



CAPITALAND RETAIL CHINA TRUST

Extraordinary General Meeting

Proposed Acquisition of CapitaMall Xuefu,
CapitaMall Aidemengdun and CapitaMall Yuhuating

1 August 2019

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- Summary of Recommendations
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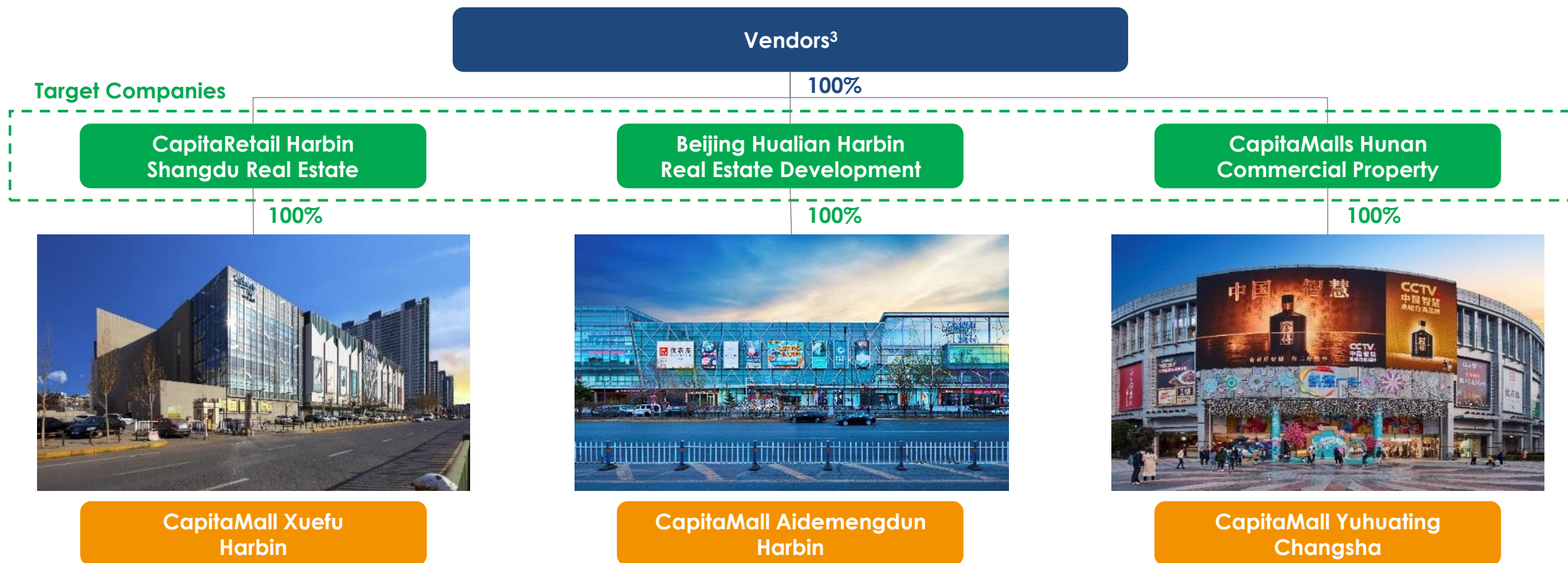


Unitholders' Approval Sought for the Proposed Acquisition



Unitholders' Approval Sought

- For the proposed acquisition of Companies which hold CapitaMall Xuefu, CapitaMall Aidemengdun and CapitaMall Yuhuating (the "Properties") from Interested Persons^{1,2}



Notes:

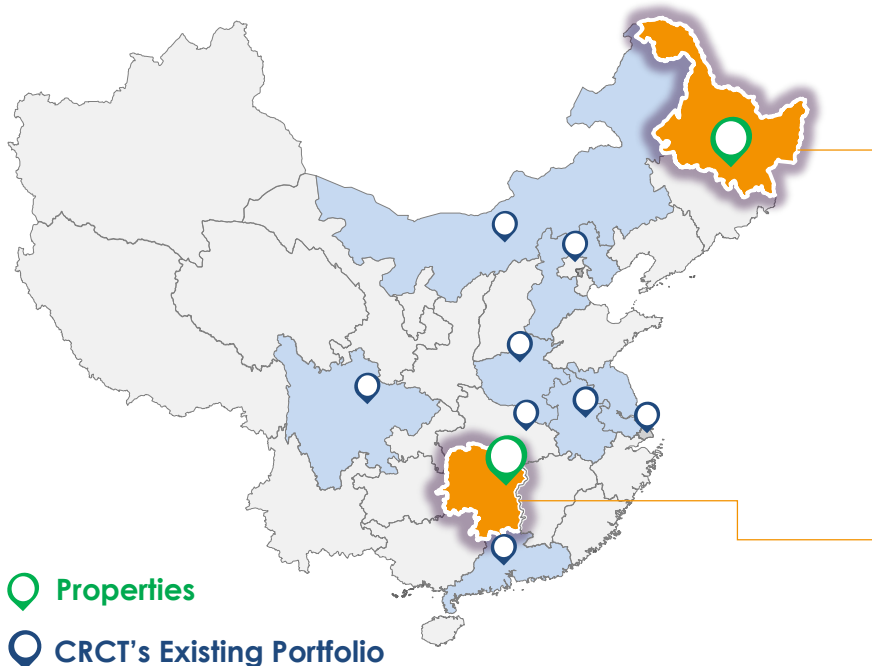
¹ Proposed Acquisition will constitute an "interested person transaction" under Chapter 9 of the Listing Manual as well as an "interested party transaction" under the Property Funds Appendix, in respect of which the approval of Unitholders is required by way of an ordinary resolution. Ordinary Resolution means a resolution proposed and passed as such by a majority being greater than 50.0% or more of the total number of votes cast for and against such resolution at a meeting of Unitholders convened in accordance with the provisions of the Trust Deed.

² CapitaLand and their associates will abstain from voting on the resolution relating to the Proposed Acquisition given that the Properties will be acquired from indirect wholly owned subsidiaries of CapitaLand.

³ Ever Outstand Limited – CapitaMall Xuefu, CapitaRetail China Developments D5 (HK) Limited – CapitaMall Aidemengdun, Upper Great Limited and CapitaMall China Investments Pte. Ltd. – CapitaMall Yuhuating.

Overview of the Properties

<p>Aggregate Agreed Property Value RMB2,960 million</p> <p>Discount to Independent Valuations</p>	<p>High Committed Occupancy 99.0%¹</p> <p>Above Market Average and Existing Portfolio</p>	<p>Implied NPI Yield 6.0%²</p> <p>Accretive to Existing Portfolio</p>	<p>Gross Floor Area ("GFA") 248,282 sq m</p> <p>Increase Portfolio GFA by 30.7%</p>
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Expand presence into 2 provincial capital cities

- Harbin**
CapitaMall Xuefu and CapitaMall Aidemengdun
 - ✓ Capital and largest city of Heilongjiang Province
 - ✓ Key trading gateway to Russia and popular tourist destination
- Changsha**
CapitaMall Yuhuating
 - ✓ Fast growing capital city of Hunan Province
 - ✓ New economic growth engine of Changsha-Zhuzhou-Xiangtan city cluster

Notes:

¹ As at 31 March 2019.

² Computed using the aggregate FY2018 NPI of the Properties divided by the aggregate Agreed Value of the Properties.

