



CAPITALAND RETAIL CHINA TRUST

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

ANNOUNCEMENT

EXPANSION OF INVESTMENT STRATEGY

CapitaLand Retail China Trust Management Limited (the “**Manager**”), as manager of CapitaLand Retail China Trust (“**CRCT**”), wishes to announce that with effect from 30 days following the date of this announcement, the investment strategy of CRCT will be changed as follows:

“CRCT is a Singapore-based REIT 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 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).”

Since the listing of CRCT in December 2006, the Manager has been taking a proactive and prudent approach towards its investment decisions. CRCT has grown to a portfolio of 13 properties totalling approximately S\$3,559 million as at 30 June 2020¹ from its initial portfolio of seven properties worth approximately S\$689 million in December 2006.

With the expanded investment strategy, CRCT will be better positioned for growth as it will be the dedicated Singapore-listed REIT for CapitaLand Group’s non-lodging China business, with acquisition pipeline access to CapitaLand China’s assets. CRCT will also be able to gain exposure to an expanded universe of third party assets of various asset classes that CRCT would independently source and identify. This will allow CRCT to seize new opportunities in the growing China real estate market and enhance the Manager’s ability to provide long-term and sustainable returns to Unitholders. In particular, the Manager expects the expanded investment strategy to bring about the following key benefits to CRCT:

(i) Expand Investment Opportunities

Broadening the investment strategy will allow CRCT to explore other asset classes beyond the retail sector, and hence avail itself to a larger pool of investment targets which may bring attractive yields and/or increased capital appreciation potential. This will enhance CRCT’s

¹ Based on the exchange rate of S\$1.00 : RMB4.976.

ability to grow its portfolio and increase long-term returns for Unitholders. For CRCT to tap on these opportunities, it would require the flexibility to invest in a comprehensive range of real estate assets across various asset classes.

(ii) Sector, Revenue Stream, Asset and Tenant Diversification

By investing in different sectors such as retail, office and industrial, CRCT will be able to further diversify its revenue stream to build a sector-diversified portfolio. In addition, CRCT would gain exposure to a more extensive pool of tenants across the sectors, and hence reduce tenant concentration risk.

(iii) Enhance Ability to Deliver Stable and Sustainable Distributions to Unitholders

Different real estate asset classes have varying cycles of rental growth, occupancy rates, and other market specific risks. A diverse portfolio will provide CRCT with a more balanced and stable rental revenue and this, in turn, will enhance CRCT's ability to deliver stable and sustainable distributions to Unitholders. A diversified portfolio of assets in this regard will be beneficial to CRCT in the long run as the portfolio will be more resilient and less susceptible to any adverse changes caused by unforeseeable external events and factors.

The Manager will continue its disciplined evaluation of all acquisition opportunities, while seeking long-term sustainable yield accretive returns for Unitholders. In this regard, the Manager will make appropriate announcements in the event that there are any material developments.

BY ORDER OF THE BOARD
CapitaLand Retail China Trust Management Limited
(Registration Number: 200611176D)

As manager of CapitaLand Retail China Trust
Chuo Cher Shing
Company Secretary
30 September 2020

Important Notice

The past performance of CapitaLand Retail China Trust (“**CRCT**”) is not indicative of future performance. The listing of the units in CRCT (“**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 Retail China Trust Management Limited, as manager of CRCT (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.