

CAPITALAND RETAIL 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 ON THURSDAY, 11 APRIL 2019 AT 3.30 PM
AT THE STAR GALLERY, LEVEL 3, THE STAR PERFORMING ARTS CENTRE,
1 VISTA EXCHANGE GREEN, SINGAPORE 138617**

Present: Unitholders/Proxies

As per attendance lists

In attendance: Directors of CapitaLand Retail China Trust Management Limited, as manager
of CapitaLand Retail China Trust

Mr Soh Kim Soon, Chairman

Mr Tan Tze Wooi, Chief Executive Officer

Mr Fong Heng Boo

Mr Christopher Gee Kok Aun

Professor Tan Kong Yam

Mr Neo Poh Kiat

Ms Kuan Li Li

Mr Lee Chee Koon

Mr Lim Cho Pin Andrew Geoffrey

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

Mr Tony W Lewis, Chief Executive Officer

Company Secretary of the Manager

Ms Chuo Cher Shing

Management of the Manager

Mr You Hong, Assistant Vice President, Investment and Asset Management

Ms Joanne Tan, Head, Finance

Ms Nicole Chen, Senior Manager, Investor Relations

1. Introduction

- 1.1. On behalf of HSBC Institutional Trust Services (Singapore) Limited, the trustee of CapitaLand Retail China Trust (“**CRCT**”, and the trustee of CRCT, the “**Trustee**”), and the Board of Directors of CapitaLand Retail China Trust Management Limited, the manager of CRCT (the “**Manager**”), Ms Nicole Chen, the Mistress of Ceremonies (the “**Emcee**”), welcomed the unitholders of CRCT (the “**Unitholders**”) to the annual general meeting of CRCT (“**AGM**” or the “**Meeting**”).
- 1.2. Prior to the commencement of the AGM, the Emcee briefed all in attendance on the emergency evacuation plan and explained that in lieu of refreshments, CapitaVouchers (expiring on 31 December 2019) had been distributed to Unitholders. The Emcee also mentioned that Unitholders who wish to sign up as members of SIAS would be entitled to a one-year free associate membership.
- 1.3. Mr Tan Tze Wooi, the Chief Executive Officer of the Manager (“**CEO**”), gave a presentation on CRCT’s financial year ended 31 December 2018, sharing major highlights and achievements in the areas of financial and capital management, portfolio enhancement and matters that Unitholders could expect going forward.
- 1.4. The Emcee then introduced the panellists. Following the introduction, the proceedings of the Meeting were handed over to Mr Soh Kim Soon, the Chairman of the Board of Directors of the Manager, who had been nominated by the Trustee to preside as Chairman of the Meeting (“**Chairman**”) in accordance with paragraph 8 of the schedule of the trust deed constituting CRCT dated 23 October 2006 (as amended) (the “**Trust Deed**”).
- 1.5. Chairman noted that a quorum was present and declared the Meeting open at 3.50 p.m.. The notice of Meeting dated 13 March 2019 (“**Notice of Meeting**”) contained in CRCT’s 2018 annual report (the “**Annual Report**”) that had been circulated to Unitholders on the same date was, with the consent of the Meeting, taken as read.
- 1.6. In line with Rule 730A(2) of the listing manual of the Singapore Exchange Securities Trading Limited (the “**Listing Manual**”), Chairman directed that the vote on each Resolution as set out in the Notice of Meeting be conducted by way of electronic poll.
- 1.7. Chairman informed the Meeting that as he was an appointed proxy for the AGM, he would propose all the motions to be tabled.
- 1.8. Chairman informed the Meeting that DrewCorp Services Pte Ltd had been appointed as the scrutineers to conduct the electronic poll. Mr Raymond Lam of DrewCorp Services Pte Ltd proceeded with an explanation of the procedures for voting by electronic poll, and carried out a test poll. Following the explanation, Mr Lam handed the proceedings of the Meeting back to Chairman.
- 1.9. Chairman also requested that Unitholders raise their questions or comments only after the Resolution in respect of the agenda item had been proposed and to adhere strictly to matters that were relevant to the agenda and also limit the questions to a reasonable number and length.
- 1.10. Chairman informed Unitholders that all resolutions tabled at the AGM today were Ordinary Resolutions and explained that an Ordinary Resolution meant a resolution proposed and passed by a majority greater than 50% of the total number of votes cast for and against such Resolution at the Meeting.

