
**LETTER TO UNITHOLDERS DATED 27 MARCH 2023 IN RELATION TO
RESOLUTION 6**



CAPITALAND CHINA TRUST

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

27 March 2023

To: The unitholders of CapitaLand China Trust

Dear Sir/Madam

1. INTRODUCTION

1.1 Summary

We refer to the proposed Ordinary Resolution 6 ("**Resolution 6**") under the "Special Business" section of the notice dated 27 March 2023 convening the annual general meeting of CapitaLand China Trust ("**CLCT**", and the notice, the "**Notice of Annual General Meeting**") to be held at Canning Ballroom, Level 4, Raffles City Convention Centre, 80 Bras Basah Road, Singapore 189560 on Tuesday, 18 April 2023 at 3.00 p.m. (Singapore Time) (the "**AGM**").

Resolution 6 relates to the proposed Whitewash Resolution (Ordinary Resolution) in connection with the issue of management fee units to CapitaLand China Trust Management Limited, the manager of CLCT (the "**Manager**"). Pursuant to the trust deed dated 23 October 2006 constituting CLCT (as amended, varied or supplemented from time to time) (the "**Trust Deed**"), the Manager is entitled to receive management fees in the form of units in CLCT ("**Units**"). 13,495,621 Units are proposed to be issued to the Manager for partial payment of CLCT's base fees and performance fees for the financial year ended 31 December 2022 (the Units, the "**Management Fee Units**", and the financial year ended 31 December 2022, "**FY 2022**").

As at 10 March 2023 (the "**Latest Practicable Date**"), CapitaLand Investment Limited ("**CLI**") holds an aggregate deemed interest in 29.78% of the Units in issue. The issue of the Management Fee Units to the Manager will result in the Manager and the parties acting in concert with the Manager ("**Concert Parties**") holding an aggregate deemed interest in more than 30.0% of the Units in issue. Accordingly, the Manager is seeking a Whitewash Resolution in connection with the acquisition of the Management Fee Units by the Manager.

The Securities Industry Council (the "**SIC**") has granted a waiver on 10 March 2023 (the "**SIC Waiver**") of the requirement for the Manager to make a mandatory offer (the "**Mandatory Offer**") for CLCT, in the event that the Manager incurs an

**LETTER TO UNITHOLDERS DATED 27 MARCH 2023 IN RELATION TO
RESOLUTION 6**

obligation to make a Mandatory Offer pursuant to Rule 14 of the Singapore Code of Take-overs and Mergers (the “**Code**”) as a result of the acquisition of the Management Fee Units by the Manager, subject to the satisfaction of the conditions specified in the SIC Waiver (as set out in paragraph 2.4 of this Letter). One such condition is that the Unitholders other than the Manager and its Concert Parties (collectively, the “**Concert Party Group**”) and parties not independent of them (the “**Independent Unitholders**”) approve a resolution by way of a poll to waive their rights to receive a general offer for their Units from the Manager.

As such, the Manager is seeking approval from the Independent Unitholders at the AGM for a waiver of their rights to receive a Mandatory Offer from the Manager, in the event that the Manager incurs an obligation to make a Mandatory Offer as a result of the acquisition of the Management Fee Units by the Manager.

If subsequent to the issue of the Management Fee Units, the percentage unitholding of the Concert Party Group drops below 30.0%, and there is another issue of Units to the Manager as payment of management fees which would result in the percentage unitholding of the Concert Party Group to be more than 30.0%, such issue of Units to the Manager as payment of management fees would require another whitewash waiver from the SIC so that the Manager is not required to make a Mandatory Offer.

1.2 This Letter

The purpose of this Letter is to provide Unitholders with information relating to the above proposal which will be tabled at the AGM.

1.3 Advice to Unitholders

Independent Unitholders should note that by approving Resolution 6 relating to the Whitewash Resolution, they are waiving their rights to receive a Mandatory Offer from the Manager at the highest price paid by the Concert Party Group for Units in the past six months preceding the commencement of the offer.

If a Unitholder is in any doubt as to the action he should take, he should consult his stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

1.4 Singapore Exchange Securities Trading Limited (“SGX-ST”)

The SGX-ST assumes no responsibility for the accuracy of any statements or opinions made, or reports contained, in this Letter.

**LETTER TO UNITHOLDERS DATED 27 MARCH 2023 IN RELATION TO
RESOLUTION 6**

2. THE PROPOSED WHITEWASH RESOLUTION

2.1 Rule 14 of the Code

In accordance with Rule 14.1(a) of the Code, except with the SIC's consent, where any person acquires, whether by a series of transactions over a period of time or not, Units which (taken together with the Units held or acquired by persons acting in concert with him) carry 30.0% or more of the voting rights of a REIT, such person must extend offers immediately on the basis set out in Rule 14 of the Code, to holders of any class of units of the REIT which carries votes and in which such person, or persons acting in concert with him, hold units.

As such, if the percentage unitholding of the Concert Party Group, after the issue of the Management Fee Units crosses 30.0%, the Manager would then be required to make a Mandatory Offer unless waived by the SIC.

2.2 Unitholding of the Concert Party Group

To the best of the knowledge of the Manager, the Concert Party Group holds, in aggregate, 501,096,255 Units, representing approximately 29.94% of the voting rights of CLCT as at the Latest Practicable Date.

2.3 Trigger of the Requirement to Make the Mandatory Offer

As at the Latest Practicable Date, CLI holds an aggregate deemed interest in 498,538,976 Units, representing approximately 29.78% of the total number of Units in issue (being 1,673,892,897 Units). CapitaLand China Trust Management Limited is a wholly owned subsidiary of CLI.

As a result of the issue of the 13,495,621 Management Fee Units at an issue price of S\$1.1378 per Unit¹, the Concert Party Group would hold an aggregate deemed interest in 514,591,876 Units, representing approximately 30.50% of the total number of Units in issue immediately after the issue of the Management Fee Units. As such, the aggregate unitholding of the Concert Party Group will increase from approximately 29.94% to approximately 30.50% immediately following the issue of the Management Fee Units. This will result in the Concert Party Group holding more than 30.0% of the voting rights of CLCT and thereby triggering the requirement for the Manager to make a Mandatory Offer.

