



## **CAPITALAND ASCOTT TRUST**

A stapled group comprising:

### **CapitaLand Ascott Real Estate Investment Trust**

(A real estate investment trust constituted on 19 January 2006 under the laws of the Republic of Singapore)

Managed by

### **CapitaLand Ascott Trust Management Limited**

(Company Registration No. 200516209Z)

### **CapitaLand Ascott Business Trust**

(A business trust constituted on 9 September 2019 under the laws of the Republic of Singapore)

Managed by

### **CapitaLand Ascott Business Trust Management Pte. Ltd.**

(Company Registration No. 201925299R)

## **MINUTES OF THE EXTRAORDINARY GENERAL MEETING**

**HELD AT HELICONIA BALLROOM, LEVEL 3, SANDS EXPO AND CONVENTION CENTRE,  
10 BAYFRONT AVENUE, SINGAPORE 018956 ON MONDAY, 18 NOVEMBER 2024 AT  
2.00 P.M. (SINGAPORE TIME)**

Present : Stapled Securityholders/Proxies  
As per attendance lists

In attendance : Directors of CapitaLand Ascott Trust Management Limited<sup>1</sup> and  
CapitaLand Ascott Business Trust Management Pte. Ltd.<sup>2</sup>

Mr Lui Chong Chee

Ms Teo Joo Ling, Serena

Mr Sim Juat Quee Michael Gabriel

Mr Chia Kim Huat

Ms Deborah Lee Siew Yin

Mr Max Loh Khum Whai

Mr Goh Soon Keat Kevin

Ms Beh Siew Kim

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1 As manager of CapitaLand Ascott Real Estate Investment Trust (the "REIT", and the manager of the REIT, the "REIT Manager").

2 As the trustee-manager of CapitaLand Ascott Business Trust (the "BT", and the trustee-manager of the BT, the "BT Trustee-Manager").

Company Secretary of the REIT Manager and the BT Trustee-  
Manager (the “**Managers**”)

Ms Karen Chan

Management of the Managers (“**Management**”)

Ms Kang Siew Fong, Chief Financial Officer

Mr Lai Dongliang, Head, Investment & Asset Management

Ms Denise Wong, Head, Investor Relations & Sustainability

Representatives of Deloitte & Touche LLP, as the auditors of  
CapitaLand Ascott Trust (“**CLAS**”)

Representatives of PricewaterhouseCoopers Corporate Finance  
Pte. Ltd., the Independent Financial Adviser

Representatives of DBS Trustee Limited, the trustee of the REIT  
(the “**Trustee**”)

Representatives of Allen & Gledhill LLP, the counsel for CLAS

**1. INTRODUCTION**

- 1.1. On behalf of the Trustee, the BT Trustee-Manager, and the Boards of Directors of the Managers (the “**Boards**”), Ms Denise Wong, the Master of Ceremonies (the “**Emcee**”), welcomed the holders of stapled securities in CLAS (“**Stapled Securities**”, and the holders of Stapled Securities, the “**Stapled Securityholders**”) to the Extraordinary General Meeting of CLAS (“**EGM**” or the “**Meeting**”).
- 1.2. Prior to the commencement of the EGM, the Emcee reminded all present that photo taking and video recording were not permitted at the EGM and that the EGM proceedings were for Stapled Securityholders and the preservation of confidentiality and privacy should be observed.
- 1.3. The Emcee then introduced the panellists and key parties who had joined the EGM.
- 1.4. The Emcee then informed the Meeting that Mr Lui Chong Chee had been nominated by the Trustee and the BT Trustee-Manager to preside as the Chairman of the Meeting (“**Chairman**”) in accordance with the trust deed dated 19 January 2006 constituting the REIT (as amended) and the trust deed dated 9 September 2019 constituting the BT (as amended).
- 1.5. The Emcee handed the conduct of the EGM over to the Chairman.
- 1.6. The Chairman welcomed Stapled Securityholders to the Meeting.
- 1.7. The Chairman noted that a quorum was present and declared the Meeting open at 2.03 p.m.. As printed copies of the notice of EGM dated 29 October 2024 (“**Notice of EGM**”) had been mailed to all Stapled Securityholders and published on SGXNet and CLAS’ corporate website for the requisite notice period, the Chairman took the Notice of EGM as read.
- 1.8. The Chairman noted that for the purpose of the EGM, the independent directors of the Managers (“**Independent Directors**”) were himself, Mr Sim Juat Quee Michael Gabriel, Mr Chia Kim Huat, Ms Deborah Lee Siew Yin and Mr Max Loh; and the non-independent directors of the Managers (“**Non-Independent Directors**”) were Mr Goh Soon Keat Kevin, Ms Beh Siew Kim and Ms Teo Joo Ling, Serena.
- 1.9. The Chairman informed the Meeting that the Non-Independent Directors had

