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## PROPOSED ACQUISITION OF TWO PROPERTIES IN NEWPORT, RHODE ISLAND, USA

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### 1. INTRODUCTION

The Board of Directors (the "**Board**") of the Company (together with its subsidiaries, the "**Group**") wishes to announce that its wholly-owned subsidiary, Stuart Yacht Corporation ("**Purchaser**"), has on 24 March 2025 entered into a sale and purchase agreement ("**SPA**") with Elizabeth M. Casey, William R. Casey, Spring Wharf Marine Holdings, LLC and Casey's Marina Inc. (collectively, the "**Vendors**") for the acquisition of two properties ("**Properties**"), namely (a) the land, riparian rights and buildings comprising Casey's Marina at Lot 269 on Newport, Rhode Island assessor Plat 32 (the "**Waites Wharf**"), and (b) the land and building at Lot 285 on Newport, Rhode Island assessor Plat 32 (the "**Spring Wharf**"), for a total purchase consideration of US\$21 million (the "**Purchase Consideration**"), upon the terms and subject to the conditions of the SPA (the "**Proposed Acquisition**").

As far as the Board is aware, neither of the Vendors is a controlling shareholder of the Company, nor an "associate" of any Director, the chief executive officer or any controlling shareholder of the Company (as defined in the Listing Manual (the "**Listing Manual**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**")) as at the date of this announcement.

### 2. INFORMATION ON THE PROPERTIES

The Spring Wharf is currently owned by Elizabeth M. Casey and William R. Casey (who have a fee simple title to the property) and operates as Casey's Marina. Casey's Marina is located in the heart of downtown Newport and provides full marina services and amenities including water connection points, wi-fi, restrooms and security patrol. It has a total land size of approximately 38,000 square feet, which includes approximately 7,000 square feet of covered area for workshop and boat storage space, guest accommodation, and approximately 27,000 square feet of open area for boat hard-stand and car parking. It is capable of berthing up to 20 boats in the water and more on the land.

- 2.1. The Waites Wharf is currently owned by Spring Wharf Marine Holdings, LLC. It is located approximately 100 metres from the Spring Wharf. It is a two-storey mixed-use building, combining commercial and residential spaces, with a total built-up area of approximately 10,250 square feet. In its current configuration, it has 3 offices at ground level and an executive style apartment with harbour views on level 2.
- 2.2. The Company has been renting a small sales office, berths and a storage unit at the Properties since 2018.

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**GRAND BANKS YACHTS LIMITED / REGISTRATION NO: 197601189E**

### 3. PRINCIPAL TERMS OF THE SPA

#### 3.1. Sale and Purchase

The Proposed Acquisition involves the acquisition of the Properties, including any buildings and improvements located thereon, as well as the furniture, machinery, equipment and building materials used in the operation of the Properties, the floats, docks, rights to dock boats within the marina perimeter adjacent to the Properties (the “**Marina**”), any leases or other occupancy agreements for the use of the Properties and the Marina, and all of the Vendors’ right, title and interest in all intangible personal property such as databases, clients and customers in respect of the Properties, on an “as is where is” basis, free and clear of all liens and encumbrances.

#### 3.2. Purchase Consideration

The Purchase Consideration of US\$21,000,000, comprising US\$18,000,000 for the Spring Wharf and US\$3,000,000 for the Waites Wharf, was arrived at after negotiations on an arm’s length basis and on a willing-buyer and willing-seller basis, after taking into account, *inter alia*:

- (a) various commercial factors such as the location of the Properties, the property market in the vicinity, and prevailing market conditions and factors;
- (b) the highly strategic location of the Properties in Newport, Rhode Island, which is a premier boating destination in the United States of America (“**USA**”);
- (c) the opportunity to expand the Group's footprint in the Northeastern region of the USA and establish strategic presence at a first-tier boating destination; and
- (d) the valuation of the Properties as set out in the valuation report (the “**Valuation Report**”) issued by Newport Appraisal Group, LLC (“**Independent Valuer**”), an independent firm of professional valuers which had been commissioned by the Group to conduct an independent valuation on the Properties. Based on the Valuation Report, the 'as-is' market value of the Properties as at 17 February 2025 is US\$17,750,000, comprising US\$14,950,000 for the Spring Wharf and US\$2,800,000 for the Waites Wharf.

