CAPITALAND CHINA TRUST

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

ANNOUNCEMENT

Annual General Meeting to be held on 20 April 2021
Responses to Substantial and Relevant Questions

CapitaLand China Trust Management Limited, as manager of CapitaLand China Trust ("**CLCT**", and the manager of CLCT, the "**CLCT Manager**") would like to thank all unitholders of CLCT ("**unitholders**") who submitted their questions in advance of our Annual General Meeting ("**AGM**") to be held virtually via "live audio-visual webcast and live audio-only stream" at 2.30 p.m. on Tuesday, 20 April 2021.

We have grouped the most asked questions, as well as questions relevant to the AGM agenda and aspects of CLCT's business into a few key topics below. Questions posed by Securities Investors Association (Singapore) ("**SIAS**") have also been included. The key topics are:

1. Operations
2. Financials
3. Strategy and outlook
4. Others

Please refer to our responses to these substantial and relevant questions in the following pages.

The CEO of CLCT Manager, Mr Tan Tze Wooi, will deliver a presentation to unitholders at the AGM. Please refer to the 2021 AGM Presentation and all AGM-related documents at: https://investor.clct.com.sg/agm-egm.html.

Following the conclusion of the AGM, the voting results of the AGM will be uploaded on the SGXNet and CLCT's website. The minutes of the AGM will be published on CLCT's website on or before 19 May 2021.

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

Chuo Cher Shing
Company Secretary
20 April 2021

Important Notice

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

A. Operations	
1.	**How is the COVID-19 situation in China?**
	China's economy was amongst the first to reopen in 2020 due to the decisive actions taken by the Chinese government to contain the spread of COVID-19. The government's swift actions allowed COVID-19 to be largely controlled in China after the initial flare up. However, towards the end of 2020, there were sporadic COVID-19 community cases in the northern part of China and subsequently in Beijing in early-January 2021. This resulted in the government restricting the movement of residents in specific cities. Currently, the COVID-19 situation in China is under control with the number of new cases reported daily largely down to mid-teens. In terms of China's vaccination efforts, as of April 2021, China administers an average of 5 million doses a day. The Chinese government announced its intention to increase its target to have as many as 560 million people, or 40% of its vast population, vaccinated by the end of June[1]. On the retail front, consumer sentiments and confidence have improved as seen from the continuous improvement in footfall at our malls across the quarters. As we look towards returning to pre-COVID-19 levels, the rate of normalisation will be impacted by any resurgence of COVID-19 cases and temporary measures imposed by local authorities to manage the situation. On the business parks front, the Work-From-Home (WFH) trend did not take off at our business parks in China. We observed that our workspace users preferred the collaborative, campus-style workplace that our projects offered. By mid 2Q 2020, the percentage of workforce reporting to work returned to pre-COVID-19 levels.
2.	**Is CLCT offering rental relief to any tenants in 2021? What percentage of your tenants are still receiving rental reliefs?**
	We will review our partnership with our tenants on an ongoing basis. We will provide reasonable support for some of our tenants whose businesses are still affected by COVID-19 on a case by case basis.
3.	**Is the booming e-commence market in China a threat to CLCT? How has this impacted your business?**
	While the onset of COVID-19 accelerated the adoption of e-Commerce, the continued growth of China's offline retail business during this period has highlighted the importance of leveraging on both online and offline channels to provide a complementary retail experience. For January to March 2021, China's online sales constituted approximately 26.7%[2] of the total retail sales, demonstrating that offline sales are still important and a key feature of consumer lifestyles. Hence, the physical and digital realm will continue to co-exist to satisfy the wide range of changing preferences and needs of today's consumers.

