

Co-investment in Public/Private Hybrid Housing Developments in Singapore

SingXpress Land Development LP

May 22, 2012

**Laurel Capital Kingsway LLP
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PRIVATE & CONFIDENTIAL

Executive Summary

- Co-investment in development projects for government sponsored high quality housing in Singapore
- A targeted IRR of 25%-30% for each project (20%-25% IRR net to investors)
- Projects will range in size from S\$250 million to S\$500 million
- Return of investors funds for each project within 3.5 years
- Operating with a transparent, regulated and mature legal structure

Executive Summary

- Singxpress Land Development LP is a Limited Partnership that will co-invest with investors in Singapore residential property developments, with a focus on tendering, developing and pre-selling quasi-public housing Executive Condominiums.
- The General Partner will select and co-tender for projects for development, under a draw-down structure - together with its co-investor Limited Partners under the governance of an Investment Committee.
- The Executive Condominium market is the result of a unique government program in Singapore for which there is strong and sustained demand.
- Under the EC program, private developers tender for, develop and sell affordable, quality homes to Singapore citizens who benefit from government grants and financial support.
- This program creates stable, low volatility returns, in a transparent and mature legal environment.

Executive Summary

- The structured and rigorous nature of the program results in predictable, tight schedules with clear milestones.
- The forecasted IRR of SLD LP is 20-25% per annum, net of fees.
- Project investment returns are expected within 3.5 years.
- The targeted capital raise is US\$100 million.
- SLD LP will co-invest in specific projects at the tender stage of a development with co-investment limited partners led by SingXpress Land Limited, an experienced Singapore publicly listed real estate development company (5CE.SI), which is in turn backed by its Hong Kong publicly listed property investment and development parent, Xpress Group Limited (185.HK).

Management and Advisory Board

Chan Heng Fai – Managing Director

- Mr Chan has over 40 years of experience in real estate development and investment, commercial and investment banking, business development and restructuring, and the travel and hotel business. This experience spans Asia, North America and Europe.
- After graduating from London Metropolitan University, very early in his career Mr Chan founded (with zero capital) Inter-Asia, an aircraft chartering company and sold it in 1972 for £500,000.
- In 1988 he acquired American Pacific Bank out of bankruptcy, restructuring it with US\$350,000 in equity, and sold it in 2005 for US\$34m.
- In 1997 he acquired a failed retailer in Hong Kong, and restructured it as China Gas Holdings, a leading natural gas pipeline company.
- From 1993 M. Chan has founded and built up two diversified and publicly listed companies: Xpress Group Limited (185:HK) and SingXpress Land Limited.

Management and Advisory Board

Yeo Wee Kiong - Chairman

- Mr Yeo has over 20 years experience as a corporate finance lawyer. A graduate of The University of Singapore with a 1st class degree in Engineering, Mr Yeo was an investment banker at N.M. Rothschild Singapore from 1984 to 1989.
- He currently is a director of Drew and Napier LLC.
- Mr Yeo has held several positions at board level in companies and advisory groups working on behalf of the Government of Singapore. These includes TJF Venture Pte Ltd, EDBI, and JTC
- He has also, throughout his career, held directorships of leading Singaporean asset management companies. In 2011 he became a board director of Heliconia Capital Management PTE Ltd, a fund manager wholly owned by Temasek Holdings and this year he became a director of Pheim Asset Management Pte Ltd - one of the first asset management companies to be licensed in Singapore, in 1995.

Advisory Board Members

Suni Goonetillake: founder of LCK LLP, has been in investment banking management for 26 years, at Citibank, Peregrine, Commerzbank and Nordea. He worked in Hong King for six years and is a non Executive Director of the MEC Asian Fund

Richard Greer: a partner of LCK LLP, worked in Hong Kong and Japan for 17 years, and was head of research at Baring Securities, Caspian, and Commerzbank. He is a non Executive Director of the Schroder Japan Growth Fund

Suzie MacCagnan: has worked in investment banking for 22 years, specialising in corporate finance and private equity – at Citicorp, UBS and Seymour Pierce

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- SingXpress Land Limited (the developer) will be the General Partner of SingXpress Land Development LP.
- Significant co-investors will form an Investment advisory board chaired by LCK LLP which will review key investment decisions of the partnership.
- SingXpress Land Development LP's investment committee will manage the partnership under strict investment criteria based on targeted IRR and cash multiples for investors, and will focus on manageable scale to avoid undue delays in project completion, and on projects which prioritise the repayment of investors within the life of the Partnership.

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Responsibilities

- Acting independently and without conflict, in the sole best interest of SLD LP limited partners.
- Adhering to pre-agreed strict investment criteria.
- Budget, schedule, compliance, quality and milestone monitoring and enforcement.

Commitments

- General partners will invest their own money into SLD LP – demonstrating commitment to the success of the LP.
- Where appropriate the developer's commitment to co-invest in the LP will be sought, in order to further align interests.

Partnership Structure Investor Terms

Structure	Closed End Limited Partnership
Cumulative Partnership Investments	A total of US\$100 million committed investment funds drawn and deployed on a project by project basis
Currency	Available in both USD and SGD classes
Draw Down Approach	Limited partners will make a commitment to invest with substantial draw downs only occurring after investment committee approval, and subject to successfully winning projects
Duration	4 years, (option to extend up to 2 years)
Target Launch	June 2012
Target Returns	20-25% IRR net of fees
Investment Strategy	Real Estate Development in Singapore focusing on the quasi-public/private Executive Condominium residential segment
Placement Fee	1%
GP Management Fee	2% per annum
GP Performance Fee	20% performance fee paid after investor capital is returned at the end of the partnership; payable only if investors receive at least a 10% annual return net-of fees over the entire duration of the partnership

