



BBR HOLDINGS (S) LTD
Incorporated in the Republic of Singapore
Company Registration Number: 199304349M

**THE PROPOSED DISPOSAL OF NORTHERN RETAIL PTE. LTD.
BY NORTHERNONE DEVELOPMENT PTE. LTD.**

1. INTRODUCTION

The board of directors (the "**Board**") of BBR Holdings (S) Ltd (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that its 25.05%-owned associated company, Northernone Development Pte. Ltd. ("**Vendor**"), has on 24 January 2022 entered into a sale and purchase agreement ("**SPA**") with Flaming Power Limited (the "**Purchaser**") for (i) the sale of 1,000,000 issued ordinary shares ("**Sale Shares**") in the share capital of Northern Retail Pte. Ltd. (the "**Target**"), representing the entire issued and paid-up share capital of the Target, and (ii) the assignment of the outstanding principal and all accrued interest under a shareholder's loan ("**Shareholder's Loan**") extended by the Vendor to the Target as at the date of completion of the sale and purchase ("**Completion Date**") (the "**Proposed Disposal**").

As at the date hereof, the aggregate purchase price for the Sale Shares and the Shareholder's Loan is estimated to be approximately S\$208 million (inclusive of the NAV), as further described in paragraph 5.2 below.

As the Vendor is an associated company (as defined under the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**")) of the Company, the Proposed Disposal does not fall within the meaning of a "transaction" under Chapter 10 of the SGX-ST Listing Manual.

2. INFORMATION RELATING TO THE TARGET

- 2.1.** The Target is a private company incorporated in Singapore on 12 January 2015. As at 24 January 2022, the Target has an issued and paid-up share capital of S\$1,000,000 comprising 1,000,000 issued ordinary shares, which shares are held entirely by the Vendor.
- 2.2.** The Target is the registered proprietor of the property situated at 598 Yishun Ring Road, Singapore comprised in the whole of Strata Lot No. U86443T of Mukim 19 known as Wisteria Mall (the "**Property**"), which is the commercial component of the mixed commercial and residential development known as "The Wisteria" (the "**Development**"). The Property is a 99-year leasehold lifestyle mall with a strata lot area of approximately 17,328 square metres (inclusive of 229 square metres of strata void area). The commercial units in Wisteria Mall comprise a mix of retail, supermarket, food court and other food and beverage shops.
- 2.3.** The Property is accessible via Yishun Ring Road and is a 10-minute walk from Khatib MRT station.

- 2.4. The Vendor is 50.1% held by Northern Development Pte. Ltd., which is 50% held by BBR Property Pte. Ltd., which in turn is a wholly-owned subsidiary of the Company. Accordingly, the Company has a 25.05% effective ownership of the Vendor. The Target was a joint venture company incorporated to develop and own the commercial component of the Development.
- 2.5. Based on the Target's financial information as equity accounted for in the Group's audited consolidated financial statements as at 31 December 2020, both the net book value and net tangible assets of the Company's equity stake in the Target were approximately S\$5.9 million as at 31 December 2020.

3. INFORMATION ON THE PURCHASER

The Purchaser is incorporated in the British Virgin Islands as a BVI business company limited by shares and is not related to the Group

4. RATIONALE FOR THE PROPOSED DISPOSAL

The Board had considered that the Target's principal activity of leasing commercial property is not within the core business of the Group. In addition, the Board was aware that all the other shareholders of the Target were also desirous of disposing of the Property. Whilst sourcing for opportunities to dispose of the Property, the Vendor received several indications of interest for the Property, including a proposal from the Purchaser to acquire 100% of the shares in the Target. After considering several factors including the factors set out in paragraph 5.2 below, the Board agreed to sell the Sale Shares to the Purchaser.

The Board believes that the Proposed Disposal is in the interests of the Company as it will allow the Group to recycle the capital arising from the net proceeds of the Proposed Disposal for its working capital purposes and/or to pursue other business opportunities.

5. PRINCIPAL TERMS OF THE SPA

5.1. Sale Shares

The Proposed Disposal involves the sale of the Sale Shares and the Shareholder's Loan, free from all encumbrances and together with all rights, dividends, entitlements and advantages attaching thereto as at the Completion Date, on and subject to the terms and conditions of the SPA.

5.2. Purchase Price

The purchase price for the Sale Shares and the Shareholder's Loan (the "**Purchase Price**") will be determined based on the agreed property value of the Property of S\$205,000,000 (the "**Agreed Property Value**") and the estimated net asset value ("**NAV**") of the Target (not inclusive of the Agreed Property Value, bank facilities owing by the Target to a financial institution (the "**Bank Facilities**") and the Shareholder's Loan) as at a specified time immediately before the Completion Date, and is subject to adjustment to account for the difference between the estimated NAV and the final NAV of the Target as at the Completion Date. The Shareholder's Loan amounts to approximately S\$33,277,000 as at 31 December 2021. On Completion, the Shareholder's Loan will be assigned to the Purchaser and the Bank Facilities shall be repaid. As at the date hereof, the NAV

of the Target is estimated to be approximately S\$3 million and hence, the Purchase Price is estimated to be approximately S\$208 million.