1 Bloomberg, China Pushes Vaccine on Bankers, Colleges to Catch Up With U.S., 5 April 2021.

2 National Bureau of Statistics of China.

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Correspondingly, omni-channel marketing will be the way forward with tenants seeking out landlords that can allow them to integrate both online and offline platforms seamlessly. As such, to become the preferred partner of choice for tenants, landlords will need to harness and incorporate technology into their variety of platforms to appeal to this growing marketing strategy.
Moving ahead of this digitalisation trend, we capitalised on our CapitaStar programme that has over more than 13 million CapitaStar members in China[1] to improve the mindshare and wallet share of our online consumers. We work with our retailers to onboard them onto our e-commerce platform, which expands our online offerings, and enables us to adopt trending marketing approaches such as organising livestream sales and group-buy promotions for our retail partners. The data collected from these online portals help to provide insights on consumer preferences and behaviour for tenants to better meet consumer needs by adapting their products and service offerings. Collectively, these efforts have helped and will continue to create a competitive advantage, thereby enhancing the stickiness of retailers and shoppers to our CapitaLand malls.
As pro-active managers, we will continuously adjust our trade mix to ensure that it remains synergistic with the lifestyle of consumers post-COVID-19. We will continue to reinvigorate our malls and enhance consumer engagement by creating meaningful experiences and new concepts to interact with our shoppers.
</td></tr>
<tr><td>4.</td><td>What is the occupancy and rental rate outlook for the various retail malls and business parks? Have the newly acquired business parks performed up to your expectations?</td></tr>
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As of 31 December 2020, our retail portfolio occupancy rate is at a healthy level of 94.1%[2].
For the retail sector, we expect to see continued improvement in overall operating metrics as businesses recover from the most stringent COVID-19 measures. We expect portfolio occupancy levels in 2021 to continue to improve from the trough of 2020 to reach closer to 95% level, barring unforeseen circumstances. However, the leasing environment remains challenging and competitive and we expect rent rates to experience some pressure. We will balance occupancy with desired trade concepts and signing rents to ensure the appeal of our malls.
As for the Business Park sector, since the announcement of our proposed acquisition in 2020, our business parks have performed well, both from an occupancy as well as rent perspective.
<table>
<tr><th>Business Parks</th><th>30 September 2020</th><th>31 December 2020</th></tr>
<tr><td>Ascendas Xinsu Portfolio</td><td>90.3%</td><td>91.6%</td></tr>
<tr><td>Ascendas Innovation Towers</td><td>91.4%</td><td>94.2%</td></tr>
<tr><td>Ascendas Innovation Hub</td><td>93.1%</td><td>93.8%</td></tr>
<tr><td>Singapore-Hangzhou Science & Technology Park Phase I</td><td>93.0%</td><td>90.3%</td></tr>
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1 CapitaLand Annual Report 2020.

2 Based on all committed leases as of 31 December 2020 and excludes CapitaMall Minzhongleyuan and CapitaMall Saihan. Please refer to the FY 2020 presentation slides that can be found on our website, for the detailed mall by mall occupancy breakdown.

Singapore-Hangzhou Science & Technology Park Phase II	93.7%	94.0%
Portfolio	**91.5%**[1]	**92.3%**[2]

In terms of outlook, the business parks' occupancy and rent rates are expected to continue to stay resilient. Business parks in China will stand to benefit from preferential policy supported by key economic objectives and regional government subsidies and are in line with the Chinese government's upcoming 14th Five-Year Plan to increase R&D expenditure and development of major high-tech hubs.

5. **Can you provide greater clarity on CapitaMall Qibao's ownership/leasing arrangement between the REIT and Shanghai Jin Qiu (Group) Co., Ltd? What led to the downward valuation of CapitaMall Qibao?**

CapitaMall Qibao is held under a master lease by CapitaRetail Dragon Mall (Shanghai) Co., Ltd, a subsidiary of CLCT. The master lease was entered with Shanghai Jin Qiu (Group) Co., Ltd ("Jin Qiu"), the legal owner of CapitaMall Qibao and expires in January 2024. There is a right to renew for a further term of 19 years and two months from January 2024, at the option of CLCT.

