



Transmetro Corporation
ABN 45 001 809 043

15 May 2019

Transmetro Corporation Limited advises of the sale of its hotel in Ipswich, Queensland.

The 97-room Metro Hotel Ipswich International has been sold to IC (Ipswich) Pty Ltd, a developer/owner in the aged care sector for conversion to an aged care facility, for which a DA applied for by that party was approved mid last year.

A potential sale was foreshadowed in the company's Annual Report, lodged with the ASX circulated to shareholders in October 2018.

The consideration for the sale is \$14.6 million. Contracts were exchanged on 13 May 2019 pursuant to an option exercised on that date. Settlement is anticipated to take place on 27th May 2019

The sale was negotiated through Russell Allison and Donald Watson-Brown of Knight Frank in Brisbane.

Financial impact of the transaction:

Transmetro Corporation's operating arm Metro Hospitality Group has operated the Metro Hotel Ipswich International since the acquisition of the business in 2008. The freehold of the property was acquired in 2011, pursuant to a put-and-call option entered into in 2008. The total consideration, business and freehold was \$20 million, plus stamp duty and commission of \$500,000. However, an early exercise of the call option resulted in a \$2 million discount on the consideration, and a \$350,000 discount on the commission.

Although the sale realizes a significant loss for the company in nominal terms, the impact of valuations and depreciation together with balance sheet reserve adjustments, has resulted in an actual profit on the sale of \$4.6 million, this equates to 35 cents a share. The further impact financially on the company is that it will enable it to reduce, if not eliminate, the company's borrowings, and render the company debt-free.

Background:

The Ipswich hotel was newly completed when the company acquired the business in 2008 and it was performing well, however the opening of two additional branded hotels with the Ipswich city area created an imbalance in the demand for, and supply of, short-term accommodation. The sale of Transmetro's hotel will likely rectify that imbalance, however if the company had continued with its hotel operation, it believes the hotel would have struggled for some years to come. Directors took the view that it would be better to seek an alternative use for the property, the replacement value of which was at a significant premium, to what the company was carrying it at, in its balance sheet.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Jakin Agus', written over a light blue horizontal line.

Jakin Agus
Company Secretary



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