

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

LHN Limited achieves modest revenue growth in 1Q2017; net attributable profit triples on fair value gains

- Revenue grows 1.9% to S\$26.4 million in 1Q2017 amidst a challenging environment.
- Net profit attributable to shareholders of the company surges 218.4% to S\$4.9 million in 1Q2017 due to a non-recurring gain of approximately S\$4.3 million on acquisition of a joint venture company.

Financial Highlights for the Period Ended 31 December

S\$'million	1Q2017	1Q2016	Change (%)
Revenue	26.4	25.9	1.9
Gross profit	6.3	6.4	(1.2)
Profit attributable to equity owners	4.9	1.5	218.4
Earnings per share (cents) ⁺	1.36	0.42	223.8
Net asset value per share (cents) [*]	20.69 (as at 31 Dec 2016)	19.32 (as at 30 Sep 2016)	7.1

⁺ Based on the weighted average number of ordinary shares (excluding treasury shares) of 360,004,000 in 1Q2017 and 361,524,000 in 1Q2016.

^{*} Based on the total issued number of ordinary shares (excluding treasury shares) of 360,004,000 as at 31 December 2016 and as at 30 September 2016.

Singapore, 13 February 2017 – Real estate management services group **LHN Limited** (“LHN”, and together with its subsidiaries and associated companies, the “Group”) recorded a modest 1.9% growth in revenue to S\$26.4 million for the three months ended 31 December 2016 (“1Q2017”) as compared to S\$25.9 million for the corresponding period in 2015 (“1Q2016”).

During the quarter under review, Group’s cost of sales increased year-on-year (“YOY”) by approximately 2.9% to S\$20.1 million in 1Q2017 due to an increase in transportation as well as upkeep and maintenance costs, which was partially offset by a decrease in rental costs. Overall operational expenses also went up mainly because of a 14.9% YOY rise in administrative expenses to S\$5.1 million largely due to an increase in employee benefits.

The Group’s net attributable profit surged 218.4% YOY to S\$4.9 million due to a S\$3.9 million increase in share of results of associates and joint ventures arising from a non-recurring gain of approximately S\$4.3 million on acquisition of Four Star Industries Pte. Ltd. which was a result of the excess of the

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Group's proportionate share of net fair value gains from identifiable assets and liabilities over the cost of investment.

Mr Kelvin Lim (林隆田), Executive Chairman and Group Managing Director, said: *"The property rental market especially for the industrial sector has been challenging because of poor economic sentiment and business uncertainty. This had impacted our operational performance in 1Q2017. Although we are still getting a steady stream of enquiries, we have also observed a trend in business downsizing. In line with the rest of the industry, we are bracing ourselves for a challenging financial year but we believe with the Group's strong fundamentals, we are optimistic at being able to weather this downturn while at the same time gear up for a future economic upswing."*

In line with its performance, LHN posted earnings per share of 1.36 Singapore cents in 1Q2017 as compared to earnings per share of 0.42 Singapore cents in 1Q2016. Net asset value per share came in at 20.69 Singapore cents as at 31 December 2016, up from 19.32 Singapore cents recorded as at 30 September 2016. The Group's cash and cash equivalents amounted to S\$21.0 million while total borrowings stood at S\$23.3 million as at 31 December 2016.

Segmental Review

S\$'million	1Q2017	1Q2016	Change (%)
Industrial Properties	10.9	13.3	(18.0)
Commercial Properties	6.0	6.0	-
Residential Properties	0.3	0.2	50.0
Space Optimisation Business	17.2	19.5	(11.8)
Facilities Management Business	3.8	2.8	35.7
Logistics Services Business	5.4	3.6	50.0
Total	26.4	25.9	1.9

Revenue from the Group's **Space Optimisation Business** declined 11.8% YOY to S\$17.2 million in 1Q2017 mainly because of the persistent softening in Singapore's industrial property rental market.

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The average occupancy rate of industrial and commercial properties managed by the Group in 1Q2017 was 89% and 92% respectively.

In tandem with market conditions, the performance of the Group's commercial property segment remained unchanged and its residential property segment achieved a 50% increase in revenue due to an increase in rental income from its GreenHub-branded SOHO in Myanmar. However, contribution from the Group's industrial properties segment fell 18.0% during the quarter due to the expiry of some head leases and movement of tenants arising from renewal of sub-leases.

In 1Q2017, LHN's **Facilities Management Business** and **Logistics Services Business** continued to benefit from higher demand from such services. Revenue from the Facilities Management Business grew 35.7% mainly due to an increase in revenue from security and car parking management services while income from the Logistics Services Business rose 50.0% mainly due to storage and repairs of leasing containers contributed by the slow down of shipments worldwide.

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.

LHN expects the next 12 months to remain challenging because of ongoing economic uncertainties and poor overall sentiments leading to a fall in leasing activities. However, we also observed a trend of businesses scaling down the size of their operations leading to a demand for smaller business space and an increase in requirement for value-add services. To capitalise on this trend, LHN has reviewed its marketing strategy and service offerings.

In mid Jan 2017, the Group obtained Temporary Occupation Permit for its property at 100 Eunos Avenue 7 which has been purposed for the Work + Store concept. We have also completed the first phase renovation at 38 Ang Mo Kio. We expect to build up the occupancy rate of these two properties over the next few months.

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The Group has recently launched PickJunction, which is an innovative and experiential concept to support small, independent entrepreneurs of furnishing and lifestyle products.

Both the Work + Store and PickJunction newest concepts are expected to widen the Group's tenant mix to include those from these target sectors.

Mr Lim said: *"LHN is about innovative new space concepts that are relevant to the market. We will continue to observe the changing business needs of our customers so that we can offer them space concepts that are relevant for them."*

-- 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.

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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