

For Immediate Release
LHN Delivers Net Earnings of S\$1.0 million in 1Q2019

- Revenue for 1Q2019 was S\$26.9 million, a slight increase of 3.8% year-on-year as the Group recognised higher revenue contribution primarily from the Group's Commercial Properties under the Space Optimisation Business as well as its Facilities Management and Logistics Services Business, and partially offset by the decrease in revenue from the Industrial Properties and Residential Properties of our Space Optimisation Business.

Table 1 – Key Financial Highlights

S\$'000	1Q2019	1Q2018	Change (%)
Revenue	26,883	25,909	3.8
Gross profit	6,247	5,892	6.0
Administrative expenses	5,485	^7,228	(24.1)
Share of results of associates and joint ventures	413	(100)	N.M.
Profit/(loss) after tax	965	(1,007)	N.M.

Notes:

N.M. – Not Meaningful

^ Includes dual listing expenses of approximately S\$1.8 million.

Singapore, 12 February 2019 – Real estate management services group LHN Limited (the “**Company**”, and together with its subsidiaries, the “**Group**” or “**LHN**”) achieved a net profit after tax of approximately S\$1.0 million in the three months ended 31 December 2018 (“**1Q2019**”), recovering from a loss of approximately S\$1.0 million in the three months ended 31 December 2017 (“**1Q2018**”) mainly due to the absence of non-recurring listing expenses of approximately S\$1.8 million relating to dual primary listing on the Main Board of The Stock Exchange of Hong Kong Limited incurred in 1Q2018.

The Group also achieved a revenue of approximately S\$26.9 million for 1Q2019, compared with approximately S\$25.9 million for 1Q2018. The revenue increase of 3.8% was mainly attributed to the increase in contribution from the Group's Commercial Properties under the Space Optimisation Business as well as the Facilities Management Business and Logistics Services Business. The increase was partially offset by the decrease in revenue from the Industrial Properties and Residential Properties of our Space Optimisation Business.

Table 2 – Segmental Revenue Breakdown

S\$'000	1Q2019	1Q2018	Change (%)
Industrial Properties	9,735	10,214	(4.7)
Commercial Properties	5,604	5,250	6.7
Residential Properties	285	1,006	(71.7)
Space Optimisation Business	15,624	16,470	(5.1)
Facilities Management Business	5,183	4,629	12.0
Logistics Services Business	6,076	4,810	26.3
Total	26,883	25,909	3.8

Space Optimisation Business revenue decreased by approximately S\$0.9 million or 5.1% from approximately S\$16.5 million in 1Q2018 to approximately S\$15.6 million in 1Q2019, mainly attributed to (i) the movement of tenants due to expiry of sub-leases and lower rental rates renewed for the Industrial Properties; and (ii) a decrease in design consultancy fees for the Residential Properties. This was partially offset by an increase in revenue from the Commercial Properties mainly due to (i) increase in rental income as a result of higher occupancy rates; and (ii) one new master lease secured and tenanted in the East zone in Singapore in the third quarter of the financial year ended 30 September 2018.

Revenue derived from our Facilities Management Business increased by approximately S\$0.6 million or 12.0% from approximately S\$4.6 million in 1Q2018 to approximately S\$5.2 million in 1Q2019 mainly due to increase in revenue from management of new car parks in Singapore.

Revenue derived from our Logistics Services Business increased by approximately S\$1.3 million or 26.3% from approximately S\$4.8 million in 1Q2018 to approximately S\$6.1 million in 1Q2019 mainly due to an increase in transportation services provided and increase in demand of storage and repairs of leasing containers.

Business Outlook

Based on advance estimates as announced in the press release dated 2 January 2019 issued by the Ministry of Trade and Industry Singapore¹, the Singapore economy grew by 2.2% on a year-on-year basis in the fourth quarter of 2018, easing slightly from the 2.3% growth in the preceding quarter. On 22 January 2019, the International Monetary Fund cut its world economic growth forecasts for 2019 and 2020, due to weakness in Europe and some emerging markets as well as global trade tensions². Looking ahead, the Group expects continued market volatility and hence, shall continue to remain cautious in its business outlook.

As part of the Group's business strategy to tap on the growing popularity of the co-living space business, we are pleased to announce that at the start of January 2019, the Group was awarded a three-year lease by the Singapore Land Authority to operate a serviced apartment at 150 Cantonment Road Singapore 089762. The lease includes a three years option to renew with a further option to renew for another three years. The Group intends to manage this property under the Group's 85SOHO serviced residence brand.

On 7 January 2019, the Group announced that its wholly-owned subsidiary Work Plus Store (Joo Seng) Pte. Ltd. had completed the acquisition of the property at 71 Lorong 23 Geylang, THK Building, Singapore 388386. The purchase consideration of S\$18,000,000, of which, approximately S\$4.5 million (equivalent to HK\$26.8 million) was funded from the net proceeds from the global offering of the Company in Hong Kong and the remaining balance through a combination of internal source of funding and bank borrowings. The Group intends to use the property for self-storage and last mile logistics services.

The Group will continue to look for new properties and opportunities to grow and expand our Space Optimisation Business in Singapore and in other regions that we currently have a presence in as well as into other countries in Asia including China.

In the Facilities Management Business, the Group will continue to seek more external facilities management contracts by providing integrated facilities management services covering security services, repair, maintenance and cleaning of buildings and offices, pest control and fumigation. In addition, the Group will continue to look for more locations for our car park management business in both Singapore and Hong Kong and also intends to expand the car park management business to Cambodia.

Our Logistics Services Business continues to be on track bringing in positive results and the Group is optimistic on the demand for container storage and repair services and transportation services. As part of the expansion plan in ASEAN countries, the Group intends to set up a new container depot in Myanmar and has already incorporated a subsidiary there.

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¹ https://www.mti.gov.sg/-/media/MTI/Newsroom/Press-Releases/2019/01/AdvEst_4Q18.pdf

² https://www.theedgesingapore.com/imf-cuts-global-growth-outlook-cites-trade-war-and-weak-europe?mc_cid=59109002c9&mc_eid=cde85cd309

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, Cambodia and Hong Kong.

Issued for and on behalf of LHN Limited

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