



CAPITALAND RETAIL CHINA TRUST

Annual General Meeting

24 June 2020

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Contents

- FY 2019 Key Highlights
- COVID-19 / 1Q 2020 Updates
- Looking Ahead

MAKING AN IMPACT

By Creating a Resilient Portfolio of Quality Properties...

that Provide the Optimal Mix of Diversification...

and Returns for our Unitholders

FY 2019 Key Highlights



FY 2019: Growing from Strength to Strength



Completed CRCT's Largest Acquisition Since IPO

RMB2,960 million



Successfully Completed CRCT's Largest Equity Fund Raising

S\$279.4 million



Diversify or Expand into Promising Cities

**Changsha
Harbin**

Most Active Portfolio Rejuvenation Since IPO



2019 Total Investment Value¹

RMB3,768.3 million

(4 Acquisitions)



2019 Total Divestment Value²

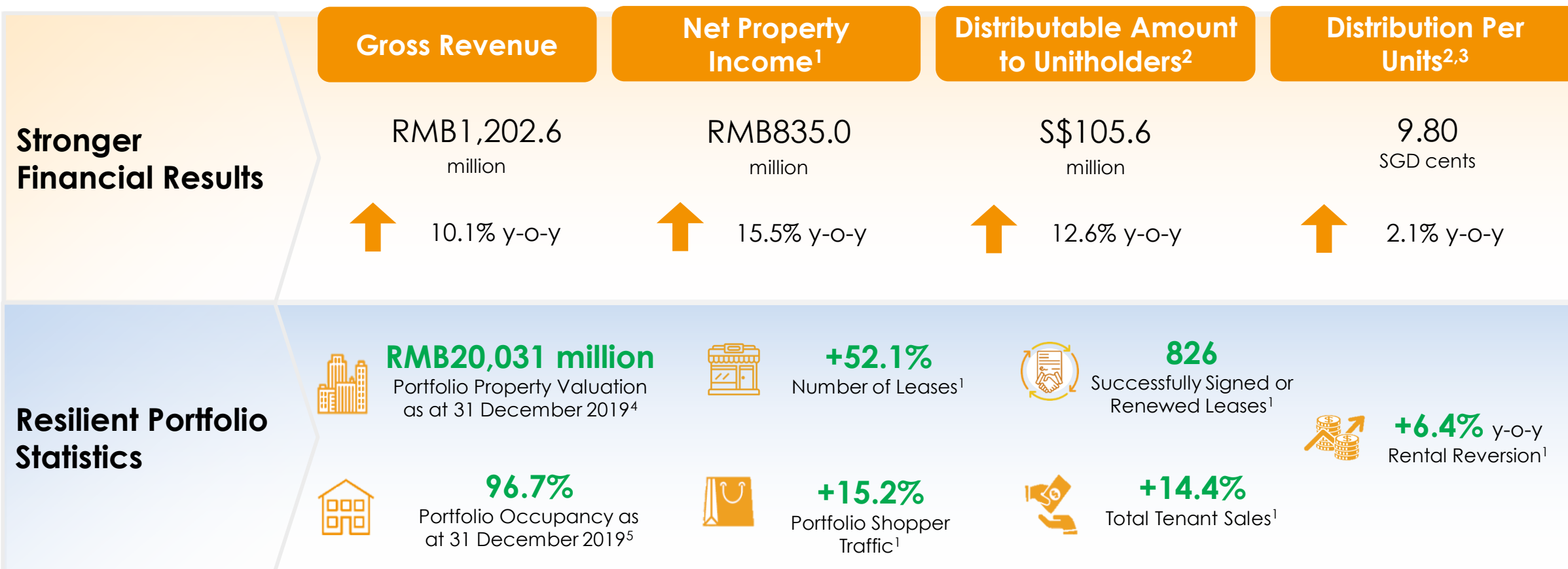
RMB567.1 million

(2 Divestments)

Notes:

1. Based on Agreed Property Value of CapitaMall Xuefu, CapitaMall Aidemengdun, CapitaMall Yuhuating and Yuquan Mall.
2. Based on Agreed Property Value of CapitaMall Saihan and 51% of CapitaMall Wuhu.

FY 2019 Key Highlights



Notes:

1. Refer to CRCT 2019 Annual Report.
2. Before capital distribution.
3. FY 2019 DPU was based on 998.5 million Units from 1 Jan 2019 - 13 Aug 2019 and 1,209.1 million Units from 14 Aug 2019 - 31 Dec 2019. FY 2018 DPU was based on 969.9 million Units from 1 Jan 2018 - 30 Jun 2018 and 980.5 million Units from 1 Jul 2018 - 31 Dec 2018.
4. CRCT has a 51.0% interest in Rock Square; valuation is presented at 100% basis.
5. Based on all committed leases.

FY 2019 Key Highlights

Prudent Financial Management¹



36.7%
Gearing



2.98%
Average
Cost of Debt



~80.0%
Total Debt
on Fixed Rates²



~62.0%
of Undistributed Income
Hedged into SGD²

Commitment to Sustainability³



31.2% reduction
in water usage
from 2008 baseline



38.6% reduction
in carbon intensity
from 2008 baseline



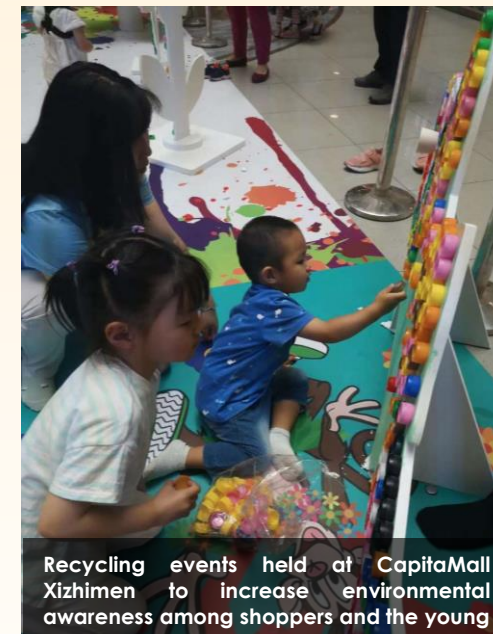
39.8% reduction
in energy usage
from 2008 baseline



