

**THIS CIRCULAR IS IMPORTANT AND REQUIRES  
YOUR IMMEDIATE ATTENTION**

If you are in any doubt as to the action that you should take, you should consult your stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

If you have sold or transferred all your shares in the capital of CapitaLand Limited, you should immediately forward this Circular, the Notice of Extraordinary General Meeting and the accompanying Proxy Form to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or the transfer was effected for onward transmission to the purchaser or transferee.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the accuracy of any of the statements made, reports contained or opinions expressed in this Circular.



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

**CIRCULAR TO SHAREHOLDERS  
IN RELATION TO:**

- (1) THE PROPOSED ACQUISITION OF ALL THE ISSUED ORDINARY SHARES IN EACH OF ASCENDAS PTE LTD AND SINGBRIDGE PTE. LTD. BY CAPITALAND LIMITED ("CAPITALAND") AND/OR ITS NOMINEE(S) FOR A TOTAL CONSIDERATION OF S\$6,035.9 MILLION (THE "CONSIDERATION") TO BE SATISFIED BY AN EQUAL PROPORTION OF CASH AND NEW ORDINARY SHARES IN CAPITALAND (THE "PROPOSED TRANSACTION");
- (2) THE PROPOSED ALLOTMENT AND ISSUANCE OF THE CONSIDERATION SHARES (AS DEFINED HEREIN) TO ASCENDAS-SINGBRIDGE PTE. LTD. (THE "VENDOR") AND/OR ITS NOMINEE(S) AT AN ISSUE PRICE OF S\$3.50 FOR EACH CONSIDERATION SHARE IN SATISFACTION OF THE NON-CASH PORTION OF THE CONSIDERATION; AND
- (3) THE PROPOSED ORDINARY RESOLUTION FOR THE WAIVER OF THE RIGHTS OF THE WHITEWASH INDEPENDENT SHAREHOLDERS (AS DEFINED HEREIN) TO RECEIVE A MANDATORY TAKE-OVER OFFER FROM THE VENDOR AND ITS CONCERT PARTIES FOR THE ORDINARY SHARES IN CAPITALAND NOT HELD BY THE VENDOR AND ITS CONCERT PARTIES, AS A RESULT OF THE VENDOR'S ACQUISITION OF THE CONSIDERATION SHARES (THE "WHITEWASH RESOLUTION").

Financial Adviser to CapitaLand  
in relation to the Proposed Transaction

**J.P.Morgan**

Independent Financial Adviser  
in relation to the Proposed Transaction, the Proposed Allotment and Issuance of  
the Consideration Shares and the Whitewash Resolution

 **Rothschild & Co**

**IMPORTANT DATES AND TIMES:**

Last date and time for lodgement of Proxy Form	9 April 2019 (Tuesday) at 11.30 a.m.
Date and time of Extraordinary General Meeting	12 April 2019 (Friday) at 11.30 a.m. (or as soon thereafter as the Annual General Meeting of CapitaLand to be held at 10.00 a.m. on the same day and at the same place is concluded or adjourned)
Place of Extraordinary General Meeting	The Star Theatre, Level 5, The Star Performing Arts Centre, 1 Vista Exchange Green, Singapore 138617



79 Robinson Road, Singapore



International Tech Park Pune,  
Hinjawadi, India



Ascent, Singapore



Galaxis, Singapore

# CREATING ONE OF THE LEADING DIVERSIFIED REAL ESTATE COMPANIES IN ASIA

## OVERVIEW OF THE PROPOSED TRANSACTION

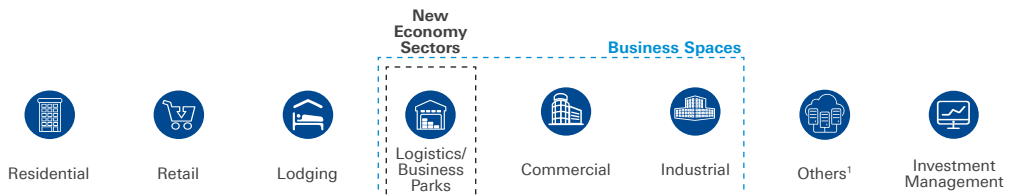
- CapitaLand to acquire all the issued shares of each of Ascendas Pte Ltd and Singbridge Pte. Ltd. for **S\$6,035.9 million**
- Combined assets under management (AUM) of **S\$123.4 billion** propels CapitaLand to become one of the top 10 real estate investment managers globally
- The enlarged portfolio will be diversified across eight attractive real estate asset classes in **more than 30 countries**

DEVELOPER

OWNER

OPERATOR

MANAGER



	Residential	Retail	Lodging	New Economy Sectors Logistics/ Business Parks	Business Spaces Commercial	Industrial	Others <sup>1</sup>	Investment Management
SINGAPORE	●	● ●	● ●	●	● ●	●	●	● ●
CHINA	● ●	●	●	●	● ●	●	●	● ●
INDIA			●	●		●		●
VIETNAM	●	●	●	●	●			●
REST OF WORLD	●	●	● ●	●	● ●	●		● ●

● CapitaLand Group's presence. ● Ascendas-Singbridge Group's presence.

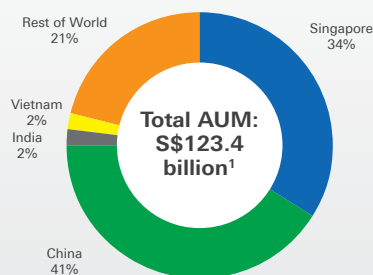
<sup>1</sup> Others include data centres and land for sale.

## DIVERSIFIED GLOBAL PRESENCE ACROSS GROWTH MARKETS AND ATTRACTIVE SECTORS

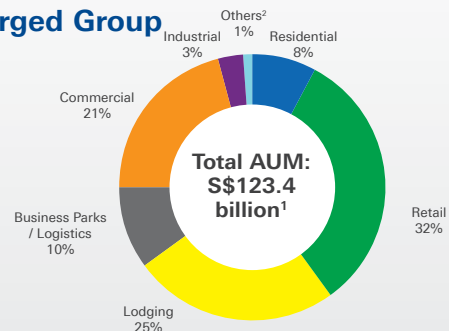
BY GEOGRAPHY

BY SECTOR

### Enlarged Group



### Enlarged Group



<sup>1</sup> Enlarged Group's AUM as at 31 December 2018 adjusted for CapitaLand Group's and Ascendas-Singbridge Group's joint-development of Raffles City Chongqing.

<sup>2</sup> Others include data centres and land for sale.

## LARGEST SINGAPORE REITS IN 4 KEY SECTORS<sup>1</sup>

RETAIL

COMMERCIAL

HOSPITALITY

A Member of CapitaLand

INDUSTRIAL

8 REITS

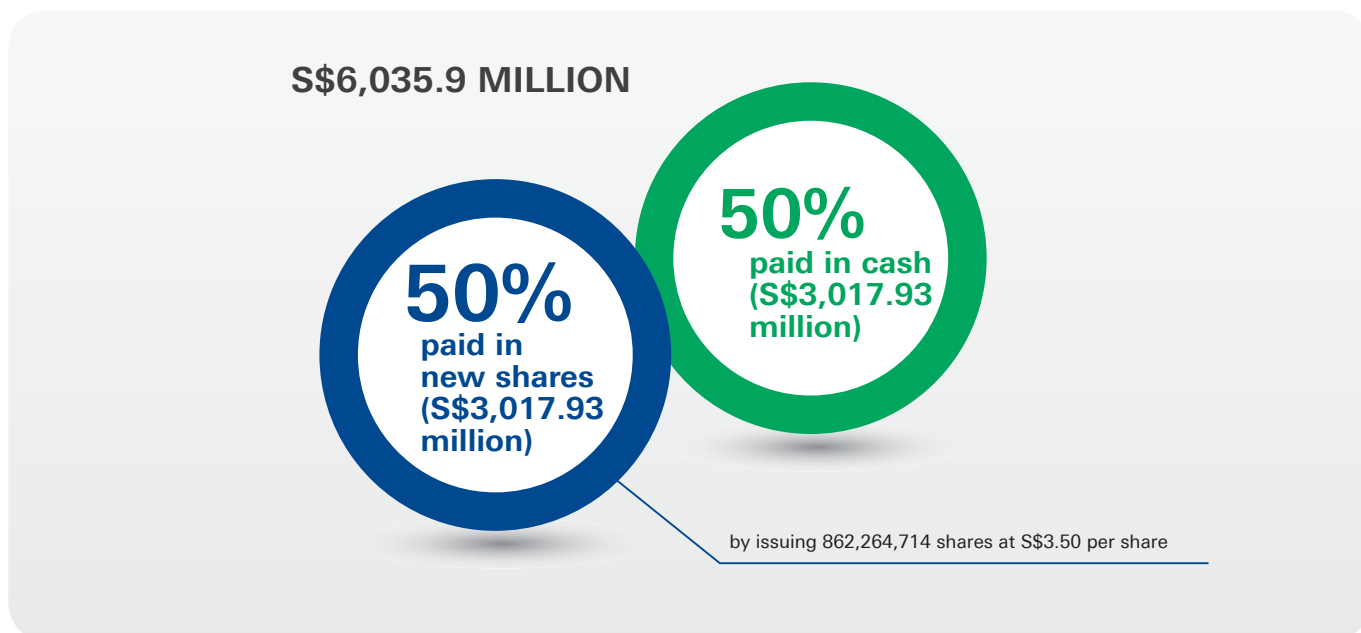
23 PRIVATE FUNDS

<sup>1</sup> Based on market capitalisation as of the Latest Practicable Date.

# RATIONALE FOR AND BENEFITS OF THE PROPOSED TRANSACTION

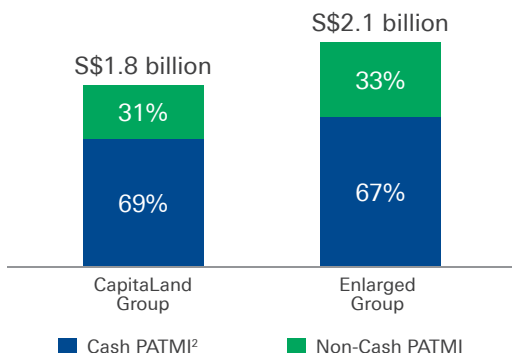


# PURCHASE CONSIDERATION



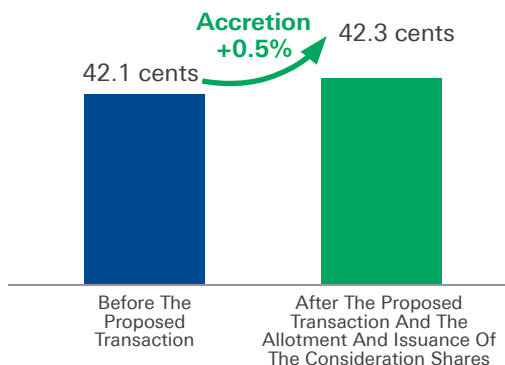
## REINFORCES INCOME QUALITY

Breakdown of Profit After Tax And Minority Interests<sup>1</sup>



## EPS ACCRETIVE TO CAPITALAND GROUP

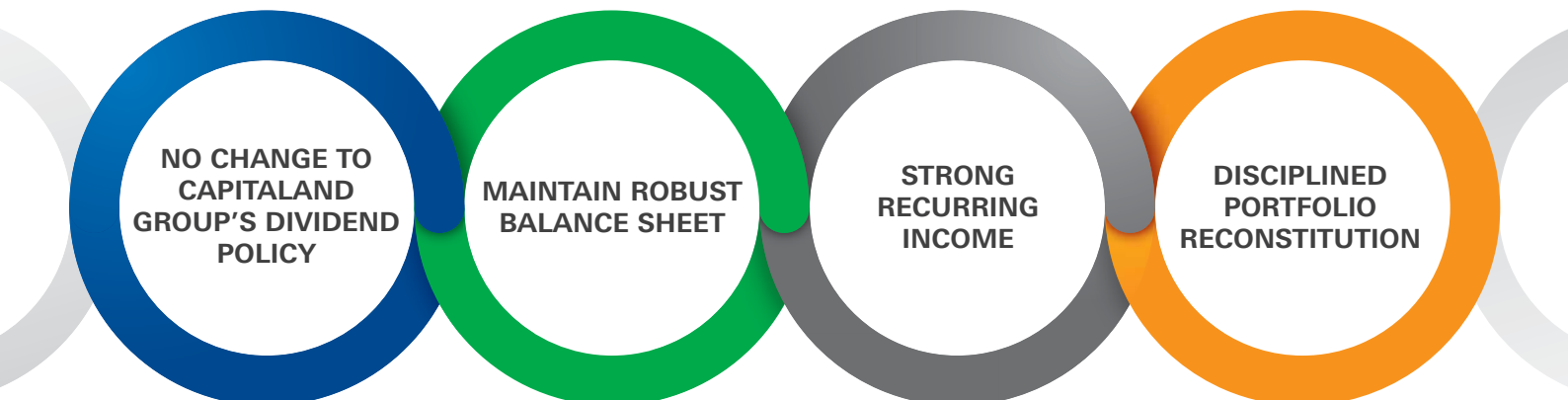
Earnings Per Share Accretion<sup>1</sup>



Notes:

<sup>1</sup> Based on CapitaLand Group's financials for FY2018 and Ascendas-Singbridge Group's financials for the period from 1 October 2017 to 30 September 2018.

<sup>2</sup> Cash PATMI consists of Operating PATMI, portfolio gains and realised revaluation gains.



**Creating Long-Term  
Shareholder Value By Targeting  
Sustainable Return On Equity  
Above The Cost Of Equity**



**1** Unlock Embedded Long-term Development Growth Potential

**2** Drive Recurring Income And Return On Equity Growth Through Disciplined Portfolio Reconstitution

**3** Strengthen The Fund And Asset Management Platform

**4** Maintain A Balanced Global Portfolio

**5** Continuous Focus On Aligning Management's And Shareholders' Interests

**6** Enhance Talent Acquisition And Development Practices

**7** Proactive Sustainability Leadership

**8** Continuous Corporate Social Responsibility Stewardship

## OPINION OF INDEPENDENT FINANCIAL ADVISER

An extract of the Independent Financial Adviser (IFA) Opinion is reproduced below. Based on the considerations set out in the IFA Opinion, the IFA is of the opinion that:

- The Proposed Transaction and the Proposed Allotment and Issuance of the Consideration Shares are **on NORMAL commercial terms and are NOT PREJUDICIAL to the interests of CapitaLand and the IPT Independent Shareholders** (as defined herein); and
- The Whitewash Resolution is **FAIR and REASONABLE**.

 **Rothschild & Co**  
Independent Financial Adviser

## RECOMMENDATIONS OF THE INDEPENDENT DIRECTORS

The Independent Directors have considered the opinion and advice given by the IFA set out in the IFA Opinion, and recommend:

- The IPT Independent Shareholders **VOTE IN FAVOUR** of the ordinary resolutions relating to the Proposed Transaction and the Proposed Allotment and Issuance of the Consideration Shares; and
- The Whitewash Independent Shareholders **VOTE IN FAVOUR** of the Whitewash Resolution.

  
Independent Directors

### DISCLAIMER:

IT IS IMPORTANT THAT YOU READ THIS EXTRACT TOGETHER WITH AND IN THE CONTEXT OF THE IFA LETTER AND RECOMMENDATIONS OF THE INDEPENDENT DIRECTORS IN FULL, WHICH CAN BE FOUND IN PARAGRAPH 16 OF THIS CIRCULAR.



# WHAT DO SHAREHOLDERS NEED TO DO IN RELATION TO THE PROPOSED TRANSACTION?

## YOUR VOTE COUNTS



Please vote in person or by proxy



You now have this Circular

### Extraordinary General Meeting (EGM):

12 April 2019 (Friday) at 11.30 a.m.  
(or as soon thereafter as the Annual General Meeting of CapitaLand to be held at 10:00 a.m. on the same day and at the same place is concluded or adjourned)

The Star Theatre, Level 5,  
The Star Performing Arts Centre,  
1 Vista Exchange Green,  
Singapore 138617



Attend the EGM in person

OR



Appoint a proxy to vote at the EGM



CapitaLand shareholders vote at the EGM

# WHAT IF SHAREHOLDERS ARE UNABLE TO ATTEND THE EGM?

If you are unable to attend the EGM in person, you may appoint someone you know, or the Chairman of the EGM, to vote on your behalf by completing the Proxy Form.

## STEP 1: LOCATE THE PROXY FORM

The Proxy Form is enclosed with this Circular or can be obtained from CapitaLand's Share Registrar:  
 M & C Services Private Limited  
 112 Robinson Road  
 #05-01  
 Singapore 068902

## STEP 2: COMPLETE THE PROXY FORM

### A. Fill in your name and particulars.

I/We \_\_\_\_\_ (Name),  
 \_\_\_\_\_ (NRIC/Passport/Company Registration Number)  
 of \_\_\_\_\_ (Address)  
 being a member/members of CapitaLand Limited (the "Company"), hereby appoint:

### B. You may fill in the details of the appointee(s) or leave this section blank. The Chairman of the EGM will be the appointee if this section is left blank.

Name:	NRIC/Passport No.:	Proportion of Shareholdings	
		No. of Shares	%
Address:			

and/or (delete as appropriate)

Name:	NRIC/Passport No.:	Proportion of Shareholdings	
		No. of Shares	%
Address:			

### C. Indicate your vote in the box labeled **FOR** or **AGAINST** for each of the Resolutions.

No.	Resolutions relating to:	For*	Against*
1	The Proposed Transaction		
2	The Proposed Allotment and Issuance of the Consideration Shares		
3	The Whitewash Resolution		

**CapitaLand Limited**  
 (Registration Number: 198900028N)  
 (Incorporated in the Republic of Singapore)

**IMPORTANT:**  
 1. A request (mandatory, as defined in Section 181 of the Companies Act, Chapter 50 of Singapore, may appoint more than two proxies to attend, speak and vote at the EGM.  
 2. For CPF/SRS investors who have used their CPF/SRS monies to buy CapitaLand Limited shares, this Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective Agent Banks/SRS Operators if they have any queries regarding their appointment to proxies.  
 Personal Data Privacy  
 By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of EGM dated 22 March 2019.

**PROXY FORM**  
**EXTRAORDINARY GENERAL MEETING**

I/We \_\_\_\_\_ (Name),  
 \_\_\_\_\_ (NRIC/Passport/Company Registration Number)  
 of \_\_\_\_\_ (Address)  
 being a member/members of CapitaLand Limited (the "Company"), hereby appoint:

Name:	NRIC/Passport No.:	Proportion of Shareholdings	
Address:		No. of Shares	%

and/or (delete as appropriate)

Name:	NRIC/Passport No.:	Proportion of Shareholdings	
Address:		No. of Shares	%

or, failing whom, the Chairman of the Extraordinary General Meeting of the Company ("EGM") as my/our proxy/proxies to attend, speak and vote for me/us on my/our behalf at the EGM to be held at The Star Theatre, Level 5, The Star Performing Arts Centre, 1 Vista Exchange Green, Singapore 138617, on Friday, 12 April 2019 at 11.30 a.m. (or as soon thereafter as the Annual General Meeting of the Company to be held at 10.00 a.m. on the same day and at the same place is concluded or adjourned), and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Ordinary Resolutions to be proposed at the EGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the EGM.

No.	Resolutions relating to:	For*	Against*
1	The Proposed Transaction		
2	The Proposed Allotment and Issuance of the Consideration Shares		
3	The Whitewash Resolution		

\* Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against", please indicate with a "v" within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2019

Signature(s) of Member(s) or Common Seal

**IMPORTANT: PLEASE READ NOTES TO PROXY FORM ON REVERSE PAGE**

Total Number of Shares Held



## STEP 2: COMPLETE THE PROXY FORM (CONTINUED)

- D. If you are an individual, you or your attorney **MUST SIGN** and indicate the date. For a corporation, the Proxy Form must be executed under its common seal or signed by a duly authorised officer or attorney. Where the Proxy Form is signed by an attorney, the letter or power of attorney or a duly certified copy thereof must be lodged with the Proxy Form.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2019

Signature(s) of Member(s) or Common Seal

- E. Indicate the number of CapitaLand shares you hold.

Total Number of Shares Held

**CapitaLand Limited**  
(Registration Number: 198900094)  
(Incorporated in the Republic of Singapore)

**PROXY FORM**  
**EXTRAORDINARY GENERAL MEETING**

**IMPORTANT:**  
1. A relevant intermediary, as defined in Section 181 of the Companies Act, Chapter 50 of Singapore, may appoint more than two proxies to attend, speak and vote at the EGM.  
2. For CPFERS investors who have used their CPFERS monies to buy CapitaLand Limited shares, this Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPFERS investors should contact their respective Agent Bank/CPF Operators if they have any queries regarding their appointment as proxies.  
**Personal Data Privacy**  
By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of EGM dated 20 March 2019.

I/We \_\_\_\_\_ (Name)  
\_\_\_\_\_ (NRIC/Passport/Company Registration Number)  
of \_\_\_\_\_ (Address)  
being a member/members of CapitaLand Limited (the "Company"), hereby appoint:

Name:	NRIC/Passport No.:	Proportion of Shareholdings	
		No. of Shares	%
Address:			

and/or (delete as appropriate)

Name:	NRIC/Passport No.:	Proportion of Shareholdings	
		No. of Shares	%
Address:			

or, failing whom, the Chairman of the Extraordinary General Meeting of the Company ("EGM") as my/our proxy/proxies to attend, speak and vote for me/us on my/our behalf at the EGM to be held at The Star Theatre, Level 5, The Star Performing Arts Centre, 1 Vista Exchange Green, Singapore 138617, on Friday, 12 April 2019 at 11.30 a.m. (or as soon thereafter as the Annual General Meeting of the Company to be held at 10.00 a.m. on the same day and at the same place is concluded or adjourned), and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Ordinary Resolutions to be proposed at the EGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the EGM.

No.	Resolutions relating to:	For*	Against*
1	The Proposed Transaction		
2	The Proposed Allotment and Issuance of the Consideration Shares		
3	The Whitewash Resolution		

\* Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against", please indicate with a "V" within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2019

Signature(s) of Member(s) or Common Seal

Total Number of Shares Held

**IMPORTANT: PLEASE READ NOTES TO PROXY FORM ON REVERSE PAGE**

## STEP 3: RETURN THE COMPLETED PROXY FORM

Return the completed and signed Proxy Form in the enclosed pre-addressed envelope to CapitaLand's Share Registrar, M & C Services Private Limited, 112 Robinson Road, #05-01, Singapore 068902, **NO LATER THAN 9 April 2019 (Tuesday) at 11.30 a.m.** The envelope is prepaid for posting in Singapore only. Please affix sufficient postage if posting from outside of Singapore.

**CapitaLand**

BUSINESS REPLY SERVICE  
PERMIT NO. 04910

CapitaLand Limited  
c/o M & C Services Private Limited  
112 Robinson Road  
#05-01  
Singapore 068902

Postage will be paid by addressee for posting in Singapore only.

## **FORWARD-LOOKING STATEMENTS**

This Circular may contain forward-looking statements that involve risks and uncertainties. Any actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Under no circumstances should the inclusion of such information herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by CapitaLand or any other person or that these results will be achieved or are likely to be achieved. Shareholders are cautioned not to place undue reliance on these forward-looking statements, which are based on CapitaLand's current view of future events. CapitaLand neither guarantees any future performance or event nor assumes any obligation to update publicly or revise any forward-looking statement.

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## CORPORATE INFORMATION

Directors	:	Mr Ng Kee Choe ( <i>Chairman and Non-Executive Independent Director</i> ) Mr Lee Chee Koon ( <i>President &amp; Group Chief Executive Officer and Executive Non-Independent Director</i> ) Ms Euleen Goh Yiu Kiang ( <i>Non-Executive Independent Director</i> ) Tan Sri Amirsham Bin A Aziz ( <i>Non-Executive Independent Director</i> ) Mr Stephen Lee Ching Yen ( <i>Non-Executive Independent Director</i> ) Dr Philip Nalliah Pillai ( <i>Non-Executive Independent Director</i> ) Mr Kee Teck Koon ( <i>Non-Executive Independent Director</i> ) Mr Chaly Mah Chee Kheong ( <i>Non-Executive Independent Director</i> ) Mr Anthony Lim Weng Kin ( <i>Non-Executive Independent Director</i> ) Mr Gabriel Lim Meng Liang ( <i>Non-Executive Independent Director</i> ) Ms Goh Swee Chen ( <i>Non-Executive Independent Director</i> )
Company Secretaries	:	Ms Michelle Koh Chai Ping Ms Ng Chooi Peng
Registered Office	:	168 Robinson Road #30-01 Capital Tower Singapore 068912
Financial Adviser to CapitaLand	:	J.P. Morgan (S.E.A.) Limited 168 Robinson Road #17-00 Capital Tower Singapore 068912
Independent Financial Adviser	:	Rothschild & Co Singapore Limited One Raffles Quay, North Tower 1 Raffles Quay, #10-02 Singapore 048573
Legal Adviser to CapitaLand	:	WongPartnership LLP 12 Marina Boulevard Level 28 Marina Bay Financial Centre Tower 3 Singapore 018982
Independent Auditors	:	KPMG LLP 16 Raffles Quay #22-00 Hong Leong Building Singapore 048581
Share Registrar	:	M & C Services Private Limited 112 Robinson Road #05-01 Singapore 068902

Independent Valuers : CBRE

**CBRE Limited**

3/F & 4/F, Three Exchange Square  
8 Connaught Place, Central  
Hong Kong

Colliers

**Colliers International Valuation and Advisory Services, LLC**

666 5<sup>th</sup> Avenue, 4th floor  
New York, NY 10103

Cushman & Wakefield

**Cushman & Wakefield Limited**

16/F, 1063 King's Road  
Quarry Bay, Hong Kong

**Cushman & Wakefield VHS Pte. Ltd.**

3 Church Street  
#09-03 Samsung Hub  
Singapore 049483

IVPS

**IVPS Property Consultant Sdn. Bhd.**

*(as consultant to Cushman & Wakefield VHS Pte. Ltd. for the valuation of Nusajaya Tech Park)*

Suite 8-01B, No.21, Jalan Tebrau  
80300 Johor Bahru, Johor Darul Takzim  
Malaysia

Jones Lang LaSalle

**Jones Lang LaSalle Limited**

23F Two IFC, 10 Gukjegeumyung-ro  
Yeoungdeungpo-gu, Seoul  
Korea 07326

**Jones Lang LaSalle Property Consultants Pte Ltd**

9 Raffles Place  
#39-00 Republic Plaza  
Singapore 048619

**Jones Lang LaSalle Property Consultants (India) Pvt Ltd**

1110, Ashoka Estate, Barakhamba Road  
New Delhi – 110001  
Delhi, India

## OVERVIEW

The following is a summary of main points only, and is qualified in its entirety by, and should be read in conjunction with, the full text of this Circular. Please refer to the Glossary section of this Circular for the interpretation of words and expressions used in this Overview.

### **INTRODUCTION**

CapitaLand Limited (“**CapitaLand**”, and together with its subsidiaries, the “**CapitaLand Group**”) is proposing a transaction with Temasek Holdings (Private) Limited (“**Temasek**”) to acquire from its subsidiary, Ascendas-Singbridge Pte. Ltd. (the “**Vendor**”), all the shares in the two wholly owned subsidiaries of the Vendor, the effect of which will be to create one of the leading diversified real estate groups in Asia.

### **THE PROPOSED TRANSACTION**

On 14 January 2019, CapitaLand entered into a sale and purchase agreement (the “**SPA**”) with the Vendor for the sale by the Vendor and purchase by CapitaLand and/or its nominee(s) of all the issued ordinary shares (the “**Sale Shares**”) in each of Ascendas Pte Ltd (“**APL**”) and Singbridge Pte. Ltd. (“**SB**”, together with APL, the “**Target Companies**”, and the Target Companies together with their subsidiaries, associates and other affiliates, collectively, the “**Ascendas-Singbridge Group**”) for a total consideration of S\$6,035.9<sup>1</sup> million (the “**Consideration**”), to be satisfied by an equal proportion of cash and new ordinary shares in CapitaLand (the “**Proposed Transaction**”). Each Consideration Share (as defined in the Glossary) is to be issued at a price of S\$3.50 (the “**Consideration Share Price**”), which represents a premium of (a) 7.03% over the last traded price of S\$3.27 as at 11 January 2019, being the last trading day before the date of the announcement (the “**Last Trading Day**”) issued by CapitaLand on 14 January 2019 (the “**Announcement Date**”) in relation to the Proposed Transaction (the “**Announcement**”); and (b) 2.04% over the last traded price of S\$3.43 as at 8 March 2019, being the latest practicable date prior to the printing of this Circular (the “**Latest Practicable Date**”).

(See paragraph 2.2 of this Circular for further details of the Consideration.)

The Vendor is a subsidiary of Temasek. The Target Companies are subsidiaries of the Vendor, and are the holding companies of the businesses of the Ascendas-Singbridge Group. As at the Latest Practicable Date, based solely on information disclosed by Temasek, Temasek has a direct and deemed interest in 1,698,659,122 ordinary shares in the capital of CapitaLand<sup>2</sup> (the “**Shares**”), representing approximately 40.69% of the issued share capital of CapitaLand<sup>3</sup>. Upon completion of the Proposed Transaction under the SPA (“**Completion**”), Temasek and its subsidiary and associated companies will own approximately 50.84% of the enlarged issued share capital of CapitaLand<sup>4</sup>.

#### **Conditions precedent and approvals required**

Completion is conditional upon, *inter alia*, approvals and waivers granted or to be granted by regulatory authorities including the Monetary Authority of Singapore (the “**MAS**”), the Securities Industry Council of Singapore (the “**SIC**”) and the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”), in relation to various aspects of the Proposed Transaction.

(See paragraph 2.3 of this Circular for further details of the conditions precedent and status of satisfaction of such conditions.)

<sup>1</sup> Rounded to the nearest one decimal place.

