CapitaLand Ascendas REIT (CLAR SP)

3Q26: Uptick In Occupancy From Singapore And The US

Highlights

- Singapore occupancy rose 0.8ppt qoq to 90.9%, supported by acquisitions of 5 Tuas Avenue 5 and 25 Loyang Crescent, which are fully occupied. Occupancy for the US increased 1.4ppt qoq to 82.3%, driven by leasing at 13144 South Pulaski Road in Chicago and North Topping in Kansas City.
- Completed redevelopment projects are leasing up steadily. Occupancy at 5 Toh Guan Road East reached 64.8% as of Sep 26 and management expects to lease up the remaining logistics space by end-26. Occupancy at 27 IBP stood at 19.0% and is expected to reach 40-50% by end-26.
- Maintain BUY. Target price: S$3.25.

Analysis

- CapitaLand Ascendas REIT (CLAR) provided a 3Q26 business update:
- **Higher occupancies in Singapore and the US.** Portfolio occupancy recovered 1.0ppt qoq to 90.1% as of Sep 26. Singapore occupancy rose 0.8ppt qoq to 90.9%, supported by fully occupied acquisitions and higher logistics occupancy. US occupancy increased 1.4ppt qoq to 82.3%, driven by leasing at 13144 South Pulaski Road in Chicago and North Topping in Kansas City. Japan remained fully occupied.
- **Stronger rental reversions led by Australia.** Renewals at multi-tenanted buildings achieved positive rental reversion of 9.9% in 3Q26 (2Q26: 5.2%), bringing 9M26 reversion to 9.0%. Australia recorded 32.5%, including 39.1% for logistics and 13.8% for business space. Singapore and the US achieved 4.3% and 6.4%, respectively. Management expects positive high single-digit rental reversion for 2026. Lifestyle & consumer products and government & NGO accounted for 24.6% and 23.5% of new demand by gross rental income respectively in Singapore. Logistics & supply chain management led overseas demand at 39.9%. Portfolio WALE was 4.1 years.
- **Lower debt costs but higher leverage following acquisitions.** Weighted average all-in debt cost eased 0.2ppt yoy to 3.4% for 9M26. Aggregate leverage increased 2.1ppt qoq to 41.8%, mainly from acquisition funding. Interest coverage remains healthy at 3.4x. Fixed-rate debt represented 70.1% of borrowings, with an average fixed-debt tenure of 2.9 years. CLAR retained its Moody's A3 credit rating. Applying estimated net divestment proceeds of S$255m to debt repayment would lower leverage to 41%.

Key Financials

Year to 31 Dec (S$m)	2024	2025	2026F	2027F	2028F
Net turnover	1,523	1,539	1,727	1,846	1,927
EBITDA	951	954	1,077	1,156	1,210
Operating profit	951	954	1,077	1,156	1,210
Net profit (rep./act.)	719	737	758	829	874
Net profit (adj.)	698	626	758	829	874
EPU (S$ cent)	15.9	13.8	15.2	16.6	17.5
DPU (S$ cent)	15.2	15.0	15.1	16.2	17.1
PE (x)	13.9	16.0	14.6	13.3	12.7
P/B (x)	1.0	1.0	1.0	1.0	1.0
DPU yld (%)	6.9	6.8	6.8	7.3	7.7
Net margin (%)	47.2	47.9	43.9	44.9	45.4
Net debt/(cash) to equity (%)	61.7	65.5	69.6	71.5	72.3
Interest cover (x)	3.5	3.4	3.5	3.5	3.6
ROE (%)	7.0	7.0	6.7	7.0	7.4
Consensus DPU (S$ cent)	-	-	15.0	15.7	16.1
UOBKH/Consensus (x)	-	-	1.00	1.03	1.06

Source: CapitaLand Ascendas REIT, Bloomberg, UOB Kay Hian

Analyst(s)

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BUY (Maintained)

