



ANNOUNCEMENT

PROPOSED DIVESTMENT OF BEDOK MALL THROUGH THE DIVESTMENT OF ALL THE UNITS IN BRILLIANCE MALL TRUST

CapitaLand Limited ("**CapitaLand**") wishes to announce the divestment of Bedok Mall through the divestment of all the units of Brilliance Mall Trust ("**BMT**") to CapitaLand Mall Trust ("**CMT**"). The divestment is based on an agreed market value of Bedok Mall at S\$780 million (inclusive of fixed assets) and other net assets of BMT of approximately S\$3.1 million, comprising S\$464 million in consideration to CapitaLand to be settled in a combination of cash and new units in CMT ("**Total Consideration**") and the repayment by BMT, through funds provided by CMT, of an existing bank loan of S\$319.1 million owed to certain financial institutions.

BMT was established in September 2010 to undertake, jointly with Brilliance Residential (1) Pte. Ltd., the development of the mixed-use development comprising Bedok Mall and Bedok Residences in Bedok, Singapore. Bedok Mall obtained its Temporary Occupation Permit on 29 November 2013 and commenced operations on 3 December 2013. The strata subdivision of the development is presently underway¹. Upon completion of strata subdivision, BMT will be issued all of the five retail strata units and two accessory lots located in Bedok Mall. Bedok Mall is the first major shopping mall in Bedok, Singapore's largest estate in terms of population. It is located in the Bedok Town Centre.

CapitaLand's wholly-owned subsidiaries, Brilliance Residential Pte. Ltd. ("**BRPL**") and CMA Singapore Investments (3) Pte. Ltd. ("**CSIPL**") (BRPL and CSIPL being collectively, the "**Vendors**"), have entered into a conditional unit purchase agreement (the "**Unit Purchase Agreement**") with HSBC Institutional Trust Services (Singapore) Limited in its capacity as trustee of CMT (the "**Purchaser**"), CRL Realty Pte Ltd and CapitaLand Mall Asia Limited (as the "**Guarantors**") to divest all the units in BMT (the "**Transaction**"). The obligations of the Vendors to the Purchaser under the Unit Purchase Agreement are guaranteed by the Guarantors.

Brilliance Trustee Pte. Ltd., the trustee of BMT (the "**BMT Trustee**") is a wholly-owned subsidiary of CapitaLand. CapitaLand has an aggregate deemed interest of approximately 27.71% in CMT.

¹ The BMT Trustee had on 4 July 2015 received written permission for strata subdivision from the Urban Redevelopment Authority of Singapore.

RATIONALE

The Transaction will allow CapitaLand to unlock the value of Bedok Mall to reinvest in other investments in Singapore and overseas to maximise overall returns for CapitaLand and its shareholders.

The Transaction is also in line with CapitaLand's strategy to recycle capital for reinvestment in new assets or enhancement of existing assets. The proceeds from the Transaction will strengthen CapitaLand's capability to pursue other projects and enhance returns for its shareholders. Through its interest in CMT, CapitaLand will continue to benefit from the stable yield of CMT's portfolio of assets and participate in its future growth.

TOTAL CONSIDERATION

The Total Consideration is the aggregate of:

- (a) the consideration for sale of all the units in BMT of S\$180² million (subject to completion adjustments) (the "**Sale Consideration**"); and
- (b) the repayment of the existing unitholders' loans of approximately S\$284² million owed by BMT to the Vendors ("**Existing Unitholders' Loans**").

The Sale Consideration is derived from the net asset value of BMT of S\$180 million after taking into account:

- (i) the agreed market value of Bedok Mall of S\$780 million (equivalent to S\$3,506 per square feet of net lettable area) inclusive of fixed assets, which was negotiated on a willing-buyer and willing-seller basis taking into account the independent valuations of Bedok Mall³; plus
- (ii) other net assets, as agreed, of S\$3.1 million; less
- (iii) the Existing Unitholders' Loans of approximately S\$284 million and the existing bank loan of S\$319.1 million owed by BMT to certain financial institutions.

