NEWS RELEASE **For immediate release**

CapitaLand Ascendas REIT delivers DPU of 7.719 Singapore cents for 1H 2023

1. *1H 2023 net property income up 6.7% year-on-year to S$508.8 million, well-supported by robust operational performance – high portfolio occupancy at 94.4%, positive average rental reversion of 14.2% for leases that were renewed during 1H 2023, and contributions from acquisitions completed during FY2022 and 1H 2023.*

2. *Singapore portfolio strengthened by three accretive acquisitions at an aggregate purchase consideration of S$514.9 million.*

3. *Healthy leverage of 36.7% and a high proportion of fixed rate debt of 82% moderated interest expenses despite higher interest rates globally.*

Summary of CapitaLand Ascendas REIT Group Results

	1H 2023	**1H 2022**	**Variance**
Gross revenue (S$ million)	718.1	666.5	7.7%
Net property income (S$ million)	508.8	476.9	6.7%
Total amount available for distribution (S$ million)	327.5	330.7	(1.0%)
DPU (cents)	7.719 (1)	7.873 (2)	(2.0%)
Applicable no. of units (million)	4,242 (3)	4,201	1.0%
No. of properties (as at end of period)	230 (4)	228	-

Notes:

(1) Included taxable, tax exempt and capital distributions of 5.870, 0.571 and 1.278 cents, respectively, including the advanced distribution for period from 1 January 2023 to 24 May 2023 of 6.141 cents paid on 26 June 2023.

(2) Included taxable, tax exempt and capital distributions of 5.772, 0.372 and 1.729 cents, respectively.

(3) Arising from the issuance of new Units from the private placement on 25 May 2023 and for the payment of 20% of the base management fee for the period from 1 December 2022 to 31 May 2023.

(4) As of 30 June 2023, CapitaLand Ascendas REIT had 97 properties in Singapore (including 27 IBP), 48 properties in the US, 36 properties in Australia, and 49 properties in the UK/Europe.

Singapore, 31 July 2023 – The Board of Directors of CapitaLand Ascendas REIT Management Limited (the Manager), the Manager of CapitaLand Ascendas REIT (CLAR), is pleased to report that gross revenue for 1H 2023 rose by 7.7% y-o-y to S$718.1 million. Newly acquired properties in Singapore in 1H 2023 and the US during FY2022 were the main contributors to the increase. In addition, higher utilities income and service charges were recorded from the Singapore portfolio.

Net property income (NPI) rose by 6.7% y-o-y to S$508.8 million despite higher utility costs related to the Singapore portfolio. The total amount available for distribution declined by 1.0% y-o-y to S$327.5 million mainly due to higher interest expense resulting from rising interest rates. DPU declined by 2.0% to 7.719 Singapore cents on account of the lower distribution and the enlarged unit base following the issuance of new units pursuant to CLAR's private placement in May 2023.

On CLAR's 1H 2023 performance, Mr William Tay, Chief Executive Officer and Executive Director of the Manager, said: "Our portfolio continued to record strong financial and operating performance across asset classes and geographies. Despite macroeconomic uncertainties, we maintained a high portfolio occupancy of 94.4% and achieved an average rental reversion of 18.0% for leases renewed during 2Q 2023. The Singapore logistics segment led the charge with a 39.1% reversion amidst a tight supply."

"Looking ahead, we will continue to leverage our resilient balance sheet, operational capabilities, and diversified portfolio to safeguard and expand our business, while adopting a cautious approach due to the ongoing uncertainties in the global economy."

Value-adding Initiatives

In 1H 2023, CLAR completed three accretive acquisitions in Singapore with an aggregate purchase consideration of S$514.9 million. The acquisitions were a high-tech industrial property at 622 Toa Payoh Lorong 1 (S$104.8 million), a cold storage facility at 1 Buroh Lane (S$191.9 million), and The Shugart, a business park property at 26 Ayer Rajah Crescent (S$218.2 million).

During the same period, CLAR divested KA Place, a high-specification industrial building in Singapore, for S$35.4 million, which was a 55% premium to its market valuation. This is in line with the Manager's strategy to redeploy capital towards value-adding opportunities, thereby improving the quality of CLAR's portfolio.

