

UPDATE ON THE DISPOSAL OF THE COMPANY'S JAPANESE HALEKULANI PROPERTIES

- ENTRY INTO A SALE AND PURCHASE AGREEMENT FOR THE DISPOSAL OF GREEN FOREST ITABASHI AND HATCHOBORI PLACE

1. INTRODUCTION

- 1.1 On 20 January 2017, Imperium Crown Limited (the "**Company**") obtained a general mandate from its shareholders ("**Shareholders**") to divest its Japanese property portfolio in its entirety (the "**Divestment Mandate**"), namely:
- (i) Green Forest Itabashi located at 10-2 and part of 10-1, Honcho, Itabashi-ku, Tokyo ("**Green Forest Itabashi**");
 - (ii) Green Forest Kuramae located at 13-3, Misuji 1-chome, Taito-ku, Tokyo ("**Green Forest Kuramae**");
 - (iii) Hatchobori Place located at 9-1 Irifune 1-chome, Chuo-ku, Tokyo ("**Hatchobori Place**");
 - (iv) New City Apartment Kuramae located at Kuramae 2-chome, Taito-ku, Tokyo ("**New City Apartment Kuramae**"); and
 - (v) New City Apartment Minowa located at Higashi-Nippori 2-chome, Arakawa-ku, Tokyo ("**New City Apartment Minowa**").
- 1.2 On 25 August 2017, the Company announced that it received LOIs in respect of Hatchobori Place and Green Forest Itabashi (collectively the "**Halekulani Properties**") (the "**25 August Update**").
- 1.3 The board of directors (the "**Board**") of the Company wishes to update Shareholders of the Company that its Japanese subsidiary, Goda Kaisha Halekulani (the "**Seller**"), which holds the Halekulani Properties, had on 28 September 2017 executed a sale and purchase agreement ("**Halekulani SPA**") in respect of the Halekulani Properties with a buyer in Japan ("**Purchaser**").
- 1.4 All defined terms used here shall have the same meanings as given in the 30 December 2016 announcement and the 25 August Update. Shareholders are strongly encouraged to read the circular dated 5 January 2017 ("**Circular**") issued by the Company when it sought approval of the Divestment Mandate.

2. INFORMATION ON THE PURCHASER

- 2.1 The Purchaser is a company established under Japanese laws. The Purchaser is not related in any way to any of the Company's subsidiaries, Shareholders, directors or executive officer.
- 2.2 Under the Halekulani SPA, the Purchaser and the Seller owe each other an obligation not to disclose information on the other (including the other's name).

3. PROPERTY SALE

3.1 Information on the Halekulani Properties

Green Forest Itabashi

Green Forest Itabashi comprises the leasehold land and building located at 10-1 and 10-2, Honcho, Itabashi-Ku, Tokyo. The land and building is used for retail units and apartments. The land is approximately 1,221.67 square metres and the building has an area of

approximately 4,074.62 square metres. Green Forest Itabashi consists of an 11-storey retail cum apartment building which was constructed in 1994. As at 31 July 2017, the occupancy rate for the rented floor was approximately 94.7%.

Hatchobori Place

Hatchobori Place comprises ownership of the land and building located at 9-1, Irifune 1-chome, Chuo-ku, Tokyo with a total land area of approximately 579.98 square metres. The building has an area of approximately 2,923.99 square metres. Hatchobori Place consists of a 6-storey retail cum office building which was constructed in 1988. As at 31 July 2017, the occupancy rate for the rented floor was approximately 100.0%.

