



TEE LAND

TEE Land Limited
Incorporated in the Republic of Singapore
Company Registration No: 201230851R

UPDATE IN RELATION TO QUALITY HOTEL CKS SYDNEY AIRPORT - SALE AND PURCHASE AGREEMENT

I. Introduction

As mentioned in the third quarter financial statements announcement of TEE Land Limited ("**Company**") and its subsidiaries (collectively "**Group**") for the financial period ended 28 February 2017, the Company had received enquiries from interested purchasers in its two hotels in Australia.

These hotels are classified as assets held for sale, and the Company had engaged these interested parties with a view to disposal and realisation of their value.

II. Sale and Purchase Agreement

The Board of Directors ("**Board**") of the Company wishes to update shareholders that its indirect 55% owned subsidiary, JPJ Properties Pty Limited, which is held by its wholly owned subsidiary, TEE Hospitality Pte Ltd, had entered into a contract for the sale and purchase of Quality Hotel CKS Sydney Airport on 13 April 2017 with Australia Ao Bo Assets Management Pty Ltd as trustee for the Bo Lian Unit Trust ("**Purchaser**").

The Purchaser is an independent and unrelated third party.

III. Consideration

The consideration for the sale is AUD32.0 million (SGD33.63 million)¹ and was arrived at on a willing-buyer-willing-seller basis, after taking into account the net asset value and historical financial performance of the hotel as well as valuations of comparable hotels in Australia.

IV. Conditions Precedent

The sale is expected to be completed on or about 25 May 2017, subject to satisfaction of various conditions precedent.

The Company will make an announcement in due course to update shareholders on completion, when it takes place.

¹ Based on the exchange rate of AUD1:SGD1.0508, which conversion rate is applied to all AUD to SGD conversion.

V. Rationale

The sale accords with the Group's aim to realise value from its Australian hotels.

The net proceeds from the sale on completion is expected to amount to AUD12.41 million (SGD\$13.04 million), of which the Group's share is AUD6.82 million (SGD\$7.17 million). The net proceeds will be applied to repay existing indebtedness of the Group, including its term notes maturing in October 2017.

The Company continues to engage interested purchasers on its other Australian hotel, and will continue to keep shareholders apprised of any material developments.

VI. Relative Figures

Being a property development company, the sale and purchase of properties are considered transactions in the ordinary course of the Company's core business, provided that there is no change in the Company's risk profile following the transaction. The Directors are of the view that there will be no change in the Company's risk profile following the sale. The sale is accordingly considered to be in the ordinary course of the Company's business.

Solely for information only, the relative figures in relation to the sale computed on the applicable bases set out in Rule 1006 of the Listing Manual of the Singapore Exchange Securities Trading Limited are also disclosed below:

<u>Bases</u>	<u>Relative Figure</u>
(a) <i>The net asset value of the assets to be disposed of, compared with the group's net asset value.</i>	9.8%, based on the Group's effective interest in the hotel and the Group's net asset value as at 28 February 2017.
(b) <i>The net profits attributable to the assets acquired or disposed of, compared with the group's net profit</i>	16.3%, based on the Group's effective interest in the hotel's net profits and the Group's net profits for the financial period ended 28 February 2017.
(c) <i>The aggregate value of the consideration given or received, compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares</i>	20.8%, based on the Company's market capitalisation of S\$86.69 million as at the date of this announcement.
(d) <i>The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue</i>	Not applicable.
(e) <i>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 or gas assets by a mineral, oil and gas company, but not to an acquisition of such asset.</i>	Not applicable.

VII. Financial Effects

The pro forma financial effects of the sale presented below are strictly for illustration purposes and do not reflect the actual financial position of the Group post sale. The pro forma financial effects have been prepared based on the last audited financial statements of the Group for the financial year ended 31 May 2016 ("FY2016") and have not been reviewed or audited by an independent party.

Excess of the proceeds over book value

	<u>S\$'000</u>
Consideration	33,626
Net book value of the hotel as at 28 February 2017	28,557
Gain on sale (before transaction costs)	5,069

Net tangible asset ("NTA") per share

Assuming the sale was made on 31 May 2016:

	<u>Before the sale (S\$'000)</u>	<u>After the sale (S\$'000)</u>
NTA	158,009	159,904
NTA per share	35.4 cents	35.8 cents

Earnings per share ("EPS")

Assuming the sale was made on 1 June 2015:

	<u>Before the sale (S\$'000)</u>	<u>After the sale (S\$'000)</u>
Profit after tax	7,331	9,226
EPS	1.64 cents	2.06 cents

VIII. Interests of Directors and Controlling Shareholders

None of the directors or controlling shareholders of the Company has any direct or indirect interests in the sale save for their respective shareholdings in the Company.

IX. Service Contracts

No person is proposed to be appointed as a director of the Company in connection with the sale.

X. Document for Inspection

A copy of the sale and purchase agreement is available for inspection upon request by any shareholder during normal business hours at 25 Bukit Batok Street 22, TEE Building, Singapore 659591 for a period of three months, commencing from the date of this announcement.

By Order of the Board

Ng Tah Wee
Financial Controller and Company Secretary

16 April 2017