

**ASCOTT RESIDENCE TRUST**  
**("Ascott Reit")**

(Constituted in the Republic of Singapore pursuant to a trust deed dated 19 January 2006 (as amended))

**MINUTES OF ANNUAL GENERAL MEETING**

- Venue** : The Star Gallery, Level 3  
The Star Performing Arts Centre  
1 Vista Exchange Green  
Singapore 138617
- Date/Time** : Thursday, 14 April 2016, at 10:00 a.m.
- Present** : As per Attendance List
- Directors of Ascott Residence Trust Management Limited (as the manager of Ascott Reit (the "Manager"))** : Mr Lim Jit Poh, *Chairman* ("LJP" or "Chairman")  
Mr Lim Ming Yan, ("LMY")  
*Deputy Chairman*  
Mr Tay Boon Hwee, Ronald, ("RT")  
*Chief Executive Officer*  
Mr Tan Beng Hai, Bob  
Mr Ku Moon Lun  
Mr Lee Chee Koon ("LCK")  
Mr Zulkifli Bin Baharudin
- In attendance**
- Joint Company Secretaries of the Manager : Ms Kang Siew Fong ("KSF")  
Ms Regina Tan
- DBS Trustee Limited, trustee of Ascott Reit (the "Trustee") : Ms Soh Ee Fong  
Ms Jane Lim  
Ms Chan Kim Lim  
Ms Kwek Yi Lin  
Mr Alen Sim
- By Invitation**
- WongPartnership LLP : Ms Rachel Eng  
Ms Vivien Yui  
Mr Kevin Ho  
Ms Jayne Lee  
Ms Tabitha Tang
- KPMG LLP : Mr Philip Lee  
Ms Linda Tan
- DrewCorp Services Pte Ltd : Mr Raymond Lam
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**1. Presentation on Fire Emergency Evacuation Plan**

For the safety of all present at the Annual General Meeting (the "**Meeting**"), Ms Janine Gui, mistress of the ceremony, presented the Fire Emergency Evacuation Plan, prior to the commencement of the Meeting.

## **2. Presentation by Chief Executive Officer**

RT gave a presentation covering an overview of Ascott Reit, including financial and business highlights for the financial year ("FY") ended 31 December 2015, portfolio performance of Ascott Reit and capital & risk management.

*Afternote: The presentation slides were subsequently uploaded to the SGXNET on 14 April 2016, after trading hours.*

## **3. Chairman of the Meeting**

Ms Gui introduced the panelists and informed the unitholders that DBS Trustee Limited, as Trustee, had nominated LJP, chairman of the board of directors of the Manager (the "**Board**"), to preside as the chairman of the Meeting in accordance with the trust deed of Ascott Reit dated 19 January 2006 (as amended) (the "**Trust Deed**").

## **4. Welcome Remarks By Chairman**

Chairman welcomed all present at the Meeting and, having ascertained that a quorum was present, he called the Meeting to order at 10.25 a.m.

## **5. Notice**

- 5.1 With the consent of the unitholders represented by Ms Lee Mei Gaik, the notice convening the Meeting dated 23 March 2016 (the "**Notice of Meeting**") contained in the booklet that was sent to unitholders together with the CD-ROM containing Ascott Reit's Annual Report 2015 (the "**Annual Report**") was taken as read.
- 5.2 In line with Rule 730A(2) of the Listing Manual of the Singapore Exchange Securities Trading Limited, Chairman informed that voting on each of the three resolutions as set out in the Notice of Meeting be conducted by way of poll and that polling would be conducted in a paperless manner using a wireless hand held device.
- 5.3 Chairman further informed unitholders that the scrutineer for the conduct of the poll was DrewCorp Services Pte Ltd.
- 5.4 Mr Raymond Lam of DrewCorp Services Pte Ltd apprised the unitholders of the procedures for voting by poll and the unitholders voted on a test resolution to ensure that the hand held devices were working properly.

