



CapitaLand Retail China Trust

SGX-REITAS Education Series

6 February 2018



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- Financial Performance & Capital Management
- Portfolio Update
- Strengthening The Portfolio
- Proactive Asset Management
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Overview of CRCT





Geographical Diversified Portfolio; Well Located In 8 Major Cities

A Beijing

1. CapitaMall Xizhimen
2. CapitaMall Wangjing
3. CapitaMall Grand Canyon
4. CapitaMall Shuangjing

B Shanghai

5. CapitaMall Qibao

C Wuhu

6. CapitaMall Wuhu

D Wuhan

7. CapitaMall Minzhongleyuan

E Zhengzhou

8. CapitaMall Erqi

F Hohhot

9. CapitaMall Saihan

G Chengdu

10. CapitaMall Xinnan

H Guangzhou

11. CapitaMall Rock Square
(Newly acquired in Jan 18)

\$S\$2.4 billion¹
Investment
Properties

\$S\$1.6 billion²
Market Cap

6.2%³
Distribution Yield

- Positioned as one-stop family-oriented destinations
- Sizeable population catchment
- Easily accessible via major transportation

Notes:

1. As at 31 December 2017.
2. By reference to closing price of \$1.62 per unit as at 29 December 2017.
3. Based on FY 2017 distribution per unit of 10.10¢ and the unit closing price of \$1.62 on 29 December 2017.



Balanced Property Portfolio As At 31 Dec 2017

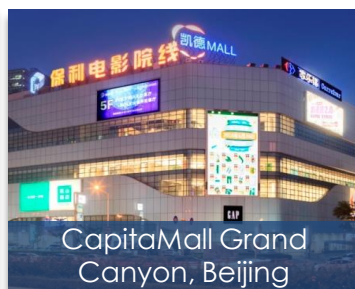
8 multi-tenanted malls drive **GROWTH** (88% of FY 2017 NPI¹)



CapitaMall Xizhimen,
Beijing



CapitaMall Wangjing,
Beijing



CapitaMall Grand
Canyon, Beijing



CapitaMall Xinnan,
Chengdu



CapitaMall Rock
Square, Guangzhou²

Acquired on 31 Jan 2018



CapitaMall Qibao,
Shanghai



CapitaMall
Minzhongleyuan, Wuhan



CapitaMall Saihan,
Hohhot



CapitaMall Wuhu,
Wuhu²

2 master-leased malls provide **STABILITY** (12% of FY 2017 NPI¹)



CapitaMall Shuangjing,
Beijing



CapitaMall Erqi,
Zhengzhou

Notes:

1. Excludes CapitaMall Anzhen which was divested on 15 September 2017.
2. CRCT owns 51% stake.



CRCT –Sustainable And Resilient REIT

1 Well positioned to tap on China's rising consumption

- Quality portfolio – Located in China's key cities with strong economic fundamentals
- One-stop shopping malls – Well-connected via major transportation access, and located within large population catchment areas
- Balanced portfolio – Targeted at growing middle-income class

2 Focused execution of the 3-pronged strategy

- Best-in-class operating performance
- Embarking on value-added enhancement initiatives
- Strengthening portfolio quality through accretive acquisitions & optimisation

3 Strong balance sheet and proactive capital management

- Diversified funding resources and financial flexibility
- Healthy financial metrics

FY 2017 Highlights



CapitaMall Xinnan, Chengdu, China



Key Highlights

Strong Financial Results

- FY 2017 NPI increased 9.1% y-o-y, boosted by full-year contribution from CapitaMall Xinnan
- FY 2017 DPU increased 0.5% y-o-y at 10.10 cents

Active And Prudent Capital Management

- Successful private placement to raise net proceeds of S\$101.7 million in November 2017 to part finance acquisition of Rock Square
- Strengthened balance sheet with healthy gearing of 28.4%
- Completed all refinancing in 2017, with no refinancing requirement until 2019

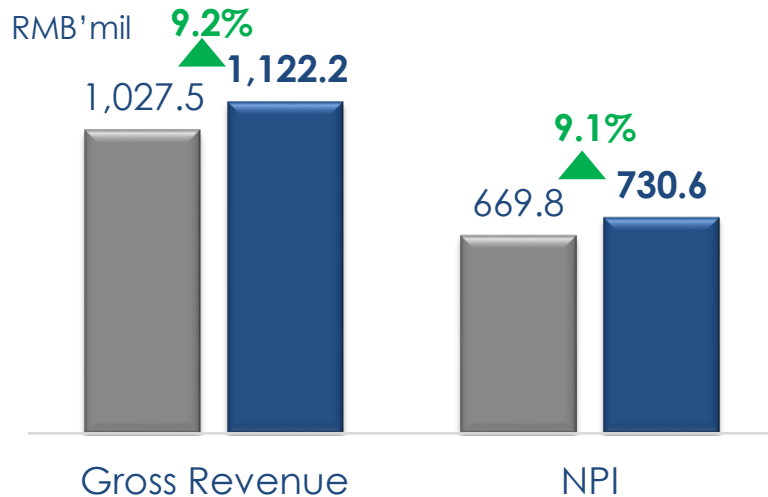
Strengthening Portfolio Quality Underway

- Unlocked value of CapitaMall Anzhen
- Acquisition of Rock Square which will serve as a quality growth driver going forward