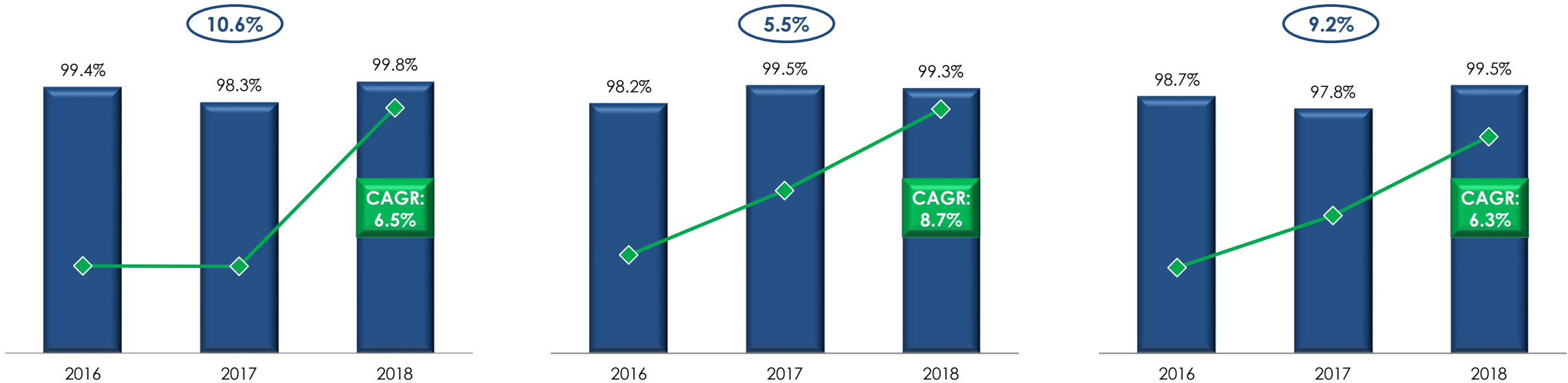
Well Managed and Consistently High Performing Mall Portfolio

CapitaMall Xuefu¹

CapitaMall Aidemengdun

CapitaMall Yuhuating

■ Committed Occupancy (as at 31 December)
 ◆ Total Tenants' Sales²
 ○ NPI CAGR (2016 – 2018)



Resilient and Defensive Portfolio Evidenced by High Committed Occupancy, Strong Tenant Sales and NPI Growth

Notes:
¹ Total tenants' sales between 2016 and 2017 remained approximately flat due to ongoing asset enhancement initiatives. Post completion of the asset enhancement initiatives, total tenants' sales recorded an improvement in 2018.
² Excludes tenants' sales from supermarkets.

Strategic Expansion into Northeast China's Largest City of Harbin...

Gateway City with the Largest Population in Northeast China

• Strategic Geographical Location

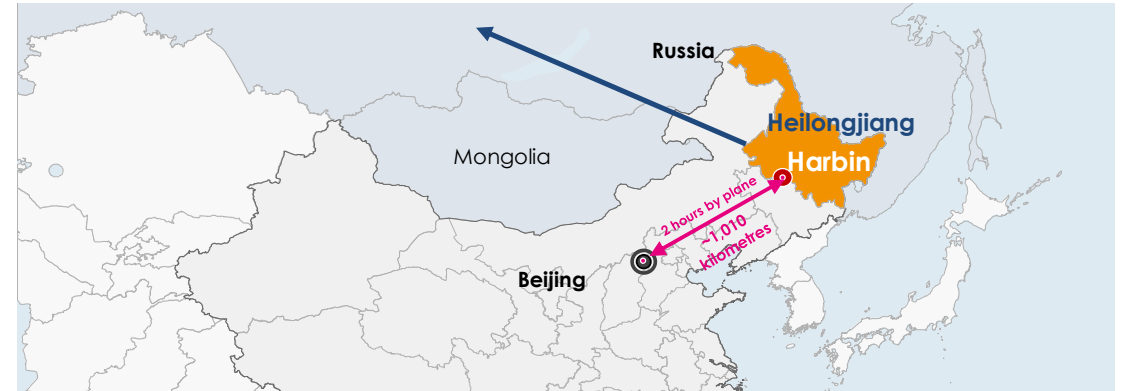
- Two hours from Beijing by flight
- China's gateway city to Russia

• Large Addressable Market Size

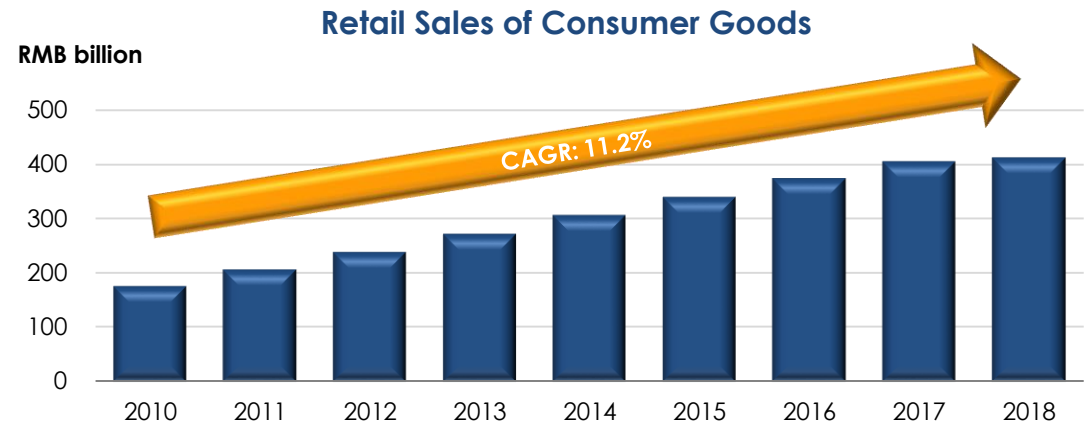
- 8th most populous city in China and most populous in Northeast China
- Popular winter destination, attracting c.18 million visitors¹
- Home to prestigious universities and research institutions

• Strong Economic Growth

- Higher than the national average per capita GDP²
- Strong urban disposable income per capita CAGR of 9.4% between 2010 and 2018
- Key commercial center in Northeast China under the 13th Five-Year Plan



← Outward Transportation and Trading Connections



Notes:

¹ China Daily in 2017.

² RMB70,196 vs RMB64,644 in 2018.

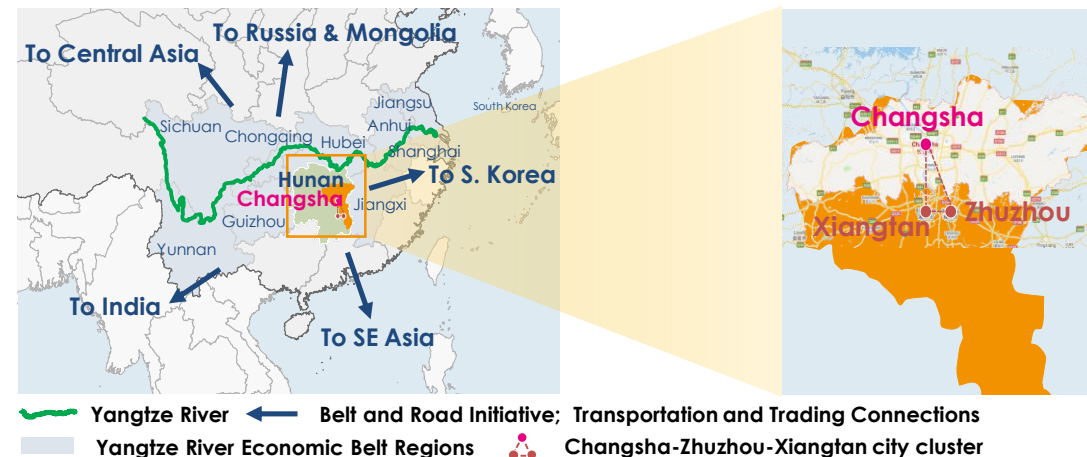
... and the Rapidly Growing City of Changsha

Beneficiary of the “Rise of Central China” Strategy

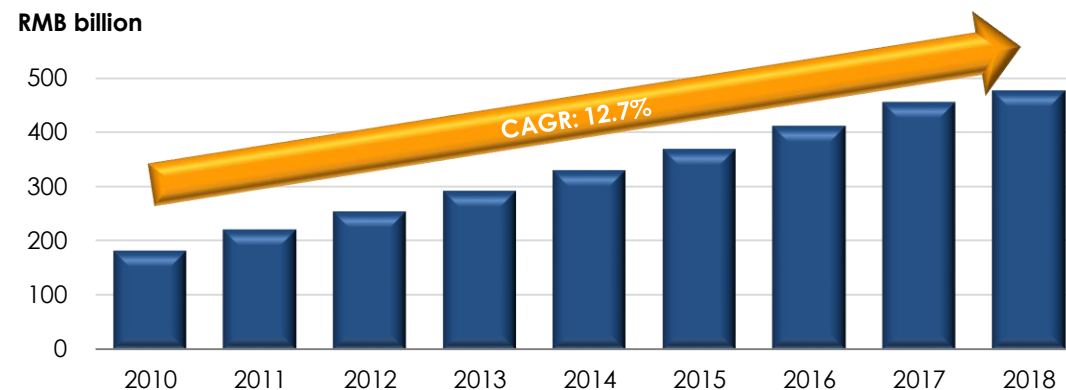
- **Strategically Located and Well Connected**
 - Core city along Belt and Road Initiative’s trade routes and in Yangtze River Economic Zone
 - Major transport and logistics hub in China with connections to 21 major cities

- **Strong Economic Growth**
 - GDP exceeding RMB1 trillion with GDP per capita growth higher than national average
 - Urban disposable income per capita growth outpaced national average with a CAGR of 10.5% from 2010 to 2018

- **Highly Conducive Business Environment for New Businesses and MNCs**



Retail Sales of Consumer Goods



Acquisition Outlay and Funding Structure



Total Acquisition Cost and Method of Financing

Acquisition Cost

Consideration	S\$489.0 million
Acquisition fee payable in Units to the Manager	S\$5.9 million
Estimated professional and other fees and expenses	S\$10.5 million
Total acquisition cost	S\$505.4 million

Method of Financing



- Combination of debt and equity to achieve accretion
- Manager may at absolute discretion decide to undertake Equity Fund Raising (“EFR”) comprising either:
 - Private placement and preferential offering; or
 - Rights issue

Notes:

¹ Excludes S\$5.9 million acquisition fee payable in units to the Manager.