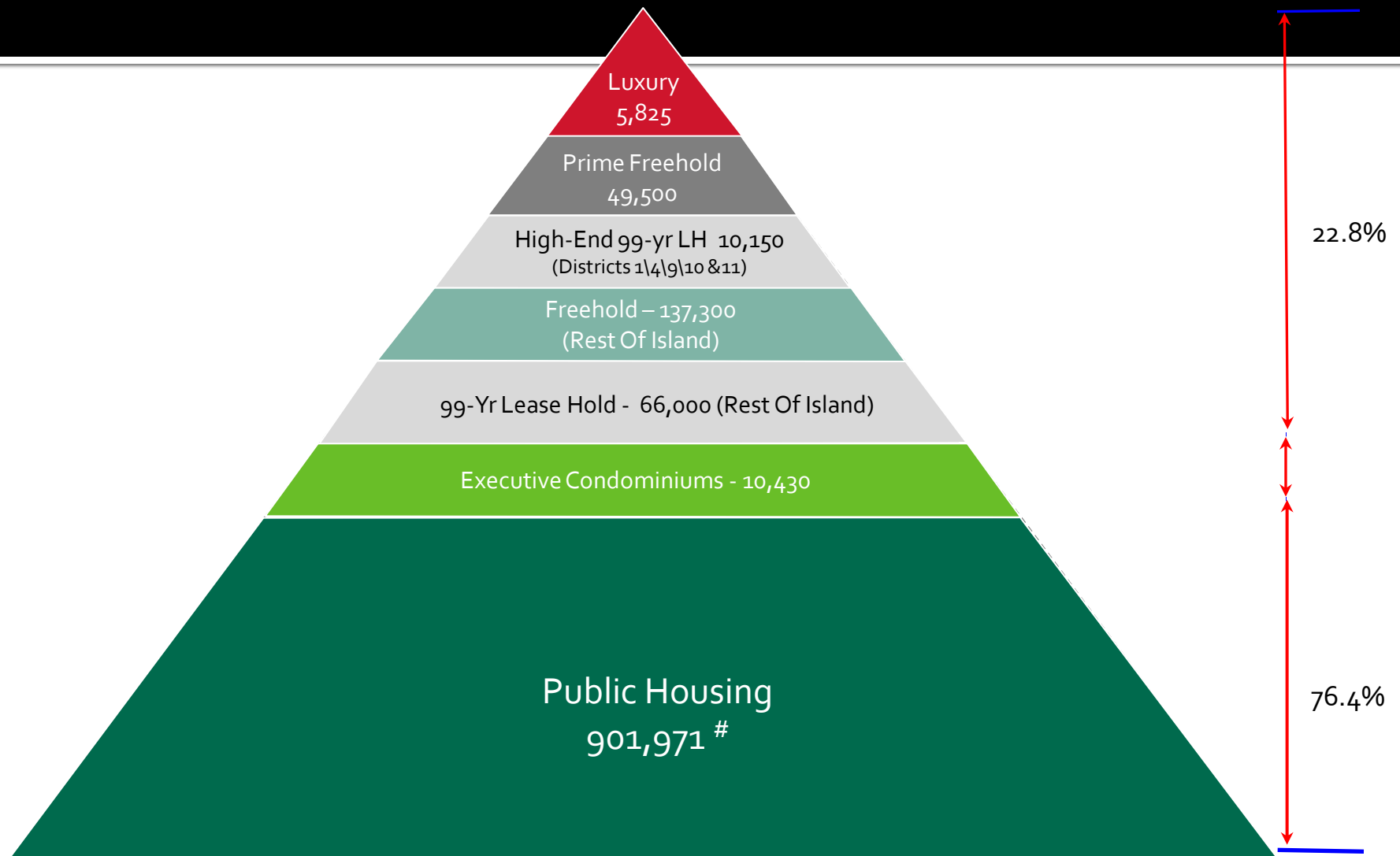
Partnership Structure GP Commitments

GP	SingXpress Land Limited will be the GP of the Partnership – SingXpress Land Development LP
GP Commitment to Project Selection	To avoid conflicts of interest, SingXpress Land Limited will give co-investment LPs first right of refusal to all EC development opportunities.
Pipeline Investments	<p>The GP will agree on a pipeline of projects with co-investors and bid jointly for projects via a single purpose project company</p> <p>Purchase pricing of the projects will be set to provide the partnership with the targeted annualized return</p>
Investment Committee	An investment committee chaired by LCK LLP and comprising significant co-investors and their representatives will review and monitor the GP

Overview of the Executive Condominium Scheme

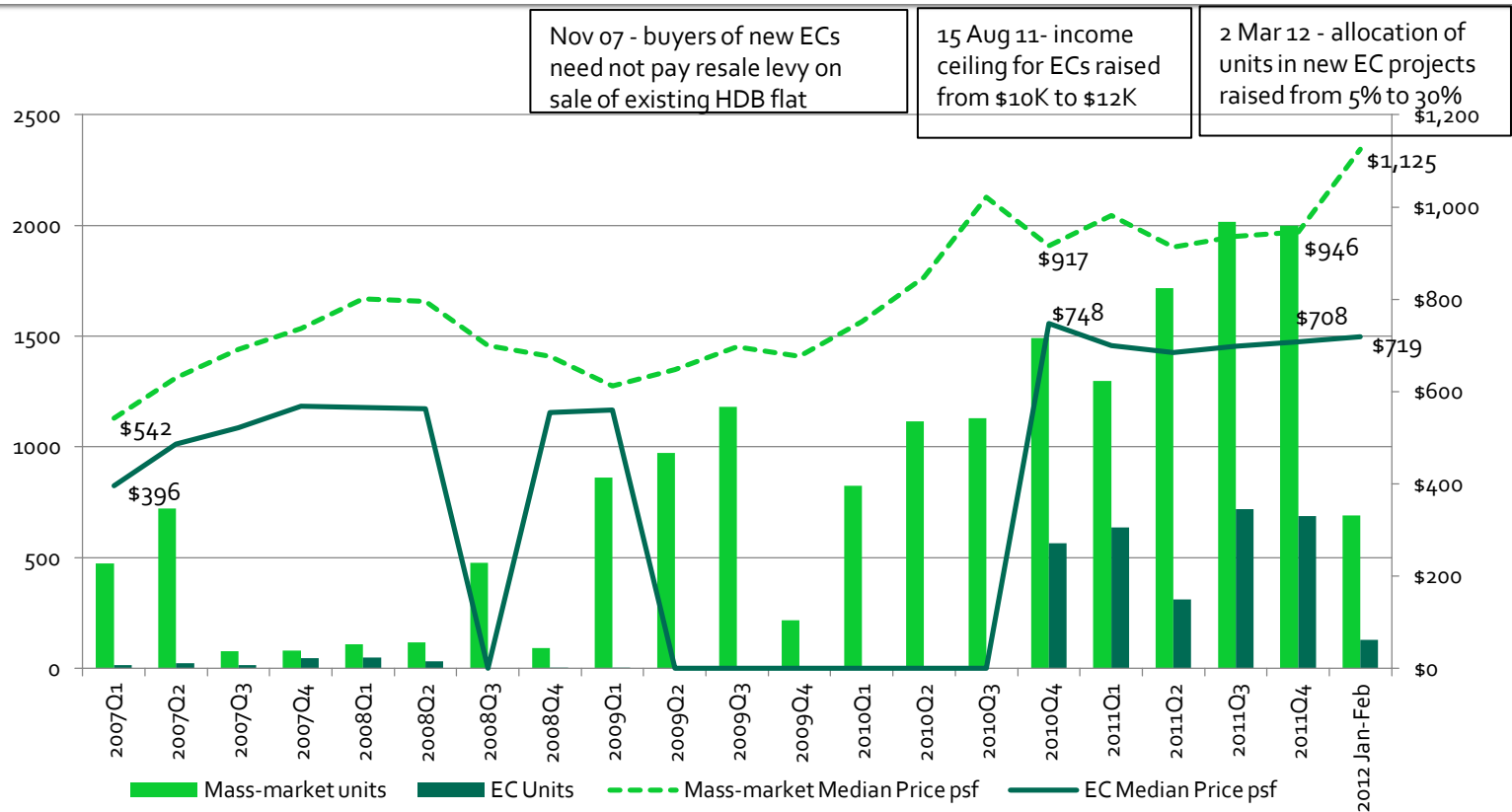
- The Executive Condominium Scheme (“EC Scheme”) was first introduced in 1995, to provide more affordable private-style housing for Singaporeans, especially young professionals who aspire to the lifestyle of private housing, but at a more affordable price. Since its introduction, some **14,600 EC units** have been launched by private developers and **3,000 units** are coming on-stream. A total of **31 Executive Condominium sites** (66 hectares) were sold during this period between 1995 to 2010.
- Like private condominiums, ECs are developed and sold by private developers, and they have flexibility in the designing and space planning of ECs. As such, the design and facilities of ECs are comparable to that of private condominiums. Pricing for units however is indirectly controlled and generally kept at a lower rate relative to fully private condominium apartments.
- ECs are residential developments that take on the characteristics of both public and private housing. Ten years upon completion, ECs will be converted into private properties. Resale of EC is not allowed in the first 5 years upon completion, and foreigners are restricted from purchasing resale ECs within the first ten years upon completion. Therefore after the first ten years, ECs become entirely private residences, resellable without any restrictions.
- ECs are government subsidised and potential buyers are required to meet with HDB’s set of criteria for homebuyers. The monthly income ceiling for the purchasers of new ECs was raised from S\$10,000 to S\$12,000 in August 2011, thus there is more pent up demand for such housing. This is part of the government’s move to help more higher income Singaporeans own affordable private housing by expanding the EC market.

