

CAPITALAND CHINA TRUST
2023 Annual
General Meeting

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Please click to access CLCT's Annual Report 2022 and Integrated Sustainability Report 2022

FY 2022 Key Highlights

Future-Ready and Resilient Portfolio

First and Largest China-Focused S-REIT

Portfolio

11 Retail Malls

5 Business Parks

4 Logistics Parks



Located in

12 cities



Gross Floor Area

~2 mil sq m



Total Assets

S\$5.2 billion



Market Cap

S\$1.9 billion



Distribution per Unit

7.50 S Cents



Distribution Yield

6.7%¹

Note:

1. Distribution yield of 6.7% based on 2022 DPU of 7.50 S cents and unit price of S\$1.12 as at 31 March 2023.

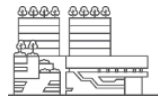
Strategic and Timely Pivot

Reconstituted Portfolio Strategically Aligned with China's Long-Term Economic Plans

2019

COVID-19 first emerged

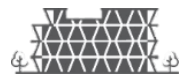
Expanded Mandate



Retail Pureplay

Well-located assets with captive catchments that targets the Middle-Income Group

2020



+ Business Parks

Increase CLCT's exposure to China's technological innovation drive

2021



+ Logistics Parks

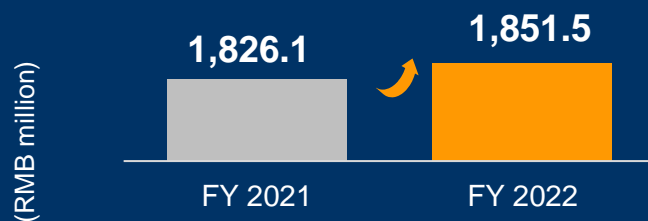
Captures a larger pie of China's domestic consumption flows

Multiple Pillars of Growth Strengthened Earnings Resilience that Helped to Tide through COVID-19 Challenges

- ✓ Expanded Investment Strategy Captures Real Estate Trends that Focus on **Domestic Consumption** and **Innovation-Driven Growth**
- ✓ **Active Reconstitution and Acquisition Growth Track Record** - from Sponsor and Third-Party Vendors
- ✓ Strong Management **Track Record** leveraging on **Sponsor's Domain Knowledge and Comprehensive Real Estate Platform** in China

2022 – Resilient Performance Amidst a Challenging Year

+1.4%
Gross Revenue



+1.5%
Net Property Income



(14.1%)
Distribution per Unit



FY 2022 Headwinds Faced



Challenging operating environment due to **stringent pandemic controls and restrictions across China** that resulted in more closure days (~4x as compared to 2021)

- FY 2022 Traffic: -20.1% YoY
- FY 2022 Tenant Sales: -12.7% YoY



Higher rental relief from prolonged lockdowns (2022: 0.8 months; 2021: 0.3 months), especially in 2H 2022



Rising interest rate environment

2022 – Seized Opportunity to Rejuvenate Portfolio


Portfolio
Valuation **+2.0%**
YoY


Occupancy

- Retail: **95.4%**
- Business Park: **91.4%**
- Logistics Park: **96.4%**

Rental Reversion

Achieved First Positive Rental Reversion for Retail Portfolio since the Start of COVID-19



+2.7%

Retail Portfolio



+6.4%

Business Park Portfolio



+6.6%

Logistics Park Portfolio

Focused on Proactively Managing our Assets for China's Reopening in 2023



Engaged in **Asset Enhancement Initiatives (AEIs)** and **space reconfigurations** to launch new trending retail concepts and position our malls in preparation for China's reopening

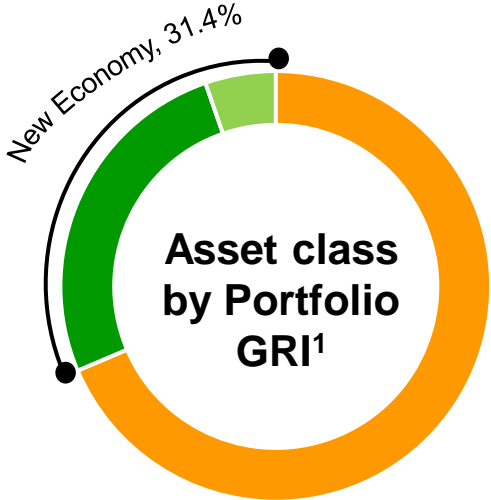


Contributions from **newly acquired business parks and logistics parks** helped to offset weakness in retail segment