CapitaMall Xuefu hosted "Plogging" event where joggers combine running with picking up trash to create a cleaner and greener community



Locals participating in gardening activities at CapitaMall Yuhuafang's verdant rooftop garden

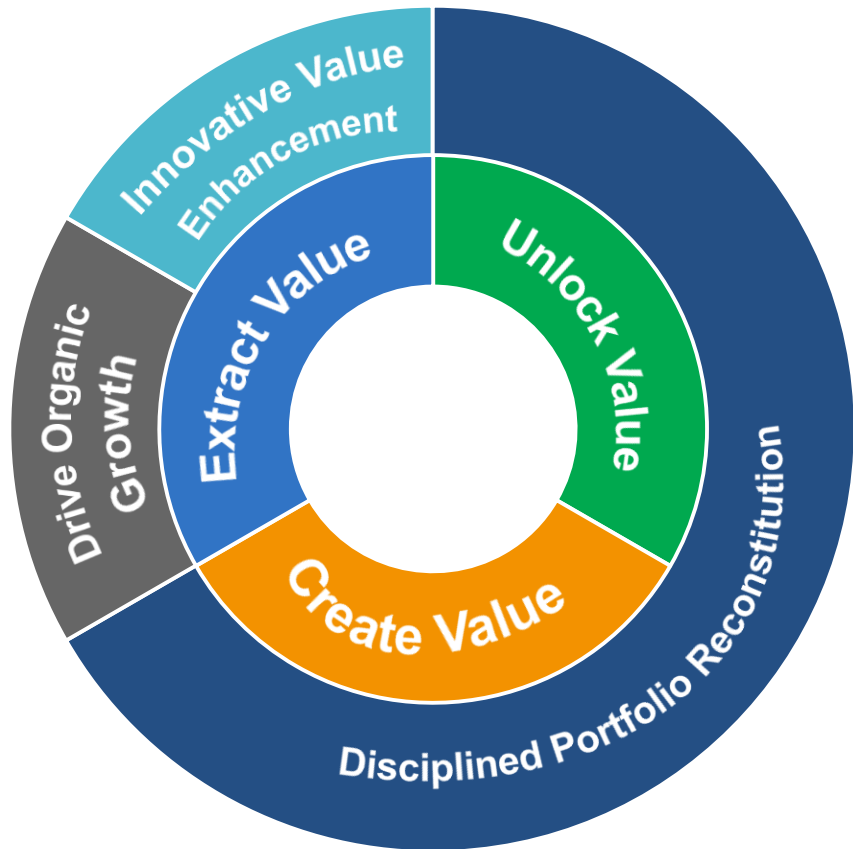


Recycling events held at CapitaMall Xizhimen to increase environmental awareness among shoppers and the young

Notes:

1. Refer to CRCT 2019 Annual Report.
2. CRCT's hedging policy is to hedge at least 50% of undistributed income into SGD and at least 80% of total debt to fixed interest rates.
3. Refer to CRCT website of sustainability section.

FY 2019: Sustaining Momentum...



Key Objectives

1

Create Value

Increase diversification of revenue stream
Expand footprint into more cities

2

Unlock Value

Monetise older assets and acquire newer assets with higher growth potential
Decrease exposure to Master-Leased Malls

3

Extract Value

Drive organic growth through AEI and space reconfigurations

...In Our Portfolio Rejuvenation Journey



Achieve New Milestones...

	2017	2018	2019
Total Assets (\$ million)	2,668.1	2,982.7	3,805.7
No. of Properties	10	11	14
GFA (sq m)	720,661	808,940	1,097,645
Net Property Income (\$ million)	149.2	159.3 ¹	180.1 ¹
Distributable Income² (\$ million)	87.4	93.7	105.6
DPU² (cents)	9.72	9.60	9.80

Notes:

1. Includes 51% contribution from joint venture.

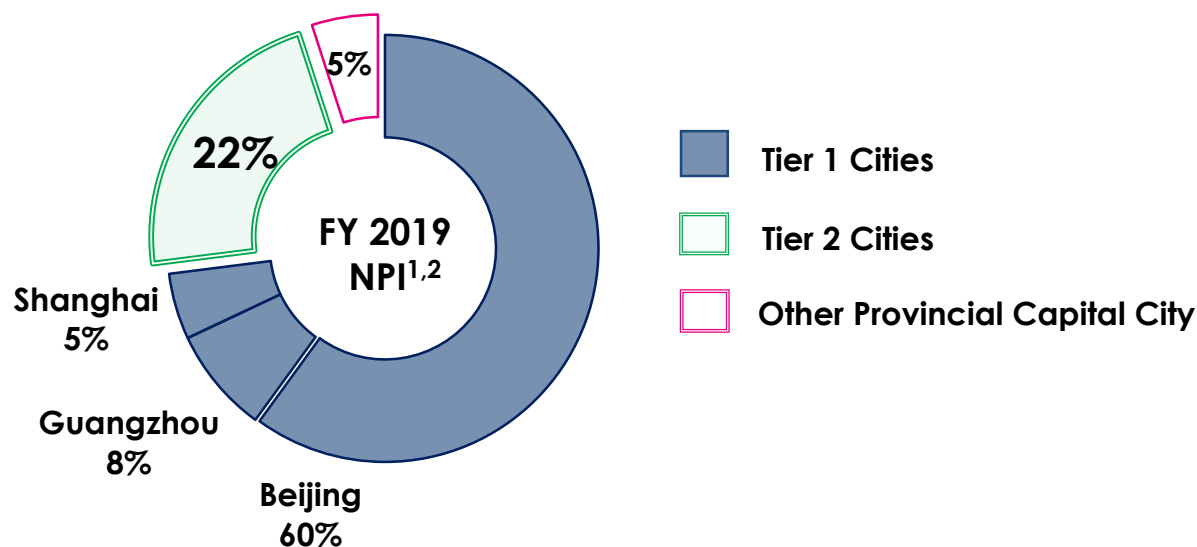
2. Before capital distribution.

