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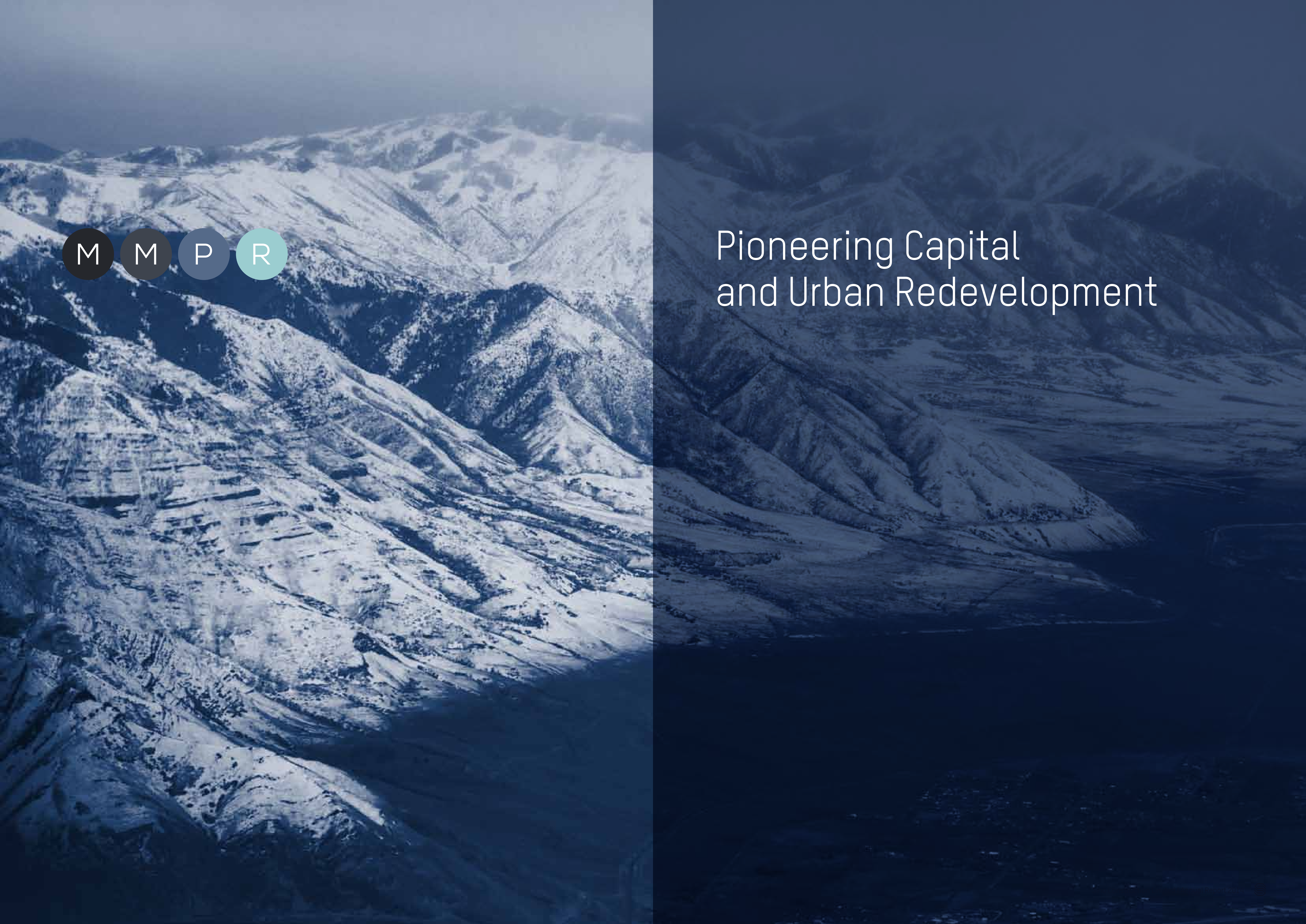

