



ANNOUNCEMENT

PROPOSED DIVESTMENT OF 50% INTEREST IN CAPITAGREEN

CapitaLand Limited ("**CapitaLand**") wishes to announce that it has received a non-binding notice from HSBC Institutional Trust Services (Singapore) Limited (the "**CCT Trustee**"), in its capacity as trustee of CapitaLand Commercial Trust ("**CCT**"), stating CCT Trustee's intention to exercise a call option to acquire CapitaLand's 50% interest in the office building commonly known as CapitaGreen (the "**Property**") through acquiring CapitaLand's interest in 50% of the issued units of MSO Trust.

The Property is held through MSO Trust which is a special purpose sub-trust set up in 2011. CapitaLand holds a 50% interest in the issued units of MSO Trust through Market Street Office Pte. Ltd. ("**CL SPV**"), a wholly owned subsidiary of CapitaLand. CCT holds 40% and the balance of 10% is held by Mitsubishi Estate Asia Pte. Ltd. ("**MEA**"). As CapitaLand holds about 31.96% interest of the issued units of CCT, MSO Trust is effectively a 62.78%-owned subsidiary of CapitaLand.

MSO Trust was established by CCT jointly with CapitaLand and MEA to undertake the redevelopment of the building known as Market Street Car Park located at 138 Market Street, Singapore 048946 into a commercial office development (the "**Project**"). The Project was completed in December 2014.

As part of the terms of the joint venture, CCT Trustee entered into a call option agreement dated 13 July 2011 (the "**Call Option Agreement**") between Market Street Office Trustee Pte. Ltd., in its capacity as trustee-manager of MSO Trust (the "**MSO Trustee-Manager**"), CL SPV and MEA, pursuant to which CCT Trustee was granted a call option (the "**Call Option**") to acquire the aggregate of 60% of the issued units of MSO Trust held by both CL SPV and MEA. The Call Option is valid for a period of three years, from 18 December 2014 to 17 December 2017.

CCT Trustee has issued a non-binding notice to CL SPV, MEA and the MSO Trustee-Manager, stating its intention to exercise the Call Option to acquire the 60% of the issued units of MSO Trust (the "**CapitaGreen Acquisition**"). Upon the completion of the CapitaGreen Acquisition, CCT will hold 100% of the issued units of MSO Trust. The exercise of the Call Option is subject to, among other things, the approval of the unitholders of CCT at an extraordinary general meeting ("**CCT EGM**") to be held for CCT in respect of the purchase of the 50% interest in MSO Trust from CL SPV. The sale of CapitaLand's interest in the Property through the sale of the units in MSO Trust held by CL SPV (the "**Transaction**") is subject to the exercise of the Call Option.

RATIONALE

The Transaction is in line with CapitaLand's capital recycling strategy to recycle capital for reinvestment in new assets. The Transaction, if carried out, will allow CapitaLand to realise development gains from the Project and it will also enhance CapitaLand's financial flexibility to redeploy capital to ventures that will generate returns for its shareholders. Through its interest in CCT, CapitaLand will continue to benefit from the stable yield of CCT's portfolio of assets and participate in its future growth.

TOTAL CONSIDERATION

The consideration for the sale of CL SPV's 50% interest in MSO Trust of approximately S\$318 million (the "**Sale Consideration**") is the aggregate of:

- (a) the net asset value of MSO Trust as at 31 March 2016 after taking into account the agreed market value of the Property as at 6 April 2016 of S\$1,600.5 million. The agreed market value of the Property is the average of the open market values of the Property as at 6 April 2016 of S\$1,599.0 million and S\$1,602.0 million as stated by CBRE Pte Ltd ("**CBRE**") and Knight Frank Pte Ltd ("**Knight Frank**") in their respective valuation reports. The valuation by CBRE was commissioned by CapitaLand Commercial Trust Management Limited ("**CCTML**"), the manager of CCT, and the valuation by Knight Frank was commissioned by CCT Trustee. The methods used by the aforesaid valuers were the discounted cash flow method and the capitalisation method; and
- (b) the repayment of an existing unitholder loan owed by MSO Trust to CL SPV ("**Existing Unitholder Loan**").

The amount of the Sale Consideration payable by CCT on the date of completion of the Transaction ("**Completion**", and the date of Completion, "**Completion Date**") will be finalised after the necessary adjustments to MSO Trust's net asset value on Completion Date are made. Likewise, the amount of the Existing Unitholder Loan to be repaid by MSO Trust to CL SPV will be the amounts of principal and accrued interest which are outstanding on the Completion Date. The Sale Consideration will be satisfied entirely in cash.

COMPLETION

Subject to, among other things, the approval of CCT unitholders to be obtained at the CCT EGM to be held in respect of the purchase of the 50% interest in MSO Trust from CL SPV, the Transaction is expected to be completed between the third quarter and fourth quarter of 2016.

Upon Completion, MSO Trust will cease to be a 62.78%-owned subsidiary and become a 31.96%-owned associate of CapitaLand through CapitaLand's interest in CCT.

FINANCIAL EFFECTS

The Transaction, if carried out, is not expected to have any material impact on the net tangible assets or earnings per share of the CapitaLand Group for the financial year ending 31 December 2016.

INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDER

Mr Lim Ming Yan is a Director as well as the President and Group Chief Executive Officer of CapitaLand. He is also the Deputy Chairman and a Non-Executive Non-Independent Director of CCTML.

As at the date of this announcement, certain directors of CapitaLand (including Mr Lim Ming Yan) collectively have an aggregate interest (direct and indirect) in 2,635,034 shares in CapitaLand and 210,603 units in CCT.

As at the date of this announcement and based on information available to CapitaLand, Temasek Holdings (Private) Limited, the controlling shareholder of CapitaLand, has an interest (direct and indirect) of approximately 40.88% in CapitaLand and approximately 32.06% in CCT.

Save as disclosed above, none of the Directors and the controlling shareholder of CapitaLand has any interest, direct or indirect, in the Transaction.

By Order of the Board

Michelle Koh
Company Secretary
23 May 2016