



CAPITALAND LIMITED
(Registration Number: 198900036N)
(Incorporated in the Republic of Singapore)

ANNOUNCEMENT

**Extraordinary General Meeting and Scheme Meeting to be held on 10 August 2021
Responses to Substantial and Relevant Questions**

CapitaLand Limited (“**CapitaLand**” or the “**Company**”) would like to thank all Shareholders who submitted their questions in advance of the Extraordinary General Meeting (“**EGM**”) and Scheme Meeting, to be held virtually via “live webcast” at 2:00pm and 2:15pm (or if the EGM concludes after 2:15pm, as soon thereafter following the conclusion of the EGM) respectively, on Tuesday, 10 August 2021.

Please refer to our responses to these substantial and relevant questions received to date, in the following pages. The deadline for Shareholders to submit any questions they may have is 2.15pm on 7 August 2021. CapitaLand will be publishing our responses to any new questions received until then on the SGXNet and on our corporate website before the EGM and Scheme Meeting.

We trust that Shareholders will understand that because of the overlapping questions received, we will not be responding to each and every question individually.

The directors of the CapitaLand Limited (the “**Directors**”) (including any who may have delegated detailed supervision of the preparation of this Announcement) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this Announcement in each case which relate to CapitaLand, CapitaLand Investment Limited (“**CLI**”) and CapitaLand Integrated Commercial Trust (“**CICT**”) (excluding information relating to CLA Real Estate Holdings Pte. Ltd. (the “**Offeror**”) or any opinion expressed by the Offeror) are fair and accurate and that, where appropriate, no material facts which relate to CapitaLand, CLI and CICT have been omitted from this Announcement, and the Directors jointly and severally accept responsibility accordingly.

Where any information which relates to CapitaLand, CLI and CICT has been extracted or reproduced from published or otherwise publicly available sources or obtained from the Offeror, the sole responsibility of the Directors has been to ensure that, through reasonable enquiries, such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this Announcement. The Directors do not accept any responsibility for any information relating to the Offeror or any opinion expressed by the Offeror.

By Order of the Board

Michelle Koh
Company Secretary

31 July 2021

CapitaLand Limited 2021 Extraordinary General Meeting and Scheme Meeting
Responses to Substantial and Relevant Questions from Shareholders

Unless otherwise defined, capitalised terms used in the following responses should have the meanings ascribed to them in the Scheme Document issued by CapitaLand Limited (“CapitaLand”) on 17 July 2021 (the “Scheme Document”) or the Introductory Document issued by CapitaLand Investment Limited (“CLI”) on 17 July 2021 (the “Introductory Document”), as the case may be.

No.	Questions and Responses
1.	<p>Upon completion of this scheme, CapitaLand Development (“CLD”) will be taken private. Development of properties is capital intensive. As a private entity, information is not so readily available to the public. How will this capital-intensive business affect the soon to be listed CLI? As a shareholder of CLI, there is an interest in how CLD performs.</p>
	<p>By separating the capital-intensive development business, CLI can better position itself as a standalone asset-light and capital-efficient business, with a sharpened focus on growing FUM and the fee income business.</p> <p>While CapitaLand shareholders will no longer have any interest in CLD, they will be shareholders of CLI subsequent to the Scheme, thereby retaining the benefit of being part of the ecosystem with the privatised CapitaLand, on an arm's length basis. It is envisaged that CapitaLand will continue, through its development arm, to support CLI through its strong development capabilities through participating and collaborating in the development and/or redevelopment of projects within CLI, as required and appropriate, as well as in providing to CLI development or project management services as CLI may require in respect of any property investments held within CLI.</p> <p>CLI and/or its managed Listed and Unlisted Funds would also be able to access further pipeline opportunities that may be made available by CapitaLand to augment CLI's FUM growth. CLI and CapitaLand have entered into a reciprocal rights of first refusal agreement pursuant to which CapitaLand has granted a right of first refusal ("ROFR") to CLI in support of CLI's growth. Please refer to the Introductory Document for more information on the reciprocal ROFR agreement, in particular, the section titled “Interested Person Transactions and Conflicts of Interests – Conflicts of Interests – Reciprocal Rights of First Refusal Arrangements”.</p>
2.	<p>As a long-time CapitaLand investor, I support the restructuring. What I feel missing is the opportunity for current Shareholders to subscribe additional CLI shares with the \$0.951 cash payout. Can such option be considered?</p>
	<p>As part of this transaction, each Eligible Shareholder will receive one CLI share for each CapitaLand share that he owns as at the Record Date. Eligible Shareholders may utilise the cash proceeds received pursuant to the Scheme to purchase CLI shares in the open market once the trading in CLI shares commences.</p>
3.	<p>What is the basis for determining the cash consideration as \$0.951 per CapitaLand share? Will the cash consideration be higher if valuation of assets were higher - such as during "good or better" times when assets are accorded higher valuation? Please elaborate.</p>
	<p>Pursuant to the CICT DIS, 6% CICT units are being distributed by CapitaLand to all Eligible Shareholders on a pro-rata basis. However, CLA Real Estate Holdings Pte. Ltd. (the “Offeror”) will not participate in the CICT DIS. The CICT units that the Offeror that would otherwise be entitled to receive had it participated in the CICT</p>