² Assuming private placement and preferential offering with gross proceeds of S\$250 million.

What the Proposed Acquisition Offers



CapitaMall Xuefu, Harbin

Acquisition Rationale

In Line with CRCT's Investment and Acquisition Growth Strategy

1 Addition of Strategically Located and High-Quality Assets

2 Significantly Increases CRCT's Size and Scale, Improving Liquidity

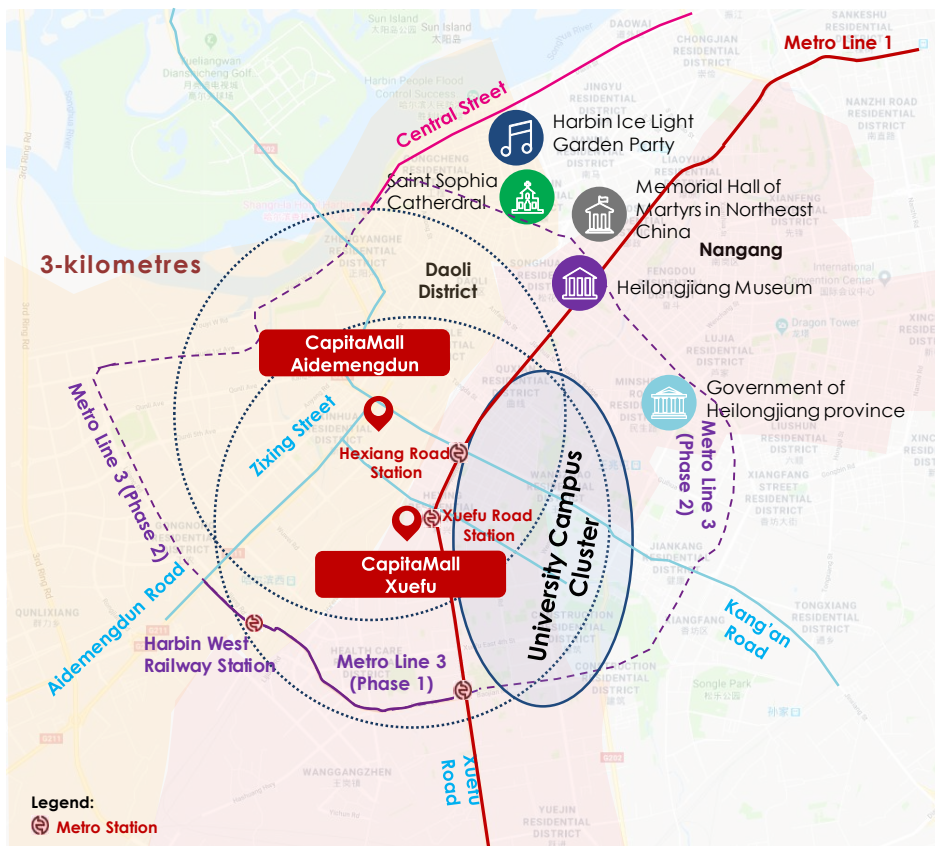
3 Further Enhances CRCT's Portfolio Diversification

4 Attractive Transaction Price that Delivers Accretion

5 Leverage on Strong Track Record of Management Team

1 Addition of Strategically Located...

Strategic Location with Excellent Connectivity and Strong Population Catchment



A CapitaMall Xuefu

- ✓ **Direct basement connection to Metro Line 1 Xuefu Road Station, served by more than 9 bus lines**
- ✓ **Excellent frontage to Xuefu Road, which connects to the Second Ring Road**
- ✓ **Sizeable catchment of c.750,000¹ with large tertiary student population**

B CapitaMall Aidemengdun

- ✓ **Good accessibility via 2 Metro Stations² and more than 8 bus lines**
- ✓ **Direct frontage to Aidemengdun Road that connects the International Airport to Central Street**
- ✓ **Population catchment of c.400,000¹ and close to Central Street, the popular shopping and dining destination**

Close Proximity and Complementary Retail Offerings Enhance Leasing, Marketing and Operational Synergies

Notes:

¹ Within a 3-kilometre radius.

² Within a 1.5-kilometre radius.

1 ...and High Quality Assets

A CapitaMall Xuefu, Harbin

Differentiated and Experiential Regional Destination Mall in the University Campus Cluster



- **City-centre retail landmark** positioned as **regional destination**
- Surrounded by **high-density, affluent and mature residential communities and amenities**
- **Proximity to cluster of 8 universities**, with large student and staff population
- **Experiential retail offerings** through innovative lifestyle concepts including **first artistic food street** in Harbin and **first all-year-round Amazon-style indoor garden “Dream Park”** within a shopping mall



Pioneer of Experiential Retail Concepts with Indoor Garden, Family Friendly Zones and Themed F&B Street

1 ...and High Quality Assets

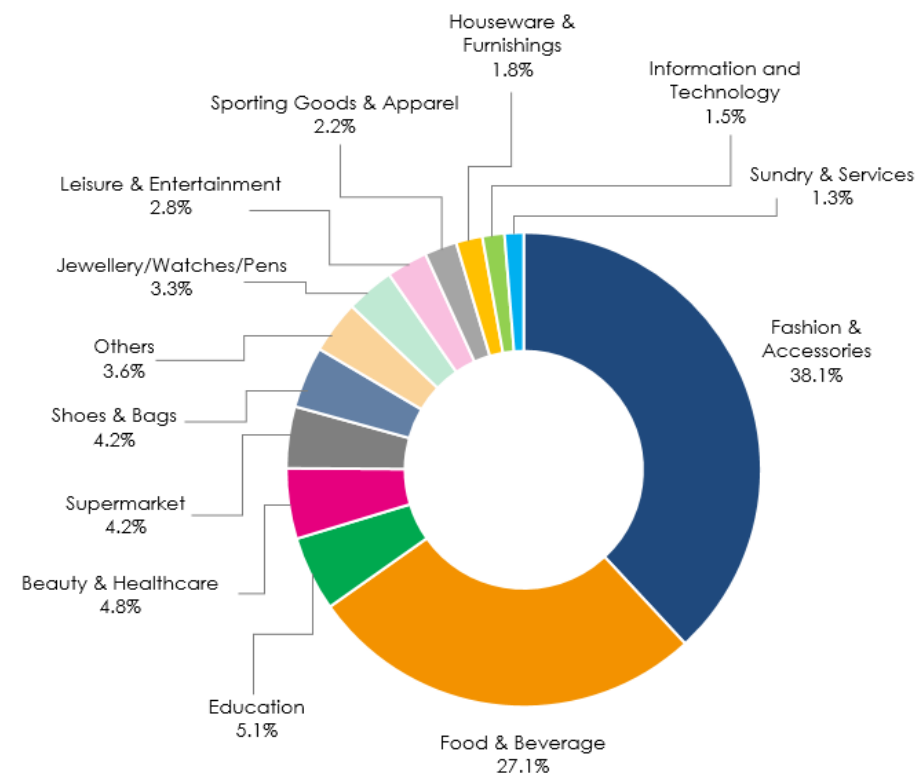
A CapitaMall Xuefu, Harbin

Comprehensive and Well-Targeted Trade Mix Offering

- **Comprehensive offering** with over 400 leases
- **Leading brands** include BHG Supermarket, CGV Cinema, H&M, Haidilao and Sisyph Books
- Introduced:
 - **New fashion concepts** which appeal to young and fashionable shoppers
 - Flagship Urban Revivo and Starbucks Reserve stores in Harbin



