**GL LIMITED**
(Continued in Bermuda as an exempted company on 29 December 1999)
(Company Registration No.: 27568)

**Board of Directors:**

Mr. Kwek Leng Hai
Mr. Paul Jeremy Brough
Ms. Chua Kheng Yeng, Jennie
Mr. Teo Lai Wah Timothy
Ms. Lim Suat Jien
Mr. Chew Seong Aun

**Registered Office:**

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

23 March 2021

To: The Shareholders of GL Limited
Dear Sir/Madam

**REVISION OF VOLUNTARY UNCONDITIONAL CASH OFFER BY DBS, FOR AND ON BEHALF OF GUCOLEISURE HOLDINGS LMITED ("OFFEROR"), FOR THE OFFER SHARES**

## 1. BACKGROUND

**1.1** **Offer.** On 4 February 2021, DBS Bank Ltd. ("**DBS**") issued, for and on behalf of the Offeror, the offer document ("**Offer Document**") setting out, *inter alia*, the terms and conditions of the voluntary conditional cash offer ("**Offer**") to acquire all the issued ordinary shares in the share capital of GL Limited ("**Company**") (excluding treasury shares) ("**Shares**") in accordance with Section 139 of the Securities and Futures Act ("**SFA**") and The Singapore Code on Take-overs and Mergers ("**Code**").

**1.2** **Offeree Circular.** On 18 February 2021, the Company issued a circular to shareholders of the Company ("**Shareholders**") in relation to the Offer ("**Circular**") containing, *inter alia*, the recommendation of the Directors of the Company who are considered independent for the purposes of the Offer, namely, (i) Mr. Paul Jeremy Brough; (ii) Ms. Chua Kheng Yeng, Jennie; (iii) Mr. Teo Lai Wah Timothy; and (iv) Ms. Lim Suat Jien ("**Independent Directors**"), and the advice of W Capital Markets Pte. Ltd. ("**IFA**"), being the independent financial adviser to the Independent Directors in connection with the Offer.

**1.3** **Revision of the Offer.** On 15 March 2021, DBS, for and on behalf of the Offeror, made an announcement ("**Offer Revision Announcement**") that the Offer would be revised in the manner described in paragraph 2 below. The Company had on 15 March 2021 released an

announcement in response to the Offer Revision Announcement ("**Offeree Response Announcement**").

**1.4** **Revision Notification.** Shareholders should by now have received a copy of the written notification to Shareholders dated 17 March 2021 ("**Revision Notification**") despatched by the Offeror setting out, *inter alia*, the revisions to the Offer.

**1.5** **Compulsory Acquisition.** On 18 March 2021, DBS, for and on behalf of the Offeror, made an announcement ("**Compulsory Acquisition Announcement**") in relation to, *inter alia*, the number of valid acceptances of the revised Offer which has been received by the Offeror, and the Offeror's intentions in relation to the compulsory acquisition of the Shares, the trading suspension and listing status of the Company. The Company had on 19 March 2021 released an announcement in response to the Compulsory Acquisition Announcement ("**Compulsory Acquisition Response Announcement**").

Copies of the Offer Revision Announcement, the Offeree Response Announcement, the Revision Notification, Compulsory Acquisition Announcement and Compulsory Acquisition Response Announcement are available on the website of SGX-ST at www.sgx.com and on the Company's corporate website at https://www.gl-grp.com/voluntaryconditional-offer.

**Shareholders are advised to read the revised terms and conditions of the Offer set out in the Offer Revision Announcement, the Revision Notification and Compulsory Acquisition Announcement carefully.**

**1.6** **Definitions.** Unless otherwise defined, all terms and expressions used in this supplemental letter ("**Supplemental Letter**") shall have the same meanings as those defined in the Circular. References to the "**Latest Practicable Date**" in this Supplemental Letter refer to 16 March 2021.

**1.7** **Purpose of this Supplemental Letter.** The purpose of this Supplemental Letter, which supplements the Circular, is to provide Shareholders with information pertaining to the revised Offer and to set out the advice of the IFA to the Independent Directors and the recommendation of the Independent Directors in respect of the revised Offer.

**This Supplemental Letter is important as it contains the recommendation of the Independent Directors and the advice of the IFA. This Supplemental Letter requires the immediate attention of Shareholders, who are advised to read it carefully.**

**If you are in any doubt in relation to this Supplemental Letter or as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, tax adviser and/or other professional adviser immediately.**

## 2. REVISION OF OFFER PRICE

**2.1** **Final Offer Price.** As stated in paragraph 3.1 of the Offer Revision Announcement, the Offeror is revising the Offer Price ("**Offer Price Revision**") from S$0.70 per Offer Share to S$0.80 per Offer Share ("**Final Offer Price**").

The Offeror does not intend to further revise the Final Offer Price of S$0.80 in cash per Offer

Share under any circumstances whatsoever. Therefore, in accordance with Rule 20.2 of the Code, the Offeror will not be allowed to subsequently increase the Final Offer Price.

**Shareholders who have earlier accepted the Offer are entitled to the Final Offer Price. Accordingly, no further action in respect of the Offer is required to be taken by Shareholders who have already accepted the Offer.**

**2.2** **Waiver of Minimum Acceptance Condition & Offer Declared Unconditional.** The Offer was conditional upon the Offeror having received, by the close of the Offer, valid acceptances (which have not been withdrawn) of the Offer and/or otherwise acquired or agreed to acquire Shares other than through valid acceptances of the Offer from the Commencement Date in respect of such number of Shares which, when taken together with the Shares owned, controlled or agreed to be acquired by the Offeror and its parties acting or deemed to be acting in concert with the Offeror ("**Concert Parties**") before or during the Offer, will result in the Offeror and its Concert Parties holding such Shares carrying not less than 90 per cent. of the voting rights attributable to all the Shares in issue (excluding treasury shares) as at the close of the Offer ("**Minimum Acceptance Condition**").

As stated in the Offer Revision Announcement, the Offeror had obtained the consent of the Securities Industry Council ("**SIC**") for the waiver of the Minimum Acceptance Condition, and have complied with the following conditions:

a. The revised Offer remaining open for at least 14 days following the date of despatch by way of post ("**Notification Date**") of the Revision Notification; and

b. Shareholders who have accepted the initial Offer being allowed to withdraw their acceptance within eight days of the Notification Date.

**As stated in the Offer Revision Announcement, the Offeror has waived the Minimum Acceptance Condition.**

As stated in the Offer Revision Announcement, as the Offer is not subject to any other conditions, the Offer was declared unconditional in all respects on the date of the Offer Revision Announcement.

**2.3** **Further Extension of Closing Date.** As stated in the Offer Revision Announcement, in accordance with Rule 22.6 of the Code, after an offer has become or is declared unconditional as to acceptances, the offer must remain open for acceptance for not less than 14 days after the date on which the offer would otherwise have closed. Further, pursuant to Rule 20.1 of the Code, the revised Offer must be kept open for at least 14 days from the date of posting of the written notification of the revision of the Offer to Shareholders.

Accordingly, as stated in the Offer Revision Announcement, the closing date of the revised Offer has been extended from 5.30 p.m. (Singapore time) on 18 March 2021 to 5.30 p.m. (Singapore time) on 1 April 2021 or such later date(s) as may be announced from time to time by or on behalf of the Offeror ("**Closing Date**").

**2.4** **Other terms.** As stated in paragraph 9 of the Offer Revision Announcement, save for the revision of the Offer Price, the waiver of the Minimum Acceptance Condition and the further extension

of the Closing Date as set out in the Offer Revision Announcement, all the other terms and conditions of the Offer as set out in the Offer Document remain unchanged.

## 3. ADVICE OF THE IFA TO THE INDEPENDENT DIRECTORS IN RELATION TO THE REVISED OFFER

**3.1 Independent Financial Adviser.** W Capital Markets Pte. Ltd. has been appointed as the independent financial adviser to advise the Independent Directors in respect of the revised Offer ("**IFA**"). Shareholders should read and consider carefully the advice of the IFA to the Independent Directors and the recommendation of the Independent Directors in respect of the revised Offer before deciding whether to accept or reject the revised Offer. The IFA's advice to the Independent Directors in respect of the revised Offer is set out in its supplemental letter dated 23 March 2021, which is set out in Appendix 1 to this Supplemental Letter ("**Supplemental IFA Letter**").

**3.2 Advice of the IFA.** Based on the IFA's evaluation and assessment of the financial terms of the revised Offer, the IFA has made its recommendation in respect of the revised Offer as set out in Section 9 of the Supplemental IFA Letter and reproduced in italics below. The recommendation set out below should be considered and read by Shareholders in conjunction with, and in the context of, the full text of the Supplemental IFA Letter. Shareholders should read the extract below in conjunction with, and in the context of, the full text of the Supplemental IFA Letter. Unless otherwise defined or the context otherwise requires, all terms and expressions used in the extract below shall have the same meanings as those defined in the Supplemental IFA Letter.

"***9. OUR RECOMMENDATION TO THE INDEPENDENT DIRECTORS***

*In arriving at our recommendation in respect of the Offer to the Independent Directors, we have taken into account a range of factors which we consider, based on available information as at the Latest Practicable Date, to be pertinent and have significant bearing on our assessment of the Offer. Accordingly, it is important that this Supplemental IFA Letter, in particular, all the considerations and information we have taken into account, be read in its entirety.*

*For the purposes of evaluation of the Offer from a financial point of view, we have adopted the approach that the term "fair and reasonable" comprises two distinct concepts:*

*(i) The term "fair" relates to an opinion on the value of the offer price or consideration compared against the value of the securities subject to the offer (the "**Offeree Securities**"). An offer is "fair" if the price offered is equal to or greater than the assessed value of the Offeree Securities. Our opinion on the "fairness" of the Offer is based on an evaluation of the Offer Price against the assessed value of the Shares arising from the fundamental/financial analyses as set out in this Supplemental IFA Letter and based on information known to us or which is publicly available as at the Latest Practicable Date.*

*(ii) In considering whether an offer is "reasonable", we consider other matters which we deemed relevant (being other quantitative and qualitative factors available and made known to us) as well as the assessed value of the Offeree Securities. This includes, but are not limited to, the existing voting rights in the offeree company held by the offeror and its concert parties and the market liquidity of the Offeree Securities.*

*In determining the fairness of the Offer, we have considered, inter alia, the following pertinent factors:*

*(a) The Final Offer Price to NAV per Share and the discount of the Final Offer Price to NAV per Share as at 31 December 2020 are 0.84 times and 16.3% respectively;*

*(b) The Final Offer Price to RNAV per Share and the discount of the Final Offer Price to RNAV per Share as at 31 December 2020 are 0.74 times and 25.9% respectively; and*

*(c) The discount of the Final Offer Price to the SOTP Value per Share as at 31 December 2020 is in the range of 31.5% to 40.6%.*

*In view of the above, we are of the opinion that the Offer is* ***NOT FAIR****.*

*In determining the reasonableness of the Offer, we have considered, inter alia, the following pertinent factors:*

*(a) The Group recorded a net loss for FY2020 of US$26.7 million and a net loss for the 6 months ended 31 December 2020 of US$19.8 million. Net cash used in operating activities in HY2021 was US$7.2 million;*

*(b) While the Final Offer Price represents a discount of 16.3% to the NAV per Share as at 31 December 2020, the discount is smaller than the range of discounts to NAV as implied by the closing price of the Shares for the periods of 2-year, 1-year, 6-month, 3-month and 1-month prior to the Last Trading Day;*

*(c) For the period between the Offer Announcement Date and 12 March 2021 (being the last full Market Day prior to the Offer Revision Announcement Date), we noted that the discount to NAV as implied by the closing price of the Shares was between 23.6% and 26.8% and the average discount was 25.0%. In comparison, the discount to NAV as implied by the Final Offer Price was significantly smaller at 16.3%;*

*(d) The Final Offer Price is at a premium of approximately 42.9% to the closing price of the Shares on the Last Trading Day;*

*(e) The Final Offer Price is at a premium of approximately 46.6%, 52.4%, 45.8% and 25.1% to the VWAP of the Shares for the 1-month, 3-month, 6-month and 12-month periods prior to the Last Trading Day respectively;*

*(f) The Final Offer Price is equal to the closing price of the Shares as at the Latest Practicable Date;*

*(g) The Shares are thinly traded during the Relevant Period prior to the Offer Announcement Date. Trading liquidity of the Shares during the 12-month period up to and including the Last Trading Day has been low with an average daily trading volume of between approximately 41,500 Shares and 130,400 Shares representing between 0.011% and 0.034% of the free float of the Company;*

*(h) The P/RNAV as implied by the Final Offer Price of 0.74 times is above the range of the P/RNAV of the Selected Hospitality Comparable Companies of 0.27 times to 0.62 times, and is higher than the mean and median P/RNAV of the Selected Hospitality Comparable Companies;*

(i) *The P/NAV as implied by the Final Offer Price of 0.84 times is within the range of the weighted average P/NAV of the Comparable Companies of between 0.22 times to 2.31 times, and above the mean and median weighted average P/NAV of the Comparable Companies of 0.79 times and 0.63 times respectively;*

(j) *The P/RNAV as implied by the Final Offer Price of 0.74 times is within the range of P/RNAV of the Precedent Hotel Transactions of 0.52 times to 0.95 times. The P/NAV as implied by the Final Offer Price of 0.84 times is within the range of the P/NAV of the Precedent Hotel Transactions of 0.52 times to 1.62 times;*

(k) *The P/NAV as implied by the Final Offer Price of 0.84 times is within the range of the P/NAV of the Precedent Privatisation Transactions of 0.17 times to 2.81 times;*

(l) *The premium of the Final Offer Price to the VWAP of the Shares for the Last Trading Day, 1-month, 3-month, 6-month, 12-month is within the range of the premia for the Precedent Privatisation Transactions;*

(m) *The Company had, in its latest results announcement dated 13 January 2021 disclosed that the Group expected the UK hotels to continue to face a difficult operating environment into year 2021 due to renewed lockdown with tiered restrictions being imposed by the UK government starting January 2021 as a result of a record number of COVID-19 cases due to a new COVID-19 variant; and*

(n) *On 18 March 2021, DBS Bank Ltd announced, inter alia, for and on behalf of the Offeror that as the total number of Shares owned, controlled or agreed to be acquired by the Offeror and its Concert Parties (including valid acceptances of the Offer) as at 6.00 p.m. (Singapore time) on 18 March 2021 amounted to an aggregate of 1,240,998,555 Shares, representing approximately 90.71% of the total number of Shares, the Offeror will be entitled, and intends, to exercise its right of compulsory acquisition under Section 102 of the Companies Act after the close of the Offer. It is therefore highly unlikely that there will be a competing offer from any third party.*

*In view of the above, we are of the opinion that the Offer is* ***REASONABLE****.*

***Having regard to the foregoing considerations set out in this Supplemental IFA Letter and information available to us as at the Latest Practicable Date and subject to the qualifications made herein, we are of the opinion that the financial terms of the Offer are NOT FAIR BUT REASONABLE. On balance of the above factors, we advise the Independent Directors to recommend that Shareholders ACCEPT the Offer, unless Shareholders are able to obtain a price higher than the Final Offer Price on the open market, after taking into account the brokerage and related costs in connection with open market transactions. In addition, given that the Offeror will be proceeding to exercise its right of compulsory acquisition after the close of Offer, Shareholders who validly accept the Offer on or before 5.30pm (Singapore time) on 1 April 2021, being the Closing Date, will receive the Final Offer Price as soon as practicable within seven (7) business days of the Offeror's receipt of such valid acceptances of the Offer, instead of waiting until the Offeror exercises its right of compulsory acquisition.***

*Our opinion is addressed to the Independent Directors for their benefit and for the purpose of their consideration of the Offer. The recommendation made by the Independent Directors to the Shareholders in relation to the Offer shall remain the responsibility of the Independent Directors.*

*In rendering our opinion and providing our recommendation, we did not have regard to the specific objectives, financial situation, tax position, risk profile or unique needs and constraints of any individual Shareholder and we neither assume any responsibility for, nor hold ourselves as advisers to any person other than the Independent Directors. As different Shareholders would have different investment profiles and objectives, we recommend that any Shareholder who may require specific advice in relation to his/her investment portfolio or objectives should consult his/her stock broker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately and not to rely upon our opinion as the sole basis for deciding whether or not to accept the Offer*."

## 4. RECOMMENDATION OF THE INDEPENDENT DIRECTORS

**4.1** **Non-Independent Directors.** For the reasons set out in Section 15.2 of the Circular, Mr. Kwek Leng Hai and Mr. Chew Seong Aun have been exempted by the SIC from the requirement to make a recommendation to Shareholders in respect of the Offer. They must, nonetheless, still assume responsibility for the accuracy of the facts stated or opinions expressed in documents and advertisements issued by, or on behalf of, the Company in connection with the Offer. The Independent Directors are Mr. Paul Jeremy Brough, Ms. Chua Kheng Yeng, Jennie, Mr. Teo Lai Wah Timothy and Ms. Lim Suat Jien. All of the Independent Directors consider themselves independent for the purposes of making a recommendation on the Offer.

**4.2** **Recommendation.** As set out in Section 15.4 of the Circular, the Independent Directors had previously recommended, based on the initial terms and conditions of the Offer, that Shareholders accept the Offer, and that Shareholders who wish to realise their investments in the Company can also choose to sell their Shares in the open market if they can obtain a price higher than the Offer Price (after taking into account the brokerage and related costs in connection with open market transactions).

Subsequent to the Offer Revision Announcement, the Independent Directors, having considered carefully the terms of the revised Offer and the advice given by the IFA in the Supplemental IFA Letter, concur with the advice of the IFA in respect of the revised Offer, and accordingly, continue to recommend that Shareholders accept the revised Offer, unless Shareholders are able to obtain a price higher than the Final Offer Price on the open market, after taking into account the brokerage and related costs in connection with open market transactions.

**4.3** **No regard to specific objectives.** Shareholders are advised to read the terms and conditions of the Offer Document and the Offer Revision Announcement carefully. Shareholders are advised to read the full text of the Supplemental IFA Letter set out in Appendix 1 to this Supplemental Letter and other relevant information set out in this Supplemental Letter carefully before deciding whether to accept or reject the revised Offer. Shareholders should note that the IFA's advice to the Independent Directors and the recommendation of the Independent Directors should not be relied upon by any Shareholder as the sole basis for deciding whether or not to accept the revised Offer.

Shareholders should note that trading of the Shares is subject to, *inter alia*, the performance and prospects of the Company, prevailing economic conditions, economic outlook and stock market conditions and sentiments. Accordingly, the advice by the IFA to the Independent

Directors in respect of the revised Offer does not and cannot take into account the future trading activities or patterns or price levels that may be established beyond the Latest Practicable Date.

In rendering the advice and the recommendations above, both the IFA and the Independent Directors have not had regard to the general or specific investment objectives, financial situation, tax status, risk profiles, unique needs and constraints or other particular circumstances of any individual Shareholder. As different Shareholders would have different investment objectives and profiles, the Independent Directors recommend that any individual Shareholder who may require specific advice in the context of his Shares should consult his stockbroker, bank manager, solicitor, accountant, tax adviser and/or other professional adviser immediately.

**SHAREHOLDERS ARE ADVISED TO READ THE FULL TEXT OF THE SUPPLEMENTAL IFA LETTER WHICH IS SET OUT IN APPENDIX 1 TO THIS SUPPLEMENTAL LETTER CAREFULLY.**

## 5. COMPULSORY ACQUISITION

As stated in the Offer Document and the Offeree Circular, in the event that the Offeror (i) receives valid acceptances pursuant to the Offer from the Commencement Date in respect of not less than 90 per cent. of the total number of Shares; or (ii) acquires Shares whether through valid acceptances of the Offer or otherwise such that the Offeror holds 95 per cent. or more of the total number of Shares, the Offeror intends to exercise its rights of compulsory acquisition under either Section 102 or Section 103 of the Companies Act 1981 of Bermuda (the "**Companies Act**").