abstained from making any recommendations to Stapled Securityholders and would abstain from voting on the resolution set out in the Notice of EGM for the interested person transaction (“**Resolution**”).

- 1.10. The Chairman stated that as mentioned in the circular to Stapled Securityholders dated 29 October 2024 (the “**Circular**”), the Independent Directors who hold Stapled Securities would be voting in favour of the Resolution.
- 1.11. The Chairman then informed the Meeting that the Managers’ responses to the substantial and relevant questions related to the Resolution to be tabled at the EGM received prior to the EGM had been circulated on SGXNet and on CLAS’ corporate website, and that the CEO’s (as defined herein) presentation would also address some of the questions received. The Chairman informed Stapled Securityholders that if they had any other questions, there would be a chance to ask them before the Resolution was put forth for voting later in the Meeting.
- 1.12. Ms Teo Joo Ling, Serena, the Chief Executive Officer of the Managers (the “**CEO**”), delivered the CEO’s presentation covering an overview of CLAS’ existing portfolio and strategy for Stapled Securityholders. She then shared on the details of, rationale for and benefits of the proposed acquisition of Iy Funan Singapore.

Note:

*The presentation slides were uploaded to SGXNET prior to the Meeting on 14 November 2024.*

- 1.13. The Emcee thanked the CEO for her presentation.

**2. CONDUCT OF POLL**

- 2.1. The Emcee informed the Meeting that, in accordance with Rule 730A(2) of the Listing Manual of the Singapore Exchange Securities Trading Limited (the “**Listing Manual**”), the Resolution as set out in the Notice of EGM would be decided by way of a poll.
- 2.2. The Emcee further informed the Meeting that DrewCorp Services Pte. Ltd. had been appointed as the scrutineers and that polling would be conducted in a paperless manner using the wireless handheld device that was issued to Stapled Securityholders upon registration.

- 2.3. The Emcee then invited the polling agent, Boardroom Corporate & Advisory Services Pte. Ltd. (the “**Polling Agent**”) to explain the voting procedures. A video explanation was played to explain the voting procedure to Stapled Securityholders. A representative from the Polling Agent carried out a test resolution. The Chairman then proceeded with the business of the meeting.
- 2.4. The Chairman informed the Meeting that as Chairman of the EGM, he would propose the Resolution as set out in the Notice of EGM and would declare the results for the Resolution, after the voting was closed.
- 2.5. The Chairman informed the Meeting that the Resolution proposed at the EGM was an Ordinary Resolution which required more than 50% of the total votes cast to be passed.
- 2.6. The Chairman requested that Stapled Securityholders raised their questions or comments only after the motion in respect of the agenda item had been proposed. The Chairman further asked that Stapled Securityholders adhere strictly to matters that were relevant to the agenda of the Meeting and limit the questions to a reasonable number and length.
- 2.7. The Chairman informed the Meeting that he held valid proxies on the Resolution from eligible Stapled Securityholders and the validity of the proxies submitted by eligible Stapled Securityholders by the submission deadline had been reviewed and such votes had been counted and verified.
- 2.8. The Chairman then proceeded with the Resolution.
- 3. ORDINARY RESOLUTION: THE PROPOSED ACQUISITION OF 100.0% OF THE ISSUED UNITS IN VICTORY SR TRUST, WHICH DIRECTLY HOLDS 100.0% OF THE INTEREST IN LYF FUNAN SINGAPORE, AND ENTRY INTO THE MASTER LEASE, AS AN INTERESTED PERSON TRANSACTION**
- 3.1. The Chairman explained that the Resolution was to approve the acquisition of 100.0% of the issued units in Victory SR Trust (“**VSRT**”) which directly holds 100.0% of the interest in lyf Funan Singapore, and entry into the master lease, as an interested person transaction (the “**Proposed Acquisition**”).

