



# CAPITALAND RETAIL CHINA TRUST

Expansion of Investment Strategy  
30 September 2020

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# Expansion of Investment Strategy

**First and Largest China-Focused REIT Listed in Singapore**

CRCT's Investment Strategy will expand to the following -

“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)**.”

CRCT will be the **dedicated Singapore-listed REIT for CapitaLand Group's non-lodging China Business** with **acquisition pipeline access to CapitaLand's China's assets**.



Better Positioned for **Growth**



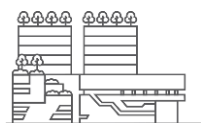
Seize **New Opportunities**



Bring **attractive yields** and/or increase **capital appreciation potential**

# Rationale and Benefits of Expanded Investment Strategy

## Investible Asset Classes



Retail



Business Park



Commercial



Logistics



Industrial



Data Centre



Integrated Developments

## Expand Investment Opportunities

- Larger pool of investment targets may bring attractive yields and/or increased capital appreciation potential
- Ability to grow portfolio and increase long-term returns for Unitholders

## Sector, Revenue Stream, Asset and Tenant Diversification

- Diversify revenue stream to build a sector-diversified portfolio
- Gain exposure to a more extensive pool of tenants across the sectors, reducing tenant concentration risk

## Enhance Ability to Deliver Stable and Sustainable Distributions to Unitholders

- Addition of different real estate asset classes provide CRCT with a more balanced and stable rental revenue
- More resilient and less susceptible to any adverse changes caused by unforeseeable external events and factors

## Key Focus

Long-term

Growth

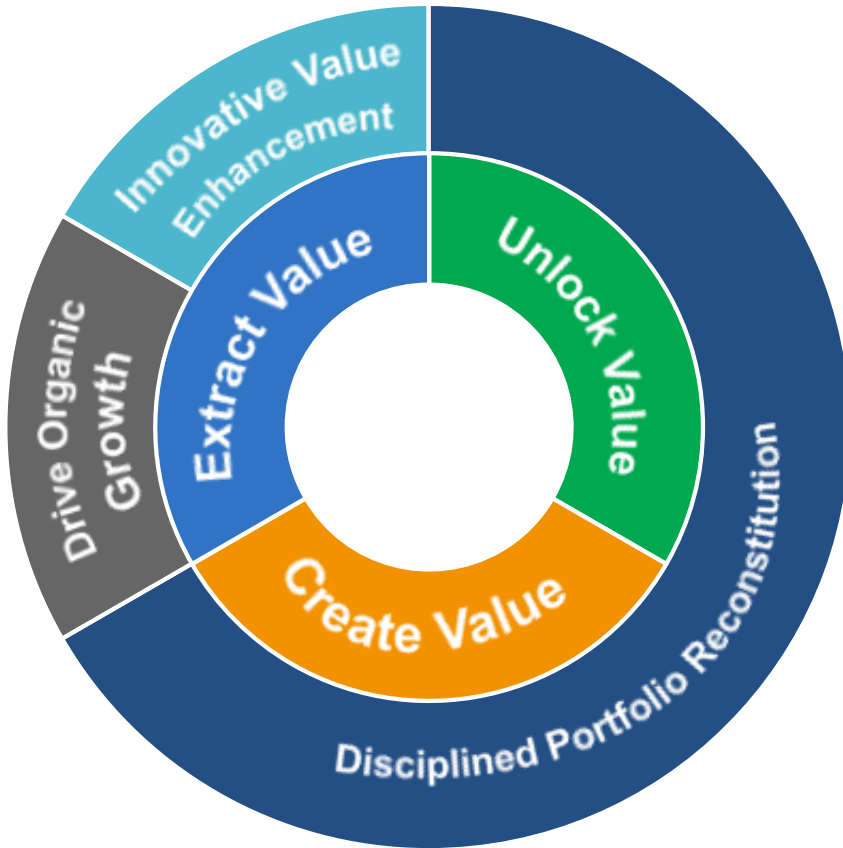
Diversification

Resilience

Sustainable

Returns

# CRCT Strategy



## Key Objectives

### 1 Disciplined Portfolio Reconstitution - Create Value

Increase diversification of revenue stream  
Expand footprint into targeted cities  
Engage Sponsor's pipeline and third-party vendors

