

# Shaping the Future, Melaka and Beyond

Corporate Presentation | 4Q FY2018



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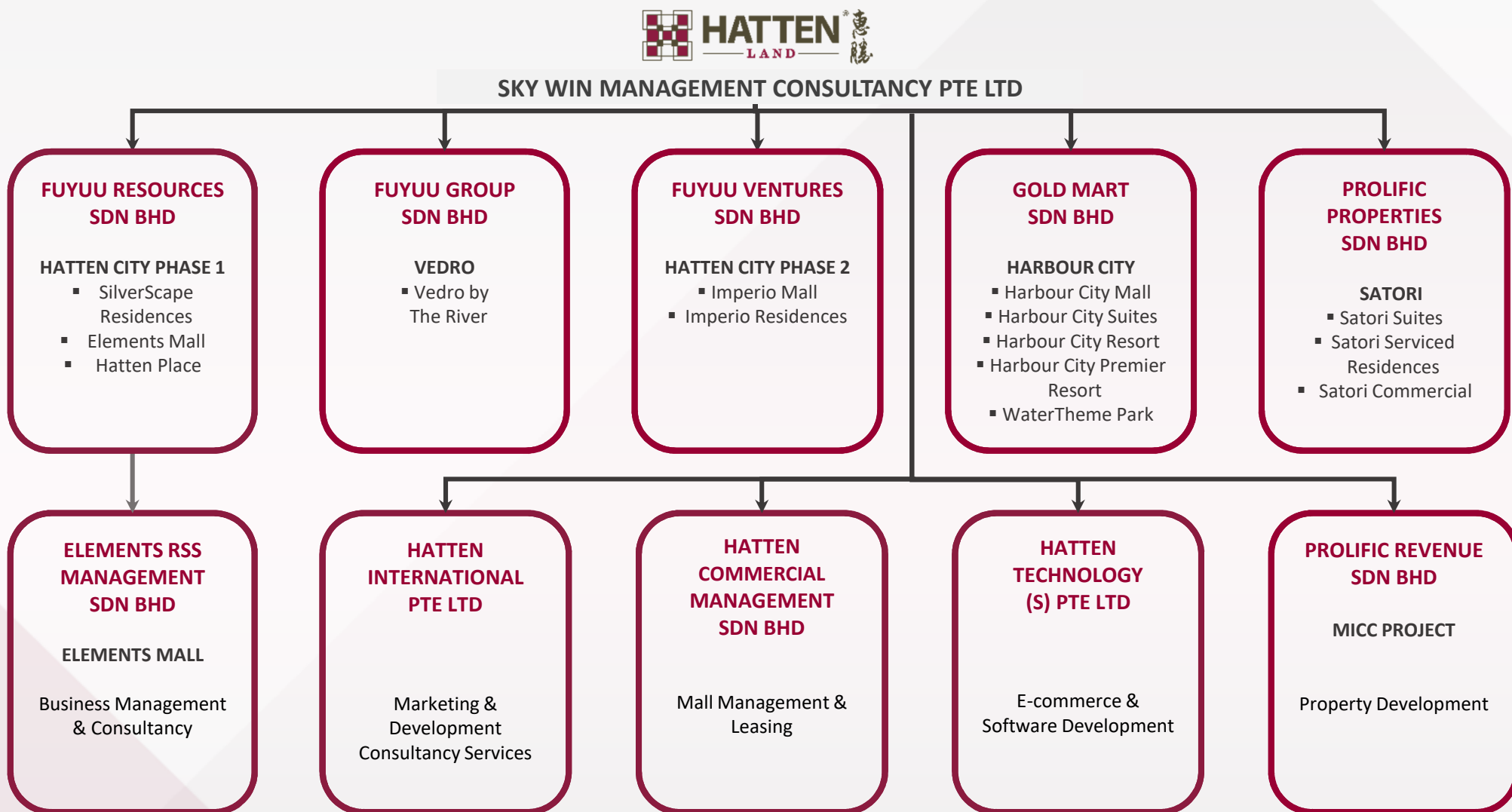
## 1. OVERVIEW

- Corporate Profile
- Group Structure

## CORPORATE PROFILE

- Hatten Land Limited (“Hatten Land”), is one of the leading property developers in Malaysia specialising in integrated residential, hotel and commercial developments.
- Headquartered in Melaka, it is the property development arm of the Hatten Group conglomerate (82.6%-stake), which is a leading brand in Malaysia with core businesses in property development, property investment, hospitality, retail and education.
- It has an established track record as a visionary developer, winning over 50 awards and accolades for its quality developments, innovative designs and avant-garde architectural concepts.
- Hatten Land’s current development portfolio comprises five integrated mixed-use development projects and retail malls in Melaka, Malaysia.
- Hatten Land Limited began trading on the Catalist board of SGX-ST on 28 February 2017 after the completion of the reverse takeover of VGO Corporation Limited.

