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 22 APRIL 2024
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 Big Picture Theatre, Level 9, Capital Tower, 168 Robinson Road, Singapore 068912 and using virtual meeting technology at **3.30 p.m. (Singapore Time) on Monday, 22 April 2024.**

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 2024 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 21 May 2024.

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 2024

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.	**In 2021, CLCT completed its first acquisition of logistics park assets in China at RMB1,683.4 million (approximately S$350.7 million at that time). The valuation for the logistics park portfolio as at 31 December 2023 decreased by 3.2% to RMB1,630.0 million (approximately S$303.6 million). Could you explain the reasons behind the decrease in valuation of the logistics park portfolio?**
	In 2021, CLCT broadened its investment strategy by entering the logistics park asset class, aiming to enhance asset class, revenue, and tenant diversification. This is in line with the long term strategy of aligning CLCT's growth engines with China's domestic economic priorities. For the financial year ended 2023 ("**FY 2023**"), the logistics park portfolio valuation declined by 3.2% in RMB terms as assessed by independent valuers, due to the demand-supply situation, weaker market rent and growth outlook observed at the locations that our assets are in. This downward revision is in line with our observations of the broader China logistics sector, where growth assumptions have moderated post COVID-19, characterised by slower lease take-up, occupier consolidation, softer rents, and negative rent reversions, all of which influenced the latest valuation assumptions. In SGD terms, the logistics park portfolio experienced a 13.4% decrease, primarily due to a 10.6% depreciation of RMB against SGD since the acquisition in 2021. December 2023 marked the historical lowest RMB and SGD exchange rate of 5.366, since CLCT's listing in 2006. As a 100% China-focused REIT, CLCT's earnings and asset base will be subject to the RMB and SGD exchange rate fluctuations.
2.	**Can you explain the decline in gross revenue and net property income at CapitaMall Xinnan in FY 2023. Is the mall expected to do better in the year ahead?**
	Given the relatively small size, CapitaMall Xinnan faced strong competition within its vicinity, with its existing businesses heavily affected during the COVID-19 operating environment. High occupancy costs led to slow lease take-up, resulting in an occupancy rate of 86.2% in December 2022. As part of our active repositioning efforts to reduce reliance on fashion trades in 2023, we steered CapitaMall Xinnan to become a lifestyle destination, appealing to the younger catchment by offering a variety of Sports and Leisure and Entertainment options. Although adjustments and lease re-negotiations throughout 2023 caused some revenue shortfalls due to tenant turnover, these were necessary moves made to secure a more diverse and sustainable tenant mix. The efforts paid off with an improved occupancy rate of 95.5% by December 2023 and a realignment of occupancy costs to industry standards that helped to enhance tenant affordability. Riding on the higher occupancy rate, we will continue to take proactive steps to improve the mall offerings to capture more shopper footfall and spending in 2024, thereby driving enhanced mall performance.

B. Financials	
3.	**CLCT's net asset value ("NAV") and distribution per unit ("DPU") have declined between FY 2019 and FY 2023. Can you explain and elaborate on these movements?**
	CLCT remains focused on creating sustainable value for our stakeholders. FY 2020's performance was impacted by measures extended to support tenants' businesses amidst a challenging COVID-19 environment. We rolled out tenant relief and support packages to strengthen our relationship with tenants. Consequently, our DPU declined from 9.90 Singapore cents in FY 2019 to 6.35 Singapore cents in FY 2020. In line with our expanded investment strategy to build resilience and diversification, we strategically diversified into business parks in 2020 and logistics parks in 2021. These new acquisitions allowed CLCT to strengthen its overall earnings in FY 2021. Our net property income reached RMB1.2 billion (+78.4% improvement vs FY 2020), which enabled us to pay out a DPU of 8.73 Singapore cents in FY 2021, an increase of 37.5% year-on-year. FY 2022 brought renewed difficulties as a result of the new wave of COVID-19-related lockdowns across multiple cities in China, disrupting overall business. These challenges, combined with the steep rise in global interest rates, led to a 25% increase in finance costs that weighed down the DPU. Coupled with the depreciation of RMB against SGD, DPU and NAV were negatively impacted. Consequently, we reported a DPU of 7.50 Singapore cents and NAV of S$1.38 in FY 2022. In FY 2023, China's post-COVID-19 economic recovery was slower than anticipated, with property sector challenges impacting business confidence and sentiments. Despite these difficulties, our active asset enhancement initiatives ("**AEIs**") in Rock Square, CapitaMall Yuhuating and CapitaMall Grand Canyon have fortified our position. We have also strategically exited a mature asset, with the divestment of CapitaMall Shuangjing that helped to strengthen the overall quality of our portfolio. As a China-focused REIT, we are inherently exposed to fluctuations in the RMB and changes in interest rates. On the exchange rate and interest rate front, the average RMB to SGD exchange rate depreciated by 8.5% year-on-year while interest rates increased 60 basis points from 2.97% in December 2022 to 3.57% in December 2023. Consequently, we reported a decline in DPU to 6.74 Singapore cents for FY 2023. This is in line with the industry with more than 75% of the trusts that reported DPU figures for FY 2023 posting year-on-year declines[1]. Our approach to managing interest rates has been disciplined and consistent. We employ a well-staggered debt maturity profile with a high proportion of fixed-rate borrowings, which helps mitigate interest rate volatility. In addition, we have been proactively seeking RMB borrowings to capitalise on the lower interest rate cycles in China. For instance, during the year, we launched RMB600 million free trade zone ("**FTZ**") three-year tenor offshore bonds with a coupon rate of 3.80% per annum, achieving approximately 100 basis point savings in refinancing SGD borrowings. CLCT is the first Singapore-based issuer to launch FTZ offshore bonds, which represents a significant breakthrough in our capital management strategy. To address currency fluctuation risks, we will continue to implement consistent hedging strategies and seek to increase our natural hedge. We continue to explore and implement strategies that would enhance our financial strength and generate sustainable returns for our Unitholders.