Hierarchy of Housing Market



Notes: Luxury refers to Good Class Bungalows and luxury condominiums.
Prime refers to homes in PD 1, 4, 9, 10 & 11.
Figure as at March 2011, HDB Annual Report 2010-11 released in November 2011.

EC vs Private Homes Resale Prices



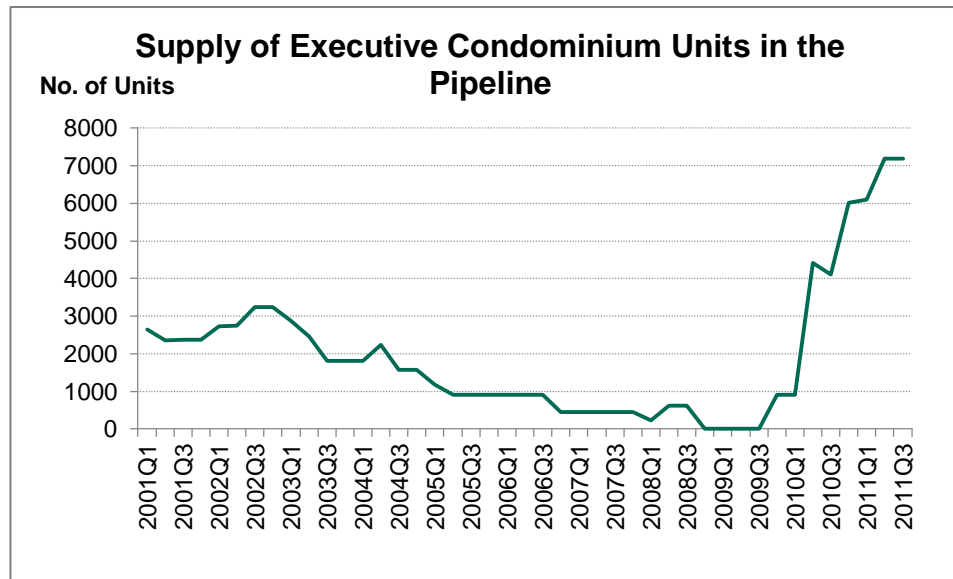
- **Minimal restrictions for resale of ECs** – ECs over ten years of age can be sold to anyone. Citizenship and income ceilings do not apply. ECs which are over five but less than 10 years old can be sold to both locals and PRs but not foreigners.
- **Attractive pricing** – ECs offer full condominium facilities but are priced 20-25% cheaper than mass market private condominiums in similar locations.
- As at end-2011, the median price of ECs is \$708 psf, 25% lower than the median price of new private condominiums at \$946 psf.

NOTE:

1. Sales volume and median prices area based on caveats lodged which were downloaded on 12 March 2012. We have downloaded the sales and prices for Outside Central Region to represent mass market activity.
2. General price gap between EC and mass market condominium pricing is around 20-25%. However, the gap widened in Jan-Fen 2012 because a number of caveats of Watertown and Hillier were included.

General Supply Trend of EC

- Executive condominiums exhibited a record number of transactions in the first eleven months of 2011, since 1996.



Source: URA, Realis

- Supply of EC units increased in 2010 and 2011 because the government supplied these sites via its land sales programme after a hiatus of six years (last EC site was sold in June 2004). Eight EC sites were sold in 2010, and the new projects on three of these were launched in 2010. The new projects on the remaining five sites were launched in 2011.
- Demand for ECs was supply-led. More than 2,100 ECs have been sold in 2011. Additionally, ECs are relatively more affordable because their average prices are some 20%-25% below those of new 99-year leasehold private condominiums in the same neighbourhood.

List of ECs in Singapore

No.	Planning Region	Location	Project Name	No. of units	TOP Date	Median PSF
1	East	Pasir Ris	Eastvale	312	27 Jan 99	\$727
2	West	Jurong East (Chinese Gardens)	Westmere	280	27 Feb 99	\$739
3	East	Simei	Simei Green	602	28 Apr 99	\$721
4	West	Choa Chu Kang (Yew Tee)	Windermere	395	16 Sep 99	\$632
5	West	Bukit Panjang	Chestervale	396	20 Mar 99	\$639
6	East	Tampines	Pinevale	322	28 Jul 99	\$632
7	West	Choa Chu Kang (Yew Tee)	Yew Mei Green	712	1 Sep 99	\$653
8	West	Boon Lay	Summerdale	100	8 Sep 00	\$631
9	North East	Buangkok	The Rivervale	671	28 Jun 00	\$698
10	North East	Hougang	The Florida	496	18 Feb 00	\$674
11	North	Woodlands (Admiralty)	Northoaks	720	3 Oct 00	\$625
12	North	Woodlands (Admiralty)	Woodsvale	696	5 Aug 00	\$619
13	North	Woodlands (Pioneer)	The Floravale	754	13 Oct 00	\$628
14	East	Tampines (Simei)	The Eden	430	16 Apr 03	\$715
15	West	Bukit Batok	The Dew	248	19 Jul 03	\$740
16	Central (Fringe)	Bishan	Bishan Loft	384	26 Sep 03	\$952
17	North	Yishun	Lilydale	319	29 Mar 02	\$647
18	North East	Ang Mo Kio	Nuovo	297	31 Aug 04	\$763
19	North East	Buangkok	Park Green	391	30 Sep 04	\$707
20	East	Pasir Ris	Whitewater	397	31 Jan 05	\$725

List of ECs in Singapore (cont'd)

No.	Planning Region	Location	Project Name	No. of units	TOP Date	Average PSF
21	East	Pasir Ris	The Esparis	274	22 Jun 05	\$673
22	West	Choa Chu Kang	The Quintet	459	23 Oct 06	\$360.00
23	North	Woodlands	La Casa	444	22 Feb 08	Available for resale from 2013 onwards
24	West	Choa Chu Kang(Bukit Panjang)	Blossom Residences	602	UC (2014)	\$704
25	East	Pasir Ris	Belysa	315	UC (2014)	\$701
26	North East	Punggol	RiverParc Residence	504	UC (2014)	\$691
27	North East	Sengkang	Austville Residences	540	UC (2014)	\$717
28	North East	Buangkok	Esparina Residences	573	UC (2014)	\$761
29	North East	Punggol	Prive	680	UC (2014)	\$697
30	North	Yishun	The Canopy	406	UC (2014)	\$657
31	East	Tampines	Arc@Tampines	574	UC (2014)	\$734