	<p>DIS will accordingly be distributed to the Eligible Shareholders on a pro-rata basis as part of the consideration for the development business. In addition, the Offeror will also pay the cash consideration of S\$0.951 for each CapitaLand share for the development business. The cash consideration of S\$0.951 per CapitaLand share is agreed following the discussion and negotiation between the Offeror and CapitaLand.</p> <p>Accordingly, the total implied consideration payable by the Offeror to Eligible Shareholders for the development business of CapitaLand is S\$1.121 per CapitaLand share, comprising:</p> <p>(a) S\$0.951 in cash; and</p> <p>(b) S\$0.170¹, being the value attributable to the Offeror's entitlement to the CICT DIS which is distributed in favour of the Eligible Shareholders.</p> <p>The total implied consideration implies a P/NAV of 0.95x for the development business of CapitaLand. Per the IFA letter, the consideration for the development business is within the range of selected precedent transactions. Please refer to the IFA letter in the Scheme Document for further information.</p> <p><i>Note: ¹ Based on CICT's one-month VWAP up to and including 19 March 2021, being the last trading day (the "Last Trading Day") prior to the date of the joint announcement of the Scheme.</i></p>
<p>4.</p>	<p>Please explain the rationale for Capital Reduction and what the impact is to Shareholders.</p>
	<p>Under the Scheme, the consideration (the "Consideration") per CapitaLand share comprises 1 CLI share, 0.155 CICT units and S\$0.951 in cash. Capital reduction is a principal feature of the Scheme and the purpose of the capital reduction is to effect the distribution of approximately 48.24%¹ of CLI shares and approximately 6.00% of the CICT Units outstanding, currently owned by CapitaLand, to Eligible Shareholders.</p> <p><i>Note: ¹ The number of CLI shares to be distributed pursuant to the Scheme and the percentage shareholding represented by such CLI Shares will be equal to the number of CapitaLand shares held by the Eligible Shareholders and the percentage shareholding represented by such CapitaLand shares as at the Record Date.</i></p>
<p>5.</p>	<p>I would like to convert cash portion into Share of the restructured company. May you make this possible?</p>
	<p>Under the Scheme, the Consideration per CapitaLand share comprises 1 CLI share, 0.155 CICT units and S\$0.951 in cash. Eligible Shareholders may utilise the cash proceeds received pursuant to the Scheme to purchase CLI shares in the open market once the trading in CLI shares commences.</p>
<p>6.</p>	<p>Please provide a comprehensive background of the resolutions and what purpose they aim to serve and how do Shareholders benefit from them.</p>
	<p>Assuming both the EGM and Scheme Meeting resolutions are approved by CapitaLand shareholders, subject to the approval of the Capital Reduction and Distribution in Specie ("DIS") by the Court and the Sanction of the Scheme by the Court and the satisfaction of all other Scheme Conditions, the DIS and the Scheme will proceed and result in the following outcomes:</p>

