

CapitaLand China Trust

# 2022 Annual General Meeting

Tuesday, 19 April 2022, 2.30pm



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*Please click to access CLCT's Annual Report 2021 and Integrated Sustainability Report 2021*

# FY 2021 Key Highlights

# FY 2021 – Generating Value and Growth

## Milestones

BP

**January:**

Completed **Ascendas Xinsu Portfolio** acquisition

BP

**February:**

Completed **Ascendas Innovation Towers** and **Ascendas Innovation Hub** acquisitions

R

Completed the divestment of **CapitaMall Minzhongleyuan**

R

**June:**

Completed the divestment of **CapitaMall Saihan**.  
Completed **Singapore-Hangzhou Science & Technology Park Phase I and II** acquisitions

BP

LP

**November:**

Completed the acquisition of **Shanghai Fengxian Logistics Park**, **Kunshan Bacheng Logistics Park**, **Wuhan Yangluo Logistics Park** and **Chengdu Shuangliu Logistics Park**

## Strategic Acquisitions

Addition of new economy assets to **strengthen portfolio resilience** and **increase income diversification** to **leverage different market cycles**



**+ 5 Business Parks (BP)**

~ 62.7% of tenants  
in high-growth  
emerging sectors



**+ 4 Logistics Parks (LP)**

Anchored by strong  
logistics tenants in  
rapid growth sectors

# FY 2021 Achievements

## Highest NPI since Listing

Achieved NPI of RMB1.2 billion for FY 2021, +78.4% YoY

## Delivering Sustainable Income Growth through Disciplined Portfolio Reconstitution

- Completed the acquisitions of five business parks
- Further diversify income streams into logistics with an accretive acquisition of RMB1.7 billion
- Unlocked RMB918 million by divesting two mature retail assets
  - ✓ New Economy Asset GFA increased by 1.0 million sq m YoY
  - ✓ Increased number of leases – 723 business park leases and 31 logistics park leases



## Forged Forward with Sustainability

Secured maiden sustainability-linked loan of S\$150 million – first S-REIT to receive a loan linked to the sustainability performance of a China portfolio

## Maiden Participation in GRESB Real Estate Assessment

Awarded 3 Star with a score of 77 for GRESB Real Estate Assessment 2021

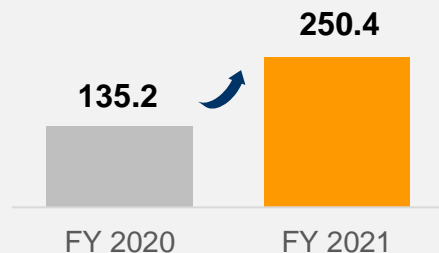
Received an 'A' for GRESB Public Disclosure 2021 (Ranked 1st amongst 7 Singapore Retail Constituents)

## Excellence in Investor Communication

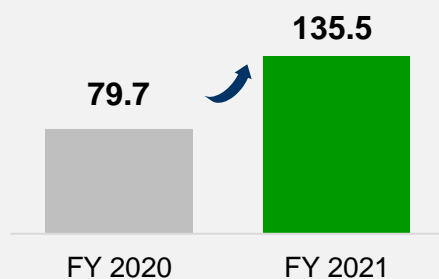
Awarded the 'Best IR during a Corporate Transaction' and 'Best use of Multimedia for IR' at the IR Magazine Forum & Awards - South East Asia 2021

# Key Financial and Portfolio Highlights

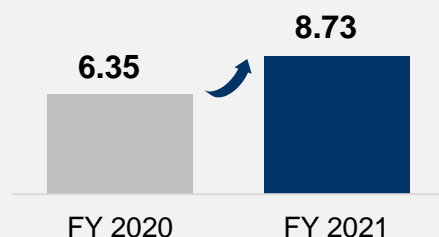
**Net Property  
Income**  
(S\$ million)  
**+85.2%**



