

**For Immediate Release**

**LHN Limited Net Profit Up 16.9% to S\$28.9m for FY2021**

- Significant improvement in profitability of the Group's Industrial and Residential Co-living segment
- Strong growth in revenue from Facilities Management Business, up 40.1%, largely due to Carpark and Dormitory management businesses
- A final dividend of 1.0 Singapore cent being proposed for FY2021

**Key Financial Highlights**

S\$'000	FY2021	FY2020	Change (%)
Revenue	120,977	134,213	(9.9%)
Cost of sales	(54,426)	(70,570)	(22.9%)
Gross profit	66,551	63,643	4.6%
Profit after tax for the year	28,858	24,687	16.9%

**Singapore, 26 November 2021** – Real estate management services group LHN Limited (“LHN”, and together with its subsidiaries, the “Group”) achieved a net profit after tax of approximately S\$28.9 million for the financial year ended 30 September 2021 (“FY2021”).

The Group's profit achieved a healthy increase of 16.9% year-on-year despite an overall decrease in revenue. It was mainly due to an improvement in the profitability of the Space Optimisation Business; Industrial and Residential – Singapore co-living segment, Facilities Management Business and Logistics Services Business, along with lowered cost of sales and operating expenses.

**Segmental Revenue Breakdown**

	FY2021 S\$'000	FY2020 S\$'000	Variance	
			S\$'000	%
Industrial	17,663	26,886	(9,223)	(34.3)
Commercial	7,735	15,606	(7,871)	(50.4)
Residential				
– Co-living (Singapore)	10,989	9,223	1,766	19.1
– 85 SOHO (Overseas)	1,967	1,644	323	19.6
– Dormitory set up & retrofit	42	16,118	(16,076)	(99.7)
	12,998	26,985	(13,987)	(51.8)
<b>Space Optimisation Business</b>	<b>38,396</b>	<b>69,477</b>	<b>(31,081)</b>	<b>(44.7)</b>
<b>Facilities Management Business</b>	<b>55,419</b>	<b>39,551</b>	<b>15,868</b>	<b>40.1</b>
<b>Logistics Services Business</b>	<b>27,162</b>	<b>25,185</b>	<b>1,977</b>	<b>7.8</b>
<b>Total</b>	<b>120,977</b>	<b>134,213</b>	<b>(13,236)</b>	<b>(9.9)</b>

**Segmental Profit before Taxation Breakdown**

	FY2021 S\$'000	FY2020 S\$'000	Variance	
			S\$'000	%
Industrial	10,908	(1,920)	12,828	NM
Commercial	(938)	3,176	(4,114)	NM
Residential				
– Co-living (Singapore)	2,365	898	1,467	163.4%
– 85SOHO (Overseas)	(1,298)	1,045	(2,343)	NM
– Dormitory set up & retrofit	(80)	5,507	(5,587)	NM
	987	7,450	(6,463)	(86.8%)
<b>Space Optimisation Business</b>	10,957	8,706	2,251	25.9%
<b>Facilities Management Business</b>	18,637	10,062	8,575	85.2%
<b>Logistics Services Business</b>	4,716	3,965	751	18.9%
<b>Corporate</b>	(52)	6,587	(6,639)	NM
<b>Total</b>	34,258	29,320	4,938	16.8%

NM – not meaningful

**Business Review**

**Space Optimisation Business**

In FY2021, the Space Optimisation Business had renewed a total of seven master leases, comprising five industrial properties' master leases, one commercial property master lease and one residential property master lease. Furthermore, its mixed-use development supporting commercial spaces, co-living residential apartments and recreational facilities at 1557 Keppel Road had completed renovation and became fully operational in the third quarter of FY2021. Operations has also commenced at its joint venture properties in Singapore at 5 Toa Payoh and 202 Kallang Bahru in the first half and second half of FY2021 respectively. The former offers storage of cars, spare parts, vehicle inspection (without servicing and repair activities) and ancillary office while the latter offers Work+Store self-storage facilities.

