
LETTER TO SHAREHOLDERS DATED 18 MARCH 2019



CapitaLand Limited

(Registration Number: 198900036N)
(Incorporated in the Republic of Singapore)

Registered Office: 168 Robinson Road, #30-01 Capital Tower, Singapore 068912

18 March 2019

To: The shareholders of CapitaLand Limited

Dear Sir/Madam

1. INTRODUCTION

1.1 Summary. We refer to:

- (a) Ordinary Resolution 9 ("**Resolution 9**") relating to the proposed renewal of the Company's share purchase mandate (the "**Share Purchase Mandate**");
- (b) Ordinary Resolution 10 ("**Resolution 10**") relating to the proposed adoption of the CapitaLand Performance Share Plan 2020 (the "**CapitaLand PSP 2020**"); and
- (c) Ordinary Resolution 11 ("**Resolution 11**") relating to the proposed adoption of the CapitaLand Restricted Share Plan 2020 (the "**CapitaLand RSP 2020**"),

under the "Special Business" section of the notice dated 18 March 2019 convening the annual general meeting of CapitaLand Limited (the "**Company**") to be held at The Star Theatre, Level 5, The Star Performing Arts Centre, 1 Vista Exchange Green, Singapore 138617, on Friday, 12 April 2019 at 10.00 a.m. ("**AGM**").

- 1.2 **This letter.** The purpose of this letter is to provide shareholders of the Company ("**Shareholders**") with information relating to Resolutions 9, 10 and 11 which will be tabled at the AGM (collectively, the "**Proposals**").

2. THE RENEWAL OF THE SHARE PURCHASE MANDATE

- 2.1 **Background.** At the annual general meeting of the Company held on 30 April 2018 ("**2018 AGM**"), Shareholders had approved the renewal of the Share Purchase Mandate. The authority and limitations of the Share Purchase Mandate were set out in the Company's letter to Shareholders dated 6 April 2018 and Ordinary Resolution 9 in the notice of the 2018 AGM dated 6 April 2018, respectively. The authority contained in the Share Purchase Mandate renewed at the 2018 AGM was expressed to continue in force until the next annual general meeting of the Company and, as such, would expire on 12 April 2019, being the date of the forthcoming AGM. It is proposed that such authority be renewed. Accordingly, Resolution 9 relating to the proposed renewal of the Share Purchase Mandate will be tabled as an ordinary resolution for Shareholders' approval at the AGM.

- 2.2 **Rationale for the renewal of the Share Purchase Mandate.** The renewal of the Share Purchase Mandate will give the Company the flexibility to undertake purchases or acquisitions of its ordinary shares (“**Shares**”) at any time, subject to market conditions, during the period that the Share Purchase Mandate is in force. Share purchases or acquisitions allow the Company greater flexibility over its share capital structure with a view to improving, *inter alia*, its return on equity. The Shares which are purchased or acquired may be cancelled or may be held as treasury shares. The Company may, *inter alia*, sell the treasury shares for cash or utilise the treasury shares by transferring the treasury shares to participating employees and directors of the Company (“**Directors**”) for the purposes of or pursuant to its share schemes so as to enable the Company to take advantage of tax deductions under the current taxation regime. The use of treasury shares in lieu of issuing new Shares would also mitigate the dilution impact on existing Shareholders.

It should be noted that the Company will only purchase or acquire Shares pursuant to the Share Purchase Mandate when it is of the view that such purchase or acquisition will or will likely be in the interests of the Company. No purchase or acquisition of Shares will be made in circumstances which would have or is likely to have a material adverse effect on the financial position of the Company and its subsidiaries (collectively, the “**Group**”) and/or affect the listing status of the Company on the Singapore Exchange Securities Trading Limited (“**SGX-ST**”).

- 2.3 **Authority and limitations of the Share Purchase Mandate.** The authority and limitations placed on the Share Purchase Mandate for which renewal is sought are summarised below.

(a) Maximum number of Shares

The total number of Shares which may be purchased or acquired by the Company pursuant to the Share Purchase Mandate is limited to that number of Shares representing not more than 2% of the issued Shares (excluding treasury shares and subsidiary holdings) as at the date of the AGM. Under the Companies Act, Chapter 50 of Singapore (“**Companies Act**”) and the Listing Manual of the SGX-ST (“**SGX-ST Listing Manual**”), any Shares which are held as treasury shares or subsidiary holdings shall be disregarded for the purposes of computing the 2% limit. For this purpose, “subsidiary holdings” means any Shares held by subsidiaries of the Company in the circumstances referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Companies Act. As at 28 February 2019 (the “**Latest Practicable Date**”), 111,569,891 Shares were held as treasury shares and no Shares were held as subsidiary holdings.

For illustrative purposes only, on the basis of 4,162,813,855 issued Shares (excluding treasury shares and subsidiary holdings) as at the Latest Practicable Date, and assuming that (i) no further Shares are issued on or prior to the AGM, whether pursuant to the vesting of awards (“**Awards**”) granted under share schemes implemented by the Company or the conversion of convertible debentures issued by the Company (“**Convertible Bonds**”) or otherwise, (ii) no further Shares are purchased and held as treasury shares, (iii) no Shares are held as subsidiary holdings, (iv) the Company does not reduce its share capital, and (v) no treasury shares are used, sold, transferred or cancelled, then not more than 83,256,277 Shares (representing 2% of the issued Shares (excluding treasury shares and subsidiary holdings) as at that date) may be purchased or acquired by the Company pursuant to the Share Purchase Mandate.

(b) Duration of authority

Purchases or acquisitions of Shares may be made, at any time and from time to time, on and from the date of the AGM at which the renewal of the Share Purchase Mandate is approved, up to (i) the date on which the next annual general meeting of the Company is held or required by law to be held; (ii) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied, and (iii) the date on which purchases or acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated, whichever is the earliest.

(c) Manner of purchase or acquisition of Shares

Purchases or acquisitions of Shares may be made by way of:

- (i) market purchases ("**Market Purchases**"); and/or
- (ii) off-market purchases ("**Off-Market Purchases**").

Market Purchases refer to purchases or acquisitions of Shares by the Company effected on the SGX-ST, or, as the case may be, such other stock exchange for the time being on which the Shares may be listed and quoted, through one or more duly licensed stockbrokers appointed by the Company for the purpose.

Off-Market Purchases refer to purchases or acquisitions of Shares by the Company made under an equal access scheme or schemes for the purchase or acquisition of Shares from Shareholders in accordance with Section 76C of the Companies Act. The Directors may impose such terms and conditions which are not inconsistent with the Share Purchase Mandate, the SGX-ST Listing Manual and the Companies Act as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme or schemes. Under the Companies Act, an Off-Market Purchase must, however, satisfy all the following conditions:

- (A) offers for the purchase or acquisition of Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;
- (B) all of the abovementioned persons shall be given a reasonable opportunity to accept the offers made to them; and
- (C) the terms of all the offers shall be the same, except that there shall be disregarded:
 - (1) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements;
 - (2) differences in consideration attributable to the fact that the offers may relate to Shares with different amounts remaining unpaid; and
 - (3) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

Additionally, the SGX-ST Listing Manual provides that, in making an Off-Market Purchase, the Company must issue an offer document to all Shareholders which must contain, *inter alia*:

- (aa) the terms and conditions of the offer;
- (bb) the period and procedures for acceptances;

- (cc) the reasons for the proposed Share purchases;
- (dd) the consequences, if any, of Share purchases by the Company that will arise under the Singapore Code on Take-overs and Mergers (the “**Singapore Take-over Code**”) or other applicable take-over rules;
- (ee) whether the Share purchases, if made, could affect the listing of the Shares on the SGX-ST;
- (ff) details of any Share purchases made by the Company in the previous 12 months (whether Market Purchases or Off-Market Purchases), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases, where relevant, and the total consideration paid for the purchases; and
- (gg) whether the Shares purchased by the Company will be cancelled or kept as treasury shares.

(d) Purchase price

The purchase price (excluding brokerage, stamp duty, commission, applicable goods and services tax and other related expenses (“**Related Expenses**”)) to be paid for a Share will be determined by the Directors. However, the maximum purchase price (the “**Maximum Price**”) to be paid for the Shares as determined by the Directors must not exceed, in the case of both Market Purchases and Off-Market Purchases, 105% of the Average Closing Price of the Shares excluding Related Expenses.

For the above purposes:

“**Average Closing Price**” means the average of the last dealt prices of a Share for the five consecutive market days on which the Shares are transacted on the SGX-ST, or, as the case may be, such other stock exchange on which the Shares are listed or quoted, immediately preceding the date of the Market Purchase by the Company, or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted in accordance with the listing rules of the SGX-ST for any corporate action which occurs after the relevant five-day period; and

“**date of the making of the offer**” means the date on which the Company makes an offer for the purchase or acquisition of Shares from holders of Shares, stating therein the purchase price (which shall not be more than the Maximum Price) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

- 2.4 **Status of purchased or acquired Shares.** Under the Companies Act, the Shares purchased or acquired by the Company shall be deemed cancelled immediately on purchase or acquisition, and all rights and privileges attached to those Shares will expire on cancellation, unless such Shares are held by the Company as treasury shares. The total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company which are cancelled and are not held as treasury shares. The Directors will decide whether the Shares purchased or acquired by the Company will be held as treasury shares and/or cancelled, depending on the needs of the Company at that time. It is presently intended by the Company that Shares which are purchased or acquired by the Company will be held as treasury shares, up to the maximum number of treasury shares permitted by law to be held by the Company.

2.5 **Treasury shares.** Under the Companies Act, the Shares purchased or acquired by the Company may be held or dealt with as treasury shares. Some of the provisions on treasury shares under the Companies Act are summarised below.