2. Ordinary Resolution 1:**Adoption of Report of the Trustee, Statement by the Manager, and the Audited Financial Statements of CRCT for the financial year ended 31 December 2018 and the Auditors' Report thereon**

- 2.1. Ordinary Resolution 1 to receive and adopt the Report of the Trustee, the Statement by the Manager and the Audited Financial Statements of CRCT for the financial year ended 31 December 2018 and the Auditors' Report was proposed by Chairman.
- 2.2. Chairman invited questions and comments from the floor.
- 2.3. For his first question, Mr Ashok Kumar Singhal ("**Mr Ashok**") referred to page 4 of the Annual Report and enquired on the reason for the decrease in the net asset value ("**NAV**") per unit of CRCT ("**Unit**") from S\$1.60 in 2017 to S\$1.58 in 2018.
- 2.4. CEO explained that the decrease in NAV per Unit in 2018 was due to the depreciation of the Renminbi against the Singapore dollar by approximately 3%, which resulted in balance sheet adjustments at the end of the financial year ended 31 December 2018 ("**FY 2018**"). CEO added that while NAV per Unit had decreased, the distribution per Unit ("**DPU**") had increased from 10.10 cents in 2017 to 10.22 cents in 2018 as CRCT's distributable income had increased year-on-year and CRCT had continued to pay out 100% of its distributable income every year.
- 2.5. For his second question, Mr Ashok noted that some of CRCT's malls had land use rights that were expiring in less than 30 years and queried if this would impact CRCT's future distributions.
- 2.6. CEO explained that the tenure of land use rights ("**LUR tenure**") in China was 40 years for commercial use (including use for shopping malls) and 70 years for residential use. While the malls that were acquired at the time of CRCT's initial public offering ("**IPO**") in 2006 had shorter remaining LUR tenure today, they had also generated revenue for CRCT for the past 13 years. CEO added that the Manager was actively monitoring the remaining LUR tenure for all of CRCT's malls and would continue to reconstitute and refresh CRCT's portfolio by recycling the older properties and acquiring newer and better quality properties. CRCT's future distributions was unlikely to be affected by LUR tenure as the valuations of all of CRCT's malls had taken into consideration the malls' remaining LUR tenure. CEO also shared that while there were currently no clear guidelines from the Chinese government regarding the extension of LUR tenure upon expiry, it was possible that the Chinese government might allow an extension of LUR tenure subject to the payment of a premium.
- 2.7. For his first question, Mr Tan Yong Nee ("**Mr Vincent Tan**") referred to page 68 of the Annual Report and queried why the committed occupancy rate for CapitaMall Minzhongleyuan had declined from 78% in 2017 to 70.3% in 2018 even though the roadworks and subway construction works around CapitaMall Minzhongleyuan had been completed.
- 2.8. CEO explained that while the road works and subway construction works were completed in 2015 and 2016, CapitaMall Minzhongleyuan remained affected by the ongoing resettlement of residents from the surrounding catchment. In addition, due to its small size, it had been challenging for CapitaMall Minzhongleyuan to defend against the competition from newer and larger malls. To differentiate CapitaMall Minzhongleyuan from the competition, the tenant mix had been refreshed in 2017 and 2018, with the introduction of new anchor tenants such as UCommune and UA Cinema.

