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

ANNOUNCEMENT

PROPOSED DIVESTMENT OF AND CHANGE OF INTEREST IN COMPANIES HOLDING BUSINESS PARK PROPERTIES AND A RETAIL MALL IN CHINA

CapitaLand Limited ("**CapitaLand**") wishes to announce the following:

1. TRANSACTIONS

(a) ACBPF4 Transactions

CapitaLand has a 23% interest in Ascendas Business Parks Fund 4 ("**ACBPF4**") which is managed by CapitaLand's wholly owned subsidiary, Ascendas Asia Real Estate Fund Management Pte. Ltd..

ACBPF4 owns:

(i) through Ascendas China Business Park IV Trustee Pte. Ltd. (in its capacity as trustee of ACBPF4) ("**Xinsu Vendor**"), 100% interest in Singapore Suzhou Industrial Holdings Pte. Ltd. ("**Xinsu Co**") which indirectly holds six properties located in different locations in Suzhou Industrial Park, China ("**Ascendas Xinsu Portfolio**");

(ii) through Xi'an Business Park II Pte. Ltd. ("**AIT Vendor**"), 100% interest in Ascendas Xi'an High-Tech Development Co., Ltd, ("**AIT Co**") which holds Ascendas Innovation Towers located in the Hi-tech Industries Development Zone in Xi'an, China ("**Ascendas Innovation Towers**"); and

(iii) through Xi An Business Park III Pte. Ltd. ("**AIH Vendor**"), 80.0% interest in Xi An Ascendas-Science Technology Investment Co., Ltd. ("**AIH Co**") which holds Ascendas Innovation Hub located in the Hi-tech Industries Development Zone in Xi'an, China ("**Ascendas Innovation Hub**").

Xinsu Vendor, AIT Vendor and AIH Vendor have entered into conditional agreements (collectively, the "**ACBPF4 Conditional Agreement**") with CRCT Investment (Suzhou) Pte. Ltd. ("**Xinsu CRCT Purchaser**"), CLC Investment Nine Pte. Ltd. ("**CINPL**"), CRCT Investment (Xi'an II) Pte. Ltd. ("**AIT Purchaser**") and CRCT Investment (Xi'an I) Pte. Ltd. ("**AIH Purchaser**"). Xinsu CRCT Purchaser, AIT Purchaser and AIH Purchaser are wholly owned subsidiaries of CapitaLand Retail China Trust ("**CRCT**"). CINPL is a wholly owned subsidiary of CapitaLand.

Pursuant to the ACBPF4 Conditional Agreement, Xinsu Vendor will divest 51% of the shares in Xinsu Co to Xinsu CRCT Purchaser and 49% of the shares in Xinsu Co to CINPL (the "**Xinsu Transaction**"), AIT Vendor will divest 100% interest in AIT Co to AIT Purchaser (the "**AIT Transaction**") and AIH Vendor will divest 80% interest in AIH

Co to AIH Purchaser (the "**AIH Transaction**", and together with the Xinsu Transaction and the AIH Transaction, the "**ACBPF4 Transactions**").

(b) SHSTP Transaction

CapitaLand, through its wholly owned subsidiaries Ascendas Singapore-Hangzhou Science & Technology Park I Pte. Ltd. and Ascendas Singapore-Hangzhou Science & Technology Park IV Pte. Ltd. (collectively, "**SHSTP Vendors**"), has an 80% interest in each of Ascendas Hangzhou Science & Technology Co., Ltd. ("**SHSTP Phase I Co**") and Ascendas Hangzhou Data Processing Co., Ltd. ("**SHSTP Phase II Co**") which hold Singapore-Hangzhou Science and Technology Park Phase I and Phase II respectively (collectively, "**SHSTP Phase I and Phase II**") located in the Hangzhou Economic & Technological Development Area in Jianggan District, China.

SHSTP Vendors have entered into a conditional agreement with CRCT Investment (Hangzhou I) Pte. Ltd. and CRCT Investment (Hangzhou II) Pte. Ltd. (collectively, "**SHSTP Purchasers**") (the "**SHSTP Conditional Agreement**"), pursuant to which SHSTP Vendors will divest their respective 80% interests in SHSTP Phase I Co and SHSTP Phase II Co to SHSTP Purchasers (the "**SHSTP Transaction**"). SHSTP Purchasers are wholly owned subsidiaries of CRCT.

The remaining 20% interest in each of SHSTP Phase I Co and SHSTP Phase II Co is owned by a third party unrelated to CapitaLand.

