



# BUSINESS UPDATE BRIEFING

3<sup>rd</sup> September 2014

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*Prospective investors should consult his or her own professional or other advisor for business or legal advice and should rely on their own investigation of the financial condition and affairs of any company or entity as well as the terms and conditions of any financial instrument to make their own appraisal and determination of the merits of investing in any company, entity or financial instrument, and shall be deemed to have done so.*

## **Section 1**

- Proposed increase in land bank in Pun Hlaing Golf Estate ("PHGE") and purchase of operating rights in the Golf and Country Club at PHGE
- Automotive division to be expanded with the proposed acquisition of the established New Holland tractors and farm equipment business
- Commencement of the redevelopment of former Burma Railway Headquarters into Yangon's leading luxury hotel
- Proposed 1 for 3 Rights Issue at S\$0.38 per share

## **Section 2**

- Acquisition of land adjacent to Star City for the development into an international school
- Increased in interest in the telecommunication business

**Section 1 is related to the announcement dated 3<sup>rd</sup> of September 2014 and Section 2 is related to the announcement dated 28<sup>th</sup> August 2014**

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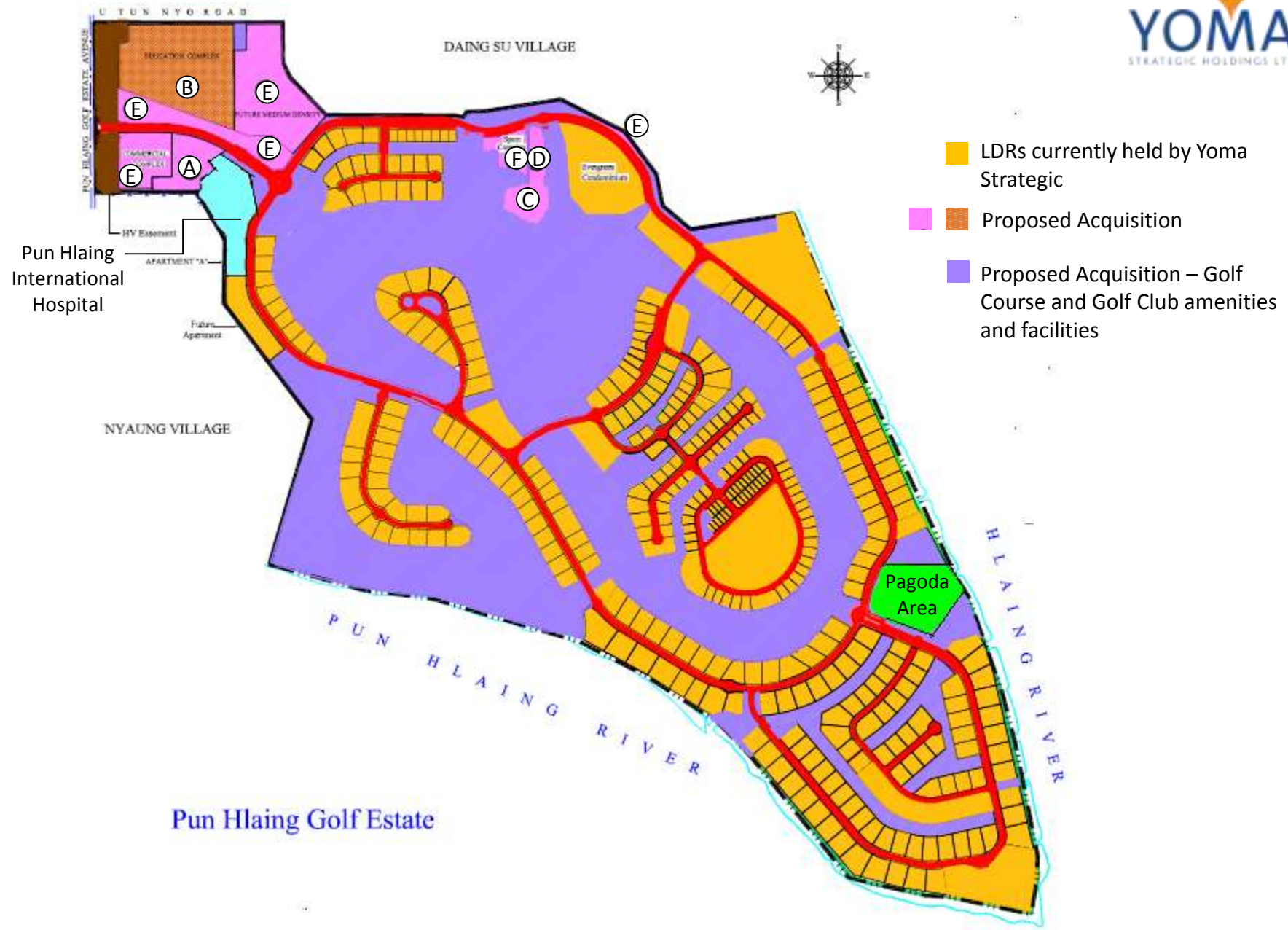
# Section 1