	<p>(a) CLI will be listed; and</p> <p>(b) CapitaLand will be privatised and delisted.</p> <p>Assuming the Scheme becomes effective, Eligible shareholders will receive the Consideration comprising 1 CLI share, 0.155 CICT units and S\$0.951 in cash for each CapitaLand share they own as at the Record Date.</p> <p>The overarching objective of the Scheme is to sharpen CapitaLand group's focus and position it to be an asset-light and capital-efficient business through CLI. CapitaLand believes that CapitaLand shareholders will benefit from the significant value that will be unlocked from the Scheme – as further elaborated below:</p> <p>(i) CapitaLand shareholders will get an opportunity to remain invested in the asset-light growth businesses through CLI and participate in CLI's growth. CLI will be a growth-oriented company and will focus its growth strategy around increasing its FUM and capital efficiency.</p> <p>Through the Scheme, CapitaLand shareholders will own CLI shares whose business profile more closely resembles that of a real estate investment manager. Public markets value real estate investment managers differently from listed developers. Listed real estate investment managers tend to trade at a premium to book value, while developers tend to trade at a discount to book value.</p> <p>(ii) At the same time, while a CapitaLand shareholder will no longer have vested interest in the development business of CapitaLand, such shareholder will be a shareholder of CLI subsequent to the Scheme, thereby retaining the benefit of being part of the ecosystem with the privatised CapitaLand, on an arm's length basis – please refer to our response to Question 1 for further details.</p> <p>(iii) The aggregate of the CLI shares, CICT units and cash components of the Consideration translates to a value of S\$4.102 per CapitaLand share, which represents:</p> <ul style="list-style-type: none"> • 95.6% of CapitaLand group's NAV per share as of 31 December 2020; • 24% above the last traded price per CapitaLand share of S\$3.31 on the Last Trading Day; and • 39% over the VWAP per CapitaLand share for the 12-month period up to and including the Last Trading Day of S\$2.957. <p>This represents an immediate unlocking of value to CapitaLand shareholders.</p> <p>Please refer to the Scheme Document and Introductory Document for further details.</p>
<p>7.</p>	<p>For shares bought using CPF, will the Cash Consideration of S\$0.951 per share be refunded in form of CPF or Cash?</p>
	<p>The Cash Consideration attributable to the Shares held by the CPF agent banks on behalf of the CPFIS Members will also be paid to such CPF agent banks.</p>
<p>8.</p>	<p>Will all my shares in CapitaLand be transferred to CLI?</p>

	<p>Eligible Shareholders will receive 1 CLI share, 0.155 CICT units and S\$0.951 in cash for each CapitaLand share they own as at the Record Date. The CapitaLand shares owned by the Eligible Shareholders will be transferred to the Offeror.</p>
9.	<p>In this exercise, wouldn't the company let CapitaLand remain as the public-listed company (ie do not change the name) and let the development business (to be privatised) be named CapitaLand Development? CapitaLand alone is a brand name, so Shareholders should retain this name despite the Board's proposal to sell off the development arm to Temasek. From the substance of this exercise, it is not a spin off but the closure and sale of a business line to the major shareholder.</p>
	<p>The structure of the current transaction has been negotiated extensively and agreed with the Offeror.</p> <p>Please also refer to the responses to Questions 6 and 18 for the rationale of the Scheme and separating CLI from CLD.</p> <p>CLI has entered into a trademark licence agreement with CapitaLand on 17 July 2021 which will become effective on the listing date of CLI. Pursuant to the trademark licence agreement, CLI is granted the licence to use the trademarks relevant to CLI's businesses, such as the "CapitaLand", "Raffles City" and "CapitaMall" trademarks, as well as the right to sub-license such trademarks to CLI's subsidiaries, associated companies, and managed investment vehicles, for a nominal licence fee of S\$1.00. Therefore, CLI will still retain "CapitaLand" within its name, and benefit from the strong brand equity that CapitaLand built over the past three decades. CLI will also remain a subsidiary of CapitaLand post-completion of Scheme.</p>
10.	<p>With reference to the scheme document just issued on 19 July 2021, there is a provision to facilitate odd lot trading. Is this provision only applicable to CapitaLand Shareholders?</p> <p>If yes, may I request that you consider extending this provision to CICT Shareholders as well? CapitaLand Shareholders will get 0.155 shares for every share they hold. This is going to result in odd lots for CICT shares.</p>
	<p>The Odd Lots Trading Arrangement will be applicable to both CLI shareholders and CICT unitholders. We have arranged with the following named brokers to facilitate Odd Lots Trades during the Applicable Period, which is expected to be from 16 September 2021 to 14 October 2021:</p> <p>(a) DBS Vickers;</p> <p>(b) Phillip Securities; and</p> <p>(c) UOB Kay Hian,</p> <p>(collectively, the "Brokers").</p> <p>CLI shareholders and CICT unitholders who intend to carry out any Odd Lots Trades via the Brokers, or who intend to use the online trading platforms of the Brokers, should note that if they do not have an existing account with the relevant Broker, they must personally apply to open such an account with such Broker.</p> <p>Please refer to Paragraph 11.4 of the Explanatory Statement to the Scheme</p>