<sup>2</sup> As at the Latest Practicable Date, Temasek has a direct interest in 1,680,704,140 Shares. Temasek is also deemed interested in a further 17,954,982 Shares through DBS Group Holdings Ltd, ST Asset Management Ltd, Keppel Corporation Limited and Fullerton Fund Management Company Pte Ltd, which are each independently-managed Temasek portfolio companies. Temasek is not involved in their business or operating decisions, including those regarding their positions in the Shares. Please note that in order to ascertain Temasek’s deemed interest in the Shares, Temasek relies on shareholding reports from its independently-managed subsidiaries and associated companies as, under the SFA, Temasek has a deemed interest in shares held by such companies. Temasek cannot be assumed to have received timely or definitive shareholding reports from such companies as there is no obligation on such companies to provide this information or to keep up to date on this.

<sup>3</sup> Based on a total of 4,175,057,129 Shares (excluding treasury shares) as at the Latest Practicable Date.

<sup>4</sup> Assuming 5,037,321,843 Shares in issue, being the total number of issued Shares (excluding treasury shares) as at the Latest Practicable Date and adjusting for the issue of the Consideration Shares.

## **THE PROPOSED TRANSFER**

Temasek has informed CapitaLand that it currently contemplates that shortly after Completion, it will transfer to the Vendor the 1,680,704,140 Shares in which it is directly interested (the “**Proposed Transfer**”). Upon completion of the Proposed Transfer:

- (a) the Vendor will hold 2,542,968,854 Shares, representing an aggregate of approximately 50.48% of the total number of Shares<sup>5</sup>; and
- (b) Temasek will cease to have any direct interest in Shares. Temasek will be deemed to be interested in (i) 2,542,968,854 Shares (representing approximately 50.48% of the total number of Shares<sup>6</sup>) held by the Vendor; and (ii) Shares held through other independently-managed portfolio entities<sup>7</sup>.

(See paragraph 3 of this Circular for further details of the Proposed Transfer.)

## **OVERVIEW OF CAPITALAND LIMITED**

CapitaLand is one of Asia’s largest real estate companies listed on the SGX-ST. As at the Latest Practicable Date, CapitaLand has a market capitalisation of approximately S\$14.3 billion.

The CapitaLand Group owns and manages a global real estate portfolio with AUM (as defined in the Glossary) of over S\$100 billion, comprising integrated developments, shopping malls, lodging, offices and homes as well as interests in real estate investment trusts (“**REITs**”) and funds. The CapitaLand Group is present across more than 180 cities in over 30 countries. It focuses on Singapore and China as its core markets, while it continues to expand in markets such as Vietnam and more recently, Europe and the United States of America (the “**USA**”), to diversify its asset base in emerging and developed markets outside of Singapore.

The CapitaLand Group’s fund and asset management business is one of the largest in Asia, and includes the management 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, and 16 private funds. As at the Latest Practicable Date, the combined market capitalisation of these five REITs was S\$20.8 billion.

## **OVERVIEW OF THE ASCENDAS-SINGBRIDGE GROUP**

As one of the leading providers of business space solutions and sustainable urban developments, the Ascendas-Singbridge Group owns and manages an integrated real estate portfolio with AUM of S\$24.4 billion, comprising integrated developments, business parks, industrial facilities, offices, hotels and logistics properties, amongst others. It has in-house capabilities to conduct feasibility studies, design and master planning, real estate and infrastructure development, facilities and estate management, as well as property and fund investments and management. Headquartered in Singapore, the Ascendas-Singbridge Group has established a global presence, serving a clientele of over 3,000 customers across 11 countries in Asia, Australia, Europe and the USA.

<sup>5</sup> Assuming 5,037,321,843 Shares in issue, being the total number of issued Shares (excluding treasury shares) as at the Latest Practicable Date and adjusting for the issue of the Consideration Shares.

<sup>6</sup> Assuming 5,037,321,843 Shares in issue, being the total number of issued Shares (excluding treasury shares) as at the Latest Practicable Date and adjusting for the issue of the Consideration Shares.

<sup>7</sup> As at the Latest Practicable Date, Temasek is deemed interested in a further 17,954,982 Shares (representing approximately 0.43% of the total number of issued Shares, being 4,175,057,129 Shares (excluding treasury shares) as at the Latest Practicable Date) through DBS Group Holdings Ltd, ST Asset Management Ltd, Keppel Corporation Limited and Fullerton Fund Management Company Pte Ltd. Each of these companies are independently-managed Temasek portfolio companies. Temasek is not involved in their business or operating decisions, including those regarding their positions in the Shares. Please note that in order to ascertain Temasek’s deemed interest in the Shares, Temasek relies on shareholding reports from its independently-managed subsidiaries and associated companies as, under the SFA, Temasek has a deemed interest in shares held by such companies. Temasek cannot be assumed to have received timely or definitive shareholding reports from such companies as there is no obligation on such companies to provide this information or to keep up to date on this.

The Ascendas-Singbridge Group manages both private and publicly-listed funds holding business parks, industrial, logistics, office and hospitality assets across Asia Pacific and Europe. It owns interests in three listed REITs/trusts, namely Ascendas Real Estate Investment Trust (“**Ascendas Reit**”), Ascendas India Trust (“**a-iTrust**”) and Ascendas Hospitality Trust (“**A-HTRUST**”, and together with Ascendas Reit and a-iTrust, the “**Ascendas Listed Trusts**”), each of which is listed on the SGX-ST. The combined market capitalisation of the Ascendas Listed Trusts was S\$10.9 billion as at the Latest Practicable Date, while the Ascendas-Singbridge Group’s AUM attributable to private funds and capital partnerships (adjusted for new capital partnerships after 31 December 2018 and up to and including the Latest Practicable Date) stood at S\$6.5 billion as at 31 December 2018.

(See paragraph 4.2 of this Circular for further details of the business of the Ascendas-Singbridge Group.)

### **RATIONALE FOR AND BENEFITS OF THE PROPOSED TRANSACTION**

The Proposed Transaction is transformational for the CapitaLand Group, creating one of Asia’s leading diversified real estate companies upon Completion.

- (a) The Ascendas-Singbridge Group adds well-established capabilities as a real estate developer, owner, operator and manager in sectors complementary to the CapitaLand Group’s portfolio, and which have been benefitting from new economy trends relating to e-commerce, urbanisation and knowledge economies. It also broadens the CapitaLand Group’s footprint in existing core markets and provides scale in markets with growth potential;
- (b) the Proposed Transaction is expected to result in the CapitaLand Group becoming one of the top 10 real estate investment managers globally<sup>8</sup>. With recurring income from investment properties and fee-based income from fund management contributing to its operating profit after tax and minority interests (“**Operating PATMI**”), the Proposed Transaction is also expected to reinforce its earnings quality; and
- (c) the combined leasing network through the combination of the CapitaLand Group and the Ascendas-Singbridge Group (the “**Enlarged Group**”) is expected to bring about scale and cross-selling potential, whilst the enhanced digital capabilities through the Enlarged Group’s collective technological capabilities are expected to drive further business innovation.

(See paragraphs 5 and 6.1 of this Circular for further details of the rationale for and benefits of the Proposed Transaction and for information on the Enlarged Group.)

### **FINANCIAL EFFECTS OF THE PROPOSED TRANSACTION**

The *pro forma* financial effects of the Proposed Transaction on the CapitaLand Group are as follows:

- (a) an increase in the earnings per Share (“**EPS**”) from 42.1 Singapore cents to 42.3 Singapore cents; and
- (b) a decrease in the net tangible assets (“**NTA**”) per Share from S\$4.40 to S\$4.04.

The above is based on (i) the audited consolidated financial statements of the CapitaLand Group for the financial year ended 31 December 2018 (“**FY2018**”), being the most recently completed financial year for which financial statements are available; and (ii) the Target Companies’ results that are derived from the management accounts for the period from 1 October 2017 to 30 September 2018.

As a result of the Proposed Transaction, the CapitaLand Group’s consolidated net debt/equity ratio would also increase from 0.56 times to 0.72 times on a *pro forma* basis, as of 31 December 2018.

(See paragraph 9 of this Circular for further details of the financial effects of the Proposed Transaction.)

<sup>8</sup> Based on data as at 30 June 2018.



## **DIVIDEND POLICY**

CapitaLand has a policy on the payment of dividends. Barring unforeseen circumstances, CapitaLand's dividend policy is to declare a dividend of at least 30% of the annual sum of Operating PATMI, portfolio gains/losses and realised revaluation gains/losses ("**Cash PATMI**"). The dividend policy of CapitaLand is not expected to change as a result of the Proposed Transaction.

## **METHOD OF FINANCING THE PROPOSED TRANSACTION**

It is intended that the cash component of the Consideration (the "**Cash Consideration**") be financed by one or more of the following means:

- (a) drawdown from existing or additional credit or bank facilities; and/or
- (b) tapping the debt capital markets; and/or
- (c) utilisation of existing cash balances.

While the Proposed Transaction is expected to increase the CapitaLand Group's net debt/equity ratio upon Completion, the CapitaLand Group intends to reduce the net debt/equity ratio to no more than 0.64 times by December 2020. This target net debt/equity ratio is not static as it is a function of future investment and divestment opportunities and capital requirements. Deleveraging occurs in the CapitaLand Group's ordinary course of business through, amongst other things, cash generated from its business operations and asset recycling activities. It is envisaged that the Enlarged Group would continue to remain disciplined in implementing its deleveraging plan after Completion.

(See paragraph 2.4 of this Circular for further details of the method of financing the Proposed Transaction.)

## **APPROVALS SOUGHT AT THE EXTRAORDINARY GENERAL MEETING**

### ***Ordinary Resolution 1: The Proposed Transaction***

The Proposed Transaction constitutes an "interested person transaction" and a "major transaction" under Chapter 9 and Chapter 10 of the listing manual of the SGX-ST (the "**Listing Manual**"), respectively, and is subject to the approval of Shareholders (as defined in the Glossary) who are not deemed to have an interest in the Proposed Transaction under the Listing Manual (which, for the avoidance of doubt, such Shareholders who are not deemed to have an interest exclude the Vendor and its associates) (the "**IPT Independent Shareholders**").

(See paragraphs 11 and 12 of this Circular for further details of the Proposed Transaction as an "interested person transaction" and a "major transaction" respectively.)

### ***Ordinary Resolution 2: The Proposed Allotment and Issuance of the Consideration Shares***

The approval of the IPT Independent Shareholders is required for the allotment and issuance of the Consideration Shares to the Vendor in satisfaction of the non-cash portion of the Consideration under the Proposed Transaction.

### ***Ordinary Resolution 3: The Proposed Whitewash Resolution***

Upon Completion, the Vendor and its concert parties would have an aggregate interest of approximately 50.85% of the enlarged issued share capital of CapitaLand<sup>9</sup> and as such, would be required to make a mandatory general offer under Rule 14 of the Singapore Code on Take-overs and Mergers (the "**Code**"). In this regard, the SIC has granted the Vendor a waiver of such requirement, subject to *inter alia*, the passing of an ordinary resolution by Shareholders other than the Vendor and its concert parties as well as parties not independent of them (the "**Whitewash Independent Shareholders**") to waive their rights to receive such mandatory take-over offer from the Vendor and its concert parties for the Shares not held by the Vendor and its concert parties, as a result of the Vendor's acquisition of the Consideration Shares (the "**Whitewash Resolution**").

(See paragraph 13 of this Circular for further details of the Whitewash Resolution.)

<sup>9</sup> Based on 2,561,317,617 Shares held by the Vendor and its concert parties after the issue of the Consideration Shares.

### ***Inter-conditional of resolutions***

Shareholders should note that each of Ordinary Resolution 1, Ordinary Resolution 2 and Ordinary Resolution 3 is subject to and contingent upon the other two ordinary resolutions being passed.

(See paragraph 17 of this Circular and the Notice of Extraordinary General Meeting attached to this Circular for further details of the ordinary resolutions.)

### **OPINION OF THE INDEPENDENT FINANCIAL ADVISER**

Rothschild & Co Singapore Limited, the independent financial adviser (the “**IFA**”) appointed in relation to the Proposed Transaction, the proposed allotment and issuance of the Consideration Shares and the Whitewash Resolution has opined in the IFA Opinion (as defined in the Glossary) that:

- (a) **the Proposed Transaction and the proposed allotment and issuance of the Consideration Shares are on normal commercial terms and are not prejudicial to the interests of CapitaLand and the IPT Independent Shareholders; and**
- (b) **the Whitewash Resolution is fair and reasonable.**

(See paragraph 16.1 of this Circular for further details of the IFA Opinion and Appendix I to this Circular for a copy of the IFA Opinion.)

### **INDEPENDENT DIRECTORS’ RECOMMENDATIONS**

The directors of CapitaLand (the “**Directors**”) who are considered independent (the “**Independent Directors**”) for the purposes of making the recommendations to the IPT Independent Shareholders in respect of the Proposed Transaction and the proposed allotment and issuance of the Consideration Shares, and to the Whitewash Independent Shareholders in respect of the Whitewash Resolution, namely Mr Chaly Mah Chee Kheong, Tan Sri Amirsham Bin A Aziz, Dr Philip Nalliah Pillai, Mr Anthony Lim Weng Kin, Mr Gabriel Lim Meng Liang and Mr Lee Chee Koon<sup>10</sup>, have considered the rationale for and benefits of the Proposed Transaction set out in paragraph 5 of this Circular and the opinion and advice given by the IFA in the IFA Opinion, and are of the view that the Proposed Transaction, the proposed allotment and issuance of the Consideration Shares and the Whitewash Resolution are in the best interests of CapitaLand. Accordingly, the Independent Directors recommend that:

- (a) the IPT Independent Shareholders **vote in favour** of:
  - (i) Ordinary Resolution 1 relating to the Proposed Transaction; and
  - (ii) Ordinary Resolution 2 relating to the proposed allotment and issuance of the Consideration Shares; and
- (b) the Whitewash Independent Shareholders **vote in favour** of Ordinary Resolution 3 (which is the Whitewash Resolution).

(See paragraph 16.3 of this Circular for further details of the Independent Directors’ recommendations.)

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<sup>10</sup> Mr Lee Chee Koon is the President & Group Chief Executive Officer and an executive director of CapitaLand. He is considered to be an Independent Director for the purposes of making recommendations to the IPT Independent Shareholders and the Whitewash Independent Shareholders.

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

**Directors**

Mr Ng Kee Choe (*Chairman*)  
Mr Lee Chee Koon (*President & Group Chief Executive Officer*)  
Ms Euleen Goh Yiu Kiang  
Tan Sri Amirsham Bin A Aziz  
Mr Stephen Lee Ching Yen  
Dr Philip Nalliah Pillai  
Mr Kee Teck Koon  
Mr Chaly Mah Chee Kheong  
Mr Anthony Lim Weng Kin  
Mr Gabriel Lim Meng Liang  
Ms Goh Swee Chen

**Registered Office**

168 Robinson Road  
#30-01 Capital Tower  
Singapore 068912

22 March 2019

To: Shareholders of CapitaLand Limited

Dear Sir/Madam

**1. INTRODUCTION**

**1.1 Background**

On 14 January 2019, CapitaLand announced that it had entered into the SPA. The Proposed Transaction constitutes an “interested person transaction” and a “major transaction” under Chapter 9 and Chapter 10 of the Listing Manual, respectively, and is subject to the approval of Shareholders.

A copy of the Announcement is available on the website of the SGX-ST at <http://www2.sgx.com> and the website of CapitaLand at <https://investor.capitaland.com/news.html/id/695910>.

**1.2 EGM and Circular**

The purpose of this Circular is to provide Shareholders with information relating to, and to seek the approval of Shareholders at the EGM for, the Proposed Transaction, the proposed allotment and issuance of the Consideration Shares and the Whitewash Resolution.

**2. THE PROPOSED TRANSACTION**

**2.1 Sale Shares**

Subject to the terms and conditions of the SPA, the Vendor shall sell, and CapitaLand and/or its nominee(s) shall acquire, the Sale Shares upon Completion. The Sale Shares shall be sold free from all encumbrances and together with all rights and benefits attaching to them as at Completion.

**2.2 Consideration**

The Consideration of S\$6,035.9<sup>11</sup> million was arrived at on a willing-buyer-willing-seller basis, taking into account, amongst other things:

- (a) the combined enterprise value of the Target Companies of S\$10,907.1 million; and
- (b) net debt and minority interests of the Target Companies of S\$4,871.2 million,

<sup>11</sup> Rounded to the nearest one decimal place.

and comprises:

- (i) the adjusted net asset value<sup>12</sup> of the Target Companies as at 31 March 2018, excluding the fund management business and the stakes in the Ascendas Listed Trusts;
- (ii) the volume weighted average price for the one-month period ending on the Last Trading Day of the units in the Ascendas Listed Trusts multiplied by the number of units which are owned by the Target Companies as at 31 March 2018; and
- (iii) the agreed fair value of the Target Companies' fund management business.

The Consideration will be satisfied on Completion in the following manner:

- (A) 50% of the Consideration amounting to S\$3,017.93<sup>13</sup> million will be paid in cash to the Vendor, which is expected to be financed by any one or a combination of drawdown from existing or additional credit or bank facilities, tapping the debt capital markets and utilisation of existing cash balances; and
- (B) 50% of the Consideration amounting to S\$3,017.93<sup>14</sup> million will be paid via the allotment and issuance of 862,264,714 Consideration Shares to the Vendor and/or its nominee(s) at the Consideration Share Price.

The Consideration Share Price represents the following premiums over the historical traded prices of the Shares over various periods:

Description	Benchmark Price (S\$) <sup>(1), (2)</sup>	Premium over Benchmark Price (%) <sup>(3)</sup>
Last traded price per Share on 11 January 2019, being the Last Trading Day	3.270	7.03
Volume weighted average price per Share for the one-month period up to and including the Last Trading Day	3.145	11.30
Volume weighted average price per Share for the three-month period up to and including the Last Trading Day	3.136	11.61
Last traded price per Share on the Latest Practicable Date	3.430	2.04

**Notes:**

- (1) Based on the figures extracted from Bloomberg L.P. as at 11 January 2019 and (as the case may be) the Latest Practicable Date.
- (2) Rounded to the nearest three decimal places.
- (3) Rounded to the nearest two decimal places.

As at the Latest Practicable Date, the Vendor does not hold any Shares. Upon Completion (and prior to completion of the Proposed Transfer), the Vendor will hold 862,264,714 Shares, representing 17.12% of the total number of Shares<sup>15</sup>.

<sup>12</sup> Adjustment was made for, *inter alia*, the carrying values of each of the following office buildings in the Ascendas-Singbridge Group's Sydney portfolio, namely 100 Arthur Street and 66 Goulburn Street, which are not part of the Proposed Transaction.

<sup>13</sup> Rounded to the nearest two decimal places.

<sup>14</sup> Rounded to the nearest two decimal places.

<sup>15</sup> Assuming 5,037,321,843 Shares in issue, being the total number of issued Shares (excluding treasury shares) as at the Latest Practicable Date and adjusting for the issue of the Consideration Shares.

### 2.3 Conditions Precedent

Completion is conditional upon the satisfaction or waiver of, *inter alia*, the following conditions precedent:

- (a) the receipt of approval from the MAS on terms reasonably acceptable to CapitaLand and the Vendor for:
  - (i) CapitaLand and/or its nominee(s) to acquire effective control of:
    - (A) Ascendas Funds Management (S) Limited, the manager of Ascendas Reit;
    - (B) Ascendas Hospitality Fund Management Pte. Ltd., the manager of Ascendas Hospitality Real Estate Investment Trust, which is part of A-HTRUST; and
    - (C) Ascendas Asia Real Estate Fund Management Pte. Ltd.,(collectively, the “**Licensed Managers**”) pursuant to Section 97A of the Securities and Futures Act (Chapter 289 of Singapore), as may be amended or modified from time to time (the “**SFA**”); and
  - (ii) the application by each of the Licensed Managers for the change of the shareholding of APL, in accordance with the conditions of their respective capital markets services licences,  
  
(the “**MAS Approval**”);
- (b) the grant of a waiver from the SIC that the Vendor and its concert parties need not, subject to the fulfilment of the SIC Conditions (as defined in the Glossary), make a general offer for the Shares not held by the Vendor and its concert parties as a result of the Vendor’s acquisition of the Consideration Shares (the “**SIC Waiver**”);
- (c) subject to the SIC Waiver being granted, the passing of the Whitewash Resolution by the Whitewash Independent Shareholders;
- (d) the application for the listing and quotation of the Consideration Shares on the SGX-ST to be filed by CapitaLand with the SGX-ST and the approval-in-principle of the SGX-ST for such application having been obtained on terms reasonably acceptable to the Vendor (the “**Listing Approval**”);
- (e) the passing of the necessary resolutions by the IPT Independent Shareholders in a general meeting of CapitaLand to approve:
  - (i) the Proposed Transaction; and
  - (ii) the proposed allotment and issuance of the Consideration Shares;
- (f) the SIC Waiver, the MAS Approval and the Listing Approval remaining in full force and effect as at Completion, and if such approvals are subject to any conditions which are required to be fulfilled on or prior to Completion, such conditions having been so fulfilled;
- (g) as at Completion, the allotment and issuance of the Consideration Shares, and the Proposed Transaction, not being prohibited by any request, injunction, order, direction, legal restraint, prohibition, statute, order, rule or regulation promulgated after the date of the SPA by any government, government agencies, legislative, executive or regulatory body or authority (including competition authorities) of Singapore or any other relevant jurisdiction or any court or arbitral tribunal of competent jurisdiction; and

- (h) the receipt of approvals and/or clearances from certain agreed regulatory authorities, including the Bundeskartellamt of the Federal Republic of Germany, the Competition Commission of India, the Japan Fair Trade Commission, the Philippines Competition Commission, the State Administration for Market Regulation of China and The Treasurer of Australia (through the Foreign Investment Review Board), in respect of the Proposed Transaction.

As at the Latest Practicable Date, the condition precedent set out in paragraph 2.3(d) has been satisfied.

The approval-in-principle granted by the SGX-ST to CapitaLand for the listing and quotation of the Consideration Shares on the SGX-ST is not to be taken as an indication of the merits of CapitaLand, the CapitaLand Group, the Consideration Shares and/or the Proposed Transaction.

#### 2.4 Method of Financing

As a result of the Proposed Transaction and based on the audited consolidated financial statements of the CapitaLand Group for FY2018, the CapitaLand Group's consolidated net debt/equity ratio would increase from 0.56 times to 0.72 times on a *pro forma* basis, as of 31 December 2018.

CapitaLand intends to finance the Cash Consideration, which amounts to S\$3,017.93 million, by one or more of the following means:

- (a) drawdown from existing or additional credit or bank facilities; and/or
- (b) tapping the debt capital markets; and/or
- (c) utilisation of existing cash balances<sup>16</sup>.

Depending on the financial market conditions immediately prior to Completion, CapitaLand may use one or a combination of the above means to fund the Cash Consideration. Other than the Consideration Shares, no new Shares will be issued by CapitaLand to finance the Consideration.

While the Proposed Transaction is expected to increase the CapitaLand Group's net debt/equity ratio upon Completion, the CapitaLand Group intends to reduce the net debt/equity ratio to no more than 0.64 times by December 2020. This target net debt/equity ratio is not static as it is a function of future investment and divestment opportunities and capital requirements. Deleveraging occurs in the CapitaLand Group's ordinary course of business through, amongst other things, cash generated from its business operations and asset recycling activities. It is envisaged that the Enlarged Group would continue to remain disciplined in implementing its deleveraging plan after Completion.

#### 2.5 Completion

Completion will take place on the last business day of the calendar month after the calendar month in which the last condition precedent<sup>17</sup> has been fulfilled or waived, or such other date as may be agreed between CapitaLand and the Vendor, provided that Completion shall not in any event fall after 30 September 2019 (or such other date as may be agreed between CapitaLand and the Vendor).

#### 2.6 Cut-Off Date

If any of the conditions precedent is not fulfilled on or before the first business day falling seven months from the date of the SPA (the "**Cut-Off Date**"), CapitaLand and the Vendor may, in their absolute discretion, terminate the SPA in accordance with the terms therein but in the specific event that the unfulfilled condition precedent on the Cut-Off Date is an outstanding regulatory approval, CapitaLand and the Vendor shall in good faith discuss an extension of the Cut-Off Date by up to two months.

<sup>16</sup> As at the Latest Practicable Date, CapitaLand has approximately S\$1.7 billion of accessible cash balance.

<sup>17</sup> Other than those conditions which are to be satisfied subject only to Completion and the condition precedent set out in paragraph 2.3(g) of this Circular.

## 2.7 Other Customary Terms

The SPA contains customary provisions relating to the Proposed Transaction, including representations and warranties, indemnities and pre-Completion covenants and undertakings.

## 3. **THE PROPOSED TRANSFER**

Temasek has informed CapitaLand that it currently contemplates that shortly after Completion, it will carry out the Proposed Transfer. At the time of the Proposed Transfer, the Vendor would be an indirect wholly owned subsidiary of Temasek.

Upon completion of the Proposed Transfer:

- (a) the Vendor will hold 2,542,968,854 Shares, representing an aggregate of approximately 50.48% of the total number of Shares<sup>18</sup>; and
- (b) Temasek will cease to have any direct interest in Shares. Temasek will be deemed to be interested in (i) 2,542,968,854 Shares (representing approximately 50.48% of the total number of Shares<sup>19</sup>) held by the Vendor; and (ii) Shares held through other independently-managed portfolio entities<sup>20</sup>.

The SIC has confirmed that (i) the Vendor will not become obliged to make a mandatory general offer for CapitaLand solely as a result of the Proposed Transfer; and (ii) the Proposed Transfer will not be regarded as an acquisition of Shares which would constitute a breach of the conditions to the SIC Waiver.

## 4. **INFORMATION ON THE TARGET COMPANIES**

### 4.1 Corporate Information

The Target Companies are private companies limited by shares incorporated under the laws of Singapore. APL was incorporated on 20 December 2000 and SB was incorporated on 12 February 2009. The Target Companies are wholly owned subsidiaries of the Vendor, and the holding companies of the businesses of the Ascendas-Singbridge Group.

### 4.2 Business Description

As one of the leading providers of business space solutions and sustainable urban developments, the Ascendas-Singbridge Group owns and manages a real estate portfolio with AUM of S\$24.4 billion and gross floor area (“GFA”) of approximately 8.4 million square metres as at 31 December 2018, comprising integrated developments, business parks, industrial facilities, offices, hotels and logistics properties, amongst others. It has in-house capabilities to conduct feasibility studies, design and master planning, real estate and infrastructure development, facilities and estate management, as well as property and fund investments and management.

Headquartered in Singapore, the Ascendas-Singbridge Group has established a global presence, serving a clientele of over 3,000 customers across 11 countries in Asia, Australia, Europe and the USA. The Ascendas-Singbridge Group’s flagship projects include Singapore Science Park, Galaxis and One@Changi City in Singapore, International Tech Park

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<sup>18</sup> Assuming 5,037,321,843 Shares in issue, being the total number of issued Shares (excluding treasury shares) as at the Latest Practicable Date and adjusting for the issue of the Consideration Shares.

<sup>19</sup> Assuming 5,037,321,843 Shares in issue, being the total number of issued Shares (excluding treasury shares) as at the Latest Practicable Date and adjusting for the issue of the Consideration Shares.

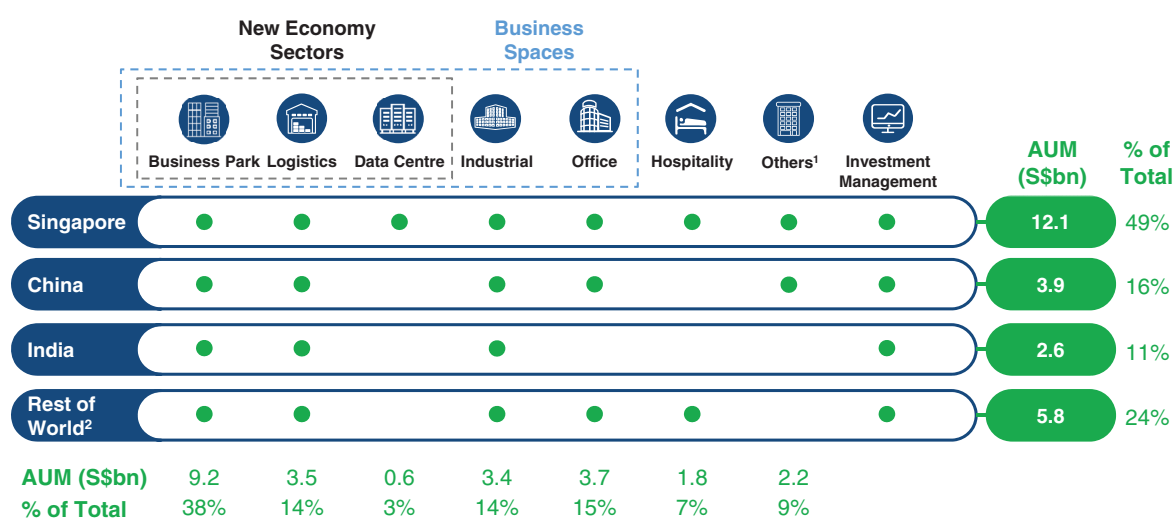
<sup>20</sup> As at the Latest Practicable Date, Temasek is deemed interested in a further 17,954,982 Shares (representing approximately 0.43% of the total number of issued Shares, being 4,175,057,129 Shares (excluding treasury shares) as at the Latest Practicable Date) through DBS Group Holdings Ltd, ST Asset Management Ltd, Keppel Corporation Limited and Fullerton Fund Management Company Pte Ltd. Each of these companies are independently-managed Temasek portfolio companies. Temasek is not involved in their business or operating decisions, including those regarding their positions in the Shares. Please note that in order to ascertain Temasek’s deemed interest in the Shares, Temasek relies on shareholding reports from its independently-managed subsidiaries and associated companies as, under the SFA, Temasek has a deemed interest in shares held by such companies. Temasek cannot be assumed to have received timely or definitive shareholding reports from such companies as there is no obligation on such companies to provide this information or to keep up to date on this.

Bangalore and International Tech Park Chennai in India, and Singapore Hangzhou Science and Tech Park and Ascendas-Xinsu in Suzhou Industrial Park in China. The Ascendas-Singbridge Group also invests in, develops and manages large scale sustainable urban developments such as China-Singapore Guangzhou Knowledge City (“CSGKC”)<sup>21</sup> in China.

