CREDIT OPINION

8 August 2025

Update

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RATINGS

CapitaLand Ascendas REIT

Domicile	Singapore
Long Term Rating	A3
Type	LT Issuer Rating - Fgn Curr
Outlook	Stable

Please see the ratings section at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

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CapitaLand Ascendas REIT

Update following ratings affirmation

Summary

CapitaLand Ascendas REIT's (CLAR) A3 issuer rating reflects its stable operating performance supported a diversified portfolio of good-quality industrial and business space properties across Singapore, Australia, Europe, the UK and the US.

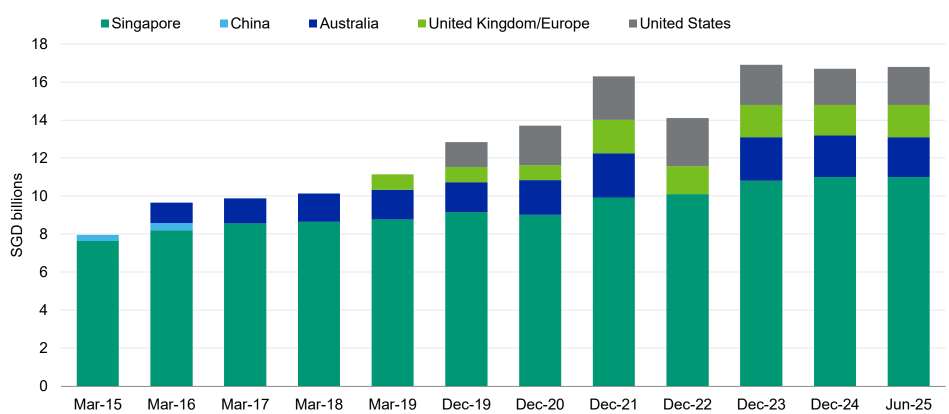
The trust has an established market position as one of the largest owners of business space and industrial assets in Singapore, allowing it to capture long-term growth trends in the technology, logistics and life sciences industries. At the same time, CLAR has a track record of maintaining prudent financial policies, having grown its property portfolio over the years through a balanced mix of debt, equity and asset recycling.

CLAR's rating is constrained by its use of short-term revolving credit facilities, although liquidity risk is balanced by its established banking relationships, track record of raising funds from capital markets and proactive capital management.

Exhibit 1

CLAR's properties are located across Singapore, Australia, Europe and the US

Asset values



As of 30 June 2025.

CLAR changed its financial year-end to December from March in 2019.

Source: Company filings

Credit strengths

» Established market position in Singapore, and geographic diversification

» Stable operating track record and income generation from a diversified portfolio of good-quality properties

» Refinancing risk mitigated by its track record of access to funding and established banking relationships

Credit challenges

» Soft leasing demand in the business space segment

» Inadequate liquidity for the next 12-18 months because of the use of short-term revolving credit facilities and debt maturities

Rating outlook

The stable outlook reflects our view that CLAR will maintain stable operating performance and achieve steady earnings growth over the next 12 months. At the same time, we expect the trust to remain financially prudent in executing its growth strategy.

Factors that could lead to upgrade

We could upgrade CLAR's ratings if it continues to improve its geographic diversification while strengthening its credit metrics, such that its debt/total assets remains below 35% and net debt/EBITDA improves to below 6.0x on a sustained basis.

Factors that could lead to downgrade

Conversely, we could downgrade CLAR's ratings if its operating environment deteriorates, leading to higher vacancy levels, a decline in operating cash flow, or a fall in asset valuations; or if its credit metrics weaken, such that net debt/EBITDA rises above 8.0x-8.5x or EBITDA/interest coverage falls below 3.25x.

In addition, a significant change in CLAR's business risk profile resulting from expansion into higher-risk jurisdictions could weaken its credit quality.