### 2 Disciplined Portfolio Reconstitution - Unlock Value

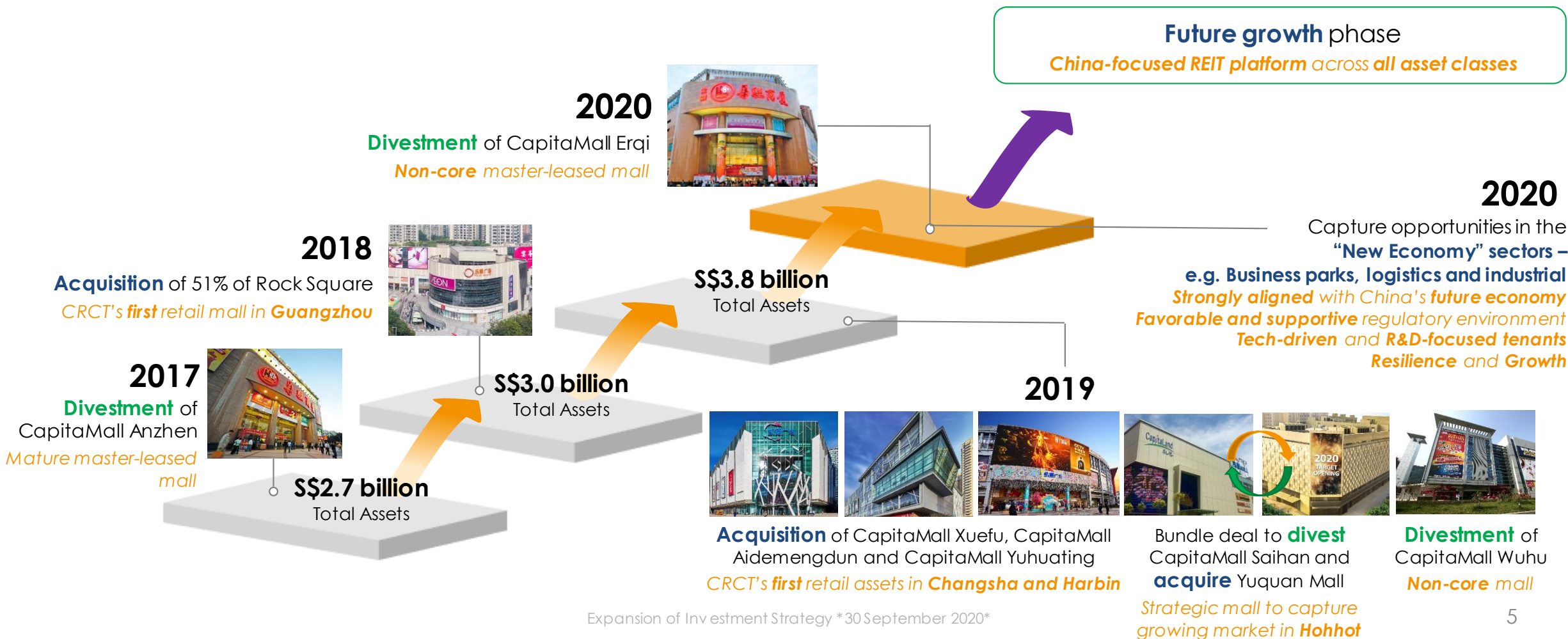
Monetise older assets and acquire newer assets with higher growth potential  
Decrease exposure to lower growth and non-core malls

