KGI

UPDATE | ALTERNATIVE LIVING ▪ SINGAPORE

THE ASSEMBLY PLACE HOLDINGS LTD.

(ASSPH SP / TAP.SI)

Growth is accelerating; proof now shifts to second-half delivery and return discipline

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Investment Highlights

- **A strong headline with modest improvement in underlying trading.** Revenue rose 33.9% and management-adjusted NPAT increased 113.3% in 1H26, but gross margin contracted 656bps and the S$2.1m favourable year-on-year swing in net fair-value effects exceeded the S$1.0m increase in reported profit. At the same time, operating scale reached 3,520 keys across 103 assets and the secured two-year pipeline rose to c.2,100 keys from 1,490 in the prior update. Phoenix Park (>700 keys), Habitat (886 beds) and Dabu (80 keys) therefore improve the out-year runway.
- **Liquidity has improved, but FY26 still depends on a demanding second-half conversion.** Cash increased to S$11.5m after the IPO and current liquidity turned positive, reducing immediate funding pressure. However, S$8.5m of lease principal and interest exceeded S$7.7m of CFO, while lease liabilities rose 9.1% to S$65.6m, so headline cash generation continues to overstate the residual cash available after property obligations. The unchanged FY26F model requires S$27.4m of 2H26 revenue and S$8.5m of PATMI—64% and 79% of the full-year totals. On-time openings, a recovery in gross margin and evidence that new sites earn an adequate cash return after leases are therefore the next proof points for the investment case.

Valuation & Action.

We maintain our **OUTPERFORM** rating and lower our target price slightly to **S$0.348** (after factoring in share dilution), based on a DCF using a 9.0% WACC and 3.0x terminal EV/EBITDA. The target implies c.51.5% upside.

Risks.

Pipeline delays or slower stabilisation; failure to recover gross margin; lease obligations and related-party exposure growing faster than cash earnings; funding or guarantee calls at JVs; Level 3 fair-value volatility; and limited asset-level disclosure.

OUTPERFORM

Last close (S$)	0.230
12M Target Price (S$)	0.348
Previous TP (S$)	0.35
Previous Recommendation	OP
Upside / (Downside) (%)	51.48
TRADING DATA	
Market Cap (S$mn)	88.46
Issued Shares (mn)	384.63
3M Avg Daily Vol (mn)	0.16
3M Avg Daily Val (S$mn)	0.04
Free Float (%)	43.81
MAJOR SHAREHOLDERS (%)	
Low See Ching	25.67
Lim Yingjie	24.92
Apricot Capital Pte	5.55

Financials & Key Operating Statistics

YE Dec (S$'000)	2024	2025	2026F	2027F	2028F
Revenue	18,941	26,972	42,986	77,861	93,347
PATMI	6,218	6,616	10,783	12,753	15,418
EPS (S$ cents)	1.62	1.73	2.82	3.33	4.03
EPS growth (%)	N.M.	6.4%	63.0%	18.3%	20.9%
DPS (S$ cents)	-	-	0.10	-	-
Div Yield (%)	-	-	0.4%	-	-
Net Profit Margin (%)	32.8%	24.5%	25.1%	16.4%	16.5%
P/E (x)	14.2x	13.3x	8.2x	6.9x	5.7x
P/B (x)	9.6x	5.0x	2.7x	2.1x	1.7x

Source: Company data, KGI Research estimates

Business Updates

A larger runway does not yet de-risk FY26

The increase in secured pipeline is the clearest improvement since the FY25 update, but it strengthens the duration of the thesis more than the next six months of earnings visibility. Management now cites c.2,100 secured keys over two years, more than 610 keys and over 41% above the prior 1,490-key figure, whereas the operating portfolio added only 98 keys sequentially to 3,520. That gap is not inherently negative because large projects open in steps; however, it means current revenue has not yet caught up with contracted capacity. With mixed room, bed and key definitions and limited project-level dates, rents or margins, we treat the expanded pipeline as evidence of demand and future scale rather than as an auditable bottom-up revenue bridge.