Unless waived by the SIC, pursuant to Rule 14.1(a) of the Code, the Manager would then be required to make a Mandatory Offer. The SIC has granted the SIC Waiver subject to the conditions as set out in paragraph 2.4, which includes Resolution 6

¹ Pursuant to the Trust Deed, the issue price of the Units shall be the volume weighted average price for a Unit for all trades on the SGX-ST in the ordinary course of trading on the SGX-ST for the period of 10 Business Days (as defined in the Trust Deed) immediately preceding the end of the relevant Financial Year (as defined in the Trust Deed) (including the last day of the Financial Year).

**LETTER TO UNITHOLDERS DATED 27 MARCH 2023 IN RELATION TO
RESOLUTION 6**

(the proposed Whitewash Resolution) being approved by the Independent Unitholders at the AGM.

The following table sets out the respective unitholdings of the Concert Party Group if the Manager receives 13,495,621 Management Fee Units (at an issue price of S\$1.1378 per Unit):

	As at the Latest Practicable Date	After the issue of Management Fee Units
Issued Units	1,673,892,897	1,687,388,518
Number of Units held by the Concert Party Group	501,096,255	514,591,876
Number of Units held by Unitholders, other than the Concert Party Group	1,172,796,642	1,172,796,642
% of issued Units held by the Concert Party Group	29.94%	30.50%
% of issued Units held by Unitholders, other than the Concert Party Group	70.06%	69.50%

Note: Subsequent to the Latest Practicable Date, 500,178 Units are expected to be transferred out of the unitholdings of the Manager as vesting of Units under its performance unit plan and restricted unit plan (of which 96,045 Units are expected to be transferred to persons outside the Concert Party Group), and 1,473,597 Units are expected to be issued pursuant to the distribution reinvestment plan established by CLCT (of which all 1,473,597 Units are expected to be transferred to persons outside the Concert Party Group). Taking these into account, the percentage of issued Units held by the Concert Party Group would drop slightly to approximately 29.90% prior to the issue of the Management Fee Units, based on the total number of Units in issue being 1,675,366,494 and 30.46% after the issue of the Management Fee Units, based on the total number of Units in issue being 1,688,862,115.

2.4 Application for a Waiver from Rule 14 of the Code

An application was made to the SIC on 1 February 2023 for the waiver of the obligation of the Manager to make a Mandatory Offer under Rule 14 of the Code should the obligation to do so arise as a result of the issue of the Management Fee Units to the Manager.

The SIC has granted the SIC Waiver, subject to the satisfaction of the following conditions:

- (i) a majority of holders of voting rights of CLCT approve at a general meeting, before the issue of the Management Fee Units to the Manager, a resolution (the "**Whitewash Resolution**") by way of a poll to waive their rights to receive a general offer from the Manager;

**LETTER TO UNITHOLDERS DATED 27 MARCH 2023 IN RELATION TO
RESOLUTION 6**

- (ii) the Whitewash Resolution is separate from other resolutions;
- (iii) the Concert Party Group and parties not independent of them abstain from voting on the Whitewash Resolution;
- (iv) the Concert Party Group did not acquire or are not to acquire any Units or instruments convertible into and options in respect of Units (other than subscriptions for, rights to subscribe for, instruments convertible into or options in respect of new Units which have been disclosed in this Letter):
 - (a) during the period between the announcement of the proposed issue of the Management Fee Units to the Manager and the date Unitholders' approval is obtained for the Whitewash Resolution; and
 - (b) in the six months prior to the announcement of the proposed issue of the Management Fee Units to the Manager but subsequent to negotiations, discussions or the reaching of understandings or agreements with the directors of the Manager ("**Directors**") in relation to such issue;
- (v) CLCT appoints an independent financial adviser to advise the Independent Unitholders on the Whitewash Resolution;
- (vi) CLCT sets out clearly in this Letter:
 - (a) details of the proposed issue of the Management Fee Units to the Manager;
 - (b) the dilution effect to existing Unitholders of voting rights of CLCT upon the issue of the Management Fee Units to the Manager;
 - (c) the number and percentage of voting rights in CLCT as well as the number of instruments convertible into, rights to subscribe for and options in respect of Units held by the Concert Party Group as at the Latest Practicable Date;
 - (d) the number and percentage of voting rights to be acquired by the Manager upon the issue of the Management Fee Units to the Manager; and
 - (e) specific and prominent reference to the fact that Unitholders, by voting for the Whitewash Resolution, are waiving their rights to a general offer from the Manager at the highest price paid by the Concert Party Group for Units in the past six months preceding the commencement of the offer;
- (vii) this Letter states that the waiver granted by the SIC to the Manager from the requirement to make a general offer under Rule 14 of the Code is subject to the conditions set out in paragraphs 2.4(i) to (vi) above;

**LETTER TO UNITHOLDERS DATED 27 MARCH 2023 IN RELATION TO
RESOLUTION 6**

- (viii) the Manager and CLCT obtain the SIC's approval in advance for the parts of this Letter that refer to the Whitewash Resolution; and
- (ix) to rely on the Whitewash Resolution, the approval of the Whitewash Resolution must be obtained within three months of the date of the SIC Waiver and the acquisition of the Management Fee Units by the Manager must be completed within three months of the approval of the Whitewash Resolution.

Independent Unitholders should note that by approving Resolution 6 relating to the Whitewash Resolution, they are waiving their rights to receive a Mandatory Offer from the Manager at the highest price paid by the Concert Party Group for Units in the past six months preceding the commencement of the offer.

As at the Latest Practicable Date, the conditions of the SIC Waiver as set out in paragraphs 2.4 (ii), (v), (vi), (vii) and (viii) have been satisfied.

2.5 Rationale for the Whitewash Resolution and the issue of the Management Fee Units

The Whitewash Resolution is to enable the Manager to receive its management fees in the form of Units for the partial payment of CLCT's FY 2022 base fees and FY 2022 performance fees. The payment of the management fees in the form of Units is in accordance with the terms of the Trust Deed. The Management Fee Units to be issued would rank *pari passu* with the existing Units in issue.

