LHN (LHN SP)

Coliwoo Spin-off Unlocks Value, Self-Storage Adds Upside

BUY (Maintained)	
Share Price	S$0.985
Target Price	S$1.12
Upside	+13.7%

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Highlights

- SGX approval for Coliwoo's IPO is a key catalyst, with LHN retaining a 70% stake.
- Coliwoo's portfolio has expanded to 2,960 keys, while Work+Store taps into the 10-15% growth in Singapore's self-storage industry.
- Trading at 10.7x FY26F PE, LHN's valuation remains attractive at a 40% discount to peers. We maintain BUY with a higher target price of S$1.12.

Analysis

- **Unlocking Coliwoo's true value.** On 9 Sep 25, LHN received SGX approval for the Mainboard listing of Coliwoo. We view this as a key milestone, as the IPO will enhance transparency, provide direct capital access, and crystalise value for shareholders. After the listing, LHN is expected to hold approximately 70% of Coliwoo, retaining majority exposure to its growth. With expansion to 2,960 keys in 3QFY25, and a target of 800 new keys annually, Coliwoo remains LHN's largest growth driver. Its robust pipeline includes a 212-key serviced apartment at Middle Road and a 382-key resort-themed chalet at Jalan Loyang Besar, slated to be operational in FY26.
- **Occupancy strength remains.** Occupancy across Coliwoo's portfolio rebounded to 96.7% by Sep 25, after a temporary dip from new launches. With rates at 40-50% below hotels but offering serviced amenities, Coliwoo continues to attract expatriates, corporates, and students. According to a JLL report, foreign students are a major driver of co-living demand in Singapore, with arrivals expected to exceed 60,000 annually by 2026, many seeking flexible housing. This trend reinforces resilient rental demand and supports Coliwoo as a core earnings contributor.
- **Tapping on Singapore's storage crunch.** LHN's Work+Store brand is scaling into specialised formats such as air-conditioned and wine storage, tapping into rising demand for flexible storage solutions. Singapore's self-storage industry is expanding rapidly, with demand estimated to grow 10-15% annually. With shrinking home sizes, rising residential costs and land scarcity fuelling demand, LHN's Work+Store, which integrates storage and workspace, is well-positioned to capture this growth.

Key Financials

Year to 30 Sep (S$m)	2023	2024	2025F	2026F	2027F
Net turnover	94	121	137	147	157
EBITDA	39	57	48	53	58
Operating profit	19	37	40	42	46
Net profit (rep./act.)	40	48	55	60	64
Net profit (adj.)	16	28	35	38	41
EPS	3.9	6.9	8.4	9.2	9.9
PE	25.6	14.4	11.7	10.7	9.9
P/B	1.9	1.6	1.4	1.2	1.0
EV/EBITDA	16.0	11.1	12.9	11.8	10.8
Dividend yield	3.0	2.5	2.7	3.0	3.0
Net margin	42.9	39.5	40.0	40.6	40.9
Net debt/(cash) to equity	58.6	92.5	68.1	47.8	30.4
Interest cover	4.4	4.8	4.5	5.4	6.2
ROE	20.0	20.3	19.8	18.5	17.4
Consensus net profit	-	-	34	40	44
UOBKH/Consensus (x)	-	-	1.03	0.95	0.94

Source: LHN, Bloomberg, UOB Kay Hian

Stock Data

GICS Sector	Real Estate
Bloomberg ticker	LHN SP
Shares issued (m)	427.4
Market cap (S$m)	421.0
Market cap (US$m)	327.4
3-mth avg daily t'over (US$m)	1.8

Price Performance (%)

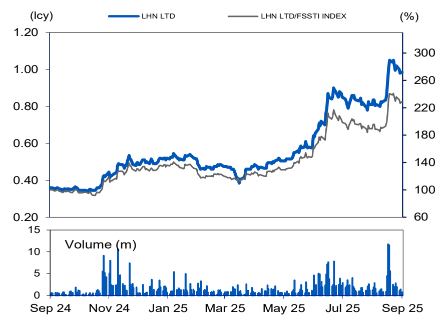
52-week high/low: S$1.08/S$0.335

1mth	3mth	6mth	1yr	YTD
21.6	68.4	107.4	173.6	93.1

Major Shareholders

	%
Lim Lung Tieng	54.0
FY25 NAV/Share (RM)	0.72
FY25 Net Cash/Share (RM)	0.49

Price Chart



Source: Bloomberg

Company Description

LHN Group is an integrated real estate management service company with a market-leading position in the co-living space.