3.2 **Consideration**

- 3.2.1 The consideration for the Halekulani Properties is Japanese Yen 3,163,020,800, which includes the land and building and taxes, payable in cash (the "**Sale Price**").
- 3.2.2 The Sale Price translates into approximately S\$38,256,178, using the spot exchange rate of JPY1: S\$0.01209 on 28 September 2017, being the date of the Halekulani SPA.
- 3.2.3 A deposit of Japanese Yen 10,000,000 ("**Down Payment**") is to be paid by the Purchaser to the Seller on signing of the Halekulani SPA, which will be applied towards the Sale Price on completion. If the Halekulani SPA is not completed, the Down Payment shall be returned.
- 3.2.4 The balance of the Sale Price shall be paid by the Purchaser to the Seller, in full upon completion ("**Completion**") of the Halekulani SPA.
- 3.2.5 The Sale Price was arrived at after arm's length negotiations on a willing buyer-willing seller basis, taking into account, *inter alia*, the Property Valuation (as defined herein), the current subdued economic condition in Japan and the softening of rental rates.
- 3.2.6 The Company commissioned Jones Lang LaSalle K.K. ("**JLL**") to carry out a valuation on the Property. The valuation was carried out using both cost approach and income approach (direct capitalisation method and discounted cash flow method) on 30 June 2017. Based on the valuation report prepared by JLL on the Property ("**Property Valuation Report**"), the value of the Halekulani Properties as at 30 June 2017 was Japanese Yen 3,680,000,000 (or S\$45,006,400, based on the exchange rate of JPY 1: S\$0.01223 as at 30 June 2017) ("**Property Valuation**").
- 3.2.7 The Board is of the view that, after taking into account all relevant considerations, the Sale Price is the most favourable purchase price and is of the highest value available to the Company currently and as such, is in the best interest of the Company.
- 3.2.8 The sale of the Halekulani Properties represents the final disposal of the Company's Japanese property portfolio for which it received the Divestment Mandate. The Sale Price is higher than the acquisition cost of the Halekulani Properties and is, therefore, in compliance with the terms of the Divestment Mandate.

3.3 **Completion**

The sale of the Halekulani Properties shall be completed on 20 October 2017 (unless mutually varied by the parties) (the "**Completion Date**"). The Completion Date is also termed the Transaction Execution Date in the Halekulani SPA.

3.4 **Salient Terms**

- 3.4.1 The obligations of the Purchaser to complete and pay the Sale Price to the Seller is subject to the fulfilment of certain terms and conditions, amongst others, as set out below:

- (a) the representations and warranties made by the Seller in the Halekulani SPA are true and accurate as of the date the Halekulani SPA is signed and as of the Transaction Execution Date, which is the Completion Date.
- (b) by the Transaction Execution Date, the Seller has fulfilled and complied with any conditions and obligations it is required to fulfil or comply with under the Halekulani SPA.
- (c) the Seller has handed over to the Purchaser the documents stipulated in paragraphs 7 and 9 of Article 4-1 of the Halekulani SPA by the Transaction Execution Date, or alternatively, is reasonably considered able to hand over the same on the Transaction Execution Date.
- (d) the Seller has handed over to the Purchaser a certified copy of the Company's commercial register and signature seal certificate (both limited to those acquired within one month of the Transaction Execution Date) by the Transaction Execution Date.

3.4.2 The obligations of the Seller to transfer the Property to the Purchaser is subject to the fulfilment of certain terms and conditions, as set out below:

- (a) the representations and warranties made by the Purchaser in the Halekulani SPA are true as of the date the Halekulani SPA is signed and as of the Transaction Execution Date, which is the Completion Date.
- (b) by the Transaction Execution Date, the Purchaser has fulfilled and complied with any conditions and obligations it is required to fulfil or comply with under the Halekulani SPA.
- (c) the Purchaser has by the Transaction Execution Date, acquired from the trustee of the Property the documents stipulated in paragraph 7 of Article 4-1 of the Halekulani SPA;
- (d) the Purchaser has handed over to the Seller a certified copy of its commercial register and signature seal certificate (both limited to those acquired within one month of the Transaction Execution Date) by the Transaction Execution Date.

The salient terms in paragraphs 3.4.1 and 3.4.2 above are also generally in line with the terms of the Divestment Mandate.

