



## CAPITALAND CHINA TRUST

(Constituted in the Republic of Singapore pursuant to a trust deed dated 23 October 2006 (as amended))

### MINUTES OF THE ANNUAL GENERAL MEETING HELD BY ELECTRONIC MEANS ON TUESDAY, 19 APRIL 2022 AT 2.30 PM

---

#### **PRESENT**

##### Unitholders

*Present remotely:*

As per attendance lists maintained by CapitaLand China Trust Management Limited, the manager of CapitaLand China Trust

#### **IN ATTENDANCE**

##### Board of Directors of the Manager

*Present in person:*

Mr Soh Kim Soon

Chairman and Non-Executive Independent Director

Mr Neo Poh Kiat

Non-Executive Independent Director and Chairman of the Audit Committee

Mr Lim Cho Pin Andrew Geoffrey

Non-Executive Non-Independent Director

Mr Tan Tze Wooi

Chief Executive Officer and Executive Non-Independent Director

*Present remotely:*

Mr Christopher Gee Kok Aun

Non-Executive Independent Director

Professor Tan Kong Yam

Non-Executive Independent Director

Ms Kuan Li Li

Non-Executive Independent Director

Professor Ong Seow Eng

Non-Executive Independent Director

Mr Puah Tze Shyang

Non-Executive Non-Independent Director

##### Company Secretary of the Manager

*Present in person:*

Ms Chuo Cher Shing

Company Secretary

##### Management of the Manager

*Present in person:*

Ms Joanne Tan

Chief Financial Officer

Ms Nicole Chen

Head, Investor Relations

*Present remotely:*

Mr You Hong

Head, Investment and Portfolio Management

## CAPITALAND CHINA TRUST

Minutes of the Annual General Meeting held on 19 April 2022

### *Present remotely:*

Representatives of HSBC Institutional Trust Services (Singapore) Limited

Representatives of KPMG LLP

Representatives of Allen & Gledhill LLP

Trustee of CapitaLand China Trust

Independent Auditors

Legal Adviser to CapitaLand China Trust Management Limited, the manager of CapitaLand China Trust

## 1. INTRODUCTION

- 1.1 On behalf of HSBC Institutional Trust Services (Singapore) Limited, the trustee of CapitaLand China Trust (“**CLCT**”, and the trustee of CLCT, the “**Trustee**”) and the Board of Directors (the “**Board**”) of CapitaLand China Trust Management Limited, the manager of CLCT (the “**Manager**”), Mr Soh Kim Soon, Chairman of the Board of the Manager, welcomed the unitholders of CLCT (the “**Unitholders**”) to the annual general meeting of Unitholders (the “**AGM**” or “**Meeting**”). He informed the Unitholders that he had been nominated by the Trustee to preside as Chairman of the Meeting (“**Chairman**”) in accordance with the trust deed constituting CLCT.
- 1.2 Chairman introduced Mr Neo Poh Kiat, Non-Executive Independent Director and chairman of the Audit Committee, Mr Lim Cho Pin Andrew Geoffrey, Non-Executive Non-Independent Director, Mr Tan Tze Woi, Executive Director and Chief Executive Officer of the Manager (“**CEO**”) and Ms Joanne Tan, Chief Financial Officer of the Manager, who were physically present at the AGM. Chairman also introduced the other members of the Board of the Manager who were in attendance at the AGM via video conference.
- 1.3 Thereafter, Chairman noted that a quorum was present and declared the Meeting open. The Notice of AGM was taken as read.
- 1.4 Chairman informed that as stated in the Notice of AGM, voting for all the resolutions tabled at the AGM (“**Resolutions**”) will be conducted “live”. Chairman also informed that the Manager’s responses to substantial and relevant questions related to the Resolutions (“**Relevant Questions**”) received from the Unitholders had been published on SGXNet and CLCT’s corporate website prior to the AGM. Chairman then invited Unitholders to submit any other Relevant Questions via the “live” question and answer (“**Q&A**”) web-chat function.
- 1.5 CEO delivered a presentation on CLCT’s financial year ended 31 December 2021. He shared the highlights of the year, which included CLCT’s pro-active efforts to execute its strategies to build a more diversified and resilient business, improving the portfolio operating metrics and maintaining prudent financial and capital management. CEO added that CLCT was focused on accelerating future growth with its portfolio reconstitution strategy and would remain active to seize new opportunities. He concluded by expressing Management’s thanks to Unitholders for

## CAPITALAND CHINA TRUST

Minutes of the Annual General Meeting held on 19 April 2022

their support.