Share Price	S$2.21
Target Price	S$3.25
Upside	47.1%

Stock Data

Sector	Real Estate
Bloomberg ticker	CLAR SP
Shares issued (m)	4,995.2
Market cap (S$m)	11,039.4
Market cap (US$m)	8,641.4
3-mth avg daily t'over (US$m)	49.3

Price Performance (%)

52-week high/low				S$2.92/S$2.14
1mth	3mth	6mth	1yr	YTD
(2.2)	(14.3)	(11.2)	(21.8)	(21.8)

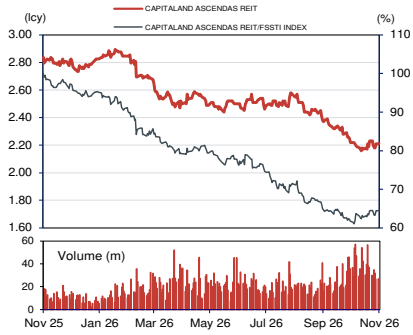
Major Shareholders (%)

Temasek Hldgs	18.0

Balance Sheet Metrics

FY26 NAV/Share (S$)	2.30
FY26 Net Debt/Share (S$)	1.64

Price Chart



Source: Bloomberg

Company Description

CLAR invests in business & science park, life sciences, suburban office, high-specification industrial, data centres, light industrial and logistics & distribution properties. It has expanded overseas to Australia, Europe, UK and the US.

- **Completed S$638m of Singapore logistics acquisitions in 3Q26.** CLAR acquired 5 Tuas Avenue 5 for S$134m on 17 Aug 26 and 25 Loyang Crescent for S$504m on 27 Aug 26. Both are fully occupied, with WALEs of about five and 13 years and annual rental escalations of 2.0% and 2.5%, respectively. Initial NPI yields are 6.5% and 6.4% after transaction costs. In total, CLAR has acquired properties valued at S$1,784m in 9M26.
- **S$282m of divestments to support debt reduction.** CLAR is divesting Kim Chuan Telecommunications Complex, 17 Changi Business Park Central 1 and 9 Serangoon North Avenue 5 for S$200m, S$60m and S$21m, respectively, with completion expected in 4Q26. Combined sale proceeds represent about a 25% premium to valuation. The disposals would lift pro forma Singapore occupancy by 0.6ppt to 91.5%.
- **Development pipeline.** Seven ongoing development and redevelopment projects with an estimated total cost of S$848m are expected to provide stabilised yields on cost of 6-8%. New redevelopments comprise Hawleys Lane in the UK (cost: S$76m, completion: 2H28) and 29 International Business Park in Singapore (cost: S$264m, completion: 1H30). The latter offers retail, F&B and lifestyle amenities and is linked to Jurong Town Hall MRT station via an elevated pedestrian network. It will add about 14,000sqm of GFA with plot ratio increasing from 2.5 to 3.5.
- **Completed redevelopment projects are leasing up steadily.** Occupancy at Geneo at 1, 1A and 1B Science Park Drive is 80.8% as of Sep 26 with another 10% of business space in advance negotiation. Occupancy at 5 Toh Guan Road East reached 64.8% as of Sep 26 and management expects to lease up the remaining logistics space by end-26. Occupancy at 27 IBP stood at 19.0% and is expected to reach 40-50% by end-26.

Valuation/Recommendation

- **Steady growth from diversified portfolio.** Singapore is the cornerstone of CLAR's portfolio. Management plans to reposition toward technology, logistics and biomedical science and enhance assets through redevelopment and AEIs. Logistics properties and data centres in UK/Europe provide stable contributions due to a long WALE of 4.7 years. CLAR plans to redevelop a data centre and logistics property in the UK. CLAR intends to expand its logistics presence in the US. Occupancy for business parks in the US could slip lower due to the entrenched work-from-home culture.
- **Maintain BUY.** Our target price of S$3.25 is based on DDM (cost of equity: 7.2%, terminal growth: 2.2%).

