VIBRANT GROUP LIMITED
Company Registration Number: 198600061G

THE PROPOSED SALE AND LEASEBACK OF 47 CHANGI SOUTH AVENUE 2, SINGAPORE 486148

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 subsidiary, Freight Links Properties Pte. Ltd. (the "**Vendor**"), has on 15 December 2016, entered into a conditional put and call option agreement (the "**Option Agreement**") with HSBC Institutional Trust Services (Singapore) Limited, in its capacity as trustee of Sabana Shari'ah Compliant Industrial Real Estate Investment Trust (the "**Purchaser**") for the proposed sale (the "**Proposed Sale**") and leaseback (collectively, the "**Proposed Sale and Leaseback**") of the property located at 47 Changi South Avenue 2, Singapore 486148 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

The Property is a block of 4-storey light industrial building within the Changi South Industrial Estate located on the north-western side of Changi South Avenue 2, off Xilin Avenue and approximately 17.0 km from the City Centre, with a leasehold interest for a term of 30 years commencing from 16 November 1996 and a further term of 30 years commencing from 16 November 2026, with a remaining tenure of approximately 40 years. The Property has a gross floor area ("**GFA**") of approximately 8,507 square metres and a site area of approximately 5,453 square metres. The Property is currently utilised by the Vendor for its logistics business.

The Company had commissioned Colliers International Consultancy & Valuation (Singapore) Pte Ltd to undertake a valuation of the Property, which valued the open market value of the Property at S$23,000,000.00 in their valuation report dated 3 November 2016.

3. DETAILS OF THE PROPOSED SALE AND LEASEBACK

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 other conditions precedent set out in paragraph 4 below, the JTC Corporation ("**JTC**") approves the sale of the Property to the Purchaser pursuant to the terms of the Purchase Agreement, and the JTC approval conditions are accepted by the Parties.

On completion of the Proposed Sale ("**Completion**"), the Parties will also enter into:-

(a) a lease agreement ("**Lease Agreement**") pursuant to which the Vendor will occupy approximately 74 per cent. of the total GFA of the Property (the "**Premises**") for a term of 10 years. The rent payable by the Vendor for the first year is approximately S$2,100,000.00 (including annual rental income support which is only applicable for the first 3 years, in respect of any rental shortfall in the net property rent collected by the Purchaser (as landlord) arising from any departing direct subtenants in respect of that year) and subject to a rental escalation to be calculated at 1 per cent. per annum starting from year two. On the commencement of the lease term, the Vendor shall provide a corporate guarantee from the Company;

(b) a service agreement ("**Service Agreement**") pursuant to which the Vendor will be appointed by the Purchaser and paid a service fee of S$1,000.00 per month (subject to Goods and Services Tax ("**GST**")) to provide ancillary lease, property management and maintenance services in respect of the Property and the Common Property (as defined in the Service Agreement) on behalf of the Purchaser vis-à-vis the existing occupiers of the Premises (the "**Occupiers**"); and

(c) a deed of assignment in relation to the Occupiers' tenancy agreements and licence agreements on the Property pursuant to which such agreements will be assigned by the Vendor to the Purchaser.

The sale consideration for the Property is S$23,000,000.00 (the "**Sale Consideration**"), and was arrived at on a willing-buyer and willing-seller basis and on arm's length basis, taking into consideration the independent valuation conducted on the Property.

The Sale Consideration is satisfied by payment in cash in the following manner:

(i) on the execution of the Option Agreement, 1 per cent. of the Sale Consideration with the GST thereto, amounting to S$246,100.00 shall be paid by way of cheque issued in favour of "TSMP Law Corporation – CVY" to be held in the Vendor's solicitors' conveyancing account and on the terms of the Option Agreement; and

(ii) on Completion, the balance of the Sale Consideration with the GST thereto, amounting to S$24,363,900.00 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

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) the Parties having received the Relevant Approvals (as defined in the Option Agreement, which includes the approval of JTC) and the confirmation from JTC by

10 April 2017 (or such later date as the Parties may mutually agree in writing), and (where applicable) the Parties accepting the terms of the Relevant Approvals within the relevant period stipulated in such approvals;

(b) (unless specifically waived by the relevant Party in writing) a Party not being in breach of any provision of the Option Agreement or not having failed to perform and comply in all respects with any of the covenants and agreements referred to in the Option Agreement;

(c) (notwithstanding that the Purchase Agreement is not operative until exercise of the Put Option or the Call Option) unless specifically waived by the Purchaser in writing, there being no breach of the Vendor of any of the Warranties in the Purchase Agreement, and none of the Warranties contained in the Purchase Agreement being unfulfilled, untrue or incorrect;

(d) the aggregate leverage of Sabana Shari'ah Compliant Industrial Real Estate Investment Trust ("**REIT**") has not exceeded the aggregate leverage limit prescribed in Appendix 6 (Investment: Property Funds) of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore;

(e) the approval of the board of directors of the manager of the REIT, and the approval of unitholders in the REIT; and

(f) the successful equity fund raising by the Purchaser, where applicable.

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 2017.

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 AND LEASEBACK

6.1 **Assumptions**: The unaudited proforma financial effects of the Proposed Sale that are set out in paragraph 6.2 below have been computed using the audited consolidated accounts of the Group for the financial year ended 30 April 2016 ("**FY2016**"), on the basis that the Proposed Sale and Leaseback has taken place. As these financial effects are based on the Group's audited consolidated accounts for its most recently completed FY2016 and are presented for illustration purposes only, they will not reflect the future financial position of the Group after the Proposed Sale and Leaseback has taken place.

6.2 The unaudited proforma 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 FY2016, 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)	370,699	379,692
Number of Shares ('000)	553,787	553,787
NTA per Share (cents)	66.94	68.56

(b) **Earnings**

For illustrative purposes only and assuming Completion had taken place at the beginning of FY2016, 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)	10,023	17,264
Weighted average number of Shares ('000)	539,636	539,636
Earnings per Share (cents)	1.86	3.20

(c) **Others**

Based on the audited consolidated accounts of the Group for FY2016:

(i) the net asset value of the Property is approximately S$9,935,000;

(ii) the net profits attributable to the Property is approximately S$164,000 and the amount of the gain on the Proposed Sale is approximately S$9,065,000; and

(iii) the excess of the net proceeds over the net asset value of the Property is approximately S$13,065,000.

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

The relative figures for the Proposed Sale and Leaseback 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 audited consolidated accounts of the Group for FY2016 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	3%
1006(b)	The net profits attributable to the assets disposed of, compared with the Group's net profits	2%
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	11%
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	Not applicable
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	Not applicable

As the relative figures computed under Rule 1006 of the Listing Manual do not exceed 20%, the Proposed Sale and Leaseback would constitute a disclosable transaction under Chapter 10 of the Listing Manual.

8. USE OF PROCEEDS

The Group intends to utilise the net proceeds to expand its logistics businesses and for working capital purposes.

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
15 December 2016