

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 ANNUAL GENERAL MEETING

HELD BY ELECTRONIC MEANS ON THURSDAY, 28 APRIL 2022 AT 10.00 A.M.

PRESENT

Unitholders

Present remotely : As per attendance lists maintained by Ascendas Funds Management (S) Limited, the manager of Ascendas Real Estate Investment Trust (“**Ascendas Reit**”) (the “**Manager**”)

IN ATTENDANCE

Board of Directors of the Manager

Present in person :

Dr Beh Swan Gin : Chairman and Non-Executive Independent Director
 Mr William Tay Wee Leong : Executive Non-Independent Director and Chief Executive Officer

Mr Adrian Chan : Non-Executive Lead Independent Director
 Mr Manohar Khiatani : Non-Executive Non-Independent Director

Present remotely :

Mr Daniel Ee : Non-Executive Independent Director
 Mr Chinniah Kunnasagaran : Non-Executive Independent Director
 Ms Maureen Ong : Non-Executive Independent Director
 Mr Andrew Lim : Non-Executive Non-Independent Director

Company Secretary

Present remotely : Ms Michelle Koh
 Mr Hon Wei Seng

Management

Present in person :

Ms Koo Lee Sze : Chief Financial Officer
 Ms Yeow Kit Peng : Head, Capital Markets & Investor Relations

Present remotely :

Mr Ram Soundararajan : Head, Investment
 Mr James Goh : Head, Portfolio Management

Others

Representative of Ernst & Young LLP (as auditors to HSBC Institutional Trust Services (Singapore) Limited (as trustee of Ascendas Reit))
Present remotely : Mr Christopher Wong

Representatives of HSBC Institutional Trust Services (Singapore) Limited (as trustee of Ascendas Reit) (the “**Trustee**”)
Present remotely : Ms Tan Ling Cher
 Ms Christine Png

Representative of Allen and Gledhill (as legal counsel for Ascendas Reit)
Present remotely : Mr Teh Hoe Yue

1. **INTRODUCTION**

- 1.1. Ms Yeow Kit Peng ("**Ms Yeow**"), the Master of Ceremonies, welcomed unitholders of Ascendas Reit ("**Unitholders**") to the annual general meeting of Unitholders ("**AGM**" or the "**Meeting**") which was being held by electronic means.
- 1.2. Ms Yeow introduced Dr Beh Swan Gin, Chairman of the Board of Directors of the Manager, to the Unitholders. Dr Beh welcomed Unitholders to Ascendas Reit's 2022 AGM and introduced Mr William Tay Wee Leong, the Chief Executive Officer of the Manager ("**CEO**"), as well as the other members of the Board of the Manager.
- 1.3. Dr Beh informed Unitholders that he had been nominated by the Trustee to preside as Chairman of the Meeting ("**Chairman**") in accordance with the trust deed constituting Ascendas Reit. Chairman noted that a quorum was present and declared the Meeting open.
- 1.4. Chairman stated that Ascendas Reit's annual report for the financial year ended 31 December 2021 (the "**Annual Report**") and the notice of AGM (the "**Notice of AGM**") was published on SGXNet and Ascendas Reit's corporate website on 6 April 2022. The Notice of AGM was taken as read.
- 1.5. Chairman informed the Meeting that there would be live voting for all the resolutions. Chairman also informed Unitholders that the Manager's responses to relevant and substantial questions received from Unitholders prior to the meeting, had been published on Ascendas Reit's corporate website and the SGXNet. Chairman invited Unitholders to submit any other questions relevant to the agenda of the Meeting via the live question and answer ("**Q&A**") web-chat function.
- 1.6. Chairman proceeded to invite the CEO to present the management update.

2. **PRESENTATION BY CEO**

- 2.1. Mr Tay, the CEO, delivered his presentation.

3. **QUESTION AND ANSWER**

- 3.1 Chairman and Ms Yeow elaborated on the live Q&A web-chat function and the live voting process. Unitholders were also shown a video-clip with instructions on how to submit questions and cast their votes "live" during the Meeting.
- 3.2 Chairman, the CEO, the Chief Financial Officer of the Manager, as well as Mr Adrian Chan and Mr Manohar Khiatani from the Manager's Board of Directors addressed the questions raised by Unitholders which had not already been answered through the Manager's written responses published earlier on Ascendas Reit's corporate website and the SGXNet.
- 3.3 The questions raised and responses provided thereto are set out in Annex 1.

