



CAPITALAND RETAIL CHINA TRUST

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

ANNOUNCEMENT

PROPOSED ACQUISITION OF THE COMPANIES WHICH HOLD CAPITAMALL XUEFU, CAPITAMALL AIDEMENGDUN AND CAPITAMALL YUHUATING FROM INTERESTED PERSONS

1. INTRODUCTION

1.1 Acquisition

CapitaLand Retail China Trust Management Limited, as manager of CapitaLand Retail China Trust ("**CRCT**", and the manager of CRCT, the "**Manager**"), is pleased to announce that CRCT, through its wholly-owned subsidiaries, CRCT China Investment (Harbin I) Pte. Ltd., CRCT China Investment (Harbin II) Pte. Ltd. and CRCT China Investment (Changsha) Pte. Ltd. (collectively, the "**Purchasers**") had today entered into a conditional agreement (the "**Agreement**") with Ever Outstand Limited, CapitaRetail China Developments D5 (HK) Limited, Upper Great Limited and CapitaRetail China Investments Pte. Ltd. ("**CRCI**") (collectively, the "**Vendors**") to acquire:

- (i) 100.0% of the shares of CapitaRetail Harbin Shangdu Real Estate Co., Ltd. which holds CapitaMall Xuefu located at No.1 Xuefu Road, Harbin, China ("**CapitaMall Xuefu**");
- (ii) 100.0% of the shares of Beijing Hualian Harbin Real Estate Development Co., Ltd. which holds CapitaMall Aidemengdun located at No. 38 Aidemengdun Road, Harbin, China ("**CapitaMall Aidemengdun**"); and
- (iii) 100.0% of the shares of CapitaMalls Hunan Commercial Property Co., Ltd. which holds CapitaMall Yuhuating located at No. 421 Shaoshan Middle Road, Changsha, China ("**CapitaMall Yuhuating**", together with CapitaMall Xuefu and CapitaMall Aidemengdun, the "**Properties**"),

(each of CapitaRetail Harbin Shangdu Real Estate Co., Ltd., Beijing Hualian Harbin Real Estate Development Co., Ltd., and CapitaMalls Hunan Commercial Property Co., Ltd., a "**Target Company**" and collectively, the "**Target Companies**"; the acquisition by the Purchasers of 100.0% of the shares in the Target Companies (the "**Shares**") from the Vendors shall be referred to as the "**Acquisition**").

1.2 Relationship with the Vendors

As at the date of this announcement, CapitaLand Limited ("**CapitaLand**") through (i) its

indirect wholly owned subsidiaries namely, Retail Crown Pte. Ltd. and the Manager and (ii) CapitaLand Mall Trust has a deemed interest in 379,901,879 units in CRCT (“**Units**”), which comprises approximately 38.04% of the total number of Units in issue, and is therefore regarded as a “controlling unitholder” of CRCT under both the Listing Manual of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**” and the Listing Manual of the SGX-ST, the “**Listing Manual**”) and Appendix 6 of the Code on Collective Investment Schemes (the “**Property Funds Appendix**”). In addition, as the Manager is a wholly owned subsidiary of CapitaLand, CapitaLand is therefore regarded as a “controlling shareholder” of the Manager under both the Listing Manual and the Property Funds Appendix.

CRCI is a wholly owned subsidiary of CapitaLand, while the remaining Vendors are associated companies of CapitaLand in which CapitaLand has an interest of 45%.

For the purposes of Chapter 9 of the Listing Manual and Paragraph 5 of the Property Funds Appendix, the Vendors (being associates of a “controlling unitholder” of CRCT and a “controlling shareholder” of the Manager) are (for the purpose of the Listing Manual) “interested persons” and (for the purpose of the Property Funds Appendix) “interested parties” of CRCT.

Therefore, the Acquisition will constitute an “interested person transaction” under Chapter 9 of the Listing Manual as well as an “interested party transaction” under the Property Funds Appendix, in respect of which the approval of unitholders of CRCT (“**Unitholders**”) is required.

A circular is expected to be issued to Unitholders in due course (the “**Unitholders’ Circular**”), together with a notice of extraordinary general meeting, for the purpose of seeking the approval of Unitholders for the Acquisition.

2. Information on the Properties

2.1 CapitaMall Xuefu

CapitaMall Xuefu, which commenced operations in 2012, is a multi-tenanted mall with a gross rentable area of 104,294 sq m comprising five above ground levels and one basement level of retail space and one basement level for car park use. It is located in the Nangang District of Harbin, the capital and largest city of the Heilongjiang Province, and strategically situated at the intersection of multiple arterial roads serving the city. The mall is well-served by public transportation and enjoys direct connectivity to Xuefu Road Station on Line 1 of the Harbin Metro. It houses a diverse mix of international and domestic brands such as BHG Supermarket, CGV Cinema, H&M, Haidilao, Sisyphus Books and Hotwind.

