

# ASCENDAS REAL ESTATE INVESTMENT TRUST

(Constituted in the Republic of Singapore  
pursuant to a trust deed dated 9 October 2002 (as amended))

## MINUTES OF THE 16TH ANNUAL GENERAL MEETING OF THE UNITHOLDERS OF ASCENDAS REAL ESTATE INVESTMENT TRUST, HELD AT MANDARIN ORIENTAL, 5 RAFFLES AVENUE, MARINA SQUARE, ORIENTAL BALLROOM, LOBBY LEVEL, SINGAPORE 039797 ON THURSDAY, 28 JUNE 2018 AT 3:00 PM

**Present :** Unitholders / proxies

As per the attendance list

**In Attendance :** Directors of Ascendas Funds Management (S) Limited, as Manager of  
Ascendas Real Estate Investment Trust (the “Manager”)

Mr Lim Hock San, Chairman  
Mr Miguel Ko, Vice Chairman  
Mr Manohar Khiatani  
Mr William Tay, Chief Executive Officer  
Mr Chan Pengee, Adrian  
Mr Teo Choon Chye, Marc  
Ms Chong Chiet Ping  
Ms Lim Sau Hoong  
Mr Wong Yew Meng

HSBC Institutional Trust Services (Singapore) Limited, as trustee of Ascendas  
Real Estate Investment Trust

Mr Antony Wade Lewis, Chief Executive Officer

Company Secretaries of the Manager

Ms Mary Judith de Souza  
Mr Hon Wei Seng

Management of the Manager

Ms Koo Lee Sze, Chief Financial Officer  
Ms Karen Lee, Head, Singapore Portfolio Operations  
Mr Paul Toussaint, CEO, AFMA  
Ms Yeow Kit Peng, Head, Capital Markets & Corporate Development  
Mr Lawden Tan, Head, Investment and Business Development  
Mr Harry Yan, Head, Singapore Revenue Management

**By Invitation:** Ms Foong Yuen Ping, Allen & Gledhill  
Mr Simon Yeo, Ernst & Young LLP

(These minutes should be read with Appendix A which records the questions posed and answers given during the meeting.)

## **1.0 WELCOME AND INTRODUCTION OF THE PANEL**

- 1.1 Ms Wyllyn Liu (Senior Manager, IR & Communications), the emcee for the meeting, welcomed the unitholders and proxies present at the Annual General Meeting (“**AGM**”) of Ascendas Real Estate Investment Trust (“**Ascendas Reit**”) and introduced the panel. The panel comprised the Board of Directors of Ascendas Funds Management (S) Limited, the Manager of Ascendas Reit (the “**Manager**”), Mr Antony Lewis, Chief Executive Officer, HSBC Institutional Trust Services (Singapore) Limited, being the Trustee of Ascendas Reit (the “**Trustee**”).
- 1.2 Ms Liu informed all present that in accordance with the Trust Deed constituting Ascendas Reit, the Trustee had nominated Mr Lim Hock San to preside as the Chairman of the AGM.

## **2.0 FULL YEAR FINANCIAL RESULTS PRESENTATION BY THE MANAGER**

- 2.1 On behalf of the Manager, Ms Yeow Kit Peng presented to the unitholders the operating and financial performance of Ascendas Reit for the financial year ended 31 March 2018.

## **3.0 QUORUM**

- 3.1 Following the Manager's presentation, Chairman informed the unitholders that a quorum was present and he declared the AGM duly convened.

## **4.0 NOTICE OF AGM**

- 4.1 With the permission of the unitholders present, the Notice of AGM was taken as read and Chairman proceeded to invite proposers and seconders for the resolutions.

## **5.0 VOTING BY ELECTRONIC POLL**

- 5.1 Chairman informed the unitholders that in order to achieve a transparent and clear result, voting on all the proposed resolutions would be conducted by poll. DrewCorpServices Pte Ltd (“DrewCorp”) and Boardroom Corporate & Advisory Services Pte. Ltd. had been appointed as Scrutineer and Polling Agent respectively.
- 5.2 An explanation of the electronic polling process was presented by DrewCorp.
- 5.3 Following the presentation by DrewCorp, Chairman proceeded to table the resolutions, for the consideration of the unitholders and proxies present at the meeting.