- 3.2. The Chairman informed Stapled Securityholders that the full text of the Resolution was set out in the Notice of EGM, and that further details of the Proposed Acquisition had been set out in the Circular and Notice of EGM.
- 3.3. The Chairman proposed the Resolution set out in the Notice of EGM, and invited questions and comments from the floor.
- 3.4. A Stapled Securityholder had a question on when the benefits of the Proposed Acquisition are likely to be reflected in the balance sheet of CLAS.
- 3.5. The CEO responded that if approval is obtained from Stapled Securityholders at the EGM, the Proposed Acquisition would be expected to be completed by the end of the year.

The CEO then provided an update in relation to the following conditions precedent for the completion of the Proposed Acquisition, stating that the Trustee has obtained the approval of the Inland Revenue Authority of Singapore (“**IRAS**”): (i) for VSRT to be an approved sub-trust of the REIT for tax transparency; and (ii) that the sale and purchase or the transfer of 100.0% of the issued units in VSRT will not attract any stamp duty (including but not limited to buyer stamp duty and additional conveyance duty) – besides this, another main condition precedent to be satisfied would be Stapled Securityholders’ approval of the Proposed Acquisition at the EGM, and if that is obtained, the Proposed Acquisition is targeted to be completed by the end of the year.

The CEO further explained that the Proposed Acquisition involves the acquisition of a core asset. This means that it is already income producing, and would thus add to the distributions. It would also be reflected in the balance sheet and cash flow statements from day 1. On the basis that the Proposed Acquisition is completed at the end of the year, the CEO informed that contributions from the Proposed Acquisition are expected to be reflected in the distributions of CLAS from 1 January 2025 to the next distribution date.

- 3.6. A Stapled Securityholder noted that Iyf Funan Singapore is seated on top of Funan and sought clarification on the duration of the leasehold tenure.
- 3.7. The CEO explained that the entire Funan integrated property (comprising the hotel, office and retail components) has approximately 54 years remaining in the leasehold tenure. While Iyf Funan Singapore has its own land title deed because it is a strata title, the expiry of the leasehold tenure is the same

across all components.

- 3.8. The Stapled Securityholder had further questions on the concept of “lyf”, the types of travellers the “lyf” brand targets (e.g. whether it is only targets the young travellers) and the indicative room rates.
- 3.9. The CEO informed that there are two lyf properties within the CLAS portfolio, but that she would keep her responses specific to lyf Funan Singapore since that was the subject of the Resolution.

The CEO clarified that the target group includes both the young and young-at-heart travellers, as well as the active and mobile travellers, though there is a good mix of guests at lyf Funan Singapore.

The CEO explained that given the location and amenities around lyf Funan Singapore, it caters to a variety of travellers, with the guest profile showing that about 80% of guests come from the leisure segment and 20% of guests come from the corporate segment. The CEO informed that lyf Funan Singapore receives corporate groups, especially in the four- and six-bedroom units, as such groups are able to enjoy the co-working spaces where they can have group meetings while staying in a location which is very central. The CEO explained that social spaces are one of the main demand drivers at the property. The CEO mentioned that on any given day when one enters the hotel, they would see guests working outside their rooms in the co-working spaces and using other common areas.

The CEO also mentioned that the average room rate is about above S\$200 a night, with an occupancy of more than 80%.

- 3.10. A Stapled Securityholder had three questions. Firstly, he requested for an elaboration on the tax approvals from IRAS which the CEO had mentioned earlier (please refer to paragraph 3.5), and asked what type of taxation the CEO was referring to.

Secondly, the Stapled Securityholder had a question on the positioning of the property and what the differentiating or selling factor is for lyf Funan Singapore which sets it apart from other similar properties, and for instance, whether it is the presence of conference rooms, lecture rooms and washing machines.

Thirdly, the Stapled Securityholder asked for further details on the contract type of the hotel and which party will be managing matters relating to the hotel such as hotel promotion.

