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

Annual General Meeting to be held on 17 April 2025 Responses to Substantial and Relevant Questions

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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 at 3:00pm on Thursday, 17 April 2025.

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

A. Financial Performance and Outlook
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 17 May 2025.

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
11 April 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.

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

A. Financial Performance and Outlook	
1.	**How has CLAS positioned itself to capture the post-pandemic recovery, and what progress has been made over the past three years?**
	CLAS has a diversified portfolio of lodging properties across 16 countries. As borders reopened, our properties in key gateway cities were well-positioned to capture the pent-up demand. In FY 2024, our portfolio revenue per available unit (RevPAU) surpassed pre-Covid levels by 5%. Our properties have demonstrated agility in revenue and cost management by having the flexibility to adjust room rates to mitigate inflationary pressures on operating costs, thereby maintaining stable margins. In addition to driving the operating performance of our properties, CLAS has also actively pursued investment, divestment and asset enhancement opportunities to enhance the quality and performance of our portfolio, and ensure sustainable returns to Stapled Securityholders. Over the past three years, CLAS completed more than S$570 million in divestments at premium to book value and over S$1.2 billion in acquisitions. Divesting properties that have reached the optimal stage of their life cycles allows CLAS to redeploy proceeds into more optimal uses, such as investing in higher-yielding properties in prime locations with strong demand drivers, funding asset enhancement initiatives (AEIs) to enhance the performance and valuation of existing properties, and reducing debt with higher interest rates. An example of CLAS' portfolio reconstitution is the divestment of Citadines Mount Sophia Singapore and acquisition of lyf Funan Singapore. Citadines Mount Sophia Singapore, a serviced residence which opened in 2008, required significant capital expenditure for refurbishment. Divested at an exit yield of 3.2%[1], the proceeds were reinvested into the acquisition of lyf Funan Singapore at an EBITDA yield of 4.7%[2]. Opened in 2019, lyf Funan Singapore is a prime asset in the heart of Singapore's civic district, with a strong operating track record which surpasses its sub-market. In 2024, CLAS announced eight AEI projects, of which six have been completed. The average daily rates (ADR) and RevPAU of the properties have increased post-renovation. For example, the ADR of Citadines Holborn-Covent Garden London was 10% higher in 4Q 2024 compared to 4Q 2022 and 30% higher compared to 4Q 2019. The remaining two AEI projects are expected to be completed in 2026. Along with the development of Somerset Liang Court in Singapore, these three projects are expected to provide CLAS with further capacity for growth when completed.
2.	**Can you clarify why the healthy RevPAU and gross profit performance have not resulted in a proportionate increase in CLAS' total Distribution per Stapled Security (DPS) for FY 2024?**
	In FY 2024, gross profit increased by 10% due to stronger operating performance and accretive acquisitions. On a same-store basis, excluding acquisitions and divestments, gross profit rose by 4%. Total distribution decreased by 2% in FY 2024, mainly due to higher non-periodic items recorded in FY 2023 compared to FY 2024. These non-periodic items relate to realised exchange gain arising from the settlement of cross currency interest rate swaps and repayment of foreign currency bank loans and medium term notes. Excluding the non-periodic items, CLAS' core distribution was 6% higher and core DPS increased 1% year-on-year.

[1] Based on FY 2023 earnings before interest, taxes, depreciation and amortisation (EBITDA).
[2] Based on the agreed property value, on a FY 2023 pro forma basis.

As we pursue opportunities to reconstitute the portfolio and enhance our properties, there may be some short-term impact on CLAS' distribution income. We are committed to delivering stable distributions, through enhancing core distribution income from operating performance and distributing non-periodic and/or divestment gains when appropriate.

3. What initiatives will CLAS undertake in 2025, and when can we expect returns from these efforts? Is there a timeline for CLAS to restore distributions to pre-COVID levels?

CLAS actively manages its portfolio to create value for Stapled Securityholders.

Asset Enhancement Initiatives
In 2025 and 2026, CLAS plans to carry out AEIs at The Cavendish London and Sydney Central Hotel.