Source: CBRE Research, Realis

Region	Total No. of EC Projects
North	6
East	8
North-East	8
West	8
Central	1

Source: CBRE Research

Financial Model

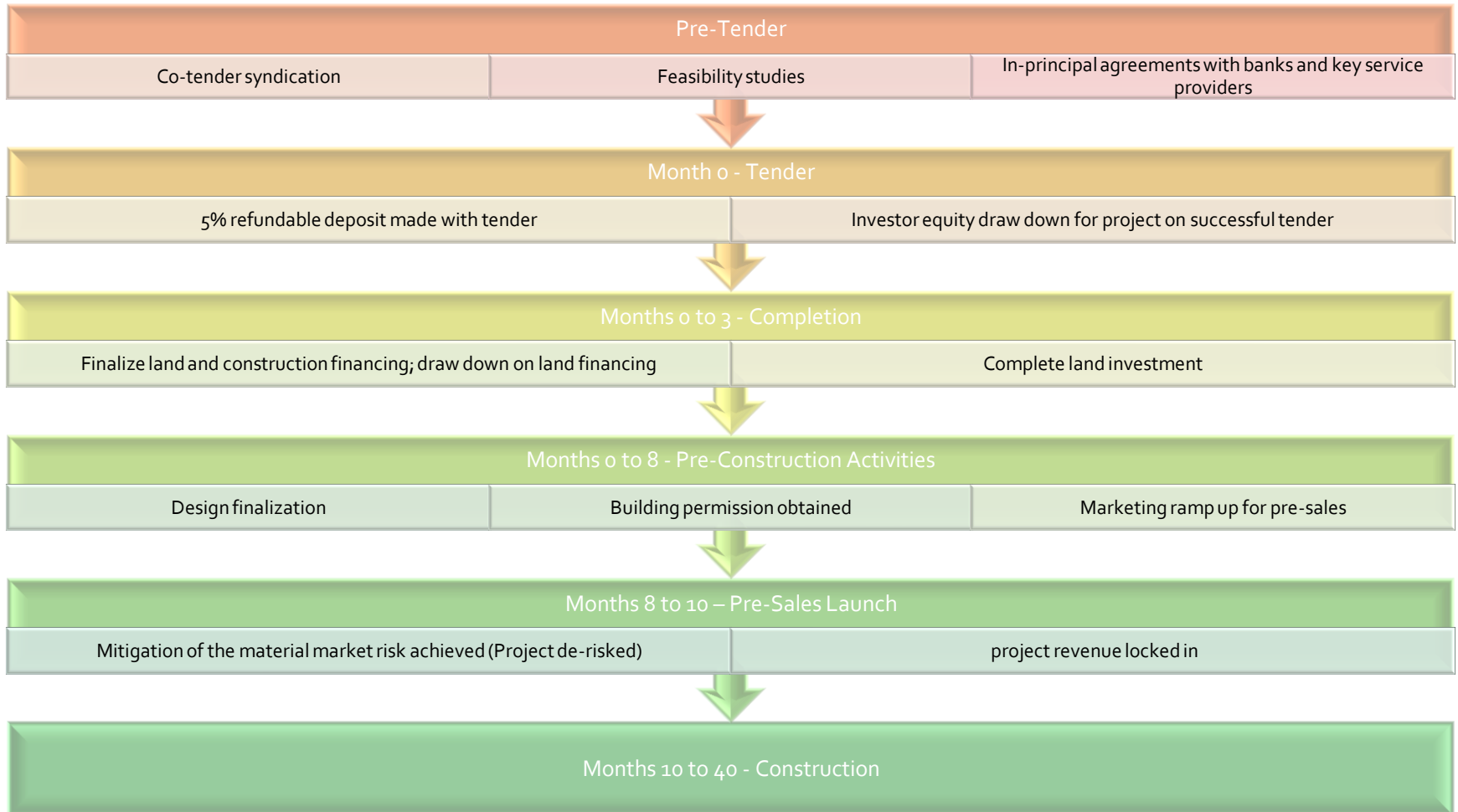
- Having the advantage of co-tendering with well-established locals allows SLD LP to take advantage of their local banking relationships.
- Instrumental to the assessment of an EC development project's feasibility is the availability of debt financing. SLD LP's expects project bank financing to typically be 60%-70% of tender cost and 50% of construction costs, with both facilities at competitive local mortgage lending rates.
- Successful tenders typically reach their pre-sales milestone within 7 to 9 months.
- Due to the reliable and consistent demand for EC housing, the pre-sales revenue generated often results in a project becoming self-financing after pre-sales. As a result it is common to find that only a small fraction of the construction bank facility is drawn upon.

Advantage of local partners

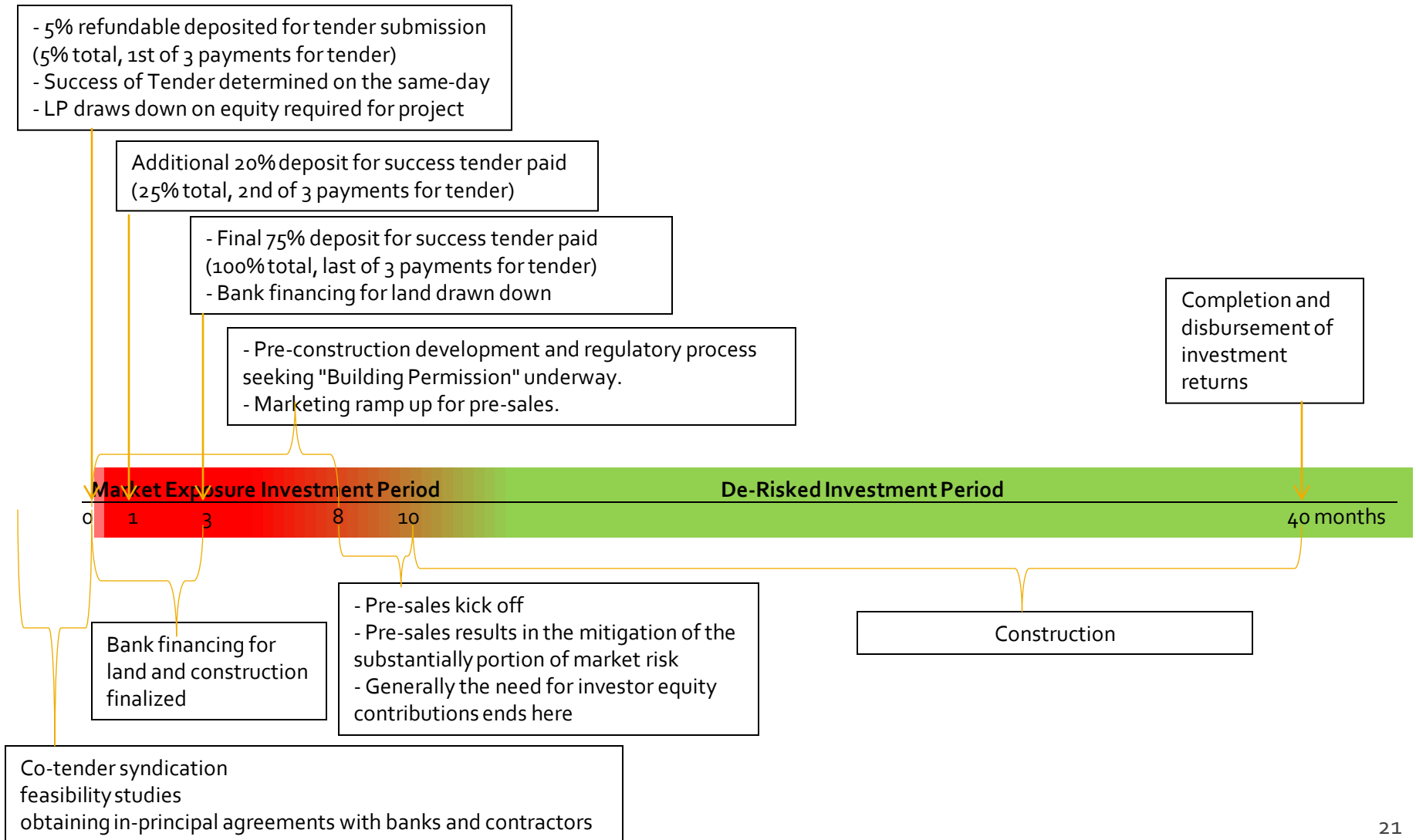
- Local knowledge, deep connections and experience in such a highly regulated and rigorous environment is critical to navigate the unique nature of the EC market which include:
 - Strong reputation and track record
 - Proper catering to end-user expectations
 - Regulatory management due to the numerous government departments involved
 - Systems necessary to properly manage the unique balloting and eligibility system of EC housing
 - A strong understanding of the various professionals and service providers in the market place
 - A sensitivity to the media and ability to manage the media due to the high profile nature of these projects
 - Local financing and banking relationships
 - License requirements

