

THIS CIRCULAR TO SHAREHOLDERS OF LAGENDA PROPERTIES BERHAD (“LAGENDA” OR THE “COMPANY”) IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.

Bursa Malaysia Securities Berhad takes no responsibility for the contents of this Circular (*including the valuation certificate as set out in Appendix II of this Circular*), makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.



LAGENDA
PROPERTIES

LAGENDA PROPERTIES BERHAD
(Registration No: 200101000008 (535763-A))
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO:-

PART A

PROPOSED ACQUISITION OF THE SUBJECT LANDS (AS DEFINED HEREIN) BY TARAF NUSANTARA SDN BHD (A WHOLLY-OWNED SUBSIDIARY OF BLOSSOM EASTLAND SDN BHD, WHICH IS IN TURN WHOLLY OWNED BY THE COMPANY) FROM LADANG AWANA SDN BHD FOR A TOTAL CASH CONSIDERATION OF RM92.4 MILLION (“PROPOSED ACQUISITION”)

PART B

INDEPENDENT ADVICE LETTER FROM MERCURY SECURITIES SDN BHD TO THE NON-INTERESTED SHAREHOLDERS OF THE COMPANY IN RELATION TO THE PROPOSED ACQUISITION

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

INDEPENDENT ADVISER



MERCURY SECURITIES SDN BHD
(Registration No. 198401000672 (113193-W))
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The resolution in respect of the Proposed Acquisition will be tabled at the Extraordinary General Meeting of the Company (“EGM”) which will be held on a fully virtual basis through live streaming and online remote voting via the online meeting platform at <https://web.vote2u.my> (Domain Registration No with MYNIC: D6A471702) on Monday, 31 October 2022 at 11.00 a.m. or at any adjournment thereof. The Notice of EGM together with the Form of Proxy are enclosed in this Circular. This Circular is also available at the Company’s website at www.lagendaprops.com.

You are requested to complete, sign and return the enclosed Form of Proxy and deposit it at the business address of the Company at Level 4, No. 131, Persiaran PM 2/1, Pusat Bandar Seri Manjung Seksyen 2, 32040 Seri Manjung, Perak Darul Ridzuan or email to Vote2u@agmostudio.com not less than 48 hours before the time and date appointed for holding the EGM or at any adjournment thereof. The completion and lodging of the Form of Proxy shall not preclude you from attending and voting in person at the EGM should you subsequently wish to do so and in such an event, your Form of Proxy shall be deemed to have been revoked.

Last day, date and time for lodging the Form of Proxy : Saturday, 29 October 2022 at 11.00 a.m.
Day, date and time of the EGM : Monday, 31 October 2022 at 11.00 a.m. or at any adjournment thereof

This Circular is dated 12 October 2022

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Circular:-

Act	:	Companies Act, 2016
Board	:	Board of Directors of the Company
Bursa Securities	:	Bursa Malaysia Securities Berhad (Registration No: 200301033577 (635998-W))
Business Day	:	A day (<i>other than a Saturday, Sunday or public holiday</i>) on which licensed banks are open for business in Kuala Lumpur and Perak
Circular	:	This circular to the Shareholders dated 12 October 2022 in relation to the Proposed Acquisition
Completion Date	:	The Business Day falling 30 Business Days after the date on which the SPA becomes unconditional, or such other date as may be agreed between the parties upon which completion of the SPA is to take place
COVID-19	:	Coronavirus disease 2019
Directors	:	Directors of the Company
EGM	:	Extraordinary general meeting
EPS	:	Earnings per Share
FYE	:	Financial year ended
GDC	:	Gross development cost
GDV	:	Gross development value
IAL	:	Independent advice letter dated 12 October 2022 issued by the Independent Adviser in relation to the Proposed Acquisition as set out in Part B of this Circular
Interested Directors	:	Collectively, Dato' Doh Jee Ming and Dato' Doh Jee Chai
Interested Major Shareholders	:	Collectively, Dato' Doh Jee Ming, Dato' Doh Jee Chai and Dato' Doh Tee Leong
Knight Frank or the Valuer	:	Knight Frank Malaysia Sdn Bhd (Registration No: 200201017816 (585479-A))
Ladang Awana or the Vendor	:	Ladang Awana Sdn Bhd (Registration No: 196801000437 (8022-T)), the vendor in relation to the Proposed Acquisition
Lagenda or the Company	:	Lagenda Properties Berhad (Registration No: 200101000008 (535763-A))
Lagenda Group or the Group	:	Collectively, Lagenda and its subsidiaries
Lagenda Shares or the Shares	:	Ordinary shares in the Company
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities

DEFINITIONS (cont'd)

LPD	:	30 September 2022, being the latest practicable date prior to the issuance of this Circular
Mercury Securities or the Independent Adviser	:	Mercury Securities Sdn Bhd (Registration No: 198401000672 (113193-W))
NA	:	Net assets
N/A	:	Not applicable
Proposed Acquisition	:	Proposed acquisition of the Subject Lands by the Purchaser from the Vendor upon the terms and conditions as set out in the SPA
psf	:	Per square foot
Purchase Consideration	:	Total purchase consideration for the Proposed Acquisition of RM92.4 million to be satisfied in cash
RM and sen	:	Ringgit Malaysia and sen respectively
Shareholders	:	Registered holders of Lagenda Shares
SPA	:	Conditional sale and purchase agreement dated 9 August 2022 entered into between the Vendor and the Purchaser in relation to the Proposed Acquisition
Subject Lands	:	42 block titles of development / agricultural land measuring approximately 422 acres, all located within Mukim Durian Sebatang, Daerah Hilir Perak, Perak Darul Ridzuan
Taraf Nusantara or the Purchaser	:	Taraf Nusantara Sdn Bhd (Registration No: 201401039828 (1115974-K)) (<i>a wholly-owned subsidiary of Blossom Eastland Sdn Bhd, which is in turn wholly owned by the Company</i>), the purchaser in relation to the Proposed Acquisition

All references to “you” in this Circular are to the Shareholders.

In this Circular, words referring to the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall include corporations, unless otherwise specified.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to time and date in this Circular shall be a reference to Malaysian time and date, unless otherwise stated. Any discrepancies in the tables between the actual figures, amounts stated and the totals in this Circular are, unless otherwise explained, due to rounding.

Certain statements in this Circular may be forward-looking in nature, which are subject to uncertainties and contingencies. Forward-looking statements may contain estimates and assumptions made by the Board after due enquiry, which are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied in such forward-looking statements. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Circular should not be regarded as a representation or warranty that the Company's plans and objectives will be achieved.

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PART A

**LETTER TO THE SHAREHOLDERS
IN RELATION TO THE PROPOSED ACQUISITION**



LAGENDA
PROPERTIES

LAGENDA PROPERTIES BERHAD
(Registration No: 200101000008 (535763-A))
(Incorporated in Malaysia)

Registered office:

5-9A, The Boulevard Offices
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Wilayah Persekutuan

12 October 2022

Board of Directors

Admiral Tan Sri Dato' Seri Panglima Dr. Ahmad Kamarulzaman Bin Hj Ahmad Badaruddin
(Independent Non-Executive Chairman)
Dato' Doh Jee Ming *(Managing Director)*
Dato' Doh Jee Chai *(Non-Independent Non-Executive Director)*
Dr. Lim Pang Kiam *(Independent Non-Executive Director)*
Looi Sze Shing *(Independent Non-Executive Director)*
Mohamad Ali Bin Ariffin *(Independent Non-Executive Director)*

To: The Shareholders

Dear Sir / Madam,

PROPOSED ACQUISITION

1. INTRODUCTION

On 9 August 2022, the Company announced that Taraf Nusantara *(a wholly-owned subsidiary of Blossom Eastland Sdn Bhd, which is in turn wholly owned by the Company)* had on even date entered into the SPA with Ladang Awana in relation to the Proposed Acquisition.

The Proposed Acquisition is deemed to be a related party transaction pursuant to Paragraph 10.08 of the Listing Requirements in view of the interests of the Interested Directors and Interested Major Shareholders as set out in Section 10, Part A of this Circular. Accordingly, on 20 May 2022, Mercury Securities has been appointed as the Independent Adviser by the Board *(save for the Interested Directors)* to provide the non-interested Directors and non-interested Shareholders with:-

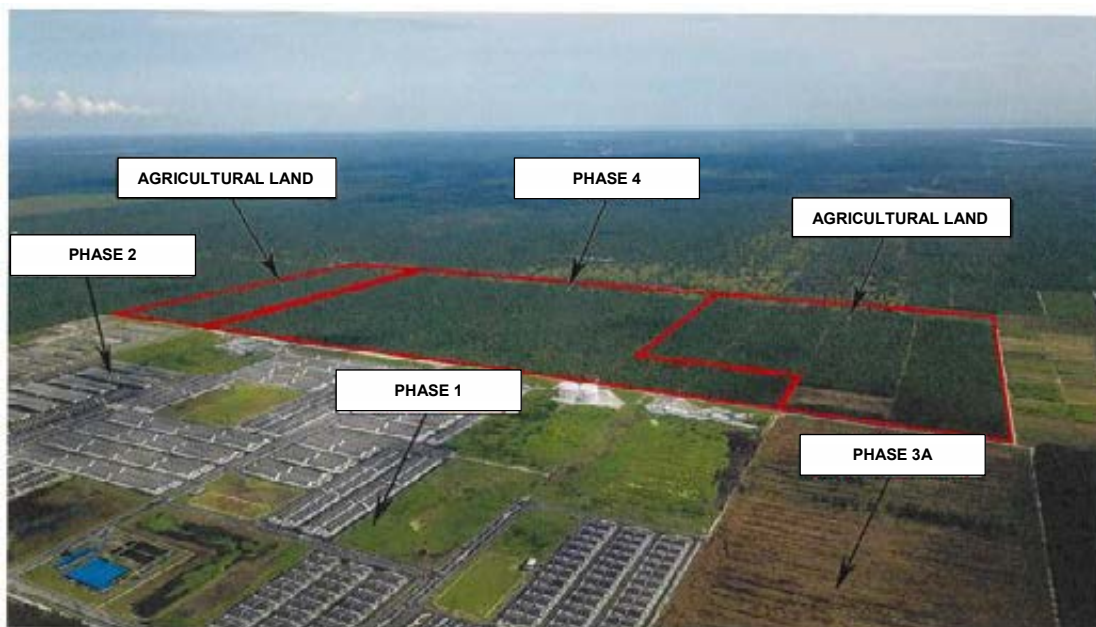
- (i) an opinion as to whether the Proposed Acquisition is fair and reasonable so far as the non-interested Shareholders are concerned and whether the Proposed Acquisition is to the detriment of the non-interested Shareholders; and
- (ii) a recommendation as to whether the non-interested Shareholders should vote in favour of the Proposed Acquisition.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH RELEVANT INFORMATION ON THE PROPOSED ACQUISITION AND TO SET OUT THE VIEWS AND RECOMMENDATION OF THE BOARD (SAVE FOR THE INTERESTED DIRECTORS) AS WELL AS TO SEEK YOUR APPROVAL FOR THE RESOLUTION PERTAINING TO THE PROPOSED ACQUISITION WHICH WILL BE TABLED AT THE FORTHCOMING EGM. THE NOTICE OF EGM AND THE FORM OF PROXY ARE ENCLOSED IN THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR TOGETHER WITH ITS APPENDICES, INCLUDING THE IAL AS SET OUT IN PART B OF THIS CIRCULAR, BEFORE VOTING ON THE RESOLUTION TO GIVE EFFECT TO THE PROPOSED ACQUISITION TO BE TABLED AT THE FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED ACQUISITION

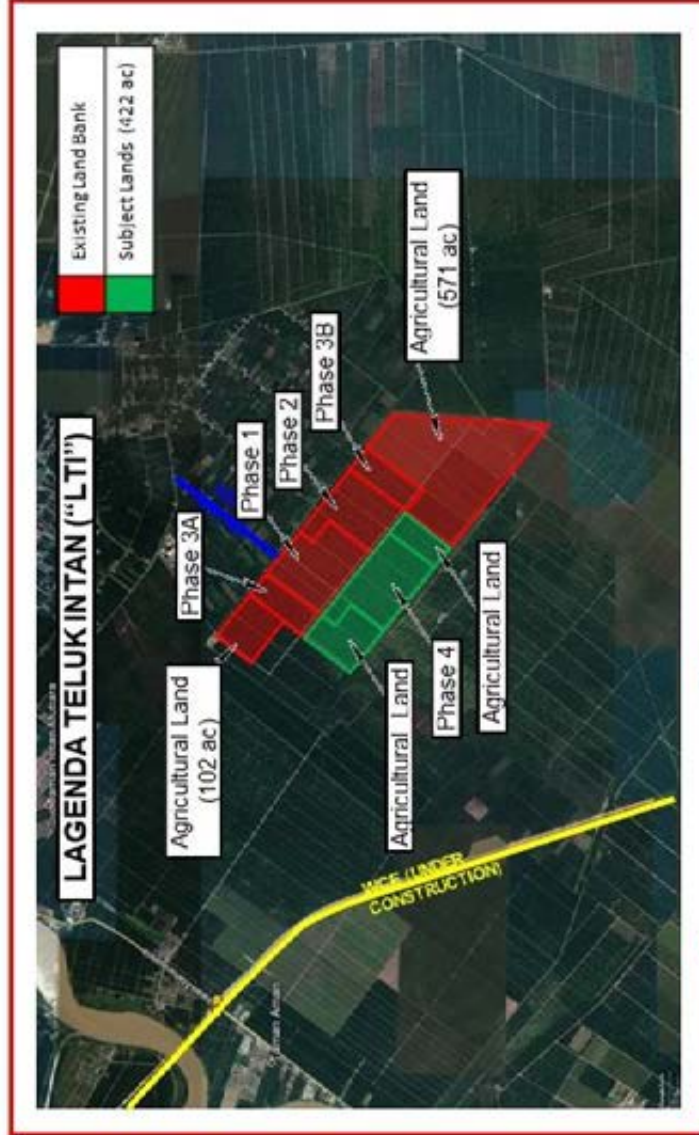
The Proposed Acquisition involves the acquisition of the Subject Lands which comprise Phase 4 and agricultural lands (*as depicted below*) free from all encumbrances, with vacant possession, subject to all restrictions in interest and conditions of title, whether express or implied, affecting the Subject Lands by the Purchaser from the Vendor for a total cash consideration of RM92.4 million.



Note:-

* For information purpose, Phase 3B of Lagenda Teluk Intan is located beside Phase 2 of Lagenda Teluk Intan.

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	Prominent Landmarks	Distance from LTI
1	Teluk Intan Hospital	5.4 KM
2	Universiti Teknologi Mara (UiTM) Teluk Intan Campus	5.5 KM
3	Rapid Mall Teluk Intan	6.7 KM
4	Teluk Intan Leaning Tower	7.8 KM

2.1 Details of the Subject Lands

The Subject Lands consist of 42 block titles of development / agricultural land measuring approximately 422 acres, adjoining to Lagenda Teluk Intan. Currently, the Subject Lands are generally planted with oil palm trees with a maturity of approximately 10 years. The production and contribution of the oil palm trees for the past 3 years are as follows:-

	Year 2019	Year 2020	Year 2021	8-month period to 31 August 2022
Crop output (tonnes)	5,655	5,331	4,887	2,721
Revenue (RM'000)	2,254	2,843	4,431	3,238
Cost (RM'000)	(810)	(801)	(833)	(634)

Prior to the completion of the Proposed Acquisition, the Vendor has full ownership and discretion in dealing with the oil palm trees planted on the Subject Lands. Upon completion of the Proposed Acquisition, the Group will assume the ownership of the Subject Lands (*including the oil palm trees*) and the Group plans to harvest the crops for sale before clearing the oil palm trees for the development of the Subject Lands.

Lagenda Teluk Intan is a master planned on-going affordable township development by the Lagenda Group which commenced in August 2018, and is strategically located about 4 kilometres off West Coast Expressway (WCE) to its west. Geographically, the Teluk Intan town centre is located approximately 7 kilometres due north of Lagenda Teluk Intan.

The Subject Lands are easily accessible from the WCE and it is located to the immediate west of Lagenda Teluk Intan. The WCE will be linked to existing highways including North – South Expressway (NSE), New Klang Valley Expressway (NKVE), South Klang Valley Expressway (SKVE), Kuala Lumpur – Kuala Selangor Expressway (KLS), Shah Alam Expressway (KESAS) and New North Klang Straits Bypass (NNKSB). With the partial completion of WCE of Section 9 and 10 of the WCE from Kampung Lekir, Sitiawan to Beruas in Perak which have already been opened to road users since 23 September 2019, the accessibility of the Subject Lands is further enhanced with additional connectivity and the remainder of WCE is expected to be completed by year 2022.

Prominent landmarks and amenities within Teluk Intan town centre such as Teluk Intan Hospital, Universiti Teknologi MARA (UiTM) Teluk Intan Campus, Rapid Mall Teluk Intan and the well-known Teluk Intan Leaning Tower are generally located approximately 5 to 8 kilometres due north and north-west of the Subject Lands.

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Further details of the Subject Lands (comprising 23 parcels of land under Phase 4 of Lagenda Teluk Intan and 19 parcels of agricultural lands) are as follows:-

Lot No. and Title No.	Phase 4				Agricultural lands			
	Lot No.	Title No.	Land Area (hectares)	Land Area (acres)	Lot No.	Title No.	Land Area (hectares)	Land Area (acres)
	59350	378996	3.959	9.78	59327	378960	3.998	9.88
	59351	378997	3.971	9.81	59328	378961	4.061	10.03
	59357	379052	4.098	10.13	59329	378962	4.057	10.03
	59358	379053	4.217	10.42	59330	378963	4.097	10.12
	59359	379837	4.197	10.37	59331	378964	4.051	10.01
	59360	379054	4.117	10.17	59332	378970	4.049	10.01
	59361	379055	4.158	10.27	59333	378972	4.211	10.41
	59362	379056	4.137	10.22	59352	378998	3.966	9.80
	59363	379057	4.485	11.08	59353	379048	3.920	9.69
	59380	379074	3.931	9.71	59354	379049	3.958	9.78
	59381	379075	4.080	10.08	59355	379050	3.955	9.77
	59382	379076	4.060	10.03	59356	379051	4.097	10.12
	59383	379077	4.097	10.12	59410	379103	3.867	9.56
	59384	379078	4.019	9.93	59411	379104	4.043	9.99
	59385	379079	3.999	9.88	59412	379105	4.040	9.98
	59386	379080	4.199	10.38	59413	379106	4.043	9.99
	59387	379081	3.901	9.64	59414	379107	4.030	9.96
	59388	379082	4.033	9.97	59415	379108	4.024	9.94
	59389	379083	4.031	9.96	59416	378965	4.237	10.47
	59390	379084	4.021	9.94	Total		76.704	189.54
	59391	379085	4.025	9.95				
	59392	379086	4.020	9.93				
	59393	379087	4.354	10.76				
	Total		94.109	232.55				
Location	Mukim Durian Sebatang, Daerah Hilir Perak, Perak Darul Ridzuan							
Registered owner	Ladang Awana							
Category of land use	(with planning approval to develop Phase 4 of Lagenda Teluk Intan)				"Agriculture"			

	Phase 4	Agricultural lands
Express condition	:	“Commercial plantation – palm tree and cocoa”
Restriction in interest	:	“This land cannot be transferred, leased, charged or encumbered without the approval of Menteri Besar Perak”
Tenure	:	99-year leasehold expiring on 16 December 2091
Encumbrances	:	All titles are charged to OCBC Al-Amin Bank Berhad, registered in March and April 2018
Planning	:	Zoned for agricultural use and conditionally permissible for residential use
Audited net book value of the Subject Lands	:	RM30.5 million as at 31 August 2021

The application for planning approval for Phase 4 of Lagenda Teluk Intan was submitted on 17 November 2021 and was subsequently approved on 25 January 2022. There was no condition attached to the said planning approval. Based on the planning approval and proposed layout plan, Phase 4 of Lagenda Teluk Intan has been designated for 825 units of single-storey terraced houses, 1,172 units of single-storey cluster houses, 6 units of single-storey detached houses, a petrol station, as well as a commercial lot, 36 parcels of agricultural land and a residential lot designated for future development.

As at the LPD, save for the planning approval obtained, the proposed development for Phase 4 of Lagenda Teluk Intan is still in planning stages and main building works, infrastructure, utilities and earthworks have not commenced. Based on preliminary estimates by the Group, which may be subject to change, the GDV of Phase 4 of Lagenda Teluk Intan is envisaged to be approximately RM416.40 million, while the GDC (*without land cost of RM60.50 million*) is envisaged to be approximately RM277.17 million (*excluding developer’s profit of RM62.46 million*). The expected launch date and completion date of Phase 4 of Lagenda Teluk Intan have yet to be determined.

The remaining plots of the Subject Lands do not have any planning and development approvals currently but the Group intends to apply for it in the future. At this juncture, the Group estimates that the application for planning and development approvals for the remaining plots shall be made in 2024 and expects to obtain approval in 2025. Such estimated timeline is however subject to, amongst others, the sales momentum and market forces as well as the time taken by the regulators in granting approvals.

The cost of conversion of category of land use in respect of the agricultural lands shall be borne by the Purchaser.

The details and/or estimations, where applicable, of the current development phases of Lagenda Teluk Intan are as follows: -

	Phase 1 Completed	Phase 2 Ongoing	Phase 3A Ongoing	Phase 3B Upcoming	Phase 4 Upcoming
Status :	Completed	Ongoing	Ongoing	Upcoming	Upcoming
Actual / expected commencement / completion date of development	August 2018 / September 2022	March 2020 / Second quarter of 2024	April 2022 / Second quarter of 2025	Fourth quarter of 2022 / Fourth quarter of 2024	To be determined
Land area (acres) :	123.83	189.10	86.28	85.36	232.55
Details of potential development	1,487 units of single-storey terraced houses, 356 units of single-storey cluster houses, 4 units of TNB substation, 137 units of double-storey terraced shop offices, 2 units of single-storey semi-detached houses and 5 units of single-storey detached houses together with additional of 4 agricultural plots, 1 unit of stall and 1 unit of Main Distribution Substation (PPU)	2,667 units of single-storey terraced houses	1,080 units of single-storey cluster houses and 18 units of single-storey detached houses	775 units of single storey terraced houses together with additional 28 parcels of agricultural plots	825 units of single-storey terraced houses, 1,172 units of single-storey cluster houses, 6 units of single-storey detached houses a petrol station, as well as a commercial lot, 36 parcels of agricultural land and a residential lot designated for future development.
Total development costs :	RM169.15 million	RM241.90 million	RM119.95 million	RM91.99 million	RM337.67 million
Expected gross development profits :	RM151.37 million	RM243.18 million	RM113.21 million	RM54.42 million	RM78.73 million
Percentage of completion as at 31 August 2022 :	100%	59%	10%	N/A	N/A

	Phase 1	Phase 2	Phase 3A	Phase 3B	Phase 4
Source of funds to finance development cost :	Internally generated funds	Internally generated funds	Internally generated funds	Internally generated funds	Internally generated funds, bank borrowings and/or future fund-raising exercises to be undertaken <i>(if required)</i>
Development approvals :	(a) Planning permission approval obtained on 7 December 2018 (b) Building plans approval obtained on 18 December 2018	(a) Layout plan approval obtained on 6 August 2019 (b) Building plans approval obtained on 19 December 2019	(a) Layout plan approval obtained on 16 July 2020 (b) Building plans approval obtained on 6 January 2021	(a) Layout plan approval obtained on 16 July 2020 (b) Building plans approval obtained on 6 January 2021	(a) Layout plan approval obtained on 25 January 2022 (b) Building plans approval to be obtained
Sale / Rent :	For sale				
Percentage of sales as at 31 August 2022 :	99%	95%	26%	N/A	N/A
Planning consent :	Obtained without conditions attached				

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2.2 Salient terms of the SPA

2.2.1 Agreement for sale and purchase of the Subject Lands

Subject to the terms and conditions contained in the SPA, the Vendor shall sell and the Purchaser shall purchase the Subject Lands free from all encumbrances, with vacant possession, subject to all restrictions in interest and conditions of title, whether express or implied, affecting the Subject Lands, subject to the existing category of land use affecting the Subject Lands and on the basis that each of the warranties, representations and undertakings of the Vendor as detailed in the SPA relating to the Subject Lands are true and accurate in all respects.