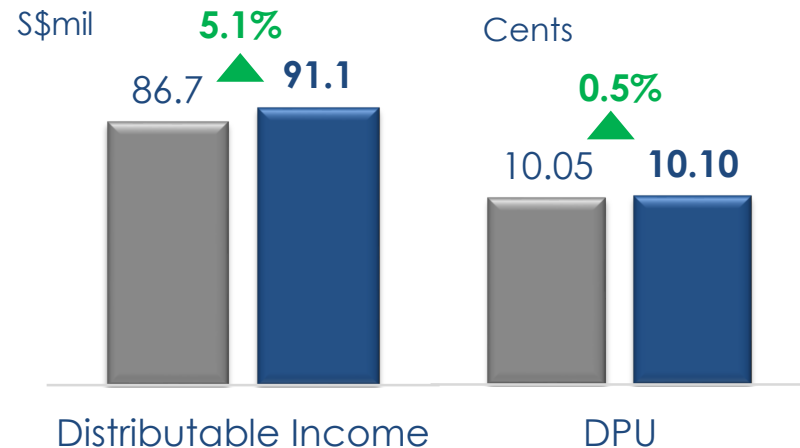


FY 2017 Highlights

FY 2017 Financials



■ FY 2016 ■ FY 2017



95.4%

Portfolio Occupancy
As at 31 December 2017



+5.6%

Positive Rental Reversion
Based on 616 new leases/renewals



RMB1,721

Tenants' Sales
per sq m per month
▲ **0.8%** yoy



95.7 million

Annual Shopper Traffic
▲ **4.7%** yoy

A wide-angle shot of a busy shopping mall corridor. The ceiling is high with recessed lighting. On the left, there are shops with large, illuminated signs, including one with a large white character. The floor is polished and reflects the overhead lights. A large crowd of people, including men, women, and children, is walking through the corridor. In the foreground, a young girl in a pink jacket is holding a pink balloon. On the right, there is a food stall or counter with a red sign that says '出口' (Exit) and a television screen displaying a colorful image. The overall atmosphere is one of a bustling, modern retail environment.

Financial Performance & Capital Management

CapitaMall Qibao, Shanghai, China



FY 2017 Distributable Income Increased 5.1% Y-o-Y

	FY 2017 Actual ¹	FY 2016 Actual	Change
Gross Revenue (RMB'000)	1,122,164	1,027,473	9.2%
NPI (RMB'000)	730,567	669,759	9.1%
NPI (S\$'000)	149,212	139,738	6.8%
Distributable Income (S\$'000)	91,136 ²	86,732	5.1%
DPU (Singapore cents)	10.10 ^{2,3}	10.05	0.5%
Annualised Distribution Yield (Based on unit price of S\$1.62 on 29 Dec 2017)	6.2%		
Annualised Distribution Yield (Based on unit price of S\$1.69 on 30 Jan 2018)	6.0%		

Notes:

1. Includes full year contribution from CapitaMall Xinnan and 1H 2017 from CapitaMall Anzhen.
2. Includes partial distribution of the gain from the disposal of Anzhen SPV.
3. Includes 1.54 cents per Unit for the period from 1 October 2017 to 6 December 2017, calculated based on 901,833,901 Units and 0.83 cents per Unit for the period from 7 December 2017 to 31 December 2017, calculated based on 966,225,901 Units after the private placement.