**6.0 ORDINARY RESOLUTION 1: TO RECEIVE AND ADOPT THE REPORT OF HSBC INSTITUTIONAL TRUST SERVICES (SINGAPORE) LIMITED (AS TRUSTEE OF ASCENDAS REIT), STATEMENT BY ASCENDAS FUNDS MANAGEMENT (S) LIMITED (AS MANAGER OF ASCENDAS REIT) AND THE AUDITED FINANCIAL STATEMENTS OF ASCENDAS REIT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 AND THE AUDITORS' REPORT THEREON**

6.1 Ordinary Resolution 1 as stated in the Notice of AGM was proposed by Ong Swee Teck and seconded by Soh Wei Meng.

6.2 A Q&A session followed and was recorded separately.

6.3 There being no further questions from the unitholders, Chairman announced the commencement of voting for Resolution 1.

6.4 After electronic polling was conducted on Resolution 1, Boardroom announced the results of the voting as follows:

Ordinary Resolution 1

No. of Votes For	:	1,930,387,337 representing 100%
No. of Votes Against	:	57,000 representing 0%

Chairman declared Ordinary Resolution 1 carried.

**7.0 ORDINARY RESOLUTION 2: TO APPOINT ERNST & YOUNG LLP AS AUDITORS OF ASCENDAS REIT TO HOLD OFFICE UNTIL THE CONCLUSION OF THE NEXT AGM OF ASCENDAS REIT AND TO AUTHORISE THE MANAGER TO FIX THEIR REMUNERATION**

7.1 Ordinary Resolution 2 as stated in the Notice of AGM was proposed by Ong Choon Kiang and seconded by Lam Gek Hung, the proxy for Wang Heng Kwee.

7.2 There being no further questions from the unitholders, Chairman announced the commencement of voting for Resolution 2.

7.3 After electronic polling was conducted on Resolution 2, Boardroom announced the results of the voting as follows:

Ordinary Resolution 2

Boardroom announced the results of the electronic poll voting for Ordinary Resolution 2 as follows:

No. of Votes For	:	1,905,882,963 representing 98.82%
No. of Votes Against	:	22,727,894 representing 1.18%

Chairman declared Ordinary Resolution 2 carried.

**8.0 ORDINARY RESOLUTION 3: TO AUTHORISE THE MANAGER TO ISSUE UNITS AND TO MAKE OR GRANT CONVERTIBLE INSTRUMENTS**

- 8.1 Ordinary Resolution 3 as stated in the Notice of AGM was proposed Lim Chye Heng and seconded by Lye Meng Eng.
- 8.2 There being no further questions from the unitholders, Chairman announced the commencement of voting for Resolution 3.
- 8.3 After electronic polling was conducted on Resolution 3, Boardroom announced the results of the voting as follows:

Ordinary Resolution 3

Boardroom announced the results of the electronic poll voting for Ordinary Resolution 3 as follows:

No. of Votes For	:	1,668,187,369 representing 86.50%
No. of Votes Against	:	260,394,065 representing 13.50%

Chairman declared Ordinary Resolution 3 carried.

**9.0 EXTRAORDINARY RESOLUTION 4: TO APPROVE THE RENEWAL OF THE UNIT BUY-BACK MANDATE**

- 9.1 Extraordinary Resolution 4 as stated in the Notice of AGM was proposed by Soh Wei Meng and seconded by Lim Teck Kwang.
- 9.2 There being no further questions from the unitholders, Chairman announced the commencement of voting for Resolution 4.
- 9.3 After electronic polling was conducted on Resolution 4, Boardroom announced the results of the voting as follows:

Extraordinary Resolution 4

No. of Votes For	:	1,448,514,104 representing 75.08%
No. of Votes Against	:	480,801,620 representing 24.92%

Chairman declared Extraordinary Resolution 4 carried.

