

GENERAL ANNOUNCEMENT

Company Name : **LAGENDA PROPERTIES BERHAD**
Registration No. 200101000008 (0535763-A)
(the “**Company**” or “**LPB**”)

Type : General Announcement

Subject : **Development Rights Agreement between Opti Vega Sdn. Bhd., an indirect wholly owned subsidiary of Lagenda Properties Berhad, and Intact Corporate Approach Sdn. Bhd. to develop the Land (as defined below)**

1. INTRODUCTION

The Board of Directors of LPB (“**Board**”) wishes to announce that Opti Vega Sdn. Bhd. (Registration No. 201801045219 (1307251-K)) (the “**Developer**” or “**OVSB**”), an indirect wholly owned subsidiary of LPB, had on 10 January 2024, entered into a development rights agreement (the “**DRA**”) with Intact Corporate Approach Sdn. Bhd. (Registration No. 201301019840 (1049670-K)) (“**ICA**”) to undertake the Development (as defined below) of the land more particularly described under section 2.1 below (the “**Land**”) for a total cash consideration of RM85,380,000 (“**Consideration**”), upon the terms and subject to the conditions set out in the DRA (“**Proposed DRA**”).

OVSB and ICA are, collectively, the “**Parties**” and, individually, a “**Party**”.

LPB and its subsidiaries shall hereinafter be referred to as “**LPB Group**” or the “**Group**”.

2. INFORMATION OF THE PARTIES

2.1 Information on OVSB

OVSB was incorporated in Malaysia under the Companies Act 2016 on 12 December 2018, as a private limited company and an indirect wholly owned subsidiary of LPB. The principal activity of OVSB is property development.

As at the date of the DRA, the issued and paid-up share capital of OVSB is RM700,000.00 comprising 700,000 ordinary shares and the shareholding structure of OVSB is as follows:

Shareholders	Direct		Indirect	
	No. of Ordinary Shares	%	No. of Ordinary Shares	%
a) Blossom Eastland Sdn. Bhd.	700,000	100	-	-
b) Lagenda Properties Berhad	-	-	700,000	100
	<u>700,000</u>	<u>100</u>	<u>700,000</u>	<u>100</u>

The directors of OVSB are:

1. Dato' Doh Jee Ming
2. Ha Siok Ching

2.2 Information on ICA

ICA was incorporated in Malaysia under the Companies Act 1965 on 12 June 2013, as a private limited company. The principal activity of ICA is project management that includes consultancy and infrastructure development.

As at the date of the DRA, the issued and paid-up share capital of ICA is RM250,000 comprising 250,000 ordinary shares and the shareholding structure of ICA is as follows:

Shareholders	No. of Ordinary Shares	%
(a) Ho Hup Ventures (Johor) Sdn Bhd	175,000	70
(b) I4G Intelliganz Sdn Bhd	75,000	30
	<u>250,000</u>	<u>100</u>

The directors of ICA are:

1. Omar Shariff Bin Mydeen
2. Wong Kit-Leong
3. Tan Chen Aik
4. Chong Pei Wen
5. Amandev Singh A/L Kartar Singh

ICA is the beneficial owner of the Land by virtue of a power of attorney granted by the registered landowner, YPJ Plantations Sdn. Bhd. (Registration No. 199201020869 (252373-V)) ("YPJP"), in favour of ICA, pursuant to a sale and purchase agreement dated 27 July 2015 and a supplementary agreement dated 3 February 2020 entered into between YPJP and ICA.

Consequently, ICA holds an irrevocable right on the Land and is empowered via an irrevocable power of attorney dated 3 February 2020 to perform all necessary acts in connection with the development of the land including, amongst others, the right:

- (a) to carry out all matters relating to the construction and development of the Land, including but not limited to, the right to receive purchase price(s) from any sale or disposal of units or parcels in the Land;
- (b) to develop the Land and to enter into a joint venture or development venture on the Land;
- (c) to charge the Land;
- (d) to execute documents for the for the purpose of transferring beneficial ownership including sales and purchase agreements with end purchasers; and

(e) to substitute and appoint any other attorney at ICA's sole discretion.