Healthy Balance Sheet

As at 31 Dec 2017

S\$'000

Investment Properties 2,441,024

Other Assets 40,093

Financial Derivatives Assets 436

Cash & Cash Equivalents 186,515

Total Assets 2,668,068

Interest-bearing Borrowings 747,507

Deferred Tax Liabilities 227,734

Financial Derivatives Liabilities 7,803

Other Liabilities 116,936

Total Liabilities 1,099,980

Non-controlling Interest 19,317

Net assets attributable to unitholders (S\$'000) 1,548,771

Units In Issue ('000 units) 966,226

Net Asset Value (NAV) per unit 1.60

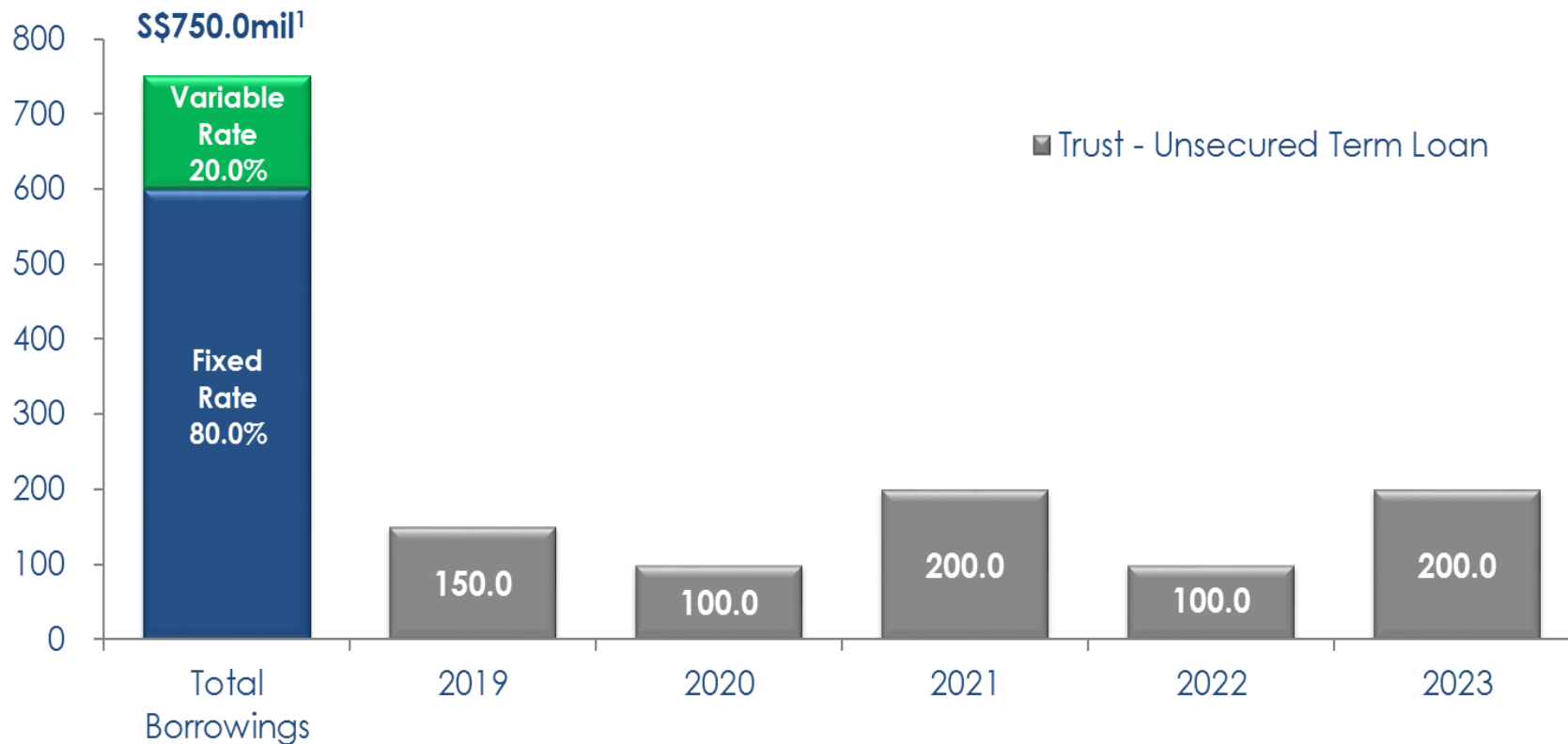
Adjusted NAV per unit (net of distribution) 1.59



Debt Maturity Profile (31 Dec 2017)

Completed All Refinancing In 2017; No Refinancing Requirement Until 2019

S\$' million



Notes:

1. All the loans are denominated in SGD.



Key Financial Indicators as at 31 Dec 2017

Gearing

28.4%¹

30 Sep 2017: 35.4%

Average Cost of Debt

2.48%

30 Sep 2017: 2.42%

Average Term to Maturity (Years)

3.37

30 Sep 2017: 3.08

Unencumbered Assets as % of Total Assets²

100.0%

30 Sep 2017: 100.0%

Interest Coverage

5.8x

30 Sep 2017: 6.0x

Net Debt / EBITDA

5.5x¹

30 Sep 2017: 7.0x

Note:

1. Improved ratios due to repayment of S\$175m of the term loans using the proceeds from divestment of CapitaMall Anzhen and private placement.

Portfolio Update



CapitaMall Grand Canyon, Beijing, China



Portfolio Valuation

	Current Valuation (31 Dec 2017) RMB million	Current Valuation (30 Jun 2017) RMB million	Variance (%)	NPI Yield ¹ (%)	Current Valuation (psm of GRA) RMB
Multi-tenanted Malls					
CapitaMall Xizhimen	3,075	2,990	2.8%	6.5%	37,015
CapitaMall Wangjing	2,375	2,310	2.8%	6.7%	34,921
CapitaMall Grand Canyon	2,090	2,075	0.7%	4.4%	29,871
CapitaMall Xinnan	1,536	1,530	0.4%	5.8%	28,647
CapitaMall Qibao	495	497	(0.4%)	9.2%	6,806
CapitaMall Saihan	456	454	0.4%	8.5%	10,873
Master-leased Malls					
CapitaMall Erqi	638	635	0.5%	6.6%	6,908
CapitaMall Shuangjing	583	581	0.3%	6.3%	11,787
Malls Under Stabilisation					
CapitaMall Minzhongleyuan	528	528	-	0.2%	14,901
CapitaMall Wuhu	193	200	(3.5%)	N.M.	4,229
Total	11,969.0	11,800.0	1.4%	6.3%²	N.M.

Notes:

1. NPI yield is based on NPI for FY 2017 and valuation as at 31 December 2017.

2. Excludes CapitaMall Minzhongleyuan and CapitaMall Wuhu. CRCT Portfolio yield including CapitaMall Minzhongleyuan and CapitaMall Wuhu is 5.8%.

N.M. – Not meaningful



Strong Portfolio Occupancy Rate¹

	31 Dec 16	31 Mar 17	30 Jun 17	30 Sep 17	31 Dec 17
<u>Multi-Tenanted Malls</u>					
CapitaMall Xizhimen	97.8%	98.0%	99.4%	97.4%	98.2%
CapitaMall Wangjing	99.6%	99.5%	99.2%	99.2%	98.4%
CapitaMall Grand Canyon	96.6%	98.7%	99.7%	98.5%	98.5%
CapitaMall Xinnan	98.2%	99.6%	99.0%	99.1%	99.0%
CapitaMall Qibao	94.1%	93.0%	92.4%	95.0%	94.6%
CapitaMall Saihan	100.0%	100.0%	100.0%	99.9%	99.9%
<u>Master Leased Malls</u>					
CapitaMall Shuangjing	100.0%	100.0%	100.0%	100.0%	100.0%
CapitaMall Erqi	100.0%	100.0%	100.0%	100.0%	100.0%
<u>Malls under Stabilisation</u>					
CapitaMall Minzhongleyuan	93.6%	92.6%	82.9%	78.4%	78.0%
CapitaMall Wuhu	64.4%	65.7%	70.6%	71.6%	69.7%
CRCT Portfolio	95.9%	96.2%	96.2%	95.6%	95.4%

