

# LHN GROUP

SPACE OPTIMISED

INDUSTRIAL  
COMMERCIAL  
LOGISTICS  
RESIDENTIAL  
FACILITIES

CREATING PRODUCTIVE ENVIRONMENTS,  
GENERATING VALUE



1Q2016 Results Presentation

# Important Notes

*This presentation does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any securities or an inducement to enter into any investment activity, nor shall any part or all of this presentation form the basis of, or be relied on in connection with, any contract or investment decision in relation to any securities.*

*Neither the Company nor any of its directors, employees or representatives are to have any liability (including liability to any person by reason of negligence or negligent misstatement) from any statement, opinion, information or matter (express or implied) arising out of, contained in or derived from or any omission from the summary of information presented herein.*

*It is not the intention to provide, and you may not rely on this presentation as providing a fair, accurate, complete or comprehensive analysis of all material information concerning the Company. The information and opinions, if any, contained in this presentation are provided as at the date of this presentation and are subject to change without notice. No representation or warranty expressed or implied is made as to, and no reliance should be placed on, the accuracy, completeness, correctness or fairness of the information and opinions, if any, contained in this presentation.*

*This presentation may contain forward-looking statements that involve assumptions, risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in any forward-looking statements arising from a number of risks, uncertainties and assumptions. You are cautioned not to place undue reliance on these forward-looking statements, if any, which are based on current views on future events.*

*The past performance of the Company is not indicative of the future performance of the Company. An investment in shares or securities in the Company is subject to investment risks, including the possible loss of the principal amount invested.*

*If you are in any doubt as to the action you should take, you should consult your legal, financial, tax or other professional adviser(s) immediately.*

# Table of Contents



1. Business Overview
2. 1Q2016 Financial Highlights
3. Recent Corporate Updates
4. Current Property & Economic Outlook
5. Business Strategies & Investment Merits
6. Q&A

# BUSINESS OVERVIEW

# Business Segments

**COMMERCIAL**



**INDUSTRIAL**



**RESIDENTIAL**



**LOGISTICS**



**FACILITIES**



Listed on SGX-ST's Catalist on 13 April 2015 and with a history dating back to 1991

## Three (3) Business Segments

**Space Optimisation  
Business**

**Facilities Management  
Business**

**Logistics Services  
Business**

# Our Presence

## **YANGON, MYANMAR** SPACE OPTIMISATION

- GreenHub branded SOHO-style Serviced Residence

## **LAEM CHABANG, THAILAND**

### LOGISTICS SERVICES

- Container depot able to handle 7,000 TEUS.

## **SINGAPORE**

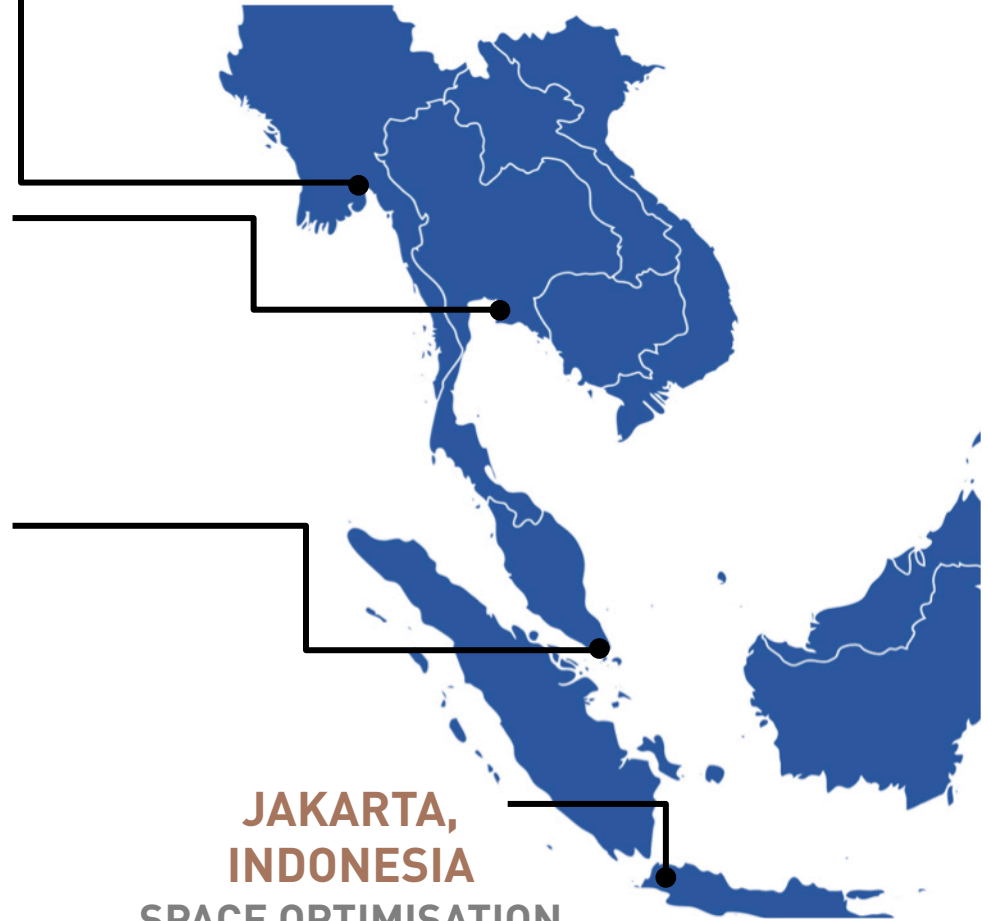
### SPACE OPTIMISATION, FACILITIES MANAGEMENT & LOGISTICS SERVICES

- Regional HQ
- 35 commercial, industrial and residential properties, including 3 GreenHub suited offices
- Facilities Management services for our properties and other properties
- Container depot at 27 Benoi Sector able to handle up to 6,200 TEUS.
- Transportation services business

