

SAKAE HOLDINGS LTD.

Company Registration Number 199604816E
(Incorporated in the Republic of Singapore)

RESPONSE TO QUESTIONS IN CONNECTION WITH THE ANNUAL GENERAL MEETING TO BE HELD ON 31 OCTOBER 2022

The Board of Directors of Sakae Holdings Ltd. (“Company” or together with its subsidiaries, the “Group”) would like to thank all shareholders of the Company (“Shareholders”) who have submitted their questions in advance of the Company’s Annual General Meeting, which will be held at 28 Tai Seng Street, Sakae Building, Level 7, Singapore 534106 on Monday, 31 October 2022 at 3.00 p.m.

Please note that the questions in this Announcement are published as received from Shareholders; and, for the avoidance of doubt, do not necessarily reflect the Group’s acknowledgment, endorsement or acquiescence of the accuracy of any fact or assertion contained therein.

Question 1

In the announcement of another SGX-listed ESR-LOGOS REIT titled “ESR-LOGOS REIT to Commence AEI at 16 Tai Seng Street, with Anchor Tenant Secured Ahead of AEI Commencement” dated 27 Jul 2022, it was stated that “The development works are estimated to cost approximately S\$32.0 million, with an estimated yield on cost of up to 6.0%.” On page 105 of the Annual Report about leasehold building, Sakae Building has a carrying amount of S\$90.0 million. Based on area leased out within Sakae Building, what was the gross rental yield and net rental yield?

Company’s Response

As disclosed on Page 110 of the Annual Report, Sakae Building which is located at 28 Tai Seng Street, Singapore 534106, is used as office, warehouse and central kitchen production to support the Group’s businesses.

As Sakae Building is not held as an investment property, the Company does not compute rental yield for the building.

Question 2

Please refer to page 110 of the Annual Report about “Property, plant and equipment”. For point (iv), it was stated that “The property is held under a land use term for 30 years, up to 30 September 2037, with an option at expiry to extend for

a further 30 years.” Assuming the land use term expires on 30 Sep 2067, Sakae Building should have a land use term of another 45 years only. In the company announcement of another SGX-listed Mapletree Industrial Trust titled “Responses to the substantial and relevant questions from unitholders for the annual general meeting on 19 July 2022” dated 18 Jul 2022, it was stated that “The fall in valuations for Kallang Basin 1 and 2 Clusters were due to their short remaining underlying land lease tenures of less than nine years. In view of their locations and permissible land use in the Singapore Master Plan, it is likely that both plots of land will be returned back to the state at the end of their land leases.” As lease amortisation accelerates towards the tail end of tenure according to Bala’s Table, is there a threshold on how long more the Board and Management plan to hold onto Sakae Building?

Company’s Response

As stated in our response to Question 1 above, Sakae Building provides the facilities and centralised support for the operation of the Group’s businesses, ranging from production and supply of goods or services, provision of logistic and distribution support, warehousing and storage facilities as well as back office support for our operations.

Unlike investment property, the Group will require these facilities in the building in order to operate the Group’s businesses. In contrast, a property or building held under real estate investment trust will be used and calculated differently on rental yield and tenure.

Besides the operational needs, the Company will continue to explore other viable options to maximise the use and value of Sakae Building.

Question 3

Please refer to page 35 of the Annual Report about “Disclosure on Remuneration”. Can the Remuneration Committee share what remuneration factor(s) specifically led to the increases? How much is attributable to each of these remuneration factor(s)?

No.	Name	Remuneration band (FY2021)	Remuneration band (FY2022)	Reason(s)
1	Douglas Foo Peow Yong	\$500,000 to below \$750,000	\$750,000 to below \$1,000,000	
2	Foo Lilian	\$250,000 to below \$500,000	\$500,000 to below \$750,000	

Company's Response

Please refer to the table below for the breakdown :

Remuneration band & name of directors	Salary %	Bonus %	Incentive and other benefits %	Directors' Fees %	Total %
<i>\$750,000 to below \$1,000,000</i>					
Douglas Foo Peow Yong	64	-	36	-	100
<i>\$500,000 to below \$750,000</i>					
Foo Lilian	64	-	36	-	100

There are both fixed and variable components to the Executive Directors' remuneration. The variable components are tied to Group performance.

As the Group operates in a highly competitive industry, the specific disclosure of the remuneration details of each individual director, including controlling shareholder and the immediate family members of a director, CEO or substantial shareholder and key management personnel would adversely impact the Company's operations and business due to the sensitive nature and confidentiality of such information. Accordingly, the Company did not disclose specific details of the remuneration of each individual Director and key management personnel as such disclosures will be prejudicial to the interests of the Company as well as our employees.

Question 4

With regards to Griffin Real Estate Investment Holdings Pte Ltd (GREIH), the Company had received the following net returns:

No.	Date	Net return
1	12 Sep 2019	S\$8,148,148
2	11 May 2010	\$3,209,876
3	11 Dec 2020	\$2,716,049
4	02 Nov 2021	\$3,703,704
5	13 Jun 2022	\$3,950,617
	Total	\$21,728,394

Other than paying dividends, can the Board and Management also consider using some of these net returns to do some share buybacks?

Company's Response

While the Board continues to balance the Group's business needs as well as looking after stakeholders' interest, the Board and Management will continue to review and explore viable options to maximise Company and Shareholders' returns, including share purchases. The share purchases will only be undertaken as and when the Board consider it to be in the best interests of the Company.

By Order of the Board

Chan Lai Yin
Company Secretary

27 October 2022