BERJAYA LAND BERHAD

ANNOUNCEMENT

PROPOSED ACQUISITION OF APPROXIMATELY 871.01 ACRES OF FREEHOLD LANDS LOCATED IN MUKIM SUNGAI TINGGI, DAERAH ULU SELANGOR, SELANGOR DARUL EHSAN FOR A TOTAL CASH CONSIDERATION OF RM155.00 MILLION

1. INTRODUCTION

The Board of Directors of Berjaya Land Berhad ("B-Land") wishes to announce that its 100%-owned subsidiary, Alam Baiduri Sdn Bhd ("ABSB") has on 22 September 2016 entered into a sale and purchase agreement ("SPA") with BerjayaCity Sdn Bhd ("BCity"), a 100%-owned subsidiary of Berjaya Corporation Berhad ("BCorporation"), for the proposed acquisition of about 871.01 acres of freehold lands, all in Mukim Sungai Tinggi, Daerah Ulu Selangor, Selangor Darul Ehsan ("the Lands") for a total cash consideration of RM155.00 million or at the price of RM177,954 per acre ("Proposed Acquisition").

2. THE PROPOSED ACQUISITION

2.1 Details of the Proposed Acquisition

2.1.1 ABSB has entered into a SPA with BCity where the cash consideration for the Proposed Acquisition of RM155.00 million will be satisfied in the following manner:

(a) RM15,500,000 representing 10% of the consideration has been paid upon the execution of the SPA as deposit and part payment of the consideration ("Deposit Sum"); and

(b) RM139,500,000 representing the balance 90% of the consideration ("Balance Sum") shall be paid within 3 months from the date the SPA becomes unconditional ("Completion Period") and may be extended by a further 1 month.

2.1.2 The Lands shall be purchased on an “as is where is” basis in its present state and condition with no warranty of any kind as to state, condition, fitness, suitability or otherwise of the Lands or any part thereof and subject to the conditions of title, express or implied, and restrictions in interest (if any) on the titles to and affecting the Lands.

2.2 Information on ABSB

ABSB was incorporated in Malaysia under the Companies Act, 1965 ("Act") on 14 October 1991 as a private limited company. The authorized share capital of ABSB is RM5,000,000, of which RM2 comprising 2 ordinary shares of RM1.00 each have been issued and fully paid-up. The company is principally involved in property development and investment.
2.3 Information on BCity

BCity was incorporated in Malaysia under the Act on 30 March 1995 as a private limited company under the name of Eminent Capital Sdn Bhd and subsequently changed to its present name on 21 June 2004. The issued share capital of BCity is RM60.00 million comprising 60.00 million ordinary shares of RM1.00 each.

BCity is involved in property investment and development as well as cultivation and sale of palm oil and palm kernel. The principal asset of BCity is the parcel of freehold land (including the Lands) presently measuring approximately 2,597.40 acres in the Mukim of Sungai Tinggi, District of Ulu Selangor and Mukim of Bestari Jaya (formerly known as Batang Berjuntai), District of Kuala Selangor, Selangor Darul Ehsan.

2.4 Information on the Lands

The Lands, which comprise eight pieces of freehold lands measuring in total approximately 871.01 acres (approximately 37.94 million square feet), are situated within Bukit Targar locality, which falls under the jurisdiction of Ulu Selangor District Council. The Lands are located on left side of Jalan Bukit Targar, travelling from the Bukit Targar Interchange of North-South Expressway ("NSE") towards the Bestari Jaya–Tanjung Malim trunk road with the exception of PT 4627 (New Surveyed Lot 88778) which is located on the right side of the aforementioned road. Bestari Jaya (formerly known as Batang Berjuntai) and Kuala Selangor towns are located about 20 kilometres and 43 kilometres to the south-west of the subject properties. Kuala Lumpur city centre is located about 63 kilometres due south-east whilst Bukit Targar Interchange of NSE is located approximately 5 kilometres due east of the Lands.

A notable landmark within the immediate vicinity is the Bukit Targar Sanitary Landfill (Pusat Pelupusan Sisa Pepejal Bukit Targar) which is located to the south of the Lands. Industrial areas in the wider vicinity of the Lands include amongst others BB Techno Industrial Park, Taman Perindustrian Suria and Batang Berjuntai Industrial Estate.

The premises of the Universiti Industry Selangor (UNISEL) and the government fruit farm project spread over 2,000 acres known as Selangor Fruit Valley is located about 15 kilometres and 18 kilometres due south-west of the Lands.

The Lands are located along Jalan Bukit Targar and are easily accessible from the NSE by exiting at the Bukit Targar Interchange. They are also accessible from Sungai Buloh/ Kuala Selangor/ Bestari Jaya via the Bestari Jaya–Tanjung Malim trunk road thereafter thence onto Jalan Bukit Targar, with all the abovementioned metalled roads are being well maintained.

Properties in the vicinity are generally agriculture in nature comprising oil palm plantations namely Hopeful Estate, Tennamaram Estate and Sungai Tinggi Estate, Felda Sungai Teng Selatan and Felda Ladang Trolak interspersed with Kampung style residential settlements.

The Lands are located within an area zoned for industrial according to the Planning Department of Hulu Selangor District Council.