**Distributable  
Income**  
(S\$ million)  
**+70.0%**



**Distribution  
per Unit**  
(S cents)  
**+37.5%**



**S\$4.9 billion<sup>1</sup>**  
**Portfolio Valuation**



**96.4%**  
**Portfolio Occupancy**



**+9.3% YoY**  
**Shopper Traffic**  
(million)



**+16.1% YoY**  
**Tenant Sales**  
(RMB million)

**(3.4)%**  
**Retail Portfolio  
Rental Reversion**

**+7.0%**  
**Business Park  
Portfolio Rental  
Reversion**

**+2.7%**  
**Logistics Park  
Portfolio Rental  
Reversion**

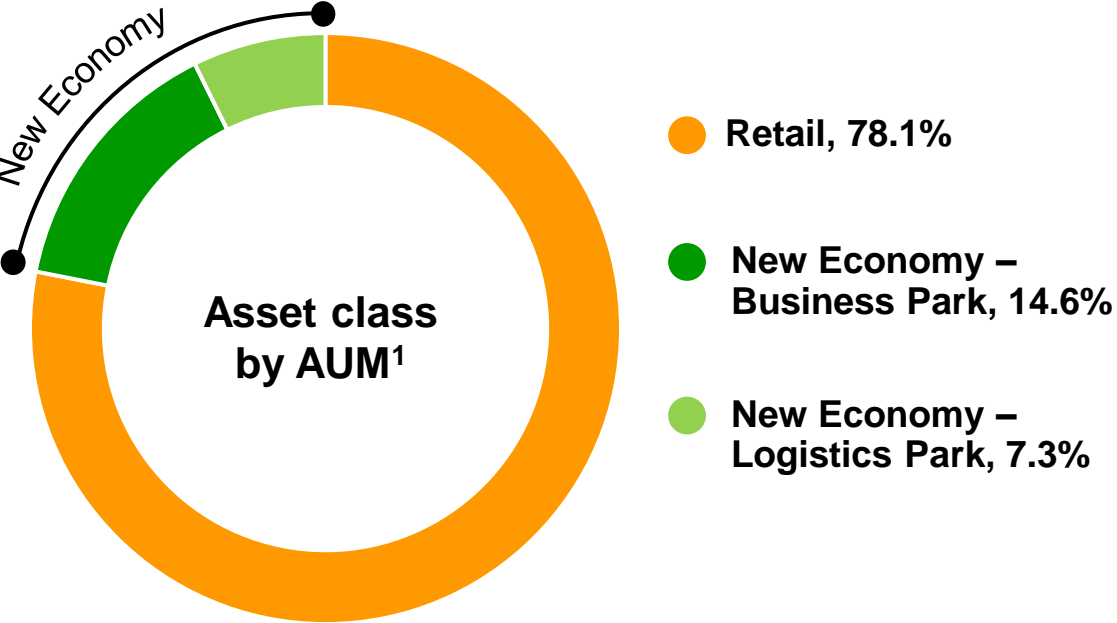
Note:

1. Based on effective stake as at 31 December 2021.

# Building Portfolio Strength and Resilience

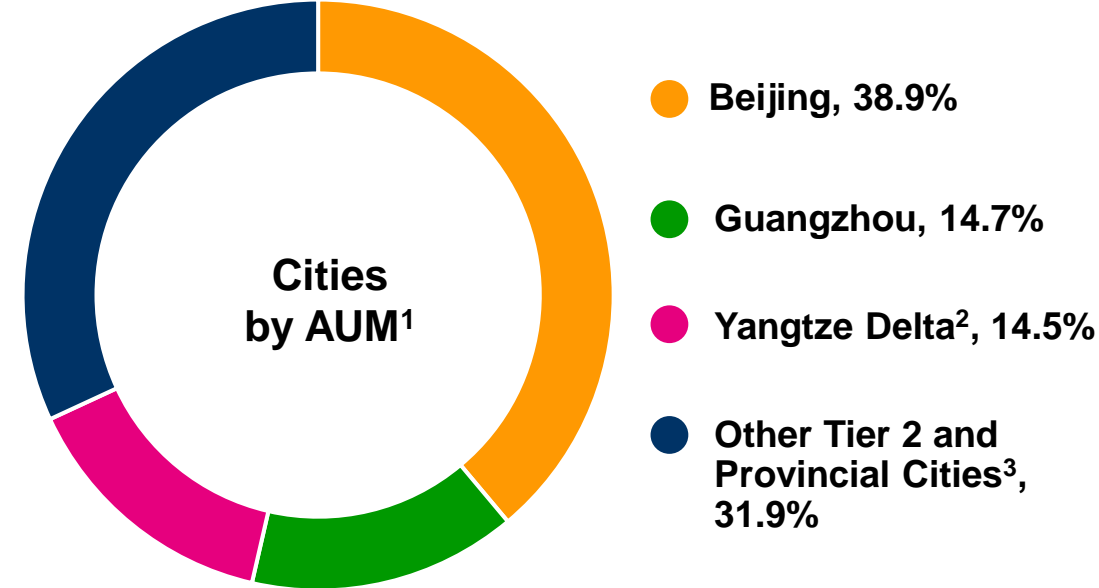
## Asset Class Diversification

✓ Increase exposure in New Economy assets to **21.9%**



## Geographical Diversification

✓ Increase presence in Yangtze Delta region consisting of Shanghai, Suzhou, Kunshan and Hangzhou



