Voluntary Conditional Cash Offer For CapitaMalls Asia

14 April 2014
Disclaimer

This presentation may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, availability of real estate properties, competition from other companies and venues for the sale/distribution of goods and services, shifts in customer demands, customers and partners, changes in operating expenses, including employee wages, benefits and training, governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward looking statements, which are based on current view of management on future events.

No undisclosed material price-sensitive information relating to CMA and its subsidiaries has been considered in the preparation of, or included or referenced in, this Presentation.
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Transaction Overview
## Offer Summary

### Transaction
- Voluntary Conditional Cash Offer ("Offer") by Sound Investment Holdings Pte. Ltd., a wholly-owned subsidiary of CapitaLand Limited ("CapitaLand" or the "Offeror"), for remaining ordinary shares in CapitaMalls Asia Limited ("CMA") that are not owned by CapitaLand
- No chain offer for CapitaMall Trust and CapitaRetail China Trust
- Offer is being made with a view to delist CMA

### Offer price
- S$2.22 per share\(^{(1)}\) for every CMA share, representing:
  - 27.0% premium to the last one-month volume weighted average price ("VWAP") of CMA
  - 20.7% premium to the NAV per share of CMA as of 31 December 2013

### Offer consideration
- All cash consideration of approximately S$3.06 billion \(^{(1)}\)

### Offer condition
- Offer subject only to Offeror receiving acceptances which will result in the Offeror and its concert parties holding more than 90% of CMA shares
- No requirement for CapitaLand shareholders’ approval

### Shareholding in CMA as at 14 April 2014
- CapitaLand owns 65.3% of CMA

### Funding
- Through a combination of internal cash resources and borrowings of the CapitaLand Group (excluding those of the CMA Group)

### Financial impact\(^{(2)}\)
- Immediately accretive to Earnings per Share and Return on Equity \(^{(3)}\)
- Net Asset Value Per Share declines due to goodwill taken to equity

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\(^{(1)}\) Offer price will be reduced for any dividend or distribution after the announcement date including the currently proposed dividend of S$0.0175/share for FY2013.

\(^{(2)}\) Reference to FY2013 financials, adjusted for FRS 110.

\(^{(3)}\) This statement should not be interpreted to mean that the future earnings per share for CapitaLand shareholders will necessarily be greater than those for the year ended 31 December 2013.
## Expected Transaction Timeline

<table>
<thead>
<tr>
<th>Event</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Announcement of Offer</td>
<td>14 April 2014</td>
</tr>
<tr>
<td>Dispatch Offer document / Offer commences</td>
<td>End April to Early May 2014</td>
</tr>
<tr>
<td>Earliest closing date permitted under the takeover code</td>
<td>End May/ June 2014</td>
</tr>
</tbody>
</table>
Post Transaction: A Leading Real Estate Company With Best-In-Class Platforms

1. CMA
   - AUM: ~ S$26.7 billion
   - Asia’s leading shopping mall developer, owner and manager

2. Ascott
   - AUM: ~ S$6.4 billion
   - World’s largest international serviced residence owner-operator

3. Singapore
   - AUM: ~ S$12.7 billion
   - Leading developer/owner of quality homes, offices and integrated developments
   - SREIT pioneer

4. China
   - AUM: ~ S$12.2 billion
   - Leading foreign real estate developer in five city clusters
   - Quality integrated development portfolio

Well supported by capital recycling and funding platforms

- 5 REITs(1) and 16 funds
- S$41.0 billion total assets under management

Four Wholly-owned Business Units Are Market Leaders

1) I.e. CCT, CMT, CRCT, ART and CMMT.
Focused Business Strategy To Enhance Shareholder Returns

2013 Pro-Forma Portfolio Breakdown – Effective Share Of Total Assets\(^{(1)}\) of S$32.0 Billion

### By Geography

2 Core Markets Contribute >80%

- **Effective Share Of Total Assets\(^{(1)}\)**
  - Europe & Others
  - Other Asia, 6%
  - Other Asia, 10%
  - China, 44%
  - Singapore, 40%

### By Asset Class

Balanced Portfolio Of Investment And Residential Properties

- **Sources of recurring income**
  - Serviced Residence, 13%
  - Others, 2%
  - Residential, 28%
  - Commercial & Integrated Developments, 23%
  - Retail, 34%

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Attractive Real Estate Proxy For Asian Consumption And China Urbanisation Themes