...While Creating a Diversified and Resilient Portfolio



Geographically diversified across China

- Established footprint in 9 cities
- 95% of NPI is derived from assets in Tier 1 and 2 cities



Notes:

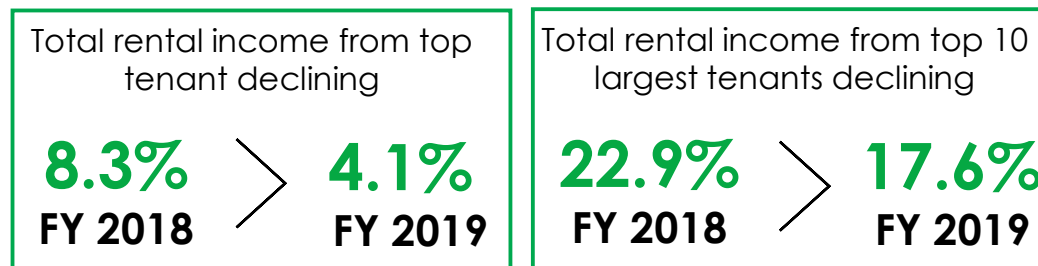
1. Includes CRCT's 51% interest in Rock Square.
2. Excludes the adjustment of FRS 116.
3. As at 31 Dec 2019.



Well-Diversified leases and tenants with focus on core lifestyle needs

1 >2,400 leases across more than 14 trade sectors³

2 Reduced overall concentration risk



3 Majority of leases cater to lifestyle needs such as **daily necessities**

COVID-19 / 1Q 2020 Updates



COVID-19 in China: First In, First Out

Chinese Government

Decisive Actions Taken by Chinese Government to Contain COVID-19

23 Jan 2020

- Imposed travel restrictions on Hubei Province
- Extended official Chinese New Year holiday until 2 Feb 2020
- Closed malls in selected affected cities

Feb 2020

- Established risk rating for cities, counties and districts to monitor hotspots
- Progressive re-opening of offices and factories by provinces
- Rolled out a series of policies to support businesses

Focus on Stimulating Economy to Spearhead Recovery

Mar 2020

- Encouraged enterprises to resume work and production
- Announced that peak COVID-19 outbreak is over
- Launched a consumption campaign to encourage citizens to “Relax, Eat Out and Shop”, issuing digital coupons to stimulate consumption

Apr 2020

- Lifted all remaining transportation curbs and border restrictions in Wuhan
- Reopened schools in China’s biggest cities

May 2020

- Chinese government earmarked “Six Priorities” at the Two Sessions meetings 2020 to focus on employment, basic livelihood, companies, food and energy security, stable supply chains and smooth operation of government

CRCT

Our Prompt Response to COVID-19

Adopted Necessary Precautionary Measures

- Intensify cleaning and disinfecting of common areas
- Conduct temperature checks
- Designated premises for the isolation of persons suspected to be infected with COVID-19
- Conduct contact tracing

Temporarily Closure of mall

- CapitaLand Minzhongleyuan was closed from 27 Jan 2020

Closure of Non-Essential Sectors at 3 malls for a month

- Only essential trades and services remained open in CapitaMall Saihan, CapitaMall Xuefu and CapitaMall Aidemengdun

Tenant Relief Packages for our Valued Retail Partners

CapitaLand offered the following rebates to our tenants in China:

Phase 1

- 100% rental rebate for CapitaMall Minzhongleyuan for the period from 25 Jan – 13 Feb
- 50% rental rebate for all other China malls from 25 Jan – 9 Feb

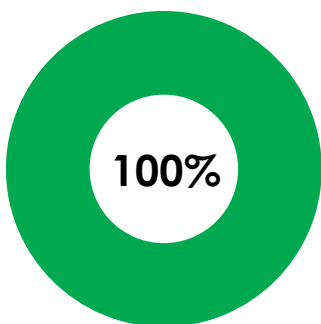
Phase 2

- Introduced targeted rental rebates to most affected tenants in addition to the first relief package
- Facilitating the return to business by providing marketing assistance and flexible lease terms

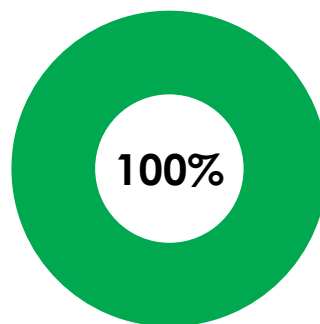
Normality Emerging For Mall Operations

In-Mall Business Activities Recover with Further Easing of COVID-19 Measures

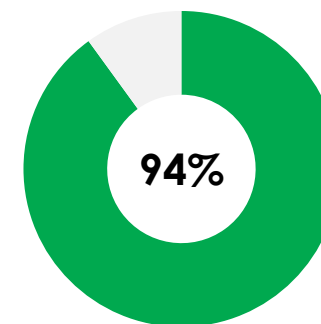
COVID-19 Recovery Progress as at end May 2020