- 1.6 Chairman invited Ms Nicole Chen, Head of Investor Relations of the Manager, to elaborate on the “live” Q&A web-chat function and the “live” voting process. Nicole provided Unitholders with instructions on how to submit questions and cast their votes “live” during the AGM.
- 1.7 CEO addressed the Relevant Questions raised by Unitholders during the AGM. A summary of the Relevant Questions raised during the AGM and responses provided by CEO is attached to these minutes as Annex 1.
- 1.8 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 all the Resolutions would be open for voting at the same time and the results of the poll of all votes would be rounded to the nearest two decimal places.
- 1.9 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 of 2.30 pm on 16 April 2022 had been 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.
- 1.10 Chairman read the Resolutions to the Meeting and informed Unitholders that they had one minute to vote on all the Resolutions, following which the voting on all the Resolutions would close.

## 2. AGENDA

- 2.1 Chairman announced the voting results in relation to the Resolutions as follows:

### Ordinary Resolution 1:

#### **Adoption of the Report of the Trustee, the Statement by the Manager, the Audited Financial Statements of CLCT for the financial year ended 31 December 2021 and the Auditors’ Report thereon**

For		Against	
No. of Units	%	No. of Units	%
832,091,286	99.95	400,188	0.05

### Ordinary Resolution 2:

#### **Re-appointment of KPMG LLP as Auditors of CLCT and grant of authority to the Manager to fix the Auditors’ remuneration**

For		Against	
No. of Units	%	No. of Units	%
830,162,672	99.64	3,024,434	0.36

**CAPITALAND CHINA TRUST**

Minutes of the Annual General Meeting held on 19 April 2022

**Ordinary Resolution 3:****Authority for the Manager to issue units in CLCT (“Units”) and to make or grant convertible instruments**

For		Against	
No. of Units	%	No. of Units	%
792,753,203	95.19	40,048,090	4.81

**Ordinary Resolution 4:****Renewal of the Unit Buy-Back Mandate**

For		Against	
No. of Units	%	No. of Units	%
831,833,099	99.86	1,146,694	0.14

**Ordinary Resolution 5:****Authority for the Manager to issue Units pursuant to the CLCT Distribution Reinvestment Plan**

For		Against	
No. of Units	%	No. of Units	%
827,353,058	99.35	5,453,272	0.65

2.2 Based on the results of the poll, the Chairman declared all the Resolutions carried.

**3. CLOSURE**

On behalf of the Trustee and the Manager, Chairman thanked all Unitholders for their attendance and support and declared the Meeting closed at 3.27 pm.

Confirmed by  
Mr Soh Kim Soon  
Chairman of the Meeting

## ANNEX 1

<b>Questions relating to CLCT's current operations</b>	
<b>1.</b>	<b>How had the recent COVID-19 related lockdown in Shanghai impacted CLCT's business?</b>
	<p>CLCT's direct exposure to the lockdown in Shanghai was limited to around 3% of CLCT's business. The two affected properties were CapitaMall Qibao, and Fengxian logistics park.</p> <p>Including Greater Shanghai, CLCT's total exposure to the lockdown was around 4% of CLCT's business, which was not material to CLCT.</p>
<b>2.</b>	<b>What was the impact of the current COVID-19 resurgence on CLCT's strategies?</b>
	<p>In general, the COVID-19 resurgence would have slightly differing impacts to CLCT's different asset classes within its multi-sector diversified portfolio. As was highlighted in CEO's presentation on the retail sector, CLCT started on a good note year-to-date February, and was rebounding in terms of traffic and sales, but towards March, the cases spiked and it impacted CLCT a little bit more, so there was a slight pause in recovery.</p> <p>The extent, duration and frequency of COVID-19 resurgences would affect retail business confidence and consumer sentiment. As such, retail would go through a bit of short-term volatility. The new economy segments, in particular the business parks, had not seen much direct impact. The logistics properties were also on a positive trajectory, both in terms of rental reversion and lease renewals.</p>
<b>3.</b>	<b>What was the impact of rising utility costs on CLCT's operating expenses?</b>
	<p>As a function of percentage of CLCT's total operating costs, utility costs currently contributed around 8% of total operating costs. As a function of revenue, the percentage of utility costs was much lower at about 3%. Year to date, there had been an increase in utility costs to CLCT's portfolio at around 10%. Management would continually review appropriate measures that could be put in place to mitigate the overall operating costs.</p>
<b>4.</b>	<b>The portfolio weighted average lease expiry (WALE) seemed to have decreased to less than 3 years. What are the reasons for this decrease?</b>
	<p>As part of the reconstitution of CLCT's retail assets, some of the master leased assets with long leases had been divested. At the same time, space had been recovered from anchor tenants with long leases (such as department stores).</p> <p>In addition, the new economy assets that CLCT had acquired recently in the business parks and logistics sectors had typical lease of 2 to 3 years. In aggregate, the portfolio WALE was reflective of the real estate classes that formed part of CLCT's current portfolio.</p>
<b>5.</b>	<b>Could Management share with Unitholders on the projected direction of rental reversions for tenants due for renewal this year?</b>
	<p>The rental reversion for CLCT's retail assets in 2020 was negative 4% and in 2021, rental reversion narrowed to negative 3.4%. As the retail outlook remained uncertain due to the possibility of COVID-19 resurgences, retailers would require more support in the first year of their leases as they would incur additional costs when committing to new concepts. There was a need to be more flexible in structuring lease terms in the first year, and mathematically, that could potentially be a slight negative impact to CLCT's retail revenue. The retail outlook might improve in the second half of 2022.</p> <p>For CLCT's new economy assets, confidence on the ground remained strong, and rental reversion for business parks was expected to revert to the single digit positive range.</p>

