NEWS RELEASE **For immediate release**

CapitaLand Ascendas REIT delivers DPU of 15.160 Singapore cents for FY2023

1. *FY2023 net property income grew 5.6% year-on-year to S$1,023.2 million. This was underpinned by contributions from acquisitions completed during FY2023 and FY2022, as well as the portfolio's robust operational performance. We achieved high portfolio occupancy of 94.2% and positive average rental reversion of 13.4% for leases that were renewed in FY2023.*

2. *Despite higher interest rates globally, our healthy leverage of 37.9% and a high proportion of fixed rate debt at 79.1% moderated interest expenses.*

3. *Same-store portfolio valuation was S$16.0 billion as of 31 December 2023 compared to S$16.3 billion as of 31 December 2022.*

Summary of CapitaLand Ascendas REIT Group Results

	FY2023	FY2022	Variance	2H 2023	2H 2022	Variance
Gross revenue (S$ million)	1,479.8	1,352.7	9.4%	761.7	686.1	11.0%
Net property income (S$ million)	1,023.2	968.8	5.6%	514.3	491.8	4.6%
Total amount available for distribution (S$ million)	654.4	663.9	(1.4%)	326.9	333.2	(1.9%)
DPU (cents)	15.160 (1)	15.798 (2)	(4.0%)	7.441 (3)	7.925 (4)	(6.1%)
Applicable no. of units (million)	4,317 (5)	4,202 (6)	2.7%	4,393 (5)	4,204 (6)	4.5%
No. of properties (as at end of period)	232 (7)	228	-	232 (7)	228	-

Notes:

(1) Included taxable, tax exempt and capital distributions of 11.714, 0.935 and 2.511 cents, respectively.
(2) Included taxable, tax exempt and capital distributions of 11.507, 1.681 and 2.610 cents, respectively.
(3) Included taxable, tax exempt and capital distributions of 5.844, 0.364 and 1.233 cents, respectively.
(4) Included taxable, tax exempt and capital distributions of 5.735, 1.309 and 0.881 cents, respectively.
(5) 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 during FY2023.
(6) Arising from the issuance of new Units for the payment of 20% of the base management fee during FY2022.
(7) As of 31 December 2023, CapitaLand Ascendas REIT had 97 properties in Singapore (including 27 IBP and 5 Toh Guan Road East), 37 properties in Australia (including 77 Logistics Place, 62 Sandstone Place and 92 Sandstone Place), 48 properties in the US, and 50 properties in the UK/Europe.

Singapore, 1 February 2024 – 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 FY2023 rose by 9.4% year-on-year (y-o-y) to S$1,479.8 million. The increase was driven by acquisitions completed in FY2023 and full-year contribution from properties acquired in FY2022, as well as higher occupancy and positive rental reversions achieved for the Singapore portfolio.

Net property income (NPI) rose by 5.6% y-o-y to S$1,023.2 million despite higher utility expenses and higher property taxes related to the Singapore portfolio. The total amount available for distribution declined by 1.4% y-o-y to S$654.4 million mainly due to higher interest expenses as a result of the high interest rate environment. Distribution Per Unit (DPU) declined by 4.0% to 15.160 Singapore cents on account of the lower distribution and the enlarged unit base.

On CLAR's FY2023 performance, Mr William Tay, Chief Executive Officer and Executive Director of the Manager, said: "In FY2023, CLAR's net property income exceeded S$1 billion for the first time since our IPO in 2002. We managed to achieve this despite the difficult and uncertain economic environment. We will build on our strong fundamentals and continue to maintain and improve CLAR's portfolio."

Value-adding Initiatives

CLAR completed three acquisitions in Singapore (622 Toa Payoh Lorong 1, 1 Buroh Lane and The Shugart) and one in the UK (The Chess Building) during FY2023 for an aggregate purchase consideration of S$724.3 million. A development in Australia (MQX4) was also completed during the year for S$161.0 million. These high-quality business space, industrial, logistics and data centre properties will contribute to CLAR's portfolio diversification and income stream resilience.

The Manager also continued to optimise returns from its existing portfolio by repositioning and upgrading properties through redevelopments and asset enhancement initiatives (AEIs). In FY2023, an AEI at the Alpha in Singapore and a convert-to-suit initiative for 6055 Lusk Boulevard in the US were completed for S$71.9 million. There are a total of five ongoing redevelopment and AEI projects worth S$551.0 million, scheduled for completion between 3Q 2024 and 1Q 2026.

In line with the Manager's proactive asset management strategy to improve the quality of CLAR's portfolio, KA Place, a high-specification industrial building in Singapore, was divested for S$35.4 million, representing a 55% premium to its market valuation.

A Diversified and Resilient Portfolio

As of 31 December 2023, CLAR's S$16.9 billion portfolio had a customer base of approximately 1,790 tenants.

The portfolio is geographically diversified across the developed markets of Singapore (64%), Australia (14%), the US (12%) and the UK/Europe (10%). CLAR's portfolio of 227 investment properties[1] span across three key segments: Business Space and Life Sciences (46%), Industrial and Data Centres (29%) and Logistics (25%).

