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LHN Limited

Co-living franchise scaling faster

SINGAPORE | REAL ESTATE | 1H26 RESULTS

- 1H26 results were within expectations. Revenue/adj. PATMI were 43%/49% of our FY26e forecasts. Revenue declined 14% due to the absence of property development revenue. The interim dividend was unchanged at 1 cent.
- Coliwoo increased the number of rooms by 38% YoY to 3,568. Coliwoo Midtown (Middle Road) opened in March and added 212 rooms. It has already reached 55% occupancy since opening. There are another 1,021 rooms in the pipeline (+29%). Demand remains strong with an average occupancy of 97%.
- We maintain our BUY recommendation and FY26e forecast. Our target price has been lowered to S$0.77 (prev. S$0.85) due to a decline in Coliwoo's market cap. We apply a 20% discount to the mark-to-market valuation due to price volatility, property development at book value, and the remaining business at 10x PE. Coliwoo is building scale in its co-living portfolio. The business also model captures the entire value of a co-living asset, with management fees, rental income, and capital gains. The next evolution of the franchise is dorms for the services industry. LHN pays an attractive yield of 6.5%.

Key Highlights

SGD '000	1H26	1H25	YoY	Comments
Revenue	**60,929**	**70,569**	**-13.7%**	Up 4.2% excluding property development.
- Industrial	12,402	12,920	-4.0%	
- Facilities management	17,901	19,419	-7.8%	
- Co-living	26,855	23,040	16.6%	Increase in number of rooms.
- Property Dev.	0	12,110	n.m.	
Profit before tax	**25,921**	**18,049**	**43.6%**	FV gain S$1mn (1H26: -10.4mn).
Adj PBT	**26,494**	**29,051**	**-8.8%**	
- Industrial	9,776	8,885	10.0%	
- Facilities management	2,751	2,292	20.0%	
- Co-living	11,546	17,301	-33.3%	Absence of S$7.4mn sublease gains in1H25.
- Property Dev.	-1,070	1,355	n.m.	
Coliwoo (keys)	3,568	2,595	37.5%	
Coliwoo (Occupancy)	97.0%	96.8%	0.2%	
Adj. PATMI	17,327	25,123	-31.0%	Earnings dilution from Coliwoo IPO.
Interest expenses	-4,092	-5,952	-31.3%	S$101mn proceeds from IPO.
DPS (cts) - Interim	1.00	1.00	0.0%	

Source: Company, PSR

The Positive

+ Strong growth in Coliwoo portfolio. Coliwoo revenue increased 17% YoY to S$26.9mn on the back of a 38% jump in room keys. 2H26 is expected to perform stronger as Coliwoo Midtown ramps up occupancy.

The Negative

- Property development weakness. Property development recorded no sales from the 55 Tuas South Avenue 1 project in 1H26. It did sell two units in April and will look to rent out the remaining properties. A total of 9 of the 49 units launched have been sold.

28 May 2026

BUY (Maintained)

CLOSING PRICE	SGD 0.620
FORECAST DIV	SGD 0.040
TARGET PRICE	SGD 0.77
TOTAL RETURN	30.6%

COMPANY DATA

Bloomberg CODE:	LHN SP
O/S SHARES (MN) :	435.6
MARKET CAP (USD mn / SGD mn) :	218 / 279
52 - WK HI/LO (SGD) :	1.05 / 0.49
3M Average Daily T/O (mn) :	0.77

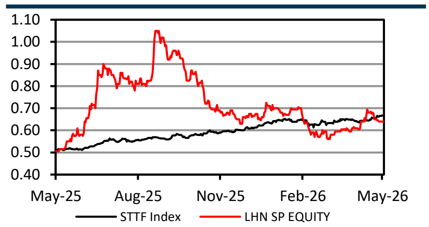
MAJOR SHAREHOLDERS

LHN Holdings Ltd	54.6%

TOTAL PERFORMANCE (%)

	1MTH	3MTH	YTD
COMPANY	4.1	(4.5)	0.5
STTF	2.9	3.0	11.2

PRICE VS. STTF



Source: Bloomberg, PSR

KEY FINANCIALS

Y/E Sep, SGD (mn)	FY24	FY25	FY26e	FY27e
Revenue	121.0	131.5	140.7	160.5
EBITDA	66.3	72.5	67.8	74.9
PATMI	47.3	20.1	35.2	40.9
Adj PATMI	31.1	38.6	35.6	41.3
EPS (SGD cents)	11.6	4.9	8.6	10.0
Adj EPS (SGD cents)	7.6	9.4	8.7	10.1
P/E (x)	8.2	6.6	7.1	6.1
Dividend Yield	4.8%	6.5%	6.5%	4.8%
ROE	18.4%	7.5%	8.9%	9.5%
ROA	6.8%	2.9%	4.7%	5.5%

Source: Company, PSR

VALUATION METHOD

SOTP

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Outlook

Coliwoo will be the main growth driver with its pipeline of 1,021 rooms (Figure 1), and long-term target of 10,000 rooms by 2030 (Mar26: 3,568 rooms). There are plans to monetise 5 owned assets through a sale-and-leaseback. In 2026, Coliwoo would have opened three large sites – Midtown (Mar26), 159 Loyang Besar (Jul26) and 2 Changi Business Park (Nov26). Each site targets a specific customer base, such as corporates in Midtown, air crew at 159 Loyang Besar, and tourists and Expo visitors at 2 Changi Business Park.