The foregoing terms were arrived at on a willing-buyer and willing-seller basis, after taking into account, *inter alia*:

- (i) the indications of interests received from other interested parties and the indicative market value of the Property; and
- (ii) the net asset value of the Target.

No valuation of the Property was commissioned by the Group for the purposes of the Proposed Disposal. For the purposes of the Group's interim financial statements for the six months ended 30 June 2021, a desktop valuation of the Property was performed by an independent firm of professional valuers. Based on such valuation (which used a few approaches including the Market Approach, Income Capitalisation Approach and Discounted Cash Flow Approach), the value of the Property as at 30 June 2021 ranged from between S\$217 million to S\$230.7 million.

Pursuant to the SPA, the Purchase Price shall be fully satisfied in cash by the Purchaser as follows:

- (a) the Purchaser has previously paid a sum of S\$2,050,000 (the "**Earnest Money**") to the Vendor pursuant to the terms of the letter of intent entered into between the Purchaser and the Vendor;
- (b) by no later than 11 February 2022, the Purchaser shall pay a deposit of S\$18,450,000, being 9% of the Agreed Property Value (together with the Earnest Money, the "**Deposit**"), where such amount shall be applied towards satisfaction of the Purchase Price upon Completion; and
- (c) on Completion:
 - (i) the Purchaser shall pay to the Vendor the sum (the "**Completion Amount**") equivalent to the aggregate of the estimated NAV (determined in accordance with the SPA) and the Agreed Property Value, less:
 - (A) the Deposit;
 - (B) deferred payment of S\$43,000,000 to be repaid one year after Completion, which was structured as a vendor financing loan (the "**VFL**") to the shareholder of the Purchaser (the "**Borrower**") on Completion, on the terms and conditions of a loan agreement dated the same date as the SPA and entered into among the Vendor, the Borrower, the Purchaser and the Target; and
 - (C) certain expenses which the Vendor has agreed to bear under the terms of the SPA; and
 - (ii) the Vendor shall procure the full settlement of the Bank Facilities as at Completion Date from the Completion Amount. The principal amount owing under the Bank Facilities amounts to approximately S\$166.3 million as at the date of this Announcement.

The Deposit is to be refunded to the Purchaser under certain circumstances prescribed in the SPA in the event that Completion does not take place. The Vendor is entitled to forfeit the Deposit if the SPA is terminated under certain circumstances prescribed in the SPA.

5.3. Completion

Completion is to take place on 28 February 2022, or such other date as the Vendor and the Purchaser may agree in writing.

6. FINANCIAL IMPACT OF THE PROPOSED DISPOSAL

Based on the estimated Purchase Price as at the date hereof, the Vendor is expected to receive net proceeds of approximately \$40 million after full settlement of the Bank Facilities and after deducting the estimated expenses relating to the Proposed Disposal and the Group's share of the net proceeds is expected to be approximately \$10 million.

The unaudited pro forma financial effects of the Proposed Disposal 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 Disposal.

The pro forma financial effects set out below have been prepared based on the latest audited consolidated financial statements of the Group for FY2020 and the audited consolidated financial statements of the Target for FY2020, as well as the following bases and assumptions:

- (a) the financial effects on the consolidated net tangible asset value ("**NTA**") per ordinary share of the Company ("**Share**") is computed based on the assumption that the Proposed Disposal had been completed on 31 December 2020;
- (b) the financial effects on the consolidated earnings per Share ("**EPS**") is computed based on the assumption that the Proposed Disposal had been completed on 1 January 2020; and
- (c) expenses to be incurred by the Vendor in respect of the Proposed Disposal are estimated to be approximately S\$1 million.

6.1. NTA per Share

	Before the Proposed Disposal	After the Proposed Disposal
NTA ⁽¹⁾ (S\$)	90,006,000	84,453,000
NTA per Share (cents)	27.92	26.20

Note:

- (1) NTA means total assets minus total liabilities and intangible assets

6.2. EPS

	Before the Proposed Disposal	After the Proposed Disposal
Net loss attributable to the Shareholders of the Company (S\$)	26,441,000	32,038,000
Weighted average number of Shares	322,388,218	322,388,218
Loss per Share (cents)	8.20	9.94

7. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

As at the date of this Announcement, none of the directors or (so far as the Directors are aware) controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Disposal, other than through their respective shareholding interests in the Company, if any.

By Order of the Board
BBR Holdings (S) Ltd

Tan Kheng Hwee Andrew
Chief Executive Officer
24 January 2022