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

ANNOUNCEMENT

Annual General Meeting to be held on 27 April 2021
Responses to Substantial and Relevant Questions

CapitaLand Limited ("CapitaLand" or the "Company") would like to thank all Shareholders who submitted their questions in advance of our Annual General Meeting ("AGM") to be held virtually via "live webcast" at 10:00am on Tuesday, 27 April 2021.

We have grouped the questions received into the following key topics:

A. Group Financials
B. Operational Performance/Outlook
C. Business Strategy
D. Proposed Restructuring of CapitaLand

We trust that Shareholders will understand that because of the overlapping questions received, we will not be responding to each and every question individually. Please refer to our responses to these substantial and relevant questions in the following pages.

Section D sets out the questions received from Shareholders on the proposed restructuring of CapitaLand announced on 22 March 2021. On 22 March 2021, CapitaLand and its existing controlling shareholder, CLA Real Estate Holdings Pte. Ltd. ("CLA" or the "Offeror"), released an announcement (the "Joint Announcement") announcing a proposed scheme of arrangement (the "Scheme") to implement a proposed strategic restructuring and demerger of the investment management business of CapitaLand. Shareholders will receive a Scheme document (the "Scheme Document") and an introductory document (the "CLIM Introductory Document") in due course. The Scheme Document will set out further details on the Scheme, and the CLIM Introductory Document will set out further detailed information on CapitaLand Investment Management Limited (formerly known as CapitaLand Financial Limited) ("CLIM"), including its properties and business, risk factors and distribution policy. CapitaLand will also convene Shareholders' meeting to seek Shareholders' approval for the Scheme.

CapitaLand's Group CEO, Mr Lee Chee Koon will deliver a presentation to Shareholders at the AGM where he will touch on the above-mentioned topics, as well as our business outlook. The presentation slides have also been uploaded on SGXNet and made available on CapitaLand's website.

In addition, we would also like to invite you to watch the broadcast of "Kopi with CapitaLand", a virtual dialogue session with retail shareholders, facilitated and moderated by Securities Investors Association (Singapore), before the commencement of the AGM at 9:00 am on Tuesday, 27 April 2021. This event was held and recorded on 9 April 2021.

After the conclusion of the AGM, the voting results of the AGM will be uploaded on SGXNet and made available on CapitaLand's website. The minutes of the AGM will be published on CapitaLand's website on or before the end of May 2021.

CapitaLand would also like to advise Shareholders that in the unlikely but possible event of disruption to the live visual-audio feed, the AGM with a physical quorum in place will continue to conclusion. In such unlikely event, Shareholders are immediately invited to call the toll-free numbers provided to Shareholders in the emails or letters to them confirming their registration to be able to continue with the live audio feed. If the toll-free line also does not work, Shareholders are advised to refer to the announcement to be made and posted on SGXNet and published at CapitaLand's website for the results of the AGM. The voting results of the AGM will be uploaded on SGXNet and made available on CapitaLand's website as soon as it is practicable and in any event at the latest after trading hours on 27 April 2021.

The directors of the Company (including any who may have delegated detailed supervision of the preparation of this announcement) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this announcement in each case which relate to the Company, CLIM and CapitaLand Integrated Commercial Trust ("CICT") (excluding information relating to the Offeror or any opinion expressed by the Offeror) are fair and accurate and that, where appropriate, no material facts which relate to the Company, CLIM and CICT have been omitted from this announcement, and the directors of the Company jointly and severally accept responsibility accordingly.

Where any information which relates to the Company, CLIM and CICT has been extracted or reproduced from published or otherwise publicly available sources or obtained from the Offeror, the sole responsibility of the directors of the Company has been to ensure that, through reasonable enquiries, such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this announcement. The directors of the Company do not accept any responsibility for any information relating to the Offeror or any opinion expressed by the Offeror.

