**ICP LTD.**
Company Registration No. 196200234E
(Incorporated in Singapore)

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**ACQUISITION OF INTERESTS IN HOTEL PROPERTIES IN SAPPORO AND NAGOYA, JAPAN**

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## 1. INTRODUCTION

The board of directors (the "**Board**") of ICP Ltd. (the "**Company**", together with its subsidiaries, the "**Group**"), wishes to announce the Group's proposed acquisition of the trust beneficiary interest ("**TBI**[1]") in 2 hotel properties ("**Properties**") in Sapporo and Nagoya, Japan ("**Proposed Acquisition**") currently operating as 2ND by hotel androoms Sapporo ("**Sapporo Hotel**") and 2ND by hotel androoms Nagoya ("**Nagoya Hotel**") respectively. In connection with the Proposed Acquisition, the following agreements were entered into on 21 September 2022:

(i) The Group has, through its wholly owned subsidiary, MHI SG 1 Pte. Ltd ("**MHI**") entered into a joint venture agreement ("**JVA**") with Murray Investments Holdings Pte. Ltd ("**JVCo**") and Murray Investments Topco Pte. Ltd ("**JV Partner**"), resulting in the total issued and outstanding shares of the JVCo being held in the proportion of 5% and 95% (the "**Agreed Proportion**") respectively by MHI and the JV Partner.

(ii) Tower Street TMK ("**TMK**" or "**Purchaser**"), a wholly owned subsidiary of the JVCo and a special purpose company incorporated under Japanese law has entered into a conditional Purchase and Sale Agreement ("**PSA**") with Rio Grande Godo Kaisha ("**Vendor**") to acquire the TBI of the Properties. Following completion of the Proposed Acquisition, the TBI of the Property will be held by TMK and the trustee, Mitsubishi UFJ Trust and Banking Corporation will hold the legal title to the Properties as trustee.

## 2. INFORMATION ON THE PROPERTIES AND THE RELEVANT PARTIES

### 2.1 The Properties

The Sapporo Hotel was built in 2019. It has 14 floors with 212 rooms. Facilities include a food & beverage outlet, carpark and laundromat. The hotel is located in Susukino, the primary entertainment and nightlife district of Sapporo, and approximately 4 minutes' walk to Susukino train station.

The Nagoya Hotel was built in 2017. It has 13 floors with 211 rooms. Facilities include a food & beverage outlet, carpark and laundromat. The hotel is located in the Sakae district of Nagoya and is within 5-10 minutes' walk to 4 metro stations which provides convenient transport connectivity. The popular Sakae shopping district is located south of the Nagoya Hotel.

[1] Real estate in Japan may be held under a trust in the form of a trust beneficiary interest issued by a trust bank licensed in Japan.

### 2.2 The Vendor

The Vendor is incorporated in Japan and a subsidiary of a leading global financial institution that delivers a broad range of financial services across investment banking, securities, investment management and consumer banking to a large and diversified client base that includes corporations, financial institutions, governments and individuals.

### 2.3 The JV Partner

The JV Partner is incorporated in Singapore and a subsidiary of a US-based global asset management firm specializing in alternative investments, with $159 billion in assets under management as of June 30, 2022. The firm emphasizes an opportunistic, value-oriented and risk-controlled approach to investments in credit, private equity, real assets and listed equities with offices in Asia Pacific, such as Singapore, Hong Kong, Seoul, Tokyo, Shanghai, Beijing and Sydney.

### 2.4 The JVCo

The JVCo, incorporated in Singapore on 25 November 2021, is a private company limited by shares and is wholly owned by the JV Partner. The JVA was entered into in conjunction with the PSA and to regulate MHI and the JV Partner's relationship as shareholders in the JVCo.

Pursuant to the terms of the JVA:

(i) the JVCo shall comprise three (3) Directors, of which two (2) directors (including the Chairman of the JVCo) will be appointed by the JV Partner and one (1) will be appointed by the MHI. The quorum shall be held by two (2) Directors present at the time when the relevant business is transacted, including one (1) director appointed by MHI.

(ii) The consideration payable by the Group for the 5% interest in the issued share capital of the JVCo will be wholly satisfied by cash by way of utilizing internal resources.

(iii) No service agreement is entered into between the JVCo and MHI.

## 3. DETAILS OF THE PROPOSED ACQUISITION

### 3.1 Purchase Consideration and Valuation

The aggregate purchase consideration for the Proposed Acquisition of JPY6.5 billion (approximately S$64.0 million[2]) ("**Purchase Consideration**") was negotiated on a willing-buyer and willing-seller basis and takes into account the independent valuation undertaken on the Properties (the "**Independent Property Valuation**") by JLL Mori Valuation and Advisory K.K. (the "**Independent Property Valuer**"). The independent valuation reports as at 16 August 2022 (the "**Independent Valuation Reports**") was commissioned by TMK, and the Properties were valued at JPY8.5 billion (approximately S$83.8 million), based on discounted cashflow analysis, direct capitalisation and cost approaches.