- 3.11. In response to the first question, the CEO made reference to the conditions precedent for the completion of the Proposed Acquisition as stated in the Circular, and stated that CLAS has received confirmation from IRAS that VSRT (i.e. the trust acquired under the Proposed Acquisition) is tax transparent. Further, the CEO stated that IRAS has also confirmed that the Proposed Acquisition does not attract any stamp duty. The CEO stated that these two conclusions from IRAS are positive for the Proposed Acquisition.

In response to his second question, the CEO assured that the amenities mentioned by the Stapled Securityholder are all available in lyf Funan Singapore. The CEO explained that what lyf Funan Singapore and the lyf brand endeavour to deliver is an environment which makes it easy for guests to feel at home, hence the presence of amenities including washing machines, kitchens and other social spaces, together with programmes and community events, for guests to interact. The CEO elaborated that for guests who require a place to work, lyf Funan Singapore has amenities and social spaces for meetings and events. Such amenities and social spaces are specially curated and present in lyf properties around the world.

In response to his third question, the CEO explained that lyf Funan Singapore is contracted under a master lease, with The Ascott Limited (“**TAL**”) managing the property as a lyf product, and the master lessee paying the REIT rent which is based on 93.5% of the property’s gross operating profit (“**GOP**”). The CEO further explained that it was intended for the operator to operate the property for an extended period of time. The CEO also informed that the master lease is valid for an initial term of 20 years.

- 3.12. Another Stapled Securityholder had three questions. Firstly, he asked why lyf Funan Singapore is being acquired at this point of time even though it has been completed for a number of years, and whether it is because the property’s performance has stabilised.

Secondly, he asked about Somerset Liang Court Singapore (the “**Somerset Liang Court Property**”) which is under development and whether fund raising would be required in order to acquire the Somerset Liang Court Property.



- 3.13. In response to his first question, the CEO affirmed the Stapled Securityholder's view that lyf Funan Singapore is being acquired at this point of time because the property's performance has stabilised, and further elaborated that while lyf Funan Singapore was re-developed five years ago in 2019, the performance of the property did not stabilise until the last one to two years as a result of COVID-19 and its impact on the industry. As such, CLAS is only more comfortable to put in an offer to acquire lyf Funan Singapore at this point in time compared to previously.

In response to his second question, the CEO clarified that the Somerset Liang Court Property is already 100% owned by CLAS and thus it is already in the CLAS portfolio. The CEO explained that CLAS had previously decided along with the other owners of the Liang Court development to re-develop the entire plot altogether. Further, the CEO also stated that at this point in time, CLAS does not see a need for fund raising for the development of the Somerset Liang Court Property, and assured Stapled Securityholders that CLAS will continually look at optimal ways to manage its capital.

- 3.14. A Stapled Securityholder referred to page 2 of the Circular and noted that lyf Funan Singapore has approximately 54 years remaining in its leasehold tenure. He asked for the reasons behind why a property with a relatively short tenure is being acquired. Further, the Stapled Securityholder also noted that there was previously a divestment of Citadines Mount Sophia Singapore, and asked why the proceeds from such divestment was not kept for other uses and instead used to acquire lyf Funan Singapore.
- 3.15. The CEO responded that in making the decision to acquire lyf Funan Singapore, the Managers have evaluated not only several aspects of lyf Funan Singapore, but also other opportunities both in Singapore and globally. The CEO explained that the decision to acquire lyf Funan Singapore had taken into consideration multiple factors including the Singapore market, the location of the property, as well as the tenure of the land. These have been factored into the EBIDTA<sup>3</sup> yield of 4.7% on a pro forma basis for FY2023, thus allowing there to be DPS<sup>4</sup> accretion.

The CEO further explained that during this 54-year period, there are several options on what can be done with lyf Funan Singapore. Similar to what was done with the Somerset Liang Court Property, subject to approval from URA

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<sup>3</sup> "EBITDA" means earnings before interest, taxes, depreciation and amortisation.

<sup>4</sup> "DPS" means distribution per Stapled Security.

and SLA, and assuming there is alignment in approach with the other strata owners for the office and retail components, CLAS could top up the ground lease back up to 99 years and re-develop the property. The other option could be to hold lyf Funan Singapore for the next 54 years. The CEO assured Stapled Securityholders that based on calculations and given the attractive entry price, there is still a positive net present value for CLAS.