Figure 1: Pipeline of 1021 rooms or 29% growth

Location	Rooms	Operational
Coliwoo Resort Changi - 159 Jalan Loyang Besar	380	3QFY26
Coliwoo Changi Business Park - 2 Changi Business Park Avenue 1	368	1QFY27
Co-living Hotel – 1 King George's Avenue	153	4QFY27
Co-living Hotel - 50 Armenian Street	120	1QFY28

Source: Company, PSR

We expect Coliwoo to further expand into service-worker dorms. It already manages co-living facilities for healthcare and bus transport employees. There will be other service-staff opportunities, such as in hospitality or retail. LHN will also retrofit and expand the Work + Store facilities to provide higher-value-added storage.

Maintain BUY with lower TP of S$0.77 (prev. S$0.85)

We value Coliwoo on a mark-to-market basis with a 20% discount (prev. 10%), property development at book value, and the rest of the business at 10x PE. Our target price is lowered from S$0.85 to S$0.77.

Financials

Income Statement

Y/E Sep, SGD '000	FY23	FY24	FY25	FY26e	FY27e
Revenue	**93,644**	**121,021**	**131,487**	**140,656**	**160,458**
Cost of sales	(35,659)	(58,808)	(55,922)	(52,183)	(59,530)
Gross profit	**57,985**	**62,213**	**75,565**	**88,472**	**100,928**
Other income	16,996	6,548	14,191	4,500	4,500
Administrative expenses	(34,668)	(21,754)	(29,339)	(32,351)	(36,905)
Other expenses	(4,189)	(3,165)	(8,840)	(3,213)	(3,609)
Share of results of associates	1,725	8,935	3,605	2,500	2,300
Fair value gain/(loss) on IP	(5,971)	10,459	(18,046)	-	-
EBIT	**31,878**	**63,236**	**37,136**	**59,908**	**67,214**
Net Finance Inc/(Exp)	(8,895)	(11,815)	(10,871)	(9,289)	(8,412)
Profit before tax	**22,983**	**51,421**	**26,265**	**50,620**	**58,802**
Tax expense	(4,065)	(3,548)	(4,900)	(6,581)	(7,644)
Minority interest	(381)	(583)	(1,299)	(8,808)	(10,232)
PATMI	**18,537**	**47,290**	**20,066**	**35,231**	**40,926**
Discontinued PAT	21,303	-	-	-	-
Adjusted PATMI	**22,260**	**31,066**	**38,641**	**35,631**	**41,326**

Per share data (SGD Cents)

Y/E Sep	FY23	FY24	FY25	FY26e	FY27e
EPS	4.5	11.6	4.9	8.6	10.0
Adj EPS	5.4	7.6	9.4	8.7	10.1
DPS	3.00	3.00	4.00	4.00	3.00
BVPS	52.9	62.2	64.7	75.5	81.0

Cash Flow

Y/E Sep, SGD '000	FY23	FY24	FY25	FY26e	FY27e
CFO					
Profit before tax	**22,983**	**51,421**	**26,265**	**50,620**	**58,802**
Adjustments	3,561	16,957	36,373	14,560	12,276
WC changes	16,166	(14,427)	6,679	6,190	4,951
Cash generated from ops	**58,265**	**31,957**	**71,203**	**68,869**	**73,728**
Income tax paid	(4,640)	(3,820)	(2,992)	(6,581)	(7,644)
Cashflow from ops	**54,072**	**28,409**	**68,211**	**64,908**	**69,886**
CFI					
CAPEX, net	(18,438)	(4,779)	(4,029)	(5,000)	(5,000)
Others	5,129	(95,037)	21,577	2,000	-
Cashflow from investments	**(13,309)**	**(99,816)**	**17,548**	**(3,000)**	**(5,000)**
CFF					
Loans, net of repayments	36,710	113,283	(7,944)	(69,619)	(26,079)
Dividends paid	(8,148)	(9,517)	(9,256)	(16,358)	(18,403)
Others	(48,399)	(47,500)	(50,724)	47,711	(51,412)
Cashflow from financing	**(19,837)**	**56,266**	**(67,924)**	**(38,265)**	**(95,893)**
Net change in cash	20,926	(15,141)	17,835	23,643	(31,008)
CCE, end	**62,377**	**43,333**	**61,156**	**84,799**	**53,792**

