ASCOTT RESIDENCE TRUST

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

MINUTES OF ANNUAL GENERAL MEETING HELD ON WEDNESDAY, 22 APRIL 2015, AT 10:00 A.M. AT THE STI AUDITORIUM, 168 ROBINSON ROAD, LEVEL 9 CAPITAL TOWER, SINGAPORE 068912

Present	:	Unitholders/Proxies As per Attendance List
In attendance	:	Directors of Ascott Residence Trust Management Limited as manager of Ascott Reit (the "**Manager**") Mr Lim Jit Poh, Chairman ("**LJP**" or "**Chairman**") Mr Lim Ming Yan, Deputy Chairman Mr Tay Boon Hwee, Ronald, Chief Executive Officer ("**RT**") Mr Giam Chin Toon @ Jeremy Giam Mr Ku Moon Lun Mr Lee Chee Koon ("**LCK**") Mr Zulkifli Bin Baharudin Mr S. Chandra Das (absent with apologies - overseas) DBS Trustee Limited, trustee of Ascott Reit (the "**Trustee**") Ms Soh Ee Fong Ms Joyce Chua Ms Kwek Yi Lin Joint Company Secretary of the Manager Ms Regina Tan Management of the Manager Ms Kang Siew Fong, VP, Finance ("**KSF**") Ms Janine Gui, VP, Investor Relations

Introduction

1. Presentation on Fire Emergency Evacuation Plan

For the safety of all present at the Annual General Meeting (the "Meeting"), the Building Manager of Capital Tower presented the Fire Emergency Evacuation Plan for level 9, Capital Tower, prior to the commencement of the Meeting.

2. Presentation by Chief Executive Officer

RT gave a presentation covering an overview of Ascott Reit, financial and business highlights for the financial year ("FY") 2014, portfolio performance of Ascott Reit and capital & risk management.

Afternote: The presentation slides were subsequently uploaded to the SGXNET on 22 April 2015, after trading hours.

3. Chairman of the Meeting

Ms Janine Gui, the mistress of ceremony, 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 10.30 a.m.

5. Notice

5.1 With the consent of the unitholders represented by a unitholder, the notice convening the Meeting dated 23 March 2015 (the "Notice of Meeting") contained in Ascott Reit's Annual Report 2014 (the "Annual Report") was taken as read.

5.2 In accordance with paragraph 11 of the Schedule to the Trust Deed and in line with corporate governance best practice, Chairman directed that voting on each of the three resolutions as set out in the Notice of Meeting be conducted by way of poll. Chairman informed unitholders that polling would be conducted in a paperless manner using a wireless hand held device.

5.3 Chairman further informed unitholders that the scrutineers for the conduct of the poll were representatives from KPMG LLP.

5.4 Mr Philip Lee of KPMG LLP apprised the unitholders of the procedures for voting by poll and the unitholders were voted on a test resolution to ensure that the hand held devices were working properly.

AS ORDINARY BUSINESS

6. **Resolution 1:**
Adoption of 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 2014 and the Auditors' Report thereon

6.1 Resolution 1 as set out in the Notice of Meeting was proposed by a unitholder and seconded by a unitholder. Chairman invited questions from the unitholders.

6.2 Unitholder A referred to the Chairman's Letter to Unitholders on page 8 of the Annual Report, which states that Ascott Reit encourages sustainable and environment friendly practices such as water and electricity conservation. He suggested that the future annual reports of Ascott Reit should contain details to illustrate the actual resource savings compared to previous years.

6.3 RT noted Unitholder A's suggestion and informed that compared to FY 2013, there was a reduction of 3% in water and electricity costs.

6.4 Unitholder A also suggested that solar panels be installed on Ascott Reit's properties to save electricity.

6.5 LJP noted the suggestion but explained that this would be subject to feasibility studies to assess if installing solar panels on Ascott Reit's properties would result in overall costs savings.

6.6 Unitholder A also referred to the Chairman's Letter to Unitholders on page 9 of the Annual Report in relation to the informal discussion sessions between the Board, management of Ascott Reit ("**Management**") and the Monetary Authority of Singapore ("**MAS**") regarding MAS' consultation paper published in October 2014 containing the set of proposals for Singapore's real estate investment trusts ("**REITs**") market. Unitholder A queried if there was any indication, from the preliminary discussions with MAS, whether the impact of the proposals on Ascott Reit would be positive or negative.

