

For Immediate Release

High Demand for Coliwoo Co-living Drives LHN's 1H2024 Net Profits

- The Group's revenue grew by 27.2%, underpinned by strong demand for Coliwoo co-living spaces
- Space Optimisation and Facilities Management revenue rose by 34.1% and 13.6% y-o-y, respectively
- Transferred listing from Catalist to Mainboard of SGX-ST
- Recommended an interim dividend of 1.0 Singapore cent

SINGAPORE, 13 May 2024 – LHN Limited (SGX: 410 / SEHK: 1730) (“LHN” or the “Company”, and together with its subsidiaries, the “Group”), achieved profit attributable to equity holders of the Company from continuing operations of S\$13.0 million for the six months ended 31 March 2024 (“1H2024”), a 14.6% year-on-year (“y-o-y”) decrease from S\$15.2 million for the six months ended 31 March 2023 (“1H2023”), primarily due to the absence of one-time gain realised in 1H2023.

The Group remains committed to its plan to distribute dividends to shareholders amounting to not less than 30% of adjusted net profit attributable to equity holders of the Company after excluding fair value gains/losses on owned and joint venture investment properties, impairment/write-off of assets, non-recurring and one-off items.

1H2024 Financial Highlights (Table 1)

S\$'000 (except per share)	1H2024	1H2023	Y-o-Y % change
Revenue	54,547	42,883	27.2
Gross profit	34,791	25,584	36.0
Gross profit margin	63.8%	59.7%	NM
Net profit attributable to equity holders of the Company from continuing operations	12,973	15,184	(14.6)
Interim DPS (SG cents)	1.0	1.0	-

NM - Not Meaningful

During 1H2024, the Group experienced a 27.2% y-o-y increase in revenue from S\$42.8 million to S\$54.5 million. The increase was primarily attributed to a significant increase in revenue from the co-living business in its Space Optimisation Business as well as the Facilities Management Business.

Segmental Revenue Breakdown (Table 2)

	1H2024 S\$'000	1H2023 S\$'000	Variance	
			S\$'000	%
Industrial Properties	12,556	12,945	(389)	(3.0)
Commercial Properties	2,794	2,936	(142)	(4.8)
Residential Properties				
- Co-living (Singapore)	20,017	10,473	9,544	91.1
- 85 SOHO (Overseas)	569	444	125	28.2
	20,586	10,917	9,669	88.6
Space Optimisation Business	35,936	26,798	9,138	34.1
Facilities Management Business	17,243	15,183	2,060	13.6
Energy Business	825	267	558	>100
Corporate	543	635	(92)	(14.5)
Group Total	54,547	42,883	11,664	27.2

Adjusted Segmental Profit before Taxation Breakdown (Table 3)

	1H2024 S\$'000	1H2023 S\$'000	Variance	
			S\$'000	%
Industrial Properties	8,323	12,482	(4,159)	(33.3)
Commercial Properties	186	1,250	(1,064)	(85.1)
Residential Properties				
- Co-living (Singapore)	9,055	2,986	6,069	>100
- 85 SOHO (Overseas)	(622)	(806)	184	22.8
	8,433	2,180	6,253	>100
Space Optimisation Business	16,942	15,912	1,030	6.5
Property Development Business	(7)	-	(7)	NM
Facilities Management Business	1,771	2,609	(838)	(32.1)
Energy Business	296	165	131	79.4
Corporate	(1,233)	(3,053)	1,820	59.6
Adjusting for/(deducting):				
FV Gain/(Loss)	(2,516)	(5,537)	3,021	54.6
One-off gain on disposal of associate	-	7,753	(7,753)	(100.0)
Logistics Group (discontinued operations)	-	2,487	(2,487)	(100.0)
Group Total	15,253	20,336	(5,083)	(25.0)

Business Review

Space Optimisation Business

Revenue grew by 34.1% y-o-y to S\$35.9 million, primarily driven by stronger top-line contributions from the co-living properties, and partially offset by weaker results from the industrial and commercial properties. Excluding net fair value gains/losses associated with the Group's investment properties and the investment properties of its joint ventures ("**FV Gain/(Loss)**"), the Space Optimisation Business witnessed a 6.5% rise in adjusted profit before taxation.

