

**TITIJAYA LAND BERHAD (“TITIJAYA” OR “COMPANY”)
PROPOSED ACQUISITION OF MENARA TM SEMARAK BY TITIJAYA PMC SDN. BHD. AND
TITIJAYA SOUTH ASIA SDN. BHD., BEING THE WHOLLY-OWNED SUBSIDIARIES OF TITIJAYA**

1. INTRODUCTION

The Board of Directors of Titijaya wishes to announce that Titijaya PMC Sdn Bhd. (“**Titijaya PMC**” or “**Purchaser**”) and Titijaya South Asia Sdn. Bhd. (“**Titijaya South Asia**” or “**Nominee**”) being the wholly-owned subsidiaries of Titijaya, had entered into a Sale and Purchase Agreement (“**SPA**”) with Menara ABS Berhad [Registration No. 200401030991 (669499-X)] (“**Vendor**”) for the acquisition of a twenty-two (22) storey purpose-built office building together with an annexed six (6) storey Telekom Exchange and 5 level of basement car park erected on a piece of leasehold land held under Hakmilik Sementara Daftar 64439, PT 24, Section 87A, Town and District of Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur measuring approximately 30,115 square metres in net lettable area and bearing postal address of Menara TM Semarak, No. 82, Jalan Raja Muda Abdul Aziz, 50300 Kuala Lumpur (“**Property**”) for a purchase price of RM72,000,000/- (“**Purchase Price**” or “**Consideration**”) subject to the terms and conditions as stipulated in the SPA (“**Proposed Acquisition**”).

(each a “**Party**” and together, the “**Parties**”).

2. PROPOSED ACQUISITION

2.1 Information on Titijaya PMC

Titijaya PMC is a private company incorporated under the laws of Malaysia having its business address at N-16-01, Penthouse, Level 16, First Subang, Jalan SS15/4G, 47500 Subang Jaya, Selangor Darul Ehsan.

The directors of Titijaya PMC are:-

- Tan Sri Dato’ Lim Soon Peng
- Mr. Lim Poh Yit
- Dato’ Faizal Bin Abdullah

The principal activity of Titijaya PMC is providing management services.

Titijaya PMC has an issued share capital of RM2 comprising 2 ordinary shares and Titijaya is the sole shareholder of Titijaya PMC.

2.2 Information on Titijaya South Asia

Titijaya South Asia is a private company incorporated under the laws of Malaysia having its business address at N-16-01, Penthouse, Level 16, First Subang, Jalan SS15/4G, 47500 Subang Jaya, Selangor Darul Ehsan.

The directors of Titijaya South Asia are:-

- Tan Sri Dato’ Lim Soon Peng
- Mr. Lim Poh Yit

The principal activity of Titijaya South Asia is property development.

Titijaya South Asia has an issued share capital of RM2 comprising 2 ordinary shares and Titijaya is the sole shareholder of Titijaya South Asia.

2.3 Information on the Vendor

Menara ABS Berhad is a company incorporated under the laws of Malaysia with its address at 12th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan.

The directors of Menara ABS Berhad are Samuel Sham Chee Leong, Cheah Boon Hoe and Noor Azman Bin Abu Bakar.

The nature of business of Menara ABS Berhad is specific purpose of implementing as asset securitisation programme which the company will issue asset-backed private debt securities of any kind whatsoever including securities, notes, bonds or debentures to raise monies for Telekom Malaysia Berhad.

Menara ABS Berhad has an issued share capital of RM 2 comprising 2 Ordinary Shares. The sole shareholder of Menara ABS Berhad and its shareholding in Menara ABS Berhad is as follows:-

	<u>No. of Shares</u>	<u>%</u>
PB Trustee Services Berhad	2	100%
Total	<u>2</u>	<u>100%</u>

(The above information is based on the Corporate Information obtained from the Companies Commission of Malaysia dated 26/06/2023).

