



# Hiap Hoe Limited Investor Presentation

*March 2014*

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# Company Overview

Business Update

Financial Highlights

Moving Forward



# Overview of Hiap Hoe Limited

## *Our four core businesses*



### ***A premium property developer***

#### **Development Projects:**

- Residential
- Industrial
- Commercial

- Focused on residential properties in prime and strategic locations
- More than a decade of experience developing homes of premium quality
- Established reputation for high quality developments

#### **Hospitality**

- Portfolio comprises two quality assets in Balestier, Singapore, managed by Wyndham Group under Ramada and Days brands
- Focused on expanding portfolio to grow recurring income stream

#### **Construction**

- Over 30 years of experience in construction
- In-house construction expertise and market knowledge allow for greater control over cost, quality and delivery

#### **Investments**

- Growing investment activities to enlarge and diversify revenue streams
- Focused on investments with strong fundamentals, acquired at attractive valuations with good potential for capital appreciation

# Overview of Hiap Hoe Limited

## Key statistics



## Steady share price appreciation over past 5 years



## Liquidity Statistics

Listed on SGX-ST

Six-month average daily traded volume: 332,688 shares

Estimated Free Float: 28.7%

Substantial Shareholder: Hiap Hoe Holdings Pte Ltd , 69.85%

Market Cap as at 4 March 2014 S\$416.2 million

Source: Bloomberg LLP

# Overview of Hiap Hoe Limited

*Leveraging on our key strengths*



## ***Competitive Advantages***

### **Integrated Capabilities**

- In-house construction capability and expertise allow for greater control over cost and quality
- In-house sales, leasing and project management team

### **Solid Track Record Strong Reputation**

- Renown for developing properties of high quality
- Strong reputation for iconic developments
- Experienced management team