	Document for more information.
11.	The odd lot buy/sell arrangement is only for the old CapitaLand shares, the new CLI shares, or the CICT units? Or all 3 of them?
	The odd lot buy/sell arrangement is only for CLI shares and CICT units. Upon the Scheme becoming effective, the CapitaLand shares held by the CapitaLand minority shareholders will be transferred to the Offeror and be delisted from the SGX-ST.
12.	The restructuring will result in many Shareholders ending up with odd lots of CICT. Will management provide a grace period where they will absorb the commission fees for trading odd lots of CICT, just as the CMT management did when they merged with CCT?
	CapitaLand will bear the brokerage fees (including any goods and services tax relating to such fees) in respect of Odd Lots Trades carried out via the Brokers during the Applicable Period such that holders of CLI shares and/or CICT units will not be charged any brokerage fees for Odd Lots Trades during the Applicable Period. Please see the response to Question 10 for more details.
13.	What will be the strategies of the newly formed CapitaLand Investment Limited in navigating the tough commercial and retail climate in Asia?
	We intend to continue to extend our leadership in the management of our Listed Funds, and diversify and distribute new fund products to grow our Unlisted Funds business. We also plan to deepen strategic relationships with existing capital partners and expand new capital partnerships across a spectrum of strategies. We may also acquire new capabilities and fee income platforms. On the lodging side, we will continue to grow our distinctive fee-centric lodging platform via scaling units under management, and expand the product offerings within the lodging sector to augment FUM growth. Please refer to the section titled “Prospects, Business Strategies and Future Plans” in the Introductory Document for more information.
14.	Please share the projected potential returns for the next 10 years.
	CLI’s share price will be affected by multiple factors, including but not limited to market sentiment, macroeconomic conditions, and execution of our strategy and business plan. We are unable to provide performance forecasts. Nonetheless, we will remain focused on executing our long-term strategy and creating value for all shareholders.
15.	May I have information on the following: 1. Future plans for the new entity 2. Management team - movements 3. Strategies to ride through Covid-19 4. Dividend policy
	Please refer to the Introductory Document for detailed information pertaining to CLI’s business strategy, future plans, management team and dividend policy, in particular, the sections titled “Prospects, Business Strategies and Future Plans”, “Directors, Management and Staff” and “Dividend Policy”.
16.	Will CapitaLand Investment remain on the Straits Times Index after restructuring? Will CapitaLand Investment be removed from MSCI / Dow

