



CAPITALAND RETAIL CHINA TRUST

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

ANNOUNCEMENT

DIVESTMENT OF 51.0% INTEREST IN CAPITAMALL WUHU

1. INTRODUCTION

CapitaLand Retail China Trust Management Limited, as manager of CapitaLand Retail China Trust ("**CRCT**", and the manager of CRCT, the "**Manager**") wishes to announce that CRCT (through its wholly-owned subsidiary, CapitaRetail China Investments (B) Gamma Pte. Ltd. ("**CCIBG**") has today, together with Luck Joy International Limited ("**LJI**")¹, entered into an equity transfer agreement (the "**Equity Transfer Agreement**") to divest CRCT's 51.0% equity interest in 芜湖凯德商用置业有限公司 (CapitaMalls Wuhu Commercial Property Co., Ltd) ("**CWCP**"), together with LJI's 49.0% equity interest in CWCP, to a party unrelated to CRCT and LJI (the "**Purchaser**").

CWCP owns CapitaMall Wuhu, a shopping mall located in Wuhu, Anhui Province, China (the "**Divestment Interest**"). CRCT's divestment of its 51.0% equity interest in CWCP (the "**Divestment**") is in line with its strategy of reconstituting and strengthening its portfolio.

2. PRINCIPAL TERMS OF THE DIVESTMENT

2.1 Consideration and Valuation

The consideration payable by the Purchaser in respect of the Divestment (the "**Sale Consideration**") will be paid in cash. The Sale Consideration was agreed on a willing buyer willing seller basis, and takes into account the following factors:

- (i) 51.0% of the adjusted net asset value of CWCP (the "**CWCP Adjusted NAV**") as at the completion date. The CWCP Adjusted NAV takes into account the agreed price (on a 100% basis) of the Divestment Interest of approximately RMB210.0 million (approximately S\$41.5 million)²; and

¹ CapitaLand Limited ("**CL**") is regarded as a "controlling unitholder" of CRCT and a "controlling shareholder" of the Manager for the purposes of the Listing Manual of Singapore Exchange Securities Trading Limited. LJI is an "associate" of CL.

² The S\$ amounts in this announcement are based on the exchange rates of S\$1 to RMB5.0653 and S\$1 to USD0.7297.

- (ii) the shareholder loans granted by CCIBG to CWCP and the entrustment loans extended to CWCP by other subsidiaries of CRCT (collectively, the “**Existing Loans**”).

The valuation (on a 100% basis) of the Divestment Interest is RMB193.0 million (approximately S\$38.1 million) as at 31 December 2018 (the “**Valuation**”). The Valuation was commissioned as part of CRCT’s semi-annual valuation of its portfolio of properties and was carried out by Knight Frank Petty Limited using the market approach.

Based on the financial accounts of CWCP as at 31 December 2018, 51.0% of the CWCP Adjusted NAV is RMB15.1 million (approximately S\$3.0 million), the aggregate amount of the Existing Loans is approximately S\$15.3 million³ and the Sale Consideration is approximately RMB92.7 million (S\$18.3 million).

2.2 Salient Terms of the Divestment

The Sale Consideration will be paid in instalments, with the first instalment to be paid within 10 business days after entering into the Equity Transfer Agreement and the final instalment to be paid within 10 business days after the first anniversary of the date of the Equity Transfer Agreement.

The Divestment is expected to be completed in the second half of 2019. Upon completion of the Divestment, CWCP will cease to be a subsidiary of CRCT.

3. NET PROCEEDS AND FINANCIAL EFFECTS

3.1 Net Proceeds

After taking into account the estimated divestment fee of S\$0.1 million payable to the Manager as well as taxes and other divestment related expenses, it is estimated that the net proceeds from the Divestment would be RMB90.6 million (approximately S\$17.9 million). The net divestment proceeds may be used for reducing existing debt and/or financing general corporate or working capital requirements.

3.2 Financial Effects

The Divestment is not expected to have any material impact on the net asset value per unit and the distribution per unit of CRCT for the financial year ending 31 December 2019.

4. INTERESTS OF DIRECTORS AND CONTROLLING UNITHOLDERS

As at the date of this announcement and based on information available to the Manager, save as disclosed in this announcement in respect of LJI and save for the unitholding interests in CRCT held by certain directors of the Manager and the controlling unitholders of CRCT, none of the directors of the Manager or controlling unitholders of CRCT has any interest, direct or indirect, in the Divestment.

³ This amount comprises (a) the principal amounts of the existing entrustment loans (denominated in RMB) and the existing shareholder loans (denominated in USD); and (b) the accrued interest as at 31 December 2018.

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

29 March 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 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.