

For Immediate Release

LHN Delivers Net Earnings of S\$1.3 million in 3Q2018

- *Group's Logistics Services Business revenue in 3Q2018 increased by 25.6% over the same period of 2017*
- *Administrative expenses in 3Q2018 have fallen back to a normalised level without the dual listing expenses, allowing the Group to achieve a profit after tax of S\$1.3 million*

Table 1 – Key Financial Highlights

S\$'000	3Q2018	3Q2017	Change (%)	9M2018	9M2017	Change (%)
Revenue	26,339	26,183	0.6	82,543	79,767	3.5
Gross profit	6,637	5,844	13.6	22,086	19,211	15.0
Administrative expenses	(5,699)	^(8,352)	(31.8)	^(18,727)	^(19,403)	(3.5)
Profit/(loss) after tax	1,327	(3,645)	NM	3,723	1,334	>100

Notes:

NM – Not Meaningful

^ Include dual listing expenses of approximately S\$2.9 million.

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

Singapore, 13 August 2018 – Real estate management services group LHN Limited (“**LHN**”, and together with its subsidiaries, the “**Group**”) achieved a net profit after tax of approximately S\$1.3 million in the three months ended 30 June 2018 (“**3Q2018**”), recovering from a loss of approximately S\$3.6 million in the three months ended 30 June 2017 (“**3Q2017**”) due to (i) non-recurring expenses of approximately S\$2.9 million relating to dual primary listing on the Main Board of The Stock Exchange of Hong Kong Limited; (ii) absence of impairment loss on asset held-for-sale of approximately S\$0.5 million; (iii) increase in share of results of associates and joint ventures of approximately S\$0.6 million; (iv) increase in other income of approximately S\$0.4 million; and (v) decrease in cost of sales of approximately S\$0.6 million.

The Group also achieved a revenue of approximately S\$26.3 million for 3Q2018, compared with revenue of approximately S\$26.2 million for 3Q2017. The revenue increase of 0.6% over the same period in 2017 was mainly attributed to the increase in revenue contribution from the Group’s Logistics Services business, partially offset by the decrease in revenue from the Industrial and Commercial Properties of our Space Optimisation Business.

Table 2 – Segmental Revenue Breakdown

S\$'000	3Q2018	3Q2017	Change (%)
Industrial Properties	10,070	10,721	(6.1)
Commercial Properties	5,169	5,699	(9.3)
Residential Properties	400	295	35.6
Space Optimisation Business	15,639	16,715	(6.4)
Facilities Management Business	4,539	4,563	(0.5)
Logistics Services Business	6,161	4,905	25.6
Total	26,339	26,183	0.6

There was a decrease of 6.4% in revenue of the Group's largest business segment, Space Optimisation, from approximately S\$16.7 million in 3Q2017 to approximately S\$15.6 million in 3Q2018, mainly coming from tenants' movement as a result of lease expiry and lower rental renewal rates for its Industrial and Commercial Properties. However, there was an increase of 35.6% in revenue of approximately S\$0.1 million from the Group's Residential Properties, mainly due to an increase in design consultancy fees.

Revenue derived from our Logistics Services Business increased by approximately S\$1.3 million or 25.6% from approximately S\$4.9 million in 3Q2017 to approximately S\$6.2 million in 3Q2018 mainly due to an increase in transportation services in 3Q2018.

Business Outlook

The overall Singapore economy grew by 3.8% on a year-on-year basis in the second quarter of 2018 based on advance estimates, moderating from the 4.3% growth in the previous quarter according to the press release issued by the Ministry of Trade and Industry on 13 July 2018¹. Despite the positive growth rate achieved by the Singapore economy, the Group remains cautious in its outlook as the global economic and business environment become more challenging and uncertain as a result of global political and trade tensions.

As housing gets more expensive and smaller, the co-living concept becomes an attractive accommodation option in Singapore. Mr Lim Lung Tieng (林隆田), LHN's Executive Chairman and Group Managing Director, said, "To tap on the Group's Co-living Space business model, we have our first 62-unit co-living and co-working spaces project well underway at 10 Raeburn Park, which we expect to be operational by the end of our financial year 2018. In addition, today, the Group has signed the tenancy of state property at 31 Boon Lay Drive Singapore 649934, being the Singapore Land Authority's first Co-living project for Student and White-Collar Workers."

¹ MTI Press Release. Singapore's GDP grew by 3.8 Per Cent in the Second Quarter of 2018. 13 July 2018

Sharing another business achievement, Mr Lim continued, “Our car park division is expected to expand further this year. On 31 July 2018, our Group was presented with a letter of award to manage the car park and coach parking bays at the Singapore Marina Cruise Centre for a period of two years from 1 September 2018.”

For our overseas business, the Group has entered into its first management service agreement on 12 July 2018, with Mother Construction Co., Ltd, a local well-established property developer in Yangon with over 20 years in the industry, to renovate and provide property management and leasing services to a serviced residence in Yangon. The 13-storey property will be renovated to a premium serviced residence complex which is expected to be operational in early January 2019 and will be managed under the Group’s 85 SOHO serviced residence brand.

Our Logistics Services Business continues to be on track and brings in positive results. The trucking business segment has extended its operations to Malaysia and the renovation of our second container depot in the vicinity of Bangkok, Thailand, is near completion and it is expected to commence operations in the next few months.

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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

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