



# MAKING SENSE OF REAL ASSETS

BY GWENDOLINE SIM

In light of the recent economic troubles, how do you ensure your investment stays secure for the long run? Multi-millionaire John Lim shares his 'investment strategies'.

**A**t the heart of it all, there is one asset that John Lim cares deeply about: The capital value of education and how it can appreciate, multiply over time.

John's office is an airy room decked with a couple of Chinese calligraphy artworks. Jovial, approachable and with a clean-cut image, he seemed more like a genial teacher than a seasoned businessman with years of experience under his belt.

"Education is sustainable, it gives the best multiple," said John with firm conviction, a real estate veteran with over 28 years of experience in the industry. The 32<sup>nd</sup> wealthiest man in Singapore, with a net worth of SGD202 million, according to the Forbes 2010 list, he is the Group CEO and Executive Director of ARA Asset Management, an Asian real estate fund management company.

## A passion in education

More than just a businessman, he is also an educator at heart. His belief in the 'sustainability of education' led him to set up the Lim Hoon Foundation with his 26-year-old son, Andy, and was a means of continuing his late father's legacy.

A teacher at Tao Nan School for nearly two decades, from the 1950s to 1970, his father was a committed educator and family man, and the values he had imparted to his children had always been a strong influence on John.

"Even after his retirement, his commitment to education continued through his guidance of me and my siblings. He emphasised to us the importance of a holistic education in a time when it was more fashionable to enter the work force early," John said.

"The foundation provides a legacy to unite the family and provide subsequent generations in our family a sustainable vehicle to give back," John added. "Giving through a foundation is the next logical step towards creating a more structured method of giving."

Named in memory of his father, the foundation aims to promote academic achievement and the advancement of education for disadvantaged students, with a key focus on those from low-income families. Since its inception in 2008, the Lim Hoon Foundation has given out seven scholarships to students from Singapore Management University (SMU) and Nanyang Technological University (NTU).

A January 2011 National University of Singapore study ("Grantmaking Entities in Singapore") found that the motivations behind setting up a family foundation can be stemmed from one's hope of personally bonding the family together. There is a desire to give back to society, particularly in cases where the founder came from humble backgrounds, to passing down moral values to the founder's descendants.



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**The ties that bind**

This sense of connectedness is something Andy identifies with. It was like going back to those days, where father and son would build model tanks or airplanes together, except that this time, they have built a foundation instead.

“Since starting this foundation with my father, we have definitely become closer,” said Andy, Director of the Lim Hoon Foundation. “We grew distant through my rebellious teenage years and it’s only since starting this foundation together did we really get a chance to reconnect. It is as if we have gone full circle and gone back to those days. I am enjoying this aspect very much.”

When his father asked him to set up a family foundation together with him, it came across as a natural decision and soon, the father and son duo were busy having their “board meetings”, conducted over dinner at home.

**All in the family**

The theme of family resonates throughout the interview as John laughingly recalls a memory of his father, a discipline master at the school, of how he would “take out a cane and cane you when you don’t pass your exam. He carried a cane while walking around the school, and would cane the naughty students in front of the assembly.”

After his father passed away in 2001, John wanted to continue his father’s legacy in some way. Philanthropy seemed a logical choice for him, and was a progression from his practice of donating cheques to various charitable causes on a regular basis. This led to the conception of the idea of having a family foundation.

“Guided by these life lessons left by my father, I sought to bring this legacy one step further by offering students equal access to education when their circumstances deny them such opportunities. From the onset, our objectives were to help students who did not have access to education because of their financial or family circumstances, not necessarily Singaporean students,” he said.

Having a personal experience as someone from the working class then gave John a keen awareness of how much the less fortunate had to strive to reach their goals.

“I came from a big family, of around eight to 10 members, and my father was the sole income earner. We weren’t poor, we just working class folks. I had to work part-time to earn my own school fees. I’ve done many things just to earn money to pay my university school fees. I also received some help from a Singapore Hokkien Huay Kuan bursary.”

In 1981, John graduated with a First Class Honours degree in engineering from the National University of Singapore, followed by a Master of Science degree in 1985, and a diploma in business administration in 1987. Fresh out of university after his studies, he started his career in real estate by joining a leading listed real estate development and investment company.

**Sustainable and meaningful giving**

Family foundations such as the Lim Hoon Foundation make up the majority (47%)

of the philanthropic organisations, or grant making entities here in Singapore. Despite having an increase in the high net worth individual (HNWI) population in Singapore, by 21.3%, according to the Merrill Lynch/Capgemini 2011 World Wealth Report, contributions from family foundations here to the total grant amount only make up 19%, based on an earlier study.

