



GOODLAND GROUP LIMITED

良園集團

Incorporated in the Republic of Singapore
Company Registration No. 200405522N

Corporate and Business Update

The Board of Directors (“Directors” or the “Board”) of Goodland Group Limited (“Goodland”, the “Company”, or together with its subsidiaries, the “Group”) wishes to provide a corporate and business update. This update takes into account the operating environment in Singapore’s property market as well as the Group’s expansion to the region, in particular, the recently completed S\$62.7 million acquisition of a significant project in Ipoh, Malaysia (“Ipoh Project”).

I. Review of Singapore Property Projects And Operating Environment

Established 21 years ago, Goodland has carved a niche as a boutique developer of residential, commercial and industrial properties. The Group’s notable recent projects include residential developments such as “*The Shoreline Residences I/II*”, “*Suites@Topaz*”, “*Royce Residences*” and “*OneRobey*”.

The Group’s ongoing residential development projects in Singapore include, “*The Citron Residences*”, which was 98%-sold within three months of its launch, and its freehold condominium development, “*The Bently Residences@Kovan*”, which has achieved 60% sales to date. Existing commercial and industrial projects include “*The Citron*” (comprising strata-titled freehold shops) and an 8-storey industrial building at Kim Chuan Lane. The ongoing projects will keep the Group relatively busy till at least the financial year ending 30 September (“FY”) 2016.

The local property market remains constrained by property cooling measures introduced by the Government, high land prices, increasing construction costs and shortage of workers. The Group will continue to exercise prudence when evaluating and exploring development opportunities in Singapore.

The Singapore property business currently accounts for 100% of the Group’s revenue.

II. Strategic Review of Group’s Business

The Directors have reviewed the Group’s business direction, taking into account the challenges faced in the Singapore market and opportunities in the regional market. Accordingly, it has outlined three key initiatives:

- a. Drive internal efficiencies by emphasising cost management and prudent land acquisitions in Singapore;
- b. Grow the regional business by selective land acquisitions at attractive prices relative to potential disposal values upon completion; and
- c. Develop new revenue streams – such as leasing and management income of commercial projects – as part of the Ipoh Project.



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A. Developing Internal Efficiencies

Goodland has an experienced building and civil engineering management team with in-house construction capabilities – a differentiator from many other boutique developers that outsource most of their construction. This allows the Group flexibility to manage its construction and project schedules. At the same time, the Group is equipped to undertake third-party construction projects.

The Group will continue to improve cost and project management efficiencies in Singapore and the region. This tight internal control and risk management has allowed the Group to remain profitable consistently for all local projects since its listing on SGX in 2009.

B. Regional Expansion of Property Business

Since 2006, the Group has been expanding within the region by acquiring land parcels via direct investment, joint-ventures or partnerships. Apart from the latest acquisition of the sizeable Ipoh Project (explained below), it has invested in Cambodia, Myanmar and Penang (Malaysia).

The Group believes that regional projects will contribute more significantly to the Group's revenue in the coming years.

C. Acquisition of 70%-Stake in T-City Project in Ipoh, Malaysia

On 1 October 2014, Goodland completed a S\$62.7 million acquisition of Citrine Assets Pte Ltd ("Citrine Assets"), which owns 70% of the proposed T-City development ("T-City") in Ipoh, the capital of Perak state. As Ipoh's current capital values are significantly lower than the major Malaysian cities – Klang Valley, Penang and Johor – and the Group believes there is room for significant capital appreciation. Ipoh is also highly accessible via major highways, high-speed rail connection as well as an international airport. The Directors believe that this project will drive development profits as well as capital appreciation which will enhance shareholder value over the medium to longer term.

The acquisition was satisfied by S\$55.0 million worth of new ordinary shares at S\$0.38 each, S\$2.2 million in cash, a S\$3.0 million Convertible Bond and a S\$2.5 million Corporate Bond.

About T-City

Spanning approximately 204.13 acres, T-City – to be built next to the North-South Expressway – will be one of the largest integrated modern townships in Perak upon completion in 15 years and will serve as a major catalyst for economic growth in the northern region of peninsular Malaysia. T-City will have a built-up space of more than 30 million sq ft and an estimated total Gross Development Value ("GDV") of approximately S\$4.0 billion equivalent. The project is expected to be completed by 2030. It will comprise high-rise residential and commercial office towers, retail malls, shopping streets, shop offices, serviced apartments, motorsports facilities,



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motorsports theme park, hotels, motorsports ancillary commercial facilities and about 25,000 parking lots.

Goodland's Participation in T-City

Through its wholly-owned Citrine Assets, Goodland owns 51.33 acres land (the "Land") within T-City. The Land parcel has been independently valued at approximately S\$147.5 million (as at date of acquisition), zoned for both commercial and residential developments.

The master plan for the Land has an approved plot ratio of 6 times, and will have a built-up space of more than 12 million sq ft and a total GDV of about S\$1.8 billion equivalent. It is expected to generate income in the form of construction and development and sale of properties.

As T-City is intended to be a lifestyle development catering to international motor-sport events, Goodland is exploring opportunities to develop new revenue streams such as rental of car showrooms, retail complex and F&B outlets.

The Group intends to finalise and unveil its development plan for T-City by the first quarter of 2015 and begin construction by third quarter of 2015. Development activities are expected to scale up by 2016, and the Group will finance the rest of its development costs through a combination of capital and debt.

Outlook

In view of the above, the Directors expect:

1. The Singapore property market to remain challenging until cooling measures are eased. As such, the Group will remain cautious in acquiring land sites and will manage carefully the schedule of its existing project pipeline.
2. While Singapore property development accounted for 100% of the Group's revenue in FY2014, the Group expects regional developments to account for approximately 25% of the Group's revenue by FY2016.
3. The T-City Project, the major catalyst for regional expansion, will begin revenue contribution by FY2016 and will gather momentum thereafter, largely from construction activity and development sales, while recurring income from rentals will commence from FY2018.
4. As the T-City project has an appraised value of \$147.5 million, the Group expects its Net Asset Value to increase significantly from 1H 2015 compared to S\$0.46 as at the end of FY2014.

BY ORDER OF THE BOARD

Alvin Tan Chee Tiong
Chief Executive Officer
17 December 2014