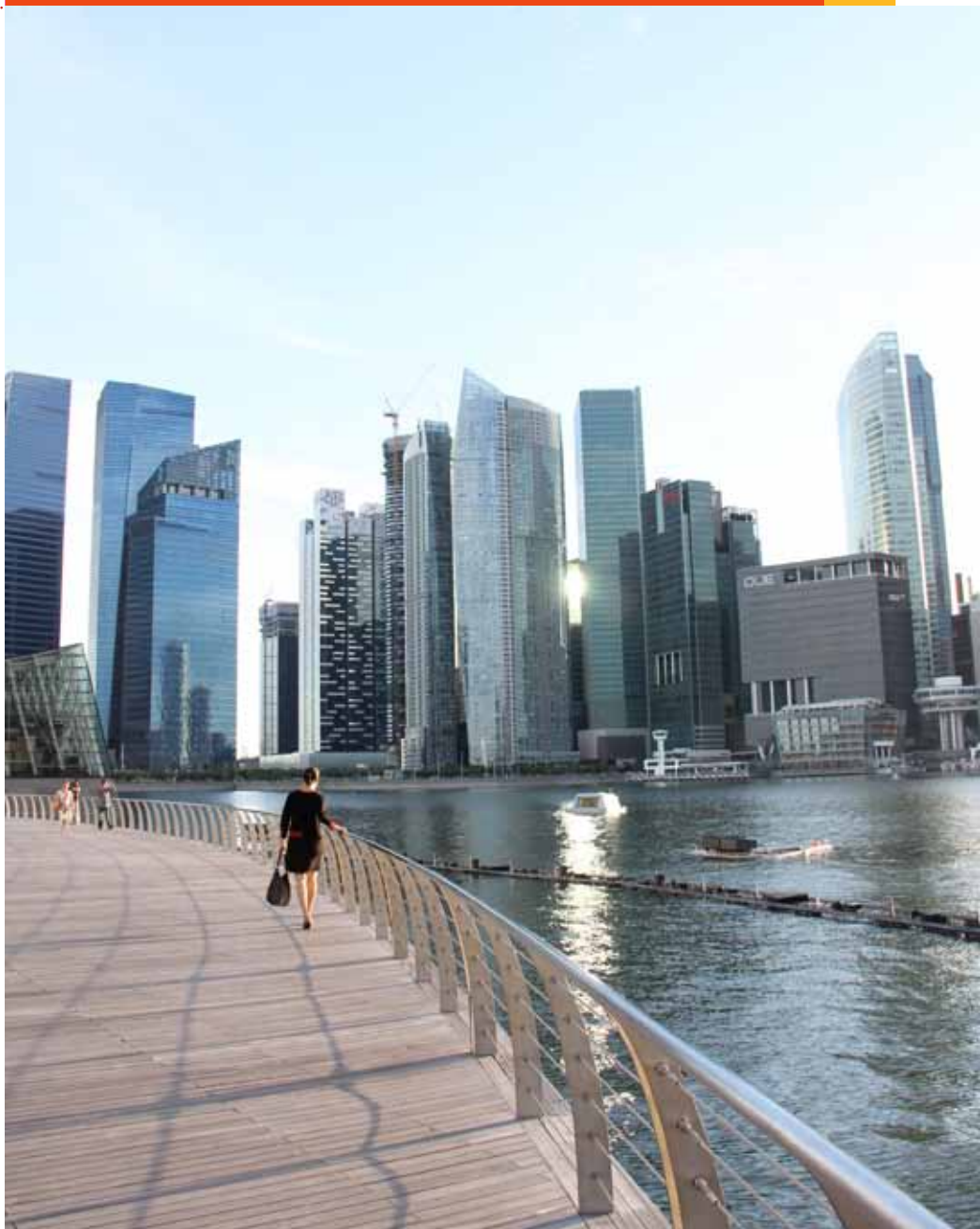


Your challenges, our solutions

Creating value for Singapore's
real estate businesses

*PwC Singapore Real
Estate Practice*



pwc



PwC real estate practice

PwC Singapore's real estate practice provides industry-focused Assurance, Tax and Advisory services to build trust and enhance value for our real estate clients and their stakeholders.

We listen to different points of view to help organisations solve their business issues as well as identify and maximise the opportunities they seek. Our team comprises of experienced professionals with comprehensive understanding of industry specific regulations as well as issues distinctive to both local and global environments.