(a) Maximum holdings

The number of Shares held as treasury shares cannot at any time exceed 10% of the total number of issued Shares. For this purpose, any Shares that are held by subsidiaries in the circumstances referred to in Sections 21(4B) and 21(6C) of the Companies Act shall be included in computing the 10% limit.

(b) Voting and other rights

The Company cannot exercise any right in respect of treasury shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Companies Act, the Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution of the Company's assets may be made, to the Company in respect of treasury shares. However, the allotment of Shares as fully paid bonus shares in respect of treasury shares is allowed. A subdivision or consolidation of any treasury share into treasury shares of a greater or smaller number is also allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

(c) Disposal and cancellation

Where Shares are held as treasury shares, the Company may at any time but subject always to the Singapore Take-over Code:

- (i) sell the treasury shares for cash;
- (ii) transfer the treasury shares for the purposes of or pursuant to any share scheme, whether for employees, Directors or other persons;
- (iii) transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (iv) cancel the treasury shares; or
- (v) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister for Finance.

Under the SGX-ST Listing Manual, an immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares (in each case, the “usage”). Such announcement must include details such as the date of the usage, the purpose of the usage, the number of treasury shares of the usage, the number of treasury shares before and after the usage, the percentage of the number of treasury shares of the usage against the total number of issued shares (of the same class as the treasury shares) which are listed on the SGX-ST before and after the usage, and the value of the treasury shares of the usage.

2.6 **Source of funds.** In purchasing or acquiring Shares pursuant to the Share Purchase Mandate, the Company may only apply funds legally available for such purchase or acquisition in accordance with the Constitution of the Company and applicable laws. Under the Companies Act, any payment made by the Company in consideration of the purchase or acquisition of its Shares may be made out of the Company's capital and/or profits so long as the Company is solvent.

The Company intends to use internal sources of funds, external borrowings, or a combination of internal resources and external borrowings, to finance purchases or acquisitions of its Shares. The Directors do not propose to exercise the Share Purchase Mandate to such extent that it would materially affect the working capital requirements, financial flexibility or investment ability of the Group.

- 2.7 **Financial effects.** The financial effects on the Group and the Company arising from purchases or acquisitions of Shares which may be made pursuant to the Share Purchase Mandate will depend on, *inter alia*, whether the Shares are purchased or acquired out of capital and/or profits of the Company, the aggregate number of Shares purchased or acquired, the consideration paid at the relevant time, the amount (if any) borrowed by the Company to fund the purchases or acquisitions and whether the Shares purchased or acquired are cancelled or held as treasury shares. The financial effects on the Group and the Company based on the audited financial statements of the Group and the Company for the financial year ended 31 December 2018 are based on the assumptions set out below.

(a) Purchase or acquisition out of capital and/or profits

Under the Companies Act, purchases or acquisitions of Shares by the Company may be made out of the Company's capital and/or profits so long as the Company is solvent.

Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced.

Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of profits, such consideration will correspondingly reduce the amount available for the distribution of cash dividends by the Company.

(b) Maximum Price paid for Shares purchased or acquired

Based on 4,162,813,855 issued Shares (excluding treasury shares and subsidiary holdings) as at the Latest Practicable Date, the purchase or acquisition by the Company of 2% of such Shares will result in the purchase or acquisition of 83,256,277 Shares.

Assuming that the Company purchases or acquires the 83,256,277 Shares at the Maximum Price, in the case of both Market Purchases and Off-Market Purchases, the maximum amount of funds required for the purchase or acquisition of the 83,256,277 Shares is approximately \$305.6 million, based on \$3.67 for one Share (being the price equivalent to 5% above the Average Closing Price of the Shares traded on the SGX-ST for the five consecutive market days immediately preceding the Latest Practicable Date).

For illustrative purposes only, on the basis of the assumptions set out above as well as the following:

- (A) the Share Purchase Mandate had been effective on 1 January 2018;
- (B) there was no issuance of Shares, whether pursuant to the vesting of Awards or the conversion of Convertible Bonds or otherwise, after the Latest Practicable Date;
- (C) there was no usage and/or cancellation of treasury shares after the Latest Practicable Date; and
- (D) such Share purchases or acquisitions are funded by internal and/or external resources of the Group,

the financial effects on the audited financial statements of the Group and the Company for the financial year ended 31 December 2018 would have been as hereafter set out.

	Market Purchase or Off-Market Purchase			
	Company		Group	
	Before Share Purchase \$M	After Share Purchase \$M	Before Share Purchase \$M	After Share Purchase \$M
At 31 December 2018				
Total equity	10,312	10,001	33,307	32,996
NTA	10,311	10,000	18,318	18,007
Current assets	1,182	871	12,446	12,135
Current liabilities	837	837	9,395	9,395
Working capital	345	34	3,051	2,740
Net debt	2,036	2,036	18,574	18,885
No. of issued Shares (in Million)	4,163	4,080	4,163	4,080
Financial indicators				
NTA per Share (\$)	2.48	2.45	4.40	4.41
Gearing (Net D/E) (times)	0.20	0.20	0.56	0.57
Current ratio (times)	1.41	1.04	1.32	1.29
Basic EPS (cents)	10.12	10.20	42.05	42.77

Notes:

- (1) NTA means Net Tangible Assets.
Net D/E means Net Debt-to-Equity.
EPS means Earnings Per Share.
- (2) The disclosed financial effects remain the same irrespective of whether:
 - (a) the purchase of the Shares is effected out of capital or profits; or
 - (b) the purchased Shares are held in treasury or are cancelled.
- (3) NTA equals total equity less non-controlling interests and intangible assets. NTA per Share is calculated based on the number of issued Shares excluding treasury shares and subsidiary holdings.
- (4) Current ratio equals current assets divided by current liabilities.

SHAREHOLDERS SHOULD NOTE THAT THE FINANCIAL EFFECTS SET OUT ABOVE ARE BASED ON THE AUDITED FINANCIAL STATEMENTS OF THE GROUP AND THE COMPANY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 AND ARE FOR ILLUSTRATION ONLY. THE RESULTS OF THE GROUP AND THE COMPANY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 MAY NOT BE REPRESENTATIVE OF FUTURE PERFORMANCE.

It should be noted that although the Share Purchase Mandate would authorise the Company to purchase or acquire up to 2% of the issued Shares (excluding treasury shares and subsidiary holdings), the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire 2% of the issued Shares (excluding treasury shares and subsidiary holdings) as mandated. In addition, the Company may cancel or hold in treasury all or part of the Shares purchased or acquired. The Company will take into account both financial and non-financial factors (for example, stock market conditions and the performance of the Shares) in assessing the relative impact of a share purchase before execution.

- 2.8 **Taxation.** Shareholders who are in doubt as to their respective tax positions or any tax implications, or who may be subject to tax in a jurisdiction outside Singapore, should consult their own professional advisers.

- 2.9 **Listing status of the Shares.** The SGX-ST Listing Manual requires a listed company to ensure that at least 10% of the total number of its issued shares (excluding treasury shares, preference shares and convertible equity securities) in a class that is listed on the SGX-ST, is held by public shareholders at all times. As at the Latest Practicable Date, approximately 52.35% of the issued Shares are held by public shareholders. Accordingly, the Company is of the view that there is a sufficient number of Shares held by public shareholders which would permit the Company to undertake purchases or acquisitions of its Shares through Market Purchases up to the full 2% limit pursuant to the Share Purchase Mandate without affecting the listing status of the Shares on the SGX-ST. The Company will consider investor interests when maintaining a liquid market in its securities, and will ensure that there is a sufficient float for an orderly market in its securities when purchasing its Shares.
- 2.10 **SGX-ST Listing Rules.** The SGX-ST Listing Manual restricts a listed company from purchasing its shares by way of market purchases at a price per share which is more than 5% above the “average closing price”, being the average of the closing market prices of the shares over the last five market days on which transactions in the shares were recorded, before the day on which the purchases were made, as deemed to be adjusted for any corporate action that occurs after the relevant five-day period. The Maximum Price for a Share in relation to Market Purchases referred to in paragraph 2.3 above complies with this requirement. Although the SGX-ST Listing Manual does not prescribe a maximum price in relation to purchases or acquisitions of shares by way of off-market purchases, the Company has set a cap of 5% above the average closing price of a Share as the Maximum Price for a Share to be purchased or acquired by way of an Off-Market Purchase.

While the SGX-ST Listing Manual does not expressly prohibit any purchase or acquisition of shares by a listed company during any particular time or times, because the listed company would be regarded as an “insider” in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the Share Purchase Mandate at any time after any matter or development of a price sensitive nature has occurred or has been the subject of consideration and/or a decision of the Directors until such price sensitive information has been publicly announced. In particular, in line with the Company’s internal guide on securities dealings, the Company will not purchase or acquire any Shares through Market Purchases during the two weeks immediately preceding, and up to the time of the announcement of, the Company’s results for each of the first three quarters of its financial year and during the one month preceding, and up to the time of announcement of, the Company’s results for the full financial year.

- 2.11 **Reporting requirements.** The SGX-ST Listing Manual requires a listed company to report all purchases or acquisitions of its shares to the SGX-ST not later than 9.00 a.m. (a) in the case of a market purchase, on the market day following the day of purchase or acquisition of any of its shares, and (b) in the case of an off-market purchase under an equal access scheme, on the second market day after the close of acceptances of the offer. Such announcement (in such form prescribed by the SGX-ST Listing Manual), must include details such as the date of the purchase, the total number of shares purchased, the purchase price per share or the highest and lowest prices paid for such shares, as applicable, and the total consideration (including stamp duties and clearing charges) paid or payable for the shares.