Trade Mix by Gross Rental Income



1 ...and High Quality Assets

B CapitaMall Aidemengdun, Harbin

Strategically Located Community Mall Focused on Necessity Spending

- **Downtown location** surrounded by high-density residential communities
- **Everyday one-stop shopping destination** for the community
- **Wide tenant base of popular brands** including supermarket, cinema, F&B, fashion and children-related brands



Community Mall with Strong Focus on Young Families with Children, Sports and Education Offerings

1 ...and High Quality Assets

B CapitaMall Aidemengdun, Harbin

Active Mall Management Strategy Positions it as Community Mall of Choice



Refreshed c.50% of stores during 2017/2018

Introduced:

- ✓ Experiential offerings
- ✓ In-store services
- ✓ Innovative concepts
- ✓ Pop-up shops

Strategic Mall Planning

Targeted leisure spaces and facilities

- Community-driven outdoor space for activities and marketing events

Wide variety of sports offerings

- Cater to the rising awareness of health and fitness

Popular Events

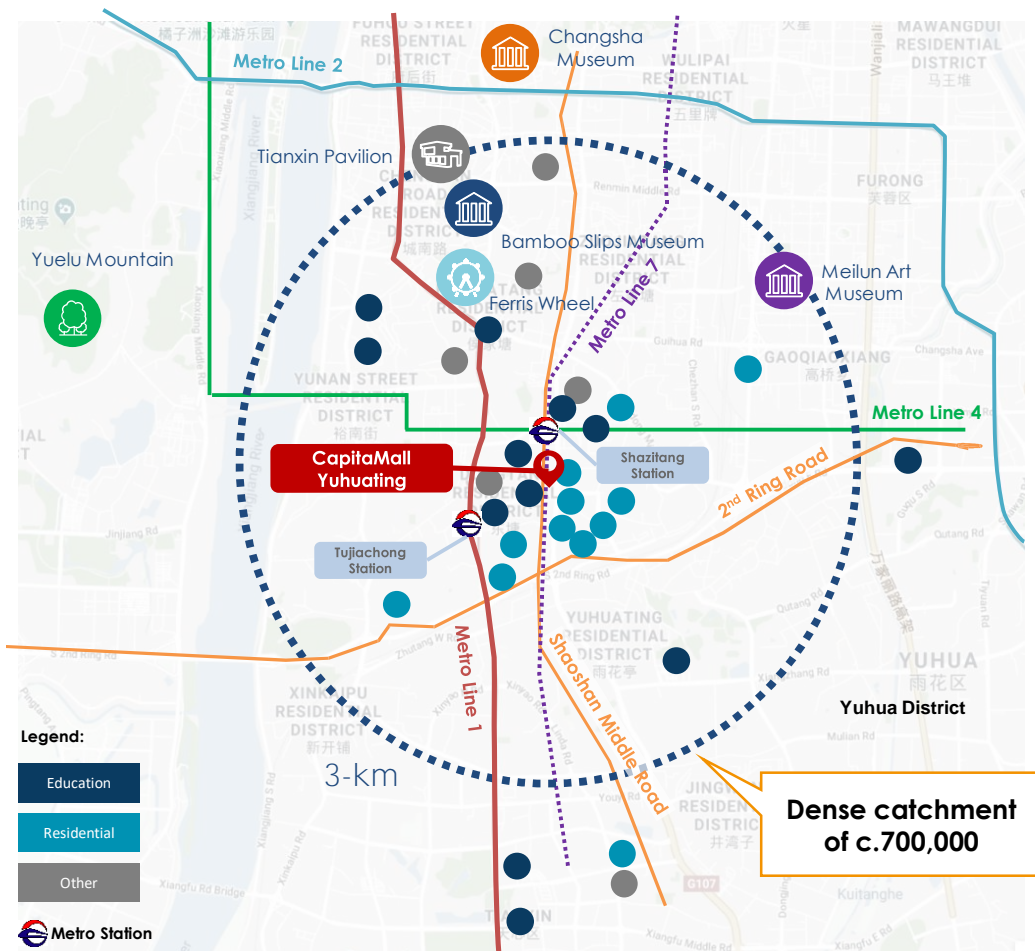
All-week popular lifestyle and family events to draw crowds

- University campus recruitment talks
- Beauty events
- Lifestyle bazaars
- Children focused events

Active Review of Trade Mix

1 Addition of Strategically Located...

Strategic Location with Excellent Connectivity and Strong Population Catchment



C CapitaMall Yuhuating

- ✓ **Great accessibility** with 2 Metro stations within 1-kilometre and more than 15 bus lines
- ✓ Located in Dongtang retail hub with **no direct competitors** in the area within 3-kilometre radius
- ✓ Nestled within **large cluster of residential, educational and financial institutional facilities**
- ✓ Enjoys **premium frontage at major intersection**, one of the city's main arterial roads that connects to the Second Ring Road

Easily Accessible Mall Situated in a Dense Catchment

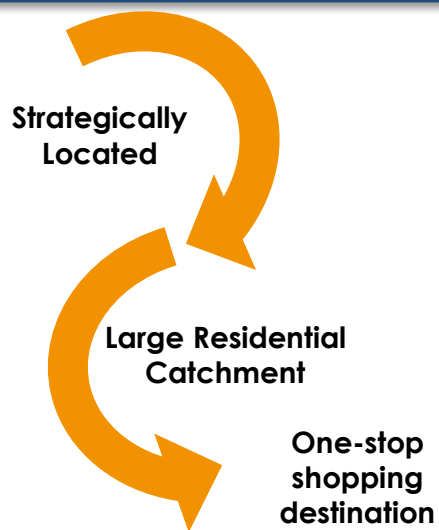
1 ...and High Quality Assets

© CapitaMall Yuhuating, Changsha

Well Established Community Mall Surrounded by Large Residential Communities



- **One-stop necessity shopping mall with established presence**
- **Comprehensive and integrated shopping experience** including supermarket, cinema, fashion, F&B and leisure
- **Strong brand awareness** in the catchment area



A Unique One-Stop Necessity Shopping Mall in the Locality with Strong Brand Awareness

1 ...and High Quality Assets

© CapitaMall Yuhuating, Changsha

Potential to Extract Further Value

✓ Successful New Concepts

- Attracted new and leading international brands



- Active collaboration with local brands



- ✓ Experiential offering with a rooftop farm, a huge draw for young families

- ✓ Concepts popularized by internet celebrities “网红”

- ✓ Strong anchor tenant



Potential Upside

- ✓ Lease expiry profile with areas up for renewal create **attractive opportunities for further upside**

