NEWS RELEASE **For immediate release**

CapitaLand Ascendas REIT's Total Amount Available for Distribution for FY2022 grew 5.4% y-o-y to S$663.9 million

1. FY2022 Distribution per Unit (DPU) rose by 3.5% y-o-y to 15.798 cents. The increase in DPU was underpinned by robust operational performance, with portfolio occupancy reaching a 10-year high of 94.6%, positive average rent reversion of 8.0% achieved for leases that were renewed during FY2022 and contributions from acquisitions and developments completed during FY2021 and FY2022.

2. A healthy leverage of 36.3% and a high proportion of fixed rate debt of 79% enabled us to moderate our interest expense despite the rise in global interest rates.

3. There was no significant change in the valuation of our property portfolio. Same-store portfolio valuation was stable at S$16.1 billion.

Summary of CapitaLand Ascendas REIT Group Results

	FY2022	FY2021	Variance	2H 2022	2H 2021	Variance
Gross revenue (S$ million)	1,352.7	1,226.5	10.3%	686.1	640.5	7.1%
Net property income (S$ million)	968.8	920.8	5.2%	491.8	475.2	3.5%
Total amount available for distribution (S$ million)	663.9	630.0	5.4%	333.2	319.0	4.5%
DPU (cents)	15.798 (1)	15.258 (2)	3.5%	7.925 (3)	7.598 (4)	4.3%
Applicable no. of units (million)	4,202 (5)	4,129	1.8%	4,204 (5)	4,198	0.1%
No. of properties (as at end of period)	228 (6)	220	-	228 (6)	220	-

Notes:
(1) Included taxable, tax exempt and capital distributions of 11.507, 1.681 and 2.610 cents, respectively.
(2) Included taxable, tax exempt and capital distributions of 11.028, 0.233 and 3.997 cents, respectively. For information only, DPU before performance fee is 15.438 cents.
(3) Included taxable, tax exempt and capital distributions of 5.735, 1.309 and 0.881 cents, respectively.
(4) Included taxable, tax exempt and capital distributions of 5.499, 0.188 and 1.911 cents, respectively. For information only, DPU before performance fee is 7.778 cents.
(5) Arising from the issuance of new Units for the payment of 20% of the base management fee during FY2022.
(6) As of 31 December 2022, CapitaLand Ascendas REIT had 95 properties in Singapore (including iQuest@IBP), 48 properties in the US, 36 properties in Australia, and 49 properties in the UK/Europe.

2 February 2023, Singapore – 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 FY2022 rose by 10.3% y-o-y to S$1.35 billion. The increase was mainly attributed to contributions from a built-to-suit development in Singapore, as well as newly acquired properties in Singapore, the UK/Europe, the US, and Australia during FY2021 and FY2022.

Net property income (NPI) rose by 5.2% y-o-y to S$968.8 million despite cost pressures. The total amount available for distribution rose 5.4% y-o-y to S$663.9 million. DPU rose 3.5% to 15.798 Singapore cents for FY2022 due to the increase in NPI and the absence of the Manager's performance fee, which was partially offset by an increase in borrowing costs.

On CLAR's FY2022 performance, Mr William Tay, Chief Executive Officer and Executive Director of the Manager, said: "We achieved strong results across all our asset classes despite the uncertain macroeconomic conditions. Our portfolio occupancy hit a 10-year high of 94.6% and we achieved high rental reversion of 8% for leases renewed in FY2022. Together with our proactive and disciplined approach to capital management, DPU rose by 3.5% to 15.798 cents in FY2022.

Moving forward, we will continue to leverage on our strong financial position, operational capabilities, and diversified portfolio to safeguard and expand our business, while adopting a cautious approach amidst the ongoing uncertainties in the global economy and the interest rate environment."

Value-adding Investments

CLAR completed S$223.4 million of acquisitions in 2022. The funds were deployed into the robust logistics sector in the US and Australia. In Australia, two newly developed logistics properties, 500 Green Road (S$69.1 million) located in Brisbane, and 7 Kiora Crescent (S$21.1 million) located in Sydney, were acquired in February 2022. In the US, seven last-mile logistics properties located in Chicago were acquired for S$133.2 million in June 2022.

In addition, the Manager continued to undertake redevelopment and asset enhancement initiatives (AEIs) to reposition and upgrade its properties to enhance returns from its existing portfolio.

The redevelopment of UBIX, a premium industrial property in Singapore, was completed in January 2022. Costing S$38.2 million, the new five-storey property features enlarged floor plates of up to 4,300 square metres, ceiling heights of up to seven metres and a full glass façade, enabling us to secure a higher base rent when compared to the original two light industrial properties prior to redevelopment.

During 2022, AEIs were also undertaken at Changi Logistics Centre and 17 Changi Business Park Central, both in Singapore, for a total of S$16.3 million.

There are five on-going development and AEI projects worth S$617.4 million which are expected to complete between 2Q 2023 and 2Q 2025.