## **JAKARTA, INDONESIA**

### SPACE OPTIMISATION

- 2 GreenHub branded Suited Offices



# Space Optimisation Business

## We Create Productive Environments by

Securing master leases for unused, old and underutilised industrial, commercial and residential properties

Transforming them to increase net lettable area and potential rental yields by applying our space optimisation expertise

Leasing out optimised space to our tenants, who are willing to pay more for thoughtfully designed and highly usable space



# A Unique Position in the Industry

**Developers**

**REITS /  
Landlords**

**Tenants**

**LHN  
GROUP**  
SPACE OPTIMISED

**LHN Limited acts as a bridge  
between landlords and tenants:**

- We offer tenants creative and productive spaces
  - We generate value for landlords



# Space Optimisation Generates Value for...

## Our Suppliers

- Approximately half of master leases are secured from various government bodies



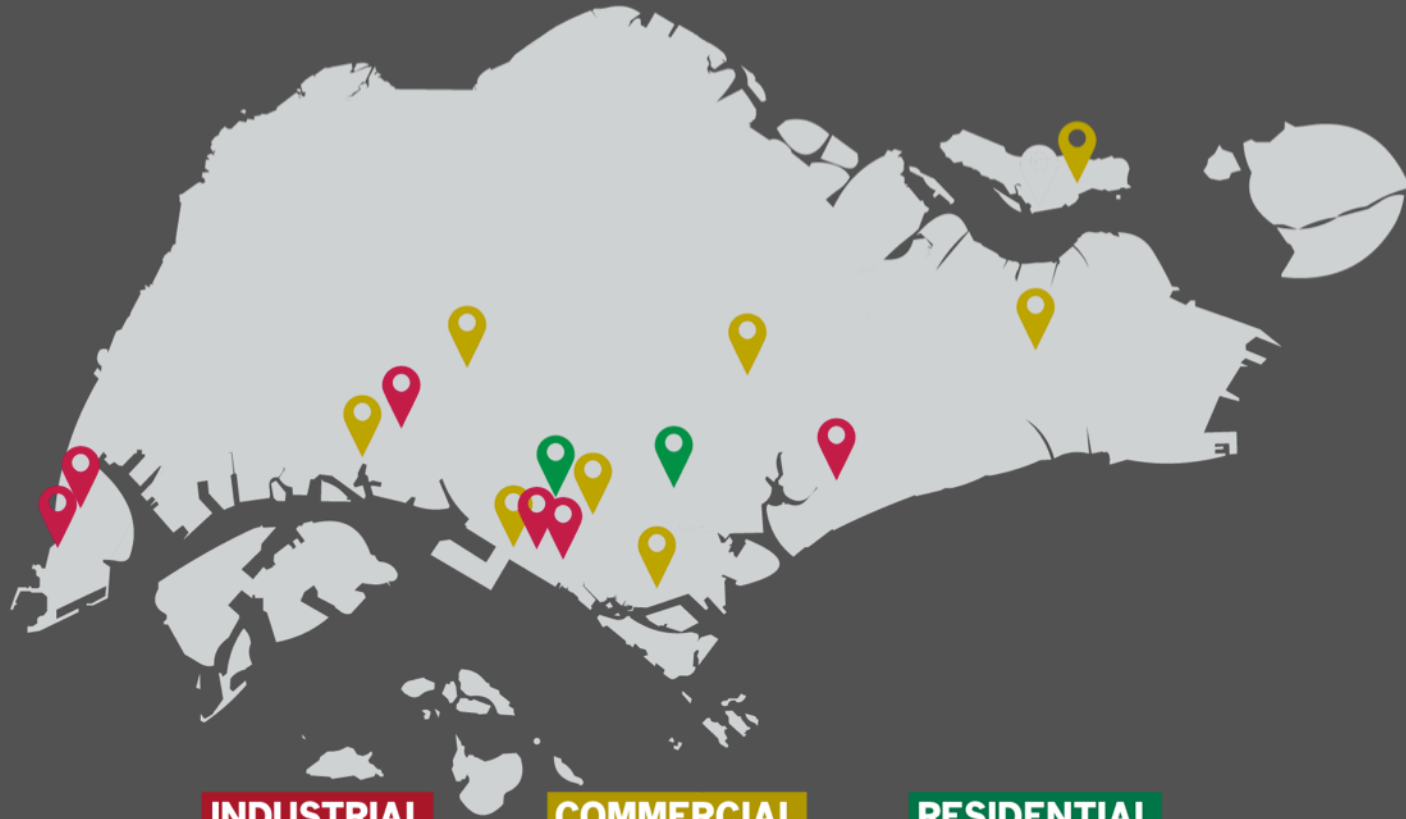
**Far East Organization**  
INSPIRING BETTER LIVES

