SUBJECT PROPERTY (Cont'd)

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**5. RECONCILIATION OF VALUES**

The direct comparison and hypothetical development approaches to value result in assessments of \$37,000,000 and \$36,800,000 exclusive of GST respectively.

The direct comparison approach has regard to other site sales that share similar characteristics to the subject property. Due to the limited number of recent transactions within the immediate locality we have considered other localities to draw comparisons. The sales are not directly comparable in all aspects and therefore we have had to make the necessary judgments to assess an appropriate value rate.

The hypothetical development approach to value is specific to the proposed project and relies on a number of assumptions including sales rates and costs. The project has received planning approval, however, the apartments are yet to be marketed hence, the demand and price points have not been tested and the costs are based on an estimate, therefore some risk remains around the cost of construction.

After consideration of both approaches to value we have adopted the upper end of the range which we consider reasonable given both approaches broadly resulted in similar assessments. Therefore, our Market Value assessment equates to \$37,000,000 exclusive of GST.

6. VALUATION AND VALUATION COMPLIANCE STATEMENT**Valuation**

Subject to the qualifications and assumptions contained within the body of this report, we assess the Market Value of 16 - 22 Claremont Street, South Yarra, Victoria exclusive of GST, as at 1 June 2017, to be:

**\$37,000,000 exclusive of GST
(THIRTY SEVEN MILLION DOLLARS)**

Or the equivalent sum (based on an exchange rate of \$1.00: RM3.1763, being the middle rate published by Bank Negara Malaysia at 5.00pm on 1 June 2017, being the date of valuation):

**RM117,523,100 exclusive of GST
(ONE HUNDRED AND SEVENTEEN MILLION FIVE HUNDRED AND TWENTY THREE THOUSAND ONE HUNDRED MALAYSIAN RINGGIT)**

This valuation is for the private and confidential use only of the Salcon Berhad and for the specific purpose for which it has been requested. No third party is entitled to use or rely upon this report in any way and neither the Valuer nor m3property shall have any liability to any third party who does.

VALUATION CERTIFICATE FOR THE SUBJECT PROPERTY (Cont'd)

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Only a signed original of this valuation should be relied upon and no responsibility will be accepted for photocopies of the report.

No part of this valuation or any reference to it may be included in any other document or reproduced or published in any way without written approval of the form and context in which it is to appear.

This valuation is current as at the date of valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period of time (including as a result of general market movements and factors specific to the particular property). We do not accept responsibility or liability for losses arising from such subsequent changes in value. Without limiting the generality of the above comment, we do not assume responsibility or accept liability where the valuation is relied upon after the expiration of 90 days from the date of valuation or such earlier date if you become aware of any factors that have an effect on the valuation.

We advise that no party may rely upon financial projections or future values contained in our valuation report. Any financial projection or future value calculations in our valuation reports are valuation tools only, and should not be construed in any way as providing an indication of likely future profit and/or cash flow.

Valuation Compliance Statement

m3property confirms that:

- The statements of fact presented in the report are correct to the best of Valuer's knowledge.
- The analyses and conclusions are limited only by the reported assumptions and conditions.
- The Valuer has no interest in the subject property.
- The Valuer's fee is not contingent upon any aspect of the report.
- The valuation was performed in accordance with an ethical code and performance standards.
- The Valuer has satisfied professional education requirements.
- The Valuer has experience in the location and category of the subject property being valued.
- The Valuer has made a personal inspection of the subject property.
- No one, except those specified in the valuation report, has provided professional assistance in preparing the valuation report.

VALUATION CERTIFICATE FOR THE SUBJECT PROPERTY (Cont'd)

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We confirm that neither **m3property** nor any of its Directors or employees has any pecuniary interest that could conflict with the proper valuation of this subject property.

Valuation Certificate Prepared By:

m3property

A handwritten signature in cursive script that reads "Luana Kenny".

Luana Kenny B.Bus (Prop) AAPI
Director
Certified Practising Valuer
API No. 62805
Date of Signing: 1 June 2017

A handwritten signature in cursive script that reads "Juliana Su".

Juliana Su B.AppSci (Prop Val) AAPI
Valuer
Certified Practising Valuer
API No. 81709
Date of Signing: 1 June 2017

FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

Our Board has seen and approved this Circular and they collectively and individually accept full responsibility for the accuracy of the information contained in this Circular and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement in this Circular false or misleading.

The information on EWI, Fortune Quest and EW Sydney was obtained from the management of the respective parties and the responsibility of the Board is limited to ensuring that such information is accurately reproduced in this Circular.

2. CONSENT AND CONFLICT OF INTEREST**2.1 HLIB**

HLIB, being the Adviser to Salcon in respect of the Proposed Disposal, has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references to them in the form and context in which they appear in this Circular.

