

CAPITALAND COMMERCIAL TRUST

MINUTES OF THE ANNUAL GENERAL MEETING HELD ON TUESDAY, 18 APRIL 2017 AT 10.00 A.M. THE STAR GALLERY, LEVEL 3, 1 VISTA EXCHANGE GREEN, SINGAPORE 138617

Present: Unitholders (present in person or by proxy)

As per attendance list

In attendance: Directors of CapitaLand Commercial Trust Management Limited, as manager of CapitaLand Commercial Trust (“CCTML” or the “Manager”)

Mr Soo Kok Leng, Chairman (“Chairman”)

Mr Lim Ming Yan, Deputy Chairman (“Deputy Chairman”)

Ms Lynette Leong Chin Yee, Chief Executive Officer (“CEO”)

Dato' Mohammed bin Haji Che Hussein

Mr Lam Yi Young

Mr Goh Kian Hwee

Mr Wen Khai Meng

HSBC Institutional Trust Services (Singapore) Limited, trustee of CapitaLand Commercial Trust

Mr Antony Wade Lewis, Chief Executive Officer, HSBC Institutional Trust Services (Singapore) Limited

Company Secretary of the Manager

Mr Toh Su Jin Jason

Ms Honey Vaswani

Management of the Manager

Mr Kevin Chee, Deputy Chief Executive Officer

Ms Anne Chua, Head, Finance (“Head of Finance”)

Ms Ho Mei Peng, Head, Investor Relations and Communications

Mr Chew Peet Mun, Head, Investment

1 Introduction

- 1.1 Prior to the commencement of the Annual General Meeting of CCT (“**AGM**” or the “**Meeting**”), Ms Ho Mei Peng, the Master of Ceremonies, gave a briefing on the emergency evacuation plan. After the briefing, Ms Ho, on behalf of HSBC Institutional Trust Services (Singapore) Limited, the trustee of CapitaLand Commercial Trust (“**CCT**”, and the trustee of CCT, the “**Trustee**”), and the Board of Directors of the Manager, welcomed the unitholders of CCT (“**Unitholders**”) to the Meeting. Thereafter, Ms Lynette Leong, the CEO, gave a short presentation on CCT’s performance for the year ended 31 December 2016.
- 1.2 After the presentation, the Master of Ceremonies introduced the panellists. She then handed the proceedings of the Meeting over to the Chairman, Mr Soo Kok Leng, who had been nominated by the Trustee to preside as Chairman of the Meeting in accordance with the trust deed constituting CCT dated 6 February 2004 (as amended and supplemented) (the “**Trust Deed**”).
- 1.3 Chairman noted that a quorum was present and declared the Meeting open at 10.42 a.m. The Notice of Meeting dated 21 March 2017 contained in the Annual Report to the Unitholders of the same date was, with the approval of the Unitholders, taken as read.
- 1.4 Chairman advised the Meeting that, in line with corporate governance best practice and in accordance with the Trust Deed, he had directed that the vote on each Resolution as set out in the Notice of Meeting be conducted by poll.
- 1.5 Chairman informed the Meeting that polling would be conducted in a paperless manner using a wireless handset and that an independent scrutineer, DrewCorp Services Pte Ltd, had been appointed to conduct the poll and Mr Raymond Lam of DrewCorp Services Pte Ltd would explain the procedures for voting by electronic poll. Following Mr Lam’s explanation of the electronic poll voting procedures and a test resolution being carried out, Chairman proceeded with business of the Meeting.

2 Ordinary Resolution 1

Adoption of the Report of the Trustee, Statement by the Manager, the Audited Financial Statement and the Auditors’ Report

- 2.1 Chairman invited a Unitholder to propose, and another to second Resolution 1 set out in the Notice of AGM. Mr Woo Hon Theng proposed and Mr Sung Wai Yu seconded the Resolution, as follows:

“To receive and adopt the report of HSBC Institutional Trust Services (Singapore) Limited, as trustee of CCT, the Statement by CapitaLand Commercial Trust Management Limited, as manager of CCT, and the Audited Financial Statements of CCT for the financial year ended 31 December 2016 and the Auditors’ Report thereon.”

