

Issuer: Stamford Land Corporation Limited

Security: Stamford Land Corporation Limited

Meeting details:

Date: 28 Jul 2016

Time: 2:30 PM

Venue: Level 3, Suntec Singapore Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Spore 039593

General comments:

It would help shareholders greatly if the group's comprehensive operational figures for the financial year are included in the annual report. There is little or incomplete information on occupancy/average room rates/RevPAR for the various properties. In the operation review, shareholders were informed of changes such as "1.5% improvement", "1.1% decline" and "RevPAR growth of 34%" but without the base figures, shareholders still cannot gauge how well the assets are performing.

Questions on strategy, financials and operations

1. In the Chairman's message, the Chairman sought shareholders' understanding for the Board's recommendation to reduce dividend for the financial year under review to 0.5 cents. It appears that the group is building up its war chest. **The Chairman also mentioned property development "focusing on different geographies" (page 3 of the annual report) - Is the group preparing to venture beyond Australia and New Zealand? If so, has the board evaluated the expertise and experience of management to venture beyond the key markets?** With regard to the "development application for two important sites", one of the sites appears to be Stamford Plaza Brisbane (being the only leasehold asset in the portfolio). Given that the secondary cities are experiencing weakness, **is there still market demand for a noteworthy (presumably big and high-end luxury) development?** Sale of the group's development in Auckland has been slow and seven units are still unsold. **Also, can management help shareholders understand the impact of AirBnB on the traditional hotel operations? How badly are hotels affected? What is management doing to mitigate this risk?**

Questions on governance and management

2. Can the ARMC explain the following line items recognised under the "Related Party Transactions (RPT)" section?

- 2013: Purchase of goods and services from a director of the Company - \$689,000
- 2014: Purchase of goods and services from a director of the Company - \$1,426,000
- 2015: Purchase of goods and services from a director of the Company - \$1,000,000
- 2016: Services received from a director of the Company - \$1,100,000

Since 2013, the total for such purchases totaled more than \$4.2 million. Can the Audit and Risk Management Committee (ARMC) explain what these purchases were and which director had been paid for rendering his services? Can the ARMC describe in detail the nature of these services?

3. In the Interview with the Chairman of the Audit and Risk Management Committee (ARMC), Mr Douglas Chester, also an independent non-executive director, explained why the group is changing auditors (page 18). **Can Mr Chester further elaborate on “his interview answer” as to why the group is proposing to change the external auditors, KPMG?** Mr Chester mentioned that to “ensure that the group continues to receive quality audits, the committee is of the view that the group’s interest is best served by a proposed change in auditors”. **Is there evidence that the current auditors have not or will not be able to meet the ARMC’s expectations? Can the ARMC explain how the proposed incoming auditors were selected? Can the ARMC confirm that they are introducing a new policy of changing auditors periodically? How often will auditors be changed?**

Shareholders would also like to request the external auditors KPMG to respond and help shareholders understand their interaction with the ARMC and explain why they are not invited to seek re-appointment at the AGM (page 40 of the annual report).

In addition, we note that Singapore Shipping Corporation (SSC) is also seeking to replace KPMG as their auditor at their forthcoming AGM. Similarly, like in Stamford Land’s annual report, independent director and Chairman of the SSC’s ARMC, Mr Tan Guong Ching, answered the same “interview question” of why Stamford Land would be changing auditors.

We observed that other than the tenure (“more than a decade” for SSC vs “since 2009” for Stamford Land), two different independent directors of two listed companies gave the same answer, word for word as to why their respective boards and ARMCs are recommending a change of external auditor.