



**NEWS RELEASE**

**For immediate release**

**CapitaLand Ascendas REIT delivers DPU of  
7.524 Singapore cents for 1H 2024**

1. *1H 2024 net property income grew 3.9% year-on-year to S\$528.4 million, underpinned by contributions from acquisitions and newly completed properties in FY2023.*
2. *Stable portfolio occupancy of 93.1% and high positive average rental reversion of 13.4% for leases renewed in 1H 2024.*
3. *Healthy aggregate leverage of 37.8% and stable cost of debt of 3.7% for 1H 2024.*

**Summary of CapitaLand Ascendas REIT Group Results**

	<b>1H 2024</b>	<b>1H 2023</b>	<b>Variance</b>
<b>Gross revenue (S\$ million)</b>	770.1	718.1	7.2%
<b>Net property income (S\$ million)</b>	528.4	508.8	3.9%
<b>Total amount available for distribution (S\$ million)</b>	330.8	327.5	1.0%
<b>DPU (cents)</b>	7.524 <sup>(1)</sup>	7.719 <sup>(2)</sup>	(2.5%)
<b>Applicable no. of units (million)</b>	4,397 <sup>(3)</sup>	4,242	3.7%
<b>No. of properties (as at end of period)</b>	229 <sup>(4)</sup>	230	-

Notes:

- (1) Included taxable, tax exempt and capital distributions of 6.062, 0.669 and 0.793 cents, respectively.
- (2) 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.
- (3) Arising from the issuance of new Units for the payment of 20% of the base management fee for the period from 1 December 2023 to 31 May 2024.
- (4) As of 30 June 2024, CapitaLand Ascendas REIT had 97 properties in Singapore (including 27 IBP and 5 Toh Guan Road East), 34 properties in Australia, 48 properties in the US, and 50 properties in the UK/Europe (including Welwyn Garden City).

**Singapore, 30 July 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 the period from 1 January 2024 to 30 June 2024 (1H 2024) rose by 7.2% year-on-year (y-o-y) to S\$770.1 million. The better performance was driven by acquisitions and newly completed properties in FY2023. The increase in revenue was partially offset by higher property operating expenses as a result of an enlarged portfolio. Consequently, net property income (NPI) rose by 3.9% y-o-y to S\$528.4 million.

Finance costs<sup>1</sup> increased 16.3% y-o-y to S\$123.3 million mainly due to higher interest expenses in an elevated interest rate environment as well as higher borrowings. Nonetheless, the total amount available for distribution increased by 1.0% y-o-y to S\$330.8 million. Distribution Per Unit (DPU) declined by 2.5% to 7.524 Singapore cents on account of an enlarged unit base.

On CLAR's 1H 2024 performance, Mr William Tay, Chief Executive Officer and Executive Director of the Manager, said: "Our well-diversified portfolio and diverse tenant mix continues to deliver a solid financial and operational performance in 1H 2024. Despite the high interest rate environment, distributable income for 1H 2024 rose 1.0% year-on-year to S\$330.8 million. This growth is attributable to the higher revenue and net property income, as well as a stable cost of debt."

### **Value-adding Initiatives**

The Manager commenced two new asset enhancement initiatives (AEIs) in Singapore with a total investment of S\$24.2 million.

The S\$22.7 million AEI at Aperia, a high-specifications industrial development with complementary retail space located at Kallang Avenue, will upgrade the drop-off point and entrances to enhance tenants' and visitors' arrival experience. Improvements will also be made to the retail mall layout and tenant mix to increase footfall. The AEI is expected to complete in 4Q 2025.

The S\$1.5 million refurbishment at ONE@Changi City, a business space property located in Changi Business Park, will modernise the interior of the South Tower lobby to create a welcoming waiting area and collaborative discussion space for tenants and visitors. The AEI is expected to complete in 3Q 2024.

Including the two new AEIs, there are a total of six ongoing redevelopments and AEIs worth S\$572.8 million. These projects are scheduled to be completed between 3Q 2024 and 1Q 2026. The Manager will continue to identify and undertake redevelopments and AEIs to maximise returns from the existing portfolio.