(c) Rock Square Transaction

CapitaLand, through its wholly owned subsidiary, Gold Ruby Pte. Ltd. ("**Rock Square Vendor**"), has a 49% interest in Gold Yield Pte. Ltd. ("**Rock Square Co**") which indirectly holds Rock Square, a retail mall located in Haizhu District in Guangzhou, China. The remaining 51% interest in Rock Square Co is owned by Gold Rock Investment Pte. Ltd. ("**Rock Square Purchaser**"), a wholly owned subsidiary of CRCT.

Rock Square Vendor and Rock Square Purchaser have entered into a conditional agreement (the "**Rock Square SPA**") pursuant to which Rock Square Vendor will divest its 49% interest in Rock Square Co to Rock Square Purchaser (the "**Rock Square Transaction**").

2. CONSIDERATION

The estimated consideration payable in cash for each of the ACBPF4 Transactions, the SHSTP Transaction and the Rock Square Transaction (collectively, the "**Transactions**") is set out below. The final consideration for each of the Transactions will be subject to completion adjustments.

(a) Xinsu Transaction

The estimated total cash consideration for the Xinsu Transaction is S$392.7 million (the "**Xinsu Consideration**"), of which S$200.3 million is payable by Xinsu CRCT Purchaser and S$192.4 million is payable by CINPL.

The Xinsu Consideration was negotiated on a willing-buyer and willing-seller basis taking into account the assumed net asset value ("**NAV**") of S$378.7 million computed based on the Xinsu Co's unaudited accounts as of 30 June 2020 on a 100% basis, which takes into account, among other things, the agreed market value on a 100% basis (the "**Agreed Value**") of the Ascendas Xinsu Portfolio of RMB2,265.0 million (S$460.6 million), and the outstanding existing shareholder's loan extended by Xinsu

Vendor to Xinsu Co which is to be fully discharged on the date of completion of the Xinsu Transaction.

(b) AIT Transaction

The estimated cash consideration of S$106.8 million for AIT Co was negotiated on a willing-buyer and willing-seller basis taking into account the assumed NAV of RMB525.3 million (approximately S$106.8 million) computed based on AIT Co's unaudited accounts as of 30 June 2020 on a 100% basis, and S$106.8 million on the effective stake to be divested to CRCT, which takes into account, among other things, the Agreed Value of Ascendas Innovation Towers of RMB759.0 million (S$154.3 million).

(c) AIH Transaction

The estimated cash consideration of S$46.5 million for AIH Co was negotiated on a willing-buyer and willing-seller basis taking into account the assumed adjusted NAV of RMB285.6 million (approximately S$58.1 million) computed based on AIH Co's unaudited accounts as of 30 June 2020 on a 100% basis, and S$46.5 million on the effective stake to be divested to CRCT, which takes into account, among other things, the Agreed Value of Ascendas Innovation Hub of RMB298.0 million (S$60.6 million).

(d) SHSTP Transaction

The estimated cash consideration of S$69.7 million for SHSTP Phase I Co was negotiated on a willing-buyer and willing-seller basis taking into account the assumed NAV of RMB428.7 million (approximately S$87.2 million) computed based on SHSTP Phase I Co's unaudited accounts as of 30 June 2020 on a 100% basis, and S$69.7 million on the effective stake to be divested to CRCT, which takes into account, among other things, the Agreed Value of SHSTP Phase I of RMB641.0 million (S$130.3 million).

The estimated cash consideration of S$71.7 million for SHSTP Phase II Co was negotiated on a willing-buyer and willing-seller basis taking into account the assumed d NAV of RMB440.8 million (approximately S$89.6 million) computed based on SHSTP Phase II Co's unaudited accounts as of 30 June 2020 on a 100% basis, and S$71.7 million on the effective stake to be divested to CRCT, which takes into account, among other things, the Agreed Value of SHSTP Phase II of RMB767.0 million (S$156.0 million).

(c) Rock Square Transaction

The estimated cash consideration of S$274.8 million for Rock Square Co was negotiated on a willing-buyer and willing-seller basis taking into account the assumed NAV of S$560.7 million computed based on Rock Square Co's unaudited accounts as of 30 June 2020 on a 100% basis, and S$274.8 million on the effective stake to be divested to CRCT, which takes into account, among other things, the Agreed Value of Rock Square mall of RMB3,400.0 million (S$691.3 million), and the outstanding existing shareholder's loan extended by the Rock Square Vendor to the Rock Square Co which is to be fully discharged on the date of completion of the Rock Square Transaction.