The Manager continued to optimise returns from its existing portfolio by repositioning and upgrading properties through redevelopments and asset enhancement initiatives (AEIs). One of the significant projects is the redevelopment of a logistics property at 5 Toh Guan Road East in Singapore. This property is strategically located within the prime Toh Guan LogisPark with double frontage along the Pan-Island Expressway (PIE) and Toh Guan Road. The S$107.4 million redevelopment presents an opportunity for the Manager to utilise the untapped plot ratio, increasing the current gross floor area (GFA) by 71%. Upon completion in 4Q 2025, the redeveloped property will have an expanded GFA of 50,920 square metres (sq m).

This modern six-storey ramp-up logistics facility will be equipped with a canteen, End-of-Trip facilities and enhanced specifications to cater to the evolving requirements of end users, cold storage, e-commerce and third-party logistics. Adopting sustainable construction, green concrete and sustainable products, the building is targeted to obtain Green Mark Gold^{PLUS} certification.

There are a total of six ongoing redevelopment and AEI projects worth S$776.5 million, scheduled for completion between 2H 2023 and 2Q 2026.

A Diversified and Resilient Portfolio

As of 30 June 2023, CLAR's S$17.0 billion portfolio had a customer base of more than 1,750 tenants. The portfolio is diversified geographically across the developed markets of Singapore (63%), the US (14%), Australia (14%), and the UK/Europe (9%). CLAR's portfolio of 230 investment properties span across three key segments: Business Space and Life Sciences (47%), Logistics (26%), and Industrial and Data Centres (27%).

As of 30 June 2023, the portfolio occupancy rate remained at a high of 94.4%, unchanged from the previous quarter.

The occupancy rate of the Singapore portfolio was stable at 92.3% as of 30 June 2023 (31 Mar 2023: 92.3%).

In the US, occupancy rate of the portfolio declined to 92.1% as of 30 June 2023 (31 March 2023: 92.5%) mainly due to lower occupancies recorded at the business space properties in Raleigh.

The portfolio occupancy in Australia improved to a high of 99.5% as of 30 June 2023 (31 March 2023: 99.3%).

The UK/Europe portfolio maintained a high occupancy of 99.5% as of 30 June 2023, unchanged from the previous quarter.

A positive average rental reversion[1] of 18.0% was achieved for leases that were renewed in multi-tenant buildings during 2Q 2023. Average rental reversions of +19.5%, +11.0%, and +12.9% were achieved in Singapore, the US, and Australia respectively. The average rental reversion for leases signed in 1H 2023 was +14.2%.

The Logistics & Supply Chain Management, Financial & Professional Services, Engineering, and Information Technology & Data Centres sectors were the largest sources of new demand by gross rental income in 1H 2023.

[1] Percentage change of the average gross rent over the lease period of the renewed leases against the preceding average gross rent from lease start date. This takes into account renewed leases that were signed in the respective period and average gross rents are weighted by area renewed.

The portfolio's weighted average lease expiry (WALE) period stood at 3.9 years. About 6.9% of CLAR's gross rental income will be due for renewal in the remaining year.

Stable Valuation[2]

As of 30 June 2023, CLAR owned 230 investment properties worth S$17.0 billion. This comprised S$10.7 billion (63%) of properties in Singapore, S$2.5 billion (14%) in the US, S$2.3 billion (14%) in Australia, and S$1.5 billion (9%) in the UK/Europe.

On a same-store basis, there was no significant change in the valuation of our portfolio. The same-store valuation (excluding the three acquisitions in 1H 2023) was stable at S$16.4 billion as of 30 June 2023, underpinned by a resilient and diversified portfolio.

Proactive Capital Management

As of 30 June 2023, the aggregate leverage remained at a healthy 36.7% (31 March 2023: 38.2%) following the successful equity fund raising of S$500.0 million in May 2023. Despite interest rate hikes in the markets where CLAR operates, the weighted average all-in cost of borrowing remained stable at 3.3% for 1H 2023 (31 March 2023: 3.3%). This stability can be attributed to the high proportion of borrowings (approximately 82%) that are on fixed rates.

The debt maturity profile remained well-spread, with less than 15% of borrowings due for renewal in any single year for the next five years, thereby minimising refinancing risks.

CLAR maintained a high level of natural hedge of approximately 75% for its overseas investments, which accounted for about 37% of total investment properties valued at S$17.0 billion. This minimises the impact of any adverse exchange rate fluctuations.

CLAR continues to enjoy the A3 credit rating by Moody's.

We will continue to adopt a proactive and disciplined approach to capital management.

