



Hiap Hoe Limited
(Registration No. : 199400676Z)

ACQUISITION OF PROPERTY LOCATED AT 206 BOURKE 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 5 September 2013 to acquire a property located at 206 Bourke Street, Melbourne, Victoria (VIC) (the "**Property**") from 206 Bourke Street Pty Ltd (the "**Vendor**").

2. Purchase Consideration And Funding

The total purchase consideration for the Property is A\$105,000,000 (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\$10,500,000, has been paid on 5 September 2013; and
- b. the balance of the Consideration, amounting to A\$94,500,000, shall be paid within 30 days (or earlier by agreement) of the Company receiving advice in writing that the Foreign Investment Review Board of Australia has no objection to the Acquisition.

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

3. The Property

The Property is a multi level, mixed use retail and commercial development located in the centre of the retail core of the Melbourne central business district ("**CBD**"), with direct access to the northern side of Bourke Street and extends through to the Chinatown precinct on Little Bourke Street. It is a freehold property with a total land

area of approximately 3,144 square metres, and a lettable area of approximately 11,922 square metres.

The Property has planning permits for the development of a hotel above the existing structure. As the Property has undergone redevelopment in 2010, the Company intends to focus on its longer term strategy to grow its hospitality business and reserve the option of further redevelopment.

4. Rationale for the Acquisition

The Directors believe the Property presents a prime investment opportunity, with high occupancy levels and a diverse mix of tenants, with long term lease agreements with many major tenants. The Property also has potential for redevelopment, due to its central and strategic location in the Melbourne CBD, and would provide an opportunity for the Company to increase its presence in Australia.

The Consideration, amounting to approximately S\$122,199,000 (based on an exchange rate of AUD 1: S\$1.1638 on 4 September 2013), constitutes 37.6% of the market capitalization of the Company of S\$324,684,703.29 based on the market closing price of the Company's shares, excluding Treasury Shares, as at 4 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 4 September 2013 received the valuation report by m3 Property (Vic) Pty. Ltd. (the "**Valuer**"), an independent valuer commissioned by the Company to conduct an independent valuation of the Property. Based on the valuation report by the Valuer, the appraised value of the Property is A\$105,000,000, as at 26 August 2013 (the "**Appraised Value**").

The Appraised Value was arrived at using the discount cash flow, capitalisation of net income and direct comparison approaches.

6. Material Terms and Conditions of the Acquisition

The completion of the Agreement is subject to certain conditions, including the Company's ability to obtain the relevant approvals and agreements from the regulatory authorities of Australia, including the Foreign Investment Review Board of Australia.

7. 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.

8. 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 5 September 2013.

By Order of the Board

Submitted by Lai Foon Kuen, Company Secretary on 5 September 2013 to the SGX-ST