2.2 CapitaMall Aidemengdun

CapitaMall Aidemengdun, which commenced operations in 2010, is a multi-tenanted mall with a gross rentable area of 43,394 sq m comprising four above ground levels of retail space and one basement level for retail and car park use. It is located in the Daoli District of Harbin, the capital and largest city of the Heilongjiang Province. The Daoli District is part of the city’s urban core district and is close to Central Street, the main pedestrian street popular for shopping and dining, and other key tourist attractions where the Harbin International Ice & Snow Festival is held. The mall is in close proximity to the Second Ring

Road, and enjoys direct frontage to Aidemengdun Road that connects the Harbin Taiping International Airport to Central Street in the city centre. The mall can be easily accessed via public transportation and is within 1.5 kilometres from two metro stations on Line 1 of the Harbin Metro. The mall features a wide tenant base consisting of popular tenants such as Qi Cai International Cineplex, KFC, Pizza Hut, Nike, Adidas and Watsons.

2.3 CapitaMall Yuhuating

CapitaMall Yuhuating, which commenced operations in 2005, is a multi-tenanted mall with a gross rentable area of 62,080 sq m comprising four above ground levels of retail space and one basement level for retail and car park use. It is located in Changsha, the capital of the Hunan Province and a key logistics hub in China. As an established mall within the Dongtang Retail Area of Yuhua District, it is conveniently accessible via numerous bus routes and the Tujiachong and Shazitang metro stations that are approximately 1 kilometre away. As a one-stop shopping destination surrounded by large residential communities, CapitaMall Yuhuating offers a broad spectrum of tenants such as Walmart, Haidilao, Li-Ning, Starbucks, Uniqlo and KFC.

The table below sets out some details of the Properties as at 31 March 2019 (unless otherwise indicated).

	CapitaMall Xuefu	CapitaMall Aidemengdun	CapitaMall Yuhuating
Location	No.1 Xuefu Road, Harbin	No. 38 Aidemengdun Road, Harbin	No. 421 Shaoshan Middle Road, Changsha
Year of Opening	2012	2010	2005
Land Use Right Expiry	2045	2042	2044
Gross Rentable Area ("GRA")	104,294 sq m	43,394 sq m	62,080 sq m
Committed Occupancy	99.8%	98.6%	98.1%
No. of Leases	419	189	221
Agreed Value	RMB1,745.0 million	RMB469.0 million	RMB746.0 million
Agreed Value per sq m GRA	RMB16,732	RMB10,808	RMB12,017
NPI Yield on Agreed Value ⁽¹⁾	6.1%	5.6%	6.2%

Note:

(1) Based on FY 2018 NPI.

3. PRINCIPAL TERMS OF THE ACQUISITION

3.1 Total Acquisition Cost

The total cost of the Acquisition (the "**Total Acquisition Cost**") is approximately S\$505.4 million, comprising:

- (i) the consideration payable to the Vendors in connection with the Acquisition as described in paragraph 3.2 (the “**Consideration**”) and the Yuhuating Shareholder Loan as described in paragraph 3.2, in the aggregate amount of approximately S\$489.0 million;
- (ii) an acquisition fee (the “**Acquisition Fee**”) payable in Units to the Manager pursuant to the trust deed dated 23 October 2006 constituting CRCT (as amended) for the Acquisition (the “**Acquisition Fee Units**”) of approximately S\$5.9 million¹; and
- (iii) the estimated professional and other fees and expenses incurred or to be incurred by CRCT in connection with the Acquisition (inclusive of the equity financing-related expenses and debt financing-related expenses) of approximately S\$10.5 million.

3.2 Consideration and Valuation

The estimated Consideration takes into account the assumed adjusted net asset value (“**NAV**”) of RMB2,432.0 million (approximately S\$484.1 million^{2,3}) computed based on the audited accounts as of 31 December 2018 of each of the Target Companies, taking into account, among other things, the agreed market value (the “**Agreed Value**”) of CapitaMall Xuefu, CapitaMall Aidemengdun and CapitaMall Yuhuating of RMB1,745.0 million (S\$347.3 million), RMB469.0 million (S\$93.4 million) and RMB746.0 million (S\$148.5 million) respectively. The Agreed Value was negotiated on a willing-buyer and willing-seller basis and takes into account the independent valuations of the Properties.

In addition, CRCI will transfer the outstanding principal of the shareholder loan in respect of CapitaMall Yuhuating and accrued interest thereon (the “**Yuhuating Shareholder Loan**”) up to the date of transfer of the Yuhuating Shareholder Loan to CRCT. As of 31 December 2018, the total principal and accrued interest of the Yuhuating Shareholder Loan is US\$3.6 million (approximately S\$4.9 million⁴).

The final Consideration payable to the Vendors will be subject to completion adjustments.

The Manager has commissioned an independent property valuer, Cushman & Wakefield International Property Advisers (Shanghai) Co., Ltd (“**C&W**”), and the Trustee has commissioned another independent property valuer, Jones Lang LaSalle Property Consultants Pte Ltd (“**JLL**”, and together with C&W, the “**Independent Valuers**”), to value the Properties. The valuations of the Properties as at 31 March 2019 are set out below.

