

## CapitaLand Ascott Trust to acquire lyf Funan Singapore at S\$263 million

- **Acquisition yield of 4.7% is higher than divestment yield of 3.2% for Citadines Mount Sophia Singapore**
- **Proposed acquisition to deliver 1.5% accretion to Distribution per Stapled Security**

**Singapore, 1 October 2024** – CapitaLand Ascott Trust (CLAS) has entered into an agreement with Ascott Serviced Residence Global Fund<sup>1</sup> (ASRGF) to acquire lyf Funan Singapore at an agreed property value of S\$263 million<sup>2</sup>. CLAS' sponsor, The Ascott Limited (Ascott), holds a 50% stake in ASRGF. In line with CLAS' portfolio reconstitution strategy, the yield-accretive acquisition will enhance the quality of CLAS' portfolio and sustainability of returns to its Stapled Securityholders.

The proposed acquisition is expected to increase CLAS' total distribution by S\$3.5 million, which translates to a Distribution per Stapled Security (DPS) accretion of 1.5% on a FY 2023 pro forma basis. The earnings before interest, taxes, depreciation and amortisation (EBITDA) yield of the proposed acquisition is 4.7%<sup>3</sup> on a pro forma basis for FY 2023. The purchase consideration of S\$146.4 million will be largely funded by the proceeds from the divestment of Citadines Mount Sophia Singapore which was completed in March 2024. CLAS' gearing is expected to remain under 40% after the proposed acquisition.

Upon completion of the proposed acquisition, CLAS will enter into a master lease<sup>4</sup> with Ascott for lyf Funan Singapore. The proposed acquisition and entry into the master lease are subject to approval from Stapled Securityholders at the Extraordinary General Meeting scheduled in November 2024. The transaction is targeted to be completed in 4Q 2024<sup>5</sup>.

Ms Serena Teo, Chief Executive Officer of CapitaLand Ascott Trust Management Limited and CapitaLand Ascott Business Trust Management Pte. Ltd. (the Managers of CLAS), said: "The proposed acquisition of lyf Funan Singapore is exemplary of our portfolio reconstitution

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<sup>1</sup> Victory SR Pte. Ltd. is indirectly wholly owned by Ascott Serviced Residence (Global) Fund Pte. Ltd.

<sup>2</sup> Takes into account the independent valuations of the property by HVS and Colliers as at 30 June 2024.

<sup>3</sup> The EBITDA yield is computed based on the agreed property value of lyf Funan Singapore.

<sup>4</sup> The master lease will have an initial term of 20 years, and such term is renewable for a further five-year period upon mutual agreement by the parties. The rent payable by the master lessee shall be 93.5% of the gross operating profit in relation to the property. The operating expenses of the property are to be borne by the master lessee. Please refer to paragraph 3.5 of the announcement for more details on the terms and conditions of the master lease.

<sup>5</sup> While the target date for completion is 4Q 2024, the long stop date for completion is 28 February 2025 or such later date as the parties to the Unit Purchase Agreement may agree.

strategy to recycle capital into higher yielding assets. Citadines Mount Sophia Singapore was divested at an exit EBITDA yield of about 3.2%<sup>6</sup> while the entry EBITDA yield<sup>7</sup> for the proposed acquisition of lyf Funan Singapore is 150 basis points higher, delivering accretion to CLAS' DPS. The DPS-accretive acquisition of lyf Funan Singapore will increase our presence in Singapore, our home ground. Being a key gateway city, growth in demand in the Singapore hospitality market is expected to outpace supply as global flight connectivity and capacity increase. Additionally, income contribution from Singapore will balance the contribution from CLAS' overseas markets."

"lyf Funan Singapore, the flagship of Ascott's award-winning lyf brand in Singapore, has outperformed other comparable properties in the submarket in 1H 2024<sup>8</sup>, achieving a strong average occupancy rate of more than 80%. The other lyf-branded property in our portfolio, lyf one-north Singapore, which opened in 2022, is also seeing robust demand with a similar average occupancy rate<sup>9</sup>. The addition of another prime lyf property into our portfolio will position us for further growth as travel continues to recover. We remain focused on creating long-term sustainable value for our Staped Securityholders," added Ms Teo.

After completion of the proposed acquisition, CLAS will have five properties in Singapore, increasing the proportion of CLAS' total assets in the country from 16%<sup>10</sup> to 19%. CLAS remains geographically diversified, with each of its key markets currently comprising no more than 20% of its total assets.

For the first eight months of 2024, the Singapore hotel market's revenue per available room increased 3.4% year-on-year<sup>11</sup>. Singapore is set to maintain its status as a global hub, as inbound travel demand continues to be boosted by new attractions and infrastructure projects scheduled to complete between now and 2030.

### **lyf Funan Singapore: experience-led social living in the heart of Singapore's Civic District**

Tailored for the next-generation traveller, the lyf (or 'live your freedom') brand is designed to cater to the rising demand for experience-led social living with its dynamic design, flexible spaces and well-curated programmes. Through these programmes, lyf connects guests with the city, its people, and its culture.