In addition, the Directors are required under the Companies Act to lodge with the Registrar of Companies (as appointed under the Companies Act) within 30 days after the purchase or acquisition of Shares on the SGX-ST the notice of purchase or acquisition in the prescribed form and providing certain particulars including the date of the purchase or acquisition, the number of Shares purchased or acquired, the number of Shares cancelled, the number of Shares held as treasury shares, the issued share capital of the Company before and after the purchase or acquisition, the amount of consideration paid by the Company for the purchase or acquisition of the Shares, and whether the Shares were purchased or acquired out of the profits or the capital of the Company.

2.12 **Take-over implications.** Appendix 2 of the Singapore Take-over Code contains the Share Buy-Back Guidance Note. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below.

(a) Obligation to make a take-over offer

If, as a result of any purchase or acquisition by the Company of its Shares, the proportionate interest in the voting capital of the Company of a Shareholder and persons acting in concert with him/her increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Singapore Take-over Code. Consequently, a Shareholder or a group of Shareholders acting in concert with a Director could obtain or consolidate effective control of the Company and become obliged to make an offer under Rule 14 of the Singapore Take-over Code.

(b) Persons acting in concert

Under the Singapore Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company to obtain or consolidate effective control of that company.

Unless the contrary is established, the Singapore Take-over Code presumes, *inter alia*, the following individuals and companies to be persons acting in concert with each other:

- (i) the following companies:
 - (A) a company (“**A**”);
 - (B) the parent company of (A) (“**B**”);
 - (C) the subsidiaries of (A) (each, “**C**”);
 - (D) the fellow subsidiaries of (A) (each, “**D**”);
 - (E) the associated companies of any of (A), (B), (C) or (D) (each, “**E**”);
 - (F) companies whose associated companies include any of (A), (B), (C), (D) or (E); and
 - (G) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing companies for the purchase of voting rights; and
- (ii) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts).

The circumstances under which Shareholders, including Directors and persons acting in concert with them respectively, will incur an obligation to make a take-over offer under Rule 14 of the Singapore Take-over Code after a purchase or acquisition of Shares by the Company are set out in Appendix 2 of the Singapore Take-over Code.

(c) Effect of Rule 14 and Appendix 2 of the Singapore Take-over Code

In general terms, the effect of Rule 14 and Appendix 2 of the Singapore Take-over Code is that, unless exempted, Directors and persons acting in concert with them will incur an obligation to make a take-over offer under Rule 14 of the Singapore Take-over Code if, as a

result of the Company purchasing or acquiring Shares, the voting rights of such Directors and their concert parties would increase to 30% or more, or in the event that such Directors and their concert parties hold between 30% and 50% of the Company's voting rights, if the voting rights of such Directors and their concert parties would increase by more than 1% in any period of six months. In calculating the percentages of voting rights of such Directors and their concert parties, treasury shares shall be excluded.

Under Appendix 2 of the Singapore Take-over Code, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 of the Singapore Take-over Code if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of six months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Purchase Mandate.

Based on the interests of the Substantial Shareholders in Shares recorded in the Company's Register of Substantial Shareholders as at the Latest Practicable Date, none of the Substantial Shareholders would become obliged to make a take-over offer for the Company under Rule 14 of the Singapore Take-over Code as a result of any purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate of the maximum limit of 2% of its issued Shares (excluding treasury shares and subsidiary holdings) as at the Latest Practicable Date.

SHAREHOLDERS WHO ARE IN DOUBT AS TO THEIR OBLIGATIONS, IF ANY, TO MAKE A MANDATORY TAKE-OVER OFFER UNDER THE SINGAPORE TAKE-OVER CODE AS A RESULT OF ANY PURCHASE OR ACQUISITION OF SHARES BY THE COMPANY SHOULD CONSULT THE SECURITIES INDUSTRY COUNCIL AND/OR THEIR PROFESSIONAL ADVISERS AT THE EARLIEST OPPORTUNITY.

- 2.13 **Particulars of Shares purchased in the past year.** As at the Latest Practicable Date, the Company had, pursuant to and in accordance with the terms of the Share Purchase Mandate approved at the 2018 AGM, purchased an aggregate of 38,074,900 Shares by way of Market Purchases effected on the SGX-ST. The highest and lowest prices paid were \$3.60 and \$3.28 per Share, respectively, and the total consideration paid for all purchases was \$132.9 million, excluding Related Expenses.

3. THE PROPOSED NEW SHARE PLANS

- 3.1 **Existing and previous share plans.** The Company has in place the following existing share plans:

- (a) the CapitaLand Performance Share Plan 2010 (the "**CapitaLand PSP 2010**"); and
 - (b) the CapitaLand Restricted Share Plan 2010 (the "**CapitaLand RSP 2010**"),
- (together, the "**Existing Share Plans**").

The Existing Share Plans were adopted at an extraordinary general meeting of the Company held on 16 April 2010. Each of the Existing Share Plans has a duration of 10 years commencing on the date of adoption, that is, 10 years commencing on 16 April 2010. The Existing Share Plans are accordingly due to expire on 15 April 2020.

The Company proposes to adopt the new CapitaLand PSP 2020 and CapitaLand RSP 2020 (together, the "**New Share Plans**") to replace, with effect from 1 April 2020, the existing CapitaLand PSP 2010 and CapitaLand RSP 2010, respectively.

The adoption of the new CapitaLand PSP 2020 and termination of the existing CapitaLand PSP 2010 will be tabled as Resolution 10 for Shareholders' approval at the AGM. The adoption of the CapitaLand RSP 2020 and termination of the existing CapitaLand RSP 2010 will be tabled as Resolution 11 for Shareholders' approval at the AGM. The termination of the Existing Share Plans will not, however, affect awards granted prior to such termination, whether such awards have been released (whether fully or partially) or not.

The SGX-ST has on 31 January 2019 granted its in-principle approval for the listing and quotation of the new Shares to be allotted and issued pursuant to the New Share Plans, subject to:

- (i) Shareholders' approval for the New Share Plans being obtained; and
- (ii) the Company's compliance with the SGX-ST's listing requirements and guidelines.

The SGX-ST's approval in-principle for the listing and quotation of the new Shares on the Main Board of the SGX-ST is not to be taken as an indication of the merits of the New Share Plans, the new Shares, the Company and/or its subsidiaries.

Details of the New Share Plans are set out in paragraphs 3.4 to 3.10 below.

The Company previously also had in place the CapitaLand Share Option Plan (the "CL SOP"), the CapitaLand Performance Share Plan (the "CL PSP") and the CapitaLand Restricted Share Plan (the "CL RSP"), which were adopted at an extraordinary general meeting of the Company held on 16 November 2000. The CL SOP expired on 15 November 2010, and there are no outstanding options under the CL SOP. The Company did not replace the CL SOP with another share option plan. The CL PSP and the CL RSP terminated on 16 April 2010 following the adoption of the Existing Share Plans. There are no outstanding awards under the CL PSP and the CL RSP.

3.2 Existing Awards. As at the Latest Practicable Date:

- (a) there are outstanding Awards ("PSP Awards") granted to 62 participants under the CapitaLand PSP 2010 in respect of up to a maximum of 18,326,466 Shares, representing approximately 0.44% of the issued Shares (excluding treasury shares and subsidiary holdings) as at the Latest Practicable Date;
- (b) an aggregate of 1,179,122 Shares (representing approximately 0.03% of the issued Shares (excluding treasury shares and subsidiary holdings) as at the Latest Practicable Date) have been allotted and issued and/or delivered pursuant to the vesting of PSP Awards granted under the CapitaLand PSP 2010 since the commencement of the CapitaLand PSP 2010;
- (c) there are outstanding Awards ("RSP Awards") granted to 1,487 participants under the CapitaLand RSP 2010 in respect of up to a maximum of 27,250,004 Shares (comprising 12,808,430 Shares which have vested but have not been released and up to a maximum of 14,441,574 Shares which have not vested and have not been released), representing approximately 0.65% of the issued Shares (excluding treasury shares and subsidiary holdings) as at the Latest Practicable Date; and
- (d) an aggregate of 52,854,075 Shares (representing approximately 1.27% of the issued Shares (excluding treasury shares and subsidiary holdings) as at the Latest Practicable Date) have been allotted and issued and/or delivered pursuant to the vesting of RSP Awards granted under the CapitaLand RSP 2010 since the commencement of the CapitaLand RSP 2010.

Details of a Director's interest in existing PSP Awards which are outstanding and unvested as at the Latest Practicable Date are as follows:

Director	Date of PSP Award	No. of Shares comprised in baseline PSP Award⁽¹⁾
Mr Lee Chee Koon	1 April 2016	206,456
	2 May 2017	197,653
	2 April 2018	142,437

Details of a Director's interest in existing RSP Awards which are outstanding and unvested as at the Latest Practicable Date are as follows:

Director	Date of RSP Award	No. of Shares comprised in baseline and unvested RSP Award
Mr Lee Chee Koon	1 April 2016	41,018 ^{(2),(5)}
	2 May 2017	95,851 ^{(3),(5)}
	2 April 2018	142,437 ^{(4),(5)}

Notes:

- (1) The final number of Shares to be released will depend on the achievement of pre-determined targets over a three-year performance period. No Share will be released if the threshold targets are not met at the end of the performance period. On the other hand, if superior targets are met, more Shares than the baseline Award could be delivered up to a maximum of 200% of the baseline Award.
- (2) Being the unvested remaining one-third of the Award.
- (3) Being the unvested two-thirds of the Award.
- (4) The final number of Shares to be released will depend on the achievement of pre-determined targets over a one-year performance period and the release will be over a vesting period of three years. No Share will be released if the threshold targets are not met at the end of the performance period. On the other hand, if superior targets are met, more Shares than the baseline Award could be delivered up to a maximum of 150% of the baseline Award.
- (5) An additional number of Shares of a total value equal to the value of the accumulated dividends which are declared during each of the vesting periods and deemed foregone due to the vesting mechanism of the CapitaLand RSP 2010, will also be released on the final vesting.