With more than 180,000 people in 158 countries across our network, our cohesive structure combined with the depth of our capabilities, knowledge and expertise, enables us to swiftly mobilise our resources and efficiently manage all aspects of cross-border engagements, delivering first rate quality and meaningful value to your business.

Globally, PwC has also established dedicated practices in real estate markets including, Berlin, Hong Kong, London, Mumbai, Paris, San Paulo and Tokyo.

You can be assured of extensive industry insights as we keep ourselves abreast of current issues in the market and constantly invest in highly regarded thought leadership along with specialised research activities to ensure that we fully understand the developments in your industry.

Foreword

PwC is proud to present our real estate practice's statement of capabilities, bringing you highlights on our firm's industry experience and value adding solutions that we have provided our clients, which are illustrated in a series of case studies in this publication.

This document reviews a spectrum of business challenges encountered by our clients - such as initial public offering, internal controls, tax, enterprise resource planning, procurement and mergers and acquisitions - followed by how these issues are addressed by our team of multi-disciplinary industry specialists and the value outcome delivered, including resolving complexities, managing risks, improving performances and realising cost efficiencies in an increasingly competitive market.

Please feel free to contact me if you'd like to discuss the issues presented in this publication or other challenges faced by your business. Our team is always in gear to assist you in every way.

Thank you and enjoy the publication.



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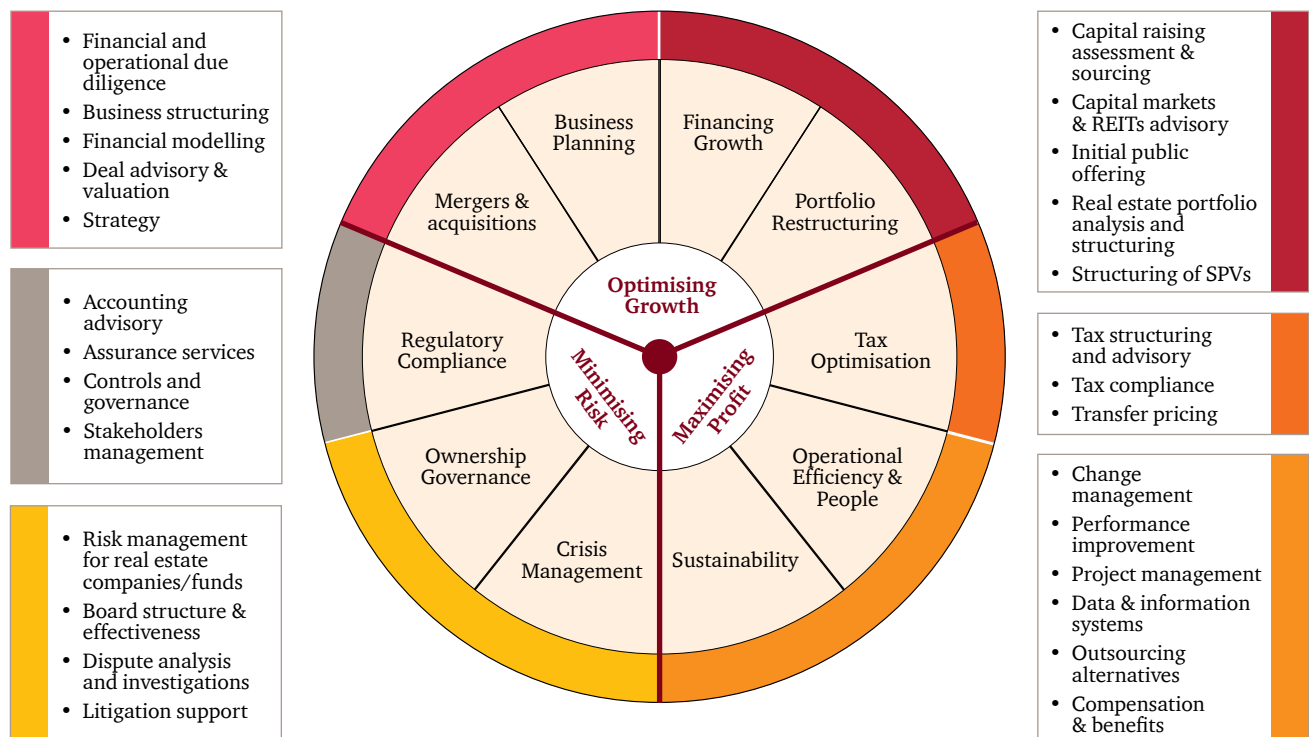
How we can help

Aligning ourselves to your business

Prolonged economic uncertainty has made it an imperative for real estate businesses to continuously assess and optimise opportunities to grow revenue, minimise risks, improve operations and performance as well as reduce cost in order to remain competitive.

