



## **CAPITALAND RETAIL CHINA TRUST**

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

### **ANNOUNCEMENT**

---

## **RENEWAL OF THE PROPERTY MANAGEMENT AGREEMENTS IN RELATION TO THE PROPERTIES OF CAPITALAND RETAIL CHINA TRUST**

---

### **1. INTRODUCTION**

CapitaLand Retail China Trust Management Limited (the “**Manager**”), in its capacity as manager of CapitaLand Retail China Trust (“**CRCT**”), wishes to announce that agreements have been entered into with CapitaLand Retail (Shanghai) Management & Consulting Co., Ltd. and its branches (the “**Property Managers**”, and each, a “**Property Manager**”) to renew the provision of property management services in respect of CapitaMall Xizhimen, CapitaMall Wangjing, CapitaMall Grand Canyon, CapitaMall Shuangjing, CapitaMall Anzhen, CapitaMall Qibao, CapitaMall Erqi, CapitaMall Saihan, CapitaMall Minzhongleyuan, and CapitaMall Wuhu (the “**PMAs**”, and each, a “**PMA**”).

As at the date of this announcement, CapitaLand Limited (“**CL**”) has an aggregate indirect interest in 328,975,047 units of CRCT (“**Units**”), which is equivalent to approximately 38.46% of the total number of Units in issue, and is therefore regarded as a “controlling unitholder” of CRCT under both the Listing Manual of the Singapore Exchange Securities Trading Limited (the “**Listing Manual**”) and Appendix 6 (Investment: Property Funds) of the Code on Collective Investment Schemes (the “**Property Funds Appendix**”). In addition, the Manager is a wholly owned subsidiary of CL. As such, CL is regarded as a “controlling shareholder” of the Manager under both the Listing Manual and the Property Funds Appendix.

As the Property Managers are wholly owned subsidiaries of CL, the Property Managers are “interested persons” (under the Listing Manual) and “interested parties” (under the Property Funds Appendix) of CRCT.

Accordingly, the Manager is making this announcement because the renewal of the PMAs constitutes interested person transactions under Chapter 9 of the Listing Manual as well as interested party transactions under the Property Funds Appendix.

## **2. DETAILS OF THE PMA**

The term of each of the PMAs is for a period of five years commencing from 1 July 2016. The PMAs have been renewed on substantially the same terms and conditions, including fees, as the original PMAs.

### **2.1 Property Manager's Services**

The services provided by each Property Manager in respect of the relevant property under its management include, amongst others, the following:

- (a) property management services for the relevant property, subject to the overall management of the relevant project company's property management services, including (i) establishing operating budgets and annual plans for the operation, management, marketing and maintenance of the relevant property, (ii) operating and maintaining the relevant property in accordance with such operating budgets and annual plans (and revisions thereof), and (iii) coordinating, reviewing and maintaining at all times certain insurance coverage with the assistance of insurance advisers; and
- (b) lease management services, including (i) recommending leasing strategy and negotiating leases, licenses and concessions, (ii) supervising and controlling all collections and receipts, payments and expenditure relating to the property, and (iii) lease administration.

Additionally, each Property Manager will deploy dedicated personnel at their respective property under management and also a centralised team of personnel to provide expertise on leasing, technical services, tenancy co-ordination, marketing and communications to the properties as a whole. This is to provide strategic support to the properties, for example, in establishing strategic relationships with key tenants and tenancy co-ordination work.

### **2.2 Fees**

The fees payable to the relevant Property Managers under the PMAs are as follows:

- (a) a fee of 2.0% per annum of the total revenue for each property; and
- (b) a fee of 2.5% per annum of the net property income for each property.

### **2.3 Reimbursable Amount**

Under each PMA, each Property Manager is, in addition to its fees, fully reimbursed for (i) the employment costs and remuneration relating to centre management and other personnel engaged solely for the provision of services for the relevant property under its management, and (ii) the allocated employment costs and remuneration relating to the centralised team of personnel engaged to provide group services for the property under its management, as approved in each annual budget by the relevant project company.

## **2.4 Expenses**

Each Property Manager is authorised to utilise funds deposited in operating accounts (which are separate from the collection accounts into which all rental income is paid) of CRCT to make payment for all costs and expenses incurred in the operation and management of each property, within an annual budget approved by the relevant project company.

## **2.5 Termination**

The relevant project company may terminate the appointment of the relevant Property Manager for the relevant property under its management by notice in writing from the Manager or on the occurrence of certain specified events, which include the liquidation or cessation of business of the relevant Property Manager. The relevant project company may also terminate the appointment of the relevant Property Manager if the relevant Property Manager, after receipt of written notice, fails to remedy any breach of its obligations in relation to such property.

## **3. RATIONALE**

The Manager believes that the renewal of the PMAs would benefit unitholders of CRCT (“**Unitholders**”). The Property Managers possess a broad range of commercial experience, including expertise in property investment, development and management. This ensures continuity and operational efficiency in the provision of property management services for CRCT’s properties. The fees payable to the Property Managers under the PMAs are competitive and are within market norms.

## **4. STATEMENT FROM THE AUDIT COMMITTEE**

Having considered the terms and conditions of the PMAs, as well as the rationale for the renewal of the PMAs, the Audit Committee of the Manager is of the view that the renewal of the PMAs is on normal commercial terms and is not prejudicial to the interests of CRCT and its minority unitholders.

## **5. VALUE OF INTERESTED PERSON TRANSACTIONS**

The value of all interested person transactions between CRCT and CL and/or the associates of CL for the current financial year (including the PMAs to be renewed, for a period of five years) is approximately S\$68.9 million. There are no other interested person transactions entered into by CRCT for the current financial year.

## **6. INTERESTS OF DIRECTORS AND CONTROLLING UNITHOLDERS**

As at the date of this announcement, certain directors of the Manager collectively hold an aggregate direct and indirect interest in 730,727 Units and 2,432,034 shares in CL.

The Manager is a wholly owned subsidiary of CL. Mr Lim Ming Yan is the Deputy Chairman and a Non-Executive Non-Independent Director of the Manager and the President and Group Chief Executive Officer of CL. Mr Ng Kok Siong is a Non-Executive Non-Independent Director of the Manager and the Chief Corporate Development Officer of CL.

As at the date of this announcement and based on information available to the Manager, CL holds an aggregate indirect interest in 328,975,047 Units, which is equivalent to approximately 38.46% of the total number of Units in issue.

Save as disclosed above and based on the information available to the Manager as at the date of this announcement, none of the directors of the Manager or controlling unitholder of CRCT has an interest, direct or indirect, in the renewal of the PMAs.

**BY ORDER OF THE BOARD**

CapitaLand Retail China Trust Management Limited  
(Registration Number: 200611176D)  
As manager of CapitaLand Retail China Trust

Lee Ju Lin, Audrey  
Company Secretary  
30 June 2016

**IMPORTANT NOTICE**

The value of units in CapitaLand Retail China Trust (“**Units**”) and the income derived from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by CapitaLand Retail China Trust Management Limited (the “**Manager**”), as manager of CapitaLand Retail China Trust, or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested.

Investors have no right to request the Manager to redeem their Units while the Units are listed. It is intended that unitholders may only deal in their Units through trading on Singapore Exchange Securities Trading Limited (the “**SGX-ST**”). Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

The past performance of CapitaLand Retail China Trust is not necessarily indicative of the future performance of CapitaLand Retail China Trust.