As at the Latest Practicable Date, an aggregate of 36,309 Shares have been allotted and issued and/or delivered to Mr Lee Chee Koon upon vesting of Awards granted under the CapitaLand PSP 2010 since the commencement of the CapitaLand PSP 2010, and an aggregate of 496,825 Shares have been allotted and issued and/or delivered to Mr Lee Chee Koon upon vesting of Awards granted under the CapitaLand RSP 2010 since the commencement of the CapitaLand RSP 2010.

Beginning with the financial year ended 31 December 2011, approximately 30% of the aggregate Directors' remuneration of the non-executive Directors approved by Shareholders for the particular financial year ("**Directors' Fees**") was paid in the form of Awards granted under the CapitaLand RSP 2010 in lieu of cash. Such Awards consisted of fully paid Shares with no performance conditions attached, and no vesting periods imposed, although a share retention policy was applied. The Directors as at the Latest Practicable Date who were paid part of their Directors' Fees in the form of Awards granted under the CapitaLand RSP 2010 since the commencement of the CapitaLand RSP 2010, were as follows:

Directors	Date of Appointment as Director	Aggregate No. of Shares allotted and issued and/or delivered in the form of RSP Awards (Share-component of Directors' Fees)
Mr Ng Kee Choe	16 April 2010	336,578
Ms Euleen Goh Yiu Kiang	1 October 2011	107,613
Tan Sri Amirsham Bin A Aziz	30 July 2012	108,764
Mr Stephen Lee Ching Yen	1 January 2013	72,587
Dr Philip Nalliah Pillai	25 April 2014	53,130
Mr Kee Teck Koon	22 September 2014	47,659
Mr Chaly Mah Chee Kheong	1 February 2017	13,387
Mr Anthony Lim Weng Kin	11 August 2017	5,630
Ms Goh Swee Chen	1 September 2017	3,388

Mr Gabriel Lim Meng Liang was appointed as Director on 11 August 2017 and all of his Directors' Fees are paid in cash to a government agency, The Directorship & Consultancy Appointments Council.

Save as disclosed in this letter, and save for the performance conditions, vesting periods (if any) and/or other conditions (if any) attached to the PSP Awards and/or RSP Awards, there are no material conditions to which the PSP Awards and/or RSP Awards are subject.

Subject to approval by the Executive Resource and Compensation Committee (“**ERCC**”) of the Company, whose function is to assist the Directors in reviewing remuneration and human resource matters in the Company in accordance with its terms of reference, grants of PSP Awards and RSP Awards may continue to be made prior to the termination of the Existing Share Plans. As stated in paragraph 3.1 above, the Existing Share Plans are proposed to be terminated and replaced by the New Share Plans with effect from 1 April 2020.

However, PSP Awards and RSP Awards granted and outstanding prior to the termination of the Existing Share Plans will continue to be valid and be subject to the terms and conditions of the Existing Share Plans.

No Awards have been granted to controlling shareholders of the Company or associates of such controlling shareholders under the Existing Share Plans.

3.3 **Definitions.** For the purposes of paragraphs 3.4 to 3.11 below and in relation to the New Share Plans, the following expressions shall have the following meanings:

“**Associated Company**” means a company in which at least 20% but not more than 50% of its shares are held by the Company and/or its subsidiaries, or a subsidiary of such company, and over whose management the Company has control (as defined in the SGX-ST Listing Manual);

“**Associated Company Employee**” means any employee of an Associated Company (including any Associated Company Executive Director);

“**Associated Company Executive Director**” means a director of an Associated Company who performs an executive function;

“**Award**” means an award of Shares granted under the CapitaLand PSP 2020 and/or the CapitaLand RSP 2020;

“**Award Date**” means, in relation to an Award, the date on which the Award is granted pursuant to the CapitaLand PSP 2020 and/or the CapitaLand RSP 2020;

“Award Letter” means a letter in such form as the Committee shall approve confirming an Award granted to a Participant by the Committee;

“Committee” means a committee comprising Directors duly authorised and appointed by the Board to administer the CapitaLand PSP 2020 and the CapitaLand RSP 2020;

“Group Employee” means any employee of the Group including any Group Executive Director;

“Group Executive Director” means a director of the Company and/or any of its subsidiaries, as the case may be, who performs an executive function;

“Non-Executive Director” means a director of:

- (a) the Company and/or any of its subsidiaries, other than a Group Executive Director; or
- (b) an Associated Company, other than an Associated Company Executive Director; and

“Participant” means the holder of an Award.

- 3.4 **Rationale.** The new CapitaLand PSP 2020 and CapitaLand RSP 2020 are intended to replace, with effect from 1 April 2020, the existing CapitaLand PSP 2010 and CapitaLand RSP 2010 respectively, both of which are due to expire on 15 April 2020 and which will be terminated with effect from 1 April 2020.

The New Share Plans are proposed to increase the Company’s flexibility and effectiveness in its continuing efforts to reward, retain and motivate employees to achieve superior performance. The New Share Plans will strengthen the Company’s competitiveness in attracting and retaining talented key senior management and executives.

The CapitaLand RSP 2020 is intended to apply to a broader base of executives as well as to the Non-Executive Directors, while the CapitaLand PSP 2020 is intended to apply to a select group of key senior management. Generally, it is envisaged that the range of performance targets to be set under the CapitaLand RSP 2020 and the CapitaLand PSP 2020 will be different, with the latter emphasising stretched or strategic targets aimed at sustaining longer term growth.

The New Share Plans will provide incentives to high performing key senior management and executives to excel in their performance and encourage greater dedication and loyalty to the Company. Through the New Share Plans, the Company will be able to motivate key senior management and executives to continue to strive for the Group’s long-term shareholder value. In addition, the New Share Plans aim to foster a greater ownership culture within the Group which aligns the interests of Participants with the interests of Shareholders, and to improve performance and achieve sustainable growth for the Company in the changing business environment.

The New Share Plans use methods fairly common among major local and multinational companies to incentivise and motivate key senior management and executives to achieve pre-determined targets which create and enhance economic value for Shareholders. The Company believes that the New Share Plans will be effective tools in motivating key senior management and executives to strive to deliver long-term shareholder value.

For Participants who are employees of the Group and Associated Companies, the New Share Plans contemplate the award of fully paid Shares, when and after pre-determined performance or service conditions are met.

In addition, the CapitaLand RSP 2020 will also enable grants of fully paid Shares to be made to Non-Executive Directors as part of their remuneration in respect of their office as such in lieu of cash.

A Participant's Awards under the New Share Plans will be determined at the sole and absolute discretion of the Committee. In considering an Award to be granted to a Participant who is an employee of the Group or an Associated Company, the Committee may take into account, *inter alia*, the Participant's performance during the relevant period, and his capability, entrepreneurship, scope of responsibility and skill set.

3.4.1 *The Proposed CapitaLand PSP 2020*

One of the primary objectives of the CapitaLand PSP 2020 is to further motivate key senior management to strive for superior performance and to deliver long-term shareholder value. The CapitaLand PSP 2020 is targeted at senior management in key positions who shoulder the responsibility for the Company's performance and who are able to drive the growth of the Company through superior performance.

Awards granted under the CapitaLand PSP 2020 are performance-based. Performance targets set under the CapitaLand PSP 2020 are intended to be based on medium-term corporate objectives covering market competitiveness, quality of returns, business growth and productivity growth. The performance targets are stretched targets aimed at driving long-term growth. Examples of performance targets to be set include multi-year targets based on criteria such as total shareholders' return, return on equity, economic value added, market ranking or return on sales.

3.4.2 *The Proposed CapitaLand RSP 2020*

One of the primary objectives of the CapitaLand RSP 2020 is to serve as an additional motivational tool to recruit and retain talented executives as well as to reward for Company and individual performance. In addition, the CapitaLand RSP 2020 acts as an enhancement of the Group's overall compensation packages, strengthening the Group's ability to attract and retain high performing talent. Potential executive hires who decide on a career switch often have to forego substantial share options or share incentives when they join the Group. Through the CapitaLand RSP 2020, the Company will be able to compensate such new hires for share options or share incentives that they may have to forego when they join the Group.

Awards granted under the CapitaLand RSP 2020 to employees of the Group and Associated Companies will typically vest only after the satisfactory completion of time-based service conditions, that is, after the Participant has served the Group or Associated Company for a specified number of years (time-based restricted Awards) or, where the Award is performance-related (performance-based restricted Awards), after a further period of service beyond the performance target completion date. No minimum vesting periods are prescribed under the CapitaLand RSP 2020, and the length of the vesting period(s) in respect of each Award will be determined on a case-by-case basis.

A time-based restricted Award may be granted, for example, as a supplement to the cash component of the remuneration packages of executives. A performance-based restricted Award may be granted, for example, with a performance target based on the successful completion of a project, or on the Company meeting certain specified corporate target(s), and thereafter with a further vesting period to encourage the Participant to continue serving the Group for a further period of time following completion of the project.

For Participants who are employees of the Group and Associated Companies, it is the intention of the Company to award performance-based restricted Awards to ensure that the earning of Shares under the CapitaLand RSP 2020 is aligned with the pay-for-performance principle. The use of time-based restricted Awards in such instances will only be made on a case-by-case basis where business needs justify such Awards.

