VIBRANT GROUP LIMITED
Company Registration Number: 198600061G

PROPOSED SALE AND LEASEBACK OF 121 BANYAN DRIVE, JURONG ISLAND

1. INTRODUCTION

The Board of Directors of Vibrant Group Limited (the "**Company**" and together with its subsidiaries, the "**Group**") wishes to announce that the Company's 51% subsidiary, LTH Logistics (Singapore) Pte Ltd (the "**Vendor**"), has on 12 February 2019, entered into a conditional put and call option agreement (the "**Option Agreement**") with SGRE Banyan Pte. Ltd. (the "**Purchaser**") for the proposed sale (the "**Proposed Sale**") and leaseback (collectively, the "**Proposed Sale and Leaseback**") of the property located at 121 Banyan Drive, Singapore 627570 and the mechanical and electrical equipment relating thereto (the "**Property**") on the principal terms set out in paragraph 3 below and which is subject to certain conditions precedent set out in paragraph 4 below.

2. INFORMATION ON THE PROPERTY

2.1 The Property comprises of two (2) plots of land with a 6-storey ramp-up warehouse facility with ancillary offices, 2 blocks of single storey warehouse and open yard within Jurong Island, currently utilised by the Vendor for its logistics business, with the following tenures:-

(i) a leasehold interest for a term of 30 years commencing from 8 September 2011, and a further term of 29 years 3 months and 22 days to be granted by JTC Corporation ("**JTC**") on the terms and conditions set out in the JTC Lease; and

(ii) a leasehold interest for a term of 29 years 8 months and 9 days commencing from 30 December 2011, and a further term of 29 years 3 months and 22 days to be granted by JTC on the terms and conditions set out in the JTC Lease.

2.2 The Property has a gross floor area ("**GFA**") of approximately 65,764 square metres and a site area of approximately 43,142 square metres.

2.3 The Company had commissioned CBRE Pte. Ltd. ("("**CBRE**") to undertake a valuation of the Property, and CBRE provided in its report dated 15 October 2018 the market value of S$210,000,000, after taking into consideration the Proposed Sale and Leaseback arrangement and the upfront capex payment of S$17,131,535.

3. SALIENT INFORMATION OF THE PROPOSED SALE AND LEASEBACK

3.1 Under the Option Agreement, the Vendor has been granted the right to require the Purchaser to purchase the Property (the "**Put Option**") and the Purchaser has been granted the right to require the Vendor to sell the Property to the Purchaser (the "**Call Option**"). Pursuant to the terms of the Option Agreement, the Vendor and the Purchaser (the "**Parties**", and each a "**Party**") are deemed to have entered into a sale and purchase agreement (the "**Purchase Agreement**") on the day the Call Option is exercised by the Purchaser, or on the day the Put Option is exercised by the Vendor (as the case may

be). The Call Option and the Put Option may only be exercised after, amongst others, the conditions precedent set out in paragraph 4 below are met.

3.2 On completion of the Proposed Sale ("**Completion**"), the Parties will also enter into a lease agreement ("**Lease Agreement**") pursuant to which the Vendor will, as a tenant, occupy 100 per cent. of the total GFA of the Property (the "**Premises**") for a term of 10 years. The total rent payable by the Vendor, as a tenant of the Premises, for the first year is approximately S$15,290,236.51 (excluding GST), with a rental increase of 1.75 percent. per annum starting from year two of the lease term and with the Vendor being entitled to a 12 month rent free period comprising 6 months (7^{th} month – 12^{th} month) each in the 5^{th} year and 10^{th} year of the lease respectively. On the commencement of the lease term, the Vendor shall, as a tenant of the Premises, provide a security deposit in the form of an insurance guarantee on a reducing balance at 24 months' rent (First 2 Years); 18 months' rent (3^{rd} – 5^{th} Year); 12 months' rent (6^{th} – 8^{th} Year); 6 months' rent (9^{th} Year) and 3 months' rent (10^{th} Year), together with a corporate guarantee provided by the Company in favour of the Purchaser securing all obligations of the Vendor under the Lease Agreement.

3.3 In connection with the Vendor's entry into the Purchase Agreement, the Company will provide a corporate guarantee in favour of the Purchaser guaranteeing the due performance of the Vendor's obligations under the Purchase Agreement on completion of the transaction.

3.4 The sale consideration for the Property is S$227,500,000.00 (the "**Sale Consideration**"),was arrived at on a willing-buyer and willing-seller basis and on an arm's length basis, taking into account CBRE's valuation of the Property. The Sale Consideration is satisfied by payment the following manner:-

3.4.1 on the execution of the Option Agreement, the option fee of S$1.00 shall be paid to the Vendor on the terms of the Option Agreement;

3.4.2 on or before Completion, the Purchaser shall pay an upfront land premium of up to S$14.25 million (including applicable stamp duty) and any excess amount payable to JTC (the "**excess upfront land premium**") will be paid by the Vendor (where applicable); and

3.4.3 on Completion, the balance of the Sale Consideration with the GST thereto, less any allowable deductions or adjustments in relation to capex payments, and retention sums in relation to rectification works, decontamination works and damage to the Premises (if any) in respect of the Property, shall be paid by way of cashier's order or in such manner as the Parties may mutually agree in writing on Completion.