Key indicators

Exhibit 2

CapitaLand Ascendas REIT

(in SGD millions)	2020	2021	2022	2023	2024	2025F	2026F	2027F
Gross Assets	15,123	17,730	17,975	18,403	18,434	19,587	19,713	19,834
EBITDA	725	836	862	927	931	962	1,006	1,013
Debt / Gross Assets	36%	39%	39%	40%	40%	41%	41%	41%
Net Debt / EBITDA	7.1x	7.7x	7.9x	7.8x	7.8x	8.2x	7.9x	7.9x
EBITDA / Interest Expense	4.3x	5.1x	4.6x	3.6x	3.4x	3.4x	3.5x	3.6x

Debt metrics incorporate (i) a 50% equity treatment assigned to the trust's perpetual securities and (ii) a pro rata share of debt at 1 Science Park Drive from 2022 onward.
All data based on adjusted financial data, which follow our Financial Statement Adjustments in the Analysis of Nonfinancial Corporations methodology.
Moody's forecasts are Moody's opinion and do not represent the views of the issuer.
Sources: Moody's Financial Metrics™ and Moody's Ratings forecasts

Profile

CapitaLand Ascendas REIT (CLAR) was listed on the Singapore Stock Exchange in November 2002. As of 30 June 2025, the trust had a diversified portfolio of 96 properties in Singapore, 34 in Australia, 50 in Europe and 49 in the US, with a total appraised value of SGD16.8 billion. The trust was formerly known as Ascendas Real Estate Investment Trust and was renamed CLAR in 2022.

The trust's sponsor, CapitaLand Investment Limited (CLI), is a 53%-owned subsidiary of Temasek Holdings (Private) Limited (Aaa stable), which, in turn, is wholly owned by the Government of Singapore (Aaa stable). As of June 2025, CLI held a 16.8% stake in CLAR. CLAR is managed by CapitaLand Ascendas REIT Management Limited, while the properties in Singapore are managed by Ascendas Services Pte Ltd, both of which are wholly owned subsidiaries of CLI.

Detailed credit considerations

Earnings will remain steady despite global macroeconomic uncertainty

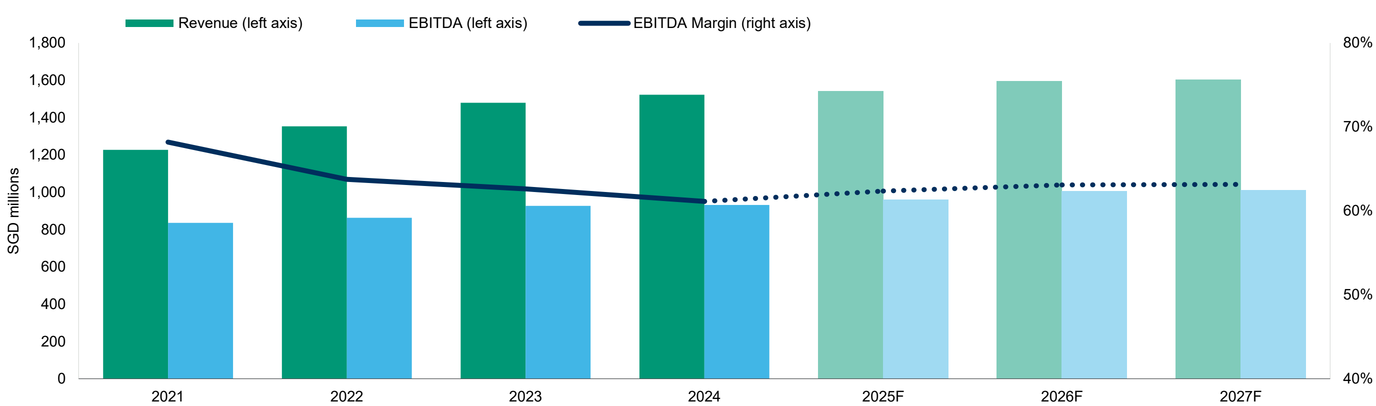
We expect CLAR's EBITDA to increase to around SGD960 million–SGD1 billion over the next 12-18 months, up from SGD930 million in 2024, driven by stable operating performance and earnings contributions from the acquisition of two properties in Singapore which will complete in the second half of 2025.

Global macroeconomic headwinds - including higher tariffs, weak business confidence, soft consumer sentiment, and tighter financial conditions - will weigh on global trade and economic activity. Nonetheless, CLAR's properties in Singapore are supported by a tightening supply pipeline and continued flight-to-quality trends. These factors will drive positive, albeit moderating, rental reversions.

In contrast, CLAR's overseas properties, particularly business spaces in Australia and the US, face softer leasing demand. We expect CLAR to explore asset recycling or redevelopment opportunities for these assets, which made up around 13% of its portfolio valuation as of end-2024.

The trust reported a portfolio occupancy rate of 91.8% and rental reversions of 8% in the second quarter of 2025.