**CAPITALAND CHINA TRUST**

Minutes of the Annual General Meeting held on 19 April 2022

<b>Questions relating to CLCT's financials</b>	
<b>6.</b>	<b>How would rising interest rates affect CLCT's distribution per unit (DPU)?</b>
	<p>Firstly, based on the debt capital structure presented by CEO, CLCT had a well staggered debt maturity profile, which should mitigate some of the immediate interest rate spikes. CLCT was not due for refinancing of more than 20% to 25% of its total loans every year.</p> <p>Secondly, Management had constantly been hedging CLCT's interest rate exposure. As at the end of FY 2021, CLCT had a high fixed rate component at about 77% of total loans and this would mitigate some of the effects of the expected interest rate spikes outside of China. Looking at CLCT's debt profile, 20% of borrowings were onshore loans in China, and there were signs of potential easing of interest rates in China, which should provide some interest rate savings.</p> <p>Further, CLCT managed to refinance its onshore borrowings in China at a 50-75 basis points cost savings for the more recent assets being acquired. Management would continue to actively manage CLCT's debt profile and interest rate exposure.</p>
<b>7.</b>	<b>Were the recent deals announced by the Manager DPU accretive?</b>
	<p>Please refer to the relevant announcements that had been published at the time of acquisition. The two latest transactions in the new economy segments had been DPU accretive in the range of 3% to 4%. Looking at CLCT's 2021's financial performance relative to 2020, a big portion of DPU growth was contributed by CLCT's new economy acquisitions. In addition, CLCT would see a full 12-month contribution from the logistics assets in 2022.</p>
<b>8.</b>	<b>Would integrated development assets provide a higher net property income (NPI) yield than current CLCT properties?</b>
	<p>Each potential acquisition would be assessed on its quality and rationale. NPI yield would be more meaningful if evaluated on deal specifics. In the near term, Management would continue to focus on new economy assets in view of income visibility and stronger deal flow. Management would evaluate integrated developments located in key cities with strong economic fundamentals. As these would be bigger ticket acquisitions, careful planning would be required in terms of fund raising to finance these acquisitions.</p>
<b>Questions relating to the macro-economic environment</b>	
<b>9.</b>	<b>How would inflation impact CLCT's operations?</b>
	<p>The impact of interest rate increase associated with inflation had been discussed. With CLCT's current debt capital structure, there would be some balance between offshore interest rate direction outside China and onshore interest rates in China.</p> <p>From the operations angle, Management would continue to review and manage the direct cost of expenses on the ground, such as utility, maintenance and wage pressures, working closely with the sponsor's platform to extract synergistic effects by leveraging on economies of scale. Management would also continue to review budget spending with discipline to prioritise importance in order to maintain effective operating margins.</p>
<b>10.</b>	<b>What would be the outlook on the second half of 2022?</b>
	<p>Management believed the business environment in China would be more stable entering the second half of 2022. The government in China was focused on addressing the economic growth and social objectives, and had a range of fiscal and monetary policy tools to support and stimulate growth.</p> <p>Looking at CLCT's portfolio, the sentiments in the retail sector could be impacted in the near term by the extent and duration of China's zero COVID-19 policy, and the business</p>