Mr Tay added: "To further enhance our portfolio, we embarked on two asset enhancement initiatives at Aperia and ONE@Changi City in Singapore to optimise returns and improve the value of the properties. Besides driving organic growth, we are committed to growing our portfolio prudently through acquisitions and developments that are DPU-accretive. With our robust balance sheet and investment grade credit rating, we are in a strong position to seize growth opportunities to strengthen our portfolio."

### **A Diversified and Resilient Portfolio**

As of 30 June 2024, CLAR's S\$16.9 billion portfolio has a customer base of more than 1,780 tenants.

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<sup>1</sup> Excluding finance costs on lease liabilities.

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 226 investment properties<sup>2</sup> span across three key segments: Business Space & Life Sciences (45%), Industrial & Data Centres (28%) and Logistics (27%).

As of 30 June 2024, the occupancy rate for the portfolio remained at a healthy 93.1%.

The occupancy rate for the Singapore portfolio remained stable at 92.0% as of 30 June 2024 (31 March 2024: 92.3%).

The occupancy rate of the US portfolio decreased to 87.7% as of 30 June 2024 (31 March 2024: 89.5%) mainly due to the expiration of leases at two single-tenant properties.

The portfolio occupancy in Australia remained stable at 96.8% as of 30 June 2024 (31 March 2024: 96.6%) driven by higher occupancy rates in business space properties.

The UK/Europe portfolio maintained a high occupancy rate of 99.3% as of 30 June 2024 (31 March 2024: 99.3%<sup>3</sup>).

A positive average rental reversion<sup>4</sup> of 11.7% was achieved for leases that were renewed in multi-tenant buildings in 2Q 2024. Both Singapore and the US recorded average rental reversions of +11.9%, while Australia and the UK/Europe registered average rental reversions of +7.7% and +10.1% respectively. The average rental reversion for leases signed in 1H 2024 was +13.4%. The average rental reversion for FY 2024 is expected to be in the positive high-single digit range.

The largest sources of new demand by gross rental income in 1H 2024 were the Engineering, IT & Data Centres, Government & International Organisations / Non-governmental Organisations / Non-profit Organisations sectors.

The weighted average lease expiry (WALE) period of the portfolio stands at 3.8 years. Less than 7% of CLAR's gross rental income is due for renewal for the remainder of 2024.

### **Proactive Capital Management**

In 1H 2024, CLAR obtained a S\$300 million 7-year green loan and issued a S\$300 million 10-year green bond to refinance existing borrowings. With these new facilities, CLAR's total green financing has increased to approximately S\$2.7 billion or about 39% of its total borrowings<sup>5</sup>.

As of 30 June 2024, the weighted average term of debt has lengthened to 3.7 years (31 March 2024: 3.4 years; 31 December 2023: 3.4 years) following the recent refinancing activities.

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<sup>2</sup> Excluding two properties in Singapore and one property in the UK which are under redevelopment.

<sup>3</sup> Excluding Welwyn Garden City.

<sup>4</sup> 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.

<sup>5</sup> Includes Green Perpetual Securities of S\$300 million.

CLAR's aggregate leverage remained at a healthy 37.8% (31 March 2024: 38.3%; 31 December 2023: 37.9%). Together with a high proportion of fixed rate debt at 83.0% and a well-spread debt maturity profile, CLAR's weighted average all-in cost of borrowing is stable at 3.7% (31 March 2024: 3.8%; 31 December 2023: 3.5%).

CLAR continues to enjoy the A3 credit rating by Moody's, underpinned by its robust balance sheet. This strong financial position acts as a safeguard for CLAR, ensuring the resilience of its financial ratios and compliance with bank covenants.

The Manager will maintain a proactive and disciplined approach to capital management.

