



RYOBI KISO HOLDINGS LTD.
(Under Judicial Management)
(Company Registration No. 200803985D)
(Incorporated in the Republic of Singapore)

DISPOSAL OF THE GROUP'S INTERESTS IN CERTAIN JOINT VENTURE COMPANIES FOR PROPERTY INVESTMENTS IN THE UNITED KINGDOM

1. INTRODUCTION

Reference is made to the announcement by the judicial managers (the "**Judicial Managers**") of Ryobi Kiso Holdings Ltd. (the "**Company**", and together with its subsidiaries, the "**Group**") dated 13 May 2019 (the "**13 May Announcement**") in relation to, *inter alia*, the waiver granted by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") to the Company, from the requirement under Rule 1014(2) of the Listing Manual of the SGX-ST ("**Listing Manual**") for the Company to seek the approval of its shareholders ("**Shareholders**") for certain disposals of assets intended to be undertaken by the Judicial Managers, including the disposal of the Group's effective minority equity interests in its United Kingdom ("**UK**") property portfolio (the "**UK Portfolio Disposal**"). The Group's said interests in the UK property portfolio are indirectly held through several joint venture companies, namely, Glenthorne Pte Ltd ("**Glenthorne**"), Venture (UK) Pte Ltd ("**Venture UK**"), Fairmont Land Pte Ltd ("**Fairmont**") and Oldham Street Pte Ltd ("**Oldham Street**"). Please refer to the corporate structure chart as set out in the Appendix to this Announcement for ease of reference.

The Judicial Managers wish to announce that the Company's subsidiaries and associated company (being the relevant joint venture companies which hold shares in Glenthorne, Venture UK, Fairmont and Oldham Street) have entered into a series of transactions with Heeton Capital Pte Ltd ("**Heeton Capital**"), an existing majority shareholder of the following joint venture companies, to dispose of their shareholdings in Glenthorne, Venture UK, Fairmont and Oldham Street to Heeton Capital. For the avoidance of doubt, Heeton Capital is a third party and is not an interested person (or associate of an interested person) of the Company.

The Disposal

The said series of transactions effectively involves each of the following companies (as vendors) entering into a conditional sale and purchase agreement (collectively, the "**Heeton Agreements**") with Heeton Capital (as purchaser) on 6 August 2019 in relation to the following:

- (a) the disposal by RMTL Investment Pte. Ltd. ("**RMTL**"), an indirect subsidiary of the Company, of (i) 20 ordinary shares consisting of 20% of all the ordinary shares in the share capital of Glenthorne ("**Glenthorne Sale Shares**"); and (ii) 2,000 ordinary shares consisting of 20% of all the ordinary shares in the share capital of Venture (UK) ("**Venture UK Sale Shares**"), to Heeton Capital (the "**Glenthorne and Venture Disposal**");
- (b) the disposal by Leeds Investment & Development Pte. Ltd. ("**LID**"), an indirect subsidiary of the Company, of 15 ordinary shares consisting of 15% of all the ordinary shares in the share capital of Fairmont ("**Fairmont Sale Shares**"), to Heeton Capital (the "**Fairmont Disposal**"); and

- (c) the disposal by Mchester Development Pte. Ltd. ("**MDPL**"), an indirect associated company of the Company, of 25 ordinary shares consisting of 25% of all the ordinary shares in the share capital of Oldham Street ("**Oldham Street Sale Shares**", and together with the Glenthorne Sale Shares, Venture UK Sale Shares and Fairmont Sale Shares, the "**Sale Shares**") to Heeton Capital (the "**Oldham Disposal**", and together with the Glenthorne and Venture Disposal and the Fairmont Disposal, the "**Disposal**").

The RDPL Deed

In connection with the Disposal, Ryobi Development Pte. Ltd. ("**RDPL**"), the Company's wholly-owned subsidiary, has entered into a binding deed on 5 August 2019 ("**RDPL Deed**") with the minority shareholders of RMTL, LID and MDPL to agree on the distribution of sales proceeds from the Disposal. For the avoidance of doubt, all the minority shareholders of RMTL, LID and MDPL are third parties who are not interested persons (or associates of interested persons) of the Company.