The land use right is held by Jin Qiu while the business operations of CapitaMall Qibao (during the master lease period) is managed by CapitaLand's Property Managers, in line with the outsourcing arrangement established between the REIT Manager and the Property Manager for assets held under CLCT.

CapitaMall Qibao was part of the initial IPO seed asset in 2006. Since then, the competitive landscape surrounding CapitaMall Qibao has evolved with new malls opening within its vicinity following the development of the Minhang District. These malls were constructed later and designed with better specifications, providing surrounding residents with more choices.

In recent years, we repositioned the mall to become a family friendly shopping destination, offering interactive leisure and learning facilities targeted at children, which was embraced by the community. However, the impact of COVID-19 over the past year affected the operations of the education services trade sector, which was our second largest trade category by gross rental income in CapitaMall Qibao.

Having considered the surrounding competition as well as evaluating the possible returns that we can generate from this asset, we decided to take a conservative stance and adopt the valuation assumption that CLCT will not exercise its option of renewing the lease. This led to the decline in valuation from RMB435.0 million in FY 2019 to RMB83.0 million in FY 2020.

1 Based on all committed leases as at 30 September 2020.

2 Based on all committed leases as at 31 December 2020.

6.	**Will you review your acquisition strategy, especially for smaller scale malls such as CapitaMall Minzhongleyuan?**
	We continuously review our asset holdings and evaluate opportunities that will maximise the value for our unitholders. Despite the operational challenges faced, we managed to divest and complete the CapitaMall Minzhongleyuan transaction in 1Q 2021, even as we were tackling the challenges from COVID-19. In recent years, we have actively executed our portfolio reconstitution strategy, unlocking value of our assets at the optimal stage of the life cycle and recycling the proceeds to deliver growth to our unitholders. Since 2017, we have divested four out of the seven IPO assets and will continue to actively review the performance of each of our assets. With the expansion of our investment mandate, our multi-stage growth strategy to enhance CLCT's value proposition has been further accelerated, enabling us to build a balanced portfolio to capture China's consumption-driven, higher-valued, service-led economy. As we position ourselves as a proxy for growth in China's future economy, we will be able to select from a wider pool of more sizeable, investible assets, which will enhance our ability to provide long-term and sustainable returns for our unitholders.

B. Financials	
7.	**Your current gearing level is at 31.8% as at 31 December 2020. Will you be increasing your leverage to take on more acquisitions?**
	As part of our forward financial planning, we maintained a healthy gearing level of 31.8% as at 31 December 2020, with funds raised used to finance the acquisition of the 49% interest in Rock Square as well as the progressive payments for the five business park properties. As at 31 December 2020, we completed the Rock Square acquisition. By the end of 1Q 2021, we completed the acquisition of 51% interest in Ascendas Xinsu Portfolio, 100% interest in Ascendas Innovation Towers and 80% interest in Ascendas Innovation Hub, as well as the divestment of CapitaMall Minzhongleyuan. As we complete the acquisition of the remaining two business parks and divestment of CapitaMall Saihan in 2Q 2021, our gearing is expected to land around 37%, in line with earlier acquisition guidance. CLCT will continue to have available debt headroom to support acquisition for growth as well as engage in asset enhancement initiatives to drive organic growth. In the long-run, we are comfortable with a gearing level of up to 40%.