**10.0 ORDINARY RESOLUTION 5: TO APPROVE THE AMENDMENT OF THE TRUST DEED TO INCLUDE PROVISIONS REGARDING ELECTRONIC COMMUNICATIONS OF NOTICES AND DOCUMENTS TO UNITHOLDERS AND TO ALLOW A SUMMARY FINANCIAL STATEMENT TO BE SENT IN LIEU OF THE ANNUAL REPORT**

- 10.1 Ordinary Resolution 5 as stated in the Notice of AGM was proposed by Ng Yan Yap and seconded by Juliana Tan Swee Fang, the proxy for Jane Tan Sai Geck.
- 10.2 A Q&A session followed and was recorded separately.

- 10.3 There being no further questions from the unitholders, Chairman announced the commencement of voting for Resolution 5.
- 10.4 After electronic polling was conducted on Resolution 5, Boardroom announced the results of the voting as follows:

Ordinary Resolution 5

No. of Votes For	:	1,927,983,454 representing 99.93%
No. of Votes Against	:	1,302,803 representing 0.07%

Chairman declared Ordinary Resolution 5 carried.

**11.0 CLOSE OF ANNUAL GENERAL MEETING**

- 11.1 As there was no other business to be transacted at the Annual General Meeting, Chairman declared the meeting closed and thanked the unitholders for their attendance.
- 11.2 The meeting ended at 4.30 pm.

Confirmed by:

Lim Hock San  
Chairman

## **ASCENDAS REAL ESTATE INVESTMENT TRUST**

### **RECORD OF QUESTIONS RAISED BY UNITHOLDERS AND THE CORRESPONDING ANSWERS FROM THE DIRECTORS DURING THE PROCEEDINGS AT THE ANNUAL GENERAL MEETING OF THE HOLDERS OF UNITS OF ASCENDAS REAL ESTATE INVESTMENT TRUST (“Ascendas Reit”) HELD AT MANDARIN ORIENTAL, 5 RAFFLES AVENUE, MARINA SQUARE, ORIENTAL BALLROOM, LOBBY LEVEL, SINGAPORE 039797 ON THURSDAY, 28 JUNE 2018 AT 3:00 PM**

#### **1. Future Distribution Per Unit (“DPU”) Trends**

In response to unitholder Mr Ong Leng Keat’s query on future DPU trends for Ascendas Reit, Executive Director & CEO Mr William Tay explained that the Australia portfolio had continued to grow since Ascendas Reit’s first acquisition in 2015, and that the Singapore portfolio had remained stable in recent years. The total amount of assets under management in Australia had increased by A\$0.5 Billion from the original A\$1 Billion to A\$1.5 Billion over the past 2 years. Overall, Ascendas Reit had achieved a stable distribution over the past 3 years. Moving forward, Management would focus on (i) proactive asset management; and (ii) continue to seek out suitable growth opportunities in stable, developed markets such as Australia as well as explore potential new markets such as Europe, to achieve and sustain stable DPU growth.

#### **2. Impact of Geopolitical Developments on Australian Market**

To Mr Ong Leng Keat’s queries on whether the relationship between China and Australia may affect the Ascendas Reit’s industrial properties in Australia and the impact on A\$, Mr William Tay explained that most of the Ascendas Reit’s assets in Australia are logistics assets that are driven by domestic demand, which offer a certain degree of business certainty. Overall, such logistics assets remain attractive due to (i) the strong domestic e-commerce market in Australia; (ii) such properties in Australia have longer weighted average lease expiry (“WALE”) as compared to Singapore properties; and (iii) stable tenants with good track record, who are able to honour their lease covenants. With regards to currency fluctuation risks, Management would prefer not to engage in the business of taking positions on currency movements, but would continue to deploy suitable currency hedges, to help preserve value for unitholders receiving distributions in SGD.

#### **3. Distributable Income**

To Mr Ong Leng Keat’s query on whether it is a norm for the difference between distributable income and the net property income to amount to between 20-30%, Mr William Tay explained that the difference is within range of market norms, bearing in mind the relevant corresponding expenses and fees.