1 As the Acquisition will constitute an “interested party transaction” under the Property Funds Appendix issued by the Monetary Authority of Singapore, the Acquisition Fee shall be in the form of Acquisition Fee Units and shall not be sold within one year from the date of issuance in accordance with Paragraph 5.7 of the Property Funds Appendix.

2 Except where the exchange rate between the Chinese RMB and the Singapore dollar is expressly stated otherwise, certain Chinese RMB amounts in this announcement have been translated into Singapore dollars based on the fixed exchange rate of RMB5.024 = S\$1.000 pursuant to the Agreement.

3 Comprises the assumed adjusted NAV of RMB1,431.9 million (approximately S\$285.0 million), RMB354.1 million (approximately S\$70.5 million) and RMB646.0 million (approximately S\$128.6 million) for CapitaMall Xuefu, CapitaMall Aidemengdun and CapitaMall Yuhuating, respectively which take into account existing asset-level indebtedness.

4 The exchange rate for the Yuhuating Shareholder Loan has been fixed at S\$1.373 = US\$1.000 pursuant to the Agreement.

	C&W	JLL	Agreed Value	
	RMB' million	RMB' million	RMB' million	S\$' million
CapitaMall Xuefu	1,760.0	1,748.0	1,745.0	347.3
CapitaMall Aidemengdun	480.0	470.0	469.0	93.4
CapitaMall Yuhuating	760.0	749.0	746.0	148.5
Total	3,000.0	2,967.0	2,960.0	589.2

The methods used by the Independent Valuers were the capitalisation method and the discounted cash flow method.

3.3 Certain Terms and Conditions of the Agreement

The entry into the equity transfer agreements in relation to the transfer of Shares ("**Equity Transfer Agreements**") to the Purchasers (in the form as set out in the Agreement) and completion of the Acquisition (the "**Completion**") will be subject to the satisfaction of a number of conditions, including:

- 3.3.1 the Vendors having procured full repayment of all outstanding entrustment loans owing to the Target Companies;
- 3.3.2 the Purchasers having obtained the approval of the Unitholders for the Acquisition;
- 3.3.3 CRCT having secured funds to its account to undertake the Acquisition;
- 3.3.4 there having occurred no material adverse change; and
- 3.3.5 there having been no breach of any of the fundamental warranties contained in the Agreement as at the entry into of the Equity Transfer Agreements and Completion (as if repeated at the entry into of the Equity Transfer Agreements and Completion).

Following the entry into the relevant Equity Transfer Agreements, the necessary filings with the Administration for Industry and Commerce of the People's Republic of China ("**PRC**") shall be undertaken.

Completion is expected to take place by end of 3Q 2019. The completion of the acquisition of each Property may take place on different dates. Accordingly, it is possible that CRCT may complete the acquisition of one or more of the Properties but not complete the acquisition of the other Properties if the conditions (as described in this paragraph 3.3) are not satisfied.

3.4 Property Management Agreements

Under the terms of the property management agreements to be entered into between the respective Target Companies and CapitaLand Retail (Shanghai) Management & Consulting Co., Ltd. and its branches (the "**Property Manager**", and the property management agreement, the "**Property Management Agreements**"), the Property Manager will provide property management services for the Properties. The Property Manager is a wholly-owned subsidiary of CapitaLand, and the entry into the Property Management Agreements would be considered as an interested person transaction.

The fees payable pursuant to the Property Management Agreements will be as follows:

- (i) 2.0% per annum of the gross revenue of each of the Property; and
- (ii) 2.5% per annum of the net property income ("**NPI**") of each of the Property.

Under the Property Management Agreements, the Property Manager will be fully reimbursed for (i) the employment costs and remuneration relating to any personnel engaged solely for the provision of services for the Property, and (ii) for the allocated employment costs and remuneration relating to the centralised team of personnel engaged exclusively to provide group services for the Property, as approved in each annual budget by the project company.

The term of each of the Property Management Agreement is from the day subsequent to the actual completion date of the Acquisition to 30 June 2021. Further details will be set out in the Unitholders' Circular to be despatched to Unitholders in due course.

4. RATIONALE FOR AND BENEFITS OF THE ACQUISITION

The Manager believes that the Acquisition will bring the following key benefits to Unitholders:

4.1 Addition of Strategically Located and High Quality Assets

4.1.1 Entry into growing cities supported by strong economic fundamentals

The Properties are located in two provincial capital cities with strong economic fundamentals and long-term growth potential. The Properties are situated in populous residential districts, and retail and commercial hubs. They are also strategically located within close proximity to key attractions and have access to key transportation networks. CapitaMall Xuefu and CapitaMall Aidemengdun are located in Harbin, the capital city of Heilongjiang Province in North China. CapitaMall Yuhuating is located in Changsha, the capital city of Hunan Province in Central China. This Acquisition allows CRCT to gain exposure to two rising provincial capital cities which CRCT currently does not have a presence in.