3. ADVICE OF THE INDEPENDENT FINANCIAL ADVISER

Under paragraph 2(e) of Appendix 1 of the Code, a condition to a waiver to Rule 14 of the Code is that CLCT must appoint an independent financial adviser ("IFA") to advise the Independent Unitholders on the Whitewash Resolution.

The Manager has appointed Ernst & Young Corporate Finance Pte Ltd as the IFA pursuant to paragraph 2(e) of Appendix 1 of the Code, as well as to advise the independent directors of the Manager (the "**Independent Directors**") and HSBC Institutional Trust Services (Singapore) Limited, in its capacity as trustee of CLCT (the "**Trustee**") in relation to the proposed Whitewash Resolution. A copy of the letter from the IFA to the Independent Directors and the Trustee (the "**IFA Letter**"), containing its advice with respect to the proposed Whitewash Resolution in full, is set out in Schedule 1 of this Letter and Unitholders are advised to read the IFA Letter carefully.

Having considered the factors and the assumptions set out in the IFA Letter, and subject to the qualifications set out therein, the IFA is of the opinion that (i) the terms of the issue of the Management Fee Units, which is the subject of the Whitewash

**LETTER TO UNITHOLDERS DATED 27 MARCH 2023 IN RELATION TO
RESOLUTION 6**

Resolution, are fair and reasonable and (ii) the Whitewash Resolution is fair and reasonable.

Accordingly, the IFA has advised the Independent Directors to recommend that Unitholders vote in favour of Resolution 6 (the Whitewash Resolution) to be proposed at the AGM.

4. DIRECTORS' RECOMMENDATION

Based on the opinion of the IFA (as set out in the IFA Letter in **Schedule 1** of this **Letter**), including the rationale for the proposed Whitewash Resolution as set out in paragraph 2.5 of this Letter, the Independent Directors believe that the proposed Whitewash Resolution is fair and reasonable.

Accordingly, the Independent Directors recommend that Unitholders vote at the AGM in favour of Resolution 6 (the Whitewash Resolution).

5. ABSTENTIONS FROM VOTING

Pursuant to the SIC Waiver granted in relation to Resolution 6 (the Whitewash Resolution), the Concert Party Group and parties not independent of them are required to abstain from voting on Resolution 6 (the Whitewash Resolution).

6. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Letter and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Letter constitutes full and true disclosure of all material facts about the proposed Whitewash Resolution, CLCT and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Letter misleading.

Where information in this Letter has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Letter in its proper form and context.

7. CONSENTS

The IFA, being Ernst & Young Corporate Finance Pte Ltd, has given and has not withdrawn its written consent to the issue of this Letter with the inclusion of its name

**LETTER TO UNITHOLDERS DATED 27 MARCH 2023 IN RELATION TO
RESOLUTION 6**

and the IFA Letter, and all references thereto, in the form and context in which they appear in this Letter, as well as to act in such capacity in relation to this Letter.

8. DOCUMENTS FOR INSPECTION

A copy of the written consent of the IFA will be available for inspection at the registered office of the Manager² from the date of this Letter up to and including the date falling three months after the date of this Letter.

A copy of the Trust Deed will also be available for inspection at the registered office of the Manager for so long as CLCT is in existence.

Yours faithfully

CapitaLand China Trust Management Limited

(Registration Number: 200611176D)

as manager of **CapitaLand China Trust**

SOH KIM SOON

Chairman and Non-Executive Independent Director

² Prior appointment with the Manager is required. Please contact Ms Nicole Chen, Investor Relations (Telephone: +65 6713 2888).

**LETTER TO UNITHOLDERS DATED 27 MARCH 2023 IN RELATION TO
RESOLUTION 6**

IMPORTANT NOTICE

This Letter may contain forward-looking statements. 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, availability of real estate properties, competition from other developments or companies, shifts in customer demands, shifts in expected levels of occupancy rate, property rental income, charge out collections, changes in operating expenses (including employee wages, benefits and training costs, property operating expenses), governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business.

You are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's current view on future events. No representation or warranty express or implied is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or opinions contained in this Letter. Neither the Manager nor any of its affiliates, advisers or representatives shall have any liability whatsoever (in negligence or otherwise) for any loss howsoever arising, whether directly or indirectly, from any use of, reliance on or distribution of this Letter or its contents or otherwise arising in connection with this Letter.

The past performance of CLCT is not indicative of future performance. The listing of the Units on the SGX-ST does not guarantee a liquid market for the Units. The value of the Units and the income derived from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, the Manager or any of its affiliates. An investment in the Units is subject to investment risks, including the possible loss of the principal amount invested. Investors have no right to request that the Manager redeem or purchase their Units while the Units are listed on the SGX-ST. It is intended that holders of Units may only deal in their Units through trading on the SGX-ST.

This Letter is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for the Units.

**LETTER TO UNITHOLDERS DATED 27 MARCH 2023 IN RELATION TO
RESOLUTION 6**

GLOSSARY

%	:	Per centum or Percentage
AGM	:	The annual general meeting of Unitholders to be held at Canning Ballroom, Level 4, Raffles City Convention Centre, 80 Bras Basah Road, Singapore 189560 on Tuesday, 18 April 2023 at 3.00 p.m. (Singapore Time), to approve the matters set out in the Notice of Annual General Meeting
CDP	:	The Central Depository (Pte) Limited
CLCT	:	CapitaLand China Trust
CLCTML	:	CapitaLand China Trust Management Limited
CLI	:	CapitaLand Investment Limited
Concert Parties	:	The parties acting in concert with the Manager
Concert Party Group	:	The Manager and its Concert Parties
Code	:	The Singapore Code on Take-overs and Mergers
Directors	:	Directors of the Manager
FY 2022	:	The financial year ended 31 December 2022
IFA Letter	:	The letter from the IFA to the Independent Directors and the Trustee
Independent Directors	:	The independent directors of the Manager
Independent Unitholders	:	The Unitholders other than the Concert Party Group and parties not independent of them
Latest Practicable Date	:	10 March 2023, being the latest practicable date prior to the issuance of this Letter
Letter	:	This Letter dated 27 March 2023
Listing Manual	:	The Listing Manual of the SGX-ST
Manager	:	CapitaLand China Trust Management Limited, in its capacity as manager of CLCT
Management Fee Units	:	The 13,495,621 Units that are expected to be issued to the Manager for partial payment of CLCT's base fees and performance fees for FY 2022
Mandatory Offer	:	The mandatory offer by the Manager for CLCT pursuant to Rule 14 of the Code

