

NEWS RELEASE

ASCOTT SCALES UP LODGING BUSINESS WITH US\$26-MILLION INVESTMENT IN INDONESIA'S LEADING HOTEL OPERATOR TAUZIA

Set to expand beyond serviced residences and apartments for corporate lease to advance in business hotel segment

Singapore, 17 September 2018 – CapitaLand's wholly owned serviced residence business unit, The Ascott Limited (Ascott), is advancing in the fast-growing middle-class business hotel segment by investing about US\$26 million¹ for a 70% stake in Green Oak Hotel Management, the holding company for TAUZIA Hotel Management (TAUZIA). This is Ascott's first major move into the lodging segment beyond its core serviced residence business and existing business in apartments for corporate lease.

TAUZIA is one of Indonesia's top five hotel operators. With its investment in TAUZIA, Ascott will get an instant boost of close to 20,000 units spanning 122 hotels across Indonesia, Malaysia and Vietnam, half of which are under development. This puts Ascott's portfolio at more than 94,000 units globally, surpassing its 2020 target of 80,000 units well ahead of time.

The majority of TAUZIA's portfolio are well-located in Indonesia, with close to 60% in key cities such as Jakarta, Bali, Bandung, Surabaya and Yogyakarta. About 70% of TAUZIA's hotels cater to business and convention travellers, while 30% are targeted at leisure travellers.

Mr Kevin Goh, Ascott's Chief Executive Officer, said: "While Ascott's serviced residences continue to see strong demand from expatriates and corporate travellers, we can capitalise on significant opportunities in the middle-class business hotel segment which is expanding at an unprecedented rate. This is brought on by the rise of the gig economy, super commuters, infrastructure builders, other project-based workers, and tech-savvy, self-sufficient, and value-conscious leisure travellers. With our investment in TAUZIA, we look forward to accessing this market, which is one of the fastest growing segments of the hotel industry."

"We are also looking to expand beyond serviced residences where we can leverage Ascott's over 30 years of experience managing properties globally. Scaling up the lodging business will allow Ascott to address these new segments of customers by widening our offering of products and services. Together with our earlier platform investments in Synergy Global Housing and Quest Apartment Hotels, increasing the scale of our business will allow us to achieve greater synergies in cross-selling and operational efficiencies as well as better customer outreach; essentially anchoring Ascott's position as a dynamic chain player in the lodging industry."

[1] The consideration for the acquisition comprises US\$12.95 million paid on 17 September 2018; as well as, subject to certain adjustments, annual payments computed based on a specified formula relating to the number of hotel rooms opened in certain hotels managed by TAUZIA in the relevant year, payable over a five-year period commencing from 1 January 2018, up to an aggregate amount of US\$12.95 million.

TAUZIA has six in-house lifestyle brands, comprising the mid-tier HARRIS Hotels, which promote business, leisure and healthy lifestyles, and FOX HARRIS Hotels, which are decked in contemporary design; YELLO Hotels for young, tech-savvy entrepreneurs who seek novel experiences and community-bonding; as well as the economy POP! Hotels for smart and eco-friendly travellers. TAUZIA's Préférence brand are upscale boutique hotels while HARRIS Vertu Hotels are high-end business hotels. TAUZIA's brands will widen and complement Ascott's brands given their different product offerings targeted at different customer segments.

Mr Goh added: "TAUZIA's fastest growing mid-tier business hotels will enable us to capture the ballooning middle-class segment in Asia, which will be home to two-thirds of the world's middle-class by 2030². So besides strengthening TAUZIA's presence in Indonesia, we will be leveraging Ascott's global network of about 100,000 corporate clients to bring TAUZIA to international markets. Markets with immediate demand include Malaysia, the Philippines, Thailand and Vietnam, as well as secondary cities in Cambodia, Laos and Myanmar. Prior to our investment in TAUZIA, we have 10 business hotels with about 2,000 keys in our portfolio. On top of the units under TAUZIA, we see potential to add another 20,000 keys over the next five years across Southeast Asia. This will increase our hotel portfolio to over 41,000 keys, constituting about 25% of our 160,000-unit target by 2023."

Mr Marc Steinmeyer, Founder of TAUZIA, said: "Ascott is one of the leading international serviced residence owner-operators in the world and the largest in Indonesia. The strategic partnership with Ascott will elevate TAUZIA to an international platform, bringing us to more geographies beyond Indonesia. With a focus on the Indonesia market in the past 17 years, we have used our edge in design and branding to grow six well-known lifestyle brands, targeting different traveller segments ranging from those who prefer luxurious hotels, homely environments, stylish and social spaces to economy accommodation. Many of our hotels are ideal for business as they come with meetings and convention facilities, and food & beverage outlets. As the current management continues in the running of TAUZIA's hotels and the integration with Ascott's network, we strongly believe our combined expertise will accelerate TAUZIA's growth to become a leading hotel operator in the region."