Source: Company, Phillip Securities Research (Singapore) Estimates

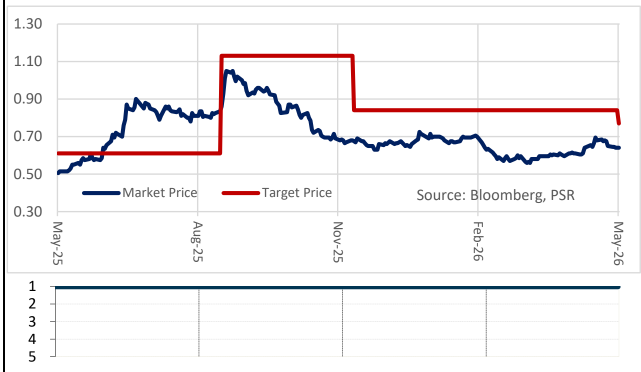
Balance Sheet

Y/E Sep, SGD '000	FY23	FY24	FY25	FY26e	FY27e
ASSETS					
Trade and other receivables	12,858	13,052	12,205	16,879	19,255
Cash and bank balances	62,377	50,662	68,853	92,496	61,489
Others	62,550	62,967	98,355	98,394	98,413
Total current assets	**137,785**	**126,681**	**179,413**	**207,769**	**179,157**
PPE	34,874	31,719	29,881	29,115	28,148
Investment properties	303,761	457,978	405,200	423,200	443,200
Others	77,653	80,401	87,198	87,574	88,174
Total non-current assets	**416,288**	**570,098**	**522,279**	**539,888**	**559,523**
Total Assets	**554,073**	**696,779**	**701,692**	**747,657**	**738,680**
LIABILTIES					
Trade and other payables	42,208	32,904	41,281	52,183	59,530
Lease liabilities	32,144	33,552	36,717	36,717	36,717
Bank borrowings	18,846	25,747	17,617	17,617	17,617
Others	3,682	4,145	34,133	34,133	34,133
Total current liabilities	**96,880**	**96,348**	**129,748**	**140,650**	**147,997**
Lease liabilities	79,812	64,227	59,701	36,701	13,701
Bank borrowings	149,453	255,837	221,589	151,971	125,892
Others	9,879	23,331	21,819	21,819	21,819
Total non-current liabilities	**239,144**	**343,395**	**303,109**	**210,491**	**161,412**
Total Liabilities	**336,024**	**439,743**	**432,857**	**351,141**	**309,408**
Net assets	**218,049**	**257,036**	**268,835**	**396,516**	**429,271**
Equity					
Share capital	65,496	68,340	71,718	71,718	71,718
Reserves	150,698	185,841	192,962	236,835	259,359
Non-controlling interests	1,855	2,855	4,155	87,963	98,194
Shareholder Equity	**218,049**	**257,036**	**268,835**	**396,516**	**429,271**

Valuation Ratios

Y/E Sep	FY23	FY24	FY25	FY26e	FY27e
P/E (x)	11.4	8.2	6.6	7.1	6.1
P/B (x)	1.2	1.0	1.0	0.8	0.8
EV/EBITDA (x)	6.9	7.4	6.1	6.4	6.0
Dividend Yield	4.8%	4.8%	6.5%	6.5%	4.8%
Growth & Margins					
Growth					
Revenue	10.9%	29.2%	8.6%	7.0%	14.1%
Adj. EBITDA	0.7%	20.0%	9.3%	-6.5%	10.4%
EBIT	-46.5%	98.4%	-41.3%	61.3%	12.2%
Adj. Net profit	-7.1%	39.6%	24.4%	-7.8%	16.0%
Margins					
Gross margin	61.9%	51.4%	57.5%	62.9%	62.9%
EBITDA margin	59.0%	54.8%	55.1%	48.2%	46.7%
EBIT margin	34.0%	52.3%	28.2%	42.6%	41.9%
Net profit margin	19.8%	39.1%	15.3%	25.0%	25.5%
Key Ratios					
ROE	8.5%	18.4%	7.5%	8.9%	9.5%
ROA	3.3%	6.8%	2.9%	4.7%	5.5%
Net Gearing	48.6%	89.8%	63.4%	19.4%	19.1%

Ratings History



PSR Rating System

Total Returns	Recommendation	Rating
> +20%	Buy	1
+5% to +20%	Accumulate	2
-5% to +5%	Neutral	3
-5% to -20%	Reduce	4
< -20%	Sell	5

Remarks

We do not base our recommendations entirely on the above quantitative return bands. We consider qualitative factors like (but not limited to) a stock's risk reward profile, market sentiment, recent rate of share price appreciation, presence or absence of stock price catalysts, and speculative undertones surrounding the stock, before making our final recommendation

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