To further expand its offerings under the Space Optimisation Business, the Group (together with its joint venture companies) had acquired a few properties in Singapore in FY2021, namely at 320 Balestier Road, 40 and 42 Amber Road (joint venture property), 75 Beach Road and 115 Geylang Road. These properties will be operated as co-living spaces upon the completion of their renovation in the financial year ending 30 September 2022 ("FY2022").

The Group's Space Optimisation Business also enjoy high occupancy rate for its key property portfolios, with its Work+Store self-storage properties' occupancy rate at 98.9% and its Coliwoo co-living properties' occupancy rate at 99.5% as at 30 September 2021.

In respect of the Group's financial performance, although the revenue derived from the Group's Industrial and Commercial segments have decreased by a total of S\$17.1 million, the profitability for the Group's Industrial segment increased significantly, by S\$12.8 million mainly due to the lease expiry of loss-making site at 10 to 40 Tuas in FY2020 and net fair value gains from our joint venture industrial properties.

As a result of the Group's focus to grow its Residential co-living business portfolio, revenue derived from this segment increased by approximately S\$1.8 million or 19.1% in FY2021 and is expected to improve further once the newly acquired properties become fully operational in FY2022.

### **Facilities Management Business**

The Group's Facilities Management Business which primarily provides integrated facilities management services, carpark management services and dormitory management services, continues to deliver higher revenue at S\$55.4 million and profits at S\$18.6 million in FY2021, driven by (i) the expansion of the carpark business arising from the joint venture acquisition of Bukit Timah Shopping Centre carpark which was completed in December 2020 and the commencement of operations of 33 new carparks in January 2021 awarded by JTC Corporation; and (ii) increase in facilities management services amid the COVID-19 pandemic.

### **Logistics Services Business**

The Group's Logistics Services Business which provides transportation services and container depot services continues to grow with a revenue contribution of S\$27.2 million in FY2021 mainly due to increase in transportation services provided from the trucking business in Singapore and Malaysia.

### **Business Outlook**

As the world progressively recovers from the Covid-19 pandemic, the Group anticipates certain headwinds in the path to full recovery. The recent disruption to the global supply chain including higher construction cost, construction delays as well as rising electricity and operating costs and an uncertain interest rate environment may cause operating costs to increase for the Group's business.

Given the uncertain economic conditions ahead, the Group will exercise caution in implementing our growth strategy and be more selective in our investments target while striving to deliver our space at a competitive price to our customers.

For the Space Optimisation Business in FY2022, the Group intends to fully operationalize the 4 co-living properties acquired in FY2021 and the 471 Balestier co-living hotel property acquired in the first quarter of FY2022. The Group also expects a full year of revenue contribution from its 2 newly acquired industrial joint venture properties; namely at 202 Kallang Bahru and 55 Tuas South Avenue 1.

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, landscaping, 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 will continue to look for more opportunities to grow its transportation fleet, container depot network and expand its logistics customer base in Singapore, Malaysia and in the ASEAN region.

Recently on 24 November 2021, the Company announced that it is exploring the possibility to spin-off its Logistics Services Business via a proposed listing on Catalist of the SGX-ST. Submissions to SGX-ST and SEHK have been made and are still considering the Company's respective applications, and no formal listing application has been submitted to any relevant regulatory authorities in Singapore. The Company will announce any material developments on the proposed spin-off and proposed listing of the Logistics Services Business as and when appropriate.

"We are pleased to see a continued increase in net profit year-on-year, especially amid the pandemic. With our upcoming plans for FY2022, the Group is confident of achieving healthy results across our 3 main business segments in the year ahead, tapping on our current set of expertise," highlighted Kelvin Lim, Executive Chairman and Group Managing Director.

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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, Malaysia and Hong Kong.

Issued for and on behalf of LHN Limited

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