This contrasts with contributions from government grant bodies, which stand at a staggering 74% of the total grant amount, even though they only form 1% of the grant making bodies in Singapore. Gradually, however, philanthropy habits in the Asia Pacific region are slowly paralleling those in the West, and moving towards an entrepreneurial approach with venture capital characteristics.

“In philanthropy, it is important to be sustainable. People can give without a foundation but we wanted a structure that could be sustainable in giving. That’s why we worked with UBS, to set up the trust and the foundation,” said John.

“To make sure that even many years beyond, after I’ve gone, this foundation can contribute, the legacy continues, that is what I want to achieve, doesn’t matter if it’s big or small, you just continue the legacy. That’s why we took a while to set up the structure and set up the foundation.”

The foundation was established with an initial amount of SGD10 million, with John and Andy intending to let it grow over time.

Illustrating how this would work out, John explained, “The principals are protected, the returns made from the trust are to be distributed out. For example, you have SGD10 million; you invest it in fixed bonds, which will generally get you 2% to 3% returns a year. We will then distribute away the profits, the so-called returns.”

Echoing another prominent philanthropist’s sentiments on giving, John added, “You’ll be surprised to know that it’s very difficult to give away the



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money meaningfully. To be honest, we are struggling with that.”

“If you want to stick to your objective while giving in a sustainable and meaningful way, it’s actually very challenging. The project we invest in and hope to invest in, they are sustainable in nature.”

#### Helping the average student

The sustainability of education and its ‘multiplier effect’ is one reason why the Lim Hoon Foundation only pursues educational causes.

“We think that if the foundation can pursue this and change some of people’s lives, I think we have achieved something. We also give to other causes, but those will be personal cheques instead of being under the foundation’s name.”

The foundation only gives out scholarships, “bursaries” as John would like to call them. Somewhat different from other philanthropic organisations that give out such bursaries, their selection criteria focuses on the “sandwich class” of students.

“We are actually very specific in our criteria, we look at the sandwich class, those who are not catered for. These students are just above the poverty line, so they miss out on the benefits that are given to those below it. Yet they are not top tier students, so they’ll find it difficult to win prestigious scholarships. All our scholars are from that group, the sandwich class, the ones who drop through the cracks,” Andy explained.

#### Living legacies

John is big on engagement when it comes to work with his family foundation. He treats the foundation’s bursary recipients as part of his extended family, and he and Andy make it a point to personally meet

with them to “hear what they have to say, to see them in person, to see whether they fit our foundation’s criteria of being needy,” said Andy.

“The intention of the foundation is to engage, we invite them to come and attend my family and company functions. Our idea is to continue passing on values, every year you give out three or four scholarships; you build them in the hope that they will pass down the values,” John elaborated.

You can see reflections of John’s family’s teaching heritage in him, when he speaks passionately about having an alumnus of the foundation’s bursary recipients, almost akin to a school alumnus, with them being living legacies of the values and the philanthropic message he hopes to pass down to them.

“We hope that in the long run, we can have a so-called Lim Hoon Foundation alumni, where these people will get married, they have their children, and they still come back and have get-togethers. This is how we intend to spread the concept of philanthropy. It is just a seed now to grow these young people. In this way, we can ensure the recipients of our bursaries also give back and their own personal experiences will benefit present bursary recipients. This is called sustainability,” commented John.

Although John may be the 32<sup>nd</sup> richest person in Singapore, the trappings of wealth have not eluded him and more than ever, he knows the potential for change that it affords him.

“We are blessed and fortunate to achieve what we have achieved today. We’ll like to support some of the needy in their education as part of our contribution back to society.”

Touching on a memorable experience in his course of philanthropic work that

had left a deep impression on him, his eyes reddened slightly when he recalls it. It was a project with a school in Beijing, China. What was unusual about the school was that it was a school for orphans and children with parents serving jail time. When he invited three selected students from the school to join him and the school’s principal for breakfast at a hotel’s executive lounge, the students were boggle-eyed at the breakfast buffet spread, having never been inside a five-star hotel before, let alone partake of a buffet.

“It’s actually very touching, there are a lot of people out there who do not have very much. We take many things for granted,” he said.

#### Long-term assets

When it comes to his foundation, John is already preparing for what lies ahead, and hopes to one day achieve an “SGD100 million foundation”, but reiterates that there is “no time frame, it just depends on the basis, if we have more cash, we’ll put it in.”

However, John stresses that they are just a small family doing their part for society. “We want to make this personal,” he said. “We are not here to save the world.” Being a young foundation, John would like to take things gradually and see his foundation grow step by step.

“We are learning, it’s a fairly new concept, we know that it’s a concept of giving, sharing. We don’t know where we are going to arrive at; we will just going to continue on our work. Couple of years down the road, we may expand our foundation into other areas.”

More than just a long-term investment for John and his family, philanthropy will be an asset that appreciates manifolds, bringing with it many returns to its value. ▲