

**Ho Bee Land Limited
(Co. Reg. No.: 198702381M)**

ANNOUNCEMENT

Response to Questions from Securities Investors Association (Singapore)

HO BEE LAND LIMITED (the “**Company**”) refers to its Annual Report for the financial year ended 31 December 2016. The Company would like to respond to the following questions raised by Securities Investors Association (Singapore) (“**SIAS**”) as follows:

SIAS Question 1

The group’s most prized asset is the 1.2 million square feet commercial building, The Metropolis at one north, which is carried at a valuation of S\$1.782 billion as at 31 December 2016.

- (a) **Can management help shareholders understand the profile of the tenants at The Metropolis?**

Company’s Reply:-

Our tenants include large corporations such as P&G, SGX, Shell, CMA CGM, and most are from the Consumer products; Financial; Shipping; and Oil & Gas sectors.

- (b) **What is the weighted average lease expiry? Can management also provide more clarity on the lease expiry profile?**

Company’s Reply:-

The Weighted Average Lease Expiry is 4 years. As for the lease expiry profile, our view is that this information is market sensitive and confidential, and we would not be sharing such information in this forum.

The valuation of The Metropolis has increased from \$1.62 billion as at 31 December 2015 to \$1.782 billion as at 31 December 2016. The valuation of investment properties has also been highlighted as a key audit matter in the Independent Auditor’s Report (page 62). The auditors have found that “the changes in fair value of investment properties are appropriately recognised in the Group’s financial statements”.

SIAS Question 1 (continue)

- (c) As described in Note 36 (page 128 – Determination of fair values), under the income capitalisation method, the capitalisation rates were reduced from 3.75% to 4.75%, from 4% to 5.5% in 2015. Can the audit committee help shareholders understand the reasons the capitalisation rates have been reduced?

Company's Reply:-

The valuations were conducted by an independent and professional valuer. We understand that the capitalisation rate was arrived at after a thorough analysis of recent market transactions and in line with capitalisation rates achieved for similar properties.

In addition, in the Notice of Valuation of Real Assets dated 25 February 2016, the company had included "Cape Royale, Cove Way, Sentosa Cove, Singapore" at a valuation amount of \$1.363 billion. In the same announcement dated 27 February 2017, the group's Sentosa assets were not listed. Can management update shareholders on the valuation of the Sentosa assets?

Company's Reply:-

There was no change in value for the Sentosa assets for the year ended 31st December 2016 as compared to the preceding year.

SIAS Question 2

Outside of Singapore, the group has significant investments in commercial properties in London which accounted for 19% of total group turnover in 2016. With the UK having voted to leave the European Union, can management help shareholders understand how the referendum has impacted the group's operations in the UK?

- (a) Following the sale of Rose Court, what are the group's plans for its remaining assets in London? Has the group re-evaluated the redevelopment potential of Apollo and Lunar House?

Company's Reply:-

We plan to continue to hold the five remaining assets in UK for recurring income. The weighted average lease expiries of these assets are more than 5 years. This will therefore enable us to ride out the economic uncertainty during the next 2-3 years of Brexit negotiation and yet continue to provide us with a steady stream of rental income.

There are still some 6 years of lease remaining for Apollo and Lunar House. We will explore the redevelopment plans at the appropriate time.

SIAS Question 2 (continue)

- (b) In addition, how much natural hedge does the group have for its investments in the UK?

Company's Reply:-

We have a natural hedge of 70% for our UK investments.

SIAS Question 3

In recent years, the group has shifted its development focus to the overseas markets due to the challenging conditions in Singapore.

- (a) Can management share how they view the Singapore market and what are the conditions or indicators that would trigger the group's renewed interest to go into development opportunities in Singapore?

Company's Reply:-

It is difficult to ascertain if the recent pick up in sales volume and the huge turnout in recent sales launches signal better times ahead for the residential market. The hunger for land sites had resulted in frenzied bidding and high winning bids which do not reflect current market fundamentals. We will continue to monitor closely the micro and macro-economic indicators both locally and in the overseas markets we operate in and assess their comparative development risks and rewards.

- (b) Since the end of the financial year, the group has managed to sell some of the developed properties in Rhapsody and in Pearl that were unsold as at 31 December 2016. Are there plans to start the development in Broadbeach and Ferny Avenue in Gold Coast?

Company's Reply:-

The Group is constantly reviewing its options and will make announcements at the appropriate time.

SIAS Question 3 (continue)

- (c) Can management elaborate further on the group's plans for China? Are there more developments in the pipeline by the group's associates and jointly controlled entities?

Company's Reply:-

China is one of our four key markets. The projects in China are generally large and their development and sales are staged. Our joint venture companies still have development sites in Zhuhai and Tangshan that would take another 3 to 5 years to fully develop.

By Order of the Board

Desmond Woon
Executive Director

24 April 2017