[1] Business Times, Over 75% of S-Reits log DPU declines in H2; expected interest rate cuts may offer reprieve, 7 March 2024

4.	**Can you share why 80% of CLCT's debts are dominated in SGD instead of RMB? Is the average cost of debt for CLCT expected to rise further in the financial year ending 31 December 2024 ("FY2024")?**
	Since its inception, CLCT has leveraged a higher proportion of SGD debt due to its Singapore offshore listing, enjoying lower cost of borrowings and un-encumbrance ratio of the REIT's assets. As the onshore and offshore interest rate trends started to converge in 2023, we have been proactively looking to rebalance our capital management structure. As RMB is a controlled currency, and use of RMB debt proceeds is not without restrictions, we have to approach the rebalancing progressively. In 2023, we took advantage of the FTZ bond to increase our RMB-denominated facilities from 13% in December 2022 to 20% in December 2023. We target to further increase RMB denominated facilities[2] to 30% of total funding sources in 2024. As we continue to reconstitute our portfolio, we will seize further opportunities to improve the debt mix effectively. Moving into FY 2024, we anticipate an increase in the SGD cost of borrowing as some fixed-rate contracts, which were secured at a lower base would come up for renewal at higher prevailing base rates. However, as we move towards increasing the RMB denominated facilities, this is expected to be offset by lower RMB costs of borrowings on the back of the 25-basis point cut in the five-year loan prime rate ("**LPR**") that was announced in February 2024. We will continue to monitor the market and be prudent in managing our interest rate exposure.
5.	**Gearing increased to 41.5% in FY 2023, and this is the first time gearing exceeded the 40% threshold.** **What would be the expected gearing ratio of the REIT following the divestment of CapitaMall Shuangjing?** **What is the target or preferred gearing level that the Manager is aiming for?**
	The increase in the gearing from 39.6% in December 2022 to 41.5% in December 2023 is primarily due to unfavourable movement in the RMB and SGD exchange rates. Had the exchange rate remained stable at the December 2022 level, our gearing for the year would have been approximately 40%. Assuming the proceeds from CapitaMall Shuangjing divestment came in in December 2023 and were used to repay loans, our gearing would have closed at around 40%. We have since received the proceeds and paid down our loans in 1Q 2024. We will actively manage our gearing level, with a view to maintain at around 40%. CLCT's financial position remains strong with a well-staggered debt maturity profile and diversified sources of funding. There are no loans due for refinancing in FY 2024. To mitigate interest rate risk exposure, about 82% of CLCT's term loans are on fixed interest rates. This approach allows us to maintain a healthy balance sheet while providing us with the flexibility to navigate through the economic conditions.

[2] Includes Cross Currency Interest Rate Swaps

C. Strategy and Outlook	
6.	**What is CLCT's growth strategy? Is CLCT planning to have more Business Park and Logistics assets in its portfolio going forward? Can it be achieved without additional equity fund raising?**
	CLCT is committed to maintaining discipline in our strategy of creating, unlocking, and extracting value for our Unitholders. Organically, our approach to operational excellence and strategic AEIs underpins our proactive asset management. Through our active management, we seek to elevate the intrinsic value of our portfolio, attracting prominent tenants to our high-quality spaces. This enhances the desirability of our properties for both consumers and tenants, improving retention and increasing their stickiness to our offerings. Inorganically, CLCT has a proven track record of being disciplined and responsible in evaluating acquisition opportunities while taking into consideration optimal sources of funding. In the long-term, our goal is to develop a diversified sector portfolio in line with our investment mandate. However, in the short-term, we will exercise prudence in expanding our holdings in business parks and logistics, as we are mindful of the current market conditions and the unit price that is needed for supporting acquisitions. Our immediate focus would be to enhance the performance of our existing assets, unlock their value, and strengthen our balance sheet. We will continue to focus on divesting mature assets that have reached their optimal stage in their life cycle. Proceeds from these divestments will then be redirected towards higher-quality assets, thereby enhancing our portfolio's earnings diversification and resilience. As part of our ongoing portfolio reconstitution strategy, we will continue to actively identify acquisition opportunities with strong growth potential and synergistic value to enhance the quality and income of CLCT's portfolio.
7.	**Are the fundamentals of CLCT sound? Can the Manager address the depressed valuation and what are the steps taken to improve its unit price performance?**
	CLCT is committed to enhancing its unit price performance. CLCT's unit price performance is closely associated with market uncertainties concerning China post COVID-19, weighed down by the real estate sector, restrictions placed on specific sectors, trade tensions between the United States and China as well as concerns on the lack of policy support. While the fundamentals of CLCT remain sound, these factors have generally dampened investor sentiment in China and by extension, CLCT. As a pure play China REIT, CLCT's performance aligns closely with broader market trends, as evidenced by comparable movements in sector peers and relevant indices. In the context of the Greater China market on a 12-month basis[3], CLCT's share price movement has been trading in tandem with similar Hong Kong and China REITs[4] with a total return of -30.5%, as compared to an average total return of -31.2%. To enhance our unit price, we will focus on three areas: **1. Driving Asset Performance and Operations:**