The current share price appears to discount both execution risk and the quality of the reported earnings acceleration. FY26F requires 64% of revenue and 79% of PATMI in 2H26, Level 3 fair-value movements drove more than the year-on-year increase in reported profit, and S$8.5m of lease cash service sits below CFO in financing cash flows. We therefore retain OUTPERFORM and the S$0.35 target because the current price represents a c.35% haircut to the modelled operating cash-flow stream at the same 3.0x terminal multiple. On-time openings at Dabu and Phoenix Park, gross-margin recovery, overhead absorption and asset-level disclosure on occupancy, rent and property EBITDA are the evidence required to close the valuation gap.

Figure 1: Operation and financials comparison

	FY25	1H26	KGI's read-through
Operating scale	3,422 keys / 100 assets	3,520 keys / 103 assets	+98 keys sequential; current scale is growing, but slowly versus pipeline
Secured pipeline	1,490 keys over two years	c.2,100 keys over two years	>610-key / >41% upgrade; asset-level timing still incomplete
Earnings	FY25 revenue S$27.0m; PATMI S$6.6m	1H26 revenue S$15.6m; owner PAT S$2.24m	Top line on track directionally; profit phasing remains back-end loaded
Margins	FY25 gross margin 76.0%	1H26 gross margin 72.1%	656bp YoY compression; FY26F assumes full-year recovery to 76.0%
Cash / leases	Cash S$2.2m; lease liabilities S$60.1m	Cash S$11.5m; lease liabilities S$65.6m	IPO strengthened liquidity; lease service still exceeds CFO
Capital return	No FY25 dividend	0.10c interim DPS	First post-listing cash return; payout c.S$0.385m
Valuation	DCF TP S$0.35	DCF TP S$0.35	No change; operational upside is offset by execution and disclosure risk

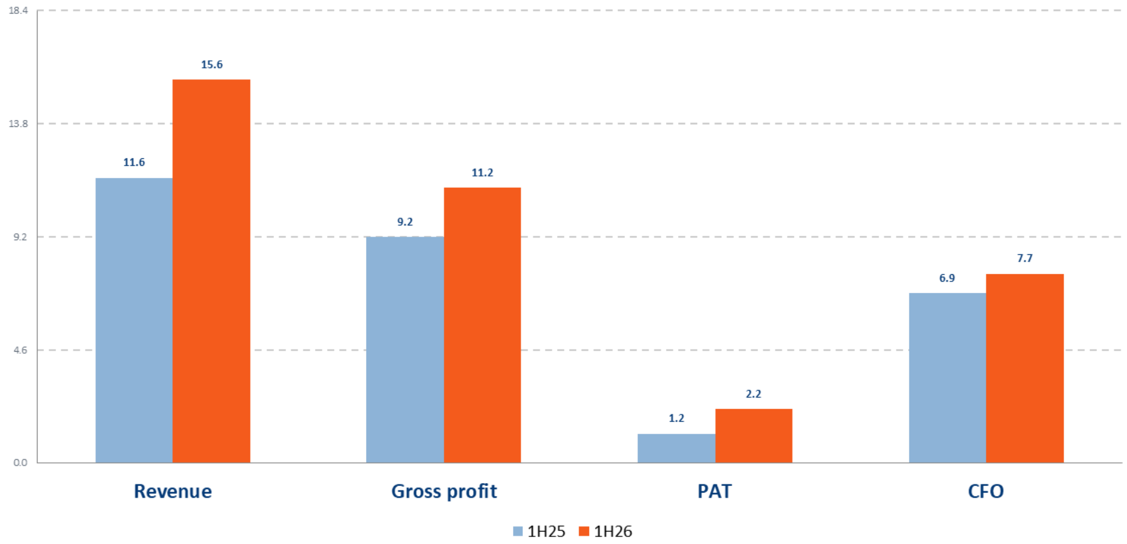
Source: Company, KGI Research

1H26 results: strong growth, weaker conversion

The 1H26 income statement shows strong demand but weaker conversion of each revenue dollar into recurring profit and cash. Revenue increased 33.9% to S$15.6m and gross profit rose 22.7% to S$11.2m, yet gross margin fell to 72.1% from 78.6% as cost of sales grew 75.1%. PBT nearly doubled and owner PAT rose 80.6%, but CFO increased only 10.8% to S$7.7m. The divergence matters because the profit improvement was helped by a smaller fair-value drag, while cash generation had to absorb working-capital movements and a larger operating footprint. We therefore view the result as confirmation of top-line momentum, not yet proof that the new portfolio is converting at the margin and cash returns embedded in the forecast.

