



HUDSON INVESTMENT GROUP LIMITED
ACN 004 683 729

ASX Announcement
24 September 2018

Proposed Acquisition of 41-43 and 47 Brookes Street Bowen Hills QLD

Hudson Investment Group Limited (**HGL** or **Company**) is pleased to advise that it proposes to acquire two fully tenanted commercial properties in Bowen Hills, Brisbane, Queensland which have redevelopment potential (**Proposed Acquisition**):

1. Units 1 and 2, 41-43 Brookes St, Bowen Hills QLD being Lots 1 and 2 in Group Titles Plan 1074 (**First Brookes Street Property**). The vendor is Biogene Property Investments Pty Ltd (ACN 138 651 911); and
2. 47 Brookes St, Bowen Hills QLD being Lot 1 in Registered Plan 167860 (**Second Brookes Street Property**). The vendor is Millennium QLD Pty Ltd (ACN 618 102 695), a wholly owned subsidiary of Millennium Ltd (**ASX: MHD**).

(together, the **Properties**)

The vendors are unrelated to and not associated with the Company.

The First Brookes Street Property consists of two lots in a Group Titles Plan No. 1074. The parent parcel of land the subject of the Group Titles is regular shaped and positioned to the western side of Brookes Street, diagonally opposite its intersection with Mallon Street. The land is improved with a freestanding part two level commercial office and warehouse building which was constructed circa 1980's. The building is set on a reinforced concrete slab with a suspended reinforced concrete slab to the first floor office areas. The building has brick external walls and a corrugated sheet metal roof. The building has been configured to comprise 2 strata title units with each unit of equivalent size to the other. Unit 1 is set over two levels with the main access being from Brookes Street and this provides a very good standard of accommodation over both levels. Unit 2 is primarily accessed from the Exhibition Street frontage of the building and this is occupied by a plumbing supplies firm with the majority of accommodation being warehouse. There is a concrete sealed car parking area to the front and rear of the property with a total of 20 open air car parking spaces. Each unit has its own kitchenette, male and female amenities.

The building comprises two tenancies and the building is currently wholly occupied.

The Second Brookes Street Property comprises a lot in a registered plan 167860. The parcel of land is also regular shaped and positioned to the western side of Brookes Street, directly opposite its intersection with Mallon Street. The land is improved with a freestanding part two level commercial office and warehouse building which was constructed circa 1980's. The building is set on a reinforced concrete slab with a suspended reinforced concrete slab to the first floor office areas. The building has brick external walls and a corrugated sheet metal roof. The two level office area has plasterboard lined internal walls and a suspended grid ceiling with recessed lighting and ducted air conditioning. The warehouse area is clear span and this is accessed via a full height roll steel shutter door to the Exhibition Street frontage. The warehouse area has a number of sound studios which have been constructed using a timber frame with glass and plasterboard cladding. There is a concrete sealed car parking area to the front and rear of the property with a total of 20 open air car parking spaces. Each tenancy also has its own kitchenette and male and female amenities.

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The building comprises three tenancies and is currently wholly occupied.

The Properties also have a second street access to Exhibition Street to the western alignment of the property.

The current use of the Properties is as an investment commercial asset within the fringe of the Brisbane CBD and having the benefit of being a potential redevelopment site in the medium to long term. The Properties do not have any Development Approval or Applications pending.

The Proposed Acquisitions will be conditional upon the Company obtaining shareholder approval to:

- a) Issue 120,000,000 HGL shares at \$0.035 per share pursuant to Listing Rule 7.1 which is intended to be by way of placement to professional and sophisticated investors; and
- b) Issue 175,000,000 HGL shares at a deemed issue price of \$0.035 per share to the vendors of the First Brookes Street Property pursuant to Item 7 of S. 611 of the Corporations Act, 2001;

Completion of the Proposed Acquisition is conditional on the Company raising sufficient funds through the issue of securities approved by shareholders under Listing Rule 7.1 to complete the Proposed Acquisition.

The effect of the Proposed Acquisition is demonstrated in the following table. At 30 June 2018, the Company had 298.6 million shares on issue, it reported a net profit for the half year of \$501,000 and the net assets were \$10.6 million.

		Transaction 1	Transaction 2	Transaction 3	Transaction 4	
	HGL Consolidated Audit review 30 June 2018	Issue 120 million shares at \$0.035 each to professional / sophisticated investors	Acquire Second Brookes Street Property for cash	Acquire First Brookes Street Property for 175 million shares at a deemed issue price of \$0.035 each and \$75,000 cash	Stamp duty	HGL Consolidated proforma 30 November 2018
	'000	'000	'000	'000	'000	'000
Current Assets	\$3,018	\$4,200	(\$3,800)	\$(75)	(\$641)	\$2,702
Non-Current Assets	\$18,799	\$0	\$3,800	\$6,200	\$641	\$29,440
Total Assets	\$21,817	\$26,017	\$26,017	32,142	\$32,142	\$32,142
Current Liabilities	\$11,198	\$0	\$0	\$0	\$0	\$11,198
Non-Current Liabilities	\$0	\$0	\$0	\$0	\$0	\$0
Total Liabilities	\$11,198					\$11,198
Net Assets	\$10,619	\$14,819	\$14,819	\$20,944	\$20,944	\$20,944
Shareholders' Equity	\$10,619	\$14,819	\$14,819	\$20,944	\$20,944	\$20,944
Number of shares on issue	298,598,683	120,000,000	-	175,000,000		593,598,683

Consideration for the acquisition under the Proposed Acquisition is:

Property	No of Shares @ deemed issue price of \$0.035 per share	Cash	Total Consideration
First Brookes Street Property	175 million	\$75,000	\$6,200,000
Second Brookes Street Property	nil	\$3,800,000	\$3,800,000

While the issue of the shares will substantially dilute the percentage of existing holdings of current shareholders in the Company, the application of the funds raised through the issue of the shares to complete the Proposed Acquisition will also increase the equity value and profitability of the Company.

As a result of the Proposed Acquisition, the Company will issue 295 million new shares and it expects net profit to increase by \$381,772 from the net rent collected from the fully tenanted First and Second Brookes Street Properties. In addition, based on the acquisition price for the Properties, net assets will similarly increase by 97.2% from \$10.6 million (at 30 June 2018) to \$20.9 million.

It is not proposed that there will be a change to the composition of the Company's board of directors or senior management as consequence of the Proposed Acquisition.

The proposed timetable to complete the Proposed Acquisition is as follows:

Timing	Event
Early October 2018	Notices of meetings sent to shareholders of HGL
Mid November 2018	Shareholder meetings of HGL
Early December 2018	Completion of Proposed Acquisition

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