LOW KENG HUAT (SINGAPORE) LIMITED
(Incorporated in the Republic of Singapore)
Registration No. 196900209G

RESPONSES TO QUESTIONS FROM SHAREHOLDERS

Low Keng Huat (Singapore) Limited (the "**Company**" or "**LKHS**") would like to thank shareholders for submitting their questions in advance of the Company's Fifty-Sixth Annual General Meeting, which will be convened and held at Grand Mercure Singapore Roxy, Brooke, Meyer & Frankel Room, Level 3, 50 East Coast Road, Roxy Square, Singapore 428769 on Friday, 30 May 2025 at 11 a.m.

Below are our responses to the questions received:

1. Klimt Cairnhill Project

- **Given the successful full sale of the Klimt Cairnhill project ahead of the ABSD remission deadline, could the Board share the approximate profit margin and Internal Rate of Return (IRR) achieved for this development? Furthermore, was the realized IRR above the Company's hurdle rate for such projects?**

  It is not in the Company's interest to disclose the profit margins of individual projects, as this information is considered sensitive in a competitive market environment.

- **Does the Board consider the Klimt Cairnhill project a significant success for LKHS? What key factors contributed to its successful sell-through?**

  The Board considers Klimt Cairnhill a successful project, having received several awards and accolades. Despite a challenging environment and unforeseen circumstances, including delays caused by the COVID-19 pandemic, the project was completed and fully sold before the ABSD deadline. The development has also been profitable.

- **What were the primary learning points and insights gained from the Klimt Cairnhill project that will guide future property development strategies?**

  Management regularly reviews its business strategies to remain adaptable in a dynamic market environment influenced by macroeconomic factors and regulatory changes. From the Klimt Cairnhill project, key learning points include the importance of having flexible plans to manage unforeseen challenges, and the need to stay responsive to market shifts. These insights will continue to shape our approach to future property development projects.

2. Property Development/Construction Segment

- **Considering the Company's extensive experience in residential property development across various scales and market segments, has the Company identified specific niche segments where it possesses a distinct competitive advantage? This includes the identification of preferred consultants and builder teams that consistently deliver exceptional results.**

  The Company continually explores development opportunities and evaluates potential sites based on availability and market conditions. We do not limit ourselves to specific segments, as we have the capability and experience to undertake projects across a range of property types.

- **LKHS has a long-standing partnership with Kheng Leong Company (Private) Limited (Kheng Leong). Could the Board elaborate on the current division of roles and responsibilities between the two entities in ongoing and future joint venture projects? Specifically, is LKHS still involved in the construction aspect of these projects?**

  As this is a development project involving an established developer, we are not at liberty to disclose the terms of the agreement, in accordance with the provisions set out in the Shareholders' Agreement. Relevant information pertaining to the joint venture has been disclosed through the appropriate announcements.

- **What are the Company's processes for selecting and appointing key suppliers, consultants, and subcontractors for its development projects? Could the Board disclose the approximate proportion of the Company's supply chain that involves entities owned by extended family members of the Company's leadership?**

  The selection and appointment of key suppliers, consultants, and subcontractors are carried out in accordance with the Company's approved Integrated Management System Procedure – Purchasing Process.

  We are unable to reveal the specifics as they are deemed commercially sensitive and critical to maintaining our competitive advantage.

  Interested person transactions are disclosed in the Corporate Governance section in the Annual Report.

- **Amid the ongoing construction boom in Singapore, is the Company tendering for any third-party construction project?**

  As highlighted in our Annual Report, the Group's construction team is currently prioritising in-house development and investment projects. That said, we remain open to third-party opportunities on a selective basis, where the risk-return profile aligns with our strategic and financial objectives.

- **Please clarify whether the project at Canberra Crescent is an executive condominium (EC) or normal condominium.**

  The development at Canberra Crescent is a private condominium, not an Executive Condominium.

3. Share Price Performance

- **The current share price reflects a significant 76.9% discount to the reported RNAV per share. Is the Board actively aware of this substantial discrepancy?**

  The Board is aware that the Company's shares are currently trading below the RNAV per share, a trend that aligns with broader market conditions where many real estate companies listed on the SGX are also trading below their book value.

  This situation is influenced by macroeconomic factors including a protracted high interest rate environment, geopolitical uncertainties, and structural challenges facing Singapore-listed property developers. Notably, the additional property cooling measures introduced in April 2023 have weighed heavily on market sentiment and capital flows in the real estate sector.

  Considering these challenges, the Group remains focused on enhancing shareholder value and has maintained stable dividend payouts. For FY2025, we have proposed a dividend of 1.5 cents per share, consistent with the previous year.

- **Has the Board conducted an analysis to identify the primary factors contributing to this persistent undervaluation of the Company's shares relative to its net asset value?**

  While the Board has not conducted a formal analysis of the valuation gap, it continues to monitor market developments and investor sentiment closely.

- **What specific strategies or initiatives is the Board considering or implementing to address this underperformance and unlock shareholder value? Examples could include, but are not limited to, adjustments to capital distribution policies, potential asset securitization, or enhanced communication with shareholders.**

  The Company remains focused on maintaining financial discipline, enhancing asset value through quality development, asset recycling, and positioning itself for sustainable long-term growth. While there is no formal dividend policy in place, the Company aims to maintain a balanced and stable dividend payout to shareholders, taking into account the Group's cash and bank balances, retained earnings, business prospects, as well as projected capital expenditure and investments.

  The steady execution of the Group's strategy over time should support shareholder value and reduce the gap between the Company's market valuation and its net asset value.

4. Management Efficiency Ratios (ROA, ROE)

- **Acknowledging the previous response to SIAS on last year's Annual Report, Qn2(iv), that "*The Board benchmarks the Company's share price and key financial information to selected industry peers. These benchmarks are presented at each quarterly Board meeting.*" And, noting that the Return on Assets (ROA) and Return on Equity (ROE) have consistently lagged behind those of certain industry players, could the Board outline the concrete action plans that have been implemented to improve these key performance indicators?**

  The Group will continue to identify new acquisition and investment opportunities, including expanding our landbank and recycling assets, while maintaining a prudent and disciplined approach. Any specific plans will be disclosed through timely announcements, as appropriate, in accordance with the Listing Rules of the Singapore Exchange Securities Trading Limited.

- **Has the Board assessed whether this underperformance is potentially attributable to challenges in achieving premium selling prices for the Company's developments, or, room rates for hotel and service apartments?**

  The underperformance was primarily due to the following factors:

  a. Our revenue and operating profit remain concentrated in the development segment, even as we strive to balance development profits with holding assets for longer-term recurring income and capital appreciation.
  b. Fair value loss was recognised on financial assets measured at fair value through profit or loss (FVPL), relating to our investment in an Australian fund. The loss was driven by higher capitalisation rates and foreign exchange losses resulting from a weaker Australian dollar.
  c. An impairment loss was also recorded for the F&B business, which has been loss-making.

- **Alternatively, has the Board identified and addressed potential inefficiencies within the Company's cost structure or overall management practices as contributing factors to the lower ROA and ROE?**

  The cost structure is under ongoing review, and any identified inefficiencies will be addressed as appropriate.

- **Given the sustained underperformance in these crucial ratios, has the founding family considered the potential benefits of transitioning operational leadership to professional management with a proven track record in maximizing returns within the property sector, with the aim of improving profitability and ultimately delivering higher dividends to shareholders?**

  The existing Management have plans in place aiming to improve profitability, ensuring sustainable returns for shareholders. Hence, there are currently no plans to change the existing leadership structure, which include family members and professionals in key positions and on the Board.

5. Remuneration of Executive Directors and Key Management Personnel

- **Page 31 of the Annual Report states that Executive Directors and key management personnel met their performance conditions for FY2025, leading to corresponding compensation. In light of the Company's management efficiency ratios consistently falling below those of its peers, could the Remuneration Committee provide a detailed explanation of how the performance targets were established and deemed met?**

  In assessing Executive Director and Management compensation, the Company considers not only overall corporate performance but also individual contributions and prevailing market conditions.

  It is relevant to note that peer companies differ in terms of segment focus and geographical mix, making direct comparisons with the Company less straightforward. Compensation awarded was aligned with the Group’s financial results, reflecting the increase in both revenue and profit before tax for FY2025.

6. Update on Lyf @ Farrer Expression of Interest (EOI)

- **Further to the announcement dated 13 August 2024, could the Board provide an update on the status of the Expression of Interest (EOI) process for the potential sale of Lyf@Farrer?**

  At the close of the EOI, a bid was received but it fell below expectations given the market conditions at the time. Nonetheless, the Company remains open to considering any unsolicited offers that may arise.

  There is no certainty or assurance that any sale transaction will materialise. The Company will provide updates and make the necessary announcements, as appropriate, in accordance with the Listing Rules of the Singapore Exchange Securities Trading Limited.

7. HThree City Australia Commercial Fund 3 LP

- **Could the Board provide detailed information regarding the property fund HThree City Australia Commercial Fund 3 LP, including its total fund size, the specific properties currently under its management, the current property yield of these assets, and the overall investment returns achieved by the fund since its inception?**

LOW KENG HUAT
(SINGAPORE) LIMITED

As there are other investors in the Fund and pursuant to confidentiality obligations, we are not in a position to disclose the total fund size.

The two properties currently held under the Fund are 446 Collins Street and 330 Collins Street – both of which are commercial properties based in Melbourne, Australia.

The Group's accumulated fair value loss on the fund as of 31 January 2025 was A$16.5 mil.

8. **Land Bank in Malaysia**

- **What is the projected timeline for the development of the Company's land banks located in Kota Tinggi and Bandar Seri Alam?**

  Please refer to page 12 of the Annual Report.

  At present, the Group has not set a definitive timeline for the development of its land banks located in Kota Tinggi and Bandar Seri Alam. These land parcels are part of the Group's strategic land reserve and will be developed in alignment with market conditions and the Group's long-term planning objectives.

- **Given the reported history of significant flooding in the Kota Tinggi region, has the Company's land bank in that area been affected by these events? If so, what specific plans are in place to mitigate the risks associated with future flooding and ensure the viability of the development projects?**

  With regards to concerns on flooding in the Kota Tinggi region, the Group wishes to clarify to the best of its knowledge that its land bank is not situated within the areas historically affected by significant flooding. Nevertheless, the Group remains committed to prudent risk management and will continue to assess environmental and infrastructural factors during the planning and development phases to ensure the sustainability and resilience of future projects.

- **Are the Company's landbanks in Johor anywhere near the planned Johor-Singapore Special Economic Zone (JS-SEZ) or the high-speed railway (HSR) line?**

  The landbanks at Bandar Seri Alam and Taman Rinting are located within the JS-SEZ, while Tiram Park is situated near the JS-SEZ.

  These landbanks are not directly located along the HSR route.

BY ORDER OF THE BOARD

Alvin Tan Teck Loon
Company Secretary

20 May 2025