The Cavendish London is well-located in the exclusive Mayfair high-end shopping district of central London. The property will be renovated and rebranded under The Crest Collection brand, a luxury collection brand managed by The Ascott Limited. According to HVS, the property's valuation is expected to be GBP316.0 million following the renovation and stabilisation of the property in 2027. This represents an increase of GBP96.7 million as compared to the valuation of GBP219.3 million as at 31 December 2024. HVS expects the property to achieve an EBITDA yield[3] on total capitalised cost of approximately 6.5% at stabilisation.

Sydney Central Hotel, located within walking distance of Darling Harbour and Sydney's central business district, will undergo a brownfield extension to add eight more floors and 72 more rooms, representing a 28% increase from the current inventory. The property's gross floor area will also expand by 10%. According to Colliers, the property's valuation is expected to be AUD339.8 million following the extension, renovation and stabilisation of the property in 2028. This represents an increase of AUD167.3 million as compared to the valuation of AUD172.5 million as at 31 December 2024. Colliers expects the property's EBITDA to increase by AUD10.1 million on a stabilised basis, with an 11.3% yield on AEI cost[4].

Given the uncertain global outlook, we will monitor the macroeconomic situation, lodging demand and renovation costs, and may adjust our AEI schedules as appropriate.

Development
The development of Somerset Liang Court Singapore is ongoing and expected to be completed in 2026. Substructure works were completed in 2024 and superstructure works are underway. The redeveloped property will be part of an iconic riverfront integrated development in the heart of Clarke Quay, a popular lifestyle and entertainment precinct in Singapore.

Portfolio Reconstitution
Newly acquired properties will contribute income to CLAS in 2025, mitigating the income loss from properties divested in 2024. The new properties include lyf Funan Singapore (acquired on 31 December 2024) and ibis Styles Tokyo Ginza and Chisun Budget Kanazawa Ekimae (acquired on 31 January 2025). CLAS continues to evaluate opportunities to reconstitute the portfolio and redeploy proceeds from divestments into more optimal uses.

CLAS has a medium-term asset allocation target of 25-30% of portfolio value in longer-stay properties (rental housing and student accommodation) and 70-75% in hospitality assets (serviced residences and hotels). The longer-stay properties provide a stable income base for CLAS, while the hospitality assets capture the upside during travel upswings.

[3] Based on stabilised EBITDA before Furniture, Fixtures, and Equipment (FF&E) reserves in year 2027/28 over The Cavendish London's agreed property value (GBP215.0 million), estimated capitalised costs (GBP3.8 million), and estimated proportion of project cost attributable to CLAS (GBP 27.5 million), which is expected to be funded by bank borrowings.
[4] Based on stabilised EBITDA before FF&E reserves in 2028 versus EBITDA in 2019 over estimated project cost attributable to CLAS of AUD90.0 million.

	Outlook for Lodging As at January 2025, the United Nations World Tourism Organization projected international visitor arrivals to grow at a stabilised rate of 3% to 5% in 2025, driven by the ongoing recovery in Asia Pacific and strong growth in most other regions. Amid the current macroeconomic uncertainties, CLAS is cautiously optimistic about the demand for lodging. We remain focused on maximising gross profit by effectively managing costs and securing bookings at our properties early. With CLAS' geographic diversification, range of lodging asset classes and different contract types which provide a balanced mix of stable and growth income, CLAS' performance is expected to remain resilient. Delivering Sustainable Distributions As we pursue opportunities to reconstitute the portfolio and enhance our properties, there may be some short-term impact on CLAS' distribution income. CLAS is committed to delivering stable distributions. CLAS currently intends to distribute past undistributed divestment gains to mitigate the short-term impact of AEIs which are planned to be carried out in 2025 and 2026. CLAS expects to receive higher contributions from the renovated properties and Somerset Liang Court Singapore following their completion.