Opened in 2019, the 329-room lyf Funan Singapore has a hotel licence which allows it to cater to a wide range of guests from short to extended stays. The property offers varied room types, from studios which are ideal for solo or duo travellers, to larger apartments for up to nine guests, which are suitable for corporate project groups or larger families.

lyf Funan Singapore is part of the Funan integrated development which also comprises retail and office components. The property is situated within Singapore's Civic District in the city centre. In addition to several attractions and landmarks nearby, guests also have easy access

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<sup>6</sup> Exit EBITDA yield is computed based on the divestment price of S\$148.0 million.

<sup>7</sup> EBITDA yield is computed based on the agreed property value, on a FY 2023 pro forma basis.

<sup>8</sup> Extracted from STR database.

<sup>9</sup> For 1H 2024.

<sup>10</sup> As at 30 June 2024.

<sup>11</sup> Singapore Tourism Analytics Network (September 2024).

to a plethora of shopping, dining and entertainment options. The property is well-connected to Singapore's public transport network with several Mass Rapid Transit (MRT) stations within walking distance, including a direct underpass linking to City Hall MRT interchange station, offering guests a convenient way to travel around Singapore.

lyf Funan Singapore has a Green Mark Gold<sup>PLUS</sup> certification by Singapore's Building and Construction Authority, which will contribute to CLAS' sustainability target to green 100% of its portfolio by 2030. The property has also been awarded the Global Sustainable Tourism Council certification in 2024.

### **CLAS' portfolio reconstitution strategy to deliver higher yields**

The proposed acquisition of lyf Funan Singapore is CLAS' third acquisition announced in 2024 as it continues with its portfolio reconstitution. In January 2024, CLAS completed the turnkey acquisition of Teriha Ocean Stage, a rental housing property in Fukuoka, Japan with estimated net operating income yield of about 4% on a stabilised basis. In June 2024, CLAS acquired the remaining 10% stake in Standard at Columbia, a student accommodation in South Carolina, United States of America. The EBITDA yield on total investment cost for Standard at Columbia is expected to be approximately 7%.

In 2024, CLAS has divested six mature properties<sup>12</sup> at a total of about S\$340 million to date. The properties were divested at a premium to book value, unlocking S\$46.2 million<sup>13</sup> in gains.

### **About CapitaLand Ascott Trust ([www.capitalandascotttrust.com](http://www.capitalandascotttrust.com))**

CapitaLand Ascott Trust (CLAS) is the largest lodging trust in Asia Pacific with an asset value of S\$8.5 billion as at 30 June 2024. CLAS' objective is to invest primarily in income-producing real estate and real estate-related assets which are used or predominantly used as serviced residences, rental housing properties, student accommodation and other hospitality assets in any country in the world. CLAS was listed on the Singapore Exchange Securities Trading Limited (SGX-ST) since March 2006, and is a constituent of the FTSE EPRA Nareit Global Real Estate Index Series (Global Developed Index).

CLAS' international portfolio comprises 102 properties with more than 18,000 units in 45 cities across 16 countries in Asia Pacific, Europe and the United States of America as at 30 June 2024.

CLAS' properties are mostly operated under the Ascott, Somerset, Quest and Citadines brands. They are mainly located in key gateway cities such as Barcelona, Berlin, Brussels, Hanoi, Ho Chi Minh City, Jakarta, Kuala Lumpur, London, Manila, Melbourne, Munich, New York, Paris, Perth, Seoul, Singapore, Sydney and Tokyo.

CLAS is a stapled group comprising CapitaLand Ascott Real Estate Investment Trust (CapitaLand Ascott REIT) and CapitaLand Ascott Business Trust (CapitaLand Ascott BT). CLAS is managed by CapitaLand Ascott Trust Management Limited (as manager of CapitaLand Ascott REIT) and CapitaLand Ascott Business Trust Management Pte. Ltd. (as trustee-manager of CapitaLand Ascott BT). The manager and trustee-manager are wholly

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<sup>12</sup> The six properties comprise two properties in Australia, three properties in Japan and one property in Singapore.

<sup>13</sup> Includes the transfer of S\$19.3 million from the asset revaluation reserve to revenue reserve for the divestments in Australia.

owned subsidiaries of Singapore-listed CapitaLand Investment Limited, a leading global real estate investment 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 30 June 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 a suite of private real asset vehicles that invest in thematic and tactical strategies. Its diversified real estate asset classes include retail, office, lodging, industrial, logistics, business parks, wellness, self-storage and data centres.

CLI aims to scale its fund management, lodging management and commercial management businesses globally 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.

**Important Notice**

This release may contain forward-looking statements. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, availability of real estate properties, competition from other developments or companies, shifts in customer demands, shifts in expected levels of occupancy rate, property rental income, charge out collections, changes in operating expenses (including employee wages, benefits and training, property operating expenses), governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business.

You are cautioned not to place undue reliance on these forward-looking statements, which are based on the current view of management regarding future events. No representation or warranty express or implied is made as to the fairness, accuracy, completeness or correctness of the information or opinions contained in this release. Neither CapitaLand Ascott Trust Management Limited nor CapitaLand Ascott Business Trust Management Pte. Ltd. ("Managers") nor any of their respective holding companies, subsidiaries, associated undertakings, controlling persons, affiliates, directors, officers, partners, employees, agents, advisers or representatives, undertake to update or revise any information on the basis of any subsequent developments, information or events, or otherwise, nor shall they have any liability whatsoever (in negligence or otherwise) for any loss howsoever arising, whether directly or indirectly, from any use of, reliance on or distribution of this release or its contents or otherwise arising in connection with this release.

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

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