



HOTEL GRAND CENTRAL LIMITED

大中酒店有限公司

(Company No. 196800243H)

HOTEL GRAND CENTRAL LIMITED

REDEVELOPMENT OF THE SITE OF THE PREVIOUS HOTEL GRAND CHANCELLOR AND CASHEL STREET RETAIL AND CARPARK IN CHRISTCHURCH

INTRODUCTION

The Board of Directors of Hotel Grand Central Limited (the "Company") wishes to announce that the New Zealand Government (the "Crown") has agreed for Grand Central (NZ) Ltd ("GCNZ"), a wholly owned subsidiary of the Company to redevelop the site of the previous Hotel Grand Chancellor and Cashel Street retail and carpark in Christchurch and for the Crown to lease office accommodation on the said redevelopment.

BACKGROUND

1. On 23 September 2013, the Company announced that GCNZ had obtained Resource Consent approval from the Christchurch City Council ("CCC") to redevelop the site of the previous Hotel Grand Chancellor and Cashel Street retail and carpark in Christchurch
2. The original Resource Consent was for a 12-level mixed use development with a total height of 50.1 m and had a Gross Floor Area of approximately 27,359 sqm providing one level of 1,260 sqm of retail space, five levels of approximately 12,830 sqm of office space, five levels totalling 136 hotel rooms and associated 64 car parking lots. The estimated construction cost of the original proposed redevelopment was NZ\$100 million (excluding land cost)
3. After careful consideration of the conditions of the original Resource Consent approval and the commercial feasibility of undertaking the proposed redevelopment, GCNZ applied for and obtained a revised Resource Consent from the CCC.

INFORMATION ON THE AMENDED PROPOSED REDEVELOPMENT

1. The amended Resource Consent approval is for a 7-level mixed use development with a total height of 32.25 m. The redevelopment has a total Gross Floor Area of approximately 20,430 sqm and will provide one level of 1,438sqm of retail space, five levels of approximately 12,594sqm of office space, and associated 66 car parking lots.
2. The construction period of the proposed redevelopment is expected to take 24 months at an estimated cost of NZ\$75 million (excluding land cost). The construction cost is expected to be financed by a mix of owner's equity and bank borrowings.

3. As was also announced on 23 September 2013, GCNZ was shortlisted with the relevant New Zealand government authority responsible for co-ordinating leases for various government agencies in Christchurch.
4. The Crown has agreed to the amended proposed redevelopment. In addition, tenancies have now been confirmed with the Crown for about 62% of the net lettable area of office space for an initial term of 12 years at an approximate gross rental yield of 5.7% based on the estimated construction cost. These are subject to a Development Agreement and the Deed of Leases to be signed between the Crown and GCNZ.
5. The Company will make appropriate further announcements at the relevant time to update the shareholders accordingly.

By Order of the Board,

Eliza Lim Bee Lian
Company Secretary

7 July 2014