

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

LHN Limited achieves revenue of S\$96.4M in FY2015; ramps up operations for future growth

- Increase in revenue contribution from all three businesses – Space Optimisation, Facilities Management and Logistics Services – despite challenging economic conditions.
- Took advantage of slowdown in property market to secure master leases at attractive rates in FY2015.
- Proposes a final one-tier tax-exempt dividend of 0.30 Singapore cents, representing a dividend payout ratio of 22%.

Financial Highlights for the Period Ended 30 September

S\$'million	4Q2015	4Q2014	Change (%)	FY2015	FY2014	Change (%)
Revenue	25.7	23.6	9.0	96.4	90.7	6.2
Gross profit	5.0	5.7	(13.0)	23.4	25.0	(6.3)
Profit attributable to equity owners	0.8	6.8	(88.3)	4.2	12.8	(66.9)
Earnings per share ¹ (Singapore cents)	0.22	2.45	(91.0)	1.34	4.64	(71.1)
Net asset value per ordinary share ² (Singapore cents)	15.33 (as at 30 Sep 2015)			9.05 (as at 30 Sep 2014)		

Singapore, 27 November 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 6.2% to S\$96.4

¹ Calculation for the 3 months and for the full year ended 30 September 2014 was based on the weighted average number of ordinary shares in issue of 275,000,000; and
Calculation for the 3 months and for the full year ended 30 September 2015 was based on the weighted average number of ordinary shares in issue of 361,524,000 and 316,020,000 respectively.

² For comparative and illustrative purposes, the net asset value per ordinary share for the full year ended 30 September 2014 was computed based on the number of ordinary shares in issue as at 30 September 2015 of 361,524,000 ordinary shares; and
Calculation for the full year ended 30 September 2015 was based on 361,524,000 ordinary shares in issue as at 30 September 2015.

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million for the full year ended 30 September 2015 (“FY2015”) as compared to S\$90.7 million in the financial year before (“FY2014”).

On a quarterly basis, revenue was up 9.0% yoy from S\$23.6 million for the three months ended 30 September 2014 (“4Q2014”) to S\$25.7 million for the corresponding period in 2015 (“4Q2015”).

For its core **Space Optimisation Business**, the Group had responded to market conditions by strengthening its industrial and commercial segments while scaling down on its residential segment. The strategy paid off as both its Industrial and Commercial segments achieved double-digit growth in FY2015 despite the overall softening of Singapore’s property leasing market. Its complementary **Facilities Management Business** also rose in tandem with the increase in leasing activity, while its **Logistics Services Business** continued to gain traction with strong gains in revenue.

During the financial year under review, LHN had focused on ramping up its operations to lay the foundation for growth and business expansion. Venturing overseas, the Group secured two new commercial spaces in Yangon, Myanmar and Jakarta, Indonesia. Locally, leveraging on the softening property market, LHN also secured new industrial and commercial master leases as well as more carpark management contracts. At the same time, operations commenced at its container depot in Laem Chabang, Thailand in May 2015. This resulted in higher cost of sales as well as operating expenses in FY2015 in the form of container depot management charges, higher rental, transportation, manpower, upkeep and maintenance costs as well as higher expenditure on advertising and agent commission among others.

In addition, the Group’s IPO expenses amounted to S\$1.6 million. Fair value gain on investment properties also decreased 90.1% from S\$5.8 million in FY2014 to S\$0.6 million in FY2015.

Consequently, the Group ended FY2015 with gross profit declining 6.3% yoy to S\$23.4 million and net attributable profit declining 66.9% yoy to S\$4.2 million. Excluding IPO expenses, the Group’s earnings for the financial year would have been S\$5.8 million.

In line with its performance, LHN posted earnings per share¹ of 1.34 Singapore cents in FY2015 as compared to earnings per share of 4.64 Singapore cents in FY2014. Net asset value per share² came in

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at 15.33 Singapore cents as at 30 September 2015, up from 9.05 Singapore cents recorded as at 30 September 2014. Consolidated cash and cash equivalents amount to S\$24.6 million as at 30 September 2015.

Dividend

Delivering on its IPO promise to recommend and distribute dividends of not less than 20.0% of its net profit after tax attributable to shareholders for FY2015, the Group has proposed a final one-tier tax-exempt dividend of 0.30 Singapore cents per share, subject to approval by shareholders at the forthcoming annual general meeting to be convened. This represents a dividend payout ratio of 22%.

Segmental Review

S\$'million	4Q2015	4Q2014	Change (%)	FY2015	FY2014	Change (%)
Industrial Properties	12.5	11.5	8.7	45.9	40.5	13.3
Commercial Properties	6.1	5.4	13.0	23.5	21.2	10.8
Residential Properties	0.8	1.4	(42.9)	2.6	8.9	(70.8)
Space Optimisation Business	19.4	18.3	6.0	72.0	70.6	2.0
Facilities Management Business	2.7	2.2	22.7	9.7	8.4	15.5
Logistics Services Business	3.6	3.1	16.1	14.7	11.7	25.6
Total	25.7	23.6	9.0	96.4	90.7	6.2

Managing 40 properties over a total net lettable area of 4.5 million sq ft, overall revenue contributed by the Group's **Space Optimisation Business** achieved a modest increase of 2.0% yoy to S\$72.0 million in FY2015. Both the industrial and commercial property segments recorded strong performances with average occupancy rates at approximately 93% and 96% respectively.

Revenue from the Group's industrial properties rose 13.3% in FY2015 due to rental income contribution from new master leases secured by the Group and an increase in rental income from

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existing industrial properties. Revenue from the commercial properties also rose 10.8% in FY2015 due to a new master lease secured by the Group and higher rental income from existing commercial properties due to higher rental rates and occupancy. Revenue contribution from residential properties fell 70.8%, mainly due to the expiry of its managing agent contract with HDB on a residential property at Yung Kuang Road in August 2014 as well as the intentional scaling down of this segment in response to market demand.

In FY2015, both the Group's **Facilities Management Business** and **Logistics Services Business** continued to perform strongly with double digit revenue growth of 15.5% and 25.6% respectively. This was mainly due to an increase in revenue from security services and car park management services from existing and new newly secured 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 because economic uncertainties and poor overall sentiments has led to many businesses scaling down the size of their operations and leasing activities has decreased. In light of the new properties in its portfolio and time needed to build up the occupancy rates of these properties, the Group expects a lower average occupancy rate.

Mr Kelvin Lim (林隆田), Executive Chairman and Group Managing Director, said: *"All signs point to slowing global growth rates and businesses are preparing to weather the downcycle. However the Group remains cautiously optimistic that growth industries such as self-storage spaces, data centres and those involved in the manufacture of high tech products will continue to drive demand for industrial space, while increased cost consciousness will fuel the move of offices from prime CBD areas to the city fringe areas that many of the Group's commercial properties are located."*

"The Group has to look to the longer term by maneuvering our business into a position to take advantage of the upswing when it comes. We will exercise caution and prudence, but we will continue to look for opportunities to secure more master leases as this is a good time for us to expand our portfolio at attractive rental rates that would never have been available during good times," he added.

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Regionally, LHN already has operations in Thailand, Indonesia and Myanmar. It will continue to further expand its businesses in the ASEAN region and will be on a lookout for acquisitions, joint ventures and/or strategic alliances which 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.

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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