3. RATIONALE

The Transactions are in line with CapitaLand's strategy to enhance returns and rejuvenate its portfolio through asset recycling. The recycling of quality assets into CRCT will enable CapitaLand to unlock capital, realise development profits and tap recurring yield through CapitaLand's fund management platform. The Transactions also dovetail with CapitaLand's commitment to support the long-term growth and continual success of CapitaLand-sponsored CRCT. Moving forward, CapitaLand will continue to participate in the growth of the five business park properties and Rock Square mall through CapitaLand's stake in CRCT.

CapitaLand intends to use the net proceeds from the Transactions for CapitaLand Group's investments, general working capital purposes and/or repayment of bank borrowings.

4. COMPLETION AND CONDITIONS

The principal terms under the ACBPF4 Conditional Agreement, the SHSTP Conditional Agreement and the Rock Square SPA include, among others, conditions precedent to be satisfied such as the Transactions having been approved by the unitholders of CRCT at an extraordinary general meeting of CRCT and CRCT having secured funds to undertake the Transactions.

Subject to the satisfaction of the conditions precedent, the completion of each of the Transactions is expected to take place by the first quarter of 2021, and may take place on different dates.

Upon the completion of the Xinsu Transaction, Xinsu Co will remain an associated company of CapitaLand.

Upon the completion of the AIT Transaction, the AIH Transaction and the Rock Square Transaction, AIT Co, AIH Co and Rock Square Co will cease to be associated companies of CapitaLand.

Upon the completion of the SHSTP Transaction, SHSTP Phase I Co and SHSTP Phase II Co will cease to be subsidiaries of CapitaLand.

Following the completion of the Transactions, CapitaLand will continue to have an interest in the business park properties and Rock Square mall divested to CRCT through CapitaLand's interest in CRCT. As at the date of this Announcement, CapitaLand has an interest of approximately 36.23% in CRCT.

5. 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 set out in Rules 1006(a), (b) and (c) of the Listing Manual:

(i) The net asset value of the assets to be disposed of, compared with CapitaLand Group's net asset value.

(ii) The net profits attributable to the assets disposed of, compared with CapitaLand Group's net profits.

(iii) The aggregate value of the consideration received, compared with CapitaLand's market capitalisation based on the total number of issued shares excluding treasury shares.

The relative figures for the Transactions using the applicable bases as described above are set out below:

Comparison of	The Transactions	CapitaLand Group	Relative figure (%)
Net asset value (S$ million)	796.0[(1)]	40,601.0[(2)]	2.0%
Profits (S$ million)	20.9[(1)]	139.6[(2)]	15.0%
Consideration against market capitalisation (S$ million)	541.7[(3)]	13,293.8[(4)]	4.1%

Notes:

(1) The figure is based on the unaudited management accounts of the Target Companies for the 6-month period ended 30 June 2020

(2) The figure is based on the unaudited results of the CapitaLand Group for the 6-month period ended 30 June 2020.

(3) The figure represents CapitaLand's effective share of the estimated aggregate consideration based on unaudited management accounts as at 30 June 2020, which is subject to post-completion adjustments.

(4) The figure is based on the total number of CapitaLand shares (excluding treasury shares) multiplied by the weighted average closing price of S$2.56 per CapitaLand share as at 4 November 2020, being the market day prior to the date of the ACBPF4 Conditional Agreement, SHSTP Conditional Agreement and Rock Square SPA.

6. FINANCIAL EFFECTS

Upon Completion, CapitaLand is expected to recognise a net gain of approximately S$35.6 million from the Transactions. For illustrative purposes only, based on the audited consolidated financial statements of the CapitaLand Group for the 12 months ended 31 December 2019:

(a) assuming the Transactions were effected on 1 January 2019, the financial impact on CapitaLand's earnings per share would not be material; and

(b) assuming the Transactions were effected on 31 December 2019, the financial impact on CapitaLand Group's net tangible assets per share would not be material.

7. DIRECTORS' SERVICE CONTRACTS

No person is proposed to be appointed as a director of CapitaLand in connection with the Transactions. It should be noted that separate from the Transactions, directors of CapitaLand may be appointed or replaced in line with the normal board renewal process.

8. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDER

Certain directors of CapitaLand collectively have an interest (direct and indirect) in 2,372,363 shares in CapitaLand and 23,044 units in CRCT.

Temasek Holdings (Private) Limited, the controlling shareholder of CapitaLand, has a deemed interest of approximately 37.25% in CRCT as of 29 September 2020, of which the deemed interest through CapitaLand is approximately 36.23%.

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

By Order of the Board

Michelle Koh
Company Secretary
6 November 2020