

CapitaLand Ascott Trust (CLAS SP)

Disciplined Reconstitution To Pivot Towards The Living Sector

Highlights

- CLAS has recycled capital by deploying divestment proceeds from The Robertson House to acquire the higher-yielding Coliwoo Midtown with an EBITDA yield of 4.1%. The transaction is estimated to be 2.4% accretive to DPU.
- CLAS has sizeable past divestment gains totalling S\$300m, which could be distributed to offset negative impact from ongoing AEs to stabilise DPU.
- CLAS continues to create value through disciplined portfolio reconstitution. It provides an attractive 2027F DPU yield of 7.3% due to unit price correction of 13.1% ytd. Maintain BUY. Target price: S\$0.99.

Analysis

- Acquiring Coliwoo Midtown in Singapore.** CapitaLand Ascott Trust (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 and Bugis and Rochor.
- Singapore's co-living market is underpenetrated.** Coliwoo Midtown's occupancy was 90% in Jul 26, while the average length of stay was six to nine months. The potential to top up the remaining 51-year leasehold tenure to a fresh 99-year lease strengthens the asset's long-term investment appeal. Living assets now account for 19.5% of portfolio valuation, moving closer to its medium-term allocation target of 25-30%.
- Divested The Robertson House in Singapore.** CLAS has completed the divestment of The Robertson House by The Crest Collection for S\$360m, representing an attractive exit yield of 2.3% and a premium of 4.0% above book value, in Jul 26. The selling price was attractive at about S\$1.1m per key. The transaction generated net proceeds of S\$342m and net gain of S\$38m. The divestment underscores CLAS' disciplined capital recycling strategy, which enhances financial flexibility to redeploy capital into higher-yielding assets. Singapore remains one of CLAS' core markets with the ongoing redevelopment of Somerset Clarke Quay.

Key Financials

Year to 31 Dec (\$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 (\$ cent)	3.7	1.9	3.1	3.8	4.4
DPU (\$ cent)	6.1	6.1	6.1	6.1	6.0
PE (x)	22.4	43.1	27.0	21.7	18.9
P/B (x)	0.7	0.7	0.7	0.7	0.8
DPU yld (%)	7.3	7.3	7.3	7.3	7.2
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 (\$ 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\$0.83
Target Price	S\$0.99
Upside	19.3%
Previous TP	S\$1.03

Stock Data

Sector	Real Estate
Bloomberg ticker	CLAS SP
Shares issued (m)	3,856.6
Market cap (\$m)	3,201.0
Market cap (US\$m)	2,500.6
3-mth avg daily t'over (US\$m)	4.9

Price Performance (%)

52-week high/low				S\$0.99/S\$0.82
1mth	3mth	6mth	1yr	YTD
(2.4)	(7.3)	(7.3)	(14.0)	(13.1)

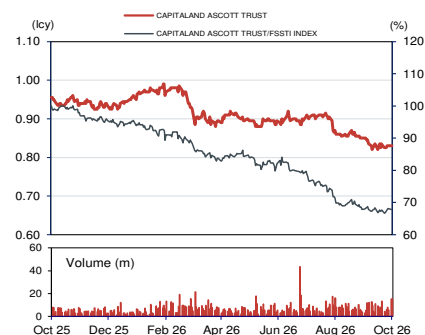
Major Shareholders (%)

Temasek Hldgs	30.0
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Balance Sheet Metrics

FY26 NAV/Share (\$)	1.14
FY26 Net Debt/Share (\$)	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.

1H26 Results

Year to 31 Dec (\$m)	1H26	yoy % Chg	Remarks
Gross Revenue	370.9	-6.9	Closures of The Cavendish London and Madison Hamburg.
Net Property Income (NPI)	161.6	-11.5	Completed divestment of CCST in Oct 25.
Finance Costs	(50.8)	-5.9	Cost of debt eased 0.1ppt yoy to 2.8% in 1H26.
Distributable Income	97.5	+1.0	Top-up S\$13.4m from past divestment gains.
DPU (S cents)	2.53	0.0	Retained S\$9.6m from non-periodic items.