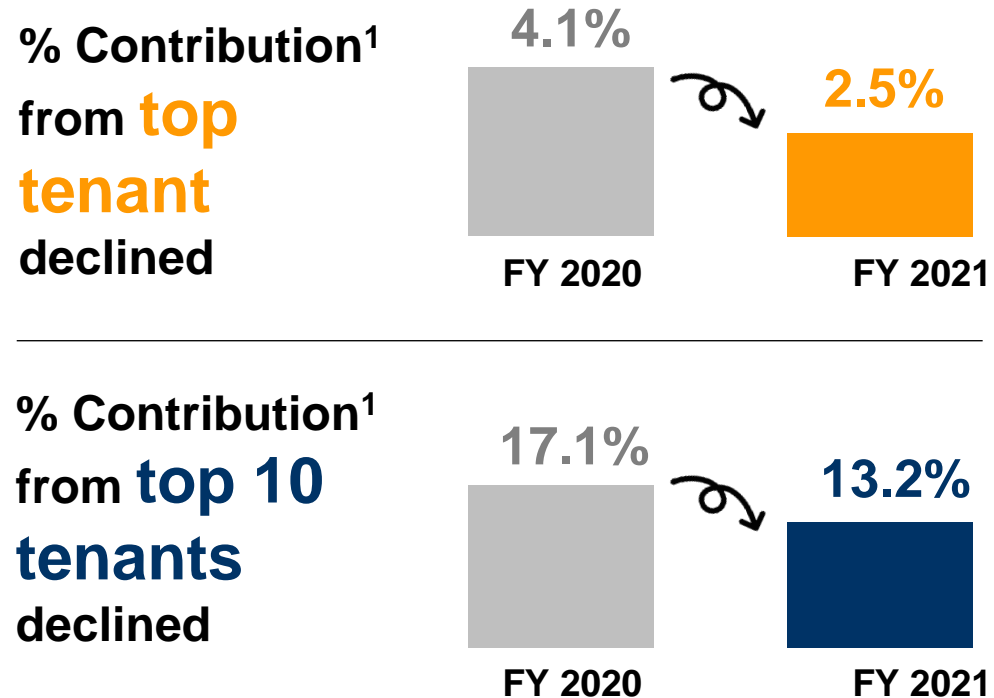
Notes:  
 1. Based on effective stake as at 31 December 2021.  
 2. Including Shanghai, Suzhou, Kunshan and Hangzhou.  
 3. Including Changsha, Chengdu, Xi'an, Wuhan, Harbin and Hohhot.



# Well-Diversified Leases and Tenants Across Asset Classes

## Building Resilience with Decreased Concentration Risk

### Reduced Overall Concentration Risk



### Increased Diversification of Top 10 Tenants

**50% of top 10 tenants are from New Economy Sectors**



Note:

1. By total rental income, includes both gross rental income and the gross turnover rental income (GTO) components to account for pure GTO leases.

# Integrating Sustainability into our Business

## DRIVING POSITIVE ENVIRONMENTAL IMPACT



Achieved Energy and Water intensity reduction of **54.2%** and **38.5%** (per m<sup>2</sup> as compared to baseline year 2008 respectively)



Achieved Carbon emissions intensity reduction of **61.4%** as compared to baseline year 2008



**78** Electric Vehicle (EV) charging stations installed across our retail and business park assets

## NURTURING COMMUNITY & EMPOWERING PEOPLE



Organised over 25 sustainability-related community outreach and tenant engagement programmes at CLCT properties, **empowering more than 8,000** beneficiaries



**100%** contractor and suppliers attended in-house safety training, covering topics such as Environmental, Health and Safety and COVID-19 safety measures



Achieved gender balance with around **61.1%** and **41.7%** female employees of the Manager in Singapore and property management teams in China respectively



More details can be found in CapitaLand China Trust's Integrated Sustainability Report FY 2021: <https://investor.clct.com.sg/isr.html>

# Capital Management

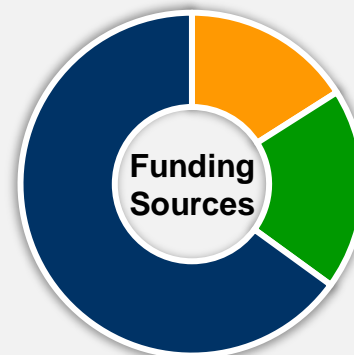
# Strong Financial Position<sup>1</sup>

	31 Dec 2021	30 Sep 2021
<b>Gearing<sup>2</sup></b>	37.7%	36.4%
<b>Average Cost of Debt<sup>3</sup></b>	2.62%	2.59%
<b>Interest Coverage<sup>4</sup></b>	4.9x	4.8x
<b>Average Term to Maturity</b>	3.4 years	3.5 years