# GROUP STRUCTURE



**NOTE :** All subsidiaries above are 100% owned.

## 2. PROJECTS PORTFOLIO

- Completed Projects
- Ongoing Projects

## COMPLETED PROJECTS



The mixed development, **Hatten City Phase 1**, integrates four distinct components: Elements Mall, SilverScape Residences, Hatten Place and a hotel which is managed by Hilton Worldwide as part of its DoubleTree brand.

- Location : **Jalan Syed Abdul Aziz, Bandar Hilir, Melaka**  
(Fronting the Melaka Straits)
- Land Size : **Approximately 6 acres**
- Estimated GDV : **RM2.3b**
- Developer : **Fuyuu Resources Sdn Bhd**



PROJECT	TOTAL DEVELOPMENT		SALES		BALANCE UNSOLD		COMPLETION DATE
	GDV * (RM'mil)	UNITS	GDV ** (RM'mil)	UNITS	GDV * (RM'mil)	UNITS	
Hatten Place	273	582	225	574	8	8	Nov-15
Elements Mall	1,406	1,251	446	865	752	386	Nov-15
SilverScape (Tower A & B)	633	747	361	693	61	54	Mar-16
<b>Total</b>	<b>2,312</b>	<b>2,580</b>	<b>1,032</b>	<b>2,132</b>	<b>821</b>	<b>448</b>	

### NOTE

\* GDV as per LIST PRICE

\*\* GDV as per SPA (discounted)

## COMPLETED PROJECTS



**Vedro by the River** is a retail mall which features an eclectic mix of tenants ranging from fashion house to retailers of novelty gadgets and chic accessories.

- Location : **Kee Ann Road, along Melaka River**
- Land Size : **Approximately 2 acres**
- Estimated GDV : **RM293m**
- Developer : **Fuyuu Group Sdn Bhd**

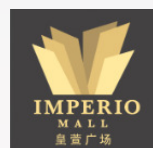
PROJECT	TOTAL DEVELOPMENT		SALES		BALANCE UNSOLD		COMPLETION DATE
	GDV * (RM'mil)	UNITS	GDV ** (RM'mil)	UNITS	GDV * (RM'mil)	UNITS	
Vedro by The River	293	736	153	518	110	218	Jul-17
<b>Total</b>	<b>293</b>	<b>736</b>	<b>153</b>	<b>518</b>	<b>110</b>	<b>218</b>	

### NOTE

\* GDV as per LIST PRICE

\*\* GDV as per SPA (discounted)

## ONGOING PROJECTS



**Hatten City Phase 2** is a mixed development which comprises Imperio Mall and Imperio Residences. It utilizes an iconic “cascading steps” design which functions as an outdoor jogging route with views of the coast and surrounding city. Imperio Residences will also feature 10 Cabana Villa units each of which will measure approximately 3,930 square feet across 3 storey along with two private car parks, its own lift and pool. Imperio Mall and Imperio Residences will be connected to the rest of Hatten City via an air-conditioned link bridge.

- Location : **Jalan Syed Abdul Aziz, Bandar Hilir, Melaka (Fronting the Melaka Straits)**
- Land Size : **Approximately 4 acres**
- Estimated GDV : **RM1.6b**
- Developer : **Fuyuu Ventures Sdn Bhd**

PROJECT	TOTAL DEVELOPMENT		SALES		BALANCE UNSOLD		COMPLETION DATE
	GDV * (RM'mil)	UNITS	GDV ** (RM'mil)	UNITS	GDV * (RM'mil)	UNITS	
Imperio Mall	952	784	326	597	422	187	2QFY19
Imperio Residence A	333	494	152	290	137	204	2QFY19
Imperio Residence B	328	456	189	369	81	87	2QFY19
<b>Total</b>	<b>1,613</b>	<b>1,734</b>	<b>667</b>	<b>1,256</b>	<b>640</b>	<b>478</b>	

### NOTE

\* GDV as per LIST PRICE

\*\* GDV as per SPA (discounted)

## ONGOING PROJECTS



@ PULAU MELAKA

**Harbour City** is a mixed development which consists of Harbour City Mall, a water theme park and three hotel blocks. By incorporating the elements of retail, hotels and the theme park, Harbour City aims to change Malacca's tourism and entertainment landscape.

- Location : Pulau Melaka (Fronting the Melaka Straits)
- Land Size : Approximately 6 acres
- Estimated GDV : RM2.2b
- Developer : Gold Mart Sdn Bhd

PROJECT	TOTAL DEVELOPMENT		SALES		BALANCE UNSOLD		COMPLETION DATE
	GDV * (RM'mil)	UNITS	GDV ** (RM'mil)	UNITS	GDV * (RM'mil)	UNITS	
Harbour City Mall	1,069	1,792	370	878	604	914	1QFY20
Harbour City Suites	341	717	241	707	12	10	1QFY20
Harbour City Resort	507	576	330	517	110	59	1QFY20
Harbour City Premier Resort	245	291	44	81	190	210	1QFY20
<b>Total</b>	<b>2,162</b>	<b>3,376</b>	<b>985</b>	<b>2,183</b>	<b>916</b>	<b>1,193</b>	

### NOTE

\* GDV as per LIST PRICE

\*\* GDV as per SPA (discounted)

## ONGOING PROJECTS



### SATORI

SANCTUARY IN THE CITY

**Satori** is Melaka's first wellness-themed integrated development that comprises a hotel, serviced residences and retail mall, which seeks to make a definitive statement on the wellness theme.

