

CENTURION CORPORATION LIMITED

(Incorporated in the Republic of Singapore with limited liability)

Company Registration No. 198401088W

SALE AND LEASEBACK OF WESTLITE BUKIT MINYAK AND WESTLITE TAMPOI

1. INTRODUCTION

Pursuant to Rule 703(1) of the Singapore Exchange Securities Trading Limited Listing Manual, the Board of Directors (the “**Board**”) of Centurion Corporation Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that on 4 December 2023, each of Westlite Dormitory (Bukit Minyak) Sdn. Bhd. (“**WDBMSB**”) and Westlite Dormitory (Tampoi) Sdn. Bhd. (“**WDTSB**”), indirect wholly-owned subsidiaries of the Company, entered into a sale and purchase agreement (collectively, the “**SPAs**”) with Kumpulan Wang Persaraan (Diperbadankan), a statutory body which manages the pension scheme for Malaysia’s public employees (“**KWAP**”), in relation to the disposal of 2 parcels of land known as Westlite Bukit Minyak and Westlite Tampoi (the “**Properties**”) (the “**Proposed Disposal**”). Upon the completion of the Proposed Disposal, each of WDBMSB and WDTSB shall enter into a lease agreement with KWAP (“**Lease Agreements**”) wherein KWAP will leaseback Westlite Bukit Minyak to WDBMSB and Westlite Tampoi to WDTSB, for a period of 15 years (together with the Proposed Disposal, the “**Sale and Leaseback**”).

2. DETAILS OF THE PROPERTIES

Details of the Properties which are subject to the Sale and Leaseback are as follows:

- 2.1 Westlite Bukit Minyak, located at No. 38, Jalan Perniagaan Seri Tambun, Taman Westlite Dormitory, Bukit Tambun, 14100 Simpang Ampat, Penang, measuring approximately 16,398 square metres together with 3 accommodation blocks of 11-storey each, with a total approved bed capacity of 3,321 beds, 12 carpark lots along with supporting amenities and commercial shops erected thereon (“**Westlite Bukit Minyak**”); and
- 2.2 Westlite Tampoi, located at Lot 2051, Jalan Bayu, Kempas Baru, 81200 Johor Bahru Johor Darul Takzim, measuring approximately 28,328 square metres together with 5 accommodation blocks of 5-storey each, comprising 5,790 beds, 1 accommodation block of 5 storey with a canteen located at lower ground floor, 21 carpark lots and 57 motorcycle parking lots along with supporting amenities and commercial shops erected thereon (“**Westlite Tampoi**”),

collectively, comprising a total capacity of 9,111 beds.

3. CONDITIONS PRECEDENT AND CONSIDERATION

- 3.1 Under the terms of the SPAs, the completion of the Proposed Disposal is subject to:
 - 3.1.1 for the disposal of Westlite Bukit Minyak, the receipt of the approval of Centurion Dormitories Sdn Bhd (“**CDSB**”) for the disposal of Westlite Bukit Minyak; and
 - 3.1.2 for the disposal of Westlite Tampoi, (a) the receipt of the approval of CDSB for the disposal of Westlite Tampoi and (b) the issue of document of title of Westlite Tampoi with the restriction in interest endorsed in accordance with the terms of the SPA having been obtained by WDTSB.

- 3.2** The aggregate cash consideration of the Proposed Disposal is RM 227.0 million (approximately SGD 65.2 million based on an exchange rate of RM 3.4802 : SGD 1.00¹), being:
- 3.2.1** RM 81,000,000.00 for Westlite Bukit Minyak; and
- 3.2.2** RM 146,000,000.00 for Westlite Tampoi,
- (the “**Consideration**”).
- 3.3** The market value of the Properties is RM 227.0 million (approximately SGD 65.2 million)² which was derived from a valuation report by Savills (Malaysia) Sdn Bhd, commissioned by CDSB on 16 November 2023 and is based on the Income Approach (Investment Method of Valuation) taking into account the 15-year master lease of the Properties.
- 3.4** The Consideration, being RM 227.0 million, was arrived at on a negotiated arm’s length basis taking into consideration the valuation of the Properties and is higher than the net tangible asset value of the Properties of RM 224.3 million (approximately SGD 64.9 million)³ as at 30 June 2023. The Consideration will be paid by KWAP to WDBMSB and WDTSB in cash. The aggregate rent payable under the Lease Agreements was also arrived at on a negotiated arm’s length basis.
- 3.5** In connection with the Lease Agreements, the Company will also enter into corporate guarantees with KWAP wherein the Company will irrevocably and unconditionally guarantee each of WDBMSB’s and WDTSB’s due performance of all its covenants and obligations under the Lease Agreements including but not limited to the timely payments of rent and such other payments as KWAP may be entitled to receive from each of WDBMSB and WDTSB (“**Corporate Guarantees**”).

4. RATIONALE AND USE OF PROCEEDS

The Sale and Leaseback is a transaction in the ordinary course of business as over the last few years, the Company has previously disposed of properties that were acquired to crystalize valuation gains and communicated the rationales and benefits of divestments to its shareholders. Pursuant to the Sale and Leaseback, the Group would continue to operate the purpose-built workers accommodation in respect of the Properties under leases from KWAP, a business and operating model that the Group is familiar with. In this regard, the proceeds received from the Proposed Disposal would be used to expand the Company’s portfolio of operational accommodation assets and reduce the bank debts owed by the Company. This is consistent with the Company’s asset light strategy which allows the Group scalability to expand its business operations and ultimately, improve the Company’s financial position in the long run.

5. FINANCIAL IMPACT

Based on the latest published unaudited accounts of the Group as at 30 June 2023, the book value and net tangible asset value of the Properties is approximately SGD 64.9 million. The Proposed Disposal is not expected to have any material impact on the Company’s consolidated net tangible assets or earnings per share for the financial year ending 31 December 2023.

¹ Based on an exchange rate as at 21 November 2023

² Based on an exchange rate as at 21 November 2023 of RM 3.4802 : SGD 1

³ Based on an exchange rate as at 30 June 2023 of RM 3.45447 : SGD 1

6. FURTHER INFORMATION

6.1 Directors' Service Contracts

No person is proposed to be appointed as director of the Company in connection with the various transactions described above. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

6.2 Interests of Directors and Substantial Shareholders

None of the directors or substantial shareholders of the Company has any interest, direct or indirect, in the Sale and Leaseback.

BY ORDER OF THE BOARD

Kong Chee Min
Chief Executive Officer

4 December 2023