

OLIVE TREE ESTATES LIMITED
(Company Registration No.: 200713878D)
(Incorporated in the Republic of Singapore)
(the "**Company**")

RESPONSES TO SIAS QUERIES

The Board of Directors (the "**Board**" or "**Directors**") of the Company (together with its subsidiaries, the "**Group**") refers to the queries raised by Securities Investors Association (Singapore) ("**SIAS**") in relation to annual report of the Group for the financial year ended 31 December 2018. The Company wishes to provide its responses to the queries below:

SIAS Question 1:

Would the board/management provide shareholders with better clarity on the following operational and financial matters? Specifically:

- (i) **Initial Development Plan: On 18 March 2019, the company announced the signing of the Covenant Partnership Agreement ("CPA") with its partners that is an important step towards the group's plan to build 4,000 affordable homes and 500 commercial units in purpose-built mixed-developments across Vietnam. The aggregate gross development value has been estimated to be in excess of US\$300 million. Can the company elaborate further on the group's potential role in the CPA?**

Company's response:

As an established developer in Vietnam with a circa seven year track record of developing and selling approximately 6,000 homes across 11 sites in Vietnam, National Housing Organization Joint Stock Company ("**NHO**") shall provide general management support for the Initial Development Plan, comprising approximately 4,000 affordable homes and 500 commercial units in purpose-built mixed-developments across Vietnam ("**OTNHO Mixed Developments**"). Such support shall include the provision of project management, architectural and design capabilities, sales and marketing, finance and administration, human resource, legal and such other services as the case may be. The Company shall second such management and technical personnel to Vietnam to assist NHO and provide such general strategic oversight as may be required from time to time. The Company shall also assist NHO with the financing and securing of finance for the OTNHO Mixed Developments. To this end, Emerging Markets Affordable Housing Fund Pte Ltd ("**EMAHF**") has successfully raised US\$30 million from strategic and like-minded investors with a view of co-investing with the Company and NHO in the OTNHO Mixed Developments. As and when required, the Company will engage the debt and capital markets to access additional financing to support the construction and working capital requirements of the OTNHO Mixed Developments.

As at 31 December 2018, the group has cash and bank balances of \$7.0 million. How is the group going to fund the project?

For the purposes of the Initial Development Plan, the Company will be in joint venture with NHO and EMAHF, with EMAHF and NHO contributing the vast majority of capital required to fund the development of the OTNHO Mixed Developments. As such, the Group's cash reserves and internally generated cash flows will be more than sufficient to finance the Company's involvement in the Initial Development Plan. The Company and NHO are co-developers and will be taking the lead with regards the Initial Development Plan. EMAHF is a special-purpose real estate fund and is a passive investor.

- (ii) **Kempas Land:** On 4 April 2019, the company announced that its subsidiary and Regal Sapphire Sdn Bhd (“RS”), as the vendor, agreed in-principle to renegotiate the Kempas Agreement with a view to executing a Turnkey Agreement at the earliest opportunity. It is envisaged that the company will only have to contribute the requisite capital to support the construction of the Kempas Industrial Project whilst RS will inject the Kempas Land as consideration for its equity contribution into the appropriate joint venture special purpose vehicle. Who is leading the negotiation with Kempas? Is the project critical to the group given the long delay?

Our Chief Executive Officer (“CEO”), who is in regular consultation with the Board, is leading the negotiations concerning our Kempas project.

At this juncture in the Company’s development, with the Company decisively pivoting towards defensive and sustainable affordable housing developments in Vietnam and other growing emerging markets and bearing in mind the publicised political and economic uncertainties in Malaysia, the Kempas project is not critical to the Group’s profitability and commercial viability.

- (iii) **Tagore:** The group has development properties with carrying value of \$3.76 million as at 31 December 2018.

Can management clarify if the group is actively marketing these units for sale? Are these rented out?

Management can confirm that the Group is actively marketing these units for sale and not for rent. Currently, these units are vacant. Management believes that the units in question appeal to end-user buyers rather than investors and we are of the view that renting said units would undermine the Group’s ability to divest of the units quickly.

SIAS Question 2:

The company has experienced high turnover in its key management in the financial year ended 31 December 2018. Mr. Wong Lien Feng was appointed as Chief Operating Officer on 1 January 2018 and resigned on 31 October 2018. Ms. Nancy Ng Nyok Choo as appointed as Project Manager on 1 January 2018 and resigned on 31 July 2018.

The two abovementioned key executives were in their jobs for ten months and seven months respectively.

On 13 February 2019, Ms Amanda Lim Huimin resigned as Project Manager with effect from 28 February 2019. Ms Amanda Lim Huimin was similarly appointed on 1 January 2018.