During 1H2024, the Space Optimisation Business successfully renewed the master leases for its commercial properties at Phoenix Park and 200 Pandan Gardens, industrial property at 34 Boon Leat Terrace and residential property at Keramat Road.

The Group's residential properties, driven primarily by Coliwoo's co-living business, achieved yet another period of robust performance in 1H2024, with 2,534 keys under management (Table 4) as at March 2024.

Under the Coliwoo co-living brand, the Group successfully acquired properties at 99 Rangoon Road and 288 River Valley Road. Notably, in February 2024, the Group obtained Outline Planning Permission from the Urban Redevelopment Authority ("URA") to change the use of the third to sixth levels of the GSM building at 141 Middle Road, Singapore from "commercial" to "serviced apartment".

Number of Keys by Projects (Table 4)

As at	Co-living – Singapore Projects		85 SOHO – Overseas Projects		Total
	Master Lease	Owned / Joint Venture	Master Lease	Owned / Joint Venture	
March 2024	1,789	362	275	108	2,534

Lastly, the Group entered into a lodging facility contract with MOH Holdings Pte Ltd to design, retrofit and operate two designated lodging facilities for healthcare professionals at 100 Ulu Pandan Road and 60 Boundary Close. Both lodging facilities are scheduled to start operations in the second half of 2024 and will provide accommodation for approximately 700 healthcare professionals.

As at March 2024, the Space Optimisation Business has achieved the following occupancy rates across certain properties (excluding joint venture properties and those under progressive handover):

Industrial Properties	
Work+Store space:	94.9%
Industrial space:	98.3%
Commercial Properties	
Commercial space:	96.3%
Residential Properties	
Co-living space (Singapore):	91.8%

Facilities Management Business

Revenue improved 13.6% y-o-y to S\$17.2 million in 1H2024 from S\$15.2 million in 1H2023. The cleaning and related services ("ICFM") and car park management businesses generated higher revenue in 1H2024 than in 1H2023. Core profits for the segment declined by 32.1% y-o-y due to recent new car park projects secured in Hong Kong in 1H2024 which need time to build up the utilisation of the car parks.

Under its ICFM business, 60 new contracts were secured while 81 existing contracts were successfully renewed. ICFM expanded its client base to 103, increasing from 83 clients as at 30 September 2023.

For the car park management business, the Group managed 78 car parks in Singapore with over 24,000 lots, and 3 car parks with over 1,000 lots in Hong Kong as at 31 March 2024.

Energy Business

Revenue in the Group's Energy Business increased by 209.0% y-o-y from S\$0.3 million in 1H2023 to S\$0.8 million in 1H2024. This business focuses on providing renewable energy services, including electricity retailing, electric vehicle (“EV”) charging stations and solar power system installation, primarily for industrial clients. By the end of 1H2024, the Group had secured nine solar energy contracts with a combined capacity of approximately 2.0 megawatts of renewable energy. The Energy Business's core profit increased by 79.4% y-o-y from S\$0.2 million in 1H2023 to S\$0.3 million in 1H2024.

At the end of 1H2024, the Group's total solar energy capacity was 5.9 megawatts. The number of EV charger points managed by the Group and its joint venture totals 17.

Overall

The Group's profit before tax declined 25.0% to S\$15.3 million in 1H2024 vs. S\$20.3 million in 1H2023. Further removing the effect of FV Gain/(Loss), gain on disposal of associate and discontinued operations from the Logistics Group, the Group would have recorded a 13.7% y-o-y growth in 1H2024 adjusted profit before tax to S\$17.7 million vs. S\$15.6 million in 1H2023.

Strengthening Market Presence and Financial Accessibility

In a significant stride towards enhancing its market presence and accessibility to a broader investor base, the Company successfully transferred from the Catalist board to the Mainboard of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 13 December 2023. As such, the Company is now dual-listed on the Mainboard of SGX-ST and the Main Board of The Stock Exchange of Hong Kong Limited.

On 19 March 2024, the Company launched an offering of Series 001 Commercial Paper (“**Series 001 CP**”) on the digital securities platform operated by ADDX Pte. Ltd.. The offer was well-received by the market and resulted in aggregate orders of S\$17.161 million at the close of the offering on 2 April 2024. This represented an oversubscription ratio of approximately 343%, significantly exceeding the initial amount of S\$5 million expected to be raised from the Series 001 CP, underscoring investor confidence in the Group's financial health and strategic initiatives. Accordingly, the Company raised S\$10 million in gross proceeds which is the maximum principal amount authorised by the Company to be issued in connection with the debt issuance programme.