8.	**What was the rationale behind the split in offered units between the private placement and preferential offering? Why was there a timing difference between the listing of the private placement units and the new preferential offering units?**
	The decision on the split and quantum of the private placement and preferential offering was undertaken after careful consideration of our unitholders' interests and in consultation with banks on the optimal funding mix. Prevailing market conditions such as market volatility, timing, exposure period etc. were taken into consideration as we sought to secure the necessary funding needed to ensure the success of this DPU accretive transaction that was beneficial for unitholders. The placement had also introduced new investors, thereby diversifying the investor base and potentially improving trading liquidity. The timing difference is prevalent in transactions that involve private placements and preferential offerings. Private placements can be completed overnight while preferential offerings take a longer time to close due to the time needed for unitholders to subscribe. Furthermore, the launch of each tranche is also dependent on market conditions. In the interest of unitholders, we had sought to structure the equity fund raising by minimising the timing difference between the placement and preferential offering listing unit dates.
9.	**Did you consider the NAV dilution to unitholders when proposing this deal?**
	An optimal funding mix comprising of an equity fund raising exercise, issuance of perpetual securities, debt financing and internal cash resources was structured to ensure that the deal was DPU accretive to unitholders, while ensuring that the gearing level would be maintained at acceptable level that will be accommodative to future organic and inorganic growth. While the transaction was NAV dilutive on pro-forma basis, it significantly enhanced CLCT's portfolio strength and resilience through diversification and improvement in scale, as well as improved the unitholder base and trading liquidity. It was also a good opportunity for CLCT to grow and diversify with the promising outlook for business parks in China as the country moves towards the tertiary sector, where the focus will be on innovation and R&D, thereby driving demand for these assets. The NAV dilution was also managed to a minimal level and could potentially be reduced through future valuation. On the whole, we believe that this DPU-accretive deal has been beneficial to unitholders.

C. Strategy and Outlook	
10.	**Given the experience learnt from the current COVID-19, how would you plan for the REIT portfolio to withstand a prolonged COVID-19, or another pandemic in the future?**
	At the portfolio level, we intend to improve our diversification across asset classes, geography, revenue streams and tenant base to build a more resilient portfolio that is able to withstand market cycles and be less susceptible to any adverse changes caused by unforeseeable external events. At the operating level, we will remain adaptable and flexible to capture and stay ahead of new consumer needs and trends. As pro-active managers, we will continue to build stickiness and seek competitive advantage in our chosen catchment for both our retail malls and business parks.

11.	**What is your capital allocation strategy going forward?**
	In the near term, we intend to increase our exposure in the new economy sectors that would include business parks, logistics, data centres and industrial assets. In the long term, we aim to have an asset class mix of around 40% integrated development, 30% new economy assets and 30% retail.
12.	**What is the current state of affairs and outlook for logistic assets and data centres sector in China?**
	We see many compelling opportunities in China's new economy sector with logistics and data centres forming an integral portion of China's economic emphasis. With improved prospects boosted by favourable government policies and robust demand, we expect these two asset types to maintain their growth momentum as businesses accelerate the digitalisation of their operations, in-line with the increasing shift towards e-commerce and data. The COVID-19 pandemic has also served to intensify these trends in order to satisfy evolving consumer and workplace demand. In evaluating investment opportunities in these markets, we will remain prudent and exercise investment discipline and assess each deal based on its merits to ensure that will strengthen our portfolio and benefit unitholders.
13.	**As the Sponsor does not have a pipeline for logistic assets and data centres in China, CLCT will not be able to benefit from it. Can you provide insights on how CLCT intends to enter these two new asset classes?**
	On 16 November 2020, CapitaLand announced its aim to redeploy part of the capital from asset recycling to new economy assets, growing its China exposure in this sector to S$5 billion over the next few years. This strategic alignment with our Sponsor would therefore provide more opportunities to participate in the new economy asset growth either collectively or individually, depending on the deal presented. When considering these opportunities, we will review areas such as the positioning, location, yields, accretion and valuation of the property, as well as the benefits of its inclusion on a portfolio level. In terms of property management and expertise for data centres, our Sponsor has a data centre business unit that has competencies in data centre design, development and operations. In addition, we are open to have onshore partnerships with third party property managers which have the expertise to run these new economy assets effectively and efficiently as we build up our expertise and network in this area.