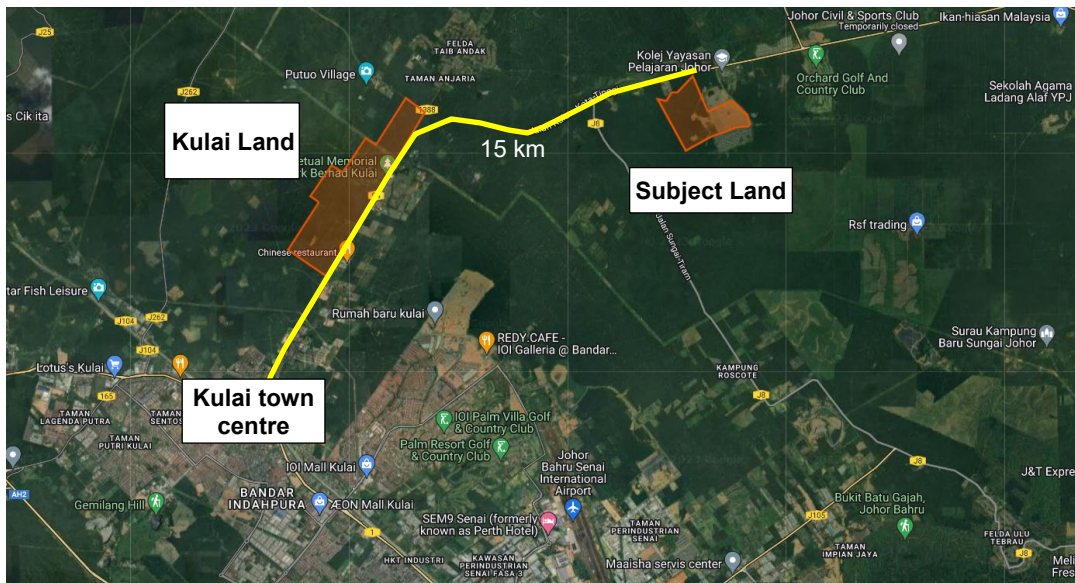
In addition, YPJP undertakes to ratify all acts and things ICA may lawfully do in relation to the Land.

3. INFORMATION OF THE PROPOSED DRA

3.1 The Land

The Land comprises four (4) parcels and one hundred sixty-four (164) lots of adjoining vacant land measuring approximately 112.024 acres in total, all located in Mukim Ulu Sungai Selangor, Daerah Kota Tinggi, Johor. The size of the land is on an initial nett basis after factoring out land for public utilities and major infrastructure.

The land is strategically located just 15km away from Kulai town center and 27km from Senai Airport and approximately 8km from a previous purchase of the Company that is currently pending completion ("**Kulai Land**").



Salient information of the Land is summarised below:

Item	Description				
Particulars of the Land	The Land comprises of 4 parcels and 164 lots of land as follows:				
		H.S.(D) No.	PT No.	Approx. Land Area (Acre)	
				Pre-existing Approval	
		54472	17086	20.357	In Progress
		54476	17090	24.449	KM
	54477	17091	17.422	KM	
	54478	17092	42.98	KM and BP	

	58795-58958	16057-16220	6.816	KM and BP
	<i>Abbreviation</i> "KM" means Development Plan "BP" means Building Plan			
Total area of the Land	112.024 acres (excluding land already allocated for public facilities and major infrastructure)			
Tenure	99-year Leasehold all expiring 12 January 2103			
Category of use	Agriculture/Building			
Proposed use	Mixed development of commercial and residential buildings			
Restriction-in-interest	Nil			
Express Conditions:	Nil			

4. THE DEVELOPMENT

Pursuant to the DRA, ICA will grant OVSB the exclusive and irrevocable right to develop the Land and sell the completed units on the Land via the DRA and a full power of attorney to carry out the Development (as defined below).

