

SingXpress Land Ltd.

July 2012

Confidential

Internal Management Draft



An investment banking approach to property

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Investment Merits

Investment Merits

- In Singapore's property development market
 - HDB public housing, private condos and cluster housing
 - Strongly positioned to take advantage of the continued growth opportunities in the Singapore property sector
 - Highly scalable platform and business model with a wide footprint
- Investment banking approach to property development
 - Seeks out development sites or related opportunities bringing in co-investors and joint venture partners
 - Making the most of the strong capital market backgrounds of the senior management
 - Capturing developers margins and performance linked co-investment “asset management” fees
 - High focus on risk management despite fast rate of scaling

Investment Merits

- Leveraging on Parent company
 - Enjoyed accelerated growth supported by our Hong Kong publicly listed parent company, Xpress Group Limited
 - Property experience, financial expertise & financial strength
 - In the short span of 2 years, SingXpress has entered into projects with a gross development value of approximately S\$900 million
- Attractive investment ratios
 - [***REVISE***] Post-rights NAV - \$44.1 million; 1.32 cents per share (based on 30 Sep 2011 reported NAV, plus rights offering proceeds)

Business Strategy

Business Strategy

- Industry outlook
 - Stable economic environment, government policies, promising returns in medium to longer term from Singapore property sector
 - Long term - to anticipate stable growth and moderate profitability from Singapore's public housing
- Leveraged potential opportunities in Singapore's property sector
 - Island nation's economic progress
 - Rising affluence
 - Sound government policies
 - Increasing demand for housing from all segments

Business Strategy

- Property-related businesses focused on public housing and niche private residential segments in Singapore
- Two-pronged property development strategy:
 - 1 . Develop high-end “design intensive” luxury public and private housing in Singapore:
 - high end luxury cluster housing
 - luxury condominium project
 - truly “designer home” executive condominium developments
 2. Property management services and recurring rental income from retained properties, complements development

Business Strategy

- Employs an "investment banking" approach to property acquisition and development
- Strong financial background and skill of Board and senior management
- Create an eco-system of partners for financing, development and management of properties

Property Portfolio

Hong Kong Property Investments

35 Apartments in Hong Kong

Strategy:

Secondary market

Target affordable private condos along the MTR line

Cost-effectively upgrade to improve valuations and yields

Retain for recurring income



SOUTHBANK SOHO

North Bridge Road

99-year lease hold condominium

Owns 5 units in this SOHO block

Market value has increased since their acquisition



* Artist's impression



* Artist's impression

CHARLTON RESIDENCES

Charlton Road, Kovan

Launch November 2011

21 units freehold Cluster Housing



Charlton Residences
Launching Nov 2011

* Artist's impression



* Artist's impression

SINGXPRESS MANSION

Balestier Road

To launch 2H2012

20 storey

Luxury Condos

50 units, free-hold apartments



* Artist's impression

SingXpress Mansion
Launching late 2012

DESIGN, BUILD & SELL SCHEME (DBSS)

Pasir Ris Central

Acquired the final DBSS project

To launch 1H2012

To develop 454 apartments

Bringing private housing designs to public housing



* Artist's impression

Pasir Ris Central DBSS
Launching early 2012



DBSS
DESIGNER
HOMES



EXECUTIVE CONDOMINIUM (EC)

Tampines Central 7 / Tampines Avenue 7 / Tampines Avenue 9

Acquired May 2012

To launch 4Q2012 - 1Q2013

To develop 500-600 apartments

Public/private hybrid residential development

[*** Add slides to describe this project ***]

Core Businesses

Core Businesses

5 CORE BUSINESSES

PROPERTY
DEVELOPMENT

REAL ESTATE
CO-INVESTING

PROPERTY
TRADING

REAL ESTATE
INVESTMENT

REAL ESTATE
MANAGEMENT

Financial Highlights [*section req. revision]