The CapitaLand RSP 2020 will also enable grants of fully paid Shares to be made to Non-Executive Directors as part of their remuneration in respect of their office as such in lieu of cash. Currently, the intention is for the Committee to be given the discretion to pay out 30% (or such percentage as determined by the Committee) of the aggregate Directors' remuneration approved by Shareholders for a particular financial year in the form of Shares comprised in Awards granted under the CapitaLand RSP 2020. No performance conditions may be attached to Awards granted to Non-Executive Directors under the CapitaLand RSP 2020. Although the CapitaLand RSP 2020 will permit time-based vesting periods to be imposed on such Awards, the current intention is that such Awards will consist of the grant of fully paid Shares outright, with no vesting periods imposed. However, in order to encourage the alignment of the interests of the Non-Executive Directors with the interests of Shareholders, it is currently intended that a retention period, during which the Shares awarded may not be transferred or otherwise disposed of (except to the extent set out in the Award Letter or with the prior approval of the Committee), will be imposed in respect of Shares awarded to Non-Executive Directors under the CapitaLand RSP 2020.

3.4.3 ***Flexibility of Grants***

Participants who are employees of the Group or an Associated Company may be granted Awards under both the CapitaLand PSP 2020 and the CapitaLand RSP 2020. For example, an individual Participant who is a key senior management staff may be granted an Award under the CapitaLand PSP 2020 based on specified medium-term critical target objectives (for example, targets relating to total shareholder return, market position and Company profitability and growth) over the next three years which vests at the end of the performance period. Concurrently, the individual could also be granted an Award under the CapitaLand RSP 2020 based on different performance targets (for example, ensuring that a particular project is successfully completed on time or that the Company meets certain specified corporate target(s)) and with a longer vesting period with the aim of retaining the individual as the Company's employee. It is unlikely that performance targets for any individual Participant under the CapitaLand PSP 2020 and the CapitaLand RSP 2020 will be identical.

3.4.4 ***Participation by Associated Company Employees in the New Share Plans***

While the New Share Plans cater principally to Group Employees, it is recognised that there may be individuals who are able to make significant contributions to the Group through their close working relationship with the Group, even though they are not employed within the Group. Such persons include the Associated Company Employees.

Associated Company Employees are expected to work closely with the Group to provide services, knowledge, expertise, assistance and support to the Group on a continuing basis in the development and implementation of business strategies, investments and projects in which the Company or the Group has interests. The extension of the New Share Plans to Associated Company Employees allows the Group to have a fair and equitable system to reward Associated Company Employees who have made and who continue to make significant contributions to the long-term growth of the Group.

- 3.5 **Summary of Rules.** The following are summaries of the principal rules of the CapitaLand PSP 2020 and the CapitaLand RSP 2020, and should be read in conjunction with paragraphs 3.6 to 3.10 (inclusive) below which describe certain other significant provisions of the New Share Plans.

3.5.1 ***Summary of Rules of CapitaLand PSP 2020***

Eligibility

The following persons, unless they are also controlling shareholders (as defined in the

SGX-ST Listing Manual) of the Company or associates (as defined in the SGX-ST Listing Manual) of such controlling shareholders, are eligible to participate in the CapitaLand PSP 2020 at the sole and absolute discretion of the Committee:

- (a) Group Employees who have attained the legal age of 18 years and hold such rank as may be designated by the Committee from time to time; and
- (b) Associated Company Employees who have attained the legal age of 18 years and hold such rank as may be designated by the Committee from time to time and who, in the opinion of the Committee, have contributed or has potential to contribute to the success of the Group.

Non-Executive Directors will not be eligible to participate in the CapitaLand PSP 2020.

Awards

Awards represent the right of a Participant to receive fully paid Shares, their equivalent cash value or combinations thereof, free of charge, provided that certain prescribed performance conditions are met.

Participants

The selection of a Participant and the number of Shares which are the subject of each Award to be granted to a Participant in accordance with the CapitaLand PSP 2020 shall be determined at the sole and absolute discretion of the Committee, which shall take into account criteria such as his rank, job performance, years of service and potential for future development, his contribution to the success and development of the Group and the extent of effort and difficulty with which the performance condition(s) may be achieved within the performance period.

Details of Awards

The Committee shall decide, in relation to each Award:

- (a) the Participant;
- (b) the Award Date;
- (c) the number of Shares which are the subject of the Award;
- (d) the prescribed performance condition(s);
- (e) the performance period during which the prescribed performance condition(s) are to be satisfied;
- (f) the extent to which Shares, which are the subject of that Award, shall be released on the prescribed performance condition(s) being satisfied (whether fully or partially) or exceeded or not being satisfied, as the case may be, at the end of the performance period;
- (g) the vesting date;
- (h) the retention period (if any); and
- (i) any other condition which the Committee may determine in relation to that Award.

Timing

The Committee has the sole and absolute discretion to grant Awards at any time in the year. An Award Letter confirming the Award and specifying, *inter alia*, the prescribed performance condition(s), the performance period during which the prescribed performance condition(s) are to be satisfied, the extent to which Shares will be released on satisfaction of the prescribed performance condition(s), the vesting date and the retention period (if any), will be sent to each Participant as soon as is reasonably practicable after the making of an Award.

Events Prior to Vesting

Special provisions for the vesting and lapsing of Awards apply in certain circumstances including the following:

- (a) an order being made or a resolution being passed for the winding-up of the Company on the basis of, or by reason of, its insolvency;
- (b) misconduct on the part of a Participant as determined by the Committee in its sole and absolute discretion;
- (c) a Participant ceasing to be in the employment of the Group or the relevant Associated Company, as the case may be, for any reason whatsoever (other than as specified in sub-paragraphs (e), (f), (g) and (h) below);
- (d) the bankruptcy of a Participant or the happening of any other event which results in his being deprived of the legal or beneficial ownership of the Award;
- (e) a Participant ceasing to be in the employment of the Group or the relevant Associated Company, as the case may be, by reason of:
 - (i) ill health, injury or disability (in each case, evidenced to the satisfaction of the Committee);
 - (ii) redundancy;
 - (iii) retirement at or after the legal retirement age;
 - (iv) retirement before the legal retirement age with the consent of the Committee;
 - (v) the company by which he is employed ceasing to be a company within the Group or an Associated Company, as the case may be, or the undertaking or part of the undertaking of such company being transferred to another company outside the Group; or
 - (vi) any other event approved by the Committee;
- (f) (where applicable) the transfer of a Participant's employment from the Group to an Associated Company or *vice versa*;
- (g) the death of the Participant;
- (h) any other event approved by the Committee; or

- (i) a take-over, reconstruction or amalgamation of the Company or an order is made or a resolution is passed for the winding-up of the Company (other than as provided in sub-paragraph (a) above or for reconstruction or amalgamation).

Upon the occurrence of any of the events specified in sub-paragraphs (a), (b) and (c) above, an Award then held by a Participant shall, as provided in the rules of the CapitaLand PSP 2020 and to the extent not yet released, immediately lapse without any claim whatsoever against the Company.

Upon the occurrence of any of the events specified in sub-paragraphs (d), (e), (f), (g) and (h) above, the Committee may, in its sole and absolute discretion, preserve all or any part of any Award and decide as soon as reasonably practicable following such event either to vest and release some or all of the Shares which are the subject of any Award or to preserve all or part of any Award until the end of the relevant performance period and subject to the provisions of the CapitaLand PSP 2020. In exercising its sole and absolute discretion, the Committee will have regard to all circumstances on a case-by-case basis, including (but not limited to) the contributions made by that Participant, the proportion of the performance period which has elapsed and the extent to which the applicable performance conditions and targets have been satisfied.

Upon the occurrence of the event specified in sub-paragraph (i) above, the Committee will consider, at its sole and absolute discretion, whether or not to release any Award, and will take into account all circumstances on a case-by-case basis, including (but not limited to) the contributions made by that Participant. If the Committee decides to release any Award, then in determining the number of Shares to be vested in respect of such Award, the Committee will have regard to the proportion of the performance period which has elapsed and the extent to which the applicable performance conditions and targets have been satisfied.

Operation of the CapitaLand PSP 2020

Subject to the prevailing legislation and the rules of the SGX-ST Listing Manual, the Company will have the flexibility to deliver Shares to Participants upon vesting of their Awards by way of:

- (a) an issue of new Shares; and/or
- (b) the delivery of existing Shares (including treasury shares).

In determining whether to issue new Shares or to deliver existing Shares to Participants upon vesting of their Awards, the Company will take into account factors such as (but not limited to) the number of Shares to be delivered, the prevailing market price of the Shares and the cost to the Company of either issuing new Shares or delivering existing Shares (including treasury shares).

The financial effects of the above methods are discussed in paragraph 3.11 below.

The Company has the flexibility, and if circumstances require, to approve the release of an Award, wholly or partly, in the form of cash rather than Shares.

New Shares allotted and issued, and existing Shares procured by the Company for transfer, pursuant to the release of any Award shall rank in full for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the record date for which is on or after the relevant vesting date, and shall in all other respects rank *pari passu* with other existing Shares then in issue.

The Committee shall have the sole and absolute discretion to determine whether any performance condition has been satisfied (whether fully or partially) or exceeded and in making any such determination, the Committee shall have the right to make reference to the audited results of the Company, the Group or an Associated Company (as the case may be) to take into account such factors as the Committee may determine to be relevant, such as changes in accounting methods, taxes and extraordinary events, and further, the right to amend any performance condition if the Committee decides that an amended performance target would be a fairer measure of performance.

3.5.2 **Summary of Rules of CapitaLand RSP 2020**

Eligibility

The following persons, unless they are also controlling shareholders (as defined in the SGX-ST Listing Manual) of the Company or associates (as defined in the SGX-ST Listing Manual) of such controlling shareholders, are eligible to participate in the CapitaLand RSP 2020 at the sole and absolute discretion of the Committee:

- (a) Group Employees who have attained the legal age of 18 years and hold such rank as may be designated by the Committee from time to time;
- (b) Associated Company Employees who have attained the legal age of 18 years and hold such rank as may be designated by the Committee from time to time and who, in the opinion of the Committee, have contributed or has potential to contribute to the success of the Group; and
- (c) Non-Executive Directors.

