CAPITALAND CHINA TRUST

(Constituted in the Republic of Singapore pursuant to a trust deed dated 23 October 2006 (as amended))

ANNOUNCEMENT

ANNUAL GENERAL MEETING TO BE HELD ON 18 APRIL 2023 RESPONSES TO SUBSTANTIAL AND RELEVANT QUESTIONS

CapitaLand China Trust Management Limited, as manager of CapitaLand China Trust (the "**Manager**" and "**CLCT**", respectively) would like to thank all unitholders of CLCT ("**Unitholders**") who submitted their questions in advance of our Annual General Meeting ("**AGM**") to be held at Canning Ballroom, Level 4, Raffles City Convention Centre, 80 Bras Basah Road, Singapore 189560 at **3.00 p.m. (Singapore Time) on Tuesday, 18 April 2023**.

We have grouped the frequently asked questions received from Unitholders into a few key topics. These topics include:

1. Operations

2. Financials

3. Strategy and Outlook

Please refer to our responses to these substantial and relevant questions in the following pages.

The CEO of the Manager, Mr Tan Tze Wooi, will deliver a presentation to Unitholders at the AGM. Please refer to the 2023 AGM Presentation and all AGM-related documents at: https://investor.clct.com.sg/agm-egm.html. Following the conclusion of the AGM, the voting results of the AGM will be uploaded onto SGXNet and made available on CLCT's website. The minutes of the AGM will be published on CLCT's website on or before 17 May 2023.

BY ORDER OF THE BOARD
CapitaLand China Trust Management Limited
(Registration Number: 200611176D)
As manager of **CapitaLand China Trust**

CHUO CHER SHING
Company Secretary

17 April 2023

Important Notice

The past performance of CapitaLand China Trust ("**CLCT**") is not indicative of future performance. The listing of the units in CLCT ("**Units**") on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") does not guarantee a liquid market for the Units. The value of the Units and the income derived from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, CapitaLand China Trust Management Limited, as manager of CLCT (the "**Manager**") or any of its affiliates. An investment in the Units is subject to investment risks, including the possible loss of the principal amount invested. Investors have no right to request that the Manager redeem or purchase their Units while the Units are listed on the SGX-ST. It is intended that holders of Units may only deal in their Units through trading on the SGX-ST.

This announcement is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for the Units.

A. Operations	
1.	**Can you share more about the improvement in shopper traffic and sales that you have seen in your retail portfolio since China's re-opening? In many countries, after re-opening, domestic spending has generally seen a decrease as citizens travelled overseas and flew out of the country for holidays. Was such a phenomenon also seen when China re-opened early this year?**
	China announced its re-opening in early December 2022. During the initial loosening of measures, there was an initial pickup in shopper traffic. However, shopper traffic saw a sharp decline towards the second week of December (from 11 December 2022) as the number of COVID-19 cases surged in China. There was a turnaround towards the end of December 2022 and into early January 2023 during the Christmas and New Year periods and as the wave of infections subsided. Shopper traffic increased by approximately 58% week-on-week in the last week of December 2022. During the 2023 Chinese New Year Golden Week period, shopper traffic recovered to 92.4% of the comparable period in 2022, despite an increase in "return-to-hometown" and domestic travels. Thereafter, February 2023 saw a further uptick in shopper traffic numbers, especially for our Beijing properties. Moving into March 2023, our 1Q 2023 portfolio shopper traffic has surpassed that of 1Q 2022 by 10.6%, with the stronger malls showing double-digit percentage increases compared to last year. The total shopper traffic for our portfolio has reached around 75% of pre-COVID levels. Our sales recovery has improved ahead of shopper traffic, with our January and February 2023 tenant sales surpassing those of 2022 and almost reaching pre-COVID levels at approximately 98%. In conclusion, notwithstanding an increase in inbound and outbound travel in China, we are seeing higher shopper traffic and sales recovery at our malls.
2.	**Do business and logistics parks that CLCT is increasing its exposure to generally offer better rental yields than retail malls?**
	For the financial year ended 31 December 2022 ("**FY 2022**"), our retail portfolio has a net property income yield ("**NPI**") of 4.3%[1] while our new economy segment comprising business parks and logistics assets has a NPI yield of 6.1%. Hence, our new economy segment offers better NPI yields as compared to retail malls.
3.	**The occupancy for CapitaMall Xinnan has declined from 95.0% as at 31 December 2021 to 86.2% as at 31 December 2022. Can you please share more insights regarding CapitaMall Xinnan's performance?**
	CapitaMall Xinnan was heavily positioned towards fast fashion brands, and this trade did not resonate with new consumer spending and preferences, particularly during the COVID-19 period. Hence, CapitaMall Xinnan's occupancy was affected by the rationalisation of the stores by several fast fashion tenants that were severely impacted by the COVID-19 situation and related measures. We are looking to rejuvenate the mall by focusing on optimising tenant mix to improve its offerings. We aim to target new brands that cater to the young and trendy shoppers.

