



Securities Investors Association (Singapore)

7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111

Tel: (65) 6227 2683 Fax: (65) 6220 6614

Email: admin@sias.org.sg www.sias.org.sg

UEN No: S99SS0111B

GST Reg No: M90367530Y

Issuer: Ascendas Hospitality Trust

Security: Ascendas Hospitality Trust

Meeting details:

Date: 29 June 2018

Time: 2.30 p.m.

Venue: Marina Mandarin Ballroom, Level 1, Marina Mandarin Singapore, 6 Raffles Boulevard, Marina Square, Singapore 039594

Company Description

Ascendas Hospitality Trust ("A-HTRUST") was listed in July 2012 as a stapled group comprising Ascendas Hospitality Real Estate Investment Trust ("A-HREIT") and Ascendas Hospitality Business Trust ("A-HBT"), established with the principal investment strategy of investing, directly or indirectly, in a diversified portfolio of income-producing real estate used predominantly for hospitality purposes, as well as real estate related assets in connection with the foregoing. The asset portfolio comprises 11 quality hotels with over 4,000 rooms geographically diversified across key cities in Australia, China, Japan and Singapore; and located close proximity to central business districts, business precincts, suburban centres, transportation nodes and iconic tourist landmarks. A-HTRUST is managed by Ascendas Hospitality Fund Management Pte. Ltd., the manager of A-HREIT, and Ascendas Hospitality Trust Management Pte. Ltd., the trustee-manager of A-HBT. A-HTRUST is sponsored by Ascendas Land International Pte Ltd, a wholly-owned subsidiary of Ascendas Pte Ltd.

(Source: http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=Q1P)

1. The divestment of the two assets in Beijing was completed on 21 May 2018. The consideration of RMB1,156.4 million was double the valuation and translates to a Net property income yield of approximately 3.3% based on the FY2016/2017 earnings. With the divestment, the group's portfolio consists of six hotels in Australia, two in Japan and one in Singapore.

- (i) With the divestment of the two Beijing hotels, does it signal A-HTRUST's withdrawal from the Chinese hospitality market?**
- (ii) Does A-HTRUST have a target allocation for its portfolio of assets by regions? If so, what is the target allocation?**
- (iii) In addition, what are the key countries and cities beyond the Asia-Pacific region that A-HTRUST has been evaluating?**
- (iv) For any acquisition, what are the factors in determining whether the new asset will be put on a master lease or be operated under a management contract?**

2. As the stapled group has just a fifth of its assets in Singapore, it is exposed to foreign currency risks both in terms of capital value and in cash flow for distribution.

- (i) What is the level of natural hedging for the group's foreign assets? For instance, for the newly acquired hotel in Seoul, what will be the level of natural hedging?**
- (ii) Can the board also provide stapled security holders with an overview of the level of the net investment hedge of the various foreign currency risks, especially the Australian dollar (AUD) and the Japanese Yen (JPY) exposure?**
- (iii) What is the level of oversight provided by the Audit and Risk committee with regard to the group's currency risks and policies?**

3. As noted in the Corporate Governance Report, all key executives (including the CEO) are remunerated with a fixed annual salary, short-term incentives and long-term incentives (page 97).

The short-term incentive is linked to the performance of the individual and of A-HTRUST (including the distribution per stapled security and net property income) while the long-term incentive is tied to the sponsor's performance, as measured by total shareholders' return.

- (i) Would the Remuneration Committee (RC) help stapled security holders understand the maximum short-term incentives and long-term incentives possible under the current remuneration system for key executives?**



- (ii) Would the RC explain in greater detail the reason(s) to link the long-term incentive of key executives to the sponsor's performance and not to the performance of A-HTRUST?**

- (iii) Would the alignment with stapled security holders be further strengthened if the long-term incentive is tied to the performance of the stapled group and not the sponsor (or the manager/trustee-manager)?**