Awards

Awards represent the right of a Participant to receive fully paid Shares, their equivalent cash value or combinations thereof, free of charge, provided that (where applicable) certain prescribed performance conditions are met and (where applicable) upon expiry of the prescribed vesting periods.

Participants

The selection of a Participant and the number of Shares which are the subject of each Award to be granted to a Participant in accordance with the CapitaLand RSP 2020 shall be determined at the sole and absolute discretion of the Committee, which shall take into account criteria such as his rank, job performance, years of service and potential for future development, his contribution to the success and development of the Group and (in the case of a performance-related Award) the extent of effort and difficulty with which the performance condition(s) may be achieved within the performance period.

The selection of a Participant and the number of Shares which are the subject of each Award to be granted to a Non-Executive Director in accordance with the CapitaLand RSP 2020 shall be determined at the sole and absolute discretion of the Committee, which shall take into account criteria such as his board and committee (if any) appointment and attendance, and his contribution to the success and development of the Group.

No performance-related Awards may be granted to Non-Executive Directors under the CapitaLand RSP 2020.

Details of Awards

The Committee shall decide, in relation to each Award:

- (a) the Participant;
- (b) the Award Date;
- (c) the number of Shares which are the subject of the Award;
- (d) in the case of performance-related Awards:
 - (i) the prescribed performance condition(s);
 - (ii) the performance period during which the prescribed performance condition(s) are to be satisfied; and
 - (iii) the extent to which Shares, which are the subject of that Award, shall be released on the prescribed performance condition(s) being satisfied (whether fully or partially) or exceeded or not being satisfied, as the case may be, at the end of the performance period;
- (e) the prescribed vesting periods (if any) and the vesting dates (if any);
- (f) the release schedule (if any) setting out the extent to which Shares, which are the subject of that Award, shall be released at the end of each prescribed vesting period;
- (g) the retention period (if any); and
- (h) any other condition which the Committee may determine in relation to that Award.

Timing

The Committee has the sole and absolute discretion to grant Awards at any time in the year. An Award Letter confirming the Award and specifying, *inter alia*, the vesting period (if any), the retention period (if any) and, in relation to a performance-related Award, the prescribed performance condition(s), the performance period during which the prescribed performance condition(s) are to be satisfied and the extent to which Shares will be released on satisfaction of the prescribed performance condition(s), will be sent to each Participant as soon as is reasonably practicable after the making of an Award.

Events Prior to Vesting

Special provisions for the vesting and lapsing of Awards apply in certain circumstances including the following:

- (a) an order being made or a resolution being passed for the winding-up of the Company on the basis of, or by reason of, its insolvency;
- (b) misconduct on the part of a Participant as determined by the Committee in its sole and absolute discretion;
- (c) a Participant ceasing to be in the employment of the Group or the relevant Associated Company, as the case may be, for any reason whatsoever (other than as specified in sub-paragraphs (e), (f), (h) and (i) below);

- (d) the bankruptcy of a Participant or the happening of any other event which results in his being deprived of the legal or beneficial ownership of the Award;
- (e) a Participant ceasing to be in the employment of the Group or the relevant Associated Company, as the case may be, by reason of:
 - (i) ill health, injury or disability (in each case, evidenced to the satisfaction of the Committee);
 - (ii) redundancy;
 - (iii) retirement at or after the legal retirement age;
 - (iv) retirement before the legal retirement age with the consent of the Committee;
 - (v) the company by which he is employed ceasing to be a company within the Group or an Associated Company, as the case may be, or the undertaking or part of the undertaking of such company being transferred to another company outside the Group; or
 - (vi) any other event approved by the Committee;
- (f) (where applicable) the transfer of the Participant's employment from the Group to an Associated Company or *vice versa*;
- (g) the Participant ceasing to be a Non-Executive Director for any reason whatsoever;
- (h) the death of the Participant;
- (i) any other event approved by the Committee; or
- (j) a take-over, reconstruction or amalgamation of the Company or an order is made or a resolution is passed for the winding-up of the Company (other than as provided in sub-paragraph (a) above or for reconstruction or amalgamation).

Upon the occurrence of any of the events specified in sub-paragraphs (a), (b) and (c) above, an Award then held by a Participant shall, as provided in the rules of the CapitaLand RSP 2020 and to the extent not yet released, immediately lapse without any claim whatsoever against the Company.

Upon the occurrence of any of the events specified in sub-paragraphs (d), (e), (f), (g), (h) and (i) above, the Committee may, in its sole and absolute discretion, preserve all or any part of any Award and decide as soon as reasonably practicable following such event either to vest and release some or all of the Shares which are the subject of any Award or to preserve all or part of any Award until the end of the relevant performance period (if any) and/or each vesting period (if any) and subject to the provisions of the CapitaLand RSP 2020. In exercising its sole and absolute discretion, the Committee will have regard to all circumstances on a case-by-case basis, including (but not limited to) the contributions made by that Participant, the proportion of the vesting periods which have elapsed and, in the case of performance-related Awards, the proportion of the performance period which has elapsed and the extent to which the applicable performance conditions and targets have been satisfied.

Upon the occurrence of the event specified in sub-paragraph (j) above, the Committee will consider, at its sole and absolute discretion, whether or not to release any Award, and will take into account all circumstances on a case-by-case basis, including (but not limited to)

the contributions made by that Participant. If the Committee decides to release any Award, then in determining the number of Shares to be vested in respect of such Award, the Committee will have regard to the proportion of the vesting periods which have elapsed and, in the case of a performance-related Award, the extent to which the applicable performance conditions and targets have been satisfied.

Operation of the CapitalLand RSP 2020

Subject to the prevailing legislation and the rules of the SGX-ST Listing Manual, the Company will have the flexibility to deliver Shares to Participants upon vesting of their Awards by way of:

- (a) an issue of new Shares; and/or
- (b) the delivery of existing Shares (including treasury shares).

In determining whether to issue new Shares or to deliver existing Shares to Participants upon vesting of their Awards, the Company will take into account factors such as (but not limited to) the number of Shares to be delivered, the prevailing market price of the Shares and the cost to the Company of either issuing new Shares or delivering existing Shares (including treasury shares).

The financial effects of the above methods are discussed in paragraph 3.11 below.

The Company has the flexibility, and if circumstances require, to approve the release of an Award, wholly or partly, in the form of cash rather than Shares.

New Shares allotted and issued, and existing Shares procured by the Company for transfer, pursuant to the release of any Award shall rank in full for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the record date for which is on or after the relevant vesting date, and shall in all other respects rank *pari passu* with other existing Shares then in issue.

The Committee shall have the sole and absolute discretion to determine whether any performance condition has been satisfied (whether fully or partially) or exceeded and in making any such determination, the Committee shall have the right to make reference to the audited results of the Company, the Group or an Associated Company (as the case may be) to take into account such factors as the Committee may determine to be relevant, such as changes in accounting methods, taxes and extraordinary events, and further, the right to amend any performance condition if the Committee decides that an amended performance target would be a fairer measure of performance.

- 3.6 **Clawback right.** The grant of each Award, each release of Shares and each payment in lieu of Shares which would otherwise have been released to the Participant under the New Share Plans is subject to, and conditional upon, the Company's right of clawback ("**Clawback Right**"). The Clawback Right can be exercised at any time during the clawback period ("**Clawback Period**"), which is 6 years following the vesting date of an Award or (in the case of an Award released) the date of release of the Shares to which such Award relates, subject to extension in accordance with the rules of the relevant New Share Plan.

The Clawback Right can be exercised by the Committee under any of the following circumstances:

- (a) the grant of the Award to the Participant was based (in whole or in part) on inaccurate financial statements (irrespective of when such inaccuracy was discovered and

irrespective of who caused such inaccuracy, and whether such financial statements were audited or unaudited);

- (b) the Participant (or any subordinate over whom such Participant had, at the material time, oversight responsibilities) had, at any time, engaged in conduct that:
 - (i) directly or indirectly caused, resulted in and/or contributed to, or is likely (in the opinion of the Committee) to cause, result in and/or contribute to (whether directly or indirectly):
 - (A) any financial loss or reputational harm to the Group, any company within the Group or an Associated Company; and/or
 - (B) the need for a restatement of the financial results or financial statements (whether audited or unaudited) of the Group, any company within the Group or an Associated Company; and/or
 - (C) any adverse change in the risk profile or rating of the Group, any company within the Group or an Associated Company; and/or
 - (ii) is otherwise detrimental to the Group, any company within the Group or an Associated Company, and/or detrimental to the business conducted by the Group, any company within the Group or an Associated Company; or
- (c) the Participant had, at any time, engaged in any misconduct or committed any misfeasance, fraud or breach of trust or duty in relation to the Group, any company within the Group or an Associated Company.

The date on which the Committee makes the determination to exercise the Clawback Right is referred to as the “**Clawback Determination Date**”.

The Committee has the sole and absolute discretion to determine the amount which the Participant is required to return to the Company, subject to a limit being the aggregate of the following (based on all Awards granted to such Participant which remain within the Clawback Period):

- (aa) the prevailing value of all the Shares which have been released to such Participant on or prior to the Clawback Determination Date (“**Released Shares**”);
- (bb) the aggregate value of all cash distributions and cash dividends which have been paid by the Company in respect of the Released Shares on or prior to the Clawback Determination Date (whether received by the Participant or not);
- (cc) the aggregate prevailing value of all dividends-in-specie, bonus shares, rights issues and other rights or benefits (other than the distributions and cash dividends referred to in sub-paragraph (bb) above) which have been distributed in respect of, derived from or attributable to, the Released Shares on or prior to the Clawback Determination Date (whether received by the Participant or not); and
- (dd) the total of the payments made to such Participant (in lieu of Shares which would otherwise have been released to the Participant under the relevant New Share Plan) on or prior to the Clawback Determination Date.

