

(Company Registration No.: 201420225D)  
(Incorporated in the Republic of Singapore on 10 July 2014)

## LHN Limited's focus on industrial and commercial properties pays off; posts 9M2015 revenue of \$70.7m

- Enjoys strong occupancy rates of over 90% across industrial and commercial segments.
- Increased revenue contribution despite challenging economic conditions.

### Financial Highlights for the Period Ended 30 June

S\$'million	3Q2015	3Q2014	Change (%)	9M2015	9M2014	Change (%)
Revenue	23.9	23.5	2.0	70.7	67.2	5.2
Gross profit	6.3	7.9	(21.0)	18.5	19.3	(4.4)
Profit attributable to equity owners	0.6	3.0	(78.2)	3.4	6.0	(42.8)
Earnings per share (Singapore cents)*	0.18	1.08	(83.3)	1.14	2.18	(47.7)
Net asset value per ordinary share (Singapore cents) <sup>†</sup>	15.08 (as at 30 Jun 2015)			9.05 (as at 30 Sep 2014)		

\* Based on the number of ordinary shares issued after share split of 275,000,000 for the 3 months ended 30 June 2014 and for the 9 months ended 30 June 2014; and, on the weighted average number of ordinary shares in issue of 351,778,000 and 300,685,000 for the 3 months ended 30 June 2015 and for the 9 months ended 30 June 2015 respectively.

<sup>†</sup> Based on 361,524,000 ordinary shares in issue as at 30 September 2014 and as at 30 June 2015.

**Singapore, 13 August 2015** – Recently-listed on the SGX-ST Catalist Board on 13 April 2015, real estate management services group **LHN Limited** (“LHN”, and together with its subsidiaries and associated companies, the “Group”) achieved a year-on-year (“yoy”) revenue growth of 2.0% to S\$23.9 million for the three months ended 30 June 2015 (“3Q2015”) and 5.2% to S\$70.7 million for the nine months ended 30 June 2015 (“9M2015”).

The Group had focused its core **Space Optimisation** business on the industrial and commercial segments while scaling down on the residential segment in response to market demand. The strategy had paid off in the form of strong growth from its industrial and commercial segments despite the overall softening of Singapore’s property market. The Group’s two other complementary businesses – **Facilities Management Services** and **Logistics Services** – continued to gain traction and recorded strong increases in revenue.

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In the past nine months, LHN has been ramping up its operations to lay the foundation for growth and business expansion. The Group had taken advantage of the oversupply of industrial space to secure more master leases for its property portfolio in Singapore. It had also secured two new commercial spaces in Yangon, Myanmar and Jakarta, Indonesia, as well as more carpark management contracts locally. At the same time, operations commenced at its container depot in Laem Chabang, Thailand in May 2015.

As a result of these increased activities, cost of sales and operating expenses rose significantly during this period because of higher rental, transportation, manpower, upkeep and maintenance costs as well as higher expenditure on advertising and agent commission among others.

Consequently, as the Group is ramping up progressively on the occupancy of these new properties, gross profit fell 4.4% yoy to S\$18.5 million while net attributable profit declined 42.8% to S\$3.4 million in 9M2015. Excluding listing expenses of S\$1.6 million, the Group's earnings in 9M2015 would have been S\$5.0 million.

**Mr Kelvin Lim (林隆田), Executive Chairman and Group Managing Director**, said: *"We are gearing ourselves up to seize the business opportunities that are available in the current soft property market. This is a good time for us to secure properties in very good locations and to lock them in at reasonable rates, which is why we are investing and strengthening our operations. While this may affect our bottom line in the short term during the occupancy building up period, we are confident that the benefits of this investment in the Group's future growth will flow through."*

Correspondingly, LHN posted earnings per share of 1.14 Singapore cents in 9M2015 as compared to earnings per share of 2.18 Singapore cents in 9M2014. Net asset value per share came in at 15.08 Singapore cents as at 30 June 2015, up from 9.05 Singapore cents recorded as at 30 September 2014.

