

Issuer: MYP LTD.
Security: MYP LTD.

Meeting details:

Date: 25 Jul 2016
Time: 2:00 PM
Venue: Raffles City Convention Centre, Bras Basah Room, Level 4, Fairmont Singapore,
80 Bras Basah Road, Singapore 189560

Questions on strategy, financials and operations

1. The undertaking of the new property investment business was approved by shareholders in December 2012. In the four Chairman's Messages since then, various references have been made on investing into property assets in Singapore and the region. Markets such as Vietnam, Indonesia and Philippines, have brought up as possible target countries that offered good yield and growth potential. In 2013, there was a proposed deal for assets in Bali, Indonesia and there is now a proposed acquisition by the group to acquire a large office building in Singapore. **Can the board clarify on the overall investment strategy in terms of (i) geographical diversification, (ii) sector diversification (office, retail, hospitality, industrial or residential) and (iii) the risk profile (rental yield versus capital appreciation)?**

2. Related to question 1 above, **can the board help shareholders understand the investment merits of MYP?** For investors who want regular income, REITs get to enjoy tax incentives and offer stable yields. The investment mandates of REITs are clear and investors can make their own capital allocation into the subsectors accordingly. For exposure to real estate development, there are many listed developers that have good track records of greenfield development and some have decent project pipelines and landbank. MYP does not appear to have in-house expertise to do AEI or development work. Other than participating in the real estate sector through timing of purchases/sales, there seems to be limited opportunities for the group to value-add. **Can the board explain how well equipped is the group to execute on its strategy?**

3. **Can the board provide more information on the property investment operations of the group in the annual report since this will be the main thrust of the group going forward?** Aggregate figures such as average gross rent per month (\$/psf), tenant profile, top 10 tenants, major tenants/concentration, lease expiry profile, rental trends and renewal rate would help shareholders understand the performance better. Only occupancy rate was disclosed in the annual report. For ABI Plaza (page 4 of the annual report), the occupancy rate is 77.7%. For MYP Plaza, it is 77.4% (as at 31 March 2016). It was 47.5% as at 30 September 2014. **Can management explain the below-market occupancy level at the two commercial properties and what are the concrete efforts taken to boost occupancy rates?** This is critical because rental income was just \$10.8 million, the direct operating expenses amounted to \$3.0 million and the finance cost was \$6.9 million. The operating cash flow generated (\$4.6m) is insufficient to service the cost of borrowings (\$6.9m) and other operating needs of the group. The overall cash flow was not negative for the year only because there was an increase of \$6.0 million in amount owing to a shareholder (page 32). **Our estimate of the interest cover ratio is below 1 and it is in the unhealthy range. Given this, shareholders may wonder whether the company is able to resume paying dividends in the near future.**