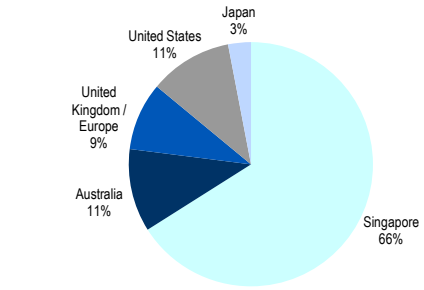
Earnings Revision/Risk

- We kept our existing DPU forecast unchanged.

Share Price Catalyst

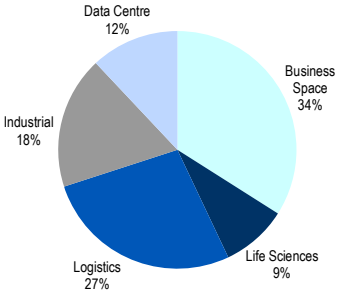
- Resilient growth across the business parks, hi-tech buildings, life sciences, logistics and data centre segments; and b) contributions from development projects, redevelopment projects and AEIs.

Portfolio Valuation By Geographical Region



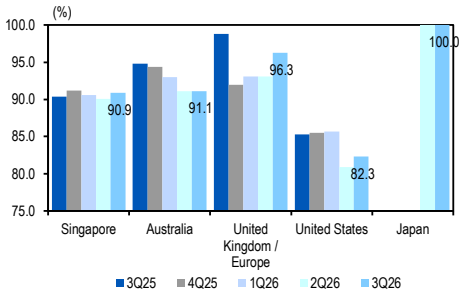
Source: CLAR

Portfolio Valuation By Asset Class



Source: CLAR

Portfolio Occupancy



Source: CLAR

Positive Rental Reversions

% Change in Renewal Rates	3Q25	4Q25	1Q26	2Q26	3Q26
SINGAPORE	**8.5%**	**20.2%**	**10.5%**	**5.0%**	**4.3%**
- Business Space & Life Science	5.9%	26.7%	12.8%	5.1%	2.9%
- Logistics	24.5%	11.2%	12.2%	1.6%	2.5%
- Industrial & Data Centres	11.4%	9.9%	7.4%	6.4%	6.1%
AUSTRALIA	**n.a.**	**17.2%**	**3.5%**	**8.2%**	**32.5%**
- Business Space	n.a.	17.2%	n.a.	8.2%	13.8%
- Logistics	n.a.	n.a.	3.5%	n.a.	39.1%
UNITED STATES	**11.1%**	**15.0%**	**15.1%**	**8.7%**	**6.4%**
- Business Space	7.9%	10.3%	15.1%	9.2%	n.a.
- Logistics	14.5%	22.9%	n.a.	8.4%	6.4%
UNITED KINGDOM / EUROPE	**-2.5%**	**9.3%**	**n.a.**	**n.a.**	**n.a.**
- Data Centres	-2.5%	9.3%	n.a.	n.a.	n.a.
- Logistics	n.a.	n.a.	n.a.	n.a.	n.a.
Total Portfolio	**7.6%**	**19.6%**	**10.6%**	**5.2%**	**9.9%**

Source: CLAR

Profit & loss

Year to 31 Dec (S$m)	2025	2026F	2027F	2028F
Net turnover	**1,538.6**	**1,727.4**	**1,845.6**	**1,927.3**
EBITDA	954.0	1,076.6	1,155.6	1,209.9
Deprec. & amort.	0.0	0.0	0.0	0.0
EBIT	954.0	1,076.6	1,155.6	1,209.9
Total other non-operating income	111.8	0.0	0.0	0.0
Associate contributions	15.1	31.5	42.6	42.6
Net interest income/(expense)	(277.8)	(310.3)	(326.1)	(332.2)
Pre-tax profit	**803.1**	**797.8**	**872.1**	**920.3**
Tax	(55.8)	(39.9)	(43.6)	(46.0)
Minorities	(10.0)	0.0	0.0	0.0
Perpetual Securities	0.0	0.0	0.0	0.0
Net profit	**737.3**	**757.9**	**828.5**	**874.3**
Net profit (adj.)	625.5	757.9	828.5	874.3

