

Kimly completes acquisition of final coffeeshop property in portfolio of eight food outlet properties

- Acquisition of a total of 8 food outlet properties with an aggregate consideration of S\$55.815 million
- The Group has stepped up its efforts in partnering with third-party delivery platforms thus cushioning the impact of COVID-19 and showcasing the nimbleness of the management team in times of crisis
- The Group is continuously and proactively looking for opportunities to acquire food outlets in the heartlands of Singapore in strategic locations with large footfalls

SINGAPORE, 26 August 2020 – SGX Catalist-listed Kimly Limited (“金味有限公司”) (“**Kimly**” and together with its subsidiaries, the “**Group**”) is pleased to announce that it has completed the final phase of its acquisition of a portfolio of 8 food outlets, with the completion of the acquisition of a coffeeshop located at Block 380 Clementi Avenue 5 #01-376 Singapore 120380 (“**Phase 2B Acquisition**”).

Since IPO, the Group has been proactively extending its footprints especially in areas where they do not have a presence by acquiring food outlets in strategic locations. On average, the Group has been able to secure the leases between 3 to 5 new outlet locations each year. Notwithstanding the limited existing supply of coffeeshop properties, the Group has accelerated its pace in acquiring food outlets and continued to showcase its established track record in acquiring new outlet locations. The Group has acquired a total of 8 food outlet properties for an aggregate consideration of S\$55.815 million. With the completion of the Phase 2B Acquisition, the Group currently boasts a portfolio of 80 food outlets and 134 food stalls, representing an increase of 25.0% and 10.7%, respectively, since its IPO. Following the acquisition of the portfolio of 8 food outlets, the Group is able to enhance its profitability through additional and recurrent rental stream and capital gains, which mitigates the uncertainties in the private leasing category. In line with the growth in food outlets and food stalls, the Group has also registered revenue of S\$208.3 million in FY2019, representing an annual growth of 21.0% from S\$172.2 million in FY2016.

Based on statistical releases from the Department of Statistics of Singapore, turnover of restaurants fell 68.7% in May 2020 year-on-year (“YoY”) while the sales of cafes, food courts and other eating places in comparison dropped 41.4% YoY during the same period¹. The sales of cafes, food courts and other eating places are observed to be less impacted during the COVID-19 pandemic outbreak. The convenient locations of the Group’s food outlets in the heartlands of Singapore and the availability of more economical dining options have provided resilience to the Group’s revenue.

In addition, according to the Department of Statistics of Singapore, online food and beverages sales have made up about 44.6% of the total sales value of food and beverages sales in May 2020² which represents an increase from about 39.2% in April 2020³. This shows that the implementation of the Circuit Breaker has driven the growth in online food delivery services. To seize the business opportunities in the online space during the Circuit Breaker and to leverage on the Food Delivery Booster Package which reduces the business costs of selling on delivery platforms, the Group has stepped up its efforts on engaging the third party food delivery platform such as GrabFood, Deliveroo, and Food Panda by getting 122 of its food stalls onboard, as compared to 66 food stalls prior to the Circuit Breaker. The Group has also collaborated with Singapore Institute of Technology in the areas of food technology to maintain the quality of the food delivered, considering the extra time required for deliveries. The Group had also noticed a lack of staple food offerings on the food delivery platforms and has signed up its Mixed Vegetable Rice food stalls on such food delivery platforms to capture the demand for staple food. The negative impact of COVID-19 has been mitigated to an extent by the increment in revenue from food deliveries. This has also demonstrated the nimbleness of the management team, being able to adapt quickly in times of crisis by building up the Group’s online presence swiftly. The Group will continue to work with the third party food delivery platforms on new promotions and initiatives to further enhance the Group’s revenue from delivery services and takeaways.

According to Department of Statistics of Singapore, sales of cafes, food courts and other eating places have registered a growth of 1.2% month-on-month (“MoM”) in May 2020 while sales of restaurant increased by 0.1% MoM in the same period⁴. This shows that the sales of coffeeshops, food courts and other eating places has started to show improvement as consumers may have

¹ Department of Statistics Singapore, <https://www.singstat.gov.sg/-/media/files/news/mrsmay2020.pdf>

² Department of Statistics Singapore, Retail Sales Index and Food & Beverage Services Index, <https://www.singstat.gov.sg/-/media/files/news/mrsmay2020.pdf>

³ Department of Statistics Singapore, Retail Sales Index and Food & Beverage Services Index, <https://www.singstat.gov.sg/-/media/files/news/mrsapr2020.pdf>

⁴ Department of Statistics Singapore, <https://www.singstat.gov.sg/-/media/files/news/mrsmay2020.pdf>

shifted their preference for more economical dining options during the COVID-19 outbreak. Coffeeshops are an integral and unique part of a flourishing cultural scene in Singapore. It has also been considered part of the national identity and intangible cultural heritage of Singapore, as a gathering place to foster community bonding and social interactions. Thus, the Group's coffeeshops are expected to benefit from higher footfall as work-from-home arrangements continue and dining-in at F&B establishments has been allowed since 19 June 2020 during Phase 2 of the Circuit Breaker.

The Directors of the Group added, **“We have made good progress in expanding our network of food outlets and food stalls across Singapore since IPO. We will continue to build on this momentum by proactively looking for opportunities to acquire food outlet properties in the heartlands of Singapore with a larger proportion of the population to deepen our market presence as well as expand our outreach through online platforms. Moving ahead, we are cautiously optimistic that the growing footfall arising from the easing of Circuit Breaker measures and allowing of dining-in at F&B establishments will benefit the Group's operations.”**

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About Kimly Limited

Kimly Limited (“金味有限公司”) is one of the largest traditional coffeeshop operators in Singapore with more than 29 years of experience. The Group operates and manages an extensive network of 80 food outlets and 134 food stalls across the heartlands of Singapore. It also operates a Central Kitchen that supplies sauces, marinades and semi-finished food products to its food stalls, which enables it to have better control over its business processes and generate cost savings.

Its Food Retail Division comprises Mixed Vegetable Rice, Teochew Porridge, Dim Sum, Seafood “Zi Char” food stalls and a chain of Japanese restaurants, *Tonkichi*, and a confectionery business, *Rive Gauche*.

In tandem with the growing demand for online food ordering and delivery services due to changing consumer trends, Kimly Group started to offer its Dim Sum and Seafood “Zi Char” products for online ordering through Deliveroo, Food Panda and GrabFood.

Issued for and on behalf of Kimly Limited

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