



For immediate release

NEWS RELEASE

Unless otherwise stated, all capitalised terms not otherwise defined herein shall have the same meaning ascribed to them in the Scheme Document dated 17 July 2021 issued by CapitaLand and Introductory Document dated 17 July 2021 issued by CapitaLand Investment Limited, in relation to the Proposed Transaction.

CapitaLand to seek Shareholders' approval of proposed restructuring at shareholder meetings on 10 August 2021
Independent Directors concur with recommendation of Independent Financial Adviser and recommend Shareholders to vote in favour of the Proposed Transaction

Singapore, 17 July 2021 – CapitaLand Limited (“CapitaLand” or the “Company”) has today issued notices of the Extraordinary General Meeting (“EGM”) and the Scheme Meeting (the “Meetings”) to be held by way of electronic means on Tuesday, 10 August 2021. The EGM will start at 2.00 pm, and the Scheme Meeting at 2.15 pm or as soon thereafter following the conclusion of the EGM. The Meetings aim to seek Shareholders’ approval for the Proposed Strategic Restructuring and Listing of CapitaLand Investment as announced by CapitaLand and its existing controlling shareholder CLA Real Estate Holdings Pte. Ltd. (“CLA” or the “Offeror”) on 22 March 2021 (the “Proposed Transaction”).

Post-Proposed Transaction, CapitaLand’s investment management platforms, as well as its lodging business, will be consolidated into CapitaLand Investment Limited (“CLI”)¹, which will be listed by introduction on the Singapore Exchange (“SGX-ST”); while the real estate development business of CapitaLand will be placed under private ownership, to be fully held by CLA.

Upon listing on SGX-ST, CLI will become Asia’s largest listed real estate investment manager (“REIM”) and third largest listed REIM globally with *pro forma* total real estate assets under management² (“RE AUM”) of approximately S\$115 billion as at 31 December 2020. On a *pro forma* basis, as at 31 December 2020, CLI had approximately S\$78 billion of real estate funds under management³ (“FUM”) held via its managed Listed Funds and Unlisted Funds across the Asia-Pacific, Europe and USA. CLI’s business model comprises two key segments. Firstly, its Fee Income-related Business anchored by investment and asset management, property management and lodging management. Secondly, the Real Estate Investments through its

¹ Previously known as CapitaLand Investment Management Limited (“CLIM”).

² Represents the total value of real estate managed by our Group and which is stated at 100% property carrying value (including assets whether operational or under development).

³ Refers to the proportionate share of total assets under Listed Funds and Unlisted Funds managed by CLI. As at 31 March 2021, CLI’s FUM is S\$79 billion.

direct holdings in investment properties as well as its stakes in Listed Funds and Unlisted Funds.

The Proposed Transaction is proposed to be effected by way of a scheme of arrangement (the “Scheme”) under Section 210 of the Companies Act, Chapter 50 of Singapore, involving:

- a) CLI Distribution In Specie: a capital reduction exercise by the Company to distribute approximately 48.24%⁴ of the issued ordinary shares (the “CLI Shares”) in the capital of CLI (such distribution, the “CLI DIS”), to the Eligible Shareholders on a pro-rata basis;
- b) CICT (CapitaLand Integrated Commercial Trust) Distribution In Specie: a capital reduction exercise by the Company to distribute 388,242,247 issued units in CICT to all Shareholders on a pro-rata basis, fractional entitlements to be disregarded (the “CICT DIS”); and
- c) Acquisition: upon the Distribution In Specie taking effect, a proposed acquisition (the “Acquisition”) by the Offeror of all the Shares (excluding the treasury Shares and the Shares held by the Offeror) from the Eligible Shareholders. In consideration for the Acquisition, the Offeror will pay the Cash Consideration of S\$0.951 for each Share held by the Eligible Shareholders. In addition, the Offeror will not participate in the CICT DIS. The CICT Units that the Offeror would otherwise be entitled to receive had it participated in the CICT DIS, which comprise approximately 3.10% of the total number of CICT Units in issue as at the Latest Practicable Date, will accordingly be distributed to the Eligible Shareholders on a pro-rata basis, fractional entitlements to be disregarded, as part of the consideration for the Acquisition, thereby resulting in a proportionate increase of each Eligible Shareholder’s entitlement to the CICT DIS.

