



CAPITALAND CHINA TRUST

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

ANNOUNCEMENT

DIVESTMENT OF THE COMPANY WHICH HOLDS CAPITAMALL SHUANGJING

1. INTRODUCTION

1.1 Divestment of the Company which Holds CapitaMall Shuangjing (the “Property”)

CapitaLand China Trust Management Limited, as manager of CapitaLand China Trust (“**CLCT**”, and the manager of CLCT, the “**Manager**”), wishes to announce that HSBC Institutional Trust Services (Singapore) Limited, in its capacity as trustee of CLCT (the “**Trustee**”) had on 5 December 2023 through its wholly owned subsidiary, CapitaRetail China Investments (B) Alpha Pte. Ltd. (the “**Vendor**”), entered into a conditional equity interests transfer agreement (the “**Equity Transfer Agreement**”) to divest its entire equity interest in CapitaRetail Beijing Shuangjing Real Estate Co., Ltd. (the “**Target SPV**”) which holds the Property (the “**Divestment Interest**”, and the divestment of the Target SPV, the “**Divestment**”) to an unrelated third party (the “**Purchaser**”). The Purchaser is not an “interested person” of CLCT for the purposes of the Listing Manual (“**Listing Manual**”) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) and not an “interested party” of CLCT for the purposes of Appendix 6 to the Code of Collective Investment Schemes issued by the Monetary Authority of Singapore.

1.2 Information on the Property

The Property is a shopping mall with four retail levels located near the East Third Ring Road at Jiulong Commercial Building, No. 31 Guangqu Road, Chaoyang District, Beijing, China. It has a gross floor area of 49,462.65 square metres.

2. DETAILS OF THE DIVESTMENT

2.1 Consideration Valuation

The aggregate consideration payable (the “**Sale Consideration**”) by the Purchaser is RMB849.2 million (approximately S\$159.2 million¹) and was agreed on a willing buyer and willing seller basis, after taking into consideration:

¹ Unless otherwise stated in this announcement, the Renminbi amounts in this announcement have been translated into Singapore dollars based on an assumed exchange rate of S\$1 to RMB5.3348.

- (i) the adjusted net asset value of the Target SPV as at 31 October 2023 of RMB763.7 million (approximately S\$143.2 million) (the “**Equity Transfer Price**”), which takes into account the agreed price of the Divestment Interest of RMB842.0 million (approximately S\$157.8 million) (the “**Agreed Interest Price**”²) and an existing shareholder’s loan in principal amount of US\$10.3 million (approximately S\$14.0 million³) owed by the Target SPV; and
- (ii) the estimated amount payable by the Purchaser for the repayment and discharge of existing related party loans, of which the aggregate principal amount owed by the Target SPV is RMB85.5 million (approximately S\$16.0 million) (the “**Seller’s Affiliate Loan**”).

The Sale Consideration will be paid by the Purchaser in cash.

The independent valuation (“**Valuation**”) of the Property conducted for financial reporting purpose is RMB621.0 million⁴ (approximately S\$116.4 million). The valuation was commissioned by the Manager and the Trustee and carried out by CBRE (Shanghai) Management Limited using the discounted cash flow method and income capitalisation method.

2.2 Principal Terms of the Equity Transfer Agreement

The Equity Transfer Agreement contains customary provisions, including representations and warranties, undertakings, the procedure for relevant payments and filings to be made in relation to the Divestment and other commercial terms.

The Sale Consideration will be paid by the Purchaser in instalments, with the full Equity Transfer Price being released to the Vendor’s designated account on the closing date after the satisfaction of certain conditions set out in the Equity Transfer Agreement, which include, *inter alia*, the Purchaser providing the Target SPV with the amount to repay the Seller’s Affiliate Loan.

The Manager expects the completion of the Divestment to be in the first quarter of 2024. Upon completion of the Divestment, the Target SPV will cease to be a subsidiary of CLCT.

3. RATIONALE FOR AND BENEFITS OF THE DIVESTMENT

The Manager believes that the Divestment will benefit the unitholders of CLCT (“**Unitholders**”) as the Divestment is in line with the Manager’s proactive portfolio management strategy to divest non-core assets to optimise portfolio composition and enhance its returns to Unitholders.

