



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)

CapitaLand Ascott Business Trust

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

Managed by

CapitaLand Ascott Trust Management Limited

(Company Registration No. 200516209Z)

Managed by

CapitaLand Ascott Business Trust Management

Pte. Ltd.

(Company Registration No. 201925299R)

ANNOUNCEMENT

RENEWED MASTER LEASE AGREEMENTS FOR CERTAIN PROPERTIES IN FRANCE

1. INTRODUCTION

CapitaLand Ascott Trust Management Limited (as manager of CapitaLand Ascott Real Estate Investment Trust ("**CapitaLand Ascott REIT**", and the manager, the "**Manager**")), and CapitaLand Ascott Business Trust Management Pte. Ltd. (as trustee-manager of CapitaLand Ascott Business Trust ("**CapitaLand Ascott BT**", and the trustee-manager, the "**Trustee-Manager**"), and together with the Manager, the "**Managers**")), are pleased to announce that the relevant property holding companies (the "**Master Lessors**") under CapitaLand Ascott REIT have renewed the master leases ("**Renewed Master Leases**") entered into with Citadines SA (the "**Master Lessee**") in respect of the following properties (the "**Properties**") in France:

- (i) Citadines Austerlitz Paris;
- (ii) Citadines République Paris;
- (iii) Citadines Maine Montparnasse Paris; and
- (iv) Citadines Antigone Montpellier.

2. TERMS OF THE RENEWED MASTER LEASES

2.1 The Renewed Master Leases for the Properties are on the same terms and conditions of the existing master lease except for:

- (i) higher rent to be received by the Master Lessors under each of the Renewed Master Leases, as set out in a table below;
- (ii) the duration of each of the Renewed Master Leases is 12 years; and
- (iii) there is co-sharing of renovation expense between the Master Lessors and the Master Lessee.

Each of the Renewed Master Leases shall be for a period of 12 years commencing 1 December 2023.

The rent to be received under each of the Renewed Master Leases is the higher of the fixed and variable rent per annum. The rent structure is as follows:

Relevant property	Renewed Master Lease Agreements (effective 1 December 2023)	
	Higher of	
	Fixed Rent (EUR'000)	Variable Rent (as a percentage of total revenue)
Citadines Austerlitz Paris	217	26%
Citadines République Paris	754	33%
Citadines Montparnasse Paris	721	33%
Citadines Antigone Montpellier	339	20% ¹

The fixed rent is indexed to the French commercial lease index published by the National Institute of Statistics and Economic Studies, which is the French national statistics bureau, and will be automatically increased or decreased accordingly each year on the anniversary of the commencement date of each of the Renewed Master Leases.

As a comparison, the rent structure of the respective existing French master lease agreements is as follows:

¹ Citadines Antigone Montpellier's variable rent is 17% pre-renovation and 20% after completion of renovation which is estimated to be in 2027.

Relevant property	Existing French master lease agreements	
	The aggregate of	
	Fixed Rent (EUR'000)	Variable Rent (as a percentage of total revenue)
Citadines Austerlitz Paris	327	-
Citadines République Paris	1,022	-
Citadines Montparnasse Paris	965	-
Citadines Antigone Montpellier	290	10.35%

An independent consultant (“**Independent Consultant**”), HVS London, has been engaged by the Manager and the Trustee to assess the prevailing market rent for each of the Properties.

The rent under each of the Renewed French Master Lease Agreements for the financial year ending 31 December 2024 (“**FY 2024**”), as compared to the rent under the existing French master lease agreements for FY 2022, is as follows:

Relevant property	New Rent (FY 2024) (EUR'000)	Existing Rent (FY 2022) (EUR '000)	Rent Increase/Decrease	
			EUR '000	%
Citadines Austerlitz Paris ¹	479	360	119	33
Citadines République Paris ²	1,142	906	236	26
Citadines Montparnasse Paris ³	969	783	186	24
Citadines Antigone Montpellier ⁴	602	595	7	1
Total	3,192	2,644	548	21

Notes:

- (1) Based on the higher of 26% of revenue for FY 2024 (as per the report of the Independent Consultant) and fixed rent of EUR 0.2 million.
- (2) Based on the higher of 33% of revenue for FY 2024 (as per the report of the Independent Consultant) and fixed rent of EUR 0.8 million.
- (3) Based on the higher of 33% of revenue for FY 2024 (as per the report of the Independent Consultant) and fixed rent of EUR 0.7 million.
- (4) Based on the higher of 17% of revenue for FY 2024 (as per the report of the Independent Consultant) and fixed rent of EUR 0.3 million.

