

Issuer: Ho Bee Land Limited

Security: Ho Bee Land Limited

Meeting details:

Date: 25 April 2017

Time: 10:30H

Venue: Suntec Singapore International Convention & Exhibition Centre, Level 3, Room 3089, 1 Raffles Boulevard, Suntec City, Singapore 039593

Company Description

Ho Bee Land Limited is a real estate investment firm specializing in the investment and development of real estate properties in Singapore, Australia, China, and United Kingdom. The firm also involves in the development and trading of residential and industrial properties. Ho Bee Land Limited was founded in 1987 and is based in Singapore.

(Source: http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=)

Q1. 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?**
- b) **What is the weighted average lease expiry? Can management also provide more clarity on the lease expiry profile?**

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".

- 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?**

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?**

Q2. 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?**
- b) **In addition, how much natural hedge does the group have for its investments in the UK?**

Q3. 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?**
- 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?**
- 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?**