As the Property has been operating for more than 19 years and was part of the initial asset portfolio during the initial public offering of CLCT, CLCT will face increasing capital

² The Agreed Interest Price of RMB842.0 million (approximately S\$157.8 million) is RMB225.9 million (approximately S\$42.3 million) above the book value of the Property as at 30 June 2023 of RMB616.1 million (approximately S\$115.5 million).

³ Based on an assumed exchange rate of S\$1 to US\$0.7357.

⁴ Valuation as at 31 October 2023.

expenditure commitments associated with maintaining or improving the Property. The Divestment will therefore allow CLCT to unlock the cash value from the Property, without having to incur major capital expenditure on the Property and avoiding refurbishment downtime in the near future.

Additionally, considering that the Agreed Interest Price translates to an exit yield of 2.8%⁵, the Manager is of the view that the Agreed Interest Price is reasonable and it is an opportune time for the Divestment.

Following the Divestment, the Manager would have divested the last remaining master-leased mall within CLCT's retail portfolio.

4. USE OF SALE PROCEEDS

After taking into account the divestment fee of RMB4.2 million (approximately S\$0.8 million) to be paid to the Manager and other Divestment-related expenses, the net proceeds from the Divestment is estimated to be approximately RMB690.7 million (approximately S\$129.5 million), resulting in an estimated net gain⁶ from the Divestment of approximately RMB133.1 million (approximately S\$25.0 million). The net proceeds of the Divestment may be used to repay debt, undertake a unit buyback, fund new acquisitions, and/or to finance general corporate and working capital requirements. The Divestment is expected to reduce CLCT's aggregate leverage, strengthen CLCT's portfolio and enhance Unitholders' returns.

5. PRO FORMA FINANCIAL EFFECTS OF THE DIVESTMENT

5.1 Certain Financial Information Relating to the Divestment

FOR ILLUSTRATIVE PURPOSES ONLY: The pro forma financial effects⁷ of the Divestment on the distribution per unit of CLCT ("Unit", and the distribution per Unit, "DPU") and net asset value ("NAV") per Unit presented below are strictly for illustrative purposes only and do not reflect the actual position of CLCT after completion of the Divestment and receipt of the entire Sale Consideration by CLCT.

They were prepared based on the audited consolidated financial statements of CLCT and its subsidiaries ("CLCT Group") for the financial year ended 31 December 2022 ("FY2022", and the audited consolidated financial statements of CLCT Group for FY2022, the "**2022 Audited Consolidated Financial Statements**") and taking into account the Sale Consideration.

⁵ This is based on annualising the net property income of the Property from 1 January 2023 to 30 September 2023 and divided by the Agreed Interest Price.

⁶ As completion of the Divestment will take place only in 2024, (i) the financial results of CLCT for the financial year ending 31 December 2023 will only recognise the fair value uplift and (ii) the final net gain may be higher or lower than this estimated amount as the final amount is subject to any further gain or loss arising from post-completion adjustments at the time of completion of the Divestment.

⁷ In preparing the pro forma financial effects of the Divestment on the DPU and NAV per Unit for FY2022, the respective exchange rates for the 2022 Audited Consolidated Financial Statements are: (i) average exchange rate between SGD and RMB for FY2022 is assumed to be S\$1 to RMB4.8321 and (ii) the exchange rate between SGD and RMB as at 31 December 2022 is assumed to be S\$1 to RMB5.1467.

5.2 Pro Forma DPU

FOR ILLUSTRATIVE PURPOSES ONLY: The pro forma financial effects of the Divestment on CLCT's DPU for FY2022, as if the Divestment was completed on 1 January 2022, are as follows:

	FY2022	
	Before the Divestment	After the Divestment
Distributable Income (S\$'000)	125,615 ⁽¹⁾	119,640 ⁽²⁾
Issued Units	1,673,892,897 ⁽³⁾	1,673,892,897 ⁽³⁾
DPU (Singapore cents)	7.50 ⁽¹⁾	7.14 ⁽²⁾
Earnings per Unit		
- Basic (Singapore cents)	7.36 ⁽¹⁾	8.63 ⁽²⁾
- Diluted (Singapore cents)	7.30 ⁽¹⁾⁽⁴⁾	8.56 ⁽²⁾⁽⁴⁾

Notes:

- (1) Based on the 2022 Audited Consolidated Financial Statements.
- (2) Adjusted for the pro forma financial effects of the Divestment, as if it was completed on 1 January 2022.
- (3) Number of Units in issue as at 31 December 2022.
- (4) Taking into account the 13,495,621 Units to be issued as payment of the Manager's management fee (as defined in the deed of trust dated 23 October 2006 constituting CLCT (as amended) (the "Trust Deed")) for the period from 1 January 2022 to 31 December 2022 (both dates inclusive), in accordance with the provisions stipulated in the Trust Deed.

