



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

ANNOUNCEMENT

CHANGE OF INTEREST IN COMPANIES HOLDING RAFFLES CITY PROPERTIES IN CHINA

CapitaLand Limited ("**CapitaLand**") wishes to announce the following:

1. INTRODUCTION

CapitaLand has, through its subsidiaries and associated companies, entered into conditional agreements to divest partial stakes in a group of companies incorporated in China (the "**Target Companies**") that own six Raffles City developments in China (the "**Properties**"), to an unrelated third-party capital partner (the "**Purchaser**", and the transactions under the conditional agreements being collectively, the "**Transaction**"). The agreed value for the Properties is RMB46.7 billion (about S\$9.6 billion).

CapitaLand currently holds effective stakes of 30.7% to 55% in the Target Companies. Upon completion of the Transaction ("**Completion**"), CapitaLand's remaining effective stakes in the Target Companies will be in the range of 12.6% to 30%. CapitaLand will continue to provide asset management services in respect of the Properties.

Details of the Target Companies, the Properties, the respective equity stakes in the Target Companies being divested (the "**Divested Stakes**"), and the changes in CapitaLand's interests in the Target Companies upon Completion are set out in Appendix 1 of this announcement. Completion is expected to take place by the third quarter of 2021.

2. RATIONALE

CapitaLand holds a long-term view of its business in China and is seeing more opportunities to work with domestic capital partners in the real estate space.

With the Transaction, CapitaLand welcomes onboard the Purchaser as a strong like-minded domestic capital partner, and looks forward to achieving long-term value creation in China through CapitaLand's established Raffles City platform. As CapitaLand will continue to hold stakes in and provide asset management services for the Properties, it remains committed to participate in the growth of the Properties.

CapitaLand intends to use part of the unlocked capital from the Transaction to support CapitaLand Group's investment pivot to new economy assets such as business parks, logistics and data centres, forming a new pipeline for future recycling.

3. TRANSACTION

The Target Companies are owned by Senning Property Ltd. (“**Senning**”) and subsidiaries of Raffles City Income Ventures Limited (“**RCCIV**”). CapitaLand currently holds a 55% stake in RCCIV and a 45% stake in Senning. RCCIV’s subsidiaries include Hua Qing Holdings Pte Ltd (“**HQH**”) which holds a 95% stake in the Target Company owning Raffles City Shanghai.

RCCIV has a 58.8% interest in HQH. The remaining interest in HQH is held by two other shareholders, one of which will be exiting from HQH entirely (the “**Exiting HQH Shareholder**”) and the other of which will be increasing its interest in HQH (the “**Remaining HQH Shareholder**”), as explained under Transaction Part 2 below.

The other shareholders of RCCIV and Senning respectively (collectively, the “**Other Shareholders**”), the Remaining HQH Shareholder and the Exiting HQH Shareholder are third parties unrelated to CapitaLand, and are also parties to the conditional agreements relevant to each of them.

The Transaction consists of the following:

- (a) the divestment by RCCIV, Senning and HQH of part of their respective equity stakes in the Target Companies, such that the Purchaser will acquire a 70% equity stake in each of RCB Co, RCC Co, RCN Co, RCH Co and RCCN Co (each as defined in Appendix 1), as well as a 60% equity stake in RCS Co (as defined in Appendix 1) (“**Transaction Part 1**”);
- (b) RCCIV’s sale of approximately 22.7% of its interest in HQH (the “**HQH Interest**”) to the Remaining HQH Shareholder (“**Transaction Part 2**”) together with the Exiting HQH Shareholder’s sale of its entire interest in HQH to the Remaining HQH Shareholder. By increasing its interest in HQH, the Remaining HQH Shareholder’s effective stake in RCS Co will remain unchanged at approximately 22.35% notwithstanding Transaction Part 1; and
- (c) the acquisition of all of the Other Shareholders’ equity stakes in RCCIV and Senning (respectively, the “**RCCIV Interest**” and the “**Senning Interest**”) by CapitaLand’s subsidiaries (“**Transaction Part 3**”), which will result in RCCIV and Senning becoming wholly owned subsidiaries of CapitaLand and increase CapitaLand’s interest in HQH, which is held through RCCIV. The completion of Transaction Part 3 will rebalance CapitaLand’s stakes in the Target Companies to the range of 12.6% to 30%.

The completion of each of Transaction Part 1, Transaction Part 2 and Transaction Part 3 is subject to the fulfilment of conditions precedent and will occur sequentially. Following the completion of Transaction Part 2 and Transaction Part 3 respectively, each of the Other Shareholders and the Exiting HQH Shareholder will have divested their respective entire interests in the Target Companies. Completion is expected to take place by the third quarter of 2021.

4. CONSIDERATION

The consideration for each of Transaction Part 1, Transaction Part 2 and Transaction Part 3 is set out below, and is subject to post-completion adjustments.

Transaction Part 1

The estimated aggregate cash consideration for Transaction Part 1 is RMB28.6 billion (approximately S\$5.9 billion), and was negotiated on a willing-buyer and willing-seller

basis taking into account the adjusted net asset value (“NAV”) of the Divested Stakes in the aggregate amount of RMB28.6 billion (approximately S\$5.9 billion) computed based on the Target Companies’ unaudited accounts as of 31 March 2021. The adjusted NAV of the Divested Stakes takes into account, among other factors, the aggregate agreed property value on a 100% basis (the “Agreed Value”) of the Properties of RMB46.7 billion (approximately S\$9.6 billion).

Transaction Part 2

The estimated cash consideration for Transaction Part 2 is S\$190.7 million, and was negotiated on a willing-buyer and willing-seller basis taking into account the adjusted NAV of the HQH Interest in the amount of S\$215.4 million computed based on HQH’s unaudited accounts as of 31 March 2021. The adjusted NAV of the HQH Interest takes into account, among other factors, the Agreed Value of Raffles City Shanghai of RMB13.5 billion (approximately S\$2.8 billion).