Source: CLAS, UOB Kay Hian

- **Same-store performance resilient in 1H26.** CLAS reported 1H26 DPU of 2.53 S cents (flat yoy), which is in line with our expectation. Core DPU declined 10% yoy due to: a) net divestment proceeds from Citadines Central Shinjuku Tokyo (CCST) of JPY21b (S\$187m) have yet to be fully received and fully deployed, and b) one-off withholding tax adjustment in China and land tax adjustment in Australia. CLAS recorded non-periodic items totalling S\$23.8m in 1H26, of which S\$9.6m (40%) was retained. CLAS topped up distribution by S\$13.4m to mitigate the negative impact of disruption from the AEs at The Cavendish London and Madison Hamburg.
- **Committed to deliver stable DPU.** CLAS has a sizeable pool of past divestment gains totalling S\$300m. Management is committed to stabilising DPU by distributing past divestment gains, estimated at about S\$300m, to offset negative impact from ongoing AEs and recent divestments.
- **Aggregate leverage eased 1.2ppt qoq to 37.7%** as of Jun 26 after repaying high-interest debt using divestment proceeds from CCST. Interest coverage ratio is stable at 2.9x. Effective cost of borrowings remains low at 2.8%. Management expects cost of borrowings to remain stable in 2H26. We expect cost of debt to gradually rise to 3.0% in 2H27 due to higher interest rates for loans denominated in Japanese yen (40% of total loans) and US dollars (18% of total loans).

Valuation/Recommendation

- **Expanding in longer-stay living sector.** The living sector accounted for 18% of portfolio valuation as of Jun 26 (student accommodation: 11%, rental housing: 7%). 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%).
- **Redevelopment of former Somerset Liang Court into Somerset Clarke Quay.** 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 to capture different accommodation demand. The redevelopment is on track for completion by end-26 with operations expected to commence in early-27. The project positions CLAS to benefit from growth tourism and extended-stay accommodation in Singapore.
- **Maintain BUY.** Our target price of S\$0.99 is based on DDM (cost of equity: 8.15%, terminal growth: 2.2%).

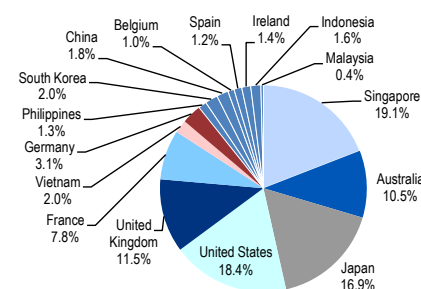
Earnings Revision/Risk

- We forecast a stable DPU of 6.1 S cents in 2026F and 2027F due to top-ups through distribution of past divestment gains to offset negative impact from closure of The Cavendish London during the ongoing AEI. For 2028F, we trimmed DPU forecast by 5% due to higher cost of debt and recent weakness of the euro and Australian dollar against the Singapore dollar.

Share Price Catalyst

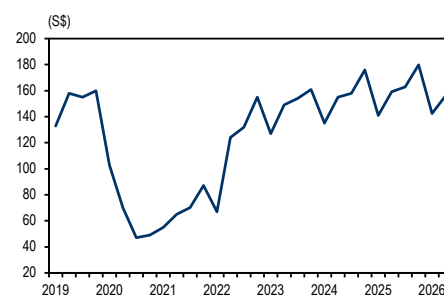
- Continued recovery in leisure travel and corporate demand. Yield-accretive acquisitions for student accommodation and rental housing.

Portfolio Valuation By Country



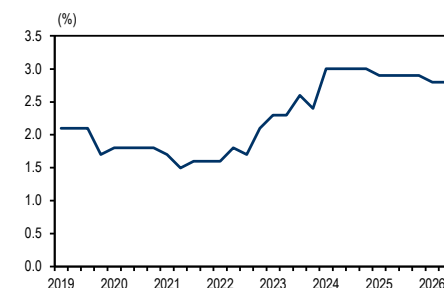
Source: CLAS

Portfolio RevPAU



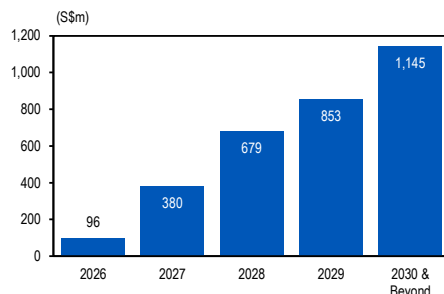
Source: CLAS

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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