4. USE OF PROCEEDS

The Company intends to re-channel the net sale proceeds from the sale of the Halekulani Properties to finance the remaining consideration payable in relation to the acquisition of Global Entertainment Media Pte. Ltd. and to make acquisitions of other properties and property investments in the Asia-Pacific region.

5. RATIONALE FOR THE HALEKULANI PROPERTIES SALE

The sale of the Halekulani Properties is part of the intention of the Company to dispose all of its Japanese properties, turning its attention to properties and property investments in the markets of the Asia Pacific region, as further elaborated in paragraph 3 of the Circular.

6. RELATIVE FIGURES COMPUTED BASED ON RULE 1006 OF THE LISTING MANUAL (SECTION B: RULES OF CATALIST) OF THE SGX-ST (“CATALIST RULES”)

6.1 Based on the latest announced unaudited consolidated financial statements of the Group for the financial year ended 30 June 2017, the relative figures computed on the bases set out in Rule 1006 in respect of the sale of Halekulani Properties are as follows:

Bases of Calculation	The Halekulani Properties (S\$'000)	The Group (S\$'000)	Size of Relative Figure (%)
Rule 1006(a) The net asset value of the assets to be disposed of, compared with the Group's net asset value.	27,764	44,003	63.1%
Rule 1006(b) The net profit / (loss) attributable to the assets disposed of, compared with the Group's net profit.	1,855 ⁽¹⁾	(6,685)	Not meaningful
Rule 1006(c) The aggregate value of the consideration given, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares.	38,256	70,300 ⁽²⁾	54.4%
Rule 1006(d) The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not Applicable. No equity securities were issued as consideration.	Not Applicable. No equity securities were issued as consideration.	Not Applicable. No equity securities were issued as consideration.
Rule 1006(e) The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets.	Not Applicable. The sale is not a disposal of mineral, oil or gas assets by a mineral, oil and gas company.	Not Applicable. The sale is not a disposal of mineral, oil or gas assets by a mineral, oil and gas company.	Not Applicable. The sale is not a disposal of mineral, oil or gas assets by a mineral, oil and gas company.

Notes:

- (1) Net profit attributable to the Halekulani Properties of S\$1,855,000 comprised rental income, net fair value gain, property related expenses such as property management fees, asset management fees and property taxes as well as interest expense.
- (2) Determined by multiplying the volume weighted average price of the Company's shares traded on the SGX-ST on 27 September 2017, being the market day preceding the date of the Halekulani SPA, of S\$0.0891 and the total number of issued shares of the Company as at 27 September 2017 of 789,000,000.

6.2 As the relative figures calculated under Rule 1006 of the Catalist Rules for the Property Sale exceed 50%, the sale of the Halekulani Properties is considered a major transaction under Chapter 10 of the Catalist Rules. Notwithstanding, Shareholders have approved the General Mandate on 20 January 2017 to dispose of the Halekulani Properties. Despite the execution of the Halekulani SPA, the Company will be seeking shareholders' approval for a renewal of the Divestment Mandate at the forthcoming annual general meeting of the Company in the event that the sale of the Halekulani Properties is not completed due to any reason whatsoever.

7. FINANCIAL EFFECTS OF THE PROPERTY SALE AND THE AGGREGATE DISPOSALS

The financial effects of the sale of the Halekulani Properties on the Group set out below **are for illustrative purposes only** and are not intended to reflect the actual future financial performance or position of the Group immediately after the Completion of the sale of the Halekulani Properties. The financial effects of the sale set out below have been prepared based on the Group's audited consolidated financial statements for FY2017.