### 3 Drive Organic Growth and Innovative Value Enhancement - Extract Value

Drive organic growth through AEI and space optimisation

# Proactive Portfolio Reconstitution Efforts

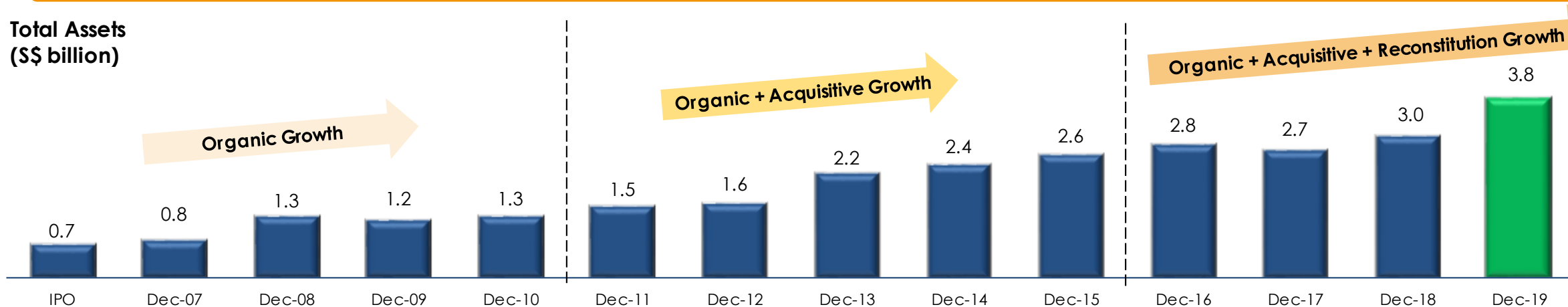
Long-Term Focus of Creating Growth and Resilience



# Track Record of Value Creation

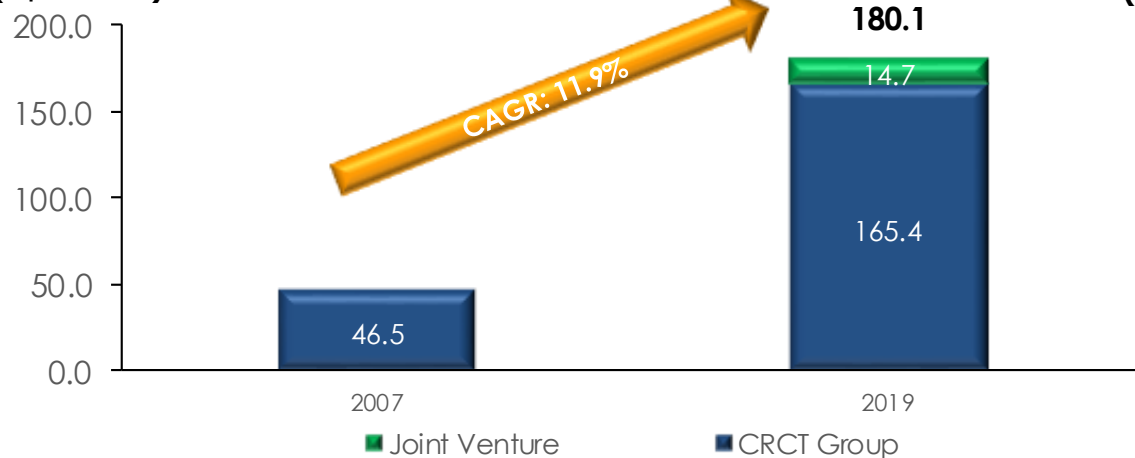
Total Assets Increased more than Fivefold since IPO

Total Assets (\$\$ billion)