The Vendor agrees that upon signing of the SPA, the Purchaser may proceed with:-

- (i) applications for development approvals (*including but not limited to the approvals for planning permissions, layout plans and building plans*) in respect of the Subject Lands; and
- (ii) carrying out development activities on the Subject Lands in accordance with the development approvals obtained in respect of the Subject Lands.

2.2.2 Conditions precedent

The obligations of the parties that are set out in the SPA are conditional upon the following conditions precedent being obtained / fulfilled by the day falling 6 months from the date of the SPA or such later date as the parties may mutually agree upon ("**Cut-Off Date**"):-

- (i) the Purchaser having obtained the Shareholders' approval at the EGM to be convened for the Proposed Acquisition in accordance with the terms and conditions of the SPA;
- (ii) the Vendor having obtained the approval of the Estate Land Board in respect of the sale and transfer of the Subject Lands to the Purchaser pursuant to Section 214A of the National Land Code*;
- (iii) the Vendor having made the delivery to the Purchaser's solicitors of a duly executed power of attorney together with a written authorisation for the Purchaser's solicitor to cause the power of attorney to be dated and registered at the registry of the High Court of Malaya and in the books of any company or corporation or land office/registry or elsewhere as may be necessary or desirable ("**PA Delivery**"); and
- (iv) the Vendor having made the payment of the redemption sum to OCBC Al-Amin Bank Berhad in order to discharge all charges created over the Subject Lands in favour of OCBC Al-Amin Bank Berhad as at the date of the SPA on the Subject Lands ("**Existing Charges**") ("**Redemption**") and procured the discharge of all the Existing Charges.

Note:-

* Pursuant to Section 214A of the National Land Code, no agricultural land, held under one or more than one title, the area or the aggregate area of which is not less than 40 hectares and the alienated lands constituting such area are contiguous, is capable of being transferred, conveyed or disposed of in any manner whatsoever unless approval of such transfer, conveyance or disposal has first been obtained from the Estate Land Board.

The SPA shall become unconditional on the date when all the conditions precedent have been obtained / fulfilled or waived.

If any condition precedent is not obtained / fulfilled or waived by the Cut-Off Date, either party may, at its sole discretion, terminate the SPA by notice in writing, whereupon the Vendor shall within 14 days after receipt of the notice of termination of the SPA by either party:-

- (i) return all moneys received by it as part of the Purchase Consideration, to the Purchaser; and
- (ii) indemnify the Purchaser against and reimburse the Purchaser for all costs and expenses incurred by the Purchaser in connection with the applications for development approvals and the development of the Subject Lands (*including construction costs*) pursuant to the SPA,

and the other provisions relating to termination and post-termination as detailed in the SPA will apply.

2.2.3 Purchase Consideration

The Purchase Consideration for the Subject Lands is RM92.4 million, to be satisfied in the following manner:-

- (i) Upon the execution of the SPA, the Purchaser shall pay the sum of RM9.24 million, being 10% of the Purchase Consideration to the Vendor;
- (ii) Upon the Vendor having made the Redemption and the PA Delivery, the Purchaser shall pay the sum of RM18.48 million, being 20% of the Purchase Consideration to the Vendor; and
- (iii) The balance of the Purchase Consideration, being RM64.68 million, shall be paid in cash by the Purchaser to the Vendor on the Completion Date.

2.2.4 Completion

The completion of the Proposed Acquisition shall take place on the Completion Date.

2.2.5 Termination

Purchaser's right to terminate

Without prejudice to the provisions in the SPA, the Purchaser shall be entitled to issue a notice of termination of the SPA to the Vendor if, at any time prior to completion of the Proposed Acquisition:-

- (i) the Vendor commits any continuing or material breach of any of its obligations under the SPA which is incapable of remedy or if capable of remedy, is not remedied within 14 days of it being given notice to do so;
- (ii) a petition is presented (*and such petition is not stayed or struck-out within 30 Business Days of the petition being served*) or an order is made or a resolution is passed for the winding up of the Vendor;

- (iii) an administrator or receiver or receiver and manager is appointed over, or distress, attachment or execution is levied or enforced upon, any part of the assets or undertaking of the Vendor;
- (iv) the Vendor becomes insolvent or is unable to pay its debts or admits in writing its inability to pay its debts as and when they fall due or enter into any composition or arrangement with its creditors or makes a general assignment for the benefit of its creditors;
- (v) the Vendor ceases or threatens to cease or carry on the whole or any substantial part of its business (*except for the purposes of a bona fide reconstruction or amalgamation which would not result or cause any failure or inability to duly perform or fulfil any obligation under the SPA*);
- (vi) the Vendor fails, neglects or refuses to complete the sale in accordance with the provisions of the SPA; or
- (vii) any of the warranties given by the Vendor is found at any time to be materially untrue or inconsistent,

whereupon:-

- (i) the Vendor shall, within 14 days after receipt of the notice of termination of the SPA by the Vendor:-
 - (a) return all moneys received by it as part of the Purchase Consideration, to the Purchaser; and
 - (b) indemnify the Purchaser against and reimburse the Purchaser for all costs and expenses incurred by the Purchaser in connection with the applications for development approvals and the development of the Subject Lands (*including construction costs*) pursuant to the SPA; and
- (ii) the Purchaser shall, in exchange for the performance by the Vendor of its obligation above, within 14 days after the notice of termination of the SPA:-
 - (a) return to the Vendor all documents, if any, delivered to it by or on behalf of the Vendor; and
 - (b) re-deliver to the Vendor possession of the Subject Lands, if the same has been delivered to the Purchaser.

Vendor's right to terminate

Without prejudice to the provisions in the SPA, the Vendor shall be entitled to issue a notice of termination of the SPA to the Purchaser if, at any time prior to completion of the Proposed Acquisition:-

- (i) the Purchaser commits any continuing or material breach of any of its obligations under the SPA which is incapable of remedy or if capable of remedy, is not remedied within 14 days of it being given notice to do so;
- (ii) a petition is presented (*and such petition is not stayed or struck-out within 30 Business Days of the petition being served*) or an order is made or a resolution is passed for the winding up of the Purchaser;

- (iii) an administrator or receiver or receiver and manager is appointed over, or distress, attachment or execution is levied or enforced upon, any part of the assets or undertaking of the Purchaser;
- (iv) the Purchaser becomes insolvent or is unable to pay its debts or admits in writing its inability to pay its debts as and when they fall due or enter into any composition or arrangement with its creditors or makes a general assignment for the benefit of its creditors;
- (v) the Purchaser ceases or threatens to cease or carry on the whole or any substantial part of its business (*except for the purposes of a bona fide reconstruction or amalgamation which would not result or cause any failure or inability to duly perform or fulfil any obligation under the SPA*); or
- (vi) any of the warranties given by the Purchaser is found at any time to be materially untrue or inconsistent,

whereupon:-

- (i) the Vendor shall, within 14 days after receipt of the notice of termination of the SPA by the Purchaser:-
 - (a) return all moneys received by it as part of the Purchase Consideration, to the Purchaser; and
 - (b) indemnify the Purchaser against and reimburse the Purchaser for all costs and expenses incurred by the Purchaser in connection with the applications for development approvals and the development of the Subject Lands (*including construction costs*) pursuant to the SPA; and
- (ii) the Purchaser shall, in exchange for the performance by the Vendor of its obligation above, within 14 days after the notice of termination of the SPA:-
 - (a) return to the Vendor all documents, if any, delivered to it by or on behalf of the Vendor; and
 - (b) re-deliver to the Vendor possession of the Subject Lands, if the same has been delivered to the Purchaser.

2.3 Basis of determining and justification for the Purchase Consideration

The Purchase Consideration was arrived at on a willing-buyer willing-seller basis after taking into consideration the following:-

- (i) market value of the Subject Lands as at 1 July 2022 (*being the material date of valuation*) of RM92.4 million as appraised by the Valuer;
- (ii) the rationale of the Proposed Acquisition as set out in Section 3, Part A of this Circular; and
- (iii) the prospects of the Subject Lands as set out in Section 4.3, Part A of this Circular.

In justifying the Purchase Consideration, the purchase consideration of RM92.4 million is equivalent to the market value of the Subject Lands on 1 July 2022 (*being the material date of valuation*) of RM92.4 million as appraised by the Valuer.

In arriving at its opinion of the market value of the Subject Lands, the Valuer has adopted the income approach by residual method and comparison approach in the valuation of the Subject Lands.

The income approach by residual method is based on the premise that the price which a purchaser can pay for a property is the present value of the surplus amount or residual value after deducting out the full cost of development (GDC) and profit from the sales proceeds (GDV) of the completed development, which is then discounted at an appropriate rate to reflect the inherent risk and holding cost for the period of development to arrive at the current market value.

The comparison approach considers the sales of similar or substitute properties and related market data, and establishes a value estimate by adjustments made for differences in factors that affect value. In general, a property being valued (Subject Lands) is compared with sales of similar properties that have been transacted in the open market. Listings and offers may also be considered.

For the valuation of Phase 4 of Lagenda Teluk Intan, the Valuer has adopted the income approach by residual method as the primary method and has arrived at a market value of RM60.5 million, taking into consideration that it is development lands which have obtained planning approval with approved plans. The comparison approach is used as check.

For the valuation of the agricultural lands, the Valuer has adopted the comparison approach as the only preferred method of valuation and has arrived at a market value of RM31.9 million. Without proper detailed development plans and components, the income approach by residual method may not be appropriate as it requires many assumptions and estimations regarding the hypothetical improvements that the end-result is very much speculative and subjective. In absence of definite, detailed and approved development plans, the income approach by residual method is very much a theoretical methodology where the finer details of the hypothetical end product and estimated construction costs are much more difficult to determine with precision. Merely relying on master planning, proposed developments, zoning or other planning controls are theoretical in nature as reliability of the income approach by residual method depends on the confidence placed on the GDV and GDC computations.

Please refer to Appendix II of this Circular for the valuation certificate for the Subject Lands.

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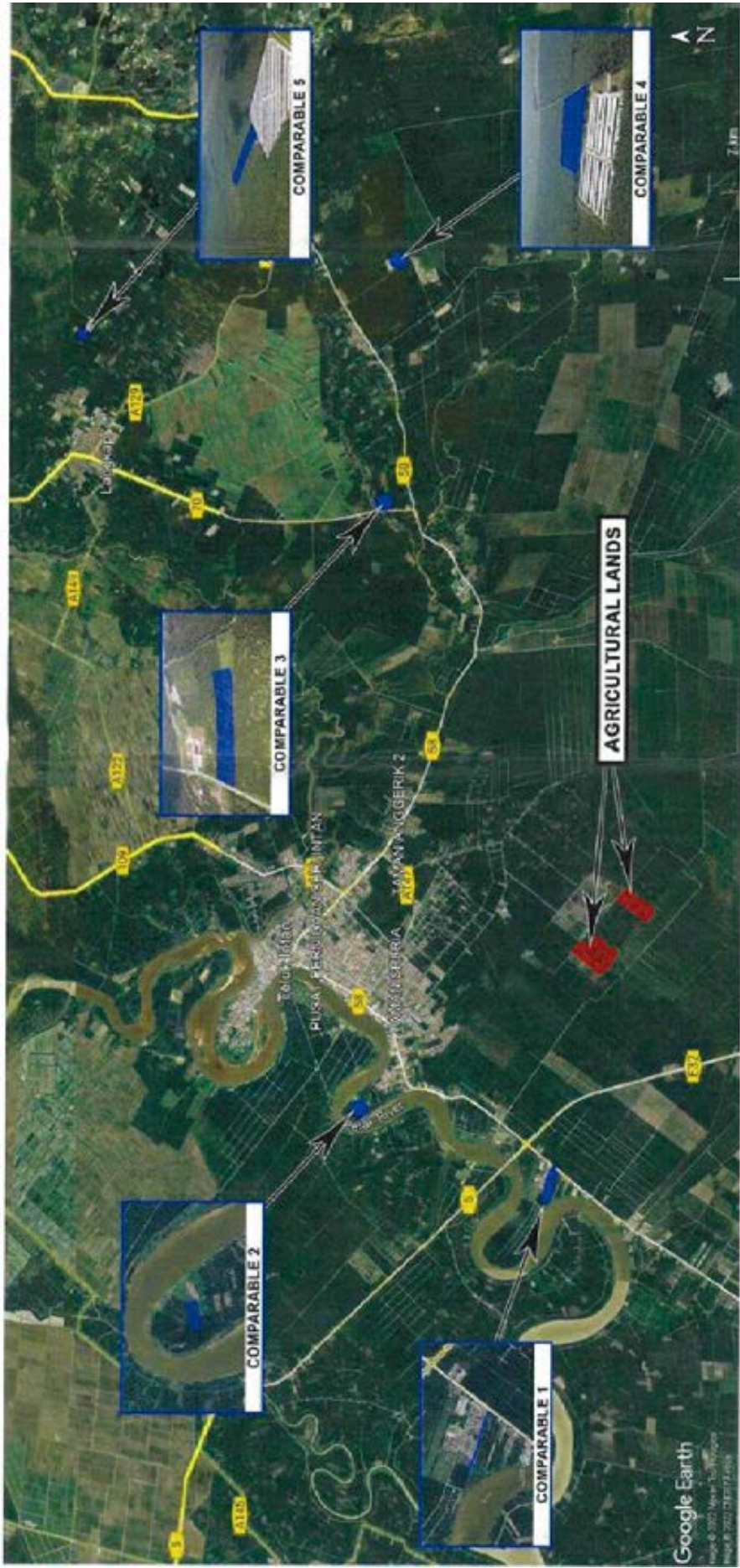
For information purposes, the location of the comparables used in the comparison approach in respect of Phase 4 of Lagenda Teluk Intan and the agricultural lands are as follows:-

Phase 4 of Lagenda Teluk Intan



	Location	Distance from Phase 4
Comparable 1	Located within the vicinity of Taman Teluk Intan	Approximately 6.5 kilometers due north-west
Comparable 2	Located within the vicinity of Kampung Banjar, Teluk Intan	Approximately 3.0 kilometers due north-west
Comparable 3	Located within the vicinity of Kampung Banjar, Teluk Intan	Approximately 3.0 kilometers due north-west
Comparable 4	Located within the vicinity of Taman Bernam Baru, Hutan Melintang	Approximately 10.5 kilometers due south-west

Agricultural lands



2.4 Liabilities to be assumed

There are no other liabilities, including contingent liabilities and guarantees to be assumed by the Company arising from the Proposed Acquisition.

2.5 Additional financial commitment

The Board does not foresee any other material financial commitments required for the implementation and completion of the development projects on the Subject Lands, save for the GDC of the development projects.

The future project development costs for the Subject Lands will be borne by the Group *(the exact quantum of which is dependent on the development plan which have yet to be finalised at this juncture)*. These costs may be funded by internally generated funds, bank borrowings and/or future fund-raising exercises to be undertaken by the Group *(if required)*.

2.6 Source of funding

The Purchase Consideration is expected to be funded via bank borrowings and internally generated funds in equal proportion of RM46.2 million each. However, this proportion is subject to change depending on the amount of bank borrowings to be secured.

2.7 Information on the Vendor

Ladang Awana was incorporated in Malaysia on 11 September 1968 as a private limited company. The company is principally engaged in cultivation of oil palm and sale of fresh fruit bunches.

As at the LPD, the issued share capital of Ladang Awana is RM48,000,002 comprising 48,000,002 ordinary shares in Ladang Awana.

As at the LPD, the directors *(all Malaysians)* of Ladang Awana are Dato' Doh Jee Ming, Dato' Doh Jee Chai and Dato' Doh Tee Leong and the shareholders of Ladang Awana are as follows:-

Shareholders of the Vendor	Shareholding in Ladang Awana			
	Direct		Indirect	
	No. of shares	%	No. of shares	%
Setia Awan Plantation Sdn Bhd ⁽¹⁾	48,000,002	100.00	-	-
Dato' Doh Jee Ming	-	-	48,000,002 ⁽²⁾	100.00
Dato' Doh Jee Chai	-	-	48,000,002 ⁽²⁾	100.00
Dato' Doh Tee Leong	-	-	48,000,002 ⁽²⁾	100.00

Notes:-

(1) As at the LPD, the directors *(all Malaysians)* of Setia Awan Plantation Sdn Bhd are Dato' Doh Jee Ming, Dato' Doh Jee Chai and Dato' Doh Tee Leong and the shareholders of Setia Awan Plantation Sdn Bhd are as follows:-

Shareholders	Shareholding			
	Direct		Indirect	
	No. of shares	%	No. of shares	%
Dato' Doh Jee Ming	1,500,000	30.00	-	-
Dato' Doh Jee Chai	1,500,000	30.00	-	-

Shareholders	Shareholding			
	Direct		Indirect	
	No. of shares	%	No. of shares	%
Dato' Doh Tee Leong	1,500,000	30.00	-	-
Dato' Doh Neng Chiong	250,000	5.00	-	-
Datin Lee Hong King	250,000	5.00	-	-

(2) Deemed interested by virtue of his interest in Setia Awan Plantation Sdn Bhd pursuant to Section 8(4) of the Act.

2.8 Original cost of investments

The original cost investment of the Vendor in the Subject Lands are as follows:-

	Original cost of investment	Date of investment
Subject Lands	RM32,062,890	6 March 2017

3. RATIONALE FOR THE PROPOSED ACQUISITION

The Group is principally involved in property development with a niche focus on affordable township development. The Group's existing township development projects are all located in the state of Perak, which includes Lagenda Teluk Intan.

Lagenda Teluk Intan is a master planned on-going affordable township development featuring commercial and residential developments together with other supporting public amenities, infrastructure, recreation and open area. Geographically, Lagenda Teluk Intan is strategically located about 4 kilometres off WCE to its west and the Teluk Intan town centre is located approximately 7 kilometres due north of Lagenda Teluk Intan.

The Group has seen a strong take-up rate for Phases 1, 2 and 3A of Lagenda Teluk Intan as set out in the table in Section 2.1, Part A of this Circular. To sustain the momentum, the Group plans to launch Phase 3B of Lagenda Teluk Intan in fourth quarter of 2022.

The details of the Group's other existing township development projects located in Perak are as follows:-

Bandar Baru Setia Awan Perdana (Sitiawan)

Status	: Phase 2D: Ongoing Phase 3A: Ongoing Phase 3B: Ongoing Phase 3C: Ongoing Phase 4A: Ongoing Phase 4B: Upcoming Phase 4C: Upcoming Phase 4D: Upcoming
Commencement / expected completion date of development	Phase 2D: February 2020 / July 2023 Phase 3A: June 2020 / March 2024 Phase 3B: January 2019 / October 2022 Phase 3C: September 2021 / September 2023 Phase 4A: July 2022 / June 2025 Phase 4B: To be determined Phase 4C: To be determined Phase 4D: To be determined

Details of potential development	: Phase 2D: 1,160 units of single-storey cluster houses and 8 units of single-storey detached houses Phase 3A: 1,074 units of single-storey terraced houses, 53 units of single-storey shop offices and 2 vacant commercial plots Phase 3B: 1,241 units of single-storey terraced houses and 2 units of single-storey semi-detached houses Phase 3C: 412 units of single-storey semi-detached houses and 74 units of single-storey shop offices Phase 4A: 668 units of single-storey cluster houses, 1 agricultural plot and 1 main distribution substation Phase 4B: 932 units of single-storey terraced houses Phase 4C: 664 units of single-storey cluster houses, 14 units of single-storey shop offices and 1 unit of stall Phase 4D: 1,048 units of single-storey terraced houses
Total development costs	: Phase 2D: RM121.25 million Phase 3A: RM102.24 million Phase 3B: RM120.82 million Phase 3C: RM44.19 million Phase 4A: RM83.78 million Phase 4B: To be determined Phase 4C: To be determined Phase 4D: To be determined
Expected gross development profits	: Phase 2D: RM147.49 million Phase 3A: RM106.38 million Phase 3B: RM118.24 million Phase 3C: RM39.20 million Phase 4A: RM53.60 million Phase 4B: To be determined Phase 4C: To be determined Phase 4D: To be determined
Percentage of completion as at 31 August 2022	: Phase 2D: 92% Phase 3A: 87% Phase 3B: 100% Phase 3C: 77% Phase 4A: 2% Phase 4B: N/A Phase 4C: N/A Phase 4D: N/A
Source of funds to finance development cost	: Internally generated funds

Development approvals	: Phase 2D: (a) Layout plan approval obtained on 19 July 2019 and (b) Building plans approval obtained on 31 January 2020 Phase 3A: (a) Layout plan approval obtained on 5 March 2020 and (b) Building plans approval obtained on 17 June 2020 Phase 3B: (a) Layout plan approval obtained on 15 February 2019 and (b) Building plans approval obtained on 4 March 2019 Phase 3C: (a) Layout plan approval obtained on 16 March 2021 and (b) Building plans approval obtained on 14 July 2021 Phase 4A: (a) Layout plan approval obtained on 22 April 2021 and (b) Building plans approval obtained on 5 April 2022 Phase 4B: (a) Layout plan approval obtained on 4 April 2022 and (b) Building plans approval obtained on 30 September 2022 Phase 4C: (a) Layout plan approval obtained on 4 April 2022 and (b) Building plans approval obtained on 30 September 2022 Phase 4D: (a) Layout plan approval obtained on 4 April 2022 and (b) Building plans approval obtained on 30 September 2022
Sale / Rent	: For sale
Percentage of sales as at 31 August 2022	: Phase 2D: 95% Phase 3A: 95% Phase 3B: 96% Phase 3C: 87% Phase 4A: 45% Phase 4B: N/A Phase 4C: N/A Phase 4D: N/A
Planning consent	: Obtained with no conditions attached

In addition to the above, the Group has approximately 673 acres of undeveloped agricultural land within the Lagenda Teluk Intan locality. These parcels of agricultural land are however located further away from the main road. In view thereof, major infrastructure will be required on these land banks prior to any development and construction activities and hence, these land banks are not suitable for immediate development.

The Proposed Acquisition is undertaken to acquire the Subject Lands which are located adjacent to the Group's on-going affordable township development of Lagenda Teluk Intan and hence, are suitable for near-term development as future phases of the Lagenda Teluk Intan township. The parties have agreed to the Proposed Acquisition which is more straightforward than a joint development arrangement and is the preferred option by both parties taking into consideration the following:-

- (i) the major shareholders of the Vendor (*namely Dato' Doh Jee Ming, Dato' Doh Jee Chai and Dato' Doh Tee Leong*) are also currently major shareholders of the Company and hence, will continue to participate in the future development of the Subject Lands through their shareholdings in the Company; and
- (ii) with the Proposed Acquisition, the Company will have full control over the Subject Lands, allowing it to have more flexibility over the development plan as well as for the purpose of securing financing.

Based on the management's estimate, the projected GDV for the Subject Lands is expected to be around RM920 million (*based on assumed selling price of approximately RM200,000 per house*) over its development period and is expected to increase the revenue derived from Lagenda Group's property development business and contribute positively to the future earnings and profitability of the Lagenda Group.

Further, by undertaking the Proposed Acquisition now, the Group will be able to avoid the risk of having to increase the purchase consideration for the Subject Lands in the event the market value of the Subject Lands appreciates in the future as the township becomes more developed with better infrastructure and higher population upon delivery of residential units for Phases 1 and 2 of Lagenda Teluk Intan to the purchasers and upon the completion of development of Phases 3A and 3B of Lagenda Teluk Intan.

4. INDUSTRY OVERVIEW AND PROSPECTS

4.1 Malaysian economy

Malaysia's economy expanded by 6.9% in the first half of 2022 underpinned by favourable momentum in the domestic economy and steady expansion in the external sector, as well as continued improvement of the labour market conditions. The strong performance is expected to sustain, backed by an increase in private consumption and business activities as the economy transitions to endemicity phase of COVID-19 with the surging tourist arrivals. Furthermore, the growth momentum was attributed to the Government's consistent policy support, particularly with the implementation of initiatives under the Budget 2022 since the start of the year, as well as the spillover effects from the Budget 2021 measures coupled with various assistance and stimulus packages.

In tandem with continued implementation of development programmes and projects, the economy is expected to expand further in the second half of the year. The growth prospects have been supported by the resumption of economic and social activities and improvement in international travel activities following the relaxation of COVID-19 restrictions regionally. With better prospects as indicated by the Leading Index, the economy is anticipated to gain its growth momentum in the second half of the year attributed to strong domestic demand as the country transitions into endemicity. For the full year of 2022, the economic growth is expected to register a higher growth within the range of 6.5% – 7% (2021: 3.1%). The domestic economy remains resilient and is forecast to expand between 4% – 5% in 2023 driven by the domestic demand. Nevertheless, the pace of economic recovery is also dependent on other factors, including successful containment of the pandemic, support for cost of living and efforts in mitigating the downside risks such as geopolitical uncertainties, global inflation as well as tightening financial conditions.