HLIB has given its written confirmation that there is no situation of conflict of interest that exists or is likely to exist in relation to its role as the Adviser to Salcon in respect of the Proposed Disposal.

2.2 Affin Hwang IB

Affin Hwang IB, being the Independent Adviser to the Non-Interested Shareholders of Salcon in respect of the Proposed Disposal, has given and has not subsequently withdrawn its written consent to the inclusion of its name, letter and all references to them in the form and context in which they appear in this Circular.

Affin Hwang IB has given its written confirmation that there is no situation of conflict of interest that exists or is likely to exist in relation to its role as the Independent Adviser to the Non-Interested Shareholders of Salcon in respect of the Proposed Disposal.

2.3 m3property

m3property, being the independent registered valuer for the Subject Property, has given and has not subsequently withdrawn its written consent to the inclusion of its name, the Valuation Certificate and all references to them in the form and context in which they appear in this Circular.

m3property has given its written confirmation that there is no situation of conflict of interest that exists or is likely to exist in relation to its role as the independent registered valuer for the Subject Property.

FURTHER INFORMATION (Cont'd)

3. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES**3.1 Material commitments**

As at the LPD, our Board is not aware of any other material commitments incurred or known to be incurred by our Group.

3.2 Contingent liabilities

Save as disclosed below, as at the LPD, our Board is not aware of any contingent liabilities which, upon becoming enforceable, may have a material impact on our Group's profits or NA:

	(RM'000)
Bank guarantees given to third parties relating to performance, tenders and advance payment bonds in relation to subsidiaries of Salcon	26,904
Guarantees given in favour of third parties in relation to subsidiaries of Salcon	10,918
Total	<u>37,822</u>

4. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at our registered office at 15th Floor, Menara Summit, Persiaran Kewajipan, USJ 1, 47600 UEP Subang Jaya, Selangor Darul Ehsan during normal business hours from Monday to Friday (except public holidays) from the date of this Circular up to and including the date of the forthcoming EGM:

- (i) the Constitution of our Company;
- (ii) the audited consolidated financial statements of our Company for the past 2 FYEs 31 December 2015 and 2016 and the latest unaudited consolidated financial statements of Salcon for the 3-month FPE 31 March 2017;
- (iii) the Constitution of EW-Salcon Australia;
- (iv) the unaudited financial statements of EW-Salcon Australia for the 10-month FPE 31 March 2017;
- (v) the Valuation Certificate as set out in Appendix II of this Circular and the Valuation Report;
- (vi) the SPA (together with the final forms of the Shareholders' Agreement and Development Management Agreement);
- (vii) the letters of consent and no conflict of interest referred to in Section 2, Appendix III of this Circular; and
- (viii) the material contract referred to in Section 8, Appendix I of this Circular.



SALCON BERHAD
(Company No.: 593796-T)
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an extraordinary general meeting of Salcon Berhad (“**Salcon**” or the “**Company**”) will be held at Classics Ballroom, Level 3, Holiday Villa Hotel & Conference Centre Subang, 9 Jalan SS12/1, 47500 Subang Jaya, Selangor Darul Ehsan on Tuesday, 29 August 2017 at 11.00 a.m. or any adjournment thereof, for the purpose of considering and if thought fit, passing the following resolution, with or without any modifications:

ORDINARY RESOLUTION

PROPOSED DISPOSAL BY SALCON DEVELOPMENT SDN BHD, A WHOLLY-OWNED SUBSIDIARY OF SALCON, OF 80% EQUITY INTEREST IN ECO WORLD-SALCON Y1 PTY LTD (FORMERLY KNOWN AS SALCON DEVELOPMENT (AUSTRALIA) PTY LTD) TO FORTUNE QUEST GROUP LTD, A WHOLLY-OWNED SUBSIDIARY OF ECO WORLD INTERNATIONAL BERHAD FOR A DISPOSAL CONSIDERATION OF AUD120,000

“**THAT**, subject to the approvals being obtained from the relevant authorities, approval be and is hereby given to Salcon Development Sdn Bhd (“**SDSB**”), a wholly-owned subsidiary of Salcon to dispose its 80% equity interest in Eco World-Salcon Y1 Pty Ltd (formerly known as Salcon Development (Australia) Pty Ltd)(“**EW-Salcon Australia**”) to Fortune Quest Group Ltd (“**Fortune Quest**”), a wholly-owned subsidiary of Eco World International Berhad, for a disposal consideration of AUD120,000 in accordance with the terms and conditions of the conditional sale and purchase agreement dated 10 April 2017 (“**SPA**”) entered into between SDSB and Fortune Quest (“**Proposed Disposal**”).