- 2.9. For his second question, Mr Vincent Tan referred to page 71 of the Annual Report and observed that while CapitaMall Minzhongleyuan was a multi-tenanted mall, its weighted average lease expiry (“**WALE**”) was relatively high and was similar to the WALE of CapitaMall Shuangjing (a master-leased mall). He queried if this could be attributed to CapitaMall Minzhongleyuan’s anchor tenants, such as UCommune and UA Cinema.
- 2.10. CEO explained that the WALE for CapitaMall Erqi and CapitaMall Shuangjing reflected the nature of their master leases which commenced around 2005 and would be expiring in 2024 or 2025. CEO also confirmed that the WALE for CapitaMall Minzhongleyuan reflected the long leases signed by the major anchor tenants, such as UA Cinema.
- 2.11. Mr Vincent Tan queried if it might be better for CapitaMall Minzhongleyuan to be leased to smaller retailers which generally required shorter leases, or for CapitaMall Minzhongleyuan to be sold.
- 2.12. CEO acknowledged Mr Vincent Tan’s concern and explained that efforts had been expended to differentiate CapitaMall Minzhongleyuan from the competition by moving away from traditional fashion which was also represented in the newer and larger malls, towards lighter food and beverage, leisure, entertainment and health-related categories which would resonate with the younger shoppers. The strategy to develop a niche positioning for CapitaMall Minzhongleyuan included highlighting the heritage and architecture of CapitaMall Minzhongleyuan. CEO added that while the Manager would consider the possible divestment of CapitaMall Minzhongleyuan as part of regular portfolio reconstitution, CapitaMall Minzhongleyuan had not yet stabilised and had not reached a level of performance that would generate optimal returns.
- 2.13. For his third question, Mr Vincent Tan queried why the Yuquan mall vendor agreed to swap Yuquan mall (which was a newly completed asset) for CapitaMall Saihan (which was an older asset).
- 2.14. CEO explained that the vendor was the developer of an integrated development (which included Yuquan mall) that was located across the road from CapitaMall Saihan, and also owned other building in the areas surrounding CapitaMall Saihan. The vendor had sold the apartments and offices within the integrated development and was left with Yuquan mall. As the vendor was not a retail mall operator, it decided to monetise Yuquan mall by selling it and swapping for CapitaMall Saihan. The vendor intended to lobby the local government for approval to redevelop the entire area around and including CapitaMall Saihan.
- 2.15. For his fourth question, Mr Vincent Tan requested for explanation regarding capital expenditure for CapitaMall Wangjing in 2018.
- 2.16. CEO replied that the capital expenditure for CapitaMall Wangjing in 2018 was due to asset enhancement initiatives (“**AEIs**”) for the entire level 4 of the mall (previously leased to a departmental store) to transform it into a space with multiple higher-yielding specialty stores. CEO added that the transformation of level 4 was expected to lead to higher revenue for CapitaMall Wangjing in 2019. He also shared that, typically, around 5% of a mall’s annual revenue would be set aside for AEIs.
- 2.17. For his final question, Mr Vincent Tan observed that while CRCT was Singapore’s first real estate investment trust (“**REIT**”) that owned properties in China, there were now other REITs with a similar mandate, such as Sasseur REIT. Mr Vincent Tan queried if the Manager had any plans to ensure CRCT would remain competitive, such as the possibility of acquiring an asset such as Raffles City Shanghai in China.

- 2.18. CEO explained that while CRCT's mandate was primarily for retail assets in China, as CRCT grew in size, it would be possible to consider options such as the acquisition of an integrated development like Raffles City Shanghai.
- 2.19. Chairman added that CRCT currently owned mainly family-focused malls, which were defensive assets. He shared that the Manager was aware of the need for CRCT to grow and remain competitive, and was open to all options that could help strengthen CRCT's portfolio.
- 2.20. Mr Lee Chee Koon (who was also CapitaLand Limited's President and Group Chief Executive Officer) added that CRCT and other REITs managed by the CapitaLand group all had their own growth engines and sought to add value for their respective unitholders. Each CapitaLand REIT manager was aware of the need to ensure that the REIT was of sufficiently large size to optimise the cost of capital and financing, so as to remain competitive in the acquisition of new assets.
- 2.21. For her first question, Ms Lee Ching referred to the valuation and property yield of CRCT's properties on page 78 of the Annual Report. She observed that CapitaMall Minzhongleyuan's property yield in 2018 was much lower than the other malls, and requested for explanation regarding the decrease in the valuations of a couple of properties in 2018 compared to 2017.
- 2.22. CEO explained that the valuations of CapitaMall Qibao and CapitaMall Minzhongleyuan were lower in 2018 compared to 2017 as the independent valuers had taken into account the lower occupancy rates at these two malls, which was a result of the competition faced by these two malls. The valuations for the other malls within CRCT's portfolio had increased because of their positive net profit income growth. CEO added that there had been no changes in the valuation methods used by the independent valuers in conducting the valuations.
- 2.23. For her second question, Ms Lee Ching enquired if the Manager's fees were a function of assets under management or growth in DPU.
- 2.24. CEO responded that the Manager's performance fees were pegged to CRCT's net property income.
- 2.25. For her third question, Ms Lee Ching referred to the top 10 tenants on page 73 of the Annual Report and observed that the BHG group of companies contributed 8.3% of CRCT's total rental income in 2018. She queried if it was a concern that the BHG group also had its own REIT (BHG Retail REIT) that owned properties in China.
- 2.26. CEO explained that BHG group has listed arms (listed on the Shenzhen and Shanghai Stock Exchange) and was a leading supermarket and departmental store operator in China. The Manager did not expect the rental income derived from BHG group as tenants in CRCT's malls to be affected by the existence of BHG Retail REIT.
- 2.27. Mr Tan Wan Heng Steven ("**Mr Steven Tan**") suggested that the details of gross floor area ("**GFA**"), gross rentable area ("**GRA**") and net lettable area ("**NLA**") in the portfolio summary on pages 82 and 83 of the Annual Report be repeated in the portfolio details of each CRCT property set out on pages 84 to 94 of the Annual Report for Unitholder's ease of reference.
- 2.28. For his first question, Mr Steven Tan referred to page 11 of the Annual Report which mentioned the AEI implemented to create coworking space at CapitaMall Wangjing, and requested for the Manager's perspective regarding the growth of the coworking sector in the coming years.
- 2.29. CEO explained that CRCT had a good working relationship with UCommune, a leading coworking space operator. He added that the lease of an entire level at CapitaMall Wangjing to UCommune had produced positive results for the mall as UCommune brought in a diverse range of coworking occupants. This was in line with aim of enabling CapitaMall Wangjing to