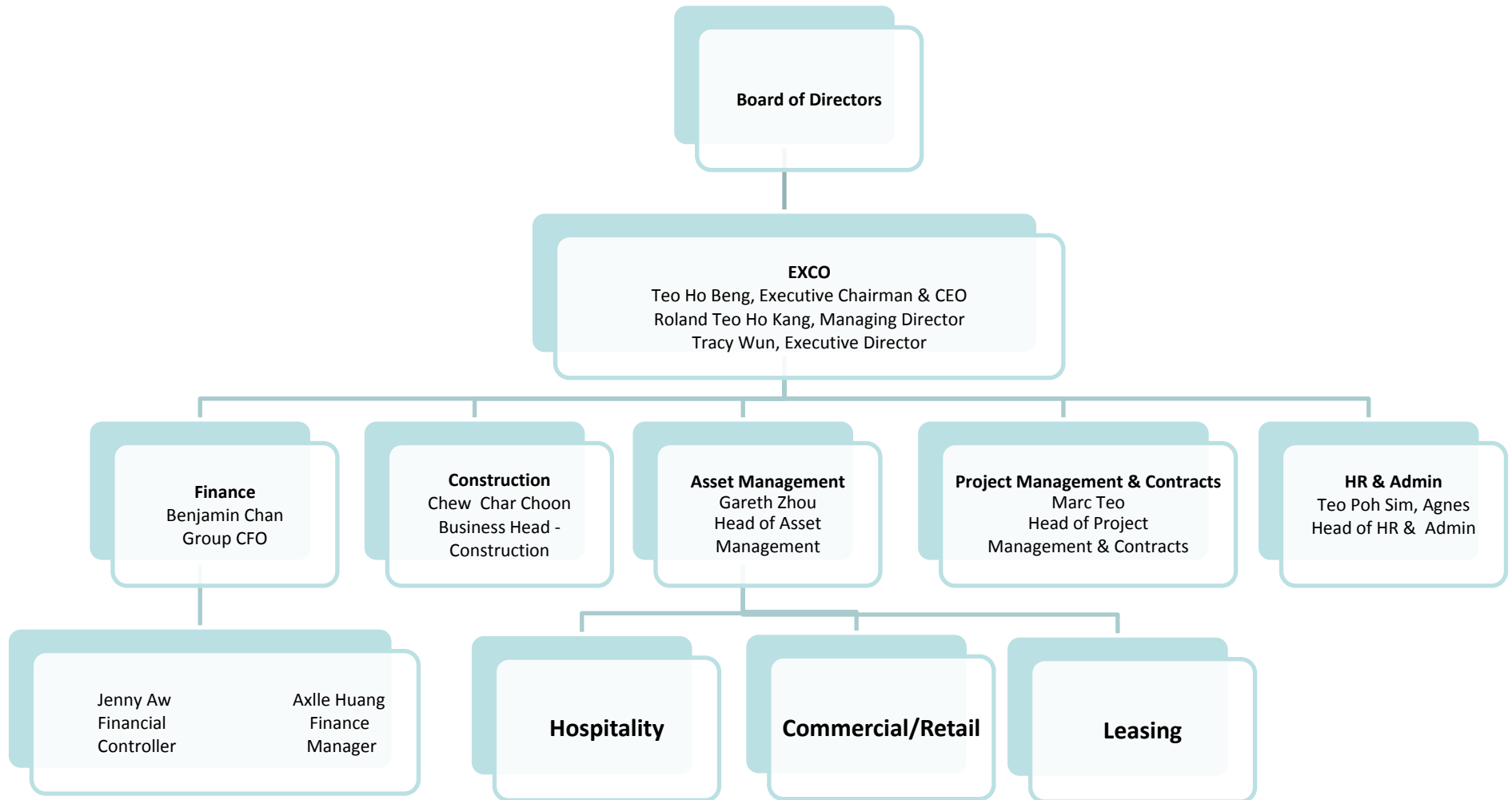
### **Discipline & Commitment**

- Disciplined approach in land acquisitions
- Committed to growing portfolio of quality assets for recurring income

### **Strong Financials**

- Healthy balance sheet with low gearing
- Prudent capital management
- Ready to access capital markets

# Organisation Chart





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# Residential Development



	Description	Equity Stake	Tenure	TOP	Gross Floor Area (sq ft)	Land Purchase price (psf ppr)	Average Selling Price (psf)	% Sold*
	<b>Signature at Lewis</b> 1 Lewis Road 12-storeys with 32 residences	100%	Freehold	Oct 11	34,682	S\$710	S\$1,364	94%
	<b>The Beverly</b> 45/47 Toh Tuck Road 2 blocks of 5-storey with 118 residences	60%	Freehold	Oct 12	173,537	S\$442	S\$803	100%
	<b>Waterscape at Cavenagh</b> 65 Cavenagh Road 4 blocks of 7-storey/2 blocks of 6-storey apartments with 200 residences	100%	Freehold	Dec 14	212,514	S\$618	S\$1,909	75%
	<b>Skyline 360° at St Thomas Walk</b> 68 St Thomas Walk 36-storeys with 61 residences	100%	Freehold	Sep 12	123,205	S\$715	S\$2,074	92%
	<b>Treasure on Balmoral</b> 5 Balmoral Road 12-storeys with 48 residences	60%	Freehold	Nov 12	80,235	S\$1,723	N.A.	Nil

\* Based on options exercised

