LHN GROUP
SPACE OPTIMISED

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

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

For Immediate Release

LHN Delivers Net Earnings of S$0.8 million in 1Q2018, Excluding Dual Listing Expenses in Hong Kong

- Dual listing helped raised approximately HK$44.4 million (equivalent to S$7.4 million) in net proceeds that are earmarked for business expansion
- Revenue for 1Q2018 was S$25.9 million, a slight decline of 2.0% year-on-year as the Group recognised lower revenue contributions from its Space Optimisation and Logistics Services business segments

Singapore, 12 February 2018 – Real estate management services group LHN Limited ("**LHN**", and together with its subsidiaries, the "**Group**") reported revenue of approximately S$25.9 million for the three months ending 31 December 2017 ("**1Q2018**"). Group revenue in 1Q2018 declined marginally by 2.0% from approximately S$26.4 million for the three months ending 31 December 2016 ("**1Q2017**"), mainly attributed to a decrease in revenue contribution from the Space Optimisation Business.

Table 1 – Key Financial Highlights

S$ '000	1Q2018	1Q2017	Change (%)
Revenue	25,909	26,440	(2.0)
Cost of sales	20,017	20,094	(0.4)
Gross profit	5,892	6,346	(7.2)
Administrative expenses	^7,228	5,395	34.0
Share of results of associates and JVs	(100)	3,886	N.M.
(Loss)/Profit after tax	#(1,007)	5,047	N.M.

Notes:

N.M. – Not Meaningful

Based on unaudited consolidated financial statements of the Group for the three months ended 31 December 2016 and 2017.

^ Include dual listing expenses of approximately S$1.8 million.

If dual listing expenses of approximately S$1.8 million were excluded, profit after tax would be approximately S$0.8 million.

Cost of sales decreased by 0.4% from approximately S$20.1 million in 1Q2017 to S$20.0 million in 1Q2018 primarily as a result of lower (i) rental costs of approximately S$0.4 million; (ii) transportation costs of approximately S$0.2 million; and (iii) upkeep and maintenance costs of approximately S$0.1 million. However, these items were partially offset by higher labour costs of approximately S$0.6 million as a result of increase in manpower cost of the Facilities Management Business. As a result, the Group registered a gross profit of approximately S$5.9 million in 1Q2018 versus approximately S$6.3 million in 1Q2017.

Administrative expenses came in higher for 1Q2018 at approximately S$7.2 million as compared to approximately S$5.4 million in 1Q2017, mainly due to expenses incurred with respect to the dual listing of approximately S$1.8 million. The Group also incurred more selling and distribution expenses of approximately S$0.4 million for 1Q2018, an increase from approximately S$0.3 million incurred in 1Q2017, largely due to higher real estate agent commissions of approximately S$0.1 million.

The Group incurred a loss in share of results of associates and joint ventures ("**JV**") of approximately S$0.1 million in 1Q2018 compared to a profit of approximately S$3.9 million in 1Q2017. The profit realised in 1Q2017 was mainly due to our proportionate share of the excess net fair value of the JV's identifiable assets and liabilities over the cost of investment in relation to the acquisition of Four Star Industries Pte. Ltd.

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

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

Table 2 – Segmental Revenue Breakdown

S$ '000	1Q2018	1Q2017	Change (%)
Industrial Properties	10,214	10,939	(6.6)
Commercial Properties	5,250	5,996	(12.4)
Residential Properties	1,006	279	260.6
Space Optimisation Business	16,470	17,214	(4.3)
Facilities Management Business	4,629	3,802	21.8
Logistics Services Business	4,810	5,424	(11.3)
Total	25,909	26,440	(2.0)

Note:

Based on unaudited consolidated financial statements of the Group for the three months ended 31 December 2016 and 2017.

