



CAPITALAND LIMITED

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

ANNOUNCEMENT

PROPOSED DIVESTMENT OF SERVICED RESIDENCE PROPERTIES TO ASCOTT RESIDENCE TRUST

CapitaLand Limited ("**CapitaLand**") wishes to announce the divestment of the following serviced residence properties to DBS Trustee Limited, as trustee of Ascott Residence Trust ("**Ascott REIT**"):

- (a) Citadines City Centre Frankfurt, Germany (the "**Frankfurt Divestment**") for a cash consideration of €35.7 million (approximately S\$53.1 million) (the "**Frankfurt Consideration**"); and
- (b) Citadines Michel Hamburg, Germany (the "**Hamburg Divestment**") for a cash consideration of €29.7 million (approximately S\$44.1 million) (the "**Hamburg Consideration**"),

(the Frankfurt Divestment and the Hamburg Divestment are collectively referred to as the "**Proposed Divestments**").

The Proposed Divestments are carried out in the following manner:

- (a) Frankfurt Divestment: sale by Ascott Holdings (Europe) N.V. (the "**Vendor**") to The Ascott (Europe) N.V. (the "**Purchaser**") of 94% equity interest in Citadines (Netherlands) B.V. ("**CNBV**"). CNBV owns a 99% equity interest in Citadines Europaviertel (Frankfurt) GmbH & Co., KG ("**Frankfurt SPV**"), which in turn is the legal and beneficial owner of Citadines City Centre Frankfurt ("**Frankfurt Property**"); and
- (b) Hamburg Divestment: sale by the Vendor to the Purchaser of 94% equity interest in Citadines Investments B.V. ("**CIBV**"). CIBV owns a 99% equity interest in Citadines Hamburg Michel GmbH & Co., KG ("**Hamburg SPV**"), which in turn is the legal and beneficial owner of Citadines Michel Hamburg ("**Hamburg Property**"),

on the terms and subject to the conditions of the respective sale and purchase agreement which have been entered into by the Vendor, The Ascott Holdings Limited (as guarantor of the Vendor's obligations) and the Purchaser (collectively referred to as the "**Sale and Purchase Agreements**").

The Vendor is a wholly owned subsidiary of CapitaLand, while the Purchaser is a wholly owned subsidiary of Ascott REIT. CapitaLand has an interest of approximately 44.16% in Ascott REIT.

RATIONALE

The Proposed Divestments are carried out as part of CapitaLand's ongoing strategy to enhance capital productivity.

CONSIDERATION

The consideration for each of the Proposed Divestments was arrived at on a willing-buyer willing-seller basis, taking into account the considerations set out below. The consideration is subject to adjustments as at Completion (if any) in accordance with the terms and conditions of the respective Sale and Purchase Agreements and will be paid in full on Completion (defined below).

The Frankfurt Consideration was based on:

- (a) the value equal to 94% of the consolidated net asset value of CNBV and the Frankfurt SPV as at 31 December 2016 which is equivalent to €14.5 million (approximately S\$21.6 million), taking into account, among other factors, the agreed value of Citadines City Centre Frankfurt of €37.4 million (approximately S\$55.6 million); and
- (b) the assignment to the Purchaser of 94% of the outstanding principal amount of the shareholder loans granted by the Vendor to CNBV which is equivalent to approximately €21.2 million (approximately S\$31.5 million); and

The Hamburg Consideration was based on:

- (a) the value equal to 94% of the consolidated net asset value of CIBV and the Hamburg SPV as at 31 December 2016 which is equivalent to €12.3 million (approximately S\$18.2 million), taking into account, among other factors, the agreed value of Citadines Michel Hamburg of €31.2 million (approximately S\$46.4 million); and
- (b) the assignment to the Purchaser of 94% of the outstanding principal amount of the shareholder loans granted by the Vendor to CIBV which is equivalent to approximately €17.4 million (approximately S\$25.9 million).

The average of the latest independent valuations of the Frankfurt Property and the Hamburg Property, respectively, as at 15 January 2017 conducted by Cushman & Wakefield VHS Pte. Ltd. (commissioned by Ascott REIT) and CBRE Pte. Ltd. (commissioned by Ascott Residence Trust Management Limited, the manager of Ascott REIT), in each case, using the discounted cash flow analysis approach, are as follows:

- (a) Frankfurt Property: €37.7 million (approximately S\$56.0 million); and
- (b) Hamburg Property: €31.3 million (approximately S\$46.5 million).

COMPLETION

Completion of the Proposed Divestments is expected to take place in May 2017, or such other date as the Vendor and the Purchaser may agree in writing, after all the conditions set out in each of the Sale and Purchase Agreements have been fulfilled or waived (as applicable) ("**Completion**").

One of the conditions for Completion is Ascott REIT obtaining approval of its unitholders at an extraordinary general meeting to be convened to approve the purchase contemplated in the Sale and Purchase Agreements. Completion of the Frankfurt Divestment and the Hamburg Divestment are inter-conditional and shall take place simultaneously.

Upon Completion, CNBV and CIBV will cease to be wholly owned subsidiaries of CapitaLand.

FINANCIAL EFFECTS

The Proposed Divestments are not expected to have any material impact on the net tangible assets or earnings per share of the CapitaLand Group for the financial year ending 31 December 2017.

INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDER

Mr Lim Ming Yan is a Director and the President and Group Chief Executive Officer of CapitaLand. He is also the Deputy Chairman of Ascott Residence Trust Management Limited, which is a wholly owned subsidiary of CapitaLand.

Certain Directors of CapitaLand collectively have an aggregate interest in 2,900,973 shares in CapitaLand, and Mr Lim has an interest in 259,509 units in Ascott REIT.

Temasek Holdings (Private) Limited, the controlling shareholder of CapitaLand, has an interest of approximately 40.97% in CapitaLand and approximately 45.28% in Ascott REIT (including that held through CapitaLand).

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
6 March 2017