Mall Operations¹



Operating Hours²



Stores Opened³

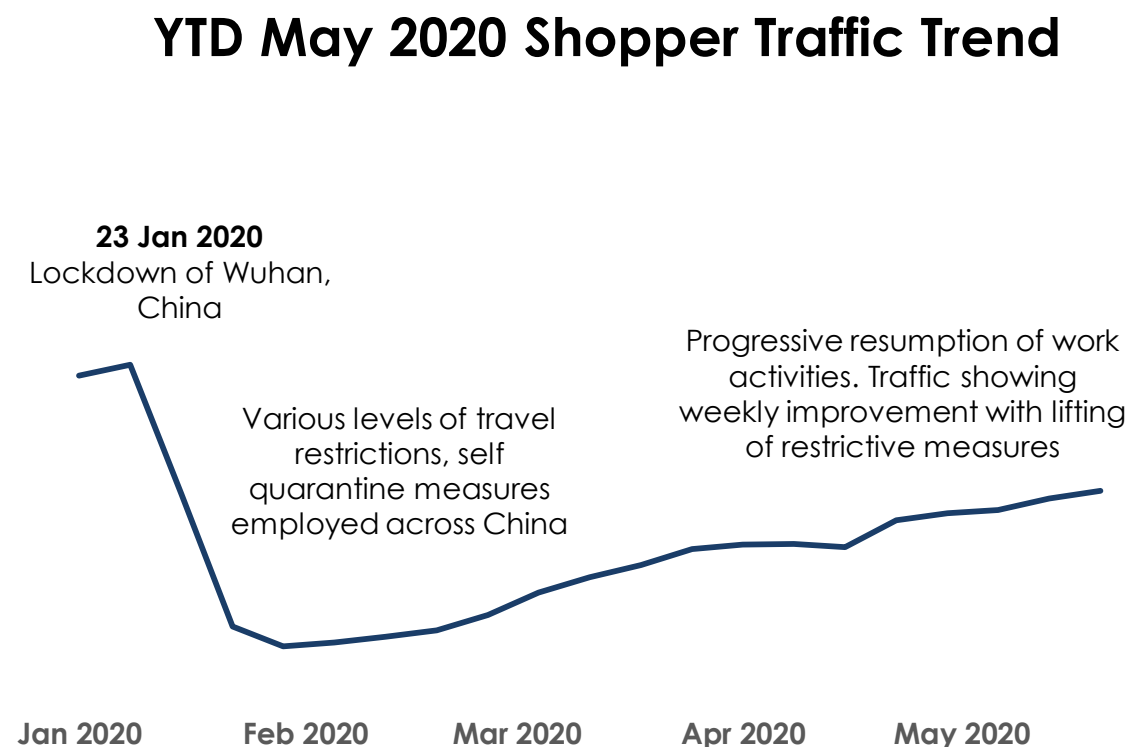
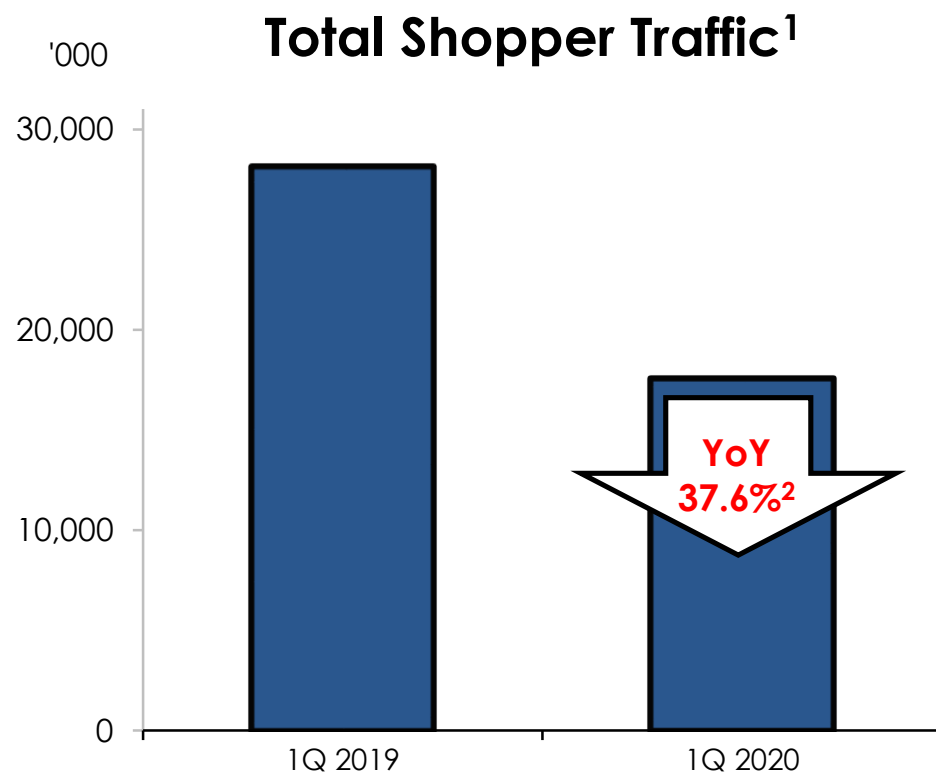
- All malls have **reopened** from 2 Apr 2020
- Malls have reverted to **normal operating hours**, barring regulatory requirements
- 94% of stores have **resumed operations**
- Education, entertainment and leisure trade categories remain closed as mandated by the Government

Notes:

1. CapitaLand Minzhongleyuan was closed from 27 Jan 2020 to 2 Apr 2020 and all non-essential services of CapitaMall Saihan, CapitaMall Xuefu and CapitaMall Aidemengdun were temporarily shut for around a month each as directed by local authorities.
2. Operating hours were shortened at CRCT malls between 25 Jan to 20 Mar 2020.
3. As at 15 Feb 2020, around 34% of stores were opened (by number of stores and excludes master-leased malls).

Recovery Momentum Continues

- 1Q 2020 Reflected Significantly Lower Footfall
- However, Trough Reached in Feb 2020 with Encouraging Signs Exhibited in Subsequent Periods