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## **Increase in land bank in PHGE and purchase of operating rights in the Golf and Country Club at PHGE**

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Pun Hlaing Golf Estate

## Proposed Acquisition

### LDRs adjacent to Pun Hlaing Hospital

(A) 100% interest in 0.18 million sq ft (4.02 acres) of LDRs

- Currently comprises a utilities building and an open space carpark plan for future development

### LDRs for International School

(B) 100% interest in 0.52 million sq ft (12 acres) of LDRs

- Plan for more educational facilities which is adjacent to the Early Years Centre managed by Harrow International Management Services

### LDRs for Pun Hlaing hotel

(C) 20% interest in 1.0 million sq ft (2.19 acres) of LDRs

- 80% interest was acquired on 10 Dec 2013

(D) 100% interest in 0.07 million sq ft (1.6 acres) of LDRs

- Earmarked for further hotel developments

### LDRs for residential and commercial developments

(E) 70% interest in 1.02 million sq ft (23.45 acres) of LDRs

- Plan for future residential and commercial developments

### PHGE Golf & Country Club

(F) 70% interest in the operating rights of the PHGE Golf & Country Club

- Comprises the golf course and related facilities

## Valuation of the Proposed Acquisition

### LDRs adjacent to Pun Hlaing Hospital

(A) 100% interest in 0.18 million sq ft (4.02 acres) of LDRs

Valuation: US\$11.7 million  
(c. S\$14.6 million)

### LDRs for International School

(B) 100% interest in 0.52 million sq ft (12 acres) of LDRs

Valuation: US\$5.1 million  
(c. S\$6.4 million)\*

### LDRs for Pun Hlaing hotel

(C) 20% interest in 1.0 million sq ft (2.19 acres) of LDRs

Valuation: US\$0.6 million  
(c. S\$0.8 million)\*

### LDRs for residential and commercial developments

(E) 70% interest in 1.02 million sq ft (23.45 acres) of LDRs

Valuation: US\$45.1 million  
(c. S\$56.2 million)

### PHGE Golf & Country Club

(F) 70% interest in the operating rights of the PHGE Golf & Country Club

Valuation: US\$11.1 million  
(c. S\$13.9 million)

(D) 100% interest in 0.07 million sq ft (1.6 acres) of LDRs

Valuation: US\$2.5 million  
(c. S\$3.1 million)

(G) Cost in relation to the businesses, infrastructure and facilities:  
US\$2.2 million  
(c. S\$2.7 million)

Valuation is based on the average values arrived at by the independent valuers appointed by Yoma Strategic, Jones Lang La Salle (“JLLS”), and SPA Group, Robert Khan & Co Pte Ltd (“RKPL”) on 1 July 2014 taking into account the percentage interest except for (B) and (C)