Balance Sheet

Year to 31 Dec (S$m)	2025	2026F	2027F	2028F
Fixed assets	18,619.1	19,745.2	20,039.2	20,200.2
Other LT assets	846.0	1,684.2	1,656.6	1,629.1
Cash/ST investment	209.4	216.5	212.3	218.6
Other current assets	176.6	174.2	185.5	193.4
Total assets	**19,851.2**	**21,820.0**	**22,093.6**	**22,241.2**
ST debt	1,713.0	1,713.0	1,713.0	1,713.0
Other current liabilities	681.6	645.5	684.4	711.3
LT debt	5,607.2	6,700.8	6,930.8	7,050.8
Other LT liabilities	995.1	984.7	970.0	951.9
Shareholders' equity	10,852.5	11,775.9	11,795.3	11,814.3
Minority interest	1.8	0.0	0.0	0.0
Total liabilities & equity	**19,851.2**	**21,820.0**	**22,093.6**	**22,241.2**

Cash Flow

Year to 31 Dec (S$m)	2025	2026F	2027F	2028F
Operating	**1,117.7**	**992.4**	**1,167.4**	**1,207.3**
Pre-tax profit	691.3	797.8	872.1	920.3
Tax	0.0	0.0	0.0	0.0
Deprec. & amort.	0.0	0.0	0.0	0.0
Associates	0.0	0.0	0.0	0.0
Working capital changes	69.9	(17.9)	38.9	26.9
Non-cash items	17.6	19.0	19.5	19.8
Other operating cashflows	338.8	193.5	236.9	240.3
Investing	**(1,441.7)**	**(1,961.8)**	**(294.0)**	**(161.0)**
Capex (growth)	(1,769.8)	(1,881.8)	(214.0)	(81.0)
Capex (maintenance)	(162.5)	(80.0)	(80.0)	(80.0)
Proceeds from sale of assets	435.0	0.0	0.0	0.0
Others	55.6	0.0	0.0	0.0
Financing	**365.0**	**976.4**	**(877.6)**	**(1,039.9)**
Distribution to unitholders	(669.1)	(738.0)	(809.1)	(855.3)
Issue of shares	500.0	903.5	0.0	0.0
Proceeds from borrowings	838.4	1,093.6	230.0	120.0
Loan repayment	0.0	0.0	0.0	0.0
Others/interest paid	(304.4)	(282.8)	(298.5)	(304.6)
Net cash inflow (outflow)	**41.0**	**7.0**	**(4.2)**	**6.4**
Beginning cash & cash equivalent	**167.7**	**209.4**	**216.5**	**212.3**
Changes due to forex impact	0.7	0.0	0.0	0.0
Ending cash & cash equivalent	**209.4**	**216.5**	**212.3**	**218.6**

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	62.0	62.3	62.6	62.8
Pre-tax margin	52.2	46.2	47.3	47.8
Net margin	47.9	43.9	44.9	45.4
ROA	3.9	3.6	3.8	3.9
ROE	7.0	6.7	7.0	7.4
Growth				
Turnover	1.0	12.3	6.8	4.4
EBITDA	0.3	12.9	7.3	4.7
Pre-tax profit	14.6	(0.7)	9.3	5.5
Net profit	2.6	2.8	9.3	5.5
Net profit (adj.)	(10.4)	21.2	9.3	5.5
EPU	(12.9)	9.6	9.2	5.4
Leverage				
Debt to total capital	40.3	41.7	42.3	42.6
Debt to equity	67.5	71.4	73.3	74.2
Net debt/(cash) to equity	65.5	69.6	71.5	72.3
Interest cover (x)	3.4	3.5	3.5	3.6

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