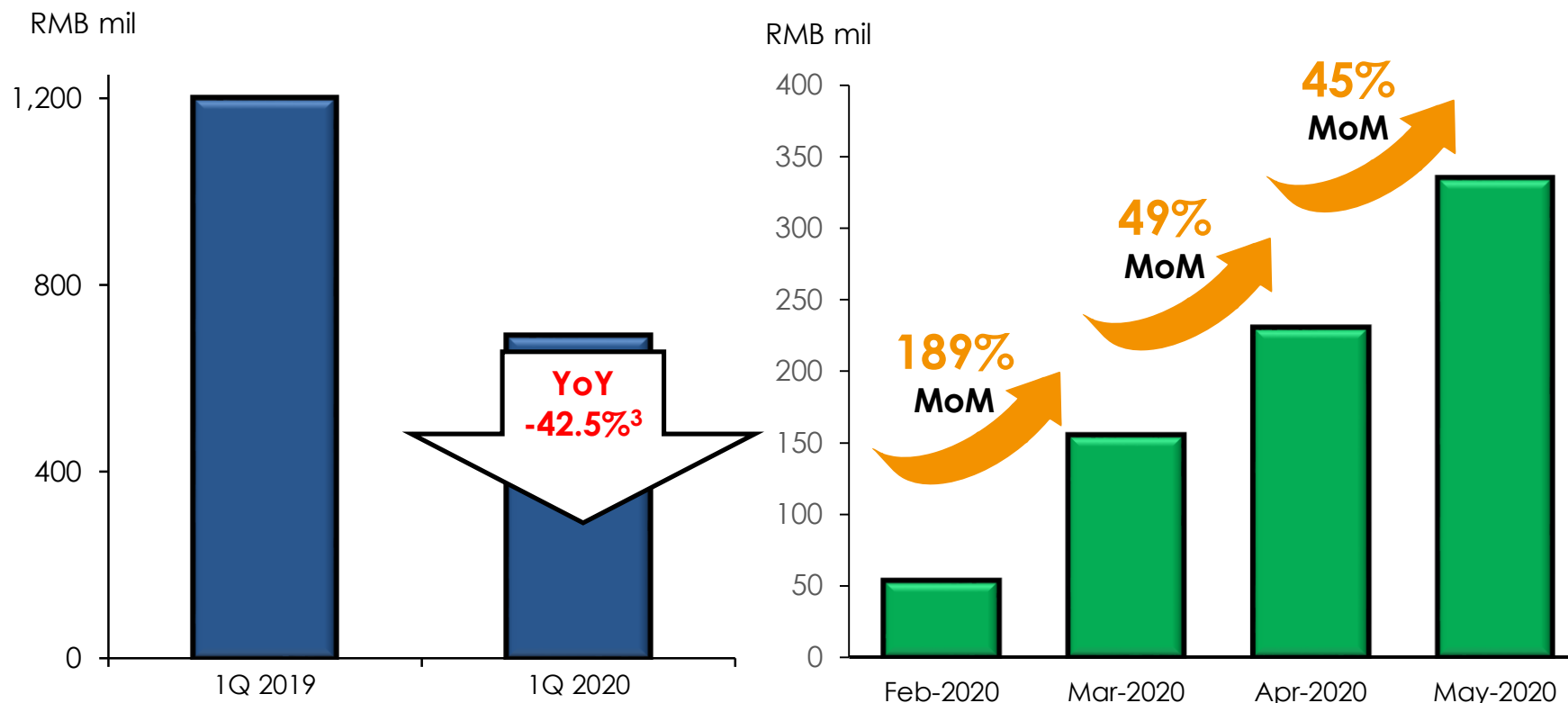
Notes:

1. Excludes master-leased malls.
2. On same mall basis (excluding CapitaMall Xuefu, CapitaMall Aidemengdun, CapitaMall Yuhuating), 1Q 2020 Shopper Traffic is -52.2%.

Recovery Momentum Continues

- 1Q 2020 Reflected Significantly Lower Business and Sales Activity
- Certain Trades Continue to be Restricted and Impacted by Safe Distancing Measures

Tenants' Sales^{1,2}



Notes:

1. Excludes master-leased mall.
2. Excludes tenants' sales from Supermarket and Department Store.
3. On same mall basis (excluding CapitaMall Xuefu, CapitaMall Aidemengdun, CapitaMall Yuhuating), 1Q 2020 Tenants' Sales is -54.8%.

CRCT Portfolio Seeing Encouraging month-on-month Improvement



Healthy Flow of Shoppers Heading Back to CRCT malls



Recovery in Tenants' Sales



Resilient Occupancy

Ongoing Cost Rationalisation

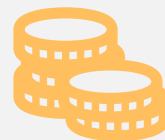
China Released Broad-based Stabilisation and Support Measures Focused on Revitalising Businesses

Experienced team on-the-ground to actively seek out and streamline costs:



Utilities

- 5% off electricity and water tariffs with gas charged at off-peak rates
- Reduced / suspended Sewage Treatment Fees



Subsidies and Taxes

- Financial subsidies and property tax waiver for extending rental rebates support



Alleviating Financial Burdens

- 50% off HR Social Security Fund Contribution waiver
- Lower borrowing costs for businesses

