SINGAPORELAND

RESPONSE TO QUERIES FROM THE SECURITIES INVESTORS ASSOCIATION (SINGAPORE)

*Unless otherwise defined, all terms and references used herein shall bear the same meanings ascribed to them in the Company's Annual Report for the financial year ended 31 December 2023 issued to shareholders on 4 April 2024 (the "**Annual Report**").*

The Board of Directors (the "Board") of Singapore Land Group Limited (the "**Company**" or "**SingLand**") refers to the questions raised by the Securities Investors Associations (Singapore) ("**SIAS**") relating to the Annual Report and sets out its responses as follows:

1. **Can management explain the resilience demonstrated by the office segment in Singapore despite companies focusing on cost containment and downsizing commercial office space? Is there a risk that the segment may eventually falter under external pressures?**

   We have observed a "flight-to-quality" and increased return-to-office trends within our portfolio of office buildings. This translated to higher committed occupancy rates for our buildings in 2023. Looking ahead, we are confident in the continued resilience of Singapore's office sector despite potential economic headwinds, in view of the limited new supply entering the market in the coming years. We are also actively future proofing our portfolio through targeted asset enhancements or redevelopment initiatives for selected buildings with the aim to further enhance the value and returns generated by these buildings.

2. **What is the investment hurdle rate used and approved by the board that is typical of a redevelopment project such as that of Clifford Centre or asset enhancement initiatives such as those of Singapore Land Tower and West Mall?**

   The investment hurdle rate is impacted by the nature and risk profile of each project. It will be higher than the cost of capital/equity and falls within established industry benchmarks for similar projects.

   The Board has to ensure each project offers a return that exceeds the funding cost while considering the different types of inherent risks involved, such as those associated with redevelopment projects compared to asset enhancements.

3. **Can management provide insights into the scale of the partial redevelopment of Marina Square aimed at rejuvenating the nearly four-decade-old mall into a mixed-use precinct? What are the challenges in carrying out residential development in the Downtown Core planning area? When does management anticipate the final approvals and what is the total investment amount earmarked for this project?**

   Approvals from the relevant stakeholders and authorities are pending and at this stage, the timeline for the project has not been determined. We will make the necessary announcements when there are material developments. It is business as usual for our mall operations and the three hotels.

4. **What is the group's strategy in replenishing its landbank in the private residential sector, especially considering factors like the current high interest rate environment, weak macroeconomic conditions and government regulations (including cooling measures) such as the 60% ABSD?**

   Residential development remains a key contributor to the Group's diversified income streams. However, we will continually adjust our strategy and exposure in consideration of broader market conditions, ensuring a balance between market demand and the Group's return on investment.

5. **What deliberations did the board have on the dividend amount and the pay-out ratio? Specifically, has the board devised strategies to increase the pay-out ratio while maintaining support for the group's growth initiatives?**

   We have a dividend policy where we declare dividends at a rate of approximately 20% to 50% of net profit attributable to equity holders, excluding fair value gains/losses and other non-cash exceptional gains/losses.

   Our dividend pay-out is dependent on business needs. As our asset enhancement and redevelopment projects are still in their capital-intensive stages and with major development plans in the pipeline, we presently seek to conserve capital to support these growth initiatives, while maintaining sufficient capital to pursue new investment opportunities.

   The Board has deliberated and proposed a dividend of 4.0 cents per share for FY2023, which is an increase from FY2022's 3.5 cents per share. The Board will review the pay-out ratio annually to balance shareholders' return and the Group's growth initiatives.

6. **Has the board explored the optimal capital structure (including the targeted gearing ratio) to facilitate the group's growth objectives and maximize shareholder value? Does the strength of the group's high-quality assets and operational performance justify the use of higher gearing without substantially heightening risks?**

   The Board is mindful of maintaining an optimal capital structure and is not averse to increase the Group's gearing ratio from its current level. The Group is continually seeking out new investment opportunities to grow our property portfolio. However, given the current economic environment, the Group remains cautious when selecting high-quality investments that provide sustainable returns.

7. **The net asset value per share has steadily increased from \$5.10 to \$5.72 from 2019 to 2023. However, the share price has been on a decline, and last trades at below \$1.80 per share, nearly a 70% discount to its net asset value.**
   i. **What is the company's cost of capital? Has the board assessed whether management consistently delivers returns surpassing this benchmark?**
   ii. **Could the board, particularly the independent directors, elaborate on their initiatives to enhance corporate value and optimise capital efficiency? How successful have these endeavours been, considering the substantial 70% discount to NAV?**
   iii. **In addition, has the board also reviewed the disparity in the valuation of the company and the parent, UOL Group Limited? Does the limited free float of 12.61% negatively impact the valuation of the company?**
   iv. **Apart from acknowledging that there are many external factors influencing the share price, would the board consider disclosing and implementing targeted strategies to narrow the discount gap, thereby creating value for shareholders?**

   The share price is dependent on both company specific and market factors.

   The Board is committed to enhancing shareholder value and capital efficiency.

   The Group continually seeks to optimise shareholders returns through active portfolio management, particularly through asset enhancement and redevelopment of existing assets for best use.

   While we are unable to provide specific details regarding board discussions and future plans, we remain confident in the Group's long-term prospects and are committed to open communication and transparency to all shareholders when there are material updates.

BY ORDER OF THE BOARD
Teo Hwee Ping
Company Secretary

23 April 2024