Financial Position

- Profit before tax increased from a loss of \$1.24 million (period ended Dec '09) to a profit of \$2.36 million (period ended Mar '11). 6-months interim profit (period ended Sep '11): \$1.08 million.
- March 31, 2011 NAV \$13.4 million
September 30, 2011 NAV \$14.4 million
September 30, 2011 NAV adjusted for rights offering \$44.1 million
- Pre-rights NAV per share increased from 1.34 cents (31 Dec '09) to 3.61 cents (31 Mar '11) and 3.86 cents (30 Sep '11)
- Post-rights NAV per share 1.32 cents per share (30 Sep '11 with rights offering adjustments)

Key Project Pipeline

Project	Project Size (\$\$ M)	% Participation by SingXpress	Estimated Sales Launch	Estimated Completion	Estimated Project Profit (\$\$ M)
<p><u>Charlton Road redevelopment</u> 21 freehold cluster houses estimated to be completed in 2014.</p>	\$40.90	80%	Launched; 20 of 21 units already sold	Q1 2014	\$16.94
<p><u>Pasir Ris DBSS development</u> A 453 residential unit DBSS development located directly next to the Pasir Ris, White Sands MRT station to be completed 2014.</p>	\$244.00	80%	Q2 2012	Q4 2014	\$30.38

Pasir Ris Project

Project	
Project Revenue	\$280,930,000
Project Costs	\$250,550,000
Profit	\$30,380,000
Investment Amount	\$51,691,000
Investment Return	\$82,071,000
Investment Period (Starting May 2011)	3.33 years
IRR/ Year	15.7%
Equity Multiple	1.59x
Status	Presales to launch Q2 2012
SingXpress' Project Participation	80%

Charlton Project

Project	
Project Revenue	\$59,450,000
Project Costs	\$42,507,000
Profit	\$16,943,000
Investment Amount	\$7,040,000
Investment Return	\$23,983,000
Investment Period (Starting July 1, 2010)	3.51 years
IRR/ Year	39.0%
Equity Multiple	3.41x
Status	Presales launched November 2011, 20 of 21 units have been sold
SingXpress' Project Participation	80%

Revalued NAV Analysis

- Unaudited NAV as of September 30, 2011: \$14,874,000
- NAV adjustments based on independent profession valuations of existing assets

	Audit Booking Method	unaudited Book Value	Fair Market Value	NAV Adjustment
September 30 2011 NAV				\$14,874,000
Rights Issue adjustment				\$29,415,000
Charlton	Lower of cost and net realisable value	\$22,427,000	\$25,000,000	+\$2,573,000
Pasir Ris	Post Audit Event	\$123.88 million	\$123.88 million	Nil
Waldorf	Booked at acquisition cost	\$ 21,000,000	\$ 21,000,000	Nil
Total				\$46,862,000

Discounted Projected NAV Analysis

- Unaudited NAV as of September 30, 2011 and adjusted for the Rights Issue in Nov 2011: \$44,289,000
- NAV adjustments based on the forecasted P&L of developments

Fiscal Year (March)	Forecasted P&L*	Annual Discount Rate Used	Compounded Discount Rate Used	Discounted Present Value
2011 - 2012(NAV)				\$44,289,000
2012-2013	\$ (1,268,000)	5%	5.0%	\$(1,208,000)
2013-2014	\$ 15,674,000	5%	10.3%	\$14,217,000
2014-2015	\$ 29,112,000	5%	15.8%	\$25,148,000
Total				\$82,446,000

*Assumes project profits are booked at the estimated time of completion of each respective project