Resilient Income Underpinned by Well-Diversified Portfolio

Asset Class Diversification

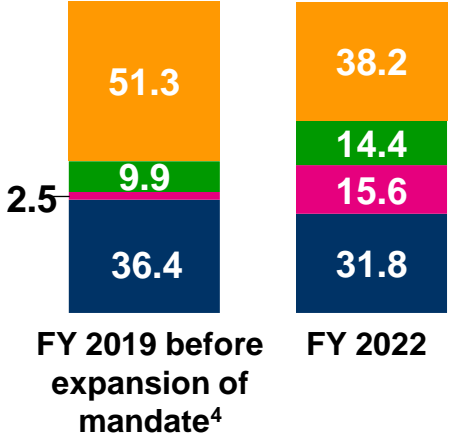
- Retail, 68.6%
- New Economy – Business Park, 26.1%
- New Economy – Logistics Park, 5.3%



Geographical Diversification

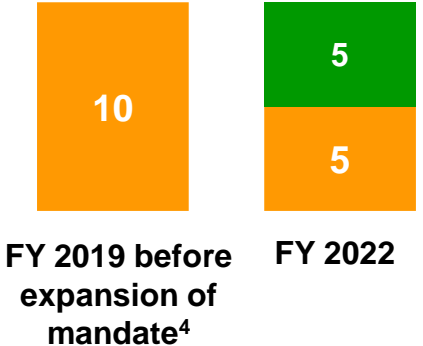
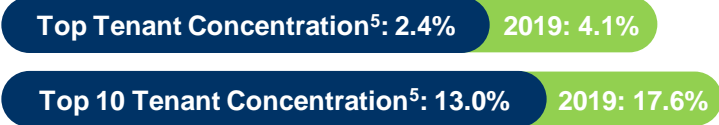
Increased presence in Yangtze Delta region² from 2.5% to 15.6%

- Beijing
- Guangzhou
- Yangtze Delta²
- Other Tier 2 and Provincial Cities³



Increased Diversification of Top 10 Tenants

- Retail
- New Economy



Notes:

1. Current portfolio includes retail (Excluding CapitalMall Qibao) and new economy portfolio as at 31 December 2022 on a 100% basis. Excludes CapitaMall Qibao as the Manager is ceasing operations at the mall ahead of the master lease expiration in January 2024.
2. Including Shanghai, Suzhou, Kunshan and Hangzhou.
3. Including Changsha, Chengdu, Xi'an, Wuhan, Harbin and Hohhot.
4. As at 31 December 2019. Included 51% of Rock Square and excluded CapitaMall Erqi as the divestment was completed in May. CapitaMall Saihan's valuation was based on the agreed property selling price as it was classified as asset held for sale.
5. Based on % of total rental income, including both gross rental income and the gross turnover rental income (GTO) components to account for pure GTO leases.

Optimising Portfolio to Enhance Returns

Extracting Value through Well-Staggered Asset Enhancement Initiatives



CapitaMall Xizhimen

● Reconfiguration

- Redesigned a total of 879 sq m to bring in a refreshed tenant list that is aligned to the latest retail trends
- Registered a 46.0% increase in total rent

Completion: 1Q 2022



CapitaMall Wangjing – Phase 2 AEI

● AEI

- Recovered department store space and transformed it into ~7,100 sq m of high-quality experiential space that feature more than 70 new shops
- >100% rental reversion for AEI area

Completion: 3Q 2022



CapitaMall Yuhuating

● AEI

- Recovered ~8,900 sq m of anchor supermarket space to create specialty tenant space, injecting more lifestyle offerings and experiences
- Committed leases of around ~90% of NLA as at end of March 2023
- >15% expected ROI

Completion: 1Q 2023



CapitaMall Grand Canyon

● Reconfiguration

- Recovered ~1,700 sq m of Fashion space and bringing in diversified trade mix ranging from Electric Vehicle to F&B, Beauty and Furniture tenants
- 100% of AEI area leased out by 31 December 2022, with all commencing operation by March 2023
- Post-AEI rental increase: 7.4%