Based on the preliminary development plan, the Land is proposed to be developed into a mixed development of landed residential and commercial units with an estimated Gross Development Value of Five Hundred and Seventy-Six Million (RM576,000,000), in accordance with approved plans by the relevant authorities (hereinafter referred to as the "**Development**").

With the pre-existing approval of the KM for the Land, and with some parcels already obtaining approvals up until the BP stage, the Group is able to commence the launch and sale of the Development within a short period of time, estimated to be within six (6) months from the execution of the DRA.

Upon factoring in the land allocated for public facilities and major infrastructure in the Development, the original land size or total gross development area amounts to a rough approximation of 147.62 acres.

The Consideration cost is mitigated by the fact that some amounts of major infrastructure has been completed on and surrounding the Land.

Additional Option

The Developer has simultaneously with the DRA been granted an exclusive option to the Future Development (as defined below) with a total land area of 138.99 acres at a fixed consideration sum of Ringgit Malaysia Ninety-Nine Million Six Hundred and Twenty Thousand (RM99,620,000.00) that is payable in a progressive manner over the course of the Future Development. This land area is similarly nett of land allocated for public

facilities and major infrastructure.

The Original land size or total gross development area of the option land (before excluding land already allocated for public facilities and major infrastructure) is approximately 232.35 acres.

ICA undertakes to grant a power of attorney to the Developer for the purpose of preliminary and planning works for the Future Development. By virtue of that, as soon as practicable before exercising the Additional Option, the Developer shall commence all necessary planning works and obtain necessary approvals from the relevant authorities to accelerate the development process for the Future Development. The Developer aims to launch the Future Development immediately or within a short period of time upon exercising the option.

If the Developer elects to exercise the option, the estimated overall total original land size or total gross development area amounts to approximately 379.97 acres for a total consideration sum of Ringgit Malaysia One Hundred Eighty-Five Million (RM185,000,000) for development land with approvals secured and some major infrastructure in place alongside a progressive payment plan for the Future Development.

4.1 Salient terms of the DRA

The salient terms of the DRA are disclosed separately in Appendix I of this announcement.

5. SOURCES OF FUNDING FOR THE CONSIDERATION

The Consideration for the Proposed DRA will be funded by a combination of internally generated funds and bank borrowings. The specific proportion of the Consideration to be funded using internally generated fund and bank borrowings will be determined by the Board at a later stage, after taking into consideration the Groups' gearing level, interest costs as well as internal cash requirements.

6. BASIS AND JUSTIFICATION FOR THE CONSIDERATION

The total Consideration for the Proposed DRA is Ringgit Malaysia Eighty-Five Million Three Hundred and Eighty Thousand (RM85,380,000.00) only.

The total Consideration was mutually agreed upon by the Parties after considering factors such as the net developable area of the Land that already excludes land allocated for public facilities and major infrastructure, the pre-existing approvals from the relevant authorities that allow for quick turnaround of the Development, the pricing and sales status of surrounding developments, and the roles and risks undertaken by OVSB as the developer and ICA as the landowner.

No valuation was carried out by OVSB for this Proposed DRA.

7. RATIONALE FOR THE PROPOSED DRA

The Proposed DRA is in line with the Group's strategic plan to leverage on its strengths in property development and construction by teaming up with ICA for successful execution of the Proposed DRA, taking into consideration the following factors:

(a) **Quick Turnaround**

With the pre-existing approval of the KM for the Land, and with some parcels already obtaining approval up until the BP stage, the Group is able to commence the launch and sale of the Development within a short period of time, estimated within 6 months from the date of signing of this DRA, in contrast to the typical 2-year period from point of acquisition to launching.

As such, the Group is able to reflect positive earnings within the same year of purchase, generate cash flows almost immediately and obtain returns within a short period from the date of signing of the Proposed DRA.

(b) **Competitive pricing Strategy**

When assessing the housing affordability using Median Multiple approach, house prices in Johor are rated as severely unaffordable with a house price-to-income ratio of 5.1 and above¹.

LPB aims to maintain its competitive affordable pricing strategy to cater to the local population and the needs of Johor making housing more accessible to a wider pool of the population.