# Pioneering Capital and Urban Redevelopment

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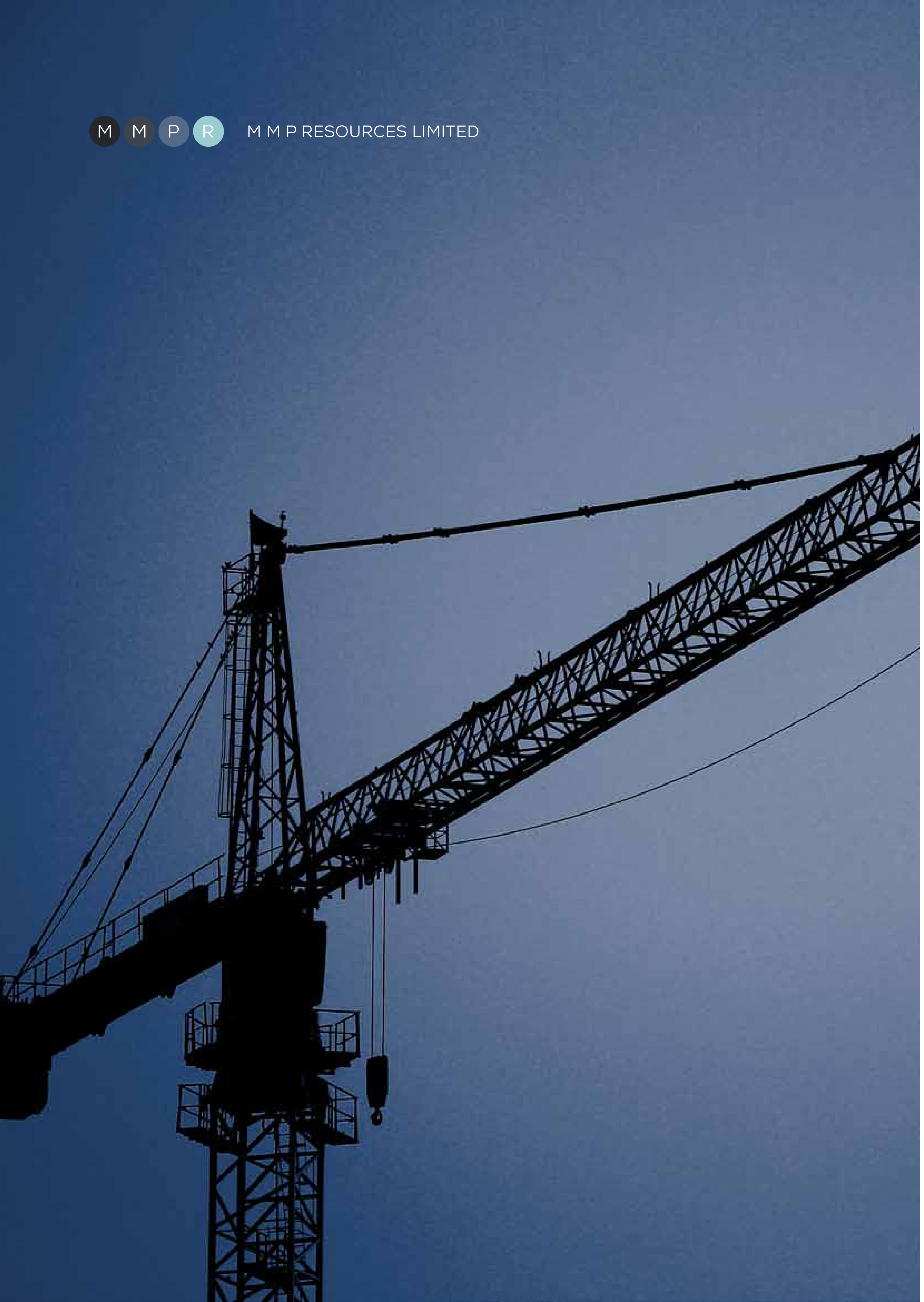


Pioneering Capital
and Urban Redevelopment

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# About

MMP Resources Limited ('MMPR'), representing 'Mechanism for Mass Produced', is a Singapore mainboard listed, construction focused, business creation platform that is aimed to deliver robust earnings and growth opportunities. By targeting undervalued or depressed regional and international cash flow generating assets, the Company is able to leverage on its expertise in construction, finance and redevelopment. This enables MMPR to unlock asset value through process engineering, value up strategies, brand redeployment & renewal, and global execution.

