

**For Immediate Release**
**LHN Limited Net Profit Up 64.6% to S\$47.5m for FY2022**

- Significant improvement in profitability of the Group's Space Optimisation Business - Commercial Properties and Residential Co-living Properties
- Strong growth in revenue from the Residential Co-living Properties, up 39.0%
- A final dividend of 1.0 Singapore cent being proposed for FY2022

**Key Financial Highlights**

S\$'000	FY2022	FY2021	Change (%)
Revenue	111,772	120,977	(7.6)
Cost of sales	52,725	54,426	(3.1)
Gross profit	59,047	66,551	(11.3)
Profit after tax for the year	47,514	28,858	64.6

**Singapore, 28 November 2022** – Real estate management services group LHN Limited (“**LHN**”, and together with its subsidiaries, the “**Group**”) achieved a net profit after tax of approximately S\$47.5 million for the financial year ended 30 September 2022 (“**FY2022**”).

The Group's profit achieved a notable increase of 64.6% year-on-year despite an overall decrease in revenue and an increase in operating expenses. This rise in profit can be mainly attributed to an improvement in the profitability of the Space Optimisation Business - Commercial Properties and Residential Co-living Properties.

**Segmental Revenue Breakdown**

	FY2022 S\$'000	FY2021 S\$'000	Variance	
			S\$'000	%
Industrial	18,877	17,663	1,214	6.9
Commercial	7,555	7,735	(180)	(2.3)
Residential				
- Co-living (Singapore)	15,272	10,989	4,283	39.0
- 85 SOHO (Overseas)	888	1,967	(1,079)	(54.9)
- Dormitory set up & retrofit	-	42	(42)	NM
	16,160	12,998	3,162	24.3
<b>Space Optimisation Business</b>	<b>42,592</b>	<b>38,396</b>	<b>4,196</b>	<b>10.9</b>
<b>Facilities Management Business</b>	<b>41,871</b>	<b>55,419</b>	<b>(13,548)</b>	<b>(24.4)</b>
<b>Logistics Services Business</b>	<b>27,309</b>	<b>27,162</b>	<b>147</b>	<b>0.5</b>
<b>Total</b>	<b>111,772</b>	<b>120,977</b>	<b>(9,205)</b>	<b>(7.6)</b>

**Segmental Profit before Taxation Breakdown**

	FY2022 S\$'000	FY2021 S\$'000	Variance	
			S\$'000	%
Industrial	10,194	10,908	(714)	(6.5)
Commercial	6,938	(938)	7,876	NM
Residential				
- Co-living (Singapore)	37,000	2,365	34,635	>100
- 85 SOHO (Overseas)	(7,133)	(1,298)	(5,835)	>100
- Dormitory set up & retrofit	-	(80)	80	NM
	29,867	987	28,880	>100
<b>Space Optimisation Business</b>	46,999	10,957	36,042	>100
<b>Facilities Management Business</b>	10,488	18,637	(8,149)	(43.7)
<b>Logistics Services Business</b>	(2,667)	4,716	(7,383)	NM
<b>Corporate</b>	(1,808)	(52)	(1,756)	>100
<b>Total</b>	53,012	34,258	18,754	54.7

NM - not meaningful

**Business Review**
**Space Optimisation Business**

In FY2022, the Space Optimisation Business had renewed a total of nine master leases, comprising three leases each under the Industrial Properties, Commercial Properties and Residential Properties. The Group's co-living business, Coliwoo, is set to grow with several new master leases which includes 2 Mount Elizabeth Link and a row of shophouses along Lavender Street, Singapore, that will yield income in the financial year ending 30 September 2023 ("FY2023"). Additionally, four property acquisitions were completed in FY2022, including two joint venture properties at 55 Tuas South Avenue 1 and 471 Balestier Road for the industrial and co-living business respectively; and two owned properties at 298 River Valley Road and 52 Arab Street for the co-living business.

Operations also commenced in FY2022, following completed renovations at 320 Balestier Road, 75 Beach Road, 115 Geylang Road and joint venture properties at 40 and 42 Amber Road and 471 Balestier Road, thus contributing to the increase in revenue seen under the Group's co-living business.

The Group's Space Optimisation Business also enjoys high occupancy rate for its key property portfolios, with its Work+Store self-storage properties' occupancy rate at 94.9%, its Commercial properties' occupancy rate at 97.9% and its Coliwoo co-living properties' occupancy rate at 98.3% as at 30 September 2022.

**Facilities Management Business**

The Group's Facilities Management Business primarily provides integrated facilities management services, carpark management services, dormitory management services and renewable energy services. In FY2022, the carpark business continues to perform well, however, a decreased overall

demand in facilities management service from the dormitory business has resulted in a decrease in revenue for this segment this year.

