

CapitaLand Ascott Trust (CLAS SP)

Sturdy Recovery From Student Accommodation In 3Q26; Strong Reversion From Rental Housing

Highlights

- Portfolio RevPAU rose 4% yoy organically on a same-store basis in 3Q26. Occupancy improved 5ppt qoq to 84%. For AY2026-27, US student accommodation is expected to achieve occupancy of 98% and revenue growth of 7%. Japan rental housing clocked a positive rental reversion of 5%.
- Management is committed to delivering stable DPU, supported by top-up of distributions from past divestment gains, estimated at about S\$300m cumulatively, and retained non-periodic foreign exchange gains.
- CLAS continues to create value through disciplined portfolio reconstitution. It provides an attractive 2027 DPU yield of 7.4% due to unit price correction of 13.6% ytd. Maintain BUY. Target price: S\$1.00.

Analysis

CapitaLand Ascott Trust (CLAS) reported its 3Q26 business update:

- Portfolio RevPAU grew 0.6% yoy and 5.6% qoq to S\$164 in 3Q26.** Excluding The Cavendish London (TCL), acquisitions and divestments, portfolio RevPAU rose 4% yoy on a same-store basis. Occupancy improved 5ppt qoq to 84%. Gross profit was affected by TCL's closure, other AEIs, divestments and foreign currency depreciation, partly offset by acquisitions and stronger same-store operations. Excluding TCL but including top-up, gross profit remained relatively stable.
- US – strong outlook strengthened by events calendar.** RevPAU rose 12% yoy to US\$289 in 3Q26, driven by higher demand during the FIFA World Cup, US Open and Fashion Week, alongside stronger performance at Sheraton Tribeca New York Hotel. Early completion of its asset enhancement initiative (AEI) in 2Q26 enabled Sheraton Tribeca to capture World Cup demand, with average daily rates increasing 16% vs pre-AEI levels in 3Q25. Management expects the strong momentum to continue in 4Q26, supported by events, conventions and year-end holiday demand.
- Student accommodation recovery strengthened for next academic year.** US student accommodation revenue increased 2% yoy in 3Q26. Occupancy rose from 88% for AY2025-26 to 98% for AY2026-27, which commenced in Aug 26. Based on in-place leases, 2026-27 revenue is projected to grow 7%. The properties serve domestic students from reputable universities.

Key Financials

Year to 31 Dec (S\$m)	2024	2025	2026F	2027F	2028F
Net turnover	810	838	766	791	854
EBITDA	331	344	303	325	359
Operating profit	293	307	266	288	320
Net profit (rep./act.)	227	310	186	148	171
Net profit (adj.)	140	74	118	148	171
EPU (S\$ cent)	3.7	1.9	3.1	3.8	4.4
DPU (S\$ cent)	6.1	6.1	6.1	6.1	6.0
PE (x)	22.3	42.8	26.8	21.6	18.8
P/B (x)	0.7	0.7	0.7	0.7	0.8
DPU yld (%)	7.4	7.4	7.4	7.4	7.3
Net margin (%)	28.0	37.1	24.3	18.7	20.1
Net debt/(cash) to equity (%)	53.0	52.8	53.1	57.4	58.9
Interest cover (x)	3.3	3.4	3.3	3.6	3.8
ROE (%)	4.8	6.4	3.8	3.1	3.6
Consensus DPU (S\$ cent)	-	-	6.1	6.1	6.1
UOBKH/Consensus (x)	-	-	1.00	1.00	0.99

Source: CapitaLand Ascott Trust, Bloomberg, UOB Kay Hian

Analyst(s)

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BUY (Maintained)

Share Price	S\$0.825
Target Price	S\$1.000
Upside	20.0%

Stock Data

Sector	Real Estate
Bloomberg ticker	CLAS SP
Shares issued (m)	3,856.6
Market cap (S\$m)	3,181.7
Market cap (US\$m)	2,483.0
3-mth avg daily t'over (US\$m)	4.9