Executive Condominium

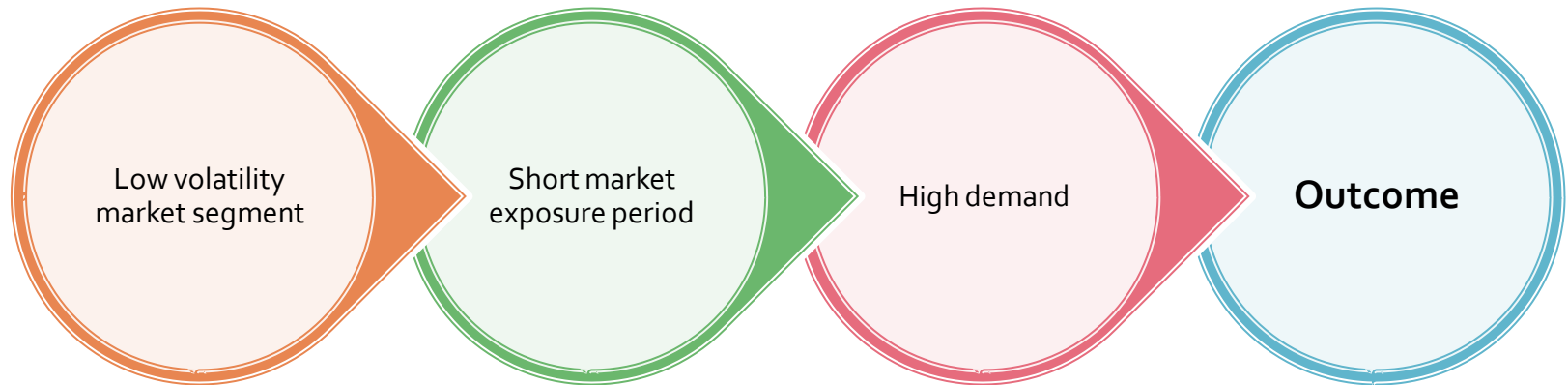
The Project Time Line



Executive Condominium The Financing Time Line



Executive Condominium Highlights



- The nature of the segment does not attract direct anti-speculative measures, but does benefit market stabilizing and moderating measures
- Government tender rules result in strict timetables and milestones leading to predictable investor returns
- Singapore's property development "project account" laws and Singapore's simple mature tax and legal regimes act to protect buyers and investors

- Typically from tender to pre-sales takes 8-10 months, while a project generate returns over a 3.5 year period

- Natural, often over-subscribed demand where a balloted system determines selection queue order
- Cheaper (20 to 25%) than comparable private units; yet after 10 years properties are privatized effectively allowing the buyer to capture the discount
- Down-payment is further government subsidized
- Demographic: income ceiling of S\$12,000 / month
- Parents of young adults often encourage and finance purchases to help their children capture the "windfall" of these investments

- Consistent total pre-sales before construction completion due to high demand
- Consistent on time completion of projects and investor returns within prescribed deadlines
- Low deviation in expected IRRs
- Consistent double digit IRRs profitability to investment equity

The Opportunity

- The unique nuances and size of this segment results in a knowledge barrier for foreign investment competition despite tenders being open to eligible foreign tenderers.
- The largest developers in Singapore tend to overlook the EC market in favor of private development projects due to:
 - limited per-project quantum
 - a limit on scalability
 - belief that regulatory restrictions and the nature of EC housing itself limits the upside returns on these developments
- Small local developers are
 - constrained by capital
 - limited on their ability to draw of bank financing
 - lacking relationships with veteran construction companies that have numerous successful government housing projects completed.
- This results in a very small pool of competitive tenders, and hence a very attractive risk-reward profile.

Disparity in Risk vs Reward

Risk Profile

- Short period of market exposure (8-10 months)
- Low volatility in exit pricing - protects our developer's margin
- Government intervention expected to prevent any sharp dips in public housing valuations
- Strong legal, regulatory and tax framework provides transparency
- "Project Account" laws for property development provide a quasi-escrow protection to investors.

Reward Profile

- Knowledge, experience and awareness act as barriers lowering competing tenders
- Limited tender competition allows for developers margins which more than cushion any market swings during the "market exposure period"
- Despite a short market-risk period the investment carries a long investment return period of approximately 3 to 3.5 years