6.7 LJP suggested that it would be prudent to wait for the final report from MAS before making an assessment. LJP further assured that the interests of unitholders were duly considered by Ascott Reit in the discussions with MAS.

6.8 Unitholder B referred to the operating segment financial results on page 187 of the Annual Report and noted that France recorded the highest segment gross profit compared to the other locations. He further noted that the direct expenses of properties in China were very high, resulting in a much lower gross profit level. He queried the reasons for the high direct expenses in China.

6.9 By way of background, RT explained that France had recorded the highest margin at the gross profit level because properties in France were mainly on master leases. Master leases were typically "triple net", whereby the lessee or the operator would bear all necessary direct expenses, such as property tax and insurance premiums, before rental was paid to Ascott Reit. As such, the incremental expenses incurred by Ascott Reit were lower compared to properties on management contracts. Hence, the flow-through for properties on master leases was more than 90%. For properties under management contracts, such as those in China, the property manager was typically paid a property management fee and all the expenses are borne by Ascott Reit, resulting in lower gross profit margins. RT further highlighted that one of the issues in China was increasing staff costs, and explained that Management had been looking at ways to manage or lower the staff costs component either by outsourcing or through the centralisation of some functions to increase efficiency and staff productivity.

6.10 Unitholder B further queried why Japan was rated higher compared to France in terms of profitability in CEO's earlier presentation.

6.11 RT explained that the reference in the presentation relates to Revenue Per Available Unit ("RevPAU") growth. Japan had recorded the highest RevPAU growth of approximately 14%. This was fundamentally because the serviced residences in Japan, which operate on normal management contracts, recorded a strong performance in terms of occupancy and daily rate.

6.12 Unitholder B noted the target portfolio size of $6.0 billion by 2017 as mentioned in the CEO's presentation. He queried if the target was too ambitious, given that Ascott Reit's total assets were currently at $4.1 billion. Unitholder B further noted that as $559.1 million was spent on acquisitions in FY 2014, this was a high target, and he expressed concern about the management of risks as well as fundraising for such acquisitions, especially with regard to the use of rights issues.

6.13 LJP acknowledged that the target set by the Board, with Management, was ambitious. However, he reassured that Ascott Reit would not simply undertake acquisitions for the sole reason of hitting the target, and that Management would assess all potential acquisitions in terms of yields before deciding to undertake any acquisition.

6.14 RT clarified that the figure of $4.1 billion excludes the acquisition of the New Cairnhill serviced residence which was valued at about $405.0 million (targeted to be completed in 2017). With the inclusion of the value of the New Cairnhill serviced residence, the existing portfolio size of Ascott Reit would be approximately $4.5 billion. RT also noted Unitholder B's concerns regarding fundraising for acquisitions and acknowledged that whilst the target was ambitious, Ascott Reit had a prudent management strategy in place regardless of the method of funding utilised.

6.15 Unitholder C queried on the key criteria used to select acquisitions to fulfil the target portfolio size of $6.0 billion.

6.16 RT responded that the main criterion was that the acquisition must be yield accretive either immediately or over a period of time. RT cited, as examples, that the Manager would consider if the property was currently undervalued, or if there were opportunities to create value by reconverting some of the rooms or reconfiguring some of the apartments for the acquisition to be accretive over the next six months to one year. RT explained that even if the acquisition may appear accretive, Ascott Reit would also ensure that the risk-adjusted yields were also in line with market prices and transactions across different geographical locations. RT raised the example of how a yield of more than 6% in Singapore should generally be accretive. However, for acquisitions in Indonesia, Vietnam or the Philippines, the benchmark would differ taking into account that market yield in those markets was about 9% to 10%. RT furthered reassured that as part of the CapitaLand Group, Ascott Reit had very robust criteria in terms of the hurdle rates for every country that it invests in. The hurdle rate in a very developed country like Singapore, versus the hurdle rate in Vietnam or Indonesia would be very different. RT also stated that historically, about 70% of Ascott Reit's property acquisitions came from the sponsor, The Ascott Limited, and going forward, it is likely that the same trend would continue to support the growth of Ascott Reit.

6.17 Unitholder C further enquired if improving the Distribution Per Unit ("DPU") was one of the criteria taken into consideration when selecting acquisitions.

6.18 RT clarified that when he earlier explained that the main criterion in respect of the selection of acquisitions was whether an acquisition was accretive was in reference to the DPU.