**LETTER TO UNITHOLDERS DATED 27 MARCH 2023 IN RELATION TO
RESOLUTION 6**

Notice of Annual General Meeting	:	The notice dated 27 March 2023 convening the AGM of CLCT
Ordinary Resolution	:	A resolution proposed and passed as such by a majority being greater than 50.0% or more of the total number of votes cast for and against such resolution at a meeting of Unitholders convened in accordance with the provisions of the Trust Deed
REIT	:	Real estate investment trust
Resolution 6 or the Whitewash Resolution	:	The proposed Ordinary Resolution 6 under the “Special Business” section of the Notice of Annual General Meeting
S\$ and cents	:	Singapore dollars and cents
SGX-ST	:	Singapore Exchange Securities Trading Limited
SIC	:	The Securities Industry Council
SIC Waiver	:	The waiver granted by the SIC on 10 March 2023
Trust Deed	:	The trust deed dated 23 October 2006 constituting CLCT, as amended, varied or supplemented from time to time
Trustee	:	HSBC Institutional Trust Services (Singapore) Limited, in its capacity as trustee of CLCT
Unit	:	A unit in CLCT
Unitholders	:	The registered holders for the time being of a Unit, including person(s) so registered as joint holders, except where the registered holder is CDP, the term “ Unitholder ” shall, in relation to Units registered in the name of CDP, mean, where the context requires, the Depositor whose Securities Account with CDP is credited with Units

The terms “**Depositor**” and “**Depository Register**” shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act 2001.

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

Any reference in this Letter to any enactment is a reference to that enactment for the time being amended or re-enacted.

**LETTER TO UNITHOLDERS DATED 27 MARCH 2023 IN RELATION TO
RESOLUTION 6**

Any reference to a time of day in this Letter shall be a reference to Singapore time unless otherwise stated.

Any discrepancies in the tables, graphs and charts between the listed amounts and totals thereof are due to rounding. Unless otherwise stated in this Letter, figures and percentages are rounded off where applicable.

**LETTER TO UNITHOLDERS DATED 27 MARCH 2023 IN RELATION TO
RESOLUTION 6**

SCHEDULE 1



Building a better
working world

Ernst & Young Corporate Finance Pte Ltd
One Raffles Quay
North Tower, Level 18
Singapore 048583

Mailing Address: ey.com
Robinson Road
PO Box 384
Singapore 900734

27 March 2023

**The Independent Directors of
CapitaLand China Trust Management Limited
(as manager of CapitaLand China Trust)**

168 Robinson Road
#30-01 Capital Tower
Singapore 068912

**HSBC Institutional Trust Services (Singapore) Limited
(As trustee of CapitaLand China Trust)**

10 Marina Boulevard
Marina Bay Financial Centre Tower 2, #45-01
Singapore 018983

Dear Sirs:

THE PROPOSED WHITEWASH RESOLUTION IN CONNECTION WITH THE ISSUE OF MANAGEMENT FEE UNITS TO CAPITALAND CHINA TRUST MANAGEMENT LIMITED, THE MANAGER OF CAPITALAND CHINA TRUST

1 INTRODUCTION

CapitaLand China Trust Management Limited (as the manager of CapitaLand China Trust (“**CLCT**”)) (the “**Manager**”) has proposed Ordinary Resolution 6 (“**Resolution 6**”) under the “Special Business” section of the notice dated 27 March 2023 convening the annual general meeting of CLCT (the “**Notice of Annual General Meeting**”) and the annual general meeting, the “**AGM**”).

Resolution 6 relates to the proposed Whitewash Resolution (Ordinary Resolution) in connection with the issue of management fee units to the Manager. Pursuant to the trust deed dated 23 October 2006 constituting CLCT (as amended, varied or supplemented from time to time) (the “**Trust Deed**”), the Manager is entitled to receive management fees in the form of units in CLCT (the “**Units**”). It is proposed that 13,495,621 Units be issued to the Manager for partial payment of CLCT’s base fees and performance fees (the “**Management Fee Units**”) for the financial year ended 31 December 2022 (“**FY2022**”).

As at 10 March 2023, being the latest practicable date (the “**Latest Practicable Date**”) prior to the printing of the Letter to Unitholders dated 27 March 2023 in relation to Resolution 6 (the “**Letter to Unitholders**”), CapitaLand Investment Limited (“**CLI**”) holds an aggregate deemed interest in 29.78% of the Units in issue. The issue of the Management Fee Units to the Manager will result in the Manager and the parties acting in concert with the Manager (the “**Concert Parties**”) holding an aggregate deemed interest in more than 30.0% of the Units in issue. Accordingly, the Manager is seeking a Whitewash Resolution in connection with the acquisition of the Management Fee Units by the Manager.

The Securities and Industry Council (the “**SIC**”) has granted a waiver on 10 March 2023 (the “**SIC Waiver**”) of the requirement for the Manager to make a mandatory offer (the “**Mandatory Offer**”) for CLCT, in the event that the Manager incurs an obligation to make a Mandatory Offer pursuant to

Rule 14 of the Singapore Code on Take-overs and Mergers (the “**Code**”) as a result of the acquisition of the Management Fee Units by the Manager, subject to the satisfaction of the conditions specified in the SIC Waiver (as set out in paragraph 2.4 of the Letter to Unitholders. One such condition is that the unitholders of CLCT (the “**Unitholders**”) other than the Manager and its Concert Parties (collectively, the “**Concert Party Group**”) and parties not independent of them (the “**Independent Unitholders**”) approve a resolution by way of a poll to waive their rights to receive a general offer for their Units from the Manager.

As such, the Manager is seeking approval from the Independent Unitholders at the AGM for a waiver of their rights to receive a Mandatory Offer from the Manager, in the event that the Manager incurs an obligation to make a Mandatory Offer as a result of the acquisition of the Management Fee Units by the Manager.