Overhead growth and dilution further narrow the read-through from headline profit to per-share value. Combined selling and distribution plus administrative expenses increased 97.5% and reached 24.7% of revenue, versus 16.7% a year earlier, as listing-related capacity and expansion costs were added ahead of the operating ramp. This contributed to basic EPS growth of 43.9%, below the 80.6% increase in profit attributable to owners, because weighted-average shares rose 24.1%. Some cost growth should support the c.2,100-key pipeline and may be absorbed as projects open, but that operating leverage remains an estimate. The FY26 debate therefore turns on 2H gross-margin recovery and whether the enlarged overhead base can grow materially slower than revenue.

Figure 2: Topline growth vs conversion (SG$ millions)



S$'000	1H25	1H26	YoY	Key driver
Revenue	11,647	15,593	+33.9%	More keys and master leases
Gross profit	9,165	11,247	+22.7%	Cost of sales +75.1%
PBT	1,470	2,870	+95.2%	Net fair-value drag narrowed
Owner PAT	1,240	2,239	+80.6%	Tax rate also increased
CFO	6,930	7,676	+10.8%	Slower growth than revenue

Source: Company, KGI Research

Operating evidence is positive, but not yet strong enough to offset the bridge

Several operating indicators support the view that TAP is building a larger platform rather than merely benefiting from accounting movements. Community-segment revenue rose 34.3% and segment result increased 62.3%, while operating profit before working-capital changes grew 8.6% to S$8.05m. Management fees increased 84.0% and leasing commissions more than tripled, providing early evidence that non-rental activities can scale alongside the property portfolio. These positives are tempered by the small starting base of fee income and a cost structure that moved ahead of revenue: selling and administrative expenses grew approximately 104% in aggregate and losses from associates widened. The evidence is therefore consistent with investment ahead of growth, but the timing and magnitude of the payback remain unproven.

On balance, we remain neutral on the 1H26 beat and do not increase the valuation multiple. The S$2.09m improvement in net fair-value effects was 2.1x the S$1.00m increase in Group PAT, while PBT excluding both fair-value movements declined 11.3% and the broader recurring proxy was broadly flat. Management-adjusted NPAT is directionally useful, it begins with Group PAT and adds back IPO and share-based payment costs gross of tax. A higher-quality beat would require recurring pre-tax growth, clearer reconciliation from statutory to adjusted earnings and evidence that fee growth or new-site stabilisation is absorbing overheads. Until then, the headline acceleration supports the existing thesis but does not justify a higher terminal multiple.

Figure 3: Bottom-line comparison

S$'000	1H25	1H26	YoY	Status
Reported PBT	1,470	2,870	+95.2%	Statutory
Net fair-value effect	(4,604)	(2,517)	+2,087	Level 3 / non-cash
PBT ex both FV movements	**6,074**	**5,387**	**-11.3%**	
Add IPO + share-based costs	-	404	n.m.	Gross of tax
Broad recurring PBT	**6,274**	**6,198**	**-1.2%**	**Also adds disposal loss**

Source: Company, KGI Research

Outlook

Portfolio scale: seven brands across six living sectors

The portfolio reached 3,520 operating keys across 103 assets at 30 June 2026, an increase of 502 keys year on year. Healthcare-professional accommodation and core co-living together represented 70.7% of disclosed keys, while student accommodation, hotels, serviced apartments, inter-generational living and supervised homestays broadened the customer base. Habitat will add migrant-worker accommodation as a sixth living sector once operations commence.