4.	**What is the impact of Trump's latest tariffs on CLAS? How will CLAS mitigate these impacts?**
	While US President Donald Trump has announced additional tariffs on many countries, the impact remains uncertain as negotiations may occur over the next few weeks. Should the tariffs be implemented, they could have the following impacts on CLAS, such as: <u>Increased costs</u> Tariffs may lead to higher costs for imported goods and utilities essential for maintaining, operating and renovating CLAS' properties. *<u>Mitigants:</u>* CLAS has a diversified portfolio of lodging properties with different contract types. CLAS' predominantly long-stay properties have leaner cost structures compared to full-service hospitality properties. For properties under master leases, the operating costs are largely covered by the lessees, and for rental housing and student accommodation, utility costs are borne by the tenants. Where possible, CLAS' properties have secured fixed rates with energy brokers or negotiated utility contracts to prevent cost escalation. CLAS' properties have the flexibility to adjust room rates to mitigate inflationary pressures on operating costs. We continue to work closely with our lessees and operators to improve the topline and operating margins of our properties. Given the uncertain global outlook, further steps will be taken to manage costs, including deferring non-essential capital expenditure. We will monitor the macroeconomic situation, lodging demand and renovation costs, and may adjust our AEI schedules as appropriate. <u>Reduced lodging demand</u> Given the uncertainty around tariffs and the macroenvironment, companies that CLAS' properties contract with may adopt a wait-and-see approach in their business decisions and travel plans. Should the tariffs be implemented, some companies may reduce their corporate travel budgets or opt for fewer or shorter trips. In the longer term, companies may also relocate their business operations or reconsider their foreign direct investments. Similarly, leisure travellers may also curtail discretionary spending or opt for lower-cost travel. *<u>Mitigants:</u>* CLAS' diversified portfolio caters to different guest profiles and lengths of stay. CLAS' serviced residences and hotels are primarily in the mid-tier segment, capturing a larger segment of the market, including corporate and leisure travellers who previously preferred luxury hotels but now seek more affordable options. Long stays at our serviced residences provide income stability. Our rental housing and student accommodation properties, which make up 17% of CLAS' portfolio value, have long lengths of stay of 1 to 2 years, providing a stable source of income for CLAS. Demand for education is counter-cyclical, making the student accommodation asset class resilient during an economic downturn. In addition, master leases and management contracts with a minimum guaranteed income (MCMGI) offer downside protection for CLAS. As a portfolio, stable income sources — including rental housing, student accommodation, master leases, and MCMGI — comprise about 63% of CLAS' FY 2024 gross profit. These income sources offer downside protection and resilience against market downturns, helping to maintain stable distribution payouts.

	Interest rate and foreign currency volatility The implementation of tariffs may result in higher inflation and economic headwinds, which could impact countries' monetary and foreign exchange policies. *Mitigants:* Maintaining a strong financial position is one of CLAS' key priorities. About 77% of CLAS' debt was effectively on fixed rates as at 31 December 2024, which serves as a hedge against interest rate volatility. CLAS' average cost of debt was 3.0% per annum, and the weighted average debt to maturity is 3.7 years. Interest cover is healthy at 3.1 times. CLAS adopts a natural hedging strategy by borrowing in the same currency as the underlying asset. Due to the geographically diversified nature of CLAS' portfolio and the pairing of currencies, the impact from the weakening of some currencies is offset by the strengthening of others. To further mitigate exposure to foreign currency fluctuations, hedging instruments are used where appropriate. As at 31 December 2024, about 48% of CLAS' assets denominated in foreign currency are hedged and the impact of foreign exchange rate movement on CLAS' gross profit was -1.7% in FY 2024. CLAS has an investment-grade credit rating by Fitch Ratings. Our credit rating of BBB is the highest amongst hospitality companies globally. We will continue to maintain a healthy gearing under or at around 40%, a well-staggered debt maturity profile and high level of debt on fixed rates to hedge against interest rate volatility. These measures ensure that CLAS remains financially robust and well-positioned for future growth.
5.	**Why has net asset value (NAV) per Stapled Security stagnated between 2022 to 2024?**
	CLAS' NAV per Stapled Security has remained unchanged primarily due to the depreciation of most foreign currencies against the Singapore Dollar. Excluding the impact of foreign exchange, the NAV per Stapled Security as at 31 December 2024 would have been higher. Our ongoing value creation initiatives are expected to enhance CLAS' portfolio performance and valuation, translating into higher NAV as foreign currencies stabilise. We have divested properties which have reached the optimal stage of their life cycle, acquired quality assets, and invested in AEIs for our properties in prime locations within key gateway cities. These strategic initiatives are expected to drive CLAS' future growth and deliver sustainable distributions.