If subsequent to the issue of the Management Fee Units, the percentage unitholding of the Concert Party Group drops below 30.0%, and there is another issue of Units to the Manager as payment of management fees which would result in the percentage unitholding of the Concert Party Group to be more than 30.0%, such issue of Units to the Manager as payment of management fees would require another whitewash waiver from the SIC so that the Manager is not required to make a Mandatory Offer.

Ernst & Young Corporate Finance Pte Ltd (“**EYCF**”) has been appointed as the independent financial adviser (“**IFA**”) as required under paragraph 2(e) of Appendix 1 of the Code as a condition to a waiver to Rule 14 of the Code as well as to advise the directors of the Manager (the “**Directors**”) who are considered independent in relation to the Whitewash Resolution (the “**Independent Directors**”) and HSBC Institutional Trust Services (Singapore) Limited, in its capacity as trustee of CLCT (the “**Trustee**”), on the Whitewash Resolution.

This letter sets out, *inter alia*, our evaluation of the Whitewash Resolution and our advice thereon. It forms part of the Letter to Unitholders to be issued by the Manager which provides, *inter alia*, the details of the issue of the Management Fee Units to the Manager and the Whitewash Resolution, and the recommendations of the Independent Directors in respect thereof.

Unless otherwise defined or the context otherwise requires, all terms in the Letter to Unitholders shall have the same meaning in this letter.

2 TERMS OF REFERENCE

EYCF has been appointed as required under paragraph 2(e) of Appendix 1 of the Code as a condition to a waiver to Rule 14 of the Code as well as to advise the Independent Directors and the Trustee on whether (i) the terms of the issue of the Management Fee Units, which is the subject of the Whitewash Resolution, are fair and reasonable, and (ii) the Whitewash Resolution is fair and reasonable.

Our views as set forth in this letter are based on the prevailing market conditions, economic conditions, and financial conditions, and our evaluation of the terms of the issue of the Management Fee Units and the Whitewash Resolution, as well as information provided to us by CLCT and the management of the Manager (the “**Management**”), as at the Latest Practicable Date. Accordingly, we assume no responsibility to update, revise or reaffirm our opinion as a result of any subsequent development after the Latest Practicable Date. Unitholders should take note of any announcement and/or event relevant to the terms of the issue of the Management Fee Units and the Whitewash Resolution which may be released by CLCT and/or the Manager after the Latest Practicable Date.

We are not and were not involved in any aspect of the discussions and negotiations pertaining to the terms of the issue of the Management Fee Units and the Whitewash Resolution, nor were we involved in the deliberations leading up to the decisions by the Directors in connection with the terms of the

issue of the Management Fee Units and the Whitewash Resolution. We have not conducted a comprehensive review of the business, operations or financial condition of CLCT and its subsidiaries and associates (the “**CLCT Group**”). It is not within our terms of reference to assess the rationale for, legal, strategic, commercial and financial merits and/or risks of the terms of the issue of the Management Fee Units and the Whitewash Resolution, and to comment on such merits and/or risks of the Whitewash Resolution. We have only expressed our opinions on whether the terms of the issue of the Management Fee Units and the Whitewash Resolution are fair and reasonable. The assessment of the legal, strategic, commercial and financial merits and/or risks of the terms of the issue of the Management Fee Units and the Whitewash Resolution remains the sole responsibility of the Directors, although we may draw upon their views in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at the opinion set out in this letter.

It is also not within our terms of reference to compare the relative merits of the terms of the issue of the Management Fee Units and the Whitewash Resolution vis-à-vis any alternative transaction previously considered by CLCT and/or the Manager (if any) or that CLCT and/or the Manager may consider in the future, and as such, we do not express an opinion thereon.

In the course of our evaluation of the terms of the issue of the Management Fee Units and the Whitewash Resolution, we have held discussions with the Directors and the Management. We have also examined and relied on information in respect of CLCT collated by us, as well as information provided and representations and assurances made to us, both written and verbal, by the Directors, the Management and/or professional advisers of CLCT and/or the Manager, including information contained in the Letter to Unitholders. We have not independently verified such information or any representation or assurance, whether written or verbal, and accordingly cannot and do not warrant or accept responsibility for the accuracy or completeness of such information, representation or assurance. Nevertheless, the Directors (including those who may have delegated supervision of the Letter to Unitholders) and the Management have confirmed to us, after making all reasonable enquiries that, to the best of their knowledge and belief, all material information relating to CLCT, the terms of the issue of the Management Fee Units and the Whitewash Resolution has been disclosed to us, that such information constitutes a full and true disclosure, and there is no relevant information the omission of which would make any of the information contained herein or in the Letter to Unitholders misleading in any respect. The Directors have jointly and severally accepted such responsibility accordingly.

We have also made reasonable enquiries and exercised our judgement on the reasonable use of such information and have found no reason to doubt the accuracy or the reliability of such information. We have further assumed that all statements of fact, belief, opinion and intention made by the Directors in relation to the terms of the issue of the Management Fee Units and the Whitewash Resolution have been reasonably made after due and careful enquiry. We have not conducted a comprehensive review of the business, operations and financial condition of CLCT. We have also not made an independent evaluation or appraisal of the assets and liabilities of CLCT.

In preparing this letter, we have not had regard to the specific investment objectives, financial situation, tax position and/or unique needs and constraints of any individual Unitholder or any specific group of Unitholders. As each Unitholder would have different investment objectives and profiles, we would advise the Independent Directors to recommend that any individual Unitholder or group of Unitholders who may require specific advice in relation to his or their Units should consult his or their stockbroker, bank manager, solicitor, accountant or other professional advisers.

We were not involved and have not provided any advice, whether financial or otherwise, in the preparation, review and verification of the Letter to Unitholders (other than in connection with this letter). Accordingly, we do not take any responsibility for, and express no views on, whether expressed or implied, the contents of the Letter to Unitholders (other than in connection with this letter).

This letter and our opinion, which is required under the Code, are addressed for the use and benefit of the Independent Directors and the Trustee in connection with and for the purpose of their consideration of the terms of the issue of the Management Fee Units and the Whitewash Resolution, and the recommendations made by the Independent Directors to the Independent Unitholders shall remain the sole responsibility of the Independent Directors.