**AS ORDINARY BUSINESS**

- 6. Ordinary Resolution No. 1 – To receive and adopt the Report of DBS Trustee Limited, as trustee of Ascott Reit, the Statement by Ascott Residence Trust Management Limited, as manager of Ascott Reit and the Audited Financial Statements of Ascott Reit for the financial year ended 31 December 2015 and the Auditors' Report thereon.**
- 6.1 Resolution No. 1 as set out in the Notice of Meeting was proposed by Christina Ang Lay Yin and seconded by Henry Chan Chee Meng (Henry Chen Zhiming). Chairman invited questions from the unitholders.
- 6.2 Mr Lim Shang Liang noted that Ascott Reit aims to pay out 100% of distributable income every year. In view of the expansion of Ascott Reit through acquisitions and the tapping of the capital markets to raise funds, Mr Lim queried if Ascott Reit would consider reducing the level of distributions. Mr Lim stated that he was concerned about the long term sustainability of the current level of distributions.
- 6.3 LJP explained that Ascott Reit was still working towards its target property portfolio size of \$6 billion, and until the target size was reached, the intention of the Board would be to continue to aim to pay 100% of distributable income every year in the near future, insofar as it could afford to do so.
- 6.4 Mr Lim's second question concerned the gearing ratio of Ascott Reit. He noted that the gearing ratio of Ascott Reit presently stood at approximately 40% (as at 31 December 2015, as stated in the Annual Report), and that perpetual securities had also been issued as part of equity fund raising. Mr Lim remarked that the Monetary Authority of Singapore's ("**MAS**") prescribed aggregate leverage limit was 40%, and wished to know whether Ascott Reit would consider reducing its gearing to be in line with this limit.
- 6.5 RT clarified that MAS' prescribed aggregate leverage limit for REITs was 45% as stated in Section 9.2 of Appendix 6 to the MAS' Code on Collective Investment Schemes. RT stated that Ascott Reit's current gearing ratio of 40% was a comfortable level and that the Board accordingly did not have any immediate plans to lower it. RT acknowledged that a 40% gearing ratio was slightly higher than some of the other REITs. However, unlike Ascott Reit, these other REITs generally only held Singapore-based assets and were not affected by foreign currency risks and exposure. RT further explained that Ascott Reit adopted a natural hedge strategy by borrowing in foreign currencies to match against the underlying assets, which had an impact on its gearing ratio.
- 6.6 LJP reassured Mr Lim that proper and effective controls were in place to monitor the strategies employed by the management to maintain Ascott Reit's gearing ratio at a suitable level.

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- 6.7 Mr Andy Heng enquired what the Board's plans were to improve Ascott Reit's present cash ratio and current ratio of 0.6 and 0.9 respectively.
- 6.8 LJP explained that the cash and current ratios were necessarily related to the other financial ratios, such as the gearing ratio. Accordingly, the Board needs to also take into account the distribution policy, gearing ratios and expansion plans. LJP opined that the gearing ratio could be taken as the overall control and guide to the other ratios, and as mentioned, was at a comfortable level.
- 6.9 RT agreed with LJP and explained that some of the other ratios that the Board monitored closely to fulfil their obligations included the interest coverage ratio which monitors Ascott Reit's ability to service its obligations to banks and other creditors. RT informed that Ascott Reit's interest coverage ratio was currently above four times, which was a level that the Board was comfortable with.
- 6.10 Mr Heng referred to the CEO's presentation in relation to the weighted average remaining tenure of 4.2 years for master leases and management contracts with minimum guaranteed income, and sought the Board's opinion on the possibility of these leases and management contracts being renewed on similar terms upon their expiration.
- 6.11 RT informed that in 2015, Ascott Reit had renewed two management contracts with minimum income guarantee in Brussels and Barcelona. RT noted that it may be premature to commence negotiations for the renewal of all leases or contracts now as it would be difficult to foresee what would happen within the next four years, and it may not be possible to predict what rental or minimum income levels would be acceptable to all parties. RT assured the unitholders that as and when each of these leases or management contracts approached maturity, the Board would initiate renewal discussions with the tenant or the operator.
- 6.12 Mr Heng highlighted that the net profit margins since FY 2014 had been relatively lower than the period between FY 2011, FY 2012 and FY 2013, and queried whether the Board would foresee that the net profit margin would continue at its current level or eventually decline over the years.
- 6.13 RT clarified that the overall decline in Ascott Reit's net profit margin was on an overall portfolio basis, and that there were varying levels of performance across the various geographical markets within the overall portfolio. RT highlighted that one of the main factors affecting the performance of individual portfolios was the higher expenses incurred by reason of the higher level of staff costs. RT reassured that the Board had closely monitored these costs, and had also tried to manage the increase in staff costs which had risen from about 10% to about 12% of Ascott Reit's total

revenue over the years. RT informed that for FY 2016, the Board did not currently foresee any major change in terms of net profit margins on an overall portfolio basis.

