



## 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

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### ACQUISITION OF TWO HOTELS IN JAPAN

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#### 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**”), wish to announce that wholly owned subsidiaries of CapitaLand Ascott REIT and CapitaLand Ascott BT have, pursuant to four conditional sale and purchase agreements (each a “**Sale and Purchase Agreement**” and collectively the “**Sale and Purchase Agreements**”) dated 31 January 2025, acquired two hotels (each a “**Property**”, and collectively, the “**Properties**”) and related assets (“**Assets**”) for an aggregate consideration of JPY 21,000.0 million (equivalent to approximately S\$178.5 million<sup>1</sup>) (the “**Aggregate Purchase Consideration**” and the acquisition, the “**Acquisition**”) from third parties unrelated to CapitaLand Ascott REIT and CapitaLand Ascott BT (the “**Vendors**”).

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<sup>1</sup> Unless otherwise stated in this announcement, all references to S\$ where applicable are based on an exchange rate of JPY 1.00 = S\$0.0085

The particulars of the Properties located in Ginza (the “**Ginza Property**”) and Kanazawa (the “**Kanazawa Property**”) and Assets are set out in the Appendix to this announcement (“**Appendix**”).

## **2. RATIONALE FOR AND BENEFITS OF THE ACQUISITION**

The overarching rationale and key benefits of the Acquisition to CapitaLand Ascott Trust (“**CLAS**”) and its Stapled Securityholders are set out below.

### **(i) Enhancing distribution per Stapled Security (“DPS”) to Stapled Securityholders through portfolio reconstitution**

The Acquisition is in line with CLAS’ portfolio reconstitution strategy. CLAS proactively pursues investment, divestment and asset enhancement opportunities to enhance the quality of the portfolio and sustainability of returns to its Stapled Securityholders.

Through the Acquisition, CLAS will be redeploying the proceeds from the divestments of three WBF hotels in Osaka<sup>2</sup> and a rental housing property, Infini Garden in Fukuoka (the “**Divested Properties**”), at higher yields. The blended entry net operating income (“**NOI**”) yield of the Acquisition is 4.3% for the financial year ended 31 December 2024 (“**FY 2024**”), which compares favourably to the blended exit NOI yield of approximately 2.0% of the Divested Properties.

On a FY 2024 pro forma basis, CLAS’ total distribution is expected to increase by S\$3.9 million following the Acquisition. This translates to an increase in CLAS’ DPS from 6.10 cents to 6.20 cents, and DPS accretion of 1.6% on a FY 2024 pro forma basis.

### **(ii) Acquiring properties in prime and attractive locations**

Tokyo is the capital city of Japan, one of the most populous globally, and a bustling metropolis known for its unique blend of traditional and modern culture with towering skyscrapers, historic temples and serene gardens. As one of the world’s leading economic centres, Tokyo is also a prime destination for business travellers, offering a robust infrastructure and state-of-the-art conference facilities. The city maintains an efficient public transportation system which ensures easy access to key business districts and major attractions.

The Ginza Property is located in the heart of Ginza, Tokyo’s premium shopping and entertainment district housing luxury boutiques and department stores, gourmet dining and cultural attractions. The 224-unit hotel is next to Ginza Six, a popular high-end retail mall, and near to the Uniqlo global flagship store in Ginza. The Ginza Wako clock tower, an iconic landmark in the district, is less than a 10-minute walk

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2 Comprising Hotel WBF Kitasemba East, Hotel WBF Kitasemba West and Hotel WBF Honmachi.

away. The property is also within a short walking distance to rich cultural destinations such as the Kabuki-za Theatre and Ginza Graphic Gallery. Guests staying at the property can access Tokyo's subway network easily as the hotel is within a six- to eight- minute walk to two stations, the Higashi Ginza Station and Ginza Station.

Kanazawa is the capital city of the Ishikawa Prefecture. The city is a popular destination amongst domestic travellers, and similar to Kyoto, is well known for its historical attractions and cultural icons, as well as traditional landscaped gardens, including the Kenrokuen Garden. Kanazawa is also known for its premium seafood offerings given its coastal location. The city is highly accessible from Tokyo, Osaka and other major cities of Japan via train and the Shinkansen, the country's high-speed rail system. It is also connected by flights to and from Seoul, Shanghai and Taiwan.

The Kanazawa Property is conveniently located within a five-minute walk to the main Kanazawa train station, and a 10-minute drive to the city's CBD, one of the largest commercial areas in the Hokuriku Region. Guests at the 392-unit hotel can easily access and visit Kanazawa's attractions, which include the Kanazawa Castle, and heritage geisha and samurai districts featuring preserved architectural designs from Japan's Edo period. The property is also situated close to event and sports venues.

