

ECM LIBRA GROUP BERHAD (“ECMLG” OR THE “COMPANY”)

ACQUISITION

(Unless otherwise stated, the exchange rate of British Pound Sterling (“GBP”) 1.00: Ringgit Malaysia (“RM”) 5.8611 which is based on Bank Negara Malaysia’s selling exchange rates as at 5.00pm on 23 November 2023, being the latest practicable date of this announcement (“LPD”), is used throughout this announcement for illustration purposes.)

1. INTRODUCTION

The Board of Directors of ECMLG (“**Board**”) wishes to announce that the Company had on 23 November 2023 through (a) ECM Libra (Liverpool) Ltd (“**ECML Liverpool**”), a direct wholly-owned subsidiary of the Company and (b) ECML (Liverpool) OpCo Ltd (“**ECML Opco**”), an indirect wholly-owned subsidiary of the Company, both companies being registered in England and Wales (collectively, “**Purchasers**”) entered into a business purchase agreement (“**BPA**”) with (c) Castle Street Liverpool LLP (“**CSL**”) and (d) CSL Opco Limited (“**CSL Opco**”), both entities being registered in England and Wales (collectively, “**Sellers**”) for the acquisition of:

- (i) a leasehold property known as 3-19, Queen Buildings, Castle Street, Liverpool L2 4XE, United Kingdom (“**UK**”) (“**Hotel**”); and
- (ii) an additional leasehold property known as ground floor shop and basement, 17 Castle Street, Liverpool L2 4SX, UK (“**Additional Property**”),

together with assets, letting business and the business of operating the trade of the Tune Hotel, Liverpool (“**Business**”) for a total cash consideration of GBP4,500,000 (equivalent to approximately RM26,374,950) (“**Purchase Consideration**”) (“**Acquisition**”).

2. DETAILS OF THE ACQUISITION

2.1 Information on the Properties

The Hotel is a 3-star hotel with 100 en-suite guestrooms, open lobby and reception area arranged over ground and four upper floors and is strategically situated on the popular Castle Street in the heart of Liverpool City Centre. The Additional Property is a ground floor shop and basement. (collectively, the Hotel and the Additional Property are referred to as the “**Properties**”).

As at the LPD, summary of the details of the Properties are as follows:

Details	Hotel		Additional Property
Registered owner	CSL		
Title particulars	MS612056	MS618502	MS662950
Postal address	3-19, Queen Buildings, Castle Street, Liverpool L2 4XE, UK		Ground floor shop and basement, 17 Castle Street, Liverpool L2 4SX, UK
No. of guestrooms	100 guestrooms		Nil
Existing use	Provision of hotel accommodation and related facilities		Currently leased to a bakery for 10 years expiring on 7 August 2028 at an annual rent of GBP28,000 (equivalent to approximately RM163,416) per annum
Built up area	Approximately 30,149 square feet		
Tenure	150-year leasehold expiring on 4 April 2164	150-year leasehold expiring on 4 April 2164	148-year leasehold expiring on 25 February 2166
Age of building	Approximately 186 years. The main building was originally built between 1837 and 1839 for the Royal Bank. Permission was then granted in 2014 for it to be converted into a 3-star hotel		
Commencement of operations	August 2015	August 2015	August 2018
Net book value of the Properties	GBP4,500,000 (equivalent to approximately RM26,374,950) based on the annual report and unaudited financial statements for the year ended 5 April 2023		
Encumbrances	The encumbrances on the Properties will be released upon the completion of the Acquisition as part of the terms of the BPA		

2.2 Information on CSL

CSL was registered in England and Wales as a limited liability partnership on 10 February 2014 under the Limited Liability Partnership Act 2000 of the UK. CSL's principal activity is property investment and development.

As at the LPD, the members with substantial interest in CSL are as follows:

Name	Members' interest (%)
Charles Hart Joseph John	8.4
Sylvain Distin Laurent	5.6
Leon Osman	5.6
Michael Turner Thomas	5.6
Luke Young Paul	5.6

2.3 Information on CSL Opco

CSL Opco was incorporated and registered in England and Wales as a private limited liability company on 26 February 2014 under the Companies Act 2006 of the UK and the details of CSL Opco are as follows:

	CSL Opco
Nature of business	Hotels and similar accommodation
Share capital	GBP1.00 comprising of 1 ordinary share
Directors of CSL Opco	<ul style="list-style-type: none"> ▪ Benjamin Hobbs David ▪ Graeme Dornan Peter ▪ Consortium Directors Limited <p>The directors of CSL Opco do not hold any equity interest in CSL Opco.</p>
Shareholder (and shareholding)	<p>CSL</p> <p>(1 ordinary share, representing 100% equity interest in CSL Opco)</p>

