

Ho Bee Land Limited

(Co. Reg. No.: 198702381M)

ANNOUNCEMENT

ACQUISITION OF ROPEMAKER PLACE, A GRADE A OFFICE BUILDING

1. INTRODUCTION

Ho Bee Land Limited (“**HBL**”) wishes to announce that its wholly owned subsidiary, Grandeur Property Investments Ltd (“**GPIL**”) has entered into a sale and purchase agreement (“**SPA**”) with Frasia Intermediate S.à.r.l (the “**Vendor**”), an unrelated party. Under the SPA, the Vendor agreed to sell and GPIL agreed to purchase all of the ordinary shares representing the entire issued share capital of Frasia Properties S.à.r.l (“**FPS**”) (the “**Acquisition**”). The Acquisition was completed on 15 June 2018.

GPIL is newly incorporated in the British Virgin Islands and its principal activity is property investment.

2. INFORMATION ON FPS

FPS is a company incorporated in Luxembourg and AXA Investment Managers – Real Assets is the manager. Its issued share capital comprises 425,167,196 ordinary shares of £1.00 per share. On completion of the Acquisition, FPS becomes an indirect wholly owned subsidiary of HBL.

FPS is the registered owner of a freehold property known as Ropemaker Place, 25 Ropemaker Street, London EC2 (the “**Property**”). Ropemaker Place is a 21-storey Grade A office building comprising approximately 602,000 square feet of commercial space.

3. CONSIDERATION

The consideration for the Acquisition is £650 million (approximately S\$1.16 billion) (the “**Consideration**”) which was arrived at on a willing-seller and willing-buyer basis. The Consideration was satisfied wholly in cash.

4. RATIONALE FOR THE ACQUISITION

The Acquisition is in line with the Group’s strategy to diversify overseas and grow its recurrent income base.

The Property is currently multi-let with a weighted average lease term of 10.5 years to expiry and 8.5 years to break option. It offers a running yield of approximately 4.68%. The annual rental income is about £30.57 million (approximately S\$55.0 million) with the office accommodation accounting for 97.4% of the income.

The Property will be held for long term investment. The Acquisition is part of HBL's ordinary course of business.

5. FINANCIAL EFFECTS

The Acquisition is financed by internal funds and bank borrowings. The Acquisition is expected to contribute positively to the consolidated earnings per share and net tangible assets per share of HBL Group for the financial year ending 31 December 2018.

6. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

The Chairman/Chief Executive Officer and controlling shareholder of HBL, Mr Chua Thian Poh, together with the executive directors, Mr Ong Chong Hua and Mr Desmond Woon Choon Leng have been appointed as directors of GPIL. Mr Ong Chong Hua and Mr Desmond Woon Choon Leng have also been appointed as directors of FPS. Save as disclosed herein, none of the directors or controlling shareholders of HBL has any interest, direct or indirect, in the above transactions, other than through their shareholdings in HBL (if any).

By Order of the Board

Tan Sock Kiang
Company Secretary

17 June 2018