

PROPOSED ACQUISITION OF A PROPERTY IN MELBOURNE, AUSTRALIA

1. INTRODUCTION

The Hour Glass Limited (the “Company”, and together with its subsidiaries, collectively the “Group”) wishes to announce that The Hour Glass (Australia) Pty Ltd (“THGA”), a wholly-owned subsidiary of the Company, has entered into a sale and purchase agreement (the “SPA”) with Jarema Pty Ltd (as vendor) subject to the approval from the Foreign Investment Review Board for the acquisition of the freehold property located at 139 Collins Street, Melbourne, in Australia (the “Property”).

2. THE PROPERTY

The Property is a four-storey retail and commercial office building (with basement carpark) occupying a site area of approximately 563 sqm, and is located on Collins Street, Melbourne’s main luxury retail precinct.

The Property has a gross lettable area of 2,494 sqm. The Property has a retail tenant occupying the ground and first floors and other tenants occupying two levels of commercial offices.

3. PURCHASE CONSIDERATION

The consideration for the purchase of the Property is A\$68.0 million (approximately S\$67.3 million) (the “Purchase Consideration”). The Purchase Consideration was arrived at on a “willing buyer-willing seller” basis, based on THGA’s assessment of the Property’s value having regard to its prime location.

The Purchase Consideration will be funded by internal resources and bank borrowings. A deposit of A\$6.8 million was paid by THGA at the exchange of the SPA. The balance of the Purchase Consideration is payable in full upon completion of the sale and purchase of the Property pursuant to the SPA, which is expected to be effected in December 2020.

4. RATIONALE

The acquisition of the Property will complement the Group’s commercial properties in the region.

5. FINANCIAL EFFECTS

The pro forma financial effects below have been prepared based on the audited consolidated financial results of the Group (“audited accounts”) for the financial year ended 31 March 2020 (“FY2020”) ⁽¹⁾, assuming the completion of the acquisition of the Property at the Purchase Consideration (net of estimated expenses), and are purely for illustration purposes only and do not reflect the actual financial position of the Group after completion.

(1) Adjustments were made to the previously reported identifiable assets and liabilities in the FY2020 audited accounts arising from the acquisition of a luxury watch and jewellery retail business in New Zealand that had been determined based on provisional fair values on the acquisition date. The effects of such adjustments were disclosed in the unaudited half year financial statement announcement for the period ended 30 September 2020 released on 5 November 2020.

- 5.1 **Net Tangible Assets (“NTA”) per share.** For illustrative purposes only and assuming that the acquisition of the Property was completed on 31 March 2020, the pro forma financial effects on the consolidated NTA of the Group for FY2020 are as follows:

	Before acquisition of Property	After acquisition of Property
NTA (S\$'000)	592,465	592,465
NTA per share (S\$)	0.84	0.84

- 5.2 **Earnings per share (“EPS”).** For illustrative purposes and assuming that the acquisition of the Property was completed on 1 April 2019, the pro forma effects on the consolidated EPS of the Group for FY2020 are as follows:

	Before acquisition of Property	After acquisition of Property
Earnings (S\$'000)	76,051	76,791
EPS (cents)	10.79	10.89

6. RELATIVE FIGURES COMPUTED ON THE BASES SET OUT IN RULE 1006

For illustrative purposes only, the relative figures computed on the bases set out in Rule 1006 of the Listing Manual of the SGX-ST are as follows:

Rule 1006	Bases	Relative figures
(a)	Net asset value of the assets to be disposed of, compared with the Group’s net asset value	Not applicable ⁽¹⁾
(b)	Net profits attributable to the assets acquired or disposed of, compared with the Group’s net profits	1.4% ⁽²⁾
(c)	The aggregate value of the consideration given or received, compared with the Company’s market capitalisation based on the total number of issued shares excluding treasury shares	12.6% ⁽³⁾
(d)	The number of equity shares issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable ⁽⁴⁾

Notes:

- (1) Not applicable as this is an acquisition.
- (2) Computed based on the Group’s unaudited net profits for the half year ended 30 September 2020, released on 5 November 2020.
- (3) Computed based on the Company’s market capitalisation of approximately S\$535 million on 3 December 2020.
- (4) Not applicable as no equity securities are proposed to be issued by the Company as consideration for the acquisition.

7. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the directors or controlling shareholders of the Company has any interest, direct or indirect, in the transaction (other than through their shareholding interests, if any, in the Company).

By Order of the Board

Michael Tay Wee Jin
Group Managing Director
4 December 2020