The Company has an experienced and well versed Board and Management Team, capable of leading and implementing core business initiatives within the construction sector. The Company has recently implemented an aggressive restructuring programme, which has resulted in the creation of an entity driven by growth, primed to capitalise on growth opportunities with low debt.

The Company aims to evaluate and capitalise on a broad range of acquisitions and/or partnership opportunities within the global construction sector, from:

**Retail**

**Food & Beverage**

**Urban Revitalisation**

**Energy Infrastructure**

**Capital Investment**

**Global Brand Execution**

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# Pioneering Capital and Urban Redevelopment

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## Mechanism

the agency or means by which an effect is produced or a purpose is accomplished.

## Mass

a considerable assemblage, number, or quantity.

## Produced

to bring into existence; give rise to; cause.

## Resources

a stock or supply of money, materials, staff, and other assets that can be drawn on by a person or organisation in order to function effectively.

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# Management

**Mr. Drew Madacsi**
**Interim Executive Director – Head of Global Operations**

Mr. Madacsi has over two decades of senior experience assisting private and international companies, providing key oversight, specialty skill sets in corporate restructuring, broad-based business strategy and established relationships within key markets; primarily Asia, North America and Africa. During this time, he has forged a proven track record of leading multidimensional corporate structures, with diversified investments, having built a reputation for developing business strategies, incubating new business models, and revenue-generating mechanisms.

Mr. Madacsi's personal career has spanned retail, services and operations, with international organisations such as Toyota and Oakley, through to High Net Worth private companies, allowing him to gain an unusually broad base of experience with which to realign corporate business structures.

Mr. Madacsi currently holds a number of leadership positions, including Senior Partner of Lighthouse Strategic Group Limited – a Development, Merger, Acquisition and Venture Capital (DMAV) firm, and as a Director of Allington Advisory Pte Ltd (Allington), a Singapore based corporate advisory firm.

Outside of his corporate career, Mr. Madacsi provides strategic assistance to internationally focussed brand development companies and existing retail operations, on global execution strategies, growth trends and partnership synergies. Additionally, he has created several successful brands, from concept through to profitable trading models, providing free carry equity opportunities for younger startup operators within this sector.





**Mr. Christopher Peck**
**Non Executive Director – Head of Corporate Acquisition**

Mr. Peck has been a senior banking professional for nearly 20 years, and previously held the most senior risk management positions for two and nine years respectively at two large United States Securities Exchange Commission and Japanese Securities and Exchange Surveillance Commission and FSA regulated institutions, namely Lehman Brothers and Deutsche Bank.

Mr. Peck also possesses a Certificate in Anti Money Laundering from the International Compliance Association. For 14 years, he was licenced Level 1 and 2 by the Japan Securities Dealers Association, and has served as the Internal Control Manager at Deutsche Securities Incorporated in Tokyo, Japan since 2010, responsible for the firm's trading and interface with the SESC and JSDA for all routine inspections, as well as ad hoc inquiries. In his lengthy career, he has advised stakeholders in various regulated bodies on compliance and reputational risk matters.

Currently, he is a substantial shareholder and a director of a registered fund management company in Singapore, which is regulated by the Monetary Authority of Singapore. The firm has large and diversified investments globally, including a comprehensive portfolio in energy and debt financing in Japan.

Outside of his corporate career, Mr. Peck founded and is the Representative Director of Annupuri Village K.K. in Niseko, which holds a Japanese Real Estate Licence, and is extremely active within the Hokkaido and Japanese real estate markets, with over 14 years experience. Mr. Peck has developed strong operating relationships with both regional and national regulatory authorities within Japan, holding steadfast in a vision of adding growth, within a Japanese context. By combining a strong knowledge of the Japanese debt and mezzanine finance markets, established relationships with regulatory authorities and operating property experience, Mr. Peck has an ability to secure assets within Japan, not normally available to the retail market.