Completion: 1Q 2023

Portfolio Rental Reversion

Proactive Leasing Strategy for 2022:
Focus on Securing Quality Leases in Resilient and High Growth Sectors Contributed to Positive Reversions

 **+2.7%**
Retail¹

- Achieved first positive reversion since start of COVID-19, boosted by CapitaMall Wangjing's AEI and CapitaMall Yuhuating's reversion of +8.6%
- Enlarging quality essential trade categories while capturing positive reversions:

Sector	% of Retail Portfolio by GRI	Reversion
F&B	32.4%	+0.9%
Sundry & Services	6.2%	+24.4%
Jewellery	4.0%	+28.0%
Information & Technology	3.2%	+35.8%

Note:
1. Excludes CapitaMall Qibao.

New Tenants:



  **+6.4%**
New Economy

- Positive reversion achieved for all New Economy assets
 - ✓ Business Parks: +6.4%
 - ✓ Logistics Parks: +6.6%
- High Growth Sectors remain as the top performing trade categories by rental reversion:

Sector	% of New Economy Portfolio by GRI	Reversion
Electronics	16.9%	+5.1%
Engineering	11.6%	+9.6%
Information & Communications Technology	9.7%	+5.2%
Biomedical Sciences	7.4%	+13.9%

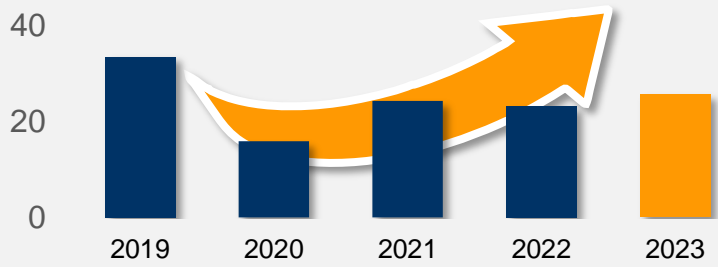
New Tenants:



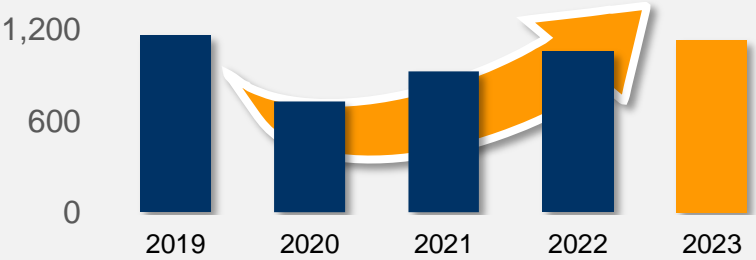
Traffic Recovery Observed and Jan – Feb 2023 Sales Reached Pre-COVID-19 Levels