6.19 LJP added that the United States of America (the "USA") remains one of the large markets that Ascott Reit has not yet ventured into. LJP informed that the Board had looked into doing business in the USA but had found that it was very hard to do business there even though it may look very good for Ascott Reit's global footprint.

6.20 Unitholder D referred to the $150 million perpetual securities issued last year and noted that these securities paid a coupon rate of 5% versus Ascott Reit's yield of about 6.4%. He raised queries on (a) the identity of the subscribers to these perpetual securities and the manner in which these were issued; (b) whether there were any step-up rates or call dates to redeem the perpetual securities; and (c) whether offers would be made to unitholders if perpetual securities were to be issued in the future.

6.21 RT reiterated the point made in his presentation that the perpetual securities issued by Ascott Reit were treated as equity and not debt. He highlighted that MAS' approval was required for perpetual securities to qualify as equity and the conditions to obtain approval were slightly more stringent as compared to normal perpetual securities issued by companies. In particular, perpetual securities issued by a REIT were not permitted to have any step-up rates upon reset (which would occur every five years as these perpetual securities were callable after five years). RT informed that the $150 million perpetual securities were arranged by two banks. Unlike corporate perpetual securities which typically have up to 80% to 90% of subscribers from the private banking network, the subscribers for Ascott Reit's perpetual securities contained a fair mix of institutional investors as well as private banking network clients.

6.22 In response to Unitholder D's question (c), LJP responded that it had always been Ascott Reit's policy to return 100% of distributable income to unitholders every year, which meant that Ascott Reit did not retain any income for expansion. Hence, fundraising would be inevitable. LJP explained that Ascott Reit had historically undertaken two approaches to fundraising. The first had been rights issues, which had historically resulted in a slight fall in the DPU. The second method was private placements. The issue of perpetual securities would be a third method of fundraising.

6.23 Unitholder E noted that Ascott Reit had 35 properties in Japan and was of the view that Ascott Reit was very exposed in Japan since Japan was a country that was subject to many natural disasters. Unitholder E sought clarification on the ways in which Ascott Reit had mitigated this risk.

6.24 RT responded that Ascott Reit's portfolio in Japan was slightly different from other geographical locations. In Japan, Ascott Reit had four serviced apartment properties while the remaining properties were rental housing properties. He informed that the rental housing properties generate fairly stable income as they were targeted at locals who paid fixed rental monthly. Japan had been Ascott Reit's top performing market in terms of RevPAU growth and bottom line contribution over the past two years. In light of the Tokyo 2020 Olympics, it was envisaged that Japan's hospitality market would continue to do well in the foreseeable future. Moreover, the low rates of borrowing of the Japanese yen at around 1% to 1.5% would make acquisitions more accretive and attractive. RT noted Unitholder E's concerns and added that Japan's stringent building codes helped to ensure that Japan remains one of the best prepared countries to deal with natural disasters. On a portfolio basis, Japanese properties currently contribute to about 15% of Ascott Reit's total assets and RT opined that this was still a comfortable range for Ascott Reit and the global portfolio remained well diversified.

6.25 Unitholder E noted that Ascott Reit only had two properties in Indonesia and queried if this was because the leases in Indonesia were very much shorter.

6.26 RT explained that shorter leases were a structural feature that was common in the Indonesian market. He clarified that Ascott Reit was not particularly concerned about the shorter leases as there was a very established procedure in the Indonesian market that as a lease approaches its maturity, there would be a mechanism for the extension of the lease. RT confirmed that Ascott Reit currently only has two properties in Indonesia and had divested a small property, Country Woods Jakarta, as it was very far away from the other two properties in central Jakarta and did not enjoy economies of scale. RT noted that CapitaLand had recently ventured into Indonesia as an alternative market and added that Ascott Reit would similarly continue to explore opportunities in Indonesia, particularly Jakarta, as part of its diversified strategy.

6.27 Unitholder B noted that the presentation illustrated the compound annual growth rate ("CAGR") of total asset value and unitholders' distribution. He requested for the CAGR of DPU to also be included in next year's annual report or CEO's presentation as that would help to indicate if the interests of Ascott Reit and unitholders were aligned.

6.28 RT noted Unitholder B's suggestion.

6.29 Unitholder F enquired if the proxy form could be submitted via electronic mail. He opined that the requirement for the proxy forms to be submitted by post was quite outdated and that Ascott Reit should look for alternative methods that would make it more convenient for unitholders.