The RDPL Deed provides *inter alia* that:

- (a) each party to the RDPL Deed shall undertake to vote in favour of the Glenthorne and Venture Disposal, Fairmont Disposal and Oldham Disposal (as applicable); and
- (b) the cash proceeds received from Heeton Capital for the Disposal shall be first applied towards the repayment of existing shareholders' loans extended to each of RMTL, LID and MDPL by its respective shareholders, in accordance with the agreed amounts as set out in the RDPL Deed.

Following the completion of the Disposal, the Company will cease to hold any interest in Glenthorne, Venture UK, Oldham Street and Fairmont.

2. INFORMATION ON THE ASSETS TO BE DISPOSED

2.1 Glenthorne

Glenthorne, which was incorporated in Singapore on 7 April 2015, is an indirect associated company of the Company (through RDPL and RMTL). RMTL and Heeton Capital hold 20% and 60% of the shares in Glenthorne respectively, with the remainder held by unrelated third party minority shareholders. The principal activities of Glenthorne are those of an investment holding company. Glenthorne is the company through which the property investment in Luma Concept Hotel London Hammersmith, located in London, United Kingdom, is held.

2.2 Venture UK

Venture UK, which was incorporated in Singapore on 22 January 2013, is an indirect associated company of the Company (through RDPL and RMTL). RMTL has a 20% shareholding in Venture UK, with the remaining 80% shareholding held by Heeton Capital. The principal activities of Venture UK are those of an investment holding, property development and property investment company. Venture UK is the company through which the property investment in Hotel ibis Style London Kensington, located in London, United Kingdom, is held.

2.3 Fairmont

Fairmont, which was incorporated in Singapore on 7 July 2015, is an indirect associated company of the Company (through RDPL and LID). LID and Heeton Capital hold 15% and 55%

of the shares in Fairmont respectively, with the remainder held by unrelated third party minority shareholders. The principal activities of Fairmont are those of an investment holding company. Fairmont is the company through which the property investments in Ibis Hotel Gloucester in Gloucester, United Kingdom, Ibis Budget Bradford in Bradford, United Kingdom, and a development property in Leeds, United Kingdom, are held.

2.4 Oldham Street

Oldham Street was incorporated in Singapore on 10 March 2017. MDPL and Heeton Capital hold 25% and 50% of the shares in Oldham Street respectively, with the remainder held by unrelated third party minority shareholders. The principal activities of Oldham Street are those of a property investment holding company. Oldham Street is the company through which the property investment in Dry Bar Hotel, Manchester, United Kingdom, is held.

3. **RATIONALE FOR AND BENEFIT OF THE DISPOSAL**

The Disposal will provide the Company with the opportunity to divest its interests in certain property investments in the United Kingdom for cash. As previously described in the 13 May Announcement, there are limited options for the Company to liquidate its investments in these existing joint ventures:

- (a) the shareholders' agreements in respect of Glenthorne, Venture UK, Fairmont and Oldham Street contain clauses which provides a right of first refusal to the existing shareholders in the event of a transfer of shares by RMTL, MDPL and LID (as applicable). Given that the interests are minority interests held through joint ventures, there are limited options for the Company to liquidate its investments in these existing joint ventures without involving its joint venture partners, in particular, in view that the Company is under judicial management. The disposal of the Company's interests to Heeton Capital, the majority joint venture partner, thus presents a valuable opportunity for the Company to realise these investments for cash;
- (b) certain property investments held by the joint venture companies are expected to incur significant capital expenditure in the short-term future, and given the financial position of RDPL, it will be challenging for RDPL to meet further capital calls and/or provide guarantees in respect of such joint ventures. Failure to do so could result in an event of default under the relevant shareholders' agreements of such joint venture companies, which could entitle the non-defaulting shareholders to purchase the Sale Shares at an amount lower than what the Group would have received under the Disposal; and
- (c) the shareholders' agreements in respect of RMTL, MDPL and LID stipulate an 80% shareholder approval threshold that is required for substantial disposals of the relevant company's assets. Accordingly, the minority shareholders of each of RMTL, MDPL and LID would have been able to collectively block the requisite shareholder votes. Under the RDPL Deed, the minority shareholders of RMTL, MDPL and LID have undertaken to vote in favour of the respective disposals, and in recognition of this, under the RDPL Deed, RDPL has agreed to effectively receive in aggregate a lower proportion of the sales proceeds than had its entitlement been on a strictly *pro rata* basis.