- 64% of leases¹ expiring in **next 2 years**

- ✓ Options for lease renewals, higher NLA productivity and further AEI



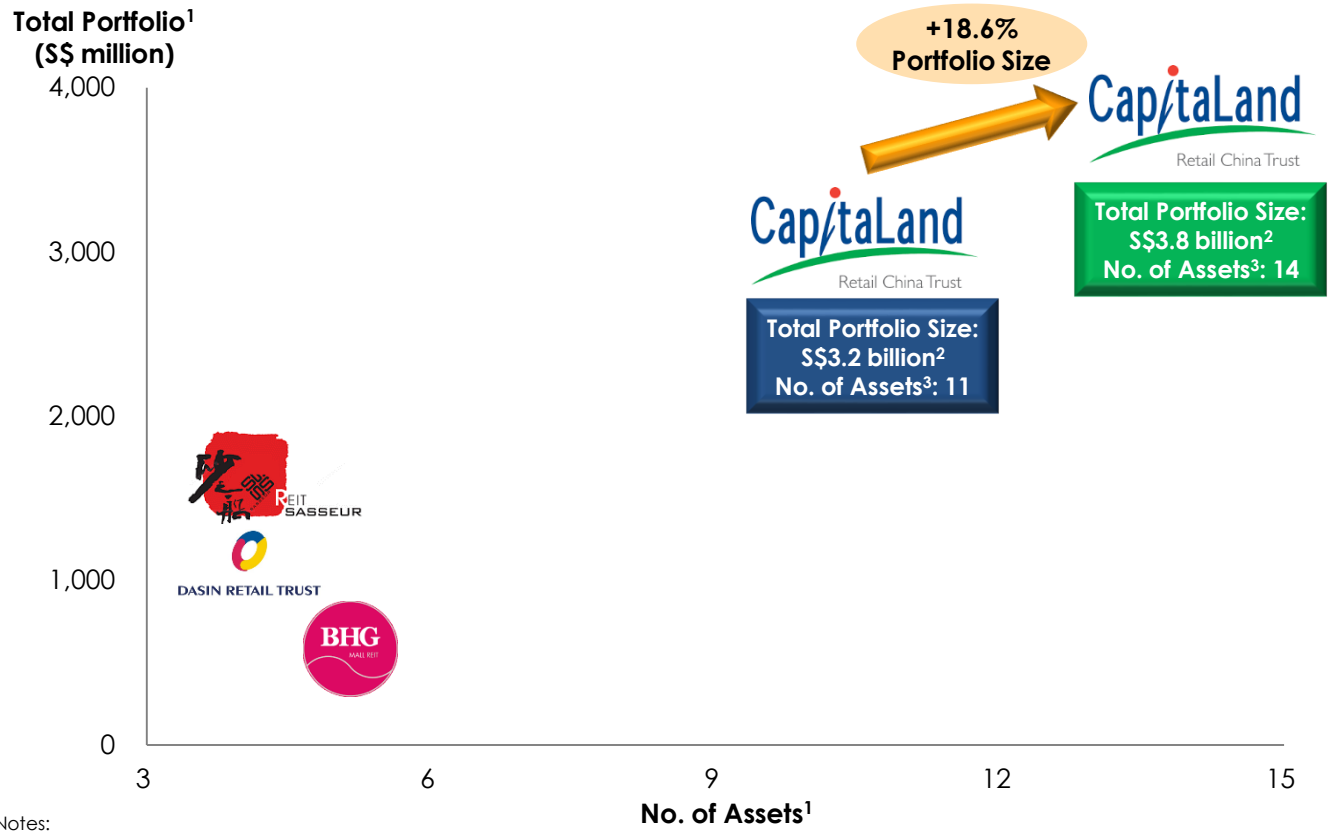
Note:

¹ Based on NLA.

2

Significantly Increases CRCT's Size and Scale, Improving Liquidity

Consolidating Position as the Largest China Retail S-REIT / BT



Strong NPI growth

RMB959.3 million^{3,5}



RMB781.2 million^{3,4}

Increase in market cap⁶

S\$1.82 billion



S\$1.57 billion

Notes:
¹ All information is as at 31 March 2019.
² Based on 100% interest in all of CRCT's properties.
³ Includes CapitaMall Wuhu. The completion of the divestment of CapitaMall Wuhu was announced on 10 July 2019.
⁴ Based on CRCT's audited financial statements for the period 1 January 2018 to 31 December 2018. Including CRCT's 51.0% interest in Rock Square's NPI for the period from 1 February 2018 to 31 December 2018 which is accounted for as part of "Share of results (net of tax) of joint venture".
⁵ Includes FY2018 NPI of the Properties, assuming CRCT had held and operated the Properties from 1 January 2018 to 31 December 2018.
⁶ Based on the closing Unit price of S\$1.57 as at 1 July 2019, and assumes gross proceeds of S\$250 million raised via the Equity Fund Raising.

3 Further Enhances CRCT's Portfolio Diversification

Increases Exposure to Major Provincial Capitals, Multi-Tenanted Malls and Leases

Increases Geographical Diversification across Major China Markets

- Deepens footprint to the north and central regions

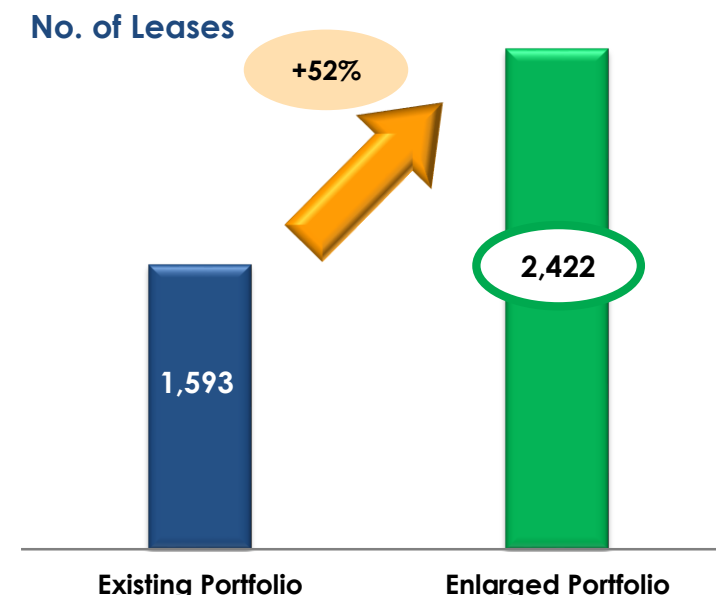
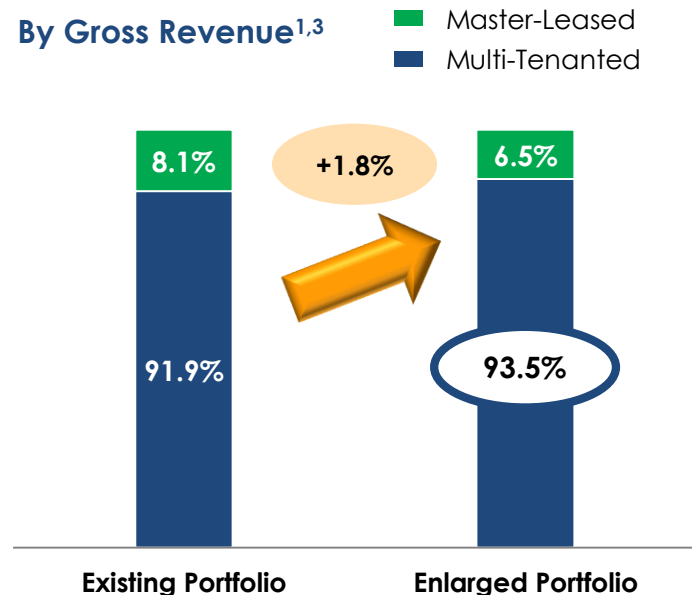
Increases Exposure to Multi-Tenanted Malls

- Provides greater opportunities to drive rental growth

Increases the Leasing Network

- Reduces reliance on large anchor tenants
- Increases flexibility for active lease management

	Existing Portfolio	Enlarged Portfolio
No. of Cities ¹	8	10
Provincial Capital Cities ²	7	9



Notes:

¹ Includes CapitaMall Wuhu. The completion of the divestment of CapitaMall Wuhu was announced on 10 July 2019.

² Includes municipalities and capital of autonomous regions.

³ Based on gross revenue for FY2018 and includes CRCT's 51.0% interest in Rock Square.

3 Further Enhances CRCT's Portfolio Diversification

Reduces Single Asset Exposure and Tenant Concentration Risk

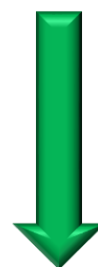
Percentage contribution to CRCT's gross revenue¹

