CAPITALAND INDIA TRUST

(Registration Number: 2007004)
(a business trust registered under the Business Trusts Act 2004)

ANNOUNCEMENT

ANNUAL GENERAL MEETING TO BE HELD ON 19 APRIL 2024
RESPONSES TO SUBSTANTIAL AND RELEVANT QUESTIONS

CapitaLand India Trust Management Pte. Ltd. as the trustee-manager of CapitaLand India Trust ("**CLINT**" or "**Trust**", and the trustee-manager of CLINT, the "**Trustee-Manager**") would like to thank all unitholders of CLINT ("**Unitholders**") who submitted their questions in advance of CLINT's Annual General Meeting ("**AGM**") which will be held physically at Big Picture Theatre, Level 9, Capital Tower, 168 Robinson Road, Singapore 068912 (the "**Physical Meeting**") and by way of electronic means (the "**Virtual Meeting**") on Friday, 19 April 2024 at 2.30 p.m. (Singapore Time).

Where substantially similar questions are received, we have consolidated such questions and consequently not all questions may be individually addressed. Please refer to our responses to these substantial and relevant questions in **Appendix 1** hereto.

Mr Sanjeev Dasgupta, Chief Executive Officer, will deliver a presentation to Unitholders during the AGM.

Following the conclusion of the AGM, the voting results of the AGM will be uploaded on SGXNet and made available on CLINT's website. The minutes of the AGM will be published on CLINT's website on or before 19 May 2024.

BY ORDER OF THE BOARD
CAPITALAND INDIA TRUST MANAGEMENT PTE. LTD.
(Company Registration No. 200412730D)
(as Trustee-Manager of CapitaLand India Trust)

Hon Wei Seng
Company Secretary
18 April 2024

A. Business Strategy and Investment Pipeline	
1.	**Can you share more about your capital allocation priorities in this coming year? What is the thinking around disposal to recycle capital towards better assets (e.g. selling IT park assets and buying industrial/logistic assets or data centres) to further the goal of portfolio diversification?**
	The IT/business parks sector continues to grow strongly in India and CLINT hence pushes on with the focus on this asset class in established and high growth micro-markets where leasing growth has been healthy. In addition, the Trust is proactively diversifying into other new economy asset classes such as logistics, industrial and data centres, to capitalise on growth trends, increase diversification of revenue streams and enhance portfolio performance and resilience. In March 2024, CLINT completed the acquisition of aVance Pune II (formerly known as BlueRidge 3 Phase 1). This year, the Trust plans to complete the acquisition of Building Q2 in Aurum Q Parc, Navi Mumbai, and the construction of a multi tenanted building 6 (MTB 6) in International Tech Park Bangalore, a free trade warehousing facility in CyberVale, Chennai. The four data centres are in various stages of approval and construction. The Trust will also continue to fund the forward purchase projects that are yielding interest income. As part of active portfolio management, CLINT evaluates divesting assets to optimise its portfolio composition. The Trust considers assets that require major capital expenditure commitments or are at a mature stage in their lifecycle with limited upside as key divestment targets. The management believes this strategy will allow CLINT to recycle capital into newer, better located assets at attractive cap rates, thus enhancing unitholder returns.
2.	**What is the timeline for completion of the data centres?**
	<u>CapitaLand Data Centre Navi Mumbai 1</u> Construction of Phase I Core & Shell has commenced with core walls and superstructure works in progress. Construction of the Gas-insulated substation (GIS) building sub-structure is underway. Construction is expected to be completed by 2Q 2025. <u>CapitaLand Data Centre International Tech Park Hyderabad (ITPH)</u> All critical development approvals and power sanctions have been obtained. Core walls and superstructure works are in progress. Construction is expected to be completed by 2Q 2025. <u>CapitaLand Data Centre Chennai</u> Construction approvals are expected to be received and construction should commence by 2Q 2024. Construction is expected to be completed by 1H 2026. <u>CapitaLand Data Centre International Tech Park Bangalore (ITPB)</u> The 220KV Gas-insulated substation has been commissioned with two sources of power supply. Construction of Core & Shell is expected to commence by 2H 2024. Construction is expected to be completed by 1H 2026.
B. Portfolio Management and Occupancy	
1.	**How will CLINT benefit from the Special Economic Zone (SEZ) Act amendments, for example, by sharing the percentage of space it has designated or planning to convert it into non-SEZ space?**
	The recent amendments to the SEZ Act allow for partial denotification of SEZ space in India, resulting in a wider pool of tenants. This amendment will provide a tailwind for leasing efforts and Management will strategically assess denotification feasibility when leasing opportunities arise. As at 31 December 2023, CLINT's SEZ committed occupancy remains healthy at 91%, with a strong leasing pipeline. We are also seeing some SEZ tenants moving ahead with their expansion plans to avoid risk of denotification.