\*Valuation for (B) is solely based upon the Company’s independent valuer, JLLS and (C) is based on the Company’s announcement dated 10 December 2013



## Total aggregate consideration

- SPA Group has agreed to a discount factor of 2% to the proposed acquisitions in relation to A,D, E and F.
- Acquisitions B and C are not included as the valuation for these LDRs were solely based on valuations commissioned by the Company's independent valuer, JLLS.
- Subject to adjustments depending on completion accounts and land survey.
- Taking into consideration the 2% discount, the total aggregate consideration is US\$76.8 million (c. S\$95.9 million).

## Rationale

- Provide the opportunity to expand the number of developments in one of the most desirable locations in Myanmar.
- Develop commercial developments, including the extension of the Pun Hlaing hotel and the international school which will add value to the estate.
- The rights to manage and further develop the PHGE Golf and Country Club will help to enhance the quality of life on the estate.

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**Automotive division to be expanded with the acquisition of the established New Holland tractors and farm equipment business**

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- Acquire an 100% interest in in Convenience Prosperity Co, Ltd ("CPCL") from SPA and FMI.
- CPCL is an authorised dealer of New Holland tractors and farm equipment in Myanmar.
- For the financial year ended 31 March 2014, CPCL posted a net income of S\$0.4 million and maintained a stock of 176 tractors and 306 units of implements for tractors.
- CPCL offers significant synergies to a number of Yoma Strategic's existing businesses including the Agriculture Division and the leasing business, Yoma Fleet.
- The acquisition price for CPCL will amount to US\$11.8 million (c.S\$14.8 million) comprising:
  - A shareholders' loan amounting to US\$9.6 million(c.S\$12.0 million) which was advanced by the shareholders to CPCL to acquire tractors and implements for tractors.
  - JLLS valuation of CPCL at US\$2.2 million (c.S\$2.8 million)

## About CPCL:

- Developing a broad customer base consisting of government ministries, agribusinesses, village collectives and individual farmers.
- Strong presence with branches and/or dealerships in 10 cities throughout the country.



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## **Commencement of the redevelopment of former Burma Railway Headquarters into Yangon's leading luxury hotel**

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# LANDMARK DEVELOPMENT



# LANDMARK DEVELOPMENT



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**Proposed 1 for 3 Rights Issue at S\$0.38 per share**

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- Proposed 1 for 3 renounceable non-underwritten rights issue of up to 430.7 million Rights Shares at an issue price of S\$0.38 for each Rights Share.
- The Issue Price of S\$0.38 represents a discount of 46.48% to the closing price of S\$0.71 per Share on the SGX-ST as at 2nd Sept 2014.
- Net proceeds of the Proposed Rights Issue will amount to c. S\$163.9 million, which will be used to fund the following:
  - US\$43.2 million (c. S\$54.0 million) to satisfy the First Payment of the Proposed Variations to the Proposed Landmark Acquisition
  - US\$76.8 million (c. S\$95.9 million) to satisfy the Proposed PHGE and PHGE Golf and Country Club Acquisition
  - US\$11.8 million (c. S\$14.8 million) to satisfy the Proposed CPCL Acquisition
- The shortfall of c. S\$0.8 million will be funded out of the Company's internal resources.

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# Section 2

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## **Acquisition of land adjacent to Star City for the development into an international school**

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## Further updates on the development of an international school in the vicinity of Star City

- Acquired a 70% effective interest in 20.3 acres (884,268 sq ft) of LDRs from Pun Hlaing Links Services Co., Ltd, a subsidiary within the SPA Group.
- The land near Star City will be develop into an international school to be opened with Education Index Management, overseen by Dulwich College International with Dulwich College in London as educational adviser.
- The valuation by JLLS was US\$8.0 million and the 70% effective interest was US\$5.6 million.
- The consideration was funded by proceeds from the placement which was completed in July 2014.