The Clawback Right is in addition, and without prejudice, to any right or remedy that the Company has vis-à-vis a Participant (whether under the New Share Plans, contract, tort or any other theory of law).

3.7 **Size and Duration.** The total number of Shares which may be allotted and issued and/or delivered pursuant to Awards granted under the New Share Plans on any date, when added to:

- (a) the total number of new Shares allotted and issued and/or to be allotted and issued, and issued Shares (including treasury shares and cash equivalents) delivered and/or to be delivered, pursuant to Awards granted under the New Share Plans; and
- (b) all Shares, options or awards granted under any other share schemes of the Company then in force,

shall not exceed 8% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) on the date preceding the date of the relevant Award.

The overall maximum limit of 8% for the New Share Plans will provide sufficient Shares to support the use of Awards in the Company's overall long-term incentive and compensation strategy. It will also provide the Company the means and flexibility to grant Awards as incentive tools in a meaningful and effective manner to encourage staff retention and to align Participants' interests more closely with those of Shareholders.

Nonetheless, Resolutions 10 and 11 relating to the adoption of the CapitaLand PSP 2020 and the CapitaLand RSP 2020, respectively, which are to be proposed at the AGM, provide that the aggregate number of Shares which may be issued, when aggregated with existing Shares (including treasury shares and cash equivalents) delivered and/or to be delivered pursuant to the CapitaLand PSP 2020, the CapitaLand RSP 2020 and all shares, options or awards granted under any other share schemes of the Company then in force, shall not exceed 5% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) from time to time. The Committee believes that the lower level of 5% in Resolutions 10 and 11, in relation to the New Share Plans, is adequate for the Company's current needs. If a higher level (up to the maximum 8% limit allowed) should be required in future, the approval of Shareholders would be sought by the Company for such higher limit at a subsequent general meeting.

The Committee also currently does not intend, in any given year, to grant Awards under the New Share Plans which would comprise more than 1% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) from time to time (the "**Annual Limit**"). However, if the Annual Limit is not fully utilised in any given year, the balance of the unutilised Annual Limit may be used by the Company to make grants of Awards in subsequent years.

The CapitaLand PSP 2020 and the CapitaLand RSP 2020 respectively shall continue in force at the sole and absolute discretion of the Committee, subject to a maximum period of 10 years commencing from 1 April 2020 (being the commencement date of the CapitaLand PSP 2020 and the CapitaLand RSP 2020, respectively), provided always that the CapitaLand PSP 2020 or (as applicable) the CapitaLand RSP 2020, may continue beyond the above stipulated period with the approval of Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

Notwithstanding the expiry or termination of the New Share Plans, Awards made to Participants prior to such expiry or termination will continue to remain valid.

3.8 **Adjustments and Modifications.** The following describes the adjustment events under, and provisions relating to modifications of, the New Share Plans.

3.8.1 **Adjustment Events**

If a variation in the share capital of the Company (whether by way of a bonus or rights issue, reduction, subdivision, consolidation, distribution or otherwise) shall take place or if the

Company shall make a capital distribution or a declaration of a special dividend (whether in cash or in specie), then the Committee may, in its sole and absolute discretion, determine whether:

- (a) the class and/or number of Shares which are the subject of an Award to the extent not yet vested; and/or
- (b) the class and/or number of Shares in respect of which future Awards may be granted under the New Share Plans,

shall be adjusted and if so, the manner in which such adjustments should be made. Any adjustment shall be made in a way that a Participant will not receive a benefit that a Shareholder does not receive.

Unless the Committee considers an adjustment to be appropriate, the issue of securities as consideration for an acquisition or a private placement of securities, or upon the exercise of any options or conversion of any loan stock or any other securities convertible into Shares or subscription rights of any warrants, or the cancellation of issued Shares purchased or acquired by the Company by way of a Market Purchase of such Shares undertaken by the Company on the SGX-ST during the period when a Share Purchase Mandate granted by Shareholders (including any renewal of such mandate) is in force, shall not normally be regarded as a circumstance requiring adjustment.

Any adjustment (except in relation to a bonus issue) must be confirmed in writing by the auditors of the Company (acting only as experts and not as arbitrators) to be, in their opinion, fair and reasonable.

3.8.2 **Modifications**

Each of the New Share Plans may be modified and/or altered at any time and from time to time by a resolution of the Committee, subject to the prior approval of the SGX-ST and such other regulatory authorities as may be necessary.

However:

- (a) in relation to the CapitaLand PSP 2020, no modification or alteration shall alter adversely the rights attached to any Award granted prior to such modification or alteration except with the consent in writing of such number of Participants who, if their Awards were released to them upon the performance condition(s) for their Awards being satisfied in full, would become entitled to not less than three-quarters in number of all the Shares which would fall to be vested upon release of all outstanding Awards upon the performance condition(s) for all outstanding Awards being satisfied in full; and
- (b) in relation to the CapitaLand RSP 2020:
 - (i) in the case of a performance-related Award, no modification or alteration shall alter adversely the rights attached to any such Award granted prior to such modification or alteration except with the consent in writing of such number of Participants who have been granted performance-related Awards and who, if such Awards were released to them upon the performance condition(s) for such Awards being satisfied in full, would become entitled to not less than three-quarters in number of all the Shares which would fall to be vested upon release of all such outstanding Awards upon the performance condition(s) for all such outstanding Awards being satisfied in full; and

- (ii) in the case of an Award other than a performance-related Award, no modification or alteration shall alter adversely the rights attached to any such Award granted prior to such modification or alteration except with the consent in writing of such number of Participants who have been granted Awards other than performance-related Awards and who, if such Awards were released to them on the applicable vesting dates relating to such Awards, would become entitled to not less than three-quarters in number of all the Shares which would fall to be vested upon release of all such outstanding Awards on the relevant vesting dates applicable to all such outstanding Awards.

No alteration shall be made to certain rules of each of the New Share Plans to the advantage of the holders of the Awards except with the prior approval of Shareholders in general meeting.

3.9 Disclosures in Annual Reports. The following disclosures or appropriate negative statements (as applicable) will be made by the Company in its annual report for so long as the New Share Plans continue in operation:

- (a) the names of the members of the Committee administering the New Share Plans;
- (b) in respect of the following Participants of the New Share Plans:
 - (i) Directors of the Company; and
 - (ii) Participants (other than those in sub-paragraph (i) above) who have received Shares pursuant to the release of Awards granted under the New Share Plans which, in aggregate, represent 5% or more of the aggregate of:
 - (A) the total number of new Shares available under the New Share Plans collectively; and
 - (B) the total number of existing Shares delivered pursuant to Awards released under the New Share Plans collectively,

the following information:

- (1) the name of the Participant; and
- (2) the following particulars relating to Shares delivered pursuant to Awards released under the New Share Plans:
 - (aa) the number of new Shares issued to such Participant during the financial year under review; and
 - (bb) the number of existing Shares transferred to such Participant during the financial year under review; and
- (c) in relation to the New Share Plans, the following particulars:
 - (i) the aggregate number of Shares comprised in Awards granted under the New Share Plans since the commencement of the New Share Plans to the end of the financial year under review;
 - (ii) the aggregate number of Shares comprised in Awards which have been released under the New Share Plans during the financial year under review and in respect thereof, the proportion of:

(A) new Shares issued; and

(B) existing Shares transferred and, where existing Shares were purchased for delivery, the range of prices at which such Shares have been purchased,

upon the release of Awards granted under the New Share Plans; and

(iii) the aggregate number of Shares comprised in Awards granted under the New Share Plans which have not been released, as at the end of the financial year under review.

3.10 **Role and Composition of the Committee.** The ERCC will be designated as the Committee responsible for the administration of the New Share Plans. The ERCC currently comprises Mr Ng Kee Choe, Mr Stephen Lee Ching Yen, Mr Kee Teck Koon and Ms Goh Swee Chen, all of whom are Directors of the Company.

In compliance with the requirements of the SGX-ST Listing Manual, a Participant of the New Share Plans who is a member of the ERCC shall not be involved in its deliberations in respect of Awards to be granted to or held by that member of the ERCC.

3.11 **Financial Effects.** The accounting treatment of the Awards granted under the New Share Plans would be in accordance with Singapore Financial Reporting Standard (International) 2, Share-based payment. Participants may receive Shares or their equivalent cash value, or combinations thereof. In the event that the Participants receive Shares, the Awards would be accounted for as equity-settled Share-based transactions, as described in the following paragraphs.

The fair value of employee services received in exchange for the grant of the Awards would be recognised as a charge to the profit and loss account over the period between the grant date and the vesting date of an Award. The total amount of the charge over the vesting period is determined by reference to the fair value of each Award granted at the grant date and the number of Shares vested at the vesting date, with a corresponding credit to reserve account. Before the end of the vesting period, at each balance sheet date, the estimate of the number of Awards that are expected to vest by the vesting date is revised, and the impact of the revised estimate is recognised in the profit and loss account with a corresponding adjustment to equity. After the vesting date, no adjustment to the charge to the profit and loss account is made.

The amount charged to the profit and loss account would be the same whether the Company settles the Awards using new Shares or existing Shares. The amount of the charge to the profit and loss account also depends on whether or not the performance target attached to an Award is a “market condition”, that is, a condition which is related to the market price of the Shares. If the performance target is a market condition, the probability of the performance target being met is taken into account in estimating the fair value of the Shares granted at the grant date, and no adjustments to amounts charged to profit and loss account is made if the market condition is not met. On the other hand, if the performance target is not a market condition, the probability of the target being met is not taken into account in estimating the fair value of the Shares granted at the grant date. Instead, it is subsequently considered at each accounting date in assessing whether the Awards would vest. Thus, where the vesting conditions do not include a market condition, there would be no charge to the profit and loss account if the Awards do not ultimately vest.