## Our Diverse Mix of Tenants

- Willing to pay additional dollar for thoughtfully designed and highly usable space
- Over 700 local and international tenants from a wide range of industries



# Our Presence in Singapore



**INDUSTRIAL**

**COMMERCIAL**

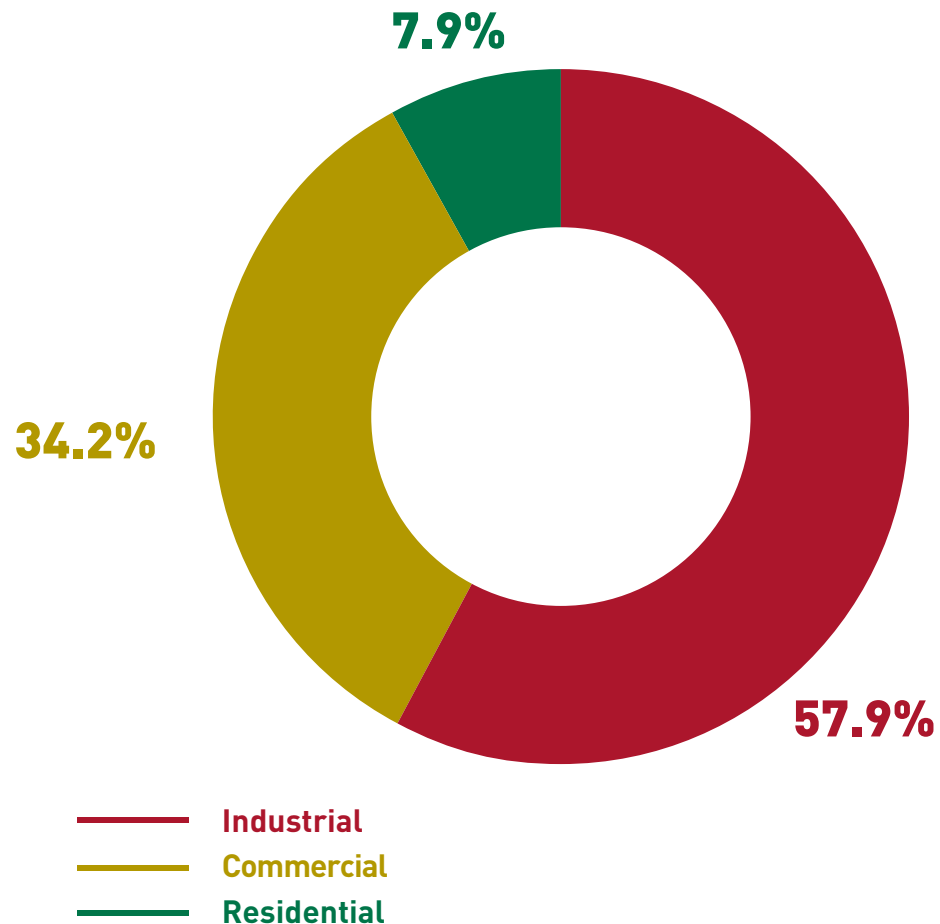
**RESIDENTIAL**

**22**

**11**

**2**

## Portfolio by Property Type



We currently manage a total of 38 properties:

- **Singapore** - **35** commercial, industrial and residential properties
- **Indonesia** - **2** commercial properties
- **Myanmar** - **1** residential property

Total net lettable area:

- Over **4.5 million square feet**

# Facilities Management Business

## Complements Space Optimisation Business with integrated services

- Provide safe and conducive environment
- Tenants can focus on achieving maximum returns from their core business activities

### Cleaning & Related Services

- Repair, maintenance and cleaning of buildings and offices
- Pest control and fumigation
- Landscaping



### Car Parks

- Manages over 5,400 equivalent parking lots



### Security Services

- Ground security personnel
- Supply, install, repair and maintain security systems



# Logistics Services Business

## Transportation Services



- over 35 prime movers
- over 10 road tankers
- over 110 trailers

- Transport mainly ISO tanks, containers, base oil and bitumen
- Customers: PetroChina Company Limited, Total Oil Asia-Pacific Pte Ltd, Idemitsu Lube (Singapore) Pte. Ltd.