Malaysia's economy will remain in a positive growth trajectory in 2023 mainly driven by domestic demand following the transition to the endemic phase and the reopening of international borders. The Government continues to support the economy through implementing policies and measures to ensure a conducive business environment that facilitates economic activities and meet the needs of the *rakyat*. In enhancing economic resilience and sustainable growth, the Government will prioritise the structural reform agenda to sustain the post-COVID-19 economic recovery momentum, amid the challenges arising from geopolitical uncertainties and climate change.

(Source: Economic Outlook 2023, Ministry of Finance Malaysia)

4.2 Outlook of the property industry

Malaysia

The property market performance recorded an increase in the first half of 2022 (H1 2022) compared to the same period last year (H1 2021). A total of 188,002 transactions worth RM84.40 billion were recorded, showing an increase of 34.5% in volume and 36.1% in value compared to the same period last year. Of the total transactions, 34.3% (64,479) and 62.6% (117,655) were transfers dated in 2021 and 2022 respectively while the remaining percentage share was for prior years' transfers.

The residential sub-sector led the overall property market, with 61.8% contribution. This was followed by agriculture sub-sector (22.1%), commercial (8.1%), development land and others (6.0%) and industrial (2.0%). In terms of value, residential took the lead with 54.1% share, followed by commercial (16.6%), industrial (12.7%), agriculture (10.2%) and development land and others (6.4%).

For the residential sub-sector, there were 116,178 transactions worth RM45.62 billion recorded in the review period, increased by 26.3% in volume and 32.2% in value year-on-year. Performance across the states improved in the review period. All states recorded higher market volume. The four major states namely Pulau Pinang, WP Kuala Lumpur, Johor and Selangor recorded an increase of 37.8%, 28.4%, 20.2% and 16.0% respectively. Combined, these states formed about 47% of the total national residential volume.

(Source: Property Market Report First Half 2022, Valuation and Property Services Department, Ministry of Finance Malaysia)

The National Affordable Housing Council has targeted the construction of 500,000 affordable homes nationwide by 2025. To encourage first home ownership, previously, stamp duty for homes valued at RM500,000 and below were fully exempted until the end of 2025. With respect to property transfer documents and loan agreements for homes valued between RM500,001 and RM1 million, the stamp duty exemption will be increased from 50% to 75% and effective until 31 December 2023.

To build a harmonious community, the Government is committed to:-

- First: ensuring the safe condition of low and medium-cost strata homes through maintenance, including replacing obsolete lifts with an allocation of RM290 million;
- Second: improving mobile health services, including in low-cost housing areas, with an allocation of RM22 million;
- Third: providing classes for the children of low-cost home residents who fell behind in education during the COVID-19 pandemic; and
- Fourth: intensified income-enhancing activities by Yayasan Hasanah, including helping food entrepreneurs utilise Cloud Kitchen platforms.

(Source: Budget 2023, Ministry of Finance Malaysia)

The property market showed signs of recovery following the implementation of various stimulus provided by the government, via Short-term Economic Recovery Plan namely Pelan Jana Semula Ekonomi Negara (PENJANA) and Prihatin Rakyat Economic Stimulus Package (PRIHATIN). The stimulus helped to sustain the confidence of the industry and households at large in coping with the impact of pandemic. In addition, initiatives introduced under Budget 2021 remained supportive to the property market. Among the initiatives included:-

- (1) An allocation of RM1.2 billion for providing comfortable and quality housing, especially for the low-income group:
 - (a) RM500 million to build 14,000 units low-cost housing under Program Perumahan Rakyat.
 - (b) RM315 million for the construction of 3,000 units of Rumah Mesra Rakyat by Syarikat Perumahan Negara Berhad.
 - (c) RM125 million for the maintenance of low cost and medium-low stratified housing as well as assistance to repair dilapidated houses and those damaged by natural disasters; and
 - (d) RM310 million for the Malaysia Civil Servants Housing Program (PPAM).
- (2) Full stamp duty exemption on instruments of transfer and loan agreement for first-time home buyers will be extended until 31 December 2025, effective for sale and purchase executed from 1 January 2021 to 31 December 2025.
- (3) Stamp duty exemption on loan agreement and instruments of transfer given to rescuing contractors and the original house purchasers is extended for five years. This exemption is effective for loan agreements and instruments of transfer executed from 1 January 2021 to 31 December 2025 for abandoned housing projects certified by Ministry of Housing and Local Government (KPKT).
- (4) Collaboration with selected financial institutions to provide a Rent-to-Own Scheme. The program will be implemented until 2022 involving 5,000 units PR1MA houses with a total value of more than RM1 billion.

For PENJANA, the financial initiatives introduced by the government which have helped soften the impact on property market included:

- (i) Re-introduction of Home Ownership Campaign (HOC) - Stamp duty exemption on the instruments of transfer and loan agreement for the purchase of residential homes priced between RM300,000 to RM2.5 million subject to at least 10% discounts provided by the developer. The exemption on the instrument of transfer is limited to the first RM1 million of the home price while full stamp duty exemption is given on loan agreement effective for sales and purchase agreements signed between 1 June 2020 to 31 May 2021.
- (ii) Real property gains tax exemption for disposal of residential homes from 1 June 2020 to 31 December 2021 (*This exemption is limited to the disposal of three units of residential homes per individual*).
- (iii) The lifting of the current 70 percent margin of financing limit applicable for the third housing loan onwards for property valued at RM600,000 and above, during the period of the HOC, subject to internal risk management practices of financial institutions. The HOC has been extended by government up to 31 December 2021, in hoping to assist households to own homes and reduce the numbers of unsold properties in the country.

The property market performance showed a slight improvement in 2021 but has yet to surpass the pre-pandemic level recorded prior to 2020. More than 300,000 transactions worth nearly RM145 billion were recorded, indicating an increase of 1.5% in volume and 21.7% in value compared to last year.

The residential, commercial and industrial sub-sectors saw an increase of 3.9%, 10.7% and 17.6% respectively, while agriculture and development land sub-sectors declined slightly by 7.5% and 7.4% respectively. Value of transactions recorded higher increase for residential, commercial, industrial and development land sub-sectors each at 16.7%, 43.1%, 32.9% and 33.2% whereas agriculture recorded otherwise, decreased by 5.1%.

The residential sub-sector led the overall property market with 66.2% contribution in volume. This was followed by agriculture (18.9%), commercial (7.5%), development land and others (5.6%) and industrial (1.9%). The residential sub-sector again took the lead with 53.1% share, followed by commercial (19.3%), industrial (11.7%), agriculture (8.2%) and development land and others (7.7%).

The property market is expected to regain its momentum in 2022 though the environment remained challenging. The health of the residential sector is paramount to the overall performance of the property market. To ensure the vitality of this sector as well as improving the livelihood of the nation, various initiatives are outlined under Budget 2022. Under 'Initiative 2: Home Ownership', the initiatives include:-

- RM1.5 billion allocation for low-income groups housing projects i.e. Rumah Mesra Rakyat and maintenance assistance programmes.
- Lifting the imposition of Real Property Gains Tax on the disposal of properties in the 6th year onwards by Malaysian citizens, permanent residents and other than companies.
- Guarantees of up to RM2 billion to banks via Skim Jaminan Kredit Perumahan in assisting gig works, small entrepreneurs and farmers in obtaining home financing. In addition, the Ministry of Housing and Local Government alongside the Ministry of Finance is planning to organise a Home Ownership Programme (HOPE) with special focus for B40 and M40 group in providing home financing facilities to these groups.

As economy is set to be on the right trajectory, the property market performance is expected to be on similar track. The accommodative policies, continuous government support, well execution of all planned measures outlined in Budget 2022 and the proper implementation of strategies and initiatives under the Twelfth Malaysia Plan, 2021-2025 (RMK-12) are expected to support growth in the property sector.

(Source: Annual Property Market Report 2021, Valuation and Property Services Department, Ministry of Finance Malaysia)

Perak

The state's property market performance moderated in 2021. There were 36,893 transactions with the total value of RM8.70 billion recorded in the review period, down by 1.4% in volume but up by 10.3% in value compared to previous year. Residential sub-sector retained its largest share of the market at 68.6%. Agriculture sub-sector ranked second with 23.9% market share, followed by commercial (5.1%), industrial (1.4%) and development land & others (1.0%) sub-sector.

Market activity saw mixed movements. The development land & others and agriculture sub-sectors dropped by 21.0% and 14.9% respectively. Positive growths were recorded in industrial (30.5%), commercial (14.1%) and residential (3.2%) sub-sectors. In term of value, all sub-sectors recorded positive trend with highest increment achieved by industrial (90.1%), followed by development land & others (23.9%), commercial (11.6%), residential (5.4%) and agriculture (3.1%).

The residential sub-sector recorded 25,310 transactions worth RM5.49 billion, increased by 3.2% and 5.4% in volume and value respectively compared to previous year. The residential overhang situation improved as the number eased in the review period. There were 2,748 units worth RM920.29 million, decreased by 24.4% in volume and 20.6% in value as compared to 2020 (3,637 units worth RM1.15 billion). Correspondingly, unsold under construction reduced 4.7% to 9,766 units in 2021. Nevertheless, unsold not constructed surged significantly of 162.1% to 2,238 units.

Prices of residential properties showed mixed performances across the board. Single storey low cost terraced located at Ipoh City generally enjoyed capital appreciation of 2.6% - 14.2% with highest appreciation observed at Taman Klebang Raya (14.2%) due to its strategic location and nearby to Aeon Mall Ipoh Klebang. Whereas for high rise residential, significant increment in rental was noted at Upper East @ Tiger Lane Condominium (12.5%) due to close approximately to Ipoh City. All House Price Index for the state marked at 212.9 points as at 2021^P, increased by 3.8% from 205.0 points in 2020. The average All House Price for the state as at 2021 stood at RM243,699 increased from RM234,691 in 2020.

The performance of commercial sub-sector strengthened in 2021. There were 1,888 transactions recorded with a total value of RM909.43 million (2020: 1,655 transactions worth RM815.17 million). This market activity showed an increase of 14.1% in volume and 11.6% in value as compared to last year.

Shop segment recorded highest market activity with 1,324 transactions worth RM650.35 million (2020: 1,311 transactions worth RM637.55 million). In comparison to 2020, the volume and value of transactions increased by 1.0% and 2.0% respectively. Two to two and a-half storey shop transactions dominated 62.6% of the total shop transactions. The shop overhang was less encouraging as the numbers increased in the review period. A total of 706 units recorded worth RM339.04 million, increased significantly at 57.6% in volume as compared to previous year.

The performance of retail segment softened slightly as the average occupancy rate decreased to 83.1% as compared with 84.5% recorded in 2020. The annual take-up rate increased to 14,201 square metres.

The performance of purpose-built office softened with an average occupancy rate of 92.0% in comparison to 93.9% in 2020. The annual take-up rate was negative 782 square metres.

In the leisure segment, the state witnessed one hotel completion in the review period offering 25 rooms into the market. As at end-2021, there were 329 hotels (16,338 rooms) in the existing supply with another ten hotels (865 rooms) in the incoming supply.

The property market in Perak is expected to recover gradually in 2022 in line with improved market sentiment and recovery of economic resulted from various incentives and economic stimulus packages planned and implemented by both federal and state government.

(Source: Annual Property Market Report 2021, Valuation and Property Services Department, Ministry of Finance Malaysia)

4.3 Prospects and future plans of the Subject Lands

The Subject Lands consist of 42 block titles of development / agricultural land measuring approximately 422 acres, adjoining to Lagenda Teluk Intan. The Proposed Acquisition is undertaken to acquire the Subject Lands for the development of future phases of the Lagenda Teluk Intan township. The projected GDV for the Subject Lands is expected to be around RM920 million over its development period.

The planning approval for Phase 4 has been obtained, whereby it has been designated for 825 units of single-storey terraced houses, 1,172 units of single-storey cluster houses, 6 units of single-storey detached houses, a commercial lot, a petrol station, 36 parcels of agricultural land and a residential lot designated for future development. Based on preliminary estimates by the Group, which may be subject to change, the GDV of Phase 4 of Lagenda Teluk Intan is envisaged to be approximately RM416.40 million, while the GDC (*without land cost of RM60.50 million*) is envisaged to be approximately RM277.17 million (*excluding developer's profit of RM62.46 million*). The expected launch date and completion date of Phase 4 of Lagenda Teluk Intan have yet to be determined.

The remaining plots of the Subject Lands do not have any approved planning approvals currently but the Group intends to apply for it in the future. At this juncture, the Group estimates that the application for planning and development approvals for the remaining plots shall be made in 2024 and expects to obtain approval in 2025. Such estimated timeline is however subject to, amongst others, the sales momentum and market forces as well as the time taken by the regulators in granting approvals.

The future project development costs for the Subject Lands will be borne by the Group (the exact quantum of which is dependent on the development plan which have yet to be finalised at this juncture). These costs may be funded by internally generated funds, bank borrowings and/or future fund-raising exercises to be undertaken by the Group (if required).

The management is positive of the prospects of the Subject Lands taking into consideration the following:-

- (i) the Subject Lands are strategically located adjoining to the on-going affordable township development of Lagenda Teluk Intan and is located near to the Teluk Intan town centre. In addition, the Subject Lands are easily accessible from the WCE which will be linked to various existing highways;
- (ii) the Group has seen a strong take-up rate for Phases 1, 2 and 3A of Lagenda Teluk Intan as set out in the table in Section 2.1, Part A of this Circular; and
- (iii) the demand for affordable homes is expected to be resilient and this augurs well for the future development of the Subject Lands.

The acquisition of the Subject Lands is expected to further enhance the Group's portfolio of development projects and contribute positively to the future earnings and profitability of the Lagenda Group. Further details of the Group's other existing township development projects are set out in Section 3, Part A of this Circular.

Premised on the above, the Board is cautiously optimistic of the prospects of the Subject Lands moving forward.

5. RISK FACTORS IN RELATION TO THE PROPOSED ACQUISITION

5.1 Acquisition risk

Whilst the Group expects to realise the benefits of the Proposed Acquisition as set out in Section 3, Part A of this Circular, there is no assurance that the Group will be able to generate sufficient returns from the investments to offset the costs of investments. As such, there is no assurance that the Proposed Acquisition will enable the Group to improve its financial performance and the duration required for the Lagenda Group to recoup its investment could be longer than anticipated.

The Proposed Acquisition will expose the Group to risks inherent in the property development industry which the Group is already involved in. Such risks may include adverse changes in real estate market prices, changes in demand for types of residential, commercial and industrial properties, competition from other property developers, changes in economic, social and political conditions, delay in completion of property development projects against the scheduled completion, risk of purchase default, performance of third-party contractors and sub-contractors, labour and material supply shortages, fluctuations in the prices of building material and costs of labour charges, increase in real property gains tax and other applicable taxes and adverse changes in property tax assessments and other statutory charges.

Further to the above, the property market in Malaysia still remains to be in a supply glut with high overhang unsold units. Notwithstanding that, condominium / apartment formed 58.7% of the national overhang, followed up terraced (20.8%). The number of overhang units in Perak was less than 8% of the total overhang units in Malaysia as at the end of first half of 2022 (*Source: Overview of Property Market First Half 2022, Valuation and Property Services Department, Ministry of Finance Malaysia*). The demand for affordable homes is expected to be resilient. The Group has seen a strong take-up rate for Phases 1, 2 and 3A of Lagenda Teluk Intan as set out in the table in Section 2.1, Part A of this Circular. With the strategic location of the Subject Lands, coupled with the resiliency of demand of affordable homes in Malaysia, the management is positive of the future developments of the Subject Lands.

The Group, to a certain extent, rely on foreign workers in its property development activities and is exposed to the risk of labour shortages, like any other developers. The Group mitigates such risk by, amongst others, employing reliable contractors and sub-contractors. Further, the Group is also moving towards reducing labour work through the adoption of industrialised building system in its development projects which will significantly reduces the reliance on labour by an estimation of 60%-70%, as conventional method of construction is fully labour intensive. As at the LPD, the Group does not have any material interruption arising from shortage of labour. Prior to launching of Phase 4 of Lagenda Teluk Intan, the Group will take into consideration, amongst others, the progress of Phase 3B of Lagenda Teluk Intan and availability of resources such as raw materials and labour.

The management will also seek to minimise the abovementioned risks through practicing efficient operating procedures and prudent financial management, including reviewing its property development strategies such as concept, product mix, pricing, marketing strategies and timing of launches as well as continuously monitoring the prevailing market conditions.

5.2 Financing risk

The Group will seek external financing to finance the Purchase Consideration as well as potentially obtain additional borrowings to fund the development costs for the Subject Lands. The Group's ability to arrange for external financing and the costs of such financing are dependent on numerous factors, including general economic conditions, interest rates, credit availability from the banks or other lenders, or any restriction imposed by the Government of Malaysia and political, social and economic conditions in Malaysia.

There can be no assurance that the necessary financing will be available in amounts or on terms acceptable to the Group. In addition, the Group could potentially be exposed to fluctuation in interest rates on such external financing obtained, leading to higher borrowing costs that may adversely affect the Group's financial performance, as well as its ability to service future loan repayment obligations.

Nevertheless, the management will actively review the Group's debt portfolio, by taking into consideration the level, structure and nature of the Group's borrowings and seek to adopt cost effective and optimal mix of financing options.

5.3 Compulsory acquisition

The Government has the power to compulsorily acquire any land in Malaysia pursuant to the provisions of the applicable legislation including the Land Acquisition Act 1960 for certain purposes where the compensation to be awarded is based on the fair market value of a property assessed on the basis prescribed in the Land Acquisition Act 1960 and other relevant laws. Compulsory acquisition by the Government, depending on the quantum of compensation being awarded, could adversely affect the value of the Subject Lands, which could impair the Group's financial position and results of operations.

In the event of any compulsory acquisition of the Subject Lands, the Group will seek to minimise any potential losses from such situations by invoking the relevant provisions in the Land Acquisition Act, 1960 in relation to the Group's rights to submit an objection in respect of compensation, where necessary.

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6. EFFECTS OF THE PROPOSED ACQUISITION

6.1 Share capital and substantial Shareholders' shareholdings

The Proposed Acquisition will not have any effect on the issued share capital and substantial Shareholders' shareholdings in Lagenda as the Purchase Consideration will be satisfied in cash.

6.2 NA and gearing

For illustration purposes, assuming the Proposed Acquisition had been effected on 31 December 2021, the pro forma effects of the Proposed Acquisition on the NA and gearing of the Group are as follows:-

	Audited as at 31 December 2021 (RM'000)	(I) After subsequent events up to the LPD ⁽¹⁾ (RM'000)	(II) After (I) and the Proposed Acquisition (RM'000)
Ordinary shares	314,551	333,171	333,171
Share option reserve	9,093	9,093	9,093
Redeemable convertible preference shares dividend payable	(10,793)	(17,117)	(17,117)
Retained earnings	567,777	513,351	512,871 ⁽²⁾
NA / Equity attributable to owners of the Company	880,628	838,498	838,018
Non-controlling interests	(5)	(5)	(5)
Total equity	880,623	838,493	838,013
No. of Shares in issue ('000)	822,431	837,327	837,327
NA per Share (RM)	1.07	1.00	1.00
Total borrowings, including lease liabilities (RM'000)	204,799	204,799	250,999 ⁽³⁾
Gearing (times)	0.23	0.24	0.30

Notes:-

- (1) After accounting for the following:-
- (i) issuance of 14,895,812 new Shares pursuant to the exercise of warrants 2017 / 2022 of the Company at the exercise price of RM1.25 each;
 - (ii) granting of 12,450,000 employees' share options with an exercise price of RM1.17 each on 3 February 2022. These share options expired on 4 March 2022;
 - (iii) interim dividend of 3.5 sen per Share in respect of the FYE 31 December 2021, which was paid on 11 April 2022;
 - (iv) interim dividend of 3.0 sen per Share in respect of the FYE 31 December 2022, which was paid on 26 September 2022; and
 - (v) dividend paid in relation to redeemable convertible preference shares amounting to approximately RM6.32 million.
- (2) After deducting the estimated expenses in relation to the Proposed Acquisition of approximately RM0.48 million. The breakdown of the estimated expenses is as follows:-

Estimated expenses	Amount (RM'000)
Professional fees	429
Fees to the relevant authorities	19
Printing, despatch, advertising, meeting and miscellaneous expenses	32
Total	480

- (3) The Purchase Consideration is expected to be funded via bank borrowings and internally generated funds in equal proportion of RM46.2 million each. However, this proportion is subject to change depending on the amount of bank borrowings to be secured.

6.3 Earnings and EPS

For illustration purposes, assuming the Proposed Acquisition had been effected on 1 January 2021 (i.e. the beginning of FYE 31 December 2021), the pro forma effects of the Proposed Acquisition on the earnings and EPS of Lagenda are as follows:-

	Audited FYE 31 December 2021 (RM'000)	After the Proposed Acquisition (RM'000)
Profit attributable to the owners of the Company	201,506	199,007 ⁽¹⁾
Weighted average number of Shares in issue ('000)	802,299	802,299
EPS (sen)	25.12	24.80

Note:-

(1) After deducting the estimated expenses in relation to the Proposed Acquisition of approximately RM0.48 million and the estimated post-tax interest expenses of RM2.02 million in respect of the bank borrowings expected to be secured to fund the Proposed Acquisition at an indicative pre-tax interest rate of 5.75% per annum or post-tax interest rate of 4.37% per annum (Bank borrowings to be secured of RM46.2 million x post-tax interest rate of 4.37% per annum = RM2.02 million).

Notwithstanding the slight decrease in EPS of Lagenda above, the Proposed Acquisition and the future development of the Subject Lands are expected to contribute positively to the future earnings of the Group. Based on the estimated GDV (RM416.40 million) and GDC including land cost (RM337.67 million) of Phase 4 of Lagenda Teluk Intan, the project is expected to generate gross profit of RM78.73 million, to be recognised over its development period.

7. TENTATIVE TIMELINE

Subject to all relevant approvals being obtained, the Proposed Acquisition is expected to be completed based on the following tentative timeline of events:-

Date	Events
31 October 2022	<ul style="list-style-type: none">EGM for the Proposed Acquisition
1 st quarter of 2023	<ul style="list-style-type: none">Fulfilment of the conditions precedent to the SPACompletion of the Proposed Acquisition

8. APPROVALS REQUIRED AND CONDITIONALITY

The Proposed Acquisition is subject to approvals and/or consents being obtained from the following:-

- (i) the non-interested Shareholders at the forthcoming EGM to be convened for the Proposed Acquisition;
- (ii) the Estate Land Board in respect of the sale and transfer of the Subject Lands from the Vendor to the Purchaser; and
- (iii) any other relevant authorities and/or parties, if required.

The Proposed Acquisition is not conditional upon any other corporate exercise / scheme being or proposed to be undertaken by the Company.

Percentage ratio

The highest percentage ratio applicable for the Proposed Acquisition pursuant to Paragraph 10.02(g) of the Listing Requirements is approximately 10.49%.

9. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION

As at the LPD, save for the Proposed Acquisition, there are no other corporate exercises which have been announced by the Company but are pending completion.

10. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED WITH THEM

Save as disclosed below, none of the Directors, major Shareholders, chief executive of the Company and/or persons connected with them has any interest, direct or indirect, in the Proposed Acquisition:-

- (i) Dato' Doh Jee Ming, the Managing Director and a major shareholder of Lagenda, is a director of Ladang Awana and he is deemed interested in 100% equity interest in Ladang Awana through his shareholdings in Setia Awan Plantation Sdn Bhd pursuant to Section 8(4) of the Act. He is also the brother of Dato' Doh Jee Chai and Dato' Doh Tee Leong;
- (ii) Dato' Doh Jee Chai, the Non-Independent Non-Executive Director and a major shareholder of Lagenda, is a director of Ladang Awana and he is deemed interested in 100% equity interest in Ladang Awana through his shareholdings in Setia Awan Plantation Sdn Bhd pursuant to Section 8(4) of the Act. He is also the brother of Dato' Doh Jee Ming and Dato' Doh Tee Leong; and
- (iii) Dato' Doh Tee Leong, a major shareholder of Lagenda, is a director of Ladang Awana and he is deemed interested in 100% equity interest in Ladang Awana through his shareholdings in Setia Awan Plantation Sdn Bhd pursuant to Section 8(4) of the Act. He is also the brother of Dato' Doh Jee Ming and Dato' Doh Jee Chai.