Post FY2022, two acquisitions with an aggregate purchase consideration of S$296.7 million were completed in Singapore: a high-tech industrial property at 622 Toa Payoh Lorong 1 (S$104.8 million) and a cold storage facility at 1 Buroh Lane (S$191.9 million).

A Diversified and Resilient Portfolio

As of 31 December 2022, CLAR's S$16.4 billion portfolio had a customer base of more than 1,720 tenants. The portfolio is diversified geographically across the developed markets of Singapore (62%), the US (15%), Australia (14%), and the UK/Europe (9%). Our 227 investment properties span across three key segments: Business Space and Life Sciences (48%), Logistics (25%), and Industrial and Data Centres (27%).

Overall, the portfolio occupancy rate recorded a 10-year high of 94.6% (30 September 2022: 94.5%) driven by improvements in Singapore and Australia.

The occupancy rate of the Singapore portfolio rose to 92.1% as of 31 December 2022 from 91.8% a quarter ago. This was mainly attributed to new leases executed at its logistics and industrial properties.

In the US, occupancy rate of the portfolio remained healthy at 94.0% as of 31 December 2022 (30 September 2022: 94.8%) although lower occupancies were recorded at its business space properties in Portland and Raleigh.

The portfolio in Australia recorded an improved occupancy of 99.4% as of 31 December 2022 (30 September 2022: 99.1%) largely due to positive leasing momentum of the business space properties in Sydney.

The occupancy rate of the UK/Europe portfolio remained unchanged at 99.4% as of 31 December 2022 compared to a quarter ago.

A positive average rental reversion[1] of 8.0% was achieved for leases that were renewed in multi-tenant buildings during 2022. Average rental reversions of +7.0%, +29.2%, +14.2%, and +11.7% were achieved in Singapore, the US, Australia, and the UK/Europe respectively. The average rental reversion for leases signed in 4Q FY2022 was +8.0%.

The Logistics & Supply Chain Management, Information Technology & Data Centres, Engineering and Biomedical & Agri/Aquaculture sectors were the largest sources of new demand by gross rental income in FY2022.

The portfolio's weighted average lease expiry (WALE) period stood at 3.8 years and about 21.0% of CLAR's gross rental income will be due for renewal in FY2023.

Stable Valuation

As of 31 December 2022, CLAR owned 227 investment properties worth S$16.4 billion. This comprised S$10.1 billion (61.5%) of properties in Singapore, S$2.5 billion (15.3%) in the US, S$2.3 billion (14.2%) in Australia and S$1.5 billion (9.0%) in the UK/Europe.

On a same-store basis, there was no significant change in the valuation of our portfolio. The same-store valuation[2] was stable at S$16.1 billion as of 31 December 2022, underpinned by a resilient and diversified portfolio. In local currency terms, higher valuations were achieved for our portfolio in Singapore, Australia, and the US. Although the valuations for data centres in the UK/Europe declined, these data centres only accounted for about 4.4% of the total asset value of S$16.4 billion.

[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.

[2] Same-store valuation comprises 217 properties, excluding newly acquired/completed properties and properties under redevelopment during FY2022.

Proactive Capital Management

As of 31 December 2022, the aggregate leverage remained healthy at 36.3% (31 December 2021: 35.9%). With a high proportion of about 79% of borrowings on fixed rate, CLAR's weighted average all-in cost of borrowing increased to 2.5% in FY2022 from 2.2% in FY2021 despite a sharper increase in interest rates globally.

During the year, we proactively termed out about S$1.3 billion in debt with fresh tenors ranging from five to 10 years. The weighted average tenor of debt outstanding increased to 3.7 years (FY2021: 3.5 years) and the debt maturity profile remained well-spread out with less than 20% of debt due for renewal in any one year to minimise refinancing risks.

A high level of natural hedge of about 74% was maintained for the overseas investments to minimise the effects 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.

Sustainability Efforts

CLAR is committed to improving the environmental sustainability of its portfolio. As of 31 December 2022, 76% of its managed properties by gross floor area were green certified.

During the year, an additional 10 properties in Singapore were fitted with solar panels, in line with our aim to reduce carbon footprint. CLAR's combined rooftop solar installations at its 17 properties is estimated to generate over 18 GWh of renewable energy annually and will help to avoid over 7,466 tonnes of carbon emissions. This is equivalent to the carbon emissions from the electricity consumption of about 4,059 households annually[3].

In 2022, CLAR completed its maiden participation in the GRESB Real Estate Assessment and achieved a 3-star rating. For GRESB Public Disclosure, CLAR has achieved an "A" Rating for three consecutive years.

[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.

Outlook

Rising interest rates and inflation have caused recession concerns to dominate global markets. These have been exacerbated by the ongoing Russian-Ukraine war.

According to the International Monetary Fund (IMF), global growth is projected to slow from 3.4% in 2022 to 2.9% in 2023, and then rise to 3.1% in 2024 (source: IMF January 2023 report).

