CAPITALAND ASCOTT TRUST

A stapled group comprising:

CapitaLand Ascott Real Estate Investment Trust
(A real estate investment trust constituted on 19 January 2006 under the laws of the Republic of Singapore)

Managed by
CapitaLand Ascott Trust Management Limited
(Company Registration No. 200516209Z)

CapitaLand Ascott Business Trust
(A business trust constituted on 9 September 2019 under the laws of the Republic of Singapore)

Managed by
CapitaLand Ascott Business Trust Management Pte. Ltd.
(Company Registration No. 201925299R)

ANNOUNCEMENT

Annual General Meeting to be held on 19 April 2024
Responses to Substantial and Relevant Questions

The Managers of CapitaLand Ascott Trust ("**CLAS**") would like to thank all Stapled Securityholders who submitted their questions in advance of our Annual General Meeting ("**AGM"**) to be held at 10:00am on Friday, 19 April 2024.

We have grouped the most asked questions into a few key topics below.

A. Operating Performance
B. Investment and Portfolio Management
C. Capital Management
D. Others

Please refer to our responses to these substantial and relevant questions in the following pages.

The CEO of CLAS' Managers, Ms Serena Teo will deliver a presentation to Stapled Securityholders at the AGM. Please refer to the AGM presentation slides and all AGM-related documents at: https://investor.capitalandascotttrust.com/agm_egm.html.

Following the conclusion of the AGM, the voting results of the AGM will be uploaded on SGXNet and made available on CLAS' website. The minutes of the AGM will be published on SGXNet and CLAS' website on or before 19 May 2024.

By Order of the Boards

CAPITALAND ASCOTT TRUST MANAGEMENT LIMITED
(Company Registration No. 200516209Z)
As Manager of CapitaLand Ascott Real Estate Investment Trust

CAPITALAND ASCOTT BUSINESS TRUST MANAGEMENT PTE. LTD.
(Company Registration No. 201925299R)
As Trustee-Manager of CapitaLand Ascott Business Trust

Karen Chan
Company Secretary
12 April 2024

Important Notice

The past performance of CapitaLand Ascott Trust ("**CLAS**") is not indicative of future performance. The listing of the stapled securities in CLAS (the "**Stapled Securities**") on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") does not guarantee a liquid market for the Stapled Securities. The value of the Stapled Securities and the income derived from them may fall as well as rise. Stapled Securities are not obligations of, deposits in, or guaranteed by, CapitaLand Ascott Trust Management Limited, as manager of CapitaLand Ascott Real Estate Investment Trust, or CapitaLand Ascott Business Trust Management Pte. Ltd., as trustee-manager of CapitaLand Ascott Business Trust (collectively, the "**Managers**"), or any of their respective affiliates. An investment in the Stapled Securities is subject to investment risks, including the possible loss of the principal amount invested. Investors have no right to request that the Managers redeem or purchase their Stapled Securities while the Stapled Securities are listed on the SGX-ST. It is intended that holders of Stapled Securities may only deal in their Stapled Securities through trading on the SGX-ST.

This announcement is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for the Stapled Securities.

A. Operating Performance	
1.	**How does CLAS plan to sustain and potentially improve upon the strong performance seen in FY 2023, especially considering potential challenges such as geopolitical uncertainties and inflationary pressures did not seem to ease over the last few years?**
	CLAS' portfolio marries growth with stability, given its diversification across geographies, lodging asset classes and contract types. Diversification reduces concentration risk and enhances resilience through market cycles. In FY 2023, our portfolio Revenue per Available Unit (RevPAU) had reached pre-Covid 2019 levels on a pro forma basis[1]. Average occupancy was around 90% of pre-Covid 2019 levels while average daily rate (ADR) had surpassed pre-Covid 2019 levels by about 10%. We are cautiously optimistic that demand for lodging will remain healthy this year. There is room for occupancy to increase as more flights are added and more visa-free travel arrangements are put in place. To create additional capacity for growth, we have planned 8 asset enhancement initiatives (AEIs) between 2023 to 2026. The AEIs will help to improve the operating performance and valuation of the properties. One such property is The Robertson House by The Crest Collection, which we have recently completed the AEI for and where we have seen an increase in ADR post-renovation. We also continue to evaluate opportunities for portfolio reconstitution. We plan to redeploy the proceeds from divestments towards more optimal uses, including investing in higher-yielding assets, funding AEIs or paring down debt, to deliver accretion to Stapled Securityholders.
2.	**What percentage of the guests at CLAS' Singapore properties are from China currently, and how does it compare with pre-Covid? To what extent does the change in visa policy between Singapore and China impact CLAS' properties?**
	CLAS' properties cater to a wide range of source markets and accommodation needs. Hence, even before visitor arrivals from China to Singapore have returned to pre-Covid levels, the RevPAU of our Singapore properties had surpassed pre-Covid levels, on a same-store basis. We expect to see an increase in the volume of Chinese travel to Singapore, given an increase in flights to and from China, and shorter booking windows as the bilateral visa-free arrangement facilitates greater accessibility for Chinese travellers. Pre-Covid, the percentage of revenue contribution from Chinese guests at CLAS' Singapore properties was less than 10% as of 4Q 2019. As of 4Q 2023, the proportion has increased to around 15%.