14.	**With the acquisition, CLCT expanded into three high growth provincial cities. Will CLCT diversify into new high growth cities from the Sponsor or will CLCT focus on Tier 1/ 1.5 cities?**
	Our investment strategy is to focus on expanding into Tier 1/ 1.5 and leading Tier 2 cities, where there are strong city and market growth opportunities. We would like to focus our presence within CapitaLand's five core city cluster strategy[1] to leverage on the Sponsor's established management platform and strong network. We will evaluate all available options such as assets from our Sponsor's pipeline as well as third party vendors to take advantage of market opportunities, strengthen diversification and create complementary income streams.
15.	**What is CLCT's experience and expertise in sourcing for third-party assets? Other than Rock Square (which was acquired together with the Sponsor), it would appear that CLCT acquired all the assets from the Sponsor.**
	Throughout the years, CLCT has acquired assets from both third-party vendors as well as our Sponsor. Since listing, we have made eight acquisitions, either as an individual asset or a portfolio. Of these, half of the acquisitions were from third-party vendors, namely CapitaMall Grand Canyon, CapitaMall Xinnan, Rock Square and CapitaMall Nuohemule (previously known as Yuquan Mall)
16.	**How will the CapitaLand restructuring affect CLCT? Will there be any major purchase of business in 2021 from the parent company?**
	The proposed transaction will sharpen our focus and further enhance the CapitaLand Group's efforts to expand and scale up the Group's asset and investment management capabilities. CLCT will continue to be the dedicated Singapore-listed REIT focused on non-lodging China business under the new entity, CapitaLand Investment Management (CLIM). The proposed transaction is not expected to affect the day-to-day business activities and ongoing operations of CLCT. CLCT will continue to acquire assets, independent of the ongoing process of the proposed restructuring, from our Sponsor as well as third party vendors with the goal of creating a diversified portfolio with better growth prospects and resilience across market cycles.
17.	**Will CLCT be merging with other REITs of the Sponsor?**
	There are no existing plans for CLCT to be merged with other REITs of the Sponsor.

1 The five core city clusters under CapitaLand's China strategy are Beijing/Tianjin, Shanghai/Hangzhou/Suzhou/Ningbo, Guangzhou/Shenzhen, Chengdu/Chongqing/Xi'an, and Wuhan.

D. Others	
18.	**Will CLCT revert to allowing unitholders to opt for scrip dividends again? Why was scrip dividends not offered as an option for the latest round of distribution?**
	While the Distribution Reinvestment Plan (DRP) programme was in place in 2020, it was not offered as an option in the last distribution payment in December 2020 as a clean-up distribution was made following the private placement in mid-November 2020 for the acquisition of the five business park properties and balance 49% interest in Rock Square. We would like to continue offering the DRP programme and have sought unitholders' approval as part of Ordinary Resolution 5 at our Annual General Meeting (AGM).
19.	**Would the Manager revert to in-person AGMs should the current safe distancing measures be lifted? Otherwise, please advise how unitholder engagement can be improved for short virtual AGMs.**
	We are committed to regular and proactive engagement with the investment community through multiple platforms and channels. We recently participated in the Pre-AGM Dialogue session organised by SIAS on 8 April 2021. In addition, we frequently participate in events held by SGX, REITAS as well as the REITs Symposium. Through these events, we provide a clear overview and explanation of CLCT's business, operating performance and future growth strategy. On top of complying with SGX's requirement for semi-annual reporting as part of the amendments to Rule 705(2) of the SGX Listing Rules, we further provide business updates between the announcements of half-yearly financial statements voluntarily to ensure that unitholders are kept in the loop of our latest developments. We strive to answer questions posted by unitholders and have responded to all the substantial and relevant questions that were submitted in advance from existing institutional and retail investors as well as SIAS, via this announcement titled "Responses To The Substantial And Relevant Questions From Unitholders For The Annual General Meeting On 20 April 2021". To facilitate the prompt dissemination of information, all announcements and news are published on CLCT's corporate website including financial results, business updates, annual reports, property details as well as presentation decks used at conferences and roadshows. Investors may also sign up for email alerts to receive timely updates on CLCT's latest announcements and press releases. We will continue to engage in two-way communication with unitholders and the investment community to better understand your views and address your concerns.