4. **CONDUCT OF THE VOTING**

- 4.1 As chairman of the Meeting, Chairman proposed all the resolutions as set out in the Notice of AGM and tabled them for voting. Chairman also informed Unitholders that the results of the poll of all votes would be rounded to the nearest two decimal places.
- 4.2 Chairman informed the Meeting that he held valid proxies in respect of the resolutions from eligible Unitholders and that the validity of the proxy forms submitted by Unitholders by the submission deadline was reviewed, and the votes of all such valid proxy forms were counted and verified by Boardroom Corporate & Advisory Services Pte. Ltd. as the polling agent and DrewCorp Services Pte Ltd as scrutineers, respectively.

4.3 The following resolutions were put to a vote:

Ordinary Resolution 1 - To receive and adopt the Trustee's Report, the Manager's Statement, the Audited Financial Statements of Ascendas Reit for the financial year ended 31 December 2021 and the Auditor's Report thereon;

Ordinary Resolution 2 - To re-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;

Ordinary Resolution 3 - To authorise the Manager to issue Units and to make or grant convertible instruments; and

Ordinary Resolution 4 - To seek Unitholders' approval for the renewal of the Unit Buy-Back Mandate, details of which are set out in the Appendix to Unitholders dated 6 April 2022.

5. **VOTING RESULTS**

5.1 Chairman proceeded to announce the voting results in relation to the resolutions tabled for Unitholders' approval at the Meeting.

5.2 Each of all the resolutions was passed, and the details of the resolutions and their results are attached as Annex 2.

6. **CLOSURE**

6.1 There being no other business, Chairman thanked all who attended the Meeting and declared the Meeting closed. The Meeting ended at 11.00 a.m..

Confirmed by:

Dr Beh Swan Gin
Chairman of the Meeting

Questions relating to Ascendas Reit	
1.	<p>Given the current inflation environment, is income growth able to cover and exceed the growth in inflation rate? How is Ascendas Reit managing inflation costs, such as the rise in utilities and overhead? Is it able to reprice rental rates to cope and adjust with rampant inflation?</p>
	<p>Ascendas Reit has been growing its Net Property Income for the past 10 years by acquiring new assets. These assets have strengthened the resilience of our portfolio.</p> <p>The impact of Covid-19 on our overseas investments has been limited, with very little rental rebates offered to tenants. The leases in relation to Ascendas Reit's overseas investments also have fixed or consumer price index (CPI) pegged annual rent escalations built into the lease terms.</p> <p>Around 20% of our leases by rental income expire each year, allowing us to reprice and catch up with market rental rates.</p> <p>In order to achieve cost savings, we have also started installing solar panels in our properties to generate electricity for consumption. We are adding solar panels to 11 more properties this year.</p> <p>To keep our operating expenses within acceptable levels, we have implemented measures such as increasing set temperature in the lobbies of our buildings. As the economy continues to open, our COVID-19 precautionary measures can also be further rolled back, which would lead to greater cost-savings.</p>
2.	<p>In recent times, pure play data centre REITs are under pressure. Ascendas Reit has about 11.7% exposure to data centres – does Ascendas Reit put a cap on exposure to data centres? If so, what is the cap? Data centres are power hungry and require high energy; given the high energy cost, it might be prudent to not be overly exposed to data centres. Does the management concur, and what is the management's view and outlook on data centres?</p>
	<p>To clarify, the 11.7% refers to the rental income contributed by data centre tenants. Ascendas Reit's exposure to data centres stands at around 9%.</p> <p>We are keen to increase our presence and exposure to data centres as demand continues to be underpinned by the rising adoption of cloud computing, growing number of internet users, larger data storage requirements and e-commerce etc.</p> <p>This asset class fits well with our strategy and we believe that growth in this sector is strong. We picked Europe as our investment destination for data centres in 2021. The investment diversifies our European portfolio, where we started off with only UK logistics assets. The investment in data centres increases our presence in Europe and builds resilience into our income.</p> <p>We have plans to scale up our investment in data centres and are not looking to cap our investments currently. Nonetheless, we remain prudent with our investments and will ensure that any acquired properties fit well with our strategy.</p>
3.	<p>What is the rationale for the acquisition of one single property in Switzerland, which seems out of place and may lead to additional currency exposure and its associated currency risks? Do we have economies of scale operating a single property in Switzerland? Is the additional currency exposure to Swiss francs worth the rental income derived from this property? Are there plans to divest this asset? What attracted the company to acquire this property in the first place?</p>