In response to the Stapled Securityholders' question on why the proceeds from the divestment of Citadines Mount Sophia Singapore are not being kept, the CEO explained that in order to increase the distributions to Stapled Securityholders, the Managers are of the view that it would be better to redeploy the proceeds when an asset is divested. This is because when an asset is divested, the distribution income from that asset is lost, and would need to be made up for to lift distributions again. The CEO explained that this is done through a balance of acquiring properties that can immediately contribute income, such as the Proposed Acquisition, as well as investing in existing properties which are in good locations to uplift profits and valuations through renovations. The CEO stated that to deliver a sustained level of high quality earnings, the preference of the Managers is to re-deploy capital in a way that increases distributions to Stapled Securityholders.

- 3.16. A Stapled Securityholder enquired on the reasons why there is no minimum rent in the master lease and that it is 100% profit sharing. The Stapled Securityholder expressed concerns on this arrangement as there is no protection for the REIT if something happens to the economy or if the market is not doing too well. The Stapled Securityholder also asked for clarification on what protections are available to the REIT if the tenant is underperforming and whether the tenant can be replaced in such cases.
- 3.17. The CEO responded that in the case of the Proposed Acquisition, CLAS had negotiated with the tenant for a very high variable rent which is pegged at 93.5% of the GOP in relation to the Property. The CEO referred to the Circular where there were comparisons made against comparable leases, and stated that this is on the higher end, where the tenant retains very little profit. The CEO further elaborated that CLAS was able to negotiate for the high variable rent as there is no minimum guaranteed rent, and assured Stapled Securityholders that the Managers are fairly confident about this arrangement given that the property is located in Singapore and has been performing well.

In terms of protection, the CEO explained that master leases work differently from management contracts in that operating expenses are the onus of the

tenant and not the landlord (being the REIT). The CEO explained that if the property is not performing well, such as during a pandemic, the rent does not become negative. This is different from the case of a management contract where both parties have a full sharing of operational risks.

In relation to underperformance by the tenant, the CEO explained that CLAS has negotiated for termination rights in the event of underperformance. Where the tenant is not able to meet the required performance KPIs for two years in a row, one of two events can happen, which is either (a) the tenant will top up the rent to what they have projected to be able to deliver; or (b) the REIT can terminate the lease without any compensation to the tenant.

- 3.18. Another Stapled Securityholder asked about what the REIT stands to gain in an arrangement with the master lessee for 20 years where the master lessee gets 93.5% of the GOP. The CEO clarified that it is the other way round, with the REIT (as landlord) getting 93.5% of the GOP and the remaining 6.5% going to the master lessee. The CEO explained that the independent financial advisor has opined that the master lease rent terms are highly favourable to the REIT as the landlord. Further, the long term lease of 20 years is also favourable to the REIT, in addition to the termination rights and other benefits which the CEO had elaborated on earlier (please refer to paragraph 3.17).
- 3.19. A Stapled Securityholder had two questions. The first question was on the timing of the acquisition, and why the property was being acquired at this time instead of during the recession. The second question was on the business prospects of Funan and whether the footfall is low.
- 3.20. The CEO responded that during the COVID-19 period after 2019, the performance of many CLAS properties (namely the hotels and serviced residences) was impacted, as travel borders were closed. As such, the CEO explained that during that period, CLAS focused on acquiring student accommodation assets which were income producing at that point in time, in order to add to the distribution income for Stapled Securityholders. The CEO stated that CLAS has never stopped distributing income, even during the COVID-19 period – in fact, during the COVID-19 period, CLAS had topped up distributions to Stapled Securityholders so that they would not be as affected given the state of the industry then. As a result of the above, CLAS had chosen to acquire lyf Funan Singapore only now instead of during the COVID-19 period.

The CEO then explained that lyf Funan Singapore (i.e. the hotel component) is being acquired and not Funan mall. The footfall of the mall is not indicative of the performance of the hotel component. The CEO stated that the guests of lyf Funan Singapore are predominantly international rather than local, and the guest profile is 80% from the leisure and 20% from the corporate segment. Notwithstanding this, the CEO stated that the Funan area is important given its central location and accessibility through public transport.