4. Sponsor's Stake in Ascendas Reit

To Mr Ong Leng Keat's query as to whether the Sponsor would consider raising its 20% stake in Ascendas Reit to say 30-40% (to be comparable with some other S-REITs), with a view to increasing the confidence of unitholders, Mr William Tay explained that the Sponsor's stake in Ascendas Reit is at a comfortable level for the Manager. The Sponsor's current 20% stake in Ascendas Reit has not changed the fact that the Manager and the Sponsor are working closely to deliver good results for Ascendas Reit's unitholders, and they would continue to do so. Non-executive Director, Mr Manohar Khiatani added that Ascendas Reit was amongst the largest listed REITs in Singapore with a market cap of over S\$7.5 Billion. The sponsor's 20% stake was hence a very large amount in absolute terms. The Sponsor would be prepared to increase its stake in Ascendas Reit where appropriate, but had to balance this with its overall capital needs. Mr Khiatani assured the unitholders that the Sponsor was fully committed to working seamlessly with the Manager to continue to deliver good results for Ascendas Reit's unitholders.

5. Negative Rental Reversion for Hi-Spec (4Q FY17/18)

To Mr Vincent Tan Yong Ngee's query on why there was a negative rental reversion for Hi-Spec in 4Q FY17/18 of 6.8%, Mr William Tay explained that this was due to a lease agreement in one of the non-industrial space within the high-specs cluster, being a large show-room with an expired lease (in 2017). Given the competitive market offering similar retail space(s) in the vicinity, Management had taken the decision to retain the tenant at a lower rental rate. Without this one case, the high-spec portfolio would have recorded a positive rental reversion of 1.8%. Ms Yeow Kit Peng elaborated that the tenant had been leasing the property for 6 years, and that the overall Singapore portfolio would have recorded a positive rental reversion of 2.4% if that lease was excluded.

6. Under-performing Assets

To Mr Vincent Tan Yong Ngee's query on how the performance and occupancy for underperforming assets such as International Business Park ("IBP"), 41 Changi South Avenue 2 and Science Park II ("SPII"), may be improved, Mr William Tay explained that Management continues to proactively look into tackling the challenges and improving the performance where possible. Overall, Ascendas Reit's diversified portfolio had enabled it to achieve stable and consistent returns for unitholders.

Mr William Tay further elaborated that IBP was affected by the downturn in the oil and gas ("O&G") industry in recent years. However, in the recent announcement of the new Jurong Region MRT Line, the Jurong Town Hall station will have two entrances facing iQuest@IBP and Acer building which will add value to IBP assets. Management would continue to explore ways to improve the occupancy rate and overall portfolio performance, including: (i) asset enhancement; (ii) re-positioning of the asset by leveraging on upcoming infrastructure development; and (iii) seizing suitable re-development opportunities, including maximising the plot ratio or Construct-To-Suit for clients.

Mr Manohar Khiatani added that the low occupancy rates of some properties was a key challenge faced by Ascendas Reit. Despite strong efforts to improve their occupancy it was challenging as the supply for industrial properties in Singapore had increased significantly, and specific micro-markets may continue to face particular challenges on account of industry conditions (such as O&G). However, Ascendas Reit's large and diversified portfolio allows for any weaker performing segments to be off-set by the stronger performing segments, to enable Ascendas Reit to deliver overall positive returns to its unitholders.

7. Overseas Investment

To Mr Vincent Tan Yong Ngee's queries on what is the Manager's investment mandate and criteria for making overseas investment (such as any target allocation, asset class, risks), Mr William Tay explained that the Board and the Management's priority is on maintaining growth for Ascendas Reit in a disciplined manner, in the interests of all unitholders. Ascendas Reit's investment mandate remains fundamentally unchanged, with a clear focus on yield accretive opportunities in stable, developed markets. In view of limited opportunities within Singapore (with new industrial land tenures being limited to 20-30 years), it is necessary for Ascendas Reit to grow into overseas market. As a Singapore-centric REIT, Ascendas Reit would continue to stay focused primarily in Singapore, with suitable DPU-accretive overseas investments. Ascendas Reit would continue to invest into suitable markets which allow Ascendas Reit to grow and achieve stable returns, in a cost-effective and operationally efficient manner, and into suitable asset classes such as logistics, industrial, business and science parks.

