

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

LHN Limited achieves revenue of S\$53.6 million in HY2017; net attributable profit rises to S\$4.7 million

- *Topline performance driven by double digit growth in its Facilities Management Services and Logistics Services segments.*
- *On 5 May 2017, the Group announced it was seeking a proposed dual primary listing of its ordinary shares on the Main Board of The Stock Exchange of Hong Kong Limited.*

Financial Highlights for the Period Ended 31 March

S\$'million	2Q2017	2Q2016	Change (%)	1HY2017	1HY2016	Change (%)
Revenue	27.1	26.0	4.3	53.6	52.0	3.1
Gross profit	7.0	7.2	(2.5)	13.4	13.6	(1.9)
(Loss)/profit attributable to equity owners	(0.2)	2.5	NM	4.7	4.0	17.4
(Loss)/ earnings per share (Singapore cents)*	(0.05)	0.69	NM	1.31	1.11	18.0
Net asset value per ordinary share (Singapore cents) ⁺	19.32 (as at 30 Sep 2016)			20.25 (as at 31 Mar 2017)		

* Based on the weighted average number of ordinary shares (excluding treasury shares) of 360,362,000 and 360,181,000 in 2Q2017 and HY2017 respectively and 361,601,000 and 361,563,000 in 2Q2016 and HY2016 respectively.

⁺ Based on the total issued number of ordinary shares (excluding treasury shares) of 360,445,000 as at 31 March 2017 and 360,004,000 as at 30 September 2016.

NM – Not Meaningful

Singapore, 15 May 2017 – Real estate management services group **LHN Limited** (“LHN”, and together with its subsidiaries and associated companies, the “Group”) achieved a modest 3.1% year-on-year (“YOY”) growth in revenue to S\$53.6 million for the six months ended 31 March 2017 (“1HY2017”), while net attributable profit increases by 17.4% YOY to S\$4.7 million due to a non-recurring gain of approximately S\$3.8 million from the Group’s acquisition of Four Star Industries Pte Ltd¹.

On a quarterly basis, the Group’s revenue rose 4.3% YOY to S\$27.1 million for the three months ended 31 March 2017 (“2Q2017”). However net attributable profit fell to a loss of S\$0.2 million due to an increase in cost of sales, as well as operational expenses led by higher administrative costs as a result of

¹ The non-recurring gain was a result of the excess of the Group’s proportionate share of the net fair value of the joint venture’s identifiable assets and liabilities over the cost of investment.

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higher employee benefits and professional fees and fair value loss on investment properties of S\$1.4 million.

In line with its performance, LHN posted earnings per share of 1.31 Singapore cents in 1HY2017 as compared to 1.11 Singapore cents in 1HY2016. Net asset value per share came in at 20.25 Singapore cents as at 31 March 2017, up from 19.32 Singapore cents recorded as at 30 September 2016. The Group's cash and cash equivalents amounted to S\$16.6 million while total borrowings stood at S\$23.6 million as at 31 March 2017.

Segmental Review

S\$'million	2Q2017	2Q2016	Change (%)	1HY2017	1HY2016	Change (%)
Industrial Properties	11.0	13.4	(17.9)	22.0	26.7	(17.6)
Commercial Properties	5.8	5.8	-	11.8	11.8	-
Residential Properties	0.6	0.1	> 100.0	0.8	0.3	> 100.0
Space Optimisation Business	17.4	19.3	(9.8)	34.6	38.8	(10.8)

Facilities Management Business	4.1	3.0	36.7	7.9	5.9	33.9
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Logistics Services Business	5.6	3.7	51.4	11.1	7.3	52.1
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Total	27.1	26.0	4.3	53.6	52.0	3.1
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Revenue from the Group's **Space Optimisation Business** declined 10.8% YOY to S\$34.6 million in 1HY2017 mainly due to slower revenue generation by the industrial property sector as a result of the expiry of some head leases and movement of tenants arising from renewal of sub-leases. The decline was partially offset by increase in revenue from the Group's residential property sector, which more than doubled its revenue contribution from S\$0.3 million in 1HY2016 to S\$0.8 million in 1HY2017, mainly due to an increase in rental income from its SOHO property in Myanmar. The average occupancies for the industrial and commercial property sectors were 89% and 90% respectively.

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In 1HY2017, LHN's **Facilities Management Business** and **Logistics Services Business** continued to benefit from higher demand for such services. Revenue from the Facilities Management Business grew 33.9% YOY mainly due to an increase in revenue from security services as well as car park management services, which was a result of an increase in car park rates of its existing sites and also new car parks managed by LHN.

Income from the Group's Logistics Services Business surged 52.1% YOY mainly due to the higher revenue contribution achieved by its container depot business, which has enjoyed strong demand for the storage and repairs of shipping containers as a result of the worldwide slowdown in shipments and transportations services.

Business Outlook

In its twice yearly Macroeconomic Review released on 25 October 2016, the Monetary Authority of Singapore said the global economy was expected to expand at a "steady but mediocre pace" in 2017 and on the back of this, demand would remain uneven across Singapore's key export markets.

Singapore's small, trade-dependent economy is currently going through a cyclical downturn as trade-related sectors struggle and this has in turn led to a weakening in the performance of Singapore's property rental market across all segments.

Mr Kelvin Lim (林隆田), Executive Chairman and Group Managing Director, said: *"The current volatility in market conditions has turned business sentiment bearish. We expect demand to remain lacklustre, while the oversupply of commercial and industrial spaces will cause further downward pressure on rents. However we expect the performance of our Facilities Management Services and Logistics Services segments to remain stable as demand for such services has been increasing over the last two quarters and we expect this trend to continue."*

"Besides Singapore, we currently have operations in Indonesia, Thailand and Myanmar. In the coming months, we intend to actively look for more overseas opportunities to expand our business particularly in the areas of space optimisation," he added.

It was mentioned in an announcement dated 8 March 2017 that the Group's wholly-owned subsidiary LHN Group (China) Asset Management Pte. Ltd., had earlier incorporated a wholly-owned subsidiary LHN Asset Management (Xiamen) Co. Limited ("LHN Xiamen") in China with the intention to expand its

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space optimisation and real estate management expertise into the China market. LHN Xiamen is currently seeking opportunities to secure suitable master leases in China to which the Group can apply its space optimisation expertise.

On 5 May 2017, the Group announced it was seeking a proposed dual primary listing of its ordinary shares on the Main Board of The Stock Exchange of Hong Kong Limited. LHN's Board believes that having a primary listing status in both Singapore and Hong Kong is beneficial to the Group as this gives it ready access to these different equity markets in the Asia Pacific region as and when opportunities arise. It is also an excellent opportunity for the Group to further enhance its profile as it seeks to further expand regionally.

-- 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.

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Issued for and on behalf of LHN Limited by August Consulting

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*This press release has been prepared by LHN Limited (the “**Company**”) and its contents have been reviewed by the Company’s sponsor, PrimePartners Corporate Finance Pte. Ltd. (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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