- 6.14 LJP explained that while the Board and unitholders alike wanted net profit margins to rise, the growth rate of Singapore's economy had instead fallen. LJP assured that although the unpredictable nature of market forces might impact net profit margins, the Board would nevertheless try its best to improve the net profit margins of Ascott Reit.
- 6.15 Mr Vincent Tan Yoon Nee queried on the Board's expansion strategy to focus on risk diversification versus concentration in certain fast growing segments. Mr Tan referred to page 197 of the Annual Report and noted that China had overtaken the other countries to become the number one contributor in terms of Ascott Reit's gross profit. Mr Tan informed that he had been monitoring this trend for the past few years and noticed that it was clear to him the Chinese were increasing their outbound travel. Mr Tan noted that the growth in number of Chinese travellers to Singapore in the first two months of 2016 had reached about 505,000, up by 62.9% in January and 16.3% in February. He further noted that the Chinese were similarly increasing their travels to Japan, Australia, the United Kingdom, and other countries. On that basis, Mr Tan sought information on the Board's strategy in respect of this apparent trend given the limited amount of capital that Ascott Reit had, the inherent difficulties in raising capital, as well as the Board's plans to expand, diversify and grow in new markets such as the United States of America ("**US**").
- 6.16 LJP assured unitholders that the Board had taken note that China had a large population and was progressing. LJP informed that the sponsor of Ascott Reit, The Ascott Limited ("**Ascott**"), had also been very active in China and invited LCK to elaborate on this.
- 6.17 By way of background, LCK informed that the number of Chinese domestic travellers in 2015 was approximately 4 billion, while outbound Chinese travellers totalled approximately 120 million. Chinese travellers travelled not only to Singapore, but also to many key gateway cities that Ascott Reit had investments in. LCK explained that in this regard, Ascott had tied up with two big players – Tujia.com International and Alitrip – to help promote Ascott properties both within and outside of China to Chinese travellers. LCK further explained that this partnership would help lower Ascott Reit's costs in terms of drawing customers to Ascott properties. LCK informed that if Ascott Reit were to do this on its own through other online booking agents, the cost of doing so would be approximately 12%-15% per booking made. However, under this strategic tie up, some bookings would be virtually cost-free to Ascott Reit. LCK assured that unitholders would start to see the results of the full implementation of this tie up in the second half of 2016.

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- 6.18 LJP added that it was within expectations that China would top the list in terms of contribution to Ascott Reit's gross profit, and opined that the spread and concentration of Ascott Reit's investments were at comfortable levels at this point in time.
- 6.19 Mr Tan noted that Ascott appeared to be very ambitious in terms of its growth figures and targets, and asked whether this would accordingly be passed on to Ascott Reit.
- 6.20 LJP explained that while it was the intention of the Board to acquire suitable assets, it would be important to ensure that any acquisition was carried out fairly.
- 6.21 RT also addressed Mr Tan's query by explaining that in terms of diversification versus concentration, the Board had chosen to adopt a long term strategy. If the Board continued to grow the portfolio towards the target of \$6 billion, and as long as China formed around 20-25% of the overall portfolio, there would necessarily be additional investment in China alongside investments in other new markets such as the US. RT explained that the Board's current strategy would still be to achieve a more diversified portfolio with China being a significant portion of Ascott Reit's asset base.
- 6.22 Mr Tan queried whether this meant that the Board would seek to diversify as much as possible, but would impose a cap of 25% for any particular country such as China.
- 6.23 LJP informed that the Board had not laid down rigid percentages for any country as part of its overall strategy. LJP also explained that due to market forces, there might be times where even if the Board did decide to invest in a particular country, there might not be any suitable assets to acquire. In this regard, it would be important for the Board to strike a balance between concentration and diversification. LJP was of the opinion that the present balance was fair in that there was no over concentration in one country, and the Board had duly considered all relevant countries in respect of potential investments.
- 6.24 Mr Tan clarified that he did not intend for the Board to fix such a percentage, but reiterated that the trend relating to Chinese travellers was incipient and fast growing, in particular over the past two years.
- 6.25 LJP reassured Mr Tan that the Board was aware of this trend.
- 6.26 Mr Tan further queried on Ascott Reit's business in Singapore, and highlighted that while the number of Chinese travellers had increased, Indonesian travellers were a close second with 465,000 travellers to Singapore in the first two months of 2016. In this regard, Mr Tan queried on what unitholders could expect to see in terms of Revenue Per Available Unit

("RevPAU") especially in terms of Ascott Raffles Place, Citadines Mount Sophia and Somerset Liang Court, taking into account Ascott Reit's acquisition of the new Cairnhill property. Mr Tan also asked if there were any plans to tap on the Indonesian market.