For information purposes, the following are persons connected with the Interested Directors and Interested Major Shareholders:-

- (i) Lagenda Land Sdn Bhd, a major shareholder of Lagenda, is a company in which Dato' Doh Jee Ming is a director and Dato' Doh Jee Ming, Dato' Doh Jee Chai and Dato' Doh Tee Leong are shareholders;
- (ii) Doh Capital Sdn Bhd, a shareholder of Lagenda, is a company in which Dato' Doh Jee Ming is a director and Setia Awan Plantation Sdn Bhd is the sole shareholder; and
- (iii) Setia Awan Plantation Sdn Bhd, an indirect shareholder of Lagenda by virtue of its interest in Doh Capital Sdn Bhd, is a company in which Dato' Doh Jee Ming, Dato' Doh Jee Chai and Dato' Doh Tee Leong are directors and shareholders.

The shareholdings of the Interested Directors, Interested Major Shareholders and persons connected with them in Lagenda as at the LPD are as follows:-

	Direct interest		Indirect interest	
	No. of Shares	%	No. of Shares	%
Dato' Doh Jee Ming	2,300,800	0.27	607,571,209 ⁽¹⁾	72.56
Dato' Doh Jee Chai	-	-	607,571,209 ⁽¹⁾	72.56
Dato' Doh Tee Leong	-	-	607,571,209 ⁽¹⁾	72.56
Lagenda Land Sdn Bhd	570,000,001	68.07	-	-
Doh Capital Sdn Bhd	37,571,208	4.49	-	-
Setia Awan Plantation Sdn Bhd	-	-	37,571,208 ⁽²⁾	4.49

Notes:-

- (1) Deemed interested by virtue of his interest in Lagenda Land Sdn Bhd, Setia Awan Plantation Sdn Bhd and Doh Capital Sdn Bhd pursuant to Section 8(4) of the Act.
- (2) Deemed interested by virtue of its interest in Doh Capital Sdn Bhd pursuant to Section 8(4) of the Act.

The Interested Directors have abstained and will continue to abstain from all deliberations and voting at the relevant Board meetings in respect of the Proposed Acquisition.

The Interested Directors and Interested Major Shareholders will abstain from voting in respect of their direct and/or indirect shareholdings in the Company on the resolution pertaining to the Proposed Acquisition at the forthcoming EGM. Further, the Interested Directors and Interested Major Shareholders will ensure that persons connected with them will abstain from voting in respect of their direct and/or indirect shareholdings in the Company on the resolution pertaining to the Proposed Acquisition at the forthcoming EGM.

Save for the Proposed Acquisition, there were no transactions entered into between the Lagenda Group and the Interested Directors, Interested Major Shareholders and/or persons connected with them for the preceding 12 months up to the LPD.

11. AUDIT AND RISK COMMITTEE'S STATEMENT

The Audit and Risk Committee of the Company, after having considered, amongst others, the views of the Independent Adviser as well as all aspects of the Proposed Acquisition, including the salient terms of the SPA, the basis and justification for the Purchase Consideration, the rationale of the Proposed Acquisition as well as effects of the Proposed Acquisition, is of the opinion that the Proposed Acquisition is:-

- (i) in the best interest of the Company;
- (ii) fair, reasonable and on normal commercial terms; and
- (iii) not detrimental to the interest of the non-interested Shareholders.

12. DIRECTORS' STATEMENT AND RECOMMENDATION

The Board (*save for the Interested Directors*), after having considered, amongst others, the views of the Independent Adviser and the Audit and Risk Committee of the Company as well as all aspects of the Proposed Acquisition, including the salient terms of the SPA, the basis and justification for the Purchase Consideration, the rationale of the Proposed Acquisition as well as the effects of the Proposed Acquisition, is of the opinion that the Proposed Acquisition is:-

- (i) in the best interest of the Company;
- (ii) fair and reasonable, and on normal commercial terms; and
- (iii) not detrimental to the interest of the non-interested Shareholders.

Accordingly, the Board (*save for the Interested Directors*) recommends that you vote in favour of the resolution pertaining to the Proposed Acquisition to be tabled at the forthcoming EGM.

13. INDEPENDENT ADVICE LETTER

The Proposed Acquisition is deemed to be a related party transaction pursuant to Paragraph 10.08 of the Listing Requirements in view of the interests of the Interested Directors and Interested Major Shareholders as set out in Section 10, Part A of this Circular. Accordingly, on 20 May 2022, Mercury Securities has been appointed as the Independent Adviser by the Board (*save for the Interested Directors*) to provide the non-interested Directors and non-interested Shareholders with:-

- (i) an opinion as to whether the Proposed Acquisition is fair and reasonable so far as the non-interested Shareholders are concerned and whether the Proposed Acquisition is to the detriment of the non-interested Shareholders; and
- (ii) a recommendation as to whether the non-interested Shareholders should vote in favour of the Proposed Acquisition.

The IAL from Mercury Securities is set out in Part B of this Circular. You should read the contents of this Circular (*including the IAL*) carefully before voting on the resolution pertaining to the Proposed Acquisition to be tabled at the forthcoming EGM.

14. EGM

The EGM, the notice of which is enclosed in this Circular, will be held on a fully virtual basis through live streaming and online remote voting via the online meeting platform at <https://web.vote2u.my> (Domain Registration No with MYNIC: D6A471702) on Monday, 31 October 2022 at 11.00 a.m. or at any adjournment thereof, for the purpose of considering and, if thought fit, passing the resolution, with or without any modifications, to give effect to the Proposed Acquisition.

If you are unable to attend and vote in person at the EGM, you may appoint a proxy to attend and vote on your behalf by completing, signing and returning the enclosed Form of Proxy in accordance with the instructions contained therein as soon as possible, so as to arrive at the business address of the Company at Level 4, No. 131, Persiaran PM 2/1, Pusat Bandar Seri Manjung Seksyen 2, 32040 Seri Manjung, Perak Darul Ridzuan or email to Vote2u@agmostudio.com not less than 48 hours before the time set for holding the EGM or at any adjournment thereof. The completion and lodgement of the Form of Proxy shall not preclude you from attending and voting in person at the EGM should you subsequently wish to do so and in such an event, your Form of Proxy shall be deemed to have been revoked.

15. FURTHER INFORMATION

You are advised to refer to Part B of this Circular and the attached appendices for further information.

Yours faithfully
For and on behalf of the Board of
LAGENDA PROPERTIES BERHAD

**ADMIRAL TAN SRI DATO' SERI PANGLIMA DR. AHMAD KAMARULZAMAN BIN HJ AHMAD
BADARUDDIN**
Independent Non-Executive Chairman

PART B

**IAL FROM MERCURY SECURITIES TO THE NON-INTERESTED SHAREHOLDERS OF
LAGENDA IN RELATION TO THE PROPOSED ACQUISITION**

EXECUTIVE SUMMARY

All definitions used in this Executive Summary shall have the same meaning as the words and expressions defined in the “Definitions” section of the Circular, except where the context otherwise requires or where otherwise defined in this IAL. All references to “we”, “us” or “our” in this IAL are references to Mercury Securities, being the Independent Adviser for the Proposed Acquisition.

This Executive Summary summarises this IAL. You are advised to read and understand this IAL in its entirety, together with the letter to the Shareholders in relation to the Proposed Acquisition in Part A of the Circular and the accompanying appendices for any other relevant information and not to rely solely on this Executive Summary before forming an opinion on the Proposed Acquisition.

You are also advised to carefully consider the recommendations contained in both the letters before voting on the ordinary resolution to give effect to the Proposed Acquisition to be tabled at the forthcoming EGM of the Company.

If you are in doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.

1. INTRODUCTION

On 9 August 2022, Lagenda announced that Taraf Nusantara (*a wholly-owned subsidiary of Blossom Eastland Sdn Bhd, which is in turn wholly owned by the Company*) had on even date entered into the SPA with Ladang Awana in relation to the Proposed Acquisition.

The Proposed Acquisition is deemed to be a related party transaction in accordance with Paragraph 10.08 of the Listing Requirements. The Interested Directors, Interested Major Shareholders and persons connected with them as well as their shareholdings in Lagenda are set out in Section 10, Part A of the Circular. As such, on 20 May 2022, Mercury Securities has been appointed as the Independent Adviser to advise the non-interested Directors and non-interested Shareholders in respect of the Proposed Acquisition.

The details of the Proposed Acquisition are set out in Section 2, Part A of the Circular.

The purpose of this IAL is to provide the non-interested Shareholders with an independent evaluation on the fairness and reasonableness of the Proposed Acquisition and whether the Proposed Acquisition is detrimental to the non-interested Shareholders, together with our recommendation on whether the non-interested Shareholders should vote in favour of the Proposed Acquisition.

Nonetheless, the non-interested Shareholders should rely on their own evaluation of the merits of the Proposed Acquisition before making a decision on the course of action to be taken at the forthcoming EGM of the Company.

This IAL is prepared solely for the use of the non-interested Shareholders to consider the Proposed Acquisition and should not be used or relied upon by any other party for any other purposes whatsoever.

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2. EVALUATION OF THE PROPOSED ACQUISITION

In arriving at our conclusion and recommendation, we have assessed and evaluated the Proposed Acquisition based on the following pertinent factors:-

Reference in IAL / Consideration factors	Our evaluation
<p>Section 3.1 Rationale for the Proposed Acquisition</p>	<p>The Proposed Acquisition is in line with the Group's expansion plan and it represents an opportunity for the Group to further entrench its position in the property development market in Perak. As at the LPD, the land bank of the Group in Perak stands at an aggregate of approximately 1,775 acres. Upon completion of the Proposed Acquisition, the Lagenda Group's total land bank will be further enhanced by approximately 422 acres.</p> <p>The Subject Lands are located at a strategic location within Mukim Durian Sebatang, Perak and are located adjacent to the Group's on-going affordable township development of Lagenda Teluk Intan. Whilst the Group has approximately 673 acres of undeveloped agricultural land within the Lagenda Teluk Intan locality, they are however located further away from the main road and hence, the Subject Lands are more ideal for the Group's near-term development into future phases of the Lagenda Teluk Intan township. Based on the management's estimate, the projected GDV for the Subject Lands is expected to be around RM920 million over its development period.</p> <p>We view such acquisition (<i>instead of a joint development arrangement</i>) to be advantageous to the Group as the Proposed Acquisition will enable the Group to have full control over the Subject Lands and this provides the Group with absolute discretion in determining the development content and timeframe for the Subject Lands as well as allows the Group to benefit from the expected returns from the development projects in full. In addition, the Proposed Acquisition is not too sizeable relative to the Group's audited net assets of RM880.6 million as at 31 December 2021.</p> <p>Further, by undertaking the Proposed Acquisition now, the Group will be able to avoid the risk of having to increase the purchase consideration for the Subject Lands in the event the market value of the Subject Lands appreciates in the future as the township becomes more developed with better infrastructure and higher population upon delivery of residential units for Phases 1 and 2 of Lagenda Teluk Intan to the purchasers and upon the completion of development of Phases 3A and 3B of Lagenda Teluk Intan.</p> <p>Taking into consideration the strategic location and future development potential of the Subject Lands, the Proposed Acquisition and the future development of the Subject Lands are expected to contribute positively to the future earnings and profitability of the Lagenda Group moving forward.</p> <p>Based on the above, we are of the view that the rationale for the Proposed Acquisition is fair and reasonable.</p>

Reference in IAL / Consideration factors	Our evaluation
<p>Section 3.2 Basis and justification for the Purchase Consideration</p>	<p>In evaluating the Purchase Consideration, we have reviewed the valuation report prepared by the Valuer. In arriving at the opinion of the market value on the Subject Lands, the Valuer has considered the income approach by residual method and comparison approach of valuation.</p> <p>For Phase 4 of Lagenda Teluk Intan which has obtained planning approval with approved plans, the primary method adopted will be the income approach by residual method and comparison approach as a check. As for agricultural lands, the Valuer has considered the comparison approach as the only preferred method of valuation.</p> <p>Based on the valuation conducted, the Valuer derived an aggregate market value of the Subject Lands of RM92,400,000 (based on the date of valuation on 1 July 2022).</p> <p>As the Purchase Consideration is equivalent to the total market value of the Subject Lands, we are of the view that the Purchase Consideration is fair and reasonable.</p>
<p>Section 3.3 Salient terms of the SPA</p>	<p>The salient terms of the SPA are fair and reasonable and are not detrimental to the interests of the non-interested Shareholders.</p>
<p>Section 3.4 Effects of the Proposed Acquisition</p>	<p>The pro forma effects of the Proposed Acquisition (see Section 6, Part A of the Circular and Section 3.4 of this IAL for further details) are as follows:-</p> <ul style="list-style-type: none"> (i) the Proposed Acquisition will not have any effect on the issued share capital and substantial Shareholders' shareholdings in Lagenda as the Proposed Acquisition does not involve the issuance of any new shares in Lagenda; (ii) the Proposed Acquisition will not have any immediate material effect on the NA of the Group. Nonetheless, any earnings to be derived from the future development of the Subject Lands are expected to enhance the NA of the Group; (iii) the Purchase Consideration is expected to be funded via bank borrowings and internally generated funds in equal proportion of RM46.2 million of each. The increased total borrowings arising from the Proposed Acquisition will increase the gearing of the Group from 0.24 times as at 31 December 2021 (after adjusting for the subsequent events) to 0.30 times upon completion of the Proposed Acquisition. Notwithstanding that, as the Group repays the bank borrowings and recognises profits from the future development of the Subject Lands, the Group's gearing will decrease accordingly; and (iv) while there may be a slight decrease in EPS of Lagenda due to the interest expenses in respect of the bank borrowings expected to be secured to fund the Proposed Acquisition, the Proposed Acquisition and the future development of the Subject Lands are expected to contribute positively to the future earnings and EPS of Lagenda taking into consideration the strategic location and future development potential of the Subject Lands. <p>Based on our evaluation above, the overall effects of the Proposed Acquisition are not detrimental to the interests of the non-interested Shareholders.</p>

Reference in IAL / Consideration factors	Our evaluation
<p>Section 3.5 Prospects of the Subject Lands and the Lagenda Group in the property development industry</p>	<p>In view of the affordability concept and the strategic location of the Group's land banks as well as the Government's initiatives in supporting the property market, supported by the sales performance of the on-going phases of the Lagenda Teluk Intan township, we view the prospects of the Subject Lands and the Lagenda Group in the property development industry to be favourable.</p>
<p>Section 3.6 Risks of the Proposed Acquisition</p>	<p>The risks of the Proposed Acquisition are set out in Section 5, Part A of the Circular.</p> <p>The said risks are (i) acquisition risk, (ii) financing risk and (iii) compulsory acquisition of the Subject Lands.</p> <p>Nonetheless, in view that the Lagenda Group is principally involved in property development and construction activities, the business risk profile of Lagenda will not change significantly upon completion of the Proposed Acquisition.</p>

3. CONCLUSION AND RECOMMENDATION

In arriving at our conclusion and recommendation, we have assessed and evaluated the Proposed Acquisition, taking into consideration the various factors set out in Section 3 of this IAL. You should carefully consider the merits and demerits of the Proposed Acquisition based on all relevant and pertinent factors including those set out in this IAL as well as those highlighted by the Board in its letter to the Shareholders in relation to the Proposed Acquisition, as set out in Part A of the Circular before voting on the ordinary resolution to give effect to the Proposed Acquisition at the forthcoming EGM of the Company.

Premised on our evaluation of the Proposed Acquisition in Section 3 of this IAL, we are of the view that, on the basis of the information available to us, the Proposed Acquisition is **fair and reasonable** and is **not detrimental** to the interests of the non-interested Shareholders.

Accordingly, we recommend that you **vote in favour** of the ordinary resolution to give effect to the Proposed Acquisition to be tabled at the forthcoming EGM of the Company.

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Headquarters:

Ground, 1st, 2nd and 3rd Floor
JKP Business Centre
Lorong Bagan Luar Dua
12000 Butterworth
Seberang Perai
Pulau Pinang

12 October 2022

To: The non-interested shareholders of the Company

Dear Sir / Madam,

LAGENDA PROPERTIES BERHAD (“LAGENDA” OR THE “COMPANY”)

INDEPENDENT ADVICE LETTER IN RELATION TO THE PROPOSED ACQUISITION

This IAL is prepared for inclusion in the Circular to the shareholders of Lagenda in relation to the Proposed Acquisition. All definitions used in this IAL shall have the same meaning as the words and expressions defined in the “Definitions” section of the Circular, except where the context otherwise requires or where otherwise defined in this IAL. All references to “we”, “us” or “our” in this IAL are references to Mercury Securities, being the Independent Adviser for the Proposed Acquisition.

1. INTRODUCTION

On 9 August 2022, Lagenda announced that Taraf Nusantara (a wholly-owned subsidiary of Blossom Eastland Sdn Bhd, which is in turn wholly owned by the Company) had on even date entered into the SPA with Ladang Awana in relation to the Proposed Acquisition.

The Proposed Acquisition is deemed to be a related party transaction in accordance with Paragraph 10.08 of the Listing Requirements. The Interested Directors, Interested Major Shareholders and persons connected with them as well as their shareholdings in Lagenda are set out in Section 10, Part A of the Circular. As such, on 20 May 2022, Mercury Securities has been appointed as the Independent Adviser to advise the non-interested Directors and non-interested Shareholders in respect of the Proposed Acquisition.

The details of the Proposed Acquisition are set out in Section 2, Part A of the Circular.

The purpose of this IAL is to provide the non-interested Shareholders with an independent evaluation on the fairness and reasonableness of the Proposed Acquisition and whether the Proposed Acquisition is detrimental to the non-interested Shareholders, together with our recommendation on whether the non-interested Shareholders should vote in favour of the Proposed Acquisition.

Nonetheless, the non-interested Shareholders should rely on their own evaluation of the merits of the Proposed Acquisition before making a decision on the course of action to be taken at the forthcoming EGM of the Company.

This IAL is prepared solely for the use of the non-interested Shareholders to consider the Proposed Acquisition and should not be used or relied upon by any other party for any other purposes whatsoever.

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YOU ARE ADVISED TO READ AND UNDERSTAND BOTH THIS IAL AND THE LETTER TO THE SHAREHOLDERS IN RELATION TO THE PROPOSED ACQUISITION IN PART A OF THE CIRCULAR TOGETHER WITH THE ACCOMPANYING APPENDICES, AND TO CAREFULLY CONSIDER THE RECOMMENDATIONS CONTAINED IN BOTH THE LETTERS BEFORE VOTING ON THE RESOLUTION TO GIVE EFFECT TO THE PROPOSED ACQUISITION TO BE TABLED AT THE FORTHCOMING EGM OF THE COMPANY.

IF YOU ARE IN DOUBT AS TO THE COURSE OF ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

2. SCOPE AND LIMITATIONS OF OUR EVALUATION OF THE PROPOSED ACQUISITION

Mercury Securities was not involved in any formulation of or any deliberations and negotiations on the terms and conditions pertaining to the Proposed Acquisition. The terms of reference of our appointment as the Independent Adviser are in accordance with the requirements relating to independent adviser as set out in Paragraph 10.08(3) of the Listing Requirements and the Best Practice Guide in relation to Independent Advice Letters issued by Bursa Securities ("**IAL Guide**").

Our scope as the Independent Adviser is limited to expressing an independent opinion in respect of the Proposed Acquisition as to whether the Proposed Acquisition is fair and reasonable and whether the Proposed Acquisition is detrimental to the interests of the non-interested Shareholders, together with our recommendation on whether the non-interested Shareholders should vote in favour of the Proposed Acquisition, based on information and documents provided to us or which are available to us and making enquiries as were reasonable in the circumstances. In performing our evaluation, we have relied on the following sources of information:-

- (i) information contained in Part A of the Circular and the accompanying appendices;
- (ii) the SPA;
- (iii) the valuation certificate and valuation report for the Subject Lands;
- (iv) other relevant information, documents, confirmations and representations furnished to us by the Board, management and/or representatives (*where applicable*) of Lagenda; and
- (v) other relevant publicly available information, including but not limited to the annual reports of Lagenda.

We have relied on the Directors, management and/or representatives (*where applicable*) of Lagenda to take due care to ensure that all information, documents, confirmations and representations provided by them to facilitate our evaluation of the Proposed Acquisition are accurate, valid and complete in all material aspects. Nonetheless, we have made enquiries as were reasonable in the circumstances and undertaking reasonableness check and corroborating such information with independent sources, where possible. We are satisfied that the information provided to us or which is available to us is sufficient and we have no reason to believe that the aforementioned information is unreasonable, unreliable, inaccurate, incomplete and/or that there are any facts not contained in this IAL, the omission of which would make any information in this IAL false or misleading as at the LPD.

The Board has seen, reviewed and accepted the contents of this IAL. The Board, collectively and individually, accepts full responsibility for the accuracy of the information contained in this IAL (*save for the views, analyses and recommendation of Mercury Securities*) and confirms, after having made all reasonable enquiries, that to the best of their knowledge, there are no other facts not contained in this IAL, the omission of which would make any information in this IAL false or misleading.

The responsibility of the Board in respect of the independent advice and expression of opinion by Mercury Securities in relation to the Proposed Acquisition is limited to ensuring that accurate information in relation to the Lagenda Group and the Subject Lands have been provided to Mercury Securities for its evaluation of the Proposed Acquisition and to ensure that all information in relation to the Lagenda Group and the Subject Lands that are relevant to Mercury Securities' evaluation of the Proposed Acquisition have been completely disclosed to Mercury Securities and that there is no material fact, the omission of which would make any information provided to Mercury Securities false or misleading.

We have evaluated the Proposed Acquisition and in rendering our advice, we have considered various factors, which we believe are of relevance and general importance to an assessment of the Proposed Acquisition and would be of general concern to the non-interested Shareholders. Our evaluation as set out in this IAL is rendered solely for the benefit of the non-interested Shareholders as a whole and not for any specific group of non-interested Shareholders. Hence, in carrying out our evaluation, we have not taken into consideration any specific investment objectives, financial situations, risk profiles or particular needs of any individual non-interested Shareholders or any specific group of non-interested Shareholders. We recommend that any individual non-interested Shareholders who is in doubt as to the action to be taken or requires advice in relation to the Proposed Acquisition in the context of his individual investment objectives, financial situation, risk profile or particular needs to consult his stockbrokers, bank managers, solicitors, accountants or other professional advisers immediately.

Further, it is not within our terms of reference to express any opinion on legal, accounting and taxation issues relating to the Proposed Acquisition.

Our views expressed in this IAL are, amongst others, based on economic, market and other conditions prevailing, and the information and/or documents made available to us as at the LPD or such other period as specified herein. It is also based on the assumption that the parties to the SPA are able to fulfill their respective obligations thereto in accordance with the terms and conditions therein. Such conditions may change significantly over a short period of time.

We shall notify the non-interested Shareholders if, after the despatch of this IAL, we become aware of the following:-

- (i) significant change affecting the information contained in this IAL;
- (ii) there is a reasonable ground to believe that the statements in this IAL are misleading / deceptive; and
- (iii) there is a material omission in this IAL.

We confirm that we are not aware of any circumstances that exist or are likely to exist which would give rise to a possible conflict of interest situation that may affect our ability to act independently and objectively as the Independent Adviser for the Proposed Acquisition.

Save for our current appointment as the Independent Adviser for the Proposed Acquisition, we do not have any professional relationship with Lagenda in the past 2 years.

We are a holder of a Capital Markets Services Licence issued by the Securities Commission Malaysia as a principal adviser who is permitted to carry on the regulated activity of advising on corporate finance under the Capital Markets and Services Act, 2007. The corporate finance department of Mercury Securities supports clients in the areas of take-overs, mergers and acquisitions, initial public offerings, reverse take-overs, secondary equity issuance, capital markets coverage as well as independent advisory services. Our corporate finance team comprises experienced personnel with the requisite qualification and experience to provide, amongst others, independent advice and render opinion on fairness and reasonableness of transactions relating to acquisitions, disposals and take-over offers.