Based on the valuation report of CBRE Pte Ltd, the valuer commissioned by the BMT Trustee (in its capacity as trustee of BMT), the open market value of Bedok Mall as at 30 June 2015 was S\$775 million.

² Based on adjustments to the capitalisation of BMT to be completed by Completion Date.

³ CapitaLand Mall Trust Management Limited, as manager of CMT, has commissioned an independent property valuer, Knight Frank Pte Ltd ("**Knight Frank**"), and HSBC Institutional Trust Services (Singapore) Limited, as trustee of CMT has commissioned another independent property valuer, DTZ Debenham Tie Leung (SEA) Pte Ltd ("**DTZ**") and together with Knight Frank, the "**Independent Valuers**", to value Bedok Mall. The open market value of Bedok Mall inclusive of fixed assets as at 30 June 2015 was (i) S\$779 million and (ii) S\$781 million, as stated by Knight Frank and DTZ in their respective valuation reports.

The final Sale Consideration payable by the Purchaser on the date of completion of the Transaction ("**Completion**", and the date of Completion, "**Completion Date**") will be subject to adjustments for BMT's net asset value on Completion Date. The final amount of the Existing Unitholders' Loans to be repaid by BMT to the Vendors will depend on the final amount of principal outstanding on the Completion Date.

The Sale Consideration will be partially satisfied by way of issuance of 72,000,000 new units in CMT ("**Units**"), each Unit representing an undivided interest in CMT ("**Consideration Units**") by the Purchaser to the Vendors (or the Vendors' nominees) on Completion Date and payment of the balance amount in cash 10 business days after Completion Date or in the event that the value of the Consideration Units exceeds the Sale Consideration, the repayment by the Vendors to the Purchaser of the amount in excess of the Sale Consideration.

The issue price of the Consideration Units will be determined based on the volume weighted average price for a Unit for all trades on the Singapore Exchange Securities Trading Limited ("**SGX-ST**") for the period of 10 business days immediately preceding the Completion Date.

On Completion, in addition to the receipt of the Sale Consideration, the Vendors will also receive from BMT, through funds provided by CMT, the repayment of the Existing Unitholders' Loans.

COMPLETION

Subject to the fulfilment of the conditions precedent set out in the Unit Purchase Agreement, the Transaction is expected to be completed in the fourth quarter of 2015.

The conditions precedent in the Unit Purchase Agreement include, amongst others, the following:

- (a) the Transaction and the issuance of the Consideration Units to the Vendors having been approved by the unitholders of CMT at an extraordinary general meeting of CMT; and
- (b) the Consideration Units having been approved in-principle for listing on the SGX-ST, there not having occurred any withdrawal of such approval and the conditions to such approval having been fulfilled.

Upon Completion, CapitaLand will have an aggregate deemed interest of approximately 29.26%⁴ in CMT. BMT will cease to be a wholly-owned subsidiary of CapitaLand and will become an associate of CapitaLand through its interest in CMT.

⁴ Inclusive of approximately 3,714,286 new units in CMT to be issued to the manager of CMT as acquisition fee for the Transaction.

FINANCIAL EFFECTS

CapitaLand is expected to recognise a net gain of approximately S\$30 million arising from the Transaction. For illustrative purpose only, based on the unaudited consolidated financial statements of CapitaLand Group for the three months financial period ended 31 March 2015:

- (a) assuming that the Transaction was effected on 1 January 2015, CapitaLand Group's earnings per share would have increased from 3.8 cents to 4.4 cents.
- (b) assuming that the Transaction was effected on 31 March 2015, the financial impact on CapitaLand Group's net tangible asset per share would not be material.

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 CapitaLand Mall Trust Management Limited, the manager of CMT and a wholly-owned subsidiary of CapitaLand.

As at the date of this announcement, certain directors of CapitaLand (inclusive of Mr Lim Ming Yan) collectively have an aggregate interest (direct and indirect) in 2,447,254 shares in CapitaLand and 1,385,197 Units.

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 40.77% in CapitaLand and approximately 27.97% in CMT.

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
14 July 2015