Note:

1. Based on committed leases.



FY 2017 Portfolio Rental Reversion

From 1 Jan to 31 Dec 2017

Property	No. of new leases/renewals	Area (sq m)	% of Total Net Lettable Area	Var. over last rental rate ^{1,2}
CapitaMall Xizhimen	120	9,726	19.3%	7.7%
CapitaMall Wangjing	85	17,192	33.3%	6.5%
CapitaMall Grand Canyon	97	5,772	12.6%	(2.6)% ³
CapitaMall Xinnan	101	9,201	25.5%	3.1%
CapitaMall Qibao	64	6,402	12.5%	4.6%
CapitaMall Saihan	123	5,859	18.9%	10.2%
CapitaMall Minzhongleyuan	25	3,218	13.8%	22.5%
Total⁴	616	57,390	17.6%	5.6%

Notes:

1. Excludes gross turnover component, newly created units leased, short term renewals (< 1 year), units vacant for >=1 year and pre-terminated leases.
2. Majority of leases have rental escalation clauses.
3. Due to a strategic lease initiative entered in 1Q 2017. Excluding this initiative, FY 2017 CapitaMall Grand Canyon rental reversion would have been 0.7%, and Portfolio reversion at 6.1%.
4. Includes the lease of a small unit (20 sq m) at CapitaMall Wuhu.



Portfolio Lease Expiry (By Year)

As at 31 Dec 2017	No. of Leases ¹	Total Rental Income	
		RMB'000	% of total (Dec 2017) ²
2018	705	26,384	30.9%
2019	344	20,198	23.6%
2020	170	14,045	16.4%
2021	60	5,450	6.4%
2022	34	3,472	4.1%
Beyond 2022	44	15,937	18.6%
CRCT Portfolio		Weighted average lease term to expiry	
By Total Rent Income		3.0	
By Net Lettable Area		5.5	

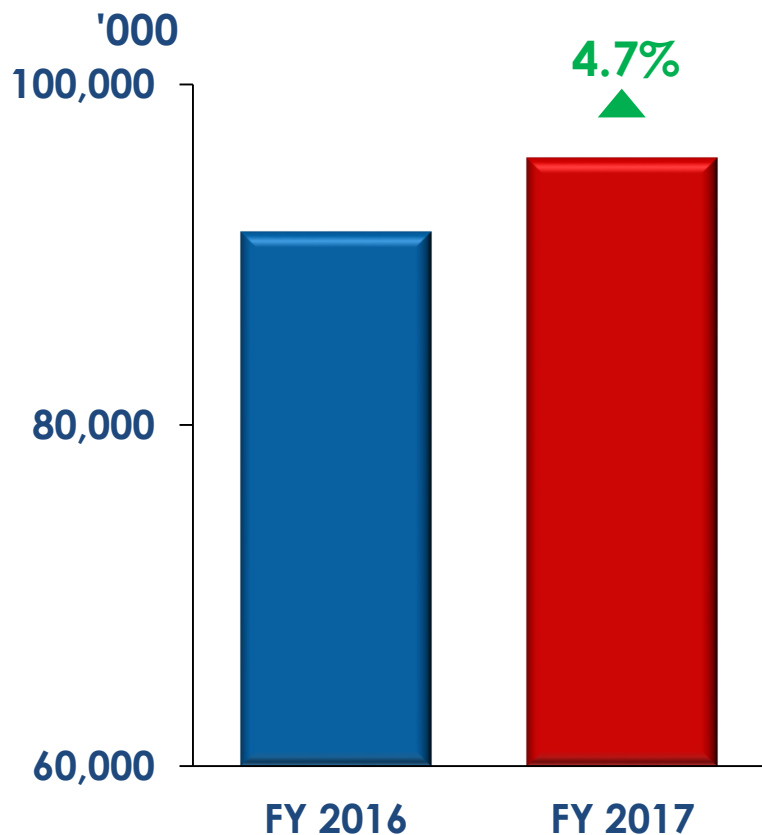
Notes:

1. Based on all committed leases as of 31 December 2017.
2. As percentage of total rental income of each mall for the month of December 2017.

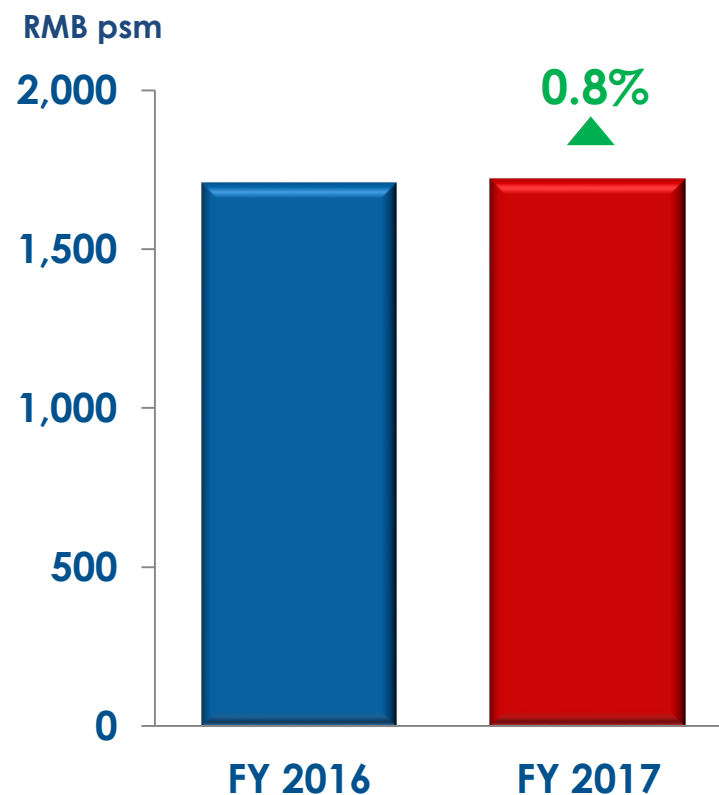


Portfolio Shopper Traffic & Tenant Sales

Shopper Traffic^{1,2}
(FY 2017 vs FY 2016)