	<p>Jones ESG index or any other indexes?</p>
	<p>Given the implied post-transaction market cap of CLI^{1,2}, we expect CLI to remain in key indices, including Singapore STI, MSCI Singapore and FTSE Singapore. Specific to the real estate index - FTSE EPRA NAREIT Developed Index, of which CapitaLand is currently a member of, there is an inclusion criterion for the company to derive 75% of EBITDA from relevant real estate activities. As CLI is focused on becoming an asset-light real estate investment manager and growing our fee-income related business, there is a possibility that CLI may not meet the eligibility criteria for the inclusion in this index as it progresses towards this direction.</p> <p><i>Notes: ¹ CLI's implied post-transaction price of S\$2.768 per share is calculated based on CapitaLand's closing price of S\$4.05 per share as at 29 July 2021, less the cash consideration of S\$0.951 per share, less the market value of 0.155 CICT units of S\$0.331 as at 29 July 2021; ² CLI's implied post-transaction market cap is based on its implied post-transaction price of S\$2.768 per share, multiplied by 5,203m CLI shares.</i></p>
<p>17.</p>	<p>Please provide responses to the following questions:</p> <p>(a) CLI's dividend policy is to pay out 30% of its yearly cash PATMI. Please advise the payout frequency and rationale of the computation.</p> <p>(b) CLI targets to reach \$100 billion in funds under management by 2024 and grow the lodging business to 160,000 units by 2023. But many countries where CLI has invested in are now undergoing subsequent rounds of lockdown due to resurgent of Covid 19. Please elaborate what are CLI's investment / growth plans to reach the targets within the short period of 2 to 3 years.</p> <p>(c) What is the expected yearly return of CLI for the next 3 to 5 years?</p> <p>(d) Will a CapitaLand investor be given proportion of cash and units of the new shares as he/she holds odd lots of the CapitaLand share?</p> <p>(e) How does CLI's proposed dividend policy compare to that of the similar organisations locally and globally?</p>
	<p>(a) As stated in the Introductory Document under the section titled "Dividend Policy", barring unforeseen circumstances, CLI's policy is to declare a dividend of at least 30% of the annual cash PATMI. CLI's decision to mirror the dividend policy of CapitaLand is for two reasons: (1) To give CLI shareholders a familiar reference, and (2) The COVID-19 situation remains uncertain. CapitaLand's management team has thus elected to maintain an unchanged dividend policy for CLI in the near term and undertake a dividend policy review when there is greater visibility of a more normalised operating environment in the next 12 to 24 months, to ensure that it accurately reflects the cash generating nature of a REIM.</p> <p>(b) Due to the evolving nature of the COVID-19 virus, we proactively ensure our strategy and growth plans adjusted when required in order to stay relevant. The business model of CLI will have a greater emphasis on growing fee-related income. We aim to deliver growth by continuing to extend our leadership in the management of our Listed Funds and diversify and distribute new fund products to grow our Unlisted Funds business. We also plan to deepen strategic relationships with existing capital partners and expand new capital partnerships across a spectrum of strategies. We may</p>

	<p>also acquire new capabilities and fee income platforms. On the lodging side, we will continue to grow our distinctive fee-centric lodging platform via scaling units under management, and expanding the product offerings within the lodging sector to augment FUM growth. Please refer to the section titled “Prospects, Business Strategies and Future Plans” in the Introductory Document for more information.</p> <p>(c) CLI’s share price will be affected by multiple factors, including but not limited to market sentiment, macroeconomic conditions, and execution of our strategy and business plan. Although we are not able to predict what our share price will be, we will remain focused on executing our long-term strategy and creating value for all shareholders.</p> <p>(d) Yes, Eligible Shareholders of CapitaLand will receive 1 CLI share, 0.155 CICT units and S\$0.951 for each CapitaLand share they own as at the Record Date.</p> <p>(e) Please see the response to Question 17(a). We are unable to comment on the dividend policy of our peers.</p>
<p>18.</p>	<p>Strategic optionalities available to the new entity were highlighted multiple times during the analyst/media briefing. Could the management explain why such optionalities were not available to CapitaLand in its present form?</p>
	<p>Historically, CapitaLand has been viewed as a real estate developer, and the public markets valued it below NAV, in line with other traditional real estate developers due to the long gestation and capital-intensive nature of real estate development. Through this restructuring, we are sharpening our focus on strategic growth and unlocking shareholder value by separating the development business (which is underappreciated by public markets and will be privatised) and the real estate investment management business. We believe by separating CLI from CLD, CLI can better position itself as a standalone asset-light and capital-efficient business, with a sharpened focus on growing FUM and the fee income business. CLI can optimise its capital structure and will be nimbler and be able to faster expand and scale up its asset and investment management, and lodging businesses whilst benefitting from the pipeline of projects from the privatised CLD as part of the ecosystem.</p>
<p>19.</p>	<p>Given the uncertainties surrounding what the new entity could look like 3 to 5 years from now and also the depressed property values due to COVID-19, could the management explain why the restructuring needs to take place now as opposed to later on when things settle down post-COVID?</p>
	<p>Taking reference from CapitaLand's FY 2020 revaluations and impairment losses, they were limited to only a handful of assets, which were significantly impacted by the challenges posed by COVID-19 i.e. it is not a systemic issue. The issue is not peculiar to CapitaLand alone as the broader property and property-related sector in the listed space have seen revaluation and impairment losses during the period.</p> <p>Despite the challenges during the year, we were able to deliver S\$924 million in cash PATMI for FY2020 that enabled us to distribute a healthy FY2020 dividend of 9 Singapore cents per share to Shareholders. This is testament to the underlying resilience of our operating businesses and as we have communicated before in CapitaLand’s FY 2020 financial results, we believe we are now in recovery phase for most of the sectors in our businesses and we have seen meaningful growth in others.</p>