4.1.2 Strategic locations with excellent connectivity

The Properties are situated in well-established hubs with attractive micro-location characteristics. They enjoy excellent connectivity by being in close proximity to transportation hubs and are easily accessible via various transportation modes.

Property	City	Connectivity
CapitaMall Xuefu	Harbin	• Directly connected to Xuefu Road Station on Metro Line 1 • Well-served by more than nine bus lines • Enjoys direct frontage to Xuefu Road which connects directly to the Second Ring Road
CapitaMall Aidemengdun	Harbin	• Approximately 1.5 kilometres from Xuefu Road Station and Hexing Road Station on Metro Line 1 • Well-served by more than eight bus lines

Property	City	Connectivity
		Close proximity to the Second Ring Road and enjoys direct frontage to Aidemengdun Road that connects the Harbin Taiping International Airport to Central Street in the city centre
CapitaMall Yuhuating	Changsha	- Approximately 1 kilometre from Tujiachong Station on Metro Line 1 and Shazitang Station on Metro Line 4 - Easily accessible by more than 15 bus lines - Enjoys premium frontage at the major intersection of Xinjian East Road and Shaoshan Middle Road, which is one of the city's main arterial roads connecting directly to the Second Ring Road

4.1.3 Well-established quality assets with strong population catchment

CapitaMall Xuefu

CapitaMall Xuefu, which commenced operations in 2012, is positioned as a modern and experiential regional shopping mall mainly targeting the students and staff from the nearby cluster of eight universities as well as residents from the surrounding high-density, affluent and mature residential communities and financial facilities. CapitaMall Xuefu is strategically located next to a cluster of tertiary education institutions where the student population form a large proportion of the sizeable catchment of approximately 750,000 within a 3-kilometre radius.

CapitaMall Aidemengdun

CapitaMall Aidemengdun, which commenced operations in 2010, is located in Downtown Harbin and positioned as a community mall to mainly serve the needs of residents from the neighbouring high-density residential communities and students and staff from nearby tertiary education institutions. It has an established population catchment of approximately 400,000 within a 3-kilometre radius. As one of the earliest community malls in the area, it has a captive consumer base formed by the surrounding residents, with strong focus on young families with children, sports and education offerings.

CapitaMall Yuhuating

CapitaMall Yuhuating, which commenced operations in 2005, is positioned as a community mall located within a core retail hub where there is a high concentration of populated residential communities and office buildings, providing the mall with a dense catchment of approximately 700,000 within a 3-kilometre radius. The mall is the only one stop necessity shopping mall in the locality, and offers a comprehensive and integrated shopping experience with a diverse offering including supermarket, cinema, fashion, food and beverage (“F&B”) and leisure. Having operated in the local market for over 10 years and with no direct competitors in the area within a 3-kilometre radius, CapitaMall Yuhuating has firmly established

itself within its main trade area and has built strong brand awareness among the locals.

4.1.4 **Acquisition of customer centric malls targeting local demographics, and offering “Experiential” customer shopping experiences**

The Properties primarily cater to the daily and necessity shopping needs of the local population within the surrounding catchment. The Properties are anchored by established brand retailers such as Walmart and Beijing Hualian Group, as well as a wide range of specialty tenants.

CapitaMall Aidemengdun and CapitaMall Yuhuating are positioned as community malls with a focus on a wide range of “needs-based” and affordable shopping options such as fresh foods and groceries, making them daily destination stops for the residents in the catchment communities. The malls also offer various F&B options, including cafes and leisure facilities such as cinemas which provide a regular following of weekend shoppers in addition to their weekday traffic.

In addition to providing the daily necessities for the catchment population, there are also “experiential” aspects which help the malls to continuously attract footfall. For example, CapitaMall Xuefu contains Dream Park, which is the first and only Amazon-style indoor garden in Harbin providing all year-round summer experience in a city which is famously known as the Ice City due to its long winters. The family friendly zones and children play areas are regularly frequented by young families seeking shopping, dining and “lifestyle” conveniences outside of their homes. The themed artistic F&B street also incorporates aesthetically pleasing design elements and is popular among the younger urban demography and was also the first of its kind in Harbin. The new fashion concept stores also appeal to the young and fashionable.

4.2 **Significantly Increases CRCT’s Portfolio Size and NPI**

Following the Acquisition, CRCT’s enlarged portfolio consisting of the Existing Portfolio and CapitaMall Xuefu, CapitaMall Aidemengdun and CapitaMall Yuhuating (the “**Enlarged Portfolio**”) will consist of 14 shopping malls, an increase from 11 shopping malls in the Existing Portfolio. The Acquisition is expected to increase CRCT’s portfolio size by approximately 18.6% from S\$3.2 billion⁵ as at 31 March 2019 to S\$3.8 billion. The Acquisition augments CRCT’s portfolio and enlarges the asset base, providing CRCT with greater scale and a larger platform to grow.

