

CAPITACOMMERCIAL TRUST

(Constituted in the Republic of Singapore pursuant to a trust deed dated 6 February 2004 (as amended))

MINUTES OF THE ANNUAL GENERAL MEETING HELD ON TUESDAY, 21 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 lists

In attendance: Directors of CapitaCommercial Trust Management Limited
as manager of CapitaCommercial Trust (the “Manager”)
Mr Soo Kok Leng, Chairman (“**Chairman**”)
Mr Lim Ming Yan, 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
Mr Chong Lit Cheong

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

Company Secretaries of the Manager
Ms Doris Lai
Ms Honey Vaswani

Management of the Manager
Ms Anne Chua, Head, Finance
Ms Ho Mei Peng, Head, Investor Relations and
Communications
Mr Chew Peet Mun, Head, Investment
Mr Kevin Chee, Head, Asset Management
Ms Faith Soh, VP, Customer Experience Management

1 Introduction

- 1.1 Prior to the commencement of the Annual General Meeting of CCT (“**AGM**” or the “**Meeting**”), Ms Cheong Pei Sze, the Building Manager of Capital Tower, gave a briefing on the Emergency Evacuation Plan. After the briefing, Ms Ho Mei Peng, the Master of Ceremonies, on behalf of HSBC Institutional Trust Services (Singapore) Limited, the trustee of CapitaCommercial 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 and introduced the panellists. Thereafter, Ms Lynette Leong, the CEO, gave a short presentation on CCT’s results for the year ended 31 December 2014.
- 1.2 After the presentation, the Master of Ceremonies 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 (“**Chairman**”) 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 10.45 a.m. The Notice of Meeting dated 23 March 2015 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 was to be conducted in a paperless manner using a wireless handset and that KPMG had been appointed as the scrutineers to conduct the poll and Mr Lau Kam Yuen of KPMG would explain the procedures for voting by electronic poll. Mr Lau Kam Yuen proceeded to explain the polling procedures.

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. A Unitholder proposed and another Unitholder 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 CapitaCommercial Trust Management Limited, as manager of CCT, and the Audited Financial Statements of CCT for the financial year ended 31 December 2014 and the Auditors' Report thereon.”

2.2 Chairman invited questions and comments from the floor.

2.3 Unitholder A, noted that in 2016, supply was expected to increase both inside and outside the Central Business District (“**CBD**”) area. Unitholder A also noted in CEO's statement that the Manager would try to renew its leases early, but he felt that overall, yields would be under pressure from next year onwards. Unitholder A therefore asked for more information regarding the Manager's strategy to retain CCT's tenants and to keep the rentals at their current levels and the property income at a good level. Unitholder A also asked for further information regarding CCT's strategy in relation to the option to acquire the remaining 60.0% interest in CapitaGreen, noting that valuations for buildings were at high levels and that CCT's debt headroom of approximately S\$1.3 billion may not be sufficient resulting in the need for a rights issue or placement for the exercise of the call option.

2.4 CEO said that the Manager had been actively engaging with their tenants, and as at the end of 2014, had renewed approximately 11% of the leases that would expire in 2015. The Manager had also been engaging with the key tenants whose leases would be expiring in 2016 and 2017. The Manager's priority was to engage with the larger tenants first, and to a large extent, it had been successful in securing renewals. CEO also drew reference to the fact that CCT enjoyed almost 100% occupancy rate, and the tenant retention rate had also increased from about 67% in 2013 to about 86% in 2014. CEO said that the Manager would work towards renewing leases such that they expire in 2017 or beyond.

CEO added that another action plan would be the asset enhancement initiatives which had commenced. The asset enhancement initiatives would enhance the working environment for the tenants. She further added that the Manager would meet up with its tenants regularly to enable it to better anticipate their needs.