Based on the latest development plan and subject to change



Based on the latest development plan and subject to change

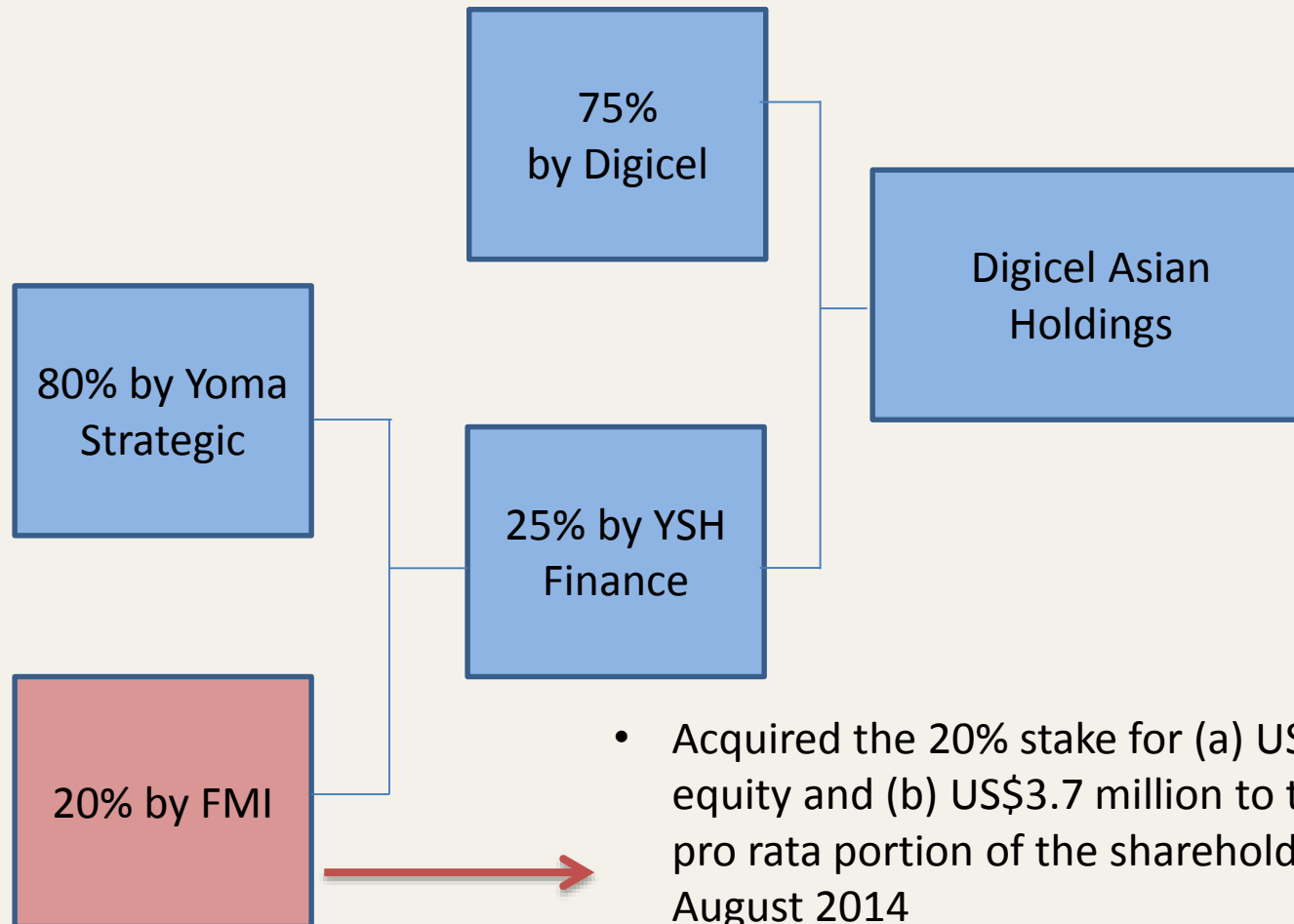
The international school will be a full-service international school catering for ages 2 to 18. These buildings and facilities will include modern state of the art classrooms, a performing art centre, swimming pool, gymnasium and sporting grounds.

