

NEWS RELEASE

**CLCT posts 5.3% year-on-year growth in net property income for FY 2023, boosted by contribution uplift in 2H 2023**

- ***Retail operating metrics in 2H 2023 continued to improve over 1H 2023***
- ***2H 2023 NPI grew by 10.5% year-on-year***

**Singapore, 30 January 2024** – CapitaLand China Trust Management Limited (CLCTML), the manager of CapitaLand China Trust (CLCT or Trust), announced today a net property income (NPI) of RMB1,293.7 million for the financial year 2023 (FY 2023), which is 5.3% higher than FY 2022. The increase in NPI was boosted by stronger performance in CLCT’s retail portfolio which constitutes 75.9% of Assets Under Management<sup>1</sup> (AUM), and partially offset by lower contributions from the new economy portfolio. In 2H 2023, CLCT recorded a 10.5% year-on-year growth in NPI to RMB630.0 million, mainly due to improved operating conditions and positive retail momentum driven by higher occupancies and post-asset enhancement initiatives (AEI).

For FY 2023, CLCT reported a distributable income of S\$113.9 million and Distribution Per Unit (DPU) of 6.74 cents. The distributable income for FY 2023 was impacted by foreign currency translation arising from the strength of the Singapore Dollar (SGD) against the Renminbi (RMB) as well as higher interest expense. Based on CLCT’s closing price of S\$0.825 on 29 January 2024, the distribution yield for FY 2023 was 8.2%. CLCT’s Record Date is 7 February 2024, and Unitholders will receive the 2H 2023 DPU of 3.00 Singapore cents on 28 March 2024.

CLCT’s portfolio valuation as at 31 December 2023 remained relatively stable, with the diversified portfolio reflecting a year-on-year dip of 0.9%, primarily due to lower signing rents across the market and a slowdown in rental growth rates.

Mr Soh Kim Soon, Chairman of CLCTML, said: “China’s GDP expanded by 5.2% year-on-year while retail sales improved by 7.2% in 2023. Chinese policymakers are actively implementing targeted measures to stabilise the economy, and several of China’s largest provinces have a GDP growth target of at least 5% in 2024<sup>2</sup>. CLCT’s portfolio remains fundamentally sound. With its multi-asset diversified strategy, CLCT is well-positioned to leverage on China’s economic recovery.”

Mr Tan Tze Wooi, CEO of CLCTML, said: “Despite market headwinds, CLCT continued to solidify its portfolio resilience. Through the progressive completion of well-timed AEIs across

<sup>1</sup> Post-completion of the divestment of CapitaMall Shuangjing as announced on 23 January 2024.

<sup>2</sup> Bloomberg, China’s Provinces Mostly Target GDP Growth of 5% of More in 2024, 24 January 2024.

our portfolio, we have enhanced our income contributions and retail operating metrics, delivering improvements in occupancy, shopper traffic, and tenant sales. In addition, we made decisive moves to optimise our portfolio by winding down operations at CapitaMall Qibao and divesting CapitaMall Shuangjing at an attractive exit yield. This disciplined approach underscores our strategic commitment to pursue growth opportunities as we focus on unlocking value to strengthen our balance sheet and improve financial capacity.”

Mr Tan said: “CLCT actively reviews its capital structure, leveraging onshore and offshore borrowings to reduce the overall cost of debt. We have broadened and diversified our funding sources by becoming the first Singapore-based issuer of Free Trade Zone offshore bonds. Through this landmark transaction, we have increased our natural hedging, mitigating the impact of currency risk and exchange rate fluctuations. We remain committed to strengthening our balance sheet and utilising appropriate financial instruments to achieve an optimal mix of onshore and offshore borrowings for greater financial flexibility.”

“On the sustainability front, CLCT has made significant progress by upgrading its ratings in global benchmarks such as GRESB, MSCI ESG Ratings, and Sustainalytics. Looking ahead, we will continue the progress we have made over the last year in strengthening our portfolio quality and income streams, delivering long-term sustainable value to Unitholders,” added Mr Tan.

#### Operating performance

On the back of continuous efforts to optimise tenant mix, CLCT’s retail portfolio occupancy registered 98.2% as at 31 December 2023, its highest since 2019. Boosted by an improved performance across all malls, shopper traffic increased by 45.8%<sup>3</sup> year-on-year while tenant sales grew by 41.5%<sup>3</sup> year-on-year, exceeding 2019 figures since 2Q 2023.

Weaker business sentiments and increased supply in both logistics and business park sectors have impacted the new economy portfolio. As at 31 December 2023, CLCT’s business park portfolio maintained its occupancy rate at 91.0% while the occupancy for the logistics park portfolio stood at 82.0%.

CLCT continued to extract value from its retail portfolio through asset rejuvenations. The AEI for CapitaMall Grand Canyon was successfully completed, with the rejuvenated area on level one fully leased and operational since July 2023. Basement one started operations in December 2023. Around 60 popular food and beverage outlets, as well as trendy retail and lifestyle stores, were unveiled as part of the refreshed tenant mix. Post-AEI, CapitaMall Grand Canyon is expected to contribute higher full year income in 2024.

In December 2023, CLCT announced the proposed divestment of CapitaMall Shuangjing for RMB842.0 million (S\$157.8 million). The divestment was completed and subsequently announced on 23 January 2024.

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<sup>3</sup> Shopper Traffic and Tenant Sales exclude CapitaMall Qibao as the mall had ceased operations since the end of March 2023.