Business Outlook

In 2024, Singapore's residential rental market is anticipated to moderate amidst stable economic growth and a rise in housing supply. Despite the influx of over 28,000 new units over the past two years¹, intensifying competition and flattening rental prices, the Group's **Space Optimisation Business** has demonstrated resilience, maintaining high occupancy rates above 90% for its co-living assets. This success is attributed to the strategic positioning of its properties and a focus on high demand centrally located, flexible and sustainable living options, which continue to attract tenants even as the broader market softens. While higher interest rates and cooling measures may deter property purchases, these factors are likely to boost rental demand, further benefiting the Group.

¹ <https://www.todayonline.com/commentary/commentary-home-rents-are-set-moderate-2024-what-does-mean-tenants-and-landlords-2327946>

Against this backdrop, Coliwoo's co-living properties are forecasted to drive the Group's residential segment forward, supported by a pipeline of new projects, recent tender win and acquisition plan.

The upcoming launch of a row of properties at River Valley Road is expected to contribute to the Group's revenue in the second half of the financial year ending 30 September 2024. In addition, following the completion of the acquisition of the GSM building on 9 May 2024 and securing the Outline Planning Permission from the URA for the conversion of its third to sixth levels into residential space, the Group plans to transform these levels into serviced apartments with an estimated 187 keys.

In April 2024, the Group was awarded the tender for state property at 260 Upper Bukit Timah Road, with a plan to rejuvenate the existing compound into a vibrant mixed-use development. It also formed a joint venture with business partners to acquire and transform Wilmer Place at 50 Armenian Street into a modern co-living space.

Expected to be launched in the next financial year ending 30 September 2025, the residential section of the GSM building, co-living shophouse apartments at 48 and 50 Arab Street and co-living serviced apartments at 260 Upper Bukit Timah Road are poised to enable the Group to meet its goal of adding 800 keys annually to Coliwoo's portfolio.

For the **Property Development Business**, the construction works for the Group's nine-storey industrial development property at 55 Tuas South is currently underway. The property has a saleable area of 112,000 sqft and the Temporary Occupation Permit for the property is expected to be issued in the fourth quarter of the financial year ending 30 September 2024.

The car park business under the **Facilities Management Business** will continue to build up its market share with the intelligent use of cutting-edge technology and a fully equipped operations team. This business will see the commencement of car park management services contract to manage 11 ESR-LOGOS REIT Properties' car parks (over 700 lots) from April 2024; and with National Healthcare Group Polyclinics to manage 4 car parks (over 200 lots) from May 2024.

The facilities management sector in Singapore is experiencing rapid evolution due to the integration of technologies, which enhance operational efficiency and sustainability. As Singapore aims to achieve its goal of having 80% green buildings by 2030, LHN's **Energy Business** is well-positioned to meet growing demand for sustainable workspaces through innovative solutions that comply with new green building standards.

Overall, the Group expects the contributions from its Coliwoo properties to continue driving growth into the next financial year and is recommending an interim dividend of 1.0 Singapore cent per share (1H2023: 1.0 Singapore cent).

#End#

About LHN Limited

LHN Limited (the “**Company**” and, together with its subsidiaries, the “**Group**”) is a real estate management services group headquartered in Singapore with the ability to generate value for its landlords and tenants through its expertise in space optimisation.

The Group currently has four (4) main business segments, namely: (i) Space Optimisation Business; (ii) Property Development Business; (iii) Facilities Management Business; and (iv) Energy Business.

Under its Space Optimisation Business, the Group acquires its own properties, 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 the Group then leases out to its tenants. Space optimisation generally allows the Group to enhance the value of properties by increasing their net lettable area and potential rental yield per square foot.

The Property Development Business engages in (a) property development activities such as the acquisition, development and/or sale of various types of properties; and (b) property investment activities relating to the business of property development, property investment and property management.

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.

The Group’s Energy Business offers sustainable energy solutions, including the electricity retailing business, provision of electric vehicle charging stations and installation of solar power systems for properties we manage and for our customers.

The Group operates mainly in Singapore, Indonesia, Myanmar, Cambodia, and Hong Kong.

Issued for and on behalf of LHN Limited

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