- 2.5 CEO responded to the second question by saying that any acquisition of the 60.0% interest in CapitaGreen would have to be accretive to Unitholders. CEO added that CCT's gearing was at a low 29% and CCT had a debt headroom of S\$1.3 billion assuming CCT were to gear up to 40%. If CCT were to borrow up to its 40% gearing limit, the S\$1.3 billion raised would be more than sufficient to acquire the 60.0% interest from their joint venture partners and CCT would not have to raise equity from Unitholders. CEO also noted that CapitaGreen would become more valuable as it became fully leased out, but at the same time, CCT would also have to pay more. However, the Manager would nevertheless work towards achieving full occupancy for the building by end of 2015 so that any acquisition could become accretive.
- 2.6 As a follow-up question, Unitholder A referred to note 30 of page 174 of the annual report and asked what the "Others" segment is in relation to, and whether it included income support for some of the buildings. Unitholder A asked which buildings were still subject to income support, and whether the description of the "Others" segment could be made clearer in future. Unitholder A further noted that for One George Street, the "Others" income dropped sharply from S\$10 million to S\$6 million and as a result, One George Street reported a lower gross revenue.
- 2.7 Ms Anne Chua responded that for 2014, the "Others" segment included the yield stabilization of Twenty Anson and for 2013, the "Others" segment included the yield protection for One George Street, in addition to the yield stabilization for Twenty Anson. The yield protection for One George Street expired in July 2013, and that was the reason for the drop in 2014 as compared to 2013. Ms Chua added that the other components of the "Others" segment were the income recoveries from tenants requesting for air-conditioning extensions, etc, which were largely stable.
- 2.8 Unitholder B asked whether there was a succession plan for the Board and the CEO. Unitholder B also noted that in relation to CCT's financing, as a Unitholder, he would like it re-balanced such that the income distribution to Unitholders would be optimal.

- 2.9 Chairman assured Unitholder B that Board succession planning was reviewed regularly and that diversity, including gender diversity was taken into account in the Board's review of Board succession planning.
- 2.10 CEO responded to the question regarding financing by saying that debt raising was a delicate matter and required care in its handling. She added that the Manager carried out sensitivity analyses at appropriate junctures, and that the CCT annual report included a sensitivity analysis as well. Based on the sensitivity analysis, for every 0.1% increase in interest rates, the impact on CCT's distribution per unit ("**DPU**") was only -0.1%. In relation to the financing of the acquisition of the 60.0% interest in CapitaGreen, CEO reiterated that it was important to the Manager that the acquisition be accretive, and the manner of financing would be a factor taken into consideration. CEO further added that the Manager was monitoring the market very closely, and would also consider whether the income from CapitaGreen was enough to support and sustain the cash flow of CCT as a whole.
- 2.11 Unitholder C, asked the following four questions:
- (a) in relation to CapitaGreen, Unitholder C noted that of the 69% commitment, they were leased out at a rental of S\$16 per square foot, leaving the upper floors to be let. Unitholder C asked for confirmation that the upper floors would be the more expensive floors, and whether there would be a fit-out period.
 - (b) Unitholder C referred to the Sustainability Report section set out at pages 57 to 61 of the annual report and asked whether the net property income ("**NPI**") margins were expected to increase as a result of the reduced usage of energy and water, as he noted that the NPI margins had remained stagnant for many years.
 - (c) in relation to Raffles City Tower, Unitholder C referred to page 98 of the annual report, which stated that the average monthly gross rental rate for the expiring leases in 2015 was at S\$7.88 per square foot. Unitholder C expressed his concern that they were under-rented, and asked whether there was a weakness in the negotiations, and whether the leases would be renewed with an upward adjustment to the rentals.
 - (d) in relation to One George Street, Unitholder C noted that the current rentals were at approximately S\$10 per square foot. Unitholder C asked whether this was above the break-even level of

the rental support for One George Street which had expired.

- 2.12 CEO responded to the first question by saying that the rental levels that were achieved for CapitaGreen were between S\$9.80 and S\$16 per square foot. CEO added that the Manager's strategy was to retain the higher floors as higher floors were generally easier to let out and could be expected to achieve better rent than the lower floors letted out. In relation to the rental of S\$16 per square foot that was achieved, CEO noted that the rentals achieved also depended on the size of the space leased out, and tenants renting smaller space may sometimes be willing to pay a higher rental on a per square foot basis. For the higher floors, higher rentals could be expected as compared to the lower floors, but the size of the space would also have to be factored in. Therefore, CEO said that there could be no assurance the higher floors would achieve rentals higher than S\$16 per square foot, but the Manager would definitely work towards it when the market condition was positive. CEO also noted that the Manager's objective was to achieve high occupancy for CapitaGreen and to secure longer term tenancies. To achieve this, the Manager would have to work together with the tenants.
- 2.13 On the second question regarding the NPI margins, CEO clarified that the NPI margins had not increased despite rising expenses and costs, as the reduced usage of energy and water due to the "green" features which CCT had brought into the buildings mitigated the rising costs. The Manager had put in efforts to optimize its operations and carried out preventive maintenance to upkeep its properties well.
- 2.14 On the third question regarding Raffles City Tower, CEO informed Unitholder C that the Manager was in advanced negotiations on renewal with the key tenants whose leases were about to expire. CEO reassured Unitholder C that Raffles City Tower was in a good location, and that there had been cases where the Manager could not offer additional space for some existing tenants to expand their operations in the building due to a lack of space. CEO also noted that the rentals depended on when the leases were signed, and some of the tenants had signed long term leases. The average monthly gross rental rate for the expiring leases in 2015 at S\$7.88 per square foot could be due to a long term lease that was signed many years ago when the rental rates were low.