Portfolio Traffic and Tenant Sales¹

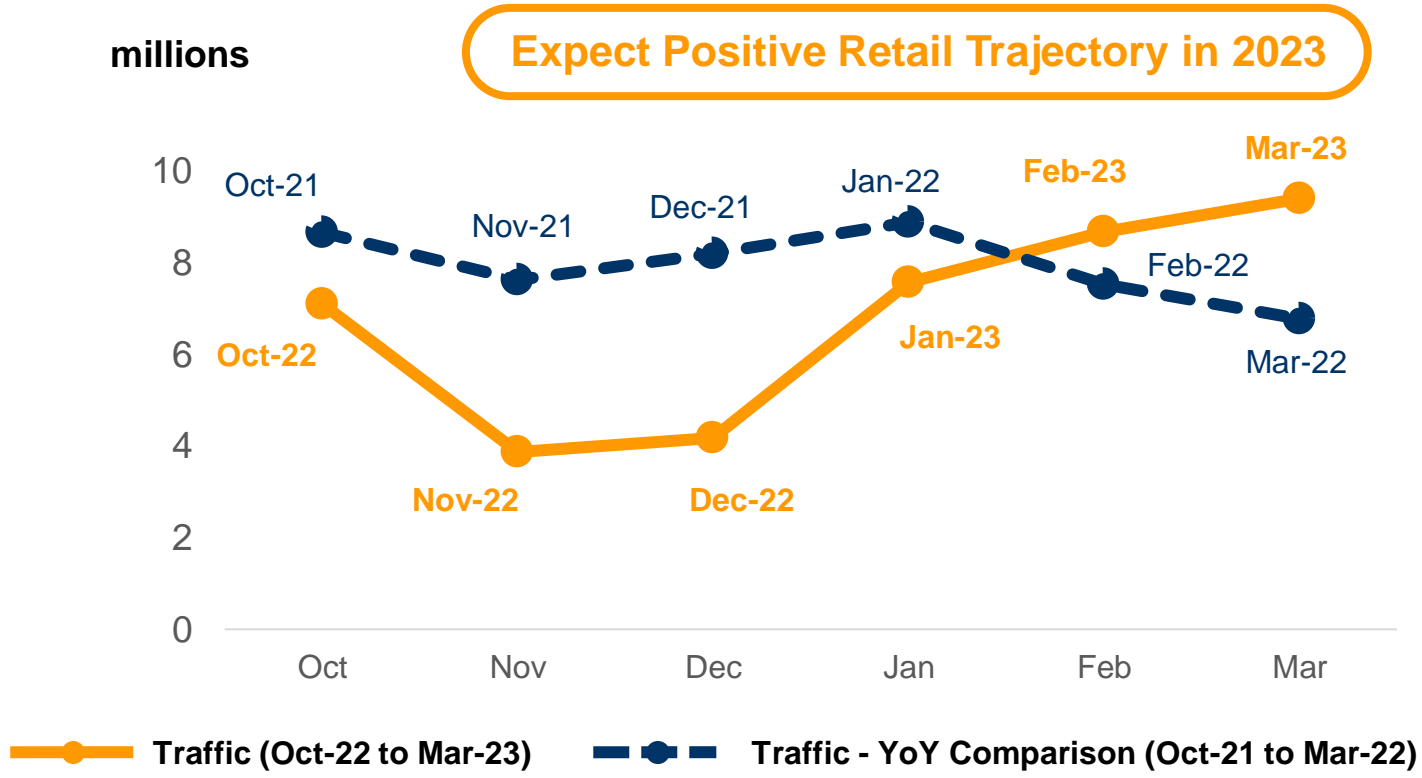
1Q YoY Traffic² (million)



Jan - Feb YoY Tenant Sales² (RMB million)



Improved YoY Performance for Traffic in Feb and Mar 2023



Notes:
 1. Tenants' Shopper Traffic and Sales are based on CLCT's respective holding period of its multi-tenanted assets (namely CapitaMall Xizhimen, Rock Square, CapitaMall Wangjing, CapitaMall Grand Canyon, CapitaMall Xinnan, CapitaMall Nuoheemule, CapitaMall Xuefu, CapitaMall Aidemengdun and CapitaMall Yuhuating).
 2. Shopper Traffic and Tenant Sales excludes CapitaMall Qibao as the Manager is reviewing the mall's operations leading up to the expiration of the master lease in January 2024.

Integrating Sustainability into our Business



Maintained an “A” for **GRESB Public Disclosure 2022**



Established annual green building certification targets tied to **remuneration of key management**



Attained **LEED Gold** certification for CapitaMall Wangjing and Rock Square



Implemented **green leasing** for retail and business park assets



Initiated development of solar panel installation for Kunshan Bacheng Logistics Park to generate **renewable energy**



Achieved 63.0%, 56.9%, and 55.5% **reductions** in carbon emissions intensity, energy consumption intensity, and water consumption intensity compared to 2008 baseline respectively



100% of CLCT staff in Singapore and 98.8% of CLCT staff in China participated in **ESG-related training**, averaging 43.9 hours



Obtained **sustainability-linked loan** of S\$300.0 million



Increased **female representation** on Board to 25.0% (2021: 11.1%)