- 6.27 RT explained that it was important to focus on the basics of Ascott Reit's business model, whereby the main target customers were business/corporate clientele on long stay rather than leisure travellers. The average length of stay across Ascott Reit's portfolio for FY 2015 was about four months, while in Singapore, this figure was about one to three months. RT further explained that while it might be an attractive proposition to focus on short stays given that the rates for short stays were generally higher compared to long stays, focusing on short stay travellers would put Ascott Reit in direct competition against the hotels. On this basis, Ascott Reit's focus would continue to be on long stay and corporate travellers, which were expected to comprise 80-85% of the total apartment rental income across Ascott Reit's properties globally, including Singapore. RT added that the Singapore market had been under pressure over the last two to three years, particularly in the hotel segment. He noted that over the last few years, Ascott Reit's RevPAU had either remained flat or declined by 1–2%, while the hotel segment had experienced a more significant decline in Revenue Per Available Room ("RevPAR") because of the oversupply of hotel rooms in Singapore as well as the reduced levels of visitor arrivals. In 2015, the significant decline in RevPAR was a result of the supply of 3,000–4,000 new hotel rooms in the market, although this supply was expected to plateau by the end of 2016. In contrast, it was expected that there would only be one new serviced apartment entering the market by either end of 2016 or early 2017. Given the expected stabilisation of the oversupply situation and the general economic performance of Singapore, RT opined that the performance of the Singapore properties was not expected to drop further. RT also took the opportunity to update that the Temporary Occupational Permit for the new Cairnhill property was expected to be obtained by end 2016. This would be an Ascott branded property, which was targeted to be opened by end 2016 or 1Q 2017. Ascott Reit intended to complete the acquisition some time in 2017.
- 6.28 Mr Tan enquired if the holding of major events in Singapore in 2016 such as the *Singapore Airshow, Food & Hotel Asia*, etc., would mean that unitholders could expect to see an increase in RevPAU this year.
- 6.29 RT explained that as the events raised by Mr Tan occurred in the first quarter of 2016, and Ascott Reit was currently observing a blackout period in relation to its first quarter financial results, he would not be able to comment specifically on the effects of such major events on the RevPAU. However, RT highlighted that such events occur on a yearly or biennial basis, and would generally have a positive impact on the RevPAU.

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- 6.30 Mr Tan referred to page 69 of the Annual Report and queried if the occurrence of terrorist attacks was the cause of the lower gross rental income for Ascott Reit's 17 properties in France.
- 6.31 KSF explained that the fall in gross rental income for France was mainly attributable to the depreciation of the Euro. KSF also added that the properties in France were all on master leases and Ascott Reit's income was not adversely affected by such incidents as Ascott Reit received fixed rental income under the master leases.
- 6.32 RT reiterated that the depreciation of the Euro and the translation of the gross rental income figures to Singapore Dollar for reporting purposes were the main reasons for the lower gross rental income figures reported in Singapore Dollar for the French properties. As the French and German properties were on master leases, the revenue generated from these properties was generally stable regardless of whether these properties were fully occupied. In relation to the properties in London, Belgium and Spain, there had been slight declines in the overall occupancy post terrorist attacks, but Ascott Reit had enjoyed some downside protection as these properties were under management contracts with minimum income guarantees, and all these properties in fact continued to trade above the minimum income guarantee during the period. While the occurrence of terrorist attacks was beyond the Board's control, RT recognised that terrorism would be a common concern for all unitholders and highlighted that the safety and well-being of Ascott Reit's staff and guests were of utmost importance to the Board and management, and accordingly Ascott Reit had stepped up to implement heightened security measures across its properties. RT also reassured unitholders that the Board would continue to monitor and manage the situation accordingly.
- 6.33 Mr Tan Choon Han queried on the Board's aspiration to reach a total asset value of \$6 billion noting that Ascott Reit's gearing ratio was already at 40%. Assuming that the economy continued to slow down and property valuations were affected, this would push Ascott Reit's gearing ratio very close to the 45% limit. On this basis, Mr Tan queried whether the Board intended to seek additional debt or equity financing, or a combination of both, to reach the target portfolio size of \$6 billion.
- 6.34 LJP highlighted that Ascott Reit's current portfolio size of \$5.4 billion (taking into account the acquisition of the new Cairnhill property) was not far from the target of \$6 billion. LJP also explained that the Board was cognisant of the fact that if Ascott Reit continued to distribute 100% of distributable income, the gearing ratio of Ascott Reit would theoretically have to increase. In order to maintain the gearing ratio at 40%, it would be necessary for some form of raising of capital. LJP however reassured that the Board took a long term view of its investments, taking into account factors such as market forces and Ascott Reit's capabilities to ensure that Ascott Reit remained