[2] Based on an exchange rate of JPY101.60: S$1.00 as at 19 September 2022. Unless otherwise indicated in this announcement, all conversions from Japanese Yen ("JPY") into Singapore Dollars ("S$") in this announcement are based on an indicative exchange rate of JPY101.60: S$1.00.

### 3.2 Estimated Total Cost of Acquisition

Based on the Agreed Proportion, the estimated total cost to be incurred by the Company for the Proposed Acquisition is JPY334.4 million (approximately S$3.3 million) (the "**Company's Acquisition Costs**") comprising the Company's share of the Purchase Consideration; estimated professional fees, transaction costs incurred or to be incurred in connection with the Proposed Acquisition and the shares in the JVCo. Capital expenditure is estimated to be approximately 10% of the Purchase Consideration.

### 3.3 Material Terms of the PSA

Representations and warranties customary to a transaction of this nature have been given by the Vendor under the PSA. Completion under the PSA is subject to and conditional upon the satisfaction of conditions precedent, including but not limited to:

a) the termination of the existing lease agreement with the current hotel operator, and the completion of the vacation of the Properties by no later than 31 October 2022; and

b) the fulfilment and compliance by the parties with all their respective obligations of the PSA.

It is intended that Travelodge Hotels (Asia) Pte Ltd ("**TLA**" or "**Travelodge**") will be appointed as operator of the Properties.

## 4. RATIONALE FOR THE ACQUISITION

### 4.1 The Properties are located in prominent locations with convenient accessibility

**Sapporo**

Sapporo Hotel is well-located within Susukino, the primary entertainment and nightlife district in the whole of Hokkaido. The hotel is located approximately 4 minutes' walk away from the nearest station, which is Susukino Station on the Sapporo Municipal Subway Namboku Line. There is convenient accessibility to other parts of Sapporo, such as Odori Park (where the iconic Sapporo Clock Tower and Sapporo TV Tower are located), Sapporo Station business district, and Nakajima Park.

Sapporo is also the gateway city into Hokkaido for travellers to visit popular ski resorts such as Niseko and Furano, and other cities such as Hakodate and Asahikawa.

**Nagoya**

Nagoya Hotel is located within Downtown Nagoya, and it is ideally situated for both business and leisure travellers as it is flanked by the retail district of Sakae and traditional central business district of Fushimi. Fushimi is home to many domestic Japanese firms in the banking, finance and telecommunications industries, and there are also several bars and restaurants in the vicinity. Sakae is a busy retail district with many department stores and shopping malls, which host many international retail brands. The hotel enjoys convenient accessibility, being within 5-10 minutes' walk away from Marunouchi, Sakae, Fushimi, and Hisayaodori Stations.

### 4.2 Acquisition of relatively new Properties which requires minimal capital expenditure

Both Properties are relatively newly built with efficient layouts. Therefore, there will be minimal capital expenditure required immediately after the completion of the Proposed Acquisition. The Properties are well-maintained in good condition, thus reducing the ongoing capital maintenance costs required to maintain the Properties.

### 4.3 Attractive entry valuation

The Purchase Consideration represents a discount of approximately 24% as compared to the market value of JPY8.5 billion (approximately S$83.8 million) as determined by the Independent Property Valuer.

### 4.4 Expansion of Travelodge brand presence in the Japan hospitality market

The Proposed Acquisition will double TLA's portfolio of hotels and strengthen its foothold in Japan. The proposed Travelodge Sapporo Susukino and Travelodge Nagoya Sakae will complement Travelodge Honmachi Osaka and Travelodge Kyoto Shijo Kawaramachi, the Group's two other existing hotels in Japan.

## 5. SOURCE OF FUNDS

The Company's Acquisition Costs are intended to be funded by internal resources and bank borrowings, and will be paid fully in cash on the completion of the PSA.

## 6. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

### 6.1 Assumptions

The *pro forma* financial effects of the Proposed Acquisition presented in this section are **strictly for illustrative purposes only** and do not reflect the actual financial performance or position of the Group after the completion of the Proposed Acquisition.

The *pro forma* financial effects have been prepared based on the latest announced unaudited consolidated financial statements of the Group for the financial year ended 30 June 2022 ("**FY2022**") and unaudited management accounts of the Properties for the financial period from 1 July 2021 to 30 June 2022 taking into account the following assumptions:

(a) the pro forma financial effects of the Proposed Acquisition are in proportion to the Group's 5% interest upon completion; and

(b) the illustrative exchange rate of JPY101.60 : S$1.00 as at 19 September 2022.

