

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

## LHN Limited off to a good start; achieves net attributable profit of S\$1.5m in 1Q2016

- *Healthy growth, despite challenging environment and soft property market, was a result of intensified efforts and new approach in sales and marketing.*
- *Piloted “Work plus Store” concept in three locations to take advantage of the increasing popularity of work and self-storage spaces that target businesses in e-commerce.*

### Financial Highlights for the Period Ended 31 December

S\$'million	1Q2016	1Q2015	Change (%)
Revenue	25.9	22.6	14.9
Gross profit	6.4	5.4	19.0
Profit attributable to equity owners	1.5	0.7**	111.3
Earnings per share (cents) <sup>+</sup> *	0.42	0.26	61.5
Net asset value per share (cents) <sup>+</sup>	15.81 (as at 31 Dec 2015)	15.33 (as at 30 Sep 2015)	3.1

<sup>+</sup> Based on the total issued number of ordinary shares (excluding treasury shares) of 361,524,300.

\* For comparative and illustrative purposes, the earnings per ordinary share for the financial period ended 31 December 2014 was computed based on 275,000,000 ordinary shares issued after share split of one ordinary share into 275 ordinary shares, which was completed on 10 March 2015.

\*\* Includes IPO expenses of S\$247,000.

**Singapore, 4 February 2016** – Real estate management services group **LHN Limited** (“**LHN**”, and together with its subsidiaries and associated companies, the “**Group**”) is off to a good start in its current financial year, recording a 111.3% increase in net profit attributable to equity owners to S\$1.5 million for the period ended 31 December 2015 (“**1Q2016**”). This was achieved on the back of a top-line growth to S\$25.9 million, which was 14.9% higher than the revenue generated in the previous corresponding period (“**1Q2015**”).

Despite an increasingly challenging operating environment due to global economic uncertainties and Singapore’s softening property market, LHN’s core **Space Optimisation Business** as well as its **Facilities Management Business** enjoyed double digit revenue growth in 1Q2016, while its **Logistics Services Business** maintained its performance of the previous year.

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**Mr Kelvin Lim (林隆田), Executive Chairman and Group Managing Director**, said: *“Our first quarter performance is a result of new approach and hard work put in by our staff to intensify our sales and marketing activities in order to increase occupancies and rental income. We believe that there are still viable opportunities in a down market and we will continue to generate more sales lead and pursue every enquiry.”*

The Group’s overall expenses increased in 1Q2016 mainly due to a 36.7% rise in selling and distribution expenses to S\$0.6 million in the form of advertising costs and agent commissions arising from new master leases secured and a 9.4% increase in administrative expenses to S\$4.4 million due to an increase in expenses from depreciation arising from the increase in property, plant and equipment.

In line with its performance, LHN posted earnings per share of 0.42 Singapore cents in 1Q2016 as compared to earnings per share of 0.26 Singapore cents in 1Q2015. Net asset value per share was 15.81 Singapore cents as at 31 December 2015, up from 15.33 Singapore cents recorded as at 30 September 2015. Cash and cash equivalents amounted to a healthy S\$22.8 million as at 31 December 2015.

#### Business Segmental Review

S\$'million	1Q2016	1Q2015	Change (%)
Industrial Properties	13.3	10.6	25.5
Commercial Properties	6.0	5.5	9.1
Residential Properties	0.2	0.6	(66.7)
<b>Space Optimisation Business</b>	<b>19.5</b>	<b>16.7</b>	<b>16.8</b>
<b>Facilities Management Business</b>	<b>2.8</b>	<b>2.3</b>	<b>21.7</b>
<b>Logistics Services Business</b>	<b>3.6</b>	<b>3.6</b>	-
<b>Total</b>	<b>25.9</b>	<b>22.6</b>	<b>14.9</b>

Managing 39 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 16.8% year-on-year increase to S\$19.5 million in 1Q2016. Both the industrial and commercial property segments recorded strong performances with occupancy rates at 90% and 95% respectively.

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Revenue from the Group's industrial properties rose strongly by 25.5% due to rental income contribution from new master leases secured by the Group and an increase in rental income from existing industrial properties. Revenue from its commercial properties also rose by 9.1% due to an increase in rental income from existing commercial properties resulting from the increase in rental rate. Revenue contribution from residential properties fell by 66.7%, mainly due to the expiry of the lease of a managing agent contract in October 2015 and the Group's purposeful downsizing of its residential property segment due to weak demand.

The Group's **Facilities Management Business** also enjoyed double digit growth as a result of higher revenue from the provision of security and car park management services, while the revenue from its **Logistics Services Business** remained unchanged.

### **Business Outlook**

LHN expects the next 12 months to remain challenging because of economic uncertainties and poor overall sentiments, which has led to many businesses scaling down the size of their operations.

The Group recently piloted its new "Work plus Store" ("W+S") concept at three locations, namely 680 Upper Thomson Road, 18 New Industrial Road and 18 Tampines Industrial Crescent, while 100 Eunos Ave 7 is currently undergoing renovations to house a W+S space.

Mr Lim said: *"This is our second concept rollout after our successful GreenHub Suited Offices. W+S fits the needs of e-commerce businesses such as online retail stores which tend to require smaller work spaces with self-storage capacity. With the increase in the number of such businesses, we are optimistic about the performance of this new concept. We will monitor the response closely during this first year and we hope to extend the concept to more locations should demand be high."*

Regionally, LHN has already expanded operations in Thailand, Indonesia and Myanmar recently. The Group intends to further grow 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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– The End –

**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 39 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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