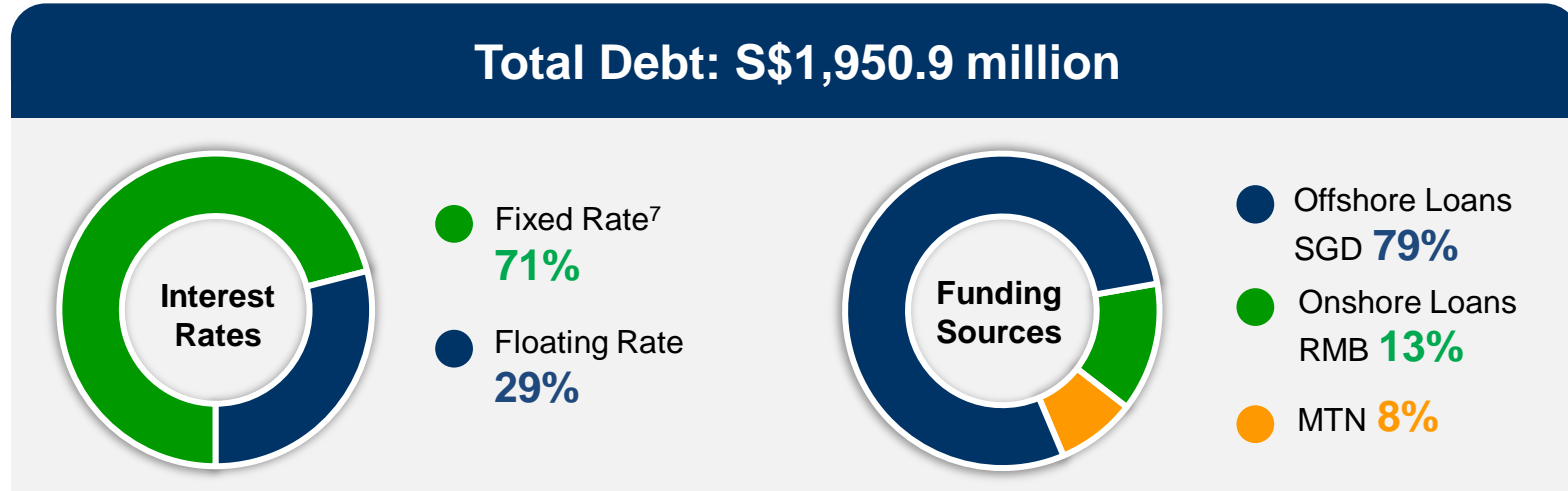


More details can be found in CapitaLand China Trust’s Integrated Sustainability Report FY 2022: <https://investor.clct.com.sg/isr.html>

Capital Management

Healthy Financial Position¹

	31 Dec 2022	31 Dec 2021
Gearing²	39.6%	37.3%
Average Cost of Debt³	2.97%	2.62%
Interest Coverage Ratio (ICR)⁴	3.8x	4.9x
Adjusted ICR⁵	3.6x	4.5x
Average Term to Maturity (years)	3.4	3.4
Undistributed Income Hedged in SGD⁶	54.5%	51.0%



Impact of Interest Rate on Distributions

Change in Variable Rate	Distribution Impact (p.a) / (S\$ million)	DPU Impact (cents) ⁸	DPU Impact (%) ⁹
-/+ 50 bps	+/- 2.5	+/- 0.15	+/- 2.0