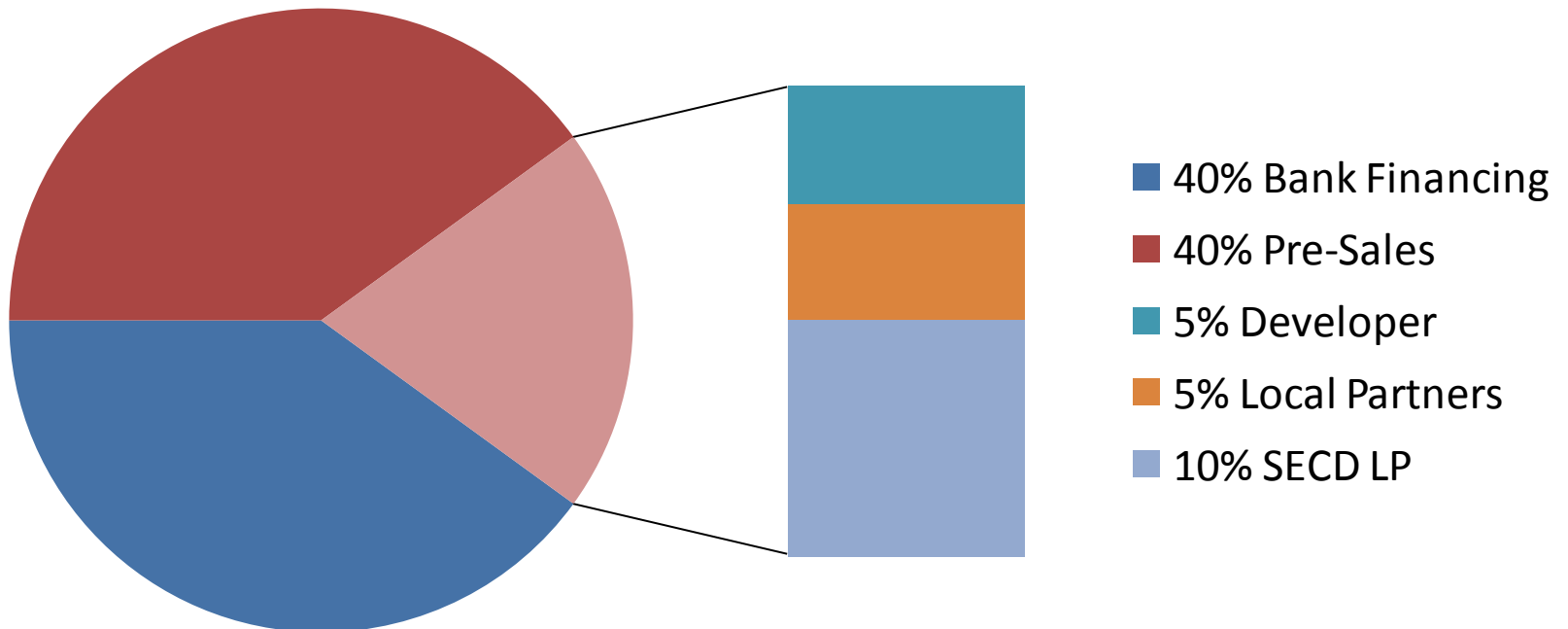
Co-Investment

- SLD LP, in cooperation with its partners, will identify and study the feasibility of various tender opportunities. This feasibility will not only consist of an assessment of the financial model, but when appropriate, also include the obtaining of in-principal agreements relating to construction, significant professional fees, and debt financing arrangements.
- Typical tenders require a 5% deposit of the tender amount.
- Upon achieving a successful tender a drawdown to cover the equity portion of the project will be drawn upon.

Co-Investment

Project Capital Sources

Bank borrowing and pre-sales cash-flows are substantial sources of capitalization for all EC projects.
The remaining equity portion of approximately 18-20% would be syndicated out with SLD LP's participation



Co-Investment

- Despite the availability of debt finance for these projects, both developers and investors are rewarded by combining co-investing equity capital for the following reasons:

Greater Profiling

- The EC market is high profile and hotly covered by the media as it is the segment of the subsidized housing market that involves direct investment by private sector developers and is viewed by the public as a solution to the vocal “sandwich class” affordability concerns.

Increased Returns

- A substantial player in the EC market, or a co-investing consortium, will command greater negotiation power with professionals, suppliers, contractors and lending banks as they compete to win access to this high-profile business flow.
- Conflicting pre-sales launch timing can be better managed with a larger project pipeline under management.
- A growing portfolio of quality EC developments from a single developer band acts to give confidence to end buyers and hence enhance and accelerate the pre-sale process.

Smoothed Returns

- Due to the 3.5 year capital and profit return cycle for EC development projects a smoother return profile is achieved by partnering with a larger pool of capital and participating in a larger time-staggered pool of projects over time.

Diversified Returns

- While the capital return horizon is approximately 3.5 years, the significant market exposure is the short period prior to pre-sales of 8 to 10 months.
- By participating in a pipeline of projects over time the impact of market fluctuations and exposure, while already small, are further smoothed and reduced by staggered exposure periods.

Timing

- The Singapore government's measures to cool the property market in December 2011 with the introduction of an "Additional Buyer's Stamp Duty" <http://www.iras.gov.sg/irasHome/page03a.aspx?id=12850> targets expats and foreign buyers of private properties, not local EC buyers. The impact on public-housing and other properties purchasable only by Singaporeans has been indirect and, at this time, fully factored into current market pricing.
- This has been coupled by increase in the supply of EC projects available for tender as the government attempts to address supply insufficiently meeting demand.
- These factors have cooled off aggressive tender bidding, and consequently improved developer's margins. Recent developer tender bidding factors a mild decline in the market over the first 8 months leading to pre-sales while still maintaining strong returns.
- As a result this is an ideal time to begin building a high-return, low-risk pipeline of EC projects.

The Developer – SingXpress Land

- Singapore Stock Exchange Listed (5CE.SI)
- Supported by Parent, Xpress Group Limited (Hong Kong Stock Exchange listed) (185.HK)
 - Property experience, financial expertise & financial strength
- In Singapore's property development market
 - HDB, private condo and cluster housing
 - Wide footprint
- Investment banking approach
 - seeks out development sites or related opportunities
 - bringing in co-investors and joint venture partners
 - Property-related businesses focused on public housing and niche private residential segments in Singapore
 - Strong financial background and skill of Board and senior management
 - Create a structure of partners for financing, development and management of properties
- Property development strategy to develop high-end “design intensive” luxury public and private housing in Singapore:
 - high end luxury cluster housing
 - luxury condominium project
 - truly “designer home” DBSS development

SingXpress Land Private Housing Development



- En-bloc private redevelopment
- Acquisition completed July 2010
- Already fully pre-sold (3 months from launch)
- Investment horizon 3.5 years
- IRR 39.0%/year
- Equity multiple 3.41x

- Charlton Residences
 - Freehold Luxury home development

SingXpress Land Public Housing Development



- 447 Public Housing apartments
- Acquisition completed Sep 2011
- Investment horizon 3 years
- Pre-sales launching 2Q2012

12 THE STRAITS TIMES SINGAPORE | SEPTEMBER 12, 2011
CORPORATE

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

BY JO ANN HUANG |
SingXpress Land may be a new entrant in Singapore's property market, but it is already more than a year, it has already acquired three land sites to develop private and public housing units, and its acquisition in a Design, Build and Operate (DBO) site in Pasir Ris for its latest project (DBSS) site in Pasir Ris was to be the last DBSS land site to be held for review.

This DBSS site will be SingXpress Land's biggest project in Singapore to date, says executive chairman Chan Heng Fai. The project, which has yet to be named, is likely to be launched in H2012.

Located in Pasir Ris Central, right across from the Pasir Ris regional centre and Pasir Ris MRT station and near terminal, the plot can hold about 454 apartment units. The closest-linked swimming pool is at the side of the property," he reveals.

Last November, SingXpress Land acquired its second piece of land in a quiet spot off Buxton Road. The property, previously known as Waldorf Mansions, was purchased for \$2 million. Now renamed SingXpress Mansions, the site can yield 50 small units of 500 to 700 sq ft each, which are available for rental, says Chan. The total cost of developing the 20-storey SingXpress Mansions is estimated to be \$30 million and it is expected to be launched by 2H2012.

SingXpress Land last year acquired a site in Pasir Ris, which is expected to be launched by 2H2012. The project is expected to be launched by 2H2012. The project is expected to be launched by 2H2012.