The Ascendas-Singbridge Group manages both private and publicly-listed funds holding business parks, industrial, logistics, office and hospitality assets across Asia Pacific and Europe. It owns interests in the Ascendas Listed Trusts, each of which is listed on the SGX-ST. The combined market capitalisation of the Ascendas Listed Trusts was S\$10.9 billion as at the Latest Practicable Date, while the Ascendas-Singbridge Group’s AUM attributable to private funds and capital partnerships (adjusted for new capital partnerships after 31 December 2018 and up to and including the Latest Practicable Date) stood at S\$6.5 billion as at 31 December 2018.

As at 31 December 2018, 55% of the Ascendas-Singbridge Group’s AUM (or approximately S\$13.3 billion) was in new economy sectors of business parks, logistics and data centres. 73% of the Ascendas-Singbridge Group’s AUM (or approximately S\$17.8 billion) was located in developed markets and 27% of the Ascendas-Singbridge Group’s AUM (or approximately S\$6.6 billion) was located in emerging markets. The revenue under management for the 12 months ended 30 September 2018 was S\$2.4 billion.

*The Ascendas-Singbridge Group’s AUM by sector and by country as at 31 December 2018*



Note: The above reflects the Ascendas-Singbridge's Group AUM as at 31 December 2018.

<sup>1</sup> Includes retail, residential and land for sale.

<sup>2</sup> Includes Australia, Indonesia, Japan, South Korea, Malaysia, the UK, the USA and Vietnam.

(a) Sectors within the Ascendas-Singbridge Group’s Portfolio

The Ascendas-Singbridge Group’s real estate portfolio comprises mainly business parks, logistics properties, data centres, industrial facilities, offices and hospitality properties. The Ascendas-Singbridge Group has capabilities across the real estate value chain – planning, developing, owning, operating and managing properties.

As at 31 December 2018, 55% of the Ascendas-Singbridge Group’s AUM comprised properties in the sectors of business parks, logistics and data centres, which are exposed to and benefit from new economy trends including growth in e-commerce, urbanisation and knowledge economies, while the remaining 45% of the Ascendas-Singbridge Group’s AUM comprised industrial facilities, office, hospitality, residential and retail amenities.

<sup>21</sup> Formerly known as the Sino-Singapore Guangzhou Knowledge City.



(i) Business parks

The Ascendas-Singbridge Group's business parks are clusters of suburban offices, corporate headquarter buildings, and research and development ("R&D") spaces designed to provide companies with a work-live-play-learn setting in a campus-style environment. These business parks house businesses in key growth sectors such as R&D, biomedical sciences, info-communications technology and media, as well as information technology ("IT") services and financial services companies. The work-live-play-learn environment facilitates the integration of industry-centric developments with communities, lifestyle options and educational institutions to provide a vibrant environment conducive for innovative minds to congregate, collaborate and create.

As at 31 December 2018, the business park sector represented 38% of the Ascendas-Singbridge Group's AUM, comprising properties located across Singapore, India, China and Vietnam, which are held directly by the Ascendas-Singbridge Group and via Ascendas Reit and a-iTrust.

(ii) Logistics

The Ascendas-Singbridge Group's logistics portfolio includes warehouses, distribution facilities and fulfilment centres, where its tenants include third party logistics providers, manufacturers and trading companies. The logistics portfolio benefits from increasing demand for logistics properties to support online retail or e-commerce, as well as third party logistics, manufacturing and outsourcing.

The Ascendas-Singbridge Group has logistics properties in Singapore, Australia, the United Kingdom (the "UK"), India and China. In June 2017, the Ascendas-Singbridge Group formed a joint venture with Firstspace Realty in India to launch the Ascendas-Firstspace industrial real estate platform which is dedicated to deliver modernised logistics and industrial facilities across major warehousing and manufacturing hubs in India. This was followed by the establishment of the Ascendas India Logistics Programme in June 2018 with Temasek to invest in logistics and industrial real estate in key locations in India. The programme targets to develop a portfolio of 13 to 15 million square feet of space in key warehousing and manufacturing hubs in Mumbai, Delhi NCR, Pune, Chennai, Bangalore, and Ahmedabad, amongst others.

The logistics sector represented 14% of the Ascendas-Singbridge Group's AUM as at 31 December 2018, with properties held directly by the Ascendas-Singbridge Group and via Ascendas Reit and a-iTrust.

(iii) Data centres

Through Ascendas Reit, the Ascendas-Singbridge Group has invested in three data centres in Singapore. The Ascendas-Singbridge Group also has a direct investment in the data centre sector, via its acquisition of 9 Tai Seng Drive in September 2018 to expand its data centre portfolio<sup>22</sup>. 9 Tai Seng Drive is a six-storey data centre strategically located within Tai Seng Industrial Estate, Singapore's core data centre hub and largest network ecosystem.

As at 31 December 2018, the data centre sector represented 3% of the Ascendas-Singbridge Group's AUM.

(iv) Industrial

The Ascendas-Singbridge Group's industrial portfolio includes corporate campuses with ancillary office and high-specifications mixed-use industrial spaces and spaces for data centre usage.

With properties located across Singapore, China, India and Malaysia held directly by the Ascendas-Singbridge Group and via Ascendas Reit, the industrial sector represented 14% of the Ascendas-Singbridge Group's AUM as at 31 December 2018.

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<sup>22</sup> The Ascendas-Singbridge Group's Press Release dated 27 September 2018.

(v) Office

The Ascendas-Singbridge Group's office portfolio comprises office spaces in prime central business districts ("**CBD**") as well as suburban offices.

In recent years, the Ascendas-Singbridge Group's office space solutions business has also evolved from the standard "space-for-lease" to "space-as-a-service", to cater for increasing demand for shared or co-working offices and address the emerging new ways of working brought about by new economy sectors. It has launched its own flexible co-working brand called *thebridge* to build a business-to-business-to-consumer workplace community platform.

With properties located across Singapore, the USA, China, South Korea and Australia, the office sector represented 15% of the Ascendas-Singbridge Group's AUM as at 31 December 2018, held directly by the Ascendas-Singbridge Group and via Ascendas Reit.

(vi) Hospitality

The Ascendas-Singbridge Group owns properties in the hospitality sector through A-HTRUST. Please refer to paragraph 4.2(c)(i)(C) of this Circular for details of such properties.

As at 31 December 2018, the hospitality sector represented 7% of the Ascendas-Singbridge Group's AUM.

(vii) Others

The Ascendas-Singbridge Group's portfolio also includes land for sale, as well as properties within retail and residential sectors.

With properties located across China and Singapore, these assets and properties represented 9% of the Ascendas-Singbridge Group's AUM as at 31 December 2018, held through both the Ascendas-Singbridge Group directly and via Ascendas Reit.

(b) Sustainable Urban Development

In addition to its extensive real estate portfolio, the Ascendas-Singbridge Group is also involved in large-scale urban developments. The Ascendas-Singbridge Group undertakes urban development projects, adopting an integrated approach to master planning, and collaborating with its partners to develop townships with sustainable economic growth within an ecological environment and supporting vibrant communities in the process. It leverages Singapore's successful developmental experience to invest in, develop and manage these integrated townships. The Ascendas-Singbridge Group, through its sustainable urban development business, continues to invest in commercially-driven projects with strong local partners to develop large landbanks.

As with Suzhou Industrial Park and Tianjin Eco City, CSGKC is an iconic project that is a product of China-Singapore cooperation. The CSGKC project was jointly initiated by leaders from Guangdong and Singapore to serve as a strategic development platform and model for economic transformation and industrial upgrading. Since its inception in 2010, CSGKC has achieved progress and following the completion of basic infrastructure works in the start-up area and the opening of two new subway lines at the end of 2018, accessibility and connectivity in the area have improved. The Ascendas OneHub GKC is one of the pioneer development projects in CSGKC's southern start-up area. An integrated business park situated on a 24-hectare site, the Ascendas OneHub GKC will provide a total GFA of 600,000 square metres when completed, and was conceptualised as a multi-functional "Live, Work, Learn and Play" space that aims to attract enterprises from the info-communications technology and innovation clusters. As at 31 December 2018, CSGKC has attracted more than 1,000 companies with a total registered capital of over RMB100 billion (or approximately over S\$19 billion).

(c) Investment Management Platform

The Ascendas-Singbridge Group's investment management platform in business space-related and hospitality-related offerings is via the three Ascendas Listed Trusts and seven private funds as well as capital partnerships. The Ascendas Listed Trusts invest mainly in income-yielding assets, while the private funds and co-investment platforms invest in core, core plus, value-add and opportunistic assets and selected development projects. The Ascendas-Singbridge Group also has multiple capital partnerships which include collaborations with third party partners to co-develop and jointly manage projects.

As at 31 December 2018, the Ascendas-Singbridge Group's AUM held under Ascendas Listed Trusts and private funds was S\$16.3 billion, representing 67% of the Ascendas-Singbridge Group's AUM. Capital partnerships, adjusted for new capital partnerships after 31 December 2018 and up to and including the Latest Practicable Date, constituted an additional S\$4.8 billion of the Ascendas-Singbridge Group's AUM.

For the 12 months immediately preceding 30 September 2018, the Ascendas-Singbridge Group earned fund management revenue of S\$109 million, including fund management and trustee income of S\$99 million from the Ascendas Listed Trusts and co-investment platforms, and other revenue of S\$10 million including agency and consultancy income. The Ascendas-Singbridge Group earned an additional S\$50 million of revenue from property management and other consultancy services for the same time period.

(i) Ascendas Listed Trusts

(A) Ascendas Real Estate Investment Trust (Ascendas Reit)

As at the Latest Practicable Date, Ascendas Reit is Singapore's largest business space and industrial real estate investment trust by market capitalisation. It is also one of the 30 constituents of the FTSE Straits Times Index. As at 31 December 2018, Ascendas Reit owned a diverse portfolio of 98 properties in Singapore, 35 properties in Australia and 38 properties in the UK comprising over 4.35 million square metres GFA of space. It has a strong 17-year track record as one of the leading industrial property landlords in Singapore, underpinned by a strong and well-diversified portfolio. As at 31 December 2018, the Ascendas-Singbridge Group's AUM attributable to Ascendas Reit stood at S\$11.1 billion. As at the Latest Practicable Date, the Ascendas-Singbridge Group owns a 18.9% stake in Ascendas Reit.

(B) Ascendas India Trust (a-iTrust)

a-iTrust, a business trust listed in Singapore, is Asia's first listed trust investing in properties in India. As at 31 December 2018, a-iTrust managed 1.2 million square metres of business space in India. It owns seven completed IT parks and six modern warehouses spread across five cities, namely Bangalore, Chennai, Hyderabad, Pune and Mumbai. It has over 340 tenants and 115,000 skilled employees work in these parks, which have a committed-occupancy of 98% as at 31 December 2018. As at 31 December 2018, the Ascendas-Singbridge Group's AUM attributable to a-iTrust stood at S\$1.7 billion. As at the Latest Practicable Date, the Ascendas-Singbridge Group owns a 22.6% stake in a-iTrust.

(C) Ascendas Hospitality Trust (A-HTRUST)

As at 31 December 2018, A-HTRUST owned a portfolio of 14 hotels. These hotels are well-diversified across cities in Asia Pacific, namely Singapore, Sydney, Melbourne, Brisbane, Tokyo, Osaka and Seoul. A-HTRUST's portfolio of hotels is strategically located in or near the CBD, business precincts, transportation nodes and tourist landmarks within each city. The portfolio comprises a mix of both master leases and management contracts, where

A-HTRUST derives stable income from hotels under master leases and benefits from the upside from hotels under management contracts. The portfolio is managed by various operators and operated under various brands catering to market segments ranging from economy to upscale, as well as short-term to extended stay. As at 31 December 2018, the Ascendas-Singbridge Group's AUM attributable to A-HTRUST stood at S\$1.8 billion. As at the Latest Practicable Date, the Ascendas-Singbridge Group owns a 27.9% stake in A-HTRUST.

(ii) Private Funds

The Ascendas-Singbridge Group offers a broad range of private fund investment opportunities for institutional investors. The Ascendas-Singbridge Group has seven private funds as set out in the table below, with a total value of S\$1.7 billion which represented approximately 7% of the Ascendas-Singbridge Group's AUM as at 31 December 2018.

	<b>Fund</b>	<b>Investment Mandate</b>	<b>Value (S\$ billion)</b>
1.	Ascendas China Business Parks Fund 4	Business park and industrial assets in China's key cities	0.6
2.	Ascendas India Growth Programme	Business park assets in India's key cities	0.3
3.	Ascendas India Logistics Programme	Logistics and industrial assets in India's key cities	0.1
4.	Ascendas Korea Office Private REIT 1	Office building in South Korea	0.2
5.	Ascendas Korea Office Private REIT 2	Office building in South Korea	0.1
6.	Ascendas Korea Office Private REIT 3	Office building in South Korea	0.3
7.	Ascendas Korea Office Private REIT 5	Office building in South Korea	0.1

(iii) Capital Partnerships

The Ascendas-Singbridge Group has a diversified base of capital partnerships, including global pension funds, insurance funds, institutional multi-managers, corporates and sovereign wealth funds, and projects include business parks, industrial, office and land for sale in Singapore, China, India, Vietnam and Malaysia.

The capital partnerships under the Ascendas-Singbridge Group, adjusted for new capital partnerships after 31 December 2018 and up to and including the Latest Practicable Date, represented approximately S\$4.8 billion, being 20% of the Ascendas-Singbridge Group's AUM as at 31 December 2018.

(d) Country Operations

Singapore continues to be the Ascendas-Singbridge Group's key market, where close to half of its AUM is located. Beyond Singapore, the Ascendas-Singbridge Group has presence in China, India, the UK, the USA, Australia, South Korea, Japan and Southeast Asia. The top three overseas markets are Australia, China, and India, which together made up 36% of the Ascendas-Singbridge Group's AUM as at 31 December 2018.

(i) Singapore

The Ascendas-Singbridge Group's AUM in Singapore stood at S\$12.1 billion as at 31 December 2018 and constituted close to half of the Ascendas-Singbridge Group's AUM. The portfolio includes business parks, industrial properties, logistics properties, CBD offices, retail properties, data centres and hospitality properties. Revenue from Singapore is mainly generated from the leasing of properties, providing real estate services and fund management as well as facility management and providing related property services for third parties.

(ii) Australia

The Ascendas-Singbridge Group's AUM in Australia stood at S\$2.2 billion as at 31 December 2018. The portfolio includes logistics properties and suburban offices held via Ascendas Reit and hospitality properties held via A-HTRUST. These properties are located across the Australian cities of Sydney, Melbourne, Brisbane and Perth. Revenue from Australia is mainly generated from leasing of properties, the provision of real estate services and the management of Ascendas Reit and A-HTRUST.

(iii) China

The Ascendas-Singbridge Group's AUM in China stood at S\$3.9 billion as at 31 December 2018, with a portfolio comprising mainly business and IT parks, offices, industrial facilities and land for sale. The Ascendas-Singbridge Group's presence in China spans multiple cities, including Beijing, Shanghai, Suzhou, Hangzhou, Guangzhou, Xi'an, Dalian, Tianjin, Chengdu and Chongqing. Revenue from China is mainly generated from income from land sales and sale of properties developed for trading purposes, leasing of properties and the provision of fund management and property services to the portfolio of assets held by the Ascendas-Singbridge Group and the private funds.

(iv) India

The Ascendas-Singbridge Group's AUM in India stood at S\$2.6 billion as at 31 December 2018. The portfolio includes business and IT parks, industrial facilities and logistics properties, held directly by the Ascendas-Singbridge Group as well as through a-iTrust and two private funds. The Ascendas-Singbridge Group has established a strong presence in India by launching and pioneering business parks across the primary IT centres of India, namely Bangalore, Pune, Chennai, Gurgaon and Hyderabad. The Ascendas-Singbridge Group also has logistics and industrial properties in Chennai and Mumbai. Revenue from India is mainly generated from leasing of properties, and the provision of fund management and property services to the portfolio of assets held by a-iTrust and the private funds.

(v) Japan

The Ascendas-Singbridge Group's AUM in Japan stood at S\$609 million as at 31 December 2018. The portfolio comprises four hotels held via A-HTRUST. Revenue from Japan comprises mainly hotel income from the properties and fee income sourced from the management of A-HTRUST.

(vi) South Korea

The Ascendas-Singbridge Group's AUM in South Korea stood at S\$871 million as at 31 December 2018. The portfolio comprises four office buildings. The properties are located in Seoul's core CBD and are held by single-asset private funds. Revenue from South Korea is mainly generated from leasing of properties and the provision of private fund management services.

(vii) Southeast Asia (other than Singapore)

The Ascendas-Singbridge Group's AUM in Southeast Asia (other than Singapore) stood at S\$125 million as at 31 December 2018. The portfolio includes industrial properties and business parks, and the Ascendas-Singbridge Group's investments in Southeast Asia (excluding investments in Singapore) include capital partnerships in Malaysia, Indonesia and Vietnam. Revenue from Southeast Asia (other than Singapore) is mainly generated from leasing of properties, sale of properties developed for trading purposes, the provision of property-related services such as development, and management of the projects undertaken by the joint ventures.

(viii) The USA

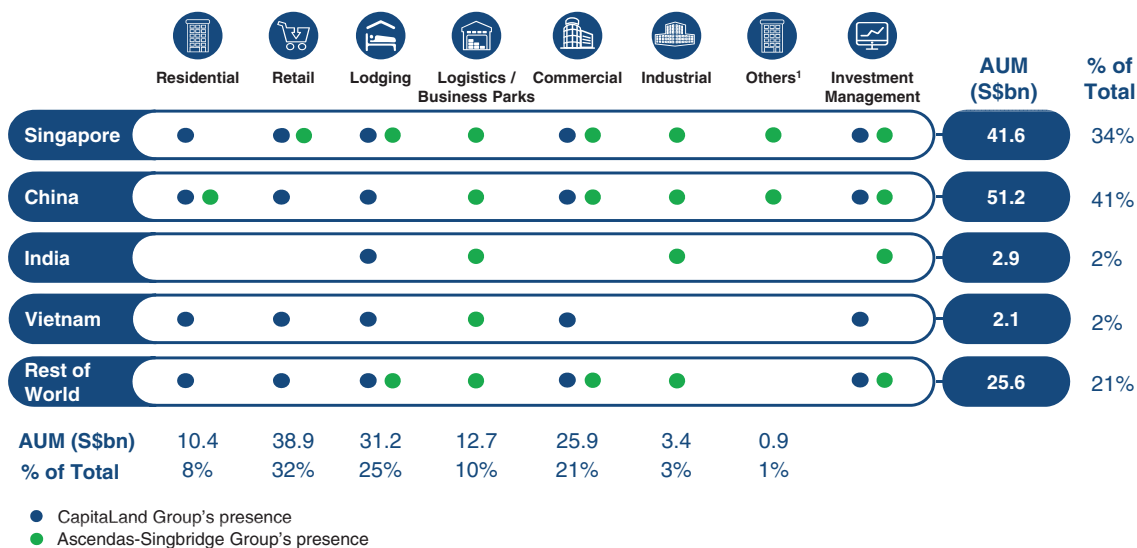
The Ascendas-Singbridge Group's AUM in the USA stood at S\$1.2 billion as at 31 December 2018. The portfolio comprises 33 suburban office properties with a total net lettable area of 3.4 million square feet located in concentrated clusters in Portland, Raleigh and San Diego, each of which are high-growth and technology-centric submarkets. Revenue from the USA is mainly generated from leasing of these investment properties.

(ix) The UK

The Ascendas-Singbridge Group's AUM in the UK stood at S\$819 million as at 31 December 2018. The portfolio comprises 38 logistics assets held via Ascendas Reit, which are located in industrial areas across various regions including Yorkshire and the Humber, North West England, East and West Midlands, South East England and East of England. Revenue from the UK is mainly generated from leasing of properties, the provision of real estate services and the management of Ascendas Reit.

## 5. RATIONALE FOR AND BENEFITS OF THE PROPOSED TRANSACTION

*The Enlarged Group's AUM by sector and by country as at 31 December 2018*



Note: Enlarged Group's AUM based on the aggregate of Ascendas-Singbridge Group's AUM and the CapitalLand Group's AUM, adjusted for the joint development of Raffles City Chongqing.

<sup>1</sup> Includes data centres and land for sale.

Through the Proposed Transaction, CapitaLand is acquiring the business of the Ascendas-Singbridge Group, creating one of the leading diversified real estate companies in Asia upon Completion. The Ascendas-Singbridge Group adds well-established capabilities as a real estate developer, owner, operator and manager in sectors complementary to the CapitaLand Group's portfolio, and which have been benefitting from new economy trends relating to e-commerce, urbanisation and knowledge economies. The Proposed Transaction would go towards broadening the Enlarged Group's footprint in markets such as India and Vietnam. It also provides the Enlarged Group with immediate scale, and bolsters its presence in developed markets such as the USA, Europe and Australia upon Completion. The CapitaLand Group would also become one of the top 10 real estate investment managers globally<sup>23</sup>, with AUM of S\$123.4 billion. The Enlarged Group would have eight REITs, 23 private funds and multiple capital partnerships, all of which are long-term capital platforms for efficient capital recycling. The Proposed Transaction would reinforce the CapitaLand Group's earnings quality, with recurring income from investment properties and fee-based income from fund management contributing to its Operating PATMI. Additionally, the combined leasing network through the formation of the Enlarged Group is expected to bring about scale and cross-selling potential, whilst the enhanced digital capabilities through the Enlarged Group's collective technological capabilities are expected to drive further business innovation. With enhanced competitiveness, the CapitaLand Group would become a more compelling proposition to customers and business and capital partners, and be in a better position to draw and retain best-in-class talent.

The strategic rationale for, and expected benefits of, the Proposed Transaction are outlined below:

(a) Achieving immediate scale in new economy sectors

Sectors such as logistics and business parks are exposed to and benefit from new economy trends like e-commerce, urbanisation and growth of knowledge economies. With the Ascendas-Singbridge Group's developer-owner-operator platforms in these sectors and proven track record, the Proposed Transaction is expected to deliver immediate capabilities and scale to the Enlarged Group. It is anticipated that the Proposed Transaction will also enable the Enlarged Group to capitalise on the growth in these new economy sectors. Properties in the sectors of business parks, logistics and data centres represented 55% of the Ascendas-Singbridge Group's AUM as at 31 December 2018, and these are expected to further drive the Enlarged Group's future growth while the Enlarged Group continues to be supported by its strength and capabilities in its existing real estate sectors.

The new economy sectors within the Ascendas-Singbridge Group portfolio are described further below.

(i) Business park sector

There is increasing demand for business parks from knowledge economy industries, including IT, information technology enabled-services ("ITeS"), bioinformatics, software development, telecommunications, electronics, financial services and other high-technology and R&D industries. Integrated campus-style business parks offer these innovative industries the opportunity to create industry clusters and ecosystems which provide working environments with suitable amenities within and outside of work to their employees. The growth of business parks which offer cost advantages as compared to core CBD offices is also sustained by the structural trend of large corporates increasingly looking towards low-density, campus setting environments. As the advancement of the industrial sector continues to be driven by technology, demand for high-technology business parks is likely to continue to grow.

In Singapore, demand for quality business park space in the city fringes remains strong. Such demand is primarily driven by technology, biomedical, R&D and financial services firms. In India, the Ascendas-Singbridge Group's business parks target companies with a strong digital business, such as IT services companies and companies that have established their own Indian offices as part of their offshoring business model, many of which function as technology and offshoring centres for their global operations.

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<sup>23</sup> Based on data as at 30 June 2018.

The Ascendas-Singbridge Group has an established presence in the business park sector in Singapore, India, China and Vietnam with capabilities as a developer, owner, operator and manager. It also has two listed trusts and two private funds holding business park assets. The Proposed Transaction is expected to provide the CapitaLand Group with a unique opportunity to, in a single transaction, acquire a sizeable portfolio of business park assets and operating platforms which are well diversified across several major markets and which would otherwise take time to scale up.

(ii) Logistics sector

Megatrends such as the rapid growth in e-commerce driven consumption will continue to drive demand for space in logistics properties.

Globally, e-commerce retail is expected to continue to grow, and such growth is anticipated to have a positive impact on the e-commerce logistics market. In particular, growth in e-commerce logistics is expected to be the fastest in the Asia Pacific region due to factors such as the growing middle class in the region.

The Ascendas-Singbridge Group is expected to benefit from growth in demand for logistics properties in Singapore, Australia, India, the UK and China<sup>24</sup>. The Ascendas-Singbridge Group has demonstrated a proven track record of successful acquisitions and over the years, has accumulated a portfolio of quality logistics properties through its various platforms in these markets, including but not limited to:

(A) India

a-iTrust completed the acquisition of six Grade-A warehouses (with 0.8 million square feet in floor area) at the Arshiya Free Trade Warehousing Zone in February 2018. The transaction terms provide a-iTrust with an exclusive right to acquire future development in the Arshiya Free Trade Warehousing Zone (with an estimated potential of 2.8 million square feet in floor area). Key tenants include DHL Logistics, Huawei Telecommunications and Cisco Systems (through third party logistics operator Rolex Logistics), and occupancy rate was 100% as of 31 December 2018<sup>25</sup>.

In June 2017, the Ascendas-Singbridge Group formed a joint venture with Firstspace Realty in India to launch the Ascendas-Firstspace industrial real estate platform, with the objective of developing, owning and managing logistics and industrial facilities across major warehousing and manufacturing hubs in India to meet the demand for logistics properties. The joint venture has, to date, acquired two assets in Chennai.

The Ascendas-Singbridge Group remains committed to capitalising on the future growth in the Indian logistics sector, demonstrated by its recent establishment of the Ascendas India Logistics Programme in June 2018 with Temasek to invest in logistics and industrial real estate in key locations in India.

(B) UK

The Ascendas-Singbridge Group's UK portfolio, held through Ascendas Reit, comprises 38 logistics properties, located in key distribution centres and industrial areas in the UK. Key tenants include DHL, Amazon, Royal Mail, Aston Martin Lagonda and Sainsbury's. The majority of the properties are freehold, save for three properties which are held on a long leasehold basis exceeding 900 years. The first portfolio comprises 12 logistics properties in key distribution centres in the UK. The second portfolio comprises 26 properties spanning from Yorkshire and Humber to the Midlands, which is an important logistics hub located at the centre of the UK's motorway network and supported by large population nodes such as Birmingham and Leicester.

<sup>24</sup> Build-to-Suit project at the Beijing Economic Technological Development Area.

<sup>25</sup> Source: Ascendas India Trust, "Annual Report 2017/2018", at page 33.



(C) Singapore

The Ascendas-Singbridge Group's Singapore logistics portfolio, held through Ascendas Reit, consists of 21 warehouses and distribution centres which are equipped with the necessary floor loading and high ceiling height, purposefully designed for logistics operations. A majority of warehouses are single-storey or multi-storey facilities with vehicular ramp access while others are multi-storey facilities with heavy duty cargo lift access.

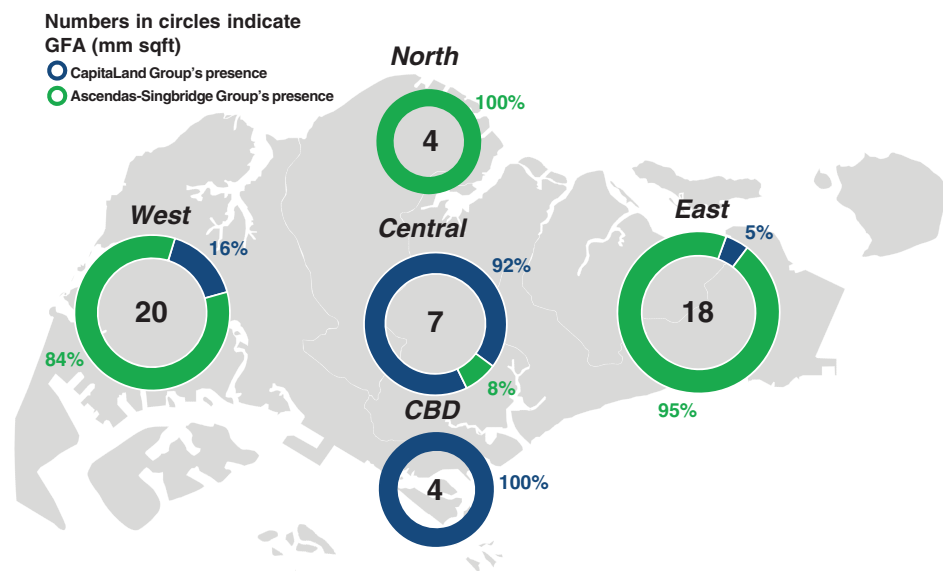
(D) Australia

The Ascendas-Singbridge Group's Australia logistics portfolio, held through Ascendas Reit, comprises 32 freehold logistics properties located in the cities of Sydney, Melbourne, Brisbane and Perth. The properties are high-grade, functional and large-scale distribution facilities located in close proximity to major transport infrastructure.

(b) Deepening presence in core markets

The Proposed Transaction is expected to deepen the CapitaLand Group's presence in its core markets of Singapore and China, adding 19% to its AUM across existing sectors such as residential, retail, commercial and lodging, and new complementary sectors such as logistics, industrial and business parks.

