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**RESPONSE TO THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED'S QUERIES**

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**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 26 May 2023 in respect of its FY2023 full year unaudited financial results (the “**Announcement on FY2023 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 13 June 2023 (the “**SGX Queries**” and each an “**SGX Query**”).

**2. The SGX Queries**

2.1. SGX Query 1

Please provide a breakdown of the fair value gain or loss for each of the Company’s properties in FY2023 and elaborate on the reasons for the material losses incurred in each of the respective properties.

The Company’s response to SGX Query 1

The breakdown of the fair value (loss)/gain of the Company’s investment properties in FY2023 is set out below:

|                                                              | <b>(Loss) / Gain<br/>S\$ million</b>                                                                           |
|--------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------|
| Commercial building in London, United Kingdom                | (75.8)                                                                                                         |
| One floor of office building on Cantonment Road in Singapore | 0.3                                                                                                            |
|                                                              | <hr style="border-top: 1px solid black; border-bottom: 1px solid black; height: 3px; width: 100%;"/><br>(75.5) |

The net fair value loss of the Company’s investment properties in FY2023 was mainly attributable to the commercial building in London, United Kingdom (the “**London Commercial Building**”), as a result of the increase in capitalisation rate to 4.5% in FY2023 (FY2022: 3.8%) used by an independent external appraiser in its valuation of the London Commercial Building as at 31 March 2023. 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 appraiser in FY2023 and FY2022 were disclosed in Note 16 of the Announcement on FY2023 Full Year Unaudited Financial Results.

## 2.2. SGX Query 2

Please disclose what are the “other assets” that resulted in a gain on disposal of \$15.4 million and whether listing rule 1010 has been complied with, if applicable.

### The Company's response to SGX Query 2

As disclosed in the Company's announcement dated 10 October 2022, a subsidiary of the Company entered into a property sale agreement for the sale of the Company's property which operated as a hotel under the brand of “Stamford Plaza Auckland” (the “**Property Disposal**”). In conjunction with the Property Disposal, another subsidiary of the Company entered into a business sale agreement for the sale of (i) part of the hotel business conducted by it at Stamford Plaza Auckland (the “**Business**”); and (ii) the business assets of the Business (together with (i), the “**Business Disposal**”). The Property Disposal and the Business Disposal (together, the “**Disposal Transactions**”) completed on 6 December 2022. The gain on disposal of S\$15.4 million was attributable to the Business Disposal. The Disposal Transactions were disclosed by the Company in Note 8 of the Announcement on FY2023 Full Year Unaudited Financial Results.

As disclosed in the Company's announcement dated 10 October 2022, the Disposal Transactions constituted a “major transaction” under Rule 1014 of the Listing Manual of the SGX-ST (the “**Listing Manual**”). It was further disclosed by the Company that the SGX-ST had on 5 October 2022 indicated that the SGX-ST had no objection to the Company's application for waiver from having to comply with Rule 1014(2) of the Listing Manual to seek the prior approval of the shareholders of the Company (the “**Shareholders**”) in respect of the Disposal Transactions (the “**Waiver**”), subject to, *inter alia*, the Company seeking Shareholders' ratification of the Disposal Transactions at an extraordinary general meeting within three months from the date of the Waiver. The ratification of the Disposal Transactions was approved by the Shareholders at an extraordinary general meeting held on 4 January 2023.

Accordingly, as this is a major transaction, Rule 1014 of the Listing Manual (as amended by the Waiver) has been complied with. Please refer to the Company's announcements dated 10 October 2022, 19 October 2022, 6 December 2022, 4 January 2023 and 11 January 2023 and the Company's circular dated 20 December 2022 for more details.

## 2.3. SGX Query 3

Please explain the material increase in staff costs which increased 31% from S\$47.9 million (FY2022) to S\$62.8 million (FY2023) and other operating expenses from S\$36.1 million (FY2022) to S\$53.8 million (FY2023) on the back of a decline of 5.5% in revenue.

## The Company's response to SGX Query 3

### *Staff costs*

The increase in staff costs by S\$14.9 million or 31% from S\$47.9 million (FY2022) to S\$62.8 million (FY2023) was mainly attributable to an increase of S\$13.9 million in profit-sharing incentives awarded to the Executive Chairman and the Chief Executive Officer of the Company.

Despite a dismal first half net loss attributable to owners of the Company of S\$32.1 million, the Company concluded FY2023 with a significantly improved and record net profit attributable to owners of the Company of S\$152.4 million despite the fair value loss of the London Commercial Building. The improvement in net profit attributable to owners of the Company for FY2023 was achieved mainly through the successful disposals of the Company's properties which operated as hotels under the brands of "Stamford Plaza Auckland" and "Sir Stamford at Circular Quay".

