BERJAYA CORPORATION BERHAD ("BCORP")

Proposed Acquisition

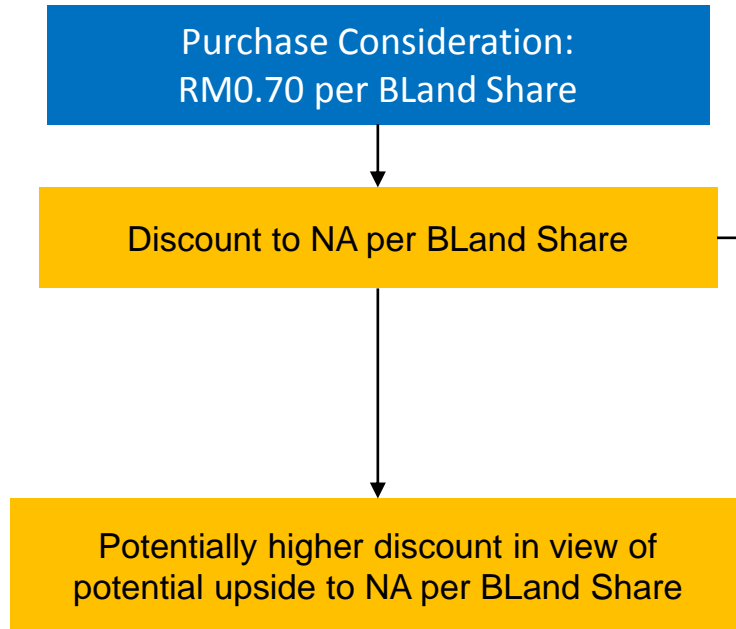**Independent Adviser's Evaluation**

Mercury Securities Sdn Bhd
(Company No. 113193-W)
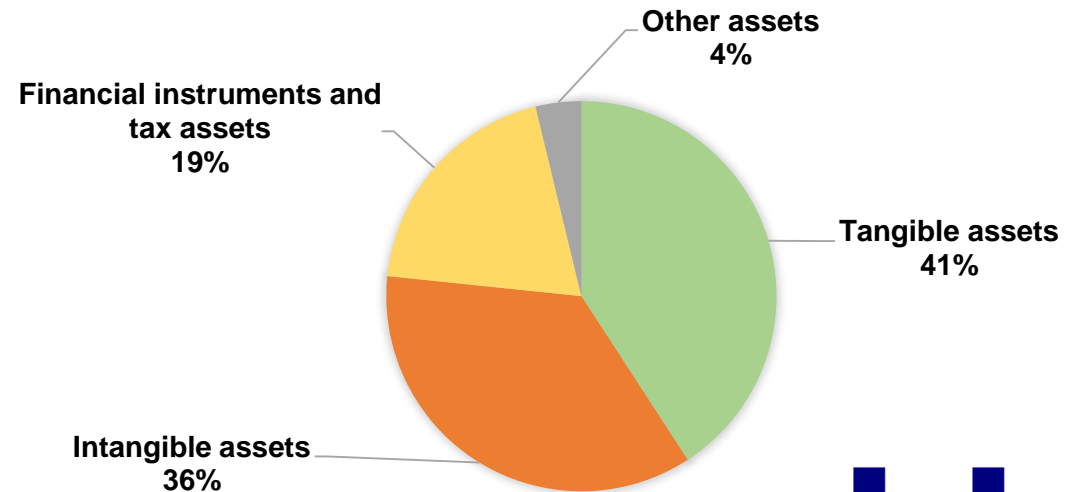(A Participating Organisation of Bursa Malaysia Securities Berhad)

19 April 2016

Fairness of the Proposed Acquisition

Asset-based approach

**Purchase Consideration:
RM0.70 per BLand Share**

↓

Discount to NA per BLand Share →

Unaudited NA per BLand Share as at 31 January 2016	Discount to NA per BLand Share	
RM	RM	%
1.06	0.36	33.96

The unaudited NTA of BLand of RM0.64 per BLand Share as at 31 January 2016 represents 91.4% of the Purchase Consideration of RM0.70

↓

Potentially higher discount in view of potential upside to NA per BLand Share

- 85% of the value of tangible assets comprise property-based assets i.e. land and buildings

- Substantially all the material property assets of the BLand Group have not been revalued for a weighted average time period of approximately 12 years

**Other assets
4%**

**Financial instruments and tax assets
19%**

**Tangible assets
41%**

**Intangible assets
36%**

Consolidated total assets of BLand
as at 31 January 2016

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Fairness of the Proposed Acquisition