Impact of Interest Rates on ICR

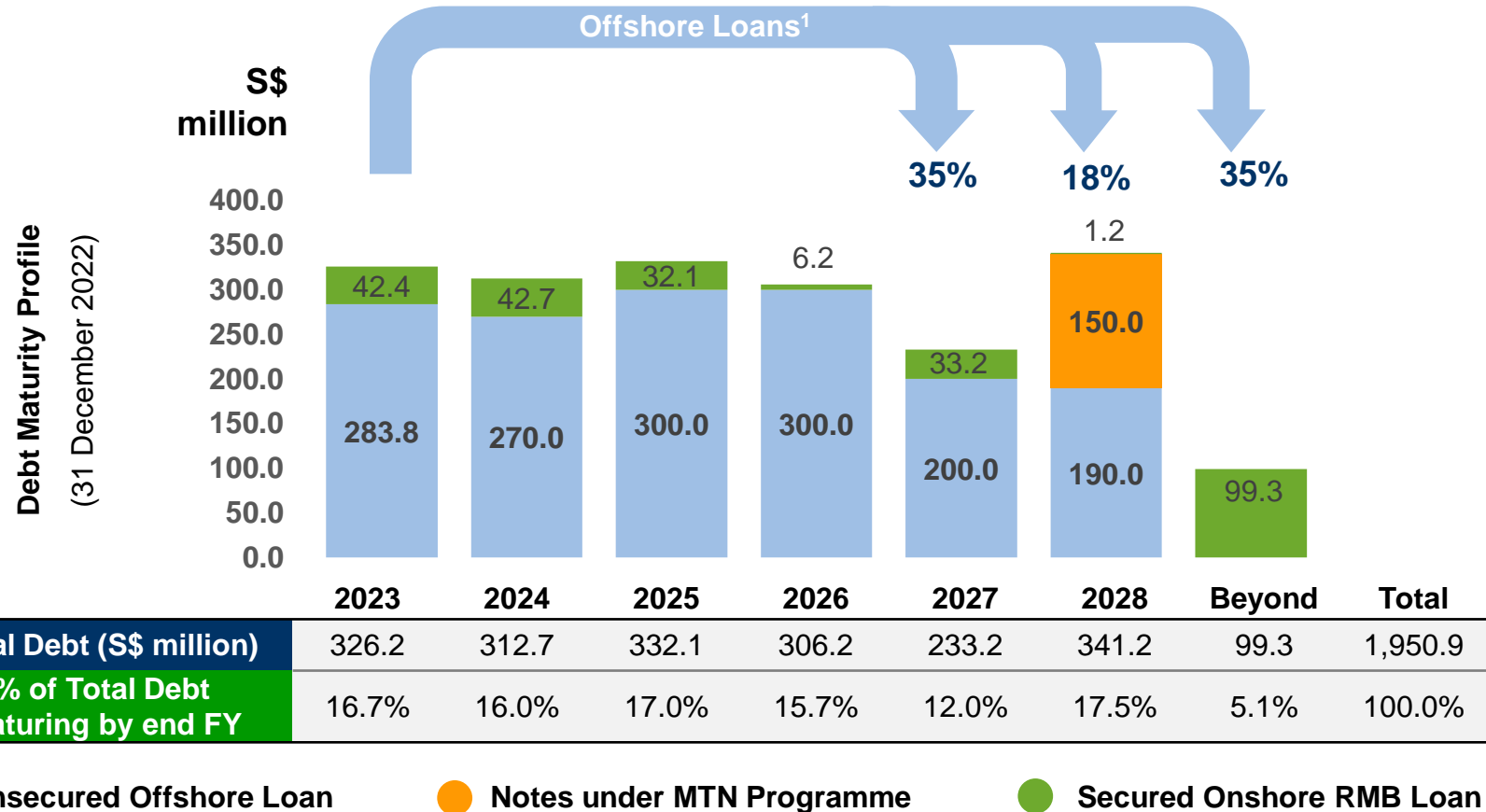
Change in Variable Rate	ICR (x)
+50 bps	3.3

Notes:

- All key financial indicators exclude the effect of FRS 116 Leases.
- In accordance with the Property Funds Appendix, the aggregate leverage is calculated based on the proportionate share of total borrowings over deposited properties.
- Ratio of the consolidated interest expense for the respective financial year reflected over weighted average borrowings on balance sheet for that financial year.
- Ratio is calculated by dividing the trailing 12 months EBITDA over the trailing 12 months interest expense (exclude finance lease interest expenses under FRS 116) in accordance with MAS guidelines.
- The adjusted interest coverage includes the trailing 12 months perpetual securities distributions.
- CLCT's foreign exchange hedging policy is to hedge at least 50% of undistributed income into SGD.
- CLCT's interest rate hedging policy is to hedge at least 60% of total debt (exclude RMB denominated and MML loans) into fixed interest rates.
- Based on 1,674 million units and on unhedged borrowings as at 31 December 2022.
- Based on FY 2022 DPU of 7.50 cents.