# Integrated Development At Zhongshan Park



## Comprising:

- *Zhongshan Mall*
- *Hiap Hoe Building At Zhongshan Park*
- *Days Hotel Singapore At Zhongshan Park*
- *Ramada Singapore At Zhongshan Park*

- Developed on a 99-yr leasehold site over 190,107 sq ft
- Landmark development that preserves rich heritage of Sun Yat Sen Nanyang Memorial Hall along Balestier Road, Singapore
- Two hotels managed by international chain operator, Wyndham Group
  - ✓ 4-star Ramada Singapore with 384 rooms
  - ✓ 3-star Days Hotel with 405 rooms
- ~107,486 sq ft of commercial net lettable area, comprising a 13-storey office block and other retail / F&B space. Anchor tenants in Zhongshan Mall include Fairprice Finest, Crystal Jade Steamboat, Breadtalk, Guardian and Cheers
- Occupancy rates for Zhongshan Mall and Hiap Hoe Building At Zhongshan Park have reached over 90% and 100%, respectively, as at 31 December 2013



*Official opening of Fairprice Finest at Zhongshan Mall*

# On-going Property Development

## *Industrial Development At Kallang Pudding Road known as HH@Kallang*



- Description : A 9-storey multiple-user light B1 industrial development comprising 55 units
- Tenure : Freehold
- Land area : ~48,121 sq ft
- GFA : ~120,304 sq ft
- Land cost : S\$324 psf ppr
- Expected sales launch : 1H 2014
- TOP : 2016