Continued Sustainable Impact

CLAR is committed to improving the environmental sustainability of its portfolio. As of 30 June 2023, about 45% of its properties by gross floor area were green certified.

In 1H 2023, an additional three properties in Singapore were fitted with solar panels to reduce their carbon footprint. This brings the total number of properties with rooftop solar installations to 20, making CLAR's portfolio one of the largest among S-REITs in terms of solar adoption. The solar installations are estimated to generate over 19 GWh of renewable energy annually and will help to avoid over 7,942 tonnes of carbon emissions. This reduction is equivalent to the carbon emissions from the electricity consumption of approximately 4,318 households each year[3].

[2] The carrying values of the investment properties as of 30 June 2023 were reviewed through internal valuations by the Manager for the purposes of interim financial reporting.

[3] Average annual consumption of a four-room HDB household is based on Singapore's Energy Market Authority's 2022 Singapore Energy Statistics, page 45.

CLAR will continue to explore and implement initiatives such as green building certification, adoption of green leases, deployment and/or utilisation of renewable energy and other technological solutions, where feasible to do so.

Outlook

According to the International Monetary Fund (IMF), global growth is expected to slow down from 3.5% in 2022 to 3.0% in both 2023 and 2024 (source: IMF April 2023 report). Advanced economies are projected to experience slower growth estimated at 1.5% in 2023. The weaker outlook reflects the sharp monetary policy tightening by most central banks to bring down inflation, the ongoing Russian-Ukraine war, and the heightened geopolitical tensions.

Singapore

Based on advance estimates, the Singapore economy expanded by 0.7% y-o-y in 2Q 2023, which is faster than the 0.4% growth in 1Q 2023. The Ministry of Trade and Industry (MTI) maintained its forecast for the Singapore economy to grow by 0.5% to 2.5% in 2023, with growth projected at around the mid-point of the range, due to weakened external demand outlook and downside risks in the global economy.

Singapore's core inflation rate (excluding accommodation and private transport) for May 2023 declined to 4.7% y-o-y from 5.0% in April 2023, driven by a decrease in inflation of services and food. In April 2023, the Monetary Authority of Singapore (MAS) maintained its monetary policy since its last tightening in October 2022 to reduce imported inflation and curb domestic cost pressures.

With the completion of three acquisitions in Singapore in 1H 2023, CLAR's portfolio in Singapore was valued at S$10.7 billion as of 30 June 2023. The multi-asset portfolio, comprising Business Space and Life Sciences, Logistics and Industrial and Data Centre assets, serves a wide range of customers from industries such as technology, biomedical sciences, manufacturing, and logistics across their entire value chain of activities.

As part of CLAR's asset rejuvenation plan, several AEIs and redevelopment projects are underway to unlock value through repositioning, upgrading property specifications or meeting green rating requirements.

United States of America (US)

In 2Q 2023, the US economy was estimated to have grown at an annualised rate of 2.4% on resilient consumer and business spending, as compared the 2.0% growth recorded in 1Q 2023 (source: US Bureau of Economic Analysis). The IMF projects US GDP growth to be 1.8% y-o-y for 2023.

In July 2023, the US Federal Reserve raised interest rates by another 25 basis points, bringing the target range to 5.25%-5.5%. Although inflation has continued to fall since the decision in June 2023 to pause rate hikes, it remains above target. The US Federal Reserve will continue to monitor economic data and remains strongly committed to returning inflation to its 2% objective.

The US portfolio, comprising business spaces and logistics properties, was valued at S$2.5 billion as of 30 June 2023. Anchored by a long WALE of 4.3 years, the portfolio is expected to generate stable returns.

Australia

In 1Q 2023, the Australian economy grew by 0.2% q-o-q. Although this marked the sixth consecutive rise in quarterly GDP, it was the weakest growth rate since September 2021 (source: Australian Bureau of Statistics). The IMF projects the Australian economy to achieve a GDP growth of 1.6% in 2023.

In 2Q 2023, Australia's All groups consumer price index rose 6.0% y-o-y (source: Australian Bureau of Statistics). The Reserve Bank of Australia held steady its interest rate at 4.1% in July 2023, in the light of economic uncertainties. It expects that further tightening of monetary policy may be required to ensure inflation returns to target within a reasonable timeframe.

MQX4, a S$161.0 million suburban office in Sydney, is expected to complete in 2H 2023, expanding CLAR's footprint within the Macquarie Park innovation district. With this inclusion, the total value of properties in Australia is expected to grow to S$2.5 billion.

