



HOTEL GRAND CENTRAL LIMITED

大中酒店有限公司

Incorporated in Singapore, UEN 196800243H

Proposed Sale of 300 Flinders Street, Melbourne, Australia

1. PROPOSED DISPOSAL

The Directors of Hotel Grand Central Limited (“HGC”) wish to announce that HGC has reached agreement with a third party (the “**Purchaser**”) to sell the abovementioned property for the aggregate amount of A\$80,800,000.00 by the execution of the Contract of Sale of Land.

2. INFORMATION ON 300 FLINDERS STREET, MELBOURNE (“GCFS”)

- 2.1 300 Flinders Street is a commercial office building comprising basement, ground level and a further nineteen upper levels embracing three units of subdivision, namely Lot S2 (a car park owned by third parties), Lot S3 and Lot C1 being the common property which is owned in equal parts by Lots S2 and S3.
- 2.2 Lot S3 comprises the basement, majority part ground floor, part first floor, a small plant room on the third floor and entire floors nine to nineteen all legally described as Lot S3 on plan of subdivision no. PS 640928S (Plan) being the whole of the land described in certificate of title volume 11313 folio 718 and includes all improvements and fixtures.
- 2.3 Lettable areas within Lot S3 comprise 13,457.5 square metres of office space and 636 square metres of retail space plus other related areas and common property.
- 2.4 The property was purchased in 2013 with a seven year lease back to the then vendor operating as Victoria University for a total acquisition cost inclusive of stamp duty of A\$51.45 million. The Victoria University occupies 100% of the property as tenant and currently pay rent of A\$5,360,676 per annum plus outgoings. The seven year tenancy was extended and shall expire on Oct 2022.

3. PRINCIPAL TERMS OF THE TRANSACTION

The principal terms of the transaction are summarised below.

3.1 Consideration

The aggregate consideration payable by the Purchaser to HGC shall be A\$80.80 million (the “**Consideration**”). The Purchaser has paid the aggregate deposit of A\$4.04 million at the end of the Exclusive Due Diligent Period.

The Consideration was arrived at after arm’s length negotiations and on a willing buyer willing seller basis, taking into account, inter alia, the current commercial building market condition in Melbourne, Australia.

3.2 Conditions Precedent

Completion is conditional upon the Purchaser obtaining approval from the Foreign Investment Review Board (“FIRB”) of Australia.

The Purchaser has declared the sale transaction unconditional on 4 February 2022.

3.3 Completion

Completion date is the later of 90 days after the Expiry of the Exclusive Due Diligence Period or 21 days after the approval from the FIRB of Australia being 25 February 2022.

4. RATIONALE OF THE PROPOSED DISPOSAL AND USE OF PROCEEDS

The proposed sale transaction allows HGC to realise its investment in this commercial building before its sole tenancy matures in Oct 2022.

The net sale proceeds after payment of related transaction costs such as sales commission and professional fees and taxes shall be placed into interest bearing bank term deposits pending a decision by the Directors on future investment opportunities.

5. RELATIVE FIGURES PURSUANT TO RULE 1006

We set out below the relative figures for the Proposed Disposal, computed in accordance with Rule 1006 of the SGX-ST Listing Manual.

Pursuant to the Proposed Disposal, the Consideration of the transaction is S\$77,091,280. Based on the audited consolidated financial results of HGC for the twelve months ended 31 December 2020, the relative figures for the Proposed Disposal computed on the bases set out in Rule 1006(a) to (d) of the SGX-ST Listing Manual are as follows:

Rule 1006 (a)	Net Asset of GCFS (S\$'000)	Net Asset of HGC Group (S\$'000)	Relative Figures
	87,600	1,334,525	6.6%

Rule 1006 (b)	Net Profit of GCFS (S\$'000)	Net Profit of HGC Group (S\$'000)	Relative Figures
	3,185	37,328	8.5%

Rule 1006 (c)	Total Consideration of transaction (S\$'000)	Market Capitalisation ⁽¹⁾ at 4 Feb 2022 (S\$'000)	Relative Figures
	77,091	761,608	10.1%

Rule 1006 (d)	Not Applicable		
----------------------	----------------	--	--

⁽¹⁾ HGC's market capitalisation of approximately \$761.61 million is based on its total number of issued shares of 739,426,148 and the closing share price of S\$1.03 on 4 Feb 2022, being the market day immediately preceding the date of announcement.

The Proposed Disposal is deemed to be a discloseable transaction under the Listing Manual rules.

6. FINANCIAL EFFECTS

The pro forma financial effects of the Proposed Disposal presented below are for illustration purposes only and do not reflect the actual financial results of HGC and its subsidiaries after Completion.

The following pro forma financial effects have been prepared based on the audited consolidated statements of HGC for FY 2020 for illustrating the financial effect on the consolidated net assets per share and consolidated earnings per share of HGC. It assumes that the Proposed Disposal had been completed on 31 December 2020 and that there was no loss in earnings contribution by the hotel asset for FY 2020.

Net Asset ("NA")

	NA (S\$'000)	NA per Share ("S\$")
Before the Proposed Disposal	1,334,526	1.84
After the Proposed Disposal	1,330,240	1.83

The NA per share is calculated based on the number of shares in issue of 726,535,377 as at 31 December 2020.

Earnings per Share (“EPS”)

	Net Profit	EPS
	<u>(S\$'000)</u>	<u>(“Cents”)</u>
Before the Proposed Disposal	37,328	5.14
After the Proposed Disposal	34,143	4.55

The EPS is calculated by dividing the net profit after tax attributable to shareholders by the weighted average number of shares in issue of 726,535,377 for FY2020.

7. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the directors or substantial shareholders has any interest, direct or indirect in the transaction.

8. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the SPA is available for inspection during normal business hours at the registered office of HGC at 22 Cavenagh Road Singapore 229617, for a period of 3 months from the date of this announcement.

By Order of the Board

Tan Eng Teong
Executive Chairman/Managing Director

7 February 2022