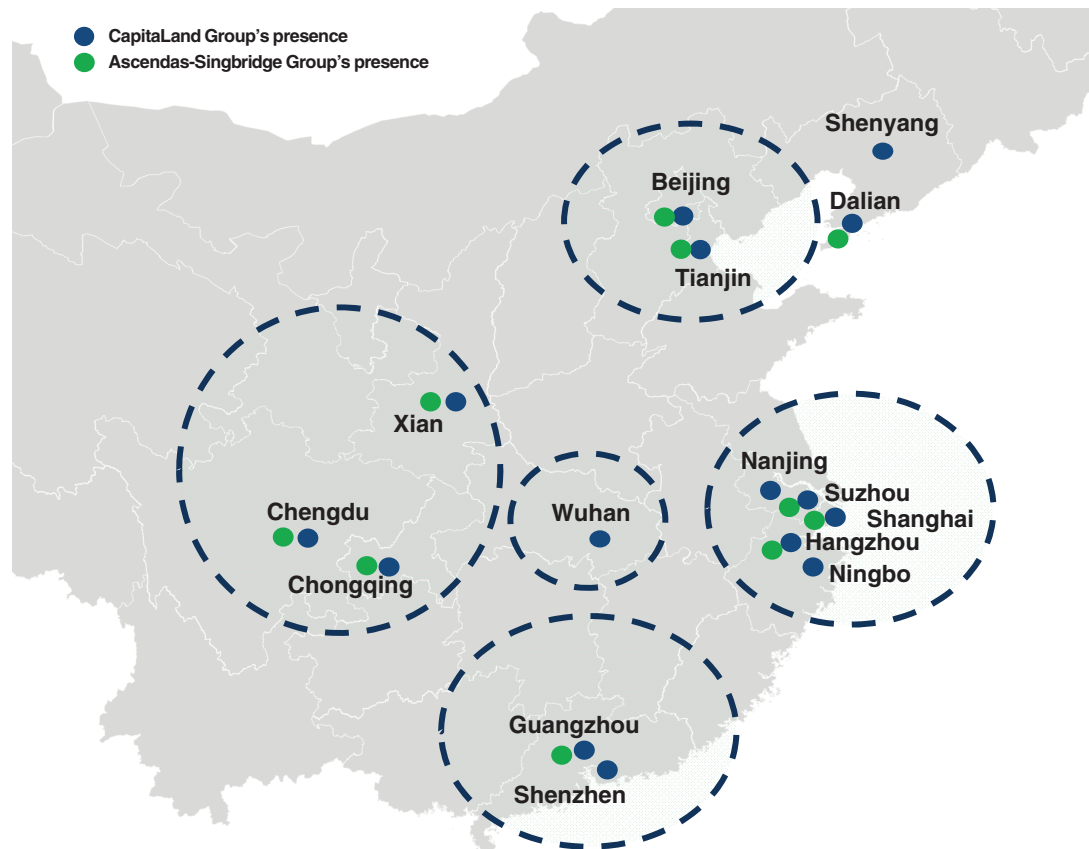
*The Enlarged Group's presence in Singapore by region and by GFA*



Note: The GFA reflected above is the Enlarged Group's GFA as at 31 December 2018 based on completed and operating properties (excluding hospitality assets) on a 100% basis.

In Singapore, the Ascendas-Singbridge Group brings a complementary footprint in the North, West and East regions of Singapore, adding to the CapitaLand Group's existing properties which are primarily concentrated in the Central and CBD regions. The expanded presence in Singapore is expected to provide economies of scale and efficiencies for the Enlarged Group. In addition, the Ascendas-Singbridge Group's business park portfolio would complement the CapitaLand Group's current core CBD portfolio, providing existing and prospective tenants with a full spectrum of business space solutions that are tailored to their evolving business needs. This overlap of existing and prospective tenants between core CBD offices and business parks is expected to provide cross-selling opportunities for the Enlarged Group. The Ascendas-Singbridge Group's exposure to customers in biotechnology, IT and ITeS, healthcare technology, R&D and other new economy companies will further widen the CapitaLand Group's commercial sector customer base, and position the Enlarged Group to benefit from the growth of knowledge economy industries. Properties in Singapore will constitute S\$41.6 billion of the Enlarged Group's AUM.

## The Enlarged Group's presence in China



In China, the Ascendas-Singbridge Group's portfolio is complementary to the CapitalLand Group's presence in its five core city clusters, including:

- (i) the North China cluster comprising Beijing and neighbouring city markets;
- (ii) the East China cluster comprising Shanghai and neighbouring city markets;
- (iii) the Central China cluster comprising Wuhan and neighbouring city markets;
- (iv) the West China cluster comprising Chengdu, Chongqing and neighbouring city markets; and
- (v) the South China cluster comprising Guangzhou, Shenzhen and neighbouring city markets.

In addition to extending the CapitalLand Group's product offering to business parks and industrial properties in China, the Ascendas-Singbridge Group's portfolio is expected to deepen the presence that the CapitalLand Group has already built in each of these five core city clusters. The larger scale of the Enlarged Group resulting from the Proposed Transaction is expected to enable the CapitalLand Group to develop deeper business relationships with partners and enhance its ability to build on its competitive advantages in these city clusters, supported by an experienced management bench, and a more extensive network. The CapitalLand Group's existing presence is primarily in retail, residential and commercial sectors while the Ascendas-Singbridge Group will add presence in business parks and industrial sectors. Given the complementarity in the portfolios and geographical presence, there will be opportunities for economies of scale and operational efficiencies, both of which are expected to contribute to the Enlarged Group's competitive strength in China. Properties in China will constitute S\$51.2 billion of the Enlarged Group's AUM.

Upon Completion, the Enlarged Group's AUM in its core markets of Singapore and China will be S\$92.8 billion, representing 75% of the Enlarged Group's AUM.

(c) Building scale and capabilities in CapitaLand's growth markets

CapitaLand has identified several markets, namely India, Australia, the USA, Europe and Vietnam, that it intends to develop a strong presence in.

(i) India

India is one of the world's fastest growing economies with growth in gross domestic product ("GDP") of approximately 7.3% in 2018<sup>26</sup>. Specifically, there is growing demand in the Indian logistics sector which is fuelled by the rise of the manufacturing sector, a boom in e-commerce and outsourcing and a trend towards modern logistics and warehousing facilities across the manufacturing, retail and e-commerce sectors. Further, the implementation of Goods and Services Tax in India in July 2017 is expected to simplify the tax regime, leading to a more efficient supply chain. This is anticipated to lead to an increase in demand for warehousing space in India. The "Make in India" campaign has also been a steady contributor to industrial growth and is expected to raise the manufacturing sector's share of GDP going forward. This is expected to further increase the demand for logistics assets to support supply chain infrastructure.

In India, the Ascendas-Singbridge Group has an established presence in the industrial and business park sector, having pioneered the business park concept in the Indian market. The Ascendas-Singbridge Group has already established platforms with full real estate value chain capabilities of a developer, owner, operator and manager with an established track record of AUM amounting to S\$2.6 billion as at 31 December 2018. It partially owns and/or manages, amongst others, the following ready capital and/or take-off platforms, in which a-iTrust, in particular, has a strong track record:

- (A) a-iTrust – a business trust listed on the SGX-ST to own income-producing real estate used primarily as business space in India;
- (B) Ascendas India Growth Programme ("AIGP") – AIGP was launched in 2013. Its strategy is to invest in greenfield and brownfield office developments in India including their complementary uses such as residential, retail and hospitality, and with targeted investments in the cities of Bangalore, Chennai, Delhi NCR, Hyderabad, Mumbai and Pune; and
- (C) Ascendas India Logistics Programme – an INR20 billion (approximately S\$400 million) programme to invest in prime logistics and industrial real estate in India. This was launched in June 2018.

(ii) Australia

Australia's GDP is expected to grow by an average of 2.7% per year between 2019 and 2021, higher than the average GDP growth rate of 1.8% for advanced economies over the same time period<sup>27</sup>. Australia also has a resilient economy, having enjoyed 25 consecutive years of economic growth<sup>28</sup> with GDP growth supported by broad based economic development across the various major industries and GDP growth having

<sup>26</sup> Based on International Monetary Fund website, "World Economic Outlook (October 2018) – Real GDP Growth Annual percent change", accessible at [https://www.imf.org/external/datamapper/NGDP\\_RPCH@WEO/OEMDC/ADVEC/WEOWORLD](https://www.imf.org/external/datamapper/NGDP_RPCH@WEO/OEMDC/ADVEC/WEOWORLD). Applicable terms under <https://www.imf.org/external/terms.htm> should be complied with for any use of any IMF data.

<sup>27</sup> Based on figures provided on the International Monetary Fund website, "World Economic Outlook (October 2018) – Real GDP Growth Annual percent change", accessible at [https://www.imf.org/external/datamapper/NGDP\\_RPCH@WEO/OEMDC/ADVEC/WEOWORLD/AUS](https://www.imf.org/external/datamapper/NGDP_RPCH@WEO/OEMDC/ADVEC/WEOWORLD/AUS). Change(s) made: The average figures were calculated from the real GDP growth (annual percent change) figures for each year from 2019 to 2021, for Australia as well as advanced economies. Applicable terms under <https://www.imf.org/external/terms.htm> should be complied with for any use of any IMF data.

<sup>28</sup> Based on figures provided on the International Monetary Fund website, "World Economic Outlook (October 2018) – Real GDP Growth Annual percent change", accessible at [https://www.imf.org/external/datamapper/NGDP\\_RPCH@WEO/OEMDC/ADVEC/WEOWORLD/AUS](https://www.imf.org/external/datamapper/NGDP_RPCH@WEO/OEMDC/ADVEC/WEOWORLD/AUS). Applicable terms under <https://www.imf.org/external/terms.htm> should be complied with for any use of any IMF data.

averaged 2.6% from 2008 to 2018<sup>29</sup>. Bolstered by a stable economic environment, favourable supply and demand fundamentals, low interest rates, a growing population and investment in infrastructure, Australia has been an active investment market which benefits from a conducive macroeconomic environment and other strong drivers of property value.

Over the past few years, the retail sector (in particular, large retail businesses such as supermarkets, e-commerce retailers such as Amazon and The Iconic and third party logistics providers) has contributed to the demand for industrial warehousing in Australia. Overall, Australia has an expanding e-commerce sector, with consumers showing increasing preference for on-demand services. Total online retail trade grew from approximately AUD9.1 billion in 2015 to AUD17.8 billion in 2018, representing a CAGR of 25.0%<sup>30</sup>. A growing population coupled with the e-commerce boom are factors anticipated to reinforce demand from tenants for logistics facilities.

(iii) The USA

The Ascendas-Singbridge Group is expected to add over S\$1.2 billion in AUM in office buildings to the Enlarged Group's portfolio. The demand for office space in the USA remains strong, supported by low unemployment rates. In recent years, the unemployment rate has generally decreased and the non-farm monthly job growth in January 2019 of approximately 304,000<sup>31</sup> was greater than the average monthly increase in 2018.

The Ascendas-Singbridge Group's portfolio in the USA is strategically located in three growth sub-markets of (A) San Diego, California; (B) Raleigh, North Carolina; and (C) Portland, Oregon, which are markets characterised as high growth technology-centric sub-markets.

The portfolio and the markets where the office assets reside are complementary to and thematically consistent with the target growth markets of the CapitaLand Group. The Proposed Transaction would allow the CapitaLand Group to immediately establish scale in additional regional growth submarkets, in addition to its existing portfolio in New York, Silicon Valley, Seattle, Greater Los Angeles, Denver and Portland. The combined portfolio of S\$3.6 billion may also allow the Enlarged Group to reap operational economies of scale and provide it with a larger base to build on for the future expansion of its portfolio in the USA.

(iv) Europe

The Ascendas-Singbridge Group's presence in Europe is represented by the UK logistics portfolio held via Ascendas Reit with AUM of S\$819 million. The tight supply of logistics properties in the UK market, coupled with the strong demand from the domestic market and the strengthening e-commerce sector, has led to low vacancy rates and increasing rental rates for the UK logistics sector over the past few years.

<sup>29</sup> Based on figures provided on the International Monetary Fund website, "World Economic Outlook (October 2018) – Real GDP Growth Annual percent change", accessible at [https://www.imf.org/external/datamapper/NGDP\\_RPCH@WEO/OEMDC/ADVEC/WEOWORLD/AUS](https://www.imf.org/external/datamapper/NGDP_RPCH@WEO/OEMDC/ADVEC/WEOWORLD/AUS). Change(s) made: The average was calculated from the real GDP growth (annual percent change) figures for each year from 2008 to 2018 for Australia. Applicable terms under <https://www.imf.org/external/terms.htm> should be complied with for any use of any IMF data.

<sup>30</sup> Source: Australian Bureau of Statistics, 2018, *Retail Trade December 2018*, cat. no. 8501.0, viewed 6 March 2019, <[http://www.ausstats.abs.gov.au/ausstats/meisubs.nsf/0/938CF3AADFEB563ACA2583970011FBDC/\\$File/85010\\_de c%20 2018.pdf](http://www.ausstats.abs.gov.au/ausstats/meisubs.nsf/0/938CF3AADFEB563ACA2583970011FBDC/$File/85010_de c%20 2018.pdf)>.

<sup>31</sup> Source: Bureau of Labor Statistics, U.S. Department of Labor, *The Economics Daily*, Nonfarm payroll employment increased by 304,000 in January 2019 on the Internet at <https://www.bls.gov/opub/ted/2019/nonfarm-payroll-employment-increased-by-304000-in-january-2019.htm> (visited March 06, 2019).

Combined with the CapitaLand Group's existing presence in continental Europe through its office and lodging portfolios, the Enlarged Group's AUM in Europe would be S\$4.3 billion. The Proposed Transaction would bring together complementary operating platforms for different sectors within Europe, which would go towards strengthening the operational and management capabilities of the Enlarged Group in the European market and providing it economies of scale through a larger combined operating platform.

(v) Vietnam

Vietnam has been experiencing strong and sustainable economic growth, with GDP growing by 6.6% in 2018<sup>32</sup>, making it one of Southeast Asia's fastest growing economies and the region's highest growing middle-income country. With a growing middle class and urbanisation, there is a strong demand for business spaces. Vietnam's ratification of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership is expected to boost its business and economic prospects and stimulate reforms in intellectual property rights, adding to its attractiveness as an investment destination to investors.

The Ascendas-Singbridge Group's OneHub Saigon, a 12-hectare business park development in Ho Chi Minh City, is designed to cater to a wide variety of high-technology, R&D, logistics and e-commerce tenants and will be a strategic addition to the CapitaLand Group's growing presence in Vietnam. The Ascendas-Singbridge Group is expected to provide bolt-on capabilities and scale up the CapitaLand Group's presently-established platform in lodging, retail, commercial and residential sectors.

(d) Securing sizeable development pipeline across core markets

The Proposed Transaction combines two real estate developers with complementary capabilities, strengths and track records in developing large-scale integrated developments.

The Enlarged Group would have access to a sizeable development pipeline, particularly across its core markets of Singapore and China, of which embedded value can be potentially unlocked to grow its asset base over the longer term. The Enlarged Group's *pro forma* total development book value would be S\$11.5 billion across all markets, of which S\$10.7 billion is in Singapore and China.

The CapitaLand Group has access to landbanks across its core markets of Singapore and China, and the Ascendas-Singbridge Group brings with it valuable additional developable landbank in these core markets. In the mature and well-developed Singapore real estate market, a sizeable development pipeline is expected to provide the Enlarged Group with development exposure to various sectors over a long period across potential market cycles.

In addition, the Enlarged Group, with its expertise in urban solutions, may be able to tap the development pipeline and develop large-scale townships and urban development projects. These projects are typically longer term in nature. The Enlarged Group, with its urban renewal capabilities, would also be in a better position to secure bigger plots of land to build its pipeline, adding to its ability to drive future profit growth.

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<sup>32</sup> Based on International Monetary Fund website, "World Economic Outlook (October 2018) – WEO Report for Vietnam: Gross domestic product, constant prices (Percent change)", accessible at [https://www.imf.org/external/pubs/ft/weo/2018/02/weodata/weorept.aspx?pr.x=43&pr.y=17&sy=2016&ey=2023&scsm=1&ssd=1&sort=country&ds=.&br=1&c=582&s=NGDP\\_RPCH&grp=0&a](https://www.imf.org/external/pubs/ft/weo/2018/02/weodata/weorept.aspx?pr.x=43&pr.y=17&sy=2016&ey=2023&scsm=1&ssd=1&sort=country&ds=.&br=1&c=582&s=NGDP_RPCH&grp=0&a). Applicable terms under <https://www.imf.org/external/terms.htm> should be complied with for any use of any IMF data.

(e) Enhancing fund management capabilities

As a result of the Proposed Transaction, the CapitaLand Group is expected to become Asia's leading real estate investment manager and one of the top 10 global real estate investment managers by AUM<sup>33</sup>. Upon Completion, the Enlarged Group's AUM would increase to S\$123.4 billion and will be diversified across the residential, retail, commercial, industrial and logistics sectors, amongst others. S\$73.0 billion of the Enlarged Group's AUM will be from its eight REITs and 23 private funds, representing almost 30% growth of the CapitaLand Group's assets under management from REITs and private funds of S\$56.7 billion prior to the Proposed Transaction.

The Proposed Transaction is expected to generate *pro forma* recurring fee income from the fund management platform of S\$326 million, representing an increase of more than 40% from the CapitaLand Group's fee income of S\$228 million for the year ended 31 December 2018, reinforcing the Enlarged Group's quality of earnings.

After Completion, the Enlarged Group could capitalise on relationships that the CapitaLand Group and the Ascendas-Singbridge Group have developed with investors and capital partners to grow investments in its funds and products, or to create new listed trusts and private funds. The Enlarged Group's expanded range of asset classes and portfolio could also contribute to opportunities for new listed and private funds. The cross-pollination of strategic partnerships, wider range of fund products and enhanced fund management capabilities are expected to strengthen the CapitaLand Group's fund management platform and drive AUM growth.

(i) REIT management platform

The CapitaLand Group's fund and asset management business is one of the largest in Asia, and includes the management 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, and 16 private funds. As at the Latest Practicable Date, the combined market capitalisation of these five REITs was S\$20.8 billion.

The Ascendas-Singbridge Group is present across the real estate value chain of planning, developing, owning, operating and managing properties, and has interests in and manages the Ascendas Listed Trusts, each of which is listed on the SGX-ST. As at the Latest Practicable Date, the combined market capitalisation of the Ascendas Listed Trusts was S\$10.9 billion.

After Completion, the Enlarged Group will manage a total of eight listed trusts, including the largest Singapore REITs in four key sectors – industrial and business parks, retail, commercial and lodging. The seven listed trusts on the SGX-ST represent an aggregate market capitalisation of S\$30.9 billion, which constitutes 33% of the total market capitalisation of the SGX-ST listed REITs sector as of the Latest Practicable Date.

(ii) Private fund management platform

The CapitaLand Group manages 16 private funds, while the Ascendas-Singbridge Group currently manages seven private funds. Both groups have been successful in cultivating strategic partnerships with credible blue-chip partners to invest in the funds they originate.

(f) Strengthening digital capabilities to drive business innovation

Similar to the CapitaLand Group, the Ascendas-Singbridge Group has been growing its "Office of the Future" ecosystem to enhance services provided to its tenants. The Ascendas-Singbridge Group has developed an integrated offering of both conventional office space (core) and flexible space (flex) with community and technology-enabled workspace solutions

<sup>33</sup> Based on data as at 30 June 2018.

within the premises of its properties. This is driven by an approach to view space as a service so as to foster tenant loyalty and build and monetise the Ascendas-Singbridge Group's communities. *thebridge*, which is a flexible workspace solution that the Ascendas-Singbridge Group offers within its existing premises, provides an alternative flex space to tenants. Together with the CapitaLand Group's focus on business-to-business-to-consumer tenant connectivity and engagements, and development of co-working spaces, the Enlarged Group is expected to benefit from an enhanced ability to provide customised spaces with community-focused amenities to engage the workforce, and flexibility in lease terms and memberships to better meet the demands of evolving work culture.

In addition to offering "Office of the Future" solutions, the Proposed Transaction also strengthens the CapitaLand Group's commercial platform, expanding beyond CBD offices into complementary sub-sectors such as suburban offices and business parks. The Enlarged Group will be able to integrate its leasing network across sub-sectors and markets, through both the Ascendas-Singbridge Group's logistics, industrial and business park sectors and the CapitaLand Group's retail and commercial sectors. With the enlarged tenant base after Completion, the Enlarged Group will be better positioned to identify key market trends to anticipate critical shifts in market dynamics and requirements. This would allow the Enlarged Group to provide more integrated services to its tenants and partners, who have different and constantly evolving real estate requirements.

(g) Attracting talent that will strengthen real estate expertise and capabilities

The Enlarged Group will benefit from skilled professionals from both the CapitaLand Group and the Ascendas-Singbridge Group coming together across a variety of markets and sectors in which the Enlarged Group has operations. The Enlarged Group would be better placed to attract talent globally through an expanded geographic scope and increased competitiveness.

## 6. THE ENLARGED GROUP

### 6.1 Organisation of the Enlarged Group

The Enlarged Group will comprise the following businesses:

- (a) residential, commercial, retail and integrated developments;
- (b) industrial, logistics and business parks;
- (c) lodging;
- (d) fund and asset management; and
- (e) sustainable urban development.

The respective businesses may be organised along geographical lines or as standalone sectors to optimise capital as well as to facilitate future growth.

It is envisioned that the residential, commercial, retail and integrated developments business in CapitaLand's core and new markets will be organised along geographical lines given the localised nature of these sectors.

The Enlarged Group's business includes two new platforms, (i) sustainable urban development business; and (ii) industrial, logistics and business parks business. The sustainable urban development business undertakes urban development projects, adopting an integrated approach to master planning, and collaborating with its partners to develop smart cities, sustaining economic growth within an ecological environment and supporting vibrant and harmonious communities in the process. The industrial, logistics and business parks business will focus on developing, owning and operating properties in the industrial, logistics and business park sector. Depending on their respective scale at any given point in time, each of these businesses may be organised as standalone sectors or be incorporated in the businesses organised along geographical lines.

It is likely that the lodging business, and the fund and asset management business, being global businesses, would be organised as separate standalone sectors.

The lodging business will focus on owning and operating lodging properties. CapitaLand presently manages over 100,000 units in more than 30 countries and is one of the leading lodging companies globally. The 14 hotels in A-HTRUST's portfolio will add to this footprint. The hospitality sector in Asia is expanding, driven by growing middle class affluence and the reduced cost of travelling. By 2030, the middle-class population is expected to reach 5.6 billion, with most of the growth coming from Asia<sup>34</sup>. The Asia Pacific region has enjoyed growth in international tourist arrivals since 2005 at a CAGR of 6%, which is higher than the global growth rate over the same period at a CAGR of 4%<sup>35</sup>. CapitaLand intends to harness its strengths and expertise and at a suitable time in the future, consider options including spinning the lodging business off, and/or finding the right capital solutions or strategic partners to take the growth of the lodging business to the next level, amongst others.

The listed and private fund management activities will be carried out under the fund and asset management business.

## 6.2 Key Action Items

The following have been identified as key action items of the Enlarged Group upon Completion:

### (a) Business integration

The management team of the Enlarged Group will focus on the integration of the business operations and portfolios of the CapitaLand Group and Ascendas-Singbridge Group.

The integration across different markets, portfolios and sectors is expected to allow the Enlarged Group to pivot into new economy sectors so as to propel it to become a diversified real estate player with broader expertise. The Enlarged Group envisages fully optimising the combined expertise of its diverse human capital pool while attracting fresh talent. Coupled with the leverage gained from the combined base of blue-chip strategic partners, investors and technology platforms, along with enhanced opportunities for asset recycling, the Enlarged Group is also expected to realise the value of its portfolios to drive growth of income and net assets.

To this end, an Integration Committee comprising senior executives from both the CapitaLand Group and the Ascendas-Singbridge Group has been formed for the purpose of planning for integration, pursuant to which initiatives will be implemented after Completion.

### (b) Deleveraging

As a result of the Proposed Transaction, the CapitaLand Group's consolidated net debt/equity ratio would also increase from 0.56 times to 0.72 times on a *pro forma* basis, as of 31 December 2018. The CapitaLand Group intends to reduce the net debt/equity ratio to no more than 0.64 times by December 2020 through, amongst others, cash generated from its business operations and proactive asset recycling. This target net debt/equity ratio is not static as it is a function of future investment and divestment opportunities and capital requirements. Deleveraging occurs in the CapitaLand Group's ordinary course of business through, amongst other things, cash generated from its business operations and asset recycling activities. It is envisaged that the Enlarged Group would continue to remain disciplined in implementing its deleveraging plan after Completion.

<sup>34</sup> Source: European Commission website, "Growing consumerism", accessible at [https://ec.europa.eu/knowledge4policy/foresight/topic/growing-consumerism\\_en](https://ec.europa.eu/knowledge4policy/foresight/topic/growing-consumerism_en).

<sup>35</sup> Data derived from and based on: the World Bank website, "International tourism, number of arrivals", accessible at [https://data.worldbank.org/indicator/ST.INT.ARVL?end=2017&name\\_desc=false&start=2005](https://data.worldbank.org/indicator/ST.INT.ARVL?end=2017&name_desc=false&start=2005), and licensed under Creative Commons Attribution International License 4.0, accessible at <https://creativecommons.org/licenses/by/4.0/legalcode>. Change(s) made: The CAGR figures were calculated by applying the tourist arrival numbers in 2005 and 2017 to the CAGR formula, for East Asia & Pacific as well as the world.



(c) Rationalising the overlapping investment mandates of A-HTRUST and Ascott Residence Trust

The Enlarged Group's fund and asset management platform after Completion will include A-HTRUST and Ascott Residence Trust which have overlapping investment mandates. The management team of the Enlarged Group will look into rationalising the overlapping investment mandates after Completion. All options to rationalise the overlapping investment mandates of A-HTRUST and Ascott Residence Trust will be considered, along with measures to mitigate any conflict arising from the overlapping investment mandates during the interim period between Completion and the time at which the relevant deconflict option is fully implemented.

## 7. CAPITALAND 3.0

The Proposed Transaction is transformational for the CapitaLand Group, creating one of Asia's leading diversified real estate companies upon Completion. The Ascendas-Singbridge Group adds well-established capabilities as a real estate developer, owner, operator and manager in sectors complementary to the CapitaLand Group's portfolio and which have been benefitting from new economy trends relating to e-commerce, urbanisation and knowledge economies. The greater scale and combined platform are expected to enhance the Enlarged Group's ability to compete in a fast-paced changing global marketplace for real estate companies.

As the CapitaLand Group embarks on its new journey after Completion, it has set for itself the following targets and vision to build and continue to create more value for all its Shareholders (not listed in any relative order of importance):

(a) Unlock embedded long-term development growth potential

The CapitaLand Group has access to landbank and projects under development across the markets, in particular for Singapore, China and Vietnam, aggregating an estimated 6.8 million square metres of developable GFA<sup>36</sup> as at 31 December 2018. CapitaLand has had proven success and a track record of delivering incremental value to its Shareholders through the development and sale of its completed projects.

The Proposed Transaction will add extensive landbank and projects under development to the CapitaLand Group, with a total estimated developable GFA<sup>37</sup> of 7.8 million square metres held by the Ascendas-Singbridge Group across different sectors including industrial, business parks, office and residential. The total estimated landbank and projects under development would increase to approximately 13.9 million square metres<sup>38</sup> upon Completion. Given the size and increased diversification of the development pipeline by country and sector, the Enlarged Group would benefit from more opportunities to (i) choose the timing of development with a view to optimising value increase across property cycles and markets; and (ii) harvest the visible stream of development pipeline over a longer term.

The Ascendas-Singbridge Group brings proven capabilities in the industrial, logistics and business park sectors. CapitaLand intends to integrate these strengths to enhance its development platform and create further value to its large-scale, integrated developments. With a stronger development platform and knowledge across different sectors, the Enlarged Group would benefit from being more competitively positioned to extract and unlock further value for Shareholders from the development projects and pipeline.

<sup>36</sup> Developable GFA includes actual or planned GFA and/or land area of landbanks and properties under development, but excludes hospitality assets.

<sup>37</sup> Developable GFA includes actual or planned GFA and/or land area of landbanks and properties under development, but excludes hospitality assets.

<sup>38</sup> The Enlarged Group's total estimated developable GFA is based on the aggregate estimated developable GFA for the CapitaLand Group and the Ascendas-Singbridge Group, adjusted for the joint development of Raffles City Chongqing.

(b) Drive recurring income and return on equity growth through disciplined portfolio reconstitution

The CapitaLand Group's focus on portfolio reconstitution would continue to form the cornerstone in driving better performance through:

- (i) reviewing non-core businesses and properties and/or under-penetrated markets so as to optimise shareholder value and consolidate resources to focus on key business drivers;
- (ii) recycling properties for reinvestment and capital redeployment; and
- (iii) ramping up asset performance to drive operating yield.

Cash PATMI, constituting 69% of CapitaLand's total PATMI for FY2018, is the result of an efficient operating and disciplined capital recycling business model. The *pro forma* Cash PATMI constitutes 67% of the Enlarged Group's total PATMI, representing the continued quality of its earnings after the Proposed Transaction.

In particular, the Ascendas-Singbridge Group will add S\$5.1 billion of investment properties<sup>39</sup> in various sectors and stages of operations to the Enlarged Group's portfolio. Depending on opportunity and timing, these properties may be recycled so that the Enlarged Group can redeploy its proceeds to invest in higher yielding properties or opportunities that provide further growth potential.

(c) Strengthen the fund and asset management platform

The Enlarged Group, with AUM of S\$123.4 billion after Completion, is expected to become one of Asia's leading real estate investment managers. AUM would have grown at a CAGR of 14% over the last five years, assuming Completion. The Proposed Transaction brings to CapitaLand a strong and complementary fund management team with capabilities in the industrial, logistics and business park sector, new capital partnerships as well as presence in different geographies.

Upon Completion, the Enlarged Group is expected to benefit from opportunities for cross-pollination to drive growth across listed trusts and funds and more extensive offerings. Its expanded range of asset classes and portfolio could also contribute to opportunities for new listed and private funds. CapitaLand also expects to have access to new investors and capital partners for both listed and private funds across different sectors. All of these are expected to drive the Enlarged Group's AUM growth.

To improve operational efficiencies, rationalising platforms would also be considered with a focus on consolidating capabilities to establish stronger platforms, with a view to improving ability to deliver value to Shareholders on a sustainable basis.

(d) Maintain a balanced global portfolio

As at 31 December 2018, the CapitaLand Group's relative exposure to emerging versus developed markets was 42:58 based on total assets. CapitaLand has set a target to maintain both its assets and earnings from developed markets at above 50% for stability and resilience of earnings against an evolving global landscape and competition. With the Proposed Transaction, on a *pro forma* basis, the Enlarged Group's relative exposure to emerging versus developed markets by total assets would be 40:60.

