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**Issuer:** Metro Holdings Limited

**Security:** Metro Holdings Limited

**Meeting details:**

Date: 27 July 2018

Time: 11.00 a.m.

Venue: Mandarin Ballroom I & II, Level 6, Main Tower, Mandarin Orchard Singapore by Meritus, 333 Orchard Road, Singapore 238867

**Company Description**

Metro Holdings Limited, together with its subsidiaries, engages in the property development and investment, and retail businesses in Singapore, the People's Republic of China, Japan, and internationally. The company operates through two segments, Property and Retail. It leases shopping and office spaces, as well as invests in property-related investments; and develops and sells residential and mixed-use properties. The company also operates a chain of three Metro department stores in Singapore and nine department stores in Indonesia. Metro Holdings Limited was founded in 1957 and is based in Singapore.

(Source: [http://www.sgx.com/wps/portal/sgxweb/home/company\\_disclosure/stockfacts?code=M01](http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=M01))

1. During the financial year, the group's property division expanded into new markets of Bekasi, Jakarta, Indonesia and London, United Kingdom, acquiring a development site and an investment site respectively. In April 2018, the group, together with the same partners, entered into another development project, in Bintaro, Jakarta.

- (i) Bekasi & Bintaro: Should the group be taking the lead in all the strategic, financial and operational matters given its 90% stakes in the two projects?**
- (ii) What is the experience of the group in developing residential projects in Indonesia?**
- (iii) As the group holds 90% stakes in both developments, can management elaborate further on the arrangements it has with the other two partners? What are the expected contributions by the other partners?**
- (iv) What is the optimal arrangement to structure the risks and rewards, given the unequal shareholding structure, so that all partners are equally motivated to do the best for the consortium?**
- (v) For the development projects in Indonesia, what is the group's minimum/projected developer's margin?**
- (vi) What is the total gross development value for the Bekasi project and the Bintaro project?**

2. Specifically, for the group's project at Prince Charles Crescent, The Crest, the group recognised a one-time expense of \$27.7 million from Additional Buyer's Stamp Duty (ABSD) paid. The negative impact of the ABSD was partially mitigated by the reversal of a S\$9.5 million write down of amount due from this joint venture.

- (i) With a 40% stake of the project, what is the level of influence and control over the strategic direction of the project?**
- (ii) The company has only disclosed that sales at The Crest "*is showing gradual improvement in line with recent trends in the Singapore property market*" (page 30). The portfolio review (as shown on page 33; reproduced below) did not mention the level of sales.**

## THE CREST AT PRINCE CHARLES CRESCENT SINGAPORE

The Crest at Prince Charles Crescent is a 469-unit condominium comprising four blocks of 5-storey and three blocks of 24-storey residential buildings. The development includes a basement carpark, swimming pool, landscape deck and communal facilities.

Located in the tranquil Jervois precinct, the leasehold site at Prince Charles Crescent fronts the Good Class Bungalows of the Chatsworth and Bishopgate estates in Singapore. The Crest, which sits on a land parcel of over 23,000 square metres, will be of superior spatial quality, offering an openness and unblocked views that the site affords.

The architect commissioned for this development is Toyo Ito, a famed Japanese architect and Pritzker Architecture Prize winner who designed the iconic VivoCity shopping mall in Singapore.

The development was completed in February 2017.



### KEY STATISTICS

% owned by Group	40
Site area (sqm)	23,785
Construction start date	June 2013
TOP	February 2017
Total GFA (sqm)	50,854
Land cost (S\$'million)	516.3

(Source: Company annual report)

### Can management update shareholders on the sales progress of the project?

- (iii) **What are management's plans to maximise the returns from this project given the market cycle and the recent additional cooling measures announced on 5 July 2018?**

3. As noted in the Corporate Governance Report, as at 31 March 2018, three independent directors, namely Mr Phua Bah Lee, Lt-Gen (Retd) Winston Choo Wee Leong and Mrs Fang Ai Lian have served on the Board for more than nine years from the date of their respective first appointment.

Mr Phua, Lt-Gen (Retd) Choo and Mrs Fang were first appointed in 1993, June 2007 and July 2008 respectively. As such, Mr Phua, Lt-Gen (Retd) Choo and Mrs Fang have served on the board for approximately 25 years, 11 years and 10 years respectively.

Notwithstanding that after due consideration and careful assessment, the Nominating Committee and the Board are of the view that Mr Phua Bah Lee, Lt-Gen (Retd) Winston Choo Wee Leong and Mrs Fang Ai Lian remain independent, Guideline 2.4 of the 2012 Code of Corporate Governance calls for the board to "also take into account the need for progressive refreshing of the Board".

**(i) With the appointment of Ms Deborah Lee Siew Yin as an independent director in June 2018, what are the board's other near-term plans to refresh the board membership progressively and in an orderly manner, to avoid losing institutional memory?**