Percentage of Total Rental Income²

Pre-Acquisition



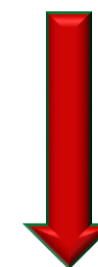
Top 2 malls
44.9%



36.0%

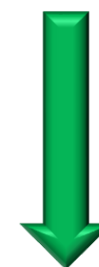


Top tenant
8.3%



7.5%

Top 10 tenants
23.1%



20.7%

Post-Acquisition



- CapitaMall Xuefu will be CRCT's 3rd largest mall by gross revenue contribution

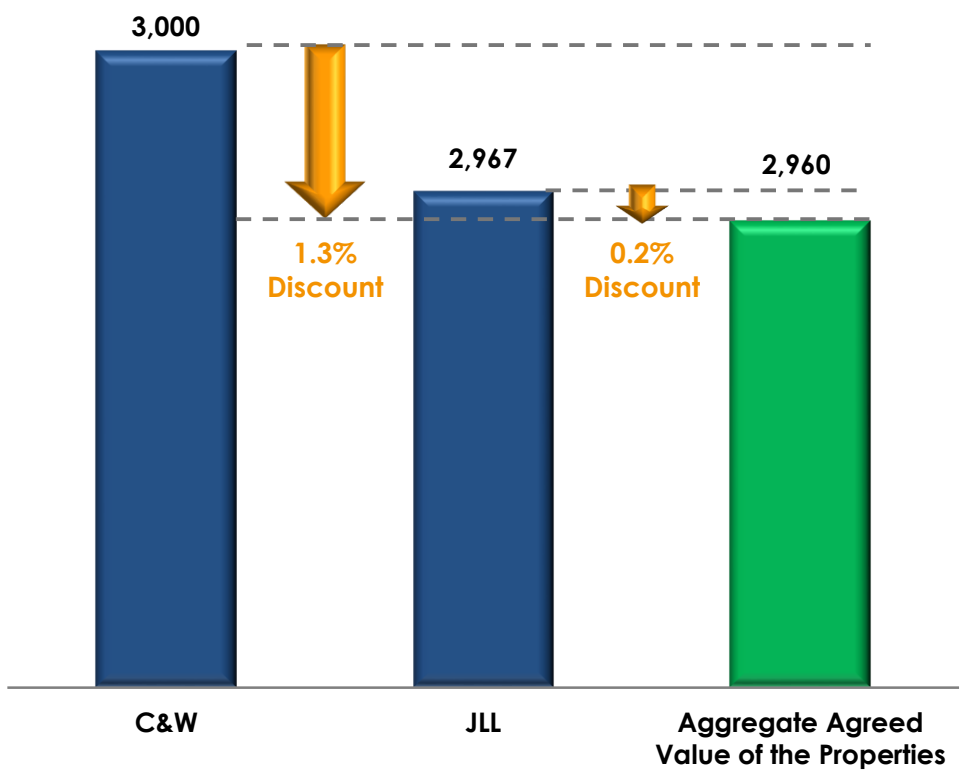
Notes:

¹ Based on gross revenue for FY18, including CRCT's 51% interest in Rock Square.

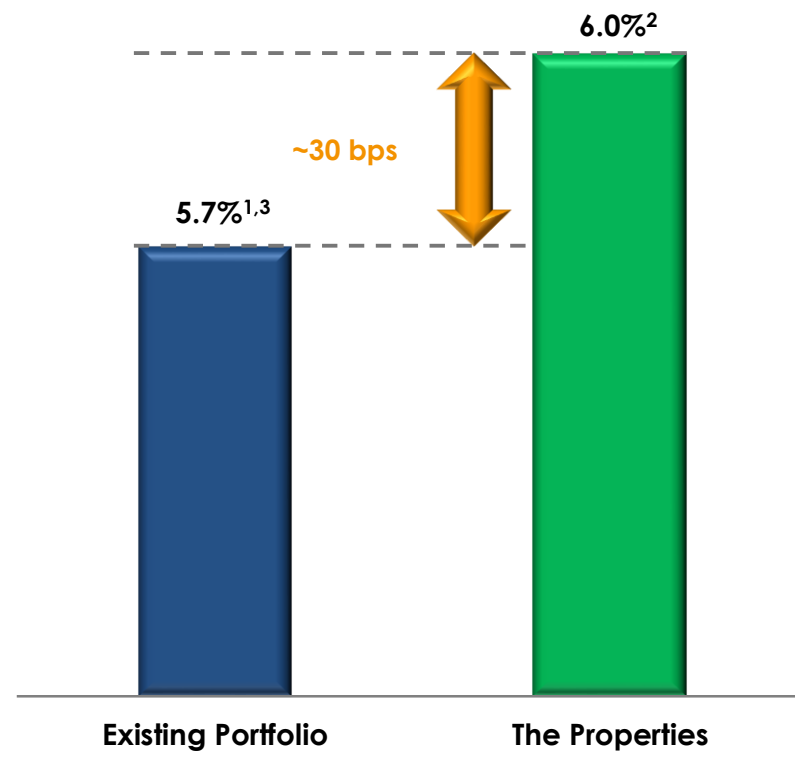
² By Total Rental Income and includes both gross rental income and gross turnover rental income ("GTO") components for the month of March 2019. Based on CRCT's effective interest in each property, including CRCT's 51.0% interest in Rock Square.

4 Attractive Transaction Price ...

Discount to Independent Valuation (RMB million)



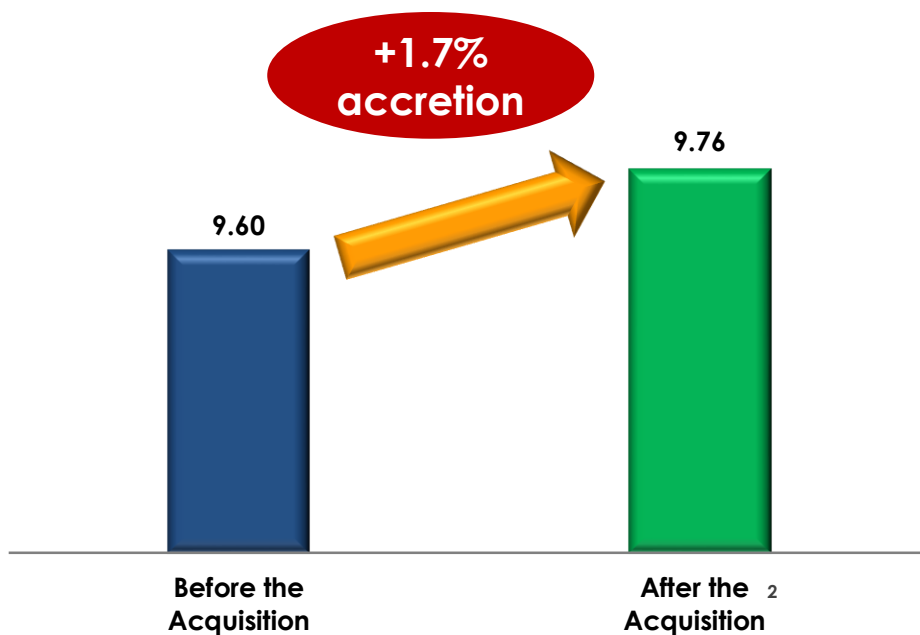
Higher Yield than Existing Portfolio NPI Yield (%)



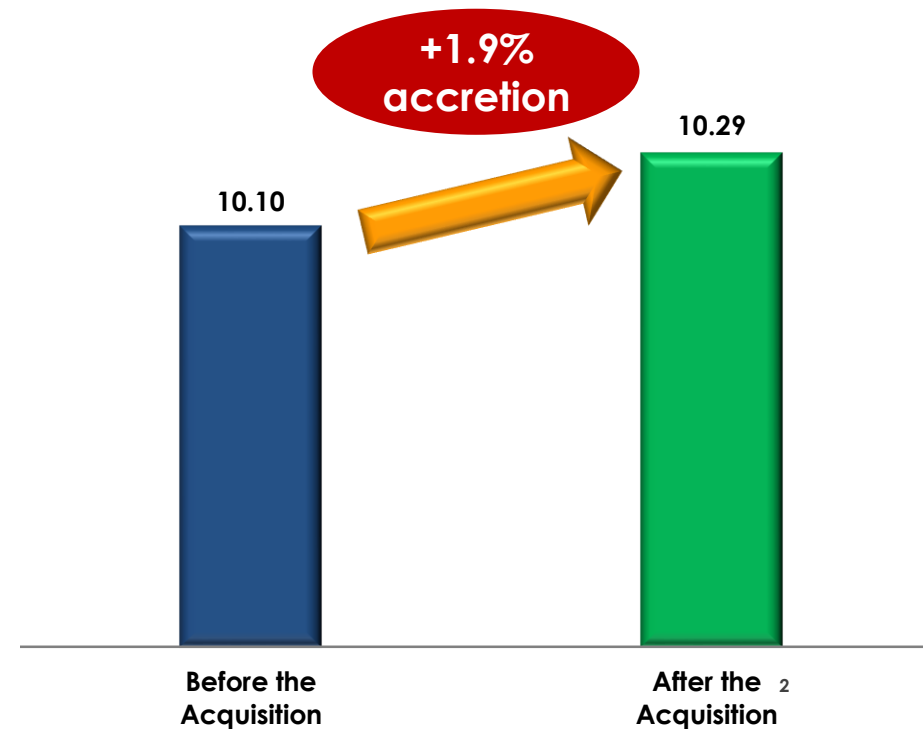
Notes:
¹ Computed using FY2018 NPI of the Existing Portfolio divided by its valuation as at 31 December 2018, including CRCT's 51.0% interest in Rock Square whose NPI yield is computed based on the annualised NPI for the period 1 February 2018 to 31 December 2018.
² Computed using the aggregate FY2018 NPI of the Properties divided by the aggregate Agreed Value of the Properties.
³ Excludes CapitaMall Wuhu as the mall was fully closed.