2.4 Information on the Property

Details of the Property are as follows:-

Registered owner	: Menara ABS Berhad
Postal Address	: Menara TM Semarak, No. 82, Jalan Raja Muda Abdul Aziz, 50300 Kuala Lumpur
Title details	: Hakmilik Sementara Daftar 64439, PT 24, Section 87A, Town and District of Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur
Tenure	: Leasehold 99 years (expiring 10/12/2087)
Net lettable area	: Measuring approximately 30,115 square metres
Existing use	: Office building
Category of land use	: Tanah ini hendaklah digunakan untuk bangunan perdagangan bagi tujuan pejabat sahaja.
Restriction-in-interest	: Tanah ini tidak boleh dipandahmilik, dipajak dan dicagar melainkan dengan kebenaran Jawatankuasa Kerja Tanah Wilayah Persekutuan Kuala Lumpur.
Financial information of the Property	: The Board is unable to disclose the net profits attributable to assets and net assets or net book value of the Property as the Company is not privy to this information.

3. BASIS OF AND JUSTIFICATION FOR THE PURCHASE PRICE

The Purchase Price is arrived at based on a 'willing-buyer willing-seller' basis agreed upon by the Vendor and the Purchaser after taking into consideration:-

- (a) the occupancy rate and the profile of the existing tenants;
- (b) the conditions of the Property and the estimated refurbishment costs;
- (c) the strategic location of the Property;
- (d) prevailing market rates for similar properties in the surrounding area of the Properties; and
- (e) the existing maintenance and operating costs.

4. Salient Terms of the SPA

The salient terms and conditions of the SPA are as follows:

4.1 Agreement to Sell and Purchase

The sale and purchase of the Property shall be subject to and conditional upon:

- (a) the Vendor, at its own costs and expense, applying and obtaining the written consent from the state authority of Wilayah Persekutuan Kuala Lumpur to transfer the Property to the Purchaser; and
- (b) the Purchaser or its Nominee, at its own costs and expense, applying and obtaining the written consent from the Economic Planning Unit of the Prime Minister's Department ("**EPU**") to acquire the Property from the Vendor or the confirmation from EPU that such consent is not required (sub paragraphs (a) and (b) above to be collectively referred to as the "**Consent to Transfer**")

within three (3) months from the date of the SPA or any other extended period(s) as may be mutually agreed by the parties in writing ("**Conditional Period**"). The SPA will become unconditional on the date of receipt by the Purchaser's Solicitors of the Consent to Transfer ("**Unconditional Date**").

In the event the Vendor fails to obtain the Consent to Transfer on or before the Conditional Period, the SPA shall lapse, the provisions as stipulated in the SPA (save for the payment of the agreed liquidated damages) shall apply and the Vendor shall refund to the Purchaser all deposits paid, and none of the Parties shall have any claim against the other Party.

4.2 Execution of the Transfer

Upon the execution of the SPA and the payment of the Balance Deposit (as hereinafter defined) by the Purchaser to the Vendor, the Vendor shall execute the Memorandum of Transfer in favour of the Purchaser or its Nominee and shall deposit the same with the Purchaser's Solicitors who are authorised by the parties to proceed with the adjudication for stamp duty payable for the Memorandum of Transfer only and shall not present the same for registration or forward the same to the Financier's Solicitors, until the Balance Purchase Price has been paid or upon payment by the Purchaser of the difference between the Purchase Price and the Loan ("**Differential Sum**").

4.3 Payment of Purchase Price and Completion

The Purchase Price shall be paid by the Purchaser to the Vendor in the following manner and time:

4.3.1 a sum of monies of RM1,440,000.00 ("**Earnest Deposit**") has been paid by the Purchaser to the Vendor's Agent prior to the execution of the SPA,

4.3.2 a further sum of monies of RM5,760,000.00 ("**Balance Deposit**") shall be paid by the Purchaser to the Vendor upon execution of the SPA,

The Earnest Deposit and the Balance Deposit totaling to the sum of RM7,200,000.00 ("**Deposit**") being part of the Purchase Price which shall count towards the Purchase Price.

4.3.3 the balance of the Purchase Price of RM64,800,000.00 ("**Balance Purchase Price**") shall be paid by the Purchaser by means of the Loan or otherwise to the Vendor's Solicitors as stakeholders within three (3) months from the Unconditional Date ("**Completion Period**").

