

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

LHN Limited's 9M2016 net attributable profit soars 71.1% led by strong performance in industrial properties

- Revenue in 9M2016 improves 11.4% as all three – Space Optimisation, Facilities Management and Logistics Services – business segments delivers solid results.
- Sees dampened economic and real estate sector outlook as an opportunity to add more master leases and acquire suitable properties at favourable valuations.

Financial Highlights for the Period Ended 30 June

S\$'million	3Q2016	3Q2015	Change (%)	9M2016	9M2015	Change (%)
Revenue	26.8	23.9	11.9	78.7	70.7	11.4
Gross profit	7.4	6.3	17.3	21.0	18.5	13.5
Profit attributable to equity owners	1.9	0.6	187.4	5.9	3.4	71.1
Earnings per share (Singapore cents)*	0.52	0.18	188.9	1.62	1.14	42.1
Net asset value per ordinary share (Singapore cents)	16.51 (as at 30 Jun 2016)			15.33 (as at 30 Sep 2015)		

* The basic and diluted earnings per share are the same as there were no potentially dilutive ordinary securities in issue as at 30 June 2016 and 30 June 2015.

Singapore, 10 August 2016 – Real estate management services group **LHN Limited** (“LHN”, and together with its subsidiaries and associated companies, the “**Group**”) today announced a 71.1% surge in net attributable profit to S\$5.9 million for the nine months ended 30 June 2016 (“**9M2016**”) from S\$3.4 million achieved in the corresponding period last year (“**9M2015**”).

Despite a slowdown in the economy and property sector, the Group’s **Space Optimisation** and **Facilities Management** business segments delivered strong double digit revenue growth while its **Logistics Services** business held steady despite economic headwinds. These improvements contributed to an 11.4% increase in overall revenue to S\$78.7 million in 9M2016 from S\$70.7 million in 9M2015.

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In line with LHN's enlarged scope of operational activities in 9M2016, the Group's overall expenses rose. This was mainly due to a 6.9% increase in selling and distribution expenses to S\$1.4 million arising from agent commissions for the Group's new master leases offset by a decrease in advertising, marketing and promotion expenses, as well as a 10.1% increase in administrative expenses to S\$14.4 million mainly due to increase in depreciation of the Group's property, plant and equipment and employee benefit cost and a decrease in foreign exchange loss.

This sterling set of results resulted in an increased earnings per share of 1.62 Singapore cents in 9M2016 compared to 1.14 Singapore cents in 9M2015. Net asset value per share also rose to 16.51 Singapore cents as at 30 June 2016 compared to 15.33 Singapore cents as at 30 September 2015. The Group's cash and cash equivalents amounted to a healthy S\$21.4 million as at 30 June 2016.

Commenting on the results, **Mr Kelvin Lim (林隆田), Executive Chairman and Group Managing Director**, said: *"LHN has delivered an encouraging set of results despite the uncertain economic outlook due to the Group's ability to navigate challenges, manage our resources and spot opportunities. We do this by offering value to new and existing tenants with added flexibility in our leases and by introducing concept spaces to keep up with the space requirements of new types of businesses, especially in the services and e-commerce industries."*

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Segmental Review

S\$'million	3Q2016	3Q2015	Change (%)	9M2016	9M2015	Change (%)
Industrial Properties	13.3	11.1	19.8	40.1	33.3	20.4
Commercial Properties	5.9	5.8	1.7	17.7	17.4	1.7
Residential Properties	0.4	0.6	(33.3)	0.6	1.9	(68.4)
Space Optimisation Business	19.6	17.5	12.0	58.4	52.6	11.0

Facilities Management Business	3.2	2.5	28.0	9.0	7.0	28.6
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Logistics Services Business	4.0	3.9	2.6	11.3	11.1	1.8
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Total	26.8	23.9	11.9	78.7	70.7	11.4
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The Group's **Space Optimisation Business** achieved an 11.0% year-on-year increase in revenue to S\$58.4 million in 9M2016.

Mainly as a result of new master leases secured by LHN, the Group's industrial properties posted a 20.4% increase in rental income. Its commercial properties saw a 1.7% growth in rental income mainly due to upward rental revisions. These two sectors also enjoyed strong take up rates with industrial and commercial properties maintaining steady average occupancy rates of approximately 94%.

The Group's deliberate move to limit its exposure to the lacklustre residential sector led to a 68.4% fall in revenue from this sector on the back of the expiry of the lease of its managing agent contract on a residential property in October 2015.

Providing 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 28.6% year-on-year increase in revenue contribution to S\$9.0 million in 9M2016. This was mainly attributable to 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 9M2016 coming in 1.8% higher at S\$11.3 million.

Business Outlook

Underpinned by the sluggish global economy, the Group expects demand in the real estate sector to remain weak as businesses continue to streamline and/ or delay any expansion plans.

The Group's industrial and commercial properties which were purposefully chosen for their locations outside the central CBD area stand to attract firms relocating to properties with cheaper leases outside or in the city fringes. Furthermore, the Group is also targeting companies in the fast expanding e-commerce sector and new start-ups by rolling out its "Work + Store" office concept at five locations in Singapore. This concept caters to firms that require smaller working spaces with fully integrated self-storage facilities.

Mr Lim said: *"The dampened real estate outlook will provide some opportunities for the Group to add high quality master leases or acquire suitable properties at favourable valuations. We continue to be cautiously optimistic about the mid to long term prospects of our business because we believe there are still sectors that are expanding and they will be looking for more space. In particular, the infocomm and e-commerce sectors are expected to grow rapidly, and such companies tend to favour more affordable spaces in decentralised areas where many of our properties are located."*

In other positive developments, the Group had on 12 May 2016 announced the completion of the purchase of 38 Ang Mo Kio Industrial Park 2. On 29 June 2016, it also announced that its 50%-owned joint venture company had exercised the option to purchase a carpark property located at Golden Mile Tower for a cash consideration of S\$26 million. Both of these will expand the net lettable area as well as the number of car parks under the Group's management.

Most recently on 27 July 2016, LHN announced it had entered into another 50% joint venture for the proposed acquisition of Four Star Industries Pte Ltd, a company engaged in the business of manufacture and wholesale trade of mattresses and related furniture products. The proposed acquisition, which is at a purchase consideration of S\$900,000, includes a JTC Corporation leasehold 6-storey purpose built flatted factory building with approximately 17 years remaining on the lease. This

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development paves the way for LHN to employ its space optimisation expertise on the furniture business and property.

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 –

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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.

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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