(c) **Sizable untapped market in Johor**

Out of approximately 999,400 households in Johor, around 19.5% are living in rented units and around 2.6% are living in quarters². This provides a sizable market base for LPB to strategically market the Development on the Land to the Johor market and even beyond the Johor market.

(d) **Johor Economic Growth**

LPB stands to gain advantages from the increased residential demand resulting from the emergence of new employment opportunities near the Development, including the Senai industrial area (27km), the expected economic growth in the surrounding districts of Kulai & Sedenak and the economic spillovers of the expected planned establishment of the Johor-Singapore Special Economic Zone in the Iskandar Malaysia region.

¹ House price-to-income ratio refers to the ratio of median house price to annual median income of a particular state in 2020. Source: The Financial Stability Review – Second Half 2021 released by Bank Negara Malaysia.

² Source: Basic Amenities Survey Report, Department of Statistics Malaysia, 2022.

(e) Demand for Affordable Housing

The demand for affordable housing in Johor is also backed by data evidencing that out of 17,569 overhang residential units³ in Johor as at Q3 2023, only about 9% of them are priced at below RM400,000 with less than half of this 9% number coming from the Company's target product, being that of landed homes.

Hence, LPB stands to benefit from participating in a sector that is limited in supply but evidencing a strong level of demand.

(f) Building momentum in Johor

The Proposed DRA would allow the Company to further strengthen its presence in the state of Johor which is poised to benefit from various infrastructure developments over the next few years.

Aside from the Proposed DRA, the Company currently has a landbank (pending completion of transaction) of 1,070.48 acres of land in Kulai located approximately 8 km from the Land, earmarked for a flagship affordable housing township.

8. RISK FACTORS

While the risks associated with the Proposed DRA are not entirely new to the Group, given that property development and construction are the key operational activities of the Group, the Proposed DRA is still subject to certain risks as outlined below:

8.1 Transaction risk

The completion of the Proposed DRA is conditional upon, inter-alia, the obligations, covenants and conditions precedent (as stated in section 4 of Appendix 1 of this announcement) of the DRA being satisfied and/or varied as the case maybe.

There is no assurance that the Proposed DRA will not be exposed to risks such as diversion of financial resources from existing operations, the inability to fulfill the obligations and conditions, and/or inability to obtain the approvals from the relevant authorities, if any. Additionally, there is no assurance that the anticipated benefits from the Proposed DRA would be realised and that the Group may face challenges in generating sufficient revenue therefrom to offset the costs which would have been invested by the Group.

However, the Board will take and continue to take all reasonable steps to ensure completion of the Proposed DRA so as to realise and maximise all its potential benefits accruing to the Group.

³ Overhang residential unit data is inclusive of SOHO and serviced apartment. Source: Property Market Status Table Q3 2023, National Property Information Centre.

8.2 Delay in commencement and completion

There is a possible risk that the returns from the Proposed DRA may have a longer payback period than expected, or the investment in the Proposed DRA may not generate the expected return due to various factors including, inter-alia, increased development and/or construction costs, unavailability of skilled manpower, delays in completion of project and obtaining approvals from the relevant authorities, and securing adequate funding for the Development with a ready market for the developed units in the future. Adverse developments in respect of any of these factors can lead to interruptions or delays in completing a project, which can consequently result in cost overruns that may affect the Group's profitability and cash flows.

While LPB aims to mitigate its investment risks by exercising due care in the evaluation of its investments and continuously review and evaluate market conditions, and monitor the work in progress and cash flow of the Proposed DRA, there is no assurance that the Proposed DRA and its future phases will yield positive and expected returns to LPB, be completed as scheduled, or avoid any adverse material impact on LPB's future financial performance. LPB will closely supervise the progress of the development projects and strategically plan and manage its cash flow.

8.3 Business risk

The future earnings of LPB Group are contingent on various factors such as the location of the property, the types of the development, rising material and overhead costs, the quality of building contractors, as well as holding costs for completed properties.

The Group will endeavour to minimise these risks by hiring strong and competent workforce, implementing prudent business strategies and continuous review of its business performance and ways to improve its efficiency.