United Kingdom (UK)/Europe

UK's GDP grew by 0.1% q-o-q in 1Q 2023, following the 0.1% growth in the previous quarter. The IMF projects UK's economy to grow by a modest 0.4% in 2023.

UK's Consumer Price Index (including owner-occupiers' housing costs) rose 7.3% in the 12 months to June 2023 (source: Office for National Statistics).

In June 2023, the Bank of England's Monetary Policy Committee (MPC) increased the Bank Rate by 0.5 percentage points to 5.0%. The MPC expects further tightening of monetary policy if there is evidence of persistent inflationary pressures.

The progressive firming of core inflation in the economies of Western Europe continues to be a key risk, with more forceful monetary tightening by EU monetary authorities. Downside risks to the economic outlook remain elevated including geopolitical tensions and uncertainties arising from the ongoing Russia-Ukraine war. The European Commission projects EU GDP growth to be 1.0% in 2023.

In UK/Europe, CLAR's assets under management amounted to S$1.5 billion as of 30 June 2023. The portfolio, comprising logistics properties and data centres, has a long WALE period of 6.1 years and is expected to benefit from the strong adoption of e-commerce and digitalisation of activities.

Conclusion

Inflation, high interest rates, and global economic uncertainties continue to pose challenges that may have an impact on tenants' businesses as well as CLAR's operating costs. The Manager is committed to proactively manage these challenges in a prudent manner and is also well-positioned to leverage CLAR's healthy balance sheet to capture any growth opportunities that may arise, to deliver long-term sustainable returns to Unitholders.

About CapitaLand Ascendas REIT (www.capitaland-ascendasreit.com)

CapitaLand Ascendas REIT (CLAR), formerly known as Ascendas Real Estate Investment Trust (Ascendas Reit), is Singapore's first and largest listed business space and industrial real estate investment trust. It was listed on the Singapore Exchange Securities Trading Limited (SGX-ST) in November 2002.

CLAR has since grown to be a global REIT anchored in Singapore, with a strong focus on tech and logistics properties in developed markets. As at 30 June 2023, its investment properties under management stood at S$17.0 billion. It owns a total of 230 properties across three segments, namely Business Space and Life Sciences; Logistics; and Industrial and Data Centres. These properties are in the developed markets of Singapore, the United States, Australia, and the United Kingdom/Europe.

These properties house a tenant base of more than 1,750 international and local companies from a wide range of industries and activities, including data centres, information technology, engineering, logistics & supply chain management, biomedical sciences, financial services (backroom office support), electronics, government and other manufacturing and services industries. Major tenants include Singtel, SEA Group, DSO National Laboratories, Stripe, DBS, Seagate, Citibank, Pinterest, Equinix, and J.P. Morgan.

CLAR is listed in several indices. These include the FTSE Straits Times Index, the Morgan Stanley Capital International, Inc (MSCI) Index, the European Public Real Estate Association/National Association of Real Estate Investment Trusts (EPRA/NAREIT) Global Real Estate Index and Global Property Research (GPR) Asia 250. CLAR has an issuer rating of 'A3' by Moody's Investors Service.

CLAR is managed by CapitaLand Ascendas REIT Management Limited, formerly known as Ascendas Funds Management (S) Limited, a wholly owned subsidiary of CapitaLand Investment Limited, a leading global real estate investment manager with a strong Asia foothold.

About CapitaLand Investment Limited (www.capitalandinvest.com)

Headquartered and listed in Singapore, CapitaLand Investment Limited (CLI) is a leading global real estate investment manager (REIM) with a strong Asia foothold. As at 31 March 2023, CLI had about S$133 billion of real estate assets under management, and S$89 billion of real estate funds under management (FUM) held via six listed real estate investment trusts and business trusts, and more than 30 private vehicles across Asia-Pacific, Europe, and USA. Its diversified real estate asset classes cover retail, office, lodging, business parks, industrial, logistics and data centres.

CLI aims to scale its FUM and fee-related earnings through fund management, lodging management and its full stack of operating capabilities, and maintain effective capital management. As the investment management arm of CapitaLand Group, CLI has access to the development capabilities of and pipeline investment opportunities from CapitaLand's development arm.

As a responsible company, CLI places sustainability at the core of what it does and has committed to achieve net zero emissions by 2050. CLI contributes to the environmental and social well-being of the communities where it operates, as it delivers long-term economic value to its stakeholders.

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