THAT, approval be and is hereby given for the following agreements to be entered into upon completion of the Proposed Disposal:

- (i) shareholders’ agreement to be entered between SDSB, Fortune Quest and EW-Salcon Australia, which sets out, among others, the obligations of SDSB and Fortune Quest as shareholders of EW-Salcon Australia, the business for the development, sale and/or lease of the Subject Property as mentioned in Section 2.3, Part A of the Company’s circular to shareholders dated 14 August 2017 (“**Circular**”) and their shareholdings in EW-Salcon Australia; and
- (ii) development management agreement to be entered between EW-Salcon Australia and Eco World Sydney Development Pty Ltd (“**EW Sydney**”), whereby EW-Salcon Australia will appoint EW Sydney as the development manager for the initial planning, development, coordination and marketing of the Yarra One Project as elaborated in Section 2.1, Part A of the Circular.

THAT, the entry into the SPA be and is hereby ratified;

AND THAT the Directors of the Company and/or Directors of SDSB be and are hereby authorised to do all such acts, deeds and things as they may consider necessary or expedient to give full effect to the aforesaid Proposed Disposal with full power to assent to any conditions, modifications, variations and/or amendments to the terms of the aforesaid Proposed Disposal as may be required and/or as they may deem fit or expedient in the best interests of the Company and/or SDSB and to execute, deliver and/or cause to be delivered such documents and agreements in connection therewith.”

BY ORDER OF THE BOARD

Wong Wai Foong (MAICSA 7001358)
Joanne Toh Joo Ann (LS 0008574)
Company Secretaries
Kuala Lumpur
14 August 2017

Notes:

1. *A member entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and vote at the meeting except where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, in which event it may appoint not more than two (2) proxies in respect of each Securities Account it holds in ordinary shares of the Company standing to the credit of the said Securities Account.*
2. *For an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
3. *Where a member or the authorised nominee appoints two (2) proxies, or where an exempt authorised nominee appoints two (2) or more proxies, the appointments shall be invalid unless the proportion of shareholdings to be represented by each proxy is specified in the instrument appointing the proxies. A proxy may but need not be a member of the Company and there shall be no restriction as to the qualification of the proxy or proxies.*
4. *The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or if the appointer is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.*
5. *The instrument appointing a proxy must be deposited at the Registered Office at 15th Floor, Menara Summit, Persiaran Kewajipan, USJ 1, 47600 UEP Subang Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time set for the meeting or any adjournment thereof.*
6. *Only members whose names appear in the Record of Depositors as at 22 August 2017 will be entitled to attend, speak and vote at the meeting or appoint proxy(ies) to attend, speak and vote on their behalf.*



Proxy Form

I/We
(PLEASE USE BLOCK/CAPITAL)

of
(FULL ADDRESS)

being a member/members of **SALCON BERHAD** (Company No.: 593796-T) hereby appoint

..... of

..... or failing whom,

of

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf, at the Extraordinary General Meeting of the Company to be held at Classics Ballroom, Level 3, Holiday Villa Hotel & Conference Centre Subang, 9 Jalan SS12/1, 47500 Subang Jaya, Selangor Darul Ehsan on Tuesday, 29 August 2017 at 11.00 a.m., or at any adjournment thereof.

	*For	*Against
Ordinary Resolution : Proposed Disposal		

(*Please indicate with 'X' in the space provided above how you wish your vote to be cast. If no instruction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.)

Dated this day of 2017

Number of shares held:

If more than 1 proxy, please specify number of shares represented by each proxy
Name of Proxy 1:
Name of Proxy 2:

.....
Signature of Shareholder(s) or Common Seal

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and vote at the meeting except where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, in which event it may appoint not more than two (2) proxies in respect of each Securities Account it holds in ordinary shares of the Company standing to the credit of the said Securities Account.
2. For an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
3. Where a member or the authorised nominee appoints two (2) proxies, or where an exempt authorised nominee appoints two (2) or more proxies, the appointments shall be invalid unless the proportion of shareholdings to be represented by each proxy is specified in the instrument appointing the proxies. A proxy may but need not be a member of the Company and there shall be no restriction as to the qualification of the proxy or proxies.
4. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or if the appointer is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.
5. The instrument appointing a proxy must be deposited at the Registered Office at 15th Floor, Menara Summit, Persiaran Kewajipan, USJ 1, 47600 UEP Subang Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time set for the meeting or any adjournment thereof.
6. Only members whose names appear in the Record of Depositors as at 22 August 2017 will be entitled to attend, speak and vote at the meeting or appoint proxy(ies) to attend, speak and vote on their behalf.



Fold this flap for sealing

Then fold here

AFFIX
STAMP

SALCON BERHAD (593796-T)
15th Floor, Menara Summit
Persiaran Kewajipan, USJ 1
47600 UEP Subang Jaya
Selangor Darul Ehsan
Malaysia

1st fold here
