

Issuer: TEE Land Limited

Security: TEE Land Limited

Meeting details:

Date: 23 Sep 2016

Time: 09:00AM

Venue: Albizia Room, Level 2, Jurong Country Club, 9 Science Centre Road, Singapore 609078

Company Description

TEE Land Limited, an investment holding company, operates as a real estate developer and investor in Singapore, Malaysia, Thailand, Australia, and New Zealand. The company engages in identifying, acquiring, designing, developing, launching, and offering various properties to consumers and businesses. It undertakes residential, commercial, and industrial property development projects; invests in properties, such as hotels in Australia; and provides short-term accommodation in New Zealand. The company was incorporated in 2012 and is based in Singapore. TEE Land Limited operates as a subsidiary of TEE International Limited.

(Source: http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?page=1&code=S9B)

1. In the Operating and Financial Review (pages 14 and 15 of the annual report), looking at just the Singapore projects - it showed that the Group completed three projects during the financial year ended 31 May 2016. The three projects are Rezi 26, Palacio and Sky Green, and the group's effective interest in each project ranged from between 20% to 45%. In addition, the group's five ongoing and upcoming Singapore projects are smaller in size and TEE's effective interests are higher (three 100%-owned projects, one at 51% and one at 45%). **Could the board/management provide shareholders with greater details on the strategic direction for the group (other than the development plans for Geylang which is briefly mentioned in the "Message to shareholders" – page 11)? Is TEE Land going to focus on smaller projects on its own and participate in fewer non-control joint developments?** While the Singapore property market is still facing headwinds, **how does the group intend to build up its landbank and what strategy is it adopting to ensure that the projects sell well?**

In addition, **can the group provide more detail on its plan for the 20 unsold high-end units at "The Peak @ Cairnhill I" following the exchange of shares in The Peak @ Cairnhill II with the former joint development partner?** The loss on dissolution of the joint development was \$2.9 million (page 119) and the unsold units would be subjected to Qualifying Certificate extension charge as the Temporary Occupation Permit was obtained in September 2014. The former joint development partner is also aggressively marketing the units at "Peak II" under an innovative lease-to-buy scheme.

2. The company listed "Growing beyond Singapore" as one of its competitive strengths on page 12 of the annual report. The group carries out real estate development in Singapore, Malaysia and Thailand, it owns hospitality and short-term accommodation assets in Australia and New Zealand. **Can the board provide shareholders with a better understanding on the capital allocation strategy with respect to the targeted "balanced portfolio of projects across both geographical regions and asset types to mitigate market risks"?** For example, would the group acquire income-generating assets in South-East Asia or would the group try to do development work in Australia/New Zealand?

Also, with the listing of Chewathai Public Company Limited on the MAI in Thailand on 5 April 2016, the group retained a 31.9% interest in Chewathai. **How core is Chewathai to the group and how can Tee monetize its investment in Chewathai?**

3. In October 2014, the company completed the issuance of \$30,000,000 of Senior Unsecured Fixed Rate Notes with a fixed interest rate of 6.5% per annum under the \$250,000,000 Multicurrency Medium Term Note Programme. This alone increased the finance cost by \$1.95 million each year, making the total finance cost for the year almost \$5 million. Correspondingly, the interest coverage ratio dropped to 2.1x (page 9 – Financial Highlights). Going forward, there is little buffer for error but it appears that the Australian hotel operation is still loss making (page 125, Segment information) and the investment properties segment (mostly short-term accommodation in NZ) is just profitable. **Can management provide more visibility on these two markets and the plans to achieve better returns? How does the board ensure that the group achieves good quality growth and reward the shareholders with sustainable dividends at the same time?** In the past three years, the dividend has trended down from 1.25c to 0.63c per share and the payout ratio has been cut from 48% to 38%. **Would the board consider a formal dividend policy?** We note that the group's Thai associate, Chewathai Public Company Limited, has a formal dividend policy.