Statement of Financial Position

As at 30 September 2011

ASSETS	\$'000	LIABILITIES	\$'000
Current assets		Current liabilities	
Cash and cash equivalents	1,254	Trade and other payables	37,316
Trade and other receivables, deposits and prepayments	100	Borrowings	490
Financial assets at fair value through profit and loss	4	Amount due to non-controlling equity	9,326
Properties under development	173,031		<u>47,132</u>
	<u>174,389</u>	Non-current liabilities	
		Borrowings	129,247
		Finance lease payable	135
		Convertible Bonds	8,460
		Deferred income tax liabilities	1,087
			<u>138,929</u>
		Total liabilities	186,061
Non-current assets		EQUITY	\$'000
Investment properties	26,270	Capital and reserves attributable to equity holders of the Company	
Plant and equipment	276	Share capital	24,974
	<u>26,546</u>	Accumulated losses	(16,293)
		Other reserves	5,693
			<u>14,374</u>
Total assets	<u>200,935</u>	Non-controlling interests	500
		Total equity	<u>14,874</u>
		Total liabilities and equity	<u>200,935</u>

Unaudited Proforma Financial – After Rights Issue

	30-Sep-11	Rights Issue	After Rights
	\$'000	\$'000	\$'000
Other assets	27,904	10,760	38,664
Properties under development	173,031		173,031
Total assets	200,935		211,695
Bank borrowings	(129,737)		(129,737)
Other payables	(56,324)	18,655	(37,669)
Total liabilities	(186,061)		(167,406)
Net assets	14,874		44,289

Unaudited Proforma Financial – FY2013 & FY2014

	After Rights	Pre-Sales of Charlton	Est. FY2013	Completion of Charlton	Est. FY2014
	\$'000	\$'000	\$'000	\$'000	\$'000
Other assets	38,664	59,450	98,114	(41,133)	56,981
Properties under development	173,031		173,031	(24,414)	148,617
Total assets	211,695		271,145		205,598
Bank borrowings	(129,737)		(129,737)	16,000	(113,737)
Other payables	(37,669)	(59,450)	(97,119)	66,490	(30,629)
Total liabilities	(167,406)		(226,856)		(144,366)
Net assets	44,289		44,289		61,232

Information and Ratios

Total Shares Outstanding	3,348,108,000 shares		<u>Discount of Market Price vs. Adjusted NAV</u>
Market Price / Market Cap as at Feb 24, 2012	\$0.012 per share	\$40.18 million	
Unaudited NAV at September 30, 2012 adjusted for Rights Issue	\$0.0132 per share	\$44.29 million	9.3%
Revalued NAV ("RNAV")	\$0.0146 per share	\$48.86 million	17.8%
Discounted Projected NAV ("PNAV")	\$0.0246 per share	\$82.45 million	51.3%

Media Feature

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SingXpress Land steadily builds niche as DBSS and EC developer with Pasir Ris site

(BY JO-ANN HOANG)

SingXpress Land may be a new entrant to Singapore's property market, but its slighter more than a year it has already acquired three land sites to develop private and public housing units.

Its latest acquisition is a Design, Build and Sell Scheme (DBSS) site in Pasir Ris that SingXpress to be the lead DBSS land site to be sold before the scheme was put on hold by the review.

This DBSS site will be SingXpress Land's biggest project in Singapore to date, says executive chairman Chan Hong Fai. The project, which has yet to be named, is likely to be attached to the MRT.

Located in Pasir Ris Central, right across from the Pasir Ris regional centre and Pasir Ris MRT station and bus terminal, the plot can yield about 634 apartment units. The Caradok Land SingXpress Land, together with joint-venture partner and construction firm Sze Loh Holdings, won the site for \$123.8 million. Including development costs of \$130.1 million, the total costs for the DBSS project works out to \$254 million.

In July last year, SingXpress Land and its joint-venture partner — property developer ACT RADAGE — acquired fish Pits Maroon on Charlow Road in Hongkong for \$2.4 million.



SingXpress Land has eight other developers to check the Pasir Ris Central DBSS site, which will be the company's biggest project to date.

has to an 80-hectare site. The site was the first to be acquired by SingXpress Land in Singapore, including building cost, the total cost of the development, which has since been named Charlow Residences, amounts to \$40.8 million. Charlow Residences will be a cluster housing project comprising 21 units of four- and five-bedroom apartments measuring 5,000 to 6,000 sq ft.