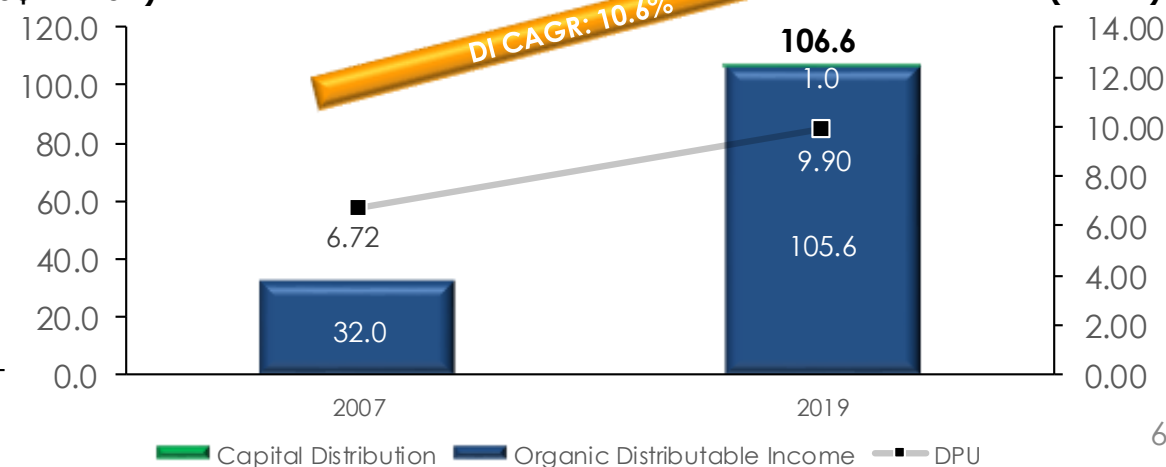


Steady Growth in NPI, DI and DPU

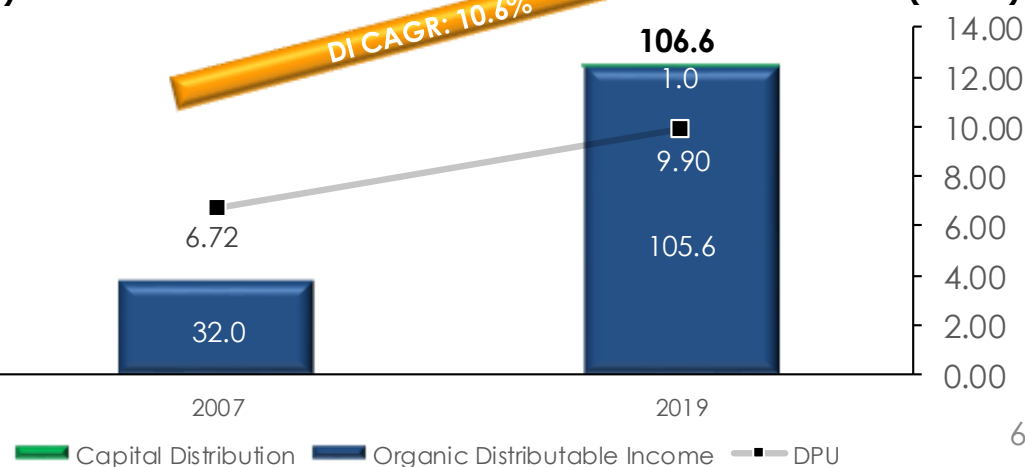
Net Property Income (\$\$ million)



Distributable Income (\$\$ million)



DPU (Cents)