At the heart of our mission is to assist our clients in identifying, assessing and managing a spectrum of business issues; working with them to develop solutions that address the challenges they face, ultimately, delivering value to their businesses and stakeholders.

Our strategy is aligned across these key functions crucial to all businesses:



How we can help

Our commitment to delivering high-quality services is at the heart of what we do.

We provide comprehensive audit and assurance services designed to deliver real value and underpin investor confidence.

- **Finance**

- Assurance services
- Financial accounting & reporting
- Accounting advisory
- Initial public offerings
- Finance function effectiveness
- Global investment performance standard (GIPS)

- **Governance, risk & compliance**

- Regulatory compliance
- Governance & board communications
- Risk management
- Internal audit
- Internal controls & revenue assurance
- Forensics & investigation
- Hotel operator operational review

Tax regulatory issues are at the top of mind for companies operating around the world. PwC is the leading provider of tax services worldwide, focusing on helping clients understand tax regimes and develop tax strategies for the various taxes that come into play.

- **Tax**

- Investment tax structuring
- Post-acquisition tax planning & restructuring planning opportunities
- Pre-IPO & warehousing stage tax planning
- Asset vs share deal analysis
- Tax due diligence
- Interest deduction advice & optimisation
- Tax ruling applications
- Fund & REIT structuring
- Tax incentive planning & application
- Stamp duty advice, including relief analysis & application
- Withholding tax planning, including treaty benefit analysis & application
- Transfer pricing
- Tax function effectiveness
- Carried interest taxation
- Capital allowance maximisation study
- Exit tax planning, including documentation development
- Tax compliance
- Tax solutions

Our Advisory team utilises our in-depth financial, analytical, industry and business process skills to provide clients with the advice and assistance to improve stakeholder value, build trust and boost performance, as well as help business challenge conventions. We introduce and deliver strategies that work specifically for your organisation.

- **Operations and transactions**

- Valuation
- Transaction due diligence
 - Corporate finance
- Loan origination & securitisation services
- Transaction support & structuring
- Procurement function assessment & development
- Data analytics
- Restructuring & insolvency services
- Asset monitoring & asset management
- Litigation & arbitration
- Hospitality & leisure services
- Financing growth
- Portfolio restructuring
- Financial modelling
- Board structure & effectiveness
- Structuring of Special Purpose Vehicles (SPV)
- Change management
- Performance improvement
 - Compensation & benefits
- Sustainability
- Crisis management

- **Technology**

- Reporting & forecasting
- System selection assistance
- System implementation assurance
- Information technology effectiveness
- IT security
- Data privacy & management
- IT asset management
- Business continuity planning