To be launched by end-October or early November, the launch of Charlow Residences incorporates "total privacy", says Chan, who adds that he is personally involved in the architectural design of all of the company's development projects. "In most cluster houses, you have the common entrance porch right in the middle and all the living rooms facing the entrance porch. For Charlow Residences,

the entrance porch is at the side of the projects," he reveals.

Last November, SingXpress Land acquired its second piece of land in a quiet spot of housing between Road. The property, previously known as Woodhill Maroon, was purchased on site for \$22 million. Now renamed SingXpress Maroon, the site can yield 18 small units of 500 to 700 sq ft each, which are "ideal for resale", says Chan. The total cost of developing the 20-story SingXpress Maroon is estimated to be \$19.6 million and it is expected to be launched by 2012.

Little is known about SingXpress Land. The company is a subsidiary of Xpress Group, a Hong Kong-based investment holding company also owned by Chan that has interests in several hotels and resorts in Japan. The Hong Kong boss Chan bought Xpress Group in the early 1990s and restructured it to contain all his investments. Xpress Group holds a 4.7% stake in SingXpress Land through its appointed broker, DDB Kay Hain.

SingXpress Land was formerly known as Fuchuan Group, a listed company that specialised in the marketing of retail stores. Chan had acquired a controlling stake in the distressed company and turned it around by focusing into the US retail market. Subsequently, the group's stock was sold to pay off the company's massive debt that led to its seeking "rescue" profits from

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SingXpress Land also keen on rental-property segment

(REUTERS)

ing loans. "However, it returned into the rental business, only to experience a slump brought on by the Singapore crisis of 2006.

In 2009, Chan decided to enter the rental business and diversified property development as SingXpress Land's main core business. An experienced property investor who had dived and even signed his property investments in Singapore, including The Straits in Bukit Timah and The Hill at Marina Bay, Chan was convinced about the long-term sustainability of the property market. "While studying its options, SingXpress Land also explored some units in main-market private housing projects in Hong Kong and leased them out.

Generally, SingXpress Land is jointly managed by Chan, who is also the company's managing director, and his sons Tony Chan and Chan Tung Man, who are both directors.

Focus on low-risk public housing

Chan sets the clear objective that SingXpress Land intends to develop public housing projects, especially DBSS houses and Executive Condominiums (ECs). "As long as ECs and EC land remains remain open, public housing will be our focus," he says. "We will develop private properties when the opportunities present itself and if it is in line with our portfolio," Chan says.

But why the focus on public properties when margins are higher for private properties? Chan says he prefers to build private housing for the market as the risk profile is low. He, however, adds that he is seeking "rescue" profits from



SingXpress Land's Pasir Ris DBSS project. Chan sets the world-class standard of public housing in Singapore to be in line with SingXpress Land's objective as a quality property developer. "The standard of Singapore's public housing is a thousand times better than Hong Kong's," says Chan. "The most to justify ourselves as a developer with well-designed affordable houses," he adds. Now that the sale of DBSS sites has been put on hold, SingXpress Land is not the best option for an EC site for its next project, he says.

SingXpress Land has eight other developers to check the Pasir Ris DBSS site. Executive director Tony Chan says the site was the attractive to pass up. "It is right near to the Wherehills shopping centre and across from the MRT station. It is close to schools and the beach. We were checked that such a quality piece of land would be put up as a DBSS site."



Chan says SingXpress Land will focus on developing public housing sites.

the investment opportunity had it not obtained a \$30.3 million bridging loan from Xpress Group to fund the land acquisition. "I think that is what makes the group unique. SingXpress can say yes, we can still bid for the site. If we did not have the backing of the parent company, we would not have had enough time to raise the bridging necessary."

Apart from bridging loans, DDB is also partially funding the DBSS project through traditional bank loans, adds Tony.