Exhibit 3
Earnings will rise, supported by stable operating performance and earnings contributions from new acquisitions



All data based on adjusted financial data, which follow our Financial Statement Adjustments in the Analysis of Nonfinancial Corporations methodology.
Moody's forecasts are Moody's opinion and do not represent the views of the issuer.
Sources: Moody's Financial Metrics™ and Moody's Ratings forecasts

We expect CLAR's credit metrics to remain within their respective rating thresholds over the next two years, albeit with limited buffers. Despite higher earnings, CLAR's leverage, as measured by net debt to EBITDA, will rise to around 8.0x over the forecast period due to additional debt to fund acquisitions and capital spending. EBITDA interest coverage is expected to gradually improve to 3.5x-3.6x by 2026-27, supported by stronger earnings and declining interest rates.

Exhibit 4
CLAR's interest coverage ratio will gradually improve as interest rates ease

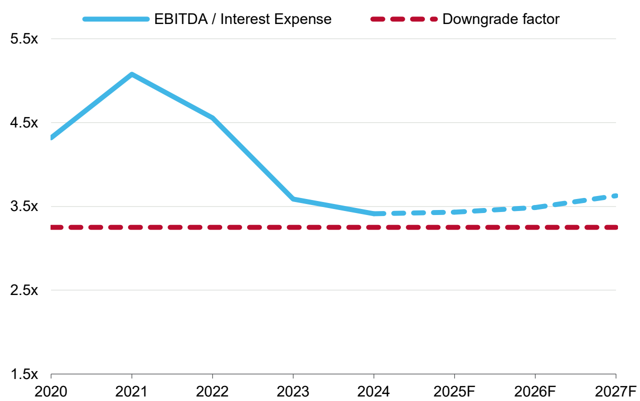


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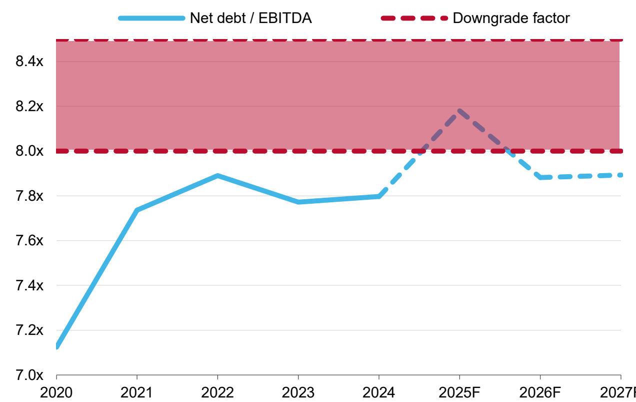
Exhibit 5
CLAR's planned acquisitions and capital spending will keep leverage high



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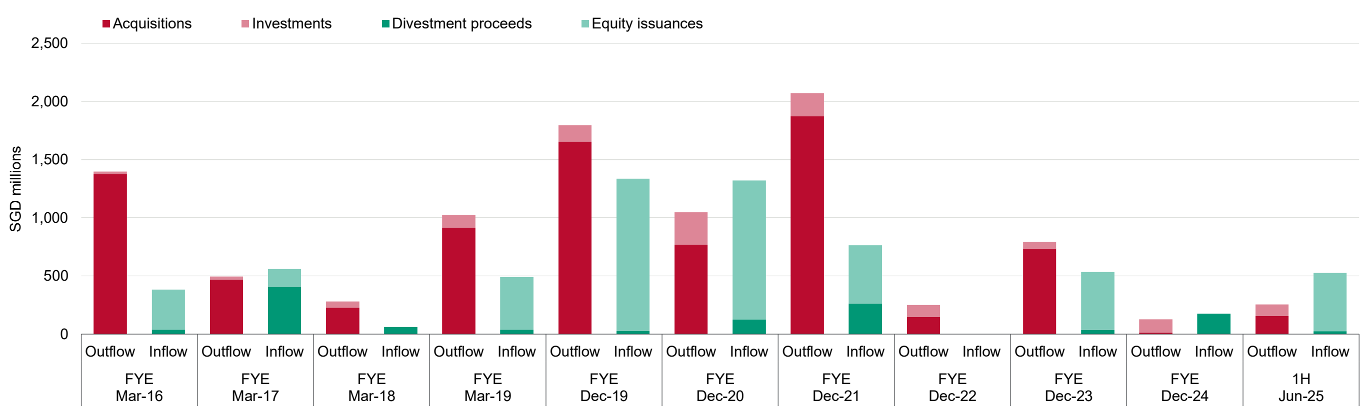
Acquisitive growth strategy balanced with prudent financial policies

CLAR's appetite for growth has increased since 2015, when it expanded its investment mandate to explore opportunities beyond Singapore. Nonetheless, we expect the trust to remain financially prudent while growing its portfolio. CLAR has a track record of funding its investments with a mix of divestments, debt and equity (see Exhibit 6).

