

**Ho Bee Land Limited**

(Co. Reg. No.: 198702381M)

**ANNOUNCEMENT**

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**ANNUAL GENERAL MEETING TO BE HELD ON 19 MAY 2020  
RESPONSES TO SUBSTANTIAL AND RELEVANT QUESTIONS**

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Ho Bee Land Limited (“**HBL**”) would like to thank shareholders for submitting their questions in advance of our 32nd Annual General Meeting (“**AGM**”) to be held by electronic means today at 10.30 am.

***Responses to substantial questions which are relevant to the resolutions tabled for approval at the AGM***

Due to the high volume of questions received resulting in overlaps in many of the questions asked, we will not be providing responses to every question received. Instead we have set out our responses to your questions through the following themes:

- (i) Impact of Covid-19 on the Group
- (ii) Financials
- (iii) Dividends
- (iv) New Projects
- (v) Business Operations and Strategies
- (vi) Board Succession

Please refer to our responses as set out in Appendix A.

Our Chairman & CEO, Dr Chua Thian Poh, will provide our responses to a few substantial questions at the AGM this morning.

By Order of the Board

Desmond Woon Choon Leng  
Executive Director  
19 May 2020

**APPENDIX A**

<b>Theme</b>	<b>No.</b>	<b>Questions</b>	<b>Responses</b>
Impact of Covid-19 on the Group	1	Can you update us on the Covid-19 impact on your operations in China, Australia, UK and Singapore?	<p>For China, the Group has joint-venture residential projects in Shanghai, Tangshan and Zhuhai. We are pleased to inform that the residential projects in Shanghai and Tangshan (Phases 1 &amp; 2) are 100% sold. In Zhuhai, there are a total of 3,669 residential units. We have launched about 2,800 units and 96% have been sold. Our risk is minimal for the rest of the development as our land cost is relatively low.</p> <p>For Australia, given the current status of Ho Bee's Australian operations with all projects in the planning phase we have seen little impact from the Covid-19 disruptions.</p> <p>We have set up a local team in 2020 with an initial focus on developing master-planned residential communities. These are landed homes catering predominantly to the local buyers.</p> <p>For Singapore, our residential properties in Sentosa Cove are currently about 88% leased out and to date, we have seen minimal impact on the occupancy due to the pandemic. On the rest of the investments in Singapore and London, to date there is minimal risk except for the loss of some revenue due to rental rebates given to the ancillary F&amp;B tenants.</p> <p>The Group will continue to monitor the situation.</p>
	2	What is the overall impact of Covid-19 on the Company so far and how do we mitigate the risk?	<p>Globally, the negative financial impact of Covid-19 is very severe and totally unprecedented. However, we are not as badly affected during this period because of the following reasons:</p> <p>1) After the last Global Financial Crisis, we have strategically built up a sizeable investment portfolio locally and overseas. The objective was to provide us with a resilient recurrent income base to help us ride through another unforeseen crisis.</p> <p>2) Our investment portfolio is concentrated on the office sector which is more resilient than other</p>

			<p>sectors such as the hospitality and retail sectors.</p> <p>However, we have to absorb some loss in revenue because we are offering rental rebates to the ancillary F&amp;B tenants during the circuit breaker and lockdowns.</p> <p>The general consensus is that world economies will contract over the rest of the year because of circuit breaker and lockdowns. The time taken for the recovery of economies is uncertain. Our offices in Singapore and London are virtually 100% leased and our recurrent income over the next two years will allow us to mitigate the impact of the Covid-19 crisis.</p>
	3	<p>a) Will the Covid-19 in UK affect the rental income?</p> <p>b) Has the tenant asked to reduce rent?</p> <p>c) Have we terminated any tenants because they are unable to pay rentals?</p>	<p>Our UK rental income is marginally affected by Covid-19. Our portfolio of seven investment properties in London are solely offices with only a few units of ancillary F&amp;B outlets. The office sector is the one of the more resilient sectors during the Covid-19 crisis.</p> <p>To date, there are minimal rental arrears because our offices are tenanted to corporates with good credit standing. In fact, two of our offices are fully let to the UK Government.</p> <p>We have a few F&amp;B tenants who have requested for assistance during the London Lockdown. We are assisting them during this difficult period. To date, we have not terminated any tenancies.</p>
	4	In the midst of this very challenging time, are there any silver lining or bright spot, if at all, for our company?	While the Covid-19 pandemic poses unprecedented challenging times for most companies, our strong recurrent income puts us in a relatively better position to seize the more compelling investment/development opportunities that typically surface during a crisis.
Financials	5	How will the current Covid-19 pandemic affect the Company and its financial results for the current year?	While to date our business is minimally affected as a result of Covid-19, the situation is extremely fluid. We are unable to ascertain the full impact of the pandemic on our financial results for FY2020. The Group will provide the necessary updates in compliance with SGX Listing Rules.