- Location : PN14975, No. Lot 850, Kawasan Bandar XXXIX, Daerah Melaka Tengah, Melaka
- Land Size : Approximately 2 acres
- Estimated GDV : RM243m
- Developer : Prolific Properties Sdn Bhd

PROJECT	TOTAL DEVELOPMENT		SALES		BALANCE UNSOLD		COMPLETION DATE
	GDV * (RM'mil)	UNITS	GDV ** (RM'mil)	UNITS	GDV * (RM'mil)	UNITS	
Satori Suites	174	336	113	257	41	79	4QFY20
Satori Serviced Residences	69	192	8	25	59	167	4QFY20
<b>Total</b>	<b>243</b>	<b>528</b>	<b>121</b>	<b>282</b>	<b>100</b>	<b>246</b>	

#### NOTE

\* GDV as per LIST PRICE

\*\* GDV as per SPA (discounted)

### **3. FY2018 FINANCIAL RESULTS**

- **Financial Results Highlights**
- **Quarterly Financial Snapshots**
- **Financial Position**

## FY2018 FINANCIAL RESULTS HIGHLIGHTS

RM '000	4QFY18	4QFY17	% CHANGE	3QFY18	% CHANGE	FY2018	FY2017	% CHANGE
Revenue	50.1	130.0	-61.5%	85.5	-41.4%	235.5	462.4	-49.1%
Gross Profit ("GP")	17.7	73.0	-75.7%	4.3	>100%	77.4	180.3	-57.1%
Gross Profit Margin	35.3%	56.1%	-37.1%	5.0%	>100%	32.9%	39.0%	-15.6%
Profit Before Tax ("PBT")	4.0	62.1	-93.6%	(17.0)	N.M	7.4	30.4	-75.7%
Profit After Tax ("PAT")	2.6	59.7	-95.6%	(13.2)	N.M	3.2	8.7	-63.2%
Earnings Per Share (sen)	0.2 ^	4.4 ^	-95.7%	(1.0)	N.M	0.23 #	0.69 #	-66.7%
PBT Margin	8.0%	47.7%		-19.9%		3.1%	6.6%	
PAT Margin	5.2%	45.9%		-15.4%		1.4%	1.9%	

### Revenue decreased by 49.1% arise from

- Lower revenue recognised for Hatten City Phase 2 project due to lower percentage of works completed in FY2018.
- Lower sales from Hatten City Phase 1 project in FY2018.
- Provision of liquidated damages arising from late delivery and handover of the property units to the buyers, ie. for Hatten City Phase 2 project.

### GP margin decreased by 15.6% due to

- Lower revenue recognised for Hatten City Phase 1 and 2.

### PAT decreased by 63.2% due to

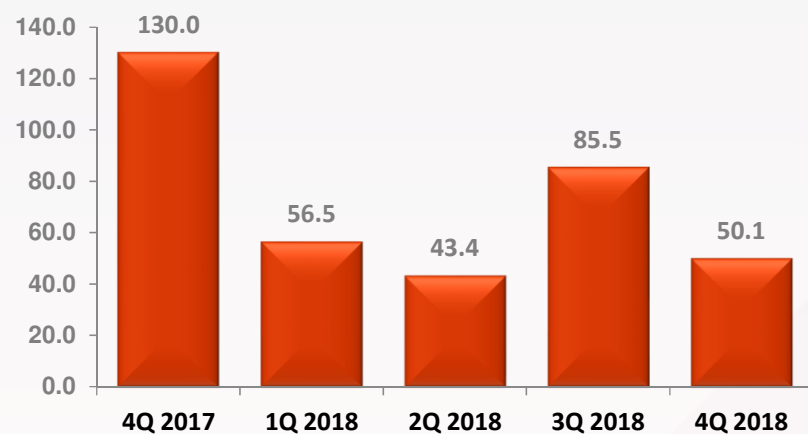
- General and admin expenses increased by RM9.9m which is attributed from income tax penalty paid to Malaysian Inland Revenue Board, one-off costs in relation to the issuance of shares to employees, professional fees and corporate expenses incurred subsequent to the RTO which was completed in January 2017.
- Higher selling and distribution expenses by RM5.8m due to sales and marketing efforts for the new projects, namely Harbour City and Satori under the current challenging property market in Malaysia.

**NOTE** : ^ Based on shares issued at the end of financial period of 1,378m shares for FY2018 and 1,375m shares for FY2017.