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# Corporate Strategy

***"focusing on near term bankable cash flow, revenue that is sustainable and expandable"***

**– 2015 Corporate Mission Statement**

MMP Resources Limited, representing 'Mechanism for Mass-Produced', is a Singapore Mainboard construction focused business platform that is aimed to deliver robust earnings and growth opportunities, through construction, management and the multiplication of existing or near term cash flow based businesses, that have a global aspiration. A restructure in FY2015 has resulted in growth opportunities.

With diverse operational leadership, and a proven track record of successful regional and global execution and operation, the Company is focussed on revenue streams from overseeing capital construction and refurbishment opportunities. Additionally, it will target equity ownership and operating cash flow from depressed and undervalued assets. The Company is able to leverage on its expertise in construction, finance and redevelopment, to unlock asset value through – process engineering, value up strategies, brand redeployment & renewal, and global execution.

In addition, the Company is focused on acquisitions that will offer tenant synergy to retail, F&B and hospitality spaces that the Company intends to create as part of urban revitalisation opportunities. This allows a strong regional or global expansion of brands that succeed within these revitalised assets, providing further revenue and joint venture possibilities.

The Board believes that the success of the Company and its long-term growth lies in cash flow generation within the construction sector. Whether that materialises through urban revitalisation projects, power generation or other capital construction opportunities, the Company is focused on providing its shareholders with low capital and high revenue models.

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"THL companies based in the US will continue to seek out international growth opportunities, especially in the faster growing regions of Asia and Latin America. But for THL players, international expansion does not necessarily imply the kinds of "brick-and-mortar" organic capital investment that is common in other industries. Rather, THL players are increasingly using an "asset-light" strategy in which they expand their brand footprint globally without taking on huge capital investment and by exploring joint ventures with local partners. Hotel chains are using this approach in seeking entrée into newer markets through licensing agreements with local operators. Similarly, restaurants are using the asset-light franchise model that works so well for them domestically as they explore opportunities in foreign markets. At the same time, restaurants are collaborating with local companies in these foreign markets to assist with everything from site selection to designing menus and complying with local business standards"

- GUY LANGFORD, VICE CHAIRMAN AND U.S. TRAVEL, HOSPITALITY AND LEISURE LEADER, DELOITTE LLP





# Acquisition Strategy

With a constant focus on geopolitical instability, global health scares and stagnant economic growth in various regions, analysts and market pundits collectively, have been slow to see growth in other crucial industries, such as Travel, Hospitality, and Leisure ("THL"). The global THL industry is thriving in a cycle of precipitated growth, prevailing optimism and undervalued assets.

An increase in cross-border capital flows have intensified competition in Tier-1 Gateway markets: New York, London, Tokyo, San Francisco, Los Angeles, Sydney, Miami, Toronto, Vancouver, Bombay, Rome, Munich, Paris, Moscow, Dubai, Istanbul, Sao Paulo, Shanghai, Singapore, Hong Kong, and major industry players are seeking to strategically deploy and optimise their capital investments.

According to EY's **Global hospitality insights – Top 10 thoughts for 2016**, "cross-border capital flow from Asia into global lodging markets is anticipated to continue to increase. For the 11 months ending November 2015, overseas capital accounted for 35% of global hotel investments, with Asian investors representing approximately 33% of these transactions".

Mark Lunt, EY's US Southeast, Latin America and Caribbean Hospitality Leader, says: "Today's emerging traveler – millennials and millennial-minded guests – is not looking for their parents' hotels and experiences and they are more cost-conscious and experience-focused than ever before, whether traveling for business or leisure."

To meet these changing demands, innovative alternatives to traditional lodging, F&B and supporting service products are crucial.