#### 3.3. Manner of Payment

Pursuant to the SPA and subject to the satisfaction (or waiver) of certain conditions precedent stipulated therein (“**Conditions Precedent**”), the Purchase Consideration shall be fully satisfied in cash by the Purchaser in the following manner:

- (a) upon the execution of the letter of intent for the Proposed Acquisition on 1 February 2025, the Purchaser had paid an initial deposit of US\$400,000 (“**Initial Deposit**”) held in a non-interest-bearing escrow account;
- (b) within 48 hours of the execution of the SPA, the Purchaser shall pay an additional US\$600,000 to be held in escrow (which together with the Initial Deposit, shall constitute the “**Deposit**”). The Deposit shall be applied towards satisfaction of the Purchase Consideration upon completion of the Proposed Acquisition (“**Completion**”);

- (c) at Completion, the Purchaser shall pay US\$5,000,000 ("**Completion Payment**") to the Vendors;
- (d) the balance of the Purchase Consideration shall be paid by the Purchaser to the Vendors by way of four promissory notes ("**Promissory Notes**") with annual payments due in four instalments in the principal amount of US\$1,875,000 plus interest at 1% above the applicable Federal Mid Term Rate in effect on the date of the SPA, on each of the four anniversaries of the Completion; and
- (e) the balance of the Purchase Consideration of US\$7,500,000, plus interest at 1% above the applicable Federal Mid Term Rate in effect on the date of the SPA, shall be paid on the fifth anniversary of the Completion.

The Promissory Notes shall be (i) guaranteed by the Company, (ii) secured by a first mortgage on the Properties and (iii) secured by an assignment of leases and rents for any leases in effect as of Completion and any leases entered into after Completion.

### 3.4. **Deposit**

As at the date hereof, the Purchaser has paid the Initial Deposit, which shall be held in escrow pending Completion.

The Deposit is refundable to the Purchaser in full in any of the following events:

- (a) the Purchaser terminates the SPA before the expiry of the due diligence period commencing on 1 February 2025 and ending on the first business day that is 90 days thereafter ("**Due Diligence Period**") in accordance with the terms of the SPA due to the results of the due diligence investigations by the Purchaser in relation to the Properties not being satisfactory to the Purchaser in its sole and absolute discretion;
- (b) the Purchaser terminates the SPA before the expiry of the Due Diligence Period in accordance with the terms of the SPA due to title defects with respect to the Properties, which are not cured or committed in writing to be cured by the Vendors within five (5) business days of Vendors' receipt of any objections to title from the Purchaser; and
- (c) either the Purchaser or the Vendors terminate the SPA in accordance with the terms of the SPA if any title defect is for an amount in dispute by the Vendors or not readily ascertainable and/or an objection to the survey by the Purchaser cannot be resolved without cooperation of a property owner or state agency;
- (d) the Purchaser terminates the SPA due to any of the warranties or representations by the Vendors being materially inaccurate at Completion and the Vendors fail to resolve the inaccuracy to the Purchaser's reasonable satisfaction within a reasonable time;
- (e) the Purchaser terminates the SPA prior to Completion in accordance with the terms of the SPA due to any part of the Properties being taken under power or other similar proceeding by any governmental authority or subject to any natural or man-made disaster which materially damages the Properties and/or the Marina; or

- (f) the Purchaser terminates the SPA in accordance with the terms of the SPA due to default by the Vendors in their performance of the SPA.

If the Purchaser breaches its obligations under the SPA, the Vendors shall be entitled to the Initial Deposit.

### 3.5. **Source of Funding**

The Company intends to fund the Deposit and the Completion Payment from internal cash resources of the Group. As for the balance of the Purchase Consideration and interest due thereon, the Company intends to fund by way of internal cash resources of the Group, external funding or a combination of both.