Well-Staggered Maturity Profile

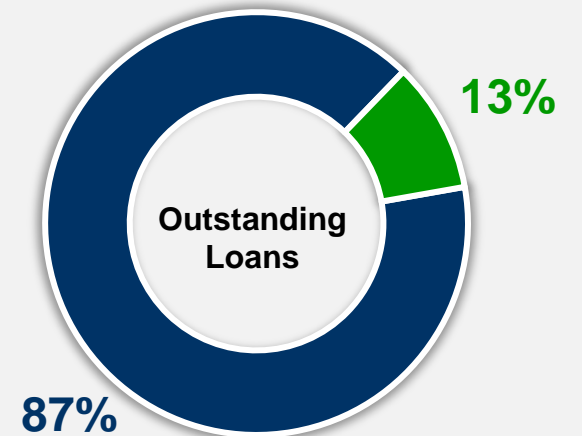
Offshore Loans Due in 2023 have been Secured or Refinanced, Extending Maturity to 2027 - 2029



Note:

1. The balance of 12% of offshore loans have been paid down by internal funding.

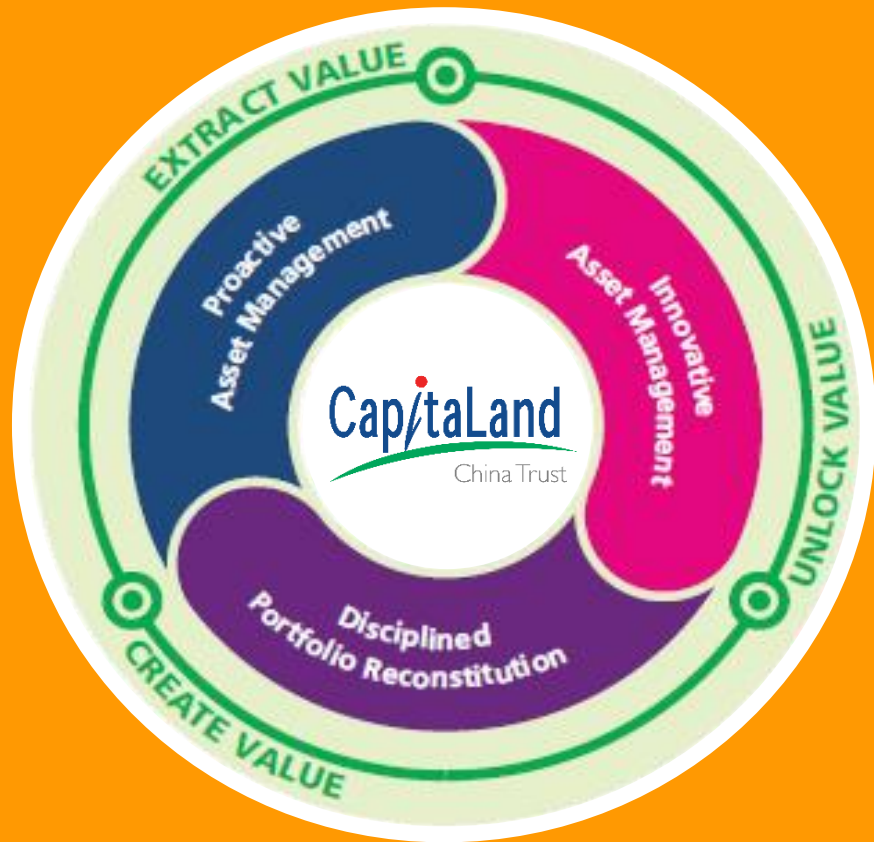
Increased Sustainability-Linked Loans to **13%** of Total Debt



- ◆ Sustainability/Green Status
- ◆ Other Loans

Looking Ahead

CLCT Focus in 2023



Proactive Management to Ride on China's Reopening and Pro-Growth Policies with Worst of China's COVID-19 Situation Behind Us

- Guided by our Create, Unlock and Extract Strategy:
 - ✓ **Create:** Increase diversification and resilience of revenue streams and seeking yield accretive acquisition
 - ✓ **Unlock:** Monetise older assets and acquire newer assets with higher growth potential and decrease exposure to lower growth and non-core assets
 - ✓ **Extract:** Retail portfolio to shift into a positive trajectory in 2023, on well-timed AEs and unit reconfigurations
- Maintain strong balance sheet through disciplined capital management and use of appropriate hedging instruments

Continuing Our Journey Towards a Sector-Diversified Portfolio

Focus on New Economy Assets in the Near-Term with the Long-Term Goal to Expand into Commercial / Integrated Developments