Average Monthly Tenant Sales¹
(FY 2017 vs FY 2016)



Note:

1. Excludes 2 master-leased malls.

Strengthening The Portfolio





Strategic Expansion & Active Portfolio Management



Portfolio Reconstitution Strategy

Newer Asset With Longer Leasehold And Higher Growth Potential; and Recovered Space For Improved Mall Efficiency

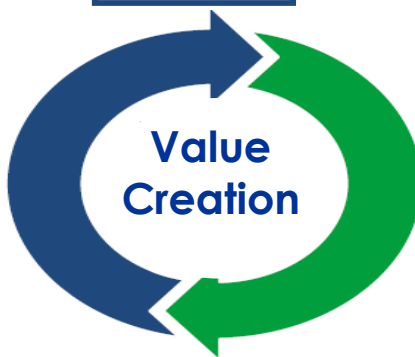
2017

Divestment gains (\$\$37.3 mil)



CapitaMall Anzhen, Beijing (Divested on 15 Sep 17)

- Master leased with limited upside
- Faced with increasing capital expenditure for an aging property
- Divested at ~12.9% above valuation¹



Recovery of anchor space (~4,700 sq m)



CapitaMall Wangjing, Beijing

- On track to open with higher-yielding specialty stores from 2Q 18

Acquisition (\$\$351.3 mil)



Rock Square, Guangzhou (acquired on 31 Jan 18)

- Strategic entry into another Tier 1 city
- Leverage on Sponsor's network
- Catchment of ~800,000 within 3km radius
- Upside Potential: >50% of leases expiring in 2018-2020

Proactive Asset Management





CapitaMall Wangjing: Increasing Specialty Retail

On Track To Open Progressively from 2Q 2018

- Transform ~4,700 sq m of recovered space to showcase differentiated offerings ranging from lifestyle, experiential retail and gourmet
- Tenants include YID Cooking School, Sisyphe book cafe and popular F&B outlets
- Committed occupancy rate of >90%



