

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

## LHN Limited's 1H2016 net attributable profit leaps 43.9% as focus on industrial space continues to pay off

- *Healthy performance from all three – Space Optimisation, Facilities Management and Logistics Services – business segments despite economic slowdown.*
- *Declares first interim dividend of 0.2 Singapore cents.*

### Financial Highlights for the Period Ended 31 March

S\$'million	2Q2016	2Q2015	Change (%)	1H2016	1H2015	Change (%)
Revenue	26.0	24.2	7.7	52.0	46.8	11.1
Gross profit	7.2	6.8	5.7	13.6	12.2	11.6
Profit attributable to equity owners	2.5	2.1	20.2	4.0	2.8	43.9
Earnings per share (Singapore cents)*	0.69	0.75	(8.0)	1.11	1.01	9.9
Net asset value per ordinary share (Singapore cents) <sup>†</sup>	16.19 (as at 31 Mar 2016)			15.33 (as at 30 Sep 2015)		

\* For comparative and illustrative purposes, the earnings per ordinary share for the financial period ended 31 March 2015 was computed based on the number of ordinary shares issued after share split of 275,000,000 which was completed on 10 March 2015. Weighted number of ordinary shares – 2Q2016: 361,601,000, 2Q2015: 275,280,000; 1H2016: 361,563,000, 1H2015: 275,139,000.

<sup>†</sup> Based on the total issued number of ordinary shares (excluding treasury shares) of 361,857,200 and 361,524,300 as at 31 March 2016 and 30 September 2015 respectively.

**Singapore, 12 May 2016** – Real estate management services group **LHN Limited** (“LHN”, and together with its subsidiaries and associated companies, the “Group”) today announced a commendable set of interim results in spite of the slowdown in the real estate leasing sector. The Group achieved a 43.9% increase in net profit attributable to equity owners to S\$4.0 million for the six months ended 31 March 2016 (“1H2016”) from S\$2.8 million for the corresponding period ended 31 March 2015 (“1H2015”).

This was driven by healthy performance from all three - **Space Optimisation, Facilities Management and Logistics Services** – of the Group’s business segments, which generated an 11.1% increase in sales to S\$52.0 million in 1H2016 from S\$46.8 million in 1H2015.

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The Group's overall expenses rose in tandem with its expanded operational activities in 1H2016. This arose mainly due to a 35.4% increase in selling and distribution expenses to S\$1.1 million from agent commission and a 15.8% increase in administrative expenses to S\$9.5 million mainly from depreciation of the Group's plant, property and equipment and its employee benefit cost.

Earnings per share increased to 1.11 Singapore cents in 1H2016 from 1.01 Singapore cents in 1H2015. Net asset value per share rose to 16.19 Singapore cents as at 31 March 2016 compared to 15.33 Singapore cents as at 30 September 2015. The Group's cash and cash equivalents amounted to a healthy S\$22.8 million as at 31 March 2016.

In view of the above, LHN has declared its first interim dividend of 0.2 Singapore cents per ordinary share.

Commenting on the results, **Mr Kelvin Lim (林隆田), Executive Chairman and Group Managing Director**, said: *"It was a challenging period for the real estate sector because of on-going headwinds in the property market brought on by poor economic sentiment, which led to a temporary oversupply of space as businesses downsized or held back expansion plans. Despite these conditions, we were able to deliver a very healthy set of results because of careful management of our resources and property portfolio and the effort put in by our people to proactively engage our existing tenants and aggressively pursue new ones."*

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### Segmental Review

S\$'million	2Q2016	2Q2015	Change (%)	1H2016	1H2015	Change (%)
Industrial Properties	13.4	11.6	15.5	26.7	22.2	20.3
Commercial Properties	5.8	6.1	(4.9)	11.8	11.6	1.7
Residential Properties	0.1	0.6	(83.3)	0.3	1.2	(75.0)
<b>Space Optimisation Business</b>	<b>19.3</b>	<b>18.3</b>	<b>5.5</b>	<b>38.8</b>	<b>35.0</b>	<b>10.9</b>

<b>Facilities Management Business</b>	<b>3.0</b>	<b>2.3</b>	<b>30.4</b>	<b>5.9</b>	<b>4.6</b>	<b>28.3</b>
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<b>Logistics Services Business</b>	<b>3.7</b>	<b>3.6</b>	<b>2.8</b>	<b>7.3</b>	<b>7.2</b>	<b>1.4</b>
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<b>Total</b>	<b>26.0</b>	<b>24.2</b>	<b>7.7</b>	<b>52.0</b>	<b>46.8</b>	<b>11.1</b>
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With 38 high quality properties spanning a total net lettable area of 4.5 million sq ft, the Group's **Space Optimisation Business** achieved a 10.9% year-on-year increase in revenue to S\$38.8 million in 1H2016.

The Group's industrial properties recorded a 20.3% increase in rental income mainly as a result of new master leases secured during the period. Its commercial properties saw a 1.7% increase in rental income mainly due to upward revisions in rental rates. In line with its purposeful intention to downsize LHN's exposure to the residential property segment, revenue contribution fell 75.0% following the expiry of the lease of its managing agent contract on a residential property in October 2015. Both the core industrial and commercial property segments posted healthy increases in performance with steady average occupancy rates coming in at approximately 93% and 94% respectively.

Delivering complementary cleaning and related security and car park management services to its own as well as to third-party properties, the Group's **Facilities Management Business** recorded a 28.3% year-on-year surge in revenue contribution in 1H2016. This mainly arose from an increase in security services and car park management services rendered to both new and existing car parks managed by the Group.

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Revenue from its **Logistics Services Business**, which provides transportation services and container depot management services, remained stable in 1H2016 coming in 1.4% higher at S\$7.3 million.

### **Business Outlook**

Growth in the next 12 months is expected to remain muted as the weak global economy continue to impact the real estate sector with businesses scaling down operational activities and holding off expansion plans.

With a focus on industrial and commercial properties outside the Central Business District (“**CBD**”), LHN will stand to gain from some of the cost cutting plans by firms relocating to properties outside or on the fringe of the CBD.

Mr Lim said: *“We are monitoring the market conditions closely. But we are cautiously optimistic about the mid to long term period because there are still sectors that are growing exponentially and they will be needing space. The government’s active backing of technology growth is likely to continue driving growth of the infocomm industry which is in line with the Smart Nation initiative. Companies in this sector tend to favour affordable space in decentralised business parks outside the CBD<sup>1</sup>.”*

The Group has also responded to the rapidly expanding e-commerce sector by recently launching its “*Work + Store*” office cum storage space concept at three of the Group’s locations, with two more undergoing fitting out works to house the concept.

Beyond Singapore, LHN’s operations in Thailand, Indonesia and Myanmar remain stable. 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.

– The End –

<sup>1</sup> “Tech companies – the future drivers of office space demand” – The Business Times, April 7, 2016,  
<http://www.businesstimes.com.sg/hub/property-2016/tech-companies-the-future-drivers-of-office-space-demand>

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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 38 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**

Tel: +65 6733 8873  
Wrisney Tan, wrisneytan@august.com.sg  
Dinesh Dayani, dineshdayani@august.com.sg

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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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*The contact person for the Sponsor is Mr Thomas Lam, Associate Director, Continuing Sponsorship, at 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, telephone (65) 6229 8088.*

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