CRCT’s NPI is also expected to increase by 22.8% from RMB781.2 million⁶ to RMB959.3 million⁷ on a pro forma basis for the financial year ended 31 December 2018 (“**FY 2018**”) after the Acquisition.

5 Based on 100% interest in all of CRCT’s properties.

6 Based on CRCT’s audited financial statements for the period 1 January 2018 to 31 December 2018, including CRCT’s 51.0% interest in Rock Square’s NPI for the period from 1 February 2018 to 31 December 2018 which is accounted for as part of “Share of results (net of tax) of joint venture”.

7 Includes FY 2018 NPI of the Properties, assuming CRCT had held and operated the Properties from 1 January 2018 to 31 December 2018.

4.3 Further Enhances CRCT's Portfolio Diversification

4.3.1 Increases geographical diversification across major China markets

CRCT currently owns 11 shopping malls located in eight cities, across five regions in China with:

- (a) CapitaMall Xizhimen, CapitaMall Wangjing, CapitaMall Grand Canyon, CapitaMall Shuangjing and CapitaMall Saihan located in North China;
 - (b) CapitaMall Qibao and CapitaMall Wuhu located in East China;
 - (c) CapitaMall Xinnan in West China;
 - (d) Rock Square in South China; and
 - (e) CapitaMall Erqi and CapitaMall Minzhongleyuan in Central China,
- (the “Existing Portfolio”).

The Acquisition will deepen CRCT's presence in China and expand CRCT's portfolio into two new cities namely Harbin, the capital city of Heilongjiang Province in North China and Changsha, the capital city of Hunan Province in Central China. As a result, CRCT's footprint in China will increase from eight cities to 10 cities and CRCT's presence in provincial capital cities will increase from seven cities to nine cities⁸.

4.3.2 Increases exposure to multi-tenanted malls

Following the Acquisition, the contribution of gross revenue⁹ by multi-tenanted malls in CRCT's portfolio is expected to increase from 91.9% to 93.5% on a pro forma basis, thus providing the Manager with greater opportunities to drive growth.

4.3.3 Increases diversification of revenue stream

The Acquisition is expected to improve revenue diversification and reduce the reliance of CRCT's gross revenue from any single property. Following the Acquisition, the Manager expects that the maximum gross revenue contribution by the top two properties within CRCT's portfolio will decrease from 44.9% to 36.0% on a pro forma basis.

	Percentage Contribution by Existing Portfolio to CRCT Group's Gross Revenue ⁽¹⁾	Percentage Contribution by Enlarged Portfolio to CRCT Group's Gross Revenue ⁽¹⁾
CapitaMall Xizhimen	25.0%	20.1%
CapitaMall Wangjing	19.9%	15.9%
CapitaMall Xuefu	-	11.1%
CapitaMall Xinnan	11.5%	9.2%
CapitaMall Grand Canyon	11.2%	9.0%

⁸ Includes municipalities and capital of autonomous regions.

⁹ Includes CRCT's 51.0% interest in Rock Square.

	Percentage Contribution by Existing Portfolio to CRCT Group's Gross Revenue ⁽¹⁾	Percentage Contribution by Enlarged Portfolio to CRCT Group's Gross Revenue ⁽¹⁾
CapitaMall Qibao	8.6%	6.9%
Rock Square ⁽²⁾	7.2%	5.8%
CapitaMall Yuhuating	-	5.3%
CapitaMall Saihan ⁽³⁾	5.7%	4.5%
CapitaMall Aidemengdun	-	3.5%
CapitaMall Erqi	4.3%	3.4%
CapitaMall Shuangjing	3.9%	3.1%
CapitaMall Minzhongleyuan	2.0%	1.6%
CapitaMall Wuhu ⁽³⁾	0.7%	0.6%
Total	100.0%	100.0%

Notes:

(1) Based on gross revenue for FY 2018.

(2) Based on CRCT's 51.0% interest in Rock Square.

(3) CRCT had on 1 February 2019 announced the divestment of the equity interest which holds CapitaMall Saihan which is expected to be completed in 2H 2020 and on 29 March 2019 announced the divestment of the equity interest which holds CapitaMall Wuhu which is expected to be completed in 2H 2019.