### 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 2024 with no further refinancing needs until FY 2025. As at 31 December 2023, the average term to maturity of borrowings was 3.5 years.

As at 31 December 2023, CLCT's cost of debt stood at 3.57% per annum, supported by a healthy interest coverage ratio at 3.3 times. To mitigate interest rate risk exposure, about 82% of CLCT's total debt is on fixed interest rates.

CLCT significantly increased the proportion of its sustainability-linked loans from 13% as at 31 December 2022 to 31% as at 31 December 2023. CLCT's gearing was 41.5%, well below the regulatory limit of 50%, as at 31 December 2023. If the proceeds from the divestment of CapitaMall Shuangjing were received and used to pare down debt, CLCT's gearing would have improved to approximately 40% as at 31 December 2023.

### Sustainability initiatives

CLCT remains committed to making a positive environmental and social impact on the communities where it operates. In 2023, CLCT participated in the Global Real Estate Sustainability Benchmark (GRESB) Real Estate Assessment where it was awarded a 5-star rating and scored a rating of 'A' for Public Disclosure. The Trust has also upgraded its MSCI ESG rating to 'BBB' and achieved a Sustainalytics Risk Rating of 'Negligible Risk'.

During the year, 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<sup>4</sup>. Both Ascendas Innovation Towers and Ascendas Innovation Hub are also the first properties in the portfolio to have procured offsite renewable power. Kunshan Bacheng Logistics Park has completed the installation of solar panels and will begin generating renewable energy this year.

To align tenants to its sustainability goals, CLCT rolled out its green lease programme to encourage tenants to incorporate environmentally friendly features in their premises and adopt sustainable practices. To-date, CLCT has implemented green leasing for all its properties managed by CLI<sup>5</sup>.

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<sup>4</sup> Attained LEED Gold status for Block 1 to 3 of Singapore-Hangzhou Science & Technology Park Phase I – the remaining blocks are LEED Gold certified since 2014.

<sup>5</sup> Excludes CapitaMall Qibao (the mall had ceased operations since end of March 2023) and CapitaMall Shuangjing (please refer to the announcements dated 6 December 2023 and 23 January 2024).

## Summary of CLCT results

	1 July to 31 December 2023 (2H 2023)	1 July to 31 December 2022 (2H 2022)	1 January to 31 December 2023 (FY 2023)	1 January to 31 December 2022 (FY 2022)
	Actual \$'000	Actual \$'000	Actual \$'000	Actual \$'000
Gross Revenue <sup>1</sup>	180,204	183,876	364,746	383,171
Net Property Income <sup>1,2</sup>	117,508	114,684	246,739	254,216
Amount available for distribution to Unitholders <sup>3</sup>	50,735	53,298	113,863	125,615
Amount released <sup>4</sup>	-	3,616	-	-
Distributable amount to Unitholders	50,735	56,914	113,863	125,615

Distribution Per Unit ("DPU") (cents) <sup>5</sup>				
DPU before amount released	3.00	3.18	6.74	7.50
DPU after amount released	3.00	3.40	6.74	7.50

	2H 2023	2H 2022	FY 2023	FY 2022
	Actual RMB'000	Actual RMB'000	Actual RMB'000	Actual RMB'000
Gross Revenue <sup>1</sup>	964,687	911,266	1,912,468	1,851,516
Net Property Income <sup>1,2</sup>	630,014	570,102	1,293,723	1,228,393

### Footnotes:

1. Average exchange rate for SGD/RMB.

2H 2023	2H 2022	Change %	FY 2023	FY 2022	Change %
5.361	4.971	(7.9)	5.243	4.832	(8.5)

2. Based on the same exchange rate as 2H 2022/FY 2022, net property income for 2H 2023 and FY 2023 in SGD terms would have been \$126.7 million or 10.5% higher and \$267.7 million or 5.3% higher than 2H 2022 and FY 2022 respectively.

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 and Wuhan Yangluo Logistics Park which has been fully distributed as capital distribution.

4. In 2H 2022, CLCT released S\$3.6 million from the amount available for distribution to Unitholders that was previously retained in 1H 2022.

5. The DPU is computed based on total issued units of 1,688.9 million and 1,673.9 million as at 31 December 2023 and 31 December 2022 respectively.

### **About CapitaLand China Trust ([www.clct.com.sg](http://www.clct.com.sg))**

CapitaLand China Trust (CLCT) is Singapore's largest China-focused real estate investment trust (REIT). CLCT's portfolio constitutes nine<sup>6</sup> shopping malls, five business park properties and four logistics park properties. The geographically diversified portfolio has a total gross floor area (GFA) of approximately 1.8 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 in Beijing; Rock Square in Guangzhou; CapitaMall Xinnan in Chengdu; 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 is 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. The properties are fitted with modern features to meet a wide range of e-commerce and logistics requirements. 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](http://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 30 September 2023, CLI had S\$133 billion of real estate assets under management, and S\$90 billion of real estate funds under management (FUM) held via six listed real estate investment trusts and business trusts, and more than 30 private vehicles across Asia Pacific, Europe and USA. Its

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<sup>6</sup> Excludes CapitaMall Qibao (the mall had ceased operations since end of March 2023) and CapitaMall Shuangjing (please refer to the announcements dated 6 December 2023 and 23 January 2024).

diversified real estate asset classes cover 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 carbon emissions for scope 1 and 2 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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