In the event the Purchaser is unable or fails to pay the Balance Purchase Price on or before the expiry of the Completion Period, the Vendor shall automatically grant the Purchaser an extension of one (1) month with addition of one (1) month and further one (1) month from the expiry of the Completion Period whereby the second and third extensions are subjected to the Purchaser submitting proof of financing of part of the Balance Purchase Price to the Vendor and the written approval by the Vendor ("**Extended Completion Period**") to pay the Balance Purchase Price provided the Purchaser pays eight per centum (8%) interest per annum calculated on a daily basis on that part of the Balance Purchase Price remaining outstanding until the date of full settlement of the Balance Purchase Price.

4.4 Loan

In the event the Purchaser or the Nominee has obtained the approval for a loan ("**Loan**") from a financier ("**Financier**") to complete the purchase of the Property, the Vendor shall within fourteen (14) Business Days from the date that the Differential Sum shall have been duly deposited with the Vendor's Solicitors as stakeholders and subject to the Vendor's Solicitors' receipt of the Financier's Undertaking (as hereinafter defined), the Vendor shall execute and forward a letter of undertaking in the substance acceptable by the Financier in favour of the Financier to refund the Loan free of any interest so released to them in the event the Memorandum of Transfer cannot be registered for any reason whatsoever resulting the Charge in favour of the Financier cannot be registered.

The Purchaser shall procure or cause the Financier to issue and deliver to the Vendor a written confirmation that the Loan has been approved and will be released upon presentation of the Memorandum of Transfer in favour of the Purchaser or its Nominee and the Charge in favour of the Financier at the relevant Land Office for registration ("**Financier's Undertaking**").

4.5 Default by Purchaser

The Vendor shall be entitled to terminate the SPA by giving a written termination notice to the Purchaser whereupon it is agreed between the Vendor and the Purchaser that the Deposit paid by the Purchaser shall be forfeited absolutely to the Vendor by way of agreed liquidated damages and the Vendor shall refund all other monies paid by the Purchaser to the Vendor pursuant to the SPA within fourteen (14) Business Days of the termination notice failing which eight per centum (8%) interest per annum on all other monies paid by the Purchaser to the Vendor calculated on a day to day basis after the expiry of fourteen (14) days to the date of actual refund WHEREUPON the SPA shall be terminated and rendered null and void and neither party shall have any claims against the other.

The Vendor shall be entitled to resell the Property at such time and place and subject to such conditions and in such manner as the Vendor thinks fit without the necessity of previously tendering or offering to make any sale to the Purchaser.

The Purchaser shall within seven (7) Business Days of such termination notice being given and in exchange of the full refund of all moneys by the Vendor, forward back to the Vendor the Original Issue Document of Title together with the Memorandum of Transfer for cancellation together with all other relevant documents forwarded to the Purchaser's Solicitors and/or the Financier's Solicitors, with the Vendor's interest in the Property intact and redeliver vacant possession and/or legal possession of the Property in the same state and condition as when delivered and provide written evidence of the withdrawal of the private caveat(s) entered by the Purchaser or the Financier against the Property (if any).

4.6 Default by Vendor

The Purchaser shall be entitled to terminate the SPA by giving a written termination notice to the Vendor and requires the Vendor to refund to the Purchaser whatever sums received by the Vendor pursuant to the SPA together with a further sum equivalent to the Deposit as agreed liquidated damages for the breach of the terms and conditions of the SPA within fourteen (14) Business Days of the termination notice WHEREUPON the SPA shall terminate and rendered null and void and neither party shall have any claims against the other.

The Vendor shall be entitled at its absolute discretion to resell the Property at such time and place and subject to such conditions and in such manner as the Vendor thinks fit without the necessity of previously tendering or offering to make any sale to the Purchaser. Or alternatively, the Purchaser may elect to seek the judicial relief of specific performance against the Vendor.