- Pasir Ris One
 - DBSS Public Housing Development



SingXpress Land Private Housing Development

- SingXpress Mansion
 - Private housing redevelopment off Balestier Road
 - 20 story luxury condos
 - High ceiling "SoHo" design concept



* Artist's impression

SingXpress Mansion
Launching late 2012

Combined Track Record

SingXpress Lane/Xpress Group

<u>Realized Investments</u>	<u>Location</u>	<u>Type</u>	<u>Entry</u>	<u>Gross Value</u>	<u>IRR / Year</u>	<u>Equity Multiple</u>
Island Place Tower	Hong Kong	Office	2Q2004	HK\$141 million	30%	5.1x
The Sail	Singapore	Residential	4Q2004	S\$3 million	30%	1.7x
Suntec City Tower	Singapore	Office	2Q2006	S\$26 million	199%	5.4x
Textile Center	Singapore	Office	3Q2007	S\$18 million	36%	3.1x

<u>Current Investments</u>	<u>Location</u>	<u>Type</u>	<u>Entry</u>	<u>Gross Value</u>	<u>IRR / Year*</u>	<u>Equity Multiple*</u>
North Canal	Singapore	Retail	4Q2000	S\$5 million	23%	6.3x
Arcadia	Singapore	Residential	2Q2006	S\$11 million	31%	4.4x
Wnydham Place	Hong Kong	Office	2Q2009	HK\$80 million	34%	2.1x
Hong Kong Apartment Portfolio	Hong Kong	Residential	4Q2009	HK\$97 million	57%	2.4x
Southbank	Singapore	Residential/Office	4Q2009	S\$59 million	94%	3.1x
Dakota Residences	Singapore	Residential	2Q2010	S\$20 million	48%	2.1x
The Central	Singapore	Office	2Q2010	S\$3 million	48%	2.2x

**Based on current (March 2012) market values*

<u>Current Developments</u>	<u>Location</u>	<u>Type</u>	<u>Entry</u>	<u>Gross Value</u>	<u>IRR / Year</u>	<u>Equity Multiple</u>
Charlton Residences (80% owned)	Singapore	Private Housing	3Q2010	S\$59 million	39%*	3.4x*
SingXpress Mansion	Singapore	Private Housing	4Q2010	S\$50 million	TBD	TBD
Pasir Ris One DBSS (80% owned)	Singapore	Public Housing	3Q2011	S\$289 million	TBD	TBD

**Property has been 100% pre-sold and "de-risked"*

SingXpress Land – Core Team

Tony Chan – Executive Director

- 1995 to 1998 - Peregrine Hong Kong, Equity Derivative Sales
- 1998 to 1999 - Commerzbank AG, Equity Derivative Sales
- 1999 to 2003 – American Fronteer Financial Corp, NASD Principal; eVision International, Inc., COO
- 1999 to 2005 – American Pacific Bank, Director
- 2003 to Present – Xpress Group Limited, Managing Director
- 2004 to Present – SingXpress Land Limited, Executive Director

Tung Moe Chan – Executive Director

- 2007-Present Xpress Group Limited – Chief Investment Officer
- 2007-Present RSI International Systems Inc. – Director
- 2006-Present SingXpress Land Limited – Chief Investment Officer and Executive Director
- 2000-2001 Corporate Net Solutions, Inc. - Director of Technical and Business Development
- 1999-2000 Ballard Power Systems Inc. - Project Manager/Research Engineer
- 1998 The National Research Council of Canada - Research Assistant
- 1997 Wah Tung Engineering Ltd. - Assistant Building Services Coordinator
- Masters of Engineering and Masters of Business Administration

SingXpress Land – Core Team

Tan Tai Soon – Independent Director

- Mr Tan is currently the Director, Hospital Planning of Jurong Health Services Pte Ltd , a new healthcare cluster in Jurong. Mr Tan is responsible for the development of a new hospital under JHS, with a project value of approximately S\$1 billion, from planning to completion and commissioning.
- Mr. Tan brings with him more than 30 years of experience in the construction and property industry; notably, 14 years with Straits Developments Pte Ltd. Mr Tan also served as a member in BCA Best Buildable Design Awards Assessment Committee from 2003 to 2006. The BCA Best Buildable Design Awards was introduced to recognise the contribution of the Qualified Persons (QPs) in achieving construction efficiency through the adoption of buildable design. The awards are intended to promote greater awareness and use of more buildable design.

Wong Hon Fai

- Mr. Wong has more than 27 years of experience in the property field covering project management of property development projects in Hong Kong. He is a chartered building professional, a corporate project manager of a building professional institute, an accredited professional of a green building institute and the senior official of various non-profit making organisations.

SingXpress Land – Advisory Team

Wu Pak Lai

- Mr. Wu Pak Lai is a Registered Architect in Hong Kong by profession and is an Authorised Person under the Buildings Ordinance. Since 1995, Mr. Wu has been actively involved in property development and the building industry. Mr. Wu completed a number of prestigious residential, commercial buildings and planning projects in Hong Kong and Greater China. Mr. Wu holds degrees in Bachelor of Arts, Bachelor of Law and Master of Architecture, and holds the professional credential of LEED AP by the U.S. Green Building Council.

Alvin Lo

- Mr. Alvin Lo is a Registered Architect in Hong Kong by profession and is an Authorised Person under the Buildings Ordinance. In pursuit of design excellence Mr. Lo has been in charge of a number of award-winning design projects from urban planning to architectural design. Moreover, Mr. Lo has an extensive record of managing complex construction projects such as airport planning, commercial development and mixed-use projects in Hong Kong and Asia. Mr. Lo holds degrees in Bachelor of Arts and Master of Architecture.

Sample Project Level Feasibility Study

REVENUE

Sale price x Saleable area \$357,170,788

COSTS

Land	\$141,480,000
Loan Interest	\$5,110,772
Property Tax	\$2,458,445
Legal Fees, Insurance, etc.	\$565,920
Construction Cost	\$98,040,475
Provisional Items	\$9,337,188
Utilities	\$705,774
Showflat	\$1,500,000
C-o-W & Resident Engineer	\$863,690
Marketing/Misc+Brochure	\$1,000,000
Consultants	\$3,617,694
Stamp Duty	\$4,239,000
Development Charges	\$0
DC on balcony	\$12,751,574
Submission Fees	\$200,000
Sales Commission	\$2,857,366
Management Charge	\$1,960,810
GST	\$8,233,709
Total :	\$294,922,417

PROFIT

Gross Profit	\$62,248,372
% Profit	21.11%
Land Price (psf)	\$303
Breakeven	\$590
Capital (inclusive of construction equity)	\$55,000,000

Assumptions

Financing ratio	70%
Interest Rate	2.00%
Construction Cost (per ft2 of GFA)	\$210.00
Construction Period (mth)	30
Development Period (mth)	39

AREA INFORMATION

Site Area (m2)	12,392.20
Site Area (ft2)	133,388
Plot Ratio	3.50
Max GFA (m2)	43,372.70
Max GFA (ft2)	466,859
No. of Unit (Approx)	670
% Balcony	10%
Efficiency	107%
Gross Saleable Area (m2)	46,409
Gross Saleable Area (ft2)	499,540
Construction Cost	\$98,040,475

Simplified Cash-based IRR Analysis

Profit	\$62,248,372
Profit after tax	\$51,043,665
Land Bid psf	\$303
Selling Price psf	\$715
Total Return on Investment	92.8%
Annualized IRR	23.4%