### 3.6. **Conditions Precedent**

The Proposed Acquisition is conditional upon the satisfaction (or waiver) of, *inter alia*, the following conditions:

- (a) the Purchaser having paid the Deposit in a timely manner in accordance with the SPA;
- (b) the Purchaser's representations and warranties provided in the SPA being true and correct in all material respects as at the date of the SPA and at Completion;
- (c) the Vendors' disclosures, representations and warranties provided in the SPA being true and correct in all material respects as at the date of the SPA and at Completion;
- (d) each of the Purchaser and Vendors having performed its obligations under the SPA as at the date of the Completion and provided the required deliverables at Completion;
- (e) there being no actions, suits, arbitrations, claims, attachments, proceedings, assignments for the benefit of creditors, insolvency, bankruptcy, reorganisation or other proceedings, pending or threatened against the Purchaser or the Vendors that would materially and adversely affect either of their ability to perform their obligations under the SPA; and
- (f) the Purchaser having obtained the approvals of its directors and/or managing authority for the Proposed Acquisition.

The Company will convene an Extraordinary General Meeting ("**EGM**") in due course to obtain the approval of its shareholders for the Proposed Acquisition.

Unless otherwise agreed by the parties to the SPA, Completion is to take place on the date falling 45 days after the expiration of the Due Diligence Period, unless otherwise agreed to by the parties pursuant to the SPA.

## 4. **RATIONALE FOR THE PROPOSED ACQUISITION**

The Proposed Acquisition offers an opportunity for the Group to strengthen and solidify the Group's presence in the USA beyond its existing location in Stuart, Florida, and enhance long-term sales.

### *Strategic Location*

Newport, Rhode Island is a highly affluent location and one of the premier boating destinations in the USA. It has ideal boating conditions, rich maritime heritage and historic waterfront, numerous world-class sailing events, prestigious yacht clubs and high concentration of luxury yachts. The Company believes that establishing a strong presence in Newport, Rhode Island will enable it to drive new boat sales in the Northeastern region of the USA.

### *Brand Showcase*

The Properties will be a brand showcase of the Group's products and services to existing and prospective customers, and a tactical tool to enhance customer experience and support the Group's boat sales. The Properties will also be used as a venue for boating activities, and to house both stock and brokerage boats.

### *New and Diverse Income Source*

The Proposed Acquisition will also introduce new revenue streams and diversify the Group's sources of income. As Casey's Marina is presently a full-service marina, the Group would be able to take over its operations with minimal disruptions and offer its customers service facilities and berthing options, and generate new revenue streams for the Company in the form of service fees, brokerage fees, storage, and berthing fees.

### *Talent Acquisition*

As Newport, Rhode Island is a primary location in the USA for yacht sales, the Group expects that having a presence in such location will enable the Group to attract key personnel with market credibility and insights to spearhead its sales and customer acquisition program.

Based on the Group's intended use, the Company believes that the Purchase Consideration represents good value for the Properties, and the Proposed Acquisition is in line with the Group's strategy to effectively and sustainably grow its business and to increase shareholders' value.

## **5. RELATIVE FIGURES UNDER RULE 1006 OF THE LISTING MANUAL OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED (THE "LISTING MANUAL")**

The relative figures for the Proposed Acquisition computed on the bases set out in Rule 1006 of the Listing Manual are as follows:

<b>Rule 1006</b>	<b>Description</b>	<b>Relative Figures (%)</b>
<b>(a)</b>	The net asset value of the assets to be disposed of, compared with the group's net asset value	Not applicable <sup>(1)</sup>
<b>(b)</b>	The net profits <sup>(2)</sup> attributable to the Properties to be acquired, compared with the Group's net profits	2.4% <sup>(3)</sup>
<b>(c)</b>	The aggregate value of the Purchase Consideration <sup>(4)</sup> , compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares	26.3% <sup>(5)</sup>
<b>(d)</b>	The number of equity securities to be issued by the Company as consideration for the Proposed Acquisition, compared with the number of equity securities of the Company previously in issue	Not applicable <sup>(6)</sup>

- (e) The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the Group's probable and proved reserves Not applicable<sup>(7)</sup>