The following sets out the financial effects of the New Share Plans.

3.11.1 **Share Capital**

The New Share Plans will result in an increase in the Company’s issued ordinary share capital only if new Shares are issued to Participants. The number of new Shares issued will

depend on, *inter alia*, the size of the Awards granted under the New Share Plans. In any case, the New Share Plans provide that the total number of new Shares to be issued and existing Shares delivered under the New Share Plans will be subject to the maximum limit of 8% of the issued Shares (excluding treasury shares and subsidiary holdings) preceding the date of grant of the relevant Award. If, instead of issuing new Shares to Participants, existing Shares are purchased for delivery to Participants, the New Share Plans will have no impact on the Company's issued ordinary share capital.

3.11.2 **NTA**

As described below in the paragraph on EPS, the New Share Plans are likely to result in a charge to the Company's profit and loss account over the period from the grant date to the vesting date of the Awards. The amount of the charge will be computed in accordance with the accounting method as stated in paragraph 3.11 above. If new Shares are issued under the New Share Plans, there would be no effect on the NTA. However, if instead of issuing new Shares to Participants, existing Shares are purchased for delivery to Participants or the Company pays the equivalent cash value, the NTA would decrease by the cost of the existing Shares delivered or the cash payment, respectively.

Nonetheless, it should be noted that, other than in the case of Awards granted to Non-Executive Directors under the CapitaLand RSP 2020 as described in paragraph 3.4.2 above, the delivery of Shares to Participants under the New Share Plans will generally be contingent upon the Participants meeting prescribed performance targets and conditions.

3.11.3 **EPS**

The New Share Plans are likely to result in a charge to earnings over the period from the grant date to the vesting date, computed in accordance with the accounting method as stated in paragraph 3.11 above.

Nonetheless, it should again be noted that, other than in the case of Awards granted to Non-Executive Directors under the CapitaLand RSP 2020 as described in paragraph 3.4.2 above, the delivery of Shares to Participants under the New Share Plans will generally be contingent upon the Participants meeting prescribed performance targets and conditions.

3.11.4 **Dilutive Impact**

It is expected that the dilutive impact of the New Share Plans on the NTA per Share and EPS will not be significant.

The New Share Plans provide that the aggregate number of new Shares to be issued and existing Shares to be delivered under the New Share Plans will be subject to a maximum limit of 8% of the Company's issued Shares (excluding treasury shares and subsidiary holdings) on the date preceding the date of the relevant Award. This is the same maximum limit applicable to the Existing Share Plans. In addition, as stated in paragraph 3.7 above, the Committee currently does not intend, in any given year, to grant Awards under the New Share Plans which would comprise more than 1% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) from time to time. Accordingly, there will be no significant dilution of Shareholders' shareholding percentages as a result of the introduction of the New Share Plans.

4. **DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS**

- 4.1 **Interests of Directors.** The interests of the Directors in issued Shares, as recorded in the Company's Register of Directors' Shareholdings as at the Latest Practicable Date, are set out below.

Directors	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Mr Ng Kee Choe	346,578	0.0083	-	-	346,578	0.0083
Mr Lee Chee Koon	468,076 ⁽¹⁾	0.0112	-	-	468,076 ⁽¹⁾	0.0112
Ms Euleen Goh Yiu Kiang	113,185	0.0027	-	-	113,185	0.0027
Tan Sri Amirsham Bin A Aziz	108,764	0.0026	-	-	108,764	0.0026
Mr Stephen Lee Ching Yen	72,587	0.0017	-	-	72,587	0.0017
Dr Philip Nalliah Pillai	53,130	0.0013	-	-	53,130	0.0013
Mr Kee Teck Koon	47,659	0.0011	-	-	47,659	0.0011
Mr Chaly Mah Chee Kheong	63,387 ⁽¹⁾	0.0015	-	-	63,387 ⁽¹⁾	0.0015
Mr Anthony Lim Weng Kin	5,630	0.0001	1,000 ⁽²⁾	0.00002	6,630	0.0002
Mr Gabriel Lim Meng Liang	-	-	-	-	-	-
Ms Goh Swee Chen	3,388	0.0001	5,000 ⁽³⁾	0.0001	8,388	0.0002

Notes:

- (1) Shares are held through DBS Nominees (Private) Limited.
- (2) Mr Anthony Lim Weng Kin is deemed to have an interest in the 1,000 Shares held by his spouse.
- (3) Ms Goh Swee Chen is deemed to have an interest in the 5,000 Shares held by her spouse.

There were 4,162,813,855 issued Shares (excluding treasury shares) as at the Latest Practicable Date.

The interests of a Director in outstanding Awards as at the Latest Practicable Date are set out below.

Director	No. of Shares comprised in outstanding Awards
Mr Lee Chee Koon	41,018 ^{(1),(3)} 95,851 ^{(2),(3)} Up to 1,306,747 ^{(3),(4)}

Notes:

- (1) Being the unvested remaining one-third of the Award.
- (2) Being the unvested two-thirds of the Award.
- (3) On the final vesting of the Award, an additional number of Shares of a total value equal to the value of the accumulated dividends which are declared during each of the vesting periods and deemed forgone due to the vesting mechanism of the CapitaLand RSP 2010 will also be released.
- (4) The final number of Shares to be released will depend on the achievement of pre-determined targets at the end of the respective performance periods and the vesting periods under the CapitaLand PSP 2010 and CapitaLand RSP 2010.

Save as disclosed, none of the other Directors held or had any interests in any outstanding Awards as at the Latest Practicable Date.

There were 4,162,813,855 issued Shares (excluding treasury shares) as at the Latest Practicable Date.

- 4.2 **Interests of Substantial Shareholders.** The interests of the Substantial Shareholders in issued Shares, as recorded in the Company's Register of Substantial Shareholders as at the Latest Practicable Date, are set out below.

Substantial Shareholders	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Temasek Holdings (Private) Limited	1,680,704,140	39.886	5,276,028 ^{(1),(2)}	0.125	1,685,980,168	40.011 ⁽²⁾
BlackRock, Inc.	-	-	292,172,963 ⁽³⁾	7.00	292,172,963	7.00
The PNC Financial Services Group, Inc.	-	-	292,172,963 ⁽³⁾	7.00	292,172,963	7.00

Notes:

- (1) Temasek Holdings (Private) Limited ("**Temasek**") is deemed to have an interest in 5,276,028 Shares in which its subsidiary and associated companies have or are deemed to have an interest.
- (2) Based on the information provided by Temasek, as at 10 January 2019 (being two business days prior to the date of the Company's announcement released via SGXNet on 14 January 2019), Temasek is deemed to have an interest in 17,316,183 Shares which, together with its direct interest in 1,680,704,140 Shares, represented an aggregate of approximately 40.79% of the issued Shares (based on 4,162,813,855 Shares, excluding treasury shares) as at 11 January 2019.
- (3) BlackRock, Inc. is deemed to have an interest in 292,172,963 Shares held through its various subsidiaries. The PNC Financial Services Group, Inc. is deemed to have an interest in the same Shares held by BlackRock, Inc. through its over 20% interest in BlackRock, Inc..

5. DIRECTORS' RECOMMENDATIONS

- 5.1 **Renewal of the Share Purchase Mandate.** The Directors are of the opinion, for the reasons set out in paragraph 2.2 above, that the renewal of the Share Purchase Mandate is in the interests of the Company. Accordingly, they recommend that Shareholders vote in favour of Resolution 9 relating to the renewal of the Share Purchase Mandate to be proposed at the forthcoming AGM.
- 5.2 **Adoption of the New Share Plans.** The Directors are of the opinion, for the reasons set out in paragraph 3.4 above, that the adoption of the New Share Plans is in the interests of the Company. Accordingly, they recommend that Shareholders vote in favour of Resolution 10 relating to the adoption of the CapitaLand PSP 2020 and Resolution 11 relating to the adoption of the CapitaLand RSP 2020, respectively, to be proposed at the forthcoming AGM.

Save as disclosed in this letter, none of the Directors has any interest, direct or indirect, in the New Share Plans.

6. ABSTENTION FROM VOTING

Any Shareholder who is eligible to participate in the New Share Plans must abstain from voting his Shares in respect of Resolutions 10 and 11 relating to the proposed adoption of the New Share Plans, and the Company will disregard any votes cast by such Shareholder in respect of his Shares on Resolutions 10 and 11. Such Shareholder should also not accept appointment as proxy, corporate representative or attorney to vote in respect of Resolutions 10 and 11, unless the appointor (being a Shareholder who is not subject to the aforesaid voting restrictions) shall have given specific instructions in his Proxy Form as to the manner in which the appointor's votes are to be cast in respect of Resolutions 10 and 11.

7. DIRECTORS' RESPONSIBILITY STATEMENT

- 7.1 **Directors' responsibility.** The Directors collectively and individually accept full responsibility for the accuracy of the information given in this letter and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this letter constitutes full and true disclosure of all material facts about the Proposals, and about the Company and its subsidiaries which are relevant to the Proposals, and the Directors are not aware of any facts the omission of which would make any statement in this letter misleading. Where information in this letter has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and reproduced in this letter in its proper form and context.
- 7.2 **Disclaimer.** The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed in this letter. Shareholders who are in any doubt as to the action they should take should consult their stockbrokers or other professional advisers immediately.

8. INSPECTION OF DOCUMENTS

Copies of the following documents are available for inspection at the registered office of the Company during normal business hours from the date of this letter up to and including the date of the AGM:

- (a) the proposed rules of the CapitaLand PSP 2020; and
- (b) the proposed rules of the CapitaLand RSP 2020.

Yours faithfully
For and on behalf of the Board of Directors
of CapitaLand Limited

NG KEE CHOE
Chairman