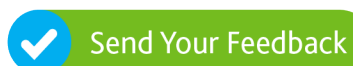


ISSUER COMMENT

16 May 2023



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CapitaLand Ascendas REIT

Proposed equity placement is credit positive

On 16 May, Singapore-based real estate investment trust, [CapitaLand Ascendas REIT](#) (CLAR, A3 stable), announced a private placement to issue equity of at least SGD450 million. The trust will deploy around SGD334 million of the net proceeds after fees for acquisitions and a redevelopment project. The remaining SGD109 million will be used to repay debt (see Exhibit 1).

Exhibit 1

CLAR will use majority of the proceeds to help fund its acquisition and redevelopment plans

| Planned transactions | Total consideration | Funding mix | Use of proceeds from equity placement |
|--|---------------------|----------------------|---------------------------------------|
| Acquisition of R&D facility in Singapore | 232 | 60% equity, 40% debt | 140 |
| Redevelopment of logistics property in Singapore | 107 | 60% equity, 40% debt | 64 |
| Potential Europe acquisition | TBC | TBC | 130 |
| Debt repayment | n.a. | n.a. | 109 |
| Fees and expenses | n.a. | n.a. | 8 |
| Total | | | 450 |

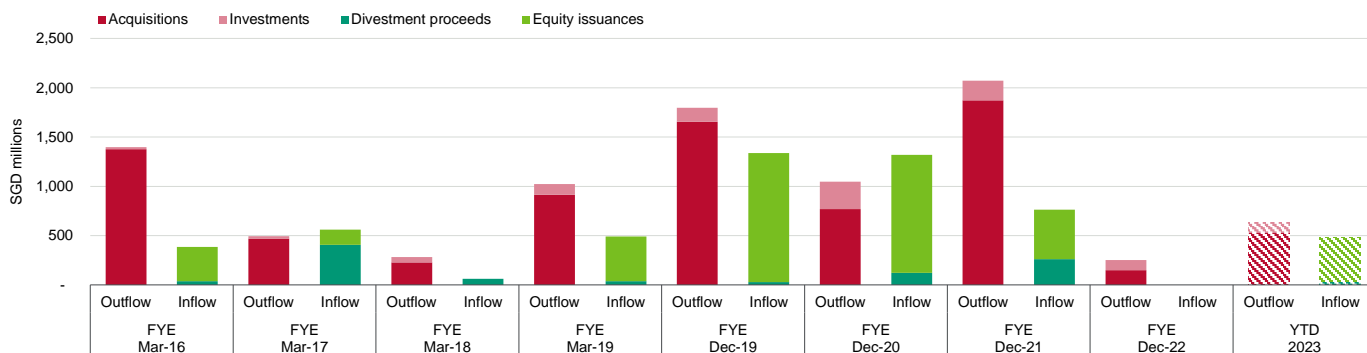
There are limited details around the Europe acquisition because it is still under evaluation.

Source: Company

The proposed equity placement is credit positive because it underscores CLAR's financially prudent approach toward growth. Since expanding its investment mandate to explore opportunities beyond Singapore in 2015, CLAR has grown its property portfolio to SGD16.4 billion in 2022 compared with SGD8.0 billion in 2015. Nonetheless, CLAR has demonstrated a track record of financial prudence, having funded around 60% of its acquisitions and investments with proceeds from equity issuances and asset divestments since 2016 (see Exhibit 2).

Exhibit 2

CLAR has balanced its inorganic growth with divestments and equity issuances



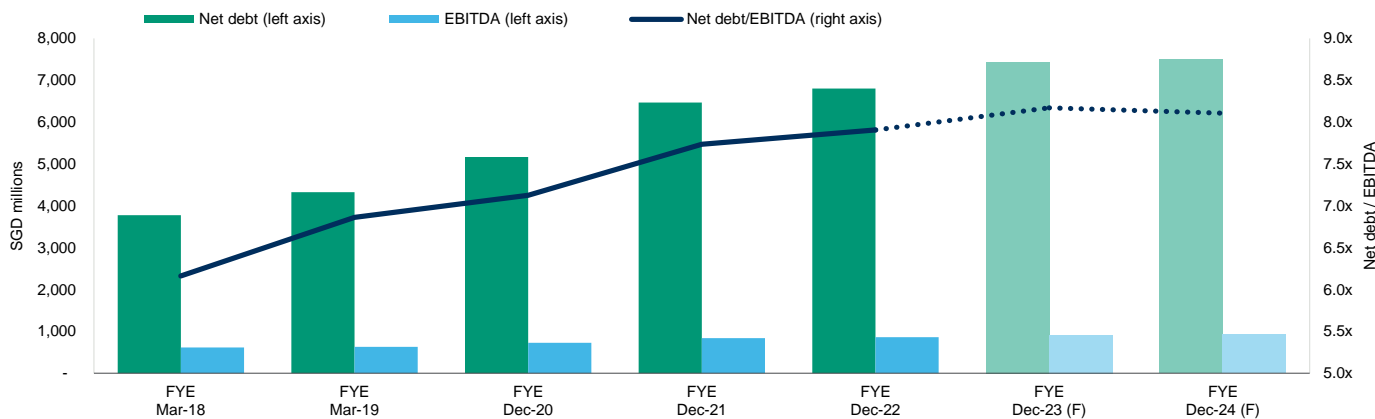
Year to date 2023 incorporates transactions that have been announced as of 16 May 2023. It does not include the potential European acquisition because of uncertainties around the total consideration and funding mix.

Sources: Company and Moody's Investors Service estimates

We expect CLAR's leverage, as measured by net debt/EBITDA, will rise to around 8.2x in 2023 before improving to around 8.0x in 2024 as newly acquired assets contribute to full-year earnings. Apart from the aforementioned transactions, the trust also completed the acquisition of two properties for around SGD300 million and announced a divestment of an asset for SGD35 million earlier in the year.

Exhibit 3

Leverage will remain at around 8.0x over the next 12-18 months



Sources: Moody's Financial Metrics™ and Moody's Investors Service estimates

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