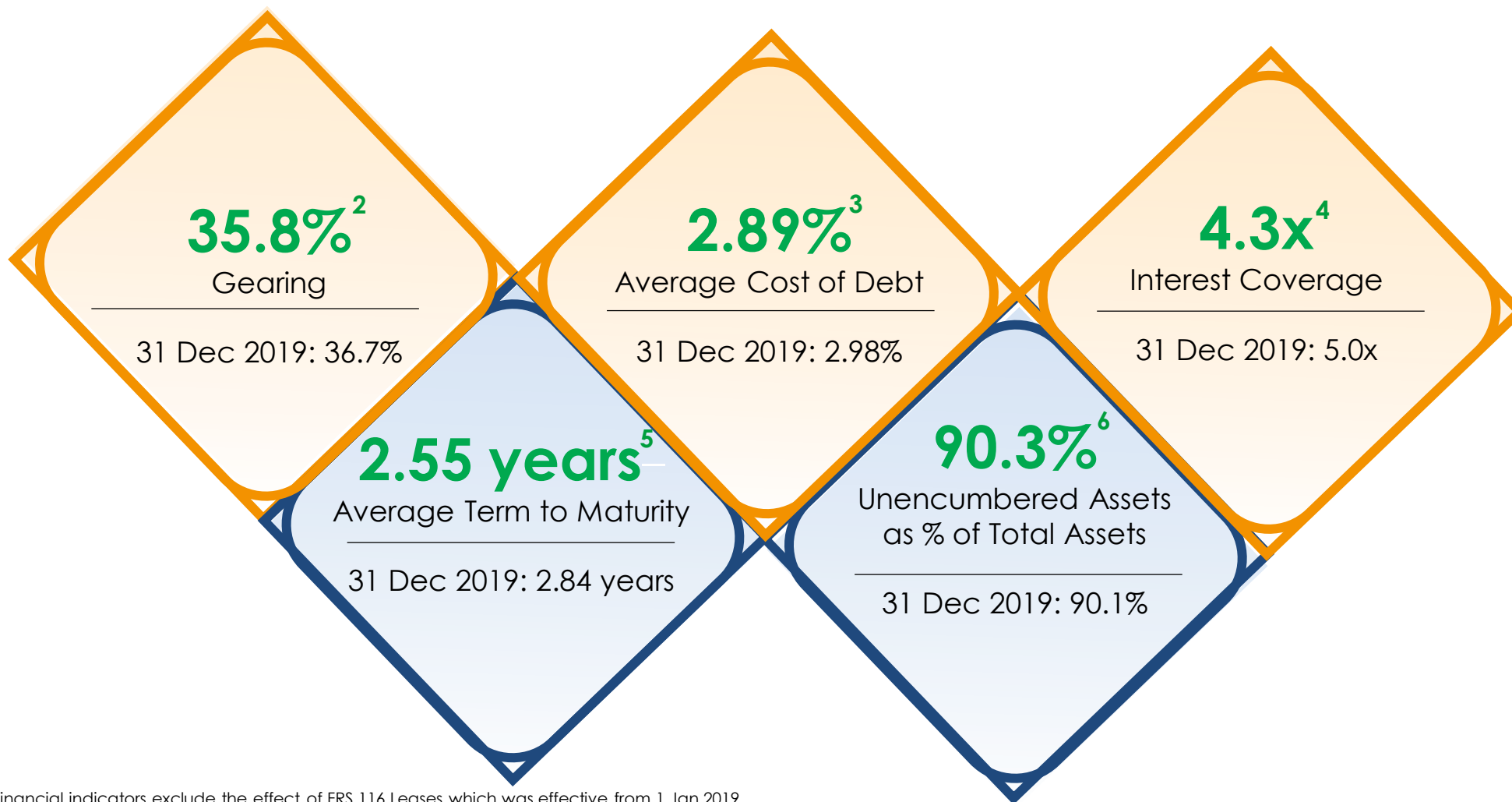


OPEX and CAPEX

- Reduce total OPEX and CAPEX by up to 20%
- Pace non-essential maintenance works
- Optimise marketing expenses with reduction of planned physical events



Financial Strength as at 31 Mar 2020¹

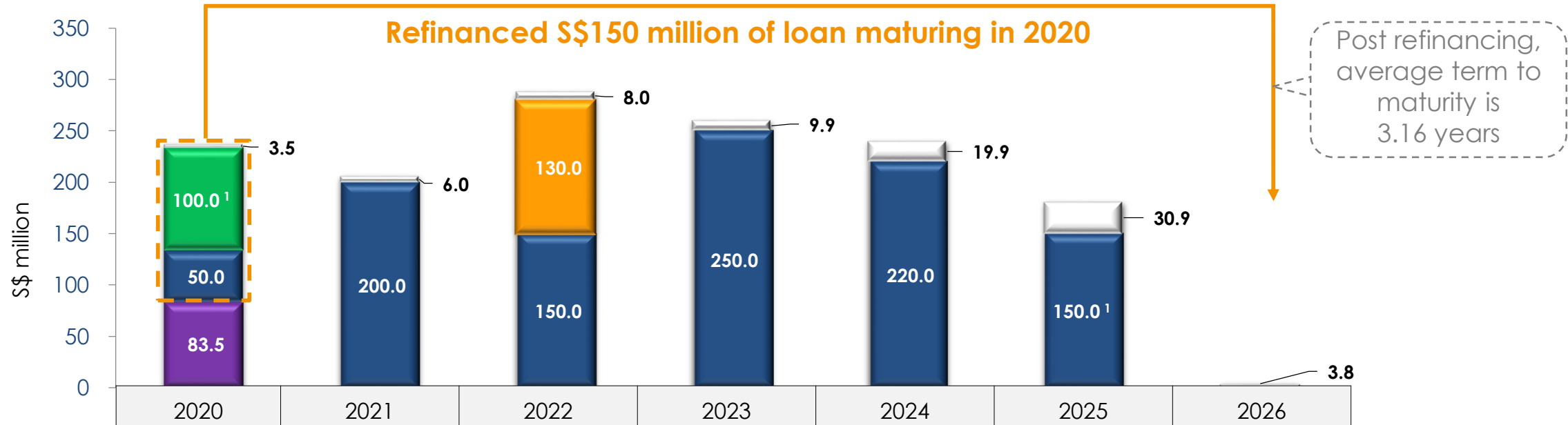


Notes:

1. All key financial indicators exclude the effect of FRS 116 Leases which was effective from 1 Jan 2019.
2. Based on total borrowings over the deposited properties in accordance to Property Funds Appendix (includes CRCT's proportionate share of its Joint Venture's borrowing and deposited property).
3. Ratio of the consolidated YTD 2020 interest expense reflected over weighted average borrowings on balance sheet.
4. Ratio is calculated by dividing the trailing 12 months EBITDA by the trailing 12 months interest expense.
5. After refinancing 2020 outstanding debt of S\$150 million and extending it to 2026, the average term to maturity is 3.16 years.
6. Excludes CRCT's proportionate share of its Joint Venture assets.