- attract new groups of shoppers and would help to differentiate CapitaMall Wangjing from the competition.
- 2.30. For his second question, Mr Steven Tan queried if the LURs of CRCT's properties would enable CRCT to move to an integrated platform embracing the concept of "work, live and play". He also queried if a residential element could be incorporated in CRCT's malls.
- 2.31. CEO explained that within the permissible parameters of the LURs of CRCT's malls, some elements of the "work, live and play" concept had already been introduced in various malls within CRCT's portfolio. He added that it was not likely that residential elements, such as serviced apartments could be incorporated within retail malls.
- 2.32. For his third question, Mr Steven Tan wanted to know more about the Manager's efforts to integrate brick-and-mortar shopping with e-commerce.
- 2.33. CEO explained that CRCT was working closely with physical retailers in the creation of their omnichannel that would include the use of e-commerce to reach out to their customers. Both e-commerce and physical shopping malls had equally important roles to consumer lifestyles of today. While consumers could shop online, they also needed to spend time in a physical retail space to socialise with friends and family. In this regard, the Manager is continuously working to inject new concepts, improving its tenant mix, creating engaging experiences.
- 2.34. Mr Lum Yue Wah queried if CRCT's sponsor would consider injecting an integrated development, such as Raffles City Chongqing into CRCT's portfolio.
- 2.35. CEO explained that while the Manager could consider the acquisition of integrated developments should suitable opportunities arise, the Manager's current focus was to source for opportunities to acquire retail malls with stable operating income. As Raffles City Chongqing had not yet commenced operations, it was not suitable for CRCT's current focus.
- 2.36. Mr Henry Ho observed that the LURs for most of CRCT's malls would expire around 2040, and queried if there was a policy risk that the LURs might not be renewed.
- 2.37. CEO acknowledged Mr Henry Ho's concern and highlighted that almost all of CRCT's shopping malls had at least 20 years remaining on their LURs. CEO shared that the Manager was cognisant of the policy risk and believed that China's government would behave rationally and over time, would develop clearer policies and practices regarding the renewal of LURs. CEO also shared that through active portfolio reconstitution, such as the swap deal involving CapitaMall Saihan and Yuquanmall, CRCT would have the opportunity to own newer malls with longer terms remaining on their LURs. CRCT divested its oldest property, CapitaMall Anzhen, in July 2017.
- 2.38. Ms Lim Yuet Syn Linette observed that while CRCT's net property income and other financial metrics had improved over the past three years, CRCT's Unit price had decreased over the same period. Ms Linette Lim queried why the improvement in financial metrics had not increased CRCT's Unit price.
- 2.39. CEO explained that CRCT's Unit price was influenced by many factors, including the slowdown of China's economy and the uncertainties arising out of the trade disputes between China and the United States. As CRCT was taken as a proxy for a China play, CRCT's Unit price had borne the brunt of China's trade and economic uncertainties. Referring to page 57 of the Annual Report, CEO pointed out that CRCT's trading performance had tracked numerous indices closely, including the Shanghai Exchange Composite Index. He urged investors to look at the total return to Unitholders since the time of CRCT's IPO rather than focus only on CRCT's recent Unit price performance.

- 2.40. As there were no further questions on Ordinary Resolution 1, Chairman proceeded to put Ordinary Resolution 1 to the vote of the Meeting. The result of the poll on Ordinary Resolution 1 was as follows:

Resolution 1 (Ordinary Resolution)

For		Against	
No. of Units	%	No. of Units	%
653,379,644	99.94	418,498	0.06

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

3. Ordinary Resolution 2:

Re-appointment of KPMG LLP as Auditors of CRCT

- 3.1. Ordinary Resolution 2 to re-appoint KPMG LLP as Auditors of CRCT to hold office until the conclusion of the next AGM of CRCT, and to authorise the Manager to fix their remuneration was proposed by Chairman.
- 3.2. Chairman also highlighted that KPMG LLP had indicated their willingness to accept reappointment.
- 3.3. Chairman invited questions and comments from the floor.
- 3.4. As there were no questions on Ordinary Resolution 2, Chairman proceeded to put Ordinary Resolution 2 to the vote of the Meeting. The result of the poll on Ordinary Resolution 2 was as follows:

Resolution 2 (Ordinary Resolution)

For		Against	
No. of Units	%	No. of Units	%
652,331,489	99.90	670,542	0.10

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

4. Ordinary Resolution 3:

Authority for the Manager to issue units in CRCT (“Units”) and to make or grant convertible instruments

- 4.1. Chairman explained that such Units must not in aggregate exceed 50% of the total number of issued Units with a sub-limit of 20% for issuance on a non pro-rata basis to Unitholders. Chairman further highlighted that, if approved, the general mandate would, unless revoked or varied by Unitholders in a general meeting, be valid from the date of the AGM until the conclusion of the next AGM of CRCT or the date by which the next AGM of CRCT was required by applicable laws and regulations or the Trust Deed to be held, whichever was earlier.

- 4.2. Chairman also explained 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. The mandate sought by CRCT was within the limits set out in the Listing Manual. In the event of any equity raising under this mandate, Unitholders would be informed through announcements made on the SGXNet. Moreover, if any equity raising would exceed the limits under the mandate, Unitholders' approval would be sought separately.
- 4.3. Ordinary Resolution 3 to authorise the Manager to issue Units and to make or grant convertible instruments, and to issue Units in pursuance of such instruments, was proposed by Chairman.
- 4.4. Chairman invited questions and comments from the floor.
- 4.5. As there were no questions on Ordinary Resolution 3, Chairman proceeded to put Ordinary Resolution 3 to the vote of the Meeting. The result of the poll on Ordinary Resolution 3 was as follows:

Resolution 3 (Ordinary Resolution)

For		Against	
No. of Units	%	No. of Units	%
645,220,329	98.84	7,599,339	1.16

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

5. Ordinary Resolution 4:

Approval of the Renewal of the Unit Buy-Back Mandate

- 5.1. Chairman informed Unitholders that if approved, the renewed Unit Buy-Back Mandate (as defined in the Notice of Meeting) would give the Manager the flexibility to undertake repurchases of Units at any time, subject to market conditions, during the period that the Unit Buy-Back Mandate was in force and on the terms set out in the Notice of AGM and the Letter to Unitholders dated 13 March 2019.
- 5.2. Chairman also informed Unitholders that the Unit Buy-Back Mandate would be a flexible and cost-effective capital management tool to, among other things, enhance return on equity for Unitholders. Additionally, any Unit repurchased under the Unit Buy-Back Mandate would be deemed cancelled immediately on repurchase.
- 5.3. Chairman further stated that the Manager would only exercise the Unit Buy-Back Mandate when the Manager considered it to be in the best interests of CRCT and the Unitholders. No repurchase of Units would be made in circumstances which would have or might have a material adverse effect on the financial position of CRCT. Furthermore, the total number of issued Units which could be repurchased by the Manager pursuant to the renewed mandate was limited to 2.5% of the total number of issued Units as of the date of the AGM. This limit was the same as that approved by Unitholders at last year's AGM.
- 5.4. Ordinary Resolution 4 to approve the renewal of the Unit Buy-back Mandate was proposed by Chairman.

- 5.5. Chairman invited questions and comments from the floor.
- 5.6. As there were no questions on Ordinary Resolution 4, Chairman proceeded to put Ordinary Resolution 4 to the vote of the Meeting. The result of the poll on Ordinary Resolution 4 was as follows:

Resolution 4 (Ordinary Resolution)

For		Against	
No. of Units	%	No. of Units	%
652,721,851	99.98	148,516	0.02

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

6. Ordinary Resolution 5:**Approval of the Manager to issue Units pursuant to the CRCT Distribution Reinvestment Plan**

- 6.1. Ordinary Resolution 5 to authorise the Manager to issue Units pursuant to the distribution reinvestment plan established by CRCT was proposed by Chairman.
- 6.2. Chairman invited questions and comments from the floor.
- 6.3. As there were no questions on Ordinary Resolution 5, Chairman proceeded to put Ordinary Resolution 5 to the vote of the Meeting. The result of the poll on Ordinary Resolution 5 was as follows:

Resolution 5 (Ordinary Resolution)

For		Against	
No. of Units	%	No. of Units	%
652,115,091	99.93	450,532	0.07

Based on the results of the poll, Chairman declared Ordinary Resolution 5 carried.

7. Closing Address

There being no other business, on behalf of the Trustee and the Manager, Chairman thanked all present for their attendance and support, and declared the Meeting closed at 5.15 pm.

Confirmed By
Mr Soh Kim Soon
Chairman of Meeting