

For Immediate Release
**LHN Limited achieves a 70.7% jump in net profit after tax of S\$2.3 million in 3Q2019
on a quarter-on-quarter basis**

- *Revenue from the Group's Residential Properties under the Space Optimisation Business in 3Q2019 increased by approximately S\$0.8 million over the same period in 2018 due to the co-live business at 31 Boon Lay Drive in Singapore which started to generate revenue from 2Q2019.*
- *On 29 July 2019, the Group announced its grand opening and ribbon cutting of the 13-storey property at 137 Upper Pansodan Road, Yangon.*

Table 1 – Key Financial Highlights

S\$'000	3Q2019	3Q2018	Change (%)	9M2019	9M2018	Change (%)
Revenue	27,824	26,339	5.6	81,423	82,543	(1.4)
Gross profit	6,615	6,637	(0.3)	18,792	22,086	(14.9)
Administrative expenses	(5,934)	(5,699)	4.1	(17,107)	(18,727)	(8.7)
Share of results of associates and joint ventures	345	152	>100	2,298	800	>100
Profit after tax	2,265	1,327	70.7	5,361	3,723	44.0

Singapore, 13 August 2019 – Real estate management services group LHN Limited (“**LHN**”, and together with its subsidiaries, the “**Group**”) reported revenue of approximately S\$27.8 million in the three months ended 30 June 2019 (“**3Q2019**”), representing an increase of 5.6% from approximately S\$26.3 million in 3Q2018. Such increase was mainly attributable to the increase in revenue from the (i) commencement of operations of a new premise under the co-live business under the Residential Properties; (ii) management of new carparks under the Facilities Management Business; and (iii) Logistics Services Business.

The Group achieved a net profit after tax of approximately S\$2.3 million in 3Q2019, compared with net profit after tax of approximately S\$1.3 million in 3Q2018. The increase in net profit after tax of 70.7% over the same period in 2018 was mainly attributable to the gain on disposal of our security business, which was partially offset by the increase in administrative expenses.

Table 2 – Segmental Revenue Breakdown

S\$'000	3Q2019	3Q2018	Change (%)
Industrial Properties	9,717	10,070	(3.5)
Commercial Properties	5,307	5,169	2.7
Residential Properties	1,226	400	>100
Space Optimisation Business	16,250	15,639	3.9
Facilities Management Business	5,063	4,539	11.5
Logistics Services Business	6,511	6,161	5.7
Total	27,824	26,339	5.6

Space Optimisation Business revenue increased by approximately S\$0.6 million or 3.9% from approximately S\$15.6 million in 3Q2018 to approximately S\$16.2 million in 3Q2019, mainly attributed to (i) the co-live business at 31 Boon Lay Drive in Singapore which started to generate revenue from the second quarter of our financial year ended 30 September 2019 (“**2Q2019**”); and (ii) increase in rental income from the Commercial Properties as a result of higher occupancy rates. These were partially offset by the decrease in revenue from the Industrial Properties due to (i) movement of tenants due to expiry of sub-leases; and (ii) renewal of sub-leases at lower rental rates.

Revenue derived from our Facilities Management Business increased by approximately S\$0.5 million or 11.5% from approximately S\$4.5 million in 3Q2018 to approximately S\$5.0 million in 3Q2019 mainly due to increase in revenue from management of new carparks in Singapore. This was partially offset by the decrease in revenue from the security services business as a result of the completion of the disposal of the business as disclosed in the announcement dated 31 May 2019.

Revenue derived from our Logistics Services Business increased by approximately S\$0.3 million or 5.7% from approximately S\$6.2 million in 3Q2018 to approximately S\$6.5 million in 3Q2019 mainly due to an increase in transportation services provided from the trucking business and increase in demand for storage and repairs of leasing containers in Thailand.