New Popular Retail Concepts



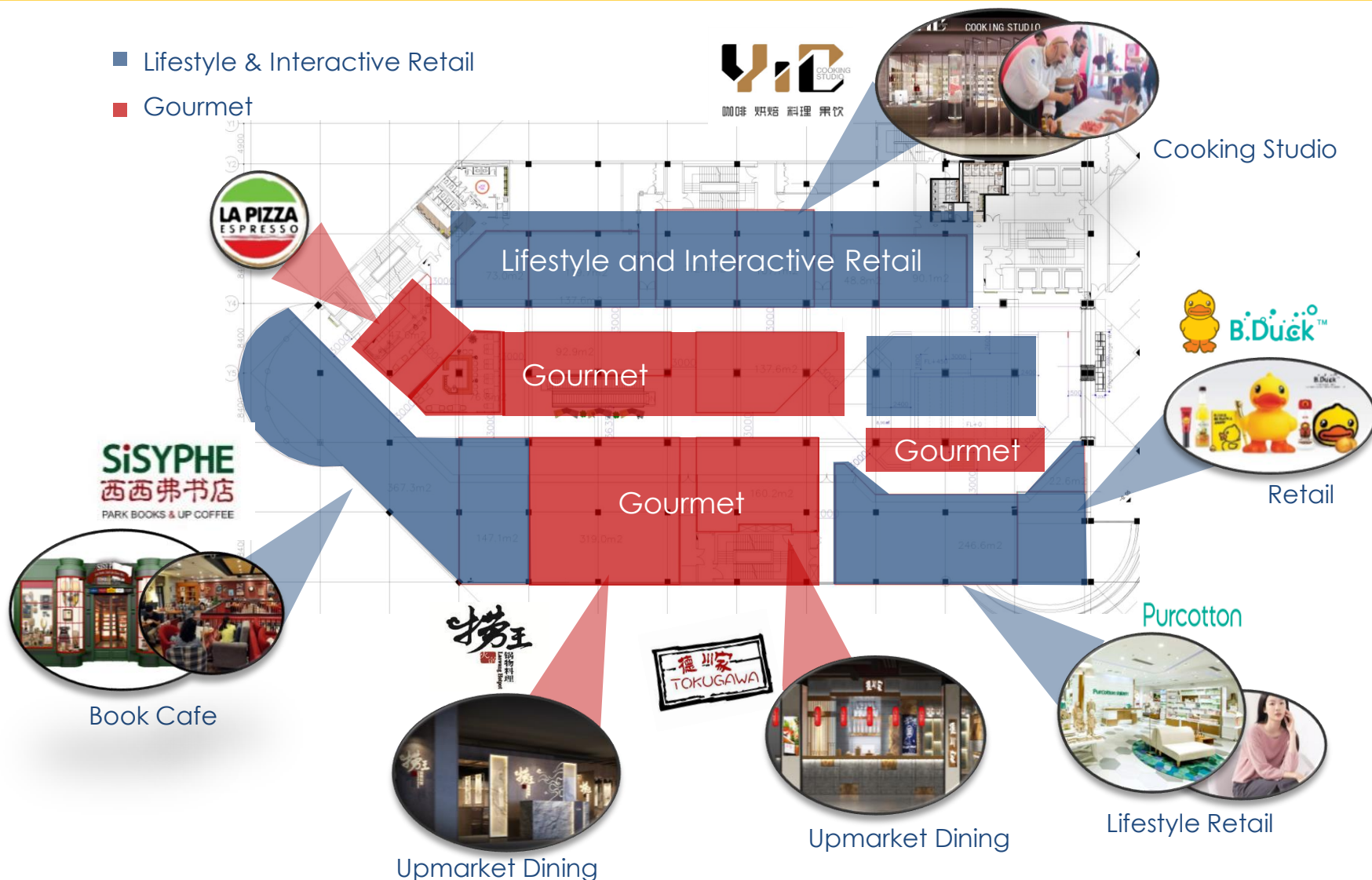


CapitaMall Wangjing: Upcoming Retail Concepts

A Blend of Lifestyle, Interactive Retail and Gourmet Offerings

■ Lifestyle & Interactive Retail

■ Gourmet





CapitaMall Xinnan – Elevating Shopper Experience

- Introduced upmarket brands including Lulu Guinness, a British handbag and accessories brand, Godiva and UGG
- Cinema upgrading and refurbishment, including a new VIP lounge
- Upgrading of carpark facilities with improved lighting and automated payment system



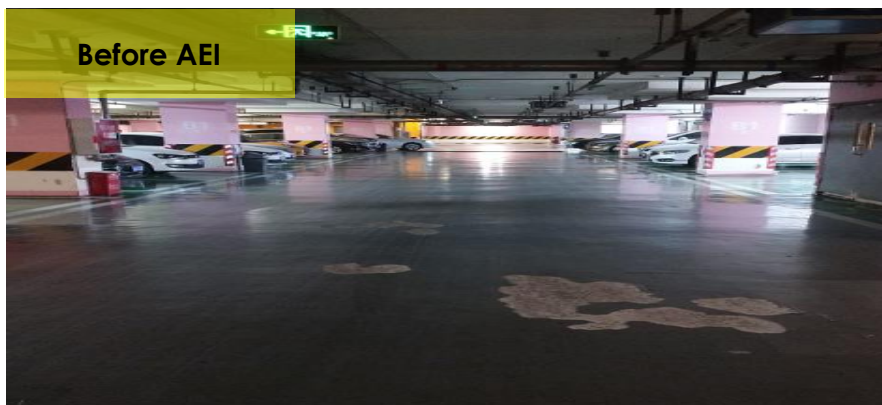
Lulu Guinness



Godiva



UGG store (opening March 2018)



Upgrading of carpark facilities

Active Asset Management

CapitaMall Grand Canyon

- Opening of Lenovo 4S Store in December 2017 to positive reception, a transformation from a service centre



CapitaMall Xizhimen

- Reconfigured large fast food outlet unit into 3 higher-yielding specialty units
- Amalgamation of 3 units to accommodate popular lifestyle brand Miniso