As set-out above, the new rent for FY 2024 of EUR 3.2 million is higher than the existing rent for FY 2022 of EUR 2.6 million.

In addition, the rent to revenue ratio under the Renewed French Master Lease Agreements of 26%, 33%, 33% and 17% for Citadines Austerlitz Paris, Citadines République Paris, Citadines Montparnasse Paris and Citadines Antigone Montpellier respectively are in line with the range of the market rent to revenue ratio of between 15%-36%².

The properties will undergo renovation to stay competitive throughout the lease duration. The Master Lessors will incur estimated civil, mechanical and electrical (“**CM&E**”) capital expenditure of EUR 5.5 million (approximately S\$8.0 million³) to meet its sustainability targets. The Master Lessors and the Master Lessee will co-share the Furniture, Fixtures, & Equipment (“**FF&E**”) capital expenditure, estimated to be EUR 9.0 million (approximately S\$13.2 million), on a 50%-50% basis, in return for a higher variable rent component.

3. RATIONALE FOR THE RENEWED MASTER LEASES

The rationale for the Renewed Master Leases is as follows:

- (a) the rent to be received by the Master Lessors in FY 2024 as shown in the table above under the proposed rent structure is estimated to be approximately 21% higher than the rent in FY 2022;
- (b) the fixed rent of each of the Renewed Master Leases provides certainty to the Master Lessors' income;
- (c) the variable rent of each of the Renewed Master Leases Agreements allows the Master Lessors to enjoy greater upside from the travel recovery and demand drivers in Paris and Montpellier. Paris is a key gateway city in the most visited country globally⁴. The city has a strong and well-diversified leisure base and multiple demand drivers, such as business, entertainment, fashion and sports. The city of Paris is also hosting the 2024 Summer Olympics, which will be an added tourism boost to the city. Montpellier is a scenic tourist destination known for its architectural heritage. International passenger count at the city's airport, Montpellier Mediterranee International Airport, posted a compound annual growth rate of 9.0% from 2013 to 2019;
- (d) Citadines SA, the master lessee for each of the Renewed French Master Lease Agreements, is an indirect wholly owned subsidiary of The Ascott Limited, which is one of the leading international lodging owner-operators. The Ascott Limited operates

² Per report of the Independent Consultant.

³ Based on the exchange rate of EUR1.00 to S\$1.46282 unless stated otherwise.

⁴ Source: UNWTO (May 2023) – World Tourism Barometer.

more than 40 properties across Europe, with a strong track record and extensive operational resources in France; and

- (e) any change to the master lessee would lead to disruption.

4. PRO FORMA FINANCIAL EFFECTS OF THE MASTER LEASE

4.1 Assumed Exchange Rates

In preparing the pro forma DPS and NAV per Stapled Security for FY 2022, the exchange rates between EUR and the Singapore dollar are assumed to be as follows:

	Average rate for FY 2022	31 December 2022
EUR	1.45823	1.41840

4.2 Pro Forma DPS and Distribution Yield

FOR ILLUSTRATIVE PURPOSES ONLY:

The table below sets out the pro forma financial effects of the Renewed Master Leases on the DPS and distribution yield of CapitaLand Ascott Trust (“CLAS”) for FY 2022, as if the Renewed Master Leases were completed on 1 January 2022.

	Before the Renewal of the Master Leases	After the Renewal of the Master Leases
Total Distribution (S\$'000)	189,834 ⁽¹⁾	190,108
Number of Stapled Securities ('000)	3,445,625 ⁽²⁾	3,445,625 ⁽²⁾
DPS (Singapore cents)	5.67	5.68

Notes:

(1) Based on the 2022 Audited Consolidated Financial Statements.

(2) Number of Stapled Securities in issue as at 31 December 2022.