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\(^{(1)}\) Based on CapitaLand’s effective share of subsidiaries, associates and joint ventures’ total assets excluding treasury cash, adjusted for Australand divestment and FRS 110.
Transaction Rationale
Transaction Rationale

- Fully Integrating CMA Significantly Enhances CapitaLand’s Competitive Strengths In Integrated Developments
- Simplify CapitaLand’s Organisational Structure
- Increase CapitaLand’s Financial Flexibility And Scale
- Unlock Shareholder Value And Achieve Synergies
Integrated Developments Combine The Group’s Competitive Strengths Across Business Units

Synergies with residential property
- Residential pre-sales help fund development costs
- Potential higher residential selling prices from being part of an integrated development

Part of the capital recycling model
- Component of project may be sold to REITs
- Capital recycling enhances lifecycle IRR of project

Integrated Projects

Shopping malls anchor integrated projects
- Boosts demand and prices for office, serviced residences and residential components
- High shopper traffic enhances long term value

Resilience of business model
- Captive catchment
- Often linked to transport hubs

Translates into:
- Higher foot traffic
- Stronger competitive positioning

Selected integrated development projects:
- Raffles City
- Odeon Mall
- Westgate
- Ion Orchard
- 凯德龙之梦虹口

CapitaLand Will Continue To Grow Its Shopping Mall Business
Greater Alignment Between CapitaLand and CMA Business Strategies

A  Wholly-owned CMA is aligned with the “One CapitaLand” strategy

B  Focus resources on highest overall project returns

Benefits
- Fuller implementation of integrated development strategy
- Streamlining of operations
- Improve resource mobility across business units
- Target higher ROEs

Harness Full Strength Of Group To Deliver Successful Integrated Projects
Further Simplification Of CapitaLand’s Structure

2013

CapitaLand

CMA

ALZ

REITs

Post ALZ Divestment

CapitaLand

CMA

REITs

Post Transaction

CapitaLand

FY2013 REIT dividends of S$252m(2)

Listed Entities(1):

8

7

6

- CapitaLand has taken a number of steps to simplify the Group structure
- Reduces number of listed entities for greater clarity
- All Group development activities would be undertaken by a single listed entity

Continuation Of CapitaLand’s Strategy To Streamline Group Structure

1) REITs include CCT, CMT, CRCT, ART and CMMT.
2) Assumes that CMA is “wholly owned” by CapitaLand and includes the value of shares CMA received for participating in the CapitaRetail China Trust’s Dividend Reinvestment Scheme.
Clear Investment Proposition

CMA Contributes 37% of CapitaLand Value (1)

(%)  

```
“Core” CapitaLand (2), 43%
REITs, 17%
Other Listed (3), 2%
CMA, 37%
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Post-Transaction Look Through Composition of CapitaLand Value (1)

(%)  

```
“Core” CapitaLand (2), 61%
REITs, 37% (4)
Other Listed (3), 2%
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Opportunity To Invest In A Single Listed Integrated Developer Across All Asset Classes

Source: Capital IQ and broker estimates. Market data as of 11 April 2014.
1) Based on market value of listed entities.
2) Implied market value of unlisted businesses.
3) ‘Other Listed’ consists of Lai Fung Holdings Limited and Central China Real Estate Limited.
4) The transaction increases CapitaLand’s effective stake in CMA’s REITs.
3 Increases CapitaLand’s Financial Flexibility And Scale

**Greater financial flexibility**
- CapitaLand will have greater flexibility in making strategic capital allocation decisions and managing cash flows.

**Increased scale**
- 13% growth in total assets on effective basis.
- 22% increase in PATMI.

### Increase in scale in key markets


d| 2013 (Pre-transaction) | 2013 (Post-transaction) |
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Singapore</td>
<td>China</td>
</tr>
<tr>
<td>11.0</td>
<td>12.7</td>
</tr>
</tbody>
</table>

### Increase in CapitaLand’s PATMI

<table>
<thead>
<tr>
<th>2013 (Pre-transaction)</th>
<th>2013 (Post-transaction)</th>
</tr>
</thead>
<tbody>
<tr>
<td>PATMI (expressed in S$ Bn)</td>
<td>0.8</td>
</tr>
</tbody>
</table>

Source: Company information.
Unlock Shareholder Value

<table>
<thead>
<tr>
<th>Accretion in Earnings Per Share&lt;sup&gt;(1)(2)(4)&lt;/sup&gt;</th>
<th>ROE Accretion&lt;sup&gt;(1)(2)(3)(4)&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>(S$)</td>
<td>(%)</td>
</tr>
<tr>
<td></td>
<td>2013</td>
</tr>
<tr>
<td>0.20</td>
<td>0.24</td>
</tr>
</tbody>
</table>