SEPHORA

丝芙兰

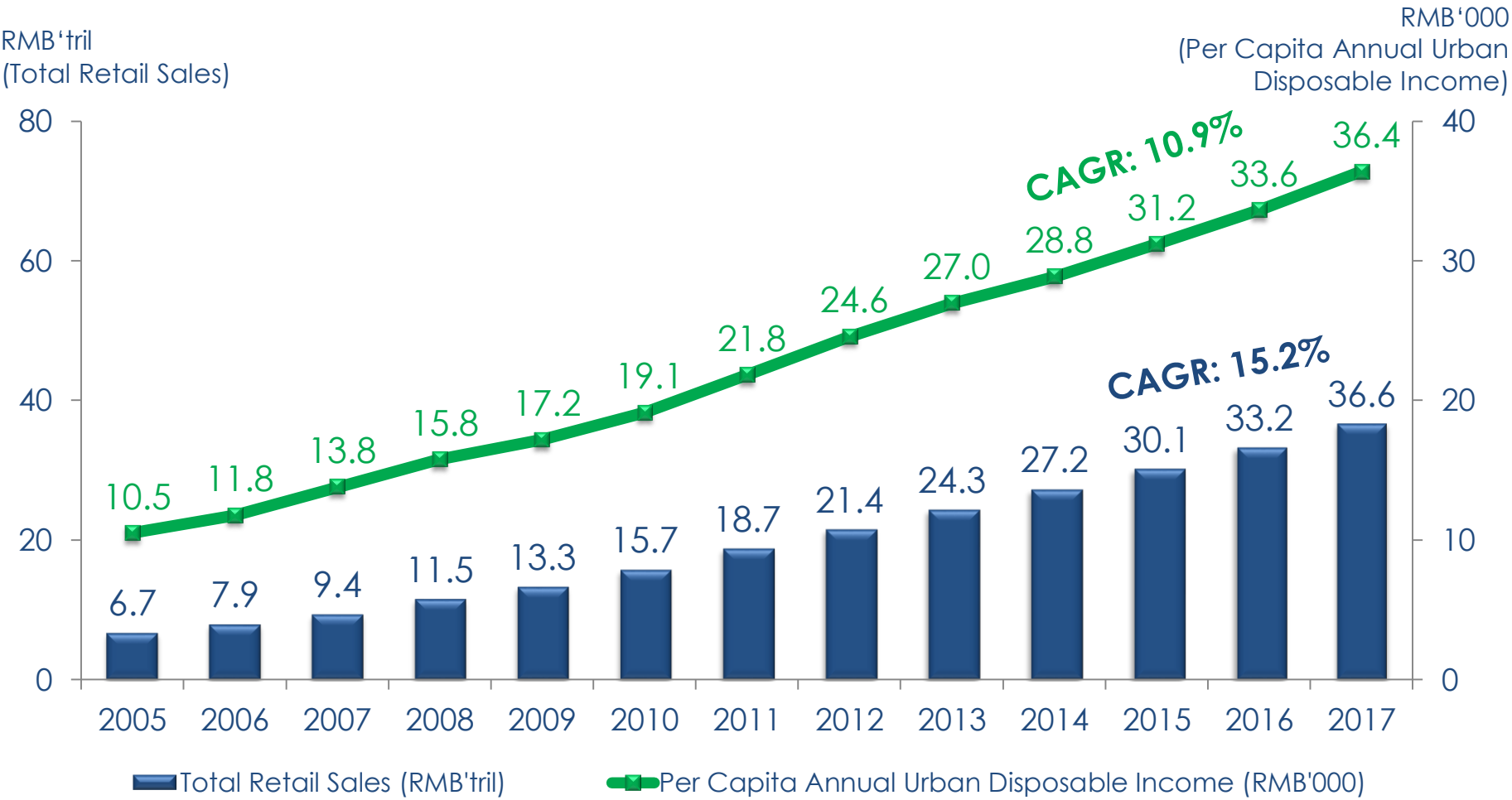
Growth Drivers



CapitaMall Xizhimen, Beijing, China

Tapping On Rising Consumption

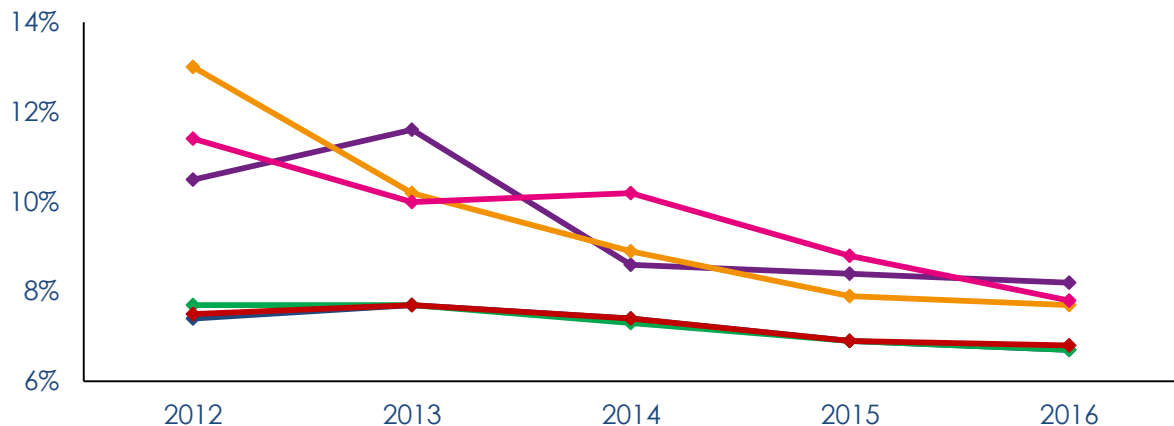
Steady Increase In China's Retail Sales And Urban Disposable Income





Presence In Cities With Strong Economic Fundamentals

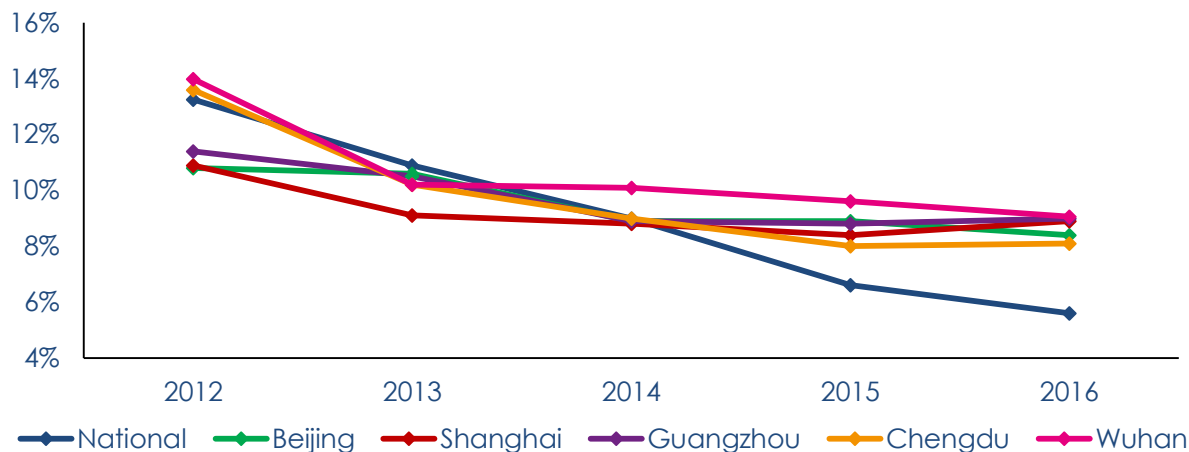
Gross Domestic Product (GDP) Year-on-Year Change (%)



GDP

Beijing and Shanghai aligned with China's stable national development. Stabilising and sustainable growth in Guangzhou, Chengdu and Wuhan.

