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**Issuer:** Olive Tree Estates Limited

**Stock code:** 1H2

**Meeting details:**

Date: 11 Feb 2025

Time: 10.00 a.m.

Venue: 114 Lavender Street #18-00, CT Hub 2, Singapore 338729

**Q1.** At the extraordinary general meeting scheduled to be held on 11 February 2025, the company is seeking shareholder approval for the proposed divestment of its interests in five joint-venture real estate development projects in Vietnam.

According to paragraph 4 of the shareholder circular, the rationale for the divestment is to strengthen the company's liquidity position and refocus on assets and services that generate stable recurring income and cash flow. Further details on the transaction can be found in the circular:

<https://links.sgx.com/FileOpen/OTEL%20-%20Circular%20-%20Disposal%20of%20VN%20Assets.ashx?App=Announcement&FileID=831066>

In May 2023, the company achieved B Corporation certification, reflecting its mission to deliver quality affordable housing to underserved markets in emerging economies.

- (i) **Were there challenges in securing bank financing that necessitated the divestment of the joint-venture stakes, or was this purely a strategic decision to reallocate capital?**
- (ii) **Have the joint-venture investments in affordable housing met the company's financial and strategic expectations? What have been the key learnings from these projects?**
- (iii) **What are the company's specific plans following the completion of the disposal? How will the proceeds be reinvested to enhance long-term shareholder value?**

**Q2.** The company appointed AVA Associates Limited as the business valuer to conduct an independent valuation on the Vietnamese assets while VAS Valuation Co, Ltd. (in association with CBRE Vietnam) was appointed as the property valuer to conduct an independent valuation on the company’s pro rata share of the value of the land and development projects held by the Vietnamese companies and Singapore company.

It is noted that AVA Associates Limited, which has offices in Hong Kong and Singapore, does not appear to have substantial experience or expertise in the Vietnamese market.

- (i) **How did the company select AVA Associates Limited as the business valuer and VAS Valuation Co. as the property valuer? What criteria were used to assess their suitability, particularly for valuing assets in Vietnam?**

**Hai Phong Project**

2A So Dau New Urban Area, Hong Bang Street, So Dau Ward,  
 Hong Bang District, Hai Phong City, Vietnam

**Olive Tree Estates Limited**

**CBRE Valuation Services**  
IN ASSOCIATION WITH CBRE VIETNAM

**APPENDIX 1: ADDITIONAL REQUEST - FORCED SALE VALUE**

As of the valuation date, there is limited of actual market evidence whereby the seller was in a “forced sale” property or actually mortgage in possession sales. However, based upon our experience and considering the state of property such as its location, scale, land tenure/remaining years, etc. as well as industrial property market, we would anticipate a discount of 20%-30% of the property value would be required to reflect a “forced sale”. Hence, the derived value is:

<b>Forced Sale Value</b>	<b>VND679,400,000,000</b>
In words	Six Hundred Seventy-Nine Billion Four Hundred Fifty Million Vietnam Dong Only
<b>Equivalent to</b>	<b>US\$27,460,000</b>
In words	Twenty-Seven Million and Four Hundred Sixty Thousand United States Dollars Only

(Source: Appendix B – Property valuation reports)

- (ii) **What was the rationale for requesting "forced sale" valuations from CBRE and how do these valuations influence the final transaction price?**

**Q3.** In the revalued net asset value (“RNAV”) calculations, the inventories of each project company were written off, amounting to:

- \$863,312 for JME Investment Pte Ltd (Paramount)
- \$16,940,543 for Bai Chay National Housing Organization (NHO) Joint Stock Company (JSC) (Dragon Castle)
- \$16,205,362 for NHO Phu My 2 JSC (Dao Tri)
- \$12,875,851 for Thuan Ann 2 NHO JSC (Starview)
- \$56,789,713 for Hong Bang 2 NHO JSC (Gem Park)

### RNAV Calculation – NHO HB2 – Gem Park

HONG BANG 2 NATIONAL HOUSING ORGANIZATION JOINT STOCK COMPANY (8.14%-OWNED BY OTEL)				
Unaudited Balance Sheet as at 30th September 2024				
(figures in S\$)	Book Value	Adjustment	Fair Value	Notes - AVA
<b>CURRENT ASSETS</b>				
Cash in hand (including checks)	2,413		2,413	Assumes book value approximates fair value.
Cash at bank	200,861		200,861	Assumes book value approximates fair value.
Investment held to maturity	847,717		847,717	Assumes book value approximates fair value. See notes below.
Trade accounts receivables	242,554		242,554	Assumes book value approximates fair value.
Advances to supplies	3,346,981		3,346,981	Assumes book value approximates fair value.
Receivables short-term loans	31,389		31,389	Assumes book value approximates fair value. See notes below.
Other receivables	138,185		138,185	Assumes book value approximates fair value. See notes below.
Provisions for bad debts (*)	(176,511)		(176,511)	Assumes book value approximates fair value.
Inventory	56,789,713	(56,789,713)	0	See notes below.
Short-term prepaid expenses	15,718		15,718	Assumes book value approximates fair value.
Receivable from deducted VAT	2,308,975		2,308,975	Assumes book value approximates fair value.

(Source: Circular to shareholder dated 22 January 2025; RNAV calculation for Gem Park showing the adjustment of inventory to \$0)

The total write-off amounts to \$103.7 million.

- (i) **Can the board, particularly the independent directors, clarify the commercial and accounting rationale for the full write-off of inventories? What underlying assumptions led to this decision, and how does it align with industry norms for real estate asset valuation?**

In addition, the inclusion of NHO HB2 – Gem Park reduced the market value by S\$324,000.

## Conclusion of Value

Based on the information provided and the analysis conducted, and subject to the attached Statement of General Assumptions and Limiting Conditions, our opinion of the Market Value of OTE's share of the equity interest and shareholder's loans in each of the Target Companies as at Valuation Date is reasonably stated in the table below.

Name of Company	Shares Held (%)	Market Value (S\$)	Market Value (USD) (rounded)
JMEI / Paramount	13.33	1,204,749	941,000
NHO BC – Dragon Castle	8.17	2,697,208	2,106,000
NHO PM2 – Dao Tri	8.17	1,306,774	1,021,000
NHO TA2 - Starview	8.17	1,319,151	1,030,000
NHO HB2 – Gem Park	8.14	(323,958)	(253,000)
	<b>TOTAL</b>	<b>6,203,925</b>	<b>4,845,000</b>

Note: Exchange rate of USD0.780971 per S\$ (taken from XE Currency as at Valuation Date)

(Source: Circular to shareholder dated 22 January 2025)

- (ii) **Given that including NHO HB2 – Gem Park lowered the aggregate market value by S\$324,000, what was the strategic reasoning behind its inclusion? Did management consider excluding it from the transaction to optimise value for shareholders?**
- (iii) **How was the US\$5.97 million (S\$8.0 million) aggregate cash consideration determined? Who led the negotiations, and what role did the independent directors play in reviewing and approving the proposed sale?**

*Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.*

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