



CAPITALAND LIMITED

Regn No.: 198900036N
(Incorporated in the Republic of Singapore)

ANNOUNCEMENT

PROPOSED DIVESTMENT OF SERVICED RESIDENCES AND RENTAL HOUSING PROPERTIES TO ASCOTT RESIDENCE TRUST

CapitaLand Limited ("**CapitaLand**") wishes to announce the divestment of the following properties (collectively, the "**Target Properties**") to DBS Trustee Limited, as trustee of Ascott Residence Trust ("**Ascott REIT**") by way of a sale of interests in their holding companies, the particulars of which are as follows:

| | Target Properties | Target Property Holding Companies/Entities | Vendor Companies | Purchaser Companies | Consideration |
|----|-------------------------------|---|---|---|--|
| 1. | Citadines on Bourke Melbourne | <p>Citadines on Bourke Melbourne is a leasehold interest building held by Citadines Melbourne on Bourke Unit Trust ("CMB Unit Trust"). The trustee of CMB Unit Trust is Citadines Melbourne on Bourke Pty Ltd ("CMB Trustee"). The freehold interest in the land on which Citadines on Bourke Melbourne is erected is held by Citadines Melbourne on Bourke Land Pty Ltd ("CMB Land").</p> <p>The divestment in respect of this Target Property is 100% interest in each of CMB Unit Trust and CMB Trustee and the land on which Citadines on Bourke Melbourne is located.</p> | Citadines Melbourne on Bourke (BVI) Limited (" CMB BVI "), in respect of the 100% interest in each of CMB Unit Trust and CMB Trustee; and CMB Land, in respect of the land | Ascott REIT Ten Pte. Ltd. (" Ascott REIT Ten ", a wholly-owned subsidiary of Ascott REIT), in respect of the 100% interest in each of CMB Unit Trust and CMB Trustee; and CMB Unit Trust, in respect of the land (so that both leasehold interest in building and freehold interest in land will be held by a single entity in CMB Unit Trust) | A\$158.0 million (approximately S\$167.0 million) (the " CMB Consideration ") |
| 2. | Citadines Shinjuku Tokyo | Citadines Shinjuku Tokyo is held by Citadines Shinjuku TMK (" CS TMK "). Ascott REIT has an existing partial interest in Citadines Shinjuku Tokyo through its ownership of 75% of the common shares and 60% of the preference shares in CS TMK which amounts to an effective interest of 60% interest in Citadines Shinjuku Tokyo. | Ascott Investment Holdings Ltd (" AIHL "); and Somerset Retail Holdings Pte Ltd (" SRPL ") | Ascott REIT; and Citadines Shinjuku Tokyo Investments (S) Pte. Ltd. (" CSTIPL ", a wholly-owned subsidiary of Ascott REIT) | S\$18.2 million and JPY203.0 million (approximately S\$2.3 million) (the " CST Consideration ") |

| | Target Properties | Target Property Holding Companies/Entities | Vendor Companies | Purchaser Companies | Consideration |
|----|--|--|--|---|--|
| | | The divestment in respect of this Target Property is 100% interest in each of Citadines Shinjuku (S) Pte. Ltd. (" CSPL ") and Citadines Shinjuku Tokyo Godo Kaisha (" CST GK ") which collectively holds the balance of the 25% of the common shares and 40% of the preference shares in CS TMK not already held by Ascott REIT. Upon completion of this divestment, Ascott REIT will hold 100% interest in CS TMK and hence 100% interest in Citadines Shinjuku Tokyo. | | | |
| 3. | Citadines Karasuma-Gojo Kyoto | <p>Citadines Karasuma-Gojo Kyoto is held by Citadines Kyoto Gojo TMK ("CKG TMK"). Ascott REIT has an existing partial interest in Citadines Karasuma-Gojo Kyoto through its ownership of 75% of the common shares and 60% of the preference shares in CKG TMK which amounts to an effective interest of 60% interest in Citadines Karasuma-Gojo Kyoto.</p> <p>The divestment in respect of this Target Property is 25% of the common shares and 40% of the preference shares in CKG TMK. Upon completion of this divestment, Ascott REIT will hold 100% interest in CKG TMK and hence 100% interest in Citadines Karasuma-Gojo Kyoto.</p> | Citadines Kyoto Gojo (S) Pte. Ltd. (" CKGPL "); and Citadines Kyoto Gojo Godo Kaisha (" CKG GK ") | Citadines Kyoto Investment Pte. Ltd. (" CKIPL "); and Citadines Kyoto Investment Godo Kaisha (" CKI GK "), each of which are wholly-owned subsidiaries of Ascott REIT | JPY872.2 million (approximately S\$9.7 million) (the " CKK Consideration ") |
| 4. | S-Residence Hommachi Marks; S-Residence Tanimachi 9 chome; S-Residence Midoribashi Serio; and S-Residence Fukushima Luxe (collectively, the " S-Residence Properties ") | The S-Residence Properties are held in the form of trust beneficiary interests. The trust beneficiary interests are held by ARC-CapitaLand Four TMK. ACRJ Investments Pte. Ltd. (" ACRJ ") and RAV Four Pte. Ltd. (" RAV4 ") in aggregate directly own 100% of the common shares and redeemable preference shares in ARC-CapitaLand Four TMK. ARC-CapitaLand Residences Japan Private Limited (" ARC-CapitaLand ") holds 100% of ordinary shares and preference shares and 100% of preference shares of ACRJ and RAV4 respectively. | <p>CapitaLand Management, as trustee of both CRL and GPH and ArcResidential Japan Investments Limited ("ARJ").</p> <p>CapitaLand Management and ARJ hold 30% (including the 18.89% held for CRL) and 70% of the equity interest in ARC-</p> | Ascott REIT | JPY831.7 million (approximately S\$9.2 million) (the " S-Residence Consideration ") |