**(iii) Investing in cities with strong market fundamentals and further upside potential**

Following the reopening of borders to independent travellers in October 2022, Tokyo received 97 million overnight visitors in 2023, exceeding pre-COVID levels in 2019 by 23%<sup>3</sup>. For the first half of 2024, travel demand remained strong, with Tokyo market Revenue per Available Room ("RevPAR") increasing around 16% year-on-year<sup>4</sup>. Average Daily Rates ("ADRs") of hotels in the Ginza area are expected to continue to increase by 2% to 3% per annum<sup>5</sup>.

Kanazawa has also made a full recovery in 2023 after the reopening. The total number of overnight visitors to the city in 2023 was about 2.9 million, exceeding pre-COVID levels in 2019 by about 12%<sup>6</sup>. Kanazawa continues to gain popularity as a travel destination with greater connectivity by Shinkansen and an increase in international flights. The ADR and RevPAR for major hotels in Kanazawa is

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3 Source: Cushman and Wakefield valuation report.

4 Source: Colliers (October 2024) – "Investment potential and performance continue to drive interest in Japan's hotel sector".

5 Source: Cushman and Wakefield valuation report.

6 Source: Cushman and Wakefield valuation report.

expected to increase by 10% to 12%, and by 13% to 14% respectively, by the end of 2027, as compared to April 2024<sup>7</sup>.

Both the Ginza Property and Kanazawa Property are operated under management contracts which allows CLAS to enjoy the upside from the continued strong lodging performance expected in both cities.

Post-acquisition, CLAS will have 30 properties in Japan. The proportion of CLAS' total assets in Japan is expected to increase from 16% as at 31 December 2024 to 18%.

### **3. PRINCIPAL TERMS OF THE SALE AND PURCHASE AGREEMENTS**

#### **3.1 Sale and Purchase Agreements**

The Aggregate Purchase Consideration is based on the agreed value of the Properties and Assets at JPY 20,998.0 million (equivalent to approximately S\$178.48 million) and JPY 2.0 million (equivalent to approximately S\$0.02 million) respectively and are subject to completion adjustments. The purchase consideration for each Property and Asset is set out in the Appendix.

100% of the Aggregate Purchase Consideration was paid on completion of the Sale and Purchase Agreement ("**Completion Date**").

The Acquisition had been completed on 31 January 2025.

#### **3.2 Certain Terms and Conditions of the Sale and Purchase Agreements**

The terms of the Sale and Purchase Agreements include, among others, the following:

3.2.1 The conditions precedent for completion of the Acquisition include, among others, the following:

- (i) All of Vendors' representations and warranties set forth in the respective Sale and Purchase Agreements being true and correct as of Completion Date;
- (ii) Vendors having performed all of its obligations under the Sale and Purchase Agreements; and
- (iii) Concurrent completion of all four Sale and Purchase Agreements.

3.2.2 As part of the Acquisition of the Ginza Asset, CLAS will be taking over existing employees in relation to the operation of the Ginza Property.

3.2.3 Post-acquisition, the Properties will continue to be managed by third party operators under the existing Hotel Management Agreements. The Ginza

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<sup>7</sup> Source: Cushman and Wakefield valuation report.

Property will continue to be managed by AAPC Japan K.K.. The Kanazawa Property will continue to be managed by Solare Hotels & Resorts Co., Ltd.

#### 4. VALUATION

DBS Trustee Limited, in its capacity as trustee of CapitaLand Ascott REIT, has commissioned an independent property valuer, Cushman & Wakefield K.K. (“**Cushman & Wakefield**”), to value the Properties. Cushman & Wakefield has conducted the valuation using the income and cost methods.

The Aggregate Purchase Consideration takes into account the agreed aggregate property value of the Properties, which was negotiated on a willing-buyer and willing-seller basis and takes into account the independent valuation of the Properties. The independent valuation of the Properties by Cushman & Wakefield dated 1 November 2024 is an aggregate value of JPY 22,910.0 million (equivalent to approximately S\$194.7 million). The breakdown of the independent valuation is set out in the Appendix.