As the Offeror will have received valid acceptances pursuant to the Offer from the Commencement Date in respect of not less than 90 per cent. of the total number of Shares upon GAL accepting the Offer in respect of its 1,073,941,334 Shares, **the Offeror will be entitled, and intends, to exercise its right of compulsory acquisition under Section 102 of the Companies Act ("Compulsory Acquisition") after the close of the Offer to compulsorily acquire all the Shares of Shareholders who have not accepted the Offer (the "Dissenting Shareholders") at the Final Offer Price of S$0.80[1] for each Share.**

This Supplemental Letter does not constitute a notice under Section 102(2) of the Companies Act. The Dissenting Shareholders will receive notices under the Companies Act from the Offeror in relation to the Offeror's right of Compulsory Acquisition in due course.

**Dissenting Shareholders should note that the Offer remains open for acceptance until 5.30 p.m. (Singapore time) on 1 April 2021, being the Closing Date. The Offer therefore remains an opportunity for Shareholders to accept the Offer in respect of their Shares and receive the Final Offer Price as soon as practicable within seven (7) Business Days of the Offeror's receipt of such valid acceptances of the Offer, instead of waiting until the Offeror exercises its right of Compulsory Acquisition which will delay payment of the Final Offer Price.**

## 6. ACTION TO BE TAKEN BY SHAREHOLDERS

**6.1 Acceptance procedures for shareholders.** Shareholders who have validly accepted the Offer

[1] Such price is subject to, and may be adjusted pursuant to, the terms and conditions set out in the Offer Document, including paragraph 2.5 (Adjustments for Distributions) of the Offer Document.

prior to the date of the Offer Revision Announcement are not required to take any action in relation to the revised Offer and:

6.1.1 in the case of accepting Shareholders ("**Accepting Shareholders**") holding Offer Shares in scrip form, remittances in the form of S$ crossed cheques for the aggregate Final Offer Price in respect of their Offer Shares validly tendered in acceptance of the Offer will be despatched to the Accepting Shareholders (or their designated agents, or, in the case of joint Accepting Shareholders who have not designated any agent, to the one first-named in the Register, as the case may be) by ordinary post, at the risk of the Accepting Shareholders; or

6.1.2 in the case of Accepting Shareholders who are depositors, payment of the aggregate Final Offer Price in respect of their Offer Shares validly tendered in acceptance of the Offer will be credited directly into their designated bank account for Singapore Dollars via CDP's Direct Crediting Service ("**DCS**") on the payment date. In the event an Accepting Shareholder who is a depositor is not subscribed to CDP's DCS, any monies to be paid shall be credited to such Accepting Shareholder's Cash Ledger and subject to the same terms and conditions as Cash Distributions under the CDP Operation of Securities Account with the Depository Terms and Conditions (Cash Ledger and Cash Distributions are defined therein), or in such other manner as they may have agreed with CDP for payment of any cash distribution,

in each case, as soon as practicable and in any case, within seven Business Days of the date of the Offer Revision Announcement.

**6.2 Shareholders who have not accepted the Offer.** Shareholders who wish to accept the revised Offer but have not done so may do so by following the procedures for acceptance as set out in Appendix 2 to the Offer Document and in the Form of Acceptance and Authorisation and/or the Form of Acceptance and Transfer (as the case may be) (collectively, "**Relevant Acceptance Forms**" and each, a "**Relevant Acceptance Form**") which has previously been despatched to Shareholders on 4 February 2021. Electronic copies of the Relevant Acceptance Forms are also available on the website of the SGX-ST at www.sgx.com and the website of the Company at https://www.gl-grp.com/voluntaryconditional-offer.

Shareholders who wish to accept the revised Offer may do so by completing, signing and returning the Relevant Acceptance Form(s) in accordance with the instructions therein and in the Offer Document.

Acceptances of the revised Offer must be received no later than 5.30 p.m. (Singapore time) on the Closing Date.

**In respect of Shareholders who validly accept the revised Offer on or after the date of the Offer Revision Announcement (but on or before 5.30 p.m. (Singapore time) on the Closing Date), the total Final Offer Price for their Offer Shares validly tendered in acceptance of the revised Offer will be despatched to such Shareholders within seven (7) Business Days after the Offeror's receipt of valid acceptances.**

**6.3 Acceptance procedures for CPFIS Investors and SRS Investors.** CPFIS Investors and SRS Investors who wish to accept the revised Offer but who have not done so should contact their

respective CPF Agent Banks and SRS Agent Banks (as the case may be) as to the deadline by which such banks would need to receive instructions in order to accept the revised Offer prior to the Closing Date.

CPFIS Investors and SRS Investors who validly accept the revised Offer will receive the Final Offer Price payable in respect of their Offer Shares validly tendered in acceptance of the revised Offer in their respective CPF investment accounts and SRS investment accounts (as the case may be).

## 7. MATERIAL CHANGES IN INFORMATION

Save as disclosed in publicly available information on the Company (including but not limited to the announcements released by the Company on the SGXNET), there have been no material changes in any information previously announced by or on behalf of the Company during the period commencing from 8 February 2021, being the latest practicable date prior to the printing of the Circular, and ending on 16 March 2021, being the Latest Practicable Date prior to the printing of this Supplemental Letter.

## 8. CONSENT

**Consent of the IFA.** The IFA has given and has not withdrawn its written consent to the issue of this Supplemental Letter with the inclusion of its name, the Supplemental IFA Letter set out in Appendix 1 to this Supplemental Letter, and all references to the IFA's name, in the form and context in which they appear in this Supplemental Letter.

## 9. DOCUMENTS AVAILABLE FOR INSPECTION

In addition to the documents referred to in Section 18 of the Circular, copies of the following documents will be available for inspection at the Company's corporate office at 1 Wallich Street, #15-02 Guoco Tower, Singapore 078881, during normal business hours from the date of this Supplemental Letter up to and including the Closing Date:

(a) the Supplemental IFA Letter set out in Appendix 1 to this Supplemental Letter; and

(b) the letter of consent referred to in paragraph 8 of this Supplemental Letter above.

## 10. RESPONSIBILITY STATEMENT

The recommendations of the Independent Directors in respect of the revised Offer ("**Recommendations**") are the responsibility of the Independent Directors, and the Independent Directors jointly and severally accept responsibility and have taken all reasonable care to ensure that their opinions expressed in respect of the Recommendations are fair.

The Directors (including any who may have delegated detailed supervision of the preparation of this Supplemental Letter) jointly and severally accept responsibility for the accuracy of the information given in this Supplemental Letter (save for (a) the Supplemental IFA Letter (for which the IFA takes responsibility); and (b) the information extracted from published or otherwise publicly available sources, including but not limited to the Offer Document, the Revision

Notification and announcements made by DBS for and on behalf of the Offeror) and confirm that they have taken all reasonable care to ensure that the facts stated in this Supplemental Letter are accurate and all opinions expressed (save for the Recommendations) in this Supplemental Letter are fair, and no material facts in relation to the Company and its subsidiaries in the context of the revised Offer have been omitted from this Supplemental Letter.

Where any information in this Supplemental Letter (other than the Supplemental IFA Letter for which the IFA takes responsibility) has been extracted or reproduced from published or otherwise publicly available sources or obtained from a named source (including, without limitation, the Offer Document, the Revision Notification and announcements made by DBS for and on behalf of the Offeror), the sole responsibility of the Directors has been to ensure, through reasonable enquiries, that such information has been accurately extracted from such sources or, as the case may be, reflected or reproduced in this Supplemental Letter.

Yours faithfully
For and on behalf of the Board of Directors of
**GL LIMITED**

**TEO LAI WAH TIMOTHY**
Independent Director

**APPENDIX 1**

**SUPPLEMENTAL IFA LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE REVISED OFFER**




**W CAPITAL MARKETS PTE. LTD.**
Incorporated in the Republic of Singapore)
(Company Registration Number: 201813207E)
65 Chulia Street
#43-01 OCBC Centre
Singapore 049513

23 March 2021

The Directors of GL Limited who are deemed independent for the purposes of the Offer

| | | |
|---|---|---|
| Mr Paul Jeremy Brough | - | Independent Non-Executive Director |
| Ms Chua Kheng Yeng, Jennie | - | Independent Non-Executive Director |
| Mr Teo Lai Wah Timothy | - | Independent Non-Executive Director |
| Ms Lim Suat Jien | - | Independent Non-Executive Director |

Dear Sir/Mdm,

**REVISION OF VOLUNTARY CONDITIONAL CASH OFFER BY GUOCOLEISURE HOLDINGS LIMITED ("OFFEROR") FOR THE SHARES (AS DEFINED HEREIN)**

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*Unless otherwise defined or the context otherwise requires, all capitalised terms defined in the circular dated 18 February 2021 ("**Circular**") and the supplemental letter (the "**Supplemental Letter**") dated 23 March 2021 issued by GL Limited (the "**Company**", and together with its subsidiaries, the "**Group**") shall have the same meanings herein.*

## 1. INTRODUCTION

On 15 January 2021 ("**Offer Announcement Date**"), DBS Bank Ltd, for and on behalf of the Offeror announced that the Offeror intends to make a voluntary conditional cash offer (the "**Offer**") for all the issued ordinary shares (the "**Shares**") in the capital of GL Limited.

The Offer was conditional upon the Offeror having received, by the close of the Offer, valid acceptances (which have not been withdrawn) pursuant to the Offer and/or otherwise acquiring or agreeing to acquire Shares other than through valid acceptances of the Offer from the Commencement Date in respect of such number of Shares which, when taken together with the Shares owned, controlled or agreed to be acquired by the Offeror and its Concert Parties (as defined in the Offer Document) before or during the Offer, will result in the Offeror and its Concert Parties holding such number of Shares carrying not less than 90 per cent. of the voting rights attributable to all the Shares in issue (excluding treasury shares) as at the close of the Offer (the "**Minimum Acceptance Condition**").

On 4 February 2021, DBS Bank Ltd issued, for and on behalf of the Offeror, the Offer Document dated 4 February 2021 containing, *inter alia*, the terms and conditions of the Offer.

On 18 February 2021, the Company issued the Circular to Shareholders in relation the Offer containing, *inter alia*, the recommendation of the Independent Directors to the Shareholders in respect of the Offer as required under the Code and the advice of W Capital Markets Pte.

Ltd. ("**W Capital Markets**"), being the Independent Financial Adviser ("**IFA**") to the Independent Directors in respect of the Offer.

On 4 March 2021, DBS Bank Ltd, for and on behalf of the Offeror, announced, *inter alia*, that the closing date of the Offer would be extended from 5.30 p.m. (Singapore time) on 4 March 2021 to 5.30 p.m. (Singapore time) on 18 March 2021 or such later date(s) as may be announced from time to time by or on behalf of the Offeror.

On 15 March 2021 (the "**Offer Revision Announcement Date**"), DBS Bank Ltd announced, *inter* alia, for and behalf of the Offeror, that (i) the Offeror was revising the Offer Price from S$0.70 per Offer Share to S$0.80 per Offer Share (the "**Final Offer Price**"), (ii) the Offeror does not intend to increase the Final Offer Price of S$0.80 in cash per Offer Share under any circumstances whatsoever; and (iii) the Offeror was waiving the Minimum Acceptance Condition (the "**Offer Revision Announcement**").

On 18 March 2021, DBS Bank Ltd announced, *inter alia*, for and on behalf of the Offeror that as the total number of Shares owned, controlled or agreed to be acquired by the Offeror and its Concert Parties (including valid acceptances of the Offer) as at 6.00 p.m. (Singapore time) on 18 March 2021, amounted to an aggregate of 1,240,998,555 Shares, representing approximately 90.71% of the total number of Shares, the Offeror will be entitled, and intends, to exercise its right of compulsory acquisition under Section 102 of the Companies Act after the close of the Offer to compulsorily acquire all the Shares of Shareholders who have not accepted the Offer at the Final Offer Price of S$0.80 for each Share.

In connection with the Offer and the Final Offer Price, W Capital Markets has been appointed by the Company as the IFA to advise the Independent Directors who will be making a recommendation to the Shareholders in relation to the Offer based on the Final Offer Price. This Supplemental IFA Letter is addressed to the Independent Directors and sets out, *inter alia*, our views and assessment on the financial terms of the Offer based on the Final Offer Price and our opinion thereon, and forms part of the Supplemental Letter to be despatched to Shareholders.

## 2. TERMS OF REFERENCE

We have been appointed to advise the Independent Directors in relation to the Offer based on the Final Offer Price. We have confined our evaluation to the financial terms of the Offer based on the Final Offer Price and we are not required to evaluate or comment on the commercial risks and/or merits (if any) of the Offer or the future prospects of the Company, and we have not made such evaluations or comments. Such evaluations or comments, if any, remain the responsibility of the Directors and management ("**Management**") of the Company although we may draw upon their views or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our opinion as set out in this Supplemental IFA Letter.

We have not been instructed or authorised to solicit, and we have not solicited, any indication of interest from any third party with respect to any other proposals for transactions similar to or in lieu of the Offer. In this regard, we are not addressing the relative merits of the Offer as compared to any alternative transaction previously considered by the Company or which otherwise may have been available to the Company currently or in the future.

In the course of our evaluation, we have held discussions with the Directors, Management and/or their professional advisers and have examined and relied to a considerable extent on publicly available information collated by us as well as information provided and representations made to us, both written and verbal, by the Directors, the Management and/or the professional advisers of the Company, including information contained in the Circular and the Supplement Letter. We have not independently verified such information or representations, whether written or verbal, and accordingly cannot and do not make any representation or warranty, express or implied, in respect of, and do not accept any

responsibility for the accuracy, completeness or adequacy of such information or representations. We have relied on the assurance of the Directors (including any who may have delegated detailed supervision of the preparation of the Circular and the Supplemental Letter) who jointly and severally accept responsibility for the accuracy of the information given in the Circular and the Supplemental Letter (save for (a) the Supplemental IFA Letter; (b) the Valuation Reports; (c) the information extracted from the Offer Announcement and the Offer Document; (d) the information extracted from the Offer Revision Announcement and the Revision Notification; and (e) the information relating to the Offeror) and confirm that they have taken all reasonable care to ensure that the facts stated in the Circular and the Supplement Letter are accurate and that no material facts in relation to the Company and its subsidiaries in the context of the Offer have been omitted from the Circular and the Supplemental Letter. Whilst care has been exercised in reviewing the information on which we have relied on, we have not independently verified the information but nevertheless have made such reasonable enquiries and exercised our judgment on the reasonable use of such information, and have found no reason to doubt the reliability of the information.

We have not made any independent appraisal of the assets and liabilities (including, without limitation, hotels, property and equipment and development properties) of the Group nor have we evaluated the solvency of the Group. As such, we have relied on the disclosures and representations made by the Company on the values of the assets and liabilities and profitability of the Group and no representation or warranty, expressed or implied, is made and no responsibility is accepted by us concerning the accuracy, completeness or adequacy of such information.

We have relied on the independent valuation reports (the "**Valuation Reports**") prepared for the purpose of the Offer, provided by Savills Advisory Services Limited ("**Savills**") and CBRE, Inc. ("**CBRE**") (collectively, the "**Independent Valuers**"), in relation to our financial assessment of the Offer in Section 8 of this Supplemental IFA Letter. We are not experts in the evaluation or appraisal of the assets or liabilities concerned and we have placed sole reliance on these Valuation Reports for such asset appraisals and have not independently verified the contents thereof. By its very nature, valuation work will be subjective and dependent on the exercise of the Independent Valuer's judgement. In particular, we do not assume any responsibility for the valuations contained in the Valuation Reports.

Our views as set out in this Supplemental IFA Letter are based upon the prevailing market, economic, industry and other conditions (if applicable) as well as information and representations provided to us by the Company and its representatives, as at the Latest Practicable Date (or "**LPD**"). Such conditions may change significantly over a relatively short period of time. We assume no responsibility to update, revise or reaffirm our opinion in light of any subsequent development after the Latest Practicable Date that may affect our opinion contained herein. Shareholders should take note of any announcement relevant to their consideration of the Offer, which may be released or published by or on behalf of the Company or the Offeror after the Latest Practicable Date.

Our opinion is limited to the fairness and reasonableness, from a financial point of view of the Offer and our terms of reference do not require us to evaluate or comment on the commercial rationale for the Offer, and/or associated risk and merits. We have not received or relied on any financial projections or forecasts in respect of the Company, the Group, or any part or division of any of the foregoing and our terms of reference do not require us to comment or express an opinion on the financial impact or potential impact on current or future financial performance or prospects or earnings potential of the Company and/or the Group arising from the Offer or otherwise (including without limitation any implications or uncertainties arising from the COVID-19 pandemic).

Our terms of reference also do not require us to evaluate or comment on the merits of the statements or opinion stated in any research reports on the Company and/or the Group, including any other reports issued by any other party. We have accordingly not made such evaluation or comments, although we may draw upon their views to the extent deemed

necessary or appropriate by us in arriving at our opinion as set out in this Supplemental IFA Letter.

In rendering our opinion, we have not had regard to any general or specific investment objectives, financial situation, tax position, risk profile, tax status or positions or particular needs and constraints or other particular circumstances of any Shareholder and do not assume any responsibility for, nor hold ourselves out as advisers to, any person other than the Independent Directors. As each Shareholder would have different investment objectives and profiles, the Independent Directors may wish to advise any Shareholder who may require specific advice in relation to his specific investment portfolio to consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other appropriate professional advisers.

The Company has been separately advised by its own professional advisers in the preparation of the Circular and the Supplemental Letter (other than this Supplemental IFA Letter). We have had no role or involvement, and do not provide any advice (financial or otherwise), in the preparation, review and verification of the Circular and the Supplemental Letter (other than this Supplemental IFA Letter). Accordingly, we take no responsibility for and expressed no views, whether expressed or implied, on the contents of the Circular and the Supplemental Letter (other than this Supplemental IFA Letter).

We have prepared this Supplemental IFA Letter for the use by the Independent Directors in connection with their consideration of the Offer based on the Final Offer Price and their advice and recommendation to the Shareholders in respect thereof. The recommendations made to the Shareholders in relation to the Offer remain the responsibility of the Independent Directors.

**Our opinion in relation to the Offer should be considered in the context of the entirety of this Supplemental IFA Letter, the Circular and the Supplemental Letter.**

## 3. REVISION OF OFFER PRICE

### 3.1 The Final Offer Price

As stated in Offer Revision Announcement, the Offeror is revising the Offer Price from S$0.70 per Offer Share to S$0.80 per Offer Share and does not intend to increase the Final Offer Price of S$0.80 per Offer Share under any circumstances whatsoever. Therefore, in accordance with Rule 20.2 of the Code, the Offeror will not be allowed to subsequently increase the Final Offer Price.

### 3.2 Waiver of Minimum Acceptance Condition

The Offer was conditional upon the Offeror having received, by the close of the Offer, valid acceptances (which have not been withdrawn) pursuant to the Offer and/or otherwise acquiring or agreeing to acquire Shares other than through valid acceptances of the Offer from the Commencement Date in respect of such number of Shares which, when taken together with the Shares owned, controlled or agreed to be acquired by the Offeror and its Concert Parties (as defined in the Offer Document) before or during the Offer, will result in the Offeror and its Concert Parties holding such number of Shares carrying not less than 90 per cent. of the voting rights attributable to all the Shares in issue (excluding treasury shares) as at the close of the Offer.