### **Continued Sustainable Impact**

The Manager has set a target to source 45% of the landlord's electricity consumption for its owned and managed properties from renewable sources by 2030. In Singapore, solar panels were installed at three more properties<sup>6</sup> in 1H 2024, bringing the total number of properties with solar panels to 25. The projected total solar power generated is expected to be capable of powering more than 6,000 four-room Housing & Development Board flats in Singapore annually. In Australia, solar panels were installed at two more properties<sup>7</sup> in 1H 2024. In addition to these initiatives, CLAR prioritises the use of green energy wherever feasible on a commercial basis. Notably, all co-location data centres in the UK and Europe, including the newly-acquired The Chess Building, are 100% powered by renewable energy.

In 1H 2024, two properties in Australia obtained green certifications. MQX4, a new business space property, achieved the 6-Star Green Star Design & As-Built Rating, while 500 Green Road, a logistics property, achieved the 5-Star Green Star Design & As-Built Rating. As of 30 June 2024, 47% of CLAR's portfolio, based on gross floor area, comprises properties that are green certified.

Sustainability involves the collaborative efforts of all stakeholders, and the Manager encourages tenants to commit to green leases as well as environmentally friendly products and business practices in their operations. As of 30 June 2024, the green lease coverage by net lettable area of CLAR's portfolio has increased to 49% (31 December 2023: 45%).

CLAR will continue to explore and implement initiatives that promote sustainability, such as green building certifications, green leases, the deployment and/or utilisation of renewable energy and the embrace of other feasible technological solutions.

### **Outlook**

According to the International Monetary Fund (IMF), global growth is expected to be at 3.2% in 2024 and 3.3% in 2025, a similar pace as 2023 (source: IMF July 2024 report). The stable but slow outlook reflects resilient economic activity amidst continued restrictive monetary

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<sup>6</sup> Nucleos, 12 Woodlands Loop and Giant Hypermart.

<sup>7</sup> 52 Fox Drive and 700-718 Kororoit Creek Road.

policies to fight inflation, post-COVID withdrawal of fiscal support as well as low underlying productivity growth.

### Singapore

Based on advance estimates by the Ministry of Trade and Industry (MTI), the Singapore economy grew 2.9% y-o-y in 2Q 2024, extending the 3.0% growth in 1Q 2024. In May 2024, the MTI maintained its forecast for the Singapore economy to grow between 1.0% to 3.0% in 2024. The recovery in Singapore's manufacturing and financial sectors is expected to resume, while growth in the domestic-oriented sectors is anticipated to normalise.

Singapore's core inflation rate (excluding accommodation and private transport) eased to 2.9% y-o-y in June 2024 due to lower inflation for retail & other goods, as well as services. The Monetary Authority of Singapore has continued to maintain its monetary policy since its last tightening in October 2022 to keep a restraining effect on imported inflation and curb domestic cost pressures for medium-term price stability.

CLAR maintains a strong presence in Singapore with a portfolio value of S\$10.8 billion as of 30 June 2024, comprising Business Space & Life Sciences, Industrial & Data Centres and Logistics properties. Selective divestment opportunities will be considered to further improve the existing portfolio. The Manager is strategically focused on repositioning the portfolio to capitalise on growth sectors such as technology, life sciences and logistics. There are three ongoing redevelopments (two Business Space & Life Sciences properties and one Logistics property) worth S\$543.6 million. We will continue to seek more opportunities for redevelopments and repositioning to optimise returns and create value from the existing portfolio.

### United States of America (US)

In 2Q 2024, the US economy grew at an estimated annual rate of 2.8% on higher consumer spending, wholesale trade and retail trade, as well as non-residential fixed investment, compared to the 1.4% growth in 1Q 2024 (source: US Bureau of Economic Analysis). The IMF forecasts that the US economy will grow 2.6% in 2024, a similar level to the 2.5% growth in 2023.

In June 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 the past year with modest progress in recent months, it remains elevated. The US Federal Reserve has expressed that it is prepared to adjust its monetary policy stance should risks emerge that could impede its goal to return inflation to the 2% objective.

As of 30 June 2024, CLAR's US portfolio was valued at S\$2.1 billion, comprising Business Space & Life Sciences and Logistics properties. Despite occupancy fluctuations, the portfolio is expected to generate stable returns anchored by a long WALE period of 4.3 years and a diverse tenant base.