Our opinions in relation to the terms of the issue of the Management Fee Units and the Whitewash Resolution should be considered in the context of the entirety of this letter and the Letter to Unitholders.

3 THE PROPOSED WHITEWASH RESOLUTION

The details of the Whitewash Resolution are set out in paragraph 2 of the Letter to Unitholders, and below is the salient information on the Whitewash Resolution.

3.1 Rule 14 of the Code

In accordance with Rule 14.1(a) of the Code, except with the SIC's consent, where any person acquires, whether by a series of transactions over a period of time or not, Units which (taken together with the Units held or acquired by persons acting in concert with him) carry 30.0% or more of the voting rights of a real estate investment trust ("**REIT**"), such person must extend offers immediately on the basis set out in Rule 14 of the Code, to holders of any class of units of the REIT which carries votes and in which such person, or persons acting in concert with him, hold units.

As such, if the percentage unitholding of the Concert Party Group, after the issue of the Management Fee Units crosses 30.0%, the Manager would then be required to make a Mandatory Offer unless waived by the SIC.

3.2 Unitholding of the Concert Party Group

To the best of the knowledge of the Manager, the Concert Party Group holds, in aggregate 501,096,255 Units, representing approximately 29.94% of the voting rights of CLCT as at the Latest Practicable Date.

3.3 Trigger of the Requirement to Make the Mandatory Offer

As at the Latest Practicable Date, CLI holds an aggregate deemed interest in 498,538,976 Units, representing approximately 29.78% of the total number of Units in issue (being 1,673,892,897 Units). CapitaLand China Trust Management Limited is a wholly-owned subsidiary of CLI.

As a result of the issue of 13,495,621 Management Fee Units at an issue price of S\$1.1378 per Unit¹, the Concert Party Group would hold an aggregate deemed interest in 514,591,876 Units, representing approximately 30.50% of the total number of Units in issue immediately after the issue of the Management Fee Units. As such, the aggregate unitholding of the Concert Party Group will increase from approximately 29.94% to approximately 30.50% immediately following the issue of the Management Fee Units. This will result in the Concert Party Group holding more than 30.0% of the voting rights of CLCT and thereby triggering the requirement for the Manager to make a Mandatory Offer.

¹ Pursuant to the Trust Deed, the issue price of the Units shall be the volume-weighted average price for a Unit for all trades on the Singapore Exchange Securities Trading Limited ("**SGX-ST**") in the ordinary course of trading on the SGX-ST for the period 10 Business Days (as defined in the Trust Deed) immediately preceding the end of the relevant Financial Year (as defined in the Trust Deed) (including the last day of the Financial Year).

Unless waived by the SIC, pursuant to Rule 14.1(a) of the Code, the Manager would then be required to make a Mandatory Offer. The SIC has granted the SIC Waiver subject to the conditions as set out in paragraph 2.4 of the Letter to Unitholders, which includes Resolution 6 (the proposed Whitewash Resolution) being approved by the Independent Unitholders at the AGM.

The following table sets out the respective unitholdings of the Concert Party Group if the Manager receives 13,495,621 Management Fee Units (at an issue price of S\$1.1378 per Unit):

	As at the Latest Practicable Date	After the issue of Management Fee Units
Issued Units	1,673,892,897	1,687,388,518
Number of Units held by the Concert Party Group	501,096,255	514,591,876
Number of Units held by Unitholders, other than the Concert Party Group	1,172,796,642	1,172,796,642
% of issued Units held by the Concert Party Group	29.94%	30.50%
% of issued Units held by Unitholders, other than the Concert Party Group	70.06%	69.50%

Source: Letter to Unitholders

Note: Subsequent to the Latest Practicable Date, 500,178 Units are expected to be transferred out of the unitholdings of the Manager as vesting of Units under its performance unit plan and restricted unit plan (of which 96,045 Units are expected to be transferred to persons outside the Concert Party Group), and 1,473,597 Units are expected to be issued pursuant to the distribution reinvestment plan established by CLCT (of which all 1,473,597 Units are expected to be transferred to persons outside the Concert Party Group). Taking these into account, the percentage of issued Units held by the Concert Party Group would drop slightly to approximately 29.90% prior to the issue of the Management Fee Units, based on the total number of Units in issue being 1,675,366,494 and 30.46% after the issue of the Management Fee Units, based on the total number of Units in issue being 1,688,862,115.

3.4 Application for a Waiver from Rule 14 of the Code

The details on the application made to the SIC for the waiver on 1 February 2023 of the obligation of the Manager to make a Mandatory Offer under Rule 14 of the Code and the SIC Waiver granted on 10 March 2023 are set out in paragraph 2.4 of the Letter to Unitholders, and extracted below:

“2.4 Application for a Waiver from Rule 14 of the Code

An application was made to the SIC on 1 February 2023 for the waiver of the obligation of the Manager to make a Mandatory Offer under Rule 14 of the Code should the obligation to do so arise as a result of the issue of the Management Fee Units to the Manager.

The SIC has granted the SIC Waiver, subject to the satisfaction of the following conditions:

- (i) a majority of holders of voting rights of CLCT approve at a general meeting, before the issue of the Management Fee Units to the Manager, a resolution (the “**Whitewash Resolution**”) by way of a poll to waive their rights to receive a general offer from the Manager;*
- (ii) the Whitewash Resolution is separate from other resolutions;*