#### 5. TOTAL ACQUISITION OUTLAY

The total acquisition outlay (the “**Total Acquisition Outlay**”) is approximately JPY 22,596.2 million (equivalent to approximately S\$192.1 million), comprising:

- (i) the estimated Aggregate Purchase Consideration of JPY 21,000.0 million (equivalent to approximately S\$178.5 million), subject to completion adjustments;
- (ii) the total acquisition fees of approximately JPY 105.0 million (equivalent to approximately S\$0.9 million) (being 0.5% of the Enterprise Value (as defined in the CapitaLand Ascott REIT Trust Deed)) of JPY 21,000.0 million (equivalent to approximately S\$178.5 million) payable to the Managers; and
- (iii) the estimated aggregate associated costs of approximately JPY 1,491.2 million (equivalent to approximately S\$12.7 million) incurred or to be incurred by CapitaLand Ascott REIT and CapitaLand Ascott BT in connection with the Acquisition.

The Managers propose to fund the Total Acquisition Outlay with:

- (i) approximately JPY 14,853.5 million (equivalent to approximately S\$126.3 million) from debt financing; and
- (ii) approximately JPY 7,742.8 million (equivalent to approximately S\$65.8 million) from divestment proceeds.

## 6. PRO FORMA FINANCIAL EFFECTS OF THE ACQUISITION

### 6.1 Certain Financial Information Relating to the Acquisition

The pro forma financial effects of the Acquisition presented below are strictly for illustrative purposes only and do not reflect the actual position of CLAS after completion of the Acquisition.

They have been prepared based on the unaudited consolidated financial statements of CLAS for FY 2024 (the “**2024 Unaudited Consolidated Financial Statements**”), taking into account the purchase consideration for each Property.

### 6.2 Assumptions

In preparing the pro forma DPS and net asset value (“**NAV**”) per Stapled Security for FY 2024, the exchange rates between JPY and Singapore dollars are assumed to be as follows:

	Average rate for FY 2024	31 December 2024
JPY	0.008887	0.008696

### 6.3 Pro Forma DPS

#### FOR ILLUSTRATIVE PURPOSES ONLY:

The table below sets out the pro forma financial effects of the Acquisition on CLAS’ DPS for FY 2024, as if the Acquisition was completed on 1 January 2024.

	Before the Acquisition	After the Acquisition
Total Distribution (S\$’000)	231,229 <sup>(1)</sup>	235,156
Number of Stapled Securities in issue (’000)	3,796,166 <sup>(2)</sup>	3,796,404 <sup>(3)</sup>
DPS (Singapore cents)	6.10	6.20

#### Notes:

- (1) Based on the 2024 Unaudited Consolidated Financial Statements.
- (2) Number of Stapled Securities in issue as at 31 December 2024.
- (3) Adjusted to include approximately 0.2 million new Stapled Securities issued as payment of the Manager’s management fees for the Acquisition. The Stapled Securities issued as payment of the Manager’s management fees were assumed to be issued at the same prices as those that were actually issued as payment for the Manager’s managements fees for FY 2024.

## 6.4 Pro Forma NAV

### FOR ILLUSTRATIVE PURPOSES ONLY:

The table below sets out the pro forma financial effects of the Acquisition on the consolidated NAV as at 31 December 2024, as if the Acquisition was completed on 31 December 2024.

	Before the Acquisition	After the Acquisition
NAV (S\$'000)	4,376,979 <sup>(1)</sup>	4,376,979
Number of Stapled Securities in issue ('000)	3,796,166 <sup>(2)</sup>	3,796,166
NAV per Stapled Security (S\$) <sup>(3)</sup>	1.15	1.15

**Notes:**

- (1) Based on the 2024 Unaudited Consolidated Financial Statements.
- (2) Number of Stapled Securities in issue as at 31 December 2024.
- (3) The NAV per Stapled Security is the same as the net tangible asset value per Stapled Security.

## 7. DISCLOSEABLE TRANSACTION

Chapter 10 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”, and the Listing Manual, the “**Listing Manual**”) governs significant transactions by CLAS such as the acquisition or divestment of assets, including options to acquire or dispose of assets. Such transactions are classified into the following categories, as set out in Rule 1004 of the Listing Manual: (a) non-discloseable transactions, (b) discloseable transactions, (c) major transactions and (d) very substantial acquisitions or reverse takeovers, depending on the size of the relative figures computed on, *inter alia*, the following bases or comparison set out in Rule 1006(b) and Rule 1006(c) of the Listing Manual respectively:

- (i) the net profits attributable to the assets acquired, compared with the net profits of CLAS and its subsidiaries (the “**CLAS Group**”); and
- (ii) the aggregate value of the consideration given, compared with CLAS’ market capitalisation.