As a testament to our experience and credentials as independent adviser, we have issued more than 50 independent advice circulars / letters for transactions relating to acquisitions, disposals and take-over offers since 2014, including the following:-

- (a) independent adviser to the non-interested shareholders of Hock Seng Lee Berhad (“**HSLB**”) in relation to the unconditional voluntary take-over offer by Hock Seng Lee Enterprise Sdn Bhd (“**HSLB Offeror**”) to acquire all the remaining ordinary shares in HSLB not already owned by the HSLB Offeror, Dato Yu Chee Hoe, Tony Yu Yuong Wee, Tang Sing Ngiik and Vincent Yu Yuong Yih, whereby our independent advice circular was issued on 28 March 2022;
- (b) independent adviser to the non-interested shareholders of Nylex (Malaysia) Berhad (“**Nylex**”) in relation to (i) the proposed disposal of the entire business and undertaking including all the assets and liabilities of Nylex involving the interests of related parties and (ii) the proposed distribution of the consideration from the disposal to all entitled shareholders of Nylex by way of a capital reduction and repayment exercise pursuant to Section 116 of the Act, whereby our independent advice letter was issued on 4 October 2021;
- (c) independent adviser to the non-interested shareholders of Malayan Cement Berhad in relation to the proposed acquisitions of group of companies / companies (*which are involved in cement and ready-mixed concrete business*) involving the interests of related parties, whereby our independent advice letter was issued on 6 August 2021;
- (d) independent adviser to the non-interested shareholders of IJM Corporation Berhad in relation to the proposed disposal of 56.2% equity interest in IJM Plantations Berhad involving the interests of related parties, whereby our independent advice letter was issued on 28 July 2021;
- (e) independent adviser to the non-interested shareholders of Amcorp Properties Berhad in relation to the proposed selective capital reduction and repayment exercise pursuant to Section 116 of the Act, whereby our independent advice letter was issued on 2 July 2021;
- (f) independent adviser to the non-interested shareholders of IGB Berhad in relation to the proposed disposals of subject properties involving the interests of related parties, whereby our independent advice letter was issued on 13 April 2021;
- (g) independent adviser to the non-interested shareholders of Watta Holding Berhad (“**Watta**”) in relation to the conditional mandatory take-over offer by Dato’ Lee Foo San (“**Watta Offeror**”) to acquire all the remaining ordinary shares in Watta not already owned by the Watta Offeror and persons acting in concert with him, whereby our independent advice circular was issued on 7 September 2020;

- (h) independent adviser to the non-interested shareholders of Lagenda in relation to (i) the proposed acquisitions of group of companies / companies (*which are involved in property development, construction and general trading of building materials and hardware*) involving the interests of related parties and (ii) the proposed exemption to Lagenda Land Sdn Bhd and persons acting in concert with it from the obligation to undertake a mandatory take-over offer for the remaining ordinary shares and warrants in Lagenda not already held by them upon completion of the said proposed acquisition, whereby our independent advice letter was issued on 22 June 2020;
- (i) independent adviser to the non-interested unitholders of Tower Real Estate Investment Trust ("**Tower REIT**") in relation to the proposed acquisition by MTrustee Berhad for and on behalf of Tower REIT, of an office building known as Menara Guoco involving the interests of related parties, whereby our independent advice letter was issued on 15 June 2020; and
- (j) independent adviser to the non-interested shareholders of Tasek Corporation Berhad ("**Tasek**") in relation to the unconditional voluntary take-over offer by HL (Cement) Malaysia Sdn Bhd and Ridge Star Limited (collectively, the "**Tasek Joint Offerors**") to acquire all the remaining ordinary shares (*excluding treasury shares*) and preference shares in Tasek not already held by the Tasek Joint Offerors, whereby our independent advice circular was issued on 12 June 2020.

3. EVALUATION OF THE PROPOSED ACQUISITION

In arriving at our conclusion and recommendation, we have assessed and evaluated the Proposed Acquisition based on the following pertinent factors:-

Consideration factors		Section
(i)	Rationale for the Proposed Acquisition	3.1
(ii)	Basis and justification for the Purchase Consideration	3.2
(iii)	Salient terms of the SPA	3.3
(iv)	Effects of the Proposed Acquisition	3.4
(v)	Prospects of the Subject Lands and the Lagenda Group in the property development industry	3.5
(vi)	Risks of the Proposed Acquisition	3.6

3.1 Rationale for the Proposed Acquisition

We have considered the rationale for the Proposed Acquisition set out in Section 3, Part A of the Circular and our commentaries are summarised below:-

Our commentaries

The Proposed Acquisition is in line with the Group's expansion plan and it represents an opportunity for the Group to further entrench its position in the property development market in Perak. As at the LPD, the land bank of the Group in Perak stands at an aggregate of approximately 1,775 acres. Upon completion of the Proposed Acquisition, the Lagenda Group's total land bank will be further enhanced by approximately 422 acres.

Moreover, the Subject Lands are located at a strategic location within Mukim Durian Sebatang, Perak in view of the following:-

- (i) The Subject Lands are located circa 8.5km from Teluk Intan, the third largest town in the State of Perak;

- (ii) The Subject Lands are located about 4 kilometres off West Coast Expressway to its west and will be linked to existing highways including North – South Expressway (NSE), New Klang Valley Expressway (NKVE), South Klang Valley Expressway (SKVE), Kuala Lumpur – Kuala Selangor Expressway (KLS), Shah Alam Expressway (KESAS) and New North Klang Straits Bypass (NNKSB); and
- (iii) There are also prominent landmarks and amenities within Teluk Intan town centre such as Teluk Intan Hospital, Universiti Teknologi MARA (UiTM) Teluk Intan Campus, Rapid Mall Teluk Intan and the well-known Teluk Intan Leaning Tower which are located approximately 5 to 8 kilometres due north and north-west of the Subject Lands.

More importantly, the Subject Lands are located adjacent to the Group's on-going affordable township development of Lagenda Teluk Intan. Lagenda Teluk Intan is a master planned on-going affordable township development featuring commercial and residential developments together with other supporting public amenities, infrastructure, recreation and open area. The details of the current development phases of Lagenda Teluk Intan are set out in Section 2.1, Part A of the Circular. Phases 1 and 2 of Lagenda Teluk Intan (GDV of RM806 million) have achieved a strong take-up rate of close to 100% as at the end of August 2022. Similarly, Phase 3A of Lagenda Teluk Intan (GDV of RM233 million), which was launched in April 2022, has achieved a take-up rate of approximately 26% up to the end of August 2022. Meanwhile, Phase 3B of Lagenda Teluk Intan is planned to be launched in the fourth quarter of 2022.

Whilst the Group has approximately 673 acres of undeveloped agricultural land within the Lagenda Teluk Intan locality, they are however located further away from the main road and hence, the Subject Lands are more ideal for the Group's near-term development into future phases of the Lagenda Teluk Intan township. Based on the management's estimate, the projected GDV for the Subject Lands is expected to be around RM920 million over its development period. The projected GDV is estimated by the management based on the expected number of residential units to be developed on the Subject Lands (*taking into consideration the industry norm and past experience*) and an assumed selling price ranging between RM200,000 and RM240,000 per unit. The assumed selling price is reasonable taking into consideration the price range of residential properties in Hilir Perak for 2021 (*Source: Statistics by Valuation and Property Services Department, Ministry of Finance Malaysia*) and the transacted prices of the comparables as disclosed in the valuation report by Knight Frank. Further, the average All House Price for the state as at 2021 stood at RM243,699.

The parties have agreed to the Proposed Acquisition which is more straightforward than a joint development arrangement and is the preferred option by both parties taking into consideration the following:-

- (i) the major shareholders of the Vendor (*namely Dato' Doh Jee Ming, Dato' Doh Jee Chai and Dato' Doh Tee Leong*) are also currently major shareholders of the Company and hence, will continue to participate in the future development of the Subject Lands through their shareholdings in the Company; and
- (ii) with the Proposed Acquisition, the Company will have full control over the Subject Lands, allowing it to have more flexibility over the development plan as well as for the purpose of securing financing.

We view such acquisition (*instead of a joint development arrangement*) to be advantageous to the Group as the Proposed Acquisition will enable the Group to have full control over the Subject Lands and this provides the Group with absolute discretion in determining the development content and timeframe for the Subject Lands as well as allows the Group to benefit from the expected returns from the development projects in full. In addition, the Proposed Acquisition is not too sizeable relative to the Group's audited net assets of RM880.6 million as at 31 December 2021.

Further, by undertaking the Proposed Acquisition now, the Group will be able to avoid the risk of having to increase the purchase consideration for the Subject Lands in the event the market value of the Subject Lands appreciates in the future as the township becomes more developed with better infrastructure and higher population upon delivery of residential units for Phases 1 and 2 of Lagenda Teluk Intan to the purchasers and upon the completion of development of Phases 3A and 3B of Lagenda Teluk Intan.

Taking into consideration the strategic location and future development potential of the Subject Lands, the Proposed Acquisition and the future development of the Subject Lands are expected to contribute positively to the future earnings and profitability of the Lagenda Group moving forward.

Based on the above, we are of the view that the rationale for the Proposed Acquisition is fair and reasonable.

3.2 Basis and justification for the Purchase Consideration

The basis of determining and justification for the Purchase Consideration are set out in Section 2.3, Part A of Circular.

We note that the Purchase Consideration of RM92.4 million was arrived at on a willing-buyer willing-seller basis after taking into consideration, amongst others, the market value of the Subject Lands as at 1 July 2022 (*being the material date of valuation*) of RM92.4 million as appraised by the Valuer.

In evaluating the Purchase Consideration, we have reviewed the valuation report prepared by the Valuer in conformity with the Asset Valuation Guidelines issued by the Securities Commission Malaysia and the Malaysian Valuation Standards published by the Board of Valuers, Appraisers, Estate Agents and Property Managers Malaysia.

We are of the view that the valuation methodologies adopted by the Valuer are reasonable, appropriate and consistent with generally applied valuation methodologies. We have reviewed the key bases and assumptions adopted by the Valuer and are satisfied with the reasonableness of the key bases and assumptions. As such, we are satisfied with the valuation conducted by the Valuer as well as the reasonableness of the opinion of the market value expressed by the Valuer on the Subject Lands.

In arriving at the opinion of the market value on the Subject Lands, the Valuer has considered the income approach by residual method and comparison approach of valuation. For Phase 4 of Lagenda Teluk Intan which has obtained planning approval with approved plans, the primary method adopted will be the income approach by residual method and comparison approach as a check. It would be more appropriate to adopt the Income Approach by Residual Method for lands intended for future development as the valuation would rely on the proposed development plan. As for agricultural lands, the Valuer has considered the comparison approach as the only preferred method of valuation after having sufficient comparable properties in the larger locality. In absence of definite, detailed and approved development plans, the income approach by residual method may not be appropriate as it requires many assumptions and estimations regarding the hypothetical improvements that the end-result is very much speculative and subjective.

Further details on the income approach by residual method and comparison approach are as follows:-

(i) Income approach by residual method

The income approach by residual method derives the land value by estimating values of hypothetically improved properties representing the highest and best use of the site or in the case of a site with master planning approval, the proposed development and thereafter deducting estimated construction costs. It is based on the premise that the price which a purchaser can pay for a property is the present value of the surplus amount or residual value after deducting out the full cost of development (GDC) and profit from the sales proceeds (GDV) of the completed development, which is then discounted at an appropriate rate to reflect the inherent risk and holding cost for the period of development to arrive at the current market value.

This approach is generally adopted in valuing land with on-going projects and land for development, of which reasonable estimates can be made in respect of the development.

(ii) Comparison approach

The comparison approach considers the sales of similar or substitute properties and related market data, and establishes a value estimate by adjustments made for differences in factors that affect value. In general, a property being valued (Subject Lands) is compared with sales of similar properties that have been transacted in the open market. Listings and offers may also be considered.

This approach is generally adopted in valuing subject properties where there are appropriate and adequate comparable sales evidences.

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The key bases and assumptions adopted by Knight Frank in arriving at the market value of the Subject Lands and our commentaries are as follows:-

Development Land – Phase 4

GDV

The total GDV of RM416.40 million has been adopted in the valuation of the development lands:-

Description	No. of Units	Bumiputra Discount	Average Net Selling Price per unit (RM)	Total Net GDV (RM)
Single-Storey Terraced House (20x65) & (20x71)	825	40% allocation of bumi lots at 5% discount	181,300	149,572,500
Single-Storey Cluster House (33x60)	1,172		205,800	241,197,600
Single-Storey Detached House	6		254,800	1,528,800
Commercial Lot	1	-	11,000,000	11,000,000
Petrol Station	1	-	2,000,000	2,000,000
Agricultural Lot	36	-	300,000	10,800,000
Future Development (Residential) Lot	1	-	300,000	300,000
Total	2,042			416,398,900

(Source: Valuation report by Knight Frank)

We view that the GDV adopted is fair and reasonable after taking into consideration the following:-

- (i) The GDV of single-storey terraced houses, single-storey cluster houses, single-storey detached houses, commercial and agricultural plots were derived from comparison approach, which is based on the sale evidences and selling prices of similar properties located in nearby schemes. Diligent adjustments were made for prevailing property market condition and other relevant factors.
- (ii) The GDV of petrol station land and residential plot were derived from the base plot analysis of commercial land and diligent adjustments were made for zoning, land size and other relevant factors.

GDC

The total GDC of RM339.63 million (including the developer's profit) has been adopted in the valuation of the development lands:-

Description	Analysis	Total Cost Adopted (RM)	Our commentaries
Statutory Charges / Contribution / Land Related Charges	4.00% of total net GDV	16,649,552	Fair and reasonable. In deriving the statutory charges / contribution / land related charges, reference has been made to Lagenda's provision for the previous phases of Lagenda Teluk Intan development and after benchmarking with industry average costing.
Preliminaries and Infrastructure Costs	Site Preparation and Mobilisation Cost / Preliminaries and Common / External Infrastructure Costs: RM4.44 psf over gross land area	45,016,953	Fair and reasonable. In deriving the preliminaries and infrastructure costs, reference has been made to Lagenda's provision for the previous phases of Lagenda Teluk Intan development, the industry average costing and awarded contracts for similar projects.
Building Construction Costs	Local Infrastructure: RM11.00 psf over net land area	40,110,004	Fair and reasonable. In deriving the building construction costs, reference has been made to Lagenda's provision for the previous phases of Lagenda Teluk Intan development, the industry average costing from JUBM and Arcadis Construction Cost Handbook Malaysia 2022 and awarded contracts for similar projects.
	Main Building Works: RM74.33 psf over total gross floor area	132,382,500	
	Ancillary Cost / Public Works: RM0.50 psf over total gross floor area	5,064,904	In respect of the main building works, the Valuer has adopted higher estimated average building costings for Phase 4 of Lagenda Teluk Intan (RM74.33 psf) as compared to actual average building costings for previous phases of Lagenda Teluk Intan (RM68.29 psf) incurred during 2019 to 2021. We view this as fair and reasonable, taking into consideration inflationary effects.
Professional Fees / Consultant Fees	5.0% of total preliminaries, infrastructure costs and building construction cost	11,128,718	Fair and reasonable. The rate of 5% is adopted as fair representation which is reflective of market industry for the intended development.
Contingencies	3.0% of total preliminaries, infrastructure costs, building construction cost and professional fees	7,011,092	Fair and reasonable. The rate of 3% is adopted as fair representation which is reflective of market industry for the intended development.
Marketing, Agency and Legal Fees	3.0% of total remaining GDV	12,491,967	Fair and reasonable. The rate of 3% is adopted to be fair and reflective of industry practice.
Financial Charges	30% of total preliminaries, infrastructure costs, building construction costs, professional fees and contingencies capitalised at 6.75% per annum for a period of 1.50 years	7,311,693	Fair and reasonable. The financial charges are estimated based on borrowing cost and after taking into consideration of the development progress and development phasing.
Developer's Profit	15% of total remaining GDV	62,459,835	Fair and reasonable. The rate of 15% is adopted as fair representation which is reflective of industry average.

(Source: Valuation report by Knight Frank)

Development period

The Valuer has adopted a development period of 3 years after having considered the demand, take-up rates and sales performance of other similar developments, the type and intensity of the development as well as the product features being offered.

Based on the previous phases of Lagenda Teluk Intan, there is strong market demand for mass housing development which is evidently supported by the historical sales performance where average sales rate being approximately 549 units per annum (*representing 27.6% of the total 1,987 units*) for Phase 1 and 1,223 units per annum (*representing 45.9% of the total 2,667 units*) for Phase 2; whilst the most recently launched phase being Phase 3A average sales rate circa 59 units per month (*representing 5.4% of the total 1,098 units*).

In addition to that, Lagenda Teluk Intan is currently the only large-scale integrated township development within and outside of Teluk Intan town and strategically located about 5km from the existing completed Teluk Intan interchange of West Coast Expressway, therefore there is lack of direct competitors in terms of affordable selling prices, featured selling points and sales performance.

In view of the above, we view the development period of 3 years to be fair and reasonable.

Discount rate

The Valuer has adopted a discount rate of 8.25% in the valuation of the Subject Lands. The discount rate is a risk-weighted factor used to calculate the net present value of the future cash flows from the asset till the time of exit to adequately reflect and adjust for both risk and time value of money.

In arriving at the discount rate of 8.25%, the Valuer has considered the expected returns for development land as well as inflation (*to reflect the expected average annual appreciation of the asset*). Accordingly, we view the discount rate adopted by the Valuer to be fair and reasonable.

Based on the investment approach by residual method, the Valuer derived an aggregate market value of the development lands of RM60,500,000.

The aggregate market value of the development lands as derived by the Valuer based on the comparison approach is slightly higher at RM61,000,000.

The Valuer has adopted the investment approach by residual method as the primary method and comparison approach as a check in arriving at the market value of the development lands and hence, the adopted market value is RM60,500,000.

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Agricultural Lands

Summarised below are the comparable sales evidences as well as the key bases and assumptions made in the valuation of the agricultural lands by the Valuer:-

	Subject Lands (Base Plot)	Comparable 1	Comparable 2	Comparable 3
Title Details	Lot 59333 held under Title No. PN 378972, Mukim Durian Sebatang, Daerah Hilir Perak, Perak Darul Ridzuan	Lot PT30766 held under Title No. HSD 23615, Mukim Durian Sebatang, Daerah Hilir Perak, Perak Darul Ridzuan	Lot 7931 held under Title No. GM 1135, Mukim Changkat Jong, Daerah Hilir Perak, Perak Darul Ridzuan	Lot 5879 held under Title No. Geran 7085, Mukim Changkat Jong, Daerah Hilir Perak, Perak Darul Ridzuan
Location	Located within the on-going township development of Lagenda Teluk Intan	Located along the main road of Jalan Kuala Selangor-Teluk Intan, Perak Darul Ridzuan	Located along the main road of Jalan Kampar – Changkat Jong; within the vicinity of Langkap, Perak Darul Ridzuan	Located approximately 1.10 kilometres off the unnamed road (A150); within the vicinity of Langkap, Perak Darul Ridzuan
Type of Property	A parcel of agricultural land	A parcel of agricultural land	A parcel of agricultural land	A parcel of agricultural land
Tenure	Leasehold interest for a term of 99 years, expiring on 16th December 2091 (remaining unexpired term of about 69 years)	Interest in perpetuity	Interest in perpetuity	Interest in perpetuity
Land Size (sf)	453,268	200,667	150,372	145,334
Shape	Regular in shape	Regular in shape / Narrow	Regular in shape	Regular in shape
Exposure / Frontages	Accessible from neighbouring lot	Fronting Jalan Kuala Selangor-Teluk Intan	Fronting Jalan Kampar - Changkat Jong	No access and frontage / exposure. Secondary layer
Zoning	Agricultural	Perumahan Densiti Rendah	Agricultural	Agricultural
Consideration	-	RM1,328,320	RM690,411	RM617,253
Date Of Transaction / Announcement	-	29-Jul-2020	25-Jul-2018	9-Feb-2018
Analysis (psf)		RM6.62	RM4.59	RM4.25
Time / Market Adjustment (%)		5% improved market since July 2020*	5% improved market since July 2018*	5% improved market since February 2018*
Analysis (psf)		RM6.95	RM4.82	RM4.46

* Based on our discussion with the Valuer, there has not been much price movement for agricultural lands in Perak since 2018 (pre-COVID-19) until 1 July 2022. A 5% upward adjustment is made for improved market condition / time as the comparables are considered dated sale evidences.

	Subject Lands	Comparable 1		Comparable 2		Comparable 3	
Other Adjustments							
Location / Establishment		-10%	Better location than the Subject Lands	0%	Similar to the Subject Lands	0%	Similar to the Subject Lands
Accessibility / Infrastructure		-5%	Better accessibility than the Subject Lands	5%	Subject Lands have better accessibility and infrastructure	5%	Subject Lands have better accessibility and infrastructure
Tenure		-15%	Subject Lands convey a leasehold interest	-15%	Subject Lands convey a leasehold interest	-15%	Subject Lands convey a leasehold interest
Shape		5%	Narrow	0%	Similar to the Subject Lands	0%	Similar to the Subject Lands
Land Size		-10%	Smaller than the Subject Lands	-10%	Smaller than the Subject Lands	-10%	Smaller than the Subject Lands
Exposure / Frontages		0%	Similar to the Subject Lands	0%	Similar to the Subject Lands	5%	Second Layer
Zoning		-15%	Zoned for "perumahan densiti rendah"	0%	Similar to the Subject Lands	0%	Similar to the Subject Lands
Effective Adjustment:		-50%		-20%		-15%	
Adjusted Value (psf)		RM3.48		RM3.86		RM3.79	

(Source: Valuation report by Knight Frank)

We view that the abovementioned adjustments are fair and reasonable after taking into consideration the Valuer's commentaries to each of the adjustment factors.

The Valuer has adopted the adjusted value of RM3.86 psf from Comparable 2 as fair representation of the Subject Lands after having made the necessary adjustments. Although Comparable 1 is located nearest to the Subject Lands, Comparable 1 reflects the highest total adjustments. Therefore, the Valuer has placed greater reliance on Comparable 2 as it is the subsequent nearest to the Subject Lands and is more suitable in terms of total effective adjustments as compared to other comparables.

Based on the comparison approach, the Valuer derived an aggregate market value of the agricultural lands of RM31,900,000.

Our commentaries:-

As the Purchase Consideration is equivalent to the total market value of the Subject Lands, we are of the view that the Purchase Consideration is fair and reasonable.