Offshore Loans  
SGD **66%**

Onshore Loans  
RMB **20%**

MTN **14%**



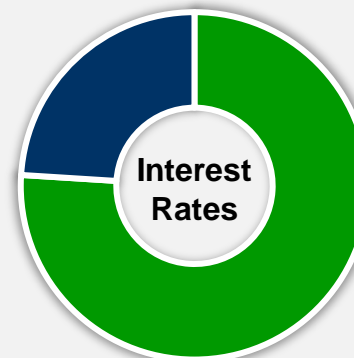
**Diversified  
Funding Sources**

**S\$1,993.4 million**

**Total Debt**

Fixed Rate<sup>5,6</sup>  
**77%**

Floating Rate  
**23%**



**High Proportion of  
Fixed Interest Rate  
+ / (-) S\$0.8 million p.a.**

**Impact on interest expense**

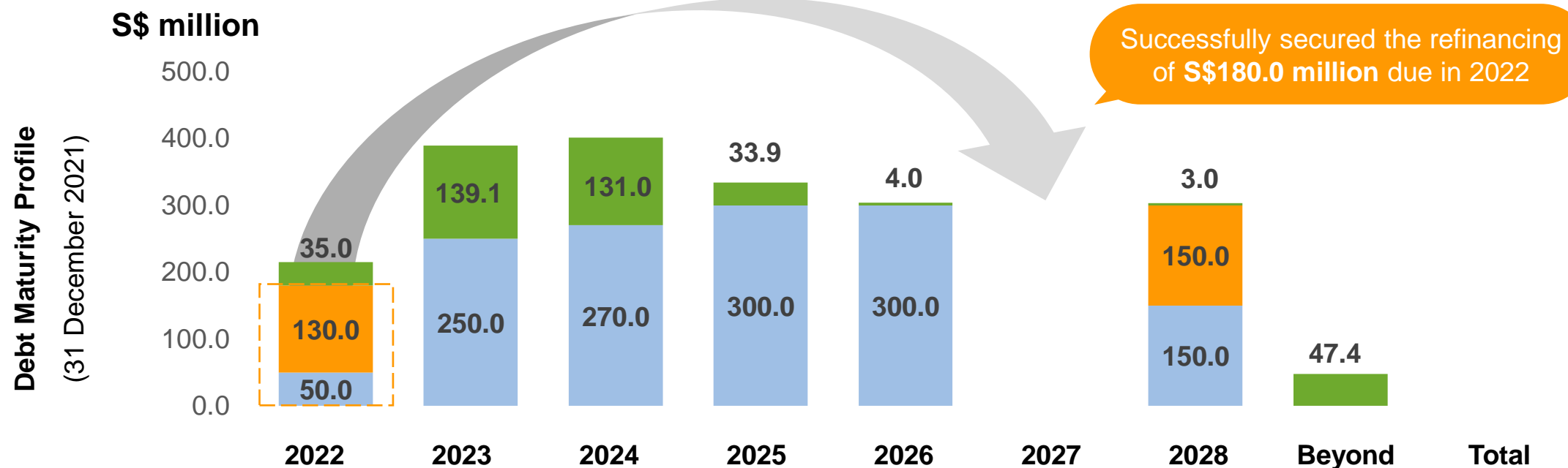
Assuming 0.1% p.a. increase/  
(decrease) in variable rate

Notes:

1. All key financial indicators exclude the effect of FRS 116 Leases.
2. In accordance with the Property Funds Appendix, the aggregate leverage is calculated based on the proportionate share of total borrowings over deposited properties.
3. Ratio of the consolidated FY 2021 interest expense reflected over weighted average borrowings on balance sheet.
4. Ratio is calculated by dividing the trailing 12 months EBITDA over the trailing 12 months interest expense (exclude finance lease interest expenses under FRS 116) in accordance with MAS guidelines.
5. CLCT's hedging policy is to hedge at least 50% of undistributed income into SGD and at least 60% of total debt to fixed interest rates. As at 31 December 2021, 51% of undistributed income has been hedged into SGD.
6. Exclude RMB denominated loans.