	<p>This asset in Switzerland was one of the 11 data centres we acquired as a portfolio. We believe that this investment fits well with our strategy. It is leased to a single tenant until 2043. Moreover, the rental is payable in Euros, and therefore does not add an additional currency exposure for Ascendas Reit.</p> <p>There are no immediate plans to divest this asset.</p>
4.	<p>Why are some properties i.e. 35 Tampines Street 92, 1 Changi South Lane and Transpennine 200 at 0% occupancy rate? How long have these properties been unoccupied and are there any fundamental problems with the properties? What is Ascendas Reit doing to attract tenants to fill up the space?</p>
	<p>1. 35 Tampines Street 92 is a light industrial property, and we are in the midst of customising a convert-to-suit solution for a potential customer. This is still being negotiated.</p> <p>2. 1 Changi South Lane is a logistics property which became vacant just this quarter. We have recently concluded negotiations with prospective tenants, and occupancy should be back to 100% very soon.</p> <p>3. Transpennine 200 is a logistics property in the UK. It is currently undergoing Asset Enhancement works and has a pre-commitment for the space after the works are completed.</p>
5.	<p>How would the continuously rising energy costs around the world impact the data centres in Europe, given that such data centres consume a lot of electricity?</p>
	<p>For most of our overseas assets, including our data centres in Europe, the energy costs are passed through to the tenants.</p> <p>We have procured renewable energy for our co-location data centres. Additionally, the energy pricing has been fixed with the supplier. Ascendas Reit only bears the electricity costs for one vacant data hall, with the rest of the costs fully charged to tenants.</p>
6.	<p>Please explain the sizeable rise in audit fees, which has increased by more than 30%?</p>
	<p>Ascendas Reit engages with our auditors very closely. We have been negotiating over the years to moderate Ernst and Young's fee increases. However, as our portfolio of properties and assets under management ("AUM") grows, a lot more audit resources would be required.</p> <p>2021 was a banner year for acquisitions. Our scope of operations expanded when we acquired 11 data centres across Europe, including new jurisdictions in Amsterdam, Paris and Geneva. We also expanded into Kansas City, acquiring 11 new logistics properties in the USA. Domestically, we acquired the remaining 75% interest in Galaxis.</p> <p>As we expand into new countries, audit fees would also increase as there are new regulatory obligations to comply with. We will ensure that the increase in audit fees is moderated and fair.</p>
7.	<p>Does the Ukraine/Russian war have any impact on Ascendas Reit?</p>
	<p>The war in Ukraine has injected greater uncertainty into the global economy. Already, we are seeing inflationary pressures, particularly for energy commodities and food. Interest rates will rise as central banks attempt to combat the inflation, which could impact our current and potential tenants.</p> <p>Nonetheless, direct impact on Ascendas Reit's operation would be minimal. For instance, the landlord's share of utilities costs accounts for only about 8% of the total property operating expenses.</p> <p>There are deep structural trends that also continue to present tailwinds for Ascendas Reit and drive demand. For instance, the supply chain disruptions around the world have caused many companies to invest in expanding their manufacturing and logistics capacities, so as</p>