1) Based on offer price of S$2.22 (27.0% premium to one-month VWAP), a combination of balance sheet cash and debt used, and no synergies assumed.
2) Based on FY2013 financials, adjusted for FRS110.
3) Assumes goodwill of estimated S$0.6 billion taken to equity, with no impact on the income statement.
4) None of these statements should be interpreted to mean that the future earnings per share for CapitaLand shareholders will necessarily be greater than those for the year ended 31 December 2013.
## 4 Ability To Achieve Synergies

### Revenue synergies
- Stronger ability to source development opportunities
- Optimise project execution for higher overall project returns
- Better cash flow profile from projects leads to higher IRRs
- Able to mobilise resources for large scale opportunities

### Cost synergies
- Reduce listing, compliance and related costs
- Benefits from streamlining of operations, work consolidation and process improvement
- Flexibility in deploying skill sets across businesses as required
- Better management of cash flows and capital structure

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**Scope For Value Creation From Synergies**
Pro Forma Financial Impact
### Pro Forma Financial Impact

<table>
<thead>
<tr>
<th>Financial Ratio</th>
<th>FY2013&lt;sup&gt;(1)&lt;/sup&gt; (Pre transaction)</th>
<th>FY2013&lt;sup&gt;(1)&lt;/sup&gt; (Post transaction)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash (S$ billion)</td>
<td>6.31</td>
<td>3.51</td>
</tr>
<tr>
<td>Debt / Total Capitalisation (x)</td>
<td>0.39</td>
<td>0.43</td>
</tr>
<tr>
<td>Debt / Total Assets (x)</td>
<td>0.35</td>
<td>0.38</td>
</tr>
<tr>
<td>Net Debt / Equity (x)&lt;sup&gt;(2)&lt;/sup&gt;</td>
<td>0.39</td>
<td>0.59</td>
</tr>
<tr>
<td>NAV / Share (S$)</td>
<td>3.79</td>
<td>3.65</td>
</tr>
<tr>
<td>Return on Equity (%)</td>
<td>5.4</td>
<td>6.7</td>
</tr>
<tr>
<td>Interest Coverage Ratio (x)</td>
<td>5.71</td>
<td>5.43</td>
</tr>
<tr>
<td>Interest Service Ratio (x)</td>
<td>4.64</td>
<td>4.45</td>
</tr>
</tbody>
</table>

1) Based on FY2013 financials adjusted for FRS110. For illustrative purposes, assumes funding of approximately S$2.80 billion of available cash and S$0.26 billion of debt.

2) Net debt increases due to the consideration payable for the Offer and equity decreases due to adjustment of minority interest and goodwill arising from the transaction.

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**Balance Sheet Remains Healthy**

- Cash used to fund acquisition
- Goodwill taken to equity; no income statement impact
Well Spread Out Debt Maturity Profile\(^{(1)}\)

Consolidated CapitaLand Debt As At 31 Dec 2013

\[ \text{S$ Billion} \]

\[ \text{(1)} \text{ Pro forma debt profile shown is pre-transaction and adjusted for ~S$0.9 billion debt paid down with proceeds from sale of Australand. Adjusted for FRS110.} \]

~70% Of Debt Maturing In 2014 Has Been / Will Be Repaid Or Has Been Refinanced; Another 25% Is Currently Under Negotiation
Conclusion
Conclusion

✔ Fully Integrating CMA Significantly Enhances CapitaLand’s Competitive Strengths In Integrated Developments

✔ Simplify CapitaLand’s Organisational Structure

✔ Increase CapitaLand’s Financial Flexibility And Scale

✔ Unlock Shareholder Value And Achieve Synergies

Transaction Strengthens CapitaLand’s Position As A Pre-eminent Real Estate Company In Asia
Responsibility Statement

The directors of each of CapitaLand and Sound Investment Holdings Pte. Ltd. (including any who may have delegated detailed supervision of this Presentation) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this Presentation are fair and accurate and that no material facts have been omitted from this Presentation, and they jointly and severally accept responsibility accordingly. Where any information has been extracted or reproduced from published or publicly available sources, the sole responsibility of directors of each of CapitaLand and Sound Investment Holdings Pte. Ltd. has been to ensure through reasonable enquiries that such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this Presentation.
Thank You

14 April 2014