- 2.2 Chairman invited questions and comments from the floor.
- 2.3 Mr Tan See Peng @ Tan Kah Hua (“**Mr Tan See Peng**”) referred to the presentation by CEO earlier and noted that the area for development within the Central Business District was rather limited. He went on to ask his first question on whether CCT would cast its eye on acquiring a land bank for future development in view of the fact that Singapore was a “red dot” and would run out of space for future developments. Mr Tan See Peng continued with his second question by asking whether the Manager would install solar panels on top of its buildings to generate electricity for purposes which included the powering of lifts so as to be in line with other green developments.
- 2.4 CEO replied by stating that the amount of land which a company could purchase was dependent on the sale of land by the Government. As a real estate investment trust (“**REIT**”), should CCT wish to enter into development activities, a large amount of capital would be required, and methods of fund-raising would include entering into loan financing and/or raising funds from Unitholders. She believed that the optimal method would be to redevelop existing buildings that CCT owned such as the Golden Shoe Car Park (“**GSCP**”). She added that CCT would hopefully be able to obtain approval for its plans to redevelop GSCP and the feasibility study would turn out to be promising so that CCT can proceed with the redevelopment. In addition, in response to Mr Tan See Peng’s suggestion on solar panels, CEO stated that CCT would take this proposal into consideration.
- 2.5 Mr Tan Yong Nee (“**Mr Vincent Tan**”), referred to CEO’s earlier statement that CCT is a “victim of its own success” and the onset of CCT’s portfolio negative rental reversions, given the high rental rates that CCT had secured in previous years. Referring to page 90 of the annual report of CCT (the “**Annual Report**”), Mr Vincent Tan noted that the increase in distribution for 4Q 2016 was largely contributed by CapitaGreen.
- 2.6 In addition, Mr Vincent Tan noted that CCT had retained tax-exempt income from its investments in MRCB Quill REIT and MSO Trust, amounting to S\$20.4 million, which could be used to cover a situation where there were negative rental reversions in order to sustain CCT’s distribution per Unit. He would like to understand the Manager’s intention in relation to the use of the S\$20.4 million.
- 2.7 CEO responded by stating that CCT’s tax-exempt income came primarily from its investment in MRCB Quill REIT and it had been increasing marginally every half year. She stated that the intention was to retain this amount of tax-exempt income for a “rainy day” and to use it for the purpose of distribution to Unitholders or for capital expenditure should the need arise.

- 2.8 Mr Vincent Tan went on to compliment the Manager for its good execution, as evidenced by the chart on average monthly rents set out on page 101 of the Annual Report. He mentioned that when he first invested in CCT, he had raised a concern about under-renting but this was no longer an issue. Mr Vincent Tan observed that CCT's rentals had been increasing every year and remarked that this was proof of the efforts of the Manager's operations team.
- 2.9 CEO expressed her thanks for Mr Vincent Tan's compliments.
- 2.10 Mr Vincent Tan followed up with an inquiry in relation to the GSCP development. He asked the Manager to confirm his understanding in relation to the progress of the GCSP development, which was that the approval for the rezoning of GSCP land from transport to commercial had already been obtained and that the only question now was about differential premium.
- 2.11 CEO responded by saying that the GSCP development involved a very long process and several approvals were required before an outcome could be had. She added that CCT had been engaging the authorities for the last three years and the final hurdle to cross would be the government's determination of the differential premium.
- 2.12 Mr Vincent Tan then referred to page 89 of the Annual Report where he noted that the gross revenue figure for Capital Tower in 4Q 2016 (\$18.4 million) was a sharp increase from the figures of the first three quarters of 2016 and asked whether this was a result of the new tenant involving a co-working concept, Collective Works, or the asset enhancement initiatives performed on the property prior to the entry of Collective Works. He also asked whether Collective Works was responsible for the boost in rental revenue.
- 2.13 CEO highlighted that the increase in gross revenue was generally due to the higher occupancy at Capital Tower which was not solely contributed by the tenancy of Collective Works. A large jump in figures was registered only in 4Q because a large Japanese tenant moved out of Capital Tower earlier and it took the Manager some time to fill the vacancy.
- 2.14 Next, Mr Vincent Tan turned his attention to the financial review of CapitaGreen on page 89 of the Annual Report. He observed a jump in gross revenue from \$7.0 million in 3Q 2016 to \$21.6 million in 4Q 2016. He added that net property income ("NPI") increased to \$18 million with NPI margins appearing "pretty high". He also noticed that the NPI included a \$1.8 million marketing commission adjustment according to a note to the table. Mr Vincent Tan sought to understand what gave rise to the high NPI margins at CapitaGreen.