Assuming that the Scheme becomes effective, the total consideration to be received by an Eligible Shareholder (the “Consideration”), and the value of such Consideration, are set out in the table below:

Consideration breakdown	Value per Share (S\$)
	Based on Current Share Capital ⁽⁴⁾
1 CLI Share ⁽¹⁾	2.823
0.155 CICT Units comprising: ⁽²⁾	
• Eligible Shareholder’s pro-rata entitlement – 0.075 CICT Units	0.158
• Offeror’s entitlement distributed in favour of the Eligible Shareholders – 0.080 CICT Units ⁽³⁾	0.170 ⁽⁵⁾
Cash Consideration payable by the Offeror	0.951 ⁽⁵⁾
Consideration	4.102

Notes:

- (1) This represents the pro forma NAV per CLI Share as at 31 December 2020, adjusted for transaction-related costs. CLI is valued at 1x NAV for illustrative purposes to determine the value of the Consideration.

⁴ The number of CLI Shares to be distributed pursuant to the CLI DIS and the percentage shareholding represented by such CLI Shares will be equal to the number of Shares held by the Eligible Shareholders and the percentage shareholding represented by such Shares as at the Record Date.

- (2) The distribution ratio of the CICT DIS will be derived based on 388,242,247 CICT Units divided by the number of Shares held by the Eligible Shareholders as at the Record Date. Based on the number of Shares held by the Scheme Shareholders as at the Latest Practicable Date, the distribution ratio of the CICT DIS is 0.155 CICT Units for each Share. Assuming there is no change to the Offeror's shareholding as at the Record Date, such distribution ratio will remain unchanged as at the Record Date.
For the purposes of this paragraph, the value of the CICT Units is determined based on the one-month VWAP of the CICT Units up to the Last Trading Day of 19 March 2021, being S\$2.122 per CICT Unit. The one-month VWAP of the CICT Units up to the Latest Practicable Date is S\$2.120.
For the avoidance of doubt, (i) the total number of CICT Units to be distributed by the Company to all Eligible Shareholders pursuant to the CICT DIS and (ii) the amount of Cash Consideration payable by the Offeror to each Eligible Shareholder are fixed and will not vary based on the market prices of CICT Units.
- (3) The CICT DIS is to be made to all Shareholders on a pro-rata basis. The Offeror would have been entitled to its pro-rata share of the CICT Units to be distributed, being 200,949,143 CICT Units, if it had participated in the CICT DIS, by virtue of it being a Shareholder. As the Offeror has decided not to participate in the CICT DIS, its entitlement to 200,949,143 CICT Units will be distributed to all Eligible Shareholders on a pro-rata basis as part of the consideration for the Scheme, resulting in each Eligible Shareholder receiving an additional 0.08 CICT Units per Share.
- (4) As at the Latest Practicable Date, the share capital of the Company comprises 5,203,195,792 Shares (excluding treasury Shares). As no further Shares under the Awards are expected to vest for the period up to the Record Date, the total number of Shares is expected to remain unchanged as at the Record Date. Accordingly, on the basis that there is no change to the Offeror's shareholding as at the Record Date, the Consideration detailed in this table and the value of such Consideration determined on the basis set out herein will remain unchanged as at the Record Date.
- (5) Implied CLA Consideration for the 48.24% in the Development-Related Business. Price-to-NAV Ratio of 0.95x based on Implied CLA Consideration of S\$1.121 and the adjusted pro forma NAV of the Development-Related Business of approximately S\$6.1 billion, as at 31 December 2020, adjusted for transaction costs and FY2020 Final Dividend.