8. Possible Lease Default for Hyflux Building and Hyflux Innovation Centre

To Mr Vincent Tan Yong Ngee's queries, Mr William Tay explained that the Hyflux Group remains current and up-to-date in its lease rental payments. The understanding is that under the court sanctioned re-structuring regime, such payments are prioritised as "critical supplies", on the basis that the leased premises are required for continuing business operations. In any event, the security deposits for the two buildings provide sufficient time, to allow for the re-letting of any vacated space in the market. The rental for these buildings amounts to around 1% of the total rental income of Ascendas Reit.

9. Co-working Space and Workshops

To Mr Tan Hock Juan Francis' queries, Mr William Tay explained that Ascendas Reit has 2 trial co-working spaces comprising relatively small leases in SPII and Techplace II, with rental rates pegged to market. Mr William Tay added that such spaces are being tested on an experimental basis, with a view to seeking new opportunities presented by new business models and technologies. For example, the collaboration with TNB Ventures in SPII allows the organising of new events such as hackathons to attract start-ups focusing on new technologies. Such collaborations and events are anticipated to help increase attractiveness of the properties for prospective tenants and improve occupancy over the long term.

10. Asset Enhancement Initiatives ("AEI")

To Mr Phang Chan Chun's query on whether the AEI projects undertaken by Ascendas Reit are DPU accretive, Mr William Tay explained that whilst it is necessary to carry out AEI in certain properties to retain the tenants (in order to sustain longer term value for Ascendas Reit), investment into AEI by itself may not necessarily translate into financial returns for the property concerned. The value should be assessed holistically, in the context of the market positioning and contribution to the overall portfolio.



11. Land Tenure for Each Property

The meeting noted Mr Phang Chan Chun's suggestion to include the remaining leasehold tenure for each property in the Annual Report. Management would do so for next year's Annual Report.

12. Current Assets Less than Current Liabilities

To Ms Chew Shu Feng's query (refer to page 142 of the Annual Report) as to whether the current assets being less than current liabilities should be cause for concern, Ms Koo Lee Sze explained that the structure of the REITs required it to distribute at least 90% of its distributable income and A-REIT's policy was to distribute 100% of its distributable income to its unitholders. Appropriate capital fund raising activities would be conducted when required, and Management would always ensure that there are adequate credit facility lines in place for financing.

13. Relative Performance of Singapore and Australian Properties

To Mr Henry Ho Hai Pang's query on the relative performance of the Singapore and Australian properties and which provided higher returns, Chairman observed that in general, the risk-reward assessment tended to favour Singapore properties, assuming the REIT were to be invested solely in Singapore and the concentration risk is disregarded. Going overseas does entail higher risks of operating in a foreign market, albeit with potentially higher returns. Mr William Tay added that the investments Management procures for Ascendas Reit needs to meet stringent criteria, including being yield-accretive, at least over the medium and long term. Mr Manohar Khatani observed that there are limited accretive assets to be acquired in Singapore given its development stage. Besides being accretive, the Australian properties were also freehold in nature and provided a longer WALE. The Board would always ensure that as and when Ascendas Reit enters into a new market, the return(s) should be accretive to unit holders.

14. Australia Funding

To Mr Chen Wei Ching's query, Ms Yeow Kit Peng explained that approximately 75% of Ascendas Reit's A\$1.5 Billion investment in Australia was funded with A\$ loans (which provided a natural hedge against currency fluctuation). Ms Yeow further explained that for any country that Ascendas Reit is invested into, Management would ensure that the foreign currency is hedged appropriately to protect the net asset value of Ascendas Reit.

15. Summary Financial Statements to be Sent to the Unitholders

To Mr Wong Ah Chye's query, Chairman noted that the purpose of allowing Ascendas Reit to send the summary financial statements to its unitholders instead of Annual Report is to increase efficiency, by providing unitholders in the first instance with salient financial information. Ms Koo Lee Sze elaborated that Ascendas Reit would still continue to prepare the full set of financial statements.

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