

NEWS RELEASE

CLCT's 1H 2023 net property income up 0.8% year-on-year
Underpinned by improvement in retail performance amidst steady recovery in occupancy, tenant sales and shopper traffic

Singapore, 27 July 2023 – CapitaLand China Trust Management Limited (CLCTML), the manager of CapitaLand China Trust (CLCT or Trust), announced today a net property income (NPI) of RMB663.7 million for the six months ended 30 June 2023 (1H 2023), 0.8% higher than 1H 2022. The increase in NPI was driven by better performance in CLCT's retail portfolio and partially offset by lower contributions from the new economy portfolio.

In 1H 2023, CLCT's retail portfolio continued its positive trajectory with broad-based improvements seen in its operating metrics and healthy leasing activity. CLCT's financials for 1H 2023 were impacted by foreign currency translation arising from the strength of the Singapore Dollar (SGD) against the Renminbi (RMB). This translated into 1H 2023 NPI of S\$129.2 million, while distributable income for 1H 2023 was S\$63.1 million, on the back of higher interest expenses. DPU for 1H 2023 came in at 3.74 Singapore cents.¹

Based on CLCT's closing price of S\$1.05 on 26 July 2023, the annualised distribution yield for 1H 2023 was 7.1%. CLCT's Record Date is 4 August 2023, and Unitholders will receive the 1H 2023 DPU of 3.74 Singapore cents on 25 September 2023.

Mr Tan Tze Wooi, CEO of CLCTML, said: "China's GDP grew 6.3% year-on-year in 2Q 2023, and retail sales advanced by 8.2% in 1H 2023. CLCT's diversified portfolio demonstrated resilience in 1H 2023, with improved occupancies and positive rental reversions for both retail and new economy asset classes. Our proactive and disciplined approach to strengthening our portfolio has led to improvements in retail occupancy over consecutive quarters. The introduction of new retail concepts and tenant offerings has attracted higher footfall, resulting in double-digit growth in tenant sales, with the leading malls surpassing pre-COVID levels in 2Q 2023. The major asset enhancement initiatives (AEIs) at CapitaMall Grand Canyon and Rock Square are underway as planned and their progressive completions from 3Q 2023 onwards will further enhance income contributions in 2H 2023."

"With the government expected to implement additional pro-business measures in 2H 2023 to boost development and investments in the private sector, along with a focus on expanding domestic demand, our portfolio is well-positioned to capitalise on business and consumption flows as the overall macroenvironment and consumer confidence recover."

¹ On a like-for-like currency basis, DPU would have been 4.22 Singapore cents or 2.9% higher year-on-year.

“Looking ahead, CLCT will actively maintain a healthy balance sheet through prudent capital management and the use of appropriate hedging instruments. We have successfully seized refinancing opportunities by proactively refinancing an onshore loan early, with approximately 85 basis points of interest cost savings expected in 2H 2023. Continuing our portfolio reconstitution journey, we will be on the lookout to monetise mature assets and capture investment opportunities that enhance portfolio resilience and growth potential, enabling us to further diversify our revenue streams and reduce our exposure to non-core assets. We remain focused on pursuing yield-accretive acquisitions to enhance our portfolio quality, underscoring our commitment to deliver long-term sustainable value to Unitholders.”

Operating performance

CLCT’s new economy assets achieved a positive rental reversion of 3.9% for 1H 2023 amidst a better 2Q 2023 in leasing activity supported by demand in the Electronics and Engineering sectors. Occupancy of CLCT’s business park portfolio increased from 89.8% as at 31 March 2023 to 91.5% as at 30 June 2023. Occupancy for logistics park portfolio stood at 91.2%.

CLCT’s retail portfolio occupancy was 96.8% as at 30 June 2022. 1H 2023 rental reversion was positive at 4.1%. Shopper traffic increased 31.7% year-on-year, boosted by strong footfall recovery in CLCT’s retail assets in Beijing. Tenant sales grew 32.0% year-on-year with 2Q 2023 sales exceeding pre-pandemic levels.