## Australia

In 1Q 2024, the Australian economy saw a modest growth of 0.1% quarter-on-quarter (q-o-q) due to subdued domestic demand as increased consumption expenditure was offset by a decline in total investment (source: Australian Bureau of Statistics). The IMF projects GDP growth of 1.4% in 2024 for Australia, a slower pace of growth than 2023.

In 1Q 2024, Australia's All groups CPI rose 3.6% y-o-y, marking the fifth consecutive quarter of lower annual inflation (source: Australian Bureau of Statistics). However, the Reserve Bank of Australia left its cash rate target unchanged at 4.35% in June 2024 due to ongoing uncertainties surrounding the inflation trend, domestic demand and the overall economy.

As of 30 June 2024, CLAR's Australia portfolio amounted to S\$2.3 billion, comprising Business Space and Logistics properties. The healthy occupancy rate of 95.7% for Business Space properties will contribute steadily to rental income. However, the Australian industrial and logistics market has seen the normalisation of demand<sup>8</sup> and the occupancy of CLAR's logistics properties may experience some fluctuations in the short term. Overall, the portfolio WALE period of 2.9 years and diversified tenant base will underpin a stable performance.

## United Kingdom (UK)/Europe

In 1Q 2024, the UK economy grew by 0.7% q-o-q, following consecutive declines in the previous two quarters. Growth was driven by increases in the services sector and consumer spending (source: Office for National Statistics). According to the IMF, the UK economy is projected to grow at a modest 0.7% in 2024, after a 0.1% growth in 2023.

In June 2024, the Bank of England's Monetary Policy Committee (MPC) kept the Bank Rate unchanged at 5.25%. The MPC intends to maintain its restrictive monetary policy for an extended period until the risk of inflation exceeding the 2% target dissipates.

In 1Q 2024, the European Union (EU) economy was estimated to grow 0.3%, marking the end of a mild recession experienced in the second half of 2024 (source: European Commission). The European Commission's Spring Forecast in May 2024 projected EU GDP growth at 1.0% in 2024, an improvement from the 0.5% growth in 2023. In July 2024, the European Central Bank kept its key interest rates unchanged after lowering them by 25 basis points in June 2024 due to the improved inflation outlook.

As of 30 June 2024, CLAR's UK/Europe portfolio was worth S\$1.7 billion, comprising Logistics and Data Centre properties. With a long WALE period of 6.0 years, the portfolio is expected to generate stable returns, benefitting from the strong adoption of e-commerce and digitalisation.

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<sup>8</sup> CBRE Industrial & Logistics Australia Figures Q2 2024

## Conclusion

Uncertainties surrounding the inflation trend, the pace and timing of monetary policy easing, as well as the intensity of ongoing geopolitical conflicts will continue to pose challenges to tenants' businesses and CLAR's operating costs.

Leveraging on our resilient and well-diversified portfolio, strong balance sheet and investment grade credit rating, CLAR is well-positioned to seize growth opportunities to deliver sustainable returns and greater value to Unitholders.

## **About CapitaLand Ascendas REIT ([www.capitaland-ascendasreit.com](http://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 30 June 2024, its investment properties under management stood at S\$16.9 billion. It owns a total of 229 properties across three segments, namely Business Space & Life Sciences; Industrial & Data Centres; and Logistics. 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 1,780 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 Bank, Seagate Singapore, Citibank, Pinterest and Wesfarmers Group.

CLAR is listed on 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 asset manager with a strong Asia foothold.

## About CapitaLand Investment Limited ([www.capitalandinvest.com](http://www.capitalandinvest.com))

Headquartered and listed in Singapore, CapitaLand Investment Limited (CLI) is a leading global real asset manager with a strong Asia foothold. As at 31 March 2024, CLI had S\$134 billion of assets under management, as well as S\$100 billion of 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, self-storage and data centres.

CLI aims to scale its FUM and fee-related earnings through fund management, lodging management and commercial management, 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 carbon emissions for Scope 1 and 2 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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