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

Extraordinary General Meeting to be held on 18 November 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 Extraordinary General Meeting ("**EGM**") to be held at 2:00 p.m. on Monday, 18 November 2024.

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

A. The Proposed Acquisition
B. Investment and Portfolio Management

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 EGM. Please refer to the EGM presentation slides and all EGM-related documents at: https://investor.capitalandascotttrust.com/agm_egm.html.

Following the conclusion of the EGM, the voting results of the EGM will be uploaded on SGXNet and made available on CLAS' website. The minutes of the EGM will be published on SGXNet and CLAS' website on or before 19 December 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
14 November 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. The Proposed Acquisition	
1.	**The agreed property value of lyf Funan Singapore is S$263.0 million. The purchase consideration is S$146.4 million, and CLAS will draw down a new loan facility to repay the existing loan facility of S$113.0 million.** **a) The new loan facility is assumed to have an interest rate of 3.5% per annum, compared to CLAS' current average debt cost of 3.0% per annum. What is the manager's view on the interest rate trend in the next 12 months and will the new loan facility be based on fixed or floating rates?**
	Economists anticipate that inflation could trend higher should President-elect Donald Trump introduce tariffs and tax cuts when he takes office in 2025. While the US Federal Reserve cut interest rates by 25 basis points in November 2024, after a 50-basis point cut in September 2024, it has signalled a "careful, patient approach" going forward. The outlook of rate cuts is therefore less certain, with interest rates potentially staying higher for longer. We expect the cost of debt for the proposed acquisition to be around 3.5% per annum and we continue to monitor the interest rates and hedging options. The loan may either be fixed or floating, depending on what is most optimal for CLAS. As a portfolio, we expect CLAS' average cost of debt to remain at around 3.0% per annum until FY 2025. As at 30 September 2024, 79% of CLAS' debt is effectively on fixed rates. In line with our prudent and disciplined capital management approach, our preference is to have a high proportion (of about 70% to 80%) of debt effectively on fixed rates to mitigate the impact of interest rate volatility. CLAS is in a strong financial position and has an investment-grade credit rating of BBB (stable outlook) by Fitch Ratings.
	b) How was the funding structure for the acquisition determined? Why did CLAS choose to take on debt and gear up further, as opposed to raising equity?
	The Managers intend to finance the total acquisition outlay (excluding the acquisition fee of approximately S$2.6 million) with: • approximately S$142.8 million from the divestment proceeds from CLAS' divestment of Citadines Mount Sophia Singapore (CMSS divestment) which was completed in March 2024; and • approximately S$119.7 million from debt financing, which includes the amount drawn down under the new facility agreement to repay the existing facility. lyf Funan Singapore has an EBITDA yield of 4.7% on a FY 2023 pro forma basis, which compares favourably to the exit yield of the CMSS divestment of 3.2% and estimated cost of debt of 3.5%. By funding the proposed acquisition with divestment proceeds and debt, the acquisition is expected to deliver a Distribution per Stapled Security (DPS) accretion of 1.5% on a FY 2023 pro forma basis.

	Conversely, the cost of equity would be higher than the EBITDA yield. Funding the proposed acquisition with equity would be dilutive to DPS. Maintaining a strong financial position is a key priority for CLAS. Based on CLAS' aggregate leverage as at 30 June 2024 and taking into account the proposed acquisition, CLAS' aggregate leverage will be at 39.1%, below the aggregate leverage limit of 45.0% (and below the limit of 50.0% if CLAS has a minimum adjusted interest coverage ratio of 2.5x after taking into account the interest payment obligations arising from new borrowings) set by the Monetary Authority of Singapore under the Property Funds Appendix.
2.	**The 20-year master lease includes compensation to the master lessee, a subsidiary of Ascott Limited, for up to 5 years if the lease is terminated by CLAS due to a sale or redevelopment.** **a) By entering into this agreement, is CLAS effectively locked in and unable to consider offers for lyf Funan Singapore due to the potential compensation to the master lessee?** **b) Why will the compensation be given to the lessee when CLAS is responsible for capital expenditure?** **c) Did the manager consider a management contract rather than a master lease?**
	a) CLAS has the flexibility to divest lyf Funan Singapore. Compensation is only payable in the event the buyer requires vacant possession and the master lease has to be terminated. The compensation to the master lessee would be based on the remaining lease tenure in years (capped at a maximum of five years) multiplied by 6.5% of the average annualised GOP 24 months prior to termination. In addition, CLAS has the right of termination without compensation in the event of under-performance of the master lessee, where the actual gross operating profit (GOP) of the property is less than 80% of the annual GOP as forecasted in the annual business plan for two consecutive fiscal years. b) Given the property's prime location, connectivity and robust performance, the Managers have negotiated for a high proportion of the property's GOP of 93.5% to be paid to CLAS as rent, allowing CLAS to capture potential upside. As the master lessee will only retain a small portion of the GOP, it is reasonable that CLAS bears the capital expenditure of the property. We do not expect any immediate capital expenditure requirements given that the property is new. c) We have evaluated different contract types for the property, including management contracts, and determined that a master lease allows CLAS to participate in the favourable demand-supply dynamics in Singapore while having the operational costs and risks borne by the master lessee. The terms of the master lease were negotiated with the master lessee on an arms-length basis and are favourable to CLAS.