CapitaMall Grand Canyon’s AEI to reconfigure around 9,000 square metres of recovered supermarket space from basement one to level one will enable the mall to attract a diverse range of specialty stores, including 7Fresh, a 3,700 square metres omnichannel supermarket operated by leading online retailer JD.com. The rejuvenated area on level one has been fully leased and commenced operations in July 2023, with an anticipated 60% increase in rental income post AEI. The AEI at basement one is due to complete in 4Q 2023 with rental income expected to increase by about 40% post AEI. As at 30 June 2023, about 72% of basement one has been leased out.

Meanwhile, the AEI at Rock Square, which will optimise about 4,000 square metres of retail space across basement two and level three, is on track to complete in 3Q 2023. Post AEI, this will generate an estimated return on investment of over 13% and 18% respectively for the rejuvenated areas on each level.

Capital management

CLCT continued to maintain a strong balance sheet with a well-staggered debt maturity profile and diversified sources of funding. CLCT completed refinancing for its loans due in FY 2023. For loans maturing in 2024, CLCT has proactively secured a commitment for a S\$150.0 million loan due in FY2024 and is in advanced negotiations for the remaining S\$120.0 million, with no further refinancing needs until FY2025. As at 30 June 2023, the average term to maturity of borrowings was 3.8 years.

As at 30 June 2023, CLCT’s cost of debt stood at 3.54% per annum, supported by a healthy interest coverage ratio at 3.4 times. To mitigate interest rate risk exposure, about 74% of CLCT’s total debt is on fixed interest rates. As part of its capital management strategy, CLCT

will continue to proactively leverage lower onshore interest rates to reduce the overall cost of debt.

CLCT significantly increased the proportion of its sustainability-linked loans from 13% as at 31 December 2022 to 28% as at 30 June 2023. As at 30 June 2023, CLCT's gearing was 40.2%, well below the regulatory limit of 50%.

Sustainability initiatives

CLCT remains committed to making a positive environmental and social impact on the communities where it operates. In 1H 2023, CLCT obtained LEED Gold certification for one retail mall and three business park properties – CapitaMall Xizhimen, Ascendas Innovation Towers, Ascendas Innovation Hub and Singapore-Hangzhou Science & Technology Park Phase 1. The Trust is on track to achieve 100% green certification for its portfolio by 2030.

Summary of CLCT results

	1H 2023	1H 2022	Change
	Actual S\$'000	Actual S\$'000	%
Gross Revenue ^{1,2}	184,542	199,295	(7.4)
Net Property Income ^{1,2}	129,231	139,532	(7.4)
Amount available for distribution to Unitholders ³	63,128	72,317	(12.7)
Amount retained ⁴	-	(3,616)	(100.0)
Distributable amount to Unitholders	63,128	68,701	(8.1)

Distribution per Unit (DPU)(cents) ⁵			
For the period	3.74	4.10	(8.8)

	1H 2023	1H 2022	Change
	Actual RMB'000	Actual RMB'000	%
Gross Revenue ^{1,2}	947,781	940,250	0.8
Net Property Income ^{1,2}	663,709	658,291	0.8

Footnotes:

1. Average exchange rate for SGD/RMB.

1H 2023	1H 2022	Change %
5.136	4.718	8.9

2. Lower contribution from CapitaMall Qibao as the mall had ceased operations at the end of March 2023.

3. Includes rental support (which was previously deducted from the amount paid to the vendor) for the vacancy loss and rent free period provided to existing tenants of Chengdu Shuangliu Logistics Park which has been partially distributed as capital distribution in 1H 2022.

4. CLCT retained S\$3.6 million of its amount available for distribution to Unitholders in view of the operating uncertainty associated with COVID-19 outbreaks and lockdown in China resulted in mandatory closure of

affected assets in 1H 2022. This represents 5.0% of the amount available for distribution to Unitholders. The amount retained was fully released in 2H 2022.

5. The DPU is computed based on total issued units of 1,688.9 million and 1,671.6 million in 1H 2023 and 1H 2022 respectively. If assuming same exchange rate as 1H 2022, DPU in 1H 2023 would have been 4.22 Singapore cents or 2.9% higher than 1H 2022.