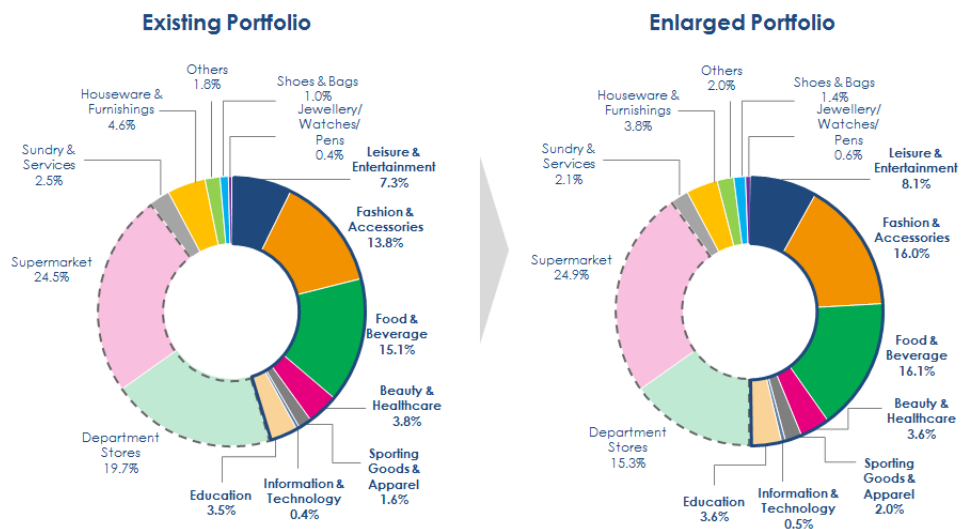
4.3.4 Reduces tenant concentration risk

Following the Acquisition, the number of leases in CRCT's portfolio is expected to increase by approximately 52%. As a result, the Acquisition will reduce tenant concentration risk, and the aggregate exposure to the top 10 tenants of CRCT by total rental income¹⁰ for the month of March 2019 on a pro forma basis will decrease from 23.1% to 20.7%. In addition, the contribution to the total rental income for the month of March 2019 by the largest tenant will be reduced from 8.3% to 7.5% on a pro forma basis after the Acquisition.

4.3.5 Enhances trade mix

Following the Acquisition, CRCT's trade mix would also become more diverse and exposure to high growth trades such as Leisure & Entertainment, Fashion & Accessories, F&B, Beauty & Healthcare, Sporting Goods & Apparel, Education and Information & Technology will increase post Acquisition from 45.5% to 49.9% of the total committed NLA.

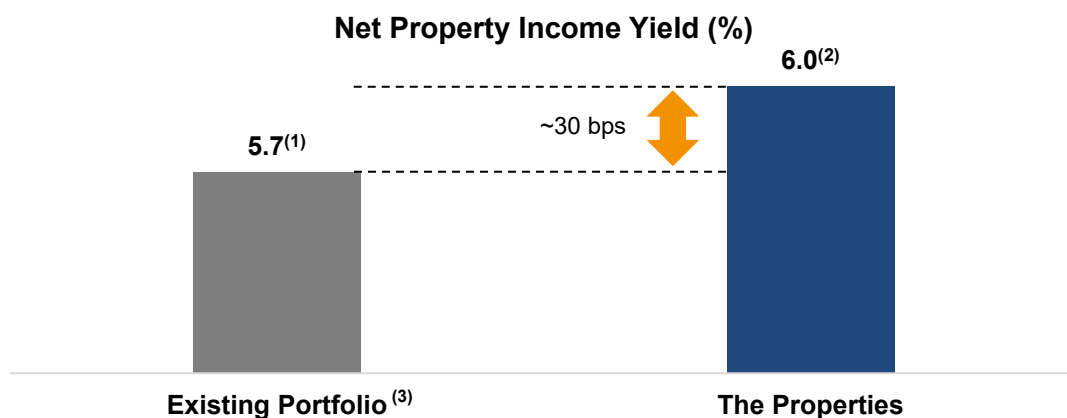
¹⁰ Includes both gross rental income and gross turnover rental income components.



4.4 Attractive Transaction Price That Delivers Accretion

The Manager believes that the Acquisition provides an attractive value proposition for Unitholders given that it is expected to be an accretive Acquisition and done at a discount to independent valuations.

The aggregate Agreed Value of the Properties implies an NPI yield of approximately 6.0% which is higher than the Existing Portfolio NPI yield of approximately 5.7%.



Notes:

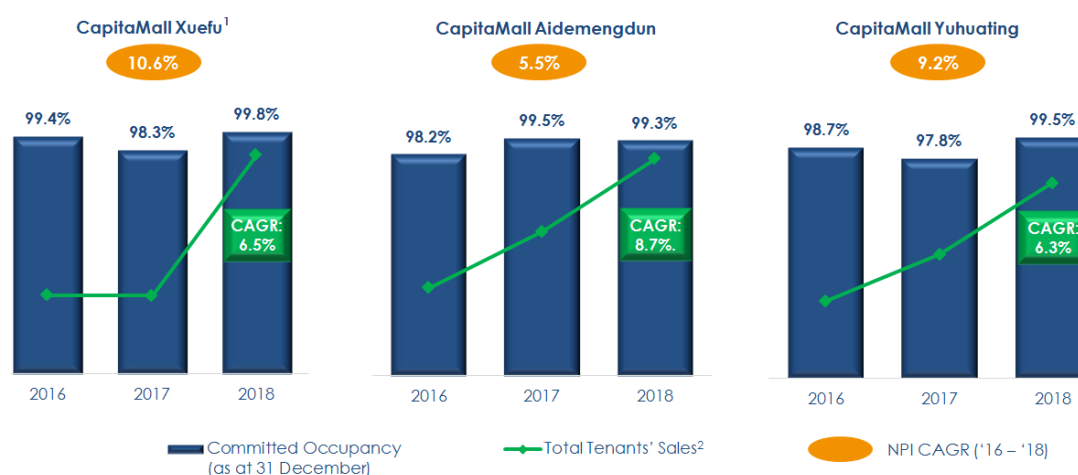
- (1) Computed using FY 2018 NPI of the Existing Portfolio divided by its valuation as at 31 December 2018, including CRCT's 51.0% interest in Rock Square whose NPI yield is computed based on the annualised NPI for the period 1 February 2018 to 31 December 2018.
- (2) Computed using the aggregate FY 2018 NPI of the Properties divided by the aggregate Agreed Value of the Properties.
- (3) Excludes CapitaMall Wuhu as the mall is fully closed.