By Order of the Board

Michelle Koh
Company Secretary

26 April 2021

A. Group Financials	
1.	**With the normalisation of economic activities in Singapore and China, what is the prospect of recovering some of the revaluation and impairment losses that amounted to nearly $2.5 billion in FY 2020?**
	The fair value and impairment losses in FY 2020 principally stemmed from the extraordinary events relating to the COVID-19 pandemic that have materially affected the CapitaLand group's business during FY 2020. However, the majority of these non-cash losses were attributable to a select number of assets that were particularly impacted by the pandemic, and CapitaLand's overall portfolio has largely remained resilient. The Group conducts a valuation of its investment properties on an annual basis, in December and we are unable to provide a forecast. Notwithstanding, assuming the COVID-19 situation continues to improve, it is expected that the Group's operating and financial performance would also improve.
B. Operational Performance / Outlook	
1.	**What is property market outlook in Singapore and other key regions, in which CapitaLand operates?**
	<u>Singapore</u> Market sentiment and business confidence have continued to improve in Singapore in 2021, supported by a brighter economic outlook. The Singapore private residential market has remained buoyant, underpinned by low interest rates, ample liquidity and healthy project launches pipeline, barring any additional cooling measures. The industrial property market is generally expected to be resilient, driven by a recovering manufacturing sector, particularly the electronics, biomedical, food logistics and e-commerce segments. Employment gains and the easing of workplace restrictions will put the Singapore office market on a gradual recovery path in the coming quarters. The services sector and private consumption is projected to recover partly in 2021, amid a gradual loosening of social restrictions, and this is expected to support the retail market, although travel restrictions will continue to affect footfall for malls reliant on international tourism. **<u>China</u>** China's nationwide economy is expected to be boosted by domestic demand and exports, with GDP growth estimated above 6% in 2021, underpinned by the new "dual circulation" development strategy. Moreover, the Chinese government has been able to effectively contain the COVID-19 pandemic and effect a faster vaccine rollout, allowing consumption and social activities to largely rebound to pre-pandemic levels. This is expected to continue to support retail recovery at CapitaLand malls. Office and business park leasing activities are expected to lead steady growth, with space demand dominated by high tech, finance, biopharma and business service sectors. Lastly, housing

	demand is still strengthening in core cities. However, residential sales prices have been stabilising under the government's ongoing commitment to regulate speculative behaviour and excessive borrowing. **India** While there may be a short-term negative impact due to COVID-19, India's attractiveness as a favoured international outsourcing destination due to low cost and talent availability is expected to remain strong in the medium-long term. Performance of CapitaLand's business parks may be negatively impacted to varying degrees in the near term, depending on the micro-market supply and demand. Nonetheless, with increased digitalisation, IT service demand and e-commerce growth, we remain optimistic about the relative longer-term resilience of the India BP/logistics asset class. **Vietnam** The Vietnam property market continues to be resilient, supported by strong economic fundamentals and the Vietnamese government's efforts in containing the COVID-19 pandemic. Vietnam's housing market is expected to recover further in 2021 on the back of increased infrastructure investments by the Vietnamese government and improvements of the legal framework. On top of that, we also expect the trends of manufacturing expansions and production shifts into Vietnam to continue to drive the performance of the office and industrial/ logistics segments.
2.	**Please provide operational updates on Raffles City The Bund (RCTB) in Shanghai, Capital Tower in Shanghai and Raffles City Chongqing (RCCQ).**
	(A) RCTB RCTB office is currently in a ramping-up phase. There are two towers; the first one opened just over a year ago during the COVID-19 pandemic and is now at above 50% occupancy. Several floors of leases have recently been signed at the second tower, which will open in June 2021. Given the size of the office component (180,000 sqm), the office lease-up rate is performing ahead of the current Shanghai office market. The retail mall is expected to be open on or around the 2Q of 2021. (B) Raffles City Chongqing (RCCQ) Various components of RCCQ were opened in late 2019 and in 2020, which includes retail, office and serviced apartments. COVID-19 impacted the overall Chongqing retail market in 2020, causing pressures in rental rate and occupancies for RCCQ, especially for the office and serviced apartment components. The integrated development is gradually ramping up its operations as the COVID-19 situation improves. (C) Capital Tower The construction permit application for the asset is still in progress.