**Notes:**

- (1) Rule 1006(a) of the Listing Manual is not applicable to an acquisition of assets.
- (2) Based on profit or loss before income tax, non-controlling interests and extraordinary items.
- (3) Based on the Group's unaudited consolidated net profits for the first six months of the financial year ending 30 June 2025 of approximately \$7.6 million.
- (4) Based on the Purchase Consideration of US\$21,000,000 plus interest of approximately US\$3,093,750 payable on the balance of the Purchase Consideration set out in paragraphs 3.3(d) and 3.3(e) above.
- (5) The Company's market capitalisation of approximately \$106.4 million is based on its total number of issued ordinary shares ("**Shares**") of 186,584,649 and the weighted average price of \$0.57 per Share on 21 March 2025, being the last traded market day prior to the date of the SPA.
- (6) This basis is not applicable to the Proposed Acquisition as there are no equity securities to be issued as part of the consideration for the Proposed Acquisition.
- (7) Rule 1006(e) of the Listing Manual is not applicable as the Company is not a mineral, oil and gas company.

As the relative figure set out in Rule 1006(c) of the Listing Manual exceeds 20%, the Proposed Acquisition will be classified as a major transaction under Rule 1014 of the Listing Manual and is conditional upon the approval of shareholders of the Company at an extraordinary general meeting to be convened.

## **6. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION**

The unaudited pro forma financial effects of the Proposed Acquisition on the Group as set out below are purely for illustrative purposes only and are neither indicative nor do they represent any projection of the financial performance or position of the Group after the completion of the Proposed Acquisition.

The pro forma financial effects set out below have been prepared based on the latest audited consolidated financial statements of the Group for the financial year ended 30 June 2024 ("**FY2024**"), as well as the following bases and assumptions:

- (a) the financial effects on the consolidated net asset value ("**NAV**") per Share is computed based on the assumption that the Proposed Acquisition had been completed on 30 June 2024;

- (b) the financial effects on the consolidated earnings per Share ("**EPS**") is computed based on the assumption that the Proposed Acquisition had been completed on 1 July 2023;
- (c) the Purchase Consideration was financed entirely by internal cash resources of the Group; and
- (d) expenses to be incurred in respect of the Proposed Acquisition are estimated to be approximately S\$300,000.

#### 6.1. NAV per Share

<b>As at 30 June 2024</b>	<b>Before the Proposed Acquisition</b>	<b>After the Proposed Acquisition</b>
NAV <sup>(1)</sup> (S\$'000)	87,241	87,764
NAV per Share (cents)	47.25	47.53

**Note:**

- (1) NAV means total assets less the sum of total liabilities and non-controlling interest.

#### 6.2. EPS

<b>For FY2024</b>	<b>Before the Proposed Acquisition</b>	<b>After the Proposed Acquisition</b>
Net profit attributable to the shareholders of the Company(S\$'000)	21,381	21,904
Weighted average number of Shares ('000s)	184,635	184,635
EPS (cents)	11.58	11.86

### 7. DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS

As at the date hereof, none of the Directors or controlling Shareholders of the Company has any interest, direct or indirect, in the Proposed Acquisition (other than through their respective shareholdings in the Company, if any).

### 8. CIRCULAR TO SHAREHOLDERS

A circular ("**Circular**") setting out further information on, *inter alia*, the Proposed Acquisition and the notice to convene the EGM for the purpose of seeking Shareholders' approval for the Proposed Acquisition will be despatched to Shareholders in due course.

### 9. SERVICE CONTRACTS

As at the date of this Announcement, no person is proposed to be appointed as a director of the Company in connection with the Proposed Acquisition. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

## **10. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the SPA and the Valuation Report will be made available for inspection during normal business hours at the registered office of the Company at 21 Bukit Batok Crescent, #06-74 Wcega Tower, Singapore 658065, for a period of three (3) months from the date of this Announcement.

By Order of the Board  
**GRAND BANKS YACHTS LIMITED**

Chiam Heng Huat  
Chief Financial Officer

25 March 2025