About CapitaLand China Trust (www.clct.com.sg)

CapitaLand China Trust (CLCT) is Singapore's largest China-focused real estate investment trust (REIT). CLCT's portfolio constitutes 11 shopping malls, five business park properties and four logistics park properties. The geographically diversified portfolio has a total gross floor area (GFA) of approximately 2.0 million square metres (sq m), located across 12 leading Chinese cities. CLCT was listed on the Singapore Exchange Securities Trading Limited (SGX-ST) on 8 December 2006, and established with the objective of investing on a long-term basis in a diversified portfolio of income-producing real estate and real estate-related assets in mainland China, Hong Kong and Macau that are used primarily for retail, office and industrial purposes (including business parks, logistics facilities, data centres and integrated developments).

CLCT's retail properties are strategically located in densely populated areas with good connectivity to public transport. The malls are positioned as one-stop family-oriented destinations that offer essential services and house a wide range of lifestyle offerings that cater to varied consumer preferences in shopping, dining and entertainment. CLCT's portfolio comprises a diverse mix of leading brands including ZARA, UNIQLO, Xiaomi, Li-Ning, Haidilao, Nanjing Impressions, TANYU, Nike, Sephora, Starbucks Coffee and Chow Tai Fook. The malls are CapitaMall Xizhimen, CapitaMall Wangjing, CapitaMall Grand Canyon and CapitaMall Shuangjing in Beijing; Rock Square in Guangzhou; CapitaMall Xinnan in Chengdu; CapitaMall Qibao in Shanghai; CapitaMall Nuohemule in Hohhot; CapitaMall Xuefu and CapitaMall Aidemengdun in Harbin and CapitaMall Yuhuating in Changsha.

The portfolio of five business parks is situated in high-growth economic zones, with high quality and reputable domestic and multinational corporations operating in new economy sectors such as biomedical, electronics, engineering, e-commerce, information and communications technology and financial services. The business parks and industrial properties exhibit excellent connectivity to transportation hubs, and are easily accessible via various modes of transportation. The properties are Ascendas Xinsu Portfolio in Suzhou, Ascendas Innovation Towers and Ascendas Innovation Hub in Xi'an and Singapore- Hangzhou Science & Technology Park Phase I and Phase II in Hangzhou.

The portfolio of four high-quality modern logistics parks are located in key logistics hubs near transportation nodes such as seaports, airports and railways to serve the growing domestic logistic needs of China's Eastern, Central and Southwest regions. Fitted with high-tech and modern features to meet a wide range of e-commerce and logistics requirements, the properties are anchored by strong domestic tenants, including China's leading technology-driven supply chain solutions and logistics services providers. The tenants cater to a variety of sectors from logistics and warehouse, pharmaceuticals, manufacturing to e-commerce. The properties are Shanghai Fengxian Logistics Park in Shanghai, Kunshan Bacheng Logistics Park in Kunshan, Wuhan Yangluo Logistics Park in Wuhan and Chengdu Shuangliu Logistics Park in Chengdu.

CLCT is managed by CapitaLand China Trust Management Limited, a wholly owned subsidiary of Singapore-listed CapitaLand Investment Limited, a leading global real estate investment manager with a strong Asia foothold.

About CapitaLand Investment Limited (www.capitalandinvest.com)

Headquartered and listed in Singapore, CapitaLand Investment Limited (CLI) is a leading global real estate investment manager (REIM) with a strong Asia foothold. As at 31 March 2023, CLI had S\$133.0 billion of real estate assets under management, and S\$89.0 billion of real estate funds under management (FUM) held via six listed real estate investment trusts and business trusts, and about 30 private vehicles across the Asia-Pacific, Europe and USA. Its diversified real estate asset classes cover integrated developments, retail, office, lodging, business parks, industrial, logistics and data centres.

CLI aims to scale its FUM and fee-related earnings through fund management, lodging management and its full stack of operating capabilities, and maintain effective capital management. As the investment management arm of CapitaLand Group, CLI has access to the development capabilities of and pipeline investment opportunities from CapitaLand's development arm.

As a responsible company, CLI places sustainability at the core of what it does and has committed to achieve net zero emissions by 2050. CLI contributes to the environmental and social well-being of the communities where it operates, as it delivers long-term economic value to its stakeholders.

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