4. **SALIENT TERMS OF THE HEETON AGREEMENTS**

Each of the Heeton Agreements in respect of the Glenthorne and Venture Disposal, the Fairmont Disposal and the Oldham Disposal is entered into on substantively similar terms and

conditions. The following are some of the salient terms and conditions contained in the Heeton Agreements:

4.1 Consideration

The aggregate consideration payable by Heeton Capital to the relevant vendors in connection with the Disposal (the "**Heeton Disposal Consideration**") is GBP8,007,250 (approximately S\$13,452,179¹), and comprises the following:

- (a) an aggregate consideration of GBP5,479,200 (approximately S\$9,205,056) for the Glenthorne and Venture Disposal, comprising GBP2,343,200 (approximately S\$3,936,576) for the Glenthorne Sale Shares and GBP3,136,000 (approximately S\$5,268,480) for the Venture UK Sale Shares (the "**RMTL Consideration**");
- (b) GBP1,300,800 (approximately S\$2,185,344) for the Fairmont Sale Shares in respect of the Fairmont Disposal (the "**LID Consideration**"); and
- (c) GBP1,227,250 (approximately S\$2,061,780) for the Oldham Street Sale Shares in respect of the Oldham Disposal (the "**MDL Consideration**").

The Heeton Disposal Consideration was arrived at pursuant to arm's length negotiations between parties on a willing-buyer and willing-seller basis, taking into account a number of factors including, *inter alia*, previous independent valuations that had been undertaken in 2017 and 2018 in respect of the underlying real estate investment assets of Glenthorne, Venture UK, Fairmont and Oldham Street (the "**Valuations**"). The amount of proceeds to be received by RDPL from the Heeton Disposal Consideration, pursuant to the RGPL Deed, is GBP4,975,900 (approximately S\$8,359,512) which is comparable to the general and forced sale desktop valuations of RDPL's effective interests in Glenthorne, Venture UK, Fairmont, and Oldham Street (as opposed to the Sale Shares) pursuant to an independent external desktop valuation report dated 26 November 2018 (the "**Valuation Report**"). The said valuations are as follows:

RDPL's effective interest in real estate investments held by:	Market Value (SGD)	Forced Sale Value (SGD)
Glenthorne	3,478,267	2,608,700
Venture UK	4,794,046	3,595,535
Fairmont	1,184,260	888,195
Oldham Street	918,139	688,604
Aggregate	10,374,712	7,781,034

The Valuation Report was commissioned by the Company in November 2018 and carried out by an independent professional valuer, Integrated Global Partners Pte Ltd. In carrying out the general valuations, the valuer had referred to the Valuations. In carrying out the forced sale valuations, it was further assumed that a forced sale which would have a shorter than typical marketing period with limited marketing efforts, and a discount factor basis was applied on the prevailing market conditions. Completion of the Glenthorne and Venture Disposal, the Fairmont Disposal, and the Oldham Street Disposal, are targeted to take place on 31 August 2019, and on such date, Heeton Capital shall pay the RMTL Consideration, LID Consideration and MDL Consideration to the relevant bank accounts designated by RMTL, LID and MDPL respectively.

¹ Unless indicated otherwise, conversion of amounts between Sterling Pound (GBP) and Singapore Dollars (S\$) in this Announcement have been made on the illustrative exchange rate of GBP1:S\$1.68 (obtained from the Monetary Authority of Singapore website on 6 August 2019 and rounded to 2 decimal places). The illustrative exchange rate is solely for illustrative purposes and should not be construed as a representation that the relevant amounts have been or could be converted at this rate or any other rate.