# Pioneering Capital and Urban Redevelopment

MMPR is focused on construction opportunities, asset acquisitions and brand growth in Tier-1 markets, specifically focused within the THL industry. The Company is initially targeting Japan, where the country is undergoing economic, as well as significant immigration reform, resulting in unprecedented inbound tourism. The Company sees attractive opportunities to purchase, operate and value add to a broader portfolio of existing cashflow generating assets, while the market is still in transition.

"A record 19.73 million people visited Japan in 2015, marking the first time in 45 years that the number of incoming travellers surpassed the outbound figure, the tourism ministry said Tuesday. The announcement confirms once again that the nation is almost sure to achieve its target of attracting 20-million foreign visitors in a year by 2020. The success has sparked the government to think about revising the target upward. The 19.73-million visitors marked a 47.3 percent increase from 2014, when 13.41-million people entered Japan, and is nearly four times the 5.21-million who visited in 2003 when the "Visit Japan" campaign began. Spending by foreign visitors also reached a record ¥3.48 trillion, up 71.5 percent from 2014. This means the size of Japan's inbound tourism industry now equals that of its auto parts exports, tourism officials said".

– The Japan Times (19 Jan 2016)

The Company has reviewed possible transactions in THL areas such as Hokkaido. This region is known for being the "four season" resort area of Japan, with specific focus on the winter season, with cumulative snowfalls in peak season averaging 12 metres. According to Forbes, Niseko is the "second snowiest resort" in the world. Key Asian cities are a mere 5 hours away, allowing easy access to 50% of the world's population. Japan currently is caught in a unique paradox, with depressed property pricing, but all time highs in tourism numbers.

# ACQUISITIONS UNDER REVIEW

## NISEKO 1

### Ski Tour Operator, Niseko, Hokkaido (Japan)

Situated in Higashiyama, at the foothills of Mount Annupuri, approximately 800 metres to the Niseko Village Ski Resort and 1.7km to the Hilton Niseko Village. This 11-year-old tour business, specialising in backcountry ski, snowboard and snowmobile tours, that targets both domestic and international high net worth clientele, with a client list of over 6000 clients. Currently, the Ski Tour Operator consists of a freehold property of 1200sqm, with a 10-year-old two-storey office (1st Floor 190sqm, 2nd Floor 160sqm), and attached residence measuring 109sqm.

## FINANCIAL REVIEW

1 SGD (S$) = 80.20 JPY (¥)

| | JPY (¥) | SGD (S$) |
|---|---|---|
| **Purchase Consideration** | **100,000,000** | **1,246,883** |
| **FY2015/16 (Unaudited)** | | |
| Revenue | 145,000,000 | 1,807,980 |
| Expenses | 132,000,000 | 1,645,885 |
| **Profit** | **13,000,000** | **162,095** |
| Margin | 9% | 9% |
| **Valuation of Transaction** | | |
| Purchase Price | 100,000,000 | 1,246,883 |
| Land area (sqm) | 1,200 | 1,200 |
| Built-up (sqm) | 459 | 459 |
| **Acquisition Price (sqm)** | **83,333** | **1,039** |
| **Replacement - Cost Basis** | | |
| Land (Market Value - Non Developed ¥35,000 sqm) | 42,000,000 | 523,690 |
| Building Cost (1) | 43,706,790 | 544,972 |
| **Total** | **85,706,790** | **1,068,663** |
| **Replacement Cost (sqm)** | **71,422** | **890** |
| **Premium over Replacement** | **14,293,210** | **178,219** |

**POST ACQUISITION**
Upon acquisition, the subject property would be subject to an 18 month refurbishment programme to incorporate F&B, Lodging and Retail elements, and operations shall be process engineered to meet industry benchmarks, improving margins.

| | | |
|---|---|---|
| **Post Acquisition Refurbishment** | | |
| Property Refurbishment (2) | 86,334,400 | 1,076,489 |

| | ¥ | | | S$ | | |
|---|---|---|---|---|---|---|
| **Post Acquisition Revenue Forecast** | **Revenue** | **EBITDA** | **Margins** | **Revenue** | **EBITDA** | **Margins** |
| Total | 189,490,469 | 54,773,320 | 29% | 2,362,724 | 682,959 | 29% |