- 2.15 CEO responded by explaining that CapitaGreen was a fairly new property and its NPI margin required time to stabilise. She expected that over time, tenants would move in progressively such that the performance of CapitaGreen would stabilise and its NPI margin would stabilise around 75%.

[After meeting note: The high NPI margin at CapitaGreen was also due to lower maintenance cost in 2016 as most of the works were still under the purview of the main contractor. Most maintenance work agreements should progressively be taken over by MSO Trust which holds CapitaGreen in 2017.]

- 2.16 Next, Mr Vincent Tan looked at the NPI of Wilkie Edge and noted that the 2016 NPI margin for the property was slightly lower on a year-on-year basis and one of the lowest in CCT's portfolio. He was of the view that in order to finance the GSCP development, CCT could consider divesting its properties. In this respect, he noted that the press had reported that the Manager had engaged Cushman & Wakefield to market it. As such, he inquired whether there was any progress on this front, including whether Wilkie Edge and/or One George Street would be sold to finance the GSCP development.
- 2.17 CEO commended Mr Vincent Tan for following the news closely. She explained that the drop in NPI margin was due to a vacancy in the period during consideration and the usual NPI margin should be around 70%. In respect of Mr Vincent Tan's suggestion to consider the financing of the GSCP development through capital recycling, she stated that the Manager was still evaluating its next step, and would share the outcome of any decision on divestments in due course.
- 2.18 Mr Vincent Tan then asked CEO whether CCT would be looking to divest Wilkie Edge and/or One George Street, or perhaps a partial interest in each of them.
- 2.19 CEO replied that the GSCP development would be funded through a joint venture given that the project was too large for CCT to handle by itself. However, this would reduce CCT's stake in the development substantially. She also added that CCT was looking into a sale of assets. In any event, CCT would be able to determine its next course of action only after the differential premium is known.
- 2.20 Thereafter, Mr Vincent Tan referred to page 93 of the Annual Report which showed a bar chart of CCT's funding sources and pointed out that in the course of 2016, the Manager had eliminated all its Commercial Mortgage Backed Securities ("CMBS"), but had enlarged the size of its secured (to S\$890 million) and unsecured bank loans (to S\$1,596 million). He went on to question the panel as to which assets of CCT were encumbered for these bank loans.

- 2.21 CEO said that CCT had previously held the CMBS in respect of Raffles City Singapore, and had in the course of 2016 refinanced the CMBS with a secured term loan. At the same time, CEO explained that there was also an existing loan in respect of CapitaGreen, which had been entered into originally as a construction loan and was carried through by CCT.
- 2.22 Head of Finance added that the CMBS issued in respect of Raffles City Singapore was refinanced in June 2016 to unsecured banking facilities which were spread across various tenures. Accordingly, she stated that the asset currently held by CCT that was encumbered was CapitaGreen for the S\$890 million bank loan.
- 2.23 Mr Vincent Tan's final question concerned the conversion price for the convertible bonds. He noted that in light of the current conversion price of the bonds at S\$1.4265 per Unit, many bondholders would be converting the bonds they hold into Units.
- 2.24 Head of Finance replied that the Manager was monitoring the situation. While she acknowledged that the current conversion price was below the current trading price, she also remarked that the difference was insignificant. The advantage of conversion was that CCT's gearing would be reduced by 2%. She added that the last coupon had been paid in March 2017 and the holders of the convertible bonds would not receive any other coupon until the redemption date.
- 2.25 Another Unitholder, Mr Fong Yew Chan, referred the panel to page 4 of the Annual Report and inquired as to the difference between distribution yield (6.1% based on closing price of S\$1.48 per unit), property yield (4.2%) and adjusted Net Asset Value ("NAV") (S\$1.73). He further questioned how it was possible that distribution yield is 6.1% while property yield was 4.2%, and whether this indicates that the property income was insufficient to pay distributions to Unitholders.
- 2.26 CEO replied by explaining that distribution yield was based on the amount of distribution CCT paid divided by the trading price, while property yield was simply based on the top-line numbers, which was the gross revenue after the subtraction of operating expenses, and divided by capital value. She explained that property yield did not capture the amount of leverage CCT possessed, whereas distribution yield captured such amount of leverage.
- 2.27 Head of Finance informed Mr Fong Yew Chan that CCT's trading price of S\$1.48 was trading below NAV. She added that since the property yield was based on fair value, CCT's distribution yield would be higher because its trading price was below NAV. Therefore, she opined that Unitholders were obtaining good value when they purchased CCT Units. Head of Finance added that while the property might deliver only 7 cents, distributable income was based on taxable income which would also include non-cash items.