## Container Depot Management Services



- Located at
- 27 Benoi Sector
- Laem Chabang, Thailand

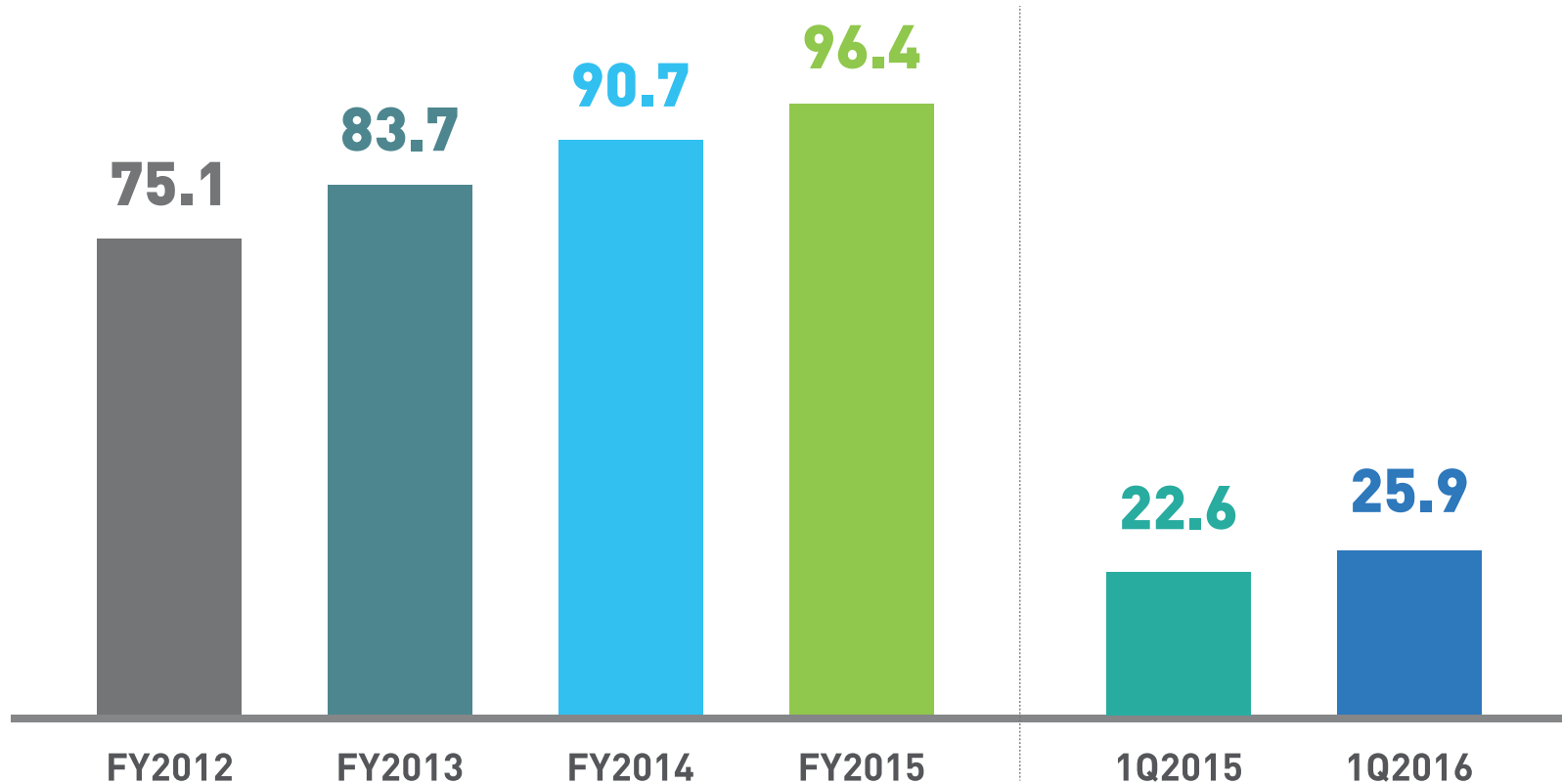
- Container surveying by IIICL-certified inspectors
- Stacking and lifting of containers
- On-site repair as well as cleaning and storage of empty general purpose and refrigerated containers (reefer)

