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)

(formerly known as Ascott Residence Trust Management Limited)

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)

(formerly known as Ascott Business Trust Management Pte. Ltd.)

ANNOUNCEMENT

Annual General Meeting to be held on 18 April 2023
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 in a wholly physical format at 10:00am on Tuesday, 18 April 2023.

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

A. Operating Performance
B. Investment and Portfolio Management
C. Capital 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 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 18 May 2023.

By Order of the Boards

CAPITALAND ASCOTT TRUST MANAGEMENT LIMITED
(formerly known as Ascott Residence Trust Management Limited)
(Company Registration No. 200516209Z)
As Manager of CapitaLand Ascott Real Estate Investment Trust

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

Karen Chan
Company Secretary
13 April 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 (formerly known as Ascott Residence Trust Management Limited), as manager of CapitaLand Ascott Real Estate Investment Trust (formerly known as Ascott Real Estate Investment Trust), or CapitaLand Ascott Business Trust Management Pte. Ltd., as trustee-manager of CapitaLand Ascott Business Trust (formerly known as 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 much impact does inflation have on CLAS?**
	An inflationary environment, coupled with the recovery in the travel sector, has led to both higher RevPAU and operating costs for CLAS. In FY 2022, the increase in CLAS' revenue outpaced the increase in operating costs. Some of our master leases, such as those in Germany, have rents which are indexed to inflation-linked indexes. In these instances, the annual master lease rent that CLAS receives rises in tandem with inflation. CLAS' predominantly long-stay properties have leaner cost structures than the typical full-service hospitality property. Where rising utility costs are concerned, there are several mitigants in place: • For properties under master leases, the utility costs are borne by the lessees, and for rental housing and student accommodation properties, the utility costs are billed directly to the tenants. • For properties under management contracts, utility costs comprise less than 10% of CLAS' operating costs and we have managed the costs through the following initiatives: o Some of CLAS' properties have secured fixed rates with energy brokers or have negotiated utility contracts to prevent cost escalation. o Some of the long stay leases come with caps on utility usage, where guests will pay for utility usage that exceed the cap. o We have also rolled out go-green initiatives to reduce the consumption of utilities, such as the installation of occupancy detection sensors that cut off the supply of electricity when guests are not in the rooms. We will continue to work closely with our lessees and operators to improve the top line and operating margins for our properties.
2.	**Do you think revenue growth can continue to mitigate the higher operating costs?**
	While macroeconomic uncertainties could affect travel demand in some segments and result in rising cost pressures, the overall outlook for the travel industry remains positive. The World Tourism Organisation[1] expects international arrivals to reach 80% to 95% of pre-pandemic levels in 2023, supported by pent-up demand, particularly in Asia Pacific, as compared to 63% of pre-pandemic levels in 2022. The recovery in the hospitality sector was strong in 2H 2022, with CLAS' portfolio revenue per available unit[2] (RevPAU) rising 81% year-on-year (y-o-y) and reaching pre-Covid 4Q 2019 *pro forma*[3] levels in 4Q 2022. Amongst CLAS' key markets, Australia, Singapore, UK and USA were at pre-Covid levels, while China, Japan and Vietnam were below pre-Covid levels. We are cautiously optimistic of the continued recovery of the sector, supported by the reopening of key destinations such as Japan and China in recent months. The removal of travel restrictions in Japan led to a surge in travel bookings, while the earlier-than-expected reopening of China spurred an increase in travel enquiries.

[1] World Tourism Barometer (January 2023), World Tourism Organization
[2] Revenue per available unit of properties under management contracts and management contracts with minimum guaranteed income, excludes master leases, rental housing and student accommodation.
[3] The combination with Ascendas Hospitality Trust (A-HTRUST) was completed on 31 Dec 2019 and the 2019 pro forma figures include the performance of the A-HTRUST portfolio.

	The pace of recovery depends on the resumption of flight frequencies. As of January 2023, global airlines are running only 11% of 2019 capacity levels to and from China, and the figure is expected to increase to 25% by April 2023[4]. China is a key source market of travellers for many countries, and the return of flight capacities is expected to drive outbound travel. CLAS is well-positioned to ride the recovery with its geographically diversified portfolio, range of lodging asset classes and balanced mix of stable and growth income streams. CLAS will also undertake asset enhancement initiatives to uplift the value and profitability of its properties, with four properties scheduled to undergo refurbishment in 2023.