Price Performance (%)

52-week high/low				S\$0.99/S\$0.79
1mth	3mth	6mth	1yr	YTD
(1.2)	(9.8)	(8.3)	(13.6)	(13.6)

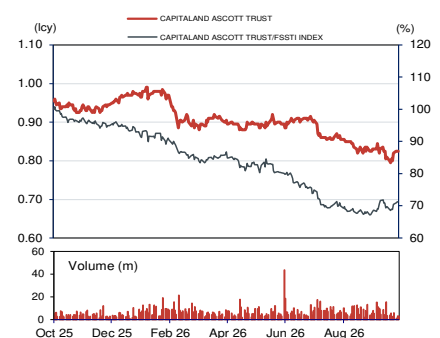
Major Shareholders (%)

Temasek Hldgs	30.0
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Balance Sheet Metrics

FY26 NAV/Share (S\$)	1.14
FY26 Net Debt/Share (S\$)	0.66

Price Chart



Source: Bloomberg

Company Description

CLAS invests in income-producing real estate predominantly used as serviced residences, hotels, rental housing, student accommodation and other hospitality assets on a global basis.

- **Japan – Benefitting from strong tourist arrivals in Tokyo and Kanazawa.** RevPAU rose 11% yoy to ¥11,205 in 3Q26, excluding Citadines Central Shinjuku Tokyo divested in Oct 25, driven by stronger performances across properties in Tokyo and Kanazawa. It also secured higher variable rent from Sotetsu Grand Fresa Tokyo-Bay Ariake. Management remains positive on the outlook for Japan's hospitality properties in 4Q26.
- **Acquisition-led growth for rental housing.** Japan rental housing revenue grew 14% yoy, driven by acquisitions of six rental housing properties completed in Aug 25 and Feb 26. CLAS clocked a healthy positive rental reversion of 5%, driven by existing rental housing properties in Tokyo, Osaka and Fukuoka. Average occupancy was maintained above 95%.
- **Singapore – Repositioning of lyf one-north as a long-stay property.** RevPAU was unchanged yoy at S\$197 in 3Q26, but declined 4% excluding The Robertson House, which was divested in Jul 26. The decline reflected the repositioning of lyf one-north Singapore as a long-stay property to capture growing demand. Although average daily rates and revenue fell, its operating margin and gross profit improved yoy due to a leaner cost structure. Formula 1 Grand Prix and BTS concerts are expected to support lyf Funan in 4Q26.
- **Lower gearing with manageable borrowing costs.** Gearing eased 0.6ppt qoq to 37.1% as of Sep 26 following debt repayment using divestment proceeds. Interest cover was 3.0x and effective borrowing cost was stable at 2.9%. About 80% of debt was on fixed rates, with weighted average debt maturity of 3.3 years. Management expects borrowing costs to increase slightly by about 20bp to 3.1% in 2027, mainly due to higher Japanese yen interest rates. NAV per stapled security was S\$1.14.
- **Management remains committed to delivering stable DPU,** supported by top-up of distributions from past divestment gains, estimated at about S\$300m cumulatively, and retained non-periodic foreign exchange gains. The top-ups will mitigate negative impact from TCL's renovation in 2026 and 2027.

