BUKIT SEMBAWANG
ESTATES LIMITED
Company Registration No. 196700177M

RESPONSES TO SUBSTANTIAL AND RELEVANT QUESTIONS FOR ANNUAL GENERAL MEETING 2026

Bukit Sembawang Estates Limited ("**BSEL**", "**the Company**", together with its subsidiaries, "**the Group**") would like to thank the Securities Investors Association (Singapore) ("**SIAS**") and our shareholders for submitting questions ahead of the Company's 60th Annual General Meeting ("**AGM**") to be held on 31 July 2026 at 10.30am.

The Company would like to share our responses to the questions as follows:

Question 1

As noted in the chairman's statement, following the launch of Pollen Collection II in December 2025, the Group is preparing to launch Luxus Hills Phase 10, a 999-year leasehold landed development, in the third quarter of 2026.

The sales progress of the group's residential projects is as follows:

- Pollen Collection II: 186 landed houses, with 27 of the first 52 units sold (52% of Phase 1; 15% overall)
- 8@BT: 158 units, with 111 units sold (70%)
- Pollen Collection: 132 units, with 124 sold (94%)
- Luxus Hills Phase 10: Launch expected in 3Q2026

(i) Can the Company elaborate on its pricing strategy for Luxus Hills Phase 10, taking into account its 999-year leasehold tenure? How does Management intend to position the project relative to Pollen Collection II?

Response

Luxus Hills Phase 10 and Pollen Collection II are positioned as two distinct landed housing products catering to different buyer segments.

As a 999-year leasehold development, Luxus Hills Phase 10 is expected to command a premium over Pollen Collection II, reflecting its longer land tenure, unique product attributes and long-term value proposition. Pollen Collection II, being a 99-year leasehold development, offers a more accessible entry price and appeals to buyers seeking quality landed living at a lower price quantum.

Rather than viewing the two developments as competing projects, we believe they complement each other by providing buyers with a wider range of choices based on their lifestyle needs, budget and tenure preference.

The Group will continue to adopt a market-driven pricing strategy, taking into account prevailing market conditions, comparable transactions, buyer demand and the overall positioning of each development.

Management has referred to adopting a "calibrated approach" for the remaining units at 8@BT.

(ii) Can Management elaborate on what this means in practice? How will pricing and marketing initiatives be managed as the project approaches its expected completion at the end of 2027?

Response

A calibrated approach means that the Group does not adopt a one-size-fits-all pricing strategy. Instead, we continuously monitor market conditions, buyer demand, competing developments and sales momentum before making decisions on pricing, unit releases and marketing initiatives.

As 8@BT progresses towards completion, the Group will continue to review our pricing strategy carefully to ensure that it remains competitive while preserving the long-term value of the development. Marketing initiatives will also be adjusted according to market conditions and buyer profiles to broaden market reach and sustain sales momentum.

Our objective is to achieve a balanced outcome by maintaining pricing discipline, meeting the Additional Buyer's Stamp Duty (“ABSD”) deadline and maximising long-term value for both shareholders and purchasers.

Many new projects across locations including Holland, Tampines, River Valley, and even Tengah, have sold out or achieved more than 90% take-up rates at launch.

(iii) What philosophy has the Board adopted in determining the optimal sales pace for the group's residential developments? Does the Group seek to maximise early sell-through at launch to derisk the project, or has it deliberately retained inventory over the construction period to optimise pricing? How does the Board determine the appropriate balance?

Response

The Group recognise that a number of recent residential launches have achieved strong sales at launch. However, every development is different in terms of location, product positioning, buyer profile and price quantum. As such, there is no one-size-fits-all sales strategy.

The Group's philosophy is to optimise both sales momentum and pricing over the entire development cycle. Accordingly, we adopt a phased release strategy, allowing us to respond to prevailing market conditions, buyer demand and competing supply.

This approach has enabled the Group to progressively calibrate prices over time while preserving the long-term value of our developments. The sales performance of Pollen Collection over the past few years demonstrates that a measured approach can achieve both healthy sales and progressive price appreciation.

The Board regularly reviews market conditions and project performance to determine the appropriate balance between sales velocity, pricing strategy, cash flow management and long-term shareholder value.

(iv) What is the Board's outlook for the Singapore residential property market and what is the Group's land banking strategy? Specifically, what does Management consider to be the Group's acquisition "sweet spot" in terms of location, project size, product type and target buyer segment at this point in the property cycle?

<u>Response</u>

The Board remains cautiously optimistic on the long-term outlook for Singapore's residential property market. While geopolitical tensions, global economic uncertainties and inflationary pressures may continue to moderate market sentiment in the near term, the market continues to be underpinned by Singapore's strong economic fundamentals, limited land supply, particularly for landed housing, and resilient underlying demand from genuine owner-occupiers.

The Group will continue to adopt a disciplined and selective approach towards land acquisitions. We are not driven by acquisition volume but by opportunities that complement our existing portfolio, offer attractive risk-adjusted returns and create long-term shareholder value.

Our preference remains for well-located sites with strong underlying owner-occupier demand, particularly where we can differentiate our products through thoughtful design, quality finishes and efficient layouts. At the same time, we will maintain financial discipline and only pursue opportunities that are consistent with the Group's long-term strategy and prudent capital management.

Question 2

During the financial year, the Group drew down bank borrowings of $259 million and repaid $28 million within the same financial year.

15 BORROWINGS (CONT'D)

Reconciliation of movements of liabilities and assets to cash flows arising from financing activities

	Liabilities			Assets	
	Borrowings $'000	Accrued interest payable $'000	Lease liabilities[1] $'000	Prepayments[2] $'000	Total $'000
Group					
Balance at April 1, 2025	–	–	1,010	(1,262)	(252)
Changes from financing cash flows					
Proceeds from borrowings	259,000	–	–	–	259,000
Repayment of borrowing	(28,000)	–	–	–	(28,000)
Payment for lease liabilities	–	–	(573)	–	(573)
Interest paid	–	(2,521)	(23)	(42)	(2,586)
Total changes from financing cash flows	231,000	(2,521)	(596)	(42)	227,841
Other changes					
New leases	–	–	539	–	539
Termination of lease	–	–	(4)	–	(4)
Upfront bank loan facilities fees utilised	(777)	–	–	777	–
Amortisation of upfront bank loan facilities fees	210	–	–	99	309
Interest expense	–	2,681	23	90	2,794
Total non-cash changes	(567)	2,681	558	966	3,638
Balance at March 31, 2026	230,433	160	972	(338)	231,227

(Source: company annual report; emphasis added)

(i) Can Management elaborate on the operational rationale for drawing down $259 million of bank borrowings during the year, while repaying $28 million within the same period? What financing requirements or opportunities did these borrowings support?

Response

The Group drew down bank borrowings to pay Singapore Land Authority ("SLA") to convert the agricultural land into Phase 4 (total 186 units) of landed housing and re-issued a fresh 99-year lease without building restriction as shown on page 127 of the Annual Report as part of the financing arrangement for the project. In addition, the Group also paid Land Betterment Charges ("LBC") for Nim Collection Phase 5, Luxus Hills Phases 10 to 12 during the financial year. As a real estate development company, the Group requires substantial funding to support the development and construction of multiple projects while preserving liquidity for potential land acquisitions.

During the financial year, the Group generated sufficient sales proceeds enabling it to make a partial repayment of the project loan. The drawdown and subsequent partial repayment of borrowings within the same financial year reflect the normal funding cycle of a property development project and prudent treasury management whereby borrowings are utilised when funding is required and repaid as cash is realised from project sales.

The annual report also disclosed that interest earned on cash and cash equivalents ranged from 0.15% to 1.25% per annum, while bank borrowings incurred interest at rates ranging from 1.76% to 2.29% per annum. As at 31 March 2026, the group held approximately $230 million in fixed deposits and $54 million in cash and cash equivalents, while carrying $230 million of bank borrowings that resulted in finance costs of approximately $3 million.

(ii) Can the Board explain the treasury strategy underlying this position? What specific financial flexibility or strategic optionality does the group gain that justifies the negative carry arising from holding substantial cash balances while simultaneously incurring borrowing costs?

Response

The Group's treasury strategy is to maintain adequate liquidity and financial flexibility to support its ongoing operations and strategic objectives. Property development projects are capital intensive and involve significant upfront expenditure while cash inflows from sales are subject to construction milestones, completion timelines and regulatory requirements. Maintaining sufficient cash reserves enables the Group to meet construction commitments, working capital requirements and debt servicing obligations.

Holding cash alongside borrowings also enables the Group to respond promptly to attractive land acquisition which often requires substantial funding within short timeframes. In addition, preserving liquidity against unexpected cost increases, project delays or adverse market conditions, reduces refinancing and liquidity risks.

Although maintaining cash balances while incurring borrowing costs may result in a temporary negative carry, the Board considers this an acceptable trade-off for maintaining financial flexibility, preserving funds for existing projects and positioning the Group to capitalise on future growth opportunities. As project sales proceeds are realised and funding requirements reduce, excess cash is applied towards partial repayment of borrowings to reduce financing costs.

(iii) What is the Board's policy on maintaining committed but undrawn banking facilities?

Response

The Group maintains committed but undrawn banking facilities to ensure sufficient liquidity to meet operational and project funding requirements while providing flexibility to respond to unforeseen cash flow needs and strategic opportunities. The level of available facilities is reviewed regularly based on the Group's projected funding requirements and market conditions.

Many property developers have successfully secured green or sustainability-linked financing for qualifying developments.

(iv) Has Management evaluated green or sustainability-linked financing for its developments? If so, could such financing reduce the group's funding costs while supporting its sustainability objectives?

Response

Management continually evaluates available financing options, including green and sustainability-linked financing, where these are commercially viable and appropriate for the Group's projects and funding requirements. The suitability of such financing depends on various factors, including the eligibility of the development, the applicable sustainability criteria, financing terms and overall cost competitiveness.

<u>Question 3</u>

As disclosed in the sustainability report, the Ministry of Manpower ("MOM") issued a partial stop work order ("SWO") for the Pollen Collection project following safety concerns identified during an inspection. Management subsequently worked with the main contractor to address the issues, provide the necessary documentation and implement appropriate safety measures, following which the SWO was lifted.

A SWO was also issued for Luxus Hills Phase 10 by the Building and Construction Authority ("BCA").

(i) What were the underlying causes of the SWO by the MOM? Following these incidents, what investigations did the Board undertake to satisfy itself that there were no systemic gaps in the Group's workplace health and safety management?

<u>Response</u>

A Stop Work Order ("SWO") was issued by the Ministry of Manpower ("MOM") in November 2024 for the Pollen Collection project following safety concerns identified during an inspection. Management acted promptly to ensure compliance with regulatory requirements. We worked closely with the main contractor to address the issues, implement the necessary corrective actions and provided the required safety documentation to MOM. Additional appropriate safety measures were put in place on-site, and the SWO was lifted.

Similarly, Building and Construction Authority ("BCA") issued a partial SWO for the affected area at Luxus Hills Phase 10 in March 2025. The partial SWO was primarily issued to facilitate a review on the design of the Earth Retaining and Stabilising Structures ("ERSS"), as part of the site abuts neighbouring houses. Management worked closely with the consultants and contractors to review the ERSS design, implement the necessary measures and provide the required documentation to lift the SWO. The SWO was lifted and building works are currently in progress.

Following these incidents, the Board was kept informed of the circumstances and the corrective actions taken by Management. The Board reviewed Management's reports on the incidents and the remedial measures implemented, including the actions taken by the respective contractors and consultants to further strengthen safety controls and regulatory compliance. Based on these reviews and the subsequent lifting of the SWOs by the relevant authorities, the Board was satisfied that the identified issues had been appropriately addressed and did not indicate systemic deficiencies in the Group's workplace health and safety management. Nevertheless, the Board and Management will continue to emphasise workplace safety and monitor compliance closely across all development projects.

(ii) Given that the Group has nearly 60 years of experience as a property developer, how do the Board and Management satisfy themselves that workplace health and safety is consistently practised on-site as part of day-to-day operations, rather than existing primarily as policies, procedures and checklists?

<u>Response</u>

Management conducts regular site visits and safety inspections at the Group's project sites to monitor workplace health and safety practices and ensure compliance with applicable regulatory requirements and established safety procedures. Any observations are promptly addressed with the main contractors and consultants, and corrective actions are implemented where necessary.

The Board receives regular updates from Management on workplace health and safety matters, including significant incidents, where applicable, and the remedial measures taken to address them. Through regular inspections and ongoing monitoring, the Group seeks to ensure that workplace health and safety is consistently embedded in day-to-day operations and practised on-site, rather than existing merely as policies, procedures or checklists.

Separately, in 2024, the Group experienced a cybersecurity incident that resulted in the unauthorised disclosure of the personal data of 1,327 customers. The FY2025 annual report stated that the group strengthened its IT security infrastructure, password controls and file encryption standards. It also stated that the Group would periodically conduct staff training and distribute cybersecurity awareness newsletters.

(iii) Can the Board provide an update on the root causes of the incident and whether the Personal Data Protection Commission has concluded their investigations? If so, what were the findings?

Response

The cybersecurity incident occurred after an unauthorised third party gained access to the Group's network using a compromised user Virtual Private Network ("VPN") account. Following the incident, the Group conducted a thorough investigation with the assistance of external cybersecurity specialists and implemented a series of corrective measures to strengthen its cybersecurity posture. These included enhancements to IT security infrastructure, password controls, file encryption standards and system monitoring, as well as reinforcing cybersecurity awareness through regular staff training and communications.

The Personal Data Protection Commission ("PDPC") has completed its review of the incident. After considering the corrective actions implemented by the Group, the PDPC closed the matter without taking any enforcement action or imposing any financial penalty.

(iv) What metrics does Management use to assess the effectiveness of its cybersecurity awareness programme? Beyond training completion rates, how does the Group measure whether employee behaviour and cyber resilience have demonstrably improved? In addition, how does the Board assess whether periodic cybersecurity awareness newsletters meaningfully improve employee awareness and reduce cyber risk?

Response

The Group conducts mandatory cybersecurity awareness training for all employees every six months and carries out monthly phishing simulation campaigns. In addition, periodic cybersecurity newsletters are issued to reinforce awareness of emerging cyber threats, good cybersecurity practices and the importance of safeguarding the Group's information assets.

The effectiveness of the Group's cybersecurity awareness programme is assessed through the results of the phishing simulation campaigns, which provide an objective measure of employee behaviour and vigilance against phishing attempts. Management monitors trends in employee responses to these simulated phishing exercises to assess whether employee awareness and resilience against phishing threats have improved over time.

Management reviews the results of these phishing campaigns to identify areas requiring further reinforcement and, where appropriate, provides targeted follow-up training and awareness initiatives. These outcomes are also reported to the Board as part of the Group's regular cybersecurity updates, enabling the Board to assess the effectiveness of the Group's cybersecurity awareness programme and the need for further enhancements.

Question 4

Can the Company share if we can have a greater velocity of projects, or what the outlook will be?

Response

The Group regularly reviews its development pipeline and evaluates the appropriate timing for project launches and the acquisition of new development sites, considering market demand, regulatory approvals, construction progress and prevailing market conditions.

The pace of project launches is carefully planned to optimise the value of the Group's developments while ensuring a sustainable pipeline of projects over the longer term.

As the Group has a sound financial position and a robust capital structure, we are mindful of utilising and expanding our land bank progressively and efficiently, in line with market conditions and suitable opportunities.

Question 5

The share price doesn't seem to have moved much. Can you share about some value unlocking initiatives?

Response

The Group continually and prudently evaluate opportunities to enhance shareholder value including increasing revenue, managing costs efficiently, maintaining healthy profit margins, and strengthening the market positioning and differentiation of the properties.

The Group is progressing with the launch of Luxus Hills Phase 10 and will actively utilise its land bank to enhance future development margins and profitability. Over the longer term, these initiatives are expected to strengthen the Group's financial performance subject to prevailing market conditions.

Question 6

Can the Company share if it has any more land betterment charges to pay for its future land banks conversion for development purpose? For that matter, is the Company able to share what has been paid over the past 3 financial year and how much for what plot of land?

Response

The existing agricultural land at Nim has been converted into residential land and Land Betterment Charges ("LBC") has been paid based on the final Gross Floor Area ("GFA") that will be utilised for the developments. LBC for additional GFA for the developments at Luxus Hills have also been fully paid to the Singapore Land Authority ("SLA").

We regret that we cannot disclose the details of the LBC due to commercial sensitivities.

Question 7

Beyond the development of Nim Phase 5 and Luxus Hills Phase 12, does the Company have any remaining land banks that have yet to be planned or zoned for development? Has the Company depleted its legacy land banks and based on the current pace of development, how many more years of development can the Group's existing land bank sustain? What other development initiatives or projects does the Company have in the pipeline and can the Company share a five-year development roadmap with shareholders so that we can follow the Company's developments to a greater height?

Response

The Group does not have any land banks that are currently unplanned or without development approvals beyond Nim Phase 5 and Luxus Phase 12.

Over the next 5 years, the Group plans to complete and sell the remaining phases of Luxus and Nim in a measured and managed manner in order to preserve the value of the properties and in compliance with the requirements of the authorities.

The Group regularly reviews its resources and evaluates the timeliness to acquire new assets or increase the land bank. The land bank will continue to grow in tandem with the Groups interests and financial capabilities.

Question 8

If there are bumper earnings in the future, would the Company consider rewarding shareholders with a larger dividend payout?

Response

The Group has been consistently paying a final dividend of 4 cents per share. In addition, the Group also pays out a special dividend. The amount of the special dividend will depend on the Group's net profit after tax taking into consideration various factors such as the Group's financial performance, operating requirements and the need to conserve financial resources for potential acquisitions and land banking. Should the Group achieve exceptionally strong earnings, the Board will consider a higher dividend payout after considering these factors. The Group needs to preserve financial strength for growth and reinvestments and endeavours to balance dividend returns to shareholders with the need for long-term sustainable growth.

Question 9

Can the Company share how it intends to fund the development of Nims and Luxus Hills development and profit sharing with shareholders in the next 5 years?

Response

The Group intends to fund the Nim and Luxus Hills developments through a balanced mix of internally generated cash flows, proceeds from progressive sales collections, and project-related borrowings, where required. We will continue to maintain a prudent capital structure, closely monitor market conditions while preserving sufficient financial flexibility to pursue attractive land acquisition opportunities.

In terms of profit sharing, the Group remains committed to providing sustainable dividend returns to shareholders. The Group needs to preserve financial strength for growth and reinvestments and endeavours to balance dividend returns to shareholders with the need for long-term sustainable growth. The Board will continue to determine dividend payouts after considering the Group's financial performance, operating requirements and the need to conserve financial resources for potential acquisitions and land banking.

Question 10

May I know the accounting treatment on the development properties? For example, Lot 9934W MK18, it is held in the accounts at the land acquisition cost for the 91% that is not completed. For the 9% that has been completed, would the value in the balance sheet comprise of the land acquisition costs + the costs that has been spent in in building up to that point? Please clarify.

Response

For Lot 9934W MK18, development properties comprise acquisition costs as well as development expenditure and other costs directly attributable to the development activities (Note 2, page 90 of the Annual Report). Accordingly, the carrying amount includes both the land acquisition cost and the directly attributable development costs incurred up to the reporting date. As development progresses, the directly attributable development costs incurred (representing 9% of the total estimated development costs as at the reporting date) are capitalised and added to the carrying amount of the development property. These costs remain in the balance sheet until the related units are sold.

By Order of the Board

Lotus Isabella Lim Mei Hua
Company Secretary
24 July 2026
Singapore