In August, SingXpress Land announced a rights issue to raise up to \$30 million, of which \$10.7 million will be used to pay off the bridging loan and \$19.7 million allocated

as working capital for the DBSS project.

Chan says the Xpress Group is prepared to backfill more land acquisitions for SingXpress Land if necessary. And with the parent company providing between five housing loans, SingXpress Land can manage to risk better, says Tony. "You could say it allows for better profitability because we can take our time and do the right form of financing without any time pressure," he adds. Now that SingXpress Land is more established, Tony says he intends to bring in more partners and co-investors for future projects.

"We are accelerating the company's growth by a few years. To achieve what we are doing now without the support of our parent may take an extra five years. Because we would be relying on organic growth," says Tony.

Besides property development, SingXpress Land is also looking to expand its rental property segments in Singapore. Chan says he will lease out several units of the company's latest projects for recurring income or hold them over the long term as a hedge against inflation. In fact, he intends to do this with half of the units in SingXpress Maroon.

Generally, Chan says SingXpress Land's Hong Kong properties are doing the bulk of rental income. He adds that the properties in the city are fully leased and are commanding yields of 5%. On the home front, the company already owns one retail unit and 27 home-of-the-unit at the 197-unit Residences, a leasehold condo sitting along the Kallang Road. Chan says SingXpress Land's units at South-East are 95% leased at yields of 5%. ■



Maiden venture: SingXpress Land will launch its 21-unit Charlton Residences, a freehold cluster housing project on Charlton Road on the site of the former Foh Pin Mansion, in November

SingXpress to debut S'pore project

By **UMA SHANKARI**

SINGAPORE-listed and Hong Kong-based developer SingXpress Land is set to roll out its maiden property project in Singapore in November.

The company will launch its 21-unit Charlton Residences, a freehold cluster housing project on Charlton Road on the site of the former Foh Pin Mansion. SingXpress and partner ACT Holdings paid \$21.2 million for the site in July 2010.

Prices for the units, which will all be larger than 5,000 sq ft apiece, have not been fixed yet. At nearby Charlton Villas, a 2,982 sq ft unit was sold for \$838 per square foot in May 2011.

Next up for SingXpress

is a site in Pasir Ris slated for development into Design, Build and Sell Scheme (DBSS) flats. SingXpress partnered Kay Lim Holdings to win the site in a state tender in May 2011. The developers will launch the project in Q1 2012.

SingXpress has one more site in its landbank - Waldorf Mansions at Raffles Road, which the company intends to redevelop into about 50 apartments.

SingXpress has leveraged on its parent company, Hong Kong-listed Xpress Group, to grow at a fast pace since it decided to venture into property development in 2009. Xpress Group owns about 63 per cent of SingXpress.

"From a very modest beginning, we were able to

leverage our parent company's support to do a lot more than a small company should have been able to on its own," said SingXpress director Tony Chan.

SingXpress' three sites have a total gross development value of more than \$300 million, while the company has a market capitalisation of only \$5.6 million.

SingXpress is on the lookout for even more sites, Mr Chan revealed. It will welcome partners willing to co-fund acquisitions as well as development associates - a strategy that the company terms "investment banking for property development".

"We very much believe in partners and co-investors; we are flexible," Mr Chan said.

Right now, SingXpress is looking at both government land sale tenders - especially for executive condominium (EC) sites - as well as collective sale deals to grow its landbank.

SingXpress managing director Chan Heng Fai said that the company decided to buy the DBSS site in Pasir Ris as the DBSS and EC markets present opportunities with "lower risk and lower volatility" for developers at the moment.

But for now, the group will focus on Charlton Residences, where it hopes to demonstrate its ability to execute projects in Singapore.

SingXpress shares ended at 1.5 cents on Oct 3, the last day the stock was traded.