# Prudent Capital Management

## Well-Staggered Debt Maturity Profile



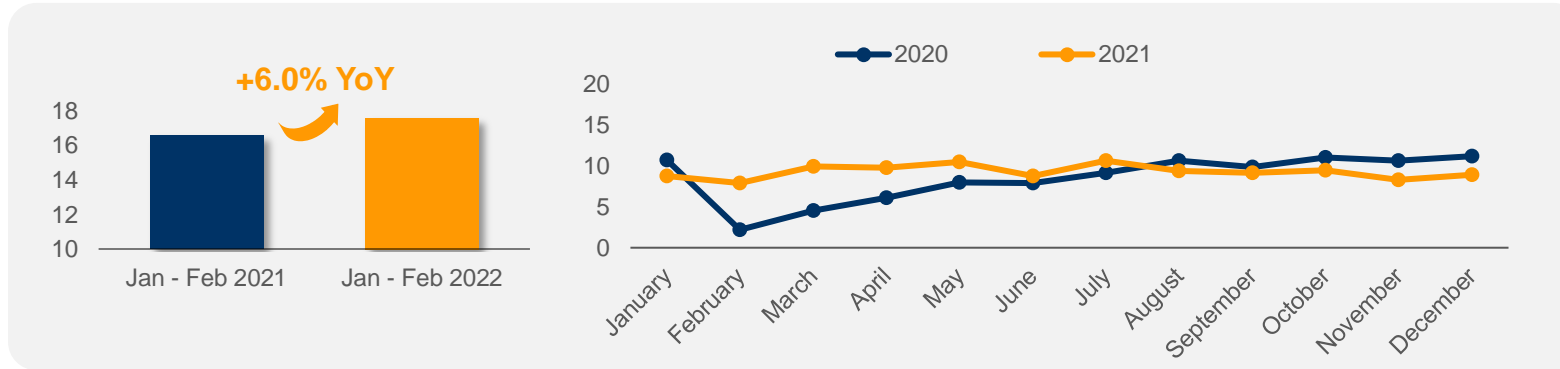
	2022	2023	2024	2025	2026	2027	2028	Beyond	Total
<b>Total Debt (S\$ million)</b>	215.0	389.1	401.0	333.9	304.0	0.0	303.0	47.4	1,993.4
<b>% of Total Debt maturing by end FY</b>	10.8%	19.5%	20.0%	16.8%	15.3%	0.0%	15.2%	2.4%	100.0%

● Unsecured Offshore Loan    
 ● Notes under MTN Programme    
 ● Secured Onshore RMB Loan

# Looking Ahead

# Jan – Feb 2022 Portfolio Shopper Traffic and Tenant Sales<sup>1</sup>

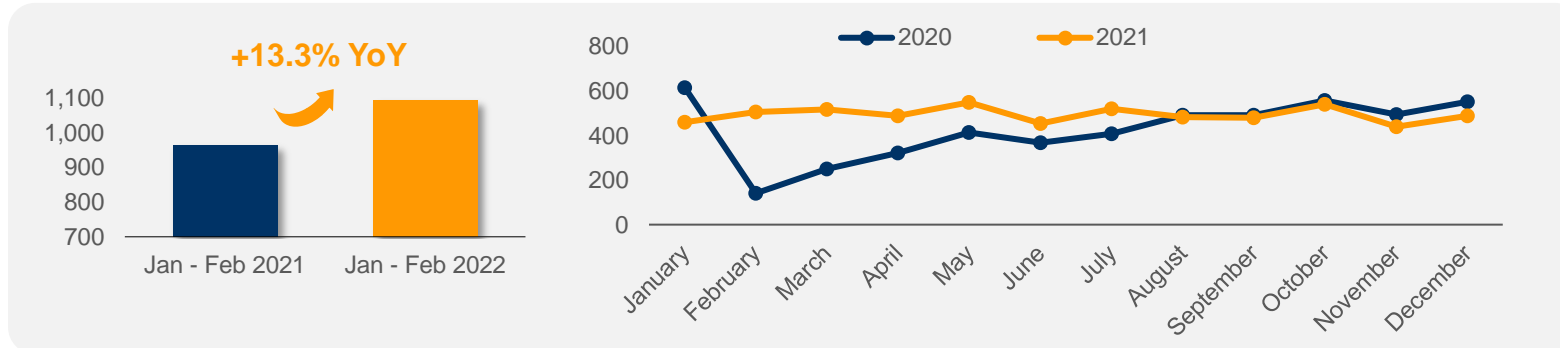
## Shopper Traffic (million)



