



CAPITALAND LIMITED

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

ANNOUNCEMENT

DIVESTMENT OF 70% OF THE UNITS IN INFINITY MALL TRUST WHICH HOLDS WESTGATE

CapitaLand Limited ("**CapitaLand**") wishes to announce the divestment of an aggregate of 70% of the issued units (the "**Sale Units**") of Infinity Mall Trust ("**IMT**") to CapitaLand Mall Trust ("**CMT**") (the "**Transaction**"). IMT is a special purpose trust set up to hold the retail mall known as Westgate, and the trustee of IMT is JG Trustee Pte. Ltd., which is a wholly owned subsidiary of CapitaLand. Westgate is the retail component of Westgate development, which is an integrated mixed-use retail and office development located at Jurong Gateway. CMT currently holds the balance of the 30% of the issued units of IMT and the Transaction will increase CMT's interest in Westgate to 100%.

The consideration for the divestment is based on the agreed market value of Westgate at S\$1,128 million (equivalent to S\$2,746 per square foot of net lettable area) on a completed basis¹ (inclusive of fixed assets) (the "**Agreed Value**"). 70% of the Agreed Value amounts to S\$789.6 million. On completion of the Transaction ("**Completion**"), CapitaLand will receive from CMT approximately S\$397.6 million in cash as consideration (the "**Total Consideration**"). An aggregate amount of approximately S\$560.0 million² is owed by IMT to certain financial institutions (the "**Bank Loan**") which shall subsist after Completion. 70% of the Bank Loan amounts to S\$392.0 million.

The Sale Units are held through CapitaLand's wholly owned subsidiaries, CL JM Pte. Ltd. ("**CLJM**") and CMA Singapore Investments (4) Pte. Ltd. ("**CSIPL**") (CLJM and CSIPL are collectively referred to hereafter as the "**Vendors**"). As CapitaLand has an interest of approximately 29.44% in CMT, together with CapitaLand's interest in the Sale Units, CapitaLand has an aggregate interest of approximately 78.83% in IMT.

The Vendors have entered into a conditional unit purchase agreement (the "**Unit Purchase Agreement**") with HSBC Institutional Trust Services (Singapore) Limited in its capacity as trustee of CMT (the "**Purchaser**"), and CMA Singapore I Pte. Ltd. (as the "**Guarantor**"). The Guarantor is also a wholly owned subsidiary of CapitaLand. The

¹ As the Transaction is on a completed basis, the Vendors would be paying their proportionate share of the agreed improvement works for IMT, which amounts to S\$6.0 million.

² Assuming the full amount of the Bank Loan is drawn down by the date of Completion.

obligations of the Vendors to the Purchaser under the Unit Purchase Agreement are guaranteed by the Guarantor.

RATIONALE

The Transaction is in line with CapitaLand's strategy to recycle capital for reinvestment in new assets or enhancement of existing assets. The Transaction will allow CapitaLand to realise the value of a long-term asset and the proceeds from the Transaction will strengthen CapitaLand's capability to redeploy capital to pursue other projects. Through its interest in CMT, CapitaLand will continue to benefit from the stable yield of CMT's portfolio of assets and participate in its future growth.

TOTAL CONSIDERATION

On Completion, the Vendors will receive the Total Consideration of approximately S\$397.6 million, comprising:

- (a) an amount of approximately S\$17.9 million (subject to completion adjustments) representing 70% of IMT's net asset value ("**NAV**"). IMT's NAV is estimated at S\$25.6 million; and
- (b) an amount of approximately S\$379.7 million being the repayment by IMT to the Vendors of 70% of the Unitholders' Loans (as defined below), through funds provided by the Purchaser.

IMT's NAV takes into account, among others:

- (a) the Agreed Value, which was negotiated on a willing-buyer and willing-seller basis taking into account the latest half-yearly valuation by IMT on Westgate. Based on the valuation report of Knight Frank Pte. Ltd., the valuer commissioned by IMT Trustee, the open market value of Westgate as at 30 June 2018 was S\$991 million. The valuation was carried out by Knight Frank Pte. Ltd. using the capitalisation method and discounted cashflow method; less
- (b) the Bank Loan and an aggregate amount of approximately S\$542.4 million³ owing to the Vendors and CMT as IMT's unitholders (the "**Unitholders' Loans**").

The Total Consideration payable by the Purchaser on Completion is subject to adjustments based on IMT's NAV as of the date of Completion, and the amount of the Unitholders' Loans outstanding on the date of Completion, respectively.

COMPLETION AND CONDITIONS PRECEDENT

Subject to the fulfilment of the conditions precedent set out in the Unit Purchase Agreement, the Transaction is expected to be completed in the fourth quarter of 2018.

³ Based on the expected amount to be drawn down by IMT by the date of Completion.

The conditions precedent in the Unit Purchase Agreement include, amongst others, the Transaction having been approved by the unitholders of CMT at an extraordinary general meeting of CMT.

Upon Completion, IMT will cease to be a subsidiary of CapitaLand. CapitaLand will have an interest of approximately 29.44% in IMT through its interest in CMT.

FINANCIAL EFFECTS

CapitaLand is expected to recognise a net gain of approximately S\$99.2 million from the Transaction if it is completed. Based on the unaudited consolidated financial statements of CapitaLand Group for the six months ended 30 June 2018:

- (a) assuming that the Transaction was effected on 1 January 2018, CapitaLand Group's earnings per share would have increased from 21.9 cents to 24.3 cents; and
- (b) assuming that the Transaction was effected on 30 June 2018, CapitaLand Group's net tangible asset per share would have increased from S\$4.39 to S\$4.41.

INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Certain directors of CapitaLand collectively have an interest (direct and indirect) in 3,412,240 shares in CapitaLand and 1,025,571 units in CMT.

Temasek Holdings (Private) Limited, the controlling shareholder of CapitaLand, has an interest (direct and indirect) of approximately 40.47% in CapitaLand.

Save as disclosed above, none of the directors of CapitaLand or the controlling shareholder of CapitaLand has any interest, direct or indirect, in the Transaction.

By Order of the Board

Michelle Koh
Company Secretary
27 August 2018