The Properties' aggregate Agreed Value of RMB2,960 million represents a discount of 1.3% to C&W's aggregate independent valuation of RMB3,000 million and a discount of 0.2% to JLL's aggregate independent valuation of RMB2,967 million.

4.5 Leverage on Strong Track Record of Management Team

The Properties are managed by CapitaLand who is one of the leading retail mall operators

in China. CapitaLand has an established track record in retail mall management in China and has successfully built up a strong reputation known for its well-managed malls. CapitaLand currently manages over 50 malls across more than 20 cities in China with an extensive leasing network. Over the last three years, the Properties have demonstrated healthy operating performances with committed occupancy consistently above 97% and total tenant's sales¹¹ growing steadily with a compounded annual growth rate of 6.5%, 8.7% and 6.3% for CapitaMall Xuefu, CapitaMall Aidemengdun and CapitaMall Yuhuating respectively.



Notes:

- (1) Total tenants' sales between 2016 and 2017 remained approximately flat due to ongoing asset enhancement initiatives. Post completion of the asset enhancement initiatives, total tenants' sales recorded an improvement in 2018.
- (2) Excludes tenants' sales from supermarkets.

Upon Completion, the Properties will continue to be managed by the same cluster management teams managing CapitaMall Xizhimen, CapitaMall Wangjing and CapitaMall Grand Canyon in the North Region, and Rock Square in the Central/South Regions. The cluster management teams have developed deep knowledge and established strong relationships in the respective local markets over the years. They have a track record of active asset management with demonstrable results.

CapitaMall Xuefu	✓ Active AEI initiatives by introducing innovative experiential concepts strengthens market leadership
CapitaMall Aidemengdun	✓ Recent upgrading and brand refresh positions the mall for further growth
CapitaMall Yuhuating	✓ Future plans to expand tenant mix, primarily in F&B and Fashion & Accessories

This allows CRCT to tap on CapitaLand's experience and local network, which provides a smooth continuation of operations for the assets.

¹¹ Excludes tenants' sales from supermarkets.

5. METHOD OF FINANCING

The Manager intends to finance the Acquisition with the proceeds from an equity fund raising (the “**Equity Fund Raising**”) and debt financing including but not limited to issuances of capital markets instruments under CRCT’s S\$1.0 billion multicurrency debt issuance programme.

The structure and timing of the Equity Fund Raising have not been determined by the Manager as at the date of this announcement. The final decision regarding the proportion of the debt and equity to be employed to fund the Acquisition will be made by the Manager at the appropriate time with an objective to achieve accretion, taking into account the prevailing market conditions, interest rate environment, while maintaining an optimum level of aggregate leverage.

CapitaLand as the Sponsor and CapitaLand Mall Trust have indicated that they intend to take up their pro-rata entitlement in an Equity Fund Raising, as relevant, subject to obtaining the necessary corporate approvals and entry into of the relevant binding agreements.

Relevant information relating to the financial effects of the Acquisition, including its impact on the NAV per Unit, the distribution per Unit and the CRCT’s aggregate leverage, will be disclosed in the Circular.

6. AUDIT COMMITTEE STATEMENT

The Audit Committee of the Manager will obtain an opinion from Ernst & Young Corporate Finance Pte Ltd (the “**IFA**”), which has been appointed as the independent financial adviser, on the Acquisition before forming its own view.

The opinion of the IFA as to whether the Acquisition is on normal commercial terms and is not prejudicial to the interests of CRCT and its minority Unitholders will be disclosed in the Unitholders’ Circular.

7. OTHER INTERESTED PERSON TRANSACTIONS

As at the date of this announcement, there are no interested person transactions entered into between (i) CRCT and (ii) entities within CapitaLand and its subsidiaries and associates, during the course of the current financial year, which are the subject of aggregation pursuant to Rule 906 of the Listing Manual.

8. INTERESTS OF DIRECTORS AND CONTROLLING UNITHOLDERS

As at the date of this announcement, certain directors of the Manager collectively hold an aggregate direct and indirect interest in 476,209 Units and 979,413 shares in CapitaLand.

