
RESPONSE TO THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED'S QUERIES

1. Introduction

- 1.1. The Board of Directors (the “**Board**”) of Stamford Land Corporation Ltd (the “**Company**”, together with its subsidiaries, the “**Group**”) refers to the Company’s announcement dated 24 May 2024 in respect of its FY2024 full year unaudited financial results (the “**Announcement on FY2024 Full Year Unaudited Financial Results**”).
- 1.2. In this regard, the Company would like to respond to the following queries raised by the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 4 June 2024 (the “**SGX Queries**” and each an “**SGX Query**”).

2. The SGX Queries

2.1 SGX Query 1

The Company recorded a fair value loss on investment properties for its 60% owned London commercial property of S\$81.5 million in FY2024 after recording a fair value loss of S\$75.5 million in FY2023, the Company explained that the significant fair value loss in FY2024 is due to a higher capitalisation rate of 5.75% VS 4.53% in FY2023.

Please disclose the identity of the independent valuer which performed the valuation of the Company's investment properties and London commercial property, as well as the date of valuation.

The Company's response to SGX Query 1

The independent valuers that performed the valuation of the Company's investment properties are as follows:

Description and Location	Independent Valuer	Valuation Date	Report Date
One floor of office building on Cantonment Road in Singapore	SRE Global Pte Ltd, Singapore	31 March 2024	1 April 2024
Commercial building in London, United Kingdom	CBRE Limited, United Kingdom	31 March 2024	16 April 2024

2.2 SGX Query 2

Please disclose whether the valuer had also applied an alternative methodology such as the market comparison approach when valuing the London commercial property to check for reliability of the valuation. To disclose the value of the property if the comparative approach methodology had been applied.

The Company's response to SGX Query 2

The independent valuer (CBRE Limited, United Kingdom "CBRE UK") arrived at their opinion of fair value by adopting the traditional investment capitalisation method of valuation. Within this approach, the independent valuer applied an income weighted average equivalent yield to their opinion of net income, reflecting the comparable evidence within the market for guidance on capitalisation rates and capital values per square feet. The fair value would be the same whichever methodology is adopted.

2.3 SGX Query 3

Please explain, with supporting data, the reasonableness of and the basis for the higher capitalisation rate of 5.75% for the valuation for similar Grade A London commercial property as at 31 March 2024 compared to a capitalisation rate of 4.53% applied as at 31 March 2023, despite the relatively stable revenue from the property investment segment from FY2023 to FY2024 and noting that a significant amount of S\$139.6 million of the rights proceeds have already been used to pay off the bank loan for the Finsbury Circus property.

The Company's response to SGX Query 3

In terms of CBRE UK's valuation of the 8 Finsbury Circus property, over the last few years, CBRE UK have generally tracked the published prime city yield as at the valuation date. Prime city yield has moved up further from 4.5% as at 31 March 2023 to 5.75% as at 31 March 2024.

The table below demonstrates the prime city yield in the City of London since December 2021 which illustrates that the prime city yield movement and correspondingly capitalisation rates movement, has been significant. In view of the published prime city yield, the capitalisation rate of 5.75% adopted for the 8 Finsbury Circus property's 31 March 2024 valuation is reasonable.

Period	Prime City Yield
Dec-21	3.75%
Jul-22	4.00%
Oct-22	4.25%
Nov-22	4.50%
Apr-23	4.75%
Jun-23	5.00%
Jul-23	5.25%
Sep-23	5.50%
Nov-23	5.75%
31 March 2024 (Valuation Date)	5.75%

Additionally, the fact that the external bank loan for the 8 Finsbury Circus property has been fully repaid does not have any bearing on the valuation. The valuation is derived from the valuation methodology as explained in the Company's response to SGX Query 2 above.

The Board considered CBRE UK's valuation report as at 31 March 2024 and adopted CBRE UK's valuation of 8 Finsbury Circus of £182.7 million (S\$310.9 million) to support the fair value of 8 Finsbury Circus reported in the Announcement on FY2024 Full Year Unaudited Financial Results. This is to reflect the true and fair valuation of 8 Finsbury Circus.

2.4 SGX Query 4

The acquisition price of its 60% owned London investment property 8 Finsbury Circus was £260.0 million and the acquisition was completed in July 2019. Based on the Company's response on 22 November 2023, the fair value of 8 Finsbury Circus fell from £277.0 million (S\$492.5 million) as at 31 March 2022, to £231.3 million (S\$380.2 million as at 31 March 2023) and £189.2 million (S\$315.4 million) as at 30 September 2023. The Company disclosed that the valuations were performed by CBRE Limited ("CBRE UK") at the respective dates. As the Fair Value loss amounts to S\$81.5 million in FY2024, it would appear that the fair value of 8 Finsbury Circus would amount to S\$298.7 million. The Grade A property in London would have fallen 39.4% in 24 months since 31 March 2022. Please provide data from the Company's independent valuer to substantiate that the significant fall in fair value of 39.4% in 2 years of the Company's London property, which has a 100% occupancy rate, is in line with the market trend in the City of London.

The Company's response to SGX Query 4

We refer to our announcement made on 22 November 2023 in respect of the SGX queries on the unaudited interim financial results for the six months ended 30 September 2023, and we re-iterate our replies below.

The fair value of 8 Finsbury Circus is disclosed in Note 9 of the Announcement on FY2024 Full Year Unaudited Financial Results. The fair value of 8 Finsbury Circus reported by the Group is as follows.

Fair value of 8 Finsbury Circus as at:	£ million	S\$ million
- 31 March 2022	277.0	492.5
- 31 March 2023	231.3	380.2
- 31 March 2024	182.7	310.9

The fair value loss from the Company's investment property 8 Finsbury Circus in London, United Kingdom was mainly due to the increase in capitalisation rates used by independent external valuer in its valuation. The fair value of an investment property varies inversely against its capitalisation rate.

Details of the valuation techniques and inputs used by the independent external valuer in were disclosed in the Announcement on FY2024 Full Year Unaudited Financial Results.

Financial Year ended	Capitalisation Rate	Corresponding London's Prime City Yield
31 March 2024	5.75%	5.75%
31 March 2023	4.5%	4.50%
31 March 2022	3.8%	3.75%

The higher capitalisation rate was contributed by the rise in interest rates in the United Kingdom, among other factors. The official bank base interest rate in the United Kingdom has been increased significantly in the last 2 years, the Bank of England raised rates several times from 0.75 percent as at March 2022 to reach 5.25 percent in August 2023.

Applying a 200 basis point movement (3.75% to 5.75%) to a stable income stream would result in a fall in value of 34.8%. The actual fall in reported valuation over the period from £277.0 million as at 31 March 2022 to £182.7 million as at 31 March 2024 is reasonable at 34%.

BY ORDER OF THE BOARD

Ang Lay Kheng

Chief Financial Officer and Company Secretary

7 June 2024