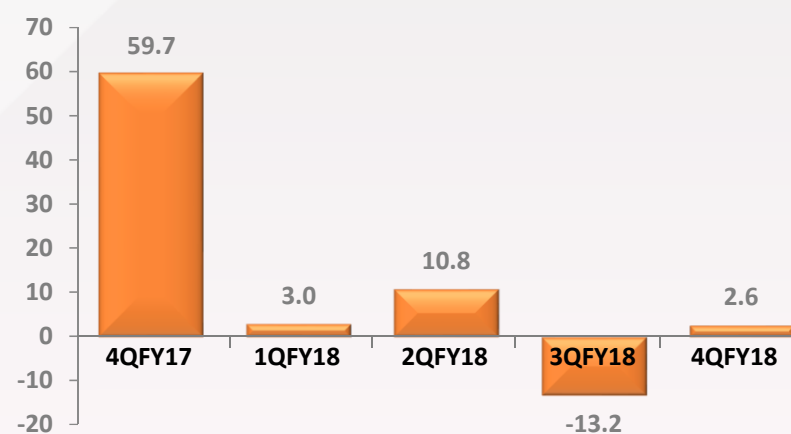
# Based on weighted average share base of 1,376m shares for FY2018 and 1,261m shares for FY2017.

## QUARTERLY FINANCIAL SNAPSOTS

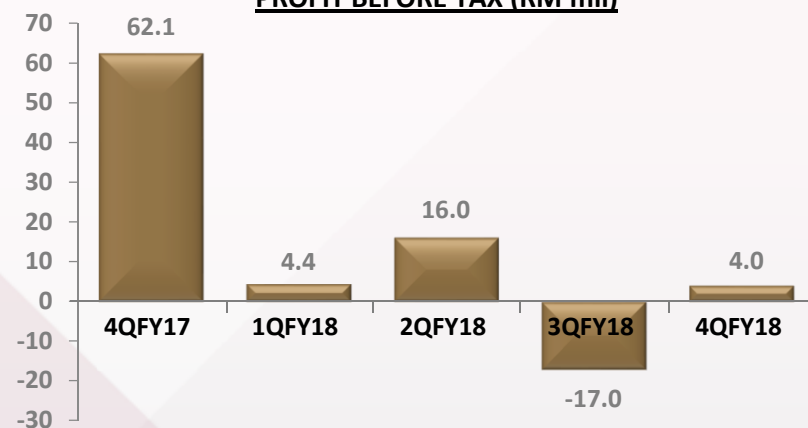
**REVENUE (RM 'mil)**



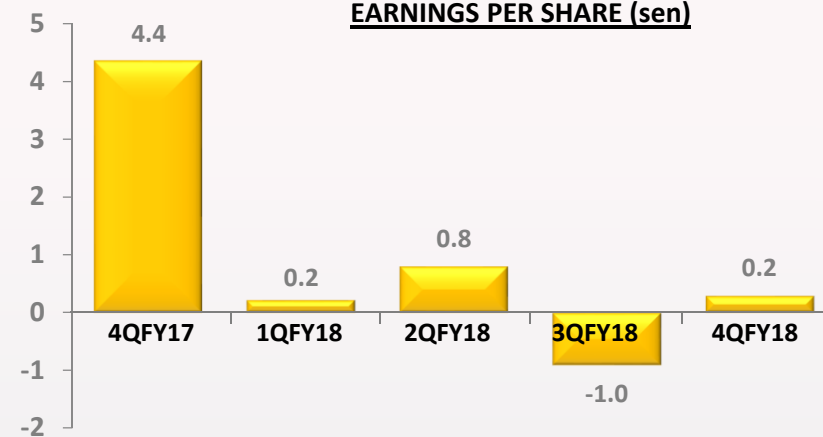
**PROFIT AFTER TAX (RM 'mil)**



**PROFIT BEFORE TAX (RM' mil)**



**EARNINGS PER SHARE (sen)**



## FINANCIAL POSITION

RM 'mil	30 Jun 2018 (UNAUDITED)	30 Jun 2017 (AUDITED)	% CHANGE
<b>Current Assets</b>	1,236.7	1,135.8	8.9%
<b>Non-Current Assets</b>	232.5	156.6	48.5%
<b>Total Assets</b>	1,469.2	1,292.4	13.7%
<b>Current Liabilities</b>	800.9	579.5	38.2%
<b>Non-Current Liabilities</b>	438.1	485.5	-9.8%
<b>Total Liabilities</b>	1,239.0	1,065.0	16.3%
<b>Net Assets</b>	230.2	227.4	1.2%
<b>Cash and bank balances</b>	59.5	83.6	-28.8%
<b>Net Gearing Ratio<sup>1</sup> (times)</b>	1.9	1.6	
<b>Total No. of Shares (RM'000)</b>	1,378.0	1,375.0	
<b>Net Asset / Share</b>	16.7	16.5	

**NOTE :** <sup>1</sup> The net gearing ratio is computed as borrowings net off cash & cash equivalents divided by total equity.

### Current Assets of RM1,236.7m

Comprises development properties of RM604.0m mainly attributable to development costs and construction services fees.