Space Optimisation Business comprised of 63.6% of the Group's total revenue for 1Q2018. For the Space Optimisation Business, the Group's Residential Properties segment contributed a rise of 260.6% in revenue from approximately S$0.3 million in 1Q2017 to approximately S$1.0 million in 1Q2018 mainly attributed to an increase in rental income from a residential property in Myanmar and design consultancy fees. However revenue from the Group's Industrial Properties segment saw a slight decrease of 6.6% to approximately S$10.2 million in 1Q2018 because of (i) the expiry of two master leases in the west zone of Singapore during FY2017, which were not renewed; (ii) movement of tenants due to expiry of sub-leases; and (iii) expiry and renewal of sub-leases at lower rental rates in 1Q2018. Revenue contribution from Commercial Properties segment also fell by 12.4% to approximately S$5.3 million in 1Q2018, because of (i) movement of tenants as a result of expiry of sub-leases and the renewal of two of our master leases that expired during the last quarter of FY2017 in the central and north-east zones in Singapore; and (ii) expiry and renewal of sub-leases at lower rental rates in 1Q2018. The average occupancy rate of industrial properties and commercial properties managed by the Group in 1Q2018 was approximately 86% and 87% respectively.

Revenue derived from the Group's Facilities Management Business rose by 21.8% to approximately S$4.6 million in 1Q2018 due to increased demand for security services and facilities management services. This segment contributed 17.9% to the Group's 1Q2018 turnover, up from 14.4% for 1Q2017.

Revenue contribution from the Group's Logistics Services Business came in lower by 11.3% to approximately S$4.8 million in 1Q2018, largely due to lesser demand for storage and repairs of leasing containers during the period.

Excluding expenses incurred in connection with the dual listing in 1Q2018 and the one-time gain on acquisition of Four Star Industries Pte. Ltd. from share of results of associates and JVs in 1Q2017, the Group would have reported earnings of approximately S$0.8 million for 1Q2018 as compared to approximately S$0.7 million for 1Q2017.

Mr Kelvin Lim (林隆田), LHN's Executive Chairman and Group Managing Director, said, "Our Group's financial performance was impacted by dual-listing expenses in Hong Kong and lower revenue contributions from both our Space Optimisation and Logistics Services businesses.

However, we believed that dual-listing in Hong Kong is a necessary step to enhance our brand name and to build awareness on our expertise in the Greater China region to grow our business in the region.

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

Our Facilities Management Business is expected to expand further this year as a result of new carpark contracts recently secured in Hong Kong and Singapore. Our Group would continue to build-up our carpark management portfolio.

Our Logistics Services Business is expected to have a busy year. With the recently announced joint venture entered into by our indirect 60% owned subsidiary, more container volume is expected to flow through our Singapore depots. Our second depot in Bangkok, Thailand with a capacity of 10,000 twenty-foot equivalent units is also expected to be operational in 3Q2018.

Following our successful dual listing on the Main Board of The Stock Exchange of Hong Kong, our Group intends to utilise the net proceeds to acquire a new property site to expand our Space Optimisation Business. Balance of the funds will be harnessed to operate a parking yard and ISO ("International Organisation for Standardisation") tank depot to expand our Logistics Services Business. Some of the funds would be directed into setting up our very first operations in the People's Republic of China particularly the co-work and co-living space businesses and to purchase equipment for our Logistics Services Business etc."

– END –

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

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

About LHN Limited

LHN Limited (the "Company", and together with its subsidiaries, the "Group") is a real estate management services group, with the ability to generate value for its landlords and tenants through its expertise in space optimisation, and logistics service provider headquartered in Singapore.

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 primarily 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, provision of amenities and utilities, and 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, container depot management services and container depot services. The Group transports mainly ISO tanks, containers, base oil and bitumen, provides container depot management services and provides container depot services which include container surveying, container cleaning, 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 Financial PR Pte Ltd
For more information please contact:

Romil SINGH/El LEE/Colin LUM
Financial PR Pte Ltd
Tel: 6438 2990/Fax: 6438 0064
E-mail: lhn@financialpr.com.sg