	6	<p>The current P/B ratio for Ho Bee Land is only 0.38. The market seems to have grossly undervalued HBL. What is the Management's strategy to unlock shareholders' value in the coming years? Is Management planning to spin off HBL's investment properties as a REIT?</p>	<p>Typically, share prices of real estate companies in Singapore trade at a discount to Net Tangible Asset and Ho Bee is no exception.</p> <p>Ho Bee has improved shareholders' value by consistently posting strong financial results since its listing in 1999. The share price performance is to a large extent market and sentiment-driven.</p> <p>We are constantly reviewing ways to unlock shareholders' value, such as asset recycling and asset enhancement initiatives. We have considered the REIT option and concluded that this option is not appropriate at this juncture.</p>
	7	<p>How much impact to the Group's profits due to Pound Sterling (GBP) fluctuations?</p>	<p>Our management policy in relation to foreign exchange risks is to provide a natural hedge on our overseas investments. By borrowing in GBP, we have effectively created close to 80% natural hedge for the Group's GBP assets, thereby limiting the Group's exposure to fluctuations in the GBP/SGD exchange rate.</p> <p>At the close of FY2018, the GBP/SGD exchange rate was 1.73. By the end of FY2019, the exchange rate had improved to 1.77. As such, the Group did not suffer a translation loss arising from GBP net assets in FY2019.</p>
Dividends	8	<p>On dividends, as the Board's objective is to pay dividends on sustainable basis, can we assume that current dividend of 10 cents (the case for FY17-19) is the sustainable base dividend amount that shareholders can expect going forward barring any material adverse change to its business.</p> <p>For further clarity on dividend policy, can the Group also provide guidance on whether there is any benchmark of sorts, if met, then dividend of 10 cents would probably be amended downwards.</p>	<p>Dividend pay-out depends on profitability, cash flows, prevailing market conditions and outlook.</p>

New Projects	9	What is the construction cost and targeted return of investment on the latest land bid at one-north?	We tendered the Biopolis 6 site because of its strategic location vis-à-vis our flagship development, The Metropolis. We believe there is potential marriage value to be gained when the project is estimated to be completed in 2H 2022. This project is currently in its design development stage. We have yet to call tender for the construction. We expect the project to provide a net yield of between 5% and 6% when the rental income stabilises.
Business Operations and Strategies	10	Over the years the Group has focused on building its base of recurring income. Is building its investment and recurring income base now becoming the strategic priority and focus of the group and not developmental projects?	Our strategy is to build a resilient income model based on both development and investment income.
	11	Could the Management brief more about the China joint-venture projects? How many more years have these projects to go? Are the projects profitable?	<p>We have 3 joint-venture projects in Shanghai, Tangshan and Zhuhai.</p> <p>Our development in Shanghai is fully sold and completed. In Tangshan and Zhuhai, the scale of developments is large, hence they are built in phases. We expect the remaining phases to be fully completed in 3 to 5 years.</p> <p>So far, all the China projects are profitable.</p> <p>For more details, please refer to the corporate presentation at the AGM to be held on 19 May 2020.</p>
	12	Could the Management share more about the Munich project? Would this be a property development project?	<p>We participated in the Munich development project by co-investing with a real estate fund.</p> <p>The intent is to re-develop the existing building and increase the net lettable area. The building will be pre-let and divested in due course.</p> <p>For more details, please refer to the corporate presentation at the AGM to be held on 19 May 2020.</p>
	13	In terms of investment properties, the group invested in a European Real Estate fund and also co-invested in a commercial redevelopment project in Germany. For its overseas business, can the group provide guidance if United Kingdom is still	We are still very focused on UK. However, we have diversified into Europe through a Fund which allows us to opportunistically co-invest into more promising development projects. The Munich commercial redevelopment was such an example.