## Segmental Review

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S\$'million	3Q2015	3Q2014	Change (%)	9M2015	9M2014	Change (%)
Industrial Properties	11.1	10.1	9.9	33.3	29.0	14.8
Commercial Properties	5.8	5.5	5.5	17.4	15.9	9.4
Residential Properties	0.6	2.4	(75.0)	1.9	7.4	(74.3)
<b>Space Optimisation Business</b>	<b>17.5</b>	<b>18.0</b>	<b>(2.8)</b>	<b>52.6</b>	<b>52.3</b>	<b>0.6</b>

<b>Facilities Management Business</b>	<b>2.5</b>	<b>2.2</b>	<b>13.6</b>	<b>7.0</b>	<b>6.3</b>	<b>11.1</b>
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<b>Logistics Services Business</b>	<b>3.9</b>	<b>3.3</b>	<b>18.2</b>	<b>11.1</b>	<b>8.6</b>	<b>29.1</b>
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<b>Total</b>	<b>23.9</b>	<b>23.5</b>	<b>2.0</b>	<b>70.7</b>	<b>67.2</b>	<b>5.2</b>
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Overall revenue contributed by the Group's **Space Optimisation Business** declined slightly from S\$18.0 million to S\$17.5 million in 3Q2015 but grew marginally by 0.6% to S\$52.6 million for 9M2015. Both the industrial and commercial property segments recorded strong performances with occupancy rates of over 90%.

Revenue from the Group's industrial properties rose 14.8% in 9M2015 (3Q2015: 9.9%) due to rental income contribution from new master leases secured by the Group as well as a newly acquired industrial property and an increase in rental income from existing properties. Revenue from the commercial properties also rose 9.4% in 9M2015 (3Q2015: 5.5%) due to a new master lease secured by the Group and higher rental income from existing properties due to higher rental rates and occupancy. As the Group scaled down its portfolio of residential properties, revenue contribution from this segment decreased by 74.3% in 9M2015 to \$7.4 million (3Q2015: 75.0%) due to the expiry of its managing agent contract with HDB on a residential property at Yung Kuang Road in August 2014.

In 9M2015, both the Group's **Facilities Management Business** and **Logistics Services Business** continued to perform strongly with double digit revenue growth of 11.1% and 29.1% respectively (3Q2015: Facilities Management Business – 13.6%, Logistics Services Business – 18.2%). This was

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mainly due to an increase in revenue from security services and car park management services from existing and new car parks managed by the Group and increased contribution from the Group's transportation services and container depot business.

### **Business Outlook**

LHN expects the next 12 months to be challenging. Sentiment among businesses in Singapore has been affected by the uncertain global economic outlook.

**Mr Lim said:** *"Businesses are in a cost conscious and productive mode and we are getting a steady stream of enquiries from businesses wanting to move out of prime office districts and into city fringes and to use more optimised and efficient spaces. We believe that many of these enquiries will convert into new tenants for us as our properties are located in highly accessible locations at reasonable rates. Meanwhile, our team has been busy seeking out more opportunities to expand our property portfolio as the supply of industrial space is expected to increase over the next 24 months."*

Regionally, LHN already has operations in Thailand, Indonesia and Myanmar. The Group intends to further expand its businesses in the ASEAN region and will be on a lookout for acquisitions, joint ventures and/or strategic alliances which will give it access to new markets and customers as well as new businesses.

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### **About LHN Limited**

LHN Limited (the “**Company**”, and together with its subsidiaries and associated companies, the “**Group**”) is a real estate management services group with the distinguishing ability to generate value for its landlords and tenants through its expertise in space optimisation.

The Group currently has three (3) main business segments, namely: (i) space optimisation business; (ii) facilities management business; and (iii) logistics services business, which are fully integrated and complement one another.

Under its space optimisation business, the Group secures master leases of unused, old and under-utilised commercial, industrial and residential properties and through re-designing and planning, transforms them into more efficient usable spaces, which are then leased out by the Group to its tenants. Space optimisation generally allows the Group to enhance the value of properties by increasing their net lettable area as well as potential rental yield per square feet. Currently, the Group manages 40 commercial, industrial and residential properties with a total NLA of over 4.5 million sq ft.

The Group’s facilities management business offers security services, car park management services and property maintenance services such as cleaning, landscaping, pest control, repair and general maintenance principally to the properties it leases and manages, as well as to external parties.

Under its logistics services business, the Group provides transportation services and container depot management services. The Group transports mainly ISO tanks, containers, base oil and bitumen, and provides container depot management services which include container surveying, on-site repair and storage of empty general purpose and refrigerated containers (reefer).

The Group currently operates mainly in Singapore, Indonesia, Thailand and Myanmar.

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### **Issued for and on behalf of LHN Limited by August Consulting**

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*LHN Limited (the “**Company**”) was listed on Catalist of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 13 April 2015. The initial public offering of the Company was sponsored by PrimePartners Corporate Finance Pte. Ltd. (the “**Sponsor**”).*

*This press release has been prepared by the Company and its contents have been reviewed by the Sponsor for compliance with the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this press release.*

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