[3] 12-month refers to period from 16 April 2023 to 15 April 2024
[4] Peer group constituents are SF REIT, Link REIT, Yuexiu REIT, Fortune REIT, Hui Xian REIT, CICC GLP Warehouse Logistics, Soochow Suzhou Industrial Park, Harvest Jingdong Warehouse Logistics, HuaAn Zhangjiang Everbright Park, and Huaxia Hangzhou Heda Hi-Tech Industrial Park.

	We continually strive to enhance the operational efficiency of our assets. By implementing best practices in asset management and leveraging on technology, we aim to boost our properties' attractiveness, thereby enhancing tenant satisfaction and occupancy rates. **2. Improving Portfolio Quality through Portfolio Reconstitution:** Our strategy to reconstitute the portfolio involves divesting non-core or mature assets and reinvesting the proceeds into higher-quality opportunities. This approach not only improves the overall resilience and profile of our portfolio but also aligns with market trends and tenant demands, ensuring sustainable growth. **3. Enhancing Financial Management:** Our disciplined approach to capital management enables us to maintain a healthy financial position and stable cost of debt among China focused S-REITs. We will continue to look at ways to optimise our onshore and offshore debt and capital structure mix to increase our natural hedge while strengthening our overall financial position with a view to improve DPU. We will persist in focusing on managing the areas that we can control by enhancing our operations and continuously engaging investors such that when the macro-environment and global investor sentiments towards China improve, we will be able to benefit from this upturn.
8.	**With regards to the Unit Buy-Back Mandate, does CLCT have available funds to repurchase units given that gearing is over 40%?**
	In considering unit buybacks, we will consider factors including but not limited to the working capital requirements, availability of financial resources, the investment and growth strategies of CLCT and the prevailing market conditions before repurchasing Units under the Unit Buy-Back Mandate. If we do exercise the Unit Buy-Back Mandate, we will exercise it to an extent that would not have a material adverse effect on the gearing and financial position of CLCT.
9.	**I have observed that the directors of CLCT are not currently subject to re-election by unitholders. In the spirit of enhancing transparency, accountability, and stakeholder engagement within our governance framework, would the REIT consider implementing a policy that subjects all directors to periodic re-election by Unitholders in the future?**
	At CLCT, our Board of Directors and management team are deeply committed to upholding good corporate governance. We recognise that strong governance is the cornerstone of building trust and is essential for safeguarding the interests of our Unitholders. Under the Securities and Futures (Licensing and Conduct of Business) Regulations, where unitholders do not have the right to vote on the appointment of directors to the Board, at least half of the total number of directors need to be independent directors. In CLCT's case, at least half of the total number of directors of the Manager are independent directors. Currently, six out of nine directors, including our Chairman, serve as independent directors, underscoring the strong independent nature of our Board. Notably, no director has served for nine years or more, ensuring fresh perspectives and reducing the risk of entrenchment. Our Nominating and Remuneration Committee ("**NRC**") diligently ensures that our Board encompasses a diverse mix of skills, experiences, and backgrounds. This diversity enriches our business insights and strengthens our management capabilities, thereby enhancing CLCT's

	overall strategic direction. It is imperative for us that every director contributes an objective viewpoint, fostering balanced decisions that reflect a broad spectrum of perspectives. Further, we believe in continuous board renewal as it is fundamental to maintaining relevance and dynamism in governance. The NRC is actively engaged in ongoing board renewal, planning systematically for the future to align with the evolving demands of our business. For more information on board diversity, board membership and evaluation of board performance, please refer to pages 119 to 126 of CLCT's Annual Report for FY 2023.
10.	**Will CLCT change its dividend payment from two times to four times a year?**
	As a 100% China-focused REIT, CLCT releases its financial results and announces its distributions on a half-yearly basis. Consequently, the payment of the dividends is made twice a year, in line with CLCT's trust deed. This schedule accommodates the time required for the repatriation of cash from China to Singapore. In addition, CLCT offers a Distribution Reinvestment Plan ("**DRP**"), which allows Unitholders to elect for the reinvestment of their distributions into additional Units. The DRP process involves an election procedure that inherently requires more time than direct cash distributions. Taking into consideration the cross border and operational nature of CLCT's business, distributions on a half-yearly basis are considered to be more cost efficient to stakeholders at large.