Mr Soh Kim Soon is the Chairman and a Non-Executive Independent Director of the Manager. Mr Tan Tze Wooi is the Chief Executive Officer and an Executive Non-Independent Director of the Manager. Mr Fong Heng Boo, Mr Christopher Gee Kok Aun,

Professor Tan Kong Yam, Mr Neo Poh Kiat and Ms Kuan Li Li are Non-Executive Independent Directors of the Manager. Mr Lee Chee Koon and Mr Lim Cho Pin Andrew Geoffrey are Non-Executive Non-Independent Directors of the Manager.

As at the date of this announcement, CapitaLand through (i) its indirect wholly owned subsidiaries namely, Retail Crown Pte. Ltd. and the Manager and (ii) CapitaLand Mall Trust has a deemed interest in 379,901,879 Units, which comprises approximately 38.04% of the total number of Units in issue.

Save as disclosed above and as at the date of this announcement, none of the directors of the Manager or controlling Unitholders has an interest, direct or indirect, in the Acquisition.

9. OTHER INFORMATION

9.1 Directors' Service Contracts

No person is proposed to be appointed as a director of the Manager in connection with the Acquisition or any other transactions contemplated in relation to the Acquisition.

9.2 Disclosure under Rule 1006 of the Listing Manual

Chapter 10 of the Listing Manual classifies transactions by an issuer into (i) non-discloseable transactions, (ii) discloseable transactions, (iii) major transactions and (iv) very substantial acquisitions or reverse takeovers, depending on the size of the relative figures computed on, *inter alia*, the following applicable bases of comparison set out in Rules 1006(b) and 1006(c) of the Listing Manual:

- (i) the net profits attributable to the assets acquired, compared with the CRCT Group's net profits; and
- (ii) the aggregate value of the consideration given, compared with the CRCT Group's market capitalisation.

Where any of the relative figures computed on the bases set out above exceeds 20.0%, the transaction is classified as a major transaction. The Listing Manual requires that a major transaction involving CRCT be made conditional upon approval by Unitholders in a general meeting. However, the approval of Unitholders is not required in the case of an acquisition of profitable assets if only sub-paragraph 9.2 (i) exceeds the relevant 20.0% threshold.

The relative figures for the Acquisition using the applicable bases of comparison as described above are set out in the table below.

Comparison of	Acquisition	CRCT Group	Relative figure (%)
Profits (S\$ million)	7.7 ⁽¹⁾	36.6 ⁽²⁾	21.0%
Consideration against market capitalisation (S\$ million)	489.0 ⁽³⁾	1,562.2 ⁽⁴⁾	31.3%

Notes:

- (1) The figure is based on the unaudited management accounts of the Target Companies for the 3-month period ended 31 March 2019.
- (2) The figure is based on the unaudited results of the CRCT Group for the 3-month period ended 31 March 2019.
- (3) Aggregate of the Consideration and the Yuhuating Shareholder Loan.
- (4) The figure is based on the weighted average traded price of S\$1.5645 per Unit on the SGX-ST as at 10 June

2019, being the market day immediately preceding the date of the Agreement.

The Manager is of the view that the Acquisition is in the ordinary course of CRCT's business as the Acquisition is within the investment policy of CRCT and does not change the risk profile of CRCT. As such, the Acquisition should therefore not be subject to Chapter 10 of the Listing Manual. However, as the Acquisition constitutes an "interested person transaction" under Chapter 9 of the Listing Manual and an "interested party transaction" under the Property Funds Appendix which value crosses the relevant thresholds under the Listing Manual and the Property Funds Appendix, the Acquisition will still be subject to the specific approval of Unitholders.

9.3 Documents for Inspection

Copies of the following documents are available for inspection during normal business hours at the registered office of the Manager¹² located at 168 Robinson Road, #30-01 Capital Tower, Singapore 068912 from the date of this announcement up to and including the date falling three months after the date of this announcement:

- (i) the Agreement;
- (ii) the independent valuation reports on the Properties issued by C&W;
- (iii) the independent valuation report on the Properties issued by JLL; and
- (iv) the forms of the Property Management Agreements.

BY ORDER OF THE BOARD

CapitaLand Retail China Trust Management Limited
(Registration Number: 200611176D)
As manager of CapitaLand Retail China Trust

Chuo Cher Shing
Company Secretary

11 June 2019

Important Notice:

The value of units in CapitaLand Retail China Trust ("**Units**") and the income derived from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, CapitaLand Retail China Trust Management Limited (the "**Manager**"), as manager of CapitaLand Retail China Trust, or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested.

Investors have no right to request the Manager to redeem their Units while the Units are listed. It is intended that unitholders may only deal in their Units through trading on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). Listing of the Units on the SGX-ST does not guarantee

¹² Prior appointment with the Manager is required. Please contact Ms Nicole Chen, Investor Relations (telephone: +65 6713 2888).

a liquid market for the Units.

The past performance of CapitaLand Retail China Trust is not necessarily indicative of the future performance of CapitaLand Retail China Trust.

This announcement may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of property rental income, changes in operating expenses (including employee wages, benefits and training costs), property expenses and governmental and public policy changes. Investors are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's view of future events.