- (iii) *the Concert Party Group and parties not independent of them abstain from voting on the Whitewash Resolution;*
- (iv) *the Concert Party Group did not acquire or are not to acquire any Units or instruments convertible into and options in respect of Units (other than subscriptions for, rights to subscribe for, instruments convertible into or options in respect of new Units which have been disclosed in this Letter);*
 - (a) *during the period between the announcement of the proposed issue of the Management Fee Units to the Manager and the date Unitholders' approval is obtained for the Whitewash Resolution; and*
 - (b) *in the six months prior to the announcement of the proposed issue of the Management Fee Units to the Manager but subsequent to negotiations, discussions or the reaching of understandings or agreements with the directors of the Manager ("**Directors**") in relation to such issue;*
- (v) *CLCT appoints an independent financial adviser to advise the Independent Unitholders on the Whitewash Resolution;*
- (vi) *CLCT sets out clearly in this Letter:*
 - (a) *details of the proposed issue of the Management Fee Units to the Manager;*
 - (b) *the dilution effect to existing Unitholders of voting rights of CLCT upon the issue of the Management Fee Units to the Manager;*
 - (c) *the number and percentage of voting rights in CLCT as well as the number of instruments convertible into, rights to subscribe for and options in respect of Units held by the Concert Party Group as at the Latest Practicable Date;*
 - (d) *the number and percentage of voting rights to be acquired by the Manager upon the issue of the Management Fee Units to the Manager; and*
 - (e) *specific and prominent reference to the fact that Unitholders, by voting for the Whitewash Resolution, are waiving their rights to a general offer from the Manager at the highest price paid by the Concert Party Group for Units in the past six months preceding the commencement of the offer;*
- (vii) *this Letter states that the waiver granted by the SIC to the Manager from the requirement to make a general offer under Rule 14 of the Code is subject to the conditions set out in paragraphs 2.4(i) to (vi) above;*
- (viii) *the Manager and CLCT obtain the SIC's approval in advance for the parts of this Letter that refer to the Whitewash Resolution; and*
- (ix) *to rely on the Whitewash Resolution, the approval of the Whitewash Resolution must be obtained within three months of the date of the SIC Waiver and the acquisition of the Management Fee Units by the Manager must be completed within three months of the approval of the Whitewash Resolution.*

Independent Unitholders should note that by approving Resolution 6 relating to the Whitewash Resolution, they are waiving their rights to receive a Mandatory Offer from the Manager at the highest price paid by the Concert Party Group for Units in the past six months preceding the commencement of the offer.

As at the Latest Practicable Date, the conditions of the SIC Waiver as set out in paragraphs 2.4(ii), (v), (vi), (vii) and (viii) have been satisfied.”

4 EVALUATION OF THE WHITEWASH RESOLUTION

In our analysis and evaluation of the terms of the issue of the Management Fee Units and the Whitewash Resolution, and our opinion thereon, we have taken into consideration the following:

- (a) rationale for the Whitewash Resolution and the issue of the Management Fee Units;
- (b) pricing and number of the Management Fee Units to be issued; and
- (c) other relevant factors.

The factors above are discussed in more detail in the following sections.

4.1 Rationale for the Whitewash Resolution and the issue of the Management Fee Units

The rationale for the Whitewash Resolution and the issue of the Management Fee Units is set out in paragraph 2.5 of the Letter to Unitholders, and extracted below:

“The Whitewash Resolution is to enable the Manager to receive its management fees in the form of Units for the partial payment of CLCT’s FY2022 base fees and FY2022 performance fees. The payment of the management fees in the form of Units is in accordance with the terms of the Trust Deed. The Management Fee Units to be issued would rank pari passu with the existing Units in issue.”

4.2 The pricing and number of the Management Fee Units

We note that subject to Appendix 6 of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore (the “**Property Funds Appendix**”) and as set out in the Trust Deed, the Manager, *inter alia*, is entitled and may elect to receive payment of the management fee (or any part or component thereof) in the form of cash and/or Units.

The Manager has elected to receive partial payment of the management fee, and it is proposed that 13,495,621 Management Fee Units be issued to the Manager at an issue price of S\$1.1378 per Unit (the “**Issue Price**”) as partial payment to the Manager of CLCT’s base fees and performance fees for FY2022.

4.2.1 The Issue Price of the Management Fee Units

We note that the Issue Price of the Management Fee Units is in accordance with the Trust Deed, wherein the Issue Price will be equal to the “Market Price” as defined in the Trust Deed. For the purposes of the Management Fee, “**Market Price**” is defined in the Trust Deed to mean “*the volume weighted average price for a Unit (if applicable, of the same Class) for all trades on the SGX-ST or (as the case may be) the relevant Recognised Stock Exchange in the ordinary course of trading on the SGX-ST or, as the case may be, such other Recognised Stock Exchange, for the period of 10 Business Days (or such other period as may be prescribed by the SGX-ST or relevant Recognised Stock Exchange) immediately preceding the end of the relevant Financial Year (including the last day of the Financial Year) or, if the Manager believes that the foregoing calculation does not provide a fair reflection of the Market Price of a Unit, means an amount as determined by the Manager (after consultation with a Stockbroker approved by the Trustee), and as approved by the Trustee, as being the fair Market Price.*”

Under the Trust Deed, “**Business Day**” is defined as “any day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks are generally open for business in Singapore and the SGX-ST (and, if the Units are Listed on any other Recognised Stock Exchange, that Recognised Stock Exchange) is open for trading”. For the purposes of the issue of the Management Fee Units the period of 10 Business Days immediately preceding the end of FY2022 (including the last day of FY2022) is from 16 December 2022 to 30 December 2022 (both days inclusive). The Market Price, being the volume-weighted average price of the Units for the period of 10 Business Days immediately preceding the end of FY2022 (including the last day of FY2022), is S\$1.1378. We note that the Issue Price is equal to the Market Price.

4.2.2 The number of Management Fee Units to be issued

We also note that number of Management Fee Units to be issued is in accordance with the Trust Deed, which states that the Manager “*shall be entitled to receive such number of Units as may be purchased with the relevant component of the Management Fee attributable to the relevant period at an Issue Price equal to the Market Price.*”

As set out in the FY2022 audited financial statements released on 27 March 2023 (the “**FY2022 Audited Financial Statements**”), the Manager’s management fees in FY2022 comprise a base fee of approximately S\$12.8 million and performance fee of approximately S\$9.0 million, and the Manager has elected to receive partial payment in the form of Units. The performance component of the Manager’s management fees amounting to approximately S\$9.0 million and base fee amount to approximately S\$6.4 million will be paid in the form of Units. Pursuant to the Trust Deed, at the Issue Price of S\$1.1378 per Unit, the resulting Units to be issued to the Manager as partial payment of CLCT’s base fees and performance fees for FY2022 are 13,495,621 Management Fee Units.