Market-based approach

Purchase Consideration:
RM0.70 per BLand Share

±3% against VWAP

Lower than closing market prices of BLand Shares for approximately 96% of the market days in the past five (5) years

VWAP of BLand Shares		Premium / (Discount) over VWAP of BLand Shares	
Time period	RM	RM	%
• 5-day VWAP	0.69	0.01	1.45
• 1-month VWAP	0.69	0.01	1.45
• 3-month VWAP	0.68	0.02	2.94
• 6-month VWAP	0.70	-	-
• 1-year VWAP	0.72	(0.02)	(2.78)

Source: Bloomberg
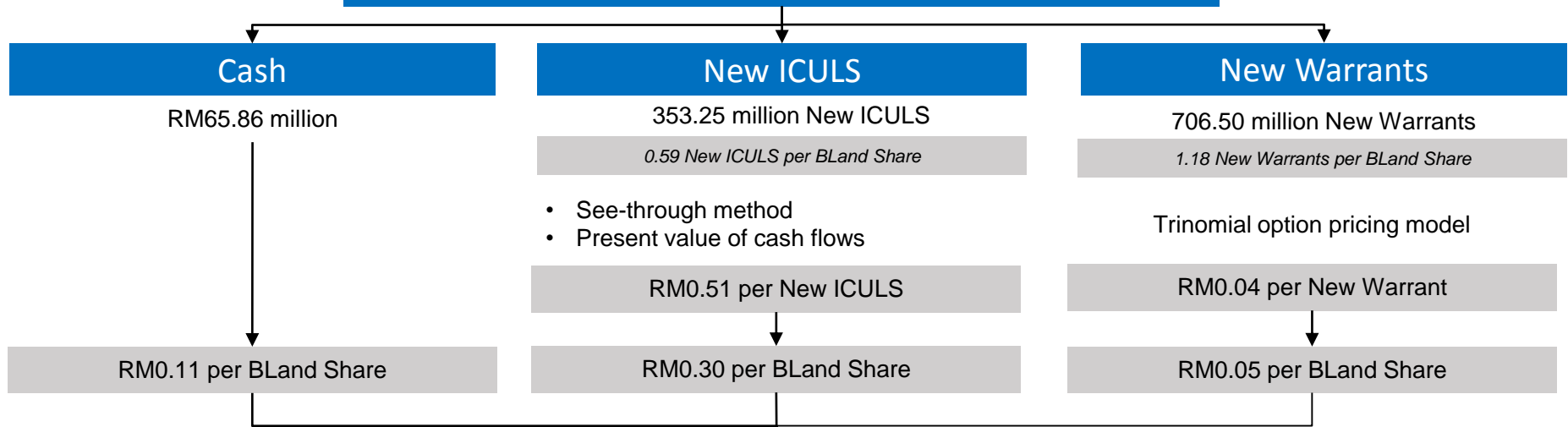

Purchase Consideration : RM0.70

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Fairness of the Proposed Acquisition

Effective Purchase Consideration

Purchase Consideration of RM419.11 million for 598.73 million BLand Shares to be satisfied by

Cash	New ICULS	New Warrants
RM65.86 million	353.25 million New ICULS	706.50 million New Warrants
	0.59 New ICULS per BLand Share	*1.18 New Warrants per BLand Share*
	• See-through method • Present value of cash flows	Trinomial option pricing model
	RM0.51 per New ICULS	RM0.04 per New Warrant
RM0.11 per BLand Share	RM0.30 per BLand Share	RM0.05 per BLand Share

Effective Purchase Consideration based on theoretical value:
RM0.46 per BLand Share

Discount of **34.29%** to the

Purchase Consideration:
RM0.70 per BLand Share

IA's view: The Proposed Acquisition is FAIR

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Reasonableness of the Proposed Acquisition

- Opportunity to increase stake in BLand at a fair price
- Potential capital appreciation of existing properties & contribution to the future earnings of the BCorp Group

- Hotels and resorts
- Property development and investment
- Number forecast operator business
- Motor retailing business in the UK

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Rationale for the Proposed Acquisition

Prospects of the BLand Group

Reasonableness

Financial effects

Risk factors

- Overall effects are expected to be positive in view of the higher contribution of earnings expected from the BLand Group in the medium to long term

- No material change to risk profile of the BCorp Group as BLand is already a 63.05%-owned subsidiary of BCorp

IA's view: The Proposed Acquisition is REASONABLE

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Conclusion

Based on the information available to us, we are of the view that the Proposed Acquisition is <u>fair and reasonable</u> and is <u>not detrimental</u> to the non-interested shareholders of BCorp.

Recommendation : To <u>vote in favour</u> of the Proposed Acquisition

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