In May 2025, CLAR raised SGD500 million from an equity placement to help fund its acquisitions.

Exhibit 6
CLAR has partly funded its growth with divestments and equity issuances



1H Jun-25 excludes the acquisition of Tai Seng Drive and Science Park Drive which will complete in the second half of 2025. CLAR changed its financial year-end to December from March in 2019.
Source: Company filings

CLAR's diversification into Australia, Europe and the US has improved its portfolio quality because the assets in these markets have freehold land titles, while industrial land in Singapore is typically leasehold for 30-60 years. Furthermore, these overseas markets tend to have triple net leases and rent escalation features, whereas leases in Singapore typically have three-year tenures with no rental escalations. CLAR will continue to focus on developed markets because of their stable economic fundamentals.

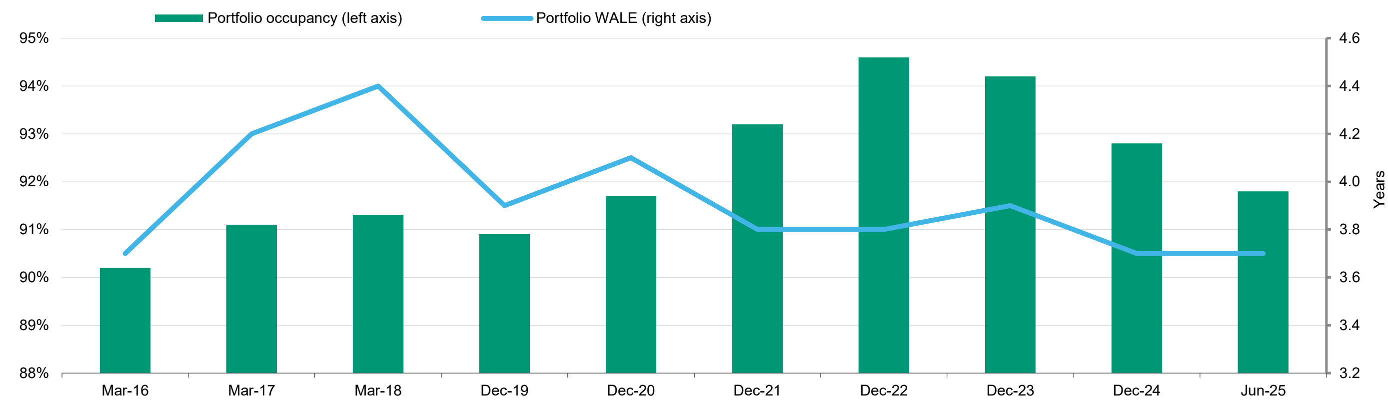
In addition, CLAR has ongoing organic growth plans. The trust is redeveloping three of its existing properties in Singapore at an estimated cost of SGD474 million, which will improve the properties' earnings yield once completed in 2025-28.

Stable operating track record backed by a good-quality portfolio of geographically diversified industrial assets

CLAR has been able to generate stable income through economic cycles, supported by its diversified asset portfolio. In addition to geographic diversification, the trust's portfolio of good-quality industrial assets is spread across three property subsegments — business space and life sciences, logistics, and industrial and data centers — which are exposed to different market dynamics and have different occupancy and rental trends. The positioning of the portfolio also allows CLAR to capture growth in the technology, logistics and life sciences industries.

CLAR's tenant base is diversified. Its largest tenant, DSO National Laboratories, accounted for 2.1% of its monthly gross revenue; and its top 10 tenants contributed 14.9% of its monthly gross revenue as of 30 June 2025. CLAR recorded a portfolio occupancy rate of 91.8% and portfolio weighted average lease expiry (WALE) of 3.7 years. The trust has consistently recorded occupancy rates in excess of 90%, and WALE of three to four years (see Exhibit 7).

