



Hiap Hoe Limited
(Registration No. : 199400676Z)

ACQUISITION OF PROPERTY LOCATED AT 380 LONSDALE STREET, MELBOURNE, AUSTRALIA (THE “ACQUISITION”)

1. Introduction

The Board of Directors of Hiap Hoe Limited (the "**Company**") is pleased to announce that the Company has, in its ordinary course of business, entered into a Sale And Purchase Agreement (the "**Agreement**") on 4 September 2013 to acquire a property located at 380 Lonsdale Street, Melbourne, Victoria (VIC) (the "**Property**") from VIP Glomac Pty Ltd (the "**Vendor**").

2. Purchase Consideration And Funding

The total purchase consideration for the Property is A\$43,800,000 (the "**Consideration**"). The Consideration was arrived at on a willing buyer willing seller basis after taking into account the independent valuation of the property and various commercial factors including, *inter alia*, the development potential and location of the Property and the recent transacted prices for other properties in the vicinity. For further details, please see paragraph 5 below.

The Consideration shall be fulfilled in the following manner:

- a. 10% of the Consideration, amounting to A\$4,380,000, has been paid on 4 September 2013; and
- b. the balance of the Consideration, amounting to A\$39,420,000, shall be paid 30 days from the date of the Agreement.

The Consideration will be fully funded through a combination of internal resources and debt.

3. The Property

The Property is a mixed use commercial building located within the centre of the central business district ("**CBD**") of Melbourne, adjacent to the legal, education, and financial precincts of Melbourne. It comprises a commercial, fully automated 445-bay car park facility over four split levels, 5,130 square metres ("**sqm**") of office accommodation and six ground level retail tenancies. The Property is held by

freehold and sits on an approximately 3,165 sqm site near the corner of Lonsdale Street and Elizabeth Street, Melbourne.

The Property has approved planning permits for the development of a 46-level mixed use tower, which features ground floor retail, 3,187 sqm of commercial office suites, 627 residential apartments and a 740-space car parking facility (of which 295 bays shall be dedicated to the apartments and 445 bays for commercial car parking). This option of redevelopment forms part of the Group's asset enhancement programme to generate future growth and create shareholder value.

4. Rationale for the Acquisition

The Directors believe that, with the prime location and approved planning permits of the Property, the Acquisition presents the Group with an opportunity to capitalize on the significant redevelopment and growth potential of the Property and to further increase its presence in Australia.

The Consideration, amounting to approximately S\$50,391,900 (based on an exchange rate of AUD 1: S\$1.1505 on 3 September 2013), constitutes 15.4% of the market capitalization of the Company of S\$327,037,491 based on the market closing price of the Company's shares, excluding Treasury Shares, as at 3 September 2013, being the date immediately preceding the date of the Agreement.

Pursuant to Rule 3.2 of Practice Note 10.1 of the Listing Manual, shareholders' approval of the Company is not required as the Acquisition is in the Company's ordinary course of business and is thus not subject to Chapter 10 of the Listing Manual of the Singapore Exchange Securities Trading Limited. However, the Board has decided to disclose the Acquisition to enhance the corporate disclosure standards of the Company.

5. Valuation

The valuation of the Property was arrived at based the following:

- (i) our internal feasibility and viability studies; and
- (ii) legal due diligence conducted by our Australian counsel.

In addition, the Company had on 3 September 2013 received the valuation report by m3 Property (Vic) Pty. Ltd. (the "**Valuer**"), an independent valuer commissioned by the Company to conduct a valuation of the Property. Based on the valuation report by the Valuer, the appraised value of the Property is A\$43,800,000, as at 14 August 2013 (the "**Appraised Value**"). The Appraised Value was arrived at using the direct comparison methodology, having regard to comparable sale transactions.

6. Directors' and Controlling Shareholders' Interests

To the best of the Company's knowledge, save for their respective shareholdings in the Company, none of the directors or the controlling shareholders of the Company has any interest, direct or indirect in the Acquisition.

7. Documents Available for Inspection

The Agreement is available for inspection by the Company's shareholders during normal business hours from 9.00am to 5.45pm at the Company's registered office located at 564A Balestier Road Singapore 329880 for a period of three (3) months from 4 September 2013.

By Order of the Board

Submitted by Lai Foon Kuen, Company Secretary on 4 September 2013 to the SGX-ST