- 2.28 Mr Vincent Tan interjected by asking whether this discrepancy could be due to capital distributions, such as the income from MRCB-Quill REIT, but the panel disagreed as CCT taxable distributable income does not include this income.
- 2.29 CEO then advised Mr Fong Yew Chan that the Manager would follow up with him separately to explain these concepts in greater detail, in light of the technical nature of his question.
- 2.30 Next, Mr Lim Shiang Liang posed a question regarding CCT's investment in MRCB-Quill REIT. He referred to page 155 (note 9) of the Annual Report, observing that MRCB-Quill REIT was accounted for as an investment that was available for sale. He understood that CCT was one of the founding investors of the REIT and questioned whether the stake was under review or whether there was any plan to reduce CCT's stake in the near to medium term. He highlighted that it was unusual for REITs to hold units in other public REITs, especially in view of the fact that the REIT was not managed by the CapitaLand group.
- 2.31 In reply, CEO observed that CCT's investment in MRCB-Quill REIT was less than 5% of its asset size. She referred to her earlier response to Mr Vincent Tan and stated that the tax-exempt income retained by CCT, amounting to S\$20.4 million, included an accumulation of the distributions from the MRCB-Quill REIT investment. Nevertheless, she explained that the Manager was reviewing its investment in MRCB-Quill REIT. She opined that MRCB-Quill REIT was a growing REIT and had recently made a major acquisition which resulted in an increase in its distribution per unit. Hence, it was a good investment for CCT thus far.
- 2.32 Mr Lim Shiang Liang went on to ask whether CCT had been offered the chance to participate in MRCB-Quill REIT's private placement in December 2016.
- 2.33 CEO stated that MRCB-Quill REIT had conducted a rights issue, which CCT had participated in, as opposed to a private placement. [Correction: MRCB-Quill REIT had a private placement in December 2016 and CCT did not participate in it.]
- 2.34 As there were no further questions, Chairman proceeded to put Resolution 1 to vote by poll. The result of the poll on Resolution 1 was as follows:

| For | | Against | |
|---------------|-------|--------------|------|
| No. of Units | % | No. of Units | % |
| 1,985,841,431 | 99.87 | 2,678,100 | 0.13 |

Based on the results of the poll, Chairman declared Resolution 1 as carried.

3. Ordinary Resolution 2

Re-appointment of Auditors of CCT and authority to the Manager to fix their remuneration

3.1 Chairman invited a Unitholder to propose, and another to second Resolution 2. Mr Tan Jin proposed and Mr Ong Kok Hwee seconded the Resolution, as follows:

"To re-appoint KPMG LLP as Auditors of CCT and to authorise the Manager to fix their remuneration."

3.2 As there were no questions on Resolution 2, Chairman proceeded to put Resolution 2 to vote by poll. The result of the poll on Resolution 2 was as follows:

| For | | Against | |
|---------------|-------|--------------|------|
| No. of Units | % | No. of Units | % |
| 1,976,923,073 | 99.43 | 11,247,757 | 0.57 |

Based on the results of the poll, Chairman declared Resolution 2 as carried.

4 Ordinary Resolution 3

Authority for the Manager to issue units in CapitaLand Commercial Trust ("Units") and to make or grant convertible instruments, and to issue Units in pursuance of such instruments.

4.1 Chairman invited a Unitholder to propose, and another to second Resolution 3. Mr Sung Wai Yu proposed and Mr Foong Kit Leung seconded the Resolution, as follows:

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

- (a) (i) *issue units in CCT ("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 subparagraph (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 subparagraph (2) below);*
- (2) *subject to such manner of calculation as may be prescribed by Singapore Exchange Securities Trading Limited (the “SGX-ST”) for the purpose of determining the aggregate number of Units that may be issued under subparagraph (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 6 February 2004 constituting CCT (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 AGM of CCT or (ii) the date by which the next AGM of CCT 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 interest of CCT to give effect to the authority conferred by this Resolution.”*

- 4.2 Chairman invited questions and comments from the floor.
- 4.3 Mr Wong Ah Chye asked the panel about the number of Units issued in 2016 (if any) and to whom the Units were issued.
- 4.4 CEO referred Mr Wong Ah Chye to note 16 of page 163 of the Annual Report, which enumerated the Units issued during 2016 as well as the respective rationale for the issuance.
- 4.5 Mr Wong Ah Chye asked further as to the exact number of Units issued in 2016.
- 4.6 Head of Finance replied that the Units issued amounted to approximately 11 million Units for management fees.
- 4.7 As there were no further questions on Resolution 3, Chairman proceeded to put Resolution 3 to vote by poll. The result of the poll on Resolution 3 was as follows:

| For | | Against | |
|---------------|-------|--------------|-------|
| No. of Units | % | No. of Units | % |
| 1,833,965,332 | 92.26 | 153,783,698 | 7.74% |

Based on the results of the poll, Chairman declared Resolution 3 as carried.