3.	**Have the shopping malls in Singapore and China been able to recover and operate at a crowd capacity that is close to before the pandemic?**
	<u>Singapore</u> As of 4Q 2020, shopper traffic for Singapore retail malls have recovered to about 70% of the level in the same period a year ago. Other than Clarke Quay, where some tenants are impacted by stipulated government restrictions on trading hours and sales of alcohol at nightlife venues like clubs, karaoke and bars, the committed occupancy of our malls is generally above 95%. Since 28 December 2020, social gatherings of up to eight people were allowed to take place in Singapore (up from five people previously). For malls and large standalone stores, the capacity limit has also been increased from 10 square metres per person to eight square metres per person. The gradual relaxation of social distancing measures is expected to further improve the performance of our mall portfolio. **<u>China</u>** China's retail occupancy in FY 2020 has maintained at a healthy 90%. Although the shopper traffic in 4Q 2020 is still 18% lower compared to that of 4Q 2019, tenant sales per square metre had fully recovered to the pre-COVID level recorded in 4Q 2019, owing to successful sales promotion activities organised by the malls and helped by the positive reception to shopping coupons issued by local government to stimulate domestic consumption. Even for the city of Wuhan, where COVID-19 was first reported, average occupancy at CapitaLand's three malls (CapitaMall Wusheng, CapitaMall 1818 and CapitaMall Westgate), was on an average of 82% as of end Dec 2020 and foot traffic and tenant sales have also made significant recovery.
4.	**Are the distributions from the listed REITs to the Company taxable?**
	The distributions received by CapitaLand subsidiaries from the listed REITs and Business Trusts are taxable at the prevailing corporate tax rates. Corporate tax rates are at 17% and 24% for Singapore and Malaysia (where CapitaLand Malaysia Mall Trust is listed) respectively.
C. Business Strategy Related	
1.	**Would the company be going into student accommodation property sector?**
	Student accommodation is a resilient and counter-cyclical lodging asset class, as students and their families continue to invest in education during a recession. It is typically characterised by high occupancies, lower operating costs and longer stays. This is complementary to CapitaLand's lodging portfolio, which is predominantly made up of assets in the long-stay segment.

	CapitaLand Group already has exposure in student accommodation through Ascott Residence Trust's maiden acquisition of a purpose-built freehold student accommodation asset in Georgia, U.S. in February 2021. We will continue to keep a look-out for quality lodging assets, including student accommodation, to scale up our lodging portfolio in a discipline manner.
2.	**Ascott and its subsidiaries (e.g. Ascott Residence Trust) have been growing its US portfolio rapidly, especially with acquisition of multifamily homes and the recent acquisition of US$95.0 million student accommodation in Atlanta, Georgia, USA respectively.** **Given Ascott's strong asset management capabilities, such hospitality assets will most likely be both NAV-and DPU- accretive (which is better than any newly developed or newly acquired assets that will likely be selling at 'post-Covid' valuations).** **Have the Board and Management considered acquiring formerly stabilised but currently distressed hospitality assets that are momentarily impacted by the pandemic & selling way below pre-Covid valuations?**
	The Group takes a disciplined approach to investing. While pricing is one of the important factors in our investment decision, the operating resiliency of an asset, especially in view of the COVID-19 situation, is also crucial as we consider our business sustainability. Pertaining to the lodging sector, we found that there have not been many quality assets being marketed at distressed prices despite COVID-19. Ascott Residence Trust, for example, was able to divest properties at healthy premiums to book value in FY 2020. We will however continue to keep a look out for attractively valued opportunities that are suitable for the lodging business. In addition to investing in lodging real estate, the Group is focused in scaling up the portfolio by securing management contracts, which generates recurring fee-income. In 2020, CapitaLand secured a record of 14,200 lodging units through management contracts, attesting to the confidence hospitality asset owners have in CapitaLand's management expertise.
D. Proposed Restructuring of CapitaLand	
1.	**Will the upcoming transformation of CapitaLand (namely, to privatise its long gestation property development arm) increase value for its shareholders?**
	The Proposed restructuring of CapitaLand will create two separate entities: (a) CapitaLand, holding the Group's real estate development business which typically holds longer-term gestation projects requiring more patient capital, will be taken private by CLA. (b) CapitaLand Investment Management (CLIM), which will be listed by