Currently, the Lands comprise of oil palm estates and vacant lands. The age of the oil palm trees as of 1 August 2016 range between 15 and 26 years old.
2.5 **Basis of Arriving at the Consideration for the Proposed Acquisition**

The consideration for the Proposed Acquisition of RM155.00 million or at the price of RM177,954 per acre was arrived at on a “willing-buyer willing-seller” basis after taking into account, inter-alia, the size and earnings potential of the Lands as well as the open market valuation based on the Comparison Method of RM156.20 million or approximately RM179,332 per acre, as appraised by Messrs Jones Lang Wootton (“Valuers”) on 26 August 2016.

The consideration of RM155.00 million thus represents a discount of 0.77% or RM1.2 million to the open market valuation of the Lands.

2.6 **Carrying value of the Lands**

As disclosed in the latest audited accounts of BCity as at 30 April 2016, the carrying value of the Lands is about RM87.32 million.

2.7 **Liabilities to be Assumed**

There are no liabilities to be assumed by ABSB pursuant to the Proposed Acquisition.

3. **RATIONALE FOR THE PROPOSED ACQUISITION**

The Proposed Acquisition provides an opportunity for the B-Land Group to increase its land bank.

4. **RISK FACTORS RELATING TO THE PROPOSED ACQUISITION**

Like all acquisitions, unforeseen change in political, economic and regulatory conditions such as Government regulations, local economic performance, demand and supply conditions in the property market, inflation, movement in interest rates etc. may materially and/or adversely affect the financial and business prospects of the Proposed Acquisition.

5. **FUNDING FOR THE PROPOSED ACQUISITION**

The cash consideration for the Proposed Acquisition of RM155.00 million will be funded from internally generated funds of the B-Land Group.

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 and paid-up share capital and substantial shareholders’ shareholdings of B-Land.

6.2 **Net Assets (“NA”) and Gearing**

The Proposed Acquisition will not have any material effect on the NA and gearing of the B-Land Group for the current financial year ending 30 April 2017.
6.3 Earnings

The Proposed Acquisition will not have any material effect on the consolidated earnings of B-Land for the current financial year ending 30 April 2017. However, the Proposed Acquisition is expected to contribute positively to the future earnings of the B-Land Group.

7. HIGHEST PERCENTAGE RATIO APPLICABLE

The highest percentage ratio applicable pursuant to Paragraph 10.02(g) of the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) based on the last audited consolidated financial statements of B-Land for the financial year ended 30 April 2016 is approximately 3.25%.

8. CONDITIONS OF THE PROPOSED ACQUISITION

The Proposed Acquisition is subject to the consents/approvals being obtained from the following parties:

(a) Estate Land Board of Selangor for the sale and transfer of the Lands from BCity to ABSB; and

(b) any other relevant parties, if any.

9. DIRECTORS’ AND MAJOR SHAREHOLDERS’ INTERESTS

BCorporation is a major shareholder of B-Land.

Tan Sri Dato’ Seri Vincent Tan Chee Yioun ("TSVT") is a major shareholder of B-Land and BCorporation.

Ms. Nerine Tan Sheik Ping (“NTSP”) is an Executive Director of B-Land and BCorporation. NTSP is also a shareholder of B-Land. NTSP is a daughter of TSVT and a sister of Ms. Chryseis Tan Sheik Ling (“CTSL”).

CTSL is an Executive Director of B-Land. CTSL is also a shareholder of B-Land and BCorporation. CTSL is a daughter of TSVT and a sister of NTSP.

Datuk Robert Yong Kuen Loke (“DRYKL”) is a common director and a shareholder of B-Land and BCorporation.

Mr Tan Thiam Chai (“TTC”) is an Executive Director and a shareholder of B-Land. TTC is the Chief Financial Officer of BCorporation.

Dato’ Dickson Tan Yoong Loong (“DDTYL”), a common director of B-Land and BCorporation, is a nephew of TSVT and a cousin of NTSP and CTSL. DDTYL does not regard himself as a person connected with TSVT, NTSP and CTSL as defined under the Listing Requirements.
Although DRYKL, TTC and DDTYL are not deemed to be interested in the Proposed Acquisition, they have however voluntarily abstained and will continue to abstain from all Board deliberations and voting in relation to the Proposed Acquisition.

NTSP and CTSL, being interested Directors, have abstained from all Board deliberations and voting in relation to the Proposed Acquisition.

Save as disclosed, none of the other Directors and/or major shareholders of B-Land or ABSB or persons connected with them has any interest, direct or indirect, in the Proposed Acquisition.

10. **ESTIMATED TIME FRAME FOR COMPLETION**

Barring any unforeseen circumstances and subject to the fulfilment of the conditions precedent, the Proposed Acquisition is expected to be completed in 2016.

11. **AUDIT COMMITTEE’S STATEMENT**

The Audit Committee of B-Land, after having considered all aspects of the Proposed Acquisition (including but not limited to the rationale and financial effects), is of the opinion that the Proposed Acquisition is fair, reasonable and on normal commercial terms and not detrimental to the interest of the minority shareholders of B-Land.

12. **DIRECTORS’ RECOMMENDATION**

Having considered all aspects of the Proposed Acquisition, the Board of Directors of B-Land (except for NTSP, CTSL, DRYKL, TTC and DDTYL) is of the opinion that the Proposed Acquisition is in the best interest of the Group.

13. **DOCUMENTS AVAILABLE FOR INSPECTION**

The SPA and the Valuers’ Report are available for inspection at the Registered Office of B-Land at Lot 13-01A, Level 13 (East Wing), Berjaya Times Square, No. 1 Jalan Imbi, 55100 Kuala Lumpur during normal office hours from Monday to Friday (except public holidays) for a period of three (3) months from the date of this Announcement.

This Announcement is dated 22 September 2016.