How we can help

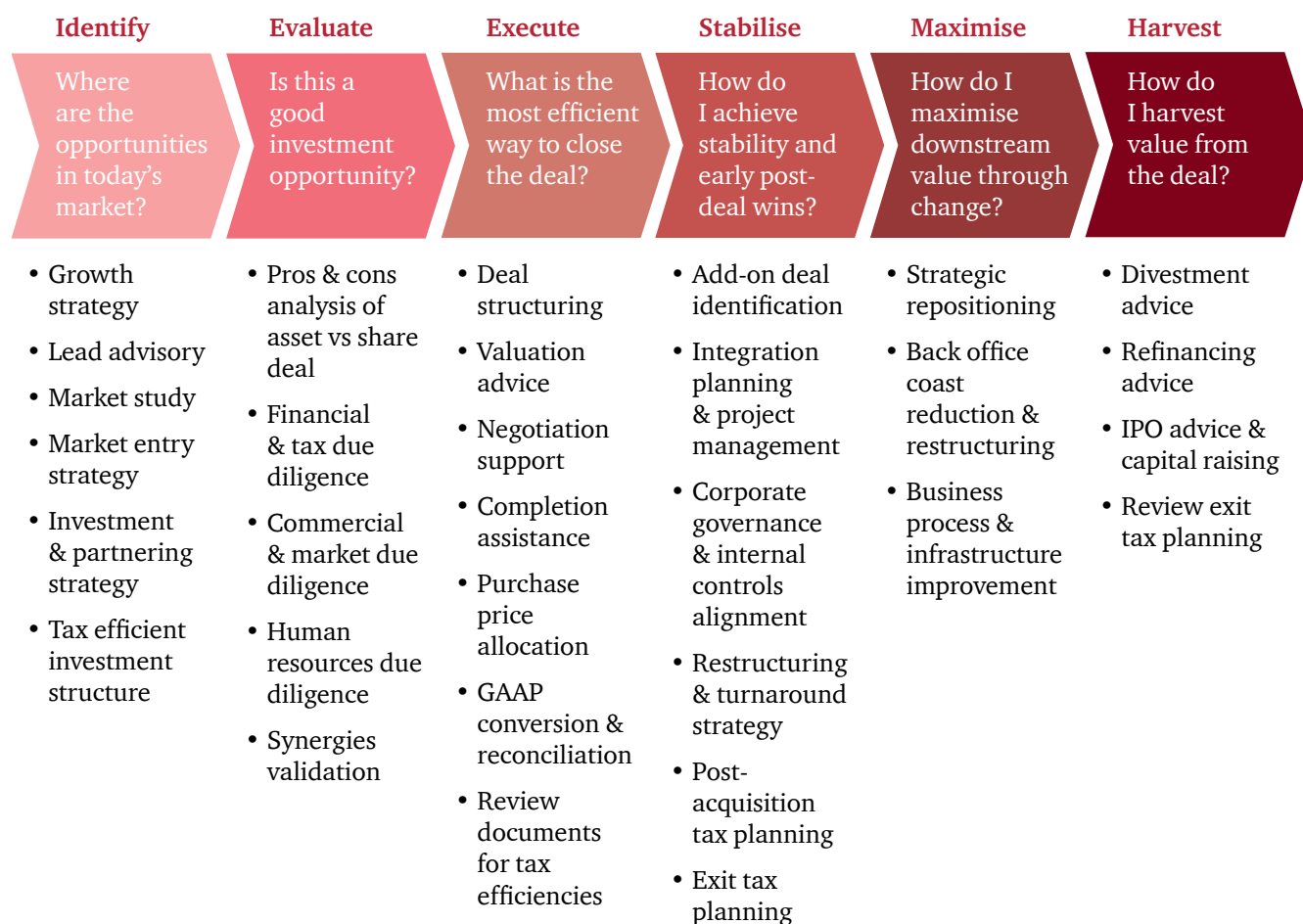
Start to end support in deals and capital market transactions

Deals

With strong network connectivity, we form teams across our lines of services and network to help our clients create value through mergers, acquisitions, disposals and restructuring.

In the event of a M&A, we support our clients through a deal process as follow:

Deals continuum and summary of services



Capital market transactions

As reporting auditor or advisors, we advise our clients from the beginning to the end of the IP process order to maximise value out of the transaction.

We add value in an IPO process as follow:

IPO (including REITs and business trusts) continuum and summary of services





How we have helped our clients

- *A successful roadmap for an IPO*
- *Maximising the value out of an acquisition*
- *Getting the desired results through collaboration*
- *Business process re-engineering study and preperation of enterprise resource planning (ERP) system implementation requirements*
- *Document imaging solutions for cost savings and productivity*
- *Capital vs trading gains – It can be a fine line*
- *Improving procurement and reducing costs*
- *Embedding internal controls in daily operations*
- *Improving procurement process using analytics*

A successful roadmap for an IPO

Client's challenges	An overseas real estate client was considering an initial public offering (IPO) on the Singapore Exchange in future. A key challenge faced by the client was to ensure that they are ready and have a complete understanding of the listing process as well as the requirements.
How we helped	<p>PwC formed a team comprised of specialists from our Capital Market Services and Risk Assurance units who have extensive capital market and real estate experience. A PwC network firm from the client's country was also part of our service team and brought in local knowledge to the table.</p> <p>We shared with the client a roadmap towards becoming a listed company and conducted a pre-IPO readiness assessment on their current policies and procedures.</p>
Value added	The roadmap gave the client a comprehensive, start-to-end overview of the journey as well as the specific steps they need to take in order to ensure a smooth transition to a listed company.