The Enlarged Group is expected to benefit from a well-balanced exposure to developed markets and emerging markets, the former providing stability to its earnings profile and the latter providing exposure to capital growth opportunities. The Proposed Transaction is expected to result in a more competitive CapitaLand to deliver greater shareholder value on a sustainable basis.

<sup>39</sup> Includes on balance sheet completed investment properties and investment in joint ventures and associated companies for completed investment properties. This excludes the Ascendas Listed Trusts.

In addition to working towards a balanced relative exposure to emerging versus developed markets, the Enlarged Group would enjoy greater diversity across various key sectors – providing it with more optionality and flexibility to fully capitalise on opportunities across these sectors, depending on property and market cycles.

(e) Continuous focus on aligning management's and Shareholders' interests

With a view to building capable and committed management teams, CapitaLand's compensation system is built upon competitive and progressive policies which are aligned to its long-term interests. To promote alignment of management grade employees' interests with that of Shareholders', CapitaLand's remuneration system incorporates a share-based component. The share-based component of the compensation system is an anchor for alignment of interests with Shareholders and will continue to be an important element of the compensation system for the Enlarged Group after Completion.

(f) Enhance talent acquisition and development practices

The CapitaLand Group and the Ascendas-Singbridge Group share common core values in cultivating a culture of winning and achieving excellence in all they do. The combination of the two groups is expected to result in synergy in branding as an employer of choice to attract and retain talent.

The CapitaLand Group and the Ascendas-Singbridge Group have much in common in the area of fair and progressive employment policies and practices. Both groups strive to provide a safe, conducive and family-friendly work environment that enhances employees' professional and personal growth. Being adopters of The Tripartite Standards<sup>40</sup> allows both groups to differentiate themselves in specific key employment and workplace practices that the workforce looks for, thereby enhancing their ability as employers to attract and retain manpower. The CapitaLand Group and the Ascendas-Singbridge Group also support work-life integration and promote a pro-family culture, through initiatives which include staggered work hours and the provision of nursing rooms.

Both groups also have similar approaches to strategic talent and development programmes. Structured assessment tools are adopted to complement the rigorous talent review and identification framework, which aims to identify, groom and develop talents to build sustainable bench strength for growth. To prepare for the future, both groups have also put in place a role-based competency training roadmap, which incorporates skills conversion such as digital competency modules.

Employees may now look forward to broader job rotation opportunities with the enlarged and more diversified asset classes, business operations and geographical locations. The Enlarged Group will offer attractive career opportunities for a broad spectrum of talent.

(g) Proactive sustainability leadership

CapitaLand is one of the leading sustainable real estate companies with clear targets for green building ratings, energy, water and carbon emission reduction, certified to ISO 14001 and OHSAS 18001 for its environment, health and safety management system. CapitaLand also implements a code of conduct to manage its supply chain. The Ascendas-Singbridge Group has similar ambitions, particularly in the area of green buildings in their overseas markets and supply chain monitoring. The Enlarged Group, with an aligned vision to provide sustainable real estate developments and services at a bigger scale, will continue to be proactive in its sustainability leadership efforts.

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<sup>40</sup> The Tripartite Standards are a tripartite initiative of the Tripartite Alliance For Fair and Progressive Employment Practices which helps organisations with good practices to distinguish themselves. They aim to increase the adoption of fair and progressive workplace practices in Singapore, and complement Singapore's laws and the Tripartite Guidelines and Advisories.

(h) Continuous corporate social responsibility stewardship

Both the CapitaLand Group and the Ascendas-Singbridge Group strive to be good corporate citizens in communities by building a culture of giving within the company. The respective philanthropic foundations, CapitaLand Hope Foundation and Ascendas-Singbridge Gives Foundation (collectively, the “**Foundations**”), support community development projects focusing on underprivileged children and the vulnerable elderly community. There are similarities in the corporate giving strategy and both groups have common partners and projects that they support, such as Project Silver Screen by Temasek Foundation Cares. Thus, synergy can be gained from the combined effort to optimise returns for each group’s contributions towards the community.

Going beyond donations, staff are also encouraged to volunteer for projects supported by the Foundations. The combined resources would offer an expanded platform for staff volunteerism, thus augmenting the employee value proposition in making the groups more socially responsible and caring. Further, both groups were founding members of Company of Good and were conferred “Champion of Good” by the National Volunteer & Philanthropy Centre in 2018.

## 8. **RISK FACTORS RELATING TO THE PROPOSED TRANSACTION**

CapitaLand believes that the Proposed Transaction is beneficial to the CapitaLand Group for the reasons described in paragraph 5 of this Circular. However, whether CapitaLand will be able to and the extent to which CapitaLand will reap the expected benefits of the Proposed Transaction depends on, amongst other things, the continued growth of the markets the Enlarged Group will be invested in and the execution of the Enlarged Group’s strategy not being impeded or affected by any of the risks described below materialising, which could adversely affect the business, financial condition, performance and prospects of the Enlarged Group. While CapitaLand believes that the risk factors described below represent the principal risks inherent in the Proposed Transaction, CapitaLand does not represent that the statements below regarding the risks relating to the Proposed Transaction are exhaustive.

(a) Risks relating to non-completion of development projects

The Ascendas-Singbridge Group’s portfolio consists of several development projects. The construction and development phase of new property developments usually takes several years, depending on the size and complexity of the project. Development projects typically require substantial capital outlay during the construction phase and take years before positive cashflow may be generated by pre-sales or leasing of the completed projects. Development activities are subject to a multitude of risks including technical risks (such as unforeseen engineering or geological problems and shortage and increased cost of labour and materials), project management risks (such as labour disputes, project site safety, work stoppages, changes in regulations and failure or delay in obtaining necessary regulatory permits and approvals), environmental risks (such as the need to remove toxic or hazardous substances found in a property and weather and natural disaster interference), financial risks (such as increased costs of construction and decreased property prices or market demand during the development of a project and disputes with third parties), and execution risks (such as any reliance on third party contractors to complete according to agreed specifications, quality standards or schedule). As a result of this and other factors described herein, no assurance can be given as to whether or when existing or planned projects will be successfully completed and that the completed projects will generate anticipated returns (including but not limited to rental returns) and profits. Although the CapitaLand Group intends to apply many of the same development and marketing strategies that it and the Ascendas-Singbridge Group have employed in the past, some of these projects may pose unforeseen challenges and demands on the Enlarged Group’s managerial and financial resources. Non-completion or delays in completion of any such developments or any of the Enlarged Group’s other developments may result in substantial capital outlay being required to complete the development projects and lower returns on investments than originally expected.

(b) Risks relating to ownership and management of real estate

The Proposed Transaction will result in an increase of real estate under the ownership and management of the Enlarged Group. Real estate investments are generally illiquid and in situations where a quick sale is required, the Ascendas-Singbridge Group's properties may be sold at a discount. Property investment is subject to risks incidental to ownership and management of properties, including, amongst other things, competition for tenants, changes in market rents, inability to renew leases or re-let space as existing leases expire, inability to collect rent from tenants due to bankruptcy or insolvency of tenants or otherwise, inability to dispose of major investment properties for the values at which they are recorded in financial statements, increased operating costs of, the need to renovate, repair and re-let space periodically and to pay the associated costs, wars, terrorist attacks, riots, civil commotions, natural disasters and events beyond the Enlarged Group's control. The Ascendas-Singbridge Group's properties and their operations may also be impacted by changes in laws and government regulations including those governing usage, zoning, taxes and government charges. The management of such risks and undertaking of repair and maintenance works by the Enlarged Group may lead to additional capital expenditure, business interruption, disruption in revenue generation and payment of damages or other obligations to third parties.

The Enlarged Group's investments may also be affected by a number of real estate market conditions such as oversupply of property developments, the performance of other competing properties or reduced demand for these properties.

(c) Risks associated with joint ventures

Each of the CapitaLand Group and the Ascendas-Singbridge Group has, and the Enlarged Group would have, interests in entities over which they do not have control. The Enlarged Group would also not have control over its joint venture partners and/or other investors.

Due to such lack of control, the Enlarged Group may be unable to influence the management, operation and performance of such entities (whether through voting rights, contractually, or as their manager) and as such, the co-operation of the Enlarged Group's joint venture partners and/or other investors will be crucial. Where such joint venture partners and/or investors, amongst other things, (i) have economic or business interests or goals that are not aligned with those of the Enlarged Group; (ii) take actions contrary to the Enlarged Group's expectations, policies or objectives; (iii) are unable or unwilling to fulfil their obligations under the joint venture (such as making payments during capital raising exercises); (iv) have financial difficulties or experience a decline in their creditworthiness; or (v) take a different view from the Enlarged Group as to the scope of their responsibilities and obligations, disputes may occur and any such unresolved disputes may result in the Enlarged Group being compelled to fund on an asymmetrical basis or adversely affect the performance of the joint ventures (including financial losses in the investments), either of which could in turn affect the performance of the Enlarged Group.

Further, under the Ascendas-Singbridge Group, SB has certain joint venture projects which involve government-to-government relationships and/or are strategic initiatives, namely (i) Singapore-Sichuan Hi-Tech Innovation Park; (ii) CSGKC; (iii) Sino-Singapore Jilin Food Zone Cooperation Development Project; (iv) Sino-Singapore Tianjin Eco-City; and (v) Amaravati Capital City Start-up Area. The fulfilment of the objectives of such joint ventures is heavily influenced by the political climate of the jurisdiction in which the joint venture is located and enforcement of contractual rights may be difficult. They are also typically complex with long gestation periods. With respect to these joint ventures, CapitaLand is not aware of either of the Target Companies having experienced any major issues which may have had a significant financial impact on the Target Companies; however, should any such problems occur in the future, they could have an adverse impact on the performance of the joint ventures.

(d) Risks associated with local laws and regulations in jurisdictions in which the Enlarged Group operates

The Enlarged Group's presence in several markets, particularly emerging markets, exposes it to the risks of non-transparent or inconsistent application or enforcement of local regulations.

Such risks may result in uncertainties over the ownership of, or the validity of title to, properties of the Enlarged Group. Disputes with third parties over properties of the Enlarged Group may also arise due to difficulty in verifying and proving title to such properties. Title insurance is not available in certain jurisdictions in which the Ascendas-Singbridge Group has invested in properties and as such, its interests may not be covered by title insurance. Due to any or a combination of the foregoing, the Enlarged Group may lose its interest in the affected properties.

Another land law-related concern is the potential compulsory acquisition of land or property owned by the Enlarged Group by local governments and authorities, and potential losses arising from inadequate compensation for such acquisitions.

Certain countries may also have governmental policies which, amongst other things, stipulate restrictions on the level, percentage and manner of foreign ownership and investment in real estate and impose additional costs on foreigners seeking to invest in or to own properties. Such policies may be ambiguous and inconsistently applied by local governments and regulatory authorities. These could affect demand for the Enlarged Group's properties.

In certain countries in which the Enlarged Group operates, in order to develop and complete or finance a development project, a property developer must obtain various permits, licences, certificates and other approvals from the relevant authorities at various stages of the project development process. New laws, regulations or policies may also be introduced during the project development process. Problems or delays may be encountered in obtaining any such approvals or complying with new laws, regulations and policies, and such problems or delays may affect the completion of the projects.

Further, the Enlarged Group may be subject to additional foreign exchange controls that the CapitaLand Group was previously not subject to. Additionally, local laws in certain jurisdictions may restrict, and consents from certain local governments may be required for, the repatriation of funds, income and capital by the Enlarged Group. Such restrictions may hinder the Enlarged Group's payment of dividends and other distributions to Shareholders.

Across jurisdictions, changes to existing laws and regulations including taxation laws and foreign investment policies, may lead to inconsistency, uncertainty or ambiguity in their interpretation and enforcement, which could affect the Enlarged Group's businesses, operations and financial conditions. There may also be increased compliance costs associated with complying and keeping abreast with new laws.

Notwithstanding the above, it is expected that the Enlarged Group will be equipped to deal with any such risks given the experience and track record of the Ascendas-Singbridge Group in such markets. In particular, the Ascendas-Singbridge Group has many years of experience operating in markets like India, with capabilities ranging from project execution to property management and leasing. Such experience has allowed it to establish strong relationships with various local stakeholders and build a reputable brand name for itself in local markets, which will facilitate the Enlarged Group's increased presence in India following Completion.

(e) Challenges specific to operating within emerging markets

Upon Completion, the Enlarged Group would have increased operations in certain emerging markets like India and would face different risks from those faced in developed countries, including but not limited to (i) growth rate; (ii) political and economic conditions; and (iii) the level of government involvement and regulations. While some emerging market countries are experiencing rapid growth and urbanisation, there is no assurance that this growth rate will be maintained, and such markets are more likely than developed markets to experience volatility, inefficiencies and anomalies.

(f) Volatility in global financial markets and unpredictable general economic conditions

Although there has been some recovery of the global financial system since the economic downturn in 2008, there are still concerns surrounding global market prospects due to uncertainty arising from issues such as Brexit and the USA-China trade tension. Such issues have affected, and may continue to affect, consumer confidence level and spending, business confidence level and investment, default on debt and bankruptcy rate.

Such volatility and instability in the financial markets may affect the availability of credit and lead to increases in costs of financing, and the Enlarged Group may have difficulty accessing the financial markets which could make it more challenging and costlier to obtain funding in future. Coupled with exposure to interest rate fluctuations on its existing or future variable rate borrowings and counterparty risk from the financial institutions providing interest rates hedging, the Enlarged Group's earnings and cash flows could be impacted. There is no assurance that the Enlarged Group will be able to raise funds from diverse external sources at historical cost levels and other desirable financing terms, particularly with unpredictable economic conditions and the global trend of increasing interest rates.

As the debts of the CapitaLand Group (including, but not limited to, the additional debt to be incurred by the CapitaLand Group in order to finance the Proposed Transaction) will be consolidated with those of the Ascendas-Singbridge Group following Completion, the debt level of the Enlarged Group will be higher than that of the CapitaLand Group prior to the Proposed Transaction. Such increase in debt level and associated costs of interest may result in *inter alia*, (i) an increase in the Enlarged Group's vulnerability to general adverse economic conditions; and (ii) restrictions on the Enlarged Group's flexibility in planning for or reacting to changes in its business due to, for example, the impairment of the Enlarged Group's ability to obtain additional funding and/or refinancing.

In addition, as the Enlarged Group enhances its capabilities via pursuing new investment opportunities and expanding in the capital-intensive real estate industry, it will require additional working capital and incur sizable capital expenditure to fund its growth, and funds generated from its operations may not sufficiently provide for such growth. As such, the Enlarged Group will have to look to external sources of funding and such additional funding could also result in the Enlarged Group being subject to additional financial covenants that may affect, *inter alia*, its operations and ability to make investments and pay dividends to Shareholders.

Given the increase in the level of debt as a result of the Proposed Transaction, should the Enlarged Group be unable to recycle its assets and generate returns therefrom which are in excess of its cost of equity, it may not be able to reduce its level of debt sufficiently in a timely manner.

(g) Fluctuation in foreign exchange rates

As the Enlarged Group will have presence in many countries, its revenue may not be in the same currency as those in which its capital expenditure and operating expenses are incurred in its various countries of operations, and dividend payments from its subsidiaries may be made in currencies other than the reporting currency of the Enlarged Group. This exposes the Enlarged Group to fluctuations in foreign exchange rates and potential foreign exchange losses, and the impact of future exchange rate fluctuations on the Enlarged Group's cost and margins cannot be accurately predicted. Some of the currencies may also not be convertible or exchangeable or may be subject to exchange controls.

(h) Due diligence exercise may not have identified all material defects and deficiencies

While the CapitaLand Group believes that reasonable due diligence investigations with respect to the Ascendas-Singbridge Group have been conducted in connection with the Proposed Transaction, the due diligence documents that were relied upon as part of the due diligence process may not have been complete and/or up-to-date, and may be subject to inaccuracies and deficiencies.

Further, in relation to the Ascendas-Singbridge Group's properties, certain building defects and deficiencies are difficult or impossible to ascertain due to (i) the nature of the assets; (ii) limitations inherent in the scope of the inspections and the technologies or techniques used; and (iii) such deficiencies being a result of latent equipment or property defects. Rectification of the foregoing could result in significant and unpredictable capital expenditure or claims by third parties.

(i) Potential liability and costs incurred for environmental matters

The Enlarged Group's increased ownership of real estate may result in increased risks associated with non-compliance with environmental laws and regulations, including those relating to soil and water contamination, health and hygiene, waste disposal, and air, water and noise pollution control. Under such environmental laws and regulations, liability is often imposed without regard to whether a property owner knew of, or is responsible for, the release of hazardous substances or other regulated materials on or in such property. Existing environmental reports may not reveal all environmental conditions and liabilities; there also exists the risk that material environmental conditions, liabilities or compliance concerns may arise after the review is completed or may arise in the future. Costs arising from rectification of such issues or dealing with penalties imposed, investigations and prosecution by environmental authorities or claims from third parties could be substantial and result in unbudgeted additional expenditure by the Enlarged Group.

Non-compliance with environmental laws could also adversely affect the Enlarged Group's ability to realise value from such properties or borrow using such properties as collateral. The financial position of the tenants of properties owned by the Enlarged Group who are in violation of environmental laws may also be adversely affected, making it difficult for them to meet their lease obligations.

(j) Business integration and strategy implementation challenges

While the CapitaLand Group has experience integrating businesses and there is some overlap in the markets and sectors in which the CapitaLand Group and the Ascendas-Singbridge Group presently operate in, the Enlarged Group may encounter unforeseen integration challenges and delays, including challenges in the integration of technological infrastructure of the two groups. The Proposed Transaction will result in the CapitaLand Group's expansion into new markets and sectors, and the Enlarged Group will be exposed to risks associated with a different competitive landscape and operating environment than that faced by the CapitaLand Group today. One of the CapitaLand Group's key focus areas presently lies in its existing core markets in Singapore and China, while the Enlarged Group will present further expansion and development opportunities outside such markets into other countries such as India, and new sectors such as logistics, business parks, data centres and industrial. With this change in the CapitaLand Group's risk profile, there is no assurance that the Enlarged Group will be able to execute its future plans and new initiatives successfully. Any potential synergies may not be realised at all, not realised to their full extent, realised over a longer period of time or involve greater costs to achieve than anticipated.

In addition, the performance of the Enlarged Group depends on its ability to retain key employees and senior management of both the CapitaLand Group and the Ascendas-Singbridge Group, and to attract and train new personnel. The loss of key employees may affect the Enlarged Group's businesses and operations.



A number of strategies have been identified for the Enlarged Group to implement across each of its core businesses, including certain key action items. However, there can be no assurance that such strategies or action items can be implemented successfully.

(k) Uninsured loss and insufficient insurance coverage

The Ascendas-Singbridge Group maintains rational and comprehensive insurance programmes with coverage that is in line with industry peers as well as matched to standard market offerings.

However, there are certain types of losses (such as those resulting from wars, acts of terrorism or acts of God) that are generally not insured because they are usually not insurable.

Should an uninsured loss or a loss that exceeds the insured limit occur, the Ascendas-Singbridge Group may be required to pay compensation and/or lose the capital it invested in (and any anticipated future revenue from) a property. In addition, there is no assurance that (i) the present insurance coverage will be sufficient to cover all potential liabilities and risks that the Ascendas-Singbridge Group may face; (ii) the relevant insurers will remain solvent and meet their contracted obligations to provide the coverage contracted for; and (iii) adequate insurance coverage for the Ascendas-Singbridge Group will be available in future on commercially reasonable terms and rates.

(l) Legal proceedings

The Ascendas-Singbridge Group may be involved from time to time in disagreements with third parties such as joint venture partners, contractors, consultants, suppliers, service providers, customers and other partners involved in the investment development, operation, leasing, sale and purchase of its properties. Such disagreements may lead to legal and other proceedings and may cause the Enlarged Group to incur additional costs and expenses as well as suffer delays in its developments and financial losses in its investments. The Ascendas-Singbridge Group may also have disagreements with regulatory bodies in the course of carrying out its business which may subject it to administrative proceedings and unfavourable orders, directives or decrees that could result in financial losses and delays in development of its projects.

(m) Risks associated with the use of *pro forma* financial information

Where *pro forma* financial information of the CapitaLand Group or the Ascendas-Singbridge Group is presented in this Circular to show the financial effects of the Proposed Transaction, there can be no assurance that such financial information fully captures such effects and is indicative of the CapitaLand Group's, the Ascendas-Singbridge Group's or the Enlarged Group's future financial performance. Such *pro forma* information is based on historical data, has purely illustrative value and by its nature, describes a hypothetical situation – certain adjustments and assumptions were made in order to provide such *pro forma* information, and such adjustments and assumptions may be materially different from the actual financial condition or situation of the CapitaLand Group, the Ascendas-Singbridge Group and/or the Enlarged Group. Consequently, the financial situation of the CapitaLand Group, the Ascendas-Singbridge Group and/or the Enlarged Group may differ significantly from that presented in this Circular.

(n) Risks arising from impairment charges on goodwill

One of the factors considered in arriving at the Consideration for the Proposed Transaction was goodwill, in particular in relation to the Ascendas-Singbridge Group's fund management business including its growth prospects.

Under the Singapore Financial Reporting Standards (International), impairment reviews of goodwill are required annually or more frequently if there is any indication that the goodwill might be impaired. There is no assurance that the Enlarged Group will not incur impairment charges in the future, and any such impairment charges on goodwill required may affect the Enlarged Group's financial results for future financial periods.

## 9. FINANCIAL EFFECTS OF THE PROPOSED TRANSACTION

**For illustrative purposes only**, the financial effects of the Proposed Transaction on the (a) EPS; and (b) NTA per Share of the CapitaLand Group, based on (i) the audited consolidated financial statements of the CapitaLand Group for FY2018, being the most recently completed financial year for which financial statements are available; and (ii) the Target Companies' results that are derived from the management accounts for the period from 1 October 2017 to 30 September 2018 are set out below.

### 9.1 EPS

The *pro forma* financial effects on the consolidated EPS of the CapitaLand Group, assuming the Proposed Transaction had been effected on 1 January 2018, are as follows:

	Before the Proposed Transaction	After the Proposed Transaction and the allotment and issuance of the Consideration Shares
EPS (Singapore cents)	42.1 <sup>(1)</sup>	42.3 <sup>(2)</sup>

**Notes:**

- (1) Based on the weighted average number of Shares for the year ended 31 December 2018 of 4,191,313,831 Shares (excluding treasury shares).
- (2) Based on the aggregate of weighted average number of Shares for the year ended 31 December 2018 of 4,191,313,831 Shares (excluding treasury shares) and 862,264,714 Consideration Shares.

### 9.2 NTA per Share

The *pro forma* financial effects on the consolidated NTA per Share of the CapitaLand Group as at 31 December 2018, assuming the Proposed Transaction had been effected on 31 December 2018, are as follows:

	Before the Proposed Transaction	After the Proposed Transaction and the allotment and issuance of the Consideration Shares
NTA per Share (S\$)	4.40 <sup>(1)</sup>	4.04 <sup>(2)</sup>

**Notes:**

- (1) Based on the total number of 4,162,813,855 Shares in issue as at 31 December 2018 (excluding treasury shares).
- (2) Based on the aggregate of total number of 4,162,813,855 Shares in issue as at 31 December 2018 (excluding treasury shares) and 862,264,714 Consideration Shares.

## 10. DIVIDEND POLICY

CapitaLand has a policy on the payment of dividends. Barring unforeseen circumstances, CapitaLand's dividend policy is to declare a dividend of at least 30% of annual Cash PATMI. The dividend policy of CapitaLand is not expected to change as a result of the Proposed Transaction.

## 11. THE PROPOSED TRANSACTION AS AN INTERESTED PERSON TRANSACTION

### 11.1 Interested Person Transaction

Under Chapter 9 of the Listing Manual, where an entity at risk (as defined in the Listing Manual) proposes to enter into a transaction with an interested person (as defined in the Listing Manual) and the value of the transaction (either in itself or when aggregated with the value of other transactions, each of a value equal to or greater than S\$100,000, with the same interested person during the same financial year) is equal to or exceeds 3%, but is less than 5%, of the latest audited consolidated NTA of the issuer and its subsidiaries (the “**Issuer Group**”), an immediate announcement of the transaction must be made, and if the value is equal to or exceeds 5% of the Issuer Group’s latest audited consolidated NTA, approval of the shareholders of the issuer must be obtained.

As at the Latest Practicable Date, Temasek has a direct interest in 1,680,704,140 Shares, and a deemed interest<sup>41</sup> in 17,954,982 Shares, representing an aggregate of approximately 40.69% of the total number of Shares<sup>42</sup>. Accordingly, under the Listing Manual, Temasek is deemed to be a “controlling shareholder” of CapitaLand as it holds more than 15% of the total number of Shares (excluding treasury shares and subsidiary holdings).

The Vendor is a subsidiary of Temasek. For the purposes of Chapter 9 of the Listing Manual, the Vendor is considered an “associate” of a “controlling shareholder” and therefore an “interested person” vis-à-vis CapitaLand, which is regarded as an “entity at risk” for these purposes. Accordingly, the Proposed Transaction and the proposed allotment and issuance of the Consideration Shares constitute an “interested person transaction” under Chapter 9 of the Listing Manual.

### 11.2 NTA

The latest audited consolidated NTA of the CapitaLand Group as of 31 December 2018 (the “**FY2018 NTA**”) is S\$32,672.2 million. Based on this, 5% of the FY2018 NTA is S\$1,633.6 million.

### 11.3 Value of the Interested Person Transaction and Shareholders’ Approval

The Consideration payable by CapitaLand to the Vendor represents approximately 18% of the FY2018 NTA.

As the value of the Consideration is more than 5% of the FY2018 NTA, the approval of the IPT Independent Shareholders is required for the Proposed Transaction and the proposed allotment and issuance of the Consideration Shares under Rule 906(1) of the Listing Manual.

### 11.4 Total Value of Interested Person Transactions

For the period commencing on the beginning of the current financial year, being 1 January 2019, to the Latest Practicable Date:

- (a) other than the Proposed Transaction and the proposed allotment and issuance of the Consideration Shares, no transactions have been entered into between CapitaLand and the Vendor. Accordingly, the total value of all interested person transactions entered into between CapitaLand and the Vendor is approximately S\$6,035.9 million, which represents approximately 18% of the FY2018 NTA; and
- (b) the total value of all interested person transactions entered into by CapitaLand and all interested persons during the course of the current financial year (including the Proposed Transaction and the proposed allotment and issuance of the Consideration Shares) is approximately S\$6,036.0 million, which represents approximately 18% of the FY2018 NTA.

<sup>41</sup> Pursuant to Section 4 of the SFA.

<sup>42</sup> Based on a total of 4,175,057,129 Shares (excluding treasury shares) as at the Latest Practicable Date.

## 12. THE PROPOSED TRANSACTION AS A MAJOR TRANSACTION

### 12.1 Relative Figures

Chapter 10 of the Listing Manual governs the continuing listing obligations of issuers in respect of acquisitions and disposals. The relative figures for the Proposed Transaction computed on the bases set out in Rule 1006 of the Listing Manual are set out below:

Rule 1006	Bases	Relative Figures (%)
(a)	The net asset value of the assets to be disposed of, compared with the CapitaLand Group's net asset value.	N.A. <sup>(1)</sup>
(b)	The net profits attributable to the Target Companies, compared with the CapitaLand Group's net profits.	23.7 <sup>(2)</sup>
(c)	The aggregate value of the Consideration, compared with CapitaLand's market capitalisation based on the total number of issued Shares (excluding treasury shares).	44.2 <sup>(3)</sup>
(d)	The number of Consideration Shares issued by CapitaLand as consideration for the Proposed Transaction, compared with the number of Shares previously in issue.	20.7 <sup>(4)</sup>
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the CapitaLand Group's proved and probable reserves.	N.A. <sup>(5)</sup>

#### Notes:

(1) Rule 1006(a) of the Listing Manual does not apply to an acquisition of assets.

(2) Under Rule 1002(3)(b) of the Listing Manual, "net profits" means profit before income tax, minority interests and extraordinary items. This figure was calculated based on the audited consolidated financial statements of the CapitaLand Group for FY2018 and the management accounts of the Target Companies for the 12-month period from 1 October 2017 to 30 September 2018. Based on the foregoing, the CapitaLand Group's net profits amounted to S\$3,508.5 million and the net profits attributable to the Target Companies amounted to S\$830.2 million.

The corresponding relative figure in the Announcement of 31.4% was based on the unaudited consolidated financial statements of the CapitaLand Group for the nine months ended 30 September 2018, in which the CapitaLand Group's net profits amounted to S\$2,399.6 million, and the management accounts of the Target Companies for the nine-month period from 1 January 2018 to 30 September 2018, in which the Target Companies' net profits amounted to \$753.9 million.

(3) This figure was computed based on the sum of the aggregate consideration of S\$6,035.9 million. CapitaLand's market capitalisation is approximately S\$13,654.0 million, calculated based on the total number of 4,162,813,855 Shares (excluding treasury shares) multiplied by the weighted average price of S\$3.28 per Share on 11 January 2019, being the last market day preceding the date of the SPA.

(4) This figure was computed on the basis that 862,264,714 Consideration Shares will be allotted and issued pursuant to the SPA, and based on the total number of 4,175,057,129 Shares (excluding treasury shares) as at the Latest Practicable Date.

The corresponding relative figure in the Announcement of 20.7% was computed on the basis that 862,264,714 Consideration Shares will be allotted and issued pursuant to the SPA, and based on the total number of 4,162,813,855 Shares (excluding treasury shares) as at 11 January 2019, being the market day preceding the date of the SPA.

(5) Rule 1006(e) of the Listing Manual is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of assets.

### 12.2 Shareholders' Approval

As the relative figures under Rules 1006(b), (c) and (d) of the Listing Manual exceed 20%, the Proposed Transaction constitutes a "major transaction" for the purposes of Chapter 10 of the Listing Manual and is therefore subject to Shareholders' approval.