The CEO then elaborated on the business prospects, explaining that the tenant is a wholly owned subsidiary of TAL which is part of the sponsor group, being CapitaLand Investment Limited. The CEO further stated that lyf is one of the faster growing brands within the sponsor's stable and is also a brand that has gone beyond Singapore's shores. The CEO expressed confidence that the sponsor would be able to grow this brand globally and CLAS would, in turn, be able to benefit from such good performance.

3.21. The Chairman added that the key factor in deciding which asset to acquire is whether it can provide stable income. The Chairman stated that over the last few years, the Boards have been diligent in ensuring that the focus has been shifted to properties that provide more stable income, such as student accommodation and properties which provide for longer stays. The Chairman also stated that the Managers are cognisant of the aggregate leverage of CLAS which is currently at around 39%, which would need to be managed as there is still risk in the market in terms of interest rates and economic volatility. As such, it is important to be careful, and stable income is a paramount decision-making factor for the Managers.

3.22. Mr Goh Soon Keat Kevin ("**Mr Goh**"), non-executive non-independent director of the Managers, added that when evaluating business prospects of hotels, footfall is not a key factor unlike for retail properties. Mr Goh stated that majority of the sales of the hotel comes from the loyalty programme, being the Ascott Star Rewards Programme and from corporate sales. Mr Goh stated that the property has a good track record and is one of the best performing properties, compared to the other properties in the CLAS portfolio.

Further, in relation to Funan mall which is a property of CLAS' sister REIT, CapitaLand Integrated Commercial Trust ("**CICT**"), Mr Goh informed that the committed occupancy rate of CICT's portfolio as of 30 June 2024 is 96.8%, with Funan mall performing above 97% as well. Mr Goh informed that Funan is a mall which is well tenanted and well occupied, with a trading record to show for it.

3.23. Another Stapled Securityholder had two questions. Firstly, she noted that the brand new hotels in the City Hall area are selling their rooms at around S\$300 and above per night, and asked why lyf Funan Singapore, being a new hotel, is selling at around S\$200 per night. The Stapled Securityholder also asked if there is a potential for the room rates at lyf Funan Singapore to be increased. Secondly, the Stapled Securityholder asked if it was risky to have no minimum rent coverage in the master lease, in view of past experiences such as COVID-19 and SARS.

3.24. In response to the first question, the CEO explained that the Stapled Securityholder's observation is a result of a difference in positioning and room size. The CEO elaborated that the rooms in lyf Funan Singapore are slightly smaller compared to average hotel room sizes, as guests are encouraged to use the social spaces within the property. Regarding the potential to raise room rates, the CEO responded that if the entire industry's average room rates increase, then lyf Funan Singapore's room rates would also increase commensurate with the industry and with the hotels in the City Hall area.

In response to the second question, the CEO explained that CLAS has a globally diversified portfolio, and it is also diversified in other aspects – one of them being asset type, and another aspect being contract types. The CEO explained that the Managers take a balanced approach in terms of the contract types across the portfolio, with some contract types being the safer types such as master leases with fixed and/or variable rent in order to provide stability of income, and the other being the growth income type of contracts with the possibility of being able to yield up when the industry or market is doing well. The CEO stated that a good balance of both of such types is required to provide returns to mitigate macro-economic headwinds in the market today, including inflationary cost pressures, higher interest rates and weaker foreign currencies against the Singapore Dollar. The CEO also stated that by contracting lyf Funan Singapore on a master lease, rent will not go down below zero, allowing CLAS to get the full upside to distribution income in Singapore Dollar terms.

3.25. As there were no further questions on the Resolution, the Chairman proceeded to put the Resolution to vote. The results of the poll on the Resolution were as follows:

**CAPITALAND ASCOTT TRUST**Minutes of the Extraordinary General Meeting held on 18 November 2024

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<b>For</b>		<b>Against</b>	
No. of Stapled Securities	%	No. of Stapled Securities	%
717,523,814	99.67	2,351,276	0.33

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

**4. CLOSING ADDRESS**

- 4.1. On behalf of the Trustee and the Boards, the Chairman thanked all present for their attendance and support. The Chairman also informed Stapled Securityholders that the results as well as the minutes of the Meeting would be published on SGXNet and on CLAS' corporate website. The Chairman declared the Meeting closed at 3.06 p.m..

CONFIRMED

Mr Lui Chong Chee  
Chairman of the EGM