### **Logistics Services Business**

The Group's Logistics Services Business, which provides transportation services and container depot services continues to generate stable revenue in FY2022.

### **Business Outlook**

As the end of year approaches in this last quarter, Singapore's economy is estimated to grow by 4.4% on a year-on-year basis in the third quarter of 2022; a slight easing from the previous quarter's growth of 4.5%<sup>1</sup>. While Singapore's economy has grown over the past quarters, the Group remains mindful of the challenges in the foreseeable future such as high inflation, interest rate hikes, Russia's continued invasion of Ukraine. All these challenges are expected to place upward pressure on operating costs.

In FY2023, the Group expects the Space Optimisation Business to focus on the continued growth of the co-living space business. Aside from this, the Group is also exploring opportunities to grow and expand in Singapore and in other regions that we currently have presence in, as well as into other countries in Asia.

For the residential co-living segment in FY2023, the Group is expecting rising rental rates and recent property cooling measures in Singapore to drive demand towards alternatives such as co-living. The Group looks to cater to this demand with upcoming Coliwoo properties such as 2 Mount Elizabeth Link, a row of shophouses along Lavender Street as well as several properties located at 298 River Valley Road, 404 Pasir Panjang Road and 52 Arab Street which will add a total estimated 600 keys to the co-living portfolio, bringing the total estimated keys to 1,600 for FY2023. Additionally, the Group looks forward to the completion of a property acquisition at 48 Arab Street announced on 23 September 2022. These upcoming properties aim to continue Coliwoo's commitment to providing flexible and affordable alternatives to the traditional rental market.

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. The Group also looks to expand its renewable energy solutions offerings to enterprises in Singapore, assisting them to fulfil their sustainability objectives.

The Group's Logistics Services Business which was separately listed on the Catalist Board of the SGX-ST under LHN Logistics Limited (stock code: GIH) on 29 April 2022, plans to expand its transportation and container depot services in Singapore and the ASEAN region. The construction of the ISO tank depot at 7 Gul Avenue is expected to complete in the third quarter of FY2023, providing chemical cleaning and repair services for ISO tanks, empty ISO tank storage services and laden ISO tank storage services for hazardous substances, petroleum and flammable materials. Singapore's first phase opening of Tuas Port in September this year is also set to increase demand for container depot services; an outlook which the Group feels optimistic. Additionally, a new container depot in Myanmar has commenced operations in FY2022 and is expected to contribute positively to the Group.

### **Strengthening the Group's Sustainability Strategy**

In response to growing climate changes challenges, the Group remains committed to its sustainability roadmap towards net-zero emissions through its three key environmental protection practices, namely (i) responsible consumption, (ii) low carbon future and (iii) creating sustainable communities. In FY2022,

<sup>1</sup> [https://www.mti.gov.sg/Newsroom/Press-Releases/2022/10/Singapore-Economy-Expanded-by-4\\_4-Per-Cent-in-the-Third-Quarter-of-2022](https://www.mti.gov.sg/Newsroom/Press-Releases/2022/10/Singapore-Economy-Expanded-by-4_4-Per-Cent-in-the-Third-Quarter-of-2022)

the Group continued to expand its internal renewable energy systems network for both solar panel and electricity vehicle charging system. The Group also put effort into educating and engaging employees at all levels in green initiatives through upcycling workshops and Plant-A-Tree programme, a Garden City Fund's platform for organisations and individuals to actively participate in the greening of Singapore by planting trees.

The Group continues to deepen its relationship with employees, stakeholders and the community it operates in through developing (i) fair, safe and healthy workplace, (ii) employees and stakeholder engagement programmes; and (iii) corporate social responsibility programmes.

In FY2022, the Group's good corporate governance practices were recognised with the Gold Award for Best Investor Relations (Small Cap) at the Singapore Corporate Awards 2022.

"We are pleased to see that our plans for FY2022 have resulted in increased profits year-on-year. With upcoming acquisitions and expanded offerings planned for FY2023, the Group has confidence in achieving healthy results across our 3 main business segments in the year ahead. We hope to achieve continued success by leveraging on our established expertise in these areas," highlighted Kelvin Lim, Executive Chairman and Group Managing Director. "On the sustainability front, it's an honour to see our long-year efforts in corporate governance recognised in FY2022, which is a great motivation for us to uphold our standard of excellence. We will also continue to develop more effective initiatives in our everyday operations to create long term positive impacts to our stakeholders, communities and the environment we operate in coming years," said he.

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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 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

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