Exhibit 7
CLAR has consistently recorded occupancy rates in excess of 90%, and WALE of three to four years

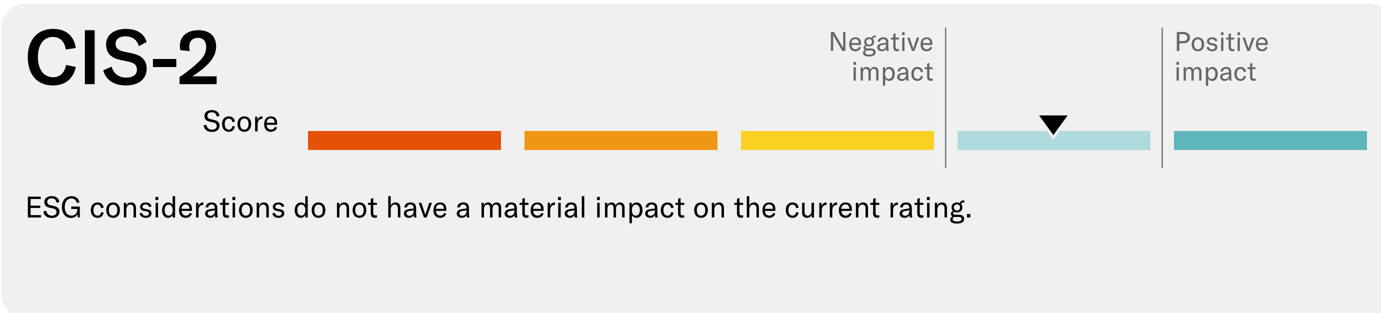


As of 30 June 2025.
WALE refers to weighted average lease expiry.
CLAR changed its financial year-end to December from March in 2019.
Source: Company filings

ESG considerations

CapitaLand Ascendas REIT's ESG credit impact score is CIS-2

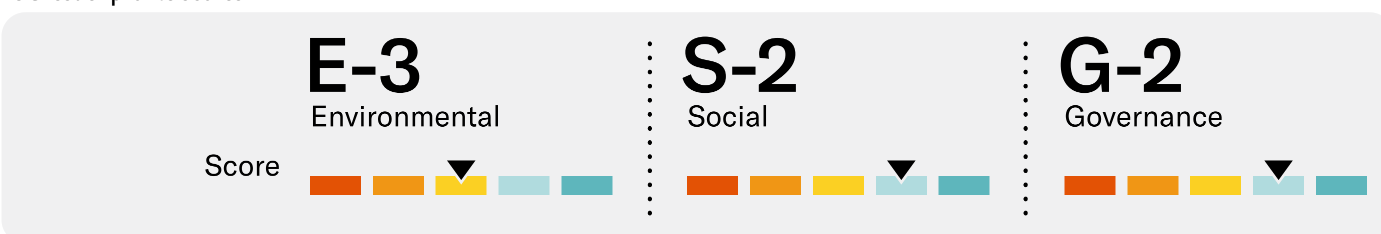
Exhibit 8
ESG credit impact score



Source: Moody's Ratings

CLAR's **CIS-2** indicates that ESG considerations are not material to the rating. The trust's prudent financial policies and management track record will help to manage its exposure to environmental risks.

Exhibit 9
ESG issuer profile scores



Source: Moody's Ratings

Environmental

CLAR is exposed to carbon transition risk because evolving regulations and growing stakeholder expectations could entail increased investments to reduce carbon emissions and improve energy efficiency. CLAR is also exposed to physical climate risks because it has a significant proportion of assets in Singapore, which as a low-lying island nation is vulnerable over the long run to rising sea levels.

Social

CLAR's exposure to social risks is mitigated by its portfolio of industrial assets which enables the trust to capture favorable trends in the technology, e-commerce, logistics and life sciences sectors.

Governance

CLAR has prudent financial policies and a strong management track record, having established the trust as a leading industrial REIT in Singapore. While there are related-party transactions between CLAR and its sponsor, this risk is mitigated by regulatory oversight provided by the Monetary Authority of Singapore and exercised through the board, which consists mostly of independent directors.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.com. In order to view the latest scores, please click here to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