<u>Singapore</u>

Based on advance estimates, the Singapore economy expanded by 2.2% y-o-y in 4Q 2022, moderating from the 4.2% growth in 3Q 2022. For the whole of 2022, the economy grew by 3.8%, down from the 7.6% growth in 2021. The Ministry of Trade and Industry (MTI) expects the Singapore economy to grow by 0.5% to 2.5% in 2023 given the likelihood of continuing uncertainties and downside risks in the global economy.

Singapore's core inflation rate (excluding accommodation and private transport) was unchanged from the previous month at 5.1% y-o-y in December 2022 due to smaller price increases for retail & other goods and electricity & gas. In October 2022, the Monetary Authority of Singapore (MAS) tightened its monetary policy for the fifth time since October 2021 to dampen inflation in the near term.

CLAR's multi-asset portfolio in Singapore, valued at S$10.1 billion, serves a wide range of customers from industries such as technology, biomedical sciences, manufacturing, and logistics across their entire chain of operations.

As part of CLAR's asset rejuvenation plan, several asset enhancement initiatives and redevelopment projects are ongoing to upgrade property specifications, unlock value through repositioning or meet green rating requirements.

<u>United States of America (US)</u>

In 4Q 2022, the US economy was estimated to grow by an annualised rate of 2.9%, compared with 3.2% in 3Q 2022 (source: US Bureau of Economic Analysis). For 2022, the economy grew by 2.1%, down from the 5.9% growth in 2021. IMF estimated the GDP growth for the US to be 1.0% y-o-y for 2023.

In February 2023, the US Federal Reserve raised interest rates by another 25 basis points to a target range of 4.5% to 4.75%, the highest level in 15 years. The US Federal Reserve also anticipated that ongoing increases in the target range would be appropriate in order to attain a stance of monetary policy that is sufficiently restrictive to return inflation to its 2% objective over time.

With the acquisition of seven logistics properties in Chicago in June 2022, the US portfolio, comprising business spaces and logistics properties, was valued at S$2.5 billion as of 31 December 2022. Underpinned by a long WALE period of 4.6 years, the portfolio is expected to generate stable returns.

<u>Australia</u>

In 3Q 2022, the Australian economy grew 0.6% quarter-on-quarter (q-o-q). It reflected sustained economic growth largely driven by the strength in household spending since the contraction in the quarter ended September 2021 because of the COVID outbreak (source: Australian Bureau of Statistics). The IMF projected the Australian economy to achieve a GDP growth of 3.8% in 2022.

In 4Q 2022, Australia's All groups consumer price index rose 7.8% y-o-y (source: Australian Bureau of Statistics). The Reserve Bank of Australia raised its interest rate by 25 basis points to 3.1% in December 2022 and expects to implement further rate increases as it views inflation to be too high.

The two newly completed logistics properties, 7 Kiora Crescent in Sydney and 500 Green Road in Brisbane, are 100% occupied and contributed positively to the rental income of the Australian portfolio in 2022. MQX4, CLAR's new suburban office in Sydney, is expected to complete in 2Q 2023, which will expand its footprint within the Macquarie Park innovation district. The total value of properties in Australia is expected to grow to S$2.5 billion after the inclusion of MQX4.

<u>United Kingdom (UK) / Europe</u>

UK's GDP contracted by 0.3% q-o-q in 3Q 2022, with falls in the production and construction sectors. IMF projected UK's economy to expand by 3.6% in 2022.

UK's Consumer Price Index (including owner occupiers' housing costs) rose 9.2% in the 12 months to December 2022 (source: Office for National Statistics).

In December 2022, the Bank of England's Monetary Policy Committee (MPC) increased the Bank Rate by 0.5% points to 3.5%. The MPC expected the UK economy to be in recession for a prolonged period and CPI inflation was expected to remain very high in the near term.

The economies in Western Europe have been affected by the ongoing Russia-Ukraine war, with global demand weakening and sharp rises in inflation from energy, food, and commodities. The European Commission projected its GDP growth expectations for the European Union to be 3.3% in 2022.

In UK/Europe, CLAR's assets under management amounted to S$1.5 billion as of 31 December 2022. The portfolio comprising logistics properties and data centres has a long WALE period of 5.9 years and is expected to benefit from the strong adoption of e-commerce and digitalisation of activities.

Conclusion

We continue to face challenges from rising interest rates, inflation, and global economic uncertainties. These ongoing issues may have some impact on tenants' businesses as well as on CLAR's operating costs. The Manager will proactively manage these challenges in a prudent manner and is well-positioned to leverage on CLAR's strong financial position to take advantage of any growth opportunities should they arise to deliver sustainable returns to Unitholders.

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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 31 December 2022, its investment properties under management stood at S$16.4 billion. It owns a total of 227 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 1,720 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, DBS, Citibank, Pinterest, Equinix, J.P. Morgan and Carefusion.

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 30 September 2022, CLI had about S$130 billion of real estate assets under management, and about S$86 billion of real estate funds under management (FUM) held via six listed real estate investment trusts and business trusts, and about 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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