

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

LHN Limited FY2016 revenue grows 8.6%; net attributable profit further boosted by fair value gains

- Increase in revenue contribution from all three business segments despite economic head winds.
- Spate of acquisitions in FY2016 expected to come on stream and become operational in FY2017
- Proposes final one-tier tax-exempt dividend of 0.45 Singapore cents per share, which including the interim dividend of 0.20 Singapore cents per share, brings total dividend for the year to 0.65 Singapore cents per share.

Financial Highlights for the Period Ended 30 September

S\$'million	4Q2016	4Q2015	Change (%)	FY2016	FY2015	Change (%)
Revenue	26.0	25.7	1.1	104.7	96.4	8.6
Gross profit	6.5	5.0	31.2	27.5	23.4	17.3
Profit attributable to equity owners	9.2	0.8	1069.8	15.1	4.2	257.4
Earnings per share ¹ (Singapore cents)	2.56	0.22	1063.6	4.18	1.34	211.9
Net asset value per ordinary share ² (Singapore cents)	19.32 (as at 30 Sep 2016)			15.33 (as at 30 Sep 2015)		

Singapore, 28 November 2016 – 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 increase of 8.6% to S\$104.7 million for the full year ended 30 September 2016 (“FY2016”) with all its business segments contributing towards the growth.

Net attributable profit in FY2016 more than tripled to S\$15.1 million partially buoyed by an increase in share of associated companies and joint venture to approximately S\$6.7 million resulting from a fair value gain on investment properties in Singapore of approximately S\$7.1 million and also taking into

¹ 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 361,524,300 and 316,019,763 respectively; and Calculation for the 3 months and for the full year ended 30 September 2016 was based on the weighted average number of ordinary shares in issue of 360,364,591 and 361,334,660 respectively.

² The net asset value per ordinary share for the full year ended 30 September 2015 and 30 September 2016 was computed based on the number of ordinary shares in issue of 360,004,200 and 361,524,300 ordinary shares respectively.

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account fair value gain on investment properties of approximately S\$2.1 million for FY2016 mainly due to an increase in valuation of industrial properties in Singapore.

On a quarterly basis, revenue was up 1.1% yoy from S\$25.7 million for the three months ended 30 September 2015 (“**4Q2015**”) to S\$26.0 million for the corresponding period in 2016 (“**4Q2016**”) while profit for the period leapt from S\$0.7 million in 4Q2015 to S\$9.2 million in 4Q2016.

The Group’s largest revenue contributor, its **Space Optimisation Business**, continued to perform well due to the focus on commercial and industrial space. While its complementary **Facilities Management Business** and **Logistics Services Business** reaped the benefits of higher demand for such services.

In line with its performance, LHN posted earnings per share¹ of 4.18 Singapore cents in FY2016 as compared to earnings per share of 1.34 Singapore cents in FY2015. Net asset value per share² came in at 19.32 Singapore cents as at 30 September 2016, up from 15.33 Singapore cents recorded as at 30 September 2015. Consolidated cash and cash equivalents amount to S\$19.9 million as at 30 September 2016 as compared to S\$24.6 million as at 30 September 2015 mainly because of the Group’s acquisition related activities in FY2016.

Dividend

Having delivered a stellar set of results despite market headwinds, the Group has proposed a final one-tier tax-exempt dividend of 0.45 Singapore cents per share, subject to approval by shareholders at the forthcoming annual general meeting to be convened. In addition to the 0.20 Singapore cents per share paid out at the interim, this will bring the total dividend payout for the year to 0.65 Singapore cents per share. This represents a dividend payout ratio of approximately 39% in FY2016, excluding fair value adjustments.

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Segmental Review

S\$'million	4Q2016	4Q2015	Change (%)	FY2016	FY2015	Change (%)
Industrial Properties	12.0	12.5	(4.0)	52.0	45.9	13.3
Commercial Properties	6.0	6.1	(1.6)	23.7	23.5	0.9
Residential Properties	0.3	0.8	(62.5)	0.9	2.6	(65.4)
Space Optimisation Business	18.3	19.4	(5.7)	76.6	72.0	6.4
Facilities Management Business	3.4	2.7	25.9	12.5	9.7	28.9
Logistics Services Business	4.3	3.6	19.4	15.6	14.7	6.1
Total	26.0	25.7	1.1	104.7	96.4	8.6

The Group's **Space Optimisation Business** achieved a modest increase of 6.4% yoy to S\$76.6 million in FY2016. Both the industrial and commercial property segments recorded improved performance with average occupancy rates at approximately 94%.

Revenue from the Group's industrial properties rose 13.3% in FY2016 due to rental income contribution from new master leases secured by the Group and an increase in rental income from existing properties. Revenue from the commercial properties also rose 0.9% in FY2016 mainly due to higher rental income from existing commercial properties. Revenue contribution from residential properties fell 65.4%, mainly due to the intentional scaling back of this segment to focus on capitalising on the growth coming from the industrial and commercial segments.

In FY2016, LHN's **Facilities Management Business** enjoyed double digit growth of 28.9% mainly driven by demand for security services and car park management services from both existing sites and new car parks managed by the Group. **Logistics Services Business** also grew 6.1% yoy due to healthy demand for its container depot business.

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Business Outlook

Rising global economic uncertainties, weak manufacturing and trading conditions, poor consumer sentiment and oversupply of commercial and industrial space has dampened demand and caused intense price pressures on rents. As such, LHN Group expects the next 12 months to be challenging for its core Space Optimisation Business. However, the Group will work hard to maintain stable occupancies across its property portfolio as it focuses on securing more tenants from growth industries such as the infocomm and e-commerce sectors.

Mr Kelvin Lim (林隆田), Executive Chairman and Group Managing Director, said: *“The year ahead will not be easy but I believe that having ramped up our operations over the past year that we are prepared for it. We are focused on sustaining high occupancies and also locking in ideal properties in good locations at attractive prices. We are also very encouraged that our new Work + Store concept, which was launched in 2016 and caters mainly to businesses in the e-commerce sector, continues to attract positive feedback and response from the market.”*

Other positive developments announced in FY2016 that are expected to come on stream and become operational in FY2017 include:

- The completed acquisition of 38 Ang Mo Kio Industrial Park 2 in May 2016; and
- The completed acquisition of Four Star Industries Pte Ltd in October 2016, which includes a JTC Corporation leasehold 6-storey purpose built flatted factory building, will pave the way for LHN to employ its space optimisation expertise on the furniture business and property.

Meanwhile the Group is also planning to expand its GreenHub premium fitted office brand to a fourth location at Beach Road in February 2017 in addition to expanding the branch at 10 Raeburn Park. Together they will add another 200 workstations under this brand making it a total of 606 workstations in Singapore and more than 1,000 workstations regionally.

The Group constantly reviews its business as part of its effort to maximise value for shareholders. As part of the review, the Group sometimes engages in preliminary discussions with various parties. However, there is no assurance that any transactions may arise therefrom.

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Beyond Singapore, the Group's operations in Indonesia, Thailand and Myanmar remain stable and the Group continues to be on the lookout for expansion opportunities in the ASEAN region through acquisitions, joint ventures and strategic alliances which will give it access to new markets and customers.

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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**").*

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