Stamford Plaza Auckland in New Zealand, known as The Regent of Auckland previously, was an underperforming hospitality asset that the Company strategically acquired in 1995 at a distressed price of NZ\$80 million and later rebranded. The Executive Chairman was pivotal in the acquisition and subsequent transformation of the loss-making hotel into an income-generating asset that provided the Company with recurring profits through the years. During the holding period of the property, the Group also added value and took profit by redeveloping 150 luxury apartments within the site. The Executive Chairman initiated, and was instrumental in, such redevelopment and sale. In 2022, the management saw an opportunity to realise the value of Stamford Plaza Auckland and at the same time, de-risk from the capital deployment needed to refurbish this mature property. It divested the asset for NZ\$170 million, reflecting an 8.5% premium over the property's latest valuation dated 31 March 2022 and realised a gain on disposal of S\$95.0 million for the Company.

Under the canny leadership of the Executive Chairman, the Company similarly acquired Sir Stamford Circular Quay in 2000, previously known as The Ritz Carlton Hotel, Sydney, at a bargain price of A\$36 million and rebranded it. With astute management, Sir Stamford Circular Quay has consistently generated strong recurring profits for the past two decades. Its divestment in 2023 for A\$210.5 million reflected a premium of A\$120.5 million over the latest valuation conducted on 31 March 2022, and garnered a gain on disposal of S\$140.9 million for the Company. The divestment terms were greatly beneficial to the Company as it encompassed potential redevelopment profits without the accompanying development risks. Furthermore, the Company will enjoy 18 months of operating profits post-disposal, via taking on a lease at nominal rent.

In particular, the Executive Chairman and the Chief Executive Officer were key figures in the execution and delivery of these asset disposals which reaped considerable gains on disposal of S\$235.9 million for the Group and enhanced its liquidity position significantly.

As part of its efforts to ensure fair incentive remuneration, the Company's Remuneration Committee ("**RC**"), comprising independent directors only, adopts a rigid process involving deliberations within the committee and consultations with independent remuneration specialists. AON Solutions Singapore Pte. Ltd. ("**AON**"), a global human capital solutions leader, was engaged to provide recommendations on the compensation framework for the Executive Chairman and the Chief Executive Officer in January 2022 to align performance with rewards, and ensure competitiveness of their total compensation. AON's recommendations were unanimously adopted by the RC.

In assessing the compensation framework, the RC takes into account the alignment of long-term interest and risk policies of the Group, as well as motivation, incentivisation and stewardship of key personnel. The RC also recognises the crucial roles played by the Executive Chairman and Chief Executive Officer, and their valuable contributions to the management and operation of the Group.

Prior to approving the FY2023 remuneration of the Executive Chairman and Chief Executive Officer, the RC in December 2022 took the further prudent step of consulting AON on such proposed FY2023 remuneration. AON concluded that the proposed profit-sharing incentive payments to the Executive Chairman and the Chief Executive Officer for FY2023 are in alignment with the Company's compensation framework.

The RC will continue to exercise its function thoughtfully, with a view to achieving a fair and equitable basis and principled approach.

#### *Other operating expenses*

The increase in other operating expenses by S\$17.7 million from S\$36.1 million (FY2022) to S\$53.8 million (FY2023) was attributable to the following:

|                                                                                                                                                                                                                                                                | <b>Increase /<br/>(Decrease)<br/>S\$ million</b> |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------|
| Higher hotel operating costs due to full re-opening of most of our hotels in FY2023. In FY2022, most of our hotels operated as quarantine hotels and at lower occupancies compared to FY2023                                                                   | 15.1                                             |
| Higher operating costs of investment properties mainly due to higher cost of utilities and inflationary pressures in United Kingdom                                                                                                                            | 2.4                                              |
| Costs incurred by Stamford Plaza Brisbane in FY2023 as a result of the flood which happened in February 2022, comprising mainly repair and maintenance costs, guest relocation costs, marketing, consultancy and professional fees and disaster recovery costs | 2.6                                              |
| Higher consultancy, legal and professional fees                                                                                                                                                                                                                | 0.9                                              |
| Weaker AUD and GBP against SGD                                                                                                                                                                                                                                 | (3.3)                                            |
|                                                                                                                                                                                                                                                                | 17.7                                             |

Despite most of our hotels operating at higher occupancies in FY2023, the consequential increase in hotel revenue was offset by the loss of revenue from Stamford Plaza Auckland due to the divestment of the property and the weakening of AUD against SGD.

BY ORDER OF THE BOARD

**Ng Kah Poh, Joanna**

Company Secretary

16 June 2023