## Positive Chinese New Year effect

- Jan – Feb 2022 Traffic (+6.0%) and Sales (+13.3%)
- Boosted by these trade categories:
  - Beauty & Health (+17.8%)
  - F&B (+25.2%)
  - Jewellery (+37.3%)
  - Services (+76.6%)

## Tenant Sales (RMB million)



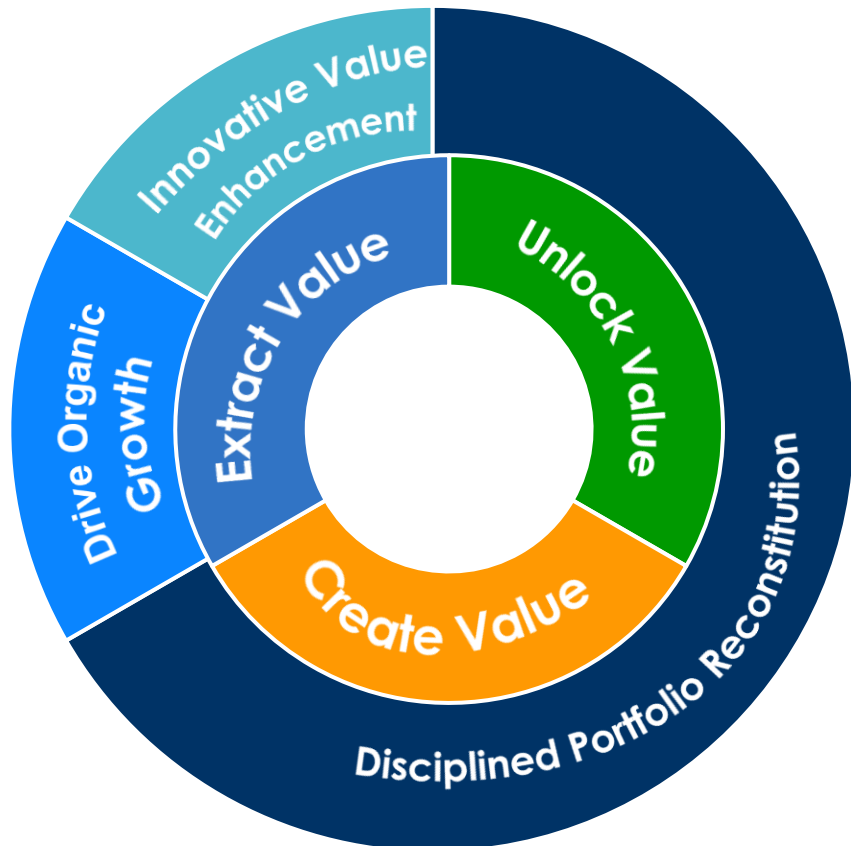
## Increasing number of Covid-19 cases reported<sup>2</sup> in China expected to impact 1H 2022

- Late Feb – Mar 2022 traffic and sales impacted by trade or mall closures mandated by government
- Closed on government directives:
  - CapitaMall Qibao (mid March)
  - CapitaMall Xuefu (end March – 11 April and closed on 17 April)
  - CapitaMall ADMD (mid March - 11 April and closed on 18 April)
- Working closely with local authorities on reopening

### Notes:

1. Tenants' Sales and Shopper Traffic are based on CLCT's respective holding period of its multi-tenanted assets (namely CapitaMall Xizhimen, CapitaMall Wangjing, CapitaMall Grand Canyon, CapitaMall Xinnan, CapitaMall Qibao, CapitaMall Saihan, CapitaMall Nuohemule, Rock Square (100% basis), CapitaMall Xuefu, CapitaMall Aidemengdun and CapitaMall Yuhuating).
2. As reported by the National Health Commission of the People's Republic of China.

# Guided by CLCT's Key Strategies



## Key Objectives

- 1 Disciplined Portfolio Reconstitution - Create Value**
  - ✓ Increase diversification and resilience of revenue streams
  - ✓ Expand footprint into targeted growth 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 operational excellence, continuous AEI and space optimisation



# Optimising Portfolio to Enhance Returns

## Extract Value



### CapitaMall Wangjing:

AEI to rejuvenate ~14,000 sq m of recovered anchor department store space

- ✓ ~20% of prime lettable area across Level 1 to 3 will be refreshed and optimised
- ✓ Reduced exposure to dated Department Stores from 15.0% to 0.0%<sup>1</sup>
- ✓ Top retail tenant group exposure will reduce from 3.0% to 2.3%<sup>2</sup>
- ✓ Positive leasing responses received as at Feb 2022:
  - ~50% of AEI NLA have been secured
  - Additional ~15% of NLA is in advanced negotiation stage