	Importantly, the proposed restructuring is a natural progress from the successful acquisition and integration of Ascendas-Singbridge, which enhanced our resilience through the events of 2020, we feel that it is the right time for CapitaLand to accelerate CapitaLand 3.0 transformation journey.
20.	What will be the dividend policy for the "new" company, CLI?
	Please refer to the response to Question 17(a).
21.	Please advise the dividend policy (if there is any fixed % of net profit as distributable income) post the approval of The Scheme of Arrangement.
	Please refer to the response to Question 17(a).
22.	What is the projected dividend rate in cents and the dividend payout ratio if the scheme is approved by Shareholders? CapitaLand has been paying 12 cents/share per annum prior to covid. Is the dividend going to be better than this?
	Please refer to the response to Question 17(a).
23.	Many companies and employees prefer to work from home as opposed to holding meetings physically. How will CapitaLand mitigate the decrease in demand for office space in the future? Will the firm look towards industrial space (e.g. warehouses) in the future?
	<p>We are well positioned to adapt to the evolving needs of our office tenants, and have undertaken proactive leasing and asset management to meet new workspace demands. In our 1Q 2021 business update, we noted that committed occupancy for our offices and business parks have remained resilient, with average rental reversions mostly positive across our geographies. We were also able to maintain stable weighted average lease expiry across our key workspace markets through proactive engagement with our tenants.</p> <p>As stated in the Introductory Document, CLI intends to leverage on its long experience and strengths in industrial assets to expand into new economy subsectors, including warehouse and distribution centres. We also intend to expand our product offerings to cover development funds related to new economy assets. Please refer to the section titled "Prospects, Business Strategies and Future Plans" for further details.</p>
24.	How is the management going to monetise the value of Jilin Food Zone? This project hardly generates any meaningful cash nor returns to Shareholders
	As part of CapitaLand's proactive asset management strategy, the management will periodically review our portfolio and evaluate opportunities that will maximise value for our stakeholders. Our fundamental principle as always, is to create value for our Shareholders. It depends on when is the best time for this project to be for sale and the price offered.
25.	If all the appropriate properties and assets were revalued prior to COVID-19, what would the NAV be? How much of the NAV is attributed to the Development business?
	CapitaLand's policy is to measure the investment properties at fair value and its NAV as of 31 December 2020 is reflective of the underlying independent property valuation obtained for its investment properties portfolio. Based on CapitaLand

	<p>group's NAV of \$22.3 billion as at 31 December 2020, approximately 65% of the group's NAV is attributed to CLI group and approximately 35% of the group's NAV is attributed to the to-be-privatised group (i.e. CapitaLand group excluding the CLI group).</p>
26.	<p>What will happened to the CapitaLand Treasury Bond? Will it be redeemed or still in effect under the privatised entity?</p>
	<p>There will be no change to the terms of the bonds issued by CapitaLand Treasury Limited ("CTL") (a wholly-owned unlisted subsidiary of CapitaLand) (the "CTL Bonds") pursuant to the proposed corporate reorganisation.</p> <p>Post-completion of the Scheme to effect the corporate reorganisation, while CapitaLand will be delisted from the Official List of the Singapore Exchange, CTL will remain a wholly-owned subsidiary of CapitaLand.</p> <p>The CTL Bonds will remain listed on the Singapore Exchange and CTL will continue to comply with any disclosure obligations under the Singapore Exchange Listing Rules in relation to the listing of debt securities.</p> <p>As stated in the Scheme Document, the SGX-ST has, on 25 June 2021, advised that it has no objection to CapitaLand's application for delisting subject to certain conditions. In addition, it has also indicated that it has no comments on CapitaLand's view that the proposed delisting of CapitaLand will not affect the listing of the CTL Bonds and the CTL Bonds will remain listed on the SGX-ST. Please note that the SGX-ST's decision is not an indication of the merits of the proposed delisting of CapitaLand.</p>