[1] NPI yield excludes CapitaMall Qibao.

	In 1Q 2023, we brought in a diversified trade mix of new tenants in the fashion, sports, food and beverage and beauty sectors. Hence, we expect the occupancy for CapitaMall Xinnan to improve in 2023.
4.	**Can you explain the decline in occupancy rate for these three business parks - Ascendas Innovation Towers, Singapore-Hangzhou Science Technology Park Phase I and Singapore-Hangzhou Science Technology Park Phase II in 2022?**
	The occupancy decline can be attributed to three key reasons. Firstly, the business environment has been challenging as a result of the COVID-19 resurgence that occurred across the year. The disruption in business has led to cash flow and operations issues for some tenants. Business owners were also more prudent and postponed making leasing decisions. Tenants in the e-commerce industry were especially affected as business confidence and online retail sales were significantly impacted. This caused higher pre-termination of leases in the e-commerce space, which is one of the key sectors of our Singapore-Hangzhou Science Technology Park Phase I and II assets. Secondly, some tenants also took the opportunity to tap on government grants to move into certain areas or to build their own properties based on the government funding that is available. Thirdly, there has been an increase in business parks in general, resulting in increased competition and rent pressure. To improve occupancy at our business parks, we are focused on capturing demand from more resilient, high-growth sectors such as biomedical sciences, engineering and electronics. We are also targeting existing tenants which have additional space needs and which are securing renewals, while continuously sourcing for a new pipeline of tenants.

B. Financials	
5.	**Please explain the decrease in Net Asset Value (“NAV”) per unit from $1.56 to $1.38 in FY 2022.**
	The decrease in NAV per unit as at 31 December 2022 is primarily due to the stronger SGD against RMB by 9%. As the reporting currency for NAV is in SGD, the assets that are denominated in RMB have been translated to SGD, which resulted in the decline. The underlying investment properties remain resilient, with the portfolio valuation in RMB terms increasing 2.0% year-on-year in FY 2022.
6.	**Given the rising interest rate environment, what is to be expected in relation to the average cost of debt (“COD”) for CLCT in the financial year ending 31 December 2023 (“FY 2023”)?**
	In FY 2022, our overall average COD increased from 2.62% as at 31 December 2021 to 2.97% as at 31 December 2022, with the COD being approximately 52 basis points higher in the second half than in the first half of FY 2022. CLCT hedged approximately 54.5% of its undistributed income for 2H 2022 into Singapore dollars to minimise the impact of foreign currency fluctuations. As at 31 December 2022, CLCT’s gearing was at a healthy 39.6%, which is well below the regulatory limit of 50%. Given the borrowing profile (SGD/RMB), we are subject to a global rise in interest rates. Our FY 2023 COD is expected to move in tandem with the general interest rate environment in 2023. CLCT’s financial position remains strong with a well-staggered debt maturity profile and diversified

	sources of funding. CLCT has secured credit facilities or commitments to refinance loans due in FY 2023. To mitigate interest rate risk exposure, about 71% of CLCT's term loans are on fixed interest rates. CLCT is looking to leverage the lower interest rates in China, and will continue to actively look at ways to do so by taking on more RMB denominated debts during portfolio reconstitution.

