



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

ANNOUNCEMENT

PROPOSED DIVESTMENT OF STAKES IN 3 COMPANIES HOLDING RETAIL MALLS IN CHINA

CapitaLand Limited ("**CapitaLand**") wishes to announce that its subsidiary, CapitaRetail China Investments Pte. Ltd. ("**CRCI**") and its associated companies, Upper Great Limited, CapitaRetail China Developments D5 (HK) Limited and Ever Outstand Limited (collectively, the "**Vendors**") have entered into a conditional agreement (the "**Agreement**") with CRCT China Investment (Changsha) Pte. Ltd., CRCT China Investment (Harbin I) Pte. Ltd. and CRCT China Investment (Harbin II) Pte. Ltd. (collectively, the "**Purchasers**") to divest the Vendors' respective interests in three companies (collectively, the "**Divestment Companies**") which hold retail malls in China (each divestment being a "**Transaction**" and collectively, the "**Transactions**").

The Purchasers are wholly owned subsidiaries of CapitaLand Retail China Trust ("**CRCT**"). Details of the Divestment Companies are set out below.

s/n	Divestment Company	Retail mall	City	CapitaLand's effective interest in Divestment Company
1	CapitaMalls Hunan Commercial Property Co., Ltd. (" CHCP ")	CapitaMall Yuhuating	Changsha	73.1%
2	CapitaRetail Harbin Shangdu Real Estate Co., Ltd. (" CHSRE ")	CapitaMall Xuefu	Harbin	45.0%
3	Beijing Hualian Harbin Real Estate Development Co., Ltd. (" BHRE ")	CapitaMall Aidemengdun	Harbin	45.0%

THE CONSIDERATION FOR EACH TRANSACTION

The estimated consideration payable in cash by each of the Purchasers to the respective Vendors for each Transaction (in respect of each Transaction, the “**Consideration**”) is set out below:

s/n	Divestment Company	Purchaser	Estimated Consideration
1	CHCP	CRCT China Investment (Changsha) Pte. Ltd.	RMB646.0 million (approximately S\$128.6 million)
2	CHSRE	CRCT China Investment (Harbin I) Pte. Ltd.	RMB1,431.9 million (approximately S\$285.0 million)
3	BHHRE	CRCT China Investment (Harbin II) Pte. Ltd.	RMB354.1 million (approximately S\$70.5 million)

- (a) The estimated Consideration for CHCP was negotiated on a willing-buyer and willing-seller basis taking into account the assumed adjusted net asset value (“**NAV**”) of RMB646.0 million (approximately S\$128.6 million) computed based on CHCP’s audited accounts as of 31 December 2018, which takes into account, among other things, the agreed market value (the “**Agreed Value**”) of CapitaMall Yuhuating of RMB746.0 million (being S\$148.5 million).

In addition, CRCI will transfer the outstanding principal of its 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 USD3.6 million (approximately S\$4.9 million).

- (b) The estimated Consideration for CHSRE was negotiated on a willing-buyer and willing-seller basis taking into account the assumed adjusted NAV of RMB1,431.9 million (approximately S\$285.0 million) computed based on CHSRE’s audited accounts as of 31 December 2018, which takes into account, among other things, the Agreed Value of CapitaMall Xuefu of RMB1,745.0 million (being S\$347.3 million).
- (c) The estimated Consideration for BHHRE was negotiated on a willing-buyer and willing-seller basis taking into account the assumed adjusted NAV of RMB354.1 million (approximately S\$70.5 million) computed based on BHHRE’s audited accounts as of 31 December 2018, which takes into account, among other things, the Agreed Value of CapitaMall Aidemengdun of RMB469.0 million (being S\$93.4 million).

The final Consideration for each Transaction will be subject to completion adjustments.

RATIONALE

The Transactions are in line with CapitaLand's strategy to enhance returns and rejuvenate its portfolio through asset recycling. The Transactions allow CapitaLand to realise the value of the assets held by the Divestment Companies and unlock capital for reinvestment. Through its interest in CRCT, CapitaLand will continue to benefit from the stable yield of CRCT's portfolio of assets and participate in its future growth.

COMPLETION AND CONDITIONS PRECEDENT

The conditions precedent to be satisfied under the Agreement include, among others, the Transactions having been approved by the unitholders of CRCT at an extraordinary general meeting of CRCT.

Subject to the satisfaction of the conditions precedent, the completion of each of the Transactions ("**Completion**") is expected to take place by the end of the third quarter of 2019, and may take place on different dates.

Upon Completion, CHCP will cease to be a subsidiary, and CHSRE and BHHRE will cease to be associated companies of CapitaLand. CapitaLand will continue to have an interest in the Divestment Companies through its interest in CRCT. As at the date of this Announcement, CapitaLand has an interest of approximately 38.04% in the Divestment Companies through its interest in CRCT.

FINANCIAL EFFECTS

Upon Completion, CapitaLand is expected to recognise a net gain of approximately S\$37.6 million from the Transactions. For illustrative purposes only, based on the unaudited consolidated financial statements of the CapitaLand Group for the three months ended 31 March 2019:

- (a) assuming the Transactions were effected on 1 January 2019, CapitaLand's earnings per share would have increased from 7.1 Singapore cents to 7.9 Singapore cents; and
- (b) assuming the Transactions were effected on 31 March 2019, the financial impact on CapitaLand Group's net tangible assets per share would not be material.

INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Certain directors of CapitaLand collectively have an interest (direct and indirect) in 1,594,047 shares in CapitaLand and 21,200 units in CRCT.

Temasek Holdings (Private) Limited, the controlling shareholder of CapitaLand, has an interest (direct and indirect) of approximately 40.69% in CapitaLand as of 8 March 2019.

Mr. Lee Chee Koon, an Executive Non-Independent Director of CapitaLand, is also a Non-Executive Non-Independent Director of CapitaLand Retail China Trust Management Limited, a wholly owned subsidiary of CapitaLand which is the manager of CRCT.

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
11 June 2019