### 13. THE PROPOSED WHITEWASH RESOLUTION

#### 13.1 General Offer Requirement under the Code

Under Rule 14 of the Code, any person who, together with persons acting in concert with him, holds not less than 30% but not more than 50% of the voting rights and such person, or any person acting in concert with him, acquires in any period of six months additional shares carrying more than 1% of the voting rights, is required to make a mandatory general offer for all shares in the company which he does not already own or control.

As at the Latest Practicable Date, the Vendor and its concert parties hold an aggregate interest in 1,699,052,903 Shares, representing approximately 40.70% of the issued share capital of CapitaLand<sup>43</sup>. The issuance of the Consideration Shares to the Vendor and/or its nominee(s) on Completion will result in the Vendor and its concert parties having an aggregate interest in 2,561,317,617 Shares, representing approximately 50.85% of the enlarged issued share capital of CapitaLand<sup>44</sup>. As such, the Vendor and its concert parties would be required to make a mandatory general offer under Rule 14 of the Code for the Shares not held by the Vendor and its concert parties, unless such obligation is waived by the SIC.

#### 13.2 Whitewash Waiver

The SIC has on 2 January 2019 granted the Vendor a waiver of the requirement for the Vendor and its concert parties to make a general offer for the Shares not held by the Vendor and its concert parties under Rule 14 of the Code as a result of the acquisition of the Consideration Shares by the Vendor pursuant to Completion, subject to the following conditions (the “**SIC Conditions**”):

- (a) a majority of the Whitewash Independent Shareholders approve at a general meeting, before the issue of the Consideration Shares, by way of poll, the Whitewash Resolution;
- (b) the Whitewash Resolution is separate from other resolutions;
- (c) the Vendor and its concert parties as well as parties not independent of them abstain from voting on the Whitewash Resolution;
- (d) CapitaLand appoints an independent financial adviser to advise the Whitewash Independent Shareholders on the Whitewash Resolution;
- (e) the Vendor and its concert parties did not acquire or are not to acquire any Shares or instruments convertible into and options in respect of Shares (other than subscriptions for, rights to subscribe for, instruments convertible into or options in respect of new Shares which are disclosed in this Circular):
  - (i) during the period between the Announcement Date and the date the Whitewash Independent Shareholders’ approval is obtained for the Whitewash Resolution; and
  - (ii) in the six months prior to the Announcement Date but subsequent to negotiations, discussions or the reaching of understandings or agreements with the directors of CapitaLand in relation to the Proposed Transaction;
- (f) CapitaLand sets out clearly in this Circular:
  - (i) details of the Proposed Transaction and the proposed issue of the Consideration Shares to the Vendor;
  - (ii) the dilution effect to existing holders of voting rights upon the issue of the Consideration Shares to the Vendor;

<sup>43</sup> Based on a total of 4,175,057,129 Shares (excluding treasury shares) as at the Latest Practicable Date.

<sup>44</sup> Assuming 5,037,321,843 Shares in issue, being the total number of issued Shares (excluding treasury shares) as at the Latest Practicable Date and adjusting for the issue of the Consideration Shares.

- (iii) the number and percentage of voting rights in CapitaLand as well as the number of instruments convertible into, rights to subscribe for and options in respect of Shares held by the Vendor and its concert parties, as at the Latest Practicable Date;
- (iv) the number and percentage of voting rights in CapitaLand to be issued to the Vendor upon the issue of the Consideration Shares;
- (v) a specific and prominent reference to the fact that the issue of the Consideration Shares would result in the Vendor and its concert parties holding Shares carrying over 49% of the voting rights of CapitaLand and to the fact that the Vendor and its concert parties will be free to acquire further Shares without incurring any obligation under Rule 14 of the Code to make a general offer; and
- (vi) a specific and prominent reference to the fact that Shareholders, by voting for the Whitewash Resolution, are waiving their rights to a general offer from the Vendor at the highest price paid by the Vendor and its concert parties for the Shares in the past six months preceding the commencement of the offer;
- (g) this Circular states that the SIC Waiver granted by the SIC to the Vendor is subject to the conditions stated in paragraphs 13.2(a) to (f) above;
- (h) the Vendor obtains the SIC's approval in advance for those parts of this Circular that refer to the Whitewash Resolution; and
- (i) to rely on the Whitewash Resolution, approval of the Whitewash Resolution must be obtained within six months from the date of grant of the ruling from the SIC and the acquisition of the Consideration Shares by the Vendor must be completed by 2 October 2019, being nine months from the date of the grant of the ruling from the SIC.

As at the Latest Practicable Date, the SIC Conditions in paragraphs 13.2(d), (f), (g) and (h) above have been satisfied.

### 13.3 Dilution

The Consideration Shares represent approximately 20.65% of CapitaLand's issued share capital as at the Latest Practicable Date<sup>45</sup> and 17.12% of the enlarged issued share capital of CapitaLand<sup>46</sup>. The dilution effect to the shareholdings of the existing Shareholders after the issue of the Consideration Shares is set out below:

	Current Shareholding		After the issue of the Consideration Shares <sup>(4)</sup>	
	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(2)</sup>
The Vendor and its concert parties	1,699,052,903 <sup>(3)</sup>	40.70	2,561,317,617	50.85
Whitewash Independent Shareholders	2,476,004,226	59.30	2,476,004,226	49.15
<b>Total</b>	<b>4,175,057,129</b>	<b>100</b>	<b>5,037,321,843</b>	<b>100</b>

**Notes:**

- (1) Based on a total of 4,175,057,129 Shares (excluding treasury shares) as at the Latest Practicable Date.
- (2) Assuming 5,037,321,843 Shares in issue, being the total number of issued Shares (excluding treasury shares) as at the Latest Practicable Date and adjusting for the issue of the Consideration Shares.
- (3) This comprises the following:
  - (a) (i) 1,680,704,140 Shares held by Temasek directly; and (ii) 17,954,982 Shares in which Temasek is deemed to have an interest through DBS Group Holdings Ltd, ST Asset Management Ltd., Keppel Corporation Limited and Fullerton Fund Management Company Pte Ltd.; and

<sup>45</sup> Based on a total of 4,175,057,129 Shares (excluding treasury shares) as at the Latest Practicable Date.

<sup>46</sup> Assuming 5,037,321,843 Shares in issue, being the total number of issued Shares (excluding treasury shares) as at the Latest Practicable Date and adjusting for the issue of the Consideration Shares.

- (b) 393,781 Shares held by certain persons deemed to be concert parties of the Vendor, being (i) 220,921 Shares held by the directors of the Vendor and Temasek; and (ii) 172,860 Shares held by directors of the subsidiaries and/or associated companies of the Vendor who are not also directors of the Vendor<sup>47</sup>.

In addition, one of the directors of the subsidiaries and/or associated companies of the Vendor also holds S\$250,000 of the S\$650.0 million 1.85% convertible bonds due 2020 and S\$500,000 of the S\$571.75 million 2.95% convertible bonds due 2022, in each case, issued by CapitaLand<sup>48</sup>.

Save as disclosed above, the Vendor and its concert parties do not hold any instruments convertible into, rights to subscribe for and options in respect of Shares.

- (4) Based on the assumption that between the Latest Practicable Date and Completion, no new Shares have been and/or will be issued or bought back by CapitaLand and no instruments convertible into Shares have been and/or will be converted into Shares.

#### 13.4 The Whitewash Resolution

The Whitewash Independent Shareholders are requested to vote by way of poll on the Whitewash Resolution at the EGM. Shareholders should note that the Proposed Transaction is conditional, *inter alia*, upon the passing of the Whitewash Resolution by the Whitewash Independent Shareholders. In view of this, in the event that the Whitewash Resolution is not approved by the Whitewash Independent Shareholders, the Proposed Transaction will not proceed.

**The Whitewash Independent Shareholders should note that by voting for the Whitewash Resolution, they will be waiving their rights to receive a general offer for all their Shares from the Vendor at the highest price paid by the Vendor and its concert parties for the Shares in the six months preceding the commencement of the offer.**

**The Whitewash Independent Shareholders should also note that upon Completion, the Vendor and its concert parties will hold Shares carrying over 49% of the voting rights of CapitaLand and accordingly, the Vendor and its concert parties will be free to acquire further Shares without incurring any obligation under Rule 14 of the Code to make a general offer.**

#### 14. **NO CHAIN OFFER UNDER THE CODE**

Pursuant to CapitaLand's consultations with the SIC, the SIC had confirmed on 7 January 2019 that CapitaLand will not be required to make any mandatory general offer for the units in the Ascendas Listed Trusts as a result of the Proposed Transaction.

#### 15. **INTERESTS OF DIRECTORS, SUBSTANTIAL SHAREHOLDERS AND CONTROLLING SHAREHOLDERS**

##### 15.1 Interests of Directors

Mr Stephen Lee Ching Yen, a non-executive independent director of CapitaLand, is also a director of Temasek.

Certain other Directors, namely Mr Ng Kee Choe, Ms Euleen Goh Yiu Kiang, Mr Kee Teck Koon and Ms Goh Swee Chen (collectively, being the "**Relevant Directors**"), each of whom is a non-executive independent director of CapitaLand, are also directors of certain subsidiaries of Temasek which are deemed to be concert parties of Temasek under the Code.

<sup>47</sup> Shareholdings of the directors of Temasek, the Vendor, and the subsidiaries and/or associated companies of the Vendor as disclosed in this Circular are based solely on information which has been reported to Temasek. Please note that details in relation to Temasek's deemed interest in the Shares and the Temasek directors' interest in the Shares are based on reasonable enquiries and shareholding reports received from its independently-managed subsidiaries and associated companies and the Temasek directors. Temasek cannot be assumed to have received timely or definitive shareholding reports from such companies or persons as there is no obligation on them to provide this information or to keep up to date on this.

<sup>48</sup> Please refer to footnote 47.

Each of Mr Stephen Lee Ching Yen and the Relevant Directors has recused himself/herself from the discussions and deliberations by the Independent Directors leading to their recommendations set out in paragraph 16.3 of this Circular (including the discussions and deliberations relating to the rationale for and benefits of the Proposed Transaction set out in paragraph 5 of this Circular, the statement of the Audit Committee set out in paragraph 16.2 of this Circular and the opinion and advice given by the IFA set out in the IFA Opinion).

Save for Mr Stephen Lee Ching Yen and each of the Relevant Directors and save for any Shares or units in the Ascendas Listed Trusts which the Directors may hold, none of the Directors have any interest, direct or indirect, in the Proposed Transaction, the proposed allotment and issuance of the Consideration Shares, and the Whitewash Resolution<sup>49</sup>.

Based on the Register of Directors' Shareholdings of CapitaLand as at the Latest Practicable Date, the interests of the Directors in the Shares are as follows:

	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>
Mr Ng Kee Choe	346,578	0.0083	–	–	346,578	0.0083
Mr Lee Chee Koon	714,371 <sup>(2)</sup>	0.0171	–	–	714,371 <sup>(2)</sup>	0.0171
Ms Euleen Goh Yiu Kiang	113,185	0.0027	–	–	113,185	0.0027
Tan Sri Amirsham Bin A Aziz	108,764	0.0026	–	–	108,764	0.0026
Mr Stephen Lee Ching Yen	72,587	0.0017	–	–	72,587	0.0017
Dr Philip Nalliah Pillai	53,130	0.0013	–	–	53,130	0.0013
Mr Kee Teck Koon	47,659	0.0011	–	–	47,659	0.0011
Mr Chaly Mah Chee Kheong	63,387 <sup>(2)</sup>	0.0015	–	–	63,387	0.0015
Mr Anthony Lim Weng Kin	5,630	0.0001	1,000 <sup>(3)</sup>	0.0000	6,630	0.0002
Mr Gabriel Lim Meng Liang	–	–	–	–	–	–
Ms Goh Swee Chen	3,388	0.0001	5,000 <sup>(4)</sup>	0.0001	8,388	0.0002

**Notes:**

- (1) Based on a total of 4,175,057,129 Shares (excluding treasury shares) as at the Latest Practicable Date.
- (2) Shares are held through DBS Nominees (Private) Limited.
- (3) Mr Anthony Lim Weng Kin is deemed to have an interest in the 1,000 Shares held by his spouse.
- (4) Ms Goh Swee Chen is deemed to have an interest in the 5,000 Shares held by her spouse.

<sup>49</sup> Dr Philip Nalliah Pillai is a non-executive independent Director and also a director of certain subsidiaries of Temasek which are not deemed to be concert parties of Temasek under the Code. The SIC has confirmed that he is independent for the purposes of making the recommendations to the IPT Independent Shareholders in respect of the Proposed Transaction and the proposed allotment and issuance of the Consideration Shares, and the Whitewash Independent Shareholders in respect of the Whitewash Resolution.



The interests of a Director in outstanding Awards under PSP2010 and RSP2010 as at the Latest Practicable Date are set out below.

Director	No. of Shares comprised in outstanding Awards
Mr Lee Chee Koon	(a) 47,926 <sup>(1), (4)</sup> (b) 142,437 <sup>(2), (4)</sup> (c) Up to 680,180 <sup>(3)</sup>

**Notes:**

- (1) Being the unvested remaining one-third of the Award.
- (2) Being the unvested two-thirds of the Award.
- (3) The final number of Shares to be released will depend on the achievement of pre-determined targets over a three-year performance period.
- (4) On the final vesting of the Awards, an additional number of Shares of a total value equal to the value of the accumulated dividends which are declared during each of the vesting periods and deemed foregone due to the vesting mechanism of the RSP2010 will also be released.

Save as disclosed, none of the other Directors held or had any interests in any outstanding Awards as at the Latest Practicable Date.

## 15.2 Interests of Substantial Shareholders

Based on the number of issued Shares held by Substantial Shareholders set out in the Register of Substantial Shareholders of CapitaLand as at the Latest Practicable Date, the interests of the Substantial Shareholders are as follows:

	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>
Temasek <sup>(4)</sup>	1,680,704,140	40.26	5,276,028 <sup>(2), (3)</sup>	0.13	1,685,980,168	40.38 <sup>(3)</sup>
BlackRock, Inc.	–	–	292,172,963 <sup>(4)</sup>	7.00	292,172,963	7.00
The PNC Financial Services Group, Inc	–	–	292,172,963 <sup>(4)</sup>	7.00	292,172,963	7.00

**Notes:**

- (1) Based on a total of 4,175,057,129 Shares (excluding treasury shares) as at the Latest Practicable Date.
- (2) Based on the Register of Substantial Shareholders of CapitaLand as at the Latest Practicable Date, Temasek is deemed to have an interest in 5,276,028 Shares in which its subsidiary and associated companies have or are deemed to have an interest.
- (3) Based on the information provided by Temasek as at the Latest Practicable Date, Temasek is deemed to have an interest in 17,954,982 Shares, which together with its direct interest in 1,680,704,140 Shares, represents an aggregate of approximately 40.69% of the issued share capital of CapitaLand (based on 4,175,057,129 Shares excluding treasury shares) as at the Latest Practicable Date.
- (4) BlackRock, Inc. is deemed to have an interest in 292,172,963 Shares held through its various subsidiaries. The PNC Financial Services Group, Inc. is deemed to have an interest in the same Shares held by BlackRock, Inc. through its over 20% interest in BlackRock, Inc..

### 15.3 Interests of Controlling Shareholder

As at the Latest Practicable Date, Temasek has a direct interest in 1,680,704,140 Shares, and a deemed interest<sup>50</sup> in 17,954,982 Shares, representing an aggregate of approximately 40.69% of the issued share capital of CapitaLand<sup>51</sup>. Accordingly, under the Listing Manual, Temasek is deemed to be a “controlling shareholder” of CapitaLand as it holds more than 15% of the total number of Shares (excluding treasury shares and subsidiary holdings).

### 15.4 Abstention from Voting

Temasek will abstain, and will undertake to ensure that its associates (as defined in the Listing Manual) will abstain, from voting on the resolutions to be proposed at the EGM to approve the Proposed Transaction and the proposed allotment and issuance of the Consideration Shares. Temasek will abstain, and will undertake to ensure that parties acting in concert with it and parties not independent of it will abstain, from voting on the Whitewash Resolution. Temasek will also decline to accept appointment as proxy for any Shareholder to vote in respect of any resolutions, unless the Shareholder concerned has given instructions in his Proxy Form as to the manner in which his votes are to be cast in respect of the resolutions.

In addition, Mr Stephen Lee Ching Yen and each of the Relevant Directors will abstain from voting on the resolutions to be proposed at the EGM to approve the Proposed Transaction, the proposed allotment and issuance of the Consideration Shares and the Whitewash Resolution, and will also decline to accept appointment as proxy for any Shareholder to vote in respect of any resolutions, unless the Shareholder concerned has given instructions in his Proxy Form as to the manner in which his votes are to be cast in respect of the resolutions.

### 15.5 Directors’ Service Contracts

No director’s service contract is proposed to be entered into by CapitaLand with any person in connection with the Proposed Transaction.

## 16. **IFA OPINION, OPINION OF THE AUDIT COMMITTEE AND RECOMMENDATIONS OF THE INDEPENDENT DIRECTORS**

### 16.1 IFA Opinion

CapitaLand has appointed Rothschild & Co Singapore Limited as the IFA in relation to the Proposed Transaction, the proposed allotment and issuance of the Consideration Shares and the Whitewash Resolution. Based on the considerations set out in the IFA Opinion, the IFA is of the opinion that:

- (a) the Proposed Transaction and the proposed allotment and issuance of the Consideration Shares are on normal commercial terms and are not prejudicial to the interests of CapitaLand and the IPT Independent Shareholders; and
- (b) the Whitewash Resolution is fair and reasonable.

The IFA Opinion is set out in Appendix I to this Circular. Shareholders are advised to read the IFA Opinion carefully.

### 16.2 Opinion of the Audit Committee

The Audit Committee of CapitaLand (the “**Audit Committee**”), comprising Mr Chaly Mah Chee Kheong, Tan Sri Amirsham Bin A Aziz, Dr Philip Nalliah Pillai and Mr Gabriel Lim Meng Liang, has reviewed the rationale and terms of the Proposed Transaction and, having regard to the opinion of the IFA set out in the IFA Opinion, is of the view that the Proposed Transaction and the proposed allotment and issuance of the Consideration Shares are (a) on normal commercial terms; and (b) not prejudicial to the interests of CapitaLand and the IPT Independent Shareholders.

<sup>50</sup> Pursuant to Section 4 of the SFA.

<sup>51</sup> Based on a total of 4,175,057,129 Shares (excluding treasury shares) as at the Latest Practicable Date.

### 16.3 Recommendations of the Independent Directors

The Independent Directors<sup>52</sup> have considered the opinion and advice given by the IFA set out in the IFA Opinion.

**Taking into consideration the rationale for and benefits of the Proposed Transaction set out in paragraph 5 of this Circular and the opinion and advice given by the IFA set out in the IFA Opinion, the Independent Directors are of the view that the Proposed Transaction, the proposed allotment and issuance of the Consideration Shares and the Whitewash Resolution are in the best interests of CapitaLand.**

**Accordingly, the Independent Directors recommend that (a) the IPT Independent Shareholders vote in favour of Ordinary Resolution 1 relating to the Proposed Transaction and Ordinary Resolution 2 relating to the proposed allotment and issuance of the Consideration Shares; and (b) the Whitewash Independent Shareholders vote in favour of Ordinary Resolution 3 (which is the Whitewash Resolution).**

The Independent Directors further recommend that Shareholders read this Circular carefully and that any individual Shareholder who may require specific advice in relation to his or her investment portfolio should consult his or her stockbroker, bank manager, solicitor, accountant, tax adviser or other professional advisers.

## 17. INTER-CONDITIONALITY OF RESOLUTIONS

Shareholders should note that each of Ordinary Resolution 1, Ordinary Resolution 2 and Ordinary Resolution 3 is subject to and contingent upon the other two ordinary resolutions being passed. This means that if Ordinary Resolution 1 is not passed, Ordinary Resolution 2 and Ordinary Resolution 3 would not be passed. Similarly, if Ordinary Resolution 2 and/or Ordinary Resolution 3 is/are not passed, the Proposed Transaction would not complete.

## 18. CONSENTS

The IFA has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name, the IFA Opinion and all references thereto, in the form and context in which they appear in this Circular.

The Financial Adviser has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and all references thereto, in the form and context in which they appear in this Circular.

The Independent Valuers have given and have not withdrawn their written consent to the issue of this Circular with the inclusion of their names, the Valuation Summary, the valuation reports and/or valuation certificates (as the case may be) relating to the Valuation Properties, and all references thereto, in the form and context in which they appear in this Circular.

## 19. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages N-1 to N-2 of this Circular, will be held at The Star Theatre, Level 5, The Star Performing Arts Centre, 1 Vista Exchange Green, Singapore 138617, on Friday, 12 April 2019 at 11.30 a.m. or as soon thereafter as the Annual General Meeting of CapitaLand to be held at 10.00 a.m. on the same day and at the same place is concluded or adjourned, for the purpose of, amongst others, considering and, if thought fit, passing with or without modifications, the ordinary resolutions set out in the Notice of EGM.

<sup>52</sup> The Independent Directors are Mr Chaly Mah Chee Kheong, Tan Sri Amirsham Bin A Aziz, Dr Philip Nalliah Pillai, Mr Anthony Lim Weng Kin, Mr Gabriel Lim Meng Liang and Mr Lee Chee Koon. Mr Stephen Lee Ching Yen and the Relevant Directors are regarded as non-independent solely for the purposes of making the recommendations to the IPT Independent Shareholders in respect of the Proposed Transaction and the proposed allotment and issuance of the Consideration Shares, and the Whitewash Independent Shareholders in respect of the Whitewash Resolution, as Mr Stephen Lee Ching Yen is also a director of Temasek while each of the Relevant Directors is also a director of certain subsidiaries of Temasek which are deemed to be concert parties of Temasek under the Code.

## **20. ACTION TO BE TAKEN BY SHAREHOLDERS**

### **20.1 Appointment of Proxies**

Shareholders who are unable to attend the EGM in person and wish to appoint a proxy to attend and vote at the EGM on their behalf will find attached to this Circular a Proxy Form, which they are requested to complete, sign and return in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at the office of CapitaLand's Share Registrar, M & C Services Private Limited, no later than 72 hours before the time fixed for the EGM. The sending of a Proxy Form by a Shareholder does not preclude him from attending and voting in person at the EGM if he so wishes.

The persons who shall be abstaining from voting on the ordinary resolutions to approve the Proposed Transaction, the proposed allotment and issuance of the Consideration Shares and the Whitewash Resolution at the EGM to be convened, as set out in paragraph 15.4 of this Circular, shall not appoint any proxies to attend and vote at the EGM on their behalf and also not accept appointments as proxies unless specific instructions as to voting are given.

### **20.2 When Depositor regarded as Shareholder**

A Depositor shall not be regarded as a Shareholder entitled to attend, speak and vote at the EGM unless he is shown to have Shares entered against his name in the Depository Register as certified by the CDP no later than 72 hours before the time appointed for the holding of the EGM.

## **21. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection by Shareholders during normal business hours at the registered office of CapitaLand at 168 Robinson Road, #30-01 Capital Tower, Singapore 068912 from the date of this Circular up to and including the date falling three months after the Announcement Date:

- (a) the SPA;
- (b) the IFA Opinion, as set out in Appendix I to this Circular;
- (c) the valuation reports and/or valuation certificates (as the case may be) in respect of the Valuation Properties; and
- (d) the letters of consent referred to in paragraph 18 of this Circular.

## **22. DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular (other than the information set out in Appendices I and II) and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Transaction, the proposed allotment and issuance of the Consideration Shares and the Whitewash Resolution, and about the CapitaLand Group, and the Directors are not aware of any facts the omission of which would make any statement in this Circular (save for the information set out in Appendices I and II) misleading.

In respect of the IFA Opinion, the sole responsibility of the Directors has been to ensure that the facts stated therein with respect to the CapitaLand Group are, to the best of their knowledge and belief, fair and accurate in all material respects.

Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source (including without limitation, the information set out in Appendices I and II), the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

### **23. FINANCIAL ADVISER'S RESPONSIBILITY STATEMENT**

To the best of the Financial Adviser's knowledge and belief, this Circular (save for the information set out in Appendices I and II) constitutes full and true disclosure of all material facts about the Proposed Transaction, the proposed allotment and issuance of the Consideration Shares, the Whitewash Resolution and the CapitaLand Group, and the Financial Adviser is not aware of any facts the omission of which would make any statement in this Circular (save for the information set out in Appendices I and II) misleading.

Yours faithfully  
For and on behalf of the Board  
of CapitaLand Limited

**MR CHALY MAH CHEE KHEONG**  
Director

## GLOSSARY

The following definitions shall apply throughout this Circular, unless the context otherwise requires:

<b>“AIGP”</b>	:	Ascendas India Growth Programme
<b>“Announcement”</b>	:	The announcement issued by CapitaLand in relation to, <i>inter alia</i> , the Proposed Transaction, released on the Announcement Date
<b>“Announcement Date”</b>	:	The date of the Announcement, being 14 January 2019
<b>“APL”</b>	:	Ascendas Pte Ltd
<b>“Ascendas Listed Trusts”</b>	:	Ascendas Reit, a-iTrust and A-HTRUST
<b>“Ascendas Reit”</b>	:	Ascendas Real Estate Investment Trust
<b>“Ascendas-Singbridge Group”</b>	:	The Target Companies and their subsidiaries, associates and other affiliates
<b>“AUD”</b>	:	Australian Dollar, being the lawful currency of Australia
<b>“Audit Committee”</b>	:	The Audit Committee of CapitaLand as at the Latest Practicable Date, comprising Mr Chaly Mah Chee Kheong, Tan Sri Amirsham Bin A Aziz, Dr Philip Nalliah Pillai and Mr Gabriel Lim Meng Liang
<b>“AUM”</b>	:	(a) In relation to the Ascendas-Singbridge Group and the CapitaLand Group, the value of all real estate assets under management of the Ascendas-Singbridge Group or the CapitaLand Group (as the case may be) as at 31 December 2018 <sup>53</sup> , stated at 100% of the property carrying value and including 100% value of properties under management, franchise and corporate leasing contracts; and  (b) in relation to the Enlarged Group, the aggregate of the Ascendas-Singbridge Group’s AUM and the CapitaLand Group’s AUM, adjusted for the Ascendas-Singbridge Group’s and the CapitaLand Group’s joint development of Raffles City Chongqing
<b>“Awards”</b>	:	Awards under PSP2010 and RSP2010
<b>“A-HTRUST”</b>	:	Ascendas Hospitality Trust
<b>“a-iTrust”</b>	:	Ascendas India Trust
<b>“Board”</b>	:	The board of Directors of CapitaLand, as at the Latest Practicable Date
<b>“CAGR”</b>	:	Compound annual growth rate
<b>“CapitaLand”</b>	:	CapitaLand Limited
<b>“CapitaLand Group”</b>	:	CapitaLand and its subsidiaries
<b>“Cash Consideration”</b>	:	The cash component of the Consideration

<sup>53</sup> In relation to the Ascendas-Singbridge Group, the value of all real estate assets under its management is as of 31 March 2018, adjusted for capital expenditures and subsequent acquisitions and divestments up to and including 31 December 2018.

<b>“Cash PATMI”</b>	:	The sum of Operating PATMI, portfolio gains/losses and realised revaluation gains/losses
<b>“CBD”</b>	:	Central business district
<b>“CBRE”</b>	:	CBRE Limited
<b>“CDP”</b>	:	The Central Depository (Pte) Limited
<b>“China”</b>	:	The People’s Republic of China
<b>“Circular”</b>	:	This circular to Shareholders, including the appendices hereto, dated 22 March 2019
<b>“Code”</b>	:	The Singapore Code on Take-overs and Mergers
<b>“Colliers”</b>	:	Colliers International Valuation and Advisory Services, LLC, the independent valuer appointed in relation to the valuation of the Valuation Properties in the USA
<b>“Companies Act”</b>	:	Companies Act (Chapter 50 of Singapore)
<b>“Completion”</b>	:	Completion of the Proposed Transaction under the SPA
<b>“Consideration”</b>	:	The total consideration of S\$6,035.9 <sup>54</sup> million
<b>“Consideration Share Price”</b>	:	The issue price of S\$3.50 for each Consideration Share
<b>“Consideration Shares”</b>	:	The 862,264,714 new Shares to be allotted and issued by CapitaLand to the Vendor and/or its nominee(s) in satisfaction of the non-cash portion of the Consideration
<b>“CSGKC”</b>	:	China-Singapore Guangzhou Knowledge City (formerly known as Sino-Singapore Guangzhou Knowledge City)
<b>“Cut-Off Date”</b>	:	The first business day falling seven months from the date of the SPA
<b>“C&amp;W”</b>	:	Any of C&W China and C&W Singapore
<b>“C&amp;W China”</b>	:	Cushman & Wakefield Limited, the independent valuer appointed in relation to the valuation of the Valuation Properties in China
<b>“C&amp;W Singapore”</b>	:	Cushman & Wakefield VHS Pte. Ltd.
<b>“Directors”</b>	:	The directors of CapitaLand, as at the Latest Practicable Date
<b>“EGM”</b>	:	The extraordinary general meeting of CapitaLand to be convened on 12 April 2019 to seek the approval of Shareholders for the Proposed Transaction, the proposed allotment and issuance of the Consideration Shares and the Whitewash Resolution, notice of which is set out in the Notice of EGM
<b>“Enlarged Group”</b>	:	The combination of the CapitaLand Group and the Ascendas-Singbridge Group
<b>“EPS”</b>	:	Earnings per Share

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<sup>54</sup> Rounded to the nearest one decimal place.