The Purchaser shall within seven (7) Business Days of such termination notice being given and in exchange of the full refund of all moneys by the Vendor, forward back to the Vendor the Original Issue Document of Title together with the Memorandum of Transfer for cancellation together with all other relevant documents forwarded to the Purchaser's Solicitors and/or the Financier's Solicitors, with the Vendor's interest in the Property intact and redeliver vacant possession and/or legal possession of the Property in the same state and condition as when delivered and provide written evidence of the withdrawal of the private caveat(s) entered by the Purchaser or the Financier against the Property (if any).

5. RATIONALE

The rationale and benefit for the Proposed Acquisition are to secure an additional stream of revenue in the form of a stable and recurrent rental income in the long-term with the intention of maximising shareholders' value. In addition, Titijaya Land Berhad and its subsidiaries ("Group") may gain from capital appreciation of the Property in the future.

6. PROSPECTS OF THE GROUP ARISING FROM THE ACQUISITION OF THE PROPERTY

Presently, the Group's primary business is property development which has been the Group's key revenue contributor for the financial year ended 30 June 2022, contributing RM274.93 million to the Group.

The Group intends to acquire the Property to lease and thus to provide the Group with an additional form of income in addition to the income from its existing property development projects. This Proposed Acquisition will potentially enable the Group to generate additional income through obtaining rental income or leasing income from the existing tenants and potential tenants as well as facilitate the entry into data centre business.

7. RISK FACTORS

The Group may be exposed to the risk of non-completion of the Proposed Acquisition. If any of the Conditions Precedent is not fulfilled as per the terms of the SPA, the SPA may be rescinded or terminated.

The competitive leasing market of similar properties may be a challenge to any plan to increase the rental rate in order to obtain satisfactory rental yield.

Nevertheless, Titijaya endeavours to ensure full compliance in relation to fulfilment of its part of the obligations under the SPA.

8. LIABILITIES TO BE ASSUMED

Save for payment of the Consideration and other customary payments under the SPA, there are no other liabilities, including contingent liabilities and guarantees, to be assumed by the Group arising from the Proposed Acquisition.

9. SOURCE OF FUNDING

The Purchase Price will be fully satisfied in cash, which shall be financed by internally generated funds and/or bank borrowings to be obtained by the Purchaser or the Nominee.

10. EFFECTS OF THE PROPOSED ACQUISITION

10.1 Share capital and substantial shareholders' shareholdings

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

10.2 Earnings and Earnings Per Share

The Proposed Acquisition is not expected to have any material effect on the earnings and earnings per share of the Group for the financial year ending 30 June 2024.

10.3 Net assets and net assets per share

The Proposed Acquisition is not expected to have any material effect on the net asset and net asset per share of the Group for the financial year ending 30 June 2024.

10.4 Gearing

Barring any unforeseen circumstances, the Proposed Acquisition is not expected to have any material effect on the gearing level of the Group for the financial year ending 30 June 2024.

11. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

None of the Directors and/or major shareholders of Titijaya and/or persons connected to them have any interest, direct or indirect, in the Proposed Acquisition.

12. APPROVALS REQUIRED

Save for the written consent from the state authority of Wilayah Persekutuan Kuala Lumpur to transfer the Property to the Purchaser, the Proposed Acquisition is not subject to the approval of the shareholders and any other relevant authorities.

13. DIRECTORS' STATEMENT

The Board after having considered all relevant aspects of the Proposed Acquisition including the terms and conditions of the SPA, basis and justification of the Consideration, rationale and effects of the Proposed Acquisition, is of the opinion that the Proposed Acquisition is in the best interest of Titijaya.

14. HIGHEST PERCENTAGE RATIO

The highest percentage ratio applicable to the Proposed Acquisition pursuant to Paragraph 10.02(g) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad computed based on the latest audited consolidated financial statements of Titijaya for the financial year ended 30 June 2022 is six percent (6%).

15. ESTIMATED TIMEFRAME TO COMPLETION

Barring any unforeseen circumstances, the Proposed Acquisition is expected to be completed by Q3 of financial year ending 2024.

16. DOCUMENTS AVAILABLE FOR INSPECTION

The SPA for the Proposed Acquisition, is available for inspection at the registered office of Titijaya at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan from Mondays to Fridays (except public holidays) for a period of three (3) months from the date of this Announcement.

This announcement is dated 17 July 2023.