>100%

Increase in rent on AEI space



3Q 2022

Expected progressive AEI Completion



### Ascendas Xinsu Portfolio:

Converting 3 R&D units and part of existing lobby space at level 1 into co-working space (Bridge +)

- ✓ Enhance competitiveness of the asset by adding co-working amenities in existing R&D building
- ✓ Capture spillover space needs of existing tenants and ad-hoc space needs of new co-working users
- ✓ Enhance efficiency of level 1 floor area while carving out more areas for collaboration



2Q 2022

Expected progressive AEI Completion

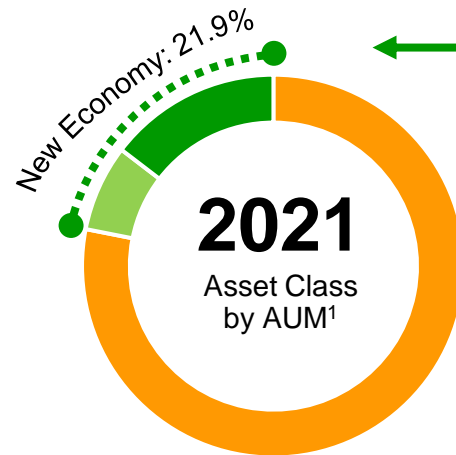
#### Notes:

1. Comparing 31 December 2016 to 30 September 2021.
2. By total rental income as of 31 December 2021, comparing to before and after department store termination.

# Forward-Looking Portfolio Reconstitution Strategy

## Future-Ready Portfolio to Capture New Growth

Divested **5** non-core and matured assets since listing, including **4 out of 7 IPO assets** and **secured higher growth** with capital recycled

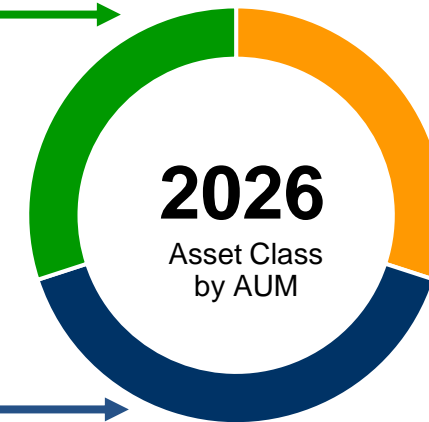


● Retail, 78.1%

● New Economy - Business Park, 14.6%

● New Economy - Logistics Park, 7.3%

Focus on New Economy assets in the near-term



● Retail, 30%

● New Economy, 30%

● Commercial/Integrated Developments, 40%

Expand into Commercial / Integrated Developments

...as we continue to rejuvenate and strengthen our retail assets

### Acquisition Target

- ✓ Seeking sizeable and quality assets
- ✓ Leverage Group's extensive pipeline and opportunities from third-party vendors
- ✓ Diversify presence into strategic Tier 1 and Tier 2 cities
- ✓ Capture China's economic growth plans by increasing exposure in asset classes associated with consumption-driven, higher-value, service-led economy sectors

Note:

1. Based on effective stake as at 31 December 2021.

# Business Outlook

## Supporting Businesses, Enhancing Liquidity and Increasing Domestic Consumption

- Chinese policy makers have emphasised their support for the economy and the importance of stability amidst global uncertainty<sup>1</sup>
- China's 'Two Sessions' policy announcements calls for supportive pro-business, pro-consumption stimulus to steer economic and employment growth while addressing concerns over the real estate sector, platform economy and capital markets<sup>1</sup>
- Chinese monetary policy to provide liquidity to boost economy<sup>2</sup>
- China to soften and balance the economic impact of COVID-19 fighting measures

Notes:

1. Xinhua Economic Watch, China sends clear-cut signals to bolster economic growth, 18 March 2022
2. Bloomberg, Stocks climb as China easing signal aids sentiment: Markets Wrap, 14 April 2022
3. CBRE: Focus on supply chain resilience set to boost industrial and logistics real estate demand, China, March 2022

### Retail

- Local governments have unveiled plans to boost consumption using various policies and marketing campaigns
- Adopt active and flexible approach, optimising tenant mix and redefining spaces to attract shoppers
- Expect general leasing environment to be cautious

### Business Park

- Positioned to benefit from structural upgrading of economy towards innovation-driven growth; Central Government has started range of policy tools available to support real estate sector and economy
- Positive business confidence observed on-the-ground
- Expect steady leasing demand to continue for our Business Parks