# Strong Sponsor Supporting CRCT's Growth and Diversification

Leverage on CapitaLand's Established Real Estate Platform

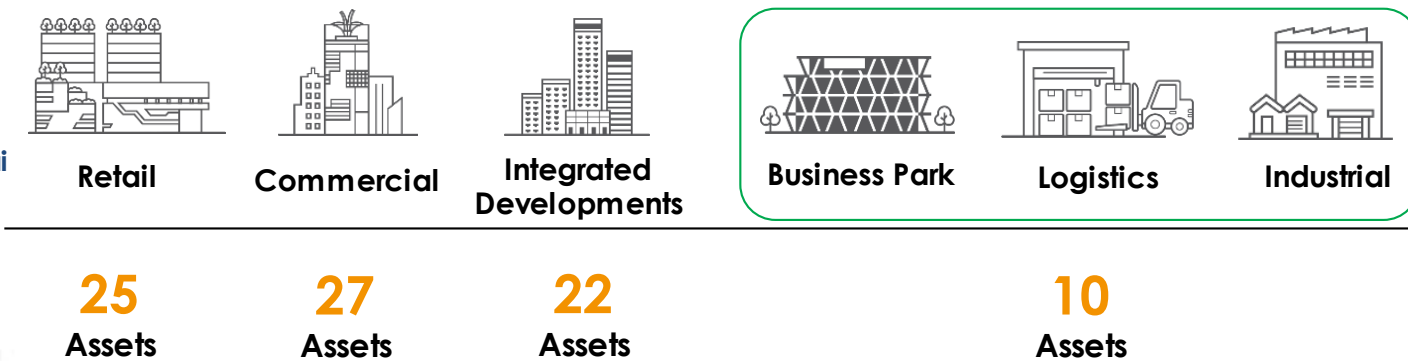


One of Asia's Largest Diversified Real Estate Groups

- In-depth local market knowledge
- Full spectrum of real estate capabilities and resources
- CRCT to tap on the strength and depth of CapitaLand's expertise and network to enter into new asset classes



## China Investment Portfolio<sup>1</sup>



Note:  
1. As of 30 June 2020





# Thank you

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# Disciplined Capital Management<sup>1</sup>

**33.6%**

Gearing<sup>2</sup>

31 Mar 2020: 35.8%

**2.79%**

Average Cost of Debt<sup>3</sup>

31 Mar 2020: 2.89%

**2.75 years**

Average Term to Maturity<sup>4</sup>

31 Mar 2020: 2.55 years

**4.0x**

Interest Coverage<sup>5</sup>

31 Mar 2020: 4.3x

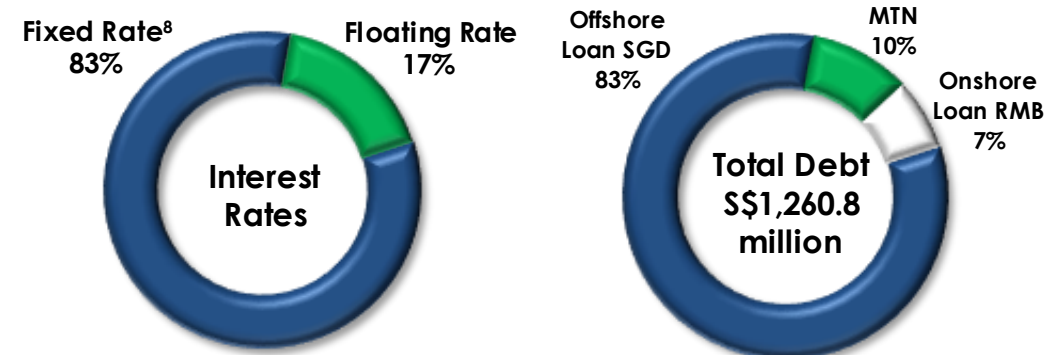
**89.8%**

Unencumbered Assets  
as % of Total Assets<sup>6</sup>

31 Mar 2020: 90.3%

**S\$393.7 million**

Available credit facilities<sup>7</sup>



Impact on:	Assuming 0.1% p.a. increase/(decrease) in interest rate on variable rate borrowings
Interest Expense	+ / (-) S\$ 0.4 million p.a.