Other solutions we provide

- Initial public offering
- Reverse takeover
- Debt offering
- Pre-IPO readiness assessment

Maximising the value out of an acquisition

Client's challenges	A client was making a major move into the hotel industry. They had limited experience in the acquisition of real estate and thus was having different considerations in structuring the deal. Furthermore, the client also needed to consider the options and methods to manage the hotel as well as retail outlets after the transaction and weigh the pros and cons of each alternative.
How we helped	PwC's M&A team worked with the client and conducted a due diligence on the target company to assess the areas to be noted for purchase price and other post deal considerations including the risks and merits of entering a lease-back arrangement vis-à-vis hotel management agreement. These considerations were then used by the client in their decision on how to proceed with the deal.
Value added	The client adopted the recommended approach and was able to negotiate with the seller to achieve significant savings on the purchase consideration.

Other solutions we provide

- Cost and impact analysis for operational overheads and related party transactions
- Conduct study covering the impact of lower foreign workers dependency ratio and higher levy rates
- Normalisation of non-recurring expenses and one off items to assess the sustainability of the Target company

Getting the desired results through collaboration

Client's challenges	A client wanted to set up a fund in Singapore to invest in foreign properties and wanted to apply for a tax exemption. The client made plans for structuring the Trust and the SPVs but the challenge was from the way the tax legislation was drafted, the two tax exemption schemes could not give the desired tax result for the Trust and the SPVs.
How we helped	The Tax team, on realising the restrictions under the legislation, reached out to the relevant authorities to put forward the client's case and negotiate with a focus on commercial needs and the rationalisation of tax exemption schemes to cater to the needs of the real estate fund market.
Value added	We helped our client secure approval from the relevant authorities so that the client could put in place its desired structure with the tax result they needed. Furthermore, given the compelling arguments made, the legislation was suitably amended to accommodate such fund structures, which eventually benefited a lot of other similar businesses.

Other solutions we provide

- Tax optimisation
- Transfer pricing study
- Tax advisory (funds, investments and REITs)

Business process re-engineering study and preparation of enterprise resource planning (ERP) system implementation requirements

Client's needs	The client operates multiple hotels and the management identified the need to seek new efficiencies and to source for assistance in evaluating the existing core business processes in tandem with a new ERP implementation.
How we helped	<p>Our Management Consulting team was engaged to spearhead the review and provide a customised proposal by performing the following:</p> <ul style="list-style-type: none">• Review the existing core business processes in finance, procurement and sales cycles• Propose solutions to improve the efficiencies of business processes to align with new ERP system• Propose detailed requirement specifications for the core business processes for a seamless implementation of the new ERP system• Recommend and identify process improvement opportunities• Develop a set of business requirement specifications (BRS) and a set of selection criteria, tailored to the client's business process needs, to source for the most ideal ERP
Value added	Through the study and evaluation matrix that we developed, the client successfully selected a suitable vendor to assist with the implementation of the ERP. The tailored BRS also helped significantly with narrowing and focusing on the implementation of the core functionalities to meet management's deadline of implementation within 6 months upon vendor engagement.

Other solutions we provide

- SAP GRC implementation
- Finance and ERP consulting

Document imaging solutions for cost savings and productivity

Client's challenges	A real estate client wanted to implement an electronic document management and repository system to eliminate the need of keeping paper files. In the event of a law suit, some of these electronically stored documents may need to be presented in court as evidence. The question faced by the client was whether their electronic documents can be introduced as evidence in courts of law?
How we helped	<p>PwC helped the client understand the certification criteria as set out in the Evidence Act (the "Act"). Through conducting presentations and workshops, we helped increase stakeholder awareness and identify gaps in their processes.</p> <p>As the appointed Consultant for the system implementation project, we worked closely with management and the legal department in preparing and ensuring the system specifications meet the Act's requirements. We also conducted workshops for our clients and their system integrator. Furthermore, we provided input to ensure that the system and the related processes will be certified under the Act.</p>
Value added	The presentations and workshops clarified the requirements under the Act and helped the client prepare system specifications that would meet the requirements. This helped our client eliminate their paper filing system, which resulted in increased productivity and savings on storage costs.