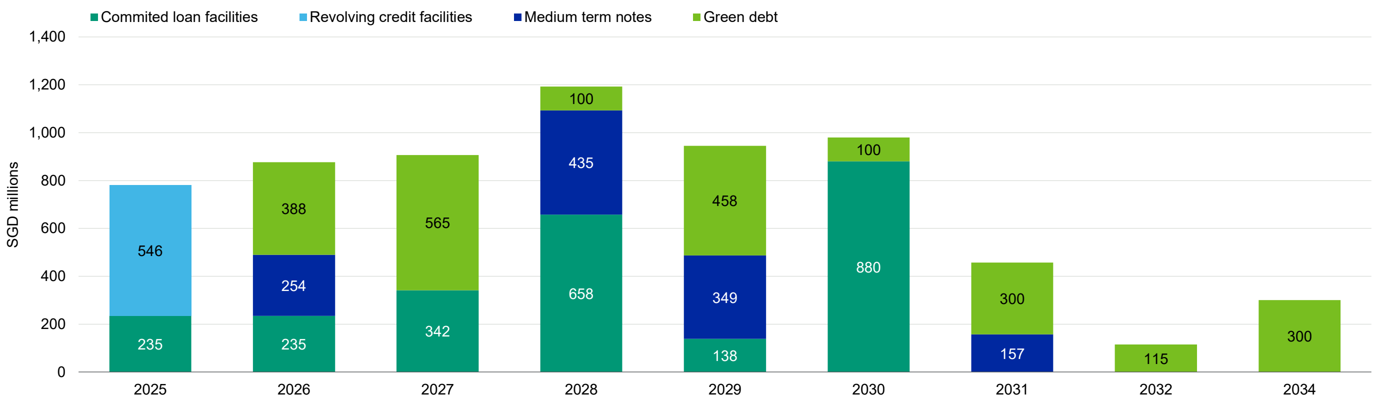
Liquidity analysis

CLAR's liquidity is inadequate due to the trust's reliance on revolving credit facilities. As of 30 June 2025, the trust's cash sources, namely its cash balance and committed undrawn facilities, were insufficient to cover SGD546 million of revolving credit facilities and SGD1.1 billion of medium-term notes and term loans maturing through December 2026.

Nonetheless, we expect refinancing risk to be mitigated by the trust's track record of access to funding and established banking relationships.

Exhibit 10

CLAR has a well-balanced debt maturity profile



As of 30 June 2025.
Source: Company filings

CLAR's use of revolving credit facilities is credit negative because these facilities are mostly short term and result in a mismatch with the trust's long-dated assets. Although the revolving credit facilities are largely uncommitted, the trust successfully rolled over or refinanced these facilities with long-term loans as they came due over the past decade. CLAR prudently manages its debt maturities and ensures that no more than 20% of debt is due in each year.

Furthermore, CLAR has a track record of accessing funds from the debt and equity markets. We expect the trust's relationship with a reputable sponsor, CLI, to support its ability to access capital.

As of 30 June 2025, CLAR had a weighted average debt maturity of 3.2 years at a weighted average all-in debt cost of 3.7%. The trust has also achieved a high level of natural hedge for its overseas assets. Around 70% of its Australian asset portfolio is funded by borrowings in Australian dollars, while 100% of its asset portfolios in Europe, 75% in the UK and the US are funded by borrowings in euros, British pounds and US dollars, respectively.

Structural considerations

The Baa2 ratings for CLAR's perpetual securities are two notches below CLAR's A3 issuer and senior unsecured ratings, reflecting the deeply subordinated nature of the securities. These securities rank below CLAR's senior debt in terms of priority of claims, are pari passu with the most junior class of preferred units, and rank senior only to ordinary equity. We have also considered the non-cumulative settlement provision on its coupon deferral mechanism which helps to conserve liquidity and absorb losses for senior instruments.

We have assigned a 50% equity rating to the perpetual issuance, such that half of the security is treated as debt when assessing the overall credit quality of CLAR. Similarly, the perpetual distributions are equally split between interest expense and distributions. We expect subordination to remain around the same level over the next 12-18 months.

Rating methodology and scorecard factors

When mapped to our REITs and Other Commercial Real Estate Firms rating methodology, the scorecard-indicated outcome for CLAR is Baa1 based on its financials for 2024 and the 12-18 month forward view (see Exhibit 11). The A3 rating reflects the trust's track record of stable operating performance, strong access to funding and prudent approach toward growth.

