



Plantations

BOUSTEAD PLANTATIONS BERHAD^{1245-M}
(A member of Boustead Group)

NEWS RELEASE

Boustead Plantations Inks Agreements with SIPP Power Under Its Rebalancing Assets Programme

KUALA LUMPUR, September 28, 2021 – As part of the rebalancing efforts of its asset portfolio which is in line with the Reinventing Boustead strategy, Boustead Plantations Berhad (BPB) has entered into a sale and purchase agreement with SIPP Power Sdn Bhd (SIPP Power) for the proposed disposal of its Kulai Young Estate located in Kulai, Johor, consisting of five parcels of land comprising 664 hectares (ha) for a total cash consideration of RM429 million.

The Group is expected to realise a total estimated gain of RM323 million upon completion of the proposed disposal which translates into a gain of approximately RM486,400 per ha, that will increase value for its shareholders by approximately 14 sen per share.

The sale consideration was reached on a willing-seller-willing-buyer basis based on a market valuation by an independent professional valuer. It is approximately 10% or RM39 million higher than the market value of the land of RM390 million accorded by the valuer, Messrs. C H Williams Talhar & Wong Sdn Bhd.

The valuer has adopted the comparison approach of valuation in arriving at the market value of Kulai Young Estate that is based on an agricultural land with development potential.

BPB Chief Executive Officer Zainal Abidin Shariff said, “In line with Reinventing Boustead strategy, this is an ideal opportunity for BPB to monetise this asset. It is

indeed beneficial for the Group, as we are able to unlock the asset value and the proceeds will be utilised to pare down borrowings and meet our working capital requirements.”

“Given its strategic location, easy accessibility and development potential, BPB is able to dispose of the land at a substantial premium over the net book value. The proceeds from the proposed disposal will allow us to strengthen the balance sheet for future growth and manage our gearing by way of paring down borrowings, reducing the Group’s gearing ratio from 0.48 times to 0.31 times,” he said.

Following the repayment of borrowings, the Group is expected to save interest cost of approximately RM15 million per annum. BPB also strengthened its relationship with SIPP Power by securing a five-year Plantation Management Agency Agreement, which will contribute to its earnings.

SIPP Power, a 70% subsidiary of YTL Power International Berhad (YTL Power), intends to develop the land into a large-scale solar power facility with a generation capacity of up to 500MW. This is in line with YTL Power’s shift towards investing in more sustainable, renewable energy solutions moving forward.

Dato’ Yeoh Seok Hong, Managing Director of YTL Power said, “We have been seeking opportunities for YTL Power to invest in renewable sources of energy and solar is definitely a priority as the country has substantial solar capacity. The acquisition of the Kulai Young Estate is therefore extremely strategic to us with its accessibility and proximity to high growth industrial developments.”

The proposed disposal is targeted for completion by the fourth quarter of 2021 and is subject to conditions precedents, amongst them, obtaining the necessary approvals from the Estate Land Board and the Economic Planning Unit.

“Our aspiration is to transform BPB into a sustainable technology-based plantation company by ramping up mechanisation efforts, while steadfastly upholding Environmental, Social and Governance (ESG) principles throughout BPB’s operations,” Zainal Abidin concluded.

Forward looking statements

This release may contain certain forward-looking statements with respect to the financial conditions, results of operations and business of the Group and certain plans and objectives of Boustead Plantations Berhad with respect to these items. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future and there are many factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements.

-ends-