



TUAN SING HOLDINGS LIMITED

(Company Registration No. 196900130M)

9 Oxley Rise #03-02 The Oxley Singapore 238697

Tel: (65) 6223 7211 Fax: (65) 6224 1085 (Main) / 6733 3835 (Corporate Affairs)

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- **ACQUISITION OF AN ADDITIONAL 50% INTEREST IN GRAND HOTEL GROUP**
 - **ESTABLISHMENT OF WHOLLY-OWNED SUBSIDIARY IN AUSTRALIA**
 - **ESTABLISHMENT OF PRIVATE TRUST IN SINGAPORE**
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1. INTRODUCTION

Tuan Sing Holdings Limited (“**Tuan Sing**”, together with its subsidiaries, the “**Group**”) wishes to announce that its wholly-owned subsidiaries, TSH Australia Holdings Pte Ltd and Tuan Sing (Australia) Pty Limited (collectively, the “**TSA Parties**”) have signed an agreement (the “**Agreement**”) with Kara Investments LLC and GSS III Rutgers BV (collectively, the “**Kara Parties**”), units associated with Morgan Stanley, for the sale by the Kara Parties of their 129,348,530 stapled securities in Grand Hotel Group (“**GHG**”) comprising fully paid ordinary shares in Grand Hotel Company Pty Ltd each stapled to a fully paid ordinary unit in Grand Hotel Trust (“**GHT**”) (“**Sale Securities**”), to the TSA Parties for a consideration of A\$126.04 million (the “**Transaction**”).

The Sale Securities represent 50% of the total number of issued securities in GHG. Upon completion of the Transaction, Tuan Sing will have 100% ownership and control in GHG. TSA Parties will hold the Sale Securities through Tuan Sing Real Estate Pty Limited in its capacity as trustee-manager for Tuan Sing Real Estate Trust, a newly established private trust in Singapore.

Subject to completion of the Transaction taking place, the Kara Parties have also agreed to withdraw the legal proceedings that they commenced against the TSA Parties in connection with an alleged deadlock which according to the Kara Parties had arisen under the Securityholders Agreement dated 27 November 2006 (“**Securityholders Agreement**”) in relation to GHG (“**Disputes**”). The TSA Parties have denied the allegations made by the Kara Parties in the legal proceedings. Under the Agreement, subject to completion of the Transaction taking place, each of the Kara Parties and the TSA Parties will release the other from, among other things, all claims arising from the Disputes. Upon completion of the Transaction, the commercial relationship between the parties arising from the Securityholders Agreement will be terminated.

2. ESTABLISHMENT OF WHOLLY-OWNED SUBSIDIARY IN AUSTRALIA AND A PRIVATE TRUST IN SINGAPORE

The Group has established a private trust named Tuan Sing Real Estate Trust for the purpose of acquiring the Sale Securities. The Sale Securities will on completion be transferred by the Kara Parties to Tuan Sing Real Estate Pty Limited, recently incorporated in Australia and wholly-owned by TSH Australia Holdings Pte Ltd, acting as trustee-manager for Tuan Sing Real Estate Trust.

The principal activities of Tuan Sing Real Estate Pty Limited include acting as trustee-manager of Tuan Sing Real Estate Trust.



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3. INFORMATION ON GHG

GHG owns two hotel properties in Australia, namely, Grand Hyatt Melbourne and Hyatt Regency Perth (collectively, the “**GHG Hotels**”). The GHG Hotels are rated 5-stars and are managed and operated by the Hyatt International chain. Grand Hyatt Melbourne is located within Melbourne’s Central Business District with 546 hotel rooms while Hyatt Regency Perth is located at the eastern end of Perth’s Central Business District with 367 hotel rooms. Both properties also have certain adjoining non-hotel assets like retail and office space totaling 259,100 sq. ft. and more than 1,600 carpark bays.