9. EFFECT OF THE PROPOSED DRA

9.1 Share capital and substantial shareholders' shareholdings

The Proposed DRA will not have any effect on the issued share capital or the shareholdings of substantial shareholders of LPB as the Consideration of the Land will be fully satisfied in cash and no new ordinary shares in LPB will be issued.

9.2 Earnings and Earnings per share ("EPS")

The Proposed DRA will not have any material effect to the earnings and EPS of LPB Group for the financial year ending 31 December 2024.

9.3 Net Assets ("NA"), NA per share

The Proposed DRA will not have any material effect on the NA per share of LPB Group for the financial year ending 31 December 2024.

9.4 Gearing

Subject to unforeseen circumstances, the Proposed DRA is not expected to have any material effect on the gearing level of LPB Group for the financial year ending 31 December 2024.

9.5 Highest Percentage Ratio applicable to the Proposed DRA

The highest percentage ratio applicable to the Proposed DRA pursuant to Rule 10.02(g) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad is 8.40%, based on the Audited Consolidated Financial Statements of the LPB Group for the financial year ended 31 December 2022.

10. APPROVAL(S) REQUIRED

The Proposed DRA does not require the approval of shareholders of the Company.

11. INTEREST OF THE DIRECTORS AND/OR MAJOR SHAREHOLDERS AND PERSONS CONNECTED

None of the directors, major shareholders, persons connected to directors or persons connected to the major shareholders of the Company has any interest, direct or indirect, in the above Proposed DRA.

12. STATEMENT BY THE BOARD

The Board, having considered all pertinent aspects of the Proposed DRA, is of the opinion that the Proposed DRA is in the best interest of LPB Group.

13. ESTIMATED TIME FRAME FOR COMPLETION

The applications to the relevant authorities are expected to be made within the expected time frame from the date of this announcement. Barring unforeseen circumstances and subject to the fulfilment of all conditions precedent as set out in Agreement, the Board expects the Proposed DRA to be completed in the year 2024.

14. DOCUMENTS FOR INSPECTION

The DRA is available for inspection at the registered office of the Company at 5-9A, The Boulevard Offices, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Wilayah Persekutuan during normal business hours from Mondays to Fridays (except for Public Holiday) for a period of three (3) months from the date of this Announcement.

This announcement is dated 10 January 2024.

SALIENT TERMS OF THE DEVELOPMENT RIGHTS AGREEMENT

The salient terms of the DRA include, amongst others, the following:

1. AGREEMENT FOR GRANT OF DEVELOPMENT RIGHTS

ICA grants the Developer irrevocable and unconditional exclusive rights, powers and interest to:

- (i) design, develop, construct, build and complete the Development on the Land;
- (ii) manage and implement the Development including but not limited to the appointment of the Subcontractors, charge the Land and lodge caveat against the Land;
- (iii) dispose of the units and/or the components comprised in the Development; and
- (iv) receive, collect, retain and demand all proceeds, payments and/or profits and/or any other form of revenue derived from the sale of the units comprised in the Development.

2. GRANT OF OPTION TO DEVELOP THE REMAINING PART OF THE LAND

ICA grants the Developer the exclusive option to develop remaining part of the Land as detailed in the specified title particulars as follows ("**Future Development**"):

No	H.S.(D) No.	PT No.	Approx. Nett Land Area (Acre)
1	54470	17084	14.633
2	54471	17085	16.478
3	54473	17087	28.133
4	54474	17088	19.448
5	54475	17089	26.400
6	58959-59210	16691-16943	8.63
7	59213-59339	16948-17074	4.358
8	59211-59212	16944-16945	20.911
	Total Land Area (excluding land already allocated for public facilities and major infrastructures)		138.991

This exclusivity spans 2 years from the date of the DRA.

