Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Fax: (65) 6220 6614
Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

Issuer: CapitaLand China Trust
(Manager: CapitaLand China Trust Management Limited)

Stock code: AU8U

Meeting details:
Date: 20 April 2021
Time: 2.30 p.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

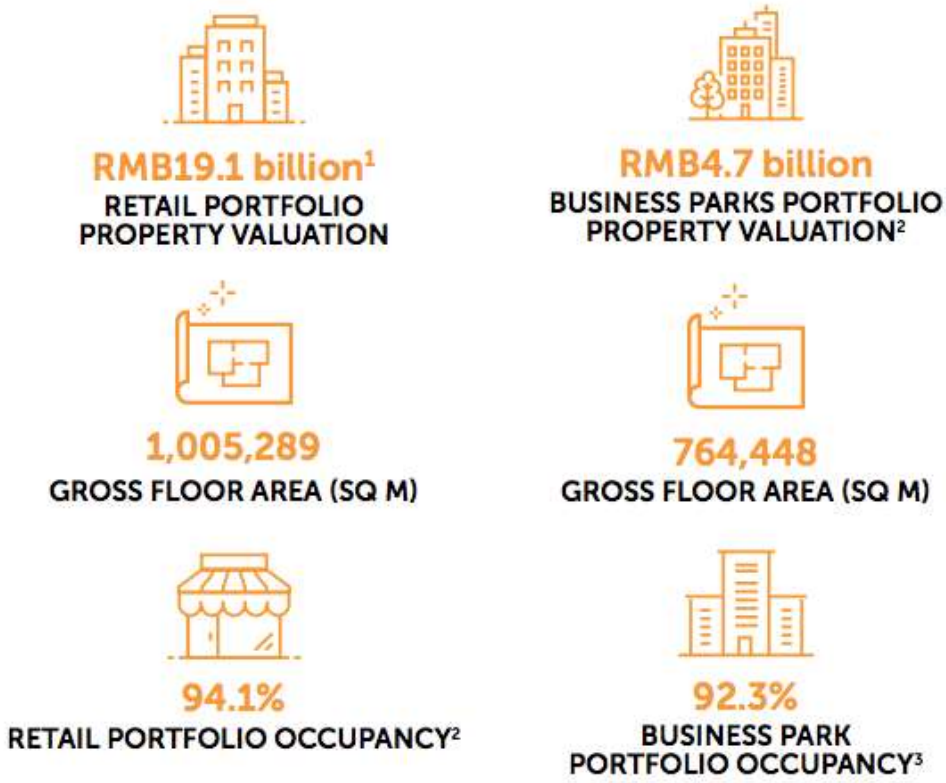
Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Fax: (65) 6220 6614
Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

Q1. In FY2020, and in spite of the pandemic, the REIT completed a transformational acquisition of five business parks and the balance 49% interest in Rock Square. This was after the REIT expanded its investment mandate to cover retail, office and industrial assets, including business parks, logistics facilities, data centres, and integrated developments.

CLCT's enlarged portfolio constitutes 13 shopping malls and five business park properties as at 31 December 2020. The portfolio has a total gross floor area (GFA) of approximately 1.8 million square metre located across 11 cities.

The newly acquired assets are Ascendas Xinsu 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 details of the REIT's assets are shown on page 23 (Retail) and page 24 (Business parks) (highlights reproduced below):



(Source: annual report)

(i) **Can the board help unitholders understand the capital allocation strategy going forward?** As at 31 December 2020, the split between retail and office by asset valuation is 80:20.

Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Fax: (65) 6220 6614
Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

(ii) With the acquisition, the REIT expanded into three high growth provincial cities. **Will the manager be diversifying into new high growth cities from the sponsor or will the REIT focus on tier 1/tier 1.5 cities?**

(iii) **What is the REIT'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 the REIT's assets are all acquired from the sponsor.