# Foray into Overseas Market

## *First Acquisition – 6-22 Pearl River Road, Melbourne, Australia*



- Possesses approved planning permit for the development of 425 residential units
- ✓ Tenure : Freehold
- ✓ Land area : 3,795 sq m
- ✓ Total land cost : S\$33.6 million<sup>1</sup>
- Proposed development will comprise:
  - ✓ Two residential towers – a 43-storey and a 36-storey tower
  - ✓ A 17-storey hotel tower with more than 300 room keys
- The distinctive waterfront development offers an attractive lifestyle experience and is well-located next to Victoria Harbour with proximity to CBD
- Poised to benefit from strong population growth and foreign investors
- The Australian government has announced a multi-million dollar plan to rejuvenate the western end of Docklands with first phase valued at A\$18 million



<sup>1</sup>Calculated based on exchange rate of 1.00 AUD = 1.16833 SGD

# Foray into Overseas Market

*Second Acquisition – 380 Lonsdale Street, Melbourne, Australia*



*A significant commercial asset that sits in the heart of Melbourne CBD*



- Purchase comes with an approved planning permit for an iconic 46 level mixed-use development comprising 627 apartments, 445 bay commercial car park and ground level retail
- Tenure : Freehold
- Land area : 3,165 sq m
- Acquisition cost : S\$51.2 million<sup>1</sup>

<sup>1</sup>Calculated based on exchange rate of 1.00 AUD = 1.16833 SGD

# Foray into Overseas Market

*Third Acquisition – 206 Bourke Street, Melbourne, Australia*



*A trophy quality mixed use retail and office asset centrally located in the CBD*



- Purchase comes with an approved planning permit for a 142-room hotel that will sit above the existing development
- Tenure : Freehold
- Net lettable area : 11,922 sq m
- WALE : 4.8 years
- Acquisition cost : S\$122.7 million<sup>1</sup>
- Fully leased to a diverse mix of international and national tenants

<sup>1</sup>Calculated based on exchange rate of 1.00 AUD = 1.16833 SGD

# Foray into Overseas Market

## *Fourth Acquisition – 130 Stirling Street, Perth, Australia*



*A-grade commercial building located along the northern fringe of Perth's CBD*

- A seven-storey development comprising 11,863 sq m of office lettable area and 486 sq m of retail lettable area with 239 parking lots
- Tenure : Freehold
- Net lettable area : 12,349 sq m
- WALE : 5.71 years
- Acquisition cost : S\$105.2 million<sup>1</sup>
- Strong occupancy of 97.7% with quality corporate tenants including the Commonwealth Government, P&N Bank, Downer EDI Mining Pty Ltd and HLB Mann Judd Services



<sup>1</sup>Calculated based on exchange rate of 1.00 AUD = 1.16833 SGD

# Investment Activities

## Acquired 14.9% interest in Ley Choon Group



Ley Choon Group Holdings is listed on SGX-ST with a market capitalisation of S\$99.5 million as at 4 March 2014



- Acquired 14.9% of Ley Choon Group through a placement of 88,268,000 shares at a placement price of S\$0.1642 per share or a total of S\$14.5 million. Placement price represents a 10% discount to closing price on 30 July 2013
- Ley Choon Group is an established Singapore underground utilities infrastructure service provider with a 20-year presence with a dividend payout policy of 30% of profits
- Investment is central to the Group's strategy of growing its investment activities to enlarge and diversify its revenue streams





