

Ho Bee Land Limited

(Co. Reg. No.: 198702381M)

ANNOUNCEMENT

SALE OF 49% INTEREST IN BIOMEDICAL SCIENCES DEVELOPMENT, ELEMENTUM

1. INTRODUCTION

The Board of Directors of Ho Bee Land Limited (the "**Company**" and together with its subsidiaries, the "**Group**") wishes to announce that the Company has entered into a sale and purchase agreement (the "**SPA**") on 8 August 2024 with Fermium 257 Pte. Ltd. (the "**Investor**"), pursuant to which the Company has agreed to sell 49% of the entire issued share capital ("**Sale Shares**") of the Company's wholly owned subsidiary, HB Universal Pte. Ltd. ("**HBU**") (the "**Proposed Transaction**"). HBU is a special-purpose vehicle which holds Elementum, situated at 1 North Buona Vista Link Singapore 139691 ("**Elementum**" or the "**Property**").

2. INFORMATION ON THE INVESTOR AND THE PROPERTY

- 2.1 The Investor is a company incorporated in Singapore representing the interest of a sovereign wealth fund.
- 2.2 Elementum is a 12-storey biomedical sciences development with a gross floor area of 445,300 sq ft. HBU intends to continue to hold Elementum for long-term investment.
- 2.3 The Company's wholly-owned subsidiary, HBU, is a private limited company incorporated in Singapore with an issued and paid-up share capital of 144,120,000 ordinary shares. Upon Completion (as defined below), the Investor shall own 49.0% interest in Elementum through its shareholdings in HBU.
- 2.3 The Investor is not related to any of the Company's directors, controlling shareholders of the Company ("**Shareholders**") or their respective associates. As at the date of this Announcement, the Investor does not hold any shares in the capital of the Company ("**Shares**") directly or indirectly.

3. PRINCIPAL TERMS OF THE SPA

3.1 Consideration

The agreed property consideration for the Property was S\$555.0 million ("**Agreed Property Consideration**"). Taking into account the net asset value and the divestment gain, the purchase consideration for the Sale Shares, representing 49.0% interest in Elementum, is approximately S\$134.0 million (the "**Purchase Consideration**"), which will be satisfied wholly in cash.

As at the date of this announcement, the Investor has paid a sum of approximately S\$2.7 million, being 2.0% of the Purchase Consideration, and the balance will be payable upon Completion.

The Purchase Consideration was arrived at by the Investor and the Company on a willing buyer willing seller basis.

Based on the latest full year audited consolidated financial statements of the Group for the financial year ended 31 December 2023, the book value of the Property are approximately S\$483.3 million. The Agreed Property Consideration represents an excess of approximately S\$71.7 million over the book value of the Property as at 31 December 2023.

3.2 Completion

The completion of the sale and purchase of the Sale Shares ("**Completion**") shall take place on 21 August 2024 or such other date as the parties may mutually agree in writing ("**Completion Date**").

There are no conditions precedent to Completion.

4. RELATIVE FIGURES PURSUANT TO RULE 1006 OF THE MAINBOARD RULES OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED

Based on the latest announced consolidated accounts of the Group as of 31 December 2023, the relative figures computed in accordance with Rule 1006 of the Mainboard Rules are as follows:

Rule 1006	Bases	Relative Figures
(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value.	2.7%
(b)	Net profit attributable to the assets disposed of, compared with the Group's net profits.	0.8%
(c)	Aggregate value of consideration received, compared with the market capitalisation ¹ of the Company based on total number of issued shares excluding treasury shares.	11.4%
(d)	Number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable ²
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves.	Not applicable ³

Notes:

¹ The market capitalisation of the Company, determined by multiplying the 664,016,400 shares in issue (excluding treasury shares) as at the date of this announcement by the weighted average price of the Company's shares of approximately S\$1.7778 on 7 August 2024.

² This basis is not applicable as it is not an acquisition.