competitive while working toward the target.

- 6.35 Mr Clifford Lai Choong Keong referred to page 3 of the Annual Report and expressed concern over the decline in the Distribution Per Unit ("**DPU**") and adjusted DPU since FY 2013. Mr Lai was particularly concerned that further acquisitions undertaken to reach the \$6 billion target would adversely affect future DPU.
- 6.36 LJP reassured that the Board recognised that unitholders would want profit margins to follow an upward trend. In this regard, LJP stated that the Board would continue to work towards maintaining the DPU, but highlighted that market forces might be beyond the Board's control.
- 6.37 KSF explained that the decline in the DPU figures in FY 2015, as explained earlier by RT in the CEO presentation, was a result of a one-off adjustment in FY 2014 arising from a realised exchange gain from the repayment of a bank loan. If this one-off item was excluded, the DPU for FY 2015 would have actually increased by 6% compared with the previous year.
- 6.38 Mr Lai noted that the same phenomenon occurred between FY 2013 and FY 2014 and queried if there were also one-off events during that period.
- 6.39 KSF and RT responded in the affirmative. RT informed that there were some one-off events between FY 2013 and FY 2014 which caused distortions to the DPU figures because they were not recurring in nature and could not be budgeted or planned for. RT highlighted that excluding the effects from the one-off items, the DPU for FY 2015 would have been 6% higher than the adjusted DPU for FY 2014. RT assured that one of the main criteria in respect of the selection of acquisitions was whether an acquisition was yield-accretive to unitholders. RT however highlighted that it would be increasingly challenging for the Board to acquire properties that were immediately accretive, and that management and the Board would accordingly also consider the medium and longer term potential of proposed acquisitions to create longer term value for unitholders.
- 6.40 Mr Lai responded that from the perspective of a unitholder, the number of properties owned by Ascott Reit would be secondary to the DPU received by unitholders.
- 6.41 LJP explained that the DPU was closely linked to the size of the portfolio, and reassured that the management also constantly reviews the quality/conditions of Ascott Reit's properties by putting the identified properties through asset enhancement programmes to optimize returns.
- 6.42 Mr Lai added that his concern was that the DPU had been decreasing since FY 2013 and expressed his hope that it would not have decreased further by the next annual general meeting.

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- 6.43 RT suggested that for clarity, Ascott Reit could in the future, also present the DPU on an adjusted basis, without making reference to the one-off items.
- 6.44 Mr Lai opined that one-off events which were detrimental to unitholders should not remain detrimental throughout the years and queried whether the decrease in DPU could instead be a result of the increase in the number of issued units since FY 2011.
- 6.45 KSF explained that the increase in number of units in FY 2013 was a result of Ascott Reit's equity fundraising through a rights issue exercise. For FY 2014, the increase was due to the issuance of units in payment of Ascott Reit's management fees.
- 6.46 Mr Lai noted that the unit price performance of Ascott Reit has been on a downward trend and queried what could be the reason for this.
- 6.47 LJP explained that while he had been closely monitoring the unit prices, the Board ultimately had no control over unit prices, market sentiment and the market's perception of Ascott Reit's true value. LJP explained that the Board's primary concern would be to run the business well and would let the market decide the unit prices accordingly as the Board was unable to interfere with the market.
- 6.48 RT noted Mr Lai's concern and suggested that if unitholders compared Ascott Reit's performance in relation to the overall performance of the market or other REITs, unitholders would realise that in terms of performance, Ascott Reit was actually in line with the other REITs, or in fact had been trading a little better than certain other REITs on a full year basis.
- 6.49 Mr Lai queried on whether rental collection would be affected by the intended Asset Enhancement Initiatives ("**AEI**").
- 6.50 RT explained that Ascott Reit did not have the practice of closing down entire properties during refurbishment exercises. Typically, only particular floors which may be affected by the renovations would be closed to minimise disruptions to customers, while the rest of the operations continued as per normal to minimise disruption to Ascott Reit's cash flow. Accordingly, although the partial closure would naturally result in a dip in rental collection, rental income for that particular property would definitely not cease entirely.
- 6.51 LJP explained that refurbishments were typically only conducted during relatively less busy periods. RT provided an example of Citadines Barbican London, which was renovated in the first quarter of 2016. RT explained that the timing was as such because the first quarter of the year in London would typically be a relatively less busy season, and that it was intended for the renovations to be completed by June or July 2016 to ramp up higher