Valuation/Recommendation

- **Expanding in living sector.** The living sector accounted for 20% of portfolio valuation as of Sep 26 (student accommodation: 11%, rental housing: 7% and coliving: 2%). CLAS intends to acquire student accommodations in the UK (yield: 5-6%) and Singapore (yield: 5%). It is scouting for rental housing in Tokyo, Osaka and Fukuoka in Japan (yield: 4%).
- **CLAS has completed the acquisition of Coliwoo Midtown** for S\$134m on 30 Sep 26, recycling capital from the divestment of The Robertson House into a higher-yielding asset with an EBITDA yield of 4.1%. The asset has a 10-year triple-net master lease with fixed rent and annual indexation. The transaction is estimated to be 2.4% accretive to DPU. Located in the Bugis-Bras Basah precinct, Coliwoo Midtown has 212 rooms, ranging from two- to five-bedroom units. The newly refurbished property benefits from inflows of international students and expatriate professionals seeking flexible accommodation. Educational institutions nearby include Singapore Management University, School Of The Arts, Nanyang Academy of Fine Arts and LaSalle. It is conveniently located near four MRT stations, namely Bencoolen, Bras Basah, Bugis and Rochor.
- **Somerset Clarke Quay is on track for completion in 4Q26** and planned opening by early-27. Located in the heart of the Clarke Quay riverfront lifestyle precinct, the property benefits from direct connectivity to Fort Canning MRT station and dual frontages overlooking the Singapore River and Fort Canning Hill, providing an attractive location for both leisure and corporate guests. The project comprises of a 192-unit serviced residence with a hotel licence, allowing operational flexibility. It can capture growth from tourism recovery and extended-stay accommodation.
- **Maintain BUY.** Our target price of S\$1.00 is based on DDM (cost of equity: 8.05%, terminal growth: 2.2%).

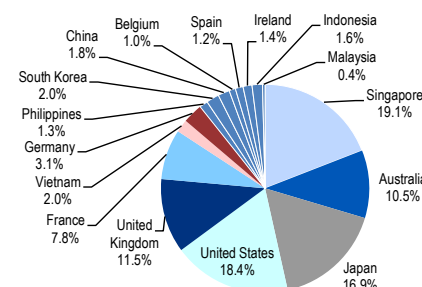
Earnings Revision/Risk

- We maintain our existing DPU forecast.

Share Price Catalyst

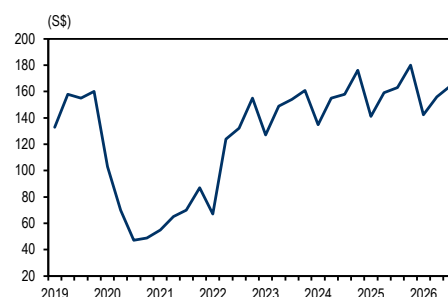
- Continued recovery in leisure travel and corporate demand; yield-accretive acquisitions for student accommodation and rental housing.

Portfolio Valuation By Country



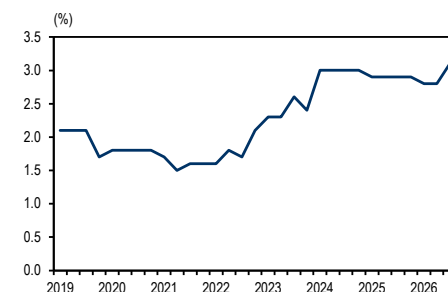
Source: CLAS

Portfolio RevPAU



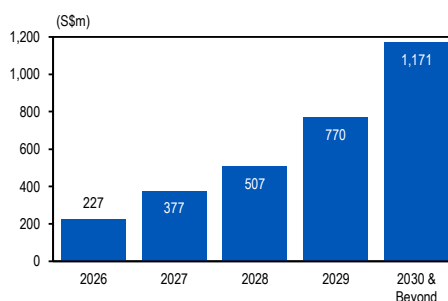
Source: CLAS

Average Cost Of Debts



Source: CLAS

Debt Maturity Profile



Source: CLAS

Profit & loss

Year to 31 Dec (\$m)	2025	2026F	2027F	2028F
Net turnover	837.6	766.2	791.5	853.6
EBITDA	344.4	302.7	325.3	359.1
Deprec. & amort.	37.5	36.8	37.6	38.9
EBIT	306.9	265.9	287.6	320.2
Total other non-operating income	238.5	69.2	1.6	1.6
Associate contributions	0.0	(0.0)	0.0	0.0
Net interest income/(expense)	(101.0)	(90.5)	(89.3)	(94.7)
Pre-tax profit	444.4	244.5	199.9	227.1
Tax	(111.8)	(35.6)	(30.0)	(34.1)
Minorities	(5.0)	(5.7)	(5.0)	(5.0)
Perpetual Securities	(17.2)	(17.1)	(16.6)	(16.6)
Net profit	310.4	186.1	148.3	171.4
Net profit (adj.)	73.5	118.5	148.3	171.4