- **Other segments provide stability.** Facilities management secured 17 new contracts and 9 renewals in 3QFY25, taking its client base to 126. Carpark management, with 100 sites and over 27,000 lots, provides stable recurring income. The energy division has also grown to 9.6MW of installed solar capacity, supplemented by EV charging points. These segments, though smaller, are showing positive contribution trends and help diversify the group's earnings.
- **Capital recycling and asset-light growth.** LHN continues to recycle capital effectively, completing the S$25.8m divestment of 115 Geylang Road in Jul 25. 471 Balestier Road and 404 Pasir Panjang Road are also on the market, with sales processes underway. Proceeds are being redeployed into Coliwoo projects and other growth initiatives, while gearing remains manageable. The increasing reliance on master leases and management contracts underpins an asset-light strategy, enabling scalable growth without excessive strain on the balance sheet. This ensures sustainable cash flow generation and supports reinvestment into higher-yielding businesses.

Valuation/Recommendation

- **Maintain BUY with a PE-based target price of S$1.12,** pegged to 12x FY26F PE, or 2SD above its long-term mean. At around 11x FY26F PE, LHN trades at a steep 40% discount to peers' average of 18x. Factoring in Coliwoo's IPO and continued portfolio growth, applying a peer-average multiple of 12x suggests approximately 40% re-rating potential.

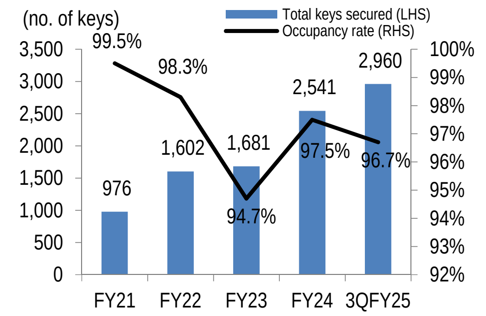
Earnings Revision/Risk

- We maintain our earnings forecasts.

Share Price Catalyst

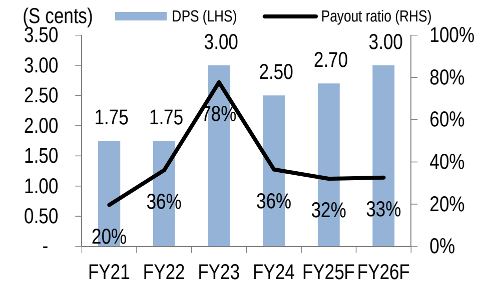
- a) Successful Coliwoo IPO, b) further capital recycling, and c) higher dividend payouts.

Coliwoo Occupancy Rates Remain High



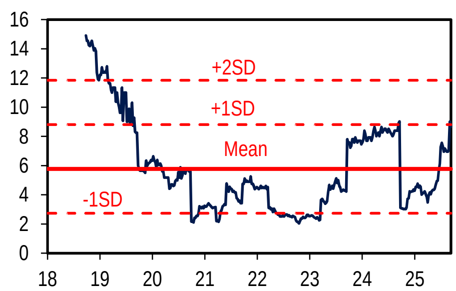
Source: Bloomberg

Stable Dividends



Source: Bloomberg

Long-term Historical PE Band



Source: Bloomberg

Peer Comparison

Company	Ticker	Price @ 24-Sep-25 (lcy)	Market Cap (US$m)	PE 2024 (x)	PE 2025 (x)	PE 2026 (x)	P/B 2024 (x)	P/B 2025 (x)	Yield 2025 (%)	ROE 2025 (%)	Net Gearing (%)
UOL	UOL SP	7.87	5,170	18.6	18.2	16.3	0.58	0.57	2.3	3.1	25.2
Hotel Properties	HPL SP	4.98	2,046	129.0	n.a.	n.a.	1.21	n.a.	n.a.	n.a.	31.4
Capitaland Ascott T	CLAS SP	0.925	2,751	15.4	20.6	19.7	0.80	0.80	6.6	4.0	63.2
Centurion	CENT SP	1.61	1,053	3.9	12.1	11.5	1.17	1.09	2.4	10.2	55.4
Frasers Hosp	FHT SP	0.71	1,063	67.6	n.a.	n.a.	1.08	n.a.	n.a.	n.a.	50.7
Far East Hosp	FEHT SP	0.61	972	26.3	19.7	17.9	0.66	0.68	6.1	3.0	41.4
Cdl Hosp	CDREIT SP	0.81	799	70.4	45.0	26.1	0.56	0.56	5.7	1.1	80.1
Average				47.3	23.1	18.3	0.9	0.7	4.6	4.3	49.6
LHN	LHN SP	0.985	327	8.6	11.5	10.7	1.62	1.44	2.8	12.6	117.7