Sample IRR Sensitivity Analysis

IRR After Tax Analysis Land Bid Price vs. Final Sale Price

	Sale Price PSF														
	680	685	690	695	700	705	710	715	720	725	730	735	740	745	750
280.0	21.6%	22.4%	23.2%	23.9%	24.7%	25.4%	26.1%	26.8%	27.5%	28.2%	28.9%	29.6%	30.3%	31.0%	31.6%
282.5	21.2%	22.0%	22.8%	23.5%	24.3%	25.0%	25.7%	26.5%	27.2%	27.9%	28.6%	29.3%	30.0%	30.6%	31.3%
285.0	20.8%	21.6%	22.4%	23.1%	23.9%	24.6%	25.4%	26.1%	26.8%	27.5%	28.2%	28.9%	29.6%	30.3%	31.0%
287.5	20.4%	21.2%	22.0%	22.8%	23.5%	24.3%	25.0%	25.7%	26.5%	27.2%	27.9%	28.6%	29.3%	29.9%	30.6%
290.0	20.0%	20.8%	21.6%	22.4%	23.1%	23.9%	24.6%	25.4%	26.1%	26.8%	27.5%	28.2%	28.9%	29.6%	30.3%
292.5	19.6%	20.4%	21.2%	22.0%	22.7%	23.5%	24.2%	25.0%	25.7%	26.4%	27.2%	27.9%	28.6%	29.2%	29.9%
295.0	19.2%	20.0%	20.8%	21.6%	22.3%	23.1%	23.9%	24.6%	25.3%	26.1%	26.8%	27.5%	28.2%	28.9%	29.6%
297.5	18.8%	19.6%	20.4%	21.2%	21.9%	22.7%	23.5%	24.2%	25.0%	25.7%	26.4%	27.1%	27.8%	28.5%	29.2%
300.0	18.3%	19.2%	20.0%	20.8%	21.6%	22.3%	23.1%	23.8%	24.6%	25.3%	26.1%	26.8%	27.5%	28.2%	28.9%
302.5	17.9%	18.7%	19.6%	20.4%	21.2%	21.9%	22.7%	23.5%	24.2%	25.0%	25.7%	26.4%	27.1%	27.8%	28.5%
305.0	17.5%	18.3%	19.1%	20.0%	20.7%	21.5%	22.3%	23.1%	23.8%	24.6%	25.3%	26.0%	26.8%	27.5%	28.2%
307.5	17.1%	17.9%	18.7%	19.5%	20.3%	21.1%	21.9%	22.7%	23.4%	24.2%	24.9%	25.7%	26.4%	27.1%	27.8%
310.0	16.6%	17.5%	18.3%	19.1%	19.9%	20.7%	21.5%	22.3%	23.1%	23.8%	24.6%	25.3%	26.0%	26.7%	27.5%
312.5	16.2%	17.0%	17.9%	18.7%	19.5%	20.3%	21.1%	21.9%	22.7%	23.4%	24.2%	24.9%	25.7%	26.4%	27.1%
315.0	15.7%	16.6%	17.5%	18.3%	19.1%	19.9%	20.7%	21.5%	22.3%	23.0%	23.8%	24.5%	25.3%	26.0%	26.7%
317.5	15.3%	16.2%	17.0%	17.9%	18.7%	19.5%	20.3%	21.1%	21.9%	22.7%	23.4%	24.2%	24.9%	25.6%	26.4%
320.0	14.9%	15.7%	16.6%	17.4%	18.3%	19.1%	19.9%	20.7%	21.5%	22.3%	23.0%	23.8%	24.5%	25.3%	26.0%
322.5	14.4%	15.3%	16.2%	17.0%	17.8%	18.7%	19.5%	20.3%	21.1%	21.9%	22.6%	23.4%	24.1%	24.9%	25.6%
325.0	14.0%	14.8%	15.7%	16.6%	17.4%	18.3%	19.1%	19.9%	20.7%	21.5%	22.2%	23.0%	23.8%	24.5%	25.2%
327.5	13.5%	14.4%	15.3%	16.1%	17.0%	17.8%	18.7%	19.5%	20.3%	21.1%	21.8%	22.6%	23.4%	24.1%	24.9%
330.0	13.0%	13.9%	14.8%	15.7%	16.6%	17.4%	18.2%	19.1%	19.9%	20.7%	21.4%	22.2%	23.0%	23.7%	24.5%
332.5	12.6%	13.5%	14.4%	15.2%	16.1%	17.0%	17.8%	18.6%	19.5%	20.3%	21.0%	21.8%	22.6%	23.4%	24.1%
335.0	12.1%	13.0%	13.9%	14.8%	15.7%	16.5%	17.4%	18.2%	19.0%	19.8%	20.6%	21.4%	22.2%	23.0%	23.7%
337.5	11.6%	12.5%	13.5%	14.3%	15.2%	16.1%	16.9%	17.8%	18.6%	19.4%	20.2%	21.0%	21.8%	22.6%	23.3%
340.0	11.1%	12.1%	13.0%	13.9%	14.8%	15.7%	16.5%	17.4%	18.2%	19.0%	19.8%	20.6%	21.4%	22.2%	23.0%
342.5	10.6%	11.6%	12.5%	13.4%	14.3%	15.2%	16.1%	16.9%	17.8%	18.6%	19.4%	20.2%	21.0%	21.8%	22.6%
345.0	10.2%	11.1%	12.0%	13.0%	13.9%	14.8%	15.6%	16.5%	17.3%	18.2%	19.0%	19.8%	20.6%	21.4%	22.2%
347.5	9.7%	10.6%	11.6%	12.5%	13.4%	14.3%	15.2%	16.1%	16.9%	17.8%	18.6%	19.4%	20.2%	21.0%	21.8%
350.0	9.2%	10.1%	11.1%	12.0%	12.9%	13.9%	14.7%	15.6%	16.5%	17.3%	18.2%	19.0%	19.8%	20.6%	21.4%

Recent Tender Opportunities

Location	Fernvale Lane	Punggol Central/ Edgefield Plains	Woodlands Ave 5 / Woonlands Dr 16	Tampines Ave 9 / Tampines Ave 7
Status	Confirmed	Confirmed	Confirmed	Confirmed
Tender Date	April 3, 2012	March 29, 2012	May 3, 2012	May 10, 2012
Land Size (sqft)	236,804.72	142,533.41	277,708.62	223,889.10
GFA (sqft)	828816.53	427600.23	777,584.14	625,397.66
Plot Ratio	3.5	3.0	2.8	2.8
Potential No. of Units	770	395	720	580
Approximate Project Quantum	S\$550 million	S\$300 million	S\$500 million	S\$500 million
Project Equity Requirement	S\$95 million	S\$50 million	S\$85 million	S\$85 million

Overall Approach:

1. Feasibility study and pre-negotiate agreements. Ascertain optimal utilization, cost, financing, demand and project revenue.
2. Apply a target returns to the feasibility study to reverse tender pricing.
3. Execute project with a goal of:
 1. minimizing equity consumption,
 2. minimizing time to pre-sales (IE time to project de-risking) and
 3. shortening time to completion and investor return.
4. Consistently target:
 1. 3.5 years investment horizon
 2. 20-25% investor IRR and equity multiplier of ~1.8-2.0x

Risk Factors

Macro Economic

- Government policy
- Currency
- Overall global, country, market and segment economic performance – while tender bidding will include an adjustment for conservative forecasted declines when appropriate, actual economic performance may differ from what is forecasted

Pricing

- Land supply – the government is expected to continue to release land for tender increasing supply and introducing pricing competition depending on the outcome of such tenders
- Sales forecast – there is an estimated 7 to 9 month period from tender to pre-sale launching which requires forecasting a project's sale price

Leverage

- Due to bank borrowing the project's profitability is interest rate and loan quantum sensitive
- Project performance is also amplified on an investor return basis due to the effect of leverage

Variations

- Delay in construction, while partially mitigated by a contractor's commitments and penalties, may still impact a project's performance.
- Overruns and cost variations, while partially mitigated by contractor's commitments and penalties, may still impact a project's performance.

*non-exhaustive list

Further Reference

- SingXpress Land Limited
 - Stock code 5CE.SI
 - www.singxpressland.com
 - www.pasirrisone.com
- Xpress Group Limited
 - Stock code: 185.hk
 - www.xpressgroup.com
- Singapore Government Housing and Development Board
 - www.hdb.gov.sg

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