The Offeror had in the Offer Document reserved the right to reduce the Minimum Acceptance Condition to a level which is more than 50 per cent. of the total number of Shares or waive the Minimum Acceptance Condition, subject to the consent of the SIC. In the event that the SIC consents to the Minimum Acceptance Condition being waived or revised, (i) the revised Offer will remain open for at least 14 days following the date of despatch by way of post (the "**Notification Date**") of the written notification to Shareholders,

and (ii) Shareholders who have accepted the initial Offer will be allowed to withdraw their acceptance within eight days of the Notification Date.

The Offeror has obtained the consent of the SIC to waive the Minimum Acceptance Condition, subject to:

(i) The revised Offer remaining open for at least 14 days following the Notification Date; and

(ii) Shareholders who have accepted the initial Offer being allowed to withdraw their acceptance within eight (8) days of the Notification Date.

DBS Bank Ltd, for and behalf of the Offeror, announced that the Offeror is waiving the Minimum Acceptance Condition in the Offer Revision Announcement. As the Offer is not subject to other conditions, the Offer was declared unconditional in all respects on the Offer Revision Announcement Date.

## 4. INFORMATION ON THE OFFEROR

The following paragraphs have been extracted from Section 6 of the Offer Document and are set out in italics. All terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document, unless otherwise stated. Shareholders are advised to read the entire Offer Document including relevant sections, as extracted below, carefully.

***"6. INFORMATION ON THE OFFEROR***

***6.1 The Offeror.*** *The Offeror is a special purpose vehicle incorporated in the Cayman Islands on 23 December 2020 and is a private exempted company limited by shares. The Offeror is a wholly-owned subsidiary of GGL. As at the Latest Practicable Date, GGL has an interest in 1,007,906,134 Shares, representing 73.67 per cent. of the Shares (on the basis that there are no treasury shares), held directly by GAL, a wholly-owned subsidiary of GGL. The Offeror's principal activity is that of investment holding. The Offeror has not carried on any business since its incorporation, except for matters in connection with making the Offer."*

Further details on the Offeror are set out in Section 6 of the Offer Document.

## 5. INFORMATION ON THE COMPANY

Based on publicly available information, the Company is a company continued in Bermuda as an exempted company. The Company was founded in 1961 and is listed on the Main Board of the SGX-ST. The Company is an investment holding company with core business activity in hotel management and operations in the United Kingdom. In addition to its hospitality business, the Company owns rights to royalties from the production of oil and natural gas in the Bass Strait, Australia and real estate in Hawaii.

## 6. IRREVOCABLE UNDERTAKING

We note from Section 8 of the Offer Document that the Offeror has received the Irrevocable Undertaking from GAL dated 15 January 2021, pursuant to which GAL has undertaken (i) to tender all its Shares in acceptance of the Offer, and (ii) to waive its rights under Rule 30 of the Code to receive the cash consideration payable to it by the Offeror. Further details on the Irrevocable Undertaking are set out in Section 8 of the Offer Document and Section 5 of the Circular.

## 7. REASONS AND BENEFITS FOR THE OFFER AND THE OFFEROR'S INTENTION FOR THE COMPANY

The full text of the rationale for the Offer and the Offeror's intentions in relation to the Company are set out in Section 9 and 10 of the Offer Document respectively. Shareholders are advised to read the entire Offer Document including relevant sections, as extracted below, carefully.

The reasons and benefits for the Offer is reproduced below for your reference.

*"9. REASONS AND BENEFITS FOR THE OFFER*

***9.1 Greater management flexibility to navigate a challenging and unprecedented operating environment.*** *The Offeror is making the Offer with a view to privatising and delisting the Company from the SGX-ST and exercising any rights of compulsory acquisition that may arise under either Section 102 or Section 103 of the Companies Act (the "**Compulsory Acquisition**"). The Offeror believes that privatising the Company will give the Offeror and the management of the Company more flexibility to manage the business of the Company and optimise capital resources amidst a challenging and unprecedented operating environment driven by the COVID-19 pandemic and Brexit as well as low oil and gas prices.*

***9.1.1 The Company faces a challenging and unprecedented operating environment driven by COVID-19 and Brexit.*** *The ongoing COVID-19 pandemic has had an adverse impact on the global economy and has significantly affected the performance of the Company's core businesses. In the Company's main market of the United Kingdom ("**UK**"), the disruption of the pandemic is compounded by the impact of Brexit.*

*The pandemic has caused unprecedented and severe disruptions to the hospitality sector in the UK. As the Company's main business is in the hotel sector of the UK, its operations were significantly impacted by pandemic driven restrictions which resulted in most of the Company's hotels being closed during the 1H FY21, contributing to a decline in the Company's revenue of 90 per cent. in comparison to 1H FY20, resulting in a net loss of US$19.8m which would have been significantly larger if not for other operating income of US$26.5m which mainly comprised payments arising from insurance claims relating to UK hotel business disruption and government grants relating to the pandemic. This followed a 27 per cent. decline in hotel segment revenue in FY2020 in comparison to FY2019.*

*The pandemic continues to significantly curtail demand for UK hotel rooms, with renewed government-imposed lockdowns commencing in January 2021 resulting in the closure of the Company's hotels. Given this, it is likely the Company's UK hotels will continue to face a difficult operating environment in 2021. Further uncertainties are driven by a post-Brexit environment that may materially impact business travel and retail tourism[2].*

***9.1.2 The Company's Oil and Gas business has been affected by low oil and gas prices.*** *The Company's oil and gas business relies on royalty income from its entitlement to Bass Strait's oil and gas production in Australia. This royalty income has declined given lower crude oil and gas prices impacted by the ongoing pandemic. This contributed to a 90 per cent. decline in the Company's revenue in 1H FY21 in comparison to 1H FY20 and followed a 14 per cent. decline in oil and gas segment revenue in FY2020 in comparison to FY2019[2].*

***9.1.3*** ***The Company did not declare a dividend for FY2020.*** *The Company did not declare a dividend for FY2020 considering a bleak economic outlook and the need to conserve cash to meet its operational requirements[2].*

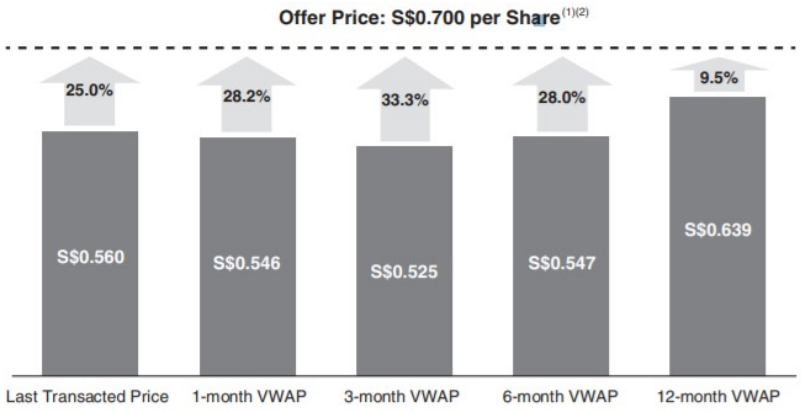
***9.2*** ***Opportunity for Shareholders to realise their investment at a premium without incurring brokerage fees.***

***9.2.1*** *The Offer represents an opportunity for Shareholders to realise their investment at a premium amidst a challenging and unprecedented operating environment for the Company.*

***9.2.2*** *As set out in* ***Section 12*** *of this Letter to Shareholders in this Offer Document, the Offer Price represents a premium of approximately:*

*(i) 25.0 per cent. over the last transacted price (the "**Last Transacted Price**") per Share of S$0.560 on 14 January 2021 (being the last full Market Day on which the Shares were transacted on prior to the release of the Offer Announcement (the "**Last Trading Day**")); and*

*(ii) 28.2 per cent., 33.3 per cent., 28.0 per cent. and 9.5 per cent. over the VWAP per Share for the one (1)-month, three (3)-month, six (6)-month and twelve (12)-month periods, respectively, up to and including the Last Trading Day.*



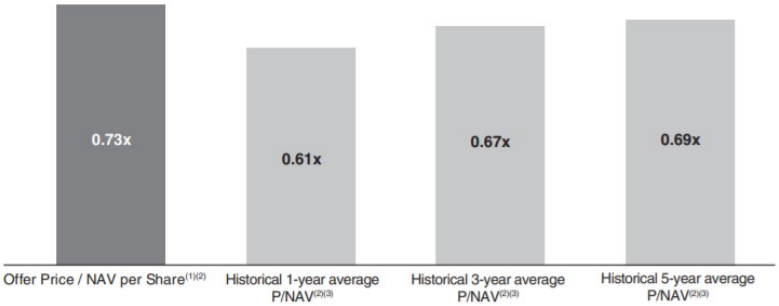

***Notes:***

*(1) The S$ figures (other than the Offer Price) are rounded to the nearest three (3) decimal places and computed on data sourced from Bloomberg L.P. up to and including the Last Trading Day.*

*(2) The respective premia are rounded to the nearest one (1) decimal place.*

***9.2.3*** *The Offer Price implies a price to net asset value multiple ("**P/NAV**") of 0.73 times, which exceeds the Company's historical averages.*

*The P/NAV multiple implied by the Offer Price of 0.73 times represents a premium of 19.7 per cent., 9.0 per cent. and 5.8 per cent. respectively to the historical 1-year, 3-year, 5-year average P/NAV multiple of the Shares.*




***Notes:***

*(1) Based on the reported NAV per Share as at 31 December 2020, converted to Singapore dollars at an exchange rate of 1 USD: 1.3218 SGD.*

*(2) Multiples shown in the chart above are rounded to the nearest two (2) decimal places.*

*(3) The historical average P/NAV is computed daily up to and including the Last Trading Day and reflects the market capitalisation of the Shares at the end of each trading day divided by total common equity (net assets) for the last reported financial quarter or period, as sourced from Capital IQ and Company filings. Total common equity has been translated to Singapore dollars at the prevailing historical USD:SGD exchange rate as at the end of each respective financial quarter or period.*

***9.3*** ***Opportunity for Shareholders who may otherwise find it difficult to exit their investment in the Company due to low trading liquidity.*** *The historical trading liquidity of the Shares on the SGX-ST has been low. The average daily trading volume of the Shares over the twelve (12)-, six (6)-, three (3)- and one (1)-month periods up to and including the Last Trading Day are detailed in the table below.*

| | ***One-month*** | ***Three-month*** | ***Six-month*** | ***Twelve-month*** |
|---|---|---|---|---|
| *Average daily trading volume as a percentage of total number of Shares (1)(2)* | *0.004%* | *0.003%* | *0.003%* | *0.010%* |

***Notes:***

*(1) The average daily trading volume is based on data extracted from Bloomberg L.P. as at the Last Trading Day and calculated using the daily total volume of Shares traded divided by the total number of Shares (excluding those held by the trust established by the Company for the GL Limited Executives' Share Options Scheme).*

*(2) The percentage figures are rounded to the nearest three (3) decimal places.*

***9.4*** ***Only Offer capable of turning unconditional or succeeding.*** *Given that GAL, holding Shares representing approximately 73.67 per cent. of the issued share capital of the Company, has, as at the Latest Practicable Date, undertaken to accept the Offer, no other general offer will be capable of turning unconditional or succeeding. Should the Offer fail to become or be declared unconditional, the Offeror is not permitted under the Code to make another general offer for the Company for 12 months following the lapse of the Offer.*

***9.5*** ***Costs of maintaining listing status.*** *In maintaining its listed status, the Company incurs compliance and other costs associated with the requirements of being listed. In the event that the Company is delisted from the SGX-ST, the Company will be able to save on expenses relating to the maintenance of its listed status and focus its resources on its operational matters amidst a challenging and unprecedented operating environment."*

The Offeror's intentions for the Company are reproduced below for your reference.

***"10. THE OFFEROR'S INTENTIONS FOR THE COMPANY***

*The Offeror intends for the Company to continue with its existing activities and has no intention to, in connection with or as a result of the Offer, (i) introduce any major changes to the business of the Company, (ii) re-deploy the fixed assets of the Company, or (iii) discontinue the employment of any of the existing employees of the Company and its subsidiaries, other than in the ordinary course of business. However, the Directors retain the flexibility at any time to consider any options in relation to the Company and its subsidiaries which may present themselves and which they may regard to be in the interest of the Offeror."*

## 8. ASSESSMENT OF THE FINANCIAL TERMS OF THE OFFER BASED ON THE FINAL OFFER PRICE

In the course of our evaluation of the financial terms of the Offer based on the Final Offer Price, we have given due consideration to, *inter alia,* the following key factors which, in our opinion, have a significant bearing on our assessment:

(a) Historical financial performance and position of the Group;

(b) Analysis of the Group's net asset value ("**NAV**") per Share and revalued net asset value ("**RNAV**") per Share;

(c) Analysis of the Group's Sum-of-the-Parts ("**SOTP**") Value Per Share;

(d) Historical Share price performance and trading liquidity;

(e) Valuation ratios of selected listed companies broadly comparable to the Group;

(f) Comparison with precedent privatisation transactions involving selected companies broadly comparable to the Group;

(g) Precedent privatisation transactions in Singapore; and

(h) Other relevant considerations.

The following is a brief description of the valuation ratios used in our evaluation of the Final Offer Price:

| Valuation Ratio | Description |
|---|---|
| Price-to-earnings ratio ("**P/E**") | The P/E, or earnings multiple, illustrates the ratio of a company's market capitalisation relative to its historical consolidated net profit attributable to shareholders. The P/E is an earnings-based valuation methodology.<br><br>The P/E multiple is affected by, *inter alia*, the capital structure of a company, its tax position as well as its accounting policies relating to depreciation and amortisation of intangible assets. |
| Enterprise value to EBITDA ("**EV/EBITDA**") ratio | EV refers to enterprise value which is the sum of a company's market capitalisation, preferred equity, minority interests, short-term and long-term debts (inclusive of finance leases), less its cash and cash equivalents.<br><br>EBITDA refers to the consolidated earnings before interest, taxes, depreciation and amortisation expenses, inclusive of the share of |

| Valuation Ratio | Description |
|---|---|
| | associates' and joint ventures' income.<br><br>The EV/EBITDA ratio illustrates the ratio of the market value of an entity relative to its pre-tax operating cashflow, without regard to its capital structure and provides an indication of current market valuation relative to operating performance. |
| Price-to-NAV ratio ("**P/NAV**") | P/NAV illustrates the market value of an entity in relation to its NAV. P/NAV shows the extent to which the value of each share is backed by assets and represents an asset-based relative valuation methodology.<br><br>This asset-based approach of valuing a company or group is based on the aggregate value of all the assets of the company in their existing condition, after deducting the sum of all liabilities of the company and minorities' interests. The P/NAV approach is meaningful as it shows the extent to which the value of each share is backed by both tangible and intangible assets and would be relevant in the event that the company or group decides to realise or convert the use of all or most of its assets. The asset-based approach in valuing a company may provide an estimate of the value of a company or group assuming the hypothetical sale of all its assets (including any intangible assets including but not limited to goodwill, trademarks and brand names) in an orderly manner or over a reasonable period of time and at the aggregate value of the assets used in the computation of the NAV, the proceeds of which are used to settle the liabilities, minority interest and obligation of the company or group with the balance to be distributed to its shareholders. |
| Price-to-RNAV ratio ("**P/RNAV**") | P/RNAV illustrates the extent that the value of each share is backed by assets, taking into account their market or realisable values which have been revalued. RNAV is typically used to revalue property-related assets that are held by property investors and developers, which may be carried in the accounts at either historical cost or on a revalued basis, depending on the relevant accounting standards adopted. |

## 8.1 Historical financial performance and position of the Group

A summary of the consolidated income statement, consolidated statement of financial position and consolidated statement of cash flows of the Group for the last three (3) financial years ("**FY**") ended 30 June 2018, 2019 and 2020 and half year ended 31 December 2020 ("**HY2021**") and 31 December 2019 ("**HY2020**") are set out below. The following summary financial information should be read in conjunction with the full text of the Company's annual report for FY2018, FY2019 and FY2020 and the results announcements in respect of the relevant financial periods including the notes/commentaries thereto.

Consolidated Income Statement

| (US$' million) | FY2018 Audited | FY2019 Audited | FY2020 Audited | HY2020 Unaudited | HY2021 Unaudited |
|---|---|---|---|---|---|
| Revenue | 344.4 | 349.3 | 258.2 | 193.3 | 19.5 |
| Cost of sales | (189.7) | (221.9) | (160.0) | (99.7) | (30.1) |
| **Gross profit / (loss)** | **154.7** | **127.4** | **98.2** | **93.6** | **(10.6)** |
| Other operating income | 28.7 | 0.5 | 24.3 | 0.3 | 26.5 |
| Administrative expenses | (80.1) | (58.4) | (53.9) | (29.0) | (19.3) |
| Reversal of impairment loss / (impairment loss) on trade receivables | (0.2) | (0.7) | 0.1 | 0.4 | (0.8) |
| Other operating expenses | (0.1) | (16.3) | (47.8) | (1.4) | - |
| **Operating profit** | 103.0 | 52.5 | 20.9 | 63.9 | (4.2) |
| Finance income | 1.6 | 1.6 | 1.5 | 0.7 | 2.9 |
| Finance costs | (13.5) | (13.2) | (48.0) | (25.9) | (24.4) |
| Net financing costs | (11.9) | (11.6) | (46.5) | (25.2) | (21.5) |
| **(Loss) / profit before tax / period** | **91.1** | **40.9** | **(25.6)** | **38.7** | **(25.7)** |
| Income tax (expense) / credit | (20.4) | (6.6) | (1.1) | (11.8) | 5.9 |
| (Loss) / profit from continuing operations, net of tax | 70.7 | 34.3 | (26.7) | 26.9 | (19.8) |
| Profit / (loss) from discontinued operation, net of tax | (11.8) | 16.0 | - | - | - |
| **(Loss) / profit for the year / period** | **58.9** | **50.3** | **(26.7)** | **26.9** | **(19.8)** |
| **Profit / (loss) attributable to** | | | | | |
| Owners of the Company | 59.0 | 50.3 | (26.7) | 26.9 | (19.8) |
| Non-controlling interests | (0.1) | - | - | - | - |

*Source: Company's annual reports for FY2019 and FY2020 and Company's financial results announcement for HY2021*

Review of operating results

FY2018 vs FY2019

The Group recorded a revenue of US$349.3 million in FY2019, representing an increase of US$4.9 million or 1.4% from US$344.4 million in FY2018. This was mainly due to an increase in revenue from Bass Strait oil and gas royalties from US$24.2 million in FY2018 to US$29.2 million in FY2019, largely driven by higher crude oil and gas prices in FY2019.

Hotel revenue for FY2019 was higher in British Pounds Sterling ("**GBP**") terms compared to FY2018 as a result of improved hotel occupancy rate and revenue per available room during the year. However, the increase was fully offset by the weakening of GBP against the US dollar ("**USD**") by 4.2% compared to FY2018.

Despite an increase in revenue, gross profit decreased from US$154.7 million in FY2018 to US$127.4 million in FY2019. The lower cost of sales that was recorded in FY2018 was mainly due to the reversal of over accrued rental expense of Euston Hotel as a result of the compulsory acquisition in FY2018. In addition, increased business and utilities rates, reclassification of hotel depreciation and intangible asset amortisation from administrative expenses and web marketing cost for promoting the Group's direct web strategy resulted in an increase in cost of sales in FY2019.

Other operating income decreased by US$28.2 million from US$28.7 million in FY2018 to US$0.5 million in FY2019 due to the one-off compensation from the compulsory acquisition of one hotel property and the recovery of legacy loan which was written off previously in FY2018.

