

For Immediate Release

**LHN Limited Records a 117.4% increase in Profits
attributable to its Shareholders of S\$32.2 million**

- Higher profits under the Space Optimisation Business
- High occupancy rates of over 92% recorded for the Group's Industrial, Commercial and Residential Properties (Table 4)

Table 1 – Key Financial Highlights

S\$'000	1H2022	1H2021	Change (%)
Revenue	59,181	64,478	(8.2)
Gross profit	31,219	35,183	(11.3)
Profit for the period and attributable to owners of the Company	32,196	14,809	117.4
Basic earnings per share (Singapore Cents)	7.87	3.68	113.9

Singapore, 12 May 2022 – Real estate management services group LHN Limited (“LHN”, and together with its subsidiaries, the “Group”) is pleased to announce profits attributable to owners of the Company increased by 117.4% to S\$32.2 million for the six months ended 31 March 2022 (“1H2022”) despite a decrease of 8.2% in overall revenue to S\$59.2 million.

Table 2 – Segmental Revenue Breakdown

	1H2022 S\$'000	1H2021 S\$'000	Variance	
			S\$'000	%
Industrial	9,454	8,760	694	7.9
Commercial	3,735	4,075	(340)	(8.3)
Residential				
- Co-living (Singapore)	7,003	4,982	2,021	40.6
- 85 SOHO (Overseas)	378	1,494	(1,116)	(74.7)
- Dormitory set up & retrofit	-	42	(42)	NM
	7,381	6,518	863	13.2
Space Optimisation Business	20,570	19,353	1,217	6.3
Facilities Management Business	25,044	31,622	(6,578)	(20.8)
Logistics Services Business	13,567	13,503	64	0.5
Total	59,181	64,478	(5,297)	(8.2)

NM - Not Meaningful

Table 3 – Segmental Profit before Taxation Breakdown

	1H2022 S\$'000	1H2021 S\$'000	Variance	
			S\$'000	%
Industrial	2,407	5,334	(2,927)	(54.9)
Commercial	4,222	(1,035)	5,257	NM
Residential				
- Co-living (Singapore)	23,880	(854)	24,734	NM
- 85 SOHO (Overseas)	(2,103)	(913)	(1,190)	(130.3)
- Dormitory set up & retrofit	-	(80)	80	NM
	21,777	(1,847)	23,624	NM
Space Optimisation Business	28,406	2,452	25,954	>100.0
Facilities Management Business	6,109	11,719	(5,610)	(47.9)
Logistics Services Business	1,438	2,035	(597)	(29.3)
Corporate	(58)	2,070	(2,128)	NM
Total	35,895	18,276	17,619	96.4

Revenue from the Group's largest business segment, Space Optimisation Business, contributed 34.8% of the Group's total revenue for 1H2022 and has recorded an increase of 6.3% as compared to the six months ended 31 March 2021 ("1H2021") mainly due to (i) higher revenue contribution from a newly acquired industrial property at 55 Tuas South Avenue 1; (ii) increase in revenue contribution from the Group's residential co-living properties in Singapore at the 1557 Keppel Road mixed used development and 320 Balestier Road, a newly acquired residential property in FY2021; and (iii) higher occupancy rates for its residential co-living properties in Singapore while revenue from Commercial Properties decreased by 8.3% in 1H2022.

Pre-tax profit improvements for the Commercial and Residential Properties under the Space Optimisation Business were mainly due to (i) increase in gain from net investment in subleases under our Commercial Properties; (ii) fair value gains on the Group's residential investment properties and joint ventures' investment properties; and (iii) increase in profit from the co-living business under the Residential Properties.

As at 31 March 2022, the occupancy rates recorded across certain properties (excluding joint venture properties) under the Space Optimisation Business are as follows:

Table 4 – Occupancy Rates

Industrial Properties	
- Work+Store space:	97.9%
- Industrial space:	95.4%
Commercial Properties	
- Commercial space:	92.7%
Residential Properties	
- Co-living space (Singapore):	96.5%

The Group's facilities management business segment recorded lower profits due to lesser revenue from its dormitory management business which was partially offset by the increase in revenue from an increase in carpark management contracts secured in Singapore in the second quarter of the financial year ended 30 September 2021.