4. CONDITIONS PRECEDENT

4.1 The right of the Purchaser to issue and serve on the Vendor the Call Option notice and the right of the Vendor to issue and serve on the Purchaser the Put Option notice, each in accordance with the Option Agreement, are subject to certain conditions precedent, including but not limited to the following:

(a) obtaining the relevant approvals and confirmations from JTC in respect of the Property and the Proposed Sale and Leaseback;

(b) approval of the shareholders of the Company for the transactions contemplated under the Option Agreement and the Purchase Agreement; and

(c) obtaining the Bank Waiver Confirmation (as defined in the Option Agreement).

4.2 The Company will make a further announcement when completion of the Proposed Sale and Leaseback has taken place, which is expected to be in the first half of 2019.

5. RATIONALE FOR THE PROPOSED SALE AND LEASEBACK

The Proposed Sale and Leaseback will enable the Group to realise the fair value of its investments in the Property, while enabling the Group, through the leaseback arrangement, to enjoy long term use of the Property for its existing operations.

6. FINANCIAL EFFECTS OF THE PROPOSED SALE

6.1 **Assumptions**: As these financial effects are based on the Group's audited consolidated accounts for its most recently completed FY2018 and are presented for illustration purposes only, they will not reflect the future financial position of the Group after the Proposed Sale has taken place.

6.2 The financial effects of the Proposed Sale are set out as follows:

(a) **Net Tangible Assets**

For illustrative purposes only and assuming Completion had taken place at the end of FY2018, the estimated financial effects of the Proposed Sale on the consolidated NTA of the Group are as follows:

	Before the Proposed Sale	**After the Proposed Sale**
NTA (S$'000)	208,203	220,293
Number of Shares ('000)	692,763	692,763
NTA per Share (cents)	30.05	31.80

(b) **Earnings**

For illustrative purposes only and assuming Completion had taken place at the beginning of FY2018, the estimated financial effects of the Proposed Sale on the consolidated earnings per share of the Group are as follows:

	Before the Proposed Sale	**After the Proposed Sale**
Profit after tax (S$'000)	(88,688)	(77,958)
Weighted average number of Shares ('000)	677,700	677,700

Earnings per Share (cents)	(13.09)	(11.50)

(c) **Others**

Based on the audited consolidated accounts of the Group for FY2018:

(i) the net asset value of the Property (including plant & equipment) is approximately S$119,551,349;

(ii) the gain on the Proposed Sale is approximately S$23,706,151; and

(iii) the excess of the net proceeds over the net asset value of the Property is approximately S$89,074,616.

7. RELATIVE FIGURES COMPUTED PURSUANT TO RULE 1006 OF THE LISTING MANUAL

The relative figures for the Proposed Sale computed on the bases set out in Rule 1006 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**Listing Manual**") and based on the latest announced unaudited consolidated accounts of the Group for the first half year ended 31 October 2018 are as follows:-

Listing Rule	Bases of calculation	Relative Figures
1006(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value	39.7%
1006(b)	The net profits attributable to the assets disposed of, compared with the Group's net profits	5.5%
1006(c)	The aggregate value of the consideration received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares	107%
1006(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	n.a.
1006(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves	n.a.

Having regard to the above, the Proposed Sale is a "major transaction" under Rule 1014 of the Listing Manual and is subject to the approval of shareholders of the Company.

The Company will be seeking specific approval of its Shareholders for the Proposed Sale at an extraordinary general meeting ("**EGM**") to be convened. A circular, containing, *inter alia*, the notice of EGM and the details of the Proposed Sale will be despatched to Shareholders in due course.

8. USE OF PROCEEDS

The Group intends to utilise the net proceeds to reduce debt, expand its main businesses, and for working capital.

9. INTEREST OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors or substantial shareholders of the Company have any interest, direct or indirect, in the Proposed Sale and Leaseback (save through their respective shareholdings in the Company).

10. SERVICE CONTRACT(S)

No person will be appointed to the Board of Directors of the Company in connection with the Proposed Sale and Leaseback and no service contracts in relation thereto will be entered into by the Company.

11. DOCUMENTS FOR INSPECTION

Copies of the Option Agreement (which includes the form of the Purchase Agreement) and the valuation report in respect of the Property will be available for inspection during normal business hours at the registered office of the Company at 51 Penjuru Road #04-00 Singapore 609143 for a period of three (3) months from the date of this Announcement.

By Order of the Board

Eric Khua Kian Keong

Executive Director & CEO

12 February 2019