Figure 4: TAP's 7 brands

Brand / sector	Keys	Mix	Structure / role
TSTAP / healthcare professionals	1,308	37.2%	20%-owned JV with TS Group
The Assembly Place / co-living	1,178	33.5%	Core residential co-living
CAMPUS / student accommodation	428	12.2%	Purpose-built tertiary student accommodation
SOCIAL / hotels & serviced apartments	308	8.8%	Licensed hospitality formats
COMMUNE / inter-generational	273	7.8%	30%-owned JV with TS Group
STAY / supervised homestay	25	0.7%	Upper-primary to lower-secondary students
Habitat / migrant workers	Upcoming	N.A.	60%-owned JV; 886 beds

Source: Company, KGI Research

The 2030 target requires both faster openings and better operating disclosure

Growth from 3,520 operating keys at June 2026 to more than 10,000 by 2030 implies an annualised increase of approximately 26%, well above the 16.6% year-on-year growth delivered in the latest period. The c.2,100-key secured pipeline covers part of that requirement and Habitat adds a sixth living sector, which should diversify demand beyond core co-living and healthcare-professional accommodation. The portfolio combines rooms and beds under a common key label, and TAP does not disclose occupancy, revenue per available key, property rent, capex or EBITDA by asset. The scale target is therefore strategically credible but not sufficient on its own for valuation: progress must be judged by opening conversion and cash returns, not only by the reported number of keys. KGI currently models TAP's financials via average revenue per key for each segment using online proxy.

The larger pipeline improves confidence in TAP's medium-term demand and portfolio-building capability, but the value arrives in a sequence rather than at one point in time. Habitat contributes the largest near-term disclosed capacity at 886 beds but had not begun operations as of 30 June; Dabu's 80 keys and Bangsar's 66 beds are expected in 2H26; and Phoenix Park, at more than 700 keys, is scheduled by end-March 2027. This phasing means Dabu and Bangsar can influence the FY26 exit rate, while Phoenix Park is principally an FY27 ramp and execution event. The relevant evidence is therefore not only whether contracts are secured, but whether each project opens on time, reaches occupancy and absorbs mobilisation costs within the forecast period.

We do not independently sum the disclosure to 2,100 keys or assign project-level revenue before a complete asset schedule is available. Ownership also varies materially, from majority-controlled Habitat to minority interests such as Phoenix Park, so gross capacity cannot be translated directly into attributable earnings. Nonetheless, the pipeline supports the direction of the out-year DCF but not an increase in the published forecast or target price.

Figure 5: TAP visible pipline

Project	Capacity / ownership	Timing	What matters next
Habitat	886 beds; TAP 60%	Not operating at 30 Jun	Start date, lease economics, stabilisation
163 Tras Street	163 rooms / 168 beds; TAP 10%	Acquisition completed Mar-26	Conversion timeline, guarantee and JV funding
Bangsar, Kuala Lumpur	66 beds	Expected 2H26	Overseas ramp and regulatory execution
Dabu, Geylang	80 keys; 15+5-year lease	End-Oct-26	Occupancy, rent and AI-enabled opex benefits
Phoenix Park	>700 keys; TAP 39%	End-Mar-27	Largest disclosed asset; staged opening and capex
Other disclosed addresses	Counts not disclosed	Upcoming	Decompose c.441 and eliminate overlap

Source: Company, KGI Research

Valuation

We lower our 12-month target price to S$0.348, while reiterating OUTPERFORM. The revised decomposition corrects the terminal-year treatment without changing the investment conclusion. The present value of explicit FCFF is S$76.06m and the present value of terminal value is S$55.81m, producing enterprise value of S$131.87m. After the model's debt and cash bridge, equity value is S$134.01m.