6.30 LJP responded that Ascott Reit would look into his suggestion with the advice of its legal advisors.

6.31 Unitholder G had a question on "Income Tax Expense" at Note 26 of the Notes to the Financial Statements. Unitholder G viewed the effective income tax of about 22% to be very high although he noted that this was understandable since Ascott Reit was operating in many jurisdictions. However, he enquired on the nature of the item "expenses not deductible for tax purposes", which amounted to about $16.5 million in FY 2014 and $17.7 million in FY 2013, and whether there was any possibility of better managing these expenses to reduce tax rates and improve returns.

6.32 KSF explained that the item on "expenses not deductible for tax purposes" was mainly due to the revaluation deficits of some of Ascott Reit's properties and was actually a non-cash item and hence, classified as "expenses not deductible for tax purposes".

6.33 RT assured that management would always look into what can be done to minimise income tax costs.

6.34 LJP informed that the effective tax rate was an important item that the Board monitors during the release of the quarterly results, and likewise, reassured that Management would seek to reduce income tax costs as far as possible.

6.35 Unitholder H enquired if there was any particular approach that would be undertaken to achieve the $6.0 billion target, and in particular, whether such acquisitions would be spread across all geographical locations or if Ascott Reit was considering expansion to new areas such as the USA, as mentioned by LJP earlier.

6.36 LJP reiterated RT's earlier response to Unitholder C that a key criterion was for acquisitions to be yield accretive.

6.37 LCK added that in terms of geographical focus, Ascott Reit would continue to focus on the gateway cities in Asia and the key cities in Europe and look into deepening its presence in cities even where a presence has already been established.

6.38 Unitholder H agreed on the need to provide figures on the CAGR of DPU, as previously raised by Unitholder B. Unitholder H recalled that at the Meeting last year, there had been a question on the alignment of unitholders' interests to Ascott Reit's interests in terms of DPU, and examples had been raised of other REITs in Singapore that had taken that into account. Unitholder H queried if Ascott Reit also had intentions to move in that direction.

6.39 RT reiterated that the interests of unitholders were always a key consideration in the strategies formulated by the Board. As part of the CapitaLand Group, corporate governance was of utmost importance to Ascott Reit. RT remarked that Ascott Reit's existing fee structure was common across the industry and has historically served unitholders well. Discussions have also been made at both the Ascott Reit level and the sponsor level, and it was viewed that the existing fee structure was not prejudicial to unitholders. As such, the Board did not foresee that any revamps of the fee structure should be proposed.

6.40 LCK added that it was noted that DPU remains as unitholders' main concern, and it was something that the Board constantly monitored. LCK referred to the DPU figures between FY 2013 and FY 2014 and noted that it had decreased from 8.40 cents to 8.20 cents but explained that this was because of the discounted rights issue. LCK informed that the Board noted unitholders' comments and would in the future explore how the information could be better presented to allow unitholders to understand the year-on-year changes to DPU more easily.

6.41 As there were no further questions, Chairman proceeded to put Resolution 1 to the vote by poll.

6.42 The poll results for Resolution 1 were as follows:

For		Against	
No. of Units	%	No. of Units	%
841,094,313	100.00	38,000	0.00

6.43 Based on the results of the poll, Chairman declared that Resolution 1 as set out below was carried and proceeded to the next item on the Agenda:

Ordinary Resolution

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 2014 and the Auditors' Report thereon.

7. Resolution 2 – To re-appoint KPMG LLP as the Auditors of Ascott Reit and to authorise the Manager to fix their remuneration.

7.1 Resolution 2 as set out in the Notice of Meeting was proposed by a unitholder, Grace and seconded by a unitholder. Chairman invited questions from unitholders.

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

7.3 The poll results for Resolution 2 were as follows:

For		Against	
No. of Units	%	No. of Units	%
840,596,510	99.96	342,200	0.04

7.4 Based on the results of the poll, Chairman declared that Resolution 2 as set out below was carried and proceeded to the next item on the Agenda.

Ordinary Resolution

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

AS SPECIAL BUSINESS

8. **Resolution 3**
To authorise the Manager to issue Units and/or to make or grant instruments

8.1 Chairman explained that Resolution 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 debt 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 3 as set out in the Notice of Meeting was proposed by a unitholder and seconded by a unitholder. 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	%
766,063,080	91.11	74,715,430	8.89

8.6 Based on the results of the poll, Chairman declared that Resolution 3 as set out below was carried:

<u>Ordinary Resolution</u>

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 11.20 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