C. Strategy and Outlook	
7.	**What are China's macro-economic policies and their impact on CLCT in 2023?**
	At the recent Two Sessions 2023 that concluded in March 2023, the Chinese government announced a gross domestic product ("**GDP**") growth target of around 5% for 2023, together with a target of creating 12 million new jobs – the highest on record. The Chinese government also reiterated the focus on high-quality growth, emphasising its commitment to reform and open up[2]. Since the expansion of our mandate in 2020, CLCT has been focused on aligning and shaping our business in tandem with China's economic and development plans. Our move to acquire new economy assets has not only diversified our risks, but also placed CLCT on track to leverage the structural upgrading of China's economy and benefit from the country's innovation-driven growth. These properties contribute to the greater stability and vibrancy of our overall portfolio. With the worst of China's COVID-19 situation behind us, we expect CLCT's retail portfolio to improve in 2023, supported by strategically timed asset enhancement initiatives ("**AEIs**") and space reconfigurations. Looking ahead, we will focus on maintaining a strong balance sheet through disciplined capital management and the use of appropriate hedging instruments, while actively looking to unlock value from mature assets to increase our financial capacity. We will also seek out yield-accretive acquisitions to further enhance CLCT's portfolio quality. We look forward to leveraging China's re-opening and pro-growth policies to deliver sustainable long-term value to Unitholders.
8.	**What are your inorganic and organic growth plans? Will you consider moving into data centres?**
	Our aim is to position our vehicle as the proxy for growth in China's future economy across multiple sectors. Organically, we have AEIs planned at Rock Square and CapitaMall Grand Canyon in 2023 that will enable us to introduce a wider variety of trendy retail options to increase stickiness of consumers and tenants to our retail properties. Inorganically, we intend to continue building up our exposure in the new economy sectors that would include business parks, logistics parks, and emerging industrial assets including data centres. As we continue to grow and build our assets under management, supported by improving cost of capital, we intend to evaluate integrated development projects that are generally larger in asset size. From a capital recycling standpoint, we are focused on monetising some of the mature, lower growth and lower yield assets, and reinvesting the funds to higher quality assets to increase our earnings diversification and resilience.

[2] Goldman Sachs, China Musing – Key things we've learnt from the 2023 Two Sessions, 19 March 2023

	In evaluating investment opportunities, we will remain prudent, exercise investment discipline and assess each deal based on its merits to ensure that it is in line with our investment strategy, that it will strengthen CLCT's portfolio and that it will benefit Unitholders.
9.	**Can you share more about the Right of first refusal ("ROFR") that you have from the Sponsor?**
	CapitaLand Investment Limited ("**CLI**" or the "**Sponsor**") is one of the leading real estate players in China with an established presence of more than 30 years. As CLI's China-focused S-REIT, we have a ROFR for new acquisitions in retail-focused assets in China. In addition, we have an acquisition pipeline access to assets that include 12 retail assets, 29 commercial/integrated development assets and seven new economy assets[3] in China. Since the initial public offering ("**IPO**") of CLCT, we have established a track record of acquiring from both the Sponsor's pipeline as well as third-party vendors. We will continue to tap on our management strength and expertise, and take advantage of market opportunities to create a future-proof portfolio.
10.	**China has recently unveiled new policies related to the China-REIT ("C-REIT") pilot programme, expanding the underlying asset types to include retail properties such as shopping malls and department stores. How are you thinking of leveraging this? Would you consider a dual listing?**
	The announcement from the National Development and Reform Commission ("**NDRC**") and China Securities Regulatory Commission ("**CSRC**") on piloting a new asset class is a positive development for C-REITs. CLCT is studying the policy details and evaluating options that will bring about value extraction, including participating in C-REIT programmes in various ways, which could potentially include being a co-Sponsor or a strategic investor. The current C-REIT framework does not support a dual listing alongside the Singapore REIT ("**S-REIT**"). However fundamentally, the investors in a C-REIT, compared to a S-REIT, are different. The main investors of C-REITs are domestic Chinese investors while S-REITs target a global investor base. This distinction creates a natural difference in positioning between both markets. We will continue to evaluate the developments and work collaboratively with the Sponsor to participate in ways that will bring value to our Unitholders.

[3] These refer to retail and new economy assets that CLCT does not have ownership of in Sponsor's portfolio (except Ascendas Xinsu Portfolio).