Other solutions we provide

- Security review of systems which are newly implemented

Capital vs trading gains – it can be a fine line

Client's challenges	<p>A real estate client acquired a property and decided to sell it within 12 months from the initial acquisition due to changes in the financial environment.</p> <p>It was not the client's intention to flip the property for a quick gain but the tax authority viewed that the gains, which was substantial, is not capital accretion and is subject to tax.</p> <p>The client was not optimistic but needed to convince the tax authority that the gains were capital in nature.</p>
How we helped	<p>Leveraging on our deep acumen on the real estate industry, the PwC Tax team helped our clients build their business case to the tax authority and articulated the substance behind the decisions of the buying and selling of the property within the short time-frame.</p>
Value added	<p>The argument put forward by PwC was accepted by the tax authority and the client saved the total amount on tax liability (more than S\$8m) which they were initially prepared to pay and had been provided for.</p>

Other solutions we provide

- Tax optimisation
- Transfer pricing study
- Tax advisory (funds, investments and REITs)

Improving procurement and reducing costs

Client's challenges	A construction entity experienced a number of procurement related process and control lapses. The procurement procedures had not gone through a thorough review for a number of years, resulting in an execution-oriented function that was not capturing opportunities to add value to the process.
How we helped	The PwC team interviewed key stakeholders to review all procurement dimensions and conducted a high level quantitative spending review, benchmarked with global-level best practices, to assess the effectiveness of the overall procurement function. This exercise was followed by numerous workshops to validate opportunities for improvement in the client's procurement practices as well as to introduce cost reduction initiatives.
Value added	Key benefits to the client were the rapid identification and validation of areas for improvement within the procurement function, including opportunities to reduce cost by up to 10%. Additional outcomes included a comprehensive understanding of current state function as well as business buy in and commitment to developing the procurement function.

Other solutions we provide

- Procurement operating model re-designing
- Establish centralised procurement functions
- Provide procurement strategy roadmap
- Review and assess eProcurement functions

Embedding internal controls in daily operations

Client's challenges	The client is a REIT Manager and they were not familiar with the regulatory requirements in a highly regulated industry.
How we helped	<p>PwC's Risk Assurance team identified critical improvement opportunities in several processes which were key to the client's operations. Our recommendations helped the client quickly implement the key controls to mitigate significant risk areas.</p> <p>Furthermore, we developed policies and procedures for the key processes which helped the client embed a control conscious culture in their day to day operations.</p> <p>Part of our work included performing a review of the client's compliance to the Securities and Futures Act. We addressed the areas where there were non-compliances and highlighted improvement opportunities. We also recommended critical action points for management to implement immediately.</p>
Value added	<p>Through our continuous partnership with the client, they have progressed from a company with minimal internal control procedures to a control-focused company where policies and procedures for all key processes have been clearly documented and disseminated.</p> <p>The client now continues to consult us on a regular basis on internal control matters before they undertake any new projects or implement new processes.</p>

Other solutions we provide

- Internal audit
- Business controls advisory
- Business resilience
- Corporate treasury and commodities solutions
- Performance assurance

Improving procurement process using analytics

Client's needs	In the light of the recent high profile procurement public cases, our client, a leading group of hotels, identified the need to re-look at their internal procurement process and past trends. They engaged PwC to conduct a review of their procurement and payment transactions as well as processes to highlight potential gaps and to determine unusual procurement trends.
How we helped	We talked to the client and understood the client's existing procurement procedures, processes and policies. Furthermore, we obtained relevant data from the client's financial system. We then used data analysis techniques to analyse the data against certain set of hypothesis. Based on the result, we highlighted potential control gaps, potential process improvement opportunities, areas of non-compliance with client's procurement policies, system weaknesses and inefficiencies in the client's procurement process. We also provided recommendations to tighten the existing controls and improve the efficiency and effectiveness of their procurement process.
Value added	<p>This review provided greater assurance to the management and the audit committee that their procurement procedures were appropriate.</p> <p>Furthermore, this project identified a number of process improvement opportunities which can lead to cost savings, savings in processing time and the elimination of revenue leakages.</p>

Other solutions we provide

- Personal Data Protection Act
- Master data management
- Information management, benchmarking and governance
- Business intelligence and analytics

Research and insights

Sharing our perspectives through thought leadership



Emerging Trends in Real Estate® Asia Pacific 2014

This annual report, jointly undertaken by the Urban Land Institute (ULI) and PwC provides an outlook of Asia Pacific's real estate investment and development trends. It also examines the region's real estate finance and capital markets, trends by property sector and metropolitan area, and also provides a snapshot of real estate prospects of the top investment cities in Asia.