3.3 Salient terms of the SPA

Our commentaries on the salient terms of the SPA as set out in Section 2.2, Part A of the Circular are as follows:-

No.	Salient terms of the SPA	Our commentaries
1.	<p>Agreement for sale and purchase of the Subject Lands</p> <p>Subject to the terms and conditions contained in the SPA, the Vendor shall sell and the Purchaser shall purchase the Subject Lands free from all encumbrances, with vacant possession, subject to all restrictions in interest and conditions of title, whether express or implied, affecting the Subject Lands, subject to the existing category of land use affecting the Subject Lands and on the basis that each of the warranties, representations and undertakings of the Vendor as detailed in the SPA relating to the Subject Lands are true and accurate in all respects.</p> <p>The Vendor agrees that upon signing of the SPA, the Purchaser may proceed with:-</p> <ul style="list-style-type: none"> (i) applications for development approvals <i>(including but not limited to the approvals for planning permissions, layout plans and building plans)</i> in respect of the Subject Lands; and (ii) carrying out development activities on the Subject Lands in accordance with the development approvals obtained in respect of the Subject Lands. 	<p>Fair and reasonable.</p> <p>This clause allows the Purchaser, subject to the terms and conditions contained in the SPA, to acquire the Subject Lands with vacant possession and free from all encumbrances.</p> <p>Upon completion of the Proposed Acquisition, Lagenda will become the owner of the Subject Lands and shall be entitled to all rights and benefits to the Subject Lands, subject to all restrictions in interest and conditions of title as well as the existing category of land use affecting the Subject Lands.</p> <p>Unlike most transactions of such nature, in the interim, the Vendor has allowed the Purchaser to proceed with applications for development approvals and carrying out development activities on the Subject Lands. This will facilitate a more expeditious commencement of development by Lagenda <i>(at its discretion)</i> on the Subject Lands. Such arrangement will not be detrimental to the interests of the Purchaser and the Shareholders in the event that the Proposed Acquisition does not proceed to completion as the Vendor shall indemnify the Purchaser against and reimburse the Purchaser for all costs and expenses incurred by the Purchaser in connection with the applications for development approvals and the development of the Subject Lands <i>(including construction costs)</i> pursuant to the SPA.</p>

No.	Salient terms of the SPA	Our commentaries
2.	<p data-bbox="308 904 389 1951">Conditions precedent</p> <p data-bbox="308 904 389 1951">The obligations of the parties that are set out in the SPA are conditional upon the following conditions precedent being obtained / fulfilled by the day falling 6 months from the date of the SPA or such later date as the parties may mutually agree upon ("Cut-Off Date"):-</p> <ul style="list-style-type: none"> <li data-bbox="419 904 469 1951">(i) the Purchaser having obtained the Shareholders' approval at the EGM to be convened for the Proposed Acquisition in accordance with the terms and conditions of the SPA; <li data-bbox="499 904 580 1951">(ii) the Vendor having obtained the approval of the Estate Land Board in respect of the sale and transfer of the Subject Lands to the Purchaser pursuant to Section 214A of the National Land Code; <li data-bbox="611 904 756 1951">(iii) the Vendor having made the delivery to the Purchaser's solicitors of a duly executed power of attorney together with a written authorisation for the Purchaser's solicitor to cause the power of attorney to be dated and registered at the registry of the High Court of Malaya and in the books of any company or corporation or land office/registry or elsewhere as may be necessary or desirable ("PA Delivery") ; and <li data-bbox="786 904 900 1951">(iv) the Vendor having made the payment of the redemption sum to OCBC Al-Amin Bank Berhad in order to discharge all charges created over the Subject Lands in favour of OCBC Al-Amin Bank Berhad as at the date of the SPA on the Subject Lands ("Existing Charges") ("Redemption") and procured the discharge of all the Existing Charges. <p data-bbox="914 904 963 1951">The SPA shall become unconditional on the date when all the conditions precedent have been obtained / fulfilled or waived.</p>	<p data-bbox="248 651 280 891">Fair and reasonable.</p> <p data-bbox="308 208 389 891">The conditions precedent represent the necessary approvals / procedures to facilitate the completion of the Proposed Acquisition.</p> <p data-bbox="419 208 501 891">The SPA will become unconditional if the conditions precedent are obtained / fulfilled or waived (<i>as the case may be</i>) by the Cut-Off Date.</p> <p data-bbox="531 208 612 891">As at the LPD, the Proposed Acquisition is still subject to the fulfilment and/or waiver of all the Conditions Precedent except for the fulfilment of the PA Delivery on 25 August 2022.</p> <p data-bbox="643 208 756 891">If any condition precedent is not obtained / fulfilled or waived by the Cut-Off Date, the SPA may be terminated by either party. Notwithstanding that, the termination of the SPA will not result in any material adverse effect to the Purchaser in view that:-</p> <ul style="list-style-type: none"> <li data-bbox="786 208 836 891">(i) the Vendor shall return all moneys received by it as part of the Purchase Consideration to the Purchaser; and <li data-bbox="866 208 1027 891">(ii) the Vendor shall indemnify the Purchaser against and reimburse the Purchaser for all costs and expenses incurred by the Purchaser in connection with the applications for development approvals and the development of the Subject Lands (<i>including construction costs</i>) pursuant to the SPA.

No.	Salient terms of the SPA	Our commentaries
	<p>If any condition precedent is not obtained / fulfilled or waived by the Cut-Off Date, either party may, at its sole discretion, terminate the SPA by notice in writing, whereupon the Vendor shall within 14 days after receipt of the notice of termination of the SPA by either party:-</p> <p>(i) return all moneys received by it as part of the Purchase Consideration, to the Purchaser; and</p> <p>(ii) indemnify the Purchaser against and reimburse the Purchaser for all costs and expenses incurred by the Purchaser in connection with the applications for development approvals and the development of the Subject Lands (<i>including construction costs</i>) pursuant to the SPA,</p> <p>and the other provisions relating to termination and post-termination as detailed in the SPA will apply.</p>	<p>Please refer to our commentaries above.</p>
3.	<p>Purchase Consideration</p> <p>The Purchase Consideration for the Subject Lands is RM92.40 million, to be satisfied in the following manner:-</p> <p>(i) Upon the execution of SPA, the Purchaser shall pay the sum of RM9.24 million, being 10% of the Purchase Consideration to the Vendor;</p> <p>(ii) Upon the Vendor having made the Redemption and the PA Delivery, the Purchaser shall pay the sum of RM18.48 million, being 20% of the Purchase Consideration to the Vendor; and</p> <p>(iii) The balance of the Purchase Consideration, being RM64.68, shall be paid in cash by the Purchaser to the Vendor on the Completion Date.</p>	<p>Fair and reasonable.</p> <p>Please refer to Section 3.2 of this IAL for our evaluation on the Purchase Consideration.</p> <p>In respect of the manner of satisfaction of the Purchase Consideration:-</p> <p>(i) the upfront payment of 10% of the Purchase Consideration to the Vendor upon the execution of SPA is usual and customary in such sale and purchase transaction;</p> <p>(ii) the payment of 20% of the Purchase Consideration to the Vendor upon the Vendor having made the Redemption and the PA Delivery is a negotiated and agreed term between the Purchaser and the Vendor.</p>

No.	Salient terms of the SPA	Our commentaries
		<p>This is not detrimental to the interests of the non-interested Shareholders in view that the payment is in consideration of the Vendor allowing as well as granting a power of attorney to the Purchaser to proceed with applications for development approvals and carrying out development activities on the Subject Lands prior to the completion of the Proposed Acquisition. This will facilitate a more expeditious commencement of development by Lagenda (at its discretion) on the Subject Lands.</p> <p>Further, the interests of the Purchaser are safeguarded in the event that the Proposed Acquisition does not proceed to completion whereby in such event:-</p> <p>(a) the Vendor shall return all moneys received by it as part of the Purchase Consideration to the Purchaser; and</p> <p>(b) the Vendor shall indemnify the Purchaser against and reimburse the Purchaser for all costs and expenses incurred by the Purchaser in connection with the applications for development approvals and the development of the Subject Lands (including construction costs) pursuant to the SPA.</p> <p>(iii) the balance of the Purchase Consideration shall be paid to the Vendor on the Completion Date when the Vendor delivers to the Purchaser vacant possession of the Subject Lands, free from all encumbrances and claims.</p>
4.	<p>Completion</p> <p>The completion of the Proposed Acquisition shall take place on the Completion Date.</p>	<p>Fair and reasonable.</p> <p>Subject to the fulfilment of the conditions precedent, the sale and purchase of the Subject Lands shall take place on the Completion Date when the Vendor delivers to the Purchaser vacant possession of the Subject Lands, free from all encumbrances and claims and the Purchaser pays the balance of the Purchase Consideration to the Vendor.</p>

No.	Salient terms of the SPA	Our commentaries
5.	<p>Termination</p> <p><u>Purchaser's right to terminate</u></p> <p>Without prejudice to the provisions in the SPA, the Purchaser shall be entitled to issue a notice of termination of the SPA to the Vendor if, at any time prior to completion of the Proposed Acquisition:-</p> <p>(i) the Vendor commits any continuing or material breach of any of its obligations under the SPA which is incapable of remedy or if capable of remedy, is not remedied within 14 days of it being given notice to do so;</p> <p>(ii) a petition is presented (<i>and such petition is not stayed or struck-out within 30 Business Days of the petition being served</i>) or an order is made or a resolution is passed for the winding up of the Vendor;</p> <p>(iii) an administrator or receiver or receiver and manager is appointed over, or distress, attachment or execution is levied or enforced upon, any part of the assets or undertaking of the Vendor;</p> <p>(iv) the Vendor becomes insolvent or is unable to pay its debts or admits in writing its inability to pay its debts as and when they fall due or enter into any composition or arrangement with its creditors or makes a general assignment for the benefit of its creditors;</p> <p>(v) the Vendor ceases or threatens to cease or carry on the whole or any substantial part of its business (<i>except for the purposes of a bona fide reconstruction or amalgamation which would not result or cause any failure or inability to duly perform or fulfil any obligation under the SPA</i>);</p> <p>(vi) the Vendor fails, neglects or refuses to complete the sale in accordance with the provisions of the SPA; or</p> <p>(vii) any of the warranties given by the Vendor is found at any time to be materially untrue or inconsistent,</p>	<p>Fair and reasonable.</p> <p>This clause is a normal commercial term which sets out the circumstances which may lead to termination of the SPA and the resulting consequences arising from such termination.</p> <p>In any event of termination, the interests of the Purchaser are safeguarded whereby in such event:-</p> <p>(i) the Vendor shall return all moneys received by it as part of the Purchase Consideration to the Purchaser; and</p> <p>(ii) the Vendor shall indemnify the Purchaser against and reimburse the Purchaser for all costs and expenses incurred by the Purchaser in connection with the applications for development approvals and the development of the Subject Lands (<i>including construction costs</i>) pursuant to the SPA.</p>

No.	Salient terms of the SPA	Our commentaries
	<p>whereupon:-</p> <p>(i) the Vendor shall, within 14 days after receipt of the notice of termination of the SPA by the Vendor:-</p> <p>(a) return all moneys received by it as part of the Purchase Consideration, to the Purchaser; and</p> <p>(b) indemnify the Purchaser against and reimburse the Purchaser for all costs and expenses incurred by the Purchaser in connection with the applications for development approvals and the development of the Subject Lands (<i>including construction costs</i>) pursuant to the SPA; and</p> <p>(ii) the Purchaser shall, in exchange for the performance by the Vendor of its obligation above, within 14 days after the notice of termination of the SPA:-</p> <p>(a) return to the Vendor all documents, if any, delivered to it by or on behalf of the Vendor; and</p> <p>(b) re-deliver to the Vendor possession of the Subject Lands, if the same has been delivered to the Purchaser.</p> <p><u>Vendor's right to terminate</u></p> <p>Without prejudice to the provisions in the SPA, the Vendor shall be entitled to issue a notice of termination of the SPA to the Purchaser if, at any time prior to completion of the Proposed Acquisition:-</p> <p>(i) the Purchaser commits any continuing or material breach of any of its obligations under the SPA which is incapable of remedy or if capable of remedy, is not remedied within 14 days of it being given notice to do so;</p> <p>(ii) a petition is presented (<i>and such petition is not stayed or struck-out within 30 Business Days of the petition being served</i>) or an order is made or a resolution is passed for the winding up of the Purchaser;</p> <p>(iii) an administrator or receiver or receiver and manager is appointed over, or distress, attachment or execution is levied or enforced upon, any part of the assets or undertaking of the Purchaser;</p>	<p>Please refer to our commentaries above.</p>

No.	Salient terms of the SPA	Our commentaries
	<p>(iv) the Purchaser becomes insolvent or is unable to pay its debts or admits in writing its inability to pay its debts as and when they fall due or enter into any composition or arrangement with its creditors or makes a general assignment for the benefit of its creditors;</p> <p>(v) the Purchaser ceases or threatens to cease or carry on the whole or any substantial part of its business <i>(except for the purposes of a bona fide reconstruction or amalgamation which would not result or cause any failure or inability to duly perform or fulfil any obligation under the SPA)</i>; or</p> <p>(vi) any of the warranties given by the Purchaser is found at any time to be materially untrue or inconsistent,</p> <p>whereupon:-</p> <p>(i) the Vendor shall, within 14 days after receipt of the notice of termination of the SPA by the Purchaser:-</p> <p>(a) return all moneys received by it as part of the Purchase Consideration, to the Purchaser; and</p> <p>(b) indemnify the Purchaser against and reimburse the Purchaser for all costs and expenses incurred by the Purchaser in connection with the applications for development approvals and the development of the Subject Lands <i>(including construction costs)</i> pursuant to the SPA; and</p> <p>(ii) the Purchaser shall, in exchange for the performance by the Vendor of its obligation above, within 14 days after the notice of termination of the SPA:-</p> <p>(a) return to the Vendor all documents, if any, delivered to it by or on behalf of the Vendor; and</p> <p>(b) re-deliver to the Vendor possession of the Subject Lands, if the same has been delivered to the Purchaser.</p>	<p>Please refer to our commentaries above.</p>

Based on the above, we are of the view that the salient terms of the SPA are fair and reasonable and are not detrimental to the interests of the non-interested Shareholders.

3.4 Effects of the Proposed Acquisition

We noted the following pro forma effects of the Proposed Acquisition from Section 6, Part A of the Circular:-

(i) Share capital and substantial Shareholders' shareholdings

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

(ii) NA and gearing

The Proposed Acquisition will not have any immediate material effect on the NA of the Group. Nonetheless, any earnings to be derived from the future development of the Subject Lands are expected to enhance the NA of the Group.

The Purchase Consideration is expected to be funded via bank borrowings and internally generated funds in equal proportion of RM46.2 million each. The increased total borrowings arising from the Proposed Acquisition will increase the gearing of the Group from 0.24 times as at 31 December 2021 (*after adjusting for the subsequent events*) to 0.30 times upon completion of the Proposed Acquisition. Notwithstanding that, as the Group repays the bank borrowings and recognises profits from the future development of the Subject Lands, the Group's gearing will decrease accordingly.

(iii) Earnings and EPS

While there may be a slight decrease in EPS of Lagenda due to the interest expenses in respect of the bank borrowings expected to be secured to fund the Proposed Acquisition, the Proposed Acquisition and the future development of the Subject Lands are expected to contribute positively to the future earnings and EPS of Lagenda taking into consideration the strategic location and future development potential of the Subject Lands.

For information purposes, in arriving at the market value of Phase 4 of Lagenda Teluk Intan, the Valuer has deducted, amongst others, developer's profit (*approximately RM62.46 million*) from the GDV of the said project. This sum of developer's profit shall be attributable to Lagenda (*being the owner and developer of the project upon completion of the Proposed Acquisition*) and would be realised in stages over the tenure of the project based on the progress of the development.

Similarly, the development of the remaining plots of the Subject Lands in the future will also contribute to the earnings and EPS of the Group as and when the developer's profit of such future development is realised in the future.

Based on our evaluation above, the overall effects of the Proposed Acquisition are not detrimental to the interests of the non-interested Shareholders.

3.5 Prospects of the Subject Lands and the Lagenda Group in the property development industry

In 2018, the Lagenda Group diversified its business to include property development and construction. Following the business diversification, the Group's financial performance turned around and improved significantly, boosted mainly by the contribution from the property development segment.

The historical financial information of the Group for the 6-month financial period ended ("FPE") 30 June 2022 and FYE 31 December 2021 is as follows:-

	Unaudited	Audited
	6-month FPE 30 June 2022 (RM'000)	FYE 31 December 2021 (RM'000)
<u>Property development segment</u>		
Revenue	373,846	664,474
Profit before tax	131,833	264,534
<u>Lagenda Group</u>		
Revenue	451,296	835,578
Profit before tax	133,322	279,079

Notwithstanding that the Lagenda Group had only diversified its business to include property development and construction in 2018, the subsidiaries of Lagenda (*namely Blossom Eastland Sdn Bhd and Rantau Urusan (M) Sdn Bhd*), which were acquired by the Company in August 2020, have been operating in the business of property development and construction respectively for more than 13 years. The Group has a niche focus on affordable township development and most of its existing township development projects / land banks are located in Perak.

The Group is actively on the lookout for potential land acquisitions, joint ventures and/or partnerships to expand its land bank to further strengthen its earnings visibility. In line with the Group's expansion plan, the Proposed Acquisition represents an opportunity for the Group to further entrench its position in the property development market in Perak, particularly in the affordable township development. The Proposed Acquisition will allow the Group to further enhance its total land bank by approximately 422 acres.

The Subject Lands are strategically located within close proximity to Teluk Intan, the third largest town in the State of Perak and will be linked to various existing highways. More importantly, the Subject Lands are located adjacent to the Group's on-going affordable township development of Lagenda Teluk Intan. Lagenda Teluk Intan is a master planned on-going affordable township development featuring commercial and residential developments together with other supporting public amenities, infrastructure, recreation and open area. The details of the current development phases of Lagenda Teluk Intan are set out in Section 2.1, Part A of the Circular. Phases 1 and 2 of Lagenda Teluk Intan (GDV of RM806 million) have achieved a strong take-up rate of close to 100% as at the end of August 2022. Similarly, Phase 3A of Lagenda Teluk Intan (GDV of RM233 million), which was launched in April 2022, has achieved a take-up rate of approximately 26% up to the end of August 2022. Meanwhile, Phase 3B of Lagenda Teluk Intan is planned to be launched in the fourth quarter of 2022.

Whilst the Group has approximately 673 acres of undeveloped agricultural land within the Lagenda Teluk Intan locality, they are however located further away from the main road and hence, the Subject Lands are more ideal for the Group's near-term development into future phases of the Lagenda Teluk Intan township. Based on the management's estimation, the projected GDV for the Subject Lands is expected to be around RM920 million over its development period.

Notwithstanding that the property market in Malaysia still remains to be in a supply glut with high overhang unsold units and the Group's land banks are concentrated in Perak, the affordability concept and the strategic location of the Group's land banks as well as the Government's initiatives in supporting the property market are expected to bode well for the demand and marketability of the Group's property development projects in Perak (*including Phase 4 and future phases of the Lagenda Teluk Intan township development*). This is demonstrated by the strong take-up rate for Phases 1, 2 and 3A of Lagenda Teluk Intan achieved by the Group.

Based on the foregoing, we view the prospects of the Subject Lands and the Lagenda Group in the property development industry to be favourable.

3.6 Risks of the Proposed Acquisition

In considering the Proposed Acquisition, the non-interested Shareholders are advised to give careful consideration to the risks of the Proposed Acquisition as set out in Section 5, Part A of the Circular.

The said risks are as follows:-

- (i) acquisition risk – although the Proposed Acquisition and the future development of the Subject Lands are expected to contribute positively to the earnings of the Group, there is no guarantee that the anticipated benefits will be realised or that the Group will be able to generate sufficient returns from the investments to offset the costs of investments.

The Proposed Acquisition will expose the Group to risks inherent in the property development industry which the Group is already involved in, including:-

- (a) adverse changes in real estate market prices;
- (b) changes in demand for types of residential, commercial and industrial properties;
- (c) competition from other property developers;
- (d) changes in economic, social and political conditions;
- (e) delay in completion of property development projects against the scheduled completion;
- (f) risk of purchase default, performance of third-party contractors and sub-contractors;
- (g) labour and material supply shortages;
- (h) fluctuations in the prices of building material and costs of labour charges;
- (i) increase in real property gains tax and other applicable taxes; and
- (j) adverse changes in property tax assessments and other statutory charges.

Nevertheless, the management will seek to minimise such risks through practicing efficient operating procedures and prudent financial management, including reviewing its property development strategies such as concept, product mix, pricing, marketing strategies and timing of launches, employing reliable contractors and sub-contractors, adoption of industrialised building system in its development projects, as well as continuously monitoring the prevailing market conditions.

- (ii) financing risk – The Group will seek external financing to finance the Purchase Consideration as well as potentially obtain additional borrowings to fund the development costs for the Subject Lands.

However, there can be no assurance that the necessary financing will be available in amounts or on terms acceptable to the Group. In addition, the Group could potentially be exposed to fluctuation in interest rates on such external financing obtained, leading to higher borrowing costs that may adversely affect the Group's financial performance, as well as its ability to service future loan repayment obligations.

Nevertheless, the management will actively review the Group's debt portfolio, by taking into consideration the level, structure and nature of the Group's borrowings and seek to adopt cost effective and optimal mix of financing options.

- (iii) compulsory acquisition – The Government has the power to compulsorily acquire any land in Malaysia pursuant to the provisions of the applicable legislation including the Land Acquisition Act 1960 for certain purposes where the compensation to be awarded is based on the fair market value of a property assessed on the basis prescribed in the Land Acquisition Act 1960 and other relevant laws. Compulsory acquisition by the Government, depending on the quantum of compensation being awarded, could adversely affect the value of the Subject Lands, which could impair the Group's financial position and results of operations.

In the event of any compulsory acquisition of the Subject Lands, the Group will seek to minimise any potential losses from such situations by invoking the relevant provisions in the Land Acquisition Act, 1960 in relation to the Group's rights to submit an objection in respect of compensation, where necessary.

Nonetheless, in view that the Lagenda Group is principally involved in property development and construction activities, the business risk profile of Lagenda will not change significantly upon completion of the Proposed Acquisition.

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4. CONCLUSION AND RECOMMENDATION

In arriving at our conclusion and recommendation, we have assessed and evaluated the Proposed Acquisition, taking into consideration the various factors set out in Section 3 of this IAL. You should carefully consider the merits and demerits of the Proposed Acquisition based on all relevant and pertinent factors including those set out in this IAL as well as those highlighted by the Board in its letter to the Shareholders in relation to the Proposed Acquisition, as set out in Part A of the Circular before voting on the ordinary resolution to give effect to the Proposed Acquisition at the forthcoming EGM of the Company.

Premised on our evaluation of the Proposed Acquisition in Section 3 of this IAL, we are of the view that, on the basis of the information available to us, the Proposed Acquisition is **fair and reasonable** and is **not detrimental** to the interests of the non-interested Shareholders.

Accordingly, we recommend that you **vote in favour** of the ordinary resolution to give effect to the Proposed Acquisition to be tabled at the forthcoming EGM of the Company.

Yours faithfully
For and on behalf of
MERCURY SECURITIES SDN BHD

CHEW SING GUAN
Managing Director

DENIS LIM
Director / Head of Corporate Finance

1. DIRECTORS' RESPONSIBILITY STATEMENT

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

The information relating to the Vendor has been obtained from the Vendor and publicly available documents (*where available*) and the sole responsibility of the Board is limited to ensuring that such information is accurately reproduced in this Circular and the Board accepts no further or other responsibility in respect of such information.

Further, the Board has seen and approved the IAL. The responsibility of the Board in respect of the independent advice and expression of opinion by Mercury Securities in relation to the Proposed Acquisition as set out in the IAL is to ensure that all statements, facts and/or information in relation to the Group that is relevant to Mercury Securities' evaluation of the Proposed Acquisition have been reasonably, accurately and completely disclosed and provided to Mercury Securities and is free from material omission.

2. CONSENT AND CONFLICT OF INTEREST**Mercury Securities**

Mercury Securities, being the Independent Adviser to the Company for the Proposed Acquisition, has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references thereto in the form and context in which they appear in this Circular.

As at the LPD, Mercury Securities confirms that it is not aware of any possible conflict of interest which exists or is likely to exist in its capacity as the Independent Adviser for the Proposed Acquisition.

Knight Frank

Knight Frank, being the Valuer for the Subject Lands, has given and has not subsequently withdrawn its written consent to the inclusion of its name, the valuation certificate for the Subject Lands as set out in Appendix II of this Circular and all references thereto in the form and context in which they appear in this Circular.

As at the LPD, Knight Frank confirms that it is not aware of any possible conflict of interest which exists or is likely to exist in its capacity as the Valuer for the Subject Lands.

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

As at the LPD, the Board confirmed that save as disclosed below, there are no material commitments incurred or known to be incurred by the Lagenda Group that have not been provided for, which upon becoming due or enforceable, may have a material impact on the financial position or financial performance of the Lagenda Group:-

Capital commitments	Amount (RM'000)
Authorised and contracted for:- In respect of acquisition of lands	46,188

APPENDIX I – FURTHER INFORMATION (cont'd)

Details of the abovementioned lands are as follows:-

Vendor	Type of land	Land area (acres)	Purchase consideration (RM'000)	Remaining capital commitment (RM'000)
Nutri Valley Sdn Bhd	Freehold development land	144.7	50,645	46,188

Contingent liabilities

As at the LPD, the Board confirmed that there are no contingent liabilities incurred or known to be incurred by the Lagenda Group which, upon becoming due or enforceable, may have a material impact on the financial position or financial performance of the Lagenda Group.

4. MATERIAL LITIGATION

As at the LPD, the Vendor confirmed that there are no material litigations, claims and/or arbitration involving the Subject Lands, and the Vendor confirmed that there is no proceeding, pending or threatened, involving the Subject Lands.

5. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are 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 on Mondays to Fridays (*except public holidays*) from the date of this Circular up to and including the date of the forthcoming EGM:-

- (i) Constitutions of the Company and Taraf Nusantara;
- (ii) audited consolidated financial statements of the Company for the FYE 31 December 2020 and FYE 31 December 2021 as well as the unaudited consolidated financial statements of the Company for the 6-month financial period ended 30 June 2022;
- (iii) the valuation certificate by Knight Frank referred to in Appendix II of this Circular, as well as the valuation report;
- (iv) the SPA; and
- (v) letters of consent referred to in Section 2 of this Appendix I.