The Group's Logistics Services Business continued to perform well in 1H2022 with a slight increase in revenue and higher pre-tax profit excluding listing expenses for LHN Logistics Limited.

Business Outlook

As released in the press release dated 17 February 2022 by the Singapore's Ministry of Trade and Industry¹, the Singapore economy grew by 6.1 per cent on a year-on-year basis in the fourth quarter of 2021, moderating from the 7.5 per cent expansion in the preceding quarter. On a quarter-on-quarter seasonally-adjusted basis, the economy expanded by 2.3 per cent, faster than the 1.5 per cent growth recorded in the previous quarter.

Further, based on the report in CBRE's 2022 Asia Pacific Real Estate Market Outlook² and the press release dated 29 April 2022 by EdgeProp³, they foresee that a rebound in leasing demand will bring an end to the downward rental cycle in the office and retail sectors, with the logistics sector also expected to enjoy another strong year of growth and occupancies for industrial sector are likely to bounce back in the coming quarters due to resilient industrial leasing demand respectively.

However, the Group is also mindful of the rising operating costs to its business due to Russia's invasion of Ukraine, interest rate hikes and the global recovery from the COVID-19 pandemic.

Taking into consideration the challenges above, the Group will exercise caution in implementing our growth strategy and be more selective in our investments target while striving to deliver our spaces at a competitive price to our customers.

Riding on the promising prospect of the residential rental market in Singapore, the Group is looking to launch four new Coliwoo properties in the second half of the financial year ending 30 September 2022 adding another 135 keys into its existing portfolio of 925 keys, as part of its co-living residential business expansion plans.

In the pipeline, the Group is also expecting new Coliwoo properties to be launched in Singapore which will comprise a block of serviced residence at 2 Mount Elizabeth Link comprising of 411 keys, a recently acquired freehold serviced residence property at 298 River Valley Road comprising of 13 keys as well as a newly signed master lease arrangement for a row of shophouses along Lavender Street.

Based on the press release dated 6 February 2022 by CNBC⁴, property prices in Singapore have climbed in the past two years, and will likely keep going up despite the government's efforts to cool the market. The Group also envision that this segment has good growth potential, with more expats returning to Singapore as borders reopen and also aim to provide flexible and affordable residential offerings, on the back of the continued increase in rental rates in Singapore.

¹ <https://www.singstat.gov.sg/-/media/files/news/gdp4q2021.ashx#:~:text=For%20the%20whole%20of%202021,per%20cent%20growth%20in%202020.>

² <https://apacresearch.cbre.com/en/research-and-reports/apac-real-estate-market-outlook-2022>

³ <https://www.edgeprop.sg/property-news/industrial-rents-increased-sixth-straight-quarter-1q2022>

⁴ <https://www.cnbc.com/2022/02/07/singapore-property-prices-rents-to-rise-in-2022-but-at-a-slower-pace.html>

For the Facilities Management Business, the Group will continue to seek more external facilities management contracts by providing integrated facilities management services covering estate and building management, repair, maintenance and cleaning, pest control and fumigation of buildings and offices to its customers. In addition, the Group plans to build up its market share in the carpark business by offering smart parking solutions to optimise space utilisation.

For the Logistics Services Business, the Group is pleased to announce the successful spin-off of its subsidiary, LHN Logistics Limited on the Catalist Board of the SGX-ST (stock code: GIH) on 29 April 2022. The successful spin-off will open the door to opportunities for growth and investments to allow LHN Logistics Limited to strengthen its position in the market as well as expand their operations in Singapore, Malaysia and the ASEAN region, thereby delivering more value to their shareholders.

– End –

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 car park management services and property maintenance services such as cleaning, 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, Malaysia, Cambodia and Hong Kong.

Issued for and on behalf of LHN Limited

For more information please contact:

Jess Lim Bee Choo
Group Deputy Managing Director
E-mail: jess.lim@lhngroup.com.sg