5 Ordinary Resolution 4

To approve the renewal of the Unit Buy-Back Mandate

5.1 Chairman invited a Unitholder to propose, and another to second Resolution 4. Mr Cheah Yao De proposed and Mr Khor Yok Kuan seconded the Resolution, as follows:

"That:

(a) *the exercise of all the powers of the Manager to repurchase issued Units for and on behalf of CCT not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price or prices as may be determined by the Manager from time to time up to the Maximum Price (as hereafter defined), whether by way of:*

(i) market repurchase(s) on the SGX-ST and/or, as the case may be, such other stock exchange for the time being on which the Units may be listed and quoted; and/or

(ii) off-market repurchase(s) (which are not market repurchase(s)) in accordance with any equal access scheme(s) as may be determined or formulated by the Manager as it considers fit in accordance with the Trust Deed,

and otherwise in accordance with all applicable laws and regulations including the rules of the SGX-ST, or, as the case may be, such other stock exchange for the time being on which the Units may be listed and quoted, be and is hereby authorised and approved generally and unconditionally (the "Unit Buy-Back Mandate");

(b) *(unless revoked or varied by the Unitholders in a general meeting) the authority conferred on the Manager pursuant to the Unit Buy-Back Mandate may be exercised by the Manager at any time and from time to time during the period commencing from the date of the passing of this resolution and expiring on the earliest of:*

(i) the date on which the next annual general meeting of CCT is held;

(ii) the date by which the next annual general meeting of CCT is required by applicable laws and regulations or the Trust Deed to be held; or

(iii) the date on which repurchase of Units pursuant to the Unit Buy-Back Mandate is carried out to the full extent mandated;

(c) *in this resolution:*

“Average Closing Price” means the average of the closing market prices of the Units over the last five Market Days, on which transactions in the Units were recorded, immediately preceding the date of the market repurchase or, as the case may be, the date of the making of the offer pursuant to the off-market repurchase, and deemed to be adjusted for any corporate action that occurs after the relevant five Market Days;

“date of the making of the offer” means the date on which the Manager makes an offer for an off-market repurchase, stating therein the repurchase price (which shall not be more than the Maximum Price for an off-market repurchase) for each Unit and the relevant terms of the equal access scheme for effecting the off-market repurchase;

“Market Day” means a day on which the SGX-ST and/or, as the case may be, such other stock exchange for the time being on which the Units may be listed and quoted, is open for trading in securities;

“Maximum Limit” means that number of Units representing 2.5% of the total number of issued Units as at the date of the passing of this Resolution;

“Maximum Price” in relation to a Unit to be repurchased, means the repurchase price (excluding brokerage, stamp duty, commission, applicable goods and services tax and other related expenses) which shall not exceed:

- (i) in the case of a market repurchase of a Unit, 105.0% of the Average Closing Price of the Units; and
- (ii) in the case of an off-market repurchase of a Unit, 110.0% of the Average Closing Price of the Units; and

(d) *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 CCT to give effect to the transactions contemplated and/or authorised by this Resolution.”*

5.2 Chairman invited questions and comments from the floor.

- 5.3 As there were no questions on Resolution 4, Chairman proceeded to put Resolution 4 to vote by poll. The result of the poll on Resolution 4 was as follows:

| For | | Against | |
|----------------------|--------------|----------------|-------------|
| No. of Units | % | No. of Units | % |
| 1,987,295,430 | 99.97 | 588,500 | 0.03 |

Based on the results of the poll, Chairman declared Resolution 4 as carried.

6 Closure

Chairman thanked the Unitholders for their attendance and support on behalf of HSBC Institutional Trust Services (Singapore) Limited, the trustee of CCT, and CapitaLand Commercial Trust Management Limited, the manager of CCT, and declared the Meeting closed at 11.26 a.m.

CONFIRMED BY,

SOO KOK LENG
CHAIRMAN OF MEETING