

TITIJAYA LAND BERHAD (“TITIJAYA” OR “COMPANY”)

PROPOSED SHARE SUBSCRIPTION BY TOKYU LAND CORPORATION IN EPOCH PROPERTY SDN. BHD., A WHOLLY-OWNED SUBSIDIARY OF TITIJAYA (“PROPOSED SUBSCRIPTION”)

1. INTRODUCTION

The Board of Directors of Titijaya (“**Board**”) wishes to announce that Epoch Property Sdn. Bhd. (“**Epoch Property**”), its wholly-owned subsidiary, had on 29 November 2017 entered into conditional share subscription agreement with Tokyu Land Corporation (“**TLC**”) (“**Subscription Agreement**”) for the subscription of Class A shares in Epoch Property in accordance with the terms and conditions of the Subscription Agreement (“**Proposed Subscription**”).

Further details of the Proposed Subscription are set out in the ensuing sections of this Announcement.

2. DETAILS OF THE PROPOSED SUBSCRIPTION

2.1 Information on Epoch Property

Epoch Property is a private limited company incorporated in Malaysia on 2 August 2011 under the laws of Malaysia. As at 22 November 2017 (being the latest practicable date prior to this Announcement) (“**LPD**”), Epoch Property has an issued share capital of RM2,500,000.00 comprising 2,500,000 ordinary shares. It is a wholly-owned subsidiary of the Company.

Epoch Property is principally involved in the business of property development. It is the registered owner of all that piece of freehold land held under Geran 317216, Lot No. 91995, Mukim Damansara, District of Petaling, Selangor Darul Ehsan (“**Land**”).

As at the LPD, Epoch Property does not have any subsidiary or associated company.

2.2 Information on TLC

TLC is a public company incorporated under the laws of Japan on 17 December 1953 having its headquarters located at TK Minami Aoyama Building, 2-6-21 Minami Aoyama, Minato-ku, Tokyo. As at the LPD, TLC has a capital of ¥57,551,699,228 and it is a core subsidiary of Tokyu Fudosan Holdings Group in Japan.

TLC is principally a real estate company carrying out its business in urban development, wellness and overseas business providing a wide range of real estate related services such as custom-home building, renovation, landscape gardening, fitness club operation, investment management and resort facility operation.

2.3 Proposed Subscription by TLC

The Proposed Subscription will entail the subscription by TLC of 47,000,000 units of Class A shares in Epoch Property (“**Epoch Property Class A Share(s)**”), representing 100% of the issued share capital of Epoch Property Class A Shares at a subscription price of RM1.00 per Epoch Property Class A Share for a total subscription consideration of RM47,000,000.00.

Pursuant to the Proposed Subscription, the Company, TLC and Epoch Property had also on 29 November 2017 entered into a conditional shareholders' agreement ("**Shareholders Agreement**") to regulate the affairs of Epoch Property and govern their respective rights as shareholders of Epoch Property.

Epoch Property is currently developing three (3) blocks of serviced apartments and one (1) block SOHO on top of the car park/lobby/shop podium on the Land ("**Project H2O**"). The serviced apartments include a 15-floor block of 300 units with a total built-up area of approximately 234,000 square feet, known as Mizu Residence.

The Company and TLC have agreed that the purpose and objectives of Epoch Property shall be to design, develop, procure the construction of, hold, operate and manage Project H2O which includes Mizu Residence. At the end of each financial year, TLC will be entitled to receive, as dividend, distribution or return of capital in priority to the Company, such amount attributable to the net profit of the units and the capital of the Epoch Property Class A Shares based on the profit distribution structure in accordance with the terms of the Shareholders Agreement. However, TLC does not have a right to nominate a director to the Board.

The Shareholders Agreement is conditional upon and shall effect as of the completion of the Subscription Agreement. If the Subscription Agreement is terminated for whatever reason before its completion in accordance with its terms, the Shareholders Agreement shall be null and void.

3. RATIONALE OF THE PROPOSED SUBSCRIPTION

The Proposed Subscription is primarily to enhance the development of Mizu Residence with joint effort and cooperation between Titijaya and TLC vis-à-vis the designing and planning of the development and construction of Mizu Residence as well as to organise and host promotional events in respect of Mizu Residence on a collective effort basis.

4. RISK FACTORS

4.1 Non-completion of the Proposed Subscription

If the conditions precedent set out in the Subscription Agreement are not met within the stipulated timeframe, the Proposed Subscription will not be completed. As a consequence, Epoch Property and the Company will not be able to meet its objectives set out in Section 3 of this Announcement.

Nevertheless, the Board will procure that Epoch Property takes reasonable steps to ensure that the conditions precedent are met within the stipulated timeframe in order to complete the Proposed Subscription in a timely manner.

4.2 Business risks

The Titijaya group of companies ("**Titijaya Group**") is subject to the inherent risks existing in the property development industry. With regards to Epoch Property, there is always a potential risk that the development of Mizu Residence may not generate the desired returns or have a longer payback period due to various factors including changes in relevant development guidelines or policies, fluctuation in raw material prices, changes in general economic business and credit conditions, unavailability of skilled labour, delay in completion as well as the determination of appropriate pricing of the units for sale that will earn Epoch Property the required return, the cost of financing and risk of purchasers' default.

While it is possible to mitigate unfavourable conditions such as tighter lending or weak economic condition by meticulous planning, timeous launches, competitive pricing, practical and appealing design, there can be no assurance the Mizu Residence will be entirely shielded from any adverse developments in political or economic conditions.

The Company seeks to limit these risks by continuously review and evaluate the property market sentiments and by leveraging on its and TLC's joint effort and experience as property developers to plan and adopt an optimal strategy for the development and marketing of Mizu Residence.

5. FINANCIAL EFFECTS OF THE PROPOSED SUBSCRIPTION

5.1 Share capital and shareholdings of substantial shareholders

The Proposed Subscription will not have any effect on the issued share capital and substantial shareholders' shareholdings of the Company as the subscription consideration will be paid to the capital of Epoch Property for the subscription of the Epoch Property Class A Shares and does not involve any issuance of shares of the Company.

5.2 Earnings, net assets ("NA") and NA per share in the Company and gearing

The Proposed Subscription is not expected to have any material effect on the NA and the NA per share in the Company as well as the earnings and gearing of the Company for the current financial year ending 30 June 2018. The Proposed Subscription is however, expected to contribute positively to the future earnings of the Company for the ensuing financial year, by the joint marketing and promotional effort between TLC and the Company in respect of Project H2O (including Mizu Residence).

6. APPROVALS REQUIRED

The Proposed Subscription is not subject to the approval of the shareholders of the Company or any other regulatory authorities.

7. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED

None of the Directors and/or major shareholders of the Company or any persons connected to them has any interests, direct or indirect in the Proposed Subscription.

8. DIRECTORS' STATEMENT

The Board, after having considered all aspects of the Proposed Subscription, including but not limited to, the salient terms of the Subscription Agreement and Shareholders' Agreement, is of the opinion that the Proposed Subscription in the best interests of the Titijaya Group.

9. EXPECTED TIME FRAME

Barring any unforeseen circumstances, the Proposed Subscription is expected to be completed by end of December 2017 or such extended date as may be mutually agreed between Epoch Property and TLC in writing.

10. DOCUMENTS FOR INSPECTION

A copy of the Subscription Agreement and the Shareholders' Agreement are available for inspection at the registered office of the Company at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur during normal business hours from Mondays to Fridays (except public holidays) for a period of three (3) months from the date of this Announcement.

This Announcement is dated 29 November 2017.