occupancy in the busier summer months.

- 6.52 Mr Lai proposed that rental prices should be raised after the completion of AEs.
- 6.53 RT agreed and explained that higher rental returns were the main objective behind AEs, whether in the form of increased occupancy rates, room rates or average daily rates ("**ADR**"). RT alluded to his presentation earlier and stated that some of the AEs that were completed in FY 2015 have led to an uplift in ADR of 25-35%. RT informed that the Board was desirous of achieving the same level of positive results for the AEs in FY 2016.
- 6.54 LJP explained that management would always be required to justify the expenditure on AEs before the Board would provide its approval, and that one proposed consideration would be whether the intended expenditure would improve future earnings.
- 6.55 Mr William Adijaya Goh concurred with the earlier comments of other unitholders that Ascott Reit's performance in terms of DPU had not been strong. Mr Goh opined that the acquisitions of the other REITs within the CapitaLand Group appeared to be more yield-accretive than Ascott Reit. Mr Goh stated that while he understood that the Board had a target in mind and that the availability of investments was unpredictable, the valuation and timing of the investments or acquisitions, as well as the ability of management to negotiate better terms all played a part in making a difference to improvement in the DPU. Mr Goh raised the example that although the Manila market was weak in 2015, renovations of Ascott Makati were only carried out in 2016 when business had improved. Moreover, although Ascott Reit's focus was on long term stays, Mr Goh believed that more could be done to capture the untapped market of corporate travellers on short term stays, to maximise earnings.
- 6.56 RT firstly addressed Mr Goh's point in relation to the AEI at Ascott Makati. Given that a large sum of US\$25 million was to be spent on the AEI, management had accordingly taken about three months to finalise the design, renovation and costs of the project in order not to risk any errors, delays, or cost overruns. In terms of the performance of the Manila market, RT explained that the Board had closely monitored the market in terms of timing the AEs, and that the slowdown in the market had only begun in the second half of 2015, and had not picked up significantly since. RT remarked that it would be difficult to speculate how the market would continue to trade in FY 2016, but that the utmost concern now would be ensure that the AEs proceeded at full steam and were completed on time and within budget such that Ascott Reit would be ready to capture the upside potential which Ascott Makati had, given its excellent location within the Central Business District in Manila.

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- 6.57 Mr Ong Boon Keng thanked management for taking into account the feedback provided at last year's annual general meeting, by issuing unitholders with shopping vouchers instead of a packed lunch. Mr Ong queried whether the Board would consider moving from half yearly to quarterly distributions, as this would benefit retirees like himself.
- 6.58 LJP responded that Ascott Reit would look into his suggestion, and assured that the intention would be to maintain the current policy of paying out 100% of distributable income, whether by quarterly or half yearly distributions.
- 6.59 Mr Ong queried on the percentage of management fees that were paid in units, and expressed his preference for the payment of management fees to be made in cash.
- 6.60 KSF explained that the Trust Deed provided that Ascott Reit had the option to elect whether management fees would be paid fully or partially in units. For the majority of the properties in Ascott Reit's portfolio, 50% of the management fees were paid in units while the remaining 50% was paid in cash. The management fee also comprised a base fee and a performance fee. RT added that this was very much in line with market practice.
- 6.61 Mr Ong further queried on what the Manager would do with the units they had cumulated, and whether the units would eventually be sold.
- 6.62 LJP stated that no units have been disposed of by the Manager thus far.
- 6.63 Mr Andy Heng asked whether management would consider a scrip dividend scheme instead of paying distributions in cash to unitholders. Mr Heng suggested that in contrast with retirees who may prefer cash payments, younger investors may instead prefer to accumulate more units.
- 6.64 LJP explained that from a cost-benefit analysis, the amount of distributions paid out by Ascott Reit would need to be large enough to justify the costs and expense of payment of scrip dividends, and that a scrip dividend scheme had not been considered by the Board thus far. LJP however assured that the Board would bear in mind the different demographics of unitholders in working out an appropriate balance.
- 6.65 Ms Doreen Ong expressed her concern about the devaluation of the Chinese Yuan, which was expected to continue further in the near future, and queried on how Ascott Reit planned to manage this devaluation given that China was a significant part of Ascott Reit's portfolio.
- 6.66 RT explained that due to Ascott Reit's diversified portfolio, the net impact of the depreciation of the Chinese Yuan on a portfolio basis to Ascott Reit was not particularly significant. In terms of gross profit contribution, China formed only about 9% of Ascott Reit's total gross profit. RT also shared that