As of 31 December 2023, the occupancy rate for the portfolio remained at a high 94.2%.

The occupancy rate for the Singapore portfolio remained healthy at 92.7% as of 31 December 2023 (30 September 2023: 92.7%).

The occupancy rate of the US portfolio declined to 90.4% as of 31 December 2023 (30 September 2023: 92.1%) largely due to lower occupancy rates in Portland.

The portfolio occupancy in Australia was stable at 98.7% as of 31 December 2023 (30 September 2023: 99.0%).

The UK/Europe portfolio maintained a high occupancy rate of 99.3% as of 31 December 2023, unchanged from the previous quarter.

A positive average rental reversion[2] of 13.4% was achieved for leases that were renewed in multi-tenant buildings during FY2023. Average rental reversions of +13.8%, +10.7%, +19.4% and +1.6% were achieved in Singapore, the US, Australia and the UK/Europe, respectively. The average rental reversion for leases signed in 4Q 2023 was +15.2%.

The Logistics & Supply Chain Management, Engineering, as well as Biomedical & Agri/Aquaculture sectors were the largest sources of new demand by gross rental income in FY2023.

The portfolio's weighted average lease expiry (WALE) period stood at 3.9 years. About 14.6% of CLAR's gross rental income will be due for renewal in FY2024.

Stable Portfolio Valuation

As of 31 December 2023, CLAR owned 227 investment properties[1] worth S$16.9 billion, an increase of 3.0% y-o-y mainly due to new acquisitions and the completion of a development during FY2023. The increase was partially offset by fair value loss largely arising from business space properties in the US and Australia. The portfolio comprised S$10.8 billion (64%) of properties in Singapore, S$2.3 billion (14%) in Australia, S$2.1 billion (12%) in the US and S$1.7 billion (10%) in the UK/Europe.

Same-store portfolio valuation was S$16.0 billion as of 31 December 2023 as compared to S$16.3 billion as of 31 December 2022. The 1.8% y-o-y decline was mainly due to valuation declines of S$465.9 million for the US (-18.5%) and S$101.9 million for Australia (-4.5%). However, the decrease was partially offset by valuation increases of S$239.1 million for Singapore (+2.4%) and S$40.8 million for the UK/Europe (+2.7%).

[1] Excluding two properties in Singapore which are under redevelopment and three properties in Australia which are held for sale.

[2] 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.

By segment, the decline in the same-store portfolio valuation was mainly due to a valuation decline of S$515.1 million for Business Space and Life Sciences (-6.5%). This was partially offset by valuation increases of S$135.1 million for Industrial and Data Centres (+3.1%) and S$92.1 million for Logistics (+2.3%). Although the valuations for business space properties in the US and Australia declined, these properties only accounted for about 13.2% of the total asset value of S$16.0 billion.

The adjusted net asset value per unit declined 5.2% y-o-y to S$2.19 as of 31 December 2023 mainly due to devaluation of the portfolio.

Proactive Capital Management

As of 31 December 2023, the aggregate leverage remained at a healthy 37.9% (31 December 2022: 36.3%). Together with a high proportion of fixed rate debt of 79% and a well-spread debt maturity profile, the increase in interest expenses was moderated despite higher interest rates globally.

Our strong balance sheet provides buffer against uncertainties, ensuring resilience of financial ratios and compliance with bank covenants.

CLAR maintained a high level of natural hedge of approximately 81% for its overseas investments, which accounted for about 36% of total investment properties valued at S$16.9 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. Green certifications were obtained for another seven properties in FY2023, bringing the percentage of green certified properties by gross floor area to 46% of its portfolio as of 31 December 2023.

An additional five properties in Singapore were fitted with solar panels, bringing the total to 22 properties. CLAR has one of the largest combined rooftop solar installations in Singapore amongst S-REITs.

CLAR also has the highest number of public electric vehicle (EV) charging points in Singapore (96 EV points) among industrial S-REITs, after adding 20 EV charging points during the year.

In the 2023 Global Real Estate Sustainability Benchmark (GRESB) Real Estate Assessment, CLAR achieved a four-star rating and an improved score of 83 (2022: 74). It has also maintained a GRESB Public Disclosure Level of 'A' for the fourth consecutive year.

CLAR will continue to explore and implement initiatives that promote sustainability such as pursuing green building certifications, adopting green leases, deploying and/or utilising renewable energy and other technological solutions, where feasible to do so.

Outlook

According to the International Monetary Fund (IMF), global growth is estimated to slow from 3.5% in 2022 to 3.1% in 2023 and remain at 3.1% in 2024, well below the historical 10-year average of 3.8% (source: IMF January 2024 report). The outlook is weighed down by elevated central bank policy rates to fight inflation, a withdrawal of fiscal support amid high debt weighing on economic activity and low underlying productivity growth even as inflation is falling faster than expected in most regions.

