

ASSET ACQUISITIONS AND DISPOSALS::PROPOSED DISPOSAL OF PROPERTY, 1-3 FITZWILLIAM STREET, PARRAMATTA, AUSTRALIA

RAFFLES EDUCATION CORPORATION LIMITED

Securities

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No

Announcement Details

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Proposed Disposal of Property, 1-3 Fitzwilliam Street, Parramatta, Australia

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Submitted By (Co./ Ind. Name)

Chew Hua Seng

Designation

Chairman & CEO

Description (Please provide a detailed description of the event in the box below)

Please see attached.

Attachments

[REC%20-%20Announcement%20of%20Disposal%20of%201-3%20Fitzwilliam%20St%20Parramatta%20Australia%20-%202026.09.19.pdf](#)

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RAFFLES EDUCATION CORPORATION LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No. 199400712N)

THE PROPOSED DISPOSAL OF A PLOT OF LAND IN NEW SOUTH WALES, AUSTRALIA

1. INTRODUCTION

The board of directors (the “**Board**”) of Raffles Education Corporation Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) wishes to announce that on 26 September 2019, Raffles Assets Australia Pty Ltd (the “**Vendor**”), a wholly-owned subsidiary of the Company, had entered into a sale and purchase agreement (the “**SPA**”) with Wentruth Pty Ltd (acting as trustee for The Wentruth Unit Trust) (the “**Purchaser**”), an independent third party, in relation to the proposed disposal by the Company of a plot of land known as 1-3 Fitzwilliam Street (the “**Sale Property**”) to the Purchaser on the terms and conditions of the SPA (the “**Proposed Disposal**”). Our Directors, Controlling Shareholders and their respective Associates do not have any connection (including business dealings) with the Purchaser.

2. INFORMATION ON THE SALE PROPERTY

The Sale Property is a six-storey commercial property located within the Central Business District of Parramatta, Sydney, New South Wales, Australia, which has a net leasable area of approximately 9619 square meters.

No valuation on the Sale Property has been undertaken for the purposes of this transaction.

3. MATERIAL TERMS OF THE PROPOSED DISPOSAL

A summary of the material terms and conditions of the Proposed Disposal as set out in the SPA include, *inter alia*, the following:

3.1. Consideration and Deposit

The aggregate sale consideration of the Sale Property is AUD80,000,000 (equivalent to approximately S\$74,740,000) (the “**Consideration**”) which was negotiated on an arm’s length basis and was arrived at on a willing-buyer willing-seller basis.

The total deposit payable by the Purchaser to the Vendor on 26 Sept 2019 pursuant to the SPA shall be 10% of the Consideration, being AUD8,000,000 (equivalent to approximately S\$7,474,400) (the “**Deposit**”). The balance consideration, being the Consideration amount less the Deposit, shall be payable by the Purchaser to the Vendor in full on the date of completion.

Subject to the satisfaction and/or waiver of Shareholders' Approval, completion shall take place at the later of the following dates (the "**Completion Date**"):

- (i) 42 days after exchange of contracts; and
- (ii) 10 business days after the Vendor notifies the Purchaser that the Vendor has satisfied or waived the condition for Shareholders' Approval.

3.2. Shareholders' Approval

Completion of the SPA is conditional on the approval of shareholders of the Company being obtained on or before 6 December 2019 ("**Shareholders' Approval**"). In the event that Shareholders' Approval is not obtained on or before 6 December 2019, the SPA will automatically terminate and the Vendor shall reimburse the Purchaser for the Purchaser's reasonable costs incurred for its due diligence enquiries in relation to the Sale Property, up to a maximum amount of AUD100,000 (equivalent to approximately S\$93,000).

3.3. Sale subject to Leases

The Sale Property is sold subject to and with the benefit of existing leases and licences which have been disclosed by the Vendor to the Purchaser (the "**Leases**").

3.4. Adjustments for Tenancy Payments Received

In relation to the Leases, any monies paid by a tenant to the Vendor as security for the performance of its obligations under the lease must be adjusted in favour of the Purchaser on Completion.

3.5. Vendor Warranties

The Vendor warrants to the Purchaser that, to the best of its knowledge as at the date of the SPA, and except as disclosed by the Vendor to the Purchaser in the manner stipulated under the SPA:

- (i) in relation to the Leases, the Vendor has not received any written notice from any tenant alleging a material breach of the leases or licences which has not been remedied;
- (ii) in relation to the Leases, the Vendor is not aware of any material and unremedied breach of the leases or licences by any tenant;
- (iii) in relation to the service and maintenance contracts disclosed by the Vendor to the Purchaser under the SPA, the Vendor has not received written notice from any service contractor alleging a material breach of the service and maintenance contracts which has not been remedied and which will have continuing effect after settlement; and
- (iv) in relation to the service and maintenance contracts disclosed by the Vendor to the Purchaser under the SPA, the Vendor is not aware of any material and unremedied breach of the service and maintenance contracts by a service contractor, which will have continuing effect after settlement.

4. RATIONALE FOR THE PROPOSED DISPOSAL

The Directors consider that the Proposed Disposal is in the best interest of the Group, taking into consideration the following reasons:

1. The Company invested in the Property in July 2014, at a consideration of AUD29,000,000 and the Company is now selling the Property at AUD80,000,000 realising a very substantial gain or return in the investment after a period of about 5 years.
2. The Proposed Disposal will enable the Company to realise cash, unlock the value in the Company's investment and strengthen the Company's financial position.

5. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

The *pro forma* financial effects of the Proposed Disposal on the Group as set out below are purely for illustrative purposes only and should not be taken as an indication of the actual financial performance or position of the Group following the Completion.

Based on the Group's latest audited consolidated financial statements for the financial year ended 30 June 2019 ("FY2019"), the *pro forma* financial effects of the Proposed Disposal are as follows:

5.1. Effect on Group's net tangible assets ("NTA") per share

For illustrative purposes only, had the Proposed Disposal been completed on 30 June 2019 and based on the latest audited consolidated financial statements of the Group for FY2019, the Proposed Disposal would have had the following impact on the Company's NTA per share:

	Before the Proposed Disposal	After the Proposed Disposal
NTA ⁽¹⁾ (S\$'000)	528,233	533,011
Number of issued shares (excluding treasury shares) ('000)	1,378,657	1,378,657
NTA per share (cents)	38.32	38.66

Note:

- (1) NTA is based on net asset value of the Group less intangible assets and non-controlling interests.

5.2. Effect on earnings per share ("EPS")

For illustrative purposes only, had the Proposed Disposal been completed on 1 July 2018 and based on the latest audited consolidated financial statements of the Company for FY2019, the Proposed Disposal would have had the following impact on the Company's EPS:

	Before the Proposed Disposal	After the Proposed Disposal
Profit/(Loss) after tax attributable to equity holders of the Company (S\$'000)	40,213	50,800
Weighted average number of shares ('000)	1,378,657	1,378,657
EPS (cents)	2.92	3.68

5.3. Value of the Sale Property

Based on the latest announced consolidated accounts of the Group being the audited accounts for FY2019:

- (i) the book value, NTA value, and the latest available open market value of the Sale Property are approximately S\$71,057,000, S\$71,057,000 and S\$71,057,000 respectively;
- (ii) the net profits before tax attributable to the Sale Property is approximately S\$8,240,000;
- (iii) the excess of the proceeds over the book value of the Sale Property is approximately S\$3,683,000; and
- (iv) the net gain after transaction cost and tax on the Proposed Disposal is expected to be approximately S\$4,778,000.

5.4. Use of proceeds

The proceeds from the Proposed Disposal is intended to finance the Company's debt repayments and working capital.

4. RELATIVE FIGURES COMPUTED BASED ON RULE 1006 OF THE LISTING MANUAL

Based on the latest announced consolidated accounts of the Group being the audited accounts for FY2019, the relative figures in relation to the Proposed Disposal computed on the applicable bases set out in Rule 1006 of the listing manual of the SGX-ST (the "Listing Manual") are as follows:

Rule	Bases of computation	Relative figures
Rule 1006(a)	Net asset value ("NAV") ⁽¹⁾ of the Sale Property of S\$71,057,000, compared with the Group's NAV of S\$696,058,000.	10.2%

Rule 1006(b)	Net profits ⁽²⁾ of S\$8,240,000 attributable to the Sale Property, compared with the Group's net profit of S\$28,056,000.	29.4%
Rule 1006(c)	Aggregate value of the Consideration received of AUD80,000,000 (equivalent to approximately S\$74,740,000 for the Proposed Disposal, compared with the Company's market capitalisation ⁽³⁾ of approximately S\$106,157,000.	70.4%
Rule 1006(d)	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 ⁽⁴⁾
Rule 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. This basis is applicable to a disposal of mineral, oil and gas assets by a mineral, oil and gas company, but not to an acquisition of such assets.	Not applicable ⁽⁵⁾

Notes:

- (1) Under Rule 1002(3)(a) of the Listing Manual, "net assets" means total assets less total liabilities.
- (2) Under Rule 1002(3)(b) of the Listing Manual, "net profits" means profit or loss before income tax, minority interests and extraordinary items.
- (3) Under Rule 1002(5) of the Listing Manual, "market capitalisation" of the Company is determined by multiplying the 1,378,656,672 shares in issue (excluding treasury shares) by the closing price of such shares transacted on the market day immediately preceding the date of signing of the SPA.
- (4) This basis is not applicable as it is not an acquisition.
- (5) This basis is not applicable as it only applies to a disposal of mineral, oil and gas assets by a mineral, oil and gas company.

As the relative figure computed under Rule 1006(b) and Rule 1006(c) of the Listing Manual exceeds 20% (but does not exceed 100%), the Proposed Disposal constitutes a major transaction under Chapter 10 of the Listing Manual, and is therefore subject to Shareholders' approval in general meeting. Accordingly, the Company will be seeking the approval of Shareholders for the Proposed Disposal at a meeting of shareholders to be convened, pursuant to Rule 1014 of the Listing Manual, and a circular containing, *inter alia*, information on the Proposed Disposal will be despatched to Shareholders in due course.

5. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

As at the date of this announcement, none of the Directors or the controlling shareholders of the Company has any direct or indirect interest in the Proposed Disposal, other than through their respective shareholding interests in the Company (if any).

6. DIRECTORS' SERVICE CONTRACTS

No person is proposed to be appointed as a Director of the Company or any of its subsidiaries in connection with the Proposed Disposal. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

7. DOCUMENT FOR INSPECTION

A copy of the SPA is available for inspection during normal business hours at the Company's registered office at 51 Merchant Road, Raffles Education Square, Singapore 058283 for a period of three (3) months from the date of this announcement.

BY ORDER OF THE BOARD

Chew Hua Seng
Chairman and CEO
26 September 2019