4.3 Pro Forma NAV

FOR ILLUSTRATIVE PURPOSES ONLY:

The table below sets out the pro forma financial effects of the Renewed Master Leases on the consolidated NAV of CLAS as at 31 December 2022, as if the Renewed Master Leases were completed on 31 December 2022.

	Before the Renewed Master Leases	After the Renewed Master Leases
NAV (S\$'000)	3,965,436 ⁽¹⁾	3,965,436 ⁽³⁾
Number of Stapled Securities in issue ('000)	3,445,625 ⁽²⁾	3,445,625 ⁽²⁾
NAV per Stapled Security (S\$)	1.15	1.15

Notes:

- (1) Based on the 2022 Audited Consolidated Financial Statements.
(2) Number of Stapled Securities in issue as at 31 December 2022.
(3) Assumed no changes to the valuation of Citadines Austerlitz Paris, Citadines République Paris, Citadines Maine Montparnasse Paris and Citadines Antigone Montpellier

5. OPINION OF THE AUDIT COMMITTEE

After taking into consideration the report of the Independent Consultant and the rationale for the Renewed Master Leases as set out above, the Audit Committee of the Managers is of the view that each of the Renewed Master Leases is on normal commercial terms and is not prejudicial to the interests of CLAS and its minority stapled securityholders.

6. OTHER INFORMATION

6.1 Interested Person Transactions and Interested Party Transactions

As at the date of this announcement, CapitalLand Investment Limited (“**CLI**”) has (i) deemed interests of approximately 28.25% of the total number of Stapled Securities in issue⁵ and (ii) wholly owns the Managers and is therefore regarded as a Controlling Shareholder of the Managers under the Listing Manual. The Master Lessee is a wholly owned subsidiary of CLI. Accordingly, the Master Lessee is an Interested Person of CLAS and each of the Renewed Master Leases constitutes an Interested Person Transaction under Chapter 9 of the Listing Manual. As at the date of this announcement, save for the Renewed Master Leases, the value of all the interested person transactions entered into between CLAS and CLI and its subsidiaries and associates during the course of the current financial year ending 31 December 2023 is approximately S\$86.4 million (which is approximately 2.2% of the NTA of CLAS as at 31 December 2022). Including the Renewed Master Lease, the value of all interested person transactions entered into between CLAS and CLI and its subsidiaries and associates during the course of the financial year ending 31 December 2023 is approximately S\$154.0 million, which exceeds 3% but does not exceed 5% of the NTA of CLAS as at 31 December 2022.

⁵ Based on 3,759,135,035 Stapled Securities in issue in CLAS as at the date of this announcement.

6.2 Interests of Directors and Substantial Stapled Securityholders

As at the date of this announcement, certain directors of the Managers collectively hold an aggregate interest of 2,621,953 Stapled Securities in CLAS and 1,271,982 shares in CLI.

Mr Goh Soon Keat Kevin, a Non-Executive Non-Independent Director of the Managers, is the Chief Executive Officer, Lodging of CLI. Ms Beh Siew Kim, a Non-Executive Non-Independent Director of the Managers, is the Chief Financial and Sustainability Officer, Lodging of CLI.

Save as disclosed above and as at the date of this announcement, none of the Directors or the controlling Stapled Securityholder has an interest, direct or indirect, in the transaction, other than their respective stapled securityholdings in CLAS.

6.3 Directors' Service Contracts

No person is proposed to be appointed as a director of the Managers as a result of the Renewed Master Leases or any other transactions contemplated in relation to the Renewed Master Leases.

7. Copies of the following documents are available for inspection from 10.00 a.m. to 5.00 p.m. at the registered office of the Managers at 168 Robinson Road, #30-01 Capital Tower, Singapore 068912 from the date of this announcement up to and including the date falling three (3) months after the date of this announcement:
- (i) the Renewed Master Leases; and
 - (ii) the report of the Independent Consultant.

BY ORDER OF THE BOARD

CAPITALAND ASCOTT TRUST MANAGEMENT LIMITED

(Company Registration No. 200516209Z)

As manager of CapitalLand Ascott Real Estate Investment Trust

CAPITALAND ASCOTT BUSINESS TRUST MANAGEMENT PTE. LTD.

(Company Registration No. 201925299R)

As trustee-manager of CapitalLand Ascott Business Trust

Karen Chan
Company Secretary
5 October 2023

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.