		<p>the key focus or can we expect future ventures into other European countries. If yes, which countries are the group potentially looking at.</p> <p>For Singapore market, is the group facing constraints/limitations in any way in further building up its commercial/investment properties?</p>	<p>In Singapore, we are not constrained by any factors. We will continue to seek development and investment opportunities in line with the risk appetite and guidelines set by the Board.</p>
	14	<p>The Group invested in a European real estate fund and also co-invested in a commercial redevelopment project in Germany. Is the group setting for itself any form of target in terms of Asset Under Management (AUM) in the foreseeable future? What is the Group's long-term capital management strategy and if current AUM is ripe for the setting up or initiating investment in current REITs for potential capital recycling? If not, what AUM figure would position the group well for venturing into such capital management platforms, and what is the Group's position and thinking on such platforms.</p>	<p>The Group has no fixed target in terms of AUM.</p> <p>We are constantly reviewing ways to unlock shareholders' value, such as asset recycling and asset enhancement initiatives. We have considered the REIT option and concluded that this option is not appropriate at this juncture.</p>
	15	<p>What is the 5-10 year plan for the new Australian setup? Will the Gold Coast land bank (Broadbeach) be the first to be developed?</p>	<p>The 5-10 year plan for the Australian business is to establish HB Land as one of the major residential land developers along the east coast of Australia focusing on Melbourne, Sydney and Brisbane.</p> <p>Maximizing the returns on the capital we already have deployed in Australia will be part of the focus for the Australian team and naturally Broadbeach will be part of that focus. However, it is unlikely to be the first to be developed.</p>
	16	<p>Last year, HBL sold the Villa World shares and earned some profits. Will the company consider acquiring interest in another property company in Australia?</p>	<p>We have no current plans to acquire an interest in any of the listed property business in Australia. However, if the right opportunity were to present itself, we would not rule it out.</p>
	17	<p>With the Australian government having unpleasant relationship with the Chinese Government, will this be an issue in the Group's expansion plans in Australia?</p>	<p>We do not see the relationship between Australia and China impacting our plans for the Australian business.</p>

	18	What is your view on the Australian property market?	We see some short term headwinds for the Australian property market due to the current market conditions. On the long term, we remain confident that the economic growth and high population growth will return and continue to support demand.
	19	What are your plans for Sentosa properties?	We will divest the Cove properties at an opportune time. Meanwhile, we will continue to lease out the apartments. Sentosa Cove is still the only truly waterfront precinct, a rarity in Singapore.
Board succession	20	<p>Can the Group share and provide details of its leadership renewal plan including board renewal plan? How and in what key ways has the appointment of Mr Nicholas Chua as Deputy CEO in 2018 contributed to the Group's overall strategies and management.</p> <p>As it is not stated in the annual report, is Mr Nicholas Chua (Deputy CEO) vested directly or/and otherwise in the Group's shares, and what is the number of shares and percentage of shareholding if the answer is yes.</p>	<p>The Nominating Committee reviews the succession plans for Board and Senior Management annually. In the past year, we have appointed Ms Josephine Lee as Financial Controller and Mr Nicholas Chua as Deputy CEO. Mr Nicholas Chua is very experienced. He has been with the company for nearly twenty years after working five years with a top local bank. He rose through the rank and file. Besides the local developments, he has been charged in the last three years with greater responsibilities to oversee and expand the Group's business overseas.</p> <p>As part of our Board renewal plan, the Board has appointed three new Independent Directors over the last four years.</p> <p>Mr Nicholas Chua is not vested with the Group's shares. His shareholding is disclosed in the Annual report.</p>