**Valuation of Subject Property - Post Acquisition**
Developed land in the surrounding area fetches a higher market value of ¥45,000 sqm, if earthworks are completed and zoning for split use is approved.

| **Replacement - Cost Basis** | ¥ | S$ |
|---|---|---|
| Land (Market Value ¥45,000 sqm) | 54,000,000 | 673,317 |
| Building Value (1) + (2) | 130,041,190 | 1,621,461 |
| Total | 184,041,190 | 2,294,778 |
| **Replacement Cost (sqm)** | **153,368** | **1,912** |

**FINANCIAL IMPACT ON MMP RESOURCES**
The purchase consideration shall be satisfied in cash, the cash portion shall also be raised via the issuance of shares in MMP.

| | ¥ | S$ |
|---|---|---|
| Purchase Consideration | 100,000,000 | 1,246,883 |
| Refurbishment Costs | 86,334,400 | 1,076,489 |
| Working Capital/Corporate | 54,265,566 | 676,628 |
| **Total Investment** | **240,599,966** | **3,000,000** |
| **Annual Average ROI** | **22.8%** | **22.8%** |

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## NISEKO 2

## Ski Lodge, Niseko, Hokkaido (Japan)

Situated in Higashiyama, at the foothills of Mount Annupuri, approximately 300 metres to the Niseko Village Ski Resort, 600 metres from the location of the Ski Tour Operator and 1.3km to the Hilton Niseko Village. This 10-year-old business, owned by the parent company of the Ski Tour Operator, is an operating lodge. The Ski Lodge currently, consists of a freehold property of 1600sqm, with a 30-year-old, split level property (1st Floor 198sqm, 2nd Floor and Basement 490sqm), F&B area, and 55sqm office housing a small peak season rental car business which operates during peak season.

# FINANCIAL REVIEW

| | 1 SGD (S$) = 80.20 JPY (¥) | |
|---|---|---|
| | **JPY (¥)** | **SGD (S$)** |
| **Purchase Consideration** | **40,000,000** | **498,753** |
| **FY2015/16 (Unaudited)** | | |
| Revenue - Accommodation | 31,600,000 | 394,015 |
| Revenue - Rental Vehicles | 22,250,000 | 277,431 |
| Expenses | 43,120,000 | 537,656 |
| **Profit** | **10,730 ,000** | **133,791** |
| Margin | 20% | 20% |
| **Valuation of Transaction** | | |
| Purchase Price | 40,000,000 | 498,753 |
| Land area (sqm) | 1,600 | 1,600 |
| Built-up (sqm) | 808 | 808 |
| **Acquisition Price (sqm)** | **25,000** | **312** |
| **Replacement - Cost Basis** | | |
| Land (Market Value - Non Developed ¥35,000 sqm) | 56,000,000 | 698,254 |
| Building Cost (1) | 91,390,000 | 1,139,526 |
| **Total** | **147,390,000** | **1,837,781** |
| **Replacement Cost (sqm)** | **92,119** | **1149** |
| **Premium over Replacement** | **(107,390,000)** | **(1,339,027)** |

**POST ACQUISITION**
Upon acquisition, the subject property would be subject to an 18 month refurbishment programme to incorporate F&B, Lodging and Retail elements, and operations shall be process engineered, streamlined to meet industry margins.

| **Post Acquisition Refurbishment** | | |
|---|---|---|
| Property Refurbishment (2) | 59,800,000 | 745,636 |

| | | ¥ | | | S$ | |
|---|---|---|---|---|---|---|
| **Post Acquisition Revenue Forecast** | **Revenue** | **EBITDA** | **Margins** | **Revenue** | **EBITDA** | **Margins** |
| Total | 93,448,669 | 37,770,034 | 40% | 1,165,195 | 470,948 | 40% |

**Valuation of Subject Property - Post Acquisition**
Developed land in the surrounding area fetches a higher market value of ¥45,000 sqm, if earthworks are completed and zoning for split use is approved.

