

Issuer: Imperium Crown Limited
Security: Imperium Crown Limited

Meeting details:

Date: 26 Oct 2016

Time: 10:00AM

Venue: The Chevrons, Lotus Room @ Level 3, 48 Boon Lay Way, Singapore 609961

Company Description:

Imperium Crown Limited, an investment holding company, operates as a property developer and investor in Japan and Asia. The company's property portfolio includes residential, retail, and office properties. It is also involved in the real estate agent activities; business of design and construction of interior furnishings; organizing exhibitions; and coal trading business. The company was formerly known as Communication Design International Limited and changed its name to Imperium Crown Limited in June 2015. Imperium Crown Limited was founded in 1995 and is based in Singapore.

(Source: http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=5HT)

1. In the Chairman’s Message (page 4 of the annual report), it was highlighted that the group was “impacted negatively by the net fair value loss on investment properties of S\$16.50 million in FY2016”. This was attributed to the fair value loss suffered by the initial three Japanese investment properties that were acquired in FY2015.

In note 13 (page 60 – Investment Properties), the fair value measurements categorised within Level 3 of the fair value hierarchy used, inter alia, significant unobservable inputs including:

	2016	2015
Capitalisation rate	3.8 – 4.4%	3.5 – 3.9%
Terminal capitalisation rate	4.0 – 4.5%	3.6 – 4.0%
Discount rate	3.6 – 4.1%	3.3 – 3.7%

The changes in the capitalisation and discount rates had a direct (negative) impact on the fair value measurements.

(i) **Can the auditors tell shareholders how they have verified or confirmed these significant unobservable inputs that were used?**

(ii) **Why was Colliers International Tokyo replaced by Jones Lang LaSalle K.K. this year for the valuation of the three properties bought in FY2015?**

(iii) **As the main business of the group is now property development and property investment, please disclose the operating and financial details of the assets so that shareholders can judge for themselves the performance of the assets owned by the group. Please disclose the property income generated by five assets individually, including relevant information such as occupancy rate, rental rate, renewal rate, weighted average lease expiry, key tenants, property operating costs etc.**

2. It was also disclosed in the Chairman’s Message that the board “is directing its attention towards other sources of potential revenue such as property management services” (page 5). **With no assets in Singapore, how would management kickstart this “property management services”? Would this be a greenfield project? What expertise can the group level on to stack the odds in the group’s favour?** One would imagine that this is a highly competitive and service-oriented sector.

3. In the Risk Management and Internal Controls of the Corporate Governance Report (page 23), it was disclosed that the company relies on two assets managers who assist the company to manage the company’s properties in Japan.

(i) **Can the company please disclose the identities of the two assets managers and confirm that they are independent and they do not have any other relationship with the company, its related companies, its 10% shareholders or their associates?**

(ii) The audit committee is “of the view that the existing internal checks conducted by several independent parties in relation to the Company’s properties in Japan are adequate and effective”. **Please let shareholders know how the independent parties conduct their checks.**

(iii) **Can management confirm that they do not pro-actively participate in the leasing of the assets in Japan?**

(iv) **How are the asset managers compensated?**