Mr Lee Chee Koon, Group CEO, CapitaLand Group, said: "This restructuring is a logical next step to accelerate the growth of CapitaLand's businesses and drive greater shareholder value. Since announcing the Proposed Transaction, we have wasted no time in charting CLI's growth as a leading global REIM. Since the start of the year, we have increased FUM by over S\$1 billion as at 31 March 2021, with a focus on new economy assets; while announcing over S\$11.2 billion in gross divestments year-to-date, three times higher than our annual recycling target of S\$3 billion. We grew fee-related earnings ("FRE") by originating new fund products and strengthened our investment pivot towards longer-stay accommodation assets. At the same time, we successfully registered ourselves as a private equity fund manager in China. All these initiatives are already contributing to net asset value ("NAV") upside for CLI. CapitaLand's share price has been performing positively since the transaction announcement, which signals a supportive market reception to the Proposed Transaction. Moving forward, we have outlined a robust investment roadmap to achieve sustainable FUM and FRE growth to maximise CLI's potential."

"On the organisation front, we have assembled a strong leadership team with in-depth experience across strategies and asset classes for CLI and CapitaLand's development arm. By the time of the Meetings, we will have assembled the organisational structure and key appointments that will allow us to be operational and effective from Day 1 under one CapitaLand ecosystem. This restructuring not only unlocks immediate value for shareholders, it is also intended to unleash longer term value as listed REIMs generally trade at a premium to their NAVs in the capital markets. We ask for shareholders' support in this transformative transaction. With our shareholders continuing to participate in the growth of CLI, we are confident that CLI will be able to thrive under CapitaLand's unique ecosystem."

Key Competitive Advantages of CLI

1. Global listed REIM with a leadership position in Asia

With a business presence spanning over 230 cities across more than 30 countries as at 31 December 2020, CLI has established a strong footprint across all major global markets. Upon its listing on the SGX-ST, CLI will become Asia's largest listed REIM and third largest listed REIM globally⁵, based on its RE AUM of approximately S\$115 billion as at 31 December 2020.

As at 31 December 2020, CLI's FUM is approximately S\$78 billion, with Asia contributing to more than 80% of geographical presence, forming the core of its business. Beyond its leading position in Singapore, CLI has a long-established presence in other major markets in Asia-Pacific such as China and India for over 25 years, where it has developed extensive local market insights and deal sourcing capabilities through our domestic relationships and network. CLI has demonstrated capabilities in conceptualising, structuring, and executing real estate strategies to unlock and enhance value of these real estate assets.

2. FUM and FRE growth through full stack investment and operating capabilities

CLI is well-positioned to scale FUM and FRE growth through its full stack of investment and operating capabilities. CLI manages six Listed Funds and over 20 Unlisted Funds, across a wide spectrum of real estate sectors and strategies. Over the past six financial years from FY2015 to FY2020, FUM grew at approximately 11% CAGR to S\$78 billion. Fee Income-related Business contributes to about 40% of FY2020 revenue, supported by healthy margins.

In addition, CLI is an experienced multi-sector asset and portfolio manager overseeing more than 330 commercial/integrated and new economy buildings spanning more than 18 million square metres of gross floor area, as well as approximately 123,000 lodging units.

CLI's fund and asset management capabilities are further complemented with best-in-class in-house operating platforms encompassing a global longer-stay operating platform; dedicated leasing, facility and property management teams in core markets; and fast-evolving complementary digital platforms such as CapitaStar, Bridge+ and DiscoverASR.com.

3. Proven track record of investment management and fee income growth

Leveraging its global investor and partner network, CLI generates recurring fee income built on a scalable fee generating AUM from its synergistic fund management and lodging management platforms. This is a capital-efficient business model that offers the potential to deliver an attractive return on equity for shareholders.

⁵ Source: IPE Top 150 Real Estate Investment Managers 2020, as at 30 June 2020.

CLI's investment management platform provides a sustainable and recurring income base across real estate cycles. Investment and asset management fees contributed approximately 15% of CLI's FY2020 total revenue, of which approximately 90% is recurring. Over the past four financial years (from FY2017 to FY2020), CLI has consistently demonstrated growth of fee income from its fund management platform, achieving a three-year CAGR of 12% in FY2020 with S\$306 million of fees from Fee Income-related Business relating to the investment and asset management of Listed Funds and Unlisted Funds.