Urban Disposable Income Per Capita Year-on-Change (%)



Urban Disposable Income Per Capita

Urban disposable income per capita is above national across cities in which CRCT has a presence in.



Looking Forward

Rising Affluence And Growing Consumption In China

- Stable and sound economic growth pace of 6.9%¹ in 2017, exceeding expectations
- National retail sales grew 10.2%¹ y-o-y
- National disposable income per capital rose 6.5% y-o-y
- Consumption contributed 58.8%¹ to 2017 GDP growth

Optimising Growth

- Addition of Rock Square to CRCT portfolio
- Wangjing – Unlock value with upside potential from conversion of anchor space to specialty stores

Strengthening Portfolio Quality

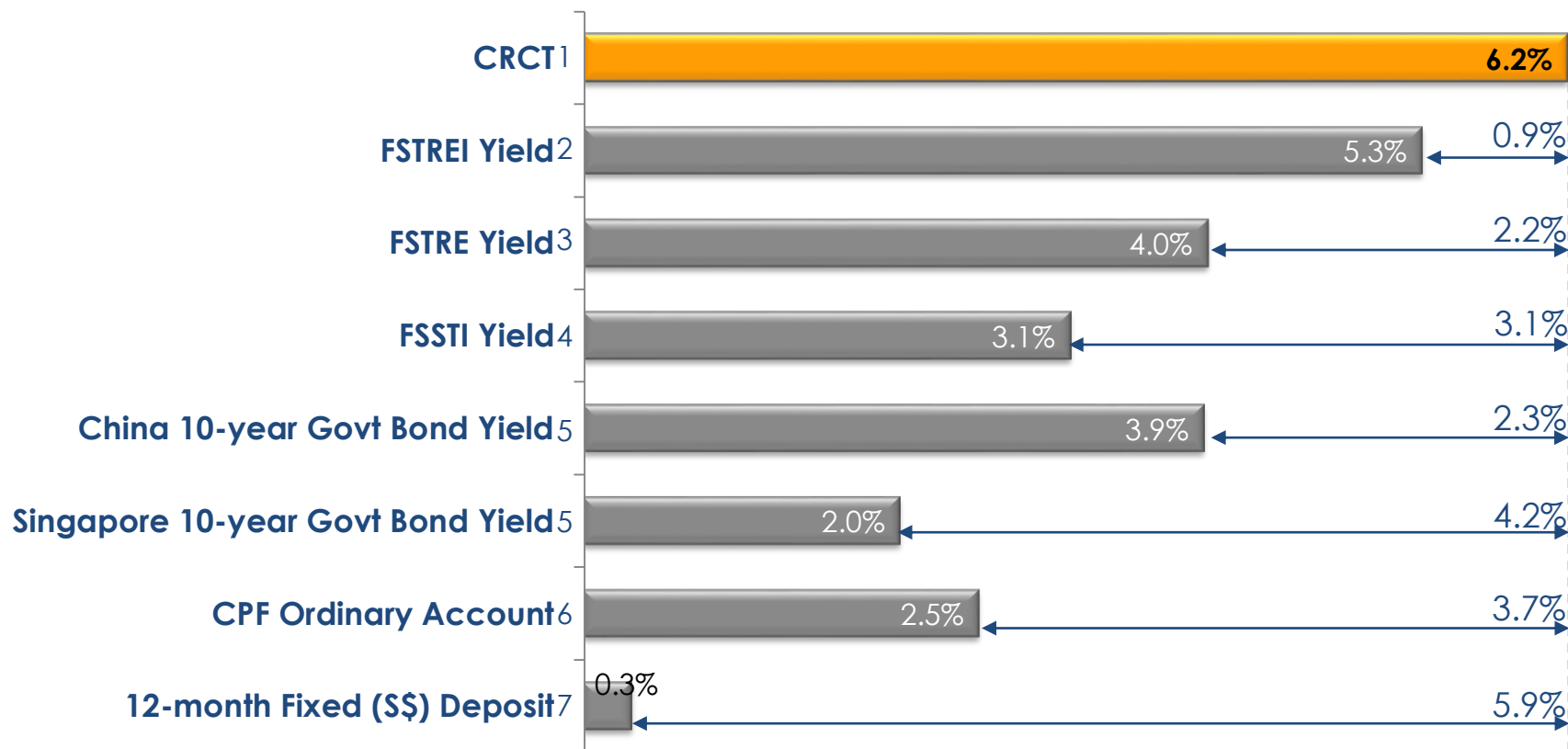
- Ongoing tenant adjustments to enhance portfolio tenant mix
- Ongoing asset enhancements
- Continue to seek acquisition opportunities

Note:

1. Source: National Bureau of Statistics of China



Comparative Yields



Notes:

1. Based on FY 2017 annualised distribution per unit of 10.33¢ and the unit closing price of S\$1.62 on 29 December 2017.
2. Average 12-month gross dividend yield of Straits Times REIT Index as at 29 December 2017.
3. Average 12-month gross dividend yield of Straits Times Real Estate Index as at 29 December 2017.
4. Average 12-month gross dividend yield of Straits Times Index stocks as at 29 December 2017.
5. Singapore Government 10-year and China Government 10-year bond yields as at 29 December 2017.
6. Prevailing CPF-Ordinary Account savings rate.
7. Average 12-month S\$ fixed deposit savings rate as at December 2017.

Sources: Bloomberg, CRCTML, Central Provident Fund (CPF) Board, Monetary Authority of Singapore.



Thank You

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