4 ...that Delivers Accretion

FY2018 – Pro Forma DPU Accretion
(S\$ cents)¹



Annualised 1Q 2019 – Pro Forma DPU Accretion
(S\$ cents)¹



Notes:

¹ Please refer to Paragraph 5.1 of the Letter to Unitholders Pro Forma Financial Effects of the Acquisition for more details (including the assumptions on which the pro forma financials have been prepared).

² Assuming a Private Placement and Preferential Offering to raise gross proceeds of approximately S\$250 million.

5 Leverage on Strong Track Record of Management Team

The Management Team will Continue to Drive and Deliver Operational Excellence

- **Properties managed by the same cluster management teams**
 - Management by respective North and Central/South Region teams creates significant design, planning and execution efficiencies
- **Track record of active asset management with demonstrable results**

CapitaMall Xuefu	✓ Active AEs by introducing innovative experiential concepts to strengthen market leadership
CapitaMall Aidemengdun	✓ Recent upgrading and brand refresh to position the mall for further growth
CapitaMall Yuhuating	<ul style="list-style-type: none"> ✓ Future plans to expand tenant mix, primarily in F&B and Fashion & Accessories ✓ Past AEs included store reconfiguration, introduction of international fashion brands, and widening of the F&B offerings

5 Leverage on Strong Track Record of Management Team

CRCT's Successful Enhancement Track Record

Achieved Strong Rental Reversions in Malls Post-AEI

CapitaMall Wangjing

15.7%
FY2018 rental reversion



Strategic Recovery of Anchor Spaces

- ✓ Early recovery of 4,700 sq m of space from department store anchor tenant
- ✓ Introduced higher-yielding specialty stores to create a more enticing retail experience for shoppers
- ✓ Brought in positive footfall drive and income contribution to the new zone



Carve out Income-Producing Space

- ✓ Expanded Ucommune to two levels to cater to higher demand for co-working space
- ✓ Transformed ~500 sq m of common area to income-producing area
- ✓ Increased monthly rental income at Level 8 by ~50%



Rock Square

>20%
Rental reversion for 4 consecutive quarters in FY2018



Extract Value through Active Management

- ✓ Repositioned from neighbourhood community mall to regional one-stop retail destination offering modern lifestyle needs



New tenants introduced

Summary of Recommendations



Recommendation by Independent Financial Advisor (“IFA”)

- Ernst & Young (“EY”) was appointed as the IFA for the proposed Acquisition.
- The IFA is of the opinion that the Acquisition is on **normal commercial terms and is not prejudicial to the interests of CRCT and its minority Unitholders.**
- The IFA advises the Independent Directors and the Audit Committee to **recommend the Unitholders to vote in favour of the Acquisition** at the EGM.



INDEPENDENT FINANCIAL ADVISER

Recommendation by the Independent Directors and the Audit Committee

- Based on the opinion of the IFA, the Independent Directors and the Audit Committee¹ believe that the **Acquisition is on normal commercial terms and would not be prejudicial to the interests of CRCT and its minority Unitholders.**
- As such, the Independent Directors and the Audit Committee¹ **recommend that Unitholders vote at the EGM in favour of the resolution to approve the Acquisition.**



INDEPENDENT DIRECTORS AND THE AUDIT COMMITTEE

Note:

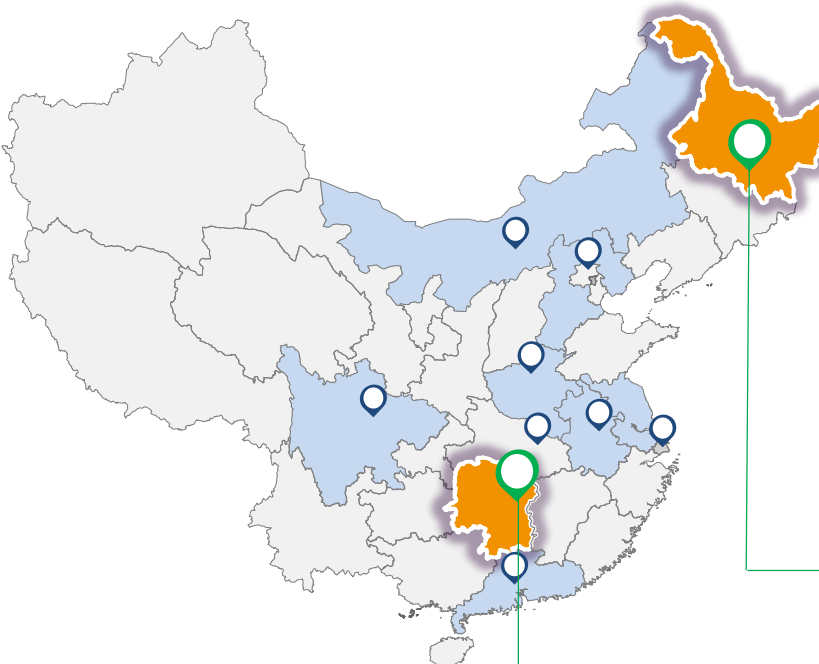
¹ Excluding Mr Lim Cho Pin Andrew Geoffrey who has abstained as he is concurrently as officer of CapitaLand.

Conclusion



Proposed Acquisition Consolidates our Position as the Largest China Shopping Mall S-REIT