With full value chain capabilities from operations to investment management, the lodging business is well positioned to become a distinctive engine to drive fee income growth. Ascott is a leading international lodging owner-operator with a portfolio spanning more than 30 countries globally. To date, it has about 70,000 operating units and close to 53,000 units under development, making a total of about 123,000 units in over 770 properties. Ascott achieved four consecutive years of robust management and franchise contracts growth, delivering approximately 20% CAGR since 2017. At S\$20–25 million of fees to be earned for every 10,000 stabilised serviced residence units, fee income contribution is expected to increase as units in the pipeline turn operational. To augment AUM growth, Ascott has started embarking on synergistic expansion and diversification towards adjacent sectors, such as multi-family properties and purpose-built student accommodation.

4. Preserve benefits of the CapitaLand ecosystem with CapitaLand as a long-term developer and co-investment capital partner

Through its development arm, CapitaLand will continue to support CLI through participating and collaborating in the development and/or redevelopment of projects within CLI, as well as provide CLI with development or project management services as CLI may require. CLI will also be able to tap on a key pipeline of investment opportunities from CapitaLand as and when the latter's development projects complete and are available for sale to augment the growth of CLI's FUM.

Under a reciprocal Rights of First Refusal ("ROFR") arrangement between CLI and CapitaLand, CLI will be given a first right to invest up to 100% in Relevant Assets⁶ from CapitaLand; while CapitaLand will be given a first right to invest up to 100% in any Development Opportunity⁷ within CLI.

⁶ The ROFR will become effective on the Listing Date and operate to give CLI a right of first refusal under certain terms and conditions to acquire Relevant Assets that CapitaLand or any of its subsidiaries wishes to dispose of. CLI may exercise the right to acquire the Relevant Assets (or, as the case may be, the interests in the Relevant Assets) for its own portfolio of pipeline assets, or CLI may exercise it in favour of any Relevant CLI Entity. "Relevant Asset" refers to any operational, income-producing properties for the following non-exhaustive uses: residential, retail, office, business park, industrial, logistics, data centre and mixed use properties, and lodging related (including multi-family, purpose-built student accommodation, hotels and serviced apartments, amongst others) located anywhere in the world, and where the context so admits, shall include the shares and equity interests of any single purpose company or entity established to hold the Relevant Asset.

⁷ "Development Opportunity" refers to any investment opportunity that is identified for acquisition/investment by any member of the CLI Group, in the development or redevelopment (excluding asset enhancement initiatives) of any real estate for the following non-exhaustive uses: residential, retail, office, business park, industrial, logistics, and/or data centre, and mixed use, and lodging related (including multi-family, purpose-built student accommodation, hotels and serviced apartments, amongst others) located anywhere in the world.

A CapitaLand Co-ordinating Committee, comprising key senior management representatives from CLI and CapitaLand's development arm, will be formed to ensure co-ordination between both groups and to maximise synergies.

5. Experienced leadership team

CLI has assembled a strong leadership team with in-depth experience across strategies and asset classes. On average, the leadership team has about 20 years of relevant experience. The leadership team is also well supported by over 260 investment and asset management specialists globally⁸, providing CLI with a competitive advantage in deal sourcing and origination, extensive local market insights as well as deal execution track record.

Virtual shareholder meetings

The Proposed Transaction is subject to the approvals of CapitaLand's Shareholders representing the requisite majorities at the Meetings. The Offeror and its Concert Parties will abstain from voting at the Meetings.

As a pre-cautionary measure due to the COVID-19 situation in Singapore, Shareholders will not be able to attend the Meetings in person. They may participate in the Meetings by observing and/or listening to the proceedings via the live audio-visual webcast or the live audio-only stream. Shareholders will have the opportunity to ask questions during the live Questions and Answers session at the Meetings. They may also submit questions prior to the Meetings.

Shareholders who wish to register for the EGM and Scheme Meeting and submit questions must do so by 2.15 pm on Saturday, 7 August 2021. Shareholders who wish to vote must complete and sign the proxy forms for the respective meetings and submit them to CapitaLand's share registrar via online, email or by post before the stated timings on Saturday, 7 August 2021. For details, please read the Notice of EGM and Notice of Scheme Meeting.