<b>“Financial Adviser”</b>	:	J.P. Morgan (S.E.A.) Limited
<b>“Foundations”</b>	:	CapitaLand Hope Foundation and Ascendas-Singbridge Gives Foundation
<b>“FY2018”</b>	:	The financial year ended 31 December 2018
<b>“FY2018 NTA”</b>	:	The latest audited consolidated NTA of the CapitaLand Group as of 31 December 2018
<b>“GDP”</b>	:	Gross domestic product
<b>“GFA”</b>	:	Gross floor area
<b>“IFA”</b>	:	Rothschild & Co Singapore Limited, the independent financial adviser in relation to the Proposed Transaction, the proposed allotment and issuance of the Consideration Shares and the Whitewash Resolution
<b>“IFA Opinion”</b>	:	The opinion dated 22 March 2019 from the IFA to the Independent Directors containing the advice of the IFA in respect of the Proposed Transaction, the proposed allotment and issuance of the Consideration Shares and the Whitewash Resolution, as set out in Appendix I to this Circular
<b>“Independent Directors”</b>	:	Directors who are considered independent for the purpose of making the recommendations to (a) the IPT Independent Shareholders in respect of the Proposed Transaction and the proposed allotment and issuance of the Consideration Shares; and (b) the Whitewash Independent Shareholders in respect of the Whitewash Resolution, namely Mr Chaly Mah Chee Kheong, Tan Sri Amirsham Bin A Aziz, Dr Philip Nalliah Pillai, Mr Anthony Lim Weng Kin, Mr Gabriel Lim Meng Liang and Mr Lee Chee Koon
<b>“Independent Valuers”</b>	:	CBRE, Colliers, C&W China, C&W Singapore, IVPS, JLL South Korea, JLL India and JLL Singapore, collectively
<b>“INR”</b>	:	Indian rupees, being the lawful currency of India
<b>“IPT Independent Shareholders”</b>	:	Shareholders who are not deemed to have an interest in the Proposed Transaction under the Listing Manual (and for the avoidance of doubt, such Shareholders who are not deemed to have an interest exclude the Vendor and its associates)
<b>“Issuer Group”</b>	:	An issuer and its subsidiaries
<b>“IT”</b>	:	Information technology
<b>“ITeS”</b>	:	Information technology-enabled services
<b>“IVPS”</b>	:	IVPS Property Consultant Sdn. Bhd., as consultant to C&W Singapore for the valuation of Nusajaya Tech Park
<b>“JLL”</b>	:	Any of JLL South Korea, JLL India and JLL Singapore
<b>“JLL India”</b>	:	Jones Lang LaSalle Property Consultants (India) Pvt Ltd, the independent valuer appointed in relation to the valuation of the Valuation Properties in India



<b>“JLL Singapore”</b>	:	Jones Lang LaSalle Property Consultants Pte Ltd, the independent valuer appointed in relation to the valuation of the Valuation Properties in Singapore
<b>“JLL South Korea”</b>	:	Jones Lang LaSalle Limited, the independent valuer appointed in relation to the valuation of the Valuation Properties in South Korea
<b>“KRW”</b>	:	South Korean won, being the lawful currency of South Korea
<b>“Last Trading Day”</b>	:	11 January 2019, being the last trading day before the date of the Announcement
<b>“Latest Practicable Date”</b>	:	8 March 2019, being the latest practicable date prior to the printing of this Circular
<b>“Licensed Managers”</b>	:	Ascendas Funds Management (S) Limited, Ascendas Hospitality Fund Management Pte. Ltd. and Ascendas Asia Real Estate Fund Management Pte. Ltd.
<b>“Listing Approval”</b>	:	The approval-in-principle of the SGX-ST as described in paragraph 2.3(d) of this Circular
<b>“Listing Manual”</b>	:	The listing manual of the SGX-ST, as may be amended or modified from time to time
<b>“MAS”</b>	:	Monetary Authority of Singapore
<b>“MAS Approval”</b>	:	The approval from the MAS as described in paragraph 2.3(a) of this Circular
<b>“MYR”</b>	:	Malaysian ringgit, being the lawful currency of Malaysia
<b>“Notice of EGM”</b>	:	The notice of the EGM, which is set out on pages N-1 to N-2 of this Circular
<b>“NTA”</b>	:	Net tangible assets
<b>“Ordinary Resolution 1”</b>	:	The ordinary resolution to be proposed at the EGM to seek the approval of the IPT Independent Shareholders for the Proposed Transaction
<b>“Ordinary Resolution 2”</b>	:	The ordinary resolution to be proposed at the EGM to seek the approval of the IPT Independent Shareholders for the proposed allotment and issuance of the Consideration Shares
<b>“Ordinary Resolution 3”</b>	:	The Whitewash Resolution
<b>“Operating PATMI”</b>	:	Operating profit after tax and minority interests
<b>“PATMI”</b>	:	Profit after tax and minority interests
<b>“Proposed Transaction”</b>	:	The sale by the Vendor and purchase by CapitaLand and/or its nominee(s) of the Sale Shares for the Consideration, to be satisfied by an equal proportion of cash and the Consideration Shares
<b>“Proposed Transfer”</b>	:	The proposed transfer shortly after the Proposed Transaction by Temasek to the Vendor of the 1,680,704,140 Shares in which Temasek is directly interested

“Proxy Form”	:	The proxy form in respect of the EGM, which is set out in this Circular
“PSP2010”	:	CapitaLand’s Performance Share Plan 2010
“REIT”	:	Real estate investment trust
“Relevant Directors”	:	Mr Ng Kee Choe, Ms Euleen Goh Yiu Kiang, Mr Kee Teck Koon and Ms Goh Swee Chen
“RMB”	:	Renminbi, being the lawful currency of China
“RSP2010”	:	CapitaLand’s Restricted Share Plan 2010
“R&D”	:	Research and development
“Sale Shares”	:	All the issued shares in each of the Target Companies
“SB”	:	Singbridge Pte. Ltd.
“Securities Account”	:	A securities account maintained by a Depositor with CDP, but does not include a securities sub-account
“SFA”	:	Securities and Futures Act (Chapter 289 of Singapore)
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Shareholders”	:	Persons (not being Depositors) who are registered as holders of the Shares in CapitaLand’s Register of Members, except that where the registered holder is CDP, the term “ <b>Shareholders</b> ” shall, where the context admits, mean the Depositors whose Securities Accounts are credited with Shares
“Shares”	:	Ordinary shares in the capital of CapitaLand
“SIC”	:	Securities Industry Council of Singapore
“SIC Conditions”	:	The conditions imposed by the SIC to which the SIC Waiver is subject, details of which are set out in paragraph 13.2 of this Circular
“SIC Waiver”	:	The waiver from the SIC that the Vendor and its concert parties need not, subject to the fulfilment of the SIC Conditions, make a general offer for the Shares not held by the Vendor and its concert parties as a result of the Vendor’s acquisition of the Consideration Shares
“Singapore”	:	The Republic of Singapore
“SPA”	:	The sale and purchase agreement dated 14 January 2019 between CapitaLand and the Vendor for the sale by the Vendor and purchase by CapitaLand and/or its nominee(s) of the Sale Shares for the Consideration, as amended or modified from time to time
“S\$” and “Singapore cents”	:	Singapore dollars and Singapore cents respectively, being the lawful currency of Singapore
“Target Companies”	:	APL and SB
“Temasek”	:	Temasek Holdings (Private) Limited
“UK”	:	The United Kingdom

“US\$”	:	United States dollars, being the lawful currency of the USA
“USA”	:	The United States of America
“Valuation Properties”	:	The properties of the Ascendas-Singbridge Group in relation to which valuation reports and/or valuation certificates (as the case may be) were prepared by the Independent Valuers, as set out in Appendix II to this Circular
“Valuation Summary”	:	The summary of valuations conducted by the Independent Valuers in relation to the Valuation Properties, as set out in Appendix II of this Circular
“Vendor”	:	Ascendas-Singbridge Pte. Ltd.
“Whitewash Independent Shareholders”	:	Shareholders other than the Vendor and its concert parties as well as parties not independent of them
“Whitewash Resolution”	:	The ordinary resolution which, if passed by the Whitewash Independent Shareholders in the EGM, would result in a waiver by the Whitewash Independent Shareholders of their rights to receive a mandatory take-over offer from the Vendor and its concert parties for the Shares not held by the Vendor and its concert parties, as a result of the Vendor’s acquisition of the Consideration Shares
“%”	:	Percentage or per centum

The terms “**concert parties**” and “**acting in concert**” shall have the meanings ascribed to them in the Code.

The terms “**Depositor**” and “**Depository Register**” shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

The expression “*pro forma*” shall refer to the relevant financial effects and/or financial information being calculated on the basis of (a) in relation to the CapitaLand Group, the audited consolidated financial statements of the CapitaLand Group for FY2018; and (b) in relation to the Ascendas-Singbridge Group, the Target Companies’ results that are derived from the management accounts for the period from 1 October 2017 to 30 September 2018.

The term “**subsidiaries**” shall have the meaning ascribed to it in Section 5 of the Companies Act.

The headings in this Circular are inserted for convenience only and shall not be taken into account in the interpretation or construction of this Circular.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing one gender shall, where applicable, include the other or neuter genders. References to persons shall, where applicable, include corporations.

Any reference in this Circular to any enactment or statutory provision is a reference to that enactment or statutory provision for the time being amended or re-enacted. Any word defined in the Companies Act, the SFA, the Listing Manual or the Code or any statutory modification thereof and not otherwise defined in this Circular shall, where applicable, have the meaning assigned to it under the Companies Act, the SFA, the Listing Manual or the Code or any statutory modification thereof, as the case may be, unless the context otherwise requires.

Any discrepancies in this Circular between the listed amounts and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures that precede them.

References to “you”, “your” and “yours” in this Circular are, as the context so determines, to Shareholders.

Any reference to a time of day and date in this Circular shall be a reference to Singapore time and date, unless otherwise specified.

**APPENDIX I**  
**IFA OPINION**

The Audit Committee and the Independent Directors of  
CapitaLand Limited  
168 Robinson Road  
#30-01 Capital Tower  
Singapore 068912

22 March 2019

Dear Sir/Madam,

**INDEPENDENT FINANCIAL ADVICE WITH RESPECT TO:**

- 1) **THE PROPOSED ACQUISITION OF ALL THE ISSUED SHARES IN EACH OF ASCENDAS PTE LTD AND SINGBRIDGE PTE. LTD. BY CAPITALAND LIMITED ("CAPITALAND") AND/OR ITS NOMINEE(S) FOR A TOTAL CONSIDERATION OF S\$6,035.9 MILLION (THE "CONSIDERATION") TO BE SATISFIED BY AN EQUAL PROPORTION OF CASH AND NEW ORDINARY SHARES IN CAPITALAND (THE "PROPOSED TRANSACTION")**
- 2) **THE PROPOSED ALLOTMENT AND ISSUANCE OF THE CONSIDERATION SHARES (AS DEFINED HEREIN) TO ASCENDAS-SINGBRIDGE PTE. LTD. (THE "VENDOR") AND/OR ITS NOMINEE(S) AT AN ISSUE PRICE OF S\$3.50 FOR EACH CONSIDERATION SHARE IN SATISFACTION OF THE NON-CASH PORTION OF THE CONSIDERATION**
- 3) **THE PROPOSED ORDINARY RESOLUTION FOR THE WAIVER OF THE RIGHTS OF THE WHITEWASH INDEPENDENT SHAREHOLDERS (AS DEFINED HEREIN) TO RECEIVE A MANDATORY TAKE-OVER OFFER FROM THE VENDOR AND ITS CONCERT PARTIES FOR THE ORDINARY SHARES OF CAPITALAND NOT HELD BY THE VENDOR AND ITS CONCERT PARTIES, AS A RESULT OF THE VENDOR'S ACQUISITION OF THE CONSIDERATION SHARES (THE "WHITEWASH RESOLUTION")**

**SHAREHOLDERS SHOULD NOTE THAT EACH OF ORDINARY RESOLUTION 1, ORDINARY RESOLUTION 2 AND ORDINARY RESOLUTION 3 IS SUBJECT TO AND CONTINGENT UPON THE OTHER TWO ORDINARY RESOLUTIONS BEING PASSED.**

*For the purposes of this Letter ("Letter"), capitalised terms not otherwise defined herein shall have the same meaning as defined in the circular dated 22 March 2019 (the "Circular").*

**1 INTRODUCTION**

**1.1 Background**

**1.1.1 The Proposed Transaction**

On 14 January 2019 (the "**Announcement Date**"), CapitaLand Limited ("**CapitaLand**" or the "**Company**") announced that it has entered into a sale and purchase agreement (the "**SPA**") with the Vendor for the sale by the Vendor and purchase by CapitaLand and/or its nominee(s) of all the issued ordinary shares (the "**Sale Shares**") in each of Ascendas Pte Ltd ("**APL**") and Singbridge Pte. Ltd. ("**SB**", together with APL, the "**Target Companies**", and the Target Companies together with their subsidiaries, associates and other affiliates, collectively, the "**Ascendas-Singbridge Group**") for a total consideration of S\$6,035.9<sup>1</sup> million (the "**Consideration**"), which will be satisfied by an equal proportion of cash and Consideration Shares ("**Consideration Shares**", being the 862,264,714 new Shares to be allotted and issued by CapitaLand to the Vendor and/or its nominee(s) in satisfaction of the non-cash portion of the Consideration) (the "**Proposed Transaction**"). Through the Proposed Transaction, the Company will acquire the Target Companies and create one of the leading diversified real estate companies in Asia.

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<sup>1</sup> Rounded to the nearest one decimal place

Temasek Holdings (Private) Limited ("**Temasek**") is the ultimate holding company of the Vendor and the Target Companies as well as a controlling shareholder of the Company under the Listing Manual. The Vendor is a subsidiary of Temasek. The Target Companies are subsidiaries of the Vendor, and are the holding companies of the businesses of the Ascendas-Singbridge Group. As at 8 March 2019 (the "**Latest Practicable Date**"), based solely on information disclosed by Temasek, Temasek has a direct and deemed interest in 1,698,659,122<sup>2</sup> ordinary shares in the capital of CapitaLand (the "**Shares**"), representing approximately 40.69% of the issued share capital of CapitaLand<sup>3</sup>.

As stated in paragraph 2.2 of the Circular, the Consideration of S\$6,035.9<sup>4</sup> million was arrived at on a willing-buyer-willing-seller basis, taking into account, amongst other things:

- (a) the combined enterprise value of the Target Companies of S\$10,907.1 million; and
- (b) the net debt and minority interests of the Target Companies of S\$4,871.2 million,

and comprises:

- (i) the adjusted net asset value<sup>5</sup> of the Target Companies as at 31 March 2018, excluding the fund management business and the stakes in the Ascendas Listed Trusts;
- (ii) the volume weighted average price for the one-month period ending on the Last Trading Day of the units in the Ascendas Listed Trusts multiplied by the number of units which are owned by the Target Companies as at 31 March 2018; and
- (iii) the agreed fair value of the Target Companies' fund management business.

The Consideration will be satisfied on completion of the Proposed Transaction under the SPA ("**Completion**") in the following manner:

- (A) 50% of the Consideration amounting to S\$3,017.93<sup>6</sup> million will be paid in cash to the Vendor, which is expected to be financed by any one or a combination of drawdown from existing or additional credit or bank facilities, tapping the debt capital markets, and utilisation of existing cash balances; and
- (B) 50% of the Consideration amounting to S\$3,017.93<sup>7</sup> million will be paid via the allotment and issuance of 862,264,714 Consideration Shares to the Vendor and/or its nominee(s) at an issue price of S\$3.50 for each Consideration Share (the "**Consideration Share Price**").

As at the Latest Practicable Date, the Vendor does not hold any Shares. Upon Completion (and prior to completion of the Proposed Transfer), the Vendor will hold 862,264,714 Shares, representing 17.12%<sup>8</sup> of the total number of Shares.

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<sup>2</sup> As at the Latest Practicable Date, Temasek has a direct interest in 1,680,704,140 Shares. Temasek is also deemed interested in a further 17,954,982 Shares through DBS Group Holdings Ltd, ST Asset Management Ltd, Keppel Corporation Limited and Fullerton Fund Management Company Pte Ltd, which are each independently-managed Temasek portfolio companies. Temasek is not involved in their business or operating decisions, including those regarding their positions in the Shares. Please note that in order to ascertain Temasek's deemed interest in the Shares, Temasek relies on shareholding reports from its independently-managed subsidiaries and associated companies as, under the SFA, Temasek has a deemed interest in shares held by such companies. Temasek cannot be assumed to have received timely or definitive shareholding reports from such companies as there is no obligation on such companies to provide this information or to keep up to date on this

<sup>3</sup> Based on a total of 4,175,057,129 Shares (excluding treasury shares) as at the Latest Practicable Date

<sup>4</sup> Rounded to the nearest one decimal place

<sup>5</sup> Adjustment was made for, inter alia, the carrying values of each of the following office buildings in the Ascendas-Singbridge Group's Sydney portfolio, namely 100 Arthur Street and 66 Goulburn Street, which are not part of the Proposed Transaction.

<sup>6</sup> Rounded to the nearest two decimal places

<sup>7</sup> Rounded to the nearest two decimal places

<sup>8</sup> Assuming 5,037,321,843 Shares in issue, being the total number of issued Shares (excluding treasury shares) as at the Latest Practicable Date and adjusting for the issue of the Consideration Shares

Subject to the terms and conditions of the SPA, the Vendor shall sell, and CapitaLand and/or its nominee(s) shall acquire, the Sale Shares upon Completion. The Sale Shares shall be sold free from all encumbrances and together with all rights and benefits attaching to them as at Completion.

The Proposed Transaction constitutes an Interested Person Transaction (“**IPT**”) and a "major transaction" under Chapter 9 and Chapter 10 of the Listing Manual (the "**Listing Manual**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") respectively, and is subject to the approval of the Shareholders who are not deemed to have an interest in the Proposed Transaction under the Listing Manual (and for the avoidance of doubt, such Shareholders who are not deemed to have an interest exclude the Vendor and its associates) (the "**IPT Independent Shareholders**").

Under Chapter 9 of the Listing Manual, where an entity at risk (as defined in the Listing Manual) proposes to enter into a transaction with an interested person (as defined in the Listing Manual) and the value of the transaction (either in itself or when aggregated with the value of other transactions, each of a value equal to or greater than S\$100,000, with the same interested person during the same financial year) is equal to or exceeds 3.0%, but is less than 5.0%, of the latest audited consolidated Net Tangible Asset ("**NTA**") of the issuer and its subsidiaries (the "**Issuer Group**"), an immediate announcement of the transaction must be made, and if the value is equal to or exceeds 5% of the Issuer Group's latest audited consolidated NTA, approval of the shareholders of the issuer must be obtained.

As at the Latest Practicable Date, Temasek has a direct interest in 1,680,704,140 Shares, and a deemed interest (pursuant to Section 4 of the Securities and Futures Act (Chapter 289 of Singapore) (the "**SFA**")) in 17,954,982 Shares, representing an aggregate of approximately 40.69%<sup>9</sup> of the total number of Shares. Accordingly, under the Listing Manual, Temasek is deemed to be a "controlling shareholder" of CapitaLand as it holds more than 15% of the total number of Shares (excluding treasury shares and subsidiary holdings).

For the purposes of Chapter 9 of the Listing Manual, the Vendor, a subsidiary of Temasek, is considered an "associate" of a "controlling shareholder" and therefore an "interested person" vis-à-vis CapitaLand, which is regarded as an "entity at risk" for these purposes. Accordingly, the Proposed Transaction and the proposed allotment and issuance of the Consideration Shares constitutes an "interested person transaction" under Chapter 9 of the Listing Manual, in respect of which the approval of the IPT Independent Shareholders is required.

Accordingly, the Company will be seeking the approval of the IPT Independent Shareholders for the Proposed Transaction and the proposed allotment and issuance of Consideration Shares at the Extraordinary General Meeting ("**EGM**"). Upon Completion and the proposed allotment and issuance of Consideration Shares, the Target Companies will become wholly owned subsidiaries of the Company.

### 1.1.2 The Whitewash Resolution

Under Rule 14 of the Singapore Code on Take-overs and Mergers ("**Code**"), except with the waiver of the Securities Industry Council ("**SIC**"), any person who, together with persons acting in concert with him, holds not less than 30.0% but not more than 50.0% of the voting rights and such person, or any person acting in concert with him, acquires in any period of six (6) months additional shares carrying more than 1.0% of the voting rights, is required to make a mandatory general offer, for all remaining issued shares in the company concerned which he and/or his concert parties do not already own or control.

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<sup>9</sup> Based on a total of 4,175,057,129 Shares (excluding treasury shares) as at the Latest Practicable Date

As at the Latest Practicable Date, the Vendor and its concert parties, including Temasek, hold an aggregate shareholding interest of approximately 40.70%<sup>10</sup> of the issued share capital of CapitaLand, comprised of (a) 1,680,704,140 Shares held by Temasek directly, (b) 17,954,982 Shares in which Temasek is deemed to have an interest through DBS Group Holdings Ltd, ST Asset Management Ltd., Keppel Corporation Limited and Fullerton Fund Management Company Pte Ltd. and (c) 393,781 Shares held by certain persons deemed to be concert parties of the Vendor, being (i) 220,921 Shares held by the directors of the Vendor and Temasek; and (ii) 172,860 Shares held by directors of the subsidiaries and/or associated companies of the Vendor who are not also directors of the Vendor<sup>11</sup>.

The issuance of the Consideration Shares to the Vendor and/or its nominee(s) on Completion will result in the Vendor and its concert parties, including Temasek, having an aggregate interest in 2,561,317,617 Shares, representing approximately 50.85% of the enlarged issued share capital of CapitaLand<sup>12</sup>.

Temasek has informed CapitaLand that it currently contemplates that shortly after Completion, it will transfer to the Vendor 1,680,704,140 Shares in which it is directly interested (the “**Proposed Transfer**”). At the time of the Proposed Transfer, the Vendor would be an indirect wholly owned subsidiary of Temasek.

Upon completion of the Proposed Transfer, the Vendor will hold 2,542,968,854 Shares, representing an aggregate of approximately 50.48% of the total number of Shares<sup>13</sup> and Temasek will cease to have any direct interest in the Shares. Temasek will be deemed to be interested in (i) 2,542,968,854 Shares (representing approximately 50.48% of the total number of Shares<sup>14</sup>) held by the Vendor; and (ii) Shares held through other independently-managed portfolio entities<sup>15</sup>. The SIC has confirmed that (a) the Vendor will not become obliged to make a mandatory general offer for CapitaLand solely as a result of the Proposed Transfer; and (b) the Proposed Transfer will not be regarded as an acquisition of Shares which would constitute a breach of the conditions to the SIC Waiver.

As such, pursuant to Rule 14 of the Code, the Vendor and its concert parties, including Temasek, would incur an obligation to make a mandatory general offer for the remaining shares not owned or controlled by it or its concert parties at the highest price paid by any of them for the shares, in the six (6) months preceding the commencement of the offer, unless such obligation is waived by the SIC.

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<sup>10</sup> Based on a total of 4,175,057,129 Shares (excluding treasury shares) as at the Latest Practicable Date

<sup>11</sup> Shareholdings of the directors of Temasek, the Vendor, and the subsidiaries and/or associated companies of the Vendor as disclosed in this Circular are based solely on information which has been reported to Temasek. Please note that details in relation to Temasek’s deemed interest in the Shares and the Temasek directors’ interest in the Shares are based on reasonable enquiries and shareholding reports received from its independently-managed subsidiaries and associated companies and the Temasek directors. Temasek cannot be assumed to have received timely or definitive shareholding reports from such companies or persons as there is no obligation on them to provide this information or to keep up to date on this

<sup>12</sup> Assuming 5,037,321,843 Shares in issue, being the total number of issued Shares (excluding treasury shares) as at the Latest Practicable Date and adjusting for the issue of the Consideration Shares

<sup>13</sup> Assuming 5,037,321,843 Shares in issue, being the total number of issued Shares (excluding treasury shares) as at the Latest Practicable Date and adjusting for the issue of the Consideration Shares

<sup>14</sup> Assuming 5,037,321,843 Shares in issue, being the total number of issued Shares (excluding treasury shares) as at the Latest Practicable Date and adjusting for the issue of the Consideration Shares

<sup>15</sup> As at the Latest Practicable Date, Temasek is deemed interested in a further 17,954,982 Shares (representing approximately 0.43% of the total number of issued Shares, being 4,175,057,129 Shares (excluding treasury shares) as at the Latest Practicable Date) through DBS Group Holdings Ltd, ST Asset Management Ltd, Keppel Corporation Limited and Fullerton Fund Management Company Pte Ltd. Each of these companies are independently-managed Temasek portfolio companies. Temasek is not involved in their business or operating decisions, including those regarding their positions in the Shares. Please note that in order to ascertain Temasek’s deemed interest in the Shares, Temasek relies on shareholding reports from its independently-managed subsidiaries and associated companies as, under the SFA, Temasek has a deemed interest in shares held by such companies. Temasek cannot be assumed to have received timely or definitive shareholding reports from such companies as there is no obligation on such companies to provide this information or to keep up to date on this



On 2 January 2019, the SIC granted the Vendor a waiver (the “**SIC Waiver**”) of the requirement for the Vendor and its concert parties to make a general offer for the Shares not held by the Vendor and its concert parties under Rule 14 of the Code as a result of the acquisition of the Consideration Shares by the Vendor pursuant to Completion, subject to the following conditions (the “**Whitewash Waiver**”):

- (a) a majority of the Shareholders other than the Vendor and its concert parties as well as parties not independent of them (the “**Whitewash Independent Shareholders**”) approve at a general meeting, before the issue of the Consideration Shares, by way of poll, the Whitewash Resolution;
- (b) the Whitewash Resolution is separate from other resolutions;
- (c) the Vendor and its concert parties as well as parties not independent of them abstain from voting on the Whitewash Resolution;
- (d) the Company appoints an independent financial adviser to advise the Whitewash Independent Shareholders on the Whitewash Resolution;
- (e) the Vendor and its concert parties did not acquire or are not to acquire any Shares or instruments convertible into and options in respect of Shares (other than subscriptions for, rights to subscribe for, instruments convertible into or options in respect of new Shares which will be disclosed in the Circular):
  - i. during the period between the Announcement Date and the date the Whitewash Independent Shareholders’ approval is obtained for the Whitewash Resolution; and
  - ii. in the six (6) months prior to the Announcement Date but subsequent to negotiations, discussions or the reaching of understandings or agreements with the directors of CapitaLand (“**Directors**”) in relation to the Proposed Transaction;
- (f) the Company sets out clearly in the Circular:
  - i. details of the Proposed Transaction and the proposed issue of the Consideration Shares to the Vendor;
  - ii. the dilution effect to existing holders of voting rights upon the issue of the Consideration Shares to the Vendor;
  - iii. the number and percentage of voting rights in the Company as well as the number of instruments convertible into, rights to subscribe for and options in respect of Shares held by the Vendor and its concert parties, as at the Latest Practicable Date;
  - iv. the number and percentage of voting rights in the Company to be issued to the Vendor upon the issue of the Consideration Shares;
  - v. a specific and prominent reference to the fact that the issue of the Consideration Shares would result in the Vendor and its concert parties holding Shares carrying over 49% of the voting rights of CapitaLand and to the fact that the Vendor and its concert parties will be free to acquire further Shares without incurring any obligation under Rule 14 of the Code to make a general offer; and

- vi. a specific and prominent reference to the fact that the Shareholders, by voting for the Whitewash Resolution, are waiving their rights to a general offer from the Vendor at the highest price paid by the Vendor and its concert parties for the Shares in the past six (6) months preceding the commencement of the offer;
- (g) the Circular states that the waiver granted by the SIC to the Vendor is subject to the conditions stated in sub-paragraphs 1.1.2(a) to (f) above;
- (h) the Vendor obtains the SIC's approval in advance for those parts of the Circular that refer to the Whitewash Resolution; and
- (i) to rely on the Whitewash Resolution, approval of the Whitewash Resolution must be obtained within six (6) months from the date of grant of the ruling from the SIC and the acquisition of the Consideration Shares by the Vendor must be completed by 2 October 2019, being nine months from the date of the grant of the ruling from the SIC.

As at the Latest Practicable Date, the conditions in sub-paragraphs 1.1.2(d), (f), (g) and (h) have been satisfied.

## 1.2 Inter-conditionality of ordinary resolutions

Shareholders should note that each of Ordinary Resolution 1, Ordinary Resolution 2 and Ordinary Resolution 3 is subject to and contingent upon the other two ordinary resolutions being passed. This means that if Ordinary Resolution 1 is not passed, Ordinary Resolution 2 and Ordinary Resolution 3 would not be passed. Similarly, if Ordinary Resolution 2 and/or Ordinary Resolution 3 is/are not passed, the Proposed Transaction would not complete.

## 1.3 Appointment of the Independent Financial Adviser (“IFA”)

Pursuant to Chapter 9 of the Listing Manual, the SIC Waiver and in accordance with the abovementioned requirements, the Company has appointed Rothschild & Co Singapore Limited (“**Rothschild & Co**”) as the IFA to advise:

- (a) in relation to the Proposed Transaction and the proposed allotment and issuance of the Consideration Shares as required under Listing Rule 921(4), the Audit Committee of CapitaLand (the “**Audit Committee**”) as well as the Directors who are considered independent (the “**Independent Directors**”) for the purposes of making the recommendations to the IPT Independent Shareholders in respect of the Proposed Transaction and the proposed allotment and issuance of the Consideration Shares, namely Mr Chaly Mah Chee Kheong, Tan Sri Amirsham Bin A Aziz, Dr Philip Nalliah Pillai, Mr Anthony Lim Weng Kin, Mr Gabriel Lim Meng Liang and Mr Lee Chee Koon<sup>16</sup>; and
- (b) in relation to the Whitewash Resolution, the Independent Directors, being the directors who are considered independent for the purpose of making the recommendation to the Whitewash Independent Shareholders in respect of the Whitewash Resolution;

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<sup>16</sup> Mr Lee Chee Koon is the President & Group Chief Executive Officer and an executive director of CapitaLand. He is considered to be an Independent Director for the purposes of making recommendations to the IPT Independent Shareholders and the Whitewash Independent Shareholders

(collectively, the “**Addressees**”) as to whether:

- (i) the Proposed Transaction and the proposed allotment and issuance of the Consideration Shares are on normal commercial terms and are not prejudicial to the interests of the Company and the IPT Independent Shareholders; and
- (ii) the Whitewash Resolution is fair and reasonable;

(collectively, the “**Opinions**”).

This Letter sets out, inter alia, our Opinions thereon and has been prepared for inclusion in the circular dated 22 March 2019 to be issued by the Company, in connection with the Proposed Transaction and Whitewash Resolution.