**MAS raised the leverage limit for S-REIT from 45% to 50%**

- ✓ Debt headroom of S\$800 million to 45% and S\$1.3 billion to 50%
- ✓ Greater financial flexibility for stability and growth

Notes:

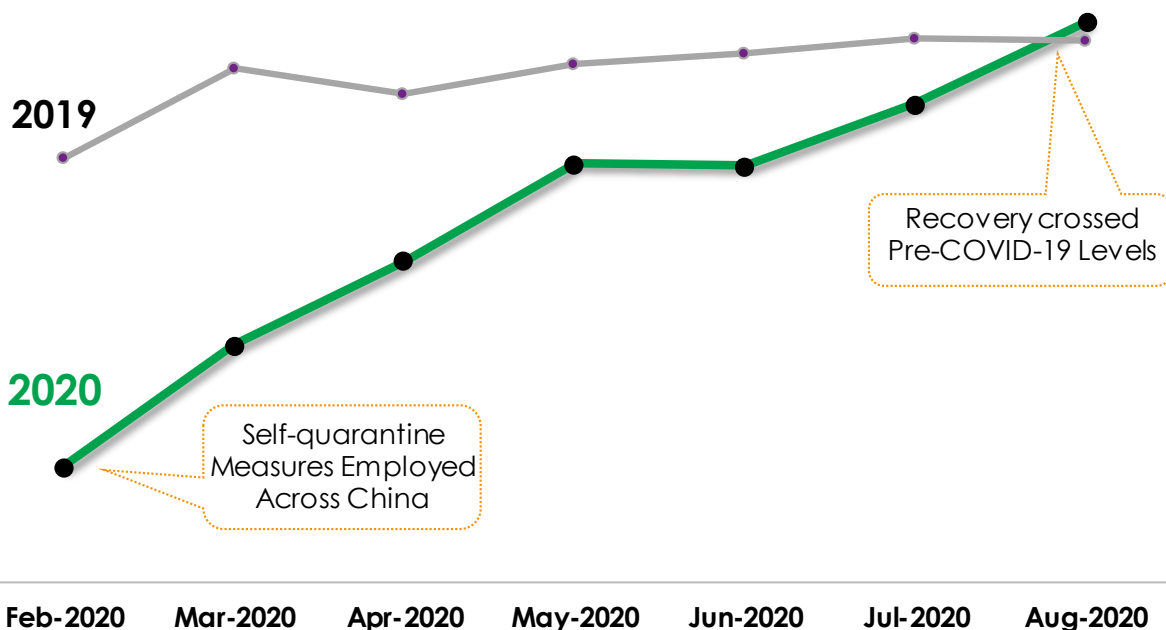
1. All key financial indicators exclude the effect of FRS 116 Leases, except for Interest Coverage Ratio.
2. Based on total borrowings over the deposited properties in accordance to Property Funds Appendix (includes CRCT's proportionate share of its Joint Venture's borrowing and deposited property).
3. Ratio of the consolidated YTD 2020 interest expense reflected over weighted average borrowings on balance sheet.
4. After refinancing 2020 outstanding debt of S\$100 million and extending it to 2026, the average term to maturity is 3.22 years.
5. Ratio is calculated by dividing the trailing 12 months EBITDA by the trailing 12 months interest expense (includes finance lease interest expenses under FRS 116) in accordance with MAS guidelines.
6. Excludes CRCT's proportionate share of its Joint Venture assets.
7. Includes S\$100.0 million earmarked for refinancing of floating bridge loan due in 2020.
8. 83% of total debt is fixed (excluding the MML and BL which were intended to be short term as well as RMB denominated loans).