Exhibit 11
Rating factors
CapitaLand Ascendas REIT

REITs and Other Commercial Real Estate Firms Industry Scorecard	Current FY Dec-24		Moody's 12-18 month forward view	
Factor 1 : SCALE (5%)	**Measure**	**Score**	**Measure**	**Score**
a) Gross Assets ($ billions)	13.5	A	14.4-14.5	A
Factor 2 : BUSINESS PROFILE (25%)				
a) Asset Quality	A	A	A	A
b) Market Characteristics	Baa	Baa	Baa	Baa
Factor 3 : ACCESS TO CAPITAL (20%)				
a) Access to Capital	A	A	A	A
b) Asset Encumbrance	A	A	A	A
Factor 4 : LEVERAGE AND COVERAGE (35%)				
a) Debt / Gross Assets	40.4%	Baa	41.2%	Baa
b) Net Debt / EBITDA	7.8x	Ba	7.9x-8.2x	Ba
c) EBITDA / Interest Expense	3.4x	Baa	3.4x-3.5x	Baa
Factor 5 : FINANCIAL POLICY (15%)				
a) Financial Policy	Baa	Baa	Baa	Baa
Rating:				
(a) Scorecard-Indicated Outcome		Baa1		Baa1
(b) Actual Rating Assigned				A3

Debt includes a portion of hybrid securities considered to have debt-like features, as explained in Hybrid Equity Credit.
All data based on adjusted financial data, which follow our Financial Statement Adjustments in the Analysis of Nonfinancial Corporations methodology.
Moody's forecasts are Moody's opinion and do not represent the views of the issuer.
Sources: Moody's Financial Metrics™ and Moody's Ratings forecasts

Appendix

Exhibit 12

Peer comparison

CapitaLand Ascendas REIT

	CapitaLand Ascendas REIT A3 Stable			CapitaLand Integrated Commercial Trust A3 Stable			Mapletree Pan Asia Commercial Trust Baa2 Negative		
(in $ millions)	FY Dec-22	FY Dec-23	FY Dec-24	FY Dec-22	FY Dec-23	FY Dec-24	FY Mar-23	FY Mar-24	FY Mar-25
Revenue	1,003	1,103	1,116	1,046	1,162	1,187	602	713	679
EBITDA	640	691	682	726	799	806	437	511	482
Total Debt	5,211	5,540	5,465	7,561	7,615	7,572	5,393	5,214	4,760
Gross Assets	13,333	13,721	13,513	19,202	19,187	19,697	12,534	12,632	12,050
Debt / Gross Assets	39.1%	40.4%	40.4%	39.4%	39.7%	38.5%	42.7%	43.3%	39.2%
Net Debt / EBITDA	7.9x	7.8x	7.8x	10.2x	9.4x	9.3x	12.0x	10.0x	9.6x
EBITDA / Interest Expense	4.6x	3.6x	3.4x	4.2x	3.3x	3.3x	3.5x	3.0x	2.9x

Data are adjusted to reflect pro rata calculations for joint ventures. All data based on adjusted financial data, which follow our Financial Statement Adjustments in the Analysis of Nonfinancial Corporations methodology.
Source: Moody's Financial Metrics™

Exhibit 13

Moody's-adjusted debt reconciliation

CapitaLand Ascendas REIT

(in SGD millions)	2020	2021	2022	2023	2024
As reported debt	**5291.92**	**6,689.0**	**6,789.3**	**7,167.2**	**7,154.7**
Hybrid Securities	149.5	149.5	149.5	149.5	149.5
Share of debt from joint venture	0.0	0.0	86.0	113.0	151.7
Moody's-adjusted debt	**5441.389**	**6,838.5**	**7,024.8**	**7,429.7**	**7,455.8**

All data based on adjusted financial data, which follow our Financial Statement Adjustments in the Analysis of Nonfinancial Corporations methodology.
Source: Moody's Financial Metrics™

Exhibit 14

Moody's-adjusted EBITDA reconciliation

CapitaLand Ascendas REIT

(in SGD millions)	2020	2021	2022	2023	2024
As reported EBITDA	**658.8**	**1,208.4**	**1,034.0**	**420.7**	**1,020.1**
Unusual	65.9	(372.1)	(171.8)	506.1	(89.1)
Moody's-adjusted EBITDA	**724.8**	**836.3**	**862.2**	**926.8**	**931.0**

All data based on adjusted financial data, which follow our Financial Statement Adjustments in the Analysis of Nonfinancial Corporations methodology.
Source: Moody's Financial Metrics™

Ratings

Exhibit 15

Category	Moody's Rating
CAPITALAND ASCENDAS REIT	
Outlook	Stable
Issuer Rating	A3
Senior Unsecured	A3
Preference Stock -Dom Curr	Baa2

Source: Moody's Ratings

REPORT NUMBER 1455653