Trade Receivables of **RM428.5m** arose from:

- Accrued billings of RM278.9m from Hatten City Phase 2.
- Amount billed of RM149.6m, due from purchasers for the new and ongoing projects.

### Current liabilities of RM800.9m

- These comprise of trade and other payables and progress billings of RM515.7m. It includes the guaranteed rental return ("GRR") commitment of RM138.0m given to purchasers, calculated at 6% per annum of the purchase price.

### Increase in Net Gearing Ratio to 1.9 times

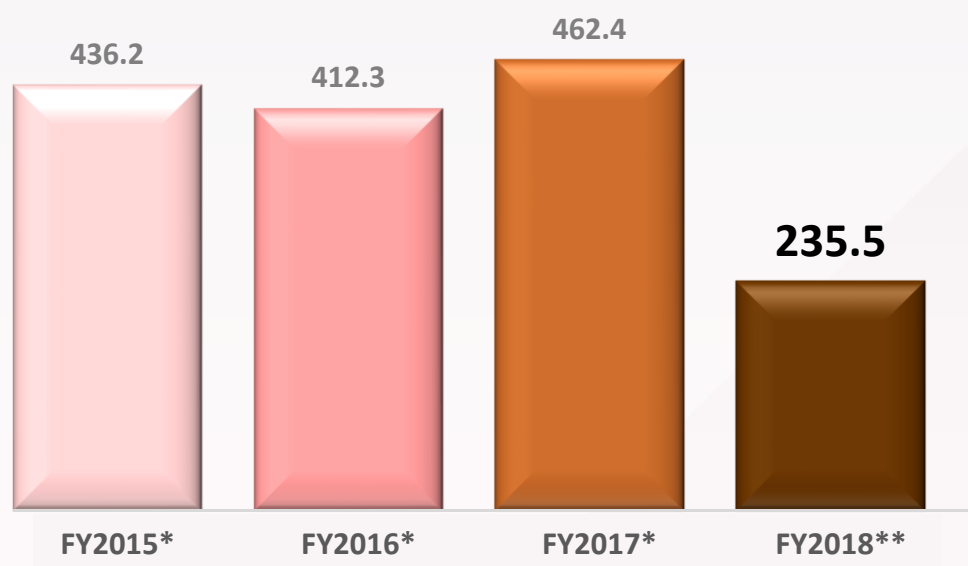
- Issuance of medium-term loan notes programme to finance the investment activities, working capital, capital expenditures and other general corporate purposes.
- Issuance of convertible loan to finance the completion of Hatten City Project and other approved development projects.
- Issuance of guaranteed secured bonds to finance the completion of Hatten City Phase 2 project and working capital purposes.

## **4. PROJECTS SALES AND PROGRESS**

- **Sales Achieved**
- **Future Sales**
- **Unbilled Sales**

## SALES ACHIEVED TO DATE

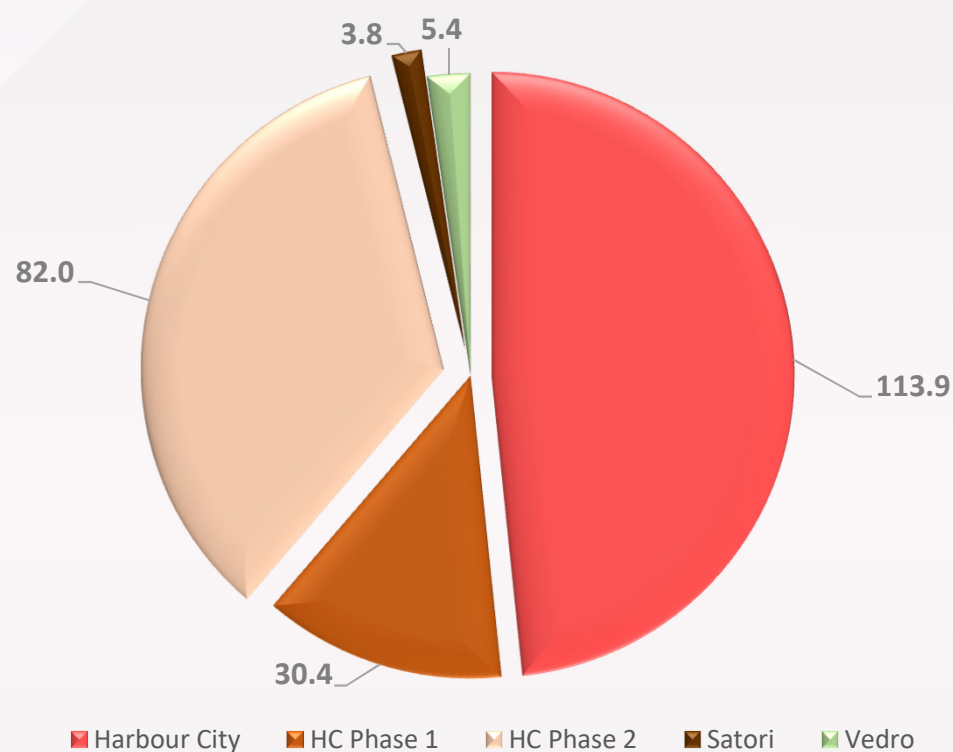
SALES (RM' mil)



### Chalked Up RM235.5m New Sales in FY2018

- In terms of value of new sales, 48.4% was from Harbour City, 34.8% from Imperio and 12.9% was from Hatten City Phase 1. The remaining projects constitute 3.9%.