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## Increased interest in the Telecommunication business

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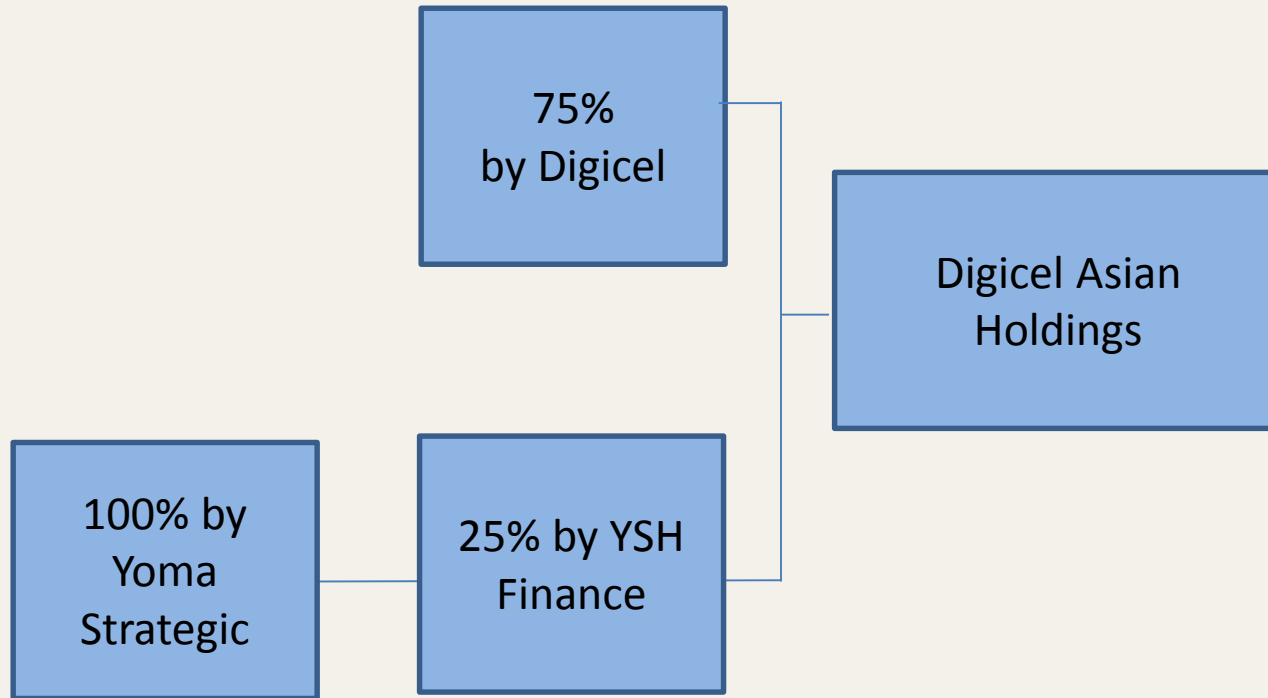
## Increased interest in the Telecom Business (Pre- Acquisition)



- Acquired the 20% stake for (a) US\$2 for the equity and (b) US\$3.7 million to take over FMI's pro rata portion of the shareholders' loan on 28 August 2014
- Funded by the proceeds of the placement which was completed in July 2014



## Increasing its interest in the Telecom Business (Post-Acquisition)



- YSH Finance is a wholly-owned subsidiary of Yoma Strategic
- Part of Yoma Strategic's restructuring process to consolidate its interest in some of the joint venture businesses held within the SPA Group



# QUESTIONS & ANSWERS

Thank You