Independent Directors' recommendations

The Independent Directors, having considered carefully the terms of the DIS and the Scheme and the advice given by the Independent Financial Adviser ("IFA") in the IFA Letter, concur with the recommendation of the IFA in respect of the DIS and the Scheme. Accordingly, the Independent Directors recommend Shareholders VOTE IN FAVOUR of the DIS at the EGM, and VOTE IN FAVOUR of the Scheme at the Scheme Meeting. The full IFA Letter and recommendation of the Independent Directors can be found in Part 1, Sections 16 and 17 of the Scheme Document. It is important that Shareholders read the IFA Letter and the recommendation of the Independent Directors in full.

⁸ As at 7 July 2021 (As if the Scheme had been completed).

Transaction timeline

Assuming that the requisite approvals from Shareholders as well as regulatory and other third-party approvals are obtained, the Proposed Transaction is expected to be completed around mid-September 2021. CapitaLand will be delisted from SGX-ST and CLI will be listed on SGX-ST.

About CapitaLand Limited (www.capitaland.com)

CapitaLand Limited (CapitaLand) is one of Asia's largest diversified real estate groups. Headquartered and listed in Singapore, it owns and manages a global portfolio worth about S\$137.7 billion as at 31 March 2021. CapitaLand's portfolio spans across diversified real estate classes which includes commercial, retail; business park, industrial and logistics; integrated development, urban development; as well as lodging and residential. With a presence across more than 240 cities in over 30 countries, the Group focuses on Singapore and China as its core markets, while it continues to expand in markets such as India, Vietnam, Australia, Europe and the USA.

CapitaLand has one of the largest real estate investment management businesses globally. It manages six listed real estate investment trusts (REITs) and business trusts as well as over 20 private funds. CapitaLand launched Singapore's first REIT in 2002 and today, its stable of REITs and business trusts comprises CapitaLand Integrated Commercial Trust, Ascendas Real Estate Investment Trust, Ascott Residence Trust, CapitaLand China Trust, Ascendas India Trust and CapitaLand Malaysia Mall Trust.

CapitaLand places sustainability at the core of what it does. As a responsible real estate company, CapitaLand contributes to the environmental and social well-being of the communities where it operates, as it delivers long-term economic value to its stakeholders.

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Important Notice

This release 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, 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 current view of management regarding 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 release. Neither CapitaLand Limited ("CapitaLand") 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 release or its contents or otherwise arising in connection with this release.

The past performance of CapitaLand or any of the listed funds managed by CapitaLand Group ("CL Listed Funds") is not indicative of future performance. The listing of the shares in CapitaLand ("Shares") or the units in the CL Listed Funds ("Units") on the Singapore Exchange Securities Trading Limited ("SGX-ST") does not guarantee a liquid market for the Shares or Units.

This release is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for the Shares, Units or shares of CapitaLand Investment Limited ("CLI") (formerly known as CapitaLand Financial Limited and CapitaLand Investment Management Limited or CLIM¹). No offering of Shares, Units or shares of CLI is being made in connection with the matters discussed herein in Singapore or otherwise.

The directors of the Company (including any who may have delegated detailed supervision of the preparation of this release) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this release in each case which relate to the Company, CLI and CapitaLand Integrated Commercial Trust ("CICT") (excluding information relating to CLA Real Estate Holdings Pte. Ltd. (the "Offeror") or any opinion expressed by the Offeror) are fair and accurate and that, where appropriate, no material facts which relate to the Company, CLI and CICT have been omitted from this release, and the directors of the Company jointly and severally accept responsibility accordingly. Where any information which relates to the Company, CLI and CICT has been extracted or reproduced from published or otherwise publicly available sources or obtained from the Offeror, the sole responsibility of the directors of the Company has been to ensure that, through reasonable enquiries, such information is accurately extracted from such sources or as the case may be, reflected or reproduced in this release. The directors of the Company do not accept any responsibility for any information relating to the Offeror or any opinion expressed by the Offeror.

Note:

¹ CLI effected a change of name from CapitaLand Financial Limited to CapitaLand Investment Management Limited on 22 March 2021 and subsequently from CapitaLand Investment Management Limited to CapitaLand Investment Limited on 18 June 2021.