



Second Chance Properties Ltd

(Company Registration No.198103193M)

DISPOSAL OF THE PROPERTY AT BLK 190 LORONG 6 TOA PAYOH, #01-562, SINGAPORE 310190

The Board of Directors of Second Chance Properties Ltd (the "**Company**") and together with its subsidiaries, the "**Group**") wishes to announce that the Company's subsidiary, Fair Chance Properties Pte Ltd ("**FCP**") has granted an option ("**Option**") to Lim Hock Seng Danny and/or Nominee (the "**Purchaser**") to purchase FCP's property at Blk 190 Lorong 6 Toa Payoh #01-562, Singapore 310190 (the "**Property**") for a total consideration of S\$11,250,000 excluding GST (the "**Sale Price**") ("**Proposed Disposal**"). The Sale Price was arrived at on a willing-buyer and a willing-seller basis after taking into consideration the valuation performed by Colliers International Consultancy & Valuation (Singapore) Pte Ltd on 31 August 2021 and was to be satisfied in cash.

An option fee of 1 percent of the Sale Price was paid to FCP and 4% of the Sale Price was paid to FCP's solicitors on 20 April 2022 to be held by them as stakeholder in accordance with the terms of the Option. The parties agreed that the Option shall constitute a binding contract for the sale and purchase of the Property and no further contracts or agreements shall be entered.

In connection with the above, the Company wishes to announce that the nominee of the Purchaser, Venus Properties Pte Ltd (UEN No. 201224298D) has exercised the option to purchase the Property in accordance with the terms of the Option to purchase.

RATIONALE

The property located at Blk 190 Lorong 6 Toa Payoh #01-562 is a retail unit and rented out to retail tenants. In recent years, there has been an increasing trend of family shoppers and others, visiting shopping malls instead of shopping at individual retail units in the heartland (as these malls, apart from air conditioning and other creature comforts also offer other attractions). Furthermore the popularity of online shopping continue to have a dampening effect on retail property value. This has led to downward pressure on rentals and had a negative impact on our unit. In addition the balance lease left on this property is 49 years and the property value is expected to decline as time passes.

Therefore, when the company received an unsolicited offer to sell the property, management was of the view that it was a good opportunity as well as a prudent business decision for the company to sell off its property and utilize the proceeds to reduce the debts of the Group.

The Sale Price of S\$11,250,000 is S\$250,000 above the valuation performed by Colliers International Consultancy & Valuation (Singapore) Pte Ltd on 31 August 2021.

THE SALE PRICE

The sale price of S\$11,250,000 of the Property was determined at arm's length and on a willing buyer-willing seller basis. The balance amount of S\$10,687,500 will be paid on completion.

The completion of the Proposed Disposal is expected to be on 26 July 2022 (subject to HDB/SSSD final approval).

FINANCIAL EFFECTS

For illustrative purposes only, the financial effects of the Proposed Disposal on the net tangible assets ("NTA") per share and earnings per share ("EPS"), based on the audited consolidated financial statements of the Group for the financial year ended 31 August 2021, are set out below:

NTA

Assuming that the Proposed Disposal had been completed on 1 September 2020, being the end of the most recently completed financial year, and based on the Group's audited consolidated financial statements as at 31 August 2021, the effect on the NTA per share of the Group as at 31 August 2021 would be as follows:

	<u>Before Proposed Disposal</u>	<u>Adjusted for Proposed Disposal</u>
NTA	\$283,217,043	\$283,144,770
No. of Shares	751,906,638	751,906,638
NTA per share (cents)	37.67	37.66

EPS

Assuming that the Proposed Disposal had been completed on 1 September 2020, being the beginning of the most recently completed financial year, and based on the Group's audited consolidated financial statements for the financial year ended 31 August 2021, the effect on the EPS of the Group for the financial year ended 31 August 2021 would be as follows:

	<u>Before Proposed Disposal</u>	<u>Adjusted for Proposed Disposal</u>
Earnings	\$9,823,510	\$9,751,237
Weighted No. of Shares	753,217,046	753,217,046
EPS (cents)	1.30	1.29

RELATIVE FIGURES UNDER RULE 1006 OF THE LISTING MANUAL

The relative figures for the Proposed Disposal computed on the bases set out in Rule 1006 ("Rule 1006") of the Listing Manual, are as follows:

Rule 1006	Bases	Relative Figures (%)
(a)	Net asset value of the Disposal Properties compared with net asset value of the Group based on the latest announced consolidated accounts	3.88%
(b)	Net profits attributable to the Disposal Properties compared with the Group's net profits based on the latest announced consolidated accounts	3.28%
(c)	Aggregate value of the total purchase consideration compared with market capitalisation of the Company	5.28%
(d)	Number of equity securities issued by the Company as consideration for the acquisition, compared with the number of equity securities previously in issue	Not applicable

As the relative figures under Rule 1006 (c) exceeds 5%, the Proposed Disposal is considered a Discloseable Transaction as defined under Chapter 10 of the Listing Manual and does not require shareholders' approval.

INSPECTION OF DOCUMENTS

A copy of the Option to Purchase is available for inspection during normal business hours at the Company's registered office at 845 Geylang Road, #04-22 Tanjong Katong Complex, Singapore 400845.

INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the directors or controlling shareholders of the Company has any direct or indirectly interest in the aforesaid transactions, other than through their respective shareholdings in the Company.

The Company will make a further announcement in relation to the Proposed Disposal in due course, upon the exercise or the expiry of the Option, as the case may be.

BY ORDER OF THE BOARD

Mohamed Salleh s/o Kadir Mohideen Saibu Maricar
Executive Chairman & Chief Executive Officer

21 April 2022