B. Investment and Portfolio Management	
3.	**Should we expect further expansion in capitalisation rates to impact CLAS' property valuations?**
	During CLAS' last valuation exercise (as at 31 December 2022), capitalisation rates increased 25 to 50 basis points on average across most markets, with the exception of Japan where capitalisation rates remained stable. Despite the expansion in capitalisation rates, CLAS recorded a gross fair value gain of approximately S$200 million in portfolio valuation, as the higher capitalisation rates were mitigated by the stronger operating performance of the portfolio. The gross fair value gain represents a surplus of more than 2% over the net book value as at 31 December 2022. CLAS performs valuations on its portfolio annually, and the next valuation (as at 31 December 2023) will depend on CLAS' operating performance in FY 2023, the outlook and interest rate environment of the markets CLAS is in.
4.	**Is it harder to make accretive investments given the current market environment?**
	Amid the macroeconomic uncertainties, CLAS will continue to exercise financial discipline in its investment and portfolio reconstitution plans. With its robust financial position, CLAS is well-positioned to acquire both longer-stay properties for stable income and hospitality assets to capture the upside from recovery in global travel. Our preference is to acquire accretively upon stabilisation of the assets' performance. In FY 2022, despite the challenging market environment, we received strong lender and investor support, successfully executing 15 accretive acquisitions. We invested in 12 longer-stay (rental housing and student accommodation) properties and three serviced residences. 11 of the properties are in Japan, and the rest are in Australia, France, Vietnam and USA. Apart from acquisitions, other areas which we will be working on include divesting mature properties to unlock value for our Stapled Securityholders and carrying out asset enhancements to uplift the quality and profitability of our portfolio. We will also evaluate development opportunities as one of CLAS' development projects, Standard at Columbia in South Carolina, USA, completes in 2Q 2023.

[4] Cirium (January 2023)

C. Capital Management	
5.	**In view of the rising interest rate environment, is CLAS' average cost of debt expected to increase?**
	Maintaining a strong financial position is one of CLAS' key priorities. In line with our prudent and proactive capital management approach, a high proportion of CLAS' debt is effectively on fixed rates. As at 31 December 2022, about 78% of CLAS' debt was effectively on fixed rates and locked in for a weighted average debt to maturity of about 4 years. As at 31 December 2022, CLAS' average cost of debt was about 1.8% per annum. In FY 2023, 14% (about S$400 million) of CLAS' debt (net of unamortised transaction costs) is due for refinancing, and we expect the debt to be refinanced at higher interest rates. CLAS' interest cover ratio improved from 3.7 times as at 31 December 2021 to 4.4 times as at 31 December 2022. We expect the interest cover ratio to remain healthy, supported by the sustained recovery of the lodging sector. We will continue to maintain a well-staggered debt maturity profile and high level of debt on fixed rates to hedge against rising interest rates.
6.	**What are the benefits of sustainable financing?**
	In 2022, CLAS published a Sustainability-Linked Finance Framework (Framework), which demonstrates our commitment to responsible growth and aligns our environmental, social and governance (ESG) goals with our financing needs. CLAS obtained a Second-Party Opinion from Moody's ESG Solutions on the Framework. To date, CLAS has raised about S$460 million in sustainable financing, including: • A S$50 million green loan to finance CLAS' maiden development project, lyf one-north Singapore, which is certified Green Mark Gold^{PLUS} by the Building Construction Authority. • CLAS' first S$200 million sustainability-linked bond – CLAS was the first hospitality trust globally and the first Singapore-listed real estate trust to issue a sustainability-linked bond. CLAS achieved a 'greenium' through the issuance of the bond and committed to a sustainability performance target of greening 50% of its total portfolio by the end of 2025. The deal was met with strong demand from institutional investors and was about 2.2 times oversubscribed. • A JPY16.5 billion (about S$168.8 million) sustainability-linked bond, in partnership with the International Finance Corporation (IFC), a member of the World Bank Group. The bond is IFC's first sustainability-linked bond in the hospitality sector globally, and proceeds from the bond will be used to refinance CLAS' existing borrowings and to further decarbonise three of CLAS' serviced residences in Southeast Asia. By aligning CLAS' ESG goals with financing needs, sustainable financing enables us to build a greener portfolio while enjoying cost savings if the sustainability performance targets are met. As at 31 December 2022, about 37% of CLAS' portfolio is green certified, up from about 33% as at 31 December 2021. We remain on track to green 50% of our portfolio by 2025 and 100% of our portfolio by 2030.