Figure 6: DCF valuation

DCF VALUATION *All amounts in S$'000 unless otherwise stated* *Year ended 31 Dec*	2026	2027	2028 (Projected)	2029	2030
EBIT	16,297,700	20,081,951	23,959,739	26,205,649	28,509,120
Tax rate	17.0%	17.0%	17.0%	17.0%	17.0%
EBIT (1-T)	**13,527,091**	**16,668,019**	**19,886,583**	**21,750,689**	**23,662,570**
(+) D&A	135,800	125,880	119,928	116,357	114,214
(-) Change in NWC	(775,429)	(2,577,064)	3,654,184	2,352,907	2,999,194
(-) Capex	(145,000)	(145,000)	(145,000)	(145,000)	(145,000)
Free Cash Flow	**12,742,463**	**14,071,835**	**23,515,696**	**24,074,953**	**26,630,978**
Free Cash Flow to Firm	12,742,463	14,071,835	23,515,696	24,074,953	26,630,978
Terminal Value					85,870,002
Total FCFF to be Discounted	**12,742,463**	**14,071,835**	**23,515,696**	**24,074,953**	**112,500,980**
PV of Free Cash Flow	**11,690,333**	**11,843,982**	**18,158,432**	**17,055,303**	**73,117,918**
EV/EBITDA Terminal Multiple	3.0x				
Enterprise Value	**131,865,968**				
(-) Debt	45,000				
(+) Cash	2,186,000				
Equity Value	**134,006,968**				
Diluted Shares Outstanding ('000)	384,629,770				
Fair Value / Share (S$)	**0.348**				
Current Share Price (S$)	0.230				
Upside / (Downside)	**51.5%**				

Source: Company, KGI Research

Capital allocation: first dividend, ample IPO headroom, rising commitments

The 0.10 cent interim dividend, payable on 31 August 2026, implies a cash outflow of approximately S$0.385m on 384.630 m shares. The payout is modest relative to both 1H owner profit and management-adjusted NPAT, so it is best read as an initial capital-return signal rather than a yield thesis. TAP also retained S$7.664m, or 71.3%, of net IPO proceeds at 30 June, providing headroom for near-term expansion and co-investments.

Figure 7: Capital allocation since IPO

IPO use (S$'000)	Allocation	Used	Balance	% used
Portfolio expansion / JVs / overseas	5,700	792	4,908	13.9%
Co-investments in property entities	4,000	2,300	1,700	57.5%
General working capital	1,056	-	1,056	0.0%
Total	**10,756**	**3,092**	**7,664**	**28.7%**

Source: Company, KGI Research

Financial Summary

INCOME STATEMENT (S$'000)	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue	18,941	26,972	42,986	77,861	93,347
Cost of sales	(3,199)	(6,462)	(10,317)	(16,351)	(21,470)
Gross profit	**15,742**	**20,510**	**32,669**	**61,510**	**71,877**
Selling & distribution	(558)	(678)	(1,075)	(3,893)	(2,334)
Administrative expenses	(3,028)	(4,858)	(7,737)	(14,015)	(16,802)
Other operating expenses	(3,328)	(3,943)	(7,424)	(23,394)	(28,661)
EBITDA	**8,829**	**11,031**	**16,434**	**20,208**	**24,080**
Depreciation & amortisation	336	365	136	126	120
Operating profit (EBIT)	**8,493**	**10,666**	**16,298**	**20,082**	**23,960**
Net finance income / (cost)	(1,379)	(2,293)	(3,307)	(4,717)	(5,384)
Other gains / (losses)	-	-	-	-	-
Profit before tax	**7,114**	**8,373**	**12,991**	**15,365**	**18,576**
Tax expense	(896)	(1,757)	(2,208)	(2,612)	(3,158)
Minority interests	-	-	-	-	-
Net profit (PATMI)	**6,218**	**6,616**	**10,783**	**12,753**	**15,418**
EPS (S$ cents)	1.62	1.73	2.82	3.33	4.03
DPS (S$ cents)	-	-	0.10	-	-