- (i) **Has the company found a suitable candidate for the Chief Operating Officer role?**

Company’s response:

As the Company executes its strategic development plan in Vietnam, it has effected two very senior hires by way of our Business Development Director and Country Director for Vietnam.

The Company has also hired an Assistant Director to oversee our partnerships with stakeholders who will be able to enhance our social impact solution offering and a competent Manager to oversee a number of our special projects and corporate initiatives.

The experience and network of our Board and senior management coupled with our recent strategic hires put us in an appropriate position as far as staffing is concerned, with due regard to the Company’s stage of development and business activity. As such, we will not be looking to hire a Chief Operating Officer in the immediate future.

- (ii) Has the board evaluated if the group has the necessary human resources in place to achieve its objectives?**

Yes, the board together with the CEO is continually focused on ensuring that there is adequate bench strength to support the business objectives. This is very much part of the discussions that the Board holds regularly with management as the Company's sustainable affordable housing development and social impact plans are rolled out.

- (iii) Has the board, especially the nominating committee, reviewed the group's hiring process and organisation culture? What guidance has the board given to management on identifying, hiring and retaining key talents to help the group to create sustainable long term value for shareholders?**

The Board has interviewed all our strategic hires and is acquainted with their key attributes and the value which they bring to our Group. Apart from the fact that our recent hires have the relevant experience in their respective roles to contribute to the growth of the Company, what is critical is that all of them passionately subscribe to our social impact vision and mission.

- (iii) What were the questions asked by the sponsor during the "exit interview" of the key executives who left soon after joining the company/group?**

During the interviews conducted with outgoing key executives, the Company's sponsor, RHT Capital Pte. Ltd. ("RHTC") seeks to understand the reasons for departure, and if there were any material issues relating to the departure of key executives. RHTC also enquires on the handover and/or transition process in place to ensure that the duties performed by the outgoing key executives are sufficiently covered by existing personnel and/or replacement hires, if any.

SIAS Question 3:

The company has partnered National Housing Organization Joint Stock Company ("NHO") and Emerging Markets Affordable Housing Fund Pte Ltd ("EMAHF") for its development projects in Vietnam.

As disclosed by the company, EMAHF is a Singapore-incorporated fund which is managed by Providence Capital Management Pte Ltd ("PCM") (page 2). PCM is a registered fund management company regulated by the Monetary Authority of Singapore.

As disclosed in the director's profile, the Chief Executive Officer, Mr Daniel Long, co-founded Providence Capital Management Pte Ltd and is currently a director of PCM.

- (i) Can the board help shareholders understand if this would be considered a related party transaction or an interested person transactions as Mr Daniel Long appears to have interest in PCM?**

Company's responses:

Mr Daniel Long is a director of PCM but devotes a significant majority of his time helming the affairs of the Company. His role in PCM is now a passive one. Furthermore, he is neither a shareholder nor director of EMAHF. He is also not on the investment committee or management team of EMAHF. Mr Daniel Long has no role in directing the investment decisions of EMAHF. For the purposes of the Initial Developments, the Company and EMAHF are independent investors in joint venture with NHO.

For these reasons, the Board has assessed that Mr Daniel Long, in his capacity as director of PCM, is not party to an interested or related party transaction relating to EMAHF.

(ii) If so, what are the safeguards that are put in place by the audit committee to ensure that the transactions are conducted on an arm's length basis and are not prejudicial to the interests of the shareholders?

The proposed joint venture structure in the Initial Development Plan ensures that the sharing of economic benefits is commensurate with the capital contribution of the various stakeholders. The various transactions which relate to the Initial Development Plan are conducted on an arms-length basis and not prejudicial to the interests of the Company's shareholders. Our CEO has no role in directing the investment decisions of NHO and EMAHF and both entities operate independently of the Company. The Board is satisfied that our CEO has sought to advance the economic and other interests of the Group by way of the Initial Development Plan. The Company's audit committee ensures that matters pertaining to the Group's strategic plans are brought up for discussion with the Board prior to any commitments being made. Furthermore, the Company regularly ensures that potential interested party transactions are monitored and tabled for discussion at AC meetings, where the AC will ensure that the terms of any proposed transactions are on normal commercial terms and not prejudicial to the interests of the Company's minority shareholders. The Company also abides by the relevant disclosure provisions pertaining to the Catalist Rules governing interested party transactions. The Company's external auditors, as part of their audit scope, would also review interested party transactions.

BY ORDER OF THE BOARD

Long Chee Tim, Daniel
Chief Executive Officer and Executive Director
23 April 2019

This announcement has been reviewed by the Company's sponsor, RHT Capital Pte. Ltd. (the "Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The details of the contact person for the Sponsor are: -

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