C. Capital Management and Financials	
1.	**CLINT's Net Property Income (NPI) margin has increased steadily since FY 2013 but declined in FY 2022 and FY 2023. Was the decline in the last two financial years mainly due to inflation, the change in asset mix as more industrial and logistics assets were added to the portfolio or any other factors?**
	The decrease in NPI yield over the past two financial years was mainly due to an increase in the property expenses due to inflation and the increase in the variable contractual costs such as additional headcounts of security guards and cleaners as tenants return to office. The return to office post-COVID led to a normalisation of operating expenses in 2022 and 2023.
2.	**For REITs, there is always a tension between growing Asset Under Management (AUM) and diluting unitholders' equity through Equity Fund Raising (EFR). How are you approaching this balance in the coming years given the current interest rates? If you could, please share more about your plans for future capital raising.**
	CLINT will only undertake a project if it is beneficial and accretive to the unitholders and not for the sake of growing AUM. In funding growth initiatives for acquisition or development, Management's decision to conduct an EFR is based on careful consideration and planning in relation to enhancing our portfolio while strengthening our balance sheet. Management evaluates the benefits and cost of funding via debt/internal resources or EFR. The Distribution Per Unit (DPU) and Net Asset Value (NAV) effects are analysed carefully in the case of an EFR to ensure the raising of funds through equity is not dilutive to both the DPU and NAV of existing unitholders. In 2023, CLINT conducted the fund raising in the form of a Preferential Offering (PO) in order to: • continue to grow with accretive acquisitions, AEIs, and development projects; • maintain a prudent capital structure; and • keep the Trust's gearing ratio at an appropriate level. CLINT deliberately opted for a standalone PO taking the interests of its existing Unitholders into consideration as the Trust wanted to ensure that the Sponsor and Sponsor Related unitholdings would be maintained post the transaction. CLINT therefore provided the existing Unitholders a chance to participate in the growth of CLINT and not dilute their holdings via a private placement to new unitholders. However, in certain cases, private placement may be the better option.
3.	**Compared to previous years, CLINT now has relatively more development projects and forward purchase deals, including the agreement for OneHub Chennai which was entered in February 2024. The timing to fund these projects may vary and the completed assets may take time to reach their potential occupancy. Are these expected to contribute to more volatility for DPU in the next 2-3 years?**
	The yield for development/redevelopment projects, such as ITPH - Block A, is typically high upon completion and stabilisation. Construction costs are capitalised during construction and do not affect the DPU. In addition, CLINT does not need to incur any additional land cost for such projects as they are being developed/redeveloped within CLINT's existing premises. As for the forward purchase deals, they enable us to acquire projects at an attractive cap rate and yield interest income during the funding stage, which contributes to the DPU.

4.	**Gearing has increased to above 35.8% along with deterioration in interest service coverage at 2.6x in FY 2023. Do you expect gearing to be higher or lower than the current and whether interest service coverage may be improved and sustained as a result?**
	The increase in gearing was largely due to higher borrowings in line with the growth of CLINT's AUM. The interest coverage ratio has decreased in the past years as a result of the rising global interest rates that have affected the Trust as well. Under the Property Fund Appendix, CLINT's maximum gearing limit stands at 50% as long as the ratio does not fall below 2.5x. Current market analysts expect that global interest rates are likely to fall from 2H 2024 onwards, albeit the quantum and pace of rate cuts may differ across various central banks. While this will improve the interest coverage ratio, Management is also taking proactive measures to improve operating cash flows through increased occupancy and cost control, ensuring that the EBITDA increases as well. Furthermore, CLINT's interest rate has stayed at 6.3% since 1H 2023 despite the volatile rates environment.
5.	**Is there any change to the payment of distribution frequency?**
	There is no change to frequency of every half-yearly distribution. The payment of distribution for 1H FY 2024 is in August 2024 and 2H FY 2024 is in February 2025.
D. Others	
1.	**How does the company protect itself from political risks since all the assets are in India?**
	Since CLINT is an India-focused trust, we are exposed to India-specific risks, including any political risks. We do our best and have a framework to manage these risks. A Trust-wide Risk and Control Self-Assessment (RCSA) is conducted annually to identify key material risks, including new and emerging risks, that the Trust faces in delivering its strategic objectives, its mitigating measures, and any opportunities that the Trust can leverage on. In terms of the political risk, which includes regulatory and compliance risks, the Trust maintains a framework that proactively identifies the applicable laws, regulations, and rules, assesses the regulatory and compliance risks, and embeds compliance risk mitigation measures into day-to-day operations. The Trust also leverages in-house specialised teams such as legal, compliance and tax, and external consultants to provide advisory services and updates on changes to laws, regulations, and rules. We closely monitor developments and trends which could have an impact on our businesses. There are also established group-wide policies and procedures to address the requirements of the applicable laws, regulations, and rules such as Personal Data Protection Policy, Anti-Money Laundering Policy and Countering the Financing of Terrorism Policy, Global Sanctions Compliance Policy, and Tax Strategy. The Trustee-Manager also adopts e-learning modules to raise awareness and train employees in ways to avoid or prevent non-compliant behaviour. The measures taken to mitigate the material risks based on the 2023 RCSA results are set out from page 38 to 40 of CLINT Annual Report 2023.