# Financial Highlights

**First quarter ended 31 Dec 2015  
(1Q2016)**

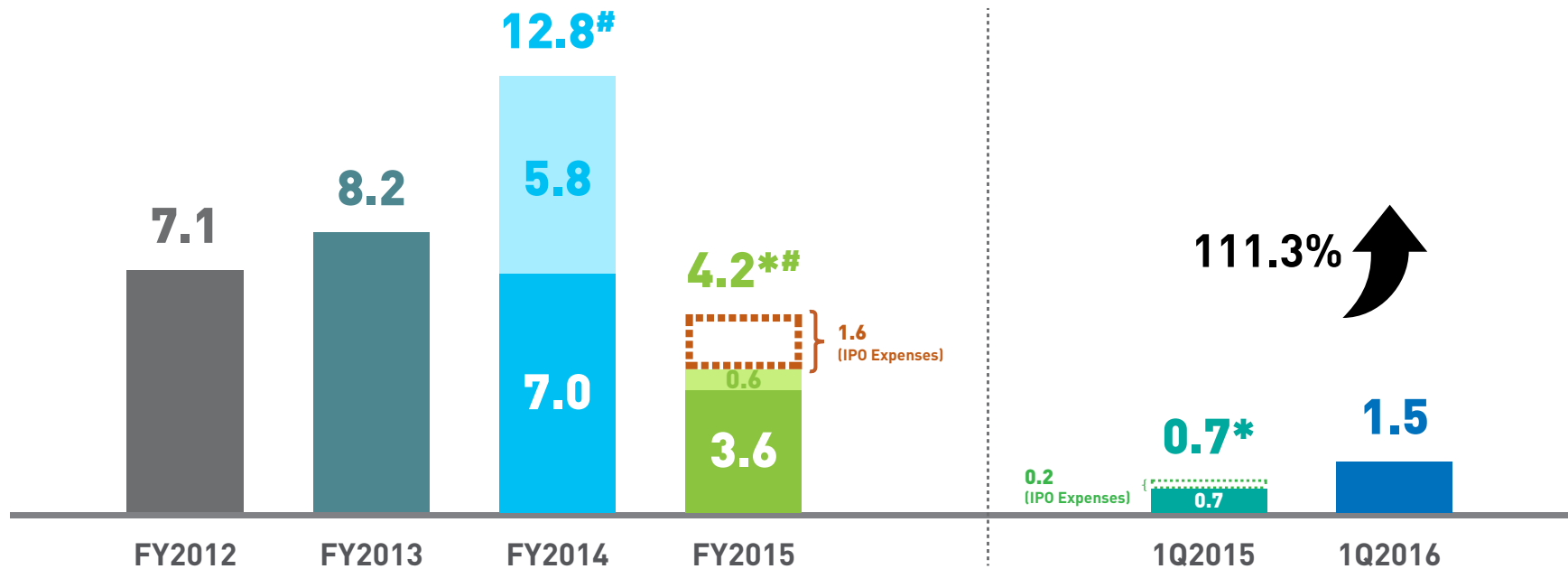
# Financial Highlights

## REVENUE (S\$'M)



# Financial Highlights

## PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY (S\$'M)



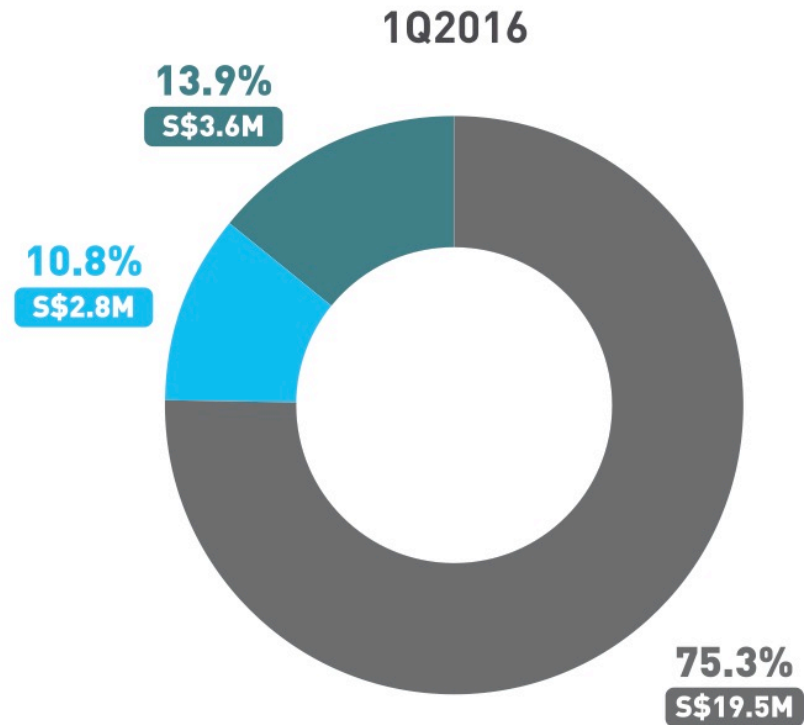
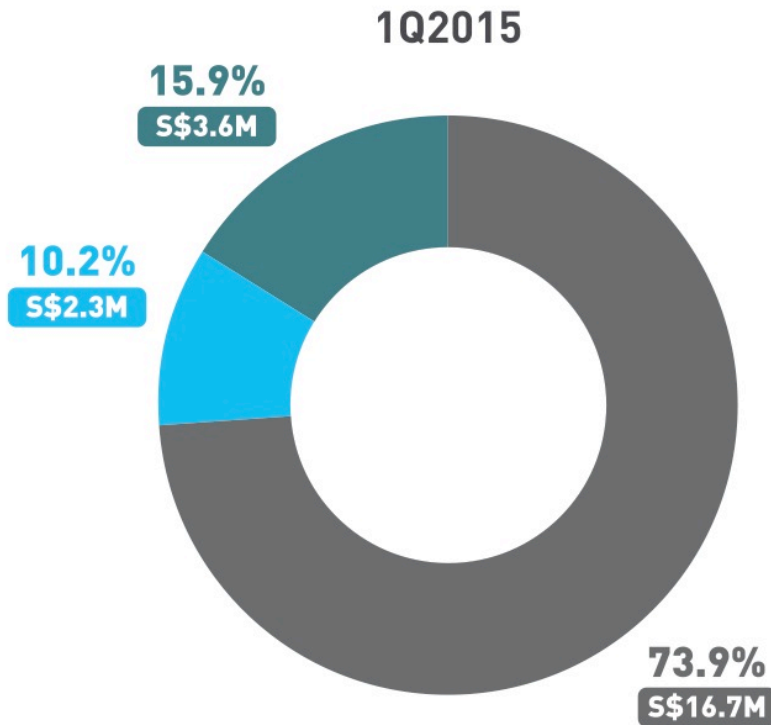
\* If IPO expenses of \$0.2 million (FY2015: \$1.6 million) are excluded, the Group would have achieved a net profit attributable to equity owners of approximately \$0.9 million (FY2015: \$5.8 million).

# Includes fair value gain on investment properties of \$5.8 million in FY2014 & \$0.6 million in FY2015 due to revaluation of investment properties at fair values.