2.4 BPA

2.4.1 Salient terms

- (i) CSL shall on completion sell the Properties and all the fixtures and fittings and other plant, machinery and equipment physically attached to the Properties ("**Fixtures**") and ECML Liverpool shall purchase the Properties and the Fixtures;
- (ii) ECML Liverpool shall acquire the Properties together with the letting business carried on in respect of the Properties as a going concern upon completion;
- (iii) CSL Opco shall sell as legal and beneficial owner and ECML Opco shall purchase the Business free from all encumbrances with effect from completion;

- (iv) ECML Opco shall take over the Business as a going concern upon completion;
- (v) CSL shall sell as legal and beneficial owner and ECML Opco shall purchase the assets free from all encumbrances with effect from completion. In the case of any of the assets which are capable of transfer by delivery, title to that assets shall pass to ECML Opco by delivery; and
- (vi) the book debts, any intellectual property other than the business intellectual property, contracts, cash, CSL Opco's seal and statutory books and any amounts recoverable by the Sellers in respect of taxation paid or payable by a Seller, and/or any repayment or credit in respect of value added tax, in each case relating to the Business and/or the Hotel in connection with matters or events occurring on or before the completion of the Acquisition shall be excluded from the sale and purchase under the BPA.

2.4.2 Purchase Consideration

The Purchase Consideration is dealt with in the following manner:

- (i) GBP4,400,000 (equivalent to approximately RM25,788,840) in cash has been paid to the Sellers in accordance with the terms of the BPA on the completion date; and
- (ii) GBP100,000 (equivalent to approximately RM586,110) in cash shall be held by the Purchasers' lawyers as stakeholders and this sum shall be paid to the Sellers on the date falling six (6) months from the completion date ("**Deferred Payment**").

The Deferred Payment is a retention sum as a security for any breach of warranties by the Sellers for a period of six (6) months from the completion date.

2.4.3 Completion date

The date of the BPA is the completion date.

2.5 Basis and justification for the Purchase Consideration

The Purchase Consideration was arrived at based on a "willing-buyer willing-seller" basis after taking into consideration the following:

- (i) the Properties are sold inclusive of Fixtures on an "as-is-where-is" basis (approximately GBP45,000 (equivalent to approximately RM263,750) per room of all the rooms available at the Hotel). No valuation was carried out on the Properties and it was acquired free from all encumbrances;
- (ii) the rationale of the Acquisition is as set out in Section 3 of this announcement; and
- (iii) the prospects of the Properties are as set out in Section 4 of this announcement.

2.6 Source of Funding

The Purchase Consideration is financed via internally generated funds.

2.7 Liabilities to be assumed

There are no liabilities including contingent liabilities and/or guarantees to be assumed by ECMLG arising from the Acquisition.

3. RATIONALE OF THE ACQUISITION

The Acquisition is in line with and a continuation of the business diversification initiative of ECMLG group of companies ("**Group**") whereby:

- (i) the Properties represent a further addition to the Group's existing hospitality assets and allow the Group to diversify into foreign-based assets; and
- (ii) the Properties are located in the heart of Liverpool City Centre and are expected to benefit from the tourist market catchments that the destination attracts.

Please refer to Section 4 of this announcement for more information on the prospects of Liverpool.

4. INDUSTRY OVERVIEW AND PROSPECTS

4.1 Outlook and future prospects of the tourism and hospitality industry in UK

With reference to the recent Office for Budget Responsibility: Economic and fiscal outlook, the developments since November 2022 forecast have been largely positive.

Based on central forecast, the economy contracts again in the first quarter of 2023 by 0.4% and gross domestic product ("**GDP**") is flat in the second quarter as the rise in interest rates, the elevated cost of energy, and an additional bank holiday for the Coronation in May depress output. The Budget Responsibility Committee expects a milder fall in GDP than November forecast as a result of lower expectations for wholesale gas prices and interest rates.

Growth returns in the second half of 2023 due to the bounce back in activity from the bank holiday and as household energy bills fall. In 2023 as a whole, real GDP falls 0.2%, with private consumption, business investment and net trade all dragging on growth, offset by growth in government consumption. GDP growth picks up to 1.8 % in 2024 and 2.5 % in 2025 as interest rates start to fall and drops in energy and other tradeable goods prices take inflation below the 2.0% target. The recovery is driven by private consumption growth as real household incomes rise, with business investment also boosting growth in 2025, supported by the temporary increase in the generosity of capital allowances.

(Source: Office for Budget Responsibility: Economic and fiscal outlook, March 2023)

Tourism is a significant economic, cultural and social asset to the UK. The sector is a powerful engine for economic growth and job creation throughout every nation and region.

In June 2021, the UK government published the Tourism Recovery Plan (“**Plan**”) in response to the significant impact that the COVID-19 pandemic had wrought on the sector. The Plan remains the government’s strategic framework for supporting and working with the tourism sector. Whilst good progress has been made against all objectives, the majority of the Plan’s ambitions are for the medium and long term, focused on building a more resilient, productive, sustainable, accessible and innovative sector for the future.