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**Financial Highlights**

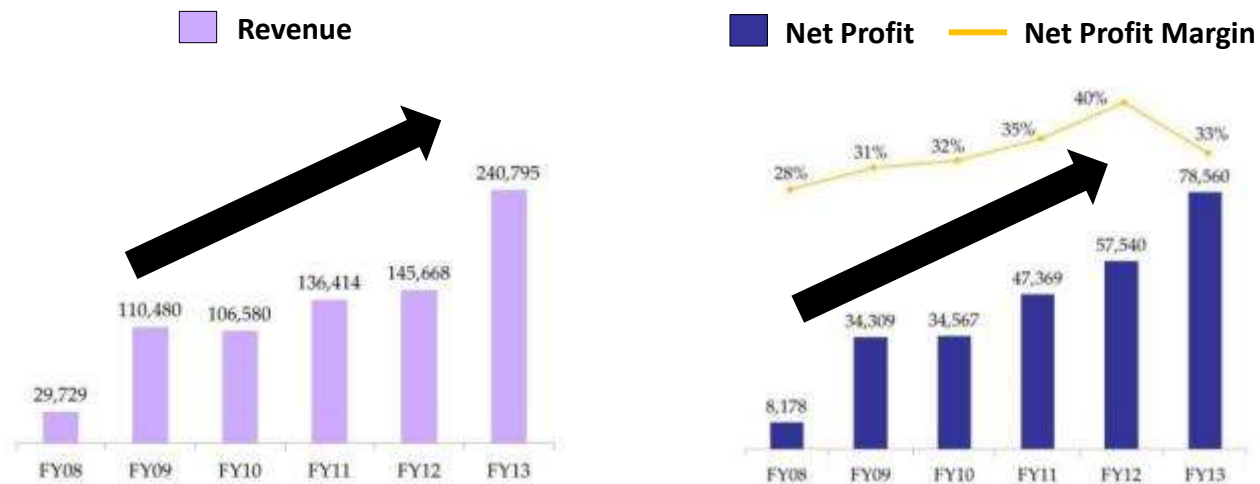
Moving Forward



# Financial Snapshot



## Stable Revenue & Profitability Growth (S\$'000)

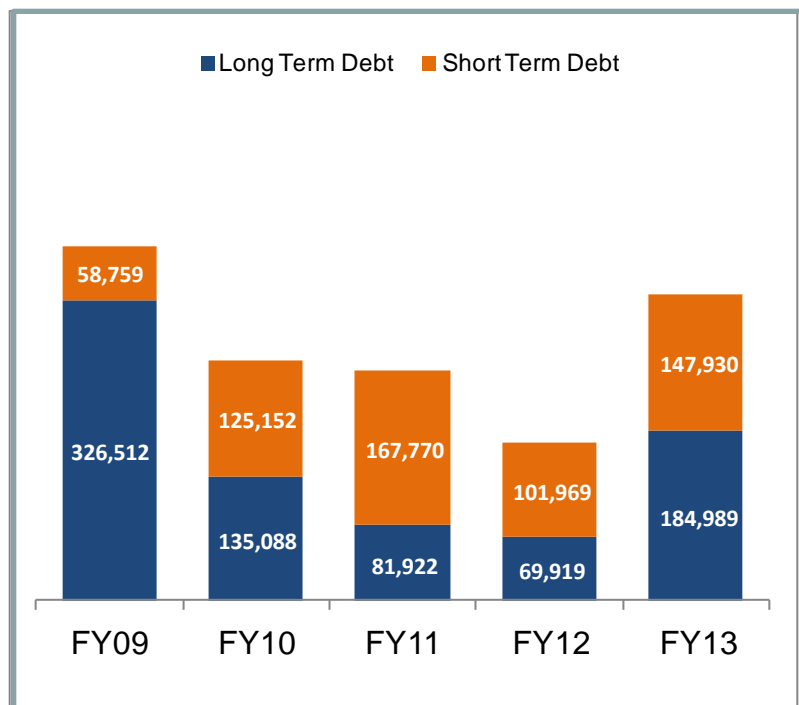


(S\$'000)	FY2013	FY2012	Change (%)
Revenue	240,795	145,668	65.3
Gross Profit	116,154	57,671	101.4
Profit Before Tax	96,501	66,855	44.3
Profit After Tax	78,560	57,539	36.5
EPS (cents)	16.99	12.30	38.1