Prudent Capital Management

Well-Distributed Debt Maturity Profile (31 Mar 2020)



Total Debt (in SGD million)	237.0	206.0	288.0	259.9	239.9	180.9	3.8	1,415.5
% of Outstanding Debt	16.7%	14.5%	20.4%	18.4%	17.0%	12.7%	0.3%	100.0%

- Unsecured MML
- Secured Onshore RMB Bank Loan
- Notes Issued Under Multicurrency Debt Issuance Programme
- Unsecured Offshore Term Loan
- Floating Bridge Loan

Note:

1. Relates to acquisition of CapitaMall Xuefu, CapitaMall Yuhuating and CapitaMall Aidemengdun.

Proactive Interest Rate & Forex Management

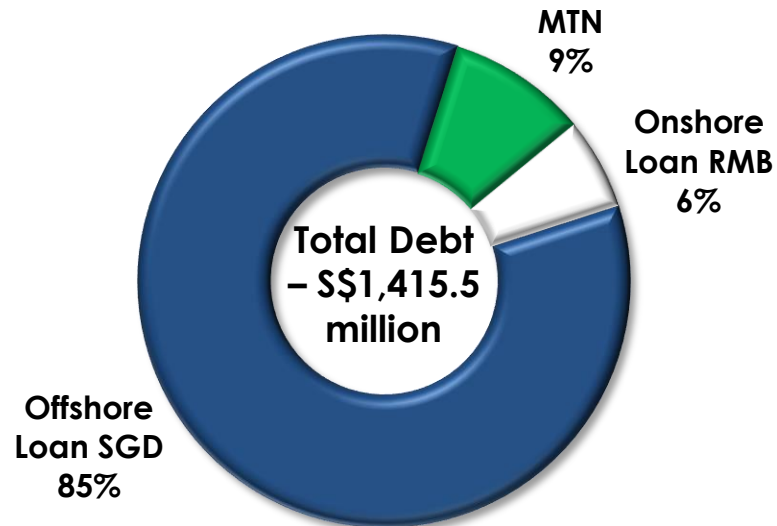
Disciplined Financial Management to Mitigate Risk

MAS raised the leverage limit for S-REIT from 45% to 50%

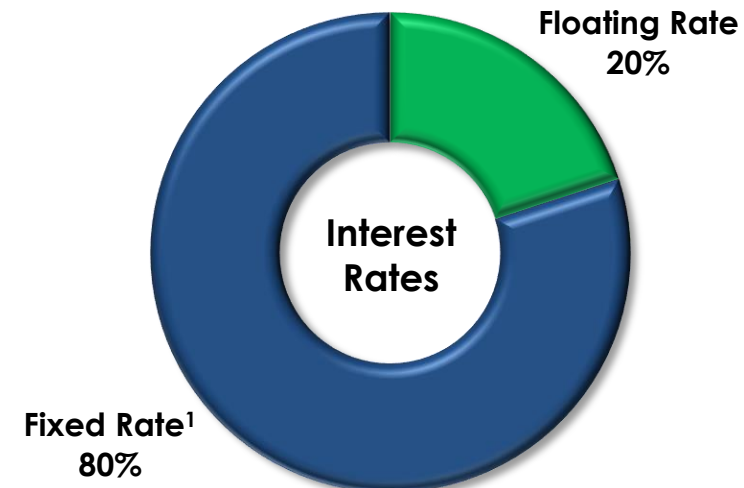
- ✓ Debt headroom of S\$678 million to 45% and S\$1.2 billion to 50%
- ✓ Greater financial flexibility for stability and growth

Adequate liquidity

- ✓ Available credit facilities: **S\$237.1 million**
- ✓ Cash on hand: **S\$227.0 million**



Composition of Borrowings	
Offshore Loan SGD	85%
Onshore Loan RMB	6%
MTN	9%



Impact on:	Assuming +0.1% p.a. increase in interest rate on variable rate borrowings
Interest Expense	S\$ +0.5 million p.a.

Note:

Figures as at 31 Mar 2020, unless otherwise stated

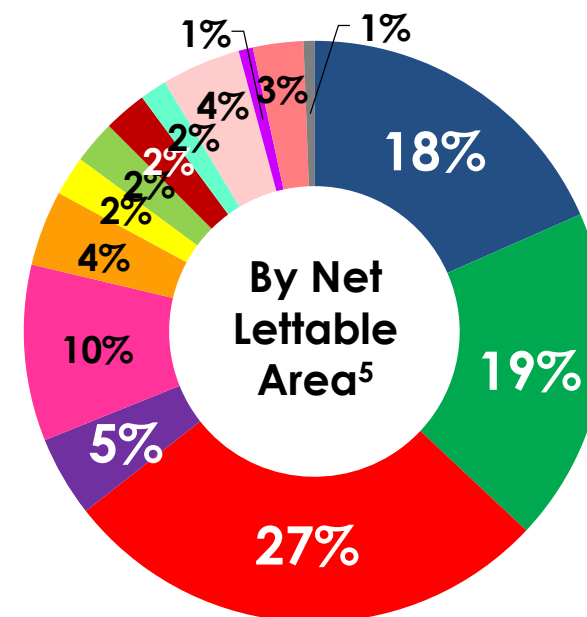
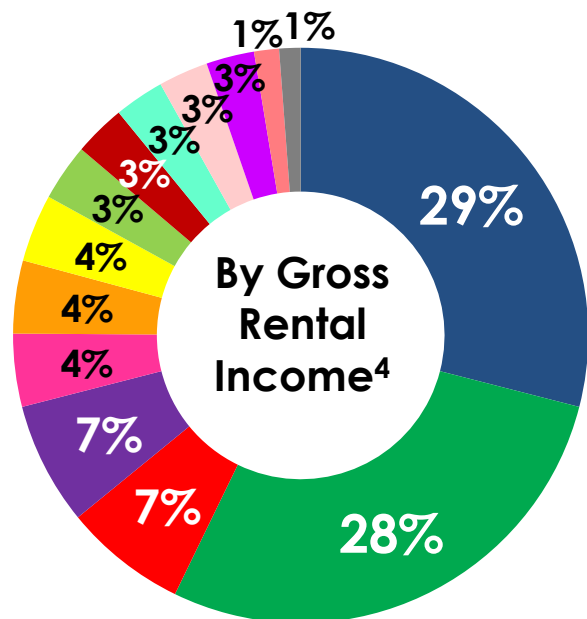
1. 80.0% of total debt is fixed (excluding the MML and BL which were intended to be short term as well as RMB denominated loans).