B. Investment and Portfolio Management	
6.	**Given CLAS' scale and portfolio diversity, would CLAS consider transiting more master leases and MCMGI to pure management contracts if it believes that its assets are good?**
	Contract types typically depend on market norms. For example, in France, master leases are common, while in the United Kingdom, MCMGIs are prevalent. CLAS seeks to maintain a balanced mix of stable and growth income sources, which enables us to deliver resilient distributions to our Stapled Securityholders through market cycles. In FY 2024, stable income sources comprised about 63% of CLAS' gross profit, and growth income sources made up the remaining 37%. Our medium-term asset allocation target is to have 25-30% of CLAS' portfolio value in longer-stay accommodation (rental housing and student accommodation) and 70-75% in hospitality assets (serviced residences and hotels). The longer-stay properties provide a stable income base for CLAS, while the hospitality assets capture the upside during travel upswings.
7.	**Please provide some insights on how the net gains of S$74 million from CLAS' divestments in 2024 will be deployed or distributed.**
	In 2024, CLAS completed divestment of eight properties at premium to book value, unlocking approximately S$74 million in net gains for Stapled Securityholders. We have successfully redeployed proceeds from most of these divestments into more optimal uses within a year. This swift redeployment minimises the impact on CLAS' income. • Proceeds from four of the divestments in Japan (Hotel WBF Kitasemba East, Hotel WBF Kitasemba West, Hotel WBF Honmachi and Infini Garden) have been reinvested into the acquisition of two new hotels (ibis Styles Tokyo Ginza and Chisun Budget Kanazawa Ekimae) in Japan. • Proceeds from the divestment of Citadines Mount Sophia Singapore have been reinvested into the acquisition of lyf Funan Singapore. • Proceeds from the divestment of two hotels in Australia (Courtyard by Marriott Sydney-North Ryde and Novotel Sydney Parramatta) have been used to pare down higher interest rate debts. As we pursue opportunities to reconstitute the portfolio and enhance our properties, there may be some short-term impact on CLAS' distribution income. CLAS is committed to delivering stable distributions. CLAS currently intends to distribute past undistributed divestment gains to mitigate the short-term impact of AEIs which are planned to be carried out in 2025 and 2026.

C. Capital Management	
8.	**How does CLAS’ higher proportion of encumbered properties impact its funding strategy, financial agility, and cost of capital? Is increasing the percentage of unencumbered assets a strategic priority for the manager?**
	CLAS’ portfolio is geographically diversified with properties in 16 markets. Financing in markets outside of Singapore are typically onshore loans, as this arrangement provides optimal tax shield, and it is the market norm for onshore loans to be secured. For each financing arrangement that CLAS enters into, we evaluate the available options and select the best one with the lowest financing costs. CLAS has a low effective borrowing cost of about 3.0% per annum as at 31 December 2024, which we expect to remain stable in 2025. Maintaining a strong financial position is one of CLAS’ key priorities. As a result of our prudent and proactive capital management approach, CLAS has an investment-grade credit rating by Fitch Ratings. Our credit rating of BBB is the highest amongst hospitality companies globally. We will continue to maintain a healthy gearing under or at around 40%, a well-staggered debt maturity profile and high level of debt on fixed rates to hedge against interest rate volatility. These measures ensure that CLAS remains financially robust and well-positioned for future growth.
9.	**Given that CLAS is able to achieve a low average cost of debt of 3.0%, would CLAS consider switching its perpetual securities to bank loans or medium term notes?**
	Perpetual securities are an integral part of CLAS' capital structure. They serve to diversify our sources of funding and maintain a healthy gearing level, providing CLAS with greater flexibility to pursue accretive opportunities. CLAS' perpetual securities, totalling S$400 million, do not constitute a significant proportion of CLAS’ capital structure (approximately 11% of CLAS' total debt and perpetual securities combined). The coupon rates for the S$150 million and S$250 million perpetual securities are 4.60% and 3.07%, respectively.