# Financial Highlights

## REVENUE BY SEGMENTS



- Space Optimisation
- Facilities Management
- Logistics Services

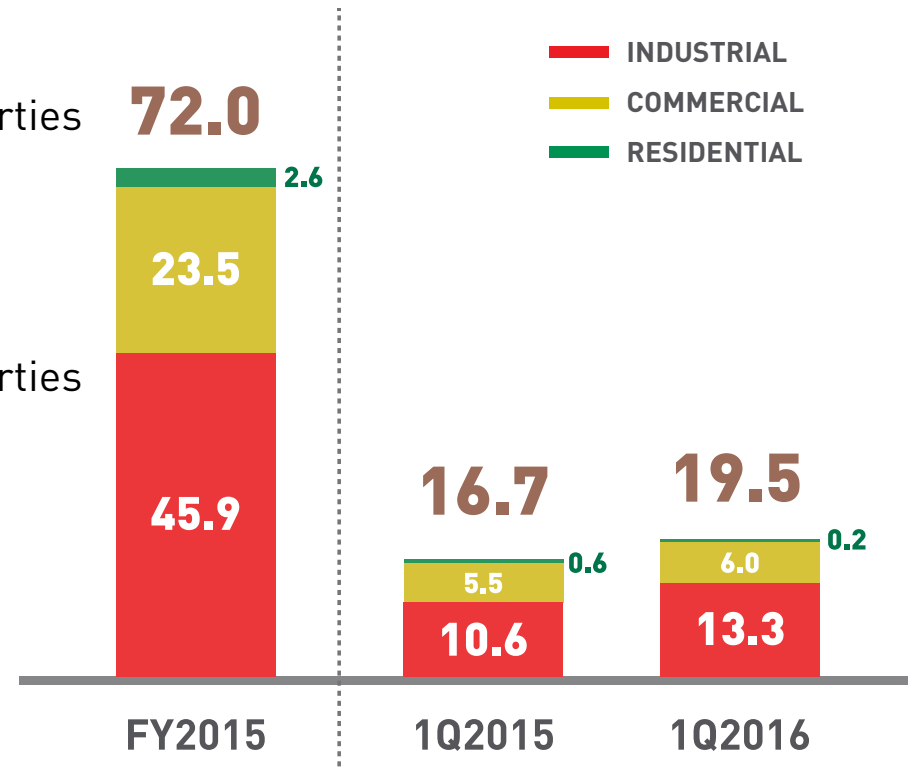
- Space Optimisation
- Facilities Management
- Logistics Services

# Space Optimisation Revenue

## Revenue **↑16.8%**

(S\$'M)

- **Industrial Properties: ↑25.5%**
  - Secured new master leases
  - Higher rental income from existing properties
  - Average occupancy in 1Q2016: 90%
- **Commercial Properties: ↑9.1%**
  - Higher rental income from existing properties
  - Average occupancy in 1Q2016: 95%
- **Residential Properties: ↓66.7%**
  - Expiry of a managing agent contract in October 2015



# Average Occupancy Rate

## Industrial Properties

FY2015 Avg	1Q2016
<b>93%</b>	<b>90%</b>

Remaining Vacant Space for Lease as at 31 Dec 2015: **238,791 sqft**

## Commercial Properties

FY2015 Avg	1Q2016
<b>96%</b>	<b>95%</b>

Remaining Vacant Space for Lease as at 31 Dec 2015: **42,581 sqft**

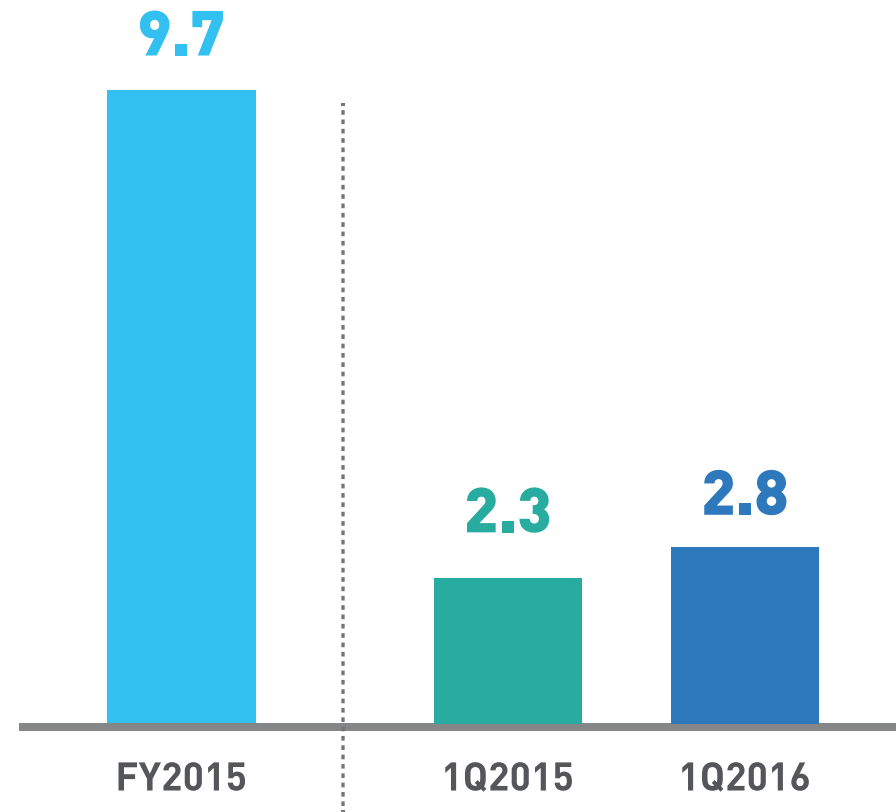
# Facilities Management Revenue

Revenue **↑21.7%**

- Increase in security services
- Increase in car park management services



(S\$'M)