The hospitality sector in Southeast Asia region is expected to grow with the region's rapid economic expansion, flourishing tourism industry, rising consumption, and huge influx of foreign investments. The ASEAN Economic Community will also generate more investment and job opportunities in the region, thus fuelling greater demand in the region's hospitality business.

In Indonesia, Ascott has a 22-year track record with 17 serviced residences and more than 3,000 units across Jakarta, Bali, Bandung, Karawang, Makassar, Surabaya and Yogyakarta. Indonesia is the largest economy in Southeast Asia, the world's 10th largest economy and

[2] "Made in Asia for Asia: How the rise of its middle class is remaking the world economy" (16 April 2017), South China Morning Post

fourth most populated nation with a population of 252 million³. In 2017, the country has more than 14 million overseas visitors, an increase of over two million from 2016⁴, while its foreign direct investment grew 8.5% to Rp 430.5 trillion⁵.

Ascott has been accelerating its expansion in recent years. In May 2018, Ascott announced its joint venture with one of China's leading hotel operators, the Nasdaq-listed Huazhu Hotels Group, and Huazhu's subsidiary and an apartment rental firm, CJIA Apartments Group, targeting to sign 16,000 units under Ascott's Citadines brand in China by 2025. Last year, Ascott acquired a majority stake in Synergy Global Housing, a leading accommodation provider in the U.S., and upped its stake in Quest Apartment Hotels from 20% to 80%, propelling Ascott to become the biggest serviced residence player in Australasia.

About The Ascott Limited

The Ascott Limited is a Singapore company that has grown to be one of the leading international serviced residence owner-operators. It has more than 55,000 operating serviced residence units and hotel rooms in key cities of the Americas, Asia Pacific, Europe, the Middle East and Africa, as well as over 39,000 units which are under development, making a total of over 94,000 units in over 630 properties. The company's brands include Ascott, Citadines, Somerset, Quest, The Crest Collection, and lyf. Ascott's portfolio spans more than 160 cities across over 30 countries.

Ascott, a wholly owned subsidiary of CapitaLand Limited, pioneered Asia Pacific's first international-class serviced residence with the opening of The Ascott Singapore in 1984. Today, the company boasts over 30 years of industry track record and award-winning serviced residence brands that enjoy recognition worldwide.

Ascott's achievements have been recognised internationally. Recent awards include World Travel Awards 2018 for 'Leading Serviced Apartment Brand' in Asia, Europe and the Middle East; DestinAsian Readers' Choice Awards 2018 for 'Best Serviced Residence Brand'; TTG China Travel Awards 2018 for 'Best Serviced Residence Operator in China'; Business Traveller Asia-Pacific Awards 2018 for 'Best Serviced Residence Brand'; Business Traveller UK Awards 2017 for 'Best Serviced Apartment Company' and Business Traveller China Awards 2017 for 'Best Serviced Residence Brand'. For a full list of awards, please visit <https://www.the-ascott.com/ascottlimited/awards.html>.

[3] "The World Bank In Indonesia" (2018), The World Bank Group

[4] "Indonesia's Booming Tourism Industry" (7 June 2018), The Diplomat

[5] "Domestic and Foreign Direct Investment Realization in Quarter IV and January-December 2017 (30 January 2018), Indonesia Investment Coordinating Board

About CapitaLand Limited

CapitaLand is one of Asia's largest real estate companies. Headquartered and listed in Singapore, it is an owner and manager of a global portfolio worth over S\$93 billion as at 30 June 2018, comprising integrated developments, shopping malls, serviced residences, offices, homes, real estate investment trusts (REITs) and funds. Present across more than 150 cities in over 30 countries, the Group focuses on Singapore and China as core markets, while it continues to expand in markets such as Vietnam and Indonesia.

CapitaLand's competitive advantage is its significant asset base and extensive market network. Coupled with extensive design, development and operational capabilities, the Group develops and manages high-quality real estate products and services. It also has one of the largest investment management businesses in Asia and a stable of five REITs listed in Singapore and Malaysia – CapitaLand Mall Trust, CapitaLand Commercial Trust, Ascott Residence Trust, CapitaLand Retail China Trust and CapitaLand Malaysia Mall Trust.

Visit www.capitaland.com for more information.

About TAUZIA Hotel Management Pte Ltd

Established in 2001, TAUZIA Hotel Management is a network of 122 hotels in operation and development under the brands of Préférence – a label for a collection of charming boutique hotels, HARRIS Vertu – upscale hotels bearing the concept 'Joy of Life', HARRIS – upper midscale hotels where guests can 'Stay Bright', FOX Harris – midscale hotels with contemporary and adaptable design, YELLO – the netizen's new midscale hotels, and POP! – economy hotels for smart and eco-friendly travellers. TAUZIA aspires to build a blend of culture in its management style and product development while promoting diversity in the hospitality industry. Visit <https://www.tauziahotels.com> for more information.

Issued by: The Ascott Limited Website: www.the-ascott.com
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