BREAKDOWN of FY2018 SALES (RM'mil)



### NOTE

- \* Revenue achieved per Audited Accounts.
- \*\* Revenue achieved per Unaudited Accounts

## FUTURE SALES

EXISTING PROJECTS		TOTAL GDV * (RM'mil)	SALES ** GDV (RM'mil)	BALANCE UNSOLD * GDV (RM'mil)
HC PHASE 1	Elements Mall	1,406	446	752
	Hatten Place	273	225	8
	SilverScape Residences	633	361	61
VEDRO by The River	Vedro by The River	293	153	110
HC PHASE 2	Imperio Mall	952	326	422
	Imperio Residences	661	341	218
HARBOUR CITY	Harbour City Mall	1,069	370	604
	Harbour City Suites	341	241	12
	Harbour City Resort	507	330	110
	Harbour City Premier Resort	245	44	190
SATORI	Satori Suites	174	113	41
	Satori Serviced Residences	69	8	59
TOTAL		6,623	2,958	2, 587

### NOTE

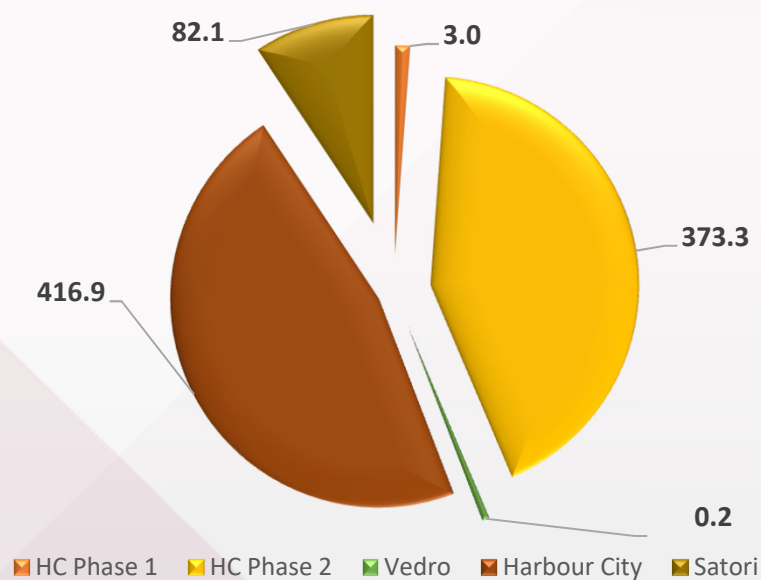
\* GDV as per LIST PRICE

\*\* GDV as per SPA (discounted)

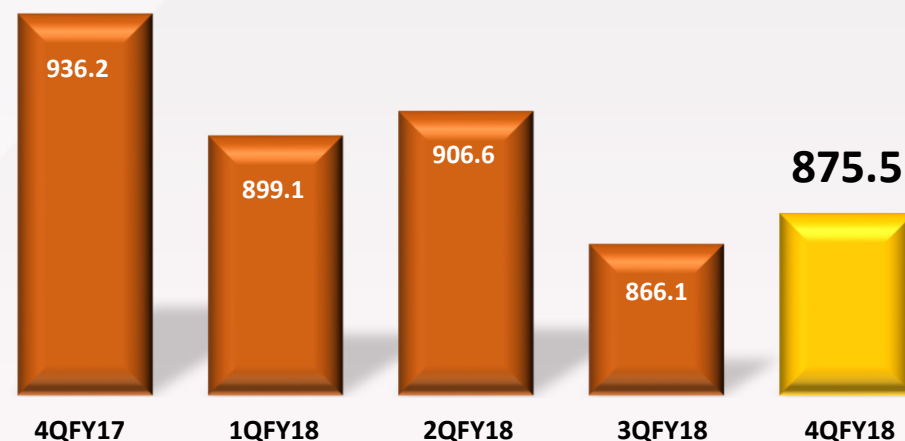
## UNBILLED SALES STOOD AT RM875.5m

Strong unbilled sales driven by steady sales across ongoing and new projects, especially for Hatten City Phase 2 and Harbour City.

**BREAKDOWN of FY2018 UNBILLED SALES (RM 'mil)**



**UNBILLED SALES (RM'mil)**



### Unbilled sales to translate into strong cash inflows in 2Q FY19

- Hatten City Phase 2 which is expected to complete in 2Q FY19 allows immediate conversion of sales into billings.