CASH FLOW STATEMENT (S$'000)	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before tax	7,114	8,373	12,991	15,365	18,576
Depreciation & amortisation	336	365	136	126	120
Working capital changes	105	(872)	(775)	(2,577)	3,654
Tax paid	(4)	(158)	(2,208)	(2,612)	(3,158)
Other operating items	5,128	7,749	10,866	28,237	34,165
Operating cash flow	**12,680**	**15,457**	**21,009**	**38,539**	**53,357**
Capex	(1,081)	(419)	(145)	(145)	(145)
Addition of Investment Properties	-	-	(43,965)	(42,344)	(52,047)
Other investing items	(3,954)	(504)	40,677	40,709	44,419
Investing cash flow	**(5,035)**	**(923)**	**(3,433)**	**(1,779)**	**(7,773)**
Payments of lease liabilities – principal portion paid	(10,030)	(13,800)	(15,031)	(28,590)	(42,560)
Interest expense paid	(1,379)	(2,293)	(3,307)	(4,717)	(5,384)
Net movement in balances with shareholders	5,873	1,236	-	-	-
Other financing items	(185)	(667)	12,650	-	-
Financing cash flow	**(5,720)**	**(15,524)**	**(5,687)**	**(33,307)**	**(47,944)**
Net change in cash	**1,925**	**(990)**	**11,889**	**3,453**	**(2,360)**
Beginning cash	**1,009**	**2,934**	**2,186**	**14,075**	**17,528**
Ending cash	**2,934**	**1,944**	**14,075**	**17,528**	**15,168**

BALANCE SHEET (S$'000)	FY24A	FY25A	FY26E	FY27E	FY28E
Inventories	24	39	47	85	102
Trade and other receivables, current	7,792	10,760	16,488	27,731	30,689
Cash and cash equivalents	2,934	2,186	14,075	17,528	15,168
Other current assets	944	870	1,723	2,994	3,558
Current assets	**11,694**	**13,855**	**32,333**	**48,338**	**49,518**
Property, plant & equipment	386	132	107	92	83
Investment properties	37,619	75,595	112,001	130,824	154,090
Other non-current assets	6,731	7,545	7,579	7,613	7,647
Non-current assets	**44,736**	**83,272**	**119,687**	**138,529**	**161,821**
Total assets	**56,430**	**97,127**	**152,020**	**186,868**	**211,339**
Trade payables	8,649	6,326	10,458	18,946	24,877
Lease liabilities, current	10,134	12,909	27,789	31,716	32,318
Other current liabilities	1,222	907	2,589	4,077	5,339
Current liabilities	**20,005**	**20,142**	**40,836**	**54,738**	**62,534**
Lease liabilities, non-current	21,182	47,213	57,980	66,173	67,429
Other non-current liabilities	1,292	2,825	2,825	2,825	2,825
Non-current liabilities	**22,474**	**50,038**	**60,805**	**68,998**	**70,254**
Total liabilities	**42,479**	**70,180**	**101,640**	**123,736**	**132,788**
Share capital	9,200	15,580	28,230	28,230	28,230
Minority interests	(3)	(4)	(4)	(4)	(4)
Total equity	**13,951**	**26,947**	**50,380**	**63,132**	**78,550**

KEY RATIOS & VALUATION	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue growth (%)	32.2%	42.4%	59.4%	81.1%	19.9%
Gross margin (%)	83.1%	76.0%	76.0%	79.0%	77.0%
EBITDA margin (%)	46.6%	40.9%	38.2%	26.0%	25.8%
Net profit margin (%)	32.8%	24.5%	25.1%	16.4%	16.5%
ROE (%)	44.6%	24.6%	21.4%	20.2%	19.6%
ROA (%)	11.0%	6.8%	7.1%	6.8%	7.3%
Net debt / equity (x)	(0.2x)	(0.1x)	(0.3x)	(0.3x)	(0.2x)
Net debt / EBITDA (x)	(0.3x)	(0.2x)	(0.9x)	(0.9x)	(0.6x)
Dividend payout (%)	-	-	3.6%	-	-
P/E (x)	14.2x	13.3x	8.2x	6.9x	5.7x
EV/EBITDA (x)	14.9x	12.0x	8.0x	6.5x	5.5x

Source: Company, KGI Research estimates

KGI's Ratings

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Outperform (OP)	We take a positive view on the stock. The stock is expected to outperform the expected total return of the KGI coverage universe in the related market over a 12-month investment horizon.
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