Transaction Part 3

The estimated cash consideration for the RCCIV Interest is US\$418.3 million (approximately S\$553.5 million), and was negotiated on a willing-buyer and willing-seller basis taking into account the adjusted NAV of the RCCIV Interest of US\$418.3 million (approximately S\$553.5 million) computed based on RCCIV’s unaudited consolidated accounts as of 31 March 2021. The adjusted NAV of the RCCIV Interest takes into account, among other factors, the effect of the redemption of redeemable preference shares in RCCIV and the Agreed Value of the Properties (excluding Raffles City Changning which is held by Senning), of RMB31.2 billion (approximately S\$6.4 billion).

The estimated cash consideration for the Senning Interest is S\$392.1 million, and was negotiated on a willing-buyer and willing-seller basis taking into account the adjusted NAV of the Senning Interest in the amount of S\$392.1 million computed based on Senning’s unaudited accounts as of 31 March 2021. The adjusted NAV of the Senning Interest takes into account, among other factors, the Agreed Value of Raffles City Changning of RMB15.5 billion (approximately S\$3.2 billion).

5. FINANCIAL EFFECTS

Transaction Part 1, Transaction Part 2 and Transaction Part 3 are expected to, subject to post-completion adjustments, result in CapitaLand receiving net proceeds of more than S\$2 billion, thereby unlocking capital for CapitaLand.

For illustrative purposes only, the financial effects of the Transaction on the (a) earnings per share (“EPS”) and (b) net tangible assets (“NTA”) per share of the CapitaLand Group, based on the audited consolidated financial statements of the CapitaLand Group for the financial year ended 31 December 2020 are set out below:

5.1 EPS

The pro forma financial effects on the consolidated EPS of the CapitaLand Group, assuming the Transaction had been effected on 1 January 2020, are as follows:

| | Before the Transaction | After the Transaction |
|-----------------------|------------------------|-----------------------|
| EPS (Singapore cents) | (31.0) | (25.3) |

5.2 NTA per share

The pro forma financial effects on the consolidated NTA per share of the CapitaLand Group as at 31 December 2020, assuming the Transaction had been effected on 31 December 2020, are as follows:

| | Before the Transaction | After the Transaction |
|---------------------|-------------------------------|------------------------------|
| NTA per share (S\$) | 4.09 | 4.15 |

6. **INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDER**

None of the directors of CapitaLand or the controlling shareholder of CapitaLand has any interest, direct or indirect, in the Transaction.

By Order of the Board

Michelle Koh
Company Secretary
28 June 2021

Appendix 1 – List of Target Companies

| s/n | Target Company | Seller(s) of stake in Target Company | Property | Description of Property | Stake in Target Company divested in Transaction Part 1 | CapitaLand's interest in Target Company prior to the Transaction | CapitaLand's interest in Target Company after Completion |
|------------|------------------------------------------------------------------------|------------------------------------------------|--------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------|-------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|
| 1. | Shanghai Hua Qing Real Estate Management Co., Ltd. (" RCS Co ") | Hua Qing Holdings Pte Ltd, subsidiary of RCCIV | Raffles City Shanghai, located in Huangpu District, Shanghai | Integrated mixed-used development comprising retail and office components | 60.0% | 30.7% | 12.6% RCS Co will cease to be an associated company of CapitaLand. |
| 2. | Beijing Xinjie Real Estate Development Co., Ltd. (" RCB Co ") | Floral Land Pte. Ltd., subsidiary of RCCIV | Raffles City Beijing, located in Dongcheng District, Beijing | Integrated mixed-used development comprising retail, office, rental apartments and serviced residence components | 70.0% | 55.0% | 30.0% RCB Co will cease to be a subsidiary and become an associated company of CapitaLand. |
| 3. | Raffles City Chengdu Co., Ltd. (" RCC Co ") | Calderdale Pte. Ltd., subsidiary of RCCIV | Raffles City Chengdu, located in Wenhou District, Chengdu | Integrated mixed-used development comprising retail, office and serviced residence components | 70.0% | 55.0% | 30.0% RCC Co will cease to be a subsidiary and become an associated company of CapitaLand. |

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|-----|-------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------|------------------------------------------------------------------------------------------------------|--------------------------------------------------------|------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|
| 4. | Ningbo Xin Yin Property Development Co., Ltd. (" RCN Co ") | <ul style="list-style-type: none"> • CapitaLand Ningbo (Commercial) Holdings Pte. Ltd., subsidiary of RCCIV • Fairfield Place Pte. Ltd., subsidiary of RCCIV | Raffles City Ningbo, located in Jiangbei District, Ningbo | Integrated mixed-used development comprising retail, office and residential components | 70.0% | 55.0% | 30.0% RCN Co will cease to be a subsidiary and become an associated company of CapitaLand. |
| 5. | Raffles City (Hangzhou) Real Estate Development Co., Ltd. (" RCH Co ") | Pagesus Pte. Ltd., subsidiary of RCCIV | Raffles City Hangzhou, located in Jianggan District, Hangzhou | Integrated mixed-used development comprising retail, office, serviced residence and hotel components | 70.0% | 55.0% | 30.0% RCH Co will cease to be a subsidiary and become an associated company of CapitaLand. |
| 6. | Shanghai Orient Overseas Kaixuan Real Estate Co., Ltd. (" RCCN Co ") | Senning Property Ltd. | Raffles City Changning, located in Changning District, Shanghai | Integrated mixed-used development comprising retail and office components | 70.0% | 42.8% | 25.0% RCCN Co will remain an associated company of CapitaLand. |