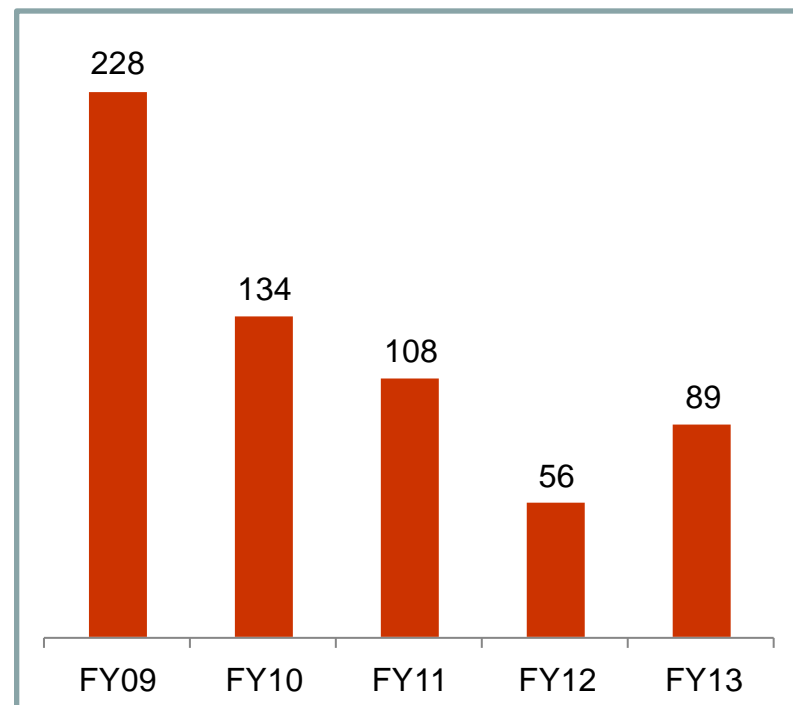
# Financial Management & Funding Mix



### Total Debt\* (\$S'000)



### Gearing\*



\*As at 31December 2013

- Interest cover at approximately 24 times\*

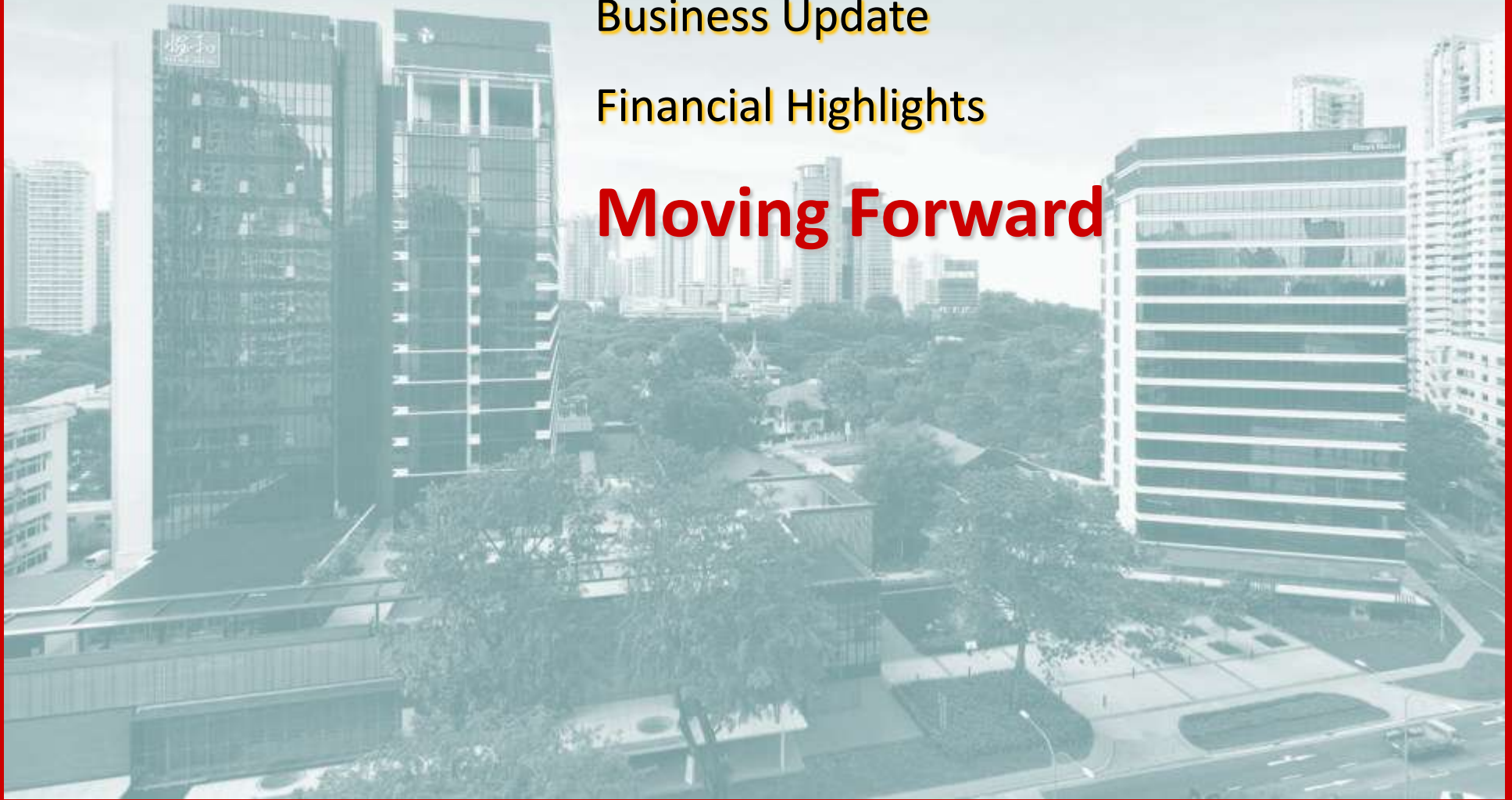


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## *Delivering Growth and Sustained Returns*

### Diversification

- Two diversified sources of revenue:
  - Development and sale of properties; and
  - Investment income
- Geographic diversification: 4 acquisitions in Australia

### Build Land Bank

- Focus on acquiring land in prime and strategic locations
- Secondary focus on well-located suburban land parcels
- Enbloc acquisitions
- Tender for newly released land parcels

### Leverage in-house Expertise to Enhance Returns

- Construction arm to support property development for cost efficiency and quality control
- Proven efficiency in maximising returns

### Focus on Recurring Income

- Acquiring investment properties at attractive yields
- Recurring income stream from hospitality, retail and office properties