Net Tangible Assets ("NTA")

The financial effects of the sale on the audited consolidated NTA per share of the Group as at 30 June 2017, assuming that the sale of the Halekulani Properties had been effected on 30 June 2017, are as follows:

	NTA as at 30 June 2017 ('000)	Number of issued Shares as at 30 June 2017 (excluding treasury shares) ('000)	NTA per Share (Cents)
Before the sale	44,003	489,000	9.00
After the sale	37,253	489,000	7.62

Earnings Per Share ("EPS")

The effects of the sale of the Halekulani Properties on the audited consolidated EPS of the Group for FY2017, assuming the sale had been effected on 1 July 2016, are as follows:

	Group profit / (loss) after income tax for the financial year ended 30 June 2017 (S\$'000)	Number of issued Shares as at 30 June 2017 (excluding treasury shares) ('000)	Earnings/(Losses) Per Share (Cents)
Before the sale	(6,685)	489,000	(1.37)
After the sale	(17,792)	489,000	(3.64)

Accounting gain/(loss) on disposal

Assuming the sale of the Halekulani Properties had been completed on 30 June 2017 at the Sale Price of Japanese Yen 3,163,020,800 (or S\$38,256,178 based on exchange rate of JPY 1: S\$0.01209 on 28 September 2017, which is the date of the Halekulani SPA) the gain of the proceeds over its book value and the accounting gain/(loss) on disposal would be as follows:

Property	Market Value (as at 30 June 2017) (JPY'000)	Market Value (as at 30 June 2017) (S\$'000)	Book Value (as at 30 June 2017) (S\$'000)	Excess/ (Deficit) of proceeds over book value	Accounting Gain/(Loss) on disposal
Halekulani Properties	3,680,000	45,006	45,006	(6,750)	(6,750)

Sale Price over Acquisition Cost of the Halekulani Properties

Assuming the sale of the Halekulani Properties had been completed on 30 June 2017 at the Sale Price of Japanese Yen 3,163,020,800 (or S\$38,256,178 based on exchange rate of JPY 1: S\$0.01209 on 28 September 2017, which is the date of the Halekulani SPA), the sale proceeds over the Acquisition Cost (as defined herein) would be as follows:

Property	Sale Price (JPY'000)	Sale Price (S\$'000)	Acquisition Cost ⁽¹⁾ (S\$'000)	Excess of Sale Price over Acquisition Cost (S\$'000)
Halekulani Properties	3,163,021	38,256	32,618	5,638

Note:

(1) "Acquisition Cost" is the cost incurred by the Company in acquiring the Halekulani Properties, namely the purchase price, stamp duty, legal fees and valuation, as apportioned by the Company where applicable.

8. DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS

Save for their respective directorships and shareholdings in the Company, if any, none of the Directors or Controlling Shareholders of the Company has any interest, direct or indirect, in the sale of the Halekulani Properties.

9. DIRECTORS' SERVICE CONTRACTS

No person is proposed to be appointed as a director of the Company in connection with the sale of the Halekulani Properties. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

10. CAUTIONARY STATEMENT

The Shareholders should note that the sale of the Halekulani Properties is subject to fulfilment of certain conditions. There is no certainty or assurance as at the date of this announcement that the sale will materialize.

Meanwhile, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Company's securities. The Shareholders should consult their stockbrokers, solicitors or other professional advisers if they have any doubts about the actions they should take.

11. FURTHER ANNOUNCEMENT

The Company will make the necessary announcement as appropriate when there are further updates.

12. DOCUMENTS FOR INSPECTION

Copies of the following documents will be made available for inspection during normal business hours at the Company's registered office at 1 Commonwealth Lane #06-20 One Commonwealth Singapore 149544 for a period of three (3) months commencing from the date of this announcement:

- (a) Halekulani SPA;
- (b) Property Valuation Report; and
- (c) The annual report 2017 and the Appendix to the Notice of AGM.

By Order of the Board

Wan Jinn Woei
Executive Chairman and Chief Executive Officer
28 September 2017

This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor for compliance with the relevant rules of Singapore Exchange Securities Trading Limited (the "SGX-ST"). The Sponsor has not independently verified the contents of this announcement.

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

*The contact person for the Sponsor is Mr Bernard Lui
Telephone number: (65) 6389 3000
Email address: (65) 6389 3000
Email address: bernard.lui@morganlewis.com*