

News Release

Capital World to sell bulk of its mall in Johor to Singapore retailer Mustafa for RM368 million

- **Purchase marks Mustafa's first foray into Malaysia as a full-fledged department store operator**
- **Capital City Mall expected to reopen in second half of 2023**

SINGAPORE, 27 January 2023 – Capital World Limited (the “Company” and “Capital World”) announced today that it will sell most of the space including retail units at its Capital City Mall in Johor Bahru to Mustafa's Pte Ltd (“**Mustafa**”), the company behind the famous namesake department store in Singapore, for RM368 million, in a move that will significantly bolster the property developer's balance sheet and fast-track its turnaround.

Located in the Tampoi suburb in Johor Bahru, the 11-storey Capital City Mall was completed in April 2018 and has 1,602 strata-title retail units with a total net lettable area of 902,994 square feet.

The mall opened in October 2018 but has been shut since February 2020 as the Company and one of its key subsidiaries ran into financial difficulties and had to seek court protection from creditors while they restructured their debts. The mall is expected to reopen in the second half of 2023.

Capital World, whose reporting currency is the Malaysia Ringgit, exited a scheme of arrangement in April last year after having restructured about RM187 million of debt. It had about RM166.3 million of net assets as at 30 September 2022.

Mustafa will purchase the unsold 591 retail units in Capital City Mall from the Company. This represents a combined net lettable area of 641,216 square feet. It will also acquire 374 accessory parcels, which include alfresco and multipurpose areas spanning a total of 1.28 million square feet, and all 2,181 carpark lots.

The purchase by Mustafa, which operates the signature Mustafa Centre at Syed Alwi Road, marks its first foray as a full-fledged department store operator in Malaysia, a market it has been looking to penetrate for years.

Mr Mustaq Ahmad, Mustafa's Managing Director, said: *“Having established ourselves in Singapore as a mega one-stop retail store for everything from fast moving consumer goods to fashion, cosmetics and electronics, we believe the time is ripe for us to get into Malaysia, more so now that pandemic restrictions are out of the way. One of our key challenges until now has been finding an appropriate site. Capital City Mall meets many of the requirements for our first flagship store in Malaysia, given its close proximity to Singapore, ample floor area and ideal floor plates.”*

The mall is part of a freehold integrated development in Tampoi that will also include a 315-room hotel, an 18-storey tower with 630 serviced suites, and 690 serviced apartments spanning three blocks.



Proceeds from the sale to Mustafa will give Capital World the financial muscle to build and complete these remaining components of the integrated development and pursue other real estate opportunities, including helping Mustafa identify potential sites in Malaysia and Indonesia to develop into mega stores.

Mr Hoo Khee Leng, Capital World's CEO, said: *"Having Mustafa as a key player in our integrated development is a major catalyst for Capital World as they have what it takes to run a thriving retail business given that they are a household name in Singapore. We fully expect the mall, as well as the rest of the integrated development, to be well received now that international travel has resumed. This deal with Mustafa will also fast-track Capital World's turnaround and restore value to shareholders as we work towards getting the Company's share trading suspension lifted."*

Shares of Capital World have been suspended from trading since 14 February 2020. The Company, which reported a net loss of RM3.4 million for its first quarter ended 30 September 2022, has until 30 April 2023 to submit a trading resumption proposal to Singapore Exchange Regulation.

As part of the agreement for the sale, Capital World will also build a four-storey cold storage facility within the mall for the retailer.

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About Capital World Limited

Capital World Limited is a property developer that works with land owners on a joint-venture basis to enhance the value of their real estate assets. This approach enables Capital World to reap significant economic benefits with low capital outlay as there is no need for it to have its own land bank for development.

Capital World's current project is a freehold integrated development in the Tampoi region in Johor Bahru, Malaysia. The development has an 11-storey mall, *Capital City*, which was completed in April 2018. It will also have a 16-storey international hotel, an 18-storey tower with hotel-style serviced suites, and three blocks of serviced apartments.

About Mustafa

Mustafa is one of the most established retailers in Singapore, having been in business for more than five decades. Its flagship 24/7 Mustafa Centre at Syed Alwi Road carries a wide range of goods including consumer electronics, jewellery, toys, fashion and apparel, cosmetics, and fast-moving consumer goods.

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