Administrative cost decreased by US$21.7 million from US$80.1 million in FY2018 to US$58.4 million in FY2019 mainly due to the reclassification of hotel depreciation and intangible asset amortisation to cost of sales as well as the weakening of GBP against the USD.

Impairment loss on trade receivables increased by US$0.5 million from US$0.2 million in FY2018 to US$0.7 million in FY2019 mainly due to the increase in provision on higher aged trade debt balances.

The increase in other operating expenses of US$16.2 million from US$0.1 million in FY2018 to US$16.3 million in FY2019 was relating to the impairment loss of hotel properties, loss on disposal of property and equipment, and write-off of obsolete hotel furniture and equipment as well as the provision for legal claims on an unfavourable arbitration award in Hawaii during the year.

Income tax expense decreased by US$13.8 million from US$20.4 million in FY2018 to US$6.6 million in FY2019 mainly due to a set off against tax benefit in the Hotel segment.

For FY2019, the Group recorded a profit from discontinued operations of US$16.0 million from the disposal of the gaming segment including the casino license on 16 April 2019 for a cash consideration of US$30.1 million with a loss on disposal of US$0.3 million (net of transaction related cost). In addition, there was a realisation of US$17.5 million of foreign currency translation reserve gain from this disposal.

As a result of the above, net profit after tax (attributable to owners of the Company) deceased by US$8.7 million or 14.7% from US$59.0 million in FY2018 to US$50.3 million in FY2019.

FY2019 vs FY2020

The Group recorded a revenue of US$258.2 million in FY2020, representing a decrease of US$91.1 million or 26.1% from US$349.3 million in FY2019. This was mainly due to a decrease in revenue from the hotels segment from US$317.0 million in FY2019 to US$230.0 in FY2020 as a result of the impact of COVID-19 which resulted in the temporary cessation of hotel operations in the last 4 months of FY2020 pursuant to the UK government's guidance. Revenue from the oil and gas segment also decreased as a result of (i) lower crude oil prices that were partly attributable to a price war between major oil producers; (ii) the decline in global oil demand as a result of the COVID-19 pandemic; and (iii) the weakening of Australia dollars ("**AUD**") against the USD.

Consequently, gross profit declined from US$127.4 million in FY2019 to US$98.2 million in FY2020.

Other operating income increased by US$23.8 million from US$0.5 million in FY2019 to US$24.3 million in FY2020 mainly due to compensation from the compulsory acquisition of

Euston Hotel in 2018 and government grants from the various COVID-19 pandemic relief schemes in UK and Singapore.

Administrative expenses decreased by US$4.5 million from US$58.4 million in FY2019 to US$53.9 million in FY2020 due to (i) cost rationalisation measures that were implemented in the fourth quarter of FY2020 as a result of the COVID-19 pandemic; and (ii) the depreciation of GBP against the USD during FY2020.

The Group recorded a reversal of impairment loss on trade receivables of US$0.1 million in FY2020 as compared to an impairment loss of US$0.7 million on trade receivables mainly due to lower provision required on an improved trade debt ageing balances.

Other operating expenses increased by US$31.5 million from US$16.3 million in FY2019 to US$47.8 million in FY2020 due to the impairment of hotel properties, write down of development properties, redundancy costs, value added tax ("**VAT**") arising from discretionary service charge billed to customers in the UK, and provision for legacy leases claims against a subsidiary in the UK which had provided a guarantee to a third party in relation to hotel properties previously leased and operated by another subsidiary.

Net finance costs increased by US$34.9 million from US$11.6 million in FY2019 to US$46.5 million in FY2020 due to the recognition of interest expense on lease liabilities following the adoption of International Financial Reporting Standard ("**IFRS**") 16 during FY2020.

Income tax expense decreased by US$5.5 million from US$6.6 million in FY2019 to US$1.1 million in FY2020 mainly due to lower tax charge on decreased royalty income as well as the recognition of deferred tax benefits at hotel segment following the adoption of IFRS 16 during FY2020.

As a result of the above, the Group incurred a net loss after tax for the year attributable to owners of the Company of US$26.7 million as compared to a net profit after tax for the year attributable to owners of the Company of US$50.3 million in FY2019.

HY2020 vs HY2021

The Group recorded a revenue of US$19.5 million in HY2021, representing a decrease of US$173.8 million or 89.9% from US$193.3 million in HY2020. This was mainly due to the (i) a significantly lower hotel revenue due to the continued impact from the COVID-19 pandemic in the UK that resulted in the temporary cessation of most of the Group's hotel operations during the period from July to December 2020 due to COVID-19 restrictions in the UK; and (ii) lower revenue from the oil and gas segment due to lower crude oil and gas prices. The decrease in revenue from the oil and gas segment was partially offset by the strengthening of AUD against the USD during HY2021.

Gross profit declined from US$93.6 million in HY2020 to a gross loss of US$10.6 million in HY2021.

Other operating income increased by US$26.2 million from US$0.3 million in HY2020 to US$26.5 million in HY2021 mainly due to the receipt from the insurance claims relating to the Group's UK hotel business interruptions as well as government grants comprising receipts from COVID-19 pandemic relief schemes in both UK and Singapore during HY2021.

Administrative expenses decreased by US$9.7 million from US$29.0 million in HY2020 to US$19.3 million in HY2020. This was mainly due to continued cost reduction initiatives across all business segments amidst the COVID-19 pandemic during HY2021.

Impairment loss on trade receivables of US$0.8 million was mainly due to higher ageing trade receivables in HY2021 as compared to HY2020.

Other operating expenses of US$1.4 million recorded in HY2020 was relating to the provision of VAT arising from discretionary service charge billed to customers in UK and impairment loss on hotel property.

Net financing costs decreased by US$3.7 million from US$25.2 million in HY2020 to US$21.5 million in HY2021 due to lower prevailing interest rates on the outstanding term loans as well as foreign exchange translation gain arising from average cash balances as a result of the strengthening GBP against USD during HY2021.

Income tax benefit of US$5.9 million in HY2021 was due to the recognition of deferred tax benefits attributable to the hotel segment arising from trading loss offset by the lower tax charge on decreased royalty income during HY2021.

As a result of the above, the Group incurred a net loss for the period attributable to owners of the Company of US$19.8 million in HY2021 compared to a net profit for the period attributable to owners of the Company of US$26.9 million in HY2020.

Consolidated Statement of Financial Position

| (US$'million) | As at 30 June 2020 Audited | As at 31 December 2020 Unaudited |
|---|---|---|
| **Current assets** | | |
| Cash and cash equivalents | 94.0 | 107.9 |
| Inventories | 0.8 | 0.9 |
| Development properties | 171.6 | 171.6 |
| Trade and other receivables | 9.9 | 15.4 |
| | 276.3 | 295.8 |
| **Non-current assets** | | |
| Hotels, property and equipment | 1,478.9 | 1,637.4 |
| Intangible assets | 59.0 | 64.8 |
| Pensions surplus | 6.2 | 6.9 |
| Deferred tax assets | 18.0 | 29.0 |
| | 1,562.1 | 1,738.1 |
| **Total assets** | 1,838.4 | 2,033.9 |
| **Current liabilities** | | |
| Loans and borrowings | - | 10.0 |
| Lease liabilities | 6.4 | 7.2 |
| Provisions | 14.5 | 13.0 |
| Trade and other payables | 41.4 | 32.0 |
| Corporate tax payable | 0.5 | 0.6 |
| | 62.8 | 62.8 |
| **Non-current liabilities** | | |
| Loans and borrowings | 187.3 | 242.8 |
| Lease liabilities | 699.7 | 785.5 |
| Pension obligations | 2.1 | 2.2 |
| Derivative financial liabilities | 3.5 | 3.5 |
| | 892.6 | 1,034.0 |
| **Total liabilities** | 955.4 | 1,096.8 |
| **Net assets** | **883.0** | **937.1** |
| Equity attributable to owners of the Company | 885.4 | 939.8 |
| Non-controlling interests | (2.4) | (2.7) |
| **Total equity** | **883.0** | **937.1** |
| Number of shares (millions) | 1,299.8 | 1,299.8 |
| NAV per Share attributable to Shareholders (US cents) | 68.1 | 72.3 |

*Source: Company's annual report for FY2020 and Company's financial results announcement for HY2021*

Major assets and liabilities

As at 31 December 2020, the total assets of the Group amounted to US$2,033.9 million comprising current assets of US$295.8 million and non-current assets of US$1,738.1 million, representing 14.5% and 85.5% of total assets respectively.

Current assets as at 31 December 2020 comprised mainly (i) development properties of US$171.6 million, (ii) cash and cash equivalents of US$107.9 million and (iii) trade and other receivables of US$15.4 million, representing 8.4%, 5.3% and 0.8% of total assets respectively. Non-current assets as at 31 December 2020 comprised mainly hotels, property and equipment of US$1,637.4 million and intangible assets (comprising the Bass Strait oil and gas royalty ("**O&G Royalty**") and hotel brand) of US$64.8 million, representing 80.5% and 3.2% of total assets respectively.

As at 31 December 2020, the total liabilities of the Group amounted to US$1,096.8 million comprising current liabilities of US$62.8 million and non-current liabilities of US$1,034.0 million, representing 5.7% and 94.3% of total liabilities respectively.

Current liabilities as at 31 December 2020 comprised mainly (i) trade and other payables of US$32.0 million (ii) provisions of US$13.0 million and (iii) interest-bearing loans and borrowings of US$10.0 million, representing 2.9%, 1.2% and 0.9% of total liabilities respectively. Non-current liabilities as at 31 December 2020 comprised mainly lease liabilities of US$785.5 million and interest-bearing loans and borrowings of US$242.8 million, representing 71.6% and 22.1% of total liabilities respectively.

Consolidated Statement of Cash Flows

| **(US$' million)** | **FY2020** | **HY2020** | **HY2021** |
|---|---|---|---|
| Net cash generated / (used in) from operating activities | 86.2 | 69.2 | (7.2) |
| Net cash used in investing activities | (1.1) | (14.9) | (2.4) |
| Net cash (used in) / from financing activities | (84.5) | (76.9) | 16.9 |
| Net increase / (decrease) in cash and cash equivalents | 0.6 | (22.6) | 7.3 |
| Cash and cash equivalents at end of year / period | 94.0 | 74.0 | 107.9 |

*Source: Company's annual report for FY2020 and Company's financial results announcement for HY2021*

For FY2020 and HY2020, the Group recorded net cash generated from operating activities of US$86.2 million and US$69.2 million. For HY2021, the Group recorded net cash used in operating activities of US$7.2 million.

In respect of HY2021:

(a) The Group recorded net cash used in operating activities of approximately US$7.2 million mainly due to (i) loss before tax of US$25.7 million (ii) adjustments for non-cash items of US$35.7 million (iii) changes in working capital items of US$13.8 million and (iv) income tax paid of US$3.5 million;

(b) The Group recorded net cash used in investing activities of US$2.4 million due to acquisition of hotels, property and equipment;

(c) The Group recorded net cash from financing activities of US$16.9 million due to proceeds from drawn-down of short term / long term borrowings of US$43.0 million, offset by repayment of lease liabilities of US$22.6 million and interest paid of US$4.4 million; and

(d) Taking into account (i) the net increase in cash and cash equivalents of US$7.3 million (ii) the cash and cash equivalents and restricted cash at the beginning of FY2021 of approximately US$94.4 million and (iii) the effect of exchange rate fluctuations on

cash held of US$6.2 million, the Group's cash and cash equivalents amounted to approximately US$107.9 million as at 31 December 2020.

## 8.2 Analysis of the Group's NAV per Share and RNAV per Share

Shareholders should note that the analysis based on the NAV of the Group only provides an estimate of the value of the Group based on a hypothetical scenario involving the sale of all its assets in an orderly manner over a reasonable period of time and does not take into account or consideration other variables such as the hypothetical sale of assets in a non-orderly manner or over a short period of time, time value of money, market conditions, legal and professional fees, liquidation costs, contractual obligations, regulatory requirements and availability of potential buyers, all of which could theoretically lower the NAV that can be realised.

### 8.2.1 NAV of the Group

The Group's unaudited consolidated statement of financial position as at 31 December 2020 comprised mainly the following:

| | **Unaudited as at 31 December 2020 (US$'million)** | **As a percentage of total assets (%)** |
|---|---|---|
| Non-current assets | | |
| Hotels, property and equipment<br>*- comprising mainly the Group's hotel portfolio of 15 hotels located in the UK* | 1,637.4 | 80.5 |
| Intangible assets<br>*- Group's interest in the Bass Strait's oil and gas production in Australia* | 64.8 | 3.2 |
| Other non-current assets (including deferred tax assets) | 35.9 | 1.8 |
| Current assets | | |
| Development properties<br>*- 54,486 acres of land parcels on Molokai island in Hawaii* | 171.6 | 8.4 |
| Cash and cash equivalents | 107.9 | 5.3 |
| Other current assets | 16.3 | 0.8 |
| Total assets | 2,033.9 | 100.0 |
| Total liabilities | 1,096.8 | |
| Total equity | 937.1 | |
| Non-controlling interests | (2.7) | |
| Equity attributable to owners of the Company/NAV | 939.8 | |
| **NAV per Share (US$)[(1)]** | **0.72** | |
| **NAV per Share (S$)[(2)]** | **0.96** | |
| **Final Offer Price (S$)** | **0.80** | |
| **P/NAV as implied by the Final Offer Price (times)** | **0.84** | |
| **Discount to NAV per Share as implied by the Final Offer Price (%)** | **16.3** | |

*Source: Company's financial results announcement for HY2021*

**Notes:**

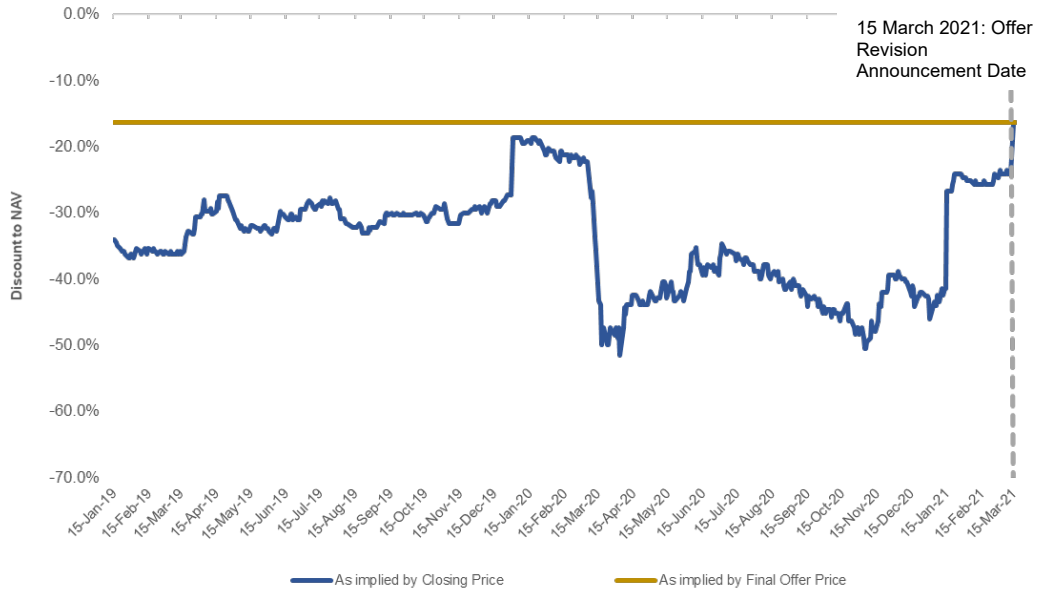
(1) Based on 1,299,768,633 Shares (after excluding 68,295,000 Shares held under a trust established by the Company for the GL Limited Executives' Share Scheme 2018), which is consistent with the approach taken by the Company in the computation of the net asset per share for their financial results. Per Share value is rounded to the nearest two (2) decimal places.

(2) Based on exchange rate of USD1.00:SGD1.3221 as at 31 December 2020.

The P/NAV as implied by the Final Offer Price of 0.84 times implies that the Final Offer Price is at a discount of approximately 16.3% to the NAV per Share as at 31 December 2020.

We have also computed the historical P/NAV (based on the Group's trailing NAV per Share as announced by the Company for that applicable periods and the daily closing price of the Shares for the relevant periods) for the periods of 2-year, 1-year, 6-month, 3-month and 1-month (the "**Relevant Period**") prior to 14 January 2021 (the "**Last Trading Day**") being the last full Market Day on which the Shares were transacted prior to the release of the Offer Announcement and for the period from the Offer Announcement Date to 12 March 2021 (being the last full Market Day prior to the Offer Revision Announcement Date on which the Shares were traded ).

The following chart shows the discount to NAV as implied by the closing price of the Shares for the Relevant Period and the discount to NAV as implied by the Final Offer Price.




*Source: Bloomberg L.P.*

| | Discount to NAV | | |
|---|---|---|---|
| | **Average** | **Minimum** | **Maximum** |
| **Periods up to and including the Last Trading Day** | | | |
| 2-year | (34.9%) | (18.6%) | (51.5%) |
| 1-year | (38.8%) | (18.6%) | (51.5%) |
| 6-month | (42.4%) | (36.3%) | (50.5%) |
| 3-month | (43.7%) | (38.9%) | (50.5%) |
| 1-month | (42.7%) | (41.0%) | (46.1%) |
| **Period between the Offer Announcement Date to 12 March 2021 (being the last full Market Day prior to the Offer Revision Announcement Date)** | (25.0%) | (23.6%) | (26.8%) |

| | | | |
|---|---|---|---|
| **Period between the Offer Revision Announcement Date and the Latest Practicable Date** | (16.3%) | (16.3%) | (16.3%) |

*Source: Bloomberg L.P.*

We noted that the Shares had consistently traded on the SGX-ST at a discount to the NAV per Share during the Relevant Period. The average discount ranged from 34.9% for the 2-year period prior to the Last Trading Day to 43.7% for the 3-month period prior to the Last Trading Day. The minimum discount ranged from 18.6% for the 2-year period prior to the Last Trading Day to 41.0% for the 1-month period prior to the Last Trading Day. The maximum discount ranged from 46.1% for the 1-month period prior to the Last Trading Day to 51.5% for the 2-year period prior to the Last Trading Day.

In comparison, the discount to NAV as implied by the Final Offer Price of approximately 16.3% is smaller than the range of discounts to NAV as implied by the closing price of the Shares for the periods of 2-year, 1-year, 6-month, 3-month and 1-month prior to the Last Trading Day.

For the period between the Offer Announcement Date and 12 March 2021 (being the last full Market Day prior to the Offer Revision Announcement Date), we noted that the discount to NAV as implied by the closing price of the Shares was between 23.6% and 26.8% and the average discount was 25.0%. In comparison, the discount to NAV as implied by the Final Offer Price was significantly smaller at 16.3%.

From the Offer Revision Announcement Date up to the Latest Practicable Date, the closing price of the Shares had been equivalent to the Final Offer Price.

Based on the unaudited consolidated statement of financial position of the Group as at 31 December 2020, we noted that the majority of assets of the Group comprised hotels, property and equipment, intangible assets and development properties which accounted for 80.5%, 3.2% and 8.4% respectively of the total assets of the Group as at 31 December 2020. As an asset-based company, it is therefore relevant for the purpose of the Offer to assess the current market valuation of these assets and their impact on the NAV of the Group. We set out these classes of assets in greater detail below.

***(a) Hotels, property and equipment***

Hotels, property and equipment are measured in the Group's financial statement at cost less accumulated depreciation and impairment losses. Gains or losses arising from the changes in the fair value of the hotels, properties and equipment are included in profit or loss for the period in which they arise.

As at 31 December 2020, the net book value of the Group's hotels, property and equipment was US$1,637.4 million, comprising freehold land and buildings, leasehold land and buildings, right-of-use-assets and vehicles and fittings, accounting for 80.5% of the total assets of the Group.

As at 31 December 2020, the Group's hotel portfolio comprised 15 hotels located in the United Kingdom (the "**Hotel Properties**") with a carrying amount of US$1,044.7 million and the related right of use assets of US$584.7 million. These Hotel Properties accounted for approximately 80.1% of the Group's total assets.

***(b) Intangible assets***

Intangible assets consist primarily of the O&G Royalty which represents the Group's interest in the Bass Strait's oil and gas production in Australia.

The O&G Royalty is measured in the Group's financial statement at cost less accumulated amortisation and impairment losses. Subsequent expenditure is capitalised only when it

increases the future economic benefits embodied in the specific asset to which it relates. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of 30 years.

We noted that in connection with the financial audit for the financial year ended 30 June 2020, the Company had engaged an independent appraiser who had estimated the recoverable amount for the O&G royalty based on the present value of the future cash flows expected to be derived from the cash generating unit (value in use method). The recoverable amount of the O&G Royalty was estimated to be higher than its carrying amount and no impairment was required. The independent appraiser had estimated the net present value of the Group's interest in the O&G Royalty as at 30 June 2020 on a pre-tax basis (under the low and high commodity price scenarios of Brent oil price and gas price) to be in the range of US$120 million to US$181 million, and at US$155 million based on the mid case product price assumptions (the "**O&G Royalty Valuation**").

As at 31 December 2020, intangible assets had a net book value of US$64.8 million and accounted for approximately 3.2% of the total assets of the Group. In this regard, we noted that for the period between 1 July 2020 and the Latest Practicable Date, the average oil price of US$48.97/bbl (as indicated by the ICE Brent Index price extracted from Bloomberg L.P.) was within the range of oil prices assumptions used by the independent appraiser in the O&G Royalty Valuation.

***(c) Development properties***

Development properties represent the Group's investment on the island of Molokai in Hawaii which comprise approximately 54,486 acres of land parcels (the "**Molokai Assets**").

Development properties are measured at the lower of cost and net realisable value. As at 31 December 2020, the net book value of the development properties was US$171.6 million and accounted for approximately 8.4% of the total assets of the Group. We understand that the Group has been exploring options to monetise these assets, which includes selling its entire interest in the entity which holds the Molokai Assets. In 2018, the Group marketed the Molokai Assets collectively for US$250 million, but while there had been preliminary inquiries from interested parties, none of the parties had sought to enter into serious discussions with the Group as at the Latest Practicable Date.

### 8.2.2 RNAV of the Group

In our evaluation of the financial terms of the Offer, we have also considered whether there are any assets which may be revalued at an amount that is materially different from their net book value as at 31 December 2020.

For the purpose of the Offer, the Company had commissioned Savills and CBRE to perform a valuation of the Hotel Properties and Molokai Assets respectively as at 15 February 2021 and 1 February 2021 respectively. In respect of the Hotel Properties, we noted that in order to arrive at the valuation of the Hotel Properties, Savills' principal approach was to utilise the profits method of valuation within discounted cash flows. In respect of the Molokai Assets, the aggregate value reported by CBRE was the sum of the estimated market values of the individual parcels and groups of the Molokai Assets, derived using, *inter alia*, the cost approach and the sales comparison approach. For full details of the valuation, please refer to the respective Valuation Reports.

The fair value adjustments have been incorporated into the Group's revalued NAV (the "**RNAV**") as shown in the table below.

We set out the list of Hotel Properties and the Molokai Assets which were revalued and their assessed market values as at their respective valuation dates below:

| Revalued Property | Net book value as at 31 December 2020 (US$'million) | Valuation as at the respective valuation date[1] (US$'million) | Revaluation surplus / (deficit) (US$'million) |
|---|---|---|---|
| **Hotel Properties** | | | |
| The Tower Hotel | 296.9 | 283.3 | (13.6) |
| AMBA Hotel Marble Arch | 236.0 | 383.6 | 147.6 |
| AMBA Hotel Charing Cross | 90.5 | 155.6 | 65.1 |
| The Royal Horseguards Hotel | 138.3 | 183.4 | 45.1 |
| AMBA Hotel Grosvenor | 135.9 | 168.7 | 32.8 |
| Thistle Kensington Gardens | 38.7 | 73.1 | 34.4 |
| Thistle Heathrow | 20.7 | 2.8 | (17.9) |
| Thistle Trafalgar Square | 8.9 | 1.5 | (7.4) |
| Thistle Hyde Park | 3.3 | 0.6 | (2.7) |
| Thistle City Barbican | 5.4 | (46.7) | (52.1) |
| Thistle Bloomsbury Park | 2.5 | 3.5 | 1.0 |
| Thistle Piccadilly | 5.3 | (3.6) | (8.9) |
| Hard Rock Hotel London | 62.2 | (43.1) | (105.3) |
| Thistle Express Luton | 0.1 | (1.1) | (1.2) |
| Thistle Express Swindon | - | (0.6) | (0.6) |
| | 1,044.7 | 1,161.0 | 116.3 |
| **Development Properties** | | | |
| Molokai Assets | 171.6 | 201.0[2] | 29.4 |
| Total revaluation surplus | | | 145.7 |
| Less: Potential tax liability | | | (42.4) |
| Net revaluation surplus | | | 103.3 |

*Source: Valuation reports*

**Notes:**

(1) The valuation figures in GBP were converted to USD based on exchange rate of USD1.00:GBP0.7198 as at the Latest Practicable Date.

(2) Based on the sum of the estimated market values of the individual parcels and groupings of the Molokai Assets as reported in the Molokai Valuation. We noted from the CBRE's valuation report that should the Company decide to dispose of the properties comprised in the Molokai Assets to a single purchaser, the concluded bulk value to the purchaser would likely be in the range of US$50 million to US$100 million.

We noted that for five (5) of the Hotel Properties, Savills have estimated negative market values. This is the result of those properties having negative EBITDAs for part or the duration of the projected cash flows. This is caused by short and medium term revenue falls linked to Covid-19, but also due to the head rents payable being higher than sustainable EBITDAR. In these scenarios, any transaction (an assignment of the lease) will attract a reverse premium – i.e. the current leasee will need to pay an assignee to "take on" their responsibilities and liabilities under the lease. It was also highlighted in the Savills' valuation report that it is likely that there will be few parties willing to take on leases with negative values and these assets may require extended periods (18-24 months) to conclude a transaction.

With regards to the Hotel Properties with estimated negative market values, the following was also stated in the Savills' valuation report:

*"If a loss making leasehold interest were owned in a Special Purpose Vehicle (SPV) with no guarantor stated on the lease, then the owner of that SPV may decide to declare the*

*company insolvent and seek to exit the lease. This may mean the value of that leasehold interest would be no lower than £0 – if it were the owner could try to dissolve the company. However, several of the subject hotels are held on leases where GLH Hotels Limited is the guarantor. This company has a tangible net worth of £577,898,000 and a Dun & Bradstreet rating of 5A 1 – Minimum Risk (source: Dun & Bradstreet 12 February 2021). Should the tenant in each case be unable to meet their lease obligations, including the payment of rent, the hotel landlords have recourse to GLH Hotels Limited. We are not qualified to comment on the financial strength of companies, but the point we are making for valuation purposes is that GLH Hotels Limited is liable for rent payments at several of the properties and there is currently no clear exit from its obligations under the lease terms. Therefore, negative values are a possibility for these properties, where head rent payments are higher than EBITDA."*

We also enquired from the Management if there would be any tax liabilities the Group may incur as a result of the hypothetical disposal of these assets. The Management has confirmed that the aggregate potential tax liabilities that may be incurred by the Group if these assets were to be sold at the assessed valuation would be approximately US$42.2 million. As at the Latest Practicable Date, the Directors and the Management have represented and confirmed that the Company has no immediate plans to dispose of any of the above assets, save for the Molokai Assets. Accordingly, only the potential tax liabilities in respect of the Molokai Assets (which is estimated to be approximately US$20.6 million) are likely to crystallise in the event of a successful sale of the Molokai Assets at the assessed valuation.

In computing the RNAV of the Group, we had taken into account the revaluation of the above properties. Save for the Hotel Properties and Molokai Assets, the other assets of the Group have not been revalued for the purpose of determining the RNAV of the Group.

In respect of the intangible assets relating to the O&G Royalty, the Company had not commissioned a revaluation as it could not be completed in time for the purpose of the Circular, the Supplemental Letter and this Supplemental IFA Letter. As such, we have referred to the latest O&G Royalty Valuation as at 30 June 2020. We believe that this is reasonable for the purpose of our evaluation based on the following:

(a) in connection with the financial audit for the financial year ended 30 June 2020, the Company had engaged an independent appraiser who had estimated the recoverable amount for the Bass Strait oil and gas royalty to be higher than its carrying amount and no impairment was required;

(b) based on the unaudited consolidated statement of financial position of the Group as at 31 December 2020, the value of the intangible assets relating to the Bass Strait oil and gas royalty was not significant, accounting for less than 5.0% of the Group's total assets as at 31 December 2020;

(c) Management has confirmed that there is no material deterioration in the market condition of the oil and gas industry which may necessitate an impairment in the value of the intangible assets; and

(d) the average oil price during the period after the O&G Royalty Valuation and up to the Latest Practicable Date was within the range of the oil price assumptions adopted for the O&G Royalty Valuation.

In view of the market valuation of the Hotel Properties and Molokai Assets (collectively the "**Revalued Assets**"), we have assessed the RNAV of the Group by adjusting for the potential revaluation surpluses from the Revalued Assets. We have also considered potential tax liabilities arising from the revaluation surplus which may affect the RNAV, as provided by the Management, for the purpose of evaluating the Final Offer Price.

We set out below the summary of adjustments which are made to the unaudited NAV as at 31 December 2020 to determine the RNAV as at 31 December 2020.

| **Summary of RNAV Calculation** | **Unaudited as at 31 December 2020 (US$'million)** |
|---|---|
| NAV attributable to owners of the Company | 939.8 |
| Add: Revaluation surplus of the Hotel Properties | 116.3 |
| Less: Potential tax liabilities | (21.8) |
| Add: Revaluation surplus of Molokai Assets | 29.4 |
| Less: Potential tax liabilities | (20.6) |
| Net revaluation surplus on Revalued Assets | 103.3 |
| RNAV of the Group | 1,043.1 |
| **RNAV per Share (US$)[(1)]** | **0.80** |
| **RNAV per Share (S$)[(2)]** | **1.08** |
| **P/RNAV as implied by the Final Offer Price (times)** | **0.74** |
| **Discount to RNAV as implied by the Final Offer Price (%)** | **25.9** |

**Notes:**

(1) Based on 1,299,768,633 Shares (after excluding 68,295,000 Shares held under a trust established by the Company for the GL Limited Executives' Share Scheme 2018), which is consistent with the approach taken by the Company in the computation of the net asset value per share for their financial result. Per Share value is rounded to the nearest two (2) decimal places.

(2) Based on exchange rate of USD1.00:SGD1.3456 as at the Latest Practicable Date and rounded to the nearest two (2) decimal places.

We note that the RNAV is higher compared to the unaudited NAV of the Group as at 31 December 2020 as there is a net revaluation surplus on the Revalued Assets. The Final Offer Price represents a discount to RNAV of 25.9% compared to a discount to NAV of 16.3%.

We note that the valuation reports issued by the Independent Valuers included a statement on market valuation uncertainty in view the current COVID-19 situation which highlighted that less certainty and a higher degree of caution should be attached to the valuation than would normally be the case.

The following is the statement of material valuation uncertainty extracted from Savills' valuation report on the Hotel Properties:

"***Material valuation uncertainty***

*In respect of hotels, we continue to be faced with an unprecedented set of circumstances caused by COVID-19 and an absence of relevant/sufficient market evidence on which to base our judgements. Our valuation of the subject portfolio will therefore be reported as being subject to 'material valuation uncertainty' as set out in VPS 3 and VPGA 10 of the RICS Valuation – Global Standards. Consequently, in respect of these valuations less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case.*

*For the avoidance of doubt this explanatory note, including the 'material valuation uncertainty' declaration, does not mean that the valuation cannot be relied upon. Rather, this explanatory note has been included to ensure transparency and to provide further insight as to the market context under which the valuation opinion was prepared. In recognition of the*

*potential for market conditions to move rapidly in response to changes in the control or future spread of COVID-19, we highlight the importance of the valuation date*."

The following is the statement of material valuation uncertainty extracted from CBRE's valuation report on the Molokai Assets:

*"**COVID-19 WARNING STATEMENT – MARKET UNCERTAINTY CLAUSE***

*The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organization as a "Global Pandemic" on the 11th March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries. Market activity is being impacted in may sectors. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation of this portfolio under frequent review. For the avoidance of doubt, the inclusion of 'material valuation uncertainty' declaration above does not mean that the valuation cannot be relied upon. Rather, the declaration has been included to ensure transparency of the fact that – in the current extraordinary circumstances – less certainty can be attached to the valuation than would otherwise be the case. The material uncertainty clause is to serve as a precaution and does not invalidate the valuation."*

Shareholders should note that the analysis on RNAV provides an estimate of the value of the Group assuming a hypothetical sale of assets of the Group as at the Latest Practicable Date. However, such a hypothetical scenario is assumed to be made without considering factors such as, *inter alia*, time value of money, market conditions, professional fees, liquidation costs, contractual obligations, any other regulatory requirements and availability of potential buyers, which may in theory, affect the RNAV that can be realised.

As mentioned under Paragraph 8.2.1, we understand that the Group is exploring options to monetise these assets and has explored selling its entire interest in the entity which holds the Molokai Assets. In 2018, the Group marketed the Molokai Assets collectively for US$250 million, while there had been preliminary inquiries from interested parties, as at the Latest Practicable date, none of the parties had sought to enter into serious discussions with the Group.

The Directors are of the view that it is not practicable to sell the properties comprised in the Molokai Assets individually as the process is likely to be protracted and would take longer and may entail higher transaction costs as compared to selling to a single purchaser. We note from the CBRE's valuation report that should the Company decide to dispose of the properties comprised in the Molokai Assets to a single purchaser, the concluded bulk value to the purchaser would likely be in the range of US$50 million to US$100 million (representing a discount of between 50% and 75% to the valuation of the Molokai Assets of US$201 million, which is based on the sum of estimated market values of the individual parcels and groupings of the Molokai Assets).

Save for the above and as disclosed in the unaudited financial statements of the Group as at 31 December 2020, the announcements released by the Company on the SGXNET, the Circular and the Supplemental Letter, the Directors and the Management have confirmed to us that as at the Latest Practicable Date, to the best of their knowledge and belief that:

(a) there are no material events that have or will likely have a material impact to the financial position of the Group since 31 December 2020;

(b) save for the revaluation of the Hotel Properties, Molokai Assets and the O&G Royalty, there are no material differences between the realisable value of the Group's assets and their respective book values as at 31 December 2020 which would have a material impact on the unaudited NAV of the Group;

(c) other than that already provided for or disclosed in the Group's financial statements as at 31 December 2020, there are no other contingent liabilities, bad or doubtful debts or material events which are likely to have a material impact on the NAV of the Group as at the Latest Practicable Date;

(d) there is no litigation, claim or proceeding pending or threatened against the Company or any of its subsidiaries or of any fact likely to give rise to any proceeding which might materially and adversely affect the financial position of the Company and its subsidiaries taken as a whole;

(e) there are no other intangible assets which ought to be disclosed in the statement of financial position of the Group in accordance with the IFRS and which have not been so disclosed and where such intangible assets would have had a material impact on the overall financial position of the Group; and

(f) there are no material acquisitions and disposals of assets by the Group between 31 December 2020 and the Latest Practicable Date, and the Group does not have any plans for any such impending material acquisition or disposal of assets, conversion of the use of its material assets or material changes in the nature of the Group's business.

## 8.3 Analysis of the Group's SOTP Value Per Share

Given that the Group is engaged in various distinct businesses, we consider it appropriate to value each of the Group's businesses separately to arrive at an aggregate valuation of the Group on a sum-of-the-parts basis. We have arrived at a range of valuation for the Group rather than a single specific value as this will provide a more objective and meaningful measure of the value of the Shares taking into account, *inter alia*, general market fluctuations and volatility.

We set out a summary of our SOTP valuation analysis of the Group.

| | **Lower valuation (US$'million)** | **Upper valuation (US$'million)** | **Valuation methodology** |
|---|---|---|---|
| Hotel Business | 1,139.2 | 1,139.2 | RNAV of Group's Hotel Properties net of potential tax liability. |
| Oil and Gas Business | 84.0 | 126.7 | Based on the valuation range from the O&G Royalty Valuation and after applying a tax rate of 30%. |
| Property Development Business | 50.0[(1)] | 180.4 | RNAV of Molokai Assets net of potential tax liabilities. |
| Add: Cash | 107.9 | 107.9 | |
| Less: Loan and borrowings | (252.8) | (252.8) | |
| SOTP Valuation of the Group | 1,128.3 | 1,301.4 | |
| SOTP value per Share (US$)[(2)] | 0.87 | 1.00 | |
| SOTP value per Share (S$)[(3)] | **1.17** | **1.35** | |
| Final Offer Price (S$) | 0.80 | 0.80 | |
| Implied discount of Final Offer Price to the SOTP value per Share (%) | 31.5 | 40.6 | |

**Notes:**

(1) Based on the lower end of the concluded bulk value of the Molokai Assets of between US$50.0 million and US$100.0 million in the event of sale to a single purchaser as assessed by CBRE.

(2) Computed based on 1,299,768,633 Shares (after excluding 68,295,000 Shares held under a trust established by the Company for the GL Limited Executives' Share Scheme 2018), which is consistent with the approach taken by the Company in the computation of the net asset value per share for their financial results. Per Share value is rounded to the nearest two (2) decimal places.

(3) Based on exchange rate of USD1.00:SGD1.3456 as at the Latest Practicable Date. Per Share value is rounded to the nearest two (2) decimal places.

Based on the above analysis, we note that the Final Offer Price is below the range of estimated SOTP value per Share of S$1.17 (lower valuation) to S$1.35 (upper valuation).

**We wish to highlight that the upper range of the valuation for the Property Development Business of US$180.4 million (net of potential tax liabilities) used in our SOTP valuation analysis is the sum of the estimated market values of the individual parcels and groupings comprising the Molokai Assets. CBRE had also included a bulk portfolio value range of US$50 million to US$100 million to reflect the as is market value under the assumption of a bulk sale to a single purchaser. According to Management, the lower valuation of US$50 million does not have any potential tax liabilities. For the purpose of this SOTP valuation analysis for illustration purpose, we have used the US$180.4 million as the upper valuation and US$50 million as the lower valuation for the Molokai Assets.**

**Shareholders should note that a DISCOUNT MAY BE APPLIED ON THE SOTP VALUATION due to, *inter alia*, the ability of investors to achieve investment diversification more effectively and efficiently on their own in an efficient capital market by directly purchasing a portfolio of stocks of focused firms as compared to purchasing stocks of a holding company like the Company that invests in a range of diverse businesses. Such a discount can be attributable to the additional corporate expenses at the holding company as well as investors' potential lack of control over the underlying assets and their reduced marketability. As the quantification of the holding company discount is highly subjective, WE HAVE NOT APPLIED ANY SUCH DISCOUNT IN ARRIVING AT THE SOTP VALUATION OF THE GROUP.**

We have also not applied any control premium to the valuation of the various businesses within the Group which a purchaser may potentially be prepared to pay in the event of a sale of any such business by the Group as such control premium is subjective and depends on the purchaser's intentions with regards to the target business and the potential synergies that the purchaser can gain from acquiring the business.

Please refer to the following sections 8.3.1, 8.3.2 and 8.3.3 for details on our estimation of the value of the Hotel Business, the Oil and Gas Business and the Property Development Business.

### 8.3.1 Hotel Business

In connection with the Offer, the Company has commissioned Savills to conduct an independent valuation of the Group's hotels in its Hotels Business. Taking into account the valuation of the Hotel Properties, the valuation of the Hotel Business is set out below:

| | (US$'million) |
|---|---|
| NAV of the Hotel Business as at 31 December 2020 | 1,044.7 |
| Gross revaluation surplus on revalued hotels | 116.3 |
| Less: Potential tax liabilities | (21.8) |
| RNAV net of potential tax liabilities | 1,139.2 |

### 8.3.2 Oil and Gas Business

As set out in section 8.2.1 above, based on the independent valuation done on the O&G Royalty as at 30 June 2020, the valuation of the O&G Royalty Valuation is in the range of US$120 million to US$181 million. We understand from the Management that the valuation was done under a pre-tax scenario and the applicable tax rate is 30%. Therefore, the valuation we have ascribed to the Oil and Gas Business would be in the range of US$84.0 million to US$126.7 million after tax.

| (US$'million) | Lower valuation | Upper valuation |
|---|---|---|
| Pre-tax valuation of the O&G Royalty | 120.0 | 181.0 |
| Less: Tax at 30% | (36.0) | (54.3) |
| Valuation of the O&G Royalty post tax adjustments | 84.0 | 126.7 |

### 8.3.3 Property Development Business

In connection with the Offer, the Company has commissioned CBRE to conduct an independent valuation of the Molokai Assets. Taking into account the valuation of the Molokai Assets, the valuation of the Property Development Business is set out below:

| (US$'million) | Lower valuation | Upper valuation |
|---|---|---|
| NAV of the Molokai Assets as at 31 December 2020 | 171.6 | 171.6 |
| Gross revaluation (deficit) / surplus | (121.6) | 29.4 |
| Less: Potential tax liabilities | - | (20.6) |
| RNAV net of potential tax liabilities | 50.0[(1)] | 180.4 |

**Note:**

(1) Based on the lower end of the concluded bulk value of the Molokai Assets of between US$50.0 million and US$100.0 million in the event of sale to a single purchaser as assessed by CBRE.

## 8.4 Historical share price performance and trading liquidity

We have compared the Final Offer Price to the historical share price of the Shares for the 1-year period prior to the Offer Announcement Date and up to the Last Trading Day and for the period from the Offer Announcement Date up to the Latest Practicable Date.

We set out below a chart showing the closing prices of the Shares and the number of Shares traded on a daily basis during the period commencing from 15 January 2020 to 14 January 2021, being the Last Trading Day ("**Period Under Review**") and for the period from the Offer Announcement Date up to the Latest Practicable Date.




*Source: Bloomberg L.P.*

In addition to the share price / trading volume chart, we have tabulated below selected statistics on the share price and trading liquidity of the Shares for the Period Under Review and the period after the Offer Announcement Date up to the Latest Practicable Date:

| Reference Period | VWAP (S$)[1] | Premium/ (discount) of Final Offer Price to VWAP (%)[2] | Highest closing price (S$)[1] | Lowest closing price (S$)[1] | Average daily trading volume ('000)[2] [3] | Average daily trading volume as a percentage of free float (%)[1] [4] |
|---|---|---|---|---|---|---|
| **Period up to and including the Last Trading Day** | | | | | | |
| 12-month | 0.640 | 25.1 | 0.805 | 0.470 | 130.4 | 0.034 |
| 6-month | 0.549 | 45.8 | 0.605 | 0.470 | 42.8 | 0.011 |
| 3-month | 0.525 | 52.4 | 0.580 | 0.470 | 41.5 | 0.011 |
| 1-month | 0.546 | 46.6 | 0.560 | 0.515 | 52.2 | 0.014 |
| Last Trading Day | 0.560[5] | 42.9 | 0.560 | 0.560 | 56.6 | 0.015 |
| **Periods after the Offer Announcement Date** | | | | | | |
| Period between Offer Announcement Date and 12 March 2021 (being the last full Market Day prior to the Offer Revision Announcement Date) | 0.710 | 12.7 | 0.730 | 0.700 | 3,070.7 | 0.810 |
| Period between the Offer Revision Announcement Date and Latest Practicable Date[6] | 0.800 | Nil | 0.800 | 0.800 | 31,562.6 | 8.329 |
| Latest Practicable Date | 0.800[7] | Nil | 0.800 | 0.800 | 2,254.3 | 0.595 |

*Source: Bloomberg L.P.*

**Notes:**

(1) Rounded to the nearest three (3) decimal places.

(2) Rounded to the nearest one (1) decimal place.

(3) The average daily trading volume of the Shares is calculated based on the total volume of Shares traded during the period divided by the number of market days during that period.

(4) Based on the Company's annual report for FY2020, the number of Shares held in the hands of the public was approximately 379.1 million Shares being 27.7% of the issued shares of the Company.

(5) Refers to the closing price of the Shares on the Last Trading Day.

(6) The trading of the Shares was halted from the open of the market to 1.00 p.m. on 15 March 2021.

(7) Refers to the closing price of the Shares on the Latest Practicable Date.

Based on the above, we noted the following:

(a) The Final Offer Price is at a premium of approximately 25.1%, 45.8%, 52.4%, 46.6% to the VWAP of the Shares for the 12-month, 6-month, 3-month and 1-month periods prior to the Offer Announcement Date respectively;

(b) The Final Offer Price is at a premium of approximately 42.9% to the closing price of the Shares on the Last Trading Day;

(c) The Final Offer Price is higher than the highest closing price of the Shares for the 1-month, 3-month and 6-month periods up to and including the Last Trading Day prior to the Offer Announcement Date, but slightly lower than the highest closing price of the Shares for the 12-month period prior to and including the Last Trading Day;

(d) The Final Offer Price is at a premium of approximately 12.7% to the VWAP of the Shares for the period between the Offer Announcement Date and 12 March 2021 (being the last Market Day prior to the Offer Revision Announcement Date);

(e) The Final Offer Price is the same as the VWAP of the Shares for the period between the Offer Revision Announcement Date and the Latest Practicable Date; and

(f) The Final Offer Price is the same as the closing price on the Latest Practicable Date.

We noted the following with regards to the trading liquidity of the Shares:

(a) Trading liquidity of the Shares during the 12-month period up to and including the Last Trading Day had been low with an average daily trading volume of between approximately 41,500 Shares and 130,400 Shares representing between 0.011% and 0.034% of the free float of the Company;

(b) Between the Offer Announcement Date and 12 March 2021 (being the last full Market Day prior to the Offer Revision Announcement Date), the trading liquidity of the Shares increased to an average daily trading volume of approximately 3.1 million Shares, representing approximately 0.810% of the Company's free float, as compared to the average daily trading volume of approximately 130,400 Shares for the 12-month period up to and including the Last Trading Day; and

(c) Between the Offer Revision Announcement Date and the Latest Practicable Date, the trading liquidity of the Shares increased significantly to an average daily trading volume of approximately 31.6 million Shares, representing approximately 8.329% of the Company's free float.

Based on the above, it appears likely that the market price and the trading volume of the Shares have been supported by the Offer subsequent to the Offer Revision Announcement Date. However, there is no assurance that the market price and trading volume of the Shares will be maintained at the level prevailing as at the Latest Practicable Date after the close of the Offer. **Shareholders are advised that the past trading performance of the Shares should not, in any way, be relied upon as an indication or promise of its future trading performance.**

## 8.5 Valuation ratios of selected listed companies broadly comparable to the Group

Based on the annual report of the Company for FY2020 and our discussion with Management, we noted that the Group operates in three main business segments, namely, (i) the Hotel Business; (ii) the Property Development Business; and (iii) the Oil and Gas Business.

For the purpose of our evaluation of the financial terms of the Offer, we have considered comparing the valuation ratios of the Group, such as P/E ratio, EV/EBITDA ratio and P/NAV ratio, to those of the Comparable Companies (as defined below). However, as the Group had incurred losses for FY2020 and HY2021, such comparison with Comparable Companies using the earnings-based approach (i.e. using the P/E ratio or EV/EBITDA ratio) is deemed not meaningful. As such, we have confined the comparison using the asset-based approach (i.e. using the P/NAV ratio).

In our selection of the Comparable Companies, we have made reference to companies in (i) the hotel management and operations business listed on the SGX-ST and the London Stock Exchange which we consider to be broadly comparable to the Hotel Business and Property Development Business of the Group (collectively, the "**Selected Hospitality Comparable Companies**"); and (ii) companies listed on the SGX-ST and the Australian Stock Exchange which are principally engaged in oil and gas production ("**Comparable Oil and Gas Companies**").

We wish to highlight that the Selected Hospitality Comparable Companies and Comparable Oil and Gas Companies (the "**Comparable Companies**") are not exhaustive and we recognise that there is no listed company or group which may be considered identical to the Group in terms of, *inter alia*, composition of business, business activities, size and scale of operations, risk profile, geographical spread of business, operating and financial leverage, accounting policies, track record, financial performance and future prospects, liquidity and market capitalisation. In addition, we wish to highlight that the list of Selected Hospitality Comparable Companies and Comparable Oil and Gas Companies is by no means exhaustive. As such, any comparison made herein is necessarily limited and serves only as an illustrative guide and any conclusion drawn from the comparison may not necessarily reflect the perceived or implied market valuation (as the case may be) of the Group as at the Latest Practicable Date.

The Independent Directors should note that the prices at which shares trade include factors other than historical financial performance, and some of these, *inter alia*, include prospects real or perceived of the financial performance, the historical share price performance, the demand/supply conditions of the shares, the relative liquidity of the shares, the relative sentiments of the market for the shares, as well as the market capitalisation.

### 8.5.1 Hotel Business and Property Development Business

(i) Selected Hospitality Comparable Companies

We set out below a brief summary of the Selected Hospitality Comparable Companies:

| Company | Stock Exchange | Business Description (as extracted from Bloomberg) | Market Capitalisation as at the LPD (S$' million) |
|---|---|---|---|
| AF Global Ltd | Singapore | AF Global Limited operates as an investment holding company. The Company, through its subsidiaries, invests, develops, sells, and manages hotels and resorts. | 66.5 |
| Far East Orchard Ltd | Singapore | Far East Orchard Limited is a diversified real estate developer with a global portfolio in development and investment properties. The Company is also a vertically integrated regional hospitality owner and operator with a sizeable overseas network. Its portfolio includes purpose-built medical suites in Singapore and student | 482.8 |

| Company | Stock Exchange | Business Description (as extracted from Bloomberg) | Market Capitalisation as at the LPD (S$' million) |
|---|---|---|---|
| | | accommodation properties in the United Kingdom. | |
| Fragrance Group Ltd | Singapore | Fragrance Group Limited, through its subsidiaries, conducts activities in property development and hotel operations. The Company develops and sells residential and commercial properties, including low to medium-rise private apartments and hotels. Fragrance Group also invests in and manages hotel properties targeted a cost-conscious business and leisure travelers. | 765.2 |
| Hotel Properties Ltd | Singapore | Hotel Properties Limited, through its subsidiaries, operates and manages hotels. The Company also operates restaurants and retails and distributes food and fashion merchandise. In addition, Hotel Properties trades shares, develops and invests in properties, hotels, and resorts. | 1,714.0 |
| KSH Holdings Ltd | Singapore | KSH Holdings Limited constructs, develops, and manages various properties in Singapore, Malaysia, and the People's Republic of China. | 194.4 |
| Oxley Holdings Ltd | Singapore | Oxley Holdings Ltd. develops real estate. The Company develops residential and commercial projects in accessible locations. Oxley also develops light industrial buildings that include swimming pools and other recreational amenities. | 1,038.0 |
| Sinarmas Land Ltd | Singapore | Sinarmas Land Ltd. invests in, develops and manages real estate. The Company owns commercial buildings, hotels and resorts in China, Indonesia, Malaysia and Singapore. | 1,000.0 |
| Stamford Land Corp Ltd | Singapore | Stamford Land Corporation Limited is an investment holding company. The Company owns and manages hotels and travel agencies. Stamford Land Corporation also develops and invests in properties. | 281.6 |
| UOL Group Ltd | Singapore | UOL Group Limited owns and operates as a real estate company. The Company has a diversified portfolio of development and investment properties, hotels, and serviced suites. UOL Group serves customers worldwide. | 6,381.0 |
| Heeton Holdings Ltd | Singapore | Heeton Holdings Limited develops and sells private residential properties. The Company also manages and invests in residential, retail, and commercial properties. | 90.7 |
| Amara Holdings Ltd | Singapore | Amara Holdings Limited operates as a holding company. The Company, through its subsidiaries, provides hotels, restaurants, properties, and food services. Amara Holdings serves customers in Singapore. | 218.5 |
| Banyan Tree Holdings Ltd | Singapore | Banyan Tree Holdings Limited operates as a holding company. The Company, through its subsidiaries, owns and manages hotel groups. The Company focuses on hotels, resorts, spas, galleries, golf courses, and residences, as well as provides investments, design, construction, and project management services. Banyan Tree Holdings serves customers worldwide. | 256.7 |
| Hotel Royal Ltd | Singapore | Hotel Royal Limited owns and operates the Hotel Royal in Singapore. The Company, through its subsidiaries, also manages and invests in properties in Malaysia and New Zealand. | 275.2 |
| Mandarin Oriental International Ltd | Singapore | Mandarin Oriental International Limited is an owner and operator of luxury hotels, resorts, and residences. The Group now operates, or has under development, hotels in the Americas, Europe, Middle East, and North Africa. Mandarin Oriental International also operates, or has under development, residences at Mandarin Oriental. | 2,905.7 |
| Hotel Grand Central Ltd | Singapore | Hotel Grand Central Limited owns, operates, and manages hotels. The Company also collects rent, develops properties, and provides marketing and support services. | 755.6 |
| Hiap Hoe Ltd | Singapore | Hiap Hoe Limited is an integrated property developer. The Company develops luxury and mid-tier residential properties. Hiap Hoe also seeks out civil engineering and construction contracts but its main focus is developing its own residential properties. | 303.5 |
| Roxy-Pacific Holdings Limited | Singapore | Roxy-Pacific Holdings Limited, through its subsidiaries, develops and sells residential properties. The Company also owns and invests in hotels. | 449.9 |
| Intercontinental Hotels Group | United Kingdom | InterContinental Hotels Group PLC owns and operates a portfolio of hotel businesses. The Group's portfolio is comprised primarily of various franchised hotels from an established and diverse group of brands. InterContinental | 17,869.0 |

| Company | Stock Exchange | Business Description (as extracted from Bloomberg) | Market Capitalisation as at the LPD (S$' million) |
|---|---|---|---|
| | | Hotels manages hotel loyalty and priority club rewards programs. The Group operates hotels in countries and territories all over the world. | |
| PPHE Hotel Group | United Kingdom | PPHE Hotel Group Ltd owns and operates full-service upscale hotels throughout Europe and the Middle East. The Company owns, co-owns, leases, franchises, and manages full service upscale hotels in major gateway cities, and regional centers throughout Europe and the Middle East. | 1,304.0 |
| Whitbread PLC | United Kingdom | Whitbread PLC is a hotel and restaurant group. The Company operates businesses in budget hotels, restaurants, and coffee shops. | 13,161.0 |
| Dalata Hotel Group | United Kingdom | Dalata Hotel Group Public Limited Company owns and operates as a chain of hotels. The Company supports and develops hotels throughout Ireland and the United Kingdom. | 1,565.3 |

*Source: Bloomberg L.P.*

The valuation ratios of the Selected Hospitality Comparable Companies as at the Latest Practicable Date are set out below:

| Companies | Last Financial Year End | EV/TTM EBITDA[1] | TTM P/E[1] | P/NAV[1] [2] | P/RNAV[3] |
|---|---|---|---|---|---|
| | | (times) | (times) | (times) | (times) |
| AF Global Ltd | December | n.a.[4] | n.a.[4] | 0.28 | - |
| Far East Orchard Ltd | December | 24.82 | 313.92 | 0.39 | - |
| Fragrance Group Ltd | December | 112.78 | 446.41 | 0.59 | - |
| Hotel Properties Ltd | December | n.a.[4] | n.a.[4] | 0.98 | 0.62[6] |
| KSH Holdings Ltd | December | 59.03 | 299.96 | 0.60 | - |
| Oxley Holdings Ltd | June | 56.13 | n.a.[4] | 0.99 | 0.47[7] |
| Sinarmas Land Ltd | December | 9.87 | 9.93 | 0.35 | - |
| Stamford Land Corp Ltd | March | 14.10 | 23.74 | 0.56 | - |
| UOL Group Ltd | December | 23.54 | 485.58 | 0.65 | 0.58[8] |
| Heeton Holdings Ltd | December | n.a.[4] | 16.47 | 0.21 | - |
| Amara Holdings Ltd | December | 82.67 | n.a.[4] | 0.56 | 0.27[9] |
| Banyan Tree Holdings Ltd | December | n.a.[4] | n.a.[4] | 0.45 | - |
| Hotel Royal Ltd | December | n.a.[4] | n.a.[4] | 0.40 | - |
| Mandarin Oriental International Ltd | December | n.a.[4] | n.a.[4] | 0.62 | - |
| Hotel Grand Central Ltd | December | 16.85 | 20.24 | 0.57 | - |
| Hiap Hoe Ltd | December | 49.51 | n.a.[4] | 0.41 | - |
| Roxy-Pacific Holdings Limited | December | n.a.[4] | n.a.[4] | 0.94 | - |
| InterContinental Hotels Group PLC | December | 113.89 | n.a.[4] | n.a.[5] | - |
| PPHE Hotel Group Ltd | December | n.a.[4] | n.a.[4] | 2.25 | - |
| Whitbread PLC | February | 48.62 | n.a.[4] | 1.88 | - |
| Dalata Hotel Group PLC | December | n.a.[4] | n.a.[4] | 1.05 | - |
| **High** | | 113.89 | 485.58 | 2.25 | 0.62 |
| **Low** | | 9.87 | 9.93 | 0.21 | 0.27 |
| **Mean** | | 50.98 | 202.03 | 0.74 | 0.49 |
| **Median** | | 49.06 | 161.85 | 0.58 | 0.53 |

*Source: Bloomberg L.P., annual reports and/or financial results announcements of the respective Selected Hospitality Comparable Companies and W Capital Markets's computations*

**Notes:**

(1) Based on the closing price as at the Latest Practicable Date.

(2) Based on the NAV as set out in the latest available published financial statements of the Selected Hospitality Comparable Companies as at the Latest Practicable Date.

(3) Based on the information in the respective analyst reports.

(4) Not applicable as the company has recorded negative TTM EBITDA and/or TTM net profit.

(5) Not applicable as the company is in net liabilities position.

(6) Based on the RNAV of S$5.32 per share in FPA Financial Corporation Pte Ltd analyst report on Hotel Properties Limited dated 22 December 2020.

(7) Based on the RNAV of S$0.52 per share in UOB Kay Hian Private Limited analyst report dated 18 February 2021.

(8) Based on the average RNAV of (i) S$13.18 per share in CGS-CIMB analyst report dated 27 February 2021 and (ii) S$12.73 per share in OCBC Investment Research analyst report dated 2 March 2021.

(9) Based on the RNAV of S$1.39 per share in RHB Investment Berhad analyst report dated 4 March 2020.

### 8.5.2 Comparable Oil and Gas Companies

We set out below a brief summary of the Comparable Oil and Gas Companies:

| Company | Stock Exchange | Business Description (as extracted from Bloomberg) | Market Capitalisation as at the LPD (S$' million) |
|---|---|---|---|
| Rex International Holding Ltd | Singapore | Rex International Holding Limited is a production and exploration oil company with concessions in Norway and Oman. | 231.8 |
| Sinostar PEC Holdings Ltd | Singapore | Sinostar Pec Holdings Ltd. produces liquefied petroleum gas, propylene, and polypropylene. | 103.0 |
| Interra Resources Ltd | Singapore | Interra Resources Limited's principal activities are mainly the exploration and extraction of petroleum in Myanmar. The company owns the rights to operate two oil fields in Myanmar. | 22.9 |
| CWX Global Ltd | Singapore | CWX Global Limited operates as an independent oil and gas exploration and production company. The Company focuses on exploration activities in the Asia-Pacific region. | 34.7 |
| Cue Energy Resources Ltd | Australia | Cue Energy Resources Limited is a petroleum and gas exploration, development and production company with operations primarily in New Zealand and Indonesia. The Company operates through various joint ventures. | 51.5 |
| Bass Oil Ltd | Australia | Bass Oil Limited operates as a petroleum producer. The Company focuses on the acquisition, exploration, and production of oil and gas properties. Bass Oil acquires oil and gas properties in southeast Asia. | 7.0 |
| Senex Energy Limited | Australia | Senex Energy Limited explores for and acquires crude oil and natural gas. The Company is focused on Oil in the Cooper Basin, Unconventional gas in the Cooper Basin, and Coal seam gas in the Surat Basin. | 581.4 |
| Karoon Energy Ltd | Australia | Karoon Energy Ltd operates as an exploration company. The Company explores and acquires oil and gas exploration assets. Karoon Energy serves customers worldwide. | 657.8 |

*Source: Bloomberg L.P.*

The valuation ratios of the Comparable Oil and Gas Companies as at the Latest Practicable Date are set out below:

| Comparable Oil and Gas Companies | Last Financial Year End | EV/TTM EBITDA[(1)] (times) | TTM P/E[(1)] (times) | P/NAV [(1) (2)] (times) |
|---|---|---|---|---|
| Rex International Holding Ltd | December | 73.59 | n.a.[(3)] | 1.35 |
| Sinostar PEC Holdings Ltd | December | 2.19 | 3.14 | 0.49 |
| Interra Resources Ltd | December | 10.45 | n.a.[(3)] | 0.60 |
| CWX Global Ltd | June | n.a.[(3)] | n.a.[(3)] | 1.40 |
| Cue Energy Resources Ltd | June | 2.84 | n.a.[(3)] | 1.78 |
| Bass Oil Ltd | December | 10.09 | 41.01 | 3.11 |
| Senex Energy Limited | June | 37.45 | n.a.[(3)] | 1.80 |
| Karoon Energy Ltd | June | n.a.[(3)] | n.a.[(3)] | 1.30 |
| **High** | | 73.59 | 41.01 | 3.11 |
| **Low** | | 2.19 | 3.14 | 0.49 |
| **Mean** | | 22.77 | 22.07 | 1.48 |
| **Median** | | 10.27 | 22.07 | 1.37 |

*Source: Bloomberg L.P., annual reports and/or financial results announcements of the respective Comparable Oil and Gas Companies and W Capital Markets's computations*

**Notes:**

(1) Based on the closing price as at the Latest Practicable Date.

(2) Based on the closing price as at the Latest Practicable Date and NAV value as set out in the latest available financial statements of the Comparable Oil and Gas Companies as at the Latest Practicable Date.

(3) Not applicable as the respective company has recorded negative TTM EBITDA and/or TTM net profit.

### 8.5.3 Weighted average valuation of the Comparable Companies

Based on the latest unaudited consolidated statement of financial position of the Group as at 31 December 2020, the NAV of the Hotel Business, Oil and Gas Business, Property Development Business is US$634.2 million, US$64.6 million and US$167.9 million respectively. The Company also has an "Others" segment which covers the Group's other investments, treasury operations and corporate office, with a NAV of US$70.4 million.

We noted that the TTM EBITDA (trailing twelve-month EBITDA) and TTM net profit (trailing twelve-month net profit) for the Hotel Business and Property Development Business were both negative. Hence, it would not be meaningful to do a comparison of the EV/TTM EBITDA and TTM P/E with those of the Comparable Companies.

With regards to the Selected Hospitality Comparable Companies, we noted that many of these Selected Hospitality Comparable Companies also carry out property development. We also noted that the Property Development Business and other businesses of the Group is a relatively small business segment of the Group. As such, we have included the Property Development Business, the Hotel Business and other business under one segment for the purpose of comparing the P/NAV ratio of the Group to the P/NAV ratio of the Comparable Companies. The P/NAV ratio of the Comparable Companies is weighted based on the NAV attributed to the various business segments of the Group.

We set out below the percentage contribution and allocation of the NAV of the Hotel Business, Property Development Business and Others, and the Oil and Gas Business of the Group.

| Business segments of the Group | NAV as at 31 Dec 2020 (%) |
|---|---|
| Hotel Business, Property Development Business and Others | 93.1% |
| Oil and Gas Business | 6.9% |

Accordingly, we have weighted the P/NAV ratio of the Comparable Companies based on the above proportion, and compared them against the P/NAV of Group:

| Weighted average valuation ratio | P/NAV (times) |
|---|---|
| **Max** | 2.31 |
| **Min** | 0.22 |
| **Mean** | 0.79 |
| **Median** | 0.63 |
| **Company (implied by the Final Offer Price)** | **0.84** |

Based on the above, we note that the P/NAV of the Group as implied by the Final Offer Price of 0.84 times is within the range of the weighted average P/NAV of the Comparable Companies of between 0.22 times to 2.31 times, and above the mean and median weighted average P/NAV of the Comparable Companies of 0.79 times and 0.63 times respectively.

**8.6 Comparison with precedent privatisation transactions involving selected companies whose businesses are broadly comparable to the Group**

We have reviewed successfully completed transactions announced on SGX-ST from 2013 to the Latest Practicable Date involving the privatisation of companies with principal business of hotel management and operations and for which information is publicly available ("**Precedent Hotel Transactions**"). This analysis serves as an indication of the premium or discount of the respective offers without regard to their specific transaction rationale, offerors' intention or other considerations.

In making the comparison herein, we wish to highlight that the companies in the Precedent Hotel Transactions are not exhaustive and there is no listed company or group which may be considered identical to the Group in terms of, *inter alia*, composition of business, business activities, size and scale of operations, risk profile, geographical spread of business, operating and financial leverage, accounting policies, track record, financial performance and future prospects, liquidity and market capitalisation. Likewise, they involve shares of companies which are quoted, listed and tradeable on the stock exchange. As the Company has, *inter-alia*, more than one segment of business and percentage of its revenue or earnings or EBITDA or assets deployed for its various business segments may differ from the companies whose transactions are reflected in the Precedent Hotel Transactions, the relative weightage as accorded by us may differ from that as assigned by investors or Shareholders, for the valuation of each of the different business segments. Further, we noted that there were no recent transactions in the Precedent Hotel Transactions and the two transactions occurred in 2013 and 2014. This may limit the comparability of the transactions to the Offer due to difference in, *inter alia*, general economic condition and market condition. Accordingly, the analysis is purely for illustrative purpose only.

We also wish to highlight that other than the criteria mentioned above, the premium or discount that an offeror pays in any particular take-over varies in different specific circumstances depending on, *inter alia*, factors such as the potential synergy the offeror can gain by acquiring the target, the prevailing market conditions and sentiments, attractiveness and profitability of the target's business and assets, the possibility of a significant revaluation of the assets to be acquired, existence of intangibles and branding or "internal goodwill or intangible assets", the availability of substantial cash reserves, the liquidity in the trading of

the target company's shares, the presence of competing bids for the target company and the existing and desired level of control in the target company.

Details of the Precedent Hotel Transactions are set out below:

| Announcement date | Target | Valuation Metrics of Precedent Hotel Transactions | | | |
|---|---|---|---|---|---|
| | | Implied P/E (times) | Implied EV/EBITDA (times) | Implied P/NAV (times) | Implied P/RNAV (times) |
| 10-May-13 | Pan Pacific Hotels Group | 17.60 | 15.50 | 1.62 | 0.95 |
| 13-Mar-14 | Global Premium Hotels Limited | 17.90 | n.a.(1) | 0.52 | 0.52 |
| **Mean** | | 17.75 | Not meaningful | 1.07 | 0.74 |
| **15-Jan-21** | **Company (as implied by the Final Offer Price)** | **n.a.(2)** | **10.29(3)** | **0.84(4)** | **0.74** |

*Source: Circulars in relation to the Precedent Hotel Transactions*

**Notes:**

(1) Information is not available in the circular.

(2) Not applicable as the Company has recorded a net loss after tax for FY2020.

(3) Based on the EBITDA of the Company for FY2020.

(4) Based on exchange rate of USD1.00:SGD1.3221 as at 31 December 2020.

| Announcement date | Target | Premium/(Discount) implied by the respective offer price | | | | |
|---|---|---|---|---|---|---|
| | | Last trading day (%) | 1-month VWAP (%) | 3-month VWAP (%) | 6-month VWAP (%) | 12-month VWAP (%) |
| 10-May-13 | Pan Pacific Hotels Group | 9.0 | 8.2 | 6.1 | 8.1 | 17.9 |
| 10-Apr-14 | Global Premium Hotels Limited | 13.4 | 16.7 | 21.4 | 24.1 | 25.5 |
| **Mean** | | 11.2 | 12.5 | 13.8 | 16.1 | 21.7 |
| **15-Jan-21** | **Company (as implied by the Final Offer Price)** | **42.9** | **46.6** | **52.4** | **45.8** | **25.1** |

*Source: Circulars in relation to the Precedent Hotel Transactions.*

We note the following:

(a) The EV/EBITDA as implied by the Final Offer Price of 10.29 times is below the EV/EBITDA of 15.50 times of the Precedent Hotel Transactions;

(b) The P/NAV as implied by the Final Offer Price of 0.84 times is within the range of P/NAV of the Precedent Hotel Transactions of between 0.52 times and 1.62 times but is below the mean P/NAV ratio of the Precedent Hotel Transactions of 1.07 times;

(c) The P/RNAV as implied by the Final Offer Price of 0.74 times is within the range of P/RNAV of the Precedent Hotel Transactions of between 0.52 times and 0.95 times and is the equal to the mean P/RNAV of the Precedent Hotel Transactions of 0.74 times; and

(d) The premium as implied by the Final Offer Price of 42.9%, 46.6%, 52.4%, 45.8% and 25.1% over the VWAP of the Last Trading Day, the 1-month period, 3-month period, 6-month period and 12-month period prior to Offer Announcement Date is higher than the range of premia implied by the offer price for the Precedent Hotel Transactions.

**8.7 Precedent Privatisation Transactions in Singapore**

In assessing the reasonableness of the Final Offer Price, we have also compared the valuation multiples implied by the Final Offer Price with those of selected recent privatisation transactions undertaken by SGX-ST listed companies.

For our analysis, we have compared the financial terms of the Offer against recently completed privatisation transactions carried out either by general takeover offer, voluntary ("**VGO**") or mandatory ("**MGO**") or by way of voluntary delistings ("**VD**") (collectively, the "**Precedent Privatisation Transactions**") as announced since January 2019 and completed as at the Latest Practicable Date.

In making the comparison herein, we wish to highlight that the companies in the Precedent Privatisation Transactions are not exhaustive and there is no listed company or group which may be considered identical to the Group in terms of, *inter alia*, composition of business, business activities, size and scale of operations, risk profile, geographical spread of business, operating and financial leverage, accounting policies, track record, financial performance and future prospects, liquidity and market capitalisation. Likewise, they involve shares of companies which are quoted, listed and tradeable on the stock exchange. As the Company has, *inter-alia*, more than one segment of business and percentage of its revenue or earnings or EBITDA or assets deployed for its various business segments may differ from the companies whose transactions are reflected in the Precedent Privatisation Transactions, the relative weightage as accorded by us may differ from that as assigned by investors or Shareholders, for the valuation of each of the different business segments. Accordingly, the analysis will be limited and purely for illustrative purpose only.

We wish to highlight that other than the criteria mentioned above, the premium or discount that an offeror pays in any particular take-over varies in different specific circumstances depending on, *inter alia*, factors such as the potential synergy the offeror can gain by acquiring the target, the prevailing market conditions and sentiments, attractiveness and profitability of the target's business and assets, the possibility of a significant revaluation of the assets to be acquired, existence of intangibles and branding or "internal goodwill or intangible assets", the availability of substantial cash reserves, the liquidity in the trading of the target company's shares, the presence of competing bids for the target company and the existing and desired level of control in the target company.

The premium or discount of offer price and the valuation multiples of the Precedent Privatisation Transactions are set out below.

| Date of announce-ment | Target | Type | Premium/(Discount) of Offer Price over/to[1] | | | | | Offer price to NAV/ NTA[2] |
|---|---|---|---|---|---|---|---|---|
| | | | Last transacted price | 1-month VWAP | 3-month VWAP | 6-month VWAP | 12-month VWAP | |
| | | | (%) | (%) | (%) | (%) | (%) | (times) |
| 7-Jan-19 | Declout Limited | VGO | 62.5 | 66.7 | 66.7 | 58.5 | 51.2 | 1.28[3] |
| 18-Jan-19 | Courts Asia Limited | VGO | 34.9 | 35.8 | 34.0 | 23.5 | (16.7) | 0.56[4] |
| 4-Apr-19 | Kingboard Copper Foil Holdings Limited | VGO | 9.1 | 16.1 | 25.3 | 27.4 | 32.5 | 0.88[5] |
| 6-May-19 | 800 Super Holdings Limited | VGO | 16.1 | 30.8 | 31.2 | 25.3 | 17.6 | 2.06[6] |
| 14-May-19 | Memtech International Ltd | VGO | 23.9 | 31.5 | 31.6 | 35.6 | 30.2 | 1.09[7] |
| 15-May-19 | Boardroom Limited | VGO | 14.3 | 18.9 | 16.1 | 17.6 | 16.9 | 2.02[8] |
| 28-Jun-19 | Hupsteel Limited | VGO | 51.9 | 58.3 | 58.6 | 58.6 | 54.3 | 0.58[9] |
| 29-Jul-19 | Delong Holdings Limited[10] | VGO | 1.9 | 8.0 | 17.9 | 37.2 | 76.9 | 0.60[11] |
| 5-Aug-19 | Star Pharmaceutical Limited | MGO | 157.1 | 160.1 | 176.1 | 186.6 | 192.2 | 0.67[12] |
| 20-Aug-19 | PS Group Holdings Ltd | VGO | 195.0 | 266.7 | 267.5 | 267.5 | 59.7 | 0.62[13] |
| 27-Aug-19 | Avic International Maritime Holdings Limited | VGO | 37.6 | 66.7 | 65.6 | 65.9 | 64.3 | 1.20[14] |
| 5-Sep-19 | San Teh Ltd | VGO | 81.8 | 90.5 | 83.0 | 84.2 | 72.8 | 0.40[15] |
| 25-Oct-19 | Raffles United Holdings Ltd[16] | VGO | (1.5) | 0.0 | 10.0 | 15.9 | 9.1 | 0.28[17] |
| 25-Oct-19 | United Engineers Limited[18] | MGO | 1.5[19] | 5.3 | 4.5 | 5.7 | 7.5 | 0.82[20] |
| 4-Nov-19 | PACC Offshore Services Holdings Ltd | VGO | 69.3 | 99.4 | 93.0 | 70.2 | 37.1 | 0.96[21] |
| 6-Nov-19 | Citic Envirotech Ltd | VD | 48.6 | 61.6 | 68.5 | 65.5 | 39.6 | 1.15[22] |
| 24-Feb-20 | BreadTalk Group Limited | VGO | 19.4 | 30.1 | 24.0 | 25.0 | 20.5 | 2.81[23] |
| 3-Apr-20 | Elec & Eltek International Company Limited | VGO | 93.0 | 61.3 | 43.8 | 48.4 | 55.1 | 1.00[24] |
| 1-Jun-20 | Dynamic Colours Limited | VGO | 13.6 | 22.8 | 29.1 | 26.8 | 32.2 | 0.95[25] |
| 12-Jun-20 | Perennial Real Estate Holdings Limited | VGO | 37.7 | 46.4 | 70.1 | 71.4 | 70.4 | 0.58[26] |
| 30-Jun-20 | Luzhou Bio-Chem Technology Limited | VGO | 100.0 | 87.5 | 130.8 | 150.0 | 150.0 | n.a.[27] |
| 12-Aug-20 | Teckwah Industrial Corporation Limited | VGO | 17.8 | 23.1 | 25.0 | 32.4 | 38.3 | 0.80[28] |
| 20-Aug-20 | China Jishan Holdings Limited | VGO | 84.2 | 101.3 | 106.4 | 116.7 | 83.0 | 0.78[29] |
| 2-Sep-20 | SK Jewellery Group Limited | VGO | 70.5 | 90.2 | 94.8 | 93.7 | 81.2 | 1.31[30] |
| 16-Sep-20 | LCT Holdings Limited | VGO | 39.5 | 60.8 | 61.7 | 61.5 | 25.4 | 0.91[31] |
| 20-Nov-20 | Sunvic Chemical Holdings Limited | VGO | 27.3 | 40.0 | (3.4) | 16.7 | (12.5) | 0.17[32] |
| 18-Dec-20 | Hi-P International Limited | VGO | 13.6 | 23.2 | 42.3 | 50.6 | 62.5 | 2.60[33] |
| **High** | | | 195.0 | 266.7 | 267.5 | 267.5 | 192.2 | 2.81 |
| **Low** | | | (1.5) | 0.0 | (3.4) | 5.7 | (16.7) | 0.17 |
| **Mean** | | | 48.9 | 59.4 | 62.0 | 64.4 | 50.0 | 1.04 |
| **Median** | | | 37.6 | 46.4 | 43.8 | 50.6 | 39.6 | 0.90 |
| **15-Jan-21** | **Company (as implied by the Final Offer Price)**[34] | **VGO** | **42.9** | **46.6** | **52.4** | **45.8** | **25.1** | **0.84[35]** |

*Source: Bloomberg L.P. and circulars in relation to the Precedent Privatisation Transactions*

**Notes:**

(1) Market premia/(discounts) calculated relative to the last transaction prices and the 1-month, 3-month, 6-month and 12-month VWAPs of the respective target companies prior to the respective announcements.

(2) Based on the P/NTA or P/NAV per share (as the case may be), as published in the respective circulars in relation to the Precedent Privatisation Transactions.

(3) Based on the proforma NTA per share of Declout Limited as at 30 September 2018.

(4) Based on the proforma NAV per share of Courts Asia Limited as at 15 January 2019.

(5) Based on the revalued NAV per share of Kingboard Copper Foil Holdings Limited as at 31 December 2018.

(6) Based on the revalued NAV per share of 800 Super Holdings Limited as at 31 March 2019.

(7) Based on the NAV per share of Memtech International Ltd as at 31 March 2019.

(8) Based on the adjusted NAV per share of Boardroom Limited as at 31 March 2019.

(9) Based on the revalued NAV/NTA per share of Hupsteel Limited as at 31 March 2019.

(10) On 29 July 2019, a voluntary conditional cash offer was made for the issued shares of Delong Holdings Limited (the "**Delong Final Offer**"). Prior to the Delong Final Offer, a voluntary conditional cash offer for the issued shares of Delong Holdings Limited was previously made on 27 September 2018 and the offer was subsequently withdrawn in accordance with Rule 4 of the Code as announced on 11 October 2018. The market premia in the table above was computed based on the share prices for the period(s) up to and including 26 September 2018, being the last undisturbed trading date.

(11) Based on the NAV per share of Delong Holdings Limited as at 30 June 2019.

(12) Based on the revalued NAV per share of Star Pharmaceutical Limited as at 30 June 2019.

(13) Based on the revalued NAV per share of PS Group Holdings Ltd as at 30 June 2019.

(14) Based on the NAV per share of Avic International Maritime Holdings Limited as at 30 September 2019.

(15) Based on the revalued NAV per share of San Teh Ltd as at 30 June 2019.

(16) On 25 October 2019, GATXH Holdings Pte. Ltd. made a voluntary unconditional general offer for the issued shares of Raffles United Holdings Ltd. (the "**Raffles United Final Offer**"). Prior to the Raffles United Final Offer, Raffles Infinity Holdings Pte Ltd had on 1 July 2019 made a mandatory unconditional cash offer for the issued shares of Raffles United Holdings Ltd., and the shares were subsequently suspended from trading on 14 August 2019 as a result of the loss of free float following the offer. The market premium/(discount) in the table above were computed based on the share prices for the period(s) prior to the suspension of trading of the shares on 14 August 2019 following the loss of free float.

(17) Based on the NAV per share of Raffles United Holdings Ltd as at 30 June 2019.

(18) On 25 October 2019, a mandatory unconditional cash offer was made for the issued shares of United Engineers Limited ("**UEL**") at an offer price of S$2.60 in cash. It was also the intention of the offeror to maintain the listing status of UEL on the SGX-ST. On 12 November 2019, it was announced that the offer price was revised from S$2.60 to S$2.70 per share. On 16 December 2019, it was announced that, *inter alia*, the offeror did not intend to preserve the listing status of UEL if the public float is less than 10% of its issued shares.

(19) The market premium is based on the closing price on 22 October 2019 as published in the circular of the company.

(20) Based on the revalued NTA per share of United Engineers Limited as at 30 September 2019.

(21) Based on the revalued NAV per share of PACC Offshore Services Holdings Ltd as at 30 September 2019.

(22) Based on the NAV per share of Citic Envirotech Ltd as at 30 September 2019.

(23) Based on the adjusted NAV per share of BreadTalk Group Limited as at 31 December 2019.

(24) Based on the adjusted revalued NAV per share of Elec & Eltek International Company Limited as at 31 December 2019.

(25) Based on the adjusted NAV per share of Dynamic Colours Limited as at 31 December 2019.

(26) Based on the revalued NAV per share of Perennial Real Estate Holdings Limited as at 31 December 2019.

(27) Denotes "not meaningful" as Luzhou Bio-Chem Technology Limited recorded net liabilities and net revalued liabilities as at 31 December 2019.

(28) Based on the revalued NAV per share of Teckwah Industrial Corporation Limited as at 30 June 2020.

(29) Based on the revalued NAV per share of China Jishan Holdings Limited as at 30 June 2020.

(30) Based on the NAV per share of SK Jewellery Group Limited as at 30 June 2020.

(31) Based on the adjusted NAV per share of LCT Holdings Limited as at 30 June 2020.

(32) Based on the NTA per share of Sunvic Chemical Holdings Limited as at 31 December 2019.

(33) Based on the NAV per share of Hi-P International Limited as at 30 June 2020.

(34) On 15 March 2021, DBS Bank Ltd announced for and on behalf of the Offeror, the revision of the Offer Price to the Final Offer Price.

(35) Based on the NAV per share of the Company as at 31 December 2020 converted at the exchange rate of USD1.00: SGD1.3221 as at 31 December 2020.

Based on the above, we note the following:

(a) The premium of 42.9% implied by the Final Offer Price over the VWAP of the Shares for the Last Trading Day is within the range of the premium / (discount) for the Precedent Privatisation Transactions of between (1.5)% and 195.0%, above the median premium of 37.6% but below the mean premium of 48.9%;

(b) The premium of 46.6% implied by the Final Offer Price over the VWAP of the Shares for the 1-month period prior to the Offer Announcement Date is within the range of the premium for the Precedent Privatisation Transactions of between nil and 266.7%, above the median premium of 46.4% but below the mean premium of 59.4%;

(c) The premium of 52.4% implied by the Final Offer Price over the VWAP of the Shares for the 3-month period prior to the Offer Announcement Date is within the range of the premium / (discount) for the Precedent Privatisation Transactions of between (3.4)% and 267.5%, above the median premium of 43.8% but below the mean premium of 62.0%;

(d) The premium of 45.8% implied by the Final Offer Price over the VWAP of the Shares for the 6-month period prior to the Offer Announcement Date is within the range of the premium for the Precedent Privatisation Transactions of between 5.7% and 267.5%, but below and mean and median premia of 64.4% and 50.6% respectively;

(e) The premium of 25.1% implied by the Final Offer Price over the VWAP of the Share for the 12-month period prior to the Offer Announcement Date is within the range of the premium / (discount) for the Precedent Privatisation Transactions of between (16.7)% and 192.2%, but below the mean and median premia of 50.0% and 39.6% respectively;

(f) The P/NAV as implied by the Final Offer Price of 0.84 times is within the range of the P/NAV of the Precedent Privatisation Transactions of 0.17 times and 2.81 times, but lower than the mean and median P/NAV of the Precedent Privatisation Transactions of 1.04 times and 0.90 times respectively.

### 8.8 Other Relevant Considerations

#### 8.8.1 Outlook of the Group

The Company had, in its latest six months ended 31 December 2020 results announcement dated 13 January 2021 disclosed that the Group expects the business operating environment to remain challenging and uncertain.

The COVID-19 pandemic continues to significantly curtail business activity in London and depress demand for hotel rooms. Starting January 2021, the UK government has imposed

another lockdown with tiered restrictions as a new COVID-19 variant caused a record number of cases, which led to most of the Group's hotels being closed again.

### 8.8.2 Likelihood of competing offers is remote

The Directors have confirmed that, as at the Latest Practicable Date, apart from the Offer being made by the Offeror, no alternative offer or proposal from any third party has been received. We also noted that there is no publicly available evidence of any alternative offer for the Shares from any third party.

On 18 March 2021, DBS Bank Ltd announced, *inter alia*, for and on behalf of the Offeror that as the total number of Shares owned, controlled or agreed to be acquired by the Offeror and its Concert Parties (including valid acceptances of the Offer) as at 6.00 p.m. (Singapore time) on 18 March 2021 amounted to an aggregate of 1,240,998,555 Shares, representing approximately 90.71% of the total number of Shares, the Offeror will be entitled, and intends, to exercise its right of compulsory acquisition under Section 102 of the Companies Act after the close of the Offer to compulsorily acquire all the Shares of Shareholders who have not accepted the Offer at the Final Offer Price of S$0.80 for each Share. It is therefore highly unlikely that there will be a competing offer from any third party.

### 8.8.3 Listing status and Compulsory Acquisition

Under Rule 1105 of the Listing Manual of the SGX-ST (the "**Listing Manual**"), upon an announcement by the Offeror that acceptances have been received pursuant to the Offer that bring the holdings of the Shares owned by the Offeror and its Concert Parties to above 90 per cent. of the total number of Shares (excluding treasury shares), the SGX-ST may suspend the trading of the listed securities of the Company on the SGX-ST until such time when the SGX-ST is satisfied that at least 10 per cent. of the total number of Shares (excluding treasury shares) are held by at least 500 Shareholders who are members of the public. Rule 1303(1) of the Listing Manual provides that where the Offeror succeeds in garnering acceptances exceeding 90 per cent. of the total number of Shares (excluding treasury shares), thus causing the percentage of the total number of Shares (excluding treasury shares) held in public hands to fall below 10 per cent., the SGX-ST will suspend trading of the Shares only at the close of the Offer.

Shareholders are advised to note that Rule 723 of the Listing Manual requires the Company to ensure that at least 10 per cent. of the total number of Shares (excluding preference shares, convertible equity securities and treasury shares) is at all times held by the public (the "**Free Float Requirement**"). In addition, under Rule 724(1) of the Listing Manual, if the percentage of the total number of Shares (excluding treasury shares) held in public hands falls below 10 per cent., the Company must, as soon as practicable, announce that fact and the SGX-ST may suspend trading of all the listed securities of the Company on the SGX-ST. Rule 724(2) of the Listing Manual further states that the SGX-ST may allow the Company a period of three (3) months, or such longer period as the SGX-ST may agree, for the percentage of the total number of Shares (excluding treasury shares) held by members of the public to be raised to at least 10 per cent., failing which the Company may be removed from the Official List of the SGX-ST.

**In the event acceptances of the Offer result in the Free Float Requirement not being met and/or trading of Shares on the SGX-ST is suspended pursuant to Rules 724, 1105 or 1303(1) of the Listing Manual, the Offeror does not intend to preserve the listing status of the Company and has no intention of undertaking or supporting any action to satisfy the Free Float Requirement or for any such trading suspension by the SGX-ST to be lifted. In such event, the Offeror intends to delist the Company from the Official List of the SGX-ST.**

On 18 March 2021, DBS Bank Ltd announced, *inter alia*, for and on behalf of the Offeror that the total number of Shares owned, controlled or agreed to be acquired by the Offeror and its

Concert Parties (including valid acceptances of the Offer) as at 6.00 p.m. (Singapore time) on 18 March 2021 amounted to an aggregate of 1,240,998,555 Shares, representing approximately 90.71% of the total number of Shares. Accordingly, the Free Float Requirement is no longer satisfied. Pursuant to Rule 1303(1) of the Listing Manual, the SGX-ST will suspend trading of the Shares on the SGX-ST only at the close of the Offer. The Company will be delisted from the SGX-ST upon the completion of the compulsory acquisition.

### 8.8.4 Offeror's Intentions for the Group

The Offeror intends for the Company to continue with its existing activities and has no intention to, in connection with or as a result of the Offer, (a) introduce any major changes to the existing business of the Company, (b) re-deploy the fixed assets of the Company, or (c) discontinue the employment of the existing employees of the Company or its subsidiaries, in each case, other than in the ordinary course of business. However, the directors of the Offeror retain the flexibility at any time to further consider any options or opportunities in relation to the Company and its subsidiaries which may present themselves, and which it regards to be in the interest of the Offeror.

### 8.8.5 Other recent developments regarding the Group

The Company announced on 6 January 2021 that its wholly-owned subsidiary, GLH Hotels Limited has received a net amount of GBP14.5 million (equivalent to approximately US$19.2 million) being an interim payment in relation to an insurance claim for business interruption due to COVID-19 restrictions. In this regard, we noted that the receipt of the interim payment is expected to have a material impact on the Group's earnings per Share for the financial year ending 30 June 2021 ("**FY2021**"), but it is not expected to have a material impact on the Group's net tangible assets per Share for FY2021.

### 8.8.6 Issues relating to the RNAV approach to valuing property assets

The RNAV valuation is based largely upon the surplus revaluation estimates which were obtained by application of 'as is' valuation estimates. This approach implicitly assumes that the properties, including those currently under development, may be disposed of by the Company at a price determined by the independent valuations, on a willing buyer and a willing seller basis in an arms-length transaction with a third party. It should be noted that such valuations do not account for potential transaction costs associated with a disposal of the property assets, nor does it consider the associated time, effort, marketability, buyer demand and uncertainty relating to such property sale.

### 8.8.7 No further revision of the Final Offer Price

Shareholders should note that DBS Bank Ltd had, for and on behalf of the Offeror, on 15 March 2021 announced that the Offeror does not intend to increase the Final Offer Price of S$0.80 per Offer Share under any circumstances whatsoever. Therefore, in accordance with Rule 20.2 of the Code, the Offeror will not be allowed to subsequently increase the Final Offer Price.

## 9. OUR RECOMMENDATION TO THE INDEPENDENT DIRECTORS

In arriving at our recommendation in respect of the Offer to the Independent Directors, we have taken into account a range of factors which we consider, based on available information as at the Latest Practicable Date, to be pertinent and have significant bearing on our assessment of the Offer. Accordingly, it is important that this Supplemental IFA Letter, in particular, all the considerations and information we have taken into account, be read in its entirety.

For the purposes of evaluation of the Offer from a financial point of view, we have adopted the approach that the term "fair and reasonable" comprises two distinct concepts:

(i) The term "fair" relates to an opinion on the value of the offer price or consideration compared against the value of the securities subject to the offer (the "**Offeree Securities**"). An offer is "fair" if the price offered is equal to or greater than the assessed value of the Offeree Securities. Our opinion on the "fairness" of the Offer is based on an evaluation of the Offer Price against the assessed value of the Shares arising from the fundamental/financial analyses as set out in this Supplemental IFA Letter and based on information known to us or which is publicly available as at the Latest Practicable Date.

(ii) In considering whether an offer is "reasonable", we consider other matters which we deemed relevant (being other quantitative and qualitative factors available and made known to us) as well as the assessed value of the Offeree Securities. This includes, but are not limited to, the existing voting rights in the offeree company held by the offeror and its concert parties and the market liquidity of the Offeree Securities.

In determining the fairness of the Offer, we have considered, *inter alia*, the following pertinent factors:

(a) The Final Offer Price to NAV per Share and the discount of the Final Offer Price to NAV per Share as at 31 December 2020 are 0.84 times and 16.3% respectively;

(b) The Final Offer Price to RNAV per Share and the discount of the Final Offer Price to RNAV per Share as at 31 December 2020 are 0.74 times and 25.9% respectively; and

(c) The discount of the Final Offer Price to the SOTP Value per Share as at 31 December 2020 is in the range of 31.5% to 40.6%.

In view of the above, we are of the opinion that the Offer is **NOT FAIR**.

In determining the reasonableness of the Offer, we have considered, *inter alia*, the following pertinent factors:

(a) The Group recorded a net loss for FY2020 of US$26.7 million and a net loss for the 6 months ended 31 December 2020 of US$19.8 million. Net cash used in operating activities in HY2021 was US$7.2 million;

(b) While the Final Offer Price represents a discount of 16.3% to the NAV per Share as at 31 December 2020, the discount is smaller than the range of discounts to NAV as implied by the closing price of the Shares for the periods of 2-year, 1-year, 6-month, 3-month and 1-month prior to the Last Trading Day;

(c) For the period between the Offer Announcement Date and 12 March 2021 (being the last full Market Day prior to the Offer Revision Announcement Date), we noted that the discount to NAV as implied by the closing price of the Shares was between 23.6% and 26.8% and the average discount was 25.0%. In comparison, the discount to NAV as implied by the Final Offer Price was significantly smaller at 16.3%;

(d) The Final Offer Price is at a premium of approximately 42.9% to the closing price of the Shares on the Last Trading Day;

(e) The Final Offer Price is at a premium of approximately 46.6%, 52.4%, 45.8% and 25.1% to the VWAP of the Shares for the 1-month, 3-month, 6-month and 12-month periods prior to the Last Trading Day respectively;

(f) The Final Offer Price is equal to the closing price of the Shares as at the Latest Practicable Date;

(g) The Shares are thinly traded during the Relevant Period prior to the Offer Announcement Date. Trading liquidity of the Shares during the 12-month period up to and including the Last Trading Day has been low with an average daily trading volume of between approximately 41,500 Shares and 130,400 Shares representing between 0.011% and 0.034% of the free float of the Company;

(h) The P/RNAV as implied by the Final Offer Price of 0.74 times is above the range of the P/RNAV of the Selected Hospitality Comparable Companies of 0.27 times to 0.62 times, and is higher than the mean and median P/RNAV of the Selected Hospitality Comparable Companies;

(i) The P/NAV as implied by the Final Offer Price of 0.84 times is within the range of the weighted average P/NAV of the Comparable Companies of between 0.22 times to 2.31 times, and above the mean and median weighted average P/NAV of the Comparable Companies of 0.79 times and 0.63 times respectively;

(j) The P/RNAV as implied by the Final Offer Price of 0.74 times is within the range of P/RNAV of the Precedent Hotel Transactions of 0.52 times to 0.95 times. The P/NAV as implied by the Final Offer Price of 0.84 times is within the range of the P/NAV of the Precedent Hotel Transactions of 0.52 times to 1.62 times;

(k) The P/NAV as implied by the Final Offer Price of 0.84 times is within the range of the P/NAV of the Precedent Privatisation Transactions of 0.17 times to 2.81 times;

(l) The premium of the Final Offer Price to the VWAP of the Shares for the Last Trading Day, 1-month, 3-month, 6-month, 12-month is within the range of the premia for the Precedent Privatisation Transactions;

(m) The Company had, in its latest results announcement dated 13 January 2021 disclosed that the Group expected the UK hotels to continue to face a difficult operating environment into year 2021 due to renewed lockdown with tiered restrictions being imposed by the UK government starting January 2021 as a result of a record number of COVID-19 cases due to a new COVID-19 variant; and

(n) On 18 March 2021, DBS Bank Ltd announced, *inter alia*, for and on behalf of the Offeror that as the total number of Shares owned, controlled or agreed to be acquired by the Offeror and its Concert Parties (including valid acceptances of the Offer) as at 6.00 p.m. (Singapore time) on 18 March 2021 amounted to an aggregate of 1,240,998,555 Shares, representing approximately 90.71% of the total number of Shares, the Offeror will be entitled, and intends, to exercise its right of compulsory acquisition under Section 102 of the Companies Act after the close of the Offer. It is therefore highly unlikely that there will be a competing offer from any third party.

In view of the above, we are of the opinion that the Offer is **REASONABLE**.

**Having regard to the foregoing considerations set out in this Supplemental IFA Letter and information available to us as at the Latest Practicable Date and subject to the qualifications made herein, we are of the opinion that the financial terms of the Offer are NOT FAIR BUT REASONABLE. On balance of the above factors, we advise the Independent Directors to recommend that Shareholders ACCEPT the Offer, unless Shareholders are able to obtain a price higher than the Final Offer Price on the open market, after taking into account the brokerage and related costs in connection with open market transactions. In addition, given that the Offeror will be proceeding to exercise its right of compulsory acquisition after the close of Offer, Shareholders who validly accept the Offer on or before 5.30pm (Singapore time) on 1 April 2021, being**

**the Closing Date, will receive the Final Offer Price as soon as practicable within seven (7) business days of the Offeror's receipt of such valid acceptances of the Offer, instead of waiting until the Offeror exercises its right of compulsory acquisition.**

Our opinion is addressed to the Independent Directors for their benefit and for the purpose of their consideration of the Offer. The recommendation made by the Independent Directors to the Shareholders in relation to the Offer shall remain the responsibility of the Independent Directors.

In rendering our opinion and providing our recommendation, we did not have regard to the specific objectives, financial situation, tax position, risk profile or unique needs and constraints of any individual Shareholder and we neither assume any responsibility for, nor hold ourselves as advisers to any person other than the Independent Directors. As different Shareholders would have different investment profiles and objectives, we recommend that any Shareholder who may require specific advice in relation to his/her investment portfolio or objectives should consult his/her stock broker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately and not to rely upon our opinion as the sole basis for deciding whether or not to accept the Offer.

Whilst a copy of this Supplemental IFA Letter may be reproduced in the Supplemental Letter, neither the Company, the Independent Directors, nor any other persons may reproduce, disseminate or quote this Supplemental IFA Letter (or any part thereof) for any other purpose at any time and in any manner without our prior written consent in each specific case, except for the purpose of the Offer.

This Supplemental IFA Letter is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours faithfully,

For and on behalf of
**W Capital Markets Pte. Ltd.**

**Chia Beng Kwan**
Partner
Head of Corporate Finance

**Sheila Ong**
Vice President
Corporate Finance