## **2 TERMS OF REFERENCE**

Rothschild & Co has been appointed by the Company to advise: (a) the Audit Committee and the Independent Directors in respect of the Proposed Transaction and the proposed allotment and issuance of the Consideration Shares (in particular as set out in paragraphs 3 and 5), and (b) the Independent Directors in respect of the Whitewash Resolution (in particular as set out in paragraphs 4 and 5), (together, termed as the “**Proposed Transactions**”). Our Opinions are delivered as required under Listing Rule 921(4) as well as for the use and benefit of the Audit Committee and the Independent Directors for their deliberations on the Proposed Transactions (as applicable), before arriving at a decision on the merits and demerits thereof, and in making any recommendations to the IPT Independent Shareholders and the Whitewash Independent Shareholders. We are not a party to any negotiation in relation to the Proposed Transactions. We are also not involved in the deliberations leading up to the decision by the Company to undertake the Proposed Transactions. We do not, by this Letter, warrant or make any representation whatsoever in relation to the merits (whether commercial, financial or otherwise) of the Proposed Transactions, other than to form an opinion as to whether:

- (i) the Proposed Transaction and the proposed allotment and issuance of the Consideration Shares are on normal commercial terms and are not prejudicial to the interests of the Company and the IPT Independent Shareholders; and
- (ii) the Whitewash Resolution is fair and reasonable.

We have confined our evaluation strictly and solely on the financial terms for the Proposed Transactions and have not taken into account the legal / strategic / commercial risks and/or merits (if any) of or the timing for the Proposed Transactions contemplated in the Circular including the structuring or inter-conditionality of the resolutions or the validity of any resolution or its feasibility. We were not requested to and have not provided advice concerning the structure, the specific amount of the consideration, or any other aspects of the Proposed Transactions, or provided services other than the delivery of this Letter. It is not within our scope to opine on and we do not express any view, express or implied, herein on the future growth prospects, earning potential, financial performance or position of the Company or the Target Companies or the Enlarged Group, being the combination of the CapitaLand Group and the Ascendas-Singbridge Group, subsequent to the Proposed Transactions or the possibility or probability that the Target Companies or the Enlarged Group can improve their profitability or that the anticipated benefits from the Proposed Transactions can be realised (as the case may be) or the prices at which the Shares would trade after the Completion of the Proposed Transactions or the viability, profitability and risks of the Proposed Transactions or the profitability and risks related to the Target Companies business operations or trading liquidity levels of the Shares upon completion or rejection of the Proposed Transactions (in part or in full) or voting for or voting against the Proposed Transactions or the Enlarged Group or the plans (if any) for each of them.

Estimates or analysis or evaluation of the merits of the Company or the Target Companies or the Enlarged Group or the Proposed Transactions in this Letter are necessarily limited and we do not expressly or impliedly warrant or represent that it is complete or in its entirety. In addition, our scope does not require us to opine on the ability of the Target Companies or the Enlarged Group to service its borrowings (both principal and interest payment) when it falls due or the adequacy of the working capital of the Target Companies or the Enlarged Group or the ability of the Company to provide and procure any performance bond, insurance, guarantee, indemnity, letters of comfort and other forms of financial instrument or security in support of the contractual and financial obligations of the Target Companies with third parties within such period as stipulated in the SPA. Such evaluation or comment remains the responsibility of the Directors and the management (“**Management**”) of the Company or where applicable the directors and the management of the Target Companies although we may draw upon their views or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our view as set out in this Letter.

In the course of our evaluation, we have held discussions with the Directors and the Management, inter alia, regarding their assessment of the rationale for the Proposed Transactions as well as the existing and future processes or procedures for the Company in connection with the Enlarged Group, and have examined and relied to a considerable extent on the information set out in the Circular, publicly available information collated by us including the audited financial statements as well as information, representations, opinions, facts and statements including material information or developments pertaining to the Company and the Target Companies where applicable (both written and verbal), provided to us by the Directors, Management and professional advisers of the Company, including its consultants or advisers or solicitors or auditors. We have not independently verified such information but have made such reasonable enquiries and used our judgement as we deemed necessary on the reasonable use of such information and have found no reason to doubt the accuracy or reliability of the information. Accordingly, we cannot and do not expressly or impliedly represent or warrant, and do not accept or assume any responsibility for, the accuracy or completeness or reliability or adequacy of such information or the manner it has been classified or presented or the basis of any valuations. Further, we shall not be liable to the extent that our analysis and/or Opinions are impacted in any way by information (including publicly available information) we have relied on which is inaccurate or incomplete or unreliable or inadequate.

We are not legal, regulatory or tax experts. We are the independent financial advisers only and have relied on, without independent verification, the assessments made by advisers to the Company with respect to such issues. In addition, we have assumed that the Proposed Transactions will be consummated in accordance with the terms set forth in the Circular without any waiver, amendment or delay of any terms or conditions and that no conditions or restrictions will be imposed that would have a material adverse effect on the contemplated benefits expected to be derived from the Proposed Transactions. We have further assumed, inter alia, that all material governmental, regulatory or other consents and approvals necessary for the consummation of the Proposed Transactions have been or will be obtained and that no delays, limitations, conditions or restrictions will be imposed that would have any material adverse effect on the Company or on the contemplated benefits of the Proposed Transactions.

Our evaluation is based solely on publicly available information and other information provided by the Company and/or the Company’s professional advisers as well as the economic and market conditions prevailing as at the Latest Practicable Date, and therefore does not reflect expected financial performance after the financial statements for the Last Twelve Months (“**LTM**”) ending 30 September 2018 for the Target Companies. It is also not within our terms of reference to compare the relative merits of the Proposed Transactions to any alternative transactions previously considered by, or that may have been available to the Company or any alternative transactions or other alternatives, or whether or not such alternatives could be achieved or may be available in the future. Such evaluations or comments, if any, remain the sole responsibility of the Audit Committee and Independent Directors, although we may draw upon their views or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our Opinions as set out in this Letter.

Our scope does not require us and we have not made any independent evaluation or appraisal of the assets and liabilities (including without limitation, investment properties, development properties and other property, plant and equipment) or contracts entered into by the Company or the Target Companies or evaluated the solvency of the Company or the Target Companies under any applicable laws relating to bankruptcy, insolvency or similar matters and we have not been furnished with any such evaluation and appraisal in respect of assets and liabilities (if any) held or contracts entered into by the Target Companies save for the summary of valuations (“**Valuation Summary**”), conducted by CBRE, Colliers, C&W China, C&W Singapore, IVPS, JLL South Korea, JLL India and JLL Singapore (collectively, the “**Independent Valuers**”) in relation to the properties of the Ascendas-Singbridge Group which valuation reports and/or valuation certificates (as the case may be) were prepared by the Independent Valuers (“**Valuation Properties**”) and whose carrying values in aggregate comprise more than 90.0% of the total aggregate carrying value of investment properties of the Target Companies as at 30 September 2018. The Valuation Summary issued by the Independent Valuers is set out in Appendix II of the Circular. With respect to such valuation, we are not experts in the evaluation or appraisal of assets and liabilities (including without limitation, investment properties, development properties and other property, plant and equipment) including, inter alia the contracts that the Company or the Target Companies have embarked upon or are about to embark upon and have relied on the opinion of the Directors and the financial statements (audited and unaudited) of the Target Companies, where applicable for the assessment.

We have relied upon the accuracy and completeness of all information given to us and have not independently verified such information, whether written or verbal, and accordingly cannot and do not represent or warrant, expressly or impliedly, and do not accept any responsibility for, the accuracy, completeness or adequacy of such information.

We have relied upon the assurances of the Directors to us that the Circular has been reviewed and approved by the Directors who collectively and individually accept full responsibility for the accuracy of the information given in the Circular (other than the information set out in this Letter and Appendix II) and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, the Circular constitutes full and true disclosure of all material facts about the Proposed Transaction, the proposed allotment and issuance of the Consideration Shares and the Whitewash Resolution and about the CapitaLand Group, and the Directors are not aware of any facts the omission of which would make any statement in this Circular (save for the information set out in this Letter and Appendix II) misleading. In respect of this Letter, the sole responsibility of the Directors has been to ensure that the facts stated therein with respect to the CapitaLand Group are to, the best of their knowledge and belief, fair and accurate in all material respects. Where information in the Circular has been extracted from published or otherwise publicly available sources or obtained from a named source (including without limitation, the information set out in this Letter and Appendix II), the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context. The foregoing is as set out in the “Directors’ Responsibility Statement” in paragraph 22 of the Circular.

The Addressees (as appropriate) have been separately advised by their own advisers in the preparation of the Circular (other than this Letter). We have no role or involvement and have not and will not provide any advice (financial or otherwise) whatsoever in the preparation, review and verification of the Circular (other than this Letter). Accordingly, we take no responsibility for and express no views, whether express or implied, on the contents of the Circular (except for this Letter).

We are acting as IFA to the Addressees and will receive a fee from the Company for our services in connection with the issuance of this Letter. In addition, the Company has agreed to indemnify us for certain liabilities arising out of our engagement. We or our affiliates may also seek to provide services to the Company, Temasek and parties acting in concert with each of the Company and Temasek in the future and expect to receive fees for rendering such services.

The issuance of this Letter has been approved by a committee of Rothschild & Co in accordance with our customary practice. This Letter is provided as required under Listing Rule 921(4) as well as to the Addressees for their information only. This Letter is not addressed to and may not be relied upon by any third party including, without limitation, employees or creditors of the Company. Whilst a copy of this Letter and parts thereof may be reproduced in the Circular, no person may use, reproduce, disseminate, refer to, or quote this Letter (or any part thereof) for any purpose whatsoever except with our prior written approval. The statements and/or recommendations made by the Addressees shall remain the responsibility of the Addressees.

Our Opinions in this Letter are based upon market, economic, industry, monetary and other conditions prevailing on, and the information made available to us as at the Latest Practicable Date. Such conditions may change significantly over a short period of time. We assume no responsibility to update, revise or reaffirm our Opinions in light of any subsequent development after the Latest Practicable Date that may affect our Opinions contained herein. Shareholders should take note of any announcements relevant to their consideration of the Proposed Transactions which may be released by the Company and other sources after the Latest Practicable Date.

In rendering our Opinions, we have not had regard to the specific investment objectives, financial situation, tax position, tax status, risk profiles or particular needs and constraints or circumstances of any individual Shareholder. As each Shareholder would have different investment objectives and profiles, we would advise the Addressees (as appropriate) to recommend that Shareholders read the Circular carefully and that any individual Shareholder who may require specific advice in the context of his specific investment objectives or portfolio to consult his/her stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

Our Opinions in relation to the Proposed Transactions should be considered in the context of the entirety of this Letter and the Circular.

### **3 THE PROPOSED TRANSACTION**

#### **3.1 Salient information on the Proposed Transaction**

Salient information on the Proposed Transaction, including the terms and condition thereon, is set out in paragraph 2 of the Circular, while information on the Company and the Target Companies are set out in the Overview and paragraph 4 of the Circular respectively.

#### **3.2 Evaluation of the Proposed Transaction**

In the course of our evaluation of the Proposed Transaction, we have given due consideration to, inter alia, the following factors:

- (i) the rationale for the Proposed Transaction;
- (ii) sum-of-the-parts valuation of the Target Companies;
- (iii) trading multiples and precedent transactions analysis;
- (iv) pro forma financial effects of the Proposed Transaction; and
- (v) other relevant considerations.

These factors are discussed in greater detail in the ensuing sections.

We have applied certain valuation ratios in our analysis of the Proposed Transaction. A brief description of such valuation ratios are as follows:

##### **(i) EV/EBITDA**

“**EV**” or “**Enterprise Value**” is defined as the sum of a company’s market capitalisation, preferred equity, minority interests, short term and long term debts less its cash and cash equivalents. “**EBITDA**” stands for earnings before interest, tax, depreciation and amortisation but after share of associates’ and joint ventures (“**JV**”)’ income but excluding exceptional items.

The “**EV/EBITDA**” multiple is an earnings-based valuation methodology that eliminates the differences due to different capital structures as well as its interest, taxation, depreciation and amortisation charges. Therefore, it serves as an illustrative indicator of the current market valuation of the business of a company relative to its pre-tax operating cash flow and performance.

##### **(ii) Price-to-Earnings (“P/E”)**

“**P/E**” or “**price-to-earnings**” multiple typically illustrates the multiple of the market capitalisation of a company relative to its earnings attributable to common shareholders before exceptional items. Market capitalisation is calculated based on share price multiplied by total ordinary shares outstanding. The P/E multiple may be affected by, inter alia, the capital structure of a company (e.g. high net cash position), its tax position as well as its accounting policies relating to revenue recognition, depreciation and intangible assets.

(iii) **Price-to-NAV (“P/NAV”)**

“P/NAV” or “Price-to-NAV” ratio illustrates the ratio of the market price of a company’s shares relative to its historical book Net Asset Value (“NAV”) per share as recorded in its latest reported financial statements. It is an asset-based valuation methodology that illustrates the ratio of the current market valuation of a company relative to its tangible and intangible asset backing as measured in terms of its NAV value. The NAV of a company provides an estimate of its value assuming a hypothetical sale of all its tangible and intangible assets, the proceeds of which are first used to repay the liabilities and obligations of that company with the balance available for distribution to its shareholders. Comparisons of companies using their book NAVs are affected by differences in their respective accounting policies, in particular their depreciation and asset valuation policies.

**3.2.1 Rationale for the Proposed Transaction**

The rationale for the Proposed Transaction is set out in paragraph 5 of the Circular. We advise the Independent Directors to recommend the IPT Independent Shareholders to read those pages of the Circular carefully.

**3.2.2 Sum-of-the-parts valuation of the Target Companies**

**3.2.2.1 Summary**

Collectively, the Target Companies are the holding companies of the businesses of the Ascendas-Singbridge Group which is one of the leading providers of business space solutions and sustainable urban developments. The Ascendas-Singbridge Group offers real estate solutions, from development and project management to facilities and estate management, as well as property investments and fund management. The Ascendas-Singbridge Group's real estate portfolio comprises mainly business parks, logistics properties, data centres, industrial facilities, offices and hospitality properties. The Ascendas-Singbridge Group has capabilities across the full real estate value chain – developing, owning, operating and managing properties. Ascendas-Singbridge Group's business presence spans 11 countries including Singapore, China, India, Australia<sup>17</sup> and the United States of America.

Given the business profile of the Target Companies with their operations in distinct segments, we consider it appropriate to consider the value of each of the Target Companies' segments to arrive at a preliminary view on the aggregate value of the Target Companies on a sum-of-the-parts (“SOTP”) basis (together the “**Target Companies SOTP Valuation**”).

For the purposes of determining the Target Companies SOTP Valuation, we separate the portfolio of property assets that the Target Companies own and manage into the following segments:

- (i) investment portfolio (“**Investment Properties**”);
- (ii) development portfolio (“**Development Properties**”);
- (iii) fund and property management business (“**Fund Management**”);
- (iv) stakes in listed funds (“**Listed Funds**”); and
- (v) others (“**Others**”).

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<sup>17</sup> The carrying values of the Australian Assets are not included as part of the Target Companies SOTP Valuation



We have set out in Table 1 a summary of the Target Companies SOTP valuation:

**Table 1. Target Companies SOTP Valuation summary<sup>(1)</sup>**

Segments	Implied value (S\$ million)	
	<u>Lower bound</u>	<u>Upper bound</u>
Investment Properties	7,423	7,423
Development Properties	267	267
Fund Management	1,180	1,267
Listed Funds	2,172	2,172
<b>Total (SOTP)</b>	<b>11,042</b>	<b>11,129</b>
Net debt (as at 30 September 2018)	(3,422)	(3,422)
Non-controlling interests (as at 30 September 2018)	(315)	(315)
Other assets (as at 30 September 2018)	950	950
Other liabilities (as at 30 September 2018)	(1,638)	(1,638)
<b>Total (Others)</b>	<b>(4,425)</b>	<b>(4,425)</b>
<b>Equity value</b>	<b>6,617</b>	<b>6,704</b>

(1) Figures may not add up due to rounding

We have arrived at a valuation range for the Target Companies SOTP Valuation, rather than a single specific value, as this will provide a more objective measure taking into account, inter alia, market price volatility of the Target Companies unlisted businesses and stakes in listed entities which are sensitive to general stock market and economic conditions.

We note that the Consideration is below the estimated Target Companies SOTP Valuation range of S\$6,617 million to S\$6,704 million.

We have utilised a number of valuation approaches in order to attribute a value to each segment within the Target Companies as set out in Table 2. Further details on the valuation of each segment are provided in the subsequent sections of this Letter.

**Table 2. Target Companies SOTP Valuation methodology**

Segment	Description	Methodology
<b>Investment Properties</b>	<ul style="list-style-type: none"> <li>Comprises principally completed buildings, properties being constructed or developed for future rental and land that is held for a currently undetermined future use</li> <li>Investment properties held under unlisted investments in JVs and associates</li> </ul>	<ul style="list-style-type: none"> <li>Carrying values of the completed investment properties and investment properties under development based on the Target Companies' management accounts as at 30 September 2018 adjusted for the following: <ul style="list-style-type: none"> <li>Deconsolidation of A-HTRUST from the investment properties</li> <li>The carrying values of the Sydney office buildings at 100 Arthur Street and 66 Goulburn Street (together the "Australian Assets")</li> </ul> </li> <li>Carrying values of investments in JVs and associates based on the Target Companies' management accounts as at 30 September 2018 adjusted for the book value of the Target Companies' stake in Ascendas Reit and a-iTrust as at 30 September 2018</li> <li>Addition of the fair value uplift from the valuations conducted by the Independent Valuers in respect of the Investment Properties as at 31 January 2019</li> </ul>
<b>Development Properties</b>	<ul style="list-style-type: none"> <li>Properties acquired or being constructed for sale in the ordinary course of business held (1) within the Target Companies' balance sheet and (2) within unlisted investments in JV and associates</li> </ul>	<ul style="list-style-type: none"> <li>Carrying values based on the Target Companies' management accounts as at 30 September 2018</li> </ul>
<b>Funds Management</b>	<ul style="list-style-type: none"> <li>Fund and property management platform where the Target Companies hold their real estate assets in partnership with investors and receives asset and property management fees, and development, acquisition / divestment and performance fees</li> </ul>	<ul style="list-style-type: none"> <li>Trading and transaction multiples of comparable real estate fund / property managers</li> </ul>
<b>Listed Funds</b>	<ul style="list-style-type: none"> <li>The Target Companies' stakes in listed entities, namely, Ascendas Reit, a-iTrust, and A-HTRUST</li> </ul>	<ul style="list-style-type: none"> <li>Market value of the Target Companies' stakes in the listed funds as at the Latest Practicable Date</li> </ul>
<b>Others</b>	<ul style="list-style-type: none"> <li>Net debt: Total debt less the cash and cash equivalents of the Target Companies</li> <li>Non-controlling interests</li> <li>Other assets: Property, plant and equipment, intangible assets, available for sale financial assets, deferred tax assets, trade and other receivables, deposits, derivative financial instruments, consumables, prepayments and other non-current assets</li> <li>Other liabilities: Trade and other payables, income tax liabilities, derivative financial instruments, loan from non-controlling interests, deferred income, provision for the payout of the estimated permitted dividend to the Vendor and deferred tax liabilities</li> </ul>	<ul style="list-style-type: none"> <li>Carrying values based on the Target Companies management account as at 30 September 2018 adjusted for the exclusion of the Australian Assets and the deconsolidation of A-HTRUST from the balance sheet of the Target Companies</li> </ul>

The Audit Committee and the Independent Directors should note that a discount may be applied on the Target Companies SOTP Valuation of a diversified business such as that of the Target Companies for various reasons including the unallocated overhead costs of the Target Companies. In an efficient capital market, investors can generally diversify more effectively by purchasing a portfolio of stocks of focused firms as compared to purchasing stocks of a diversified business investing in a range of diverse businesses. A valuation discount may also be applied as diversified businesses are generally believed to use capital less efficiently. In arriving at the Target Companies SOTP Valuation above, we have not applied any discount as the quantification of such discount is highly subjective. The discount is dependent on, inter alia, the size and extent of business diversification or synergies (if any) and the requirement for additional management as compared to standalone businesses.

We note the above Target Companies SOTP Valuation range includes the Revalued Net Asset Value (“**RNAV**”) and carrying value metrics of the Investment Properties and the Development Properties. The Audit Committee and the Independent Directors should note that the analysis assumes the hypothetical sale of all the property assets and businesses of the Target Companies as at 31 January 2019. The analysis thus assumes, inter alia, the existence of ready and committed buyer(s) for each asset, and that the sale can be conducted efficiently without any timing constraint and without regard to other relevant market factors that may affect the sale process. The Audit Committee and Independent Directors should also evaluate the analysis above in conjunction with the contents of paragraph 3.2.2.2 of this Letter for further details on the basis and assumptions of the RNAV analysis.

In addition, as part of the Target Companies SOTP Valuation, we utilise historical share price and trading activity. We wish to highlight that a control premium may be imputed on the market valuation of the Target Companies businesses as a result of majority ownership. We have however not applied any control premium as the quantification of such premium is highly subjective. We note that implied P/E and P/NAV multiples and market values of listed entities are and will continue to be affected to varying extents by changes in, inter alia, market, economic, political, industry, monetary and other general macroeconomic conditions as well as company-specific factors. Accordingly, the historical P/E and P/NAV multiples should not be relied upon as a promise of the future performance of the Target Companies.

In addition, as part of the Target Companies SOTP Valuation, we utilise precedent transaction analysis. The selected precedent transactions are provided for illustrative purposes only. The selected precedent transactions and the acquired companies may not be directly comparable and may vary with respect to, amongst other factors, the geographical spread of activities, business mix and model, scale of operations, asset intensity, accounting policies, risk profile, track record and future prospects. Accordingly, the selected precedent transactions may not provide a meaningful basis for valuation comparison. We further wish to highlight that underlying financial data used to calculate the P/E and P/NAV in our analysis have been extracted from the relevant companies’ financials, Bloomberg and Factset as at the relevant announcement date of each transaction as well as publicly available information. Rothschild & Co has not independently verified (nor have we assumed responsibility or liability for independently verifying) or ascertained and makes no representations or warranties, express or implied, on the accuracy or completeness of such information.

Similarly, we have not taken into account any premium that may arise from a controlling stake in the Target Companies including the potential synergies of the Enlarged Group. In particular, for purposes of conducting the Target Companies SOTP Valuation, we have relied solely upon and assumed the accuracy and completeness of all information that was furnished to or discussed with us by the Company or otherwise reviewed by or for us, and we have not independently verified (nor have we assumed any responsibility or liability for independently verifying such information) any such information or its accuracy or completeness. We do not assume any responsibility for the financial analyses, bases of the valuations and the contents of the information that was furnished to or discussed with us by the Company and whether each of the foregoing has been prepared in accordance with all applicable legal and regulatory requirements, including Rule 26 of the Code. We have not conducted any valuation or appraisal of any assets or liabilities of the Target Companies. In relying on the financial analyses provided to us, we have assumed, inter alia, that they have been reasonably prepared based on the financial statements of the Target Companies to which such analyses relate. We express no view as to such analyses or the assumptions on which they were based. As a consequence, potentially significant differences from the conclusions set out in this Letter could result from any inaccuracies, errors or omissions in the data, documentation or information provided to us.

### **3.2.2.2 Investment Properties**

Investment Properties of the Target Companies comprise principally completed buildings, properties being constructed or developed for future rental and land that is held for a currently undetermined future use. Such properties are held for long-term rental yields and capital appreciation. The Target Companies' Investment Property portfolio comprises properties spanning Singapore, China, India, South Korea, Vietnam and USA.

For the purposes of the Target Companies SOTP Valuation, we have considered the carrying values, as at 30 September 2018, of both the Target Companies' portfolio of completed investment properties and investment properties under-development together with the carrying values of the Target Companies' JV and minority investments in unlisted funds as part of the Investment Properties segment. The carrying values of the Investment Properties as at 30 September 2018 have been adjusted for the deconsolidation of A-HTRUST as well as for the carrying values of the Australian Assets based on the Target Companies' balance sheet as at 30 September 2018. We have then added the fair value uplift from the valuations performed by the Independent Valuers with respect to the Investment Properties.

RNAV is a common method of valuing real assets at their market or realisable value, which may exceed their historical cost. RNAV is typically used to revalue property-related assets that are held by property investors and developers, which may be carried in the accounts at either historical cost or on a revalued basis, depending on the relevant accounting standards adopted. The market values would typically be calculated by expert valuers on the basis of market benchmarks and/or by discounting future cash flows.

We note that the carrying values of the Target Companies investment property portfolio are based on the Independent Valuer's appraisal as at 31 January 2019 and as set out in the Valuation Summary in Appendix II of the Circular. Hence, the carrying values of these assets are taken to be a proxy for RNAV. It should be noted that the Company has commissioned independent valuations for properties held by the Target Companies whose carrying values in aggregate comprise more than 90.0% of the total aggregate carrying value of investment properties held by the Target Companies as at 30 September 2018.

We note that certain assets within the Investment Properties portfolio are subject to development risks among other factors and that the expected profits and cash flows from these assets will only be realised over a number of years in the future. As such, we have chosen to value these assets based on their carrying value in the absence of additional information pertaining to the timing and certainty of future profits and cash flows.

We have not applied earnings based multiples such as EV/EBITDA and P/E as the related metrics (EBITDA or Net Income) are not publicly available for the Investment Properties segment. We have also not applied P/B and P/RNAV multiples as there are limited comparable publicly traded companies or comparable precedent transactions making it difficult to quantify an appropriate premium or discount to carrying value or RNAV to such investment properties portfolio.

We set out the carrying value of the assets under the Investment Properties segment of approximately S\$7,423 million as in Table 3.

**Table 3. Valuation summary of the Investment Properties segment**

<b>Investment property portfolio</b>	<b>Total (S\$ million)</b>
<b>Investment properties as at 30 September 2018</b>	
Investment properties – completed <sup>(1), (2), (3)</sup>	5,144
Investment properties – under development <sup>(1)</sup>	2,129
<b>Sub-total (Investment properties)</b>	<b>7,273</b>
Valuation uplift from independent appraisal (on a pro-rata basis) <sup>(4)</sup>	150
<b>Total Investment Properties segment</b>	<b>7,423</b>

**Source** Independent Valuers, Target Companies 30 September 2018 balance sheet

- (1) Includes the Target Companies' portfolio of completed investment properties and investment properties under-development together with the Target Companies' interests in JV and minority investments in unlisted funds
- (2) Excludes property value of the Australian Assets
- (3) Adjusted for the deconsolidation of A-HTRUST from the investment properties
- (4) Fair value uplift from the carrying values of the completed Investment Properties as at 30 September 2018

We have placed sole reliance on publicly available information as well as certain non-public information provided by the Company and do not assume any responsibility to inquire about the bases of such information or if the contents thereof have been prepared in accordance with all applicable legal and regulatory requirements, including Rule 26 of the Code. In relying on the financial analyses provided to us, we have assumed, inter alia, that they have been reasonably prepared based on the financial statements of the Company to which such analyses relate. We express no view as to such analyses or the assumptions on which they were based. Rothschild & Co has not independently verified (nor have we assumed responsibility or liability for independently verifying) or ascertained and makes no representations or warranties, express or implied, on the accuracy or completeness or adequacy of such information.

### 3.2.2.3 Development Properties

The Target Companies' Development Properties comprise properties under development and properties held for sale. Properties under development refer to properties acquired or being constructed for sale in the ordinary course of business. Properties held for sale refer to completed properties which are intended to eventually be sold.

For the purpose of valuing the Development Properties segment, we have taken the carrying values of the properties under development and properties held for sale based on the Target Companies' balance sheet as at 30 September 2018 which includes the carrying values of the properties under development and properties held for sale held by the Target Companies' JV investments and investments in associate companies.

We note that assets within the Development Properties portfolio are subject to development risks among other factors and that the expected profits and cash flows from these assets will only be realised over a number of years in the future. As such, we have chosen to value these assets based on their carrying value in the absence of additional information pertaining to the timing and certainty of future profits and cash flows.

We have not applied earnings based multiples such as EV/EBITDA and P/E as the related metrics (EBITDA or Net Income) are not publicly available for the Development Properties segment. We have also not applied P/B and P/RNAV multiples as there are limited comparable publicly traded companies or comparable precedent transactions making it difficult to quantify an appropriate premium or discount to carrying value or RNAV to such development assets.

We set out the carrying value of the assets under the Development Properties segment of approximately S\$267 million as in Table 4.

**Table 4. Gross property value calculation (Development Properties segment)**

<b>Development Properties segment</b>	<b>S\$ million</b>
Development properties <sup>(1)</sup>	267
<b>Development Properties segment</b>	<b>267</b>

Source Target Companies 30 September 2018 balance sheet

(1) Includes the development properties held-for-sale on the Target Companies balance sheet and the properties under development and properties held for sale held by the Target Companies' JV investments and investments in associate companies

#### 3.2.2.4 Fund Management

The Target Companies Fund Management business collectively manages listed funds and private funds with a total assets under management of S\$16.3 billion as at 31 December 2018. The Fund Management business holds real estate assets in partnership with global investors and receives asset and property management fees, development, acquisition / divestment and performance fees.

- (a) listed funds: The Target Companies manage three funds listed on the SGX-ST, namely:
  - i. Ascendas Reit;
  - ii. a-iTrust; and
  - iii. A-HTRUST.
- (b) private funds: The Target Companies manage capital from partners which include global pension funds, insurance funds, institutional multimanageres, corporates and sovereign wealth funds. The Ascendas-Singbridge Group has seven private funds as shown in Table 5.

**Table 5. Private funds summary**

#	Fund	Investment mandate
1	Ascendas China Business Parks Fund 4	Business park and industrial assets in China's key cities
2	Ascendas India Growth Programme	Business park assets in India's key cities
3	Ascendas India Logistics Programme	Logistics and industrial assets in India's key cities
4	Ascendas Korea Office Private Real Estate Investment Trust 1	Office building in South Korea
5	Ascendas Korea Office Private Real Estