
**RESPONSES TO QUESTIONS RECEIVED FOR ANNUAL GENERAL MEETING TO BE HELD ON
29 JANUARY 2021**

The Board of Directors (the “**Board**”) of LHN Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the notice of annual general meeting dated 30 December 2020 in relation to the Company’s annual general meeting to be held on 29 January 2021 (the “**AGM**”).

The Company would like to thank all shareholders of the Company (the “**Shareholders**”) for their active participation in the upcoming AGM by submitting their questions in advance.

The Company has consolidated the substantial and relevant questions to the proposed resolutions to be tabled in the AGM submitted by Shareholders and has set out our responses to the questions in Annex A of this announcement.

By Order of the Board

Lim Lung Tieng
Executive Chairman and Group Managing Director
28 January 2021

Annex A

Responses to Questions from Shareholders

Question 1:

What is the impact of COVID-19 on the business in 2020 and the potential impact/improvement of the business operations in 2021? Please elaborate in detail for each business segment.

Company's Response:

Despite the protracted COVID-19 situation worldwide that has affected the economies where we operate in, the Group's business operations were not affected significantly. During the circuit breaker period, our business operations that provides essential services continued to operate as usual, namely, the Group's residential business under the Space Optimisation Business, Facilities Management Business and Logistics Services Business.

Our strategy remains the same during the pandemic, that is to identify opportunities from our study of the market and consumer trends, and to continue building on our existing portfolio to provide value-added services to our customers. Having been in the Space Optimisation Business for over a decade, we are closely monitoring market trends to create new space concepts that cater to individuals and businesses' changing needs, particularly during this pandemic where tenants appear to focus more on digitalisation efforts and are open to embracing technologies. New business opportunities in the Group's space optimisation and facilities management businesses have enabled us to achieve impressive financial performance for the financial year ended 30 September 2020 ("**FY2020**"). The Group also managed to carry out the master lease renewals for three industrial and four commercial properties during FY2020.

Taking into consideration of the challenges arising from the pandemic affecting our overall operating environment, we hope to capitalise on the new norm to create new space concepts. The pandemic has resulted in consumers accelerating the change in their spending pattern from physical shopping at a brick-and-mortar store to e-commerce platforms online. The shift in preferences may boost demand for industrial spaces, signaling promising growth for our self-storage business due to more demand expected to come from the e-commerce sector. We also expect the co-living and working trend to evolve in the upcoming years. For the logistics segment, our first logistics facility acquired in FY2020 will enable us to expand our logistics services to better serve our customers while the container depot division is in an expansionary mode to increase our network of container depot in ASEAN.

As the global COVID-19 situation remains fluid, the Group cannot reasonably ascertain the full extent of the probable impact of the COVID-19 disruptions on its operating and financial performance for the financial year ending 30 September 2021. The Company will make the relevant announcement(s) as and when appropriate.

Question 2:

What is the future growth plan for LHN and game plan for business opportunities?

Company's Response:

The Group expects future growth and opportunities in the following businesses:

- For the self-storage business under the Space Optimisation Business, the demand for e-commerce solutions and services in Singapore is expected to increase as we see high interest from operators in our Work+Store space concept to cater to these e-commerce players. The growing demand and change in purchasing patterns of consumers are likely to drive e-commerce as the pandemic lingers on.
- Increasing demand is expected for last-mile and end-to-end logistics models as this shift is largely attributed to the growing demand for storage spaces from e-commerce providers in Singapore.
- Our flexible lease terms and smaller storage spaces are ideal for micro-players that may not require large storage spaces to store their goods.

- The changing market demands for co-working and living spaces where tenants can work, live and play in one environment has driven demands for co-living spaces with nearby amenities, which enhances efficiency with less time spent commuting around places. Given this, we foresee the demand for mixed-use developments growing in 2021, as we have grown to manage the use of time more efficiently. By incorporating co-working and living spaces altogether, workers will spend less time commuting between places and have more time for themselves.
- Office rents are expected to fare better in the second half of 2021 as the workforce returns back. A study by CBRE Research¹ has noted that office rental is well poised to benefit from gains in employment, potentially resulting in overall positive growth for the year ahead.

The Group will continue to innovate and deliver new space offerings to our valued tenants in support of their business needs. We will also cautiously explore new business opportunities in Singapore and other growth markets in the ASEAN region to build up our project pipeline, to drive greater value for our residential and logistics segments.

Question 3:

The Company has been under the radar of investors. What is the Company's strategies in raising the profile among investors?

Company's Response:

Currently, our Company stays connected with its Shareholders, investors and media through the following channels:

- Singapore Stock Exchange's SGXNET, SEHK and our website (www.lhngroup.com.sg). All our corporate announcements, press releases, presentation slides and annual reports are available simultaneously via these channels;
- A dedicated investor relations (IR) section within our corporate website;
- Staying connected with our investors and the media through our IR email: enquiry@lhngroup.com.sg; and
- Our IR website also allows the public to subscribe and receive alerts whenever an announcement is posted on the website.

We have also been actively getting in touch with our investors through various public media channels to increase public exposure, in line with our efforts to build customer loyalty, protect our market share and eventually raise our profile among investors.

Question 4:

Kindly share LHN's strategy in sustainability management. Overall, big corporations have been focusing on sustainability implementation, which provides an opportunity to raise the branding and corporate image on top of doing good as a responsible corporate citizen. LHN should also provide more detailed disclosure in your sustainability report.

Company's Response:

In LHN's strategy in sustainability management, the management team has determined 7 most material Environmental, Social and Governance factors; namely Energy, Water consumption, Health and Safety, Fair Employment Practices, Security of Information, Customer Satisfaction and Corporate Governance. These matters are reviewed and validated by the Group's management annually, if required, to ensure their relevance to the Group's business and our key stakeholders. Relevant policies and practices are put in place to manage their performance against set targets. The progress is reported to the Board at least annually, or, when significant development arises.

¹ <https://sbr.com.sg/commercial-property/news/office-rents-see-positive-growth-in-2021-cbre-research>

In 2019, the Group introduced a new Environmental Policy, reinforcing our commitment towards the management of our carbon footprint. Our energy management strategy includes improving energy efficiencies through best practices and increasing renewable energy consumption. Currently, solar panels are operated on the rooftop of some of our properties. The Group continues to seek suitable spaces within our portfolio to expand renewable energy generation capacities.

Additionally, in the wake of COVID-19, the health, safety and wellbeing of our stakeholders has become even more critical. The Group has established protocols and procedures to ensure compliance with regulatory measures. At the same time, we actively look for innovative ways to disinfect our properties to protect our people, tenants and visitors. The Group has also partnered with accredited agencies to introduce health and wellness programmes to engage employees working from home.

The Group recognises the opportunities present in the sustainability space. As a group and together with direction from the Board, we strive to continuously enhance our existing practices/processes to advance our contribution in this shared environment.

More information on the Group's material stakeholders, sustainability efforts and performance will be set out in our sustainability report for FY2020 which will be published on the website of SGX-ST, SEHK and the website of the Company no later than 28 February 2021.