the Board had conducted a sensitivity analysis with regard to the devaluation of the Chinese Yuan and based on the DPU for FY 2015, a 5% depreciation of the Chinese Yuan only translated to a reduction of 0.6% of Ascott Reit's DPU. In contrast, the cost of hedging the Chinese Yuan would be relatively more expensive. RT reassured that the Board would continue to monitor this, but as the impact of the depreciation of the Chinese Yuan on Ascott Reit's overall portfolio did not appear to be significant, there were no immediate plans to hedge Ascott Reit's Chinese Yuan income.

- 6.67 LMY explained that the Chinese Yuan, like the Singapore Dollar, was pegged to a basket of currencies. In this regard, the Chinese Yuan exchange rate in respect of the Singapore Dollar had been relatively stable, and the forecast for the rest of 2016 also indicated that the exchange rate would be within a tight range. Further, LMY highlighted that the Chinese Yuan would also be relatively costly to hedge in the capital market.
- 6.68 RT added that the MAS' announcement on its policy on easing of the Singapore Dollar's appreciation on 14 April 2016 would have a positive impact on the Singapore dollar equivalent of the overseas income generated by the overseas assets and the capital values of the overseas assets in Singapore dollar.
- 6.69 LJP expressed his appreciation for unitholders' questions, which he found to be relevant, fair and objective. LJP acknowledged that there was always room for improvement by both the Board and management and reassured unitholders that the Board and management were continuously looking for ways to improve.
- 6.70 As there were no further questions, Chairman proceeded to put Resolution 1 to the vote by poll.
- 6.71 The poll results for Resolution 1 were as follows:

	For		Against	
	No. of Units	%	No. of Units	%
Resolution No. 1	887,016,683	99.9	83,000	0.01

- 6.72 Based on the results of the poll, Chairman declared that Resolution No. 1 as set out below was carried and proceeded to the next item on the Agenda:

Ordinary Resolution No. 1

*To receive and adopt the Report of DBS Trustee Limited, as trustee of Ascott Reit, the Statement by Ascott Residence Trust Management Limited, as manager of Ascott Reit, and the Audited Financial Statements of Ascott Reit for the financial year ended 31 December 2015 and the Auditors' Report thereon.*

**7. Ordinary Resolution No. 2 – To re-appoint KPMG LLP as the Auditors of Ascott Reit and to authorise the Manager to fix their remuneration.**

7.1 LJP informed that KPMG LLP has indicated their willingness to accept re-appointment.

7.2 Resolution No. 2 as set out in the Notice of Meeting was proposed by Lim Chye Heng and seconded by Tan Wee Kiang. Chairman invited questions from unitholders.

7.3 As there were no questions, Chairman proceeded to put Resolution 2 to the vote by poll.

7.4 The poll results for Resolution 2 were as follows:

	For		Against	
	No. of Units	%	No. of Units	%
Resolution No. 2	886,399,783	99.97	288,900	0.03

7.5 Based on the results of the poll, Chairman declared that Resolution No. 2 as set out below was carried and proceeded to the next item on the Agenda.

Ordinary Resolution No. 2

*To re-appoint KPMG LLP as Auditors of Ascott Reit and to authorise the Manager to fix their remuneration.*

**AS SPECIAL BUSINESS**

**8. Ordinary Resolution No. 3 – To authorise the Manager to issue Units and/or to make or grant instruments.**

8.1 Chairman explained that Resolution No. 3 as set out in the Notice of Meeting related to the approval of a general mandate to be given to the Manager, to empower the Manager to issue units in Ascott Reit and to make or grant instruments (such as warrants or debentures) convertible into units, and to issue units in pursuance of such instruments. Such units must not, in aggregate, exceed 50% of the issued units in Ascott Reit, with a sub-limit of 20% for issues other than on a pro-rata basis to unitholders. If approved, the general mandate will, unless revoked or varied by unitholders in a general meeting, be valid from the date of this Meeting until the conclusion of the next annual general meeting of Ascott Reit or the date by which the next annual general meeting of Ascott Reit was required by applicable laws and regulations or the Trust Deed to be held, whichever is the earlier.