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- 2.15 On the fourth question regarding One George Street, CEO said that CCT had increased the rentals for One George Street over time. CEO further said that One George Street was achieving market rents right now.
- 2.16 Unitholder D, noted that for the first time in financial history, ten-year government bonds in several countries were in negative interest rate territory and there were opportunities which one could translate into the domestic Singapore market. Given the discussions on the option on CapitaGreen as well as other possibilities, Unitholder D said that CCT could buy interest rate caps that other people may be willing to underwrite on a ten-year basis. Unitholder D asked what the Manager's plan was to exploit the current negative interest rates, and what the Manager made of this.
- 2.17 CEO responded that the Manager would be open to the many different options and methods of financing available, and that one of the instruments which CCT had recently issued was Japanese yen-denominated bond, and such issuance was made when interest rates were low. She further noted that the Manager would have to consider the currency risk, and in that instance, they had found a swap rate that was in CCT's favour, allowing for a low interest rate for an eight-year bond. CEO stated that one of the principles the Manager was guided by was to diversify funding sources, and that the Manager would always look for optimal funding source.
- 2.18 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	%
1,944,735,670	100.00%	17,666	0.00%

- 2.19 Based on the results of the poll, Chairman declared Ordinary 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. A Unitholder proposed and another Unitholder 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	%
1,944,724,036	100.00%	41,000	0.00%

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

4 Ordinary Resolution 3:**Authority for the Manager to issue units in CapitaCommercial 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. A Unitholder proposed and another Unitholder 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 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 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 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 Unitholder E, asked whether the Manager would consider implementing a distribution reinvestment plan (“**DRP**”), as this would allow Unitholders to increase their stake in CCT. CEO responded that CCT had explored this option a few years ago but did not receive positive feedback. She added that the Manager would consider it again if more Unitholders expressed a preference for a DRP.
- 4.3 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	%
1,293,739,808	66.54%	650,507,928	33.46%

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

5. Ordinary Resolution 4:

Renewal of the Unit Buy-Back Mandate

- 5.1 Chairman invited a Unitholder to propose, and another to second Resolution 4. A Unitholder proposed and another Unitholder seconded the Resolution, as follows:

“That:

- (1) *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 Listing Manual 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**”);*

- (2) *(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 AGM of CCT is held;*
 - (ii) *the date by which the next AGM 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;*
- (3) *in this resolution:*

*“**Average Closing Market Price**” means the average of the closing market prices of a Unit 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 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 Market Price; and*
- (ii) in the case of an off-market repurchase of a Unit, 110.0% of the Average Closing Market Price; and*

(4) 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 Unitholder D asked whether CCT had any plans to buy back Units. He further noted that in the Singapore tax environment, it would not make any sense for Unitholders and Unitholders should have the discretion on whether to retain their unitholdings in CCT. Unitholder D also said that if CCT had the funds to buy back Units, he would prefer that CCT used the same funds to make distributions to Unitholders.

5.4 CEO responded that CCT had not executed any buyback, and that an

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important factor would be the price at which CCT bought back Units. As CCT was currently trading above net asset value, it would not make sense for CCT to buy back Units at the moment. CEO added that the reason for having the buyback mandate was to provide the Manager with flexibility and to allow the Manager to defend the Unit price when the necessity arose. No Unitholders would be compelled to sell their Units to CCT even if the Manager were to execute the mandate.

5.5 Unitholder F, expressed his concern that many listed issuer became delisted after a few years. Chairman said that the Manager could not speak for other companies, but assured Unitholders that at this point of time, the Manager did not have any plans to delist CCT unless Unitholders so decided.

5.6 As there were no further 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	%
1,928,379,570	99.89%	2,117,800	0.11%

5.7 Based on the results of the poll, Chairman declared Ordinary 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 CapitaCommercial Trust Management Limited, the manager of CCT, and declared the Meeting closed at 11:35 a.m.

Confirmed By
Soo Kok Leng
Chairman of Meeting