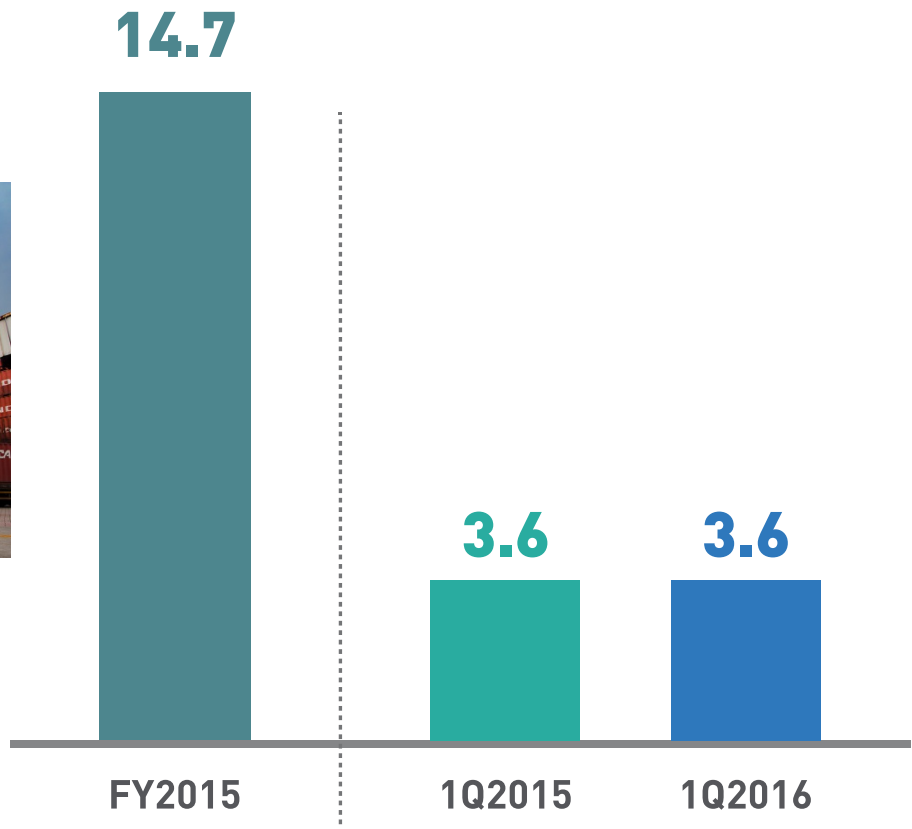
# Logistics Services Revenue

## Revenue

- Remain unchanged in 1Q2016 as compared to 1Q2015



(S\$'M)



# Key Financial Ratios

	As at 31 Dec 2015	As at 30 Sep 2015	Change (%)
Cash and fixed deposits (S\$m)	28.4	30.3	↓ 6.3
Total assets (S\$m)	107.0	106.7	↑ 0.3
Total equity (S\$m)	57.0	55.3	↑ 3.1
Current ratio (times)	1.6	1.6	-
Net asset value per share (S'pore cents) <sup>(1)</sup>	15.81	15.33	↑ 3.1

(1) Based on 361,524,300 ordinary shares in issue as at 31 December 2015 and as at 30 September 2015.



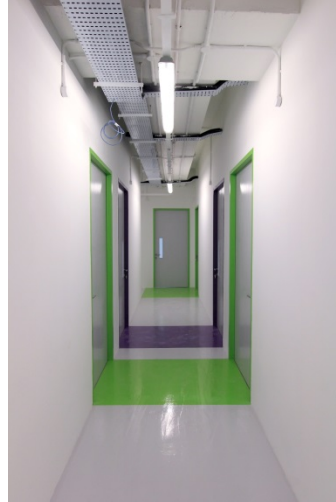
- **Dividend for FY2015:**
  - › **0.3 Singapore cents per share**
  
- **Book Closure Date:**
  - › 17 Feb 2016
  
- **Dividend Payment Date:**
  - › 25 Feb 2016

# Recent Corporate Updates



# Launched New Space concept

**work+store**



## New Work+Store Concept

- Another innovative space concept rollout after GreenHub Suited Offices
- Fits the needs of smaller e-commerce businesses that require self-storage capacity
- 3 locations in operation:
  - 680 Upper Thomson Road;
  - 18 New Industrial Road; and
  - 18 Tampines Industrial Crescent
- A fourth location at 100 Eunos Ave 7 currently undergoing renovation

# New Property Acquisition



## 38 Ang Mo Kio Industrial Park 2

- Incorporated JV Co, Work Plus Store (AMK) Pte.Ltd. to carry out the property acquisition
- Comprises a part 3 / part 4 / part 8-storey purpose-built detached factory with an adjoining 2-storey annex building
- Classified as B2 Clean & Light Industrial property with a gross plot ratio of 2.5
- **Intended usage:** Self Storage cum Last Mile Logistics
- **GFA:** approx 341,000 sqft

# Current Property & Economic Outlook

# Real Estate in Asia



According to Colliers International's report titled "2016 Asia Pacific Property Outlook":

The **outlook for real estate in Asia for 2016 remains quite positive**. Notwithstanding the challenges in the global macroeconomic picture, we are seeing exceptional growth trends emerge in a number of different sectors as companies step up their real-estate requirements.