Resilient 1Q 2020 Portfolio Statistics

Portfolio Occupancy ¹	Weighted Average Lease Expiry (years) ^{1,2}		Lease Expiry Profile ^{1,2}
95.4%	3.7 By Net Lettable Area	2.3 By Gross Rental Income ³	<p>Partly contributed by upcoming lease expiry of anchor tenant at CapitaMall Yuhuating</p> <ul style="list-style-type: none"> In discussion with tenant to explore options for space recovery, unlocking value in well-located asset <p>~ 60% of the 2020 leases are up for renewal in 2H 2020</p>

Strength in Portfolio Diversification and Quality

- Fashion & Accessories
- Food & Beverage
- Supermarket
- Beauty & Healthcare
- Leisure & Entertainment
- Education
- Sundry & Services
- Others
- Sporting Goods & Apparel
- Shoes & Bags
- Jewellery/Watches/Pens
- Houseware & Furnishings
- Department Stores
- Information & Technology



Notes:

1. Based on committed leases as at 31 Mar 2020.
2. Excludes CapitaMall Saihan as the mall will be divested in 2H 2020, and CapitaMall Erqi as the anchor tenant has exited.
3. Excludes gross turnover rent.
4. Percentage of committed gross rental income as at 31 Mar 2020, excluding gross turnover rent.
5. Percentage of committed NLA as at 31 Mar 2020.

Looking Ahead



Supportive Policies and Stimulus to Boost Economy

China

Supporting Businesses, Improving Liquidity and Boosting Domestic Consumption



- China held its annual political event “Two Session” in May 2020
 - Announced fiscal stimulus package of around RMB3.6 trillion to lead China’s economic recovery
 - Tax cut measures is expected to lower businesses tax burden by 2.5 trillion yuan
 - Focused on **accelerating economic recovery and boost employment rate**
- **Macro policies to invigorate economy include:**
 - Monetary policies: Cutting banks’ reserve requirement ratios and interest rates
 - Fiscal policies:
 - **Ramping up infrastructure** investment
 - **Reducing business costs** by lowering tax and providing subsidies
 - **Encouraging consumption** through digital coupons
 - **Protecting jobs** by cutting social security premiums nationwide



Preventive Measures for Continued Containment of COVID-19

- Effective and timely control measures remain to mitigate the reoccurrence of an outbreak
- Drawing from earlier experience, improve tracing, testing and isolation measures
- National efforts to achieve medical breakthrough

CRCT Navigating Ahead

CRCT

Steering through COVID-19 via Active Management

- **Expect higher short term volatility amidst still challenging business environment**
 - Traffic and sales are expected to improve, but are not yet back to pre-COVID levels
 - As retailers realign their business strategies and store expansion plans, leasing activities may slow
 - Frictional vacancy and softer rental rates are expected in the short term
 - Consumers are more cautious in spending
- **Proactively positioned** to capture new opportunities and new demand drivers
- **Cautiously optimistic** for 2H 2020 on government pro-business, pro-consumption stimulus



Committed to Distribution Policy

- Distributing at least 90% of distributable income in financial year, barring unforeseen circumstances

Multi-Prong Strategy to Deliver Value

- Focus on accretive acquisitions, beyond pure retail, to take advantage of market opportunities, strengthen diversification and augment complementary income streams
- Positioned as CapitaLand's long-term China REIT platform for quality income producing assets

Capture Stickiness Across Multiple Platforms

Greater Share of Domestic Consumption through Integrated Platform



Leading digital platform by a real estate player in China and Singapore



Deepen Digital Capabilities

- ✓ An integrated online and offline retail player, riding on omnichannel retailing trend
- ✓ Expansive ecosystem of **10 million members** in China and **more than 1 million** in Singapore
- ✓ Tap on data analytics to understand consumer behavior and preferences to cater to their evolving lifestyle needs

Burgeoning Interest from Retailers

- More than 1,100 retailers in China are onboard CapitaStar's ecommerce platform, with another 3,000 retailers in the pipeline

Benefit from rising sales outreach and higher turnover

Offline Sales accounts for around **75%¹** retail sales in China

Dual Capture of China's Offline and Online Retail Sales Growth

Note:

1. China Bureau of Statistics, May 2020

Adapt Ahead to Capture Opportunities

2020

Create Value



2020

Unlock Value



2020 onwards

Extract Value



Features exciting lifestyle activities that promise to invigorate customers



Nature

Lush indoor gardens and greenery to appeal to shoppers throughout the seasons



Nurture

Fun family edutainment spaces to build bonds and create memories



Recreational

Variety of adrenaline-pumping sports for health and wellness enthusiasts

- Close to 70% leasing interests have been secured
- Targeted Opening: End of 2020

Pre-Termination Compensation

From Anchor Tenant

Pre-termination agreement signed in

4Q 2019

Divested

CapitaMall Erqi

Divestment completed ahead of schedule despite COVID-19 challenges

May 2020

- Timely divestment accord financial flexibility for 2020 developments
- Proceeds improved CRCT's balance sheet and capital reserves

2020

- Opportunity to reconfigure large space into smaller units to introduce **higher-yielding specialty stores**
 - 77.6%¹ of leases expiring between 2020-2021

2024

- Master-leased agreements expiring by 2024
- Opportunity to transform into multi-tenanted mall



- Preparing Ahead for AEI Opportunities and Redevelopment Potential

Key Attributes of CRCT's Strong Foundation

We Are Well-Positioned to Weather Challenges and Pivot Stronger over the Longer Term

- **Resilient and quality portfolio** that caters to strong catchment & necessity spending
- **Strategically located** in densely populated areas with good connectivity to public transport
- **>90%** of our assets are in **Tier 1 and 2 cites**¹

Resilient Portfolio

- **Experienced ground team** with strong domain knowledge to capture new retail and consumer trends
- **Proactive leasing and customer engagement strategy** by collaborating and partnering new-to-market retailers and brands
- **Renew content and refresh offerings** to enhance mall appeal

Track Record of Management Team

Disciplined Financial Stewardship

- **Prudent cost management**
- Leverage on **overall position of financial and operational strength**

Growth Pipeline

- Access to **strong pipeline of high quality assets** held under CapitaLand Group
- **Capital recycling strategy**

Note:
1. By Asset Value as at 31 Dec 2019.



Thank you