## **5. PROSPECTS AND OUTLOOK**

- **Outlook**
- **Access to Land Bank for Future Development**

# OUTLOOK

## **Clear Earnings Visibility**

- Unbilled Sales of RM875.5m to be recognized in FY2019 and beyond.
- Harbour City Premier Resort Hotel (GDV RM245m) and Satori Serviced Residences (GDV69m) were launched end June 2018 with reasonable take-up rate.

## **New Recurring Income Stream**

- New mall management arm complements core property development business and provides an alternative revenue stream. Revenue contribution from maiden project, Elements Mall, to commence from 1HFY2019.
- Splash World @ Harbour City, Melaka's largest water theme park unveiled in August 2018, will further boost recurring income after completion expected by end 2019.

## **Growth in Melaka**

- Tourists arrival is expected to be 17.8m in 2018 as compared to 16.7m recorded in 2017.
- Melaka's growth is anchored by numerous mega infrastructure and tourism projects which will bolster the value of the Hatten Land's properties and underpin demand for its projects.

## **Access to large land bank for future development**

- Land bank amounting to 201.77 acres.

## **Expansion of business outside Melaka**

- In addition to the growing existing business in Melaka, the Group will explore opportunities to expand outside Melaka. Maiden project in Seremban announced August 2018.

## ACCESS TO LAND BANKS & DEVELOPMENT RIGHTS FOR FUTURE DEVELOPMENT

### EXISTING LAND

COMPANY - PROJECT	TENURE	LAND SIZE (acres)	ESTIMATED GDV (RM 'mil)
<b>Melaka</b>			
Prolific Revenue - MICC	Leasehold	9.34	942

### ACQUISITION PENDING COMPLETION

COMPANY - PROJECT	TENURE	LAND SIZE (acres)	ESTIMATED GDV (RM 'mil)
<b>Melaka</b>			
Prolific Acres – Movie Town (PT976)	Leasehold	8.86	1,200
<b>Kuala Lumpur</b>			
Admiral Merger – Cyberjaya	Freehold	25.55	3,000
<b>Seremban</b>			
Velvet Valley - UniCity Project	Freehold	1.96	299