4. THE TRANSACTION

The consideration of A\$126.04 million for the Transaction (“**Consideration**”) was arrived at after taking into account, among other things, the net book value of GHG which was A\$276.6 million based on the unaudited financial statements of GHG as at 31 July 2014. The GHG Hotels have an aggregate valuation of A\$583.0 million based on the most recent valuation carried out in November 2013 by GHG. The Consideration will, at completion of the Transaction, be adjusted for certain deductions representing the Kara Parties’ share of certain costs incurred or to be incurred by GHG. The Consideration will be fully satisfied in cash.

Completion of the Transaction is expected to take place before the end of the year after the satisfaction (or waiver by the parties) of conditions precedent, including obtaining all necessary approvals and consents from the relevant regulatory authorities and GHG’s lending banks.

5. RATIONALE

Tuan Sing currently equity accounts for its 50% interest in GHG. The completion of the Transaction will give the Group full ownership and control over GHG and accordingly full consolidation of the financial results of GHG.

The Transaction is carried out in the ordinary course of the Group’s business and is in line with the Group’s strategy to strengthen its property portfolio and to grow strong and resilient businesses. Having 100% ownership of GHG will broaden Tuan Sing’s earning base, improve the stability of its income stream and boost its presence in the growing hospitality market in Australia.

The Transaction also provides for the resolution of the Disputes and an exit for the Kara Parties as abovementioned.

6. SOURCE OF FUNDING

The Group intends to debt-finance the Transaction.

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7. PRO FORMA FINANCIAL EFFECTS

For illustrative purposes only, the pro-forma financial effects of the Transaction prepared based on the audited consolidated financial information of the Group for the financial year ended 31 December 2013 (“FY2013”) in which GHG’s financial results were equity accounted for by the Group are set out below.

In the illustration, the following assumptions have been made:

- For the purpose of presenting the financial effect on the Group’s profit and loss and EPS, the Transaction had been effected at the beginning of FY2013, i.e. on 1 January 2013;
- For the purpose of presenting the financial effect on the Group’s financial position and NTA, the Transaction had been effected at the end of FY2013, i.e. on 31 December 2013;
- Cost of debt financing was 4% per annum; and
- Average exchange rate of A\$1: S\$1.2215 for FY2013, and closing rate of A\$1: S\$1.1295 as at 31 December 2013.

The illustration is theoretical in nature and is therefore not necessarily indicative of the future financial earnings and position of the Group.

	FY2013 Before the Transaction	FY2013 After the Transaction	Change
For the year (\$m) ⁽¹⁾			
Revenue	302.3	469.1	55%
Gross profit	51.3	103.9	103%
Profit before tax and fair value adjustments	35.5	37.8	6%
Profit before tax	62.8	74.0	18%
Profit after tax	53.1	59.4	12%
At year-end (\$m)			
Total assets	1,783.3	2,351.6	32%
Total liabilities	1,024.1	1,588.6	55%
Total borrowings	917.7	1,448.4	58%
Net borrowings	640.8	1,141.8	78%
Total equity	759.2	763.1	1%
Earnings per share (“EPS”) ⁽²⁾			
Profit attributable to shareholders (\$m)	52.0	58.3	12%
Weighted average no of shares issued (in million)	1,167.4	1,167.4	-
EPS (cents)	4.5	5.0	12%
Net asset value (“NAV”) ⁽³⁾			
Shareholders' funds	749.7	753.5	1%
Total number of shares issued (in million)	1,172.7	1,172.7	-
NAV per share (cents)	63.9	64.3	1%
Gearing ⁽⁴⁾			
Gross gearing ratio (times)	1.21	1.90	57%
Net gearing ratio (times)	0.84	1.50	77%
Notes:			
(1) For the purpose of profit and loss, no impact of transaction costs / negative goodwill on acquisition is assumed as they are one-time in nature			
(2) EPS is computed based on the weighted average number of ordinary shares in issue for the full financial year 2013			
(3) NAV per share is computed based on the total number of issued shares as at 31 December 2013			
(4) Gross gearing ratio = total borrowings / total equity; Net gearing ratio = net borrowings / total equity			



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8. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save for any interests arising by virtue of their interests in Tuan Sing, none of the Directors or controlling shareholders of Tuan Sing has any interest, direct or indirect, in the Transaction.

By Order of the Board

Mary Goh Swon Ping
Group Company Secretary
3 September 2014