Source: Bloomberg, UOB Kay Hian

Profit & Loss

Year to 30 Sep (S$m)	2024	2025F	2026F	2027F
Net turnover	121.0	136.9	146.6	157.4
EBITDA	56.7	48.5	53.2	57.9
Deprec. & amort.	19.5	8.8	10.7	12.3
EBIT	37.1	39.7	42.5	45.6
Total other non-operating income	17.1	25.5	26.6	27.8
Associate contributions	8.9	9.3	10.0	10.8
Net interest income/(expense)	(11.8)	(10.8)	(9.9)	(9.4)
Pre-tax profit	51.4	63.6	69.2	74.8
Tax	(3.5)	(8.9)	(9.7)	(10.5)
Minorities	0.0	0.0	0.0	0.0
Net profit	47.8	54.7	59.5	64.3
Net profit (adj.)	28.5	35.0	38.2	41.3

Balance Sheet

Year to 30 Sep (S$m)	2024	2025F	2026F	2027F
Fixed assets	503.3	514.6	523.9	531.6
Other LT assets	66.8	66.8	66.8	66.8
Cash/ST investment	46.5	78.8	116.6	160.8
Other current assets	80.2	80.2	80.2	80.2
Total assets	696.8	740.3	787.4	839.3
ST debt	25.7	25.7	25.7	25.7
Other current liabilities	70.6	70.6	70.6	70.6
LT debt	255.8	255.8	255.8	255.8
Other LT liabilities	87.6	87.6	87.6	87.6
Shareholders' equity	254.2	297.7	344.8	396.7
Minority interest	2.9	2.9	2.9	2.9
Total liabilities & equity	696.8	740.3	787.4	839.3

Cash Flow

Year to 30 Sep (S$m)	2024	2025F	2026F	2027F
Operating	28.4	54.6	58.8	63.0
Pre-tax profit	51.4	63.7	69.2	74.8
Tax	(3.0)	(8.9)	(9.7)	(10.5)
Deprec. & amort.	19.5	8.8	10.7	12.3
Associates	(8.9)	(9.3)	(10.0)	(10.8)
Working capital changes	(27.5)	0.0	0.0	0.0
Non-cash items	(12.0)	(10.5)	(11.3)	(12.2)
Other operating cashflows	8.8	10.8	9.9	9.4
Investing	(98.9)	(0.3)	1.3	3.0
Capex (growth)	(121.9)	(20.0)	(20.0)	(20.0)
Proceeds from sale of assets	(0.6)	0.0	0.0	0.0
Others	0.0	19.7	21.3	23.0
Financing	23.6	0.0	0.0	0.0
Dividend payments	56.3	(22.0)	(22.4)	(21.9)
Issue of shares	(9.5)	(11.2)	(12.5)	(12.5)
Proceeds from borrowings	154.1	0.0	0.0	0.0
Loan repayment	(40.9)	0.0	0.0	0.0
Others/interest paid	(47.5)	(10.8)	(9.9)	(9.4)
Net cash inflow (outflow)	(14.2)	32.3	37.8	44.2
Beginning cash & cash equivalent	43.7	29.4	61.7	99.5
Changes due to forex impact	(0.1)	0.0	0.0	0.0
Ending cash & cash equivalent	29.4	61.7	99.5	143.7

Key Metrics

Year to 30 Sep (%)	2024	2025F	2026F	2027F
Profitability				
EBITDA margin	46.8	35.4	36.3	36.8
Pre-tax margin	42.5	46.5	47.2	47.5
Net margin	39.5	40.0	40.6	40.9
ROA	7.7	7.6	7.8	7.9
ROE	20.3	19.8	18.5	17.4
Growth				
Turnover	29.2	13.1	7.1	7.3
EBITDA	44.6	(14.5)	9.7	8.8
Pre-tax profit	124.0	23.8	8.7	8.1
Net profit	19.1	14.3	8.7	8.1
Net profit (adj.)	80.7	22.9	9.2	8.2
EPS	77.9	22.9	9.2	8.2
Leverage				
Debt to total capital	52.3	48.4	44.8	41.3
Debt to equity	110.8	94.6	81.7	71.0
Net debt/(cash) to equity	92.5	68.1	47.8	30.4
Interest cover (x)	4.8	4.5	5.4	6.2

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