Cash Flow

Year to 31 Dec (\$m)	2025	2026F	2027F	2028F
Operating	355.6	418.0	303.1	340.6
Pre-tax profit	444.4	244.5	199.9	227.1
Tax	(25.9)	(46.6)	(40.0)	(45.4)
Deprec. & amort.	37.5	36.8	37.6	38.9
Associates	0.0	0.0	0.0	0.0
Working capital changes	(46.9)	8.6	8.2	13.9
Non-cash items	(229.4)	(38.2)	27.5	28.5
Other operating cashflows	175.9	212.9	69.8	77.6
Investing	(65.9)	(53.9)	(110.0)	(20.0)
Capex (growth)	(297.0)	(273.9)	0.0	0.0
Capex (maintenance)	(26.4)	(140.0)	(110.0)	(20.0)
Proceeds from sale of assets	251.4	360.0	0.0	0.0
Others	6.2	0.0	0.0	0.0
Financing	(310.7)	(488.7)	(200.5)	(319.3)
Distribution to unitholders	(198.2)	(235.2)	(236.6)	(235.0)
Issue of shares	0.0	0.0	0.0	0.0
Proceeds from borrowings	1,336.0	(139.5)	150.0	35.0
Loan repayment	(1,289.9)	0.0	0.0	0.0
Others/interest paid	(158.6)	(113.9)	(113.9)	(119.3)
Net cash inflow (outflow)	(21.0)	(124.6)	(7.4)	1.3
Beginning cash & cash equivalent	644.1	614.1	489.6	482.2
Changes due to forex impact	(8.9)	0.0	0.0	0.0
Ending cash & cash equivalent	614.1	489.6	482.2	483.4

Balance Sheet

Year to 31 Dec (\$m)	2025	2026F	2027F	2028F
Fixed assets	8,079.9	7,988.8	8,061.2	8,042.3
Other LT assets	111.8	76.4	76.4	76.4
Cash/ST investment	614.1	489.6	482.2	483.4
Other current assets	141.5	167.0	174.5	183.8
Total assets	8,947.4	8,721.8	8,794.3	8,785.9
ST debt	497.4	350.5	350.5	350.5
Other current liabilities	232.2	265.4	275.9	293.5
LT debt	2,692.7	2,700.0	2,850.0	2,885.0
Other LT liabilities	577.8	516.2	511.5	509.1
Shareholders' equity	4,882.0	4,821.2	4,732.9	4,669.3
Minority interest	65.3	68.5	73.5	78.5
Total liabilities & equity	8,947.4	8,721.8	8,794.3	8,785.9

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	41.1	39.5	41.1	42.1
Pre-tax margin	53.1	31.9	25.3	26.6
Net margin	37.1	24.3	18.7	20.1
ROA	3.5	2.1	1.7	2.0
ROE	6.4	3.8	3.1	3.6
Growth				
Turnover	3.5	(8.5)	3.3	7.8
EBITDA	4.0	(12.1)	7.5	10.4
Pre-tax profit	53.7	(45.0)	(18.2)	13.6
Net profit	36.9	(40.1)	(20.3)	15.5
Net profit (adj.)	(47.5)	61.1	25.2	15.5
EPU	(48.0)	59.8	24.3	14.7
Leverage				
Debt to total capital	39.2	38.4	40.0	40.5
Debt to equity	65.3	63.3	67.6	69.3
Net debt/(cash) to equity	52.8	53.1	57.4	58.9
Interest cover (x)	3.4	3.3	3.6	3.8

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