5.3 Pro Forma NAV

FOR ILLUSTRATIVE PURPOSES ONLY: The pro forma financial effects of the Divestment on CLCT Group's NAV per Unit as at 31 December 2022, as if the Divestment was completed on 31 December 2022, are as follows:

	As at 31 December 2022	
	Before the Divestment	After the Divestment
NAV (S\$'000)	2,306,231 ⁽¹⁾	2,331,187 ⁽²⁾
Issued Units	1,673,892,897 ⁽³⁾	1,673,892,897 ⁽³⁾
NAV per Unit (S\$)	1.38 ⁽¹⁾	1.39 ⁽²⁾

Notes:

- (1) Based on the 2022 Audited Consolidated Financial Statements.
- (2) Adjusted for the pro forma financial effects of the Divestment, as if it was completed on 31 December 2022.
- (3) Number of Units in issue as at 31 December 2022.

6. INTERESTS OF DIRECTORS AND CONTROLLING UNITHOLDERS

As of the date of this announcement and based on information available to the Manager as at the date of this announcement, save for the unitholding interests in CLCT held by certain directors of the Manager and the controlling Unitholders, none of the directors of the Manager or the controlling Unitholders has an interest, direct or indirect, in the Divestment.

7. OTHER INFORMATION

7.1 Directors' Service Contracts

No person is proposed to be appointed as a director of the Manager in connection with the Divestment or any other transactions contemplated in relation to the Divestment.

7.2 Relative Figures computed on the Bases set out in Rule 1006 of the Listing Manual

A proposed disposal by CLCT may fall into any of the categories set out in Rule 1004 of the Listing Manual depending on the size of the relative figures computed on the following applicable bases of comparison:

- (i) the net asset value of the assets to be disposed of, compared with CLCT's net asset value;
- (ii) the net profits attributable to the assets disposed of, compared with CLCT's net profits; and
- (iii) the aggregate value of the consideration received, compared with CLCT's market capitalisation based on the total number of issued Units.

The relative figures for the Divestment using the applicable bases of comparison described above are set out in the table below:

Criteria	Target SPV (S\$ million)	CLCT Group (S\$ million)	Relative Figure (%)
Rule 1006(a) The net asset value of the assets to be disposed of, compared with CLCT's net asset value	106.0 ⁽¹⁾	2,242.9 ⁽²⁾	4.7
Rule 1006(b) The net profits attributable to the assets disposed of, compared with CLCT's net profits	2.7 ⁽¹⁾	33.2 ⁽²⁾	8.1
Rule 1006(c) The aggregate value of the consideration received, compared with CLCT's market	159.2	1,413.6 ⁽³⁾	11.3

capitalisation based on the total number of issued Units			
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Notes:

- (1) Based on the net asset value of the Target SPV as at 30 June 2023.
- (2) Based on the unaudited consolidated financial statements of the CLCT Group for the period from 1 January 2023 to 30 June 2023.
- (3) Based on the weighted average traded price of S\$0.8370 per Unit on the SGX-ST for 4 December 2023, being the market day immediately preceding the date of the Equity Transfer Agreement.

Under Rule 1010 of the Listing Manual, where any of the relative figures computed on the bases set out above exceeds 5% but does not exceed 20%, the Divestment is regarded as being a discloseable transaction. The Manager is of the view that the Divestment is in the ordinary course of CLCT's business.

BY ORDER OF THE BOARD

CapitaLand China Trust Management Limited

(Registration Number: 200611176D)

As manager of CapitaLand China Trust

Chuo Cher Shing
Company Secretary

6 December 2023

Important Notice

The past performance of CapitaLand China Trust (“**CLCT**”) is not indicative of future performance. The listing of the units in CLCT (“**Units**”) on the Singapore Exchange Securities Trading Limited (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, CapitaLand China Trust Management Limited, as manager of CLCT (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 announcement is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for the Units.