<http://www.pwc.com/sg/en/publications/aprealestemerging.jhtml>



Compare and contrast: Worldwide Real Estate Investment Trust (REIT) Regimes

During the past year, Real Estate Investment Trusts (REITs) have come back from the financial crisis showing an impressive upswing. The REIT regimes respond well to the ever-changing market environment and are continuously evolving. This publication keeps you up to speed and lets you compare the key attributes of selected REIT regimes

<http://www.pwc.com/gx/en/asset-management/publications/compare-and-contrast-worldwide-real-estate-investment-trust-reit-regimes.jhtml>



Real Estate Going Global

Tax and legal aspects of real estate investments around the globe

Providing you with the latest summaries of the tax and legal aspects of real estate investments in 60 countries, the key features of this country specific report includes an overview of the tax systems and detailed guides to property investment in the various jurisdiction.

<http://www.pwc.com/gx/en/asset-management/publications/going-global.jhtml>



Asset Management Insights

Real estate links sustainability and shareholder value

Real estate investors are getting greener and they're keen to show it. Recognising that environmental, social and governance performance can boost buildings' rents and values – optimising the balance between risk and return – a growing numbers of real estate companies and fund managers are incorporating sustainability practices into day-to-day decision making and due diligence.

www.pwc.com/gx/en/asset-management/asset-management-insights/real-estate-links-sustainability-and-shareholder-value.jhtml



Value of Sustainable Procurement Practices

Based on collaboration with INSEAD Social Innovation Centre and EcoVadis, the report is a quantitative analysis of value drivers associated with Sustainable Procurement Practices. Sustainability was mainly taken into account on a risk-based approach in line with the global movement towards low cost country sourcing. But how can this risk protection be quantified? And what is the impact on cost reduction and the development of new offers/products?

<http://www.pwc.com/gx/en/operations-consulting-services/publications/value-sustainable-procurement-practices.jhtml>



M&A Communications

The need for effective communication is often overlooked or underestimated in the flurry of activity surrounding a deal. Executing a strong and clear communication strategy is critical to successful integration. Dealmakers have a choice; they can communicate honestly and transparently to manage speculation surrounding the transaction, or they can ignore the speculation and watch it turn into fear and confusion.

http://www.pwc.com/en_US/us/transaction-services/publications/assets/communications-integration.pdf



Which market?

An overview of regulatory listing requirements in London, New York, Hong Kong and Singapore

Having decided that a public offering is the next step in your company's development, choosing 'where' to list is one of the next most important decisions to consider, whether you plan an initial public offering (IPO) or a secondary listing. This brochure identifies the main regulatory requirements involved in a listing in some of the current leading global stock exchanges: London, New York, Hong Kong and Singapore.

<http://www.pwc.com/gx/en/audit-services/publications/stock-exchange-overviews.jhtml>

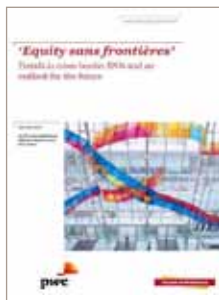


Global IPO Watch publications

Global IPO Watch publications

PwC's list of country-specific annual publications, reporting on the analysis and trends of IPOs in Greater China, the United States, and Europe.

<http://www.pwc.com/gx/en/audit-services/capital-market/ipo-watch.jhtml>



Cross-border IPOs: Choice in an uncertain world

The cross-border IPO is here to stay. This in-depth report from PwC and Baker & McKenzie, supported with data and interviews with capital markets players, explores how we got here, what's driving the growth, and where this important trend is leading.

<http://www.pwc.com/gx/en/audit-services/publications/ipo-cross-border-survey.jhtml>



Executing a successful IPO

This PwC paper discusses the key issues facing companies contemplating an Initial Public Offering (IPO), including regulatory concerns, access to capital, mergers and acquisitions, talent management and building company brand.

<http://www.pwc.com/gx/en/audit-services/publications/executing-a-successful-ipo.jhtml>



APEC CEO Survey

Towards resilience and growth: Asia Pacific business in transition

This study surveys nearly 500 business leaders on their attitudes towards doing business in the region and study provides you with the insights to better understand the views of business leaders across the APEC economies as they assess the forces changing the world and their business growth strategies.

<http://www.pwc.com/us/en/apec-ceo-summit/index.jhtml>

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Capital Markets Transactions (REITS and IPO)



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