(iv) **In addition, what is the manager's experience in logistics facilities and data centres?**

(v) **Have the newly acquired business parks performed up to the manager's expectations?**

Q2. The financial and operational review of the REIT's malls are shown on pages 82 to 88 of the annual report. In particular, net property income of CapitaMall Qibao decreased by 33% in FY2020 (page 87) and the committed occupancy rate dropped from 93.5% to 80.6% (page 84). The valuation of CapitaMall Qibao decreased from RMB 435 million to RMB 83 million as at 31 December 2020.

This is a decrease of 81% in the valuation of the mall. The footnotes in the annual report states that CapitaMall Qibao is indirectly held by CLCT under a master lease with Shanghai Jin Qiu (Group) Co., Ltd who is the legal owner of Qibao Mall. The master lease expires in January 2024, with the right to renew for a further term of 19 years and two months.

The REIT further disclosed that should CLCT not exercise its option to renew its master lease which expires in January 2024, the valuation is RMB 83 million. The valuation is RMB425 million if the master lease is renewed (page 88).

(i) **Would the manager provide unitholders with greater clarity on the ownership/leasing arrangement of CapitaMall Qibao? Can management confirm that the REIT is the beneficial owner of the mall?** It appears that if CLCT does not renew the master lease, the REIT will realise a significant drop in the valuation of CapitaMall Qibao.

(ii) **Can the manager clarify on the relationship between the REIT and Shanghai Jin Qiu (Group) Co., Ltd? What is the role played by the latter, if any, in the operations of CapitaMall Qibao?**

(iii) **Has the manager decided that it will not renew its master lease?**

The asset was purchased for RMB 264 million in November 2006.

Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Fax: (65) 6220 6614
Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

(iv) **Can the REIT manager help unitholders understand the particular circumstances that led to the downwards valuation of CapitaMall Qibao by such a significant amount?**

(v) **Will the manager be reviewing its acquisition strategy, especially for smaller scale malls?** Other than CapitaMall Qibao, CapitaMall Minzhongleyuan faced operational challenges for several years prior to its sale. CapitaMall Minzhongleyuan which was deemed as a non-core asset was sold for RMB458 million in 2021. The purchase price was RMB395 million in 2011.

Q3. In the message to unitholders, the chairman stated that the REIT had "successfully" raised its largest Equity Fund Raising (EFR) of $326.1 million. This comprised of a private placement and a preferential offering which were oversubscribed by approximately 3 times and 1.9 times respectively.

205,331,000 units were offered via the private placement and only 68,997,855 units were offered in the preferential offering to unitholders.

(i) **Can the board help unitholders understand why it had decided on such a split between the private placement (to new investors) and the preferential offering to then-existing unitholders?** The 205 million units offered via the private placement is 3 times the number available in the preferential offering.

(ii) **Has the board considered the potential disadvantage to unitholders given that the new preferential offering units were only listed on 16 December 2020 while the private placement units were listed on 26 November 2020?**

The last reported NAV per unit (net of distribution) before the private placement was $1.60 as at 30 June 2020. The placement's issue price was set at $1.195 per new unit.

(iii) **By placing out new units at $1.195 per unit (vs a NAV of $1.60 per unit) to fund the acquisitions, did the board (especially the independent directors) evaluate the cost (including dilution) to the existing unitholders? What was the REIT's cost of (additional) capital if the dilutive effects are considered?**

Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Fax: (65) 6220 6614
Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

^On 1 October 2020, the Accounting and Corporate Regulatory Authority ("ACRA"), the Monetary Authority of Singapore ("MAS") and Singapore Exchange Regulation ("SGX RegCo") published an updated checklist to guide listed entities on the conduct of general meetings arising from the latest updates from the Multi-Ministry Taskforce.

Issuers may continue to conduct their general meetings held on or before 30 June 2021 via electronic means, and are encouraged to do so.

Issuers who, after due consideration of public health and other risks, wish to provide for physical attendance at their general meetings must ensure that they implement all relevant measures to comply with the safe management measures imposed by the Singapore Government.

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on SIAS website

Join our mailing list here to receive latest news and upcoming events.

CONNECT WITH US

^ Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation (https://www.sgx.com/media-centre/20201001-guidance-conduct-general-meetings-amid-evolving-covid-19-situation)