	The market research consultant, Colliers, has deemed the terms of the master lease to be within market benchmarks and on normal commercial terms. They have opined that the termination clause is highly favourable to CLAS, offering CLAS flexibility in the event of a sale or re-development.
3.	**In FY 2023, CLAS' management fees amounted to S$34.2 million, with nearly S$10 million paid in cash. Could you please clarify the manager's reasoning for assuming that all management fees, including the base management fee and performance management fee, will be paid in Stapled Securities? Assuming the same ratio of fees paid in cash and Stapled Securities in FY 2023, will this proposed acquisition still be DPS-accretive?**
	Paying management fees in Stapled Securities better aligns the interests of CLAS and its Stapled Securityholders as we continue to reconstitute the portfolio to enhance its quality and income. Assuming a lower proportion of 50% of management fees paid in Stapled Securities, the proposed acquisition would still be accretive to DPS.

B. Investment and Portfolio Management	
4.	**CLAS is active in executing its growth strategies. However, the recovery seems to be slower than expected. Can the manager please explain why this is so?**
	CLAS' DPS has increased year-on-year for the past three years since the Covid-19 pandemic. While room rates of CLAS' properties have surpassed pre-Covid levels, occupancy levels have not fully recovered as travel volume remain below pre-pandemic levels. In particular, outbound travel from China, which is a key source market for several destinations, has been slower than expected. Macroeconomic and geopolitical headwinds, including high interest rates and the strength of the Singapore Dollar relative to foreign currencies, have also impacted CLAS. Despite these challenges, we have been active in our portfolio reconstitution efforts, enhancing the quality of CLAS' portfolio and income streams. Today, the portfolio is diversified and well-balanced, with stable income sources providing resilience and growth income sources enabling us to capture upside potential. In addition to divestments at premiums to book value and accretive acquisitions, we have invested in asset enhancement and development projects, which will further uplift CLAS' DPS and net asset value. CLAS is well-positioned to deliver sustainable returns to our Stapled Securityholders.
5.	**Have hotel and other accommodation bookings both in Singapore and overseas been growing as anticipated or been weaker than expected? If it has been weaker than expected, please explain why that is the case.**
	Demand for lodging has been healthy. CLAS' gross profit rose 8% year-on-year in 3Q 2024, lifted by our portfolio reconstitution initiatives and stronger operating performance of the properties. CLAS' revenue per available unit (RevPAU) increased 3% year-on-year and was 5% above pre-Covid 3Q 2019 levels. Gross profit of CLAS' stable income sources also increased across all segments – master leases, management contracts with minimum guaranteed income and longer-stay properties (rental housing and student accommodation). Below are some performance highlights of our key markets in 3Q 2024: • In Australia, RevPAU was in line with pre-pandemic levels. Year-on-year, RevPAU in AUD terms fell 11% mainly due to a lighter events calendar compared to 3Q 2023, when there were one-off large-scale events such as the FIFA Women's World Cup. The outlook for 4Q 2024 remains healthy.

	• In France, on a same-store basis, revenue in EUR terms increased 11% year-on-year due to higher rent received from the 8 master leases which were renewed in 2023 and 2024, as well as uplift during the Olympic Games. • In Japan, demand for travel remained robust, with RevPAU in JPY terms increasing 6% year-on-year, exceeding pre-pandemic same-store RevPAU by 24%. Gross profit from the master leases was 22% higher year-on-year, and the rental housing portfolio continued to offer stable income with an average occupancy of over 95%. • In Singapore, on a same-store basis, RevPAU increased 5% year-on-year mainly due to the stronger performance of The Robertson House by The Crest Collection post-renovation. CLAS' properties benefitted from higher leisure demand during the F1 Grand Prix. • In the United Kingdom, on a same-store basis and excluding units under renovation, RevPAU in GBP terms was 5% higher year-on-year and 16% above pre-pandemic levels. Higher room rates and contribution are expected from Citadines Holborn-Covent Garden London post-renovation. • In the United States, RevPAU in USD terms increased 3% and surpassed pre-Covid levels by 13% on the back of large events in the city. The student accommodation properties are 90% leased for the academic year 2024-2025, with rent growth of 4.5%. We remain cautiously optimistic of the continued recovery of the sector. CLAS' hospitality properties are largely situated in prime locations of key gateway cities, and are well-positioned to capture demand from tourism, business activities and events. As pent-up demand for travel moderates, CLAS' diversification and balanced mix of growth and stable income sources are expected to provide resilience. Our portfolio reconstitution and asset enhancement initiatives are also expected to enhance the quality and income of the portfolio, providing further capacity for growth.
6.	**How have The Cavendish London, Temple Bar Hotel Dublin and Ascott Kuningan Jakarta, which were acquired in 2023, performed?**
	The properties have performed in line with or above pre-Covid levels and acquisition underwriting as of 3Q 2024. In 3Q 2024, the RevPAU of CLAS' London properties in GBP terms increased by 7% year-on-year. The Cavendish London, located in the exclusive Mayfair area, was a key contributor to this performance. In London, demand from both corporate and leisure segments was strong, fueled by major events and concerts. Similarly, demand for Temple Bar Hotel Dublin was robust in 3Q 2024, boosted by sporting events and major concerts. The performance of Ascott Kuningan Jakarta also trended positively in 3Q 2024, with an increase in corporate bookings supported by business activities, meetings, and conferences. From 1Q 2024 to 4Q 2024, Temple Bar Hotel Dublin has been undergoing asset enhancement while remaining operational. The Cavendish London is scheduled for

	asset enhancement from 2025 to 2026. As the property will be temporarily closed during certain months of the renovation, CLAS will distribute past divestment gains to mitigate the impact. Post-completion, these asset enhancement initiatives are expected to enhance the properties' operating yield and value.