	<p>to build resilience in their supply chains, thereby benefiting and driving demand for the assets owned by Ascendas Reit.</p> <p>In the data centre space, digitalization of the economy will continue to drive demand for both business space and data centres. In summary, we are cautious but clearly not pessimistic about the impact of the Ukraine/Russia war on Ascendas Reit's investments.</p>
8.	What are the possible assets Ascendas Reit can acquire from its Sponsor in the near term?
	<p>The CapitaLand Investment group is fully committed to supporting the growth of their sponsored REITs. Specifically for Ascendas Reit, the Sponsor currently has 7 to 8 assets in Singapore with a value of about S\$1.5 billion which can potentially be sold to Ascendas Reit over the next few years, providing a healthy pipeline.</p> <p>In the last 5 years, Ascendas Reit has had a good track record, acquiring quality assets worth around S\$2.7 billion from the Sponsor. Over the next few years, we can continue to expect assets of the Sponsor being acquired by Ascendas Reit.</p>
9.	According to the Annual Report ("AR"), the Distribution per Unit ("DPU") of 15.258 Singapore cents is a significant 30% lower than the Earnings per Share ("EPS") of 22.968 Singapore cents. Could you highlight the reasons for this disparity?
	<p>EPS is based on accounting profit, which includes non-cash items, such as fair value movement of investment properties and mark-to-market valuation of financial derivatives.</p> <p>DPU excludes such non-cash, non-taxable items, and better tracks the underlying performance of the trust.</p>
10.	Why are occupancy rates lower in Singapore than other developed countries?
	<p>The overseas portfolio includes logistics as well as data centre assets, which often have long-WALE and are single- tenanted. Such assets generally enjoy better occupancy.</p> <p>For the past few years, occupancy in Singapore has varied between 87% and 88%. However, last year, our occupancy rate rose to 90%. This was due to a variety of reasons.</p> <p>A few years back, there was an excess supply of logistics space, which exerted downward pressure on logistics rental. However, since COVID-19 began, the excess supply has been soaked up rather well, and rents have been increasing for this asset class.</p> <p>We continue to put in place plans to reposition our assets to increase occupancy as well as rental income. For example, we demolished two light industrial buildings next to the Ubi MRT station and rebuilt the plot into a new high tech space. Just completed this quarter, the new property has achieved good pre-commitment, and will contribute to higher occupancy for the portfolio in the coming year. We are confident that demand will remain strong, and our assets (which are near key infrastructure nodes like MRT stations and transport networks) are in good position to capture this demand.</p>
11.	What is the impact of carbon tax on our earnings in Singapore as well as globally?
	<p>Carbon tax will translate into higher electricity prices. The landlord's share of the utilities cost is not significant. Therefore, while a rise in electricity prices would generally mean a rise in operating costs, the impact would be quite moderate.</p> <p>While it may not be an issue of immediate concern, this is nonetheless a long-term issue, which is the reason for our emphasis on sustainability and greening our buildings.</p> <p>We have also included carbon tax into our feasibility studies. The current carbon tax rate in Singapore is S\$5 per tonne (of greenhouse gas emissions) and will be increased to S\$40 in a few years and subsequently S\$80 by 2030. Therefore, we have taken into account around S\$42 of carbon tax per tonne in our investment feasibility studies. This would allow a proper</p>

	<p>assessment of the impact on our returns in the future, and to determine the capital expenditure required if we need to green our buildings.</p> <p>We must start work today as we have a sustainability target of having 100% of our managed properties certified with a green building rating. We are also evaluating the cost of renewable energy against brown energy as we hope to bring down cost over time.</p>
12.	Is Ascendas Reit looking to expand to other countries, such as in North Asia?
	<p>Ascendas Reit's Board and management review our strategy regularly and hold regular in-depth discussions to ensure that we can compete and be successful in the markets we enter. We will continue to be disciplined in this process.</p> <p>We are not closed to entering new markets and will consider opportunities strategically as they arise. In the near term, we have no plans to expand to other countries in North Asia. We will instead continue to be very focused on developed markets.</p>



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RESULTS OF ANNUAL GENERAL MEETING HELD ON 28 APRIL 2022

Resolution number and details	Total number of Units represented by votes for and against the relevant resolution	For		Against	
		Number of Units	As a percentage of total number of votes for and against the resolution (%)	Number of Units	As a percentage of total number of votes for and against the resolution (%)
<p><u>Ordinary Resolution 1</u></p> <p>Adoption of the Report of HSBC Institutional Trust Services (Singapore) Limited, as trustee of Ascendas Reit, the Statement by the Manager, the Audited Financial Statements of Ascendas Reit for the financial year ended 31 December 2021 and the Auditors' Report thereon.</p>	2,469,908,583	2,465,971,426	99.84	3,937,157	0.16
<p><u>Ordinary Resolution 2</u></p> <p>Re-appointment of Ernst & Young LLP as Auditors of Ascendas Reit to hold office until the conclusion of the next AGM of Ascendas Reit, and grant of authority to the Manager to fix the Auditors' remuneration.</p>	2,514,296,288	2,507,989,961	99.75	6,306,327	0.25
<p><u>Ordinary Resolution 3</u></p> <p>Authority for the Manager to issue Units in Ascendas Reit and to make or grant instruments convertible into Units.</p>	2,516,711,578	2,188,121,029	86.94	328,590,549	13.06

Resolution number and details	Total number of Units represented by votes for and against the relevant resolution	For		Against	
		Number of Units	As a percentage of total number of votes for and against the resolution (%)	Number of Units	As a percentage of total number of votes for and against the resolution (%)
<u>Ordinary Resolution 4</u> Renewal of the Unit Buy-Back Mandate.	2,516,366,306	2,515,556,291	99.97	810,015	0.03