4.3 Other relevant factors

4.3.1 Resulting unitholding of the Concert Party Group after the issue of the Management Fee Units

We note that immediately after the issue of the Management Fee Units the unitholding in CLCT of the Concert Party Group will increase by 0.56%, from 29.94% as at the Latest Practicable Date to 30.50%, while the unitholding in CLCT of the Unitholders other than the Concert Party Group will correspondingly decrease by 0.56%, from 70.06% as at the Latest Practicable Date to 69.50%.

4.3.2 The Management Fee Units ranking *pari passu* with Units in issue

We note that the new Units to be issued as Management Fee Units, once issued and allotted, will rank *pari passu* in all respects with the existing Units then in issue.

4.3.3 Waiving of rights to receive a Mandatory Offer from the Manager

We note that by approving Resolution 6 relating to the Whitewash Resolution, the Independent Unitholders are waiving their rights to receive a Mandatory Offer from the Manager at the highest price paid by the Concert Party Group for Units in the six months preceding the commencement of the offer.

4.3.4 The Manager’s course of action in the event the Whitewash Resolution is not approved

We note that as set out in the FY2022 Audited Financial Statements, in the event that the Whitewash Resolution is not approved or the conditions set by the SIC are not satisfied, the

Manager will manage the issue of the Management Fee Units in a manner such that the unitholding of the Concert Party Group would not exceed 30.0%.

We also note that if subsequent to the issue of the Management Fee Units, the percentage unitholding of the Concert Party Group drops below 30.0%, and there is another issue of Units to the Manager as payment of management fees which would result in the percentage unitholding of the Concert Party Group to be more than 30.0%, such issue of Units to the Manager as payment of management fees would require another whitewash waiver from the SIC so that the Manager is not required to make a Mandatory Offer.

4.3.5 Abstentions from voting on the Whitewash Resolution

We note that pursuant to the SIC Waiver granted in relation to the Whitewash Resolution, the Concert Party Group and parties not independent of them will abstain from voting on Resolution 6 (the Whitewash Resolution) at the AGM.

5 OUR OPINION ON THE WHITEWASH RESOLUTION AND THE ISSUE OF THE MANAGEMENT FEE UNITS

In arriving at our advice to the Independent Directors and the Trustee on the terms of the Whitewash Resolution and the issue of the Management Fee Units, we have reviewed and deliberated on the factors which we consider to be relevant and to have a significant bearing on our assessment. The factors we have considered in our evaluation, which are based on, among others, representations made by CLCT, the Directors and the Management and discussed in detail in the earlier sections of this letter and which we have relied upon, are as follows:

- (a) the rationale for the Whitewash Resolution and the issue of the Management Fee Units;
- (b) pursuant to the Trust Deed, the Manager is entitled and has elected to receive partial payment of CLCT's base fees and performance fees for FY2022 in the form of Units;
- (c) the Issue Price of the Management Fee Units is equal to the "Market Price" as defined in the Trust Deed;
- (d) the number of Management Fee Units to be issued is in accordance with the Trust Deed, being the number of Units as may be purchased at the Issue Price equal to the Market Price;
- (e) the resulting unitholding of the Concert Party Group immediately after the issue of the Management Fee Units represents an increase of 0.56% to their unitholding as at the Latest Practicable Date;
- (f) upon the issue and allotment, the Management Fee Units will rank *pari passu* in all respects with the Units then in issue;
- (g) by approving Resolution 6 relating to the Whitewash Resolution, the Independent Unitholders are waiving their rights to receive a Mandatory Offer from the Manager at the highest price paid by the Concert Party Group for Units in the six months preceding the commencement of the offer;
- (h) the Manager's course of action in the event the Whitewash Resolution is not approved;
- (i) the requirement for another whitewash waiver from the SIC so that the Manager is not required to make a Mandatory Offer if subsequent to the issue of the Management Fee Units, the percentage unitholding of the Concert Party Group drops below 30.0% and there is another

issue of Units to the Manager as payment of management fees which would result in the percentage unitholding of the Concert Party Group to be more than 30.0%; and

- (j) the Concert Party Group and parties not independent of them will abstain from voting on Resolution 6 in relation to the Whitewash Resolution at the AGM.

Having considered the factors and the assumptions set out in this letter, and subject to the qualifications set out herein, we are of the opinion that (i) the terms of the issue of the Management Fee Units to the Manager are fair and reasonable, and (ii) the Whitewash Resolution is fair and reasonable.

Accordingly, we advise the Independent Directors to recommend that Unitholders vote in favour of the Whitewash Resolution.

We wish to highlight that by voting for the Whitewash Resolution, the Independent Unitholders are waiving their rights to receive a Mandatory Offer from the Manager at the highest price paid by the Concert Party Group for Units in the six months preceding the commencement of the offer.

The Independent Directors and the Trustee should note that we have arrived at our opinion based on information made available to us prior to, and including, the Latest Practicable Date. Our opinion on the terms of the issue of the Management Fee Units to the Manager and the Whitewash Resolution cannot and does not take into account any subsequent developments after the Latest Practicable Date as these are governed by factors beyond the scope of our review, and would not fall within our terms of reference in connection with our evaluation of the terms of the issue of the Management Fee Units and the Whitewash Resolution.

We have prepared this letter for the use of the Independent Directors and the Trustee in connection with and for the purposes of their consideration of the Whitewash Resolution, but any recommendation made by the Independent Directors in respect of the Whitewash Resolution shall remain their responsibility.

While a copy of this letter may be reproduced in the Letter to Unitholders, no other person may reproduce, disseminate or quote this letter (or any part thereof) for any purpose (other than the intended purpose in relation to the Whitewash Resolution) at any time and in any manner without our prior written consent in each specific case. For the avoidance of doubt, nothing in this letter prevents CLCT, the Manager, the Directors, the Trustee or the Unitholders from reproducing, disseminating or quoting this letter without our prior consent for the purpose of any matter relating to the Whitewash Resolution.

This letter and our opinion are governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours faithfully
For and on behalf of
Ernst & Young Corporate Finance Pte Ltd

Mah Kah Loon
Chief Executive Officer

Elisa Montano
Associate Partner