Business Outlook

Based on advance estimates as announced in the press release dated 12 July 2019 issued by the Ministry of Trade and Industry Singapore¹, the Singapore economy grew by 0.1% on a year-on-year basis in the second quarter of 2019, slower than the 1.1% growth in the previous quarter. On a quarter-on-quarter seasonally-adjusted annualised basis, the economy shrank by 3.4%, after posting growth of 3.8% in the preceding quarter.

Given the present economic outlook, the Group continues to remain very cautious in its business outlook. As announced in The Business Times² dated 13 July 2019, the Singapore economy has now notched its lowest quarterly growth since 2009, and has slowed sharply from the first quarter's 1.1% expansion. With the road ahead looking rocky, the Group is cautiously exploring new opportunities in Singapore and also other growth markets in the ASEAN region to expand its current business offerings.

For our Space Optimisation Business, the Group continues to grow its co-living space business. In May 2019, the Group was awarded a three-year lease by the Singapore Land Authority to operate a student hostel at 1A Lutheran Road, Singapore 267745. The lease includes a three years option to renew with a further option to renew for another three years.

On 29 July 2019, the Group announced its grand opening and ribbon cutting of the 13-storey property at 137 Upper Pansodan, M-8, Mingala Taung Nyunt Township in Myanmar. The 13-storey property has completed the renovation and is now fully operational to be managed as a premium serviced residence. It comprises 88 units of premium one-bedroom apartments that are equipped with smart-home features including digital lockset, smart lightings, controlled air-conditioning system, and wash-and-dry toilet system. The property is also fitted with Japanese Onsen SPA facilities and has a rooftop bar and restaurant for residents to enjoy their al fresco dining while admiring the panoramic view of the city and the magnificent Shwedagon Pagoda.

¹ https://www.mti.gov.sg/-/media/MTI/Newsroom/Press-Releases/2019/07/Adv_Est2Q19.pdf

² <https://www.businesstimes.com.sg/government-economy/how-low-can-gdp-numbers-go-dpm-heng-rebuffs-recession-fears>

Under the Group's Facilities Management Business, the Group announced on 31 May 2019 that it had completed the disposal of the Industrial & Commercial Security Pte Ltd ("**ICS**") security services business (the "**Completion Date**"). As there may be additional client contracts to be novated to Prosegur Singapore Pte Ltd (the "**Purchaser**"), additional adjustments to the completion payment may be payable by the Purchaser to ICS on the date falling eight months after the Completion Date. With the Completion of the disposal, other than those contracts that are not novated to the Purchaser in accordance with the business purchase agreement, the Group will no longer engage in ICS security services business except for the supply, installation, and maintenance of security cameras as part of a full suite of facilities management services at premises owned or managed by the Group. Please refer to the announcement of the Company dated 31 May 2019 for further details.

Moving forward, the Group continues to provide integrated facilities management services and carpark management. On 9 July 2019, the Group announced that it had secured a third carpark contract in Hong Kong from the Government of the Hong Kong Special Administrative Region. Situated on an estimated land area of 19,100 square metres at Tuen Yee Street, Area 16, Tuen Mun, New Territories, the carpark offers private car parking and lorry parking of all sizes including trailer parking which is in high demand.

Under the Logistics Services Business, the Group announced on 17 May 2019 that it has received an option to purchase a property at 7 Gul Avenue, Singapore 629651, where the property will be used to operate a parking yard for our logistics vehicles, ISO tank depot and provide logistics services. The property has a total land area of approximately 22,479.7 square meters, gross floor area of approximately 8,284 square meters with a remaining leasehold life of approximately 13 years. The consideration of the property is S\$13.0 million and a 5% deposit has been paid. In the event that our Group accepts the offer to purchase the property, the consideration will be funded from net proceeds of approximately S\$1.8 million from the global offering of the Company in Hong Kong and the balance will be funded by internal source of funding and bank borrowings. Please refer to the announcements of the Company dated 17 May 2019 and 8 August 2019 for further details. The Company will make further announcement(s) as and when there are material development(s) to the proposed acquisition.

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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 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, Cambodia, Hong Kong and China.

Issued for and on behalf of LHN Limited

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