新加坡特速置地董事经理 弃三护照选择新加坡

龚慧婷 报道

投资者如今多看好中国及亚洲新兴经济体的庞大发展潜力,但在经济与中国大陆紧密结合的香港,却也有商人看中新加坡具有成为环球都会的潜能,决定放弃其他三本护照,选择落户狮城,借助香港母公司的力量在本地发展房地产业务。

这名商人就是新加坡股市凯利板(Catalist)挂牌公司新加坡特速置地(SingXpress Land)的董事经理陈恒辉。

他上星期与长子,即公司执行董事陈统运一起接受记者访问时透露个人决定放弃香港、加拿大和英国护照,在去年初成为新加坡公民,并在今年迁来本地,居住在武吉知马/荷兰路一带的优质洋房(good class bungalow,

简称GCB)。

目前虽还未在本地买到理想中的GCB地段供发展,但他已勾画和设计出心目中的GCB。

陈恒辉翻开新加坡特速的母公司,即在香港上市的特速集团(Xpress Group)年报,映入记者眼帘的是中西合璧的巧妙设计,大门口看来像四合院,里头却充满了摩登的设计和陈设的房子。

这名在香港出生,到英国留学的66岁商人似乎对新加坡的房地产市场充满信心。

以约550万元市值在新加坡交易所凯利板上市的新加坡特速称不上是大公司,却于短时间内在本地取得发展价值超过3亿新元的地皮,包括两幅集体出售地段和一幅在建屋发展局的设计、兴建及销售计划(简称DBSS)下建

造私人组屋的地段。

去年6月底,新加坡特速(占80%份额)与ACT控股公司(占20%份额)联合以2120万元携手标得实龙岗路上段和爵登路(Charlton Road)交界处的和平大厦(Foh Pin Mansion)集体出售地段,比业主的2250万元要价稍低。

这幅永久地契地段靠近高文地铁站,占地3万4154平方英尺。陈统运透露公司计划在地段上兴建称为Charlton Residences的21间大型聚落式洋房(cluster housing),预计下月初可推出市场。

它也在去年11月通过持90%股权的子公司Corporate Residence公司(CRPL),以2100万元价格标得马里士他路235号的志远大厦(Waldorf

Mansions),计划在这个地段上建造楼高20层,共有超过50个小型单位的共管公寓,面积介于500至700平方英尺。

新加坡特速和佳林控股(Kay Lim Holdings)所组成的财团在今年6月出价1亿2390万元,击败另外八个对手标得的巴西立中路一幅私人组屋地段,估计可建约454个单位,将于明年第一季推出市场。

陈统运说,接下来如有机会,公司也会参与投标执行共管公寓(Executive Condominiums,简称EC)地段。他觉得这类住屋的价格波动不会太大,虽然利润不高,但风险较小。

他认为在亚洲,新加坡的房地产市场比较安然地渡过了上次的金融危机,表现得很稳健。

由于曾获香港母公司的无息贷款来迅速壮大本地的房地产业务,新加坡特速接下来打算发行附加股集资,以偿还母公司的贷款,并为公司注入资金。

陈恒辉说:“我个人非常喜欢新加坡,也喜欢这里的政府、政治、透明度等。我认为新加坡未来能成为首屈一指的环球都会,市场潜能无可限量。”他表示这正是促使他放弃其他护照,成为新加坡公民的主要原因。

他是著名港商,也是中国信贷集团前董事长,至今收购、合并及重组的公司上百家,包括在1981年收购的美国太平洋银行(American Pacific Bank)和1995年收购的香港上市公司建煌新记。

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Summary

Summary

- Strong parent support allowing accelerated business progress
- In first 2 years – already 4 projects: 2 ebloc, 1 DBSS and 1 EC project.
- Highly focused exposure to the Singapore property development market: \$[**] million equity; \$900 million in projects
- Envisioned to be a “platform” for Singapore property development and investments
- Strong investment banking background of the board and management – intend to act as a “lead manager” in syndicated projects, with an aim of improving returns, asset quality and diversification.
- www.singxpressland.com





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Thank You