The UK government’s ambition was, and remains, to build on the country’s position as one of the most desirable tourist destinations in the world and to enhance the UK’s offer by: effectively marketing the country’s tourism assets; attracting domestic and international visitors; and supporting a growing, dynamic, and resilient sector reaching its full potential, creating jobs and driving growth in every nation and region of the UK.

(Source: Department for Culture, Media & Sport, Tourism Recovery Plan Update on Delivery, March 2023)

4.2 Prospects of the Properties

The Acquisition presents an attractive opportunity for the Group to further expand its footprint in the hospitality sector by diversifying into Liverpool, UK. The Group envisages a positive outlook for the Properties.

(Source: Management of ECMLG)

The Properties are just 5 minutes from Liverpool Town Hall, Liverpool One Shopping Centre, the Cavern District, as well as a short walk from Lime Street Station and the historic Albert Dock waterfront.

Close by the Properties are future demand drivers such as the GBP5.5 billion mixed-use Liverpool Waters Development, the GBP1.0 billion Paddington Village masterplan earmarked for 1.8 million square feet of science, technology, education and health space and Everton’s GBP500.0 million football stadium relocation to Bramley-Moore Dock.

The Properties are also located within easy reach of two of the UK’s international airports John Lennon Airport (7.3 miles) and Manchester Airport (29.7 miles).

(Source: Savills plc Website)

4.2.1 Liverpool

Liverpool is a city and metropolitan borough in Merseyside, North West England. It is a historic port city, lies on the eastern side of the Mersey Estuary adjacent to the Irish Sea.

Liverpool is a thriving capital of culture with the second-highest number of museums and art galleries in the UK. Attractions such as The Walker Art Gallery, Tate Liverpool, Royal Liver Building 360 and many more are popular places to visit by travellers.

Liverpool is easily accessible via land, air and sea. Liverpool Lime Street Station and Liverpool John Lennon Station provide a fast and reliable way for tourists to arrive at the doorstep of their destination.

(Source: Visit England: Places to visit in Liverpool, Visit Liverpool: Top Attractions in Liverpool)

5. RISKS

5.1 Investment risk

Property investments and developments are subject to varying degrees of risks. The market value of the hospitality assets is affected by, amongst others, changing demand, changes in general economic conditions, changing supply within a particular area of competing space and attractiveness of real estate relative to other investment choices.

The value of the hospitality assets may also fluctuate as a result of other factors outside of the Group's control, such as changes in regulatory requirements and applicable laws (*including in relation to taxation and planning*), political conditions, economic downturn, natural disasters and outbreak of infectious diseases, unfavourable monetary and fiscal policy changes, exchange control regulations or introduction of new rules and regulations, potentially adverse tax consequences, interest and inflation rate fluctuations and higher accounting and control expenses.

There is no assurance that the anticipated benefits of the Acquisition will be realised or that the Group will be able to generate sufficient returns from the investments to offset the costs of investments.

5.2 Foreign exchange risk

The Purchase Consideration is in GBP and any fluctuation in the currency could affect investment returns of the Group in the UK.

6. EFFECTS OF THE ACQUISITION

The effects of the Acquisition are set out below:

6.1 Issued share capital and substantial shareholders' shareholdings

The Acquisition will not have any effect on the issued share capital and shareholdings of the Company's substantial shareholders as it does not involve any issuance of new shares by the Company.

6.2 Net assets ("NA"), NA per share and gearing

The Acquisition is not expected to have any material effect on the NA, NA per share and gearing of the Group for the financial year ending 31 December 2023.

6.3 Earnings and earnings per share ("EPS")

The Acquisition is not expected to materially affect the Group's earnings and EPS for the financial year ending 31 December 2023. Nevertheless, the Acquisition is expected to contribute positively to the Group's future earnings in the long term.

7. APPROVALS REQUIRED FOR THE ACQUISITION

The Acquisition is not subject to the approval of the shareholders of ECMLG.

8. HIGHEST PERCENTAGE RATIO

The highest percentage ratio applicable pursuant to paragraph 10.02(g) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad for the Acquisition is approximately 16.18%.

9. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

None of the Directors and/or major shareholders and/or persons connected with them has any interest, direct or indirect, in the Acquisition.

10. DIRECTORS' STATEMENT AND RECOMMENDATION

The Board having considered all aspects of the Acquisition (including but not limited to the salient terms of the BPA, the basis and justification for the Purchase Consideration as well as the rationale and prospects in relation to the Acquisition), is of the opinion that the Acquisition is in the best interests of the Company.

11. ESTIMATED TIME FRAME FOR COMPLETION

The Acquisition is completed on the date of the BPA.

12. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the BPA will be made available for inspection at our registered office at 2nd Floor, West Wing, Bangunan ECM Libra, 8 Jalan Damansara Endah, Damansara Heights, 50490 Kuala Lumpur, during normal business hours from Mondays to Fridays (except public holidays) for a period of 3 months from the date of this announcement.

This announcement is dated 24 November 2023.