- **Financial companies are expanding selectively, and will carefully balance cost management and space efficiency when finalizing their leasing plans.**
- **The technology sector, especially e-commerce operators, will be one of the most active groups in Asia** due to sustained growth in their business in the region.

# In Singapore – Softening Property Market

## Prospects for LHN's business:

- **More industrial properties expected to come on stream** over the next 24 months. Industrial segment marked by falling rents.
- **Growth industries** such as self-storage spaces, data centres and those involved in the manufacture of high tech products **expected to drive demand for industrial space over the next few years**, which presents **opportunities for LHN's new W+S concept**.

The Straits Times

www.straitstimes.com

Published on Jun 30, 2015

## Ten industrial sites confirmed for tender

All come with 20-year land leases, making them 'more affordable'

THE BUSINESS TIMES

TOP FIVE AWARD WINNER

## Self-storage business in Asia 'set to grow'

Rising incomes will drive demand for space, says Extra Space Asia CEO.

By Claire I THE BUSINESS TIMES

THE BUSINESS TIMES

For a limited time only,  
enjoy 2 weeks of complimentary digital access to The Business Times.

LEARN MORE >

## CBRE sees business park space crunch post-2016

No new developments planned; Q2 vacancy rate falls, with higher demand from pharma, tech firms

By Cathlin Ng caihng@sph.com.sg

JUL 3, 2015 5:50 AM  
Singapore

WITH no new developments planned, business park space is expected to be in undersupply in the future, according to a report by CBRE.

SINGAPORE  
**BUSINESS TIMES**

HOME SECTIONS EXCLUSIVES CONTACT US EVENTS TIP-OFF CONTRIBUTORS

COMMENTARY

ECONOMY | CONTRIBUTED CONTENT, SINGAPORE  
PUBLISHED: 18 NOV 15 1677 VIEWS



## Singapore's 6 key growth industries in 2016

BY SATISH BAKHDA

Singapore is the world's leader in the ease of doing business. The city-state's unmatched global and regional connectivity, its highly productive workforce with a mix of local and foreign talent, and a business-friendly regulatory environment have made Singapore the go-to destination for global businesses.

Entrepreneurs looking to kickstart their ventures in 2016 should consider these six sectors:

**Information Technology**

Singapore is an established IT hub. It continues to attract major global players. Twitter officially

**TITLE: Empty offices and falling rents spell further gloom for landlords**

By [Lee Yen Nee](#), TODAY  
Posted 01 Feb 2016 07:14

# South East Asia Region

## Indonesia



**Longer term outlook remains favourable** as demographic trends including a growing middle class is expected to boost demand within the country, driving development. The increasingly developed economy, international interest and closer integration with the rest of ASEAN will increase Indonesia's attractiveness to foreign investors leading to demand for commercial and industrial space.

*Source: Indonesia Real Estate, BMI Research, <http://www.bmiresearch.com/indonesia>*

## Thailand



**Slower than expected recovery** of Thailand's trading partners as well as the slowdown in the country's economy has led to anticipation that both import and export activities will be affected.

*Source: Thai export dip attests to global slump, Financial Times, Sep 30, 2015*

## Myanmar



**New democratic government brings fresh hopes.** Expected to attract more foreign investments to Myanmar and fuel demand for office space in the capital city of Yangon, with accelerating growth of rental rates for prime office spaces.

*Source: Myanmar's new government is still shrouded in secrecy, Bloomberg, Feb 1, 2016*

# **Business Strategies & Investment Merits**

# What's In the Pipeline for FY2016

1. **Full-year income stream expected from the new master lease at 18 Tampines Industrial Crescent**
2. **Expected completion of A&A works for 100 Eunos Ave 7**
  - Increase of GFA by 50%
3. **Expected completion of renovation for 27 West Coast Highway, tenure of 3+3+1 years**
  - GFA approx 68,000 sq ft
4. **Received in-principle no objection from HDB for acquisition of an industrial building at 38 AMK**
  - GFA approx 341,000 sq ft





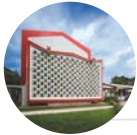
# Summary: Key Investment Merits



Committed, qualified and experienced management team



Distinguishing expertise in space optimisation: Manages over 4.5 million sq ft of space



Diversified portfolio of 35 properties in strategic locations in Singapore and a total of 3 properties in Myanmar and Indonesia



Established track record and reputation: Occupancy rates of over 90%



A diverse mix of over 700 tenants: Providing a base for sales and marketing through intelligent information systems



Close working relationships with our tenants: average tenant renewal rate of 70%



Ability to provide value-added integrated solutions

# Thank you

## **Kelvin Lim**

Executive Chairman &  
Group Managing Director  
kelvin.lim@lhngroup.com.sg

## **Jess Lim**

Group Deputy Managing Director  
jess.lim@lhngroup.com.sg

## **Yeo Swee Cheng**

Chief Financial Officer  
sweecheng.yeo@lhngroup.com.sg