4.2 Conditions to Completion

Under the terms of each of the Heeton Agreements, the completion of the Disposal is conditional upon and subject to, *inter alia*, the fulfilment or waiver of the following conditions:

- (a) the receipt by Heeton Capital of such waivers or consents as may be necessary to enable Heeton Capital and/or its nominees to be registered as holder of the Glenthorne Sale Shares, Venture UK Sale Shares, Fairmont Sale Shares and Oldham Street Sale Shares;
- (b) all other consents and approvals required under applicable laws for the Disposal and to give effect to the transactions contemplated under the Heeton Agreements being obtained, and where any consent or approval is subject to conditions, such conditions being to the satisfaction of the parties in their respective sole and absolute discretion;
- (c) no parties having received notice of any injunction or other order, directive or notice restraining or prohibiting the transactions contemplated under the Heeton Agreements, or notice that any of the foregoing is pending or threatened;
- (d) the relevant authorities not having enacted or proposed any legislation which would prohibit, materially restrict or materially delay the implementation of the Disposal or the operations of Glenthorne, Venture UK, Fairmont and Oldham Street;

and in addition,

- (i) in respect of the Glenthorne and Venture Disposal:
 - (A) the discharge of the corporate guarantees and/or personal guarantees provided by the Company and the minority shareholders of RMTL in respect of the facility entered into between Woodley Hotels (Kensington) Limited and United Overseas Bank Ltd; or
 - (B) the execution of a deed of indemnity by Heeton Capital in favour of the Company and the minority shareholders of RMTL with respect to the guarantees in the preceding sub-paragraph; and
- (ii) in respect of the Fairmont Disposal:
 - (A) the discharge of the corporate guarantees provided by the Company in respect of (1) the facility entered into between Ultra Asset Holdings Limited and United Overseas Bank Ltd; (2) the facility entered into between the Bradford Prince Court Hotel Limited and Malayan Banking Berhad; and (3) the facility entered into between Gloucester Corinium Avenue Hotel Limited and Malayan Banking Berhad; or
 - (B) the execution of a deed of indemnity by Heeton Capital in favour of the Company, with respect to the guarantees in the preceding sub-paragraph.

If any of the above conditions are not fulfilled by 30 September 2019, or any such later date as the parties may mutually agree, the Heeton Agreements may be terminated in accordance with the terms of the agreements. The Heeton Agreements also contain other terms and conditions which are customary or common for sale and purchase transactions of this nature.

5. RELATIVE FIGURES PURSUANT TO RULE 1006 OF THE LISTING MANUAL

The relative figures as computed on the bases as set out in Rule 1006 of the Listing Manual, based on the unaudited financial statements of the Group for the financial year ended 30 June 2018 (the "**FY2018 Financial Statements**"), and the unaudited financial statements of Glenthorne, Venture UK, Fairmont and Oldham Street as at 31 December 2018 (being the most recent management accounts made available to the Company), are as follows:

Rule 1006	Bases	Relative Figures (%)
(a)	Net asset value (" NAV ") of the Sale Shares to be disposed of, being approximately S\$(5,446), compared with the Group's NAV	(0.0)% <i>(Not Meaningful)</i> ¹
(b)	Net losses attributable to the Sale Shares to be disposed of, compared with the Group's net losses	N.A. ²
(c)	Aggregate value of the consideration received for the Disposal, being GBP4,975,900 (approximately S\$8,359,512), compared with the market capitalisation of the Company of approximately S\$29.7 million	28.2% ³
(d)	Number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	N.A. ⁴
(e)	Aggregate volume or amount of proved and probable resources to be disposed of, compared with the aggregate of the Group's proved and probable resources	N.A. ⁵

Notes:

1. Based on the aggregate NAV of the Sale Shares as at 31 December 2018 of S\$(5,446), divided by the Group's NAV as at 30 June 2018 of S\$30,071,000.
2. No resultant impact as the Sale Shares do not contribute to the Group's profitability.
3. The Company's market capitalisation of approximately S\$29.7 million was computed based on the total number of 296,649,136 issued ordinary shares in the capital of the Company ("**Shares**") (excluding treasury shares), multiplied by S\$0.10, being the volume weighted price of the Shares transacted on 20 June 2018. 20 June 2018 was the last trading day of the Shares on the SGX-ST prior to the subsisting trading suspension. There has been no change in the total number of issued Shares between 20 June 2018 and the date of this Announcement.
4. Not applicable as this basis is not applicable to a disposal of assets, as is the case here.
5. Not applicable as the Company is not a mineral, oil and gas company.

Based on the above, the Disposal constitutes a "major transaction" for the purposes of Chapter 10 of the Listing Manual which would require the Disposal to be subject to the prior approval of the Shareholders, unless waived by the SGX-ST.