	introduction on Singapore Exchange, will place greater focus on our asset-light fund management and lodging businesses. As a global Real Estate Investment Management ("REIM"), CLIM will seek to further grow its current Funds Under Management ("FUM") of S$78bn, as well as Fee-related Earnings ("FRE"), while retaining its asset light business model. The proposed restructuring aims to create value for all shareholders. The Scheme will enable CapitaLand to put greater focus on the real estate investment management business to drive higher capital productivity, efficiency and returns, while at the same time, separate its real estate development business and assets, which are not adequately appreciated by the public markets. While CLIM and CapitaLand are separate entities with distinct mandates, they will continue leveraging on each other's strengths within the CapitaLand ecosystem.
2.	**How do you arrive at the S$2.823 for CapitaLand Investment Management (CLIM) and is it rational?**
	The implied consideration of S$2.823 represents the pro forma net asset value per CLIM Share as at 31 December 2020, adjusted for transaction-related costs. CLIM is valued at 1.0x NAV, for illustration purposes to determine the implied consideration, as CLIM is currently not listed and has no traded price.
3.	**REITs are required to pay out 90% of their revenue to unitholders. CLIM consists of REITs, Trusts, private funds, service residence and hotel assets. Please advise how will CLIM's yearly dividends be computed? Please share the relational of the computation and pay out frequency?** **What is the planned dividend for CLIM? Will it be a dividend (yield) or growth stock?**
	We have not finalised the dividend policy for CLIM, and intend to provide guidance in the CLIM Introductory Document, which are expected to be despatched in or around 3Q 2021.
4.	**Although China and Singapore have managed the virus well but some countries where CLIM have presence in, are undergoing subsequential waves of lockdown. In view of this, please elaborate what are CLIM's investment/growth plans in the next 3 to 5 years?**
	CLIM will be a leading global real estate investment manager, focusing on its asset-light and capital-efficient fund management and lodging businesses. It will employ its balance sheet clinically to grow FUM and fee-related earnings, as opposed to the more capital-intensive model that will be undertaken by the development part of CapitaLand. Further details on CLIM's strategy and future plans will be disclosed in the CLIM Introductory Document, expected to be despatched in or around 3Q 2021.

5.	**What is the expected yearly return of CLIM for the next 3 to 5 years?**
	Further details on CLIM, including its business strategy and future plans, will be disclosed in the CLIM Introductory Document, expected to be despatched in or around 3Q 2021.
6.	**On CLIM's proposed net asset value (NAV) of $14.7 billion, please provide the breakdown to show how the NAV figure is derived.**
	The pro-forma NAV of S$14.7 billion mainly comprises CLIM's stakes in its REITs, business trusts and private funds and the value of its investment properties, adjusted for transaction costs. Further details on CLIM will be disclosed in the CLIM Introductory Document, expected to be despatched in or around 3Q 2021.
7.	**How does the company, in the recently proposed restructuring, ensure the interests between the REIT shareholders and the new CLIM management are balanced in term of management fee, property recycling and property DPU accreditation?**
	Each of the listed REITs will remain separately listed on the SGX-ST Mainboard, and will each continue to be subjected to the continuing listing requirements of the SGX-ST. These continuing listing requirements include those under Chapter 9 of the SGX-ST Mainboard Rules, which, among other things, stipulate requirements to disclose or seek unitholder approval for interested person transactions that exceed certain specified materiality thresholds. From the perspective of the listed REITs, compliance with these requirements with respect to interested person transactions with the CLIM group will not be materially different from how they currently comply with these requirements with respect to interested person transactions with the existing CapitaLand group.
8.	**Have you considered splitting CapitaLand into two separate listed entities instead, CLIM and the CapitaLand development business? If yes, why was this other option not pursued? If not, why was this option not contemplated?**
	The Group has considered various options before proposing to place CapitaLand's development business under private ownership by CLA Real Estate Holdings (CLA) and consolidating the Group's investment management platforms, as well as our lodging business, into CLIM, which is to be listed by introduction on the Singapore Exchange. The Group assessed that the proposed structure would best fit our business objectives to reposition CapitaLand for greater growth, as development businesses are typically valued conservatively by the public market due to its longer gestation nature which tend to be perceived as higher risk. CapitaLand has historically traded at around 20% discount[1] to its NAV. While CLIM and CapitaLand will be separate entities with distinct mandates, they will continue leveraging on each other's strengths within the CapitaLand ecosystem.

[1] From 18 Mar 2016 to 19 Mar 2021.