Long-Term Growth Roadmap



30%

Retail



30%

New Economy



40%

Commercial /
Integrated
Developments

Near-Term Acquisition Target



Assets that enhance portfolio quality



Diversify presence into strategic Tier 1 and Tier 2 cities



Capture China's economic growth plans by increasing exposure in asset classes associated with consumption-driven, higher-value, service-led economy sectors



Leverage Sponsor's extensive pipeline and opportunities from third-party vendors

Business Outlook

- China has set an official economic growth target of "around 5%" for 2023, with the goal of prioritising economic stability¹.
- Additional goals include targeting China's 2023 budget deficit at 3% of gross domestic product while promising to create 12 million new urban jobs and keep the unemployment rate at ~5.5%¹.
- Chinese policy makers have emphasized the importance of economic development, supported by fiscal and monetary stimulus².



Retail

- ✓ At recent the Two Sessions, the Chinese Government placed recovery and expansion of consumption as a priority and pledged to encourage spending³.
- ✓ Well-positioned to ride recovery of domestic consumption with completed AEs across multiple assets



Business Park

- ✓ Poised to benefit from structural upgrading of economy towards technology development, and innovation-driven growth
- ✓ Portfolio's Top 3 tenant sectors - Electronics, Engineering and ICT are aligned with China's policy priorities and strategic policy directions



Logistics Park

- ✓ Growth fuelled by government policies to boost domestic consumption and reduce logistics cost, creating economic opportunities for consumer-focused SMEs
- ✓ 3PLs are expected to continue to lead demand while retailers, manufacturers and e-commerce firms recover from economic slowdown⁴

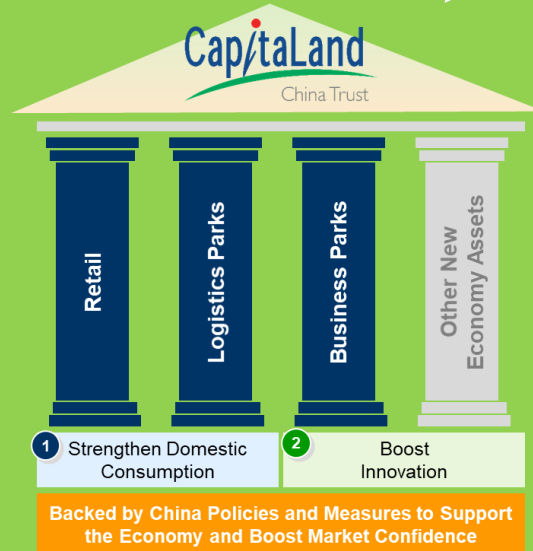
Notes:

1. Financial Times - China sets 5% growth target to drive economic recovery, 5 March 2023
2. AsianInvestor - Market Views: What China's policy shifts signal to investors, 13 January 2023
3. Jing Daily - Boosting Consumption, Economic Stabilization Among Top Agendas At China's 'Two Sessions', 17 March 2023
4. JLL Logistics and Industrial Research Asia Pacific - Occupier demand remains resilient against rising headwinds Q3 2022

CLCT's Unique Investment Proposition

Resilient and Quality Portfolio – Further Strengthened by Reconstitution Efforts

Divested **5** non-core and matured assets since listing, including **4 out of 7 IPO assets** and **pursued new growth with capital recycled**



Proxy to China's Growth

- Geographically and asset-class diversified portfolio with presence in 12 tier 1 and 2 cities
- Outlook positive with China's reopening



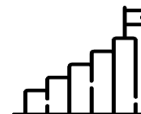
Sound Financial Stewardship

- Strong financial and operational metrics
- Disciplined cost management
- Access to a wide range of competitive funding sources both onshore and offshore



Track Record

- More than 16 years of management track record
- Backed by committed Sponsor with deep domain knowledge and comprehensive real estate platform in China
- Proactive portfolio rejuvenation and asset enhancement
- Delivered 100% distribution payout and steady distribution yields across market cycles (including under COVID-19 environment)



Growth Pipeline

- Access to pipeline of quality assets held under CapitaLand Group and opportunities from Third-Party Vendors across real estate classes

Thank You