6. RECEIPT OF SGX-ST'S WAIVER OF THE REQUIREMENT TO OBTAIN SHAREHOLDERS' APPROVAL IN RESPECT OF THE DISPOSAL

- 6.1 As announced by the Company on 13 May 2019, the Company had submitted an application to the SGX-ST to seek, *inter alia*, a waiver of the requirement under Rule 1014(2) of the Listing Manual to obtain approval of the Shareholders in respect of, *inter alia*, the Disposal.
- 6.2 As further set out in the 13 May Announcement, the SGX-ST had informed the Company on 10 May 2019 that it had no objections to the Company's application for a waiver with regard to compliance with Rule 1014(2) of the Listing Manual, subject to the conditions set out in the 13 May Announcement (the "**Waiver**").
- 6.3 As the SGX-ST has granted the Waiver to the Company, the Company will not be convening an extraordinary general meeting under Rule 1014(2) of the Listing Manual to seek Shareholders' approval for the Disposal and accordingly, will not be dispatching a circular to Shareholders in relation thereto.

7. ILLUSTRATIVE FINANCIAL EFFECTS OF THE DISPOSAL

Please note that the financial effects below are purely for illustrative purposes only and are not indicative of the actual financial position of the Group and/or the Company following the Disposal.

- 7.1 Based on the unaudited financial statements of Glenthorne, Venture UK, Fairmont and Oldham Street, the book value and the net tangible asset value of the Sale Shares as at 31 December 2018 are as follows:

	Sale Shares (S\$)
Book Value & Net Tangible Asset	(5,446)

- 7.2 Based on the unaudited FY2018 Financial Statements, the Group would expect to realise an attributable net loss on disposal and a deficit of the proceeds over the aggregate book value of the Sale Shares as follows:

	Sale Shares (S\$)
Gain/(Loss) on Disposal	(978,706)

- 7.3 The illustrative financial effects analysis of the Disposal as set out in paragraphs 7.4 and 7.5 below have been prepared on the following key bases and assumptions:

- the financial effects of the Disposal on the net tangible asset ("**NTA**") per share of the Company ("**Share**") and earnings per Share ("**EPS**") of the Company are prepared based on the unaudited FY2018 Financial Statements;
- for the purposes of illustrating the financial effects of the Disposal on the NTA per Share, it is assumed that the Disposal had been completed on 30 June 2018; and
- for the purposes of illustrating the financial effects of the Disposal on the EPS of the Company, it is assumed that the Disposal had been completed on 1 July 2017.

7.4 Profits and EPS

On the bases and assumptions set out in paragraph 7.3 above, the illustrative financial effects of the Disposal on the Company's consolidated profits and EPS are as follows:

	Before the Disposal	After the Disposal²
(Loss) after tax and minority interests attributable to Shareholders (S\$'000)	(56,916)	(56,916)
(Loss) per Share (S\$)	(0.19)	(0.19)

7.5 NTA per Share

On the bases and assumptions set out in paragraph 7.3 above, the illustrative financial effects of the Disposal on the NTA per Share are as follows:

	Before the Disposal	After the Disposal
NTA (S\$'000)	30,071	29,092
NTA per Share (S\$ cents)	10.1	9.8

8. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS IN THE DISPOSAL

None of the directors, and as far as the Company is aware, none of the controlling Shareholders of the Company, have any interest, direct or indirect, in the Disposal.

9. DIRECTORS' SERVICE CONTRACTS

No person is proposed to be appointed as a director of the Company in connection with the Disposal. Accordingly, no service contract is proposed to be entered into by the Company in connection with the Disposal.

² No resultant impact as the Sale Shares do not contribute to the Group's profitability.

10. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available for inspection at the registered office of the Company at 51 Bukit Batok Crescent #06-09 Unity Centre Singapore 658077 during the Company's usual business hours for a period of three (3) months from the date of this Announcement:

- (a) the Heeton Agreements;
- (b) the RDPL Deed; and
- (c) the Valuation Report.

BY ORDER OF THE JUDICIAL MANAGERS

Goh Thien Phong and Chan Kheng Tek
Joint and Several Judicial Managers

15 August 2019

APPENDIX

CORPORATE STRUCTURE OF RELEVANT ENTITIES PRIOR TO THE ENTRY INTO THE DISPOSAL