- 8.2 Chairman described that this was a common mandate often sought by listed companies and REITs to give them the flexibility and efficiency to raise capital to, for example, grow the business through property acquisitions, repay debts and make capital expenditures without requiring the time and financial expense of convening extraordinary general meetings. This mandate was within the limits set by the Listing Manual. In the event of any intended equity raisings by Ascott Reit, unitholders would be informed through announcements made on the SGXNET. If any proposed equity raising was to exceed this mandate, unitholders' approval would be sought separately.
- 8.3 Resolution No. 3 as set out in the Notice of Meeting was proposed by Liew Joon Siew (Liu Junxin) and seconded by Tan Kow Seng. Chairman invited questions from unitholders.
- 8.4 As there were no questions, Chairman proceeded to put Resolution 3 to the vote by poll.
- 8.5 The poll results for Resolution 3 were as follows:

	For		Against	
	No. of Units	%	No. of Units	%
Resolution No. 3	871,568,275	98.61	12,267,808	1.39

- 8.6 Based on the results of the poll, Chairman declared that Resolution No. 3 as set out below was carried:

Ordinary Resolution No. 3

*That authority be and is hereby given to the Manager to:*

- (a) (i) *issue units in Ascott Reit ("**Units**") whether by way of rights, bonus or otherwise; and/or*
- (ii) *make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Units to be issued, including but not limited to the creation and issue of (as well as adjustments to) securities, warrants, debentures or other instruments convertible into Units,*

*at any time and upon such terms and conditions and for such purposes and to such persons as the Manager may in its absolute discretion deem fit; and*

- (b) *issue Units in pursuance of any Instrument made or granted by the Manager while this Resolution was in force (notwithstanding that the authority conferred by this Resolution may have ceased to be in force*

*at the time such Units are issued),*

*provided that:*

- (1) the aggregate number of Units to be issued pursuant to this Resolution (including Units to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed fifty per cent. (50.0%) of the total number of issued Units (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Units to be issued other than on a pro rata basis to Unitholders (including Units to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed twenty per cent. (20.0%) of the total number of issued Units (as calculated in accordance with sub-paragraph (2) below);*
- (2) subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited (the "SGX-ST") for the purpose of determining the aggregate number of Units that may be issued under sub-paragraph (1) above, the total number of issued Units shall be based on the total number of issued Units at the time this Resolution is passed, after adjusting for:*
  - (a) any new Units arising from the conversion or exercise of any convertible securities or options which are outstanding or subsisting at the time this Resolution is passed; and*
  - (b) any subsequent bonus issue, consolidation or subdivision of Units;*
- (3) in exercising the authority conferred by this Resolution, the Manager shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the trust deed dated 19 January 2006 constituting Ascott Reit (as amended) (the "**Trust Deed**") for the time being in force (unless otherwise exempted or waived by the Monetary Authority of Singapore);*
- (4) (unless revoked or varied by the Unitholders in a general meeting) the authority conferred by this Resolution shall continue in force until (i) the conclusion of the next annual general meeting of Ascott Reit or (ii) the date by which the next annual general meeting of Ascott Reit is required by applicable laws and regulations or the Trust Deed to be held, whichever is the earlier;*
- (5) where the terms of the issue of the Instruments provide for adjustment to the number of Instruments or Units into which the Instruments may be converted in the event of rights, bonus or other*



*capitalisation issues or any other events, the Manager is authorised to issue additional Instruments or Units pursuant to such adjustment notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time the Instruments or Units are issued; and*

- (6) *the Manager and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager or, as the case may be, the Trustee may consider expedient or necessary or in the interests of Ascott Reit to give effect to the authority conferred by this Resolution.*

**9. Close of Meeting**

There being no other business, Chairman declared the Meeting closed at 11.30 a.m. and, on behalf of the Trustee and the Board, thanked the unitholders for their attendance and support.

**Confirmed By  
Lim Jit Poh  
Chairman of the Meeting**