# Continued Recovery Momentum

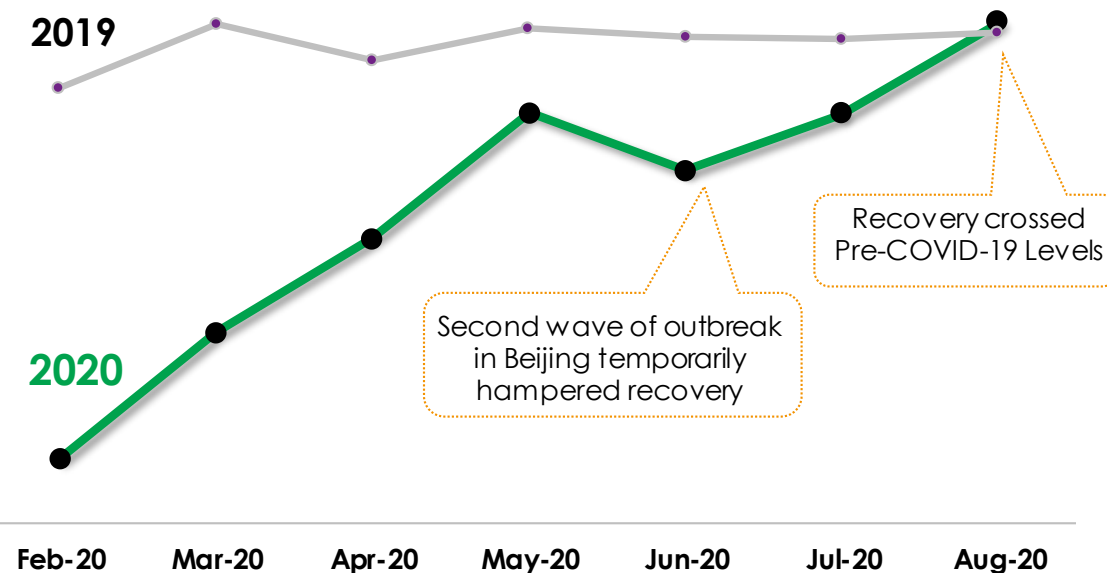
## For Traffic and Sales on an Enlarged Portfolio Basis

As We Continue to Focus on Tenant Operation and Community Engagement

**Total Shopper Traffic**  
**August YoY Recovery**  
**103.4%<sup>1</sup>**



**Tenant Sales**  
**August YoY Recovery**  
**102.1%<sup>1,2</sup>**



Notes:

- On an enlarged portfolio basis and excludes master-leased malls... On same mall basis (excluding CapitaMall Yuhuating, CapitaMall Xuefu and CapitaMall Aidemengdun):  
 a August 2020 Shopper Traffic Recovery: 76.0%  
 b August 2020 Tenant Sales Recovery: 77.7%
- Excludes tenants' sales from Supermarket and Department Store.

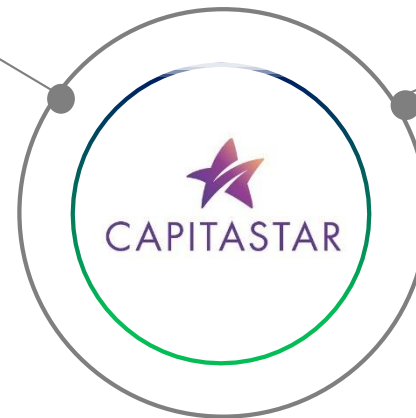
# Future-Proofing with Omnichannel Offerings

## Leverage on Online Platform to Complement Offerings

Our Focus on Online-Offline Integration Ecosystem Provides a Strong Competitive Advantage

### Accelerated Digitalisation Efforts to Capture Sales and Mindshare

- ✓ Sizeable member base crossing **10 million people**, enables CapitaStar to convert offline customer at a lower cost compared to pure e-commerce players<sup>1</sup>
- ✓ Tap on data analytics to understand consumer behavior and preferences to cater to their evolving lifestyle needs



### Growing Interest from Retailers

- ✓ Over 1,200 retailers were onboarded onto China's CapitaStar platform YTD<sup>1</sup> with more than 75,000 SKU
- ✓ Breaking immediate catchment boundaries for tenants with transactions taking place 24/7

**Leading digital platform by a Real Estate Player in China and Singapore**

**Benefit from rising sales outreach and higher turnover**

**Dual Capture of China's Offline and Online Retail Sales Growth**

**Offline Sales accounts for around 75%<sup>2</sup> retail sales in China**

Notes:

1. Please refer to CapitaLand Limited's DBS Vickers – CapitaLand Group Virtual Corporate Day 2020 Presentation for more information.
2. China Bureau of Statistics, August 2020.