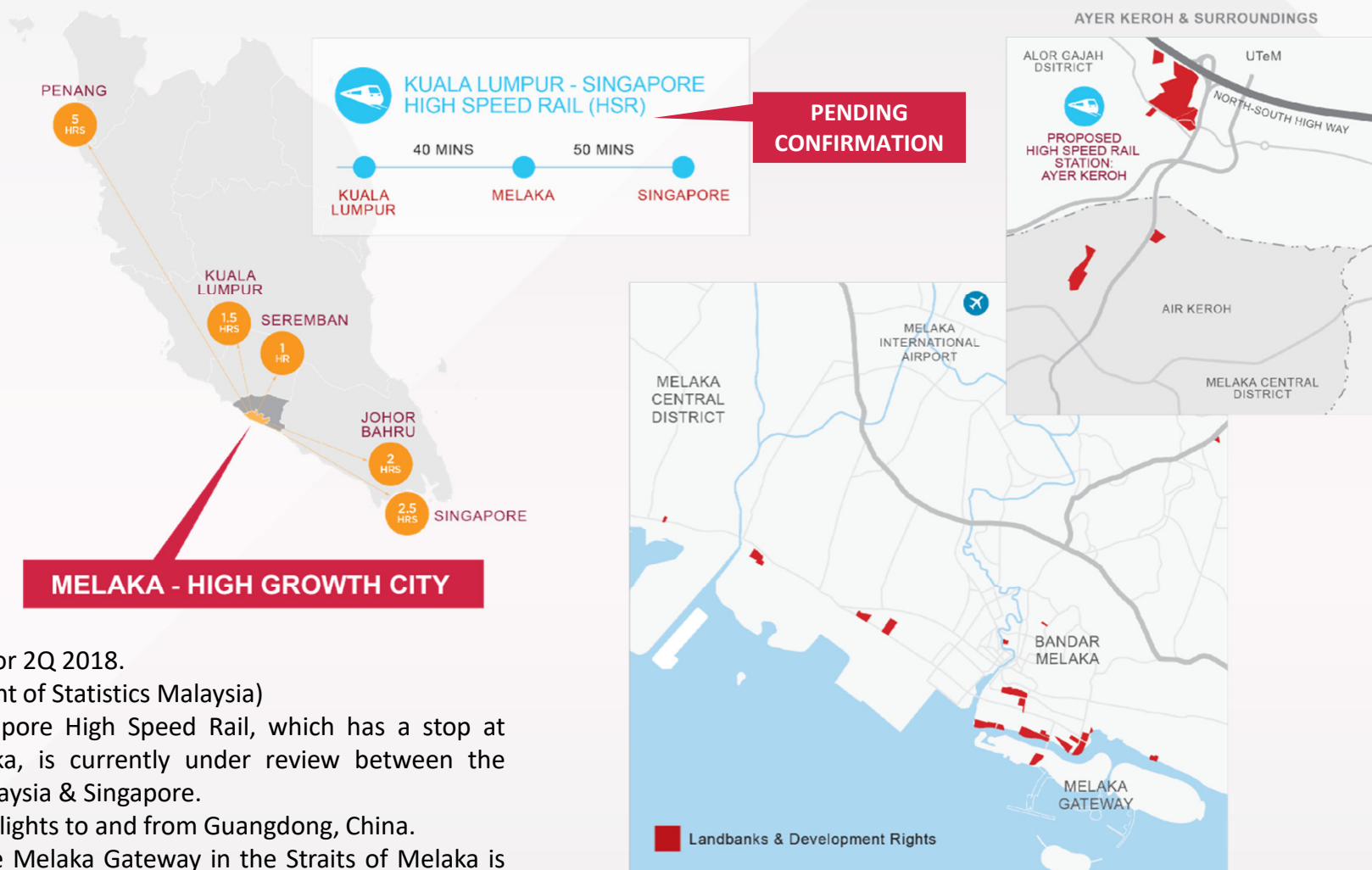
### LAND UNDER ROFR

COMPANY - PROJECT	TENURE	LAND SIZE (acres)	ESTIMATED GDV (RM 'mil)
<b>Johor Bahru</b>			
Fuyuu Land	Freehold	0.86	361

### LAND UNDER ROFR

COMPANY-PROJECT	TENURE	LAND SIZE (acres)	ESTIMATED GDV (RM 'mil)
<b>Melaka</b>			
Mayatrade	Freehold	11.83	4,968
Mayatrade	Leasehold	0.97	407
Prolific Assets	Freehold	0.26	109
Prolific Resources	Freehold	0.91	382
Prolific Synergy	Freehold	0.81	340
Fuyuu Success	Leasehold	2.00	840
Fuyuu Assets	Freehold	6.06	2,545
Fuyuu Properties	Freehold	8.63	3,625
Prolific Acres	Leasehold	10.51	4,414
Prolific Holdings	Leasehold	2.95	1,239
Prolific Holdings	Freehold	16.92	5,867
Rico Land	Freehold	3.42	1,436
Egah Group	Leasehold	66.00	15,000
Prolific Hectares	Leasehold	17.97	7,540
Pavilion Hectares	Leasehold	5.96	2,503
<b>Total</b>		<b>156.06</b>	<b>51,576</b>

## ACCESS TO LAND BANK FOR FUTURE DEVELOPMENT



- 4.5% GDP growth for 2Q 2018.  
(Source: Department of Statistics Malaysia)
- Upcoming KL-Singapore High Speed Rail, which has a stop at Ayer Keroh, Melaka, is currently under review between the government of Malaysia & Singapore.
- Weekly scheduled flights to and from Guangdong, China.
- Construction of the Melaka Gateway in the Straits of Melaka is currently under review by the State Authority.

## **APPENDIX**

- **Upcoming Projects**

## UPCOMING PROJECTS



**The MICC** (Melaka International Convention Centre) Project is slated to be developed into an integrated mixed development that will comprise a shopping mall, cineplex, convention hall, an auditorium, meeting rooms, a hotel block and a serviced apartment block.

- Location : **Kawasan Bandar I, Daerah Melaka Tengah, Melaka**
- Land Size : **Approximately 9.34 acres**
- Estimate GDV : **RM942m**
- Developer : **Prolific Revenue Sdn Bhd**

## UPCOMING PROJECTS



The **Cyberjaya Project** will be Hatten Land's first venture into medical tourism.

Slated to be developed over three phases, the integrated mixed development will include retail, commercial (offices), residential and hospitality units as well as a hospital.

- Location : **Cyberjaya (known as H.S.(D) 36153, PT No. 50494 and H.S.(D) 36152, PT No. 50493 Mukim Dengkil, Daerah Sepang), Negeri Selangor.**
- Land Size : **25.55 acres**
- Estimate GDV : **RM3.0b**
- Developer : **Admiral Merger Sdn Bhd**
- Target to first launch: **1Q FY2020**

## UPCOMING PROJECTS



The **Movie-Town Project** is slated to be developed into an integrated mixed development comprising a mix of retail, residential and hospitality units.

- Location : **Melaka (known as No. PN 54197, No. Lot 12057 and No. HS(D) 80587, No. PT976), Kawasan Bandar XL, Daerah Melaka Tengah**
- Land Size : **8.86 acres**
- Estimate GDV : **RM1.2b**
- Developer : **Prolific Acres Sdn Bhd**
- Target launch : **4Q FY2020**

## UPCOMING PROJECTS



The **Plot K to E Project** is 66 acres of leasehold land (Plot E, F, G, H, I, J & K) located at Kawasan Bandar XL, Daerah Melaka Tengah, Melaka.

- Project is at early conceptualization stage. This provides the Company with a strong pipeline of future developments.
- Company may consider acquiring selected plots of land at appropriate time.

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