Securities Investors Association (Singapore)
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www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y0Y

Issuer: SLB Development Ltd.

Stock code: 1J0

Meeting details:
Date: 26 Sep 2024
Time: 9.00 a.m.
Venue: 29 Harrison Road, Lian Beng Building, Singapore 369648

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Q1. The group has three ongoing projects in Singapore, namely The Arcady at Boon Keng, One Sophia/The Collective at One Sophia and Bagnall Haus at 811 Upper East Coast. The 172-unit development, The Arcady at Boon Keng, was launched in January 2024 while the other two projects are "scheduled for launch by FY2025".

Based on recent internet searches, only one-third of the units at The Arcady at Boon Keng have been sold.

(i) **What is management's assessment of the local real estate market, particularly in light of the cooling measures, current economic conditions and high inflation/interest rates?**

(ii) **What is the typical buyer profile for The Arcady at Boon Keng? Does management anticipate any shifts in this profile, and how might that affect sales strategies?**

(iii) **Have there been delays to the launches of One Sophia/The Collective at One Sophia and Bagnall Haus at 811 Upper East Coast given that they are expected to be launched by FY2025?**

(iv) **How does management plan to enhance the appeal of these new developments, given current market conditions? What specific design features or value propositions differentiate them from other competing projects?**

(v) **With minority stakes ranging between 10% and 15%, how does the group influence strategic and operational decisions in these projects? In what ways does management contribute to driving the success of these projects?**

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Q2. For the financial year ended 31 May 2024, the group reported revenue of $0.8 million while other operating income amounted to $10.17 million. The group wholly owns the 4-storey commercial properties at 30 and 31 North Canal Road, as well as 38 and 40 South Bridge Road in Singapore.

The leases for these commercial buildings are 99-year, effective from as early as 1 May 1941.

Statement of Comprehensive Income

For the financial year ended 31 May 2024

	Note	Group 2024 $'000	Group 2023 $'000
Revenue	22	805	47,688
Cost of sales		(411)	(34,682)
Gross profit		394	13,006
Other operating income	23	10,171	9,645
Sales and marketing expenses		–	(2,701)
Administrative expenses		(3,690)	(4,294)
Other operating expenses	23	(1,966)	(4,800)
Finance costs	25	(7,936)	(9,261)
Share of results of joint ventures and associates		(4,147)	9,327
Impairment loss on development property		(14,727)	–
(Loss)/profit before tax	23	(21,901)	10,922
Taxation	26	(202)	(2,553)
(Loss)/profit for the year, net of tax		(22,103)	8,369

(Source: company annual report)

(i) **Are the commercial properties currently leased while management awaits relevant planning approvals? If so, what is the occupancy rate?**

(ii) **What is the long-term vision for the commercial properties, considering their short remaining lease terms? How does this affect redevelopment plans, and what hurdle rates does the board apply in assessing the viability of such projects?**

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(iii) **Could management provide an update on the 235 Bourke Street property in Melbourne, Australia, including its current operational status and any planned initiatives? How does the company plan to monetise this investment?**

(iv) **Could management provide a detailed breakdown of the $(14.7) million impairment on development property? Which specific assets were impaired, and what were the key factors leading to the impairment?**

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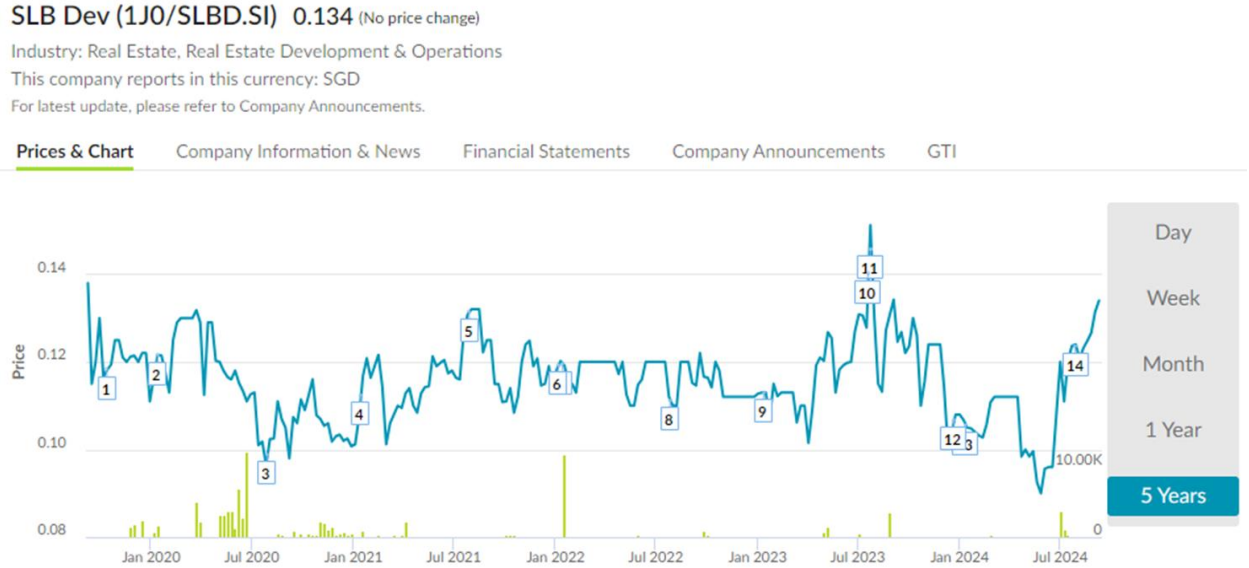
Q3. Net asset value per share as at 31 May 2024 dropped to 20.25 Singapore cents. Over the past five years, the share price has fluctuated between 9 cents and 15 cents, with the stock remaining highly illiquid.



(Source: https://investors.sgx.com/securities/stocks?security=1J0)

Stock exchanges and regulators, including Tokyo Stock Exchange and Korea's Financial Services Commission, have started to ask companies to set up and disclose valuation boosting plans. These corporate value-boosting initiatives are needed as it is recognised that "corporate values" of listed companies have to improve and that the main driver in enhancing corporate value is the company itself. Efforts have been targeted at companies that trade below a price-to-book ratio of below 1. The plans focussed on increasing awareness and literacy of the cost of capital, capital efficiency and stock prices of listed companies.

Specifically, Tokyo Stock Exchange has required companies with price-to-book consistently below 1x to disclose their policies and specific initiatives to improve their valuations.

(i) **Can the board clarify the current cost of capital and outline how this metric is integrated into management's decision-making processes? What steps are taken to ensure that returns consistently exceed the cost of capital, and how does this align with the group's broader capital allocation strategy?**

(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 discount to NAV?**

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(iii) **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?**

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Check out the latest questions on the annual reports of listed companies on SIAS website

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