### Logistics Park<sup>3</sup>

- Growth in local consumption boosted by pandemic, generating strong logistics demand from emerging tier II cities
- Expect new demand from occupiers looking to build up inventory in multiple locations to mitigate potential disruptions from China's zero-COVID policy

# CLCT's Unique Investment Proposition



## Resilient and Quality Portfolio – Further Strengthened by Reconstitution Efforts

- **Retail:** Focus on offering lifestyle essentials and necessities to densely populated catchments
  - ✓ **CapitaStar:** Harness CapitaStar platform to drive omni-channel offerings and value-add services
- **New Economy:** Provide high standards of property management and customer solutions to support sector growth needs



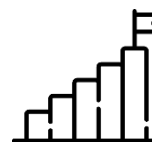
## Sound Financial Stewardship

- Deliver steady distribution and yield
- Display strong financial and operational metrics
- Disciplined cost management
- Access to a wide range of competitive funding sources both onshore and offshore



## Track Record of Management Team

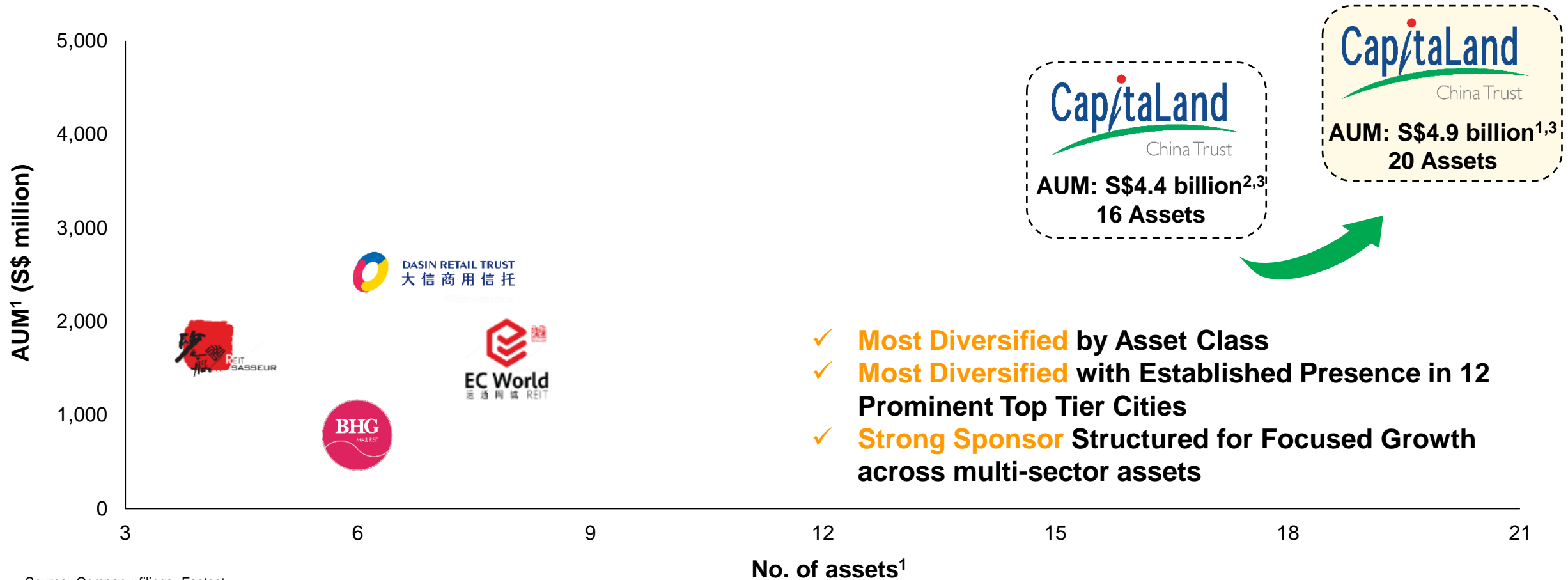
- More than 15 years of management track record
- Backed by committed Sponsor with deep domain knowledge and comprehensive real estate platform in China



## Growth Pipeline

- Access to pipeline of quality assets held under CapitaLand Group and opportunities from Third-Party Vendors across real estate classes

# Setting Ourselves Apart as the Largest China Focused S-REIT



- ✓ **Most Diversified** by Asset Class
- ✓ **Most Diversified** with Established Presence in 12 Prominent Top Tier Cities
- ✓ **Strong Sponsor** Structured for Focused Growth across multi-sector assets

Source: Company filings, Factset

Notes:

1. As at 31 Dec 2021.

2. As at 31 Dec 2020.

3. Based on effective stake.

Thank You