### 6.2 Pro Forma NTA

**FOR ILLUSTRATION PURPOSES ONLY:** The table illustrating the financial effects of the Proposed Acquisition on the net tangible assets[3] ("**NTA**") per share for the Company (assuming the Proposed Acquisition had been completed at the end of FY2022) based on the latest announced unaudited financial statements of the Company for FY2022 are set out below: -

[3] Net tangible assets mean total assets less total liabilities less intangible assets.

| | Before the Proposed Acquisition | After the Proposed Acquisition |
|---|---|---|
| NTA (S$'000) | 17,623 | 17,623 |
| Number of shares ('000) | 3,111,689 | 3,111,689 |
| NTA per share (cents) | 0.57 | 0.57 |

### 6.3 Pro Forma EPS

**FOR ILLUSTRATION PURPOSES ONLY:** The table illustrating the financial effects of the Proposed Acquisition on the earnings per share ("**EPS**") of the Company (assuming that the Proposed Acquisition had been completed at the beginning of FY2022) based on the latest announced unaudited financial statements of the Company for FY2022 are set out below: -

| | Before the Proposed Acquisition | After the Proposed Acquisition |
|---|---|---|
| Net loss attributable to equity holders of the Company | (1,230) | (1,293) |
| Weighted average number of ordinary shares ('000) | 3,111,689 | 3,111,689 |
| Loss per share (cents) | (0.04) | (0.04) |

## 7. RELATIVE FIGURES UNDER RULE 1006 OF THE SGX-ST CATALIST RULES

The relative figures in relation to the Proposed Acquisition pursuant to Rule 1006 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Section B: Rules of Catalist of ("**Catalist Rules**"), using the latest announced unaudited consolidated accounts of the Group as at 30 June 2022 and computed figures based on the Group's interest in the Proposed Acquisition, are as follows:

| Rule 1006 Bases | Relative Figures |
|---|---|
| (a) The net asset value of the assets to be disposed of, compared with the group's net asset value. This basis is not applicable to an acquisition of assets. | Not applicable, as the Proposed Acquisition is an acquisition of assets. |
| (b) The net loss attributable to the assets acquired or disposed of, compared with the group's net loss. | 5.14%[4] |

[4] "Net Loss" is loss including discontinued operations that have not been disposed and before income tax and non-controlling interests. The net loss attributable to the assets acquired is approximately S$63,269 (based on the exchange rate of JPY101.60 : S$1.00 as at 19 September 2022) and is determined based on 5% (being the Group's interest in the Proposed Acquisition) of the unaudited net loss before tax of the Properties for the 12-month period from 1 July 2021 to 30 Jun 2022, divided by the Group's net loss of S$1,230,000 for financial year ended 30 June 2022 as announced by the Company on 26 August 2022.

| Rule 1006 Bases | Relative Figures |
|---|---|
| (c) 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. | 10.28%[5] |
| (d) The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue. | Not applicable, as no equity securities will be issued as consideration for the Proposed Acquisition. |
| (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. | Not applicable, as the Company is not a mineral, oil or gas company. |

As set out in Rule 1010 of the Catalist Rules, where any of the relative figures computed on the bases set out above exceeds 5% but does not exceed 75%, the transaction will be regarded as a disclosable transaction. Although the relative figures computed in Rule 1006(b) involve negative figures (as the Group is in a loss-making position and the Proposed Acquisition involves a loss-making asset by the Company), pursuant to paragraph 4.4(a) of Practice Note 10A of the Catalist Rules, the Proposed Acquisition would be considered a disclosable transaction. Accordingly, Shareholders' approval for the Proposed Acquisition is not required.

## 8. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

To the knowledge of the Company, none of the Company's Directors and controlling shareholders (other than in their respective capacities as a Director and/or shareholder of the Company) has any interest, direct or indirect, in the PSA, Proposed Acquisition, JVA and JVCo.

## 9. DIRECTORS' SERVICE CONTRACTS

No person will be appointed to the Board in connection with the Proposed Acquisition and accordingly, no service contracts in relation thereto will be entered into by the Company.

## 10. CAUTIONARY STATEMENT

Shareholders are advised to exercise caution in dealing in the Company's shares, and to read this announcement and any further update announcement(s) released by the Company carefully. As at the date of this announcement, Shareholders should be cautioned that there is no certainty or assurance that the Proposed Acquisition will be completed. Persons who are in doubt as to the action they should take should consult their legal, financial, tax or other professional advisers.

[5] "Market Capitalisation" is calculated by the number of ordinary shares in the capital of the Company (excluding treasury shares) multiplied by the volume weighted average price of S$0.01 per share as at 20 September 2022, being the market day immediately preceding the date of the PSA.

## 11. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the registered office of the Company at 10 Anson Road #28-16, International Plaza, Singapore 079903 for a period of three (3) months commencing from the date of this announcement:

(a) JVA;

(b) PSA; and

(c) Independent Valuation Reports.

By Order of the Board

Ong Min'er
Financial Controller
21 September 2022

**Important Notice**

This announcement may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of average daily room rates and occupancy, changes in operating expenses, including employee wages, benefits and training, property expenses and governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward-looking statements, which are based on the Company's current view of future events.

This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, RHT Capital Pte. Ltd. (the "Sponsor") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST").

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

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