Where any of the relative figures computed on the bases set out above exceeds 5.0%, the transaction is classified as a discloseable transaction. Where any of the relative figures computed on the bases set out above exceeds 20.0%, the transaction is classified as a major transaction. The Listing Manual requires that a major transaction involving CLAS be made conditional upon approval by Stapled Securityholders in a general meeting. However, the approval of Stapled Securityholders in a general meeting is not required in the case of an acquisition of profitable assets if only sub-paragraph 7(i) (i.e. Rule 1006(b) of the Listing Manual)

exceeds the relevant 20.0% threshold.

The relative figures for the Acquisition using the bases of comparison are set out in the table below:

Criteria	CLAS (S\$ 'million)	Acquisition (S\$ 'million)	Relative Figures (%)
Net profits, compared with the CLAS Group's net profits.	181.9 <sup>(1)</sup>	3.6 <sup>(2)</sup>	2.0%
The aggregate value of the consideration given or received, compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares.	3,379.7 <sup>(3)</sup>	178.5 <sup>(4)</sup>	5.3%

**Notes:**

- (1) The figure is based on the unaudited results of the CLAS Group for the twelve-month period ended 31 December 2024.
- (2) The figure is based on the unaudited net profit before tax of the Properties and Assets for the twelve-month period ended 31 December 2024.
- (3) The figure is based on the weighted average price of S\$0.8903 as at 28 January 2025, being the market day preceding the date of the Sale and Purchase Agreements.
- (4) The figure is the Aggregate Purchase Consideration.

As seen in the table above, one of the relative figures exceeds the 5.0% threshold for a discloseable transaction but does not exceed the 20.0% threshold for a major transaction. As such, the Acquisition constitutes a “discloseable transaction” under Rule 1010 of the Listing Manual (read with Rule 1006 of the Listing Manual), but does not constitute a “major transaction” under Rule 1014(1) of the Listing Manual (read with Rule 1006 of the Listing Manual).

## 8. INTERESTS OF DIRECTORS AND CONTROLLING STAPLED SECURITYHOLDERS

None of the directors of the Managers or Controlling Stapled Securityholders<sup>8</sup> has any interest, direct or indirect, in the Acquisition (otherwise than through their stapled securityholdings (if any)) in CLAS.

## 9. DIRECTORS' SERVICE CONTRACTS

No person is proposed to be appointed as a director of the Managers in connection with the Acquisition or any other transactions contemplated in relation to thereto.

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8 “Controlling Stapled Securityholder” means a person who: (a) holds directly or indirectly, 15.0% or more of the total voting rights in CLAS. The SGX-ST may determine that such a person is not a controlling Stapled Securityholder; or (b) in fact exercises control over CLAS.



## 10. DOCUMENTS FOR INSPECTION

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<sup>9</sup> from the date of this announcement up to and including the date falling three months from the date of this announcement:

- (i) the Sale and Purchase Agreements; and
- (ii) the valuation reports of the Properties.

By Order of the Board

### **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

31 January 2025

## **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.

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<sup>9</sup> Prior appointment with the Managers is required. Please contact Investor Relations (telephone: +65 6713 2888).

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

## Appendix

S/ N	Property /Asset <sup>(1)</sup>	Description	Vendor	Purchase Consideration	Independent Valuation / NAV
1	<b>Ginza Property</b>	A 224-unit freehold hotel located at 701909 Ginza, Chuo-Ward, Tokyo Japan.	GKK Godo Kaisha	JPY 15,999.0 million  (equivalent to S\$136.0 million)	JPY 17,300.0 million  (equivalent to S\$147.1 million)
2	<b>Ginza Asset</b>	Ginza Hotel Management Godo Kaisha	GKK Ippan Shadan Hojin	JPY 1.0 million  (equivalent to S\$0.01 million)	NAV as at 31 October 2024 subject to completion adjustments <sup>(2)</sup>
3	<b>Kanazawa Property</b>	A 392-unit freehold hotel located at 8-15 Horikawa Shinmachi, Kanazawa City.	GKK Godo Kaisha	JPY 4,999.0 million  (equivalent to S\$42.5 million)	JPY 5,610.0 million  (equivalent to S\$47.7 million)
4	<b>Kanazawa Asset</b>	Kanazawa-Ekimae Hotel Management Godo Kaisha	GKK Ippan Shadan Hojin	JPY 1.0 million  (equivalent to S\$0.01 million)	NAV as at 31 October 2024 subject to completion adjustments <sup>(2)</sup>

**Notes:**

- (1) Separate Sale and Purchase Agreements have been entered into for each of the Properties and Assets above with the Vendor.
- (2) The independent valuations are in relation to the Properties. The Assets are based on the net asset value of the relevant entities.