3. CONDITIONS PRECEDENT

- (a) ICA and the Developer shall have obtained the approval of board of directors and shareholders (if required) to enter into the DRA;
- (b) The Developer shall have received a written confirmation from YPJ's solicitors that all dues (such as the cash entitlements under the SPA) are fully settled by ICA (save and except for the completion of the TVET College), accompanied by the corresponding payment slips;
- (c) ICA shall have granted a power of attorney to the Developer for the purpose of empowering the Developer to develop the Development;
- (d) ICA shall have obtained and secured the necessary and required approvals or consents from its financiers and/or creditors (including the Financier) to grant the Power of Attorney to the Developer;
- (e) ICA shall have notified (in writing) the relevant Appropriate Authorities in connection with the consummation of the transactions contemplated under the DRA;
- (f) ICA shall have appointed a Project Management Consultant ("**PMC**") nominated by the Developer to represent both ICA and the Developer in all matters related to the completing the development of a TVET College and Phase 1A and 1B (previous development adjoining the Land) undertaken by ICA ("**Remaining Works**") only, under the directive of the Developer.

Said TVET college, Phase 1A and 1B is an ongoing development undertaken by ICA of which the Developer has no legal obligation for the completion of the Remaining Works. The Developer's role for the remaining work is to suggest and nominate a PMC to be appointed (with cost to be borne by ICA) in order to assist ICA for the completion of the Remaining Works.

4. PAYMENT OF CONSIDERATION

The Developer shall make payments of the Consideration in a progressive manner by way of making payments for the following costs as and when the need arises:

- (a) the costs to complete all the Remaining Works at a capped sum of Ringgit Malaysia Sixty-Five Million (RM65,000,000.00) inclusive of the cost to pay and settle part of the outstanding facilities owing to the financier of ICA and a deposit sum of RM5,000,000.00;
- (b) the costs to pay and settle the fees payable to the Developer and/or the PMC for the Remaining Works.

In the event that there is a balance sum in respect of the Consideration after the Developer shall have paid all such costs as set out above, the Developer shall utilise such balance sum to partially redeem the outstanding loan sum owing to the financier of ICA and all the aforementioned costs shall be up to the amount of the consideration of this DRA amounting to RM85,380,000.00

Upon the Developer having paid all such costs up to the amount of the Consideration, the Developer's payment obligations in respect of the Consideration shall be deemed as fully settled and discharged.

5. TERMINATION AND BREACH

5.1. Prior to the Launch Date

ICA may terminate the DRA before the date when the Developer officially launches the units for sale to the end-purchasers ("**Launch Date**") if the Developer fails to pay the Consideration as and when required based on construction timelines, breaches its material obligations, provides materially untrue information, faces insolvency, or undergoes asset possession by a third party.

The Developer has the right to terminate the DRA before the Launch Date if ICA breaches material obligations, provides materially untrue information, faces insolvency, or undergoes asset possession by a third party.

5.2. Consequences of Termination

- (a) If the Developer is the defaulting party, ICA may forfeit 10% of the Consideration as liquidated damages and refund all monies paid by the Developer.
- (b) If ICA is the defaulting party, the Developer is entitled to a refund of all monies paid, and ICA must pay an additional 10% of the Consideration as liquidated damages.
- (c) After termination, neither party has further obligations except those expressly outlined, including respective obligations under the consequences of termination.

5.3. On or After the Launch Date

Termination is not an option for the Parties after the Launch Date due to individual SPAs or Developer Contracts with end-purchasers for the sale and purchase of the units comprised in the Development.

If a material breach occurs after the Launch Date, the non-defaulting Party can seek specific performance or claim damages in the event that the defaulting Party fails to remedy the breach within twenty-one (21) Business Days of receiving a written notice from the other party.

6. SALE AND ASSIGNMENT

ICA shall not be entitled to sell or transfer the Land or any part of it, or to permit any change in the controlling interest of the ICA without prior written consent from the Developer provided that the rights and remedies of the Developer in the DRA remain intact.

Notwithstanding the above and unless expressly provided herein, the Developer may not, without the prior consent of ICA, **assign**, sub-contract, novates, transfers or in any

way deal with any legal, beneficial or other interests arising in respect of any of its rights or obligations under the DRA.