| | Target Properties | Target Property Holding Companies/Entities | Vendor Companies | Purchaser Companies | Consideration |
|--|-------------------|--|--|---------------------|---------------|
| | | <p>The divestment in respect of this Target Property is 18.89% interest in ARC-CapitaLand held by CapitaLand Singapore Management Limited ("CapitaLand Management") on trust for CRL Investment Pte Ltd ("CRL").</p> <p>CapitaLand Management also holds 11.11% interest in ARC-CapitaLand on trust for GPH Investments Pte Ltd ("GPH"). GPH is also divesting its interest through CapitaLand Management.</p> <p>ARJ is the other shareholder of ARC-CapitaLand which holds the remaining interest in ARC-CapitaLand. ARJ is also divesting its remaining shares in ARC-CapitaLand along with CapitaLand Management. Upon completion of this divestment, Ascott REIT will own a 100% interest in ARC-CapitaLand and hence 100% interest in the S-Residence Properties.</p> | CapitaLand, respectively. GPH and ARJ are unrelated third parties. | | |

(collectively, the "**Proposed Divestments**").

Each of the Vendor Companies (except ARJ) and CRL are wholly-owned subsidiaries of CapitaLand. In respect of the Target Property Holding Companies or Entities, each of CMB Trustee, CMB Unit Trust, CSPL and CST GK are also wholly-owned subsidiaries of CapitaLand. CapitaLand holds 40% interest in CS TMK and CKG TMK, respectively, and an aggregate interest of 18.89% in Arc-CapitaLand, ACRJ, RAV4 and ARC-CapitaLand Four TMK. CapitaLand has an aggregate interest (direct and indirect) of approximately 45.95% in Ascott REIT.

RATIONALE

The Proposed Divestments are part of CapitaLand's ongoing strategy to enhance capital productivity. The proceeds from the Proposed Divestments will strengthen CapitaLand's capability to pursue other projects and enhance returns for its shareholders. Through its unitholding in Ascott REIT, CapitaLand will continue to benefit from the stable yield from the Target Properties.

CONSIDERATION

The consideration which will be fully satisfied in cash on Completion (defined below) for the Proposed Divestments were arrived at on a willing-buyer willing-seller basis, and take into account the following:

- (a) the CMB Consideration was based on:

- (i) the sale consideration attributable to the net asset value of CMB Unit Trust and CMB Trustee of A\$25.4 million (approximately S\$26.8 million) taking into account the agreed value of Citadines on Bourke Melbourne building (excluding the land on which it is located) of A\$128.5 million (approximately S\$135.9 million);
 - (ii) the assignment to Ascott REIT Ten of an intercompany loan held by The Ascott Holdings Limited ("**TAHL**") of A\$102.6 million (approximately S\$108.5 million). TAHL is a wholly-owned subsidiary of CapitaLand; and
 - (iii) the sale consideration attributable to the land on which Citadines on Bourke Melbourne is located of A\$30.0 million (approximately S\$31.7 million).
- (b) the CST Consideration was based on:
- (i) the sale consideration attributable to the net asset value of CST PL and CST GK of JPY38.3 million (approximately S\$0.5 million) taking into account the agreed value of Citadines Shinjuku Tokyo of JPY7.6 billion (approximately S\$84.3 million);
 - (ii) the assignment to Ascott REIT of an intercompany loan held by TAHL of S\$18.2 million; and
 - (iii) the assignment to CSTIPL of an intercompany loan held by SRPL of JPY164.7 million (approximately S\$1.8 million).
- (c) the CKK Consideration was based on the net asset value of the relevant shares in CKG TMK of JPY872.2 million (approximately S\$9.7 million) taking into account the agreed value of Citadines Karasuma-Gojo Kyoto of JPY3.6 billion (approximately S\$39.9 million); and
- (d) the S-Residence Consideration was based on the consolidated net asset value of the relevant shares in ARC-CapitaLand of JPY4.4 billion (approximately S\$48.8 million) taking into account the agreed value of the S-Residence Properties of JPY7.3 billion (approximately S\$81.0 million).

The average of the latest independent valuations of the Target Properties as at 30 April 2015 conducted by CBRE Pte. Ltd. (commissioned by Ascott REIT) and Savills (Singapore) Pte. Ltd. (commissioned by TAHL) are as follows:

| | Target Properties | Average Independent Valuations |
|----|-------------------------------|---|
| 1. | Citadines on Bourke Melbourne | A\$156.0 million (approximately S\$164.9 million) |
| 2. | Citadines Shinjuku Tokyo | JPY7.7 billion (approximately S\$85.0 million) |
| 3. | Citadines Karasuma-Gojo Kyoto | JPY3.7 billion (approximately S\$40.7 million) |
| 4. | S-Residence Properties | JPY7.4 billion (approximately S\$82.3 million) |

COMPLETION

Completion of the Proposed Divestments is expected to take place on 31 July 2015, or such other date as the parties may agree in writing, after all the conditions set out in each of the Sale and Purchase Agreements have been satisfied or waived (as applicable) ("**Completion**").

One of the conditions for the Completion is Ascott REIT obtaining approval of its unitholders at an extraordinary general meeting to be convened to approve the transactions contemplated in the Sale and Purchase Agreements.

Completion of the Proposed Divestments of the three Target Properties other than S-Residence Properties are inter-conditional and shall take place concurrently, while Completion of the Proposed Divestment of the S-Residence Properties is not conditional upon the Completion of any Target Property and may take place separately.

Upon Completion, CMB Unit Trust, CMB Trustee, CSPL, and CST GK will cease to be wholly-owned subsidiaries of CapitaLand and become associated companies of CapitaLand through its interest in Ascott REIT. CS TMK, CKG TMK, ARC-CapitaLand, ACRJ, RAV4 and ARC-CapitaLand Four TMK will become associated companies of CapitaLand through its interest in Ascott REIT.

FINANCIAL EFFECTS

CapitaLand is expected to recognise a net gain of approximately S\$27.7 million arising from the Proposed Divestments. For illustration purpose only, based on the unaudited consolidated financial statements of CapitaLand Group for the financial period three months ended 31 March 2015:

- (a) assuming that the Proposed Divestments were effected on 1 January 2015, CapitaLand Group's earnings per share would have increased from 3.8 cents to 4.4 cents and
- (b) assuming that the Proposed Divestments were effected on 31 March 2015, the financial impact on CapitaLand Group's net tangible asset per share would not be material.

INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDER

Mr Lim Ming Yan is a Director as well as the President and Group Chief Executive Officer of CapitaLand. He is also the Deputy Chairman and a Non-Executive Non-Independent Director of Ascott Residence Trust Management Limited, the manager of Ascott REIT and a wholly-owned subsidiary of CapitaLand

As at the date of this announcement, certain Directors of CapitaLand collectively have an aggregate interest (direct and indirect) in 2,447,254 shares in CapitaLand. Mr Lim Ming Yan has a direct interest in 263,509 units in Ascott REIT.

Temasek Holdings (Private) Limited, the controlling shareholder of CapitaLand, has an interest (direct and indirect) of approximately 40.77% in CapitaLand and approximately 47.07% in Ascott REIT.

Save as disclosed above, none of the directors and the controlling shareholder of CapitaLand has any interest, direct or indirect, in the Proposed Divestments.

By Order of the Board

Michelle Koh
Company Secretary
25 June 2015