Singapore

Based on advance estimates by the Ministry of Trade and Industry (MTI), the Singapore economy expanded 2.8% y-o-y in 4Q 2023, faster than the 1.0% growth in 3Q 2023. For the whole of 2023, the economy grew by 1.2%, moderating from the 3.6% growth in 2022. In November 2023, the MTI maintained its forecast for the Singapore economy to grow between 1.0% to 3.0% in 2024, with growth expected to improve gradually in 2H 2024 although uncertainty over the strength of global external demand remains.

Singapore's core inflation rate (excluding accommodation and private transport) for December 2023 rose slightly to 3.3% y-o-y from 3.2% in November 2023, driven by higher inflation for services. The Monetary Authority of Singapore continued to maintain its monetary policy since its last tightening in October 2022 to dampen imported inflation and curb domestic cost pressures for medium-term price stability.

CLAR's portfolio in Singapore was valued at S$10.8 billion as of 31 December 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.

The Manager will continue to identify opportunities to optimise returns and improve the quality of the existing portfolio through repositioning, upgrading property specifications or meeting green rating requirements as part of CLAR's asset rejuvenation plan.

United States of America (US)

In 4Q 2023, the US economy grew at an estimated annualised rate of 3.3% on higher consumer spending, exports, government spending and investments, compared with 4.9% in 3Q 2023 (source: US Bureau of Economic Analysis). For 2023, the economy grew by 2.5%, higher than the 2.1% growth in 2022.

In January 2024, the US Federal Reserve continued its pause on rate hikes with interest rates maintained at the target range of 5.25% to 5.5% since July 2023. While inflation has eased over 2023, it remains elevated, and the US Federal Reserve is prepared to adjust its monetary policy stance should risks emerge that could impede its commitment to returning inflation to the 2% objective.

The US portfolio, comprising Business Space and Life Sciences, and Logistics properties, was valued at S$2.1 billion as of 31 December 2023. Anchored by a long WALE of 4.4 years, the portfolio is expected to generate stable returns.

<u>Australia</u>
In 3Q 2023, the Australian economy grew by 0.2% quarter-on-quarter (q-o-q). While this was the eighth consecutive rise in quarterly GDP, growth has slowed over 2023 (source: Australian Bureau of Statistics). The IMF forecasts a GDP growth of 1.8% in 2023 for Australia.

In 3Q 2023, Australia's All groups consumer price index rose 5.4% y-o-y (source: Australian Bureau of Statistics). In December 2023, the Reserve Bank of Australia held steady its interest rate at 4.35%, in view of moderating goods inflation and expectations of limited wage growth. The bank had raised interest rates by 25 basis points in November 2023 to ensure that inflation returns to target within a reasonable timeframe.

The Australia portfolio, comprising Business Space and Logistics properties, was valued at S$2.3 billion as of 31 December 2023. Logistics properties account for approximately 70% of the portfolio value and logistics leases account for 93.8% of leases expiring in FY2024. The low vacancy rate for industrial and logistics properties across Australia[3] is expected to support positive rental reversions.

<u>United Kingdom (UK)/Europe</u>
The UK's GDP was estimated to have contracted by 0.1% q-o-q in 3Q 2023, following a previous quarter of no growth, due to a fall in the services sector which offset increases in the construction and production sectors. According to the IMF, the UK economy is projected to grow by a modest 0.5% in 2023.

The UK's Consumer Price Index (including owner-occupiers' housing costs) rose by 4.2% in the 12 months to December 2023, the same rate as in November (source: Office for National Statistics).

In December 2023, the Bank of England's Monetary Policy Committee (MPC) kept the Bank Rate unchanged at 5.25% as inflation had fallen broadly in line with expectations. The MPC expects its restrictive monetary policy to remain for an extended period and further tightening would be required if there was evidence of more persistent inflationary pressures.

For the first three quarters of 2023, Western Europe's economy has been impacted by high inflation, weak external demand and tight monetary policies (Source: European Commission). In November 2023, the European Commission projected EU GDP growth to be 0.6% in 2023, a downward revision of 0.2 percentage points from its September 2023 forecast.

With the completion of the acquisition of The Chess Building in Watford in the UK, CLAR's assets under management in UK/Europe amounted to S$1.7 billion as of 31 December 2023.

[3] CBRE Industrial & Logistics Australia Figures 4Q23

The UK/Europe portfolio, comprising Logistics and Data Centre properties, has a long WALE period of 5.7 years and is expected to benefit from the strong adoption of e-commerce and digitalisation, and generate stable returns.

Conclusion

The uncertain outlook for inflation, geopolitical tensions and risk of faltering growth in China will continue to pose challenges to tenants' businesses and CLAR's operating costs.

The Manager will remain nimble and proactively reshape CLAR's financial and portfolio management in response to changing market and tenant requirements. We will build on CLAR's strengths for an even stronger future and continue creating value for Unitholders.

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

CapitaLand Ascendas REIT (CLAR) 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 31 December 2023, its investment properties under management stood at S$16.9 billion. It owns a total of 232 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 approximately 1,790 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, DSO National Laboratories, SEA Group, Stripe, Entserve UK, DBS, Seagate, Citibank, Pinterest, and Equinix.

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, 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 30 September 2023, CLI had about S$133 billion of real estate assets under management, and S$90 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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