PRIVATE & CONFIDENTIAL

Lagenda Properties Berhad
Level 4, Persiaran PM2/1
Pusat Bandar Seri Manjung Seksyen 2
32040 Seri Manjung
Perak Darul Ridzuan

Date: 1st August 2022

Reference No.: V/COR/22/0051/naa

Dear Sir / Madam,

VALUATION CERTIFICATE FOR PHASE 4 AND AGRICULTURAL LANDS LOCATED ADJACENT TO THE TOWNSHIP DEVELOPMENT OF LAGENDA TELUK INTAN, HELD UNDER 42 BLOCK TITLES OF DEVELOPMENT / AGRICULTURAL LAND, ALL LOCATED WITHIN MUKIM DURIAN SEBATANG, DISTRICT OF HILIR PERAK, PERAK DARUL RIDZUAN (HEREINAFTER REFERRED TO AS THE "SUBJECT PROPERTY")

We were instructed by Lagenda Properties Berhad (hereinafter referred to as the "Client") for our firm to ascertain the Market Value of the legal interest in the Subject Property stated herein.

This Valuation Certificate is prepared for inclusion in the circular to shareholders and submission to Bursa Malaysia Securities Berhad in relation to a corporate exercise of the Subject Property by Lagenda Properties Berhad.

This Valuation Certificate is prepared in conformity with the Asset Valuation Guidelines issued by the Securities Commission Malaysia and the Malaysian Valuation Standards published by the Board of Valuers, Appraisers, Estate Agents and Property Managers, Malaysia.

This Valuation Certificate is prepared in accordance with the general principles adopted and limiting conditions as enclosed at the end of our formal Valuation Report. For all intents and purposes, this Valuation Certificate should be read in conjunction with our formal Valuation Report.

The basis of valuation adopted is the **Market Value** which is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

Accordingly, we have conducted the site inspection of the Subject Property on various occasions; being the latest on **1st July 2022**. As such, we have adopted the aforesaid date of inspection as the material date of valuation.

Brief description of the Subject Property is attached overleaf.



IDENTIFICATION OF PROPERTY

Legal Description 42 block titles of development / agricultural land, all located within Mukim Durian Sebatang, District of Hilir Perak, Perak Darul Ridzuan.

Component	Lot No.	Title No.
Phase 4 (23 block titles)	Lot No. 59350 and 22 others	PN 378996 and 22 others
Agricultural Lands (19 block titles)	Lot No. 59327 and 18 others	PN 378960 and 18 others

Locality Strategically located about 4.0 kilometres off West Coast Expressway (WCE) to its west. Geographically, the Teluk Intan town centre is located approximately 7 kilometres due north of Lagenda Teluk Intan.

Type of Property 42 block titles of development / agricultural land located adjacent to the township development of Lagenda Teluk Intan.

Description	Title Land Area			Property Type	Land Use / Status
	sq. m.	acres	hectares		
Phase 4 (23 block titles)	941,090.00	232.55	94.109	23 blocks of development land; approved for 825 units of single-storey terraced houses, 1,172 units of single-storey cluster houses, 6 units of single-storey detached houses, a petrol station, as well as a commercial lot, 36 parcels of agricultural land and a residential lot designated for future development	Development land (designated for future development)
Agricultural Lands (19 block titles)	767,040.00	189.54	76.704	19 block parcels of agricultural land	Agricultural land (designated for future development)

Tenure Leasehold interest for a term of 99 years, expiring on 16th December 2091; in respect of Phase 4 and the Agricultural Lands.

Register Proprietor(s) Ladang Awana Sdn Bhd; in respect of Phase 4 and the Agricultural Lands.

Total Titled Land Area

Component	Land Area (sq. m.)	Land Area (acres)	Land Area (hectares)
Phase 4 (23 block titles)	941,090.00	232.55	94.109
Agricultural Lands (19 block titles)	767,040.00	189.54	76.704
Total Title Land Area	1,708,130.00	422.09	170.813

Note:

- > 1 hectare = 2.4710538 acres
- > 1 hectare = 10,000 square metres

Category of Land Use "Pertanian".

IDENTIFICATION OF PROPERTY (CONT'D)

Site Description

Phase 4

Phase 4 is located at the rear portion of Lagenda Teluk Intan and currently comprises of 23 adjoining parcels of development land which are identified as Lot No(s). 59350 to 59351, 59357 to 59363 and 59380 to 59393 (inclusive) with title land area totalling about 94.109 hectares (232.55 acres). Phase 4 is bounded by the Agricultural Lands to its west and east; Phases 1,2,3a and 3b to its north-east; whilst the remaining site boundary abuts onto neighbouring lots. The site(s) are generally regular in shape, flat in terrain and lies at about the same level as neighbouring lots / phases. As of the date of inspection, we note that the site(s) are generally planted with oil palm trees and the site boundaries are not demarcated by any form of perimeter fencing.

Agricultural Lands

Lot No(s). 59327 to 59333 and 59352 to 59356

Agricultural Land comprises of 12 parcels of land which are identified as Lot No(s). 59327 to 59333 (inclusive) and 59352 to 59356 (inclusive) with title land area totalling about 48.420 hectares (119.65 acres). Collectively, the site(s) are generally regular in shape, flat in terrain and lies at about the same level as neighbouring lots / phases. As of the date of inspection, we note that the site(s) are generally planted with oil palm trees and the site boundaries are not demarcated by any form of perimeter fencing.

Lot No(s). 59410 to 59416

Agricultural Land comprises of 7 parcels of land which are identified as Lot No(s). 59410 to 59416 (inclusive) with title land area totalling about 28.28 hectares (69.89 acres). Collectively, the site(s) are generally rectangular in shape, flat in terrain and lies at about the same level as neighbouring lots / phases. As of the date of inspection, we note that the site(s) are generally planted with oil palm trees and the site boundaries are not demarcated by any form of perimeter fencing.

Planning Permission

Based on our verbal enquiries with the Planning Department of Teluk Intan Municipal Council on 2nd June 2022 and the zoning plan extracted from Rancangan Tempatan Daerah Hilir Perak 2020, we note that the Subject Property is currently zoned for agricultural use and conditionally permissible for residential use, subject to the terms and conditions stated therein.

Phase 4

Composition of the approved development for Phase 4 extracted from the approval letter bearing Reference No. MPTI(OSC)KM/PT080/2021 dated 25th January 2022 along with its corresponding Proposed Layout Plan bearing Drawing No. T.NUSANTARA/TELUKINTAN/PHASE4/KM-20/1 prepared by LA Planners.

Agricultural Lands

As at the date of valuation, we were made to understand by the Client that development letters and layout plans for Agricultural Lands have yet to be submitted to the local authority.

MARKET VALUE

Valuation Methodology In arriving at our opinion of the Market Value, we have considered the **Income Approach by Residual Method** and **Comparison Approach** of Valuation. For development lands which has obtained planning approval with approved plans, the primary method adopted will be the Residual Method of Valuation and Comparison Approach as a check. As for agricultural lands, we have considered the Comparison Approach as the only preferred method of valuation.

Income Approach by Residual Method This approach is based on the premise that the price which a purchaser can pay for a property is the present value of the surplus amount or residual value after deducting out the full cost of development (Gross Development Cost) and profit from the sales proceeds (Gross Development Value) of the completed development, which is then discounted at an appropriate rate to reflect the inherent risk and holding cost for the period of development to arrive at the current Market Value.

Comparison Approach This approach considers the sales of similar or substitute properties and related market data, and establishes a value estimate by adjustments made for differences in factors that affect value. In general, a property being valued (Subject Property) is compared with sales of similar properties that have been transacted in the open market. Listings and offers may also be considered.

Development Land – Phase 4

Income Approach by Residual Method A summary of parameters adopted in undertaking our assessment for development lands which has obtained planning approval with approved plans is scheduled below.

Summary of Parameters	
Gross Development Value (GDV)	RM416,398,900 (After having net off Bumiputra allocation discount)
Gross Development Cost (GDC)	RM339,627,219
Development Period	3 years
Present Value (Discount Rate)	8.25%

Gross Development Value (GDV) In arriving at the Gross Development Value (GDV) for development lands which has obtained planning approval with approved plans, summary of the GDV adopted in our assessment are as follow:-

Summary of GDV Adopted in Income Approach by Residual Method for Phase 4				
Description	No. of Units	Bumiputra Discount	Average Net Selling Price per unit	Total Net GDV
Single-Storey Terraced House (20x65) & (20x71)	825	40% allocation of bumi lots at 5% discount	RM181,300	RM149,572,500
Single-Storey Cluster House (33x60)	1,172		RM205,800	RM241,197,600
Single-Storey Detached House	6		RM254,800	RM1,528,800

MARKET VALUE (CONT'D)

Summary of GDV Adopted in Income Approach by Residual Method for Phase 4 (Cont'd)				
Description	No. of Units	Bumiputra Discount	Average Net Selling Price per unit	Total Net GDV
Commercial Lot	1	-	RM11,000,000	RM11,000,000
Petrol Station	1	-	RM2,000,000	RM2,000,000
Agricultural Lot	36	-	RM300,000	RM10,800,000
Future Development (Residential) Lot	1	-	RM300,000	RM300,000
Total	2,042			RM416,398,900

In arriving at the Gross Development Value (GDV), we have used the **Comparison Approach**.

Component	No. of Units	Justification
Single-Storey Terraced House (20x65) & (20x71)	825	Based on the transactions of similar properties within the locality of Taman Intan Mas 1 (1,302 square feet), of which the prices transacted in 2021 were between RM210,000 to RM233,000.
Single-Storey Cluster House (33x60)	1,172	Based on the transactions of semi-detached houses within the localities of Taman Aman, Jalan Manggis and Taman Impian (2,637 to 3,283 square feet), of which the prices transacted in 2021 and 2022 were between RM250,000 to RM320,000. Further adjustments were made for different type of properties.
Single-Storey Detached House	6	Based on the transactions of similar properties within the localities of Taman Lower Perak Coop, Taman Sri Bahagia and Taman Jaya (5,399 to 6,748 square feet), of which the prices transacted in 2021 were between RM499,800 to RM540,000.
Commercial Lot	1	Based on the transactions of similar properties within the locality of Jalan Maharajalela and Pekan Langkap (4,377 to 83,400 square feet), of which the prices transacted in 2019, 2020 and 2021 were between RM200,000 to RM4,010,000.
Petrol Station	1	We have used base plot analysis of commercial land and made diligent adjustments for zoning and land size and other relevant factors to estimate the Gross Development Value (GDV) of the petrol station land and residential plots in Phase 4.
Agricultural Lot	36	Based on the transactions of similar properties within the Mukim Durian Sebatang and Mukim Changkat Jong (145,334 to 200,667 square feet), of which the prices transacted in 2018 and 2020 were between RM617,253 to RM1,328,320.

MARKET VALUE (CONT'D)

Component	No. of Units	Justification
Future Development (Residential) Lot	1	We have used base plot analysis of commercial land and made diligent adjustments for zoning and land size and other relevant factors to estimate the Gross Development Value (GDV) of the petrol station land and residential plots in Phase 4.

Gross Development Cost (GDC) We have made reference to the industry average costing as derived from analysis of other awarded contracts of similar projects and average building costs of similar type of properties published by JUBM and Arcadis Construction Cost Handbook Malaysia 2022.

A summary of parameters of the GDC adopted is tabulated below and overleaf.

Summary of Gross Development Cost (GDC) for Phase 4			
Description	Analysis	Total Cost Adopted	Remarks
Statutory Charges / Contribution / Land Related Charges	4.00% of total net GDV	RM16,649,552	We have made reference to the Client's provision for the previous Phases of Lagenda Teluk Intan development, after benchmarking it with industry average costings.
Preliminaries and Infrastructure Costs	Site Preparation and Mobilisation Cost / Preliminaries and Common / External Infrastructure Costs: RM4.44 psf over gross land area	RM45,016,953	We have made reference to the Client's provision for the previous Phases of Lagenda Teluk Intan development, the industry average costing and awarded contracts for similar projects.
*Building Construction Costs	Local Infrastructure: RM11.00 psf over net land area	RM40,110,004	We have made reference to the the Client's provision for the previous Phases of Lagenda Teluk Intan development, the industry average costing and awarded contracts for similar projects.
	Main Building Works: RM74.33 psf over total gross floor area	RM132,382,500	
	Ancillary Cost / Public Works: RM0.50 psf over total gross land area	RM5,064,904	
Professional Fees / Consultant Fees	5.0% of total preliminaries, infrastructure costs and building construction cost	RM11,128,718	The professional fees to be incurred are for various professionals engaged in different stages of development construction. We have adopted a rate of 5.0% of total preliminaries, infrastructure costs and building construction costs as fair representation which is reflective of market industry for the intended development.
Contingencies	3.0% of total preliminaries, infrastructure costs, building construction cost and professional fees	RM7,011,092	We have adopted a rate of 3.0% of total preliminaries, infrastructure costs, building construction costs and professional fees as contingencies to be fair representation and reflective of market industry for the intended development.



MARKET VALUE (CONT'D)

Summary of Gross Development Cost (GDC) for Phase 4 – (Cont'd)

Description	Analysis	Total Cost Adopted	Remarks
Marketing, Agency and Legal Fees	3.0% of total remaining GDV	RM12,491,967	We have adopted 3.0% of the remaining GDV as marketing, agency and legal fees to be fair and reflective of industry practice.
Financial Charges	30% of total preliminaries, infrastructure costs, building construction cost, professional fees and contingencies capitalized at 6.75% per annum for a period of 1.50 years	RM7,311,693	Bridging finance is based on 30% of total preliminaries, infrastructure costs, building construction cost, professional fees and contingencies, capitalised at 6.75% per annum (borrowing cost) for a period of 1.50 years after taking into consideration of the development progress and development phasing.
Developer's Profit	15% of total remaining GDV	RM62,459,835	Typically, a rate of return of about 10% to 20% of GDV is required for a developer to commit to a project development. We have thus adopted 15% of the total net GDV as developer's profit as fair representation and reflective of industry average.
Total GDC		RM339,627,219	

Note:

- Numbers may not add up precisely to the totals reported hereafter due to rounding.
- With regards to Main Building Costs, we have made reference to the Client's actual awarded contracts for the previous Phases of Lagenda Teluk Intan development, the industry average costing from JUBM and Arcadis Construction Cost Handbook Malaysia 2022 and awarded contracts for similar projects. We have adopted higher estimated average building costings for Phase 4 of Lagenda Teluk Intan.

Refer to the table below for the average costings from the previous phases vs the adopted average costings:

Average Main Building Costings for Lagenda Teluk Intan	
2019-2021	2022 (adopted for this Valuation & Report)
RM68.29psf	RM74.33psf

Development Period We have adopted a development period of **3.00 years** as reasonable after having considered the demand, take-up rates and sales performance of other similar developments, the type and intensity of the development as well as the product features being offered.

Present Value (Discount Rate) Present value is the value on a given date of a future payment or series of future payments, discounted to adequately reflect and adjust for both risk and time value of money. In accordance to the Malaysian Valuation Standards, the discount rate used in the valuation should be market derived. As such, a discount rate of **8.25%** is adopted for the Subject Property in our valuation (4.50% to 5.25% being the range of expected returns for development land + 3.00% to 3.75% for inflation)

Based on the foregoing, we have thus adopted **RM60,500,000** (analysed to about **RM5.97 per square foot** over a gross land area of 10,129,808 square feet (or 232.55 acres) in our valuation as a fair representation using Income Approach by Residual Method.

MARKET VALUE (CONT'D)

Comparison Approach As checked method, we have adopted the **Comparison Approach** as defined hereinbefore. In view of limited recorded transactions of identical property in the immediate locality, we have resorted to adopt the selected Comparable(s) in our assessment by Comparison Approach; as it is merely impossible to identify exactly alike properties to referred to, hence appropriate adjustments are made to reflect the differences of the Comparable(s) and the property being valued.

Development Lands – Phase 4

Sales Comparison and Analysis of Development Land				
	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Identification	Lot 1148 held under Title No. Geran Mukim 4861, Mukim Durian Sebatang, District of Hilir Perak, Perak Darul Ridzuan	Lot No. PT 22832 held under Title No. HSD 21482, Mukim Durian Sebatang, District of Hilir Perak, Perak Darul Ridzuan	Lot No. PT 22833 held under Title No. HSD 21483, Mukim Durian Sebatang, District of Hilir Perak, Perak Darul Ridzuan	Lot Nos. 3420 and 3421 held under Title Nos. Geran 30427 and Geran 30428 respectively, both located within Mukim Teluk Baru, District of Hilir Perak, Perak Darul Ridzuan
Location	Located within the vicinity of Taman Teluk Intan	Located within the vicinity of Kampung Banjar, Teluk Intan	Located within the vicinity of Kampung Banjar, Teluk Intan	Located within the vicinity of Taman Bernam Baru, Hutan Melintang
Property Type	A parcel of development land	A parcel of development land	A parcel of development land	Two (2) contiguous parcels of development land
Land Area	135,313 square feet	159,306 square feet	99,028 square feet	786,637 square feet
Tenure	Interest in perpetuity	Interest in perpetuity	Interest in perpetuity	Interest in perpetuity
Zoning / Planning	Zoned for residential use with permissible density of 8 to 24 units per acre	Zoned for residential use with permissible density of less than 8 units per acre.	Zoned for residential use with permissible density of less than 8 units per acre.	Zoned for residential use with permissible density of 8 to 24 units per acre
Consideration Date	2 nd November 2021	6 th August 2019	24 th April 2019	9 th October 2017
Analysis	RM3,247,560	RM1,500,000	RM1,330,000	RM9,029,300
Vendor	RM24.00 per square foot	RM9.42 per square foot	RM13.43 per square foot	RM11.48 per square foot
Purchaser	The Titular Roman Catholic Bishop of Penang	Kee Wah Seng	Kee Hoong Wah	Saravanan A/L Sengoden / Subramaniam A/L Palaniyappan
Source	Amplegreen Properties Sdn Bhd	Everise Properties Sdn Bhd	TT Fortune Marketing Sdn Bhd	Temakan Kamran Sdn Bhd
Adjustments	Jabatan Penilaian dan Perkhidmatan Harta (JPPH)			
Adjusted Value	General adjustments are made for prevailing market condition / time, location / establishment, accessibility / infrastructure, tenure, land size, exposure / frontage, plot ratio / density and planning approval			
	RM7.20 per square foot	RM4.94 per square foot	RM7.05 per square foot	RM6.03 per square foot



MARKET VALUE (CONT'D)

Valuation Rationale

Based on our analysis of the data obtained from the sources listed herein before, we note that there were several recorded transactions of similar development lands within the larger locality of the Subject Property (ranged from **RM9.42 per square foot to RM24.00 per square foot** depending on location / establishment, tenure, land size, exposure / visibility, plot ratio / density, zoning, planning approval and etc).

In view of limited recorded transactions of identical property in the immediate locality, we have resorted to adopt the selected Comparable(s) in our assessment by Comparison Approach; as it is merely impossible to identify exactly alike properties to referred to, hence appropriate adjustments are made to reflect the differences of the Comparable(s) and the property being valued.

Although total adjustments (up to 90% on selected Comparables) were considered and made for in our assessment, we are of the view that the selected Comparable(s) adopted are still considered relevant by virtue of the fact that all of the selected Comparable(s) are considered to have the closest land attributes (in terms of location / establishment, land shape, terrain / level, lot configuration, category of land use and etc) as compared to the Subject Property. With total effective adjustments made for all Comparable(s) (ranged between 45% to 70%); we have placed greater reliance on Comparable 4 as it is more similar to the Subject Property in terms of land size and plot ratio / density as compared to other Comparable(s). Thus, we have adopted the adjusted analysis of **RM6.03 per square foot** from Comparable 4 as fair representation after having made the necessary adjustments.

Based on the foregoing, we have thus adopted **RM61,000,000** (analysed to about **RM6.02 per square foot** over gross land area of 10,129,808 square feet (or 232.55 acres) in our valuation as a fair representation using Comparison Approach.

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MARKET VALUE (CONT'D)

Agricultural Lands – Lot No. 59333 (Base Plot Analysis)

Sales Comparison and Analysis of Agricultural Land

	Comparable 1	Comparable 2	Comparable 3
Identification	Lot PT30766 held under Title No. HSD 23615, Mukim Durian Sebatang, District of Hilir Perak, Perak Darul Ridzuan	Lot No. 7931 held under Title No. GM 1135, Mukim Changkat Jong, District of Hilir Perak, Perak Darul Ridzuan	Lot No. 5879 held under Title No. Geran 7085, Mukim Changkat Jong, District of Hilir Perak, Perak Darul Ridzuan
Location	Located along the main road of Jalan Kuala Selangor-Teluk Intan, Perak Darul Ridzuan	Located along the main road of Jalan Kampar – Changkat Jong; within the vicinity of Langkap, Perak Darul Ridzuan	Located approximately 1.10 kilometres off the unnamed road (A150); within the vicinity of Langkap, Perak Darul Ridzuan
Property Type	A parcel of agricultural land	A parcel of agricultural land	A parcel of agricultural land
Land Area	200,667 square feet	150,372 square feet	145,334 square feet
Tenure	Interest in perpetuity	Interest in perpetuity	Interest in perpetuity
Zoning / Planning	Zoned for agricultural use	Zoned for agricultural use	Zoned for agricultural use
Consideration	29 th July 2020	25 th July 2018	9 th February 2018
Date	RM1,328,320	RM690,411	RM617,253
Analysis	RM6.62 per square foot	RM4.59 per square foot	RM4.25 per square foot
Vendor	Anumugam A/L Kuppasamy +3	Tan Swee Leng @ Tan Swee Loong	Cheong Wan Hong
Purchaser	Mah Hock Company Sdn Bhd	Ng Lee Chong +1	K.L Supreme Poultry Sdn Bhd
Source	Jabatan Penilaian dan Perkhidmatan Harta (JPPH)		
Adjustments	General adjustments are made for prevailing market condition / time, location / establishment, accessibility / infrastructure, tenure, shape, land size, exposure / frontage and zoning		
Adjusted Value	RM3.48 per square foot	RM3.86 per square foot	RM3.79 per square foot

Valuation Rationale

Based on our analysis of the data obtained from the sources listed herein before, we note that there were several recorded transactions of similar agricultural lands within the larger locality of the Subject Property (ranged from RM4.25 per square foot to RM6.62 per square foot depending on tenure, land size, exposure / visibility and etc).

In view of limited recorded transactions of identical property in the immediate locality, we have resorted to adopt the selected Comparable(s) in our assessment by Comparison Approach; as it is merely impossible to identify exactly alike properties to referred to, hence appropriate adjustments are made to reflect the differences of the Comparable(s) and the property being valued.

MARKET VALUE (CONT'D)

Valuation Rationale (Cont'd) Although total adjustments (up to 65% on selected Comparables) were considered and made for in our assessment, we are of the view that the selected Comparable(s) adopted are still considered relevant by virtue of the fact that all of the selected Comparable(s) are considered to have the closest land attributes (in terms of location / establishment, accessibility / infrastructure, land shape, tenure, category of land use and lot configuration) as compared to the Subject Property. With total effective adjustments made for all Comparable(s) (ranged between 10% to 45%); although Comparable 1 is located nearest to the Subject Property it reflects the highest total adjustments. Therefore we have placed greater reliance on Comparable 2 as it is the subsequent nearest to the Subject Property and is more suitable in terms of total effective adjustments as compared to other Comparable(s). Thus, we have adopted the adjusted analysis of **RM3.86 per square foot** from Comparable 2 as fair representation after having made the necessary adjustments.

Due to the limited large agricultural land transactions in the vicinity, we have compared the agricultural lands with the small landholding transactions; located within the district of Hilir Perak. Our Comparison Approach in valuing the agricultural lands is based on a base plot basis where a main comparison is made for a single plot to derive at a single base value. From there, this single base value is further adjusted and compared to other plots and accounted for additional differences in term of land size and adverse features.

In view that the agricultural lands may form future phase(s) of the Lagenda township development and has been ear-marked for future phase(s) / expansion, the total land size of these plots is in fact a plus point / positive feature when compared to the other smaller smallholdings with different individual owners. Therefore, we are of the opinion that there is no need to account for additional total land size adjustment for these plots.