| **Replacement - Cost Basis** | | |
|---|---|---|
| | ¥ | S$ |
| Land (Market Value ¥ 45,000 sqm) | 72,000,000 | 897,756 |
| Building Value (1) + (2) | 151,190,000 | 1,885,162 |
| **Total** | **223,190,000** | **2,782,918** |
| **Replacement Cost (sqm)** | **139,494** | **1,739** |

**FINANCIAL IMPACT ON MMP RESOURCES**
The purchase consideration shall be satisfied in shares. As ultimately, the cash portion shall also be raised via the issuance of shares in MMP, for the purposes of this document, we shall assume that it is an ALL SHARE exercise.

| | ¥ | S$ |
|---|---|---|
| Purchase Consideration | 40,000,000 | 498,753 |
| Refurbishment Costs | 59,800,000 | 745,636 |
| Working Capital/Corporate | - | - |
| **Total Investment** | **99,800,000** | **1,244,389** |
| **Annual Average ROI** | **37.8%** | **37.8%** |





# Additional Acquisitions Under Review

## GLOBAL 1

Global 1 is a potential acquisition of a global brand development and operational firm, which consists of an operational team of 5, and 30 consultants, and currently operates several international F&B businesses. The firm is divided into two halves, Brand Conceptualisation and Brand Activation, with a specific focus on incubating inception ideas related to global trends within F&B, Hospitality, Leisure and Apparel. The firm has a strong execution and project management team, having worked on transactions all over the globe.

**Reason for Acquisition:**
As the Company executes construction and refurbishment opportunities; there will be a requirement for synergic brands as anchor tenants. The partial acquisition allows the Company direct access to brand design and operational teams, significantly increasing margins and negating brand buyouts and increased valuation multiples. The Company is taking a “why buy, when you can create” position; brands created by the Company, operated by the Company, and owned wholly by the Company, allowing regional and international expansion.

| | |
|---|---|
| **Current Valuation:** | **Current Unaudited model – US$8.6m** |
| **Equity Stake:** | **18 – 20% ($1,548,000 – 1,720,000)** |
| **Payment:** | **US$350,000 Cash. Balance in Shares.** |
| **Expected ROI:** | **Internal Estimates Only** |




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## NISEKO 3

The company is considering a potential acquisition of an existing Ski Lift Operation, within the National Park area of Mt. Annupuri, Niseko. The Ski Lift Operation covers three (3) primary groomed runs, seven (7) powder runs – from Intermediate to Advanced. It has an attached restaurant in operation, although the company intends to overhaul the restaurant and ski lifts to model current consumer trends. A current extension to the lease is underway, allowing use until 2036.

**Reason for Acquisition:**
With the potential acquisition of Niseko 1 & 2 allowing access to a client base of over 6000, this acquisition would allow premium access for High Net Worth ("HNW") clients in peak season who wish to avoid resorts with high levels of human traffic. The three (3) groomed slopes would be turned into narrow angle powder runs, targeting the Asian HNW "beginner" powder experience market. The Company would purchase two (2) 12-seater luxury Snowcats, which would ferry clients to the top of the mountain, avoiding the open lift. The restaurant would be refurbished to a contemporary F&B concept, complete with separated children's area.

| | |
|---|---|
| **Current Valuation:** | **Current Unaudited model – US$12m** |
| **Equity Stake:** | **100%** |
| **Payment:** | **US$450,000 Cash. Refurbishment Allowance of US$1.4m** |
| **Expected ROI:** | **62%** |

## GLOBAL 2 – 5

The Company is in review and consultation with:

2. a 90 room hotel operator with a distressed 50 room hotel in Hokkaido, complete with ski in – ski out access.
3. a Singapore based F&B operator to rollout 15 Coffee Kiosk concepts at high value locations within Singapore and Hong Kong.
4. a US company with an operating business looking at expanding in 4 Tier-1 cities within Asia – Hong Kong, Singapore, Shanghai and Tokyo.
5. an operating 27 hole golf course company in Hokkaido, looking at diversifying into residential development with 'on grounds' property.

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