[1] The combination with Ascendas Hospitality Trust (A-HTRUST) was completed on 31 Dec 2019; 2019 pro forma RevPAU includes the performance of the A-HTRUST portfolio.

B. Investment and Portfolio Management	
3.	**CLAS expects 28% higher rent for seven of its France properties in FY 2024 compared to FY 2022, following the renewal of their master leases last year. Given the strong performance and outlook in France, why did CLAS divest four of its France properties in FY 2023?**
	As part of our active portfolio reconstitution strategy, we perform a hold-sell analysis on the properties in our portfolio. Properties which have reached the optimal stage of their life cycles are considered for divestment if renovating or redeveloping the properties do not enable the best use of capital. Divestments enable CLAS to unlock the value of the properties, and the proceeds can be redeployed towards more optimal uses, such as investing in higher-yielding assets, funding AEIs or paring down debt. This allows us to enhance the overall yield and quality of the CLAS portfolio. The four properties we had divested were in regional France cities – namely Marseille, Lille and Cannes. The properties were mature and not performing as well as our properties in Paris, which enjoyed stronger demand. We divested the properties for a total of EUR44.4 million (S$64.7 million) at 63% above book value, representing an exit yield of about 4%. The proceeds from the divestment have been re-invested to fund our AEIs in Europe, and to partially finance the acquisition in Dublin in FY 2023, both of which are expected to drive higher returns for Stapled Securityholders.
4.	**In FY 2023, CLAS acquired The Cavendish London which had a value-add opportunity / AEI plan. Could you share how management evaluates acquisition opportunities, and how we decide between acquisitions which deliver immediate accretion to Distribution per Stapled Security (DPS) and Net Asset Value (NAV), and acquisitions which come with a value-add opportunity and potential upside later on? For acquisitions with value-add opportunities, how do we negotiate the sharing of renovation costs?**
	Our priority is to acquire accretively. We prefer properties in prime locations with strong demand drivers as this would provide for more sustainable growth. Acquisitions with value-add opportunities such as that of The Cavendish London are rare. Not only is The Cavendish London in a prime location, but there is also further upside in terms of accretion to DPS and NAV given the AEI plan. We had negotiated with the seller (our Sponsor, The Ascott Limited) to co-share the renovation costs on a 50-50 basis, and for part of the purchase consideration to be made when 70% of the renovation works are completed. This allows us to deliver accretion (together with the two other properties we acquired) and enjoy the full uplift in valuation of the property, which is estimated at around GBP101 million. As our Sponsor continues to operate the property after the acquisition and also holds about 29% stake in CLAS, there is an alignment of interests for the property to perform well.

5.	**Does management have a required yield on cost for its AEIs? How does CLAS share the costs of, or negotiate the funding of the AEIs with its master lessees / operators?**
	We typically assess AEIs based on their payback periods. The length of the payback period may vary depending on the scope of the AEI works. We also assess the yield on renovation cost of our AEIs. The yield on renovation cost of Sydney Central Hotel (formerly Novotel Sydney Central) and Citadines Holborn-Covent Garden London is expected to be approximately 11.3% and 10.6% respectively. The yield on renovation cost for these two properties is high given that the properties are in prime locations and there is significant upside potential post-renovation. In total, there are 8 AEI projects planned between 2023 to 2026. Any sharing of capital expenditure is negotiated with the master lessee / operator on a case-by-case basis, and to align interests of both CLAS and the master lessee / operator.
6.	**CLAS has an asset allocation target of having 25-30% of the portfolio value in longer-stay properties and the remaining 70-75% in serviced residences and hotels. How and when should we expect CLAS to transition to this desired target? What is the objective of this target?**
	The asset allocation target seeks to maintain a balanced mix of stable and growth income for CLAS. This allows us to deliver resilient distributions to our Stapled Securityholders through market cycles. The longer-stay lodging properties provide a stable income base for CLAS, while the serviced residences and hotels are the beneficiaries of the travel recovery. As at 31 December 2023, about 17% of our portfolio value is in longer-stay properties. Our target asset allocation is a medium-term guide, and we will acquire or divest opportunistically across the asset segments in order to reconstitute the portfolio to deliver a sustainable level of distributions.
7.	**What is the management's view on the exposure to the USA – is it too much or is it just right?**
	CLAS maintains a geographically diversified portfolio anchored in Asia Pacific, with presence in 16 countries. As at / for the financial year ended 31 December 2023, the USA contributes 20% of CLAS' total assets and 24% of FY 2023 gross profit. Of the 24% gross profit contribution, 14% was from CLAS' three hotels in New York City and the remaining 10% was from the eight student accommodation properties in various parts of the USA. The USA portfolio is within our market allocation thresholds.