³ This basis is not applicable as it only applies to a disposal of mineral, oil and gas assets by a mineral, oil and gas company.

As the relative figures computed on the applicable bases as set out in Rule 1006 of the Mainboard Rules exceed 5% but does not exceed 20%, the Proposed Transaction will be classified as a "Discloseable Transaction" for the purposes of Chapter 10 of the Mainboard Rules.

5. FINANCIAL EFFECTS

For illustrative purposes only, the unaudited pro forma financial effects of the Proposed Transaction on the Group as set out below have been prepared based on the latest audited accounts of the Group for the financial year ended 31 December 2023, subject to the following bases and assumptions:

- (a) the computations are purely for illustrative purposes only and do not reflect the actual financial result and the financial position of the Company and/or the Group after the Proposed Transaction;
- (b) for the purposes of computing the effect of the NTA per Share of the Group and gearing of the Group, it is assumed that the Proposed Transaction was completed on 31 December 2023;
- (c) for the purposes of computing the effect of the Proposed Transaction on the EPS, it is assumed that the Proposed Transaction has been completed on 1 January 2023

The pro forma financial effects set out in this Announcement are theoretical in nature and are therefore not necessarily reflective of the results of the Group or the related effects on its financial position that would have been attained had the Proposed Transaction taken place in accordance with the main assumptions set out herein.

The financial effects of the Proposed Transaction on the Group are as follows:

- (a) Net tangible assets ("**NTA**") per share

For illustrative purposes only, assuming that the Proposed Transaction had been effected on 31 December 2023, being the end of the most recently completed financial year, the impact on the NTA of the Group is as follows:

	Before adjusting for the Stake Sale	After adjusting for the Stake Sale
NTA per share (S\$)	5.42	5.47

- (b) (Loss)/earnings per share ("**EPS**")

For illustrative purposes only, assuming that the Proposed Transaction had been effected on 1 January 2023, being the beginning of the most recently completed financial year, the impact on the EPS of the Group is as follows:

	Before adjusting for the Stake Sale	After adjusting for the Stake Sale
EPS (cents)	(39.13)	(34.03)

(c) Net gearing ratio

For illustrative purposes only, assuming that the Proposed Transaction had been effected on 31 December 2023, being the end of the most recently completed financial year, the impact on the net gearing ratio of the Group is as follows:

	Before adjusting for the Stake Sale	After adjusting for the Stake Sale
Net gearing ratio (times)	0.80	0.69

6. RATIONALE FOR THE PROPOSED TRANSACTION

The Proposed Transaction is part of the Group's capital recycling strategy. The Group expects to recognise an estimated gain of S\$34.8 million from the Proposed Transaction, before deducting related transaction costs.

The Group intends to use the proceeds to optimise the Group's overall capital structure and increase its financial flexibility. As a result, the pro-forma net debt-to-equity ratio of the Group is expected to decrease from 0.80 times to 0.69 times.

Upon completion of the Proposed Transaction, the Group will continue to undertake asset and property management of Elementum.

The Company is of the view that this strategic partnership paves the way for broader collaboration, exploring new avenues for growth and development. With the combined resources of the Investor, the Group aims to unlock new growth opportunities and create long-term value for all stakeholders.

7. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

As at the date of this Announcement, none of the Directors or controlling Shareholders of the Company has any interest, direct or indirect, in the Proposed Transaction, other than through their respective shareholding interests, direct or indirect, in the Company.

8. NO SERVICE CONTRACT

As at the date of this Announcement, no person is proposed to be appointed as a director of the Company in connection with the Proposed Transaction. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

9. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the SPA will be made available for inspection during normal business hours at the registered office of the Company at 9 North Buona Vista Drive, #11-01, The Metropolis, Singapore 138588, for a period of three (3) months from the date of this Announcement.

By Order of the Board

Nicholas Chua
Executive Director
Chief Executive Officer

12 August 2024