**CAPITALAND CHINA TRUST**

Minutes of the Annual General Meeting held on 19 April 2022

	<p>environment and consumer confidence would need to normalise after the COVID-19 lockdowns. There could be some leasing downtime, similar to the 2020 experience. A more flexible approach would be adopted on retail rent renewals, as there was a need to strike a balance between rental rates, occupancy and bringing in new tenancy concepts.</p> <p>For the new economy segment, business parks would continue to see firm demand, given strong policy support. Some of that demand was coming from the sectors that are performing well, such as electronics, engineering, info-communications and bio-medical. In the logistics sector, the newly acquired portfolio would provide a firm base of income as it had a high level of occupancy with not many leases due for renewal.</p>
<b>11.</b>	<b>How would CLCT achieve the portfolio target composition of 30% retail, 30% new economy and 40% in the commercial and integrated development space?</b>
	<p>Management would continue to focus on CLCT's reconstitution strategy. CLCT had been active in recycling and would continue to build on that momentum by unlocking value from some of the mature and non-core assets to generate proceeds to fund further growth. At the same time, CLCT would continue to look at acquiring quality assets from the sponsor and third parties to strengthen the portfolio's overall resilience. Finally, CLCT would maintain a healthy balance sheet so it would be able to seize and act on opportunities that come through.</p>
<b>12.</b>	<b>What was the rental outlook for the various submarkets for CLCT's retail properties?</b>
	<p>Looking at Beijing as a submarket, one of CLCT's key assets, CapitaMall Xizhimen had returned to full occupancy and its performance was back to pre-COVID levels. Another key asset, CapitaMall Wangjing was undergoing asset enhancement initiatives (AEI) as part of its rejuvenation. These dominant assets would continue to perform well, with organic growth augmented by the expected positive effect of AEI.</p> <p>There were also pockets of assets that would take longer in terms of business recovery due to factors such as location, size, catchment and aging specifications. For such assets, a more holistic approach would be adopted to strike a balance between rental reversions and occupancy. For retail assets which were less competitive in their respective submarkets, a disciplined review would be undertaken to look for opportunities to unlock value.</p>
<b>Questions relating to CLCT's unit price</b>	
<b>13.</b>	<b>Given the current geopolitical situation, funds were more cautious about Chinese stocks. What was Management doing to address this?</b>
	<p>The current sentiment around CLCT unit price was probably due to the COVID-19 situation and asset class exposure, as well as concerns arising out of the regulatory crackdown in the technology sector and geopolitical recalibration of risk in terms of CLCT's exposure to China. All these factors had contributed to the weighing down on the unit price.</p> <p>Management believed that, over time, unit price would be a function of portfolio quality and income resilience. CLCT would continue to execute its strategy to diversify and strengthen its portfolio quality to provide income resilience and earnings stability coupled with growth. Over the longer term, investors would see the upside value in CLCT as CLCT units trade towards a more normalised manner.</p>
<b>14.</b>	<b>With more acquisitions in the pipeline, could Management comment how CLCT would raise funds for these acquisitions, and if there would be any opportunity for Unitholders to take part in the fundraising exercise.</b>
	<p>In line with CLCT's acquisition philosophy, Management would look to assemble an optimal mix of available funding that could include debt (in terms of both onshore and offshore bank loans, debt capital market (in terms of bonds and perpetual securities) and equity. At the relevant time, Management would share with Unitholders the optimal mix of funding sources</p>

**CAPITALAND CHINA TRUST**

Minutes of the Annual General Meeting held on 19 April 2022

	being put in place. Looking back at fundraising exercises in the past, Management would avail opportunities to Unitholders via participation in placements as well as preferential offerings, where both new and existing Unitholders could participate in the growth of CLCT.
<b>15.</b>	<b>Was there any projection of dividend yield for 2022 and 2023 assuming the unit price stayed at the current level?</b>
	Management would not provide specific forward-looking projected DPU and yield for CLCT. Taking the last two years as reference, there was an increase in CLCT's DPU for second half (2H) 2020 compared to first half (1H) 2020. The growth trajectory continued in 2021. In 2022, Management believed that CLCT's enhanced portfolio strength, active portfolio management (organic and AEI) and addition of new economy assets would continue to anchor income resilience and drive growth.
<b>16.</b>	<b>What was CLCT's dividend policy and would this be expected to be different given the COVID-19 situation in China?</b>
	It was CLCT's policy to pay dividends on a semi-annual basis. This policy had consistently been applied in the past and no change was expected.
<b>Questions relating to CLCT's unique selling proposition</b>	
<b>17.</b>	<b>What differentiated CLCT from the other S-REITS?</b>
	<p>Firstly, as stated in CEO's presentation, CLCT's sponsor, CapitalLand had been operating in China for close to three decades. In terms of domain knowledge on the ground and the real estate platforms across various asset classes, CLCT was in a very unique position as it could leverage on its sponsor to operate, value add and source for quality pipeline assets.</p> <p>Secondly, CLCT had been positioning its portfolio to be more future ready and to be able to participate in China's new economy growth. This would give Unitholders a unique way to gain China exposure by participating through CLCT as a proxy, supported by the well-regulated S-REIT regime with its emphasis on strong corporate governance. With its strong track record of 15 years, CLCT's Management team would continue to provide steady stewardship on both the financial and business fronts, with the discipline to grow while keeping a close watch on NPI and DPU accretion.</p> <p>CLCT would continue to be a vehicle committed to investing over the long term across all asset classes that are emerging in China, with access to a large number of market opportunities in China.</p>