C. Capital Management	
8.	**With interest rates in Japan expected to rise, what is the impact on CLAS' average cost of debt?**
	We expect interest rates in Japan to increase gradually. Most of CLAS' JPY-denominated debt is effectively on fixed rates with an average loan tenure of about 4 years. As such, we do not expect the impact of rising interest rates in Japan to be material. As a portfolio, we expect CLAS' average cost of debt to increase in FY 2024, mainly due to a higher proportion of GBP and EUR-denominated debt arising from the acquisitions in 4Q 2023. About 81% of CLAS' debt is effectively on fixed rates. We will continue to maintain a well-staggered debt maturity profile and healthy financial position. CLAS has an investment-grade credit rating of BBB (stable outlook) by Fitch ratings.
9.	**How healthy is CLAS' balance sheet? Do you anticipate the need to carry out any equity fund raising in the near future?**
	CLAS is in a healthy financial position. As at 31 December 2023, CLAS' gearing was about 38% with a debt headroom of about S$2 billion to the 50% regulatory gearing limit. We have about S$1.3 billion in cash and available credit facilities. We have used some of the proceeds from our divestments in 2024 to pay down higher-interest debt. Our focus in the near-term would be to redeploy the proceeds to deliver accretion to Stapled Securityholders – by investing the proceeds in higher-yielding assets, funding AEIs or further paring down debt. We will also continue to explore portfolio reconstitution opportunities, drive the operational performance of our existing properties, and execute the asset enhancement plans. We will only raise equity with a clear proposed use of the proceeds, as opposed to raising equity pre-emptively. For acquisitions, our priority is to acquire accretively, and the mode of funding would consider various factors, including CLAS' financial position, the cost of financing and market conditions.
10.	**How does CLAS manage its foreign exchange exposure?**
	With properties located globally across 16 countries, cash flow generated by our assets as well as their capital values are subjected to foreign exchange movements. To the extent possible, we adopt a natural hedging strategy, by borrowing in the same currency as the underlying asset. Due to the geographically diversified nature of CLAS' portfolio, the impact from the weakening of some currencies is offset by the strengthening of others. To further mitigate exposures to foreign currency fluctuations, we use hedging instruments such as cross currency interest rate swaps and foreign currency forward contracts where appropriate, taking the cost of hedging into consideration. As a result of proactive foreign exchange management and diversification in foreign currency exposure, the impact of foreign exchange rate movement on CLAS' gross profit was -1.1% in FY 2023. As at 31 December 2023, about 52% of our assets denominated in foreign currency are hedged.

D. Others	
11.	**CLAS' directors are currently not subject to re-election. For good governance, would CLAS consider subjecting its directors to re-election going forward?**
	CLAS' Boards of Directors and management are committed to upholding excellence in corporate governance as we believe it is fundamental in establishing a strong foundation for a sustainable and growing trust. Exercising responsible stewardship and safeguarding our Stapled Securityholders' interests is our priority. The Boards, through the Nominating and Remuneration Committee (NRC), strive to ensure that amongst the Directors, there is an optimal blend of backgrounds, experience and knowledge in business and general management, and expertise relevant to CLAS' business and track record. At the same time, one of the key imperatives is that each Director appointed should be able to bring an objective perspective to the Boards to enable balanced and well-considered decisions to be made. Under the Securities and Futures Act, where unitholders do not vote on the appointment of directors to the boards of REIT managers, at least half of the board must comprise independent directors. CLAS' Boards have a strong independent element given that six out of nine directors, including the Chairman, are non-executive independent directors. None of the Directors have served on the Boards for nine years or longer. The CEO is the only executive Director on the Boards. With regard to the appointment and re-appointment of Directors, the Boards support the principle that board renewal is a necessary and continual process, for good governance and to ensure that the Boards have the skills, expertise and experience pertinent to the evolving needs of CLAS' business. As part of medium-term planning, the NRC seeks to refresh the membership of the Boards progressively and in an orderly manner, whilst ensuring continuity and sustainability of corporate performance.