Summary of Adjustment for Other Parcels

Base Plot Analysis

Lot No.	Land Size (hectares)	General Adjustments	Effective Adjustments	Adjusted Analysis
59327	3.998	-	-	RM3.86 psf
59328	4.061	-	-	RM3.86 psf
59329	4.057	-	-	RM3.86 psf
59330	4.097	-	-	RM3.86 psf
59331	4.051	-	-	RM3.86 psf
59332	4.049	-	-	RM3.86 psf
59352	3.966	-	-	RM3.86 psf
59353	3.920	-	-	RM3.86 psf
59354	3.958	-	-	RM3.86 psf
59355	3.955	-	-	RM3.86 psf
59356	4.097	-	-	RM3.86 psf



MARKET VALUE (CONT'D)

Valuation Rationale (Cont'd)

Summary of Adjustment for Other Parcels (Cont'd)

Lot No.	Land Size (hectares)	General Adjustments	Effective Adjustments	Adjusted Analysis
59410	3.867	-	-	RM3.86 psf
59411	4.043	-	-	RM3.86 psf
59412	4.040	-	-	RM3.86 psf
59413	4.043	-	-	RM3.86 psf
59414	4.030	-	-	RM3.86 psf
59415	4.024	-	-	RM3.86 psf
59416	4.237	-	-	RM3.86 psf

Using the base plot of Lot No. 59333, no other general adjustments were made to the other lots within the Subject Property [Lot No(s). 59327 to 59332, 59352 to 59356; and 59410 to 59416] they are very much similar in terms of land attributes (i.e. land size and configuration) and thus adopted the base rate of **RM3.86 per square foot** for the abovementioned unadjusted lots.

Having regard to the foregoing, we have arrived at a total value of **RM31,900,000** for the 19 parcels of agricultural lands as derived from our Comparison Approach.

Reconciliation of Values

Components	Method of Valuation	Derivation of Values	Adopted Value
Phase 4	Income Approach by Residual Method	RM60,500,000	RM60,500,000
	Comparison Approach	RM61,000,000	
Agricultural Lands	Comparison Approach	RM31,900,000	RM31,900,000
Total Market Value			RM92,400,000

MARKET VALUE (CONT'D)

Reconciliation of Values
(Cont'd)

Parcel of Development Land – Phase 4

The Residual Method of valuation derives the land value by estimating values of hypothetically improved properties representing the highest and best use of the site or in the case of a site with master planning approval, the proposed development and thereafter deducting estimated construction costs. In our assessment for lands intended for future development (which has yet to be launched), as long as the subject development is granted with master development approval coupled with an upcoming development plan, it would be more appropriate to adopt the Income Approach by Residual Method as our valuation would rely on the proposed development plan as opposed to those lands intended for future development (without definite plan). Therefore, in arriving at the Market Value of lands intended for future development (which has yet to be launched) we have adopted the Income Approach by Residual Method of Valuation as the primary method and the Comparison Approach as a check method.

Parcels of Agricultural Lands

In arriving at the Market Value of the agricultural lands, we have considered the Comparison Method of Valuation as the primary and most reliable and appropriate method of valuation after having sufficient comparable properties in the larger locality.

Having regard to the foregoing, our opinion of the Market Value of the unexpired 99-year leasehold interests in the Subject Property as Phase 4 and Agricultural Lands located adjacent to the township development of Lagenda Teluk Intan; held under 42 block titles of development / agricultural land, all located within Mukim Durian Sebatang, District of Hilir Perak, Perak Darul Ridzuan, subject to the construction contracts and sale and purchase agreements entered to-date, on the basis of vacant possession and subject to the existing title(s) being free from all encumbrances, marketable and registrable, as of 1st July 2022 is RM92,400,000 (Ringgit Malaysia Ninety-Two Million And Four Hundred Thousand Only).

For and on behalf of

KNIGHT FRANK MALAYSIA SDN BHD

(signed and sealed by)




JUSTIN CHEE TING HWANG

Registered Valuer, V-774

RICS Registered Valuer, 1235888

MRICS, MRISM, MPEPS

Date: 1st August 2022

Notes: -

- i) Please note that this certificate shall only be valid provided always that a signature of our authorised signatory and an official seal have been affixed hereto.
- ii) The above valuation is peer reviewed by Knight Frank Malaysia Sdn Bhd (Head Office), Mr. Ooi Hsien Yu (Registered Valuer, V-692).

Encl: General Principles Adopted and Limiting Conditions and Standard Terms of Business for Valuation



GENERAL PRINCIPLES ADOPTED AND LIMITING CONDITIONS IN THE PREPARATION OF VALUATION REPORTS

These are the general principles and limiting conditions upon which our Valuation Reports are normally prepared; they apply unless we have specifically mentioned otherwise in the body of the report.

1) MALAYSIAN VALUATION STANDARDS

This Valuation Report is carried out in accordance with the Malaysian Valuation Standards published by the Board of Valuers, Appraisers, Estate Agents and Property Managers.

Where applicable, we have also made reference to other established valuation manuals and standards such as the International Valuation Standards (IVS) and the Royal Institution of Chartered Surveyors (RICS) Appraisal and Valuation Manual.

2) CONFIDENTIALITY

This Valuation Report is confidential to the client or to whom it is addressed and for the specific purpose to which it refers. It may only be disclosed to other professional advisors assisting the client in respect of that purpose, but the client shall not disclose the report to any other party and / or person. Accordingly, our Valuation Report is to be relied on by the client and no other party. No responsibility is accepted to any other party and neither the whole, nor any part of the Valuation Report or Certificate or reference thereto may be included in any published document, circular or statement, nor published in any way, nor in any communication with third parties, without our prior written approval of the form and context in which it may appear. We shall bear no responsibility nor be held liable to any party in any manner whatsoever in the event of any unauthorised publications of the Valuation Report, whether in part or in whole.

3) USE OF VALUATION REPORT

The opinion of value expressed in this Valuation Report shall only be used by the addressee for the purpose stated or intended in this Valuation Report. We are not responsible for any consequences arising from the Valuation Report or any part thereof being relied upon by any other party whatsoever or for any information therein being quoted out of context. You may not otherwise reproduce, distribute, transmit, post or disclose the content of the Report without our prior written consent.

4) SOURCE OF INFORMATION

This Valuation Report has been prepared on the basis that full disclosure of all information and facts which may affect the valuation have been made known to us and we cannot accept any liability or responsibility for information or facts that have been suppressed or not disclosed to us.

Where it is stated in the Valuation Report that information has been supplied by the sources listed, this information is deemed to be reliable and no responsibility is accepted should it be proven otherwise, be it express or implied. All other information stated without being attributed directly to another party is deemed to be from our searches of records, examination of documents or relevant sources.

This Valuation Report has been prepared on the basis that full disclosure of all information and facts which may affect the valuation have been made known to ourselves and we cannot accept any liability or responsibility in any event, unless such full disclosure has been made to us.

5) TITLE SEARCH

Whenever possible, a private title search is conducted at the relevant Land Registry / Office but this is done to establish title particulars relevant to valuation only. Whilst we may have inspected the title of the property as recorded in the Register Document of Title, we cannot accept any responsibility for its legal validity or as to the accuracy and timeliness of the information extracted or obtained from the relevant Land Registry / Office. Legal advice may be sought to verify the title details, if required.

6) TOWN PLANNING AND OTHER STATUTORY REGULATIONS

Information on Town Planning is obtained from the Structure Plan, Local Plan and Development Plans published by the relevant Authority. Whilst we may make verbal enquiries, we do not normally carry out requisitions with the various public authorities to confirm that the property is not adversely affected by any public schemes such as road and drainage improvements. If reassurance is required, we recommend that verification be obtained from your lawyers or other professional advisors.

Our valuation is prepared on the basis that the premises and any improvements thereon comply with all relevant statutory regulations (including fire safety and building regulations). It is assumed that they have been, or will be issued with a Certificate of Fitness for Occupation / Certificate of Completion and Compliance by the competent authority.

7) LEASES AND TENANCIES

Enquiries as to the financial standing of actual or prospective lessees or tenants are not normally made unless specifically requested. Where properties are valued with the benefit of lettings, it is therefore assumed that the lessees or tenants are capable of meeting their obligations under the lease or tenancy and that there are no arrears of rent or undisclosed breaches of covenants and / or warranties.

8) DEVELOPMENT AGREEMENTS

Unless otherwise stated, no considerations are made in our valuation for any joint venture agreement, development rights agreement or other similar contracts.

9) MEASUREMENTS AND AGE OF BUILDING

All measurements are carried out in accordance with the Uniform Method of Measurement of Buildings issued by The Royal Institution of Surveyors, Malaysia or such other building measurement standards as acceptable and agreed to by the client. Where the age of the building is estimated, this is for guidance only.

For properties situated outside Malaysia, the appropriate / applicable methods of measurement such as the International Property Measurement Standards (IPMS) are used in parallel with the Uniform Method of Measurement of Buildings (UMMB).

10) SITE SURVEYS

We have not conducted any land survey to ascertain the actual site boundaries. For the purpose of this valuation, we have assumed that the dimensions correspond with those shown in the title document, certified plan or any relevant agreement.

11) STRUCTURAL SURVEYS

While due care has been taken to note building defects in the course of inspection, no structural surveys nor any testing of services were made nor we inspected any woodwork or other parts of the structure which were covered or inaccessible. We are therefore unable to express an opinion or advice on the condition of uninspected parts and this Report should not be taken as making any implied representation or statement on such parts. Whilst any defects or items of disrepair may be noted during the course of inspection, we are not able to give any assurance in respect of any rot, termite or pest infestation or other hidden defects.

12) SITE CONDITIONS, SOIL INVESTIGATION AND CONTAMINATION

We do not carry out investigations on the property or neighbouring land in order to determine the suitability of the ground conditions and services for the existing or any new development, nor have we undertaken any archaeological, ecological or environmental surveys. Unless we are otherwise informed, our valuation is on the basis that these aspects are satisfactory and that, where development is proposed, no extraordinary expenses or delays will be incurred during the construction period.

No soil investigation has been carried out to determine the suitability of soil conditions and / or availability of services for the existing or any future development or planting as well as the continued use of the property in its current condition or for any redevelopment. We have not carried out investigations into the past and present use of either the property or of any neighbouring land to establish whether there has been any contamination or if there is any potential for contamination to the property and are therefore, unable to account and report for such contamination in our Valuation Report.

13) DELETERIOUS OR HAZARDOUS MATERIALS

No investigations have been carried out to determine whether or not any deleterious or hazardous materials had been used in the construction of the property (building) or had since been incorporated and we are, therefore, unable to account or report on any such material in our Valuation Report.

14) DISEASE OR INFESTATION

Whilst due care is taken to note the presence of any disease or infestation, we have not carried out any tests to ascertain possible latent infestations or diseases affecting crops or stock. We are therefore unable to account for such in our Valuation Report.

15) OUTSTANDING DEBTS

In the case of buildings where works are in hand or have recently been completed, no allowances are made for any liability already incurred, but not yet discharged, in respect of completed works, or obligations in favour of contractors, sub-contractors or any members of the professional or design team.

16) TAXATION, ENCUMBRANCES, STATUTORY NOTICES AND OUTGOINGS

Unless otherwise stated, no allowances are made in our valuation for any expense of realisation or for taxation which might arise in the event of a disposal, deemed or otherwise. We have considered the property as if free and clear of all charges, lien and all other encumbrances which may be secured thereon. We also assumed the property is free of statutory notices and outgoing (including all outstanding maintenance fee and / or service charges + sinking funds applicable for stratified properties).

17) ATTENDANCE

The instruction and the valuation assignment do not automatically bind us to attendance in court or to appear in any enquiry before any government or statutory body in connection with the valuation unless agreed when the instruction were given or subsequently agreed upon.

18) VALIDITY PERIOD OF VALUATION REPORT

A Valuation Report is current as at the valuation date only. The value assessed herein may change significantly and unexpectedly over a relatively short period (including as a result of general market movements or factors specific to the particular property). We do not accept liability for losses arising from such subsequent changes in value. No warranty can be given as to the maintenance of this value into the future. A periodical valuation review is recommended.

19) LIMITATION OF LIABILITY

Although every care has been taken in preparing the Valuation Report, if it is proven that there is an apparent negligence on the part of the Valuer, the liability of this valuation (whether arising from this valuation, negligence or any other cause whatsoever) is limited in respect of any event or series of events to the actual loss or damage sustained subject to a liability cap to be mutually agreed between client and the Valuer and clearly set out in the terms of engagement.



STANDARD TERMS OF BUSINESS FOR VALUATION

These Standard Terms of Business comprise a part of our Letter of Engagement. The following Standard Terms of Business apply to all valuations and appraisals undertaken by Knight Frank Malaysia Sdn Bhd unless specifically agreed otherwise in confirming instructions and so stated within the main body of the valuation report.

1. DEFINITIONS

- 1.1 'Terms' means the terms of business set out in this agreement and include any other terms and conditions set out or referred to in our Letter of Engagement. These Terms apply to all services that you instruct us to provide and cannot be varied or amended except in writing and signed by you and Knight Frank.
- 1.2 'Client' (referred to throughout as 'you') means the person, company, firm or other legal entity named in our Letter of Engagement. Knight Frank will not accept instructions to act for any alternative person, company, firm or other legal entity nor will these Terms apply unless we have agreed in writing to act for that alternative entity.
We reserve the right to refuse to act for such an alternative entity until (if at all) we have undertaken due diligence to fulfill our internal credit, anti-money laundering and risk obligations. In the event that we are instructed to act for a single purpose corporate vehicle we reserve the right to require and be provided with a parent company guarantee for our fees before accepting instructions to act.
- 1.3 'Knight Frank' means Knight Frank Malaysia Sdn Bhd Co Reg. No. 200201017816 (585479-A) (VE (1) 0141).
- 1.4 'Letter of Engagement' means the instruction letter, proposal or tender which is sent to you with these Terms. In the event that there is any conflict between the terms set out in this agreement and the Letter of Engagement, the terms in the Letter of Engagement shall take precedence.
- 1.5 'Services' means the specific services set out in the Letter of Engagement and any other services which we agree to provide in writing.

2. OUR FEES

- 2.1 The client shall pay to Knight Frank fees as set out in our Letter of Engagement. In addition, the client will reimburse Knight Frank the cost of all reasonable out-of-pocket expenses that maybe incurred, unless stated otherwise.
- 2.2 We reserve the right to impose an interest of 10% per annum on the outstanding balance of the invoice which is not settled in full within 14 days from the date of the invoice. If we should find it necessary to use legal representatives or collection agents to recover monies due, you will be required to pay all costs and disbursements so incurred.
- 2.3 If before the valuation is concluded:-
 - (a) you end this instruction at any stage, we will charge abortive fees; or
 - (b) you delay the instruction by more than [6] months or materially alter the instruction
 And in each case such fees will be calculated on the basis of reasonable time and expenses incurred, or the amount specified in the Letter of Engagement.
- 2.4 Where the valuation is for loan security purposes, and we agree to accept payment of our fee from the borrower, the fee remains due from you until payment is received by us. Additionally, payment of our fee is not conditional upon the loan being drawn down or any conditions of the loan being met.

3. INVOICING AND PAYMENT

We will be entitled to issue an invoice and our fees will become due for payment free from any discount, deduction set-off or counter claim:

- i) within 14 days from the date of invoice; or
- ii) when you withdraw your instructions, in which case Clause 2.3 applies.

4. TAXES

The fees, disbursements and expenses referred to in these Terms unless otherwise stated in the Letter of Engagement are all subject to the addition of Service Tax / GST where applicable (and any other taxes worldwide which may arise).

5. LIMITATIONS ON LIABILITY

- 5.1 Our valuation is confidential to the party to whom it is addressed for the stated purpose as agreed between the client and Knight Frank and no liability is accepted to any third party for the whole or any part of its contents. Liability will not subsequently be extended to any other party save on the basis of written and agreed instructions; this may incur an additional fee.
- 5.2 Neither the whole or any part of Knight Frank's report / letter and valuation nor any reference thereto may be included in any document, circular or statement nor published in any way whatsoever whether in hard copy or electronically (including on any web-site) without our prior written approval of the form and context in which it may appear.
- 5.3 The client agrees not to bring any claims arising out of or in connection with this agreement against any member, employee, shareholder or consultant of Knight Frank.
Those individuals will not have a personal duty of care to the client and any such claim for losses must be brought against Knight Frank.
- 5.4 Knight Frank will not be liable in respect of any of the following:
 - i) for any services outside the scope of the services agreed to be performed by Knight Frank;
 - ii) to any third party; or



- iii) respect of any direct or indirect consequential losses or loss of profits.
- 5.5 Where any loss is suffered by you for which Knight Frank and any other person are jointly and severally liable to you, the loss recoverable by you from Knight Frank shall be limited so as to be in proportion to Knight Frank's relative contribution to the overall fault.
- 5.6 Our maximum total liability for any direct loss or damage whether caused by our negligence or breach of contract or otherwise is limited to RM20 million, unless otherwise stated.
- 5.7 Nothing in these Standard Terms (or in our Letter of Engagement) shall exclude or limit our liability in respect of fraud or for death or personal injury caused by our negligence or for any other liability to the extent that such liability may not be excluded or limited as a matter of law.
6. **INDEMNITIES**
You agree to indemnify Knight Frank against all costs, claims, charges and expenses which Knight Frank shall incur by reason of (but not limited to):
- i) Use of any of Knight Frank's work for purposes other than those agreed by Knight Frank.
 - ii) Misrepresentation by you or with your authority to third parties of advice given by Knight Frank.
 - iii) Misrepresentation to third parties of the extent of Knight Frank's involvement in any particular project.
7. **ASSIGNMENT**
Neither this agreement nor any of its terms may be assigned by either you or Knight Frank to any third party unless agreed in writing.
8. **COMPLAINT PROCEDURE**
If you have any concerns about our service, please raise them in the first instance with the valuer concerned, if this does not result in a satisfactory resolution, please contact the relevant Head of Department.
9. **GOVERNING LAW**
These Terms of Business shall be governed by and construed in accordance with the laws of Malaysia.



LAGENDA
PROPERTIES

LAGENDA PROPERTIES BERHAD
(Registration No: 200101000008 (535763-A))
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Extraordinary General Meeting of Lagenda Properties Berhad (“**Lagenda**” or the “**Company**”) will be held on a fully virtual basis through live streaming and online remote voting via the online meeting platform at <https://web.vote2u.my> (Domain Registration No with MYNIC: D6A471702) on Monday, 31 October 2022 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 ACQUISITION OF 42 BLOCK TITLES OF DEVELOPMENT / AGRICULTURAL LAND MEASURING APPROXIMATELY 422 ACRES, ALL LOCATED WITHIN MUKIM DURIAN SEBATANG, DAERAH HILIR PERAK, PERAK DARUL RIDZUAN BY TARAF NUSANTARA SDN BHD (A WHOLLY-OWNED SUBSIDIARY OF BLOSSOM EASTLAND SDN BHD, WHICH IS IN TURN WHOLLY OWNED BY THE COMPANY) FROM LADANG AWANA SDN BHD FOR A TOTAL CASH CONSIDERATION OF RM92.4 MILLION (“PROPOSED ACQUISITION”)

“**THAT** subject to all approvals and/or consents being obtained from all relevant authorities and/or parties, approval be and is hereby given to Taraf Nusantara Sdn Bhd (*a wholly-owned subsidiary of Blossom Eastland Sdn Bhd, which is in turn wholly owned by the Company*), to undertake the Proposed Acquisition upon the terms and conditions as set out in the conditional sale and purchase agreement dated 9 August 2022 entered into with Ladang Awana Sdn Bhd in relation to the Proposed Acquisition (“**SPA**”) for a total cash consideration of RM92.4 million.

AND THAT the Board of Directors of the Company (“**Board**”) be and is hereby authorised to do all acts, deeds, things and execute all necessary documents as the Board may consider necessary or expedient, and to take all such necessary steps to give effect to the Proposed Acquisition with full powers to consent to and to adopt such conditions, variations, modifications and/or amendments in any manner as may be required or imposed by the relevant authorities in respect of the Proposed Acquisition or as the Board may deem necessary or expedient; and deal with all such matters and to take such steps and do all acts and things in any manner as the Board may deem necessary or expedient to implement, finalise and give full effect to the Proposed Acquisition, in the interest of the Company.”

BY ORDER OF THE BOARD

SIEW SUET WEI (SSM PC No. 202008001690) (MAICSA 7011254)

LIM YEN TENG (SSM PC No. 201908000028) (LS 0010182)

LIEW SEE SEE (SSM PC No. 202008001371) (MAICSA 7062468)

Joint Company Secretaries

Kuala Lumpur
12 October 2022

Notes:-

1. *The EGM of the Company will be held as a fully virtual meeting through live streaming and online remote voting using RPV facilities via Vote2U at <https://web.vote2u.my>. Please refer to the Administrative Guide for the procedures to register, participate and vote remotely through the RPV facilities.*
2. *A member of the Company shall be entitled to be present and vote at the meeting is entitled to appoint a proxy/proxies, to attend and vote instead of him. A proxy may but need not be a member of the Company and there is no restriction as to the qualification of the proxy. A proxy appointed to attend and vote in a meeting of the Company shall have the same rights as the member to speak at the meeting.*
3. *A member of the Company shall be entitled to appoint more than 1 proxy to attend and vote at the same meeting. Where a member appoints more than 1 proxy, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy. If the appointer is a corporation, the Form of Proxy must be executed under its Common Seal or under the hand of its officer or attorney duly authorised.*
4. *Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), as defined under the Securities Industry Central Depositories Act, 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
5. *The instrument appointing a proxy and the power of attorney or authority, if any, under which it is signed or notarially certified copy of that power or authority shall be deposited at the business address of the Company at Level 4, No. 131, Persiaran PM 2/1, Pusat Bandar Seri Manjung Seksyen 2, 32040 Seri Manjung, Perak Darul Ridzuan or email to Vote2u@agmostudio.com not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote. Please refer to the Administrative Guide for the procedures to submit the Form of Proxy.*
6. *General Meeting Record of Depositors*

For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Clause 69(2) of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 21 October 2022. Only a depositor whose name appears on the Record of Depositors as at 21 October 2022] shall be entitled to attend this meeting or appoint proxy/proxies to attend and/or vote in his stead.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing proxy(ies) and/or representative(s) to attend, participate and vote at the EGM and/or any adjournment thereof, a member of the Company:-

- (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes");
- (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and
- (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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LAGENDA
PROPERTIES

LAGENDA PROPERTIES BERHAD
(Registration No: 200101000008 (535763-A))
(Incorporated in Malaysia)

FORM OF PROXY

I/We _____
(FULL NAME IN BLOCK LETTERS)

of _____
(FULL ADDRESS)

being a member / members of LAGENDA PROPERTIES BERHAD, hereby appoint(s) the following person(s) or failing him/her, the Chairman of the meeting as my/our proxy / proxies to vote for me/us and on my/our behalf at the Extraordinary General Meeting of the Company to be held on a fully virtual basis through live streaming and online remote voting via the online meeting platform at <https://web.vote2u.my> (Domain Registration No with MYNIC: D6A471702) on Monday, 31 October 2022 at 11.00 a.m. or any adjournment thereof:-

Name of Proxy, NRIC/Passport No. & Address		No. of Share to be represented by Proxy
1.	Name : NRIC/Passport No. : Address : Email : Contact number :	
2.	Name : NRIC/Passport No. : Address : Email : Contact number :	

Ordinary Resolution	For	Against
Proposed Acquisition		

Please indicate with an "X" in the appropriate boxes on how you wish your vote to be cast on the resolutions specified in the Notice of Meeting. Unless voting instructions are indicated in the space above, the proxy will vote as he/she thinks fit.

Number of shares	
CDS A/C No.	

.....
Date

.....
Signature / Common Seal of Shareholder

Notes:-

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- A member of the Company shall be entitled to be present and vote at the meeting is entitled to appoint a proxy/proxies, to attend and vote instead of him. A proxy may but need not be a member of the Company and there is no restriction as to the qualification of the proxy. A proxy appointed to attend and vote in a meeting of the Company shall have the same rights as the member to speak at the meeting.
- A member of the Company shall be entitled to appoint more than 1 proxy to attend and vote at the same meeting. Where a member appoints more than 1 proxy, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy. If the appointer is a corporation, the Form of Proxy must be executed under its Common Seal or under the hand of its officer or attorney duly authorised.
- Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), as defined under the Securities Industry Central Depositories Act, 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- The instrument appointing a proxy and the power of attorney or authority, if any, under which it is signed or notarially certified copy of that power or authority shall be deposited at the business address of the Company at Level 4, No. 131, Persiaran PM 2/1, Pusat Bandar Seri Manjung Seksyen 2, 32040 Seri Manjung, Perak Darul Ridzuan or email to Vote2u@agmostudio.com not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote. Please refer to the Administrative Guide for the procedures to submit the Form of Proxy.

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- (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes");
- (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and
- (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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Affix
stamp

THE COMPANY SECRETARIES
LAGENDA PROPERTIES BERHAD
Level 4, No. 131, Persiaran PM 2/1
Pusat Bandar Seri Manjung Seksyen 2
32040 Seri Manjung
Perak Darul Ridzuan

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