

PROPOSED DISPOSAL OF SEVEN HOTELS IN JAPAN

1. INTRODUCTION

The Board (the “**Board**”) of Directors (the “**Directors**”) of IPC Corporation Ltd (“**IPC**” or the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that the Company has today entered into a sale and purchase agreement (the “**S&P Agreement**”) with GK Nishi Nihon Holdings and GK Shinsaibashi Jisho (collectively, the “**Purchasers**”), both 100%-owned subsidiaries of Ichigo Group Holdings Co., Ltd, for the sale by the Company of its seven hotels in Japan, namely “nest HOTEL matsuyama”, “nest HOTEL kumamoto”, “nest HOTEL naha”, “nest HOTEL osaka shinsaibashi”, “Smile Hotel Asagaya”, “Smile Hotel Asakusa” and “Comfort Hotel Okayama” (the “**Seven Hotels**”), to the Purchasers for an aggregate sale consideration of JPY14.94 billion (approximately S\$172.22 million¹) (the “**Sale Consideration**”) (the “**Proposed Disposal**”).

The Proposed Disposal is in the ordinary course of business, and does not change the risk profile, of the Group, and thus it does not fall under Chapter 10 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

2. THE PROPOSED DISPOSAL

2.1 Information on the Seven Hotels

Based on the latest audited consolidated financial statements of the Group for the financial year ended 31 December 2014 (“**FY2014**”), the aggregate book value of the Seven Hotels is JPY10.36 billion (approximately S\$119.43 million¹) and based on the latest available valuations dated 31 December 2014 commissioned by the Company (the “**Valuation**”), the aggregate market value of the Seven Hotels as at 31 December 2014, based on the average of the discounted cashflow approach, is JPY10.36 billion (approximately S\$119.43 million¹).

Please refer to Annex 1 for further details of the Seven Hotels.

2.2 Principal Terms of the Proposed Disposal

(a) Sale Consideration

The Sale Consideration for the Seven Hotels was negotiated on a willing-buyer and willing-seller basis taking into account the recent market prices of hotels in the region.

The Sale Consideration shall be satisfied in cash in payment tranches as follows:

- (i) a deposit of JPY0.50 billion (approximately S\$5.76 million¹) (the “**Deposit**”) to be paid to the Company on the date of signing of the S&P Agreement; and
- (ii) the remaining balance to be paid to the Company on the date of completion of the Proposed Disposal (“**Completion**”).

¹ Based on an exchange rate of approximately JPY1.00: S\$0.0115277 as at 5 November 2015 (Source: Bloomberg).

Under the terms of the S&P Agreement,

- (A) in the event that the Proposed Disposal is terminated unilaterally by the Purchasers without the default of the Company, or if Completion does not take place due to the default of the Purchasers, the Deposit shall be forfeited by the Company for its benefit; and
- (B) in the event that Completion does not take place due to the default of the Company, the Deposit shall be refunded to the Purchasers, together with an additional sum of JPY0.50 billion (approximately S\$5.76 million¹).

(b) Principal Terms of the S&P Agreement

The principal terms of the S&P Agreement, include, *inter alia*, the following:

- (i) the Seven Hotels are sold on an “as is where is” basis; and
- (ii) the hotels with the “nest” brand shall retain the brand and continue to be managed by Nest Hotel Japan, a licensee of the nest brand owned by IPC.

Completion is expected to take place on 17 December 2015, or such other date as mutually agreed between the Company and the Purchasers.

2.3 Rationale and Intended Use of Proceeds

The Proposed Disposal will allow IPC to unlock the value of the Seven Hotels acquired and held through the last few years. Coupled with a net gain on disposal, the Board is of the view that the Proposed Disposal is in the best interests of the Company and the Shareholders.

Following Completion, the Board intends to distribute the net proceeds from the Proposed Disposal to Shareholders by way of a capital reduction exercise. The Company will update Shareholders in due course and make further announcements as and when details of the capital reduction are finalised.

2.4 Financial Effects of the Proposed Disposal

Based on the latest audited consolidated financial statements of the Group for the financial year ended 31 December 2014, the Proposed Disposal is expected to result in a net gain of approximately JPY2.70 billion (approximately S\$31.12 million¹).

3. DOCUMENTS FOR INSPECTION

Copies of the S&P Agreement and the Valuation reports are available for inspection during normal business hours at the registered office of the Company at 23 Tai Seng Drive, #06-00, Deutsche Telekom Centre, Singapore 535224 for a period of three (3) months from the date of this announcement.

¹ Based on an exchange rate of approximately JPY1.00: S\$0.0115277 as at 5 November 2015 (Source: Bloomberg).

4. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or the controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Disposal, other than through their respective shareholdings in the Company.

By Order of the Board
IPC Corporation Ltd

Ngiam Mia Hai Bernard
Executive Director

6 November 2015

The Seven Hotels in Japan

| Name | Location | # of Rooms | Purchase Date |
|-------------------------------|-----------------|-------------------|----------------------|
| Smile Hotel Asagaya | Tokyo | 112 | June 2010 |
| Smile Hotel Asakusa | Tokyo | 96 | June 2010 |
| Comfort Hotel Okayama | Okayama | 208 | December 2010 |
| nest HOTEL matsuyama | Matsuyama | 190 | December 2011 |
| nest HOTEL kumamoto | Kumamoto | 201 | November 2012 |
| nest HOTEL naha | Naha | 193 | July 2013 |
| nest HOTEL osaka shinsaibashi | Osaka | 302 | October 2013 |