14 Well-Located Malls¹ with Strong Presence in Core City Clusters



Existing Portfolio

A. Beijing		B. Shanghai		C. Wuhu	
D. Guangzhou		E. Wuhan	F. Chengdu	G. Zhengzhou	H. Hohhot

Properties

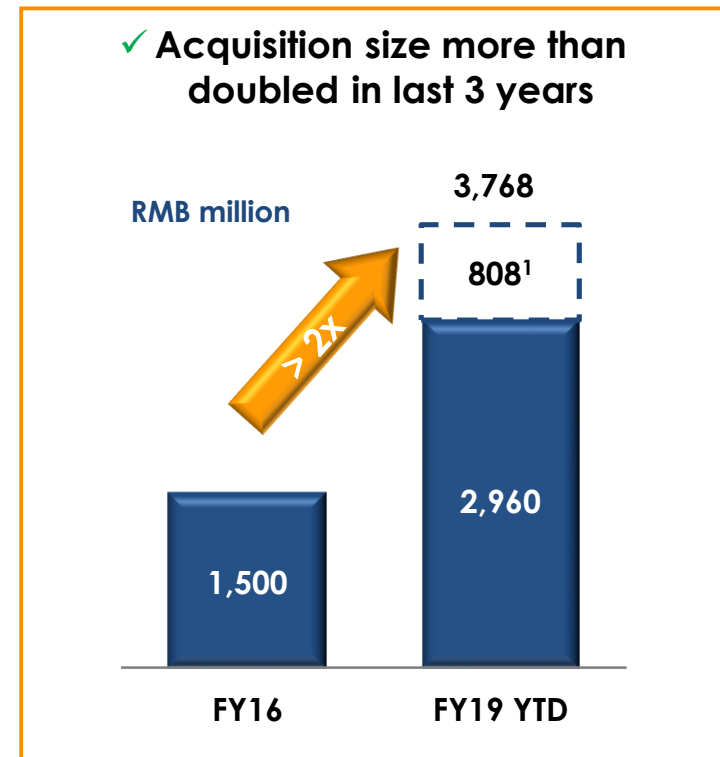
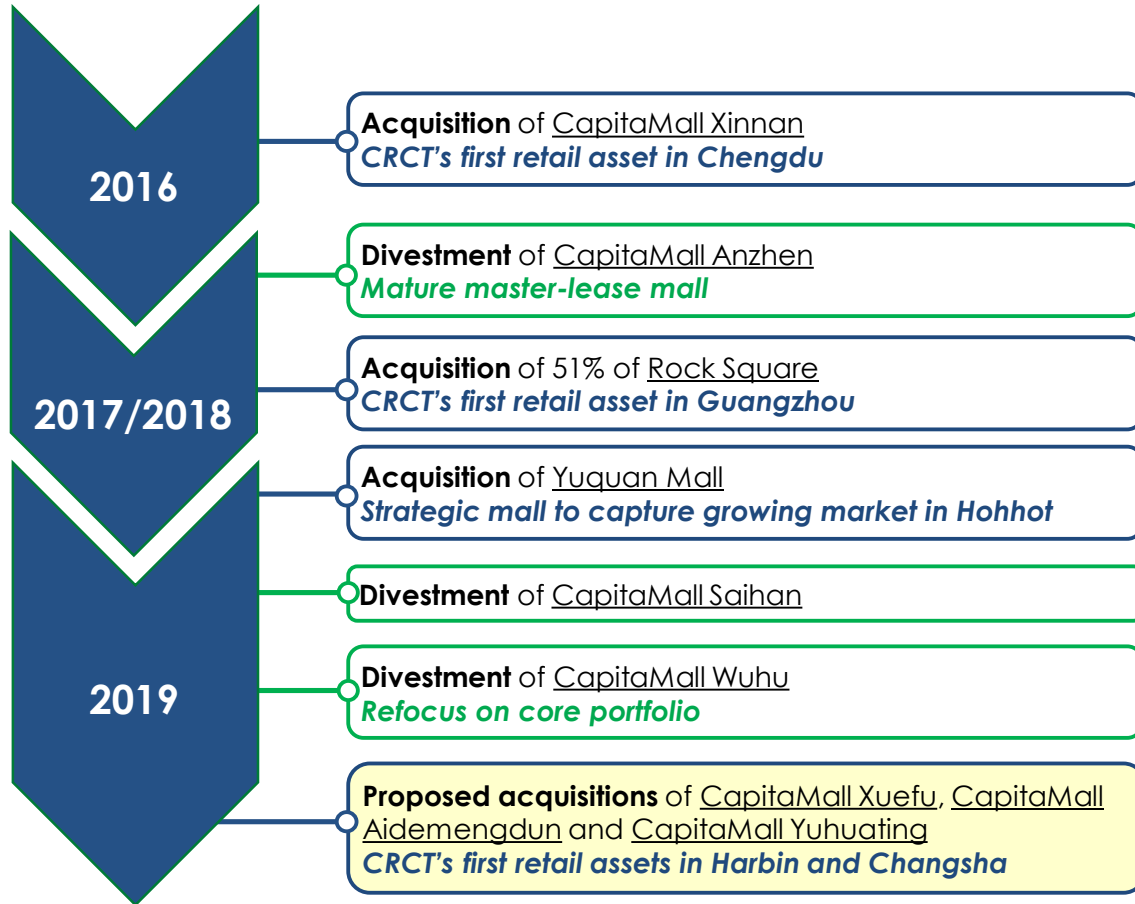
I. Harbin	J. Changsha

Note:

¹ Includes CapitaMall Wuhu. The completion of the divestment of CapitaMall Wuhu was announced on 10 July 2019.

CRCT Continues to Deliver Growth through Proactive Portfolio Reconstitution

Building on the Momentum to Scale Up Through Disciplined Capital Management To Deliver Steady and Growing Returns

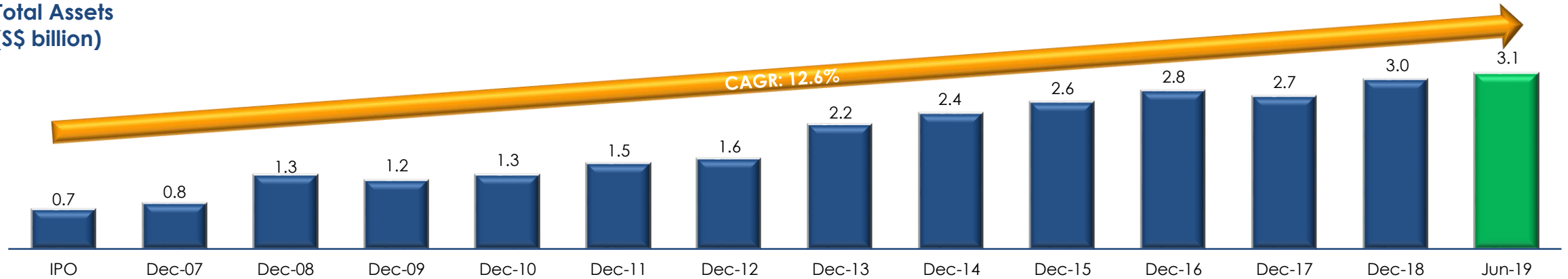


Note:
¹ Acquisition of Yuquan Mall.

Consistent Track Record of Value Creation and Generating Unitholder Returns

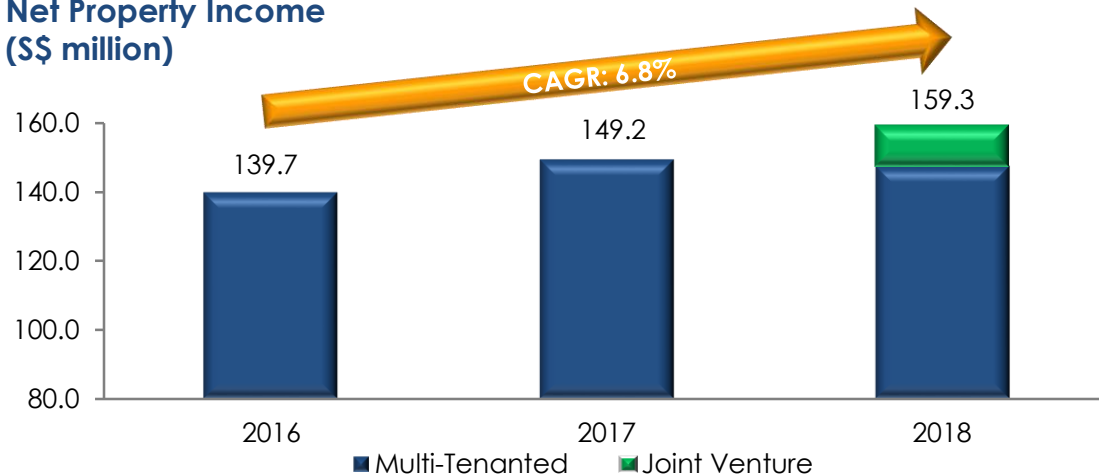
Total Assets Increased more than Fourfold since IPO

Total Assets (\$\$ billion)

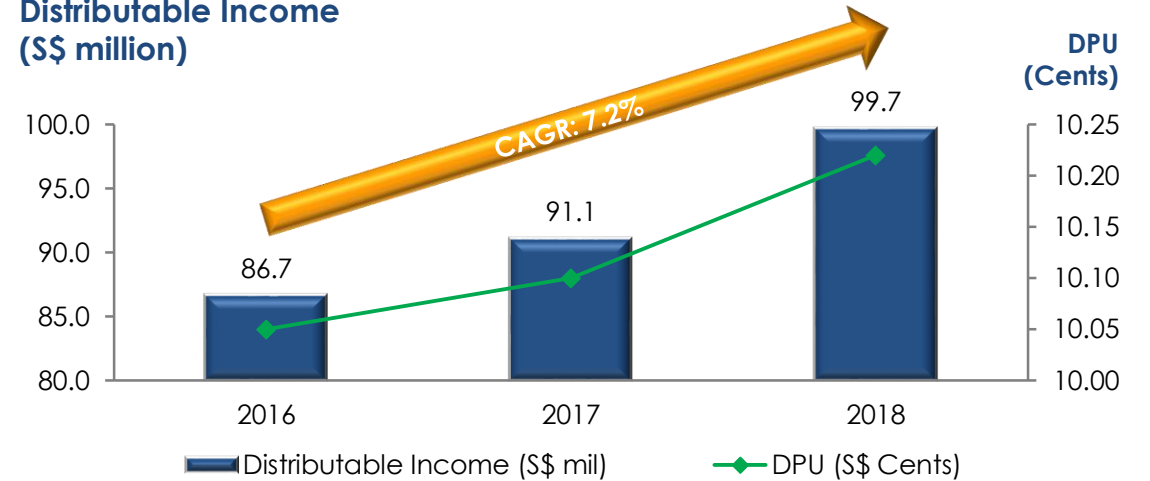


Steady Growth in Distributable Income and DPU

Net Property Income (\$\$ million)



Distributable Income (\$\$ million)





Thank you