LHN Limited
10 Raeburn Park #02-18
Singapore 088702
www.lhngroup.com

SPACE OPTIMISED

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

LHN Limited achieves S$26.2 million revenue in 3Q2017

- *Space Optimisation Business affected by lacklustre demand in the property leasing market but partially offset by double digit growth in the Facilities Management Business and Logistics Services Business.*
- *The Group incurred a net loss attributable to shareholders in 3Q2017 mainly due to dual listing expenses related to its proposed dual listing on the Main Board of the SEHK and impairment loss on asset held-for-sale.*

Financial Highlights for the Period Ended 30 June

S$'million	3Q2017	3Q2016	Change (%)	9M2017	9M2016	Change (%)
Revenue	26.2	26.8	(2.1)	79.8	78.7	1.3
Gross profit	5.8	7.4	(20.6)	19.2	21.0	(8.4)
(Loss) / Profit attributable to equity owners	(3.7)	1.9	NM	1.0	5.9	(82.3)
(Loss) / Earnings per share (Singapore cents)*	(1.02)	0.52	NM	0.29	1.62	(82.1)
Net asset value per ordinary share (Singapore cents)+	19.22 (as at 30 Jun 2017)			19.32 (as at 30 Sep 2016)		

** Based on 360,445,000 weighted average number of ordinary shares in issue in 3Q2017 (3Q2016: 361,857,000) and 360,269,000 weighted average number of ordinary shares in issue in 9M2017 (9M2016: 361,660,000).*
+ Based on the total issued number of ordinary shares (excluding treasury shares) of 360,445,000 and 360,004,000 as at 30 June 2017 and 30 September 2016 respectively.

Singapore, 7 August 2017 – Real estate management services group **LHN Limited** ("**LHN**", and together with its subsidiaries and associated companies, the "**Group**") has achieved revenue of S$26.2 million for the three months ended 30 June 2017 ("**3Q2017**") mainly due to strong double digit growth in its Facilities Management Business and Logistics Services Business, which partially offset weaker performance experienced by its Space Optimisation Business.

The Group's bottom line was affected mainly by S$2.9 million in dual listing expenses related to its proposed dual primary listing on the Main Board of The Stock Exchange of Hong Kong Limited ("**SEHK**") and also S$0.5 million impairment loss on asset held-for-sale due to the decrease in valuation of non-current assets classified as held-for-sale. The aforementioned resulted in a net attributable loss to shareholders of S$3.7 million in 3Q2017.

During the quarter under review, the Group's Space Optimisation Business continued to be affected by Singapore's lacklustre commercial and industrial property leasing market with revenue from this segment falling 14.8% year-on-year ("**YOY**"). However its Facilities Management Business and Logistics Services Business continued to enjoy healthy revenue growth in recent years, with YOY revenue growth of 43.8% and 22.5% respectively.

Mr Kelvin Lim (林隆田), Executive Chairman and Group Managing Director, said: *"The past one year has been a very challenging period for our Space Optimisation Business, which continues to feel the impact of weaker demand for commercial and industrial property leases. Despite this, I am satisfied that the other segments in our business have performed well. We are optimistic that our Facilities Management Business and our Logistics Services Business will continue to perform well in the coming months as we have observed an uptrend in demand for such services. Although we suffered a net loss attributable to shareholders this quarter, I want to emphasise that it was mainly due to the one-off dual listing expenses which relates to the dual primary listing on the Main Board of the SEHK."*

The Group's loss per share stood at 1.02 Singapore cents for 3Q2017 as compared to earnings per share of 0.52 Singapore cents in 3Q2016. Net asset value per share as at 30 June 2017 was 19.22 Singapore cents as at 30 June 2017, as compared to 19.32 Singapore cents as at 30 September 2016. As at 30 June 2017, the Group's cash and cash equivalents stood at a healthy S$15.8 million.

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Segmental Review

S$'million	3Q2017	3Q2016	Change (%)
Industrial Properties	10.7	13.3	(19.5)
Commercial Properties	5.7	5.9	(3.4)
Residential Properties	0.3	0.4	(25.0)
Space Optimisation Business	**16.7**	**19.6**	**(14.8)**
Facilities Management Business	**4.6**	**3.2**	**43.8**
Logistics Services Business	**4.9**	**4.0**	**22.5**
Total	**26.2**	**26.8**	**(2.1)**

In 3Q2017, overall revenue from the Group's **Space Optimisation Business** declined 14.8% YOY. This was due to lower revenue derived from the Group's industrial and commercial property segments, which dropped 19.5% and 3.4% respectively due to the movement of tenants and lower rental rates arising from the expiry and renewal of sub-leases. In addition, some head leases in the industrial property segment had also expired. Revenue from the Group's residential property segment fell 25.0% although its SOHO property in Myanmar did contribute a modest S$0.1 million increase in revenue.

Providing complementary cleaning and related, security and car park management services, the Group's **Facilities Management Business** recorded a 43.8% YOY jump in revenue in 3Q2017. This arose mainly from an increase in demand for security services and also new car parks secured by the car park management division. Another positive development that contributed to the segment's performance was the increase in car park rates of existing car parks managed by the Group.

Income from the Group's **Logistics Services Business** came in 22.5% higher YOY mainly due to higher revenue contribution 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.

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Business Outlook

The Group expects rental demand for industrial and commercial properties to remain depressed mainly because the market is currently facing an oversupply of industrial and commercial space. This is expected to cause further downward pressures in rental and occupancy.

Mr Lim said: *"Our expectations are supported by the recent quarterly market report released by the JTC, which highlighted that rental, particularly in the industrial segment, has continued to decline since the first quarter of 2017 and is expected to fall further with the anticipated increase in supply.*[1] *In view of the current market conditions, we intend to focus more on our Logistics Services and Facilities Management Services to take advantage of the stronger demand in these segments while exploring opportunities to strengthen our portfolio of properties under our core Space Optimisation Business both locally and overseas."*

On 5 May 2017, LHN announced it was seeking a proposed dual primary listing of its ordinary shares on the Main Board of the SEHK and in an update posted on 11 June 2017, the Group announced the application proof of the prospectus has been uploaded on the website of the SEHK. Shareholders should also note that upon successful dual listing on the Main Board of the SEHK, there will be further listing expenses of approximately S$2.3 million to be paid.

On 22 May 2017, LHN announced its entry into the Greater China market with its first car park management contract in Hong Kong. This milestone is in-line with the Group's strategy to expand into the Greater China Region and supports its intention for a dual listing on the Hong Kong bourse.

– The End –

[1] *Prices, rentals of industrial space in Singapore continue to moderate in Q2, The Straits Times (28 July 2017): http://www.businesstimes.com.sg/government-economy/prices-rentals-of-industrial-space-in-singapore-continue-to-moderate-in-q2*

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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, Myanmar and Hong Kong.

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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