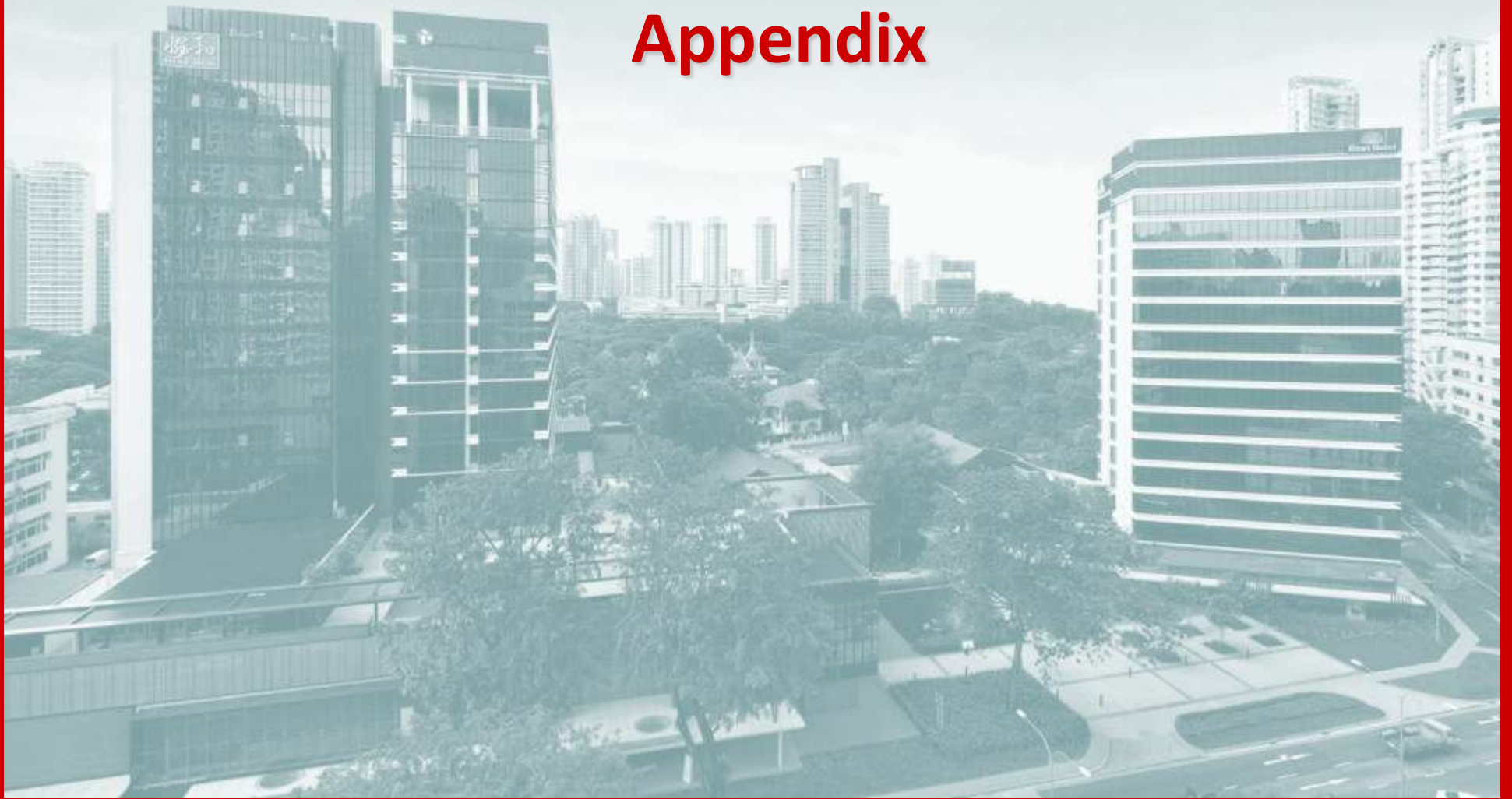


# **HIAP HOE LIMITED**

*End of Presentation*



# Appendix



# Board of Directors



## **Teo Ho Beng**

### **Executive Chairman & CEO**

- Possesses over 30 years of experience in the construction and property industries and over 20 years of experience in the leisure industry
- Responsible for the formulation of corporate strategies and policies for the Group
- Monitoring Hiap Hoe's performance, and oversees management, budgeting and forecasting procedures to ensure prudent financial management

## **Teo Ho Kang, Roland**

### **Managing Director**

- Possesses more than 20 years of experience in the property and leisure industries
- Responsible for overseeing the marketing and promotion of the Group's properties and their performance
- Oversees the Group's product development and staff development
- Holds a Bachelor in Business Administration from the American Intercontinental University

## **Tracy Wun**

### **Executive Director**

- Possesses more than 15 years of experience in the banking industry, acquired during her tenure with United Overseas Bank Limited in the Commercial Lending business with industry specialization in Real Estate & Construction as well as Logistics, Shipping and Oil & Gas industry
- Jointly responsible for the formulation of corporate strategies and Group policies including the implementation of these strategies and policies. Instrumental in the development and execution of the Group's strategic and business decisions including the Group's overseas expansion plans and corporate investments
- Heads the Group's strategic expansion into Australia &/ overseas markets, charting the direction of the Group's future engine of growth.
- Responsible for the Group's Finance & Treasury functions, including engaging and negotiating with bankers, lawyers, financial advisors and tax advisors. This includes the formulation of strategic investment decisions including corporate finance matters, corporate M&As, etc. Oversees the Sales & Marketing and Leasing functions and formulating the direction for the portfolio of properties and assets owned by the Group, including the hospitality portfolio
- Responsible for the Group's investor relations and public relations, including corporatizing the Group's profile in the investment community
- Graduated from National University of Singapore (Business Administration). Attended Effective Board Leadership Module: Financial Literacy and Governance jointly organized by the Singapore Institute of Directors and KPMG Singapore, supported by Singapore Exchange



# Board of Directors (cont'd)



## **Chan Wah Tiong**

### **Lead Independent, Non-Executive Director**

- Extensive financial, accounting and compliance experience, having served as external Auditor, Accountant, Financial Analyst, Financial Director and CFO of several companies (both local and multinational) in semiconductor, manufacturing, trading, construction and non profit organization
- Being Certified Public Accountant with the Institute of Certified Public Accountants of Singapore

## **Chan Boon Hui**

### **Independent, Non-Executive Director**

- Presently the Managing Director of Chancery Capital Pte Ltd
- Has more than 15 years of investment banking experience with OCBC Bank, BNP Paribas and the Rothschilds Group in Singapore and New York
- Graduated from Cambridge University (UK) with a Master of Arts (Hons)(Law)
- Chartered Financial Analyst

## **Kwok Chui Lian**

### **Independent, Non-Executive Director**

- Currently the President and CEO of AFC Merchant Bank
- Possesses almost 20 years experience with OCBC Bank
- Holds a Bachelor of Arts (Hons) degree in Economics from the City of Birmingham Polytechnic, UK
- Being a Fellow of The Institute of Chartered Secretaries and Administrators and has attended executive management programs at both Wharton-SMU University (General Management Programme in 2004) and The Wharton School at the University of Pennsylvania (The Leadership Journey-Creating and Developing your leadership in 2006)

# Management Team



## **Benjamin Chan**

### **Group CFO**

- Has over 20 years of experience in the financial field, holding various accounting and financial positions in listed and non-listed companies.
- Joined in March 2014 and is responsible for the financial, accounting and taxation functions and the Group's compliance and reporting obligations
- Has many years of experience with professional audit firms
- Is a member of the Institute of Singapore Chartered Accountants and a fellow member of The Chartered Association of Certified Accountants since 1977

## **Jenny Aw**

### **Financial Controller**

- Has more than 18 years of combined experience in audit, finance and accounting
- Worked with KPMG Singapore prior to Hiap Hoe Group
- A Chartered Accountant Singapore, responsible for the overall financial related matters and accounting functions of the Group

## **Axile Huang Guofeng**

### **Finance Manager**

- Has over 5 years of experience in the finance industry
- Prior to joining Hiap Hoe, gained valuable experience in equity advisory and portfolio management at Maybank Kim Eng Securities Pte Ltd
- Possesses sound corporate lending experience gained during his tenure with United Overseas Bank Limited
- Graduated from Singapore Management University with a degree in Bachelor of Business Management (Cum Laude) with a double major in Finance and Marketing
- An active volunteer at the grassroots level with the Nanyang Community Club – member of the Management Committee and Chairman of the Youth Executive Committee for more than 6 years

# Management Team



## Marc Teo

### Head of Project Management & Contracts

- Responsible for managing the Group's project related matters for all developments in Singapore and Australia
- Previously held the position of Construction Project Manager for 2 years and Project Management Executive for 1 year
- Spent 2 years with Ernst & Young Singapore prior to joining the Group
- Graduated from Nanyang Technological University with a Bachelor of Accountancy (First Class Honours) degree
- Holds a diploma in Quantity Surveying conferred by Global School of Technology & Management and articulated by Heriot Watt University, UK

## Gareth Zhou

### Head of Asset Management

- Oversees the management of Hiap Hoe's hospitality, commercial, residential and retail asset portfolios
- Prior to joining the Group, worked in the banking industry with over 6 years of corporate lending experience
- Exposure across client segments ranging from retail to corporate banking includes specialization in the real estate & construction sector
- Holds a Bachelor of Engineering (Computer Engineering) degree from Nanyang Technological University

## Chew Char Choon

### Business Head - Construction

- Responsible for managing the Group's construction arm in Singapore
- Has 26 years of working experience in the construction industry
- Worked with A1 contractor for 20 years prior to joining the group
- Management representative for the Group's construction arm ISO 9000, 14000 & OHSMS programmes and certifications
- Graduated from South Dakota State University with Bachelor of Science in Civil Engineering

## Agnes Teo

### Head of HR & Admin

- Responsible for formulating the human resource and administration policies of the Group
- Possesses more than 11 years of experience in human resource and administration
- Oversees the Group payroll, staff welfare and staff development as well as administration
- Holds a Bachelor of Arts degree from the Pacific Union College (USA)

# Skyline 360° @ St Thomas Walk

A 36-storey freehold skyscraper with 61 residences



*Artist's Impression*

# Signature @ Lewis

A 12-storey freehold development with 32 residences



*Signature*  
At Lewis

*Artist's Impression*

# Waterscape At Cavenagh



4 blocks of 7-storey and 2 blocks of 6-storey apartment with resort themed with 200 residences



WATER  SCAPE  
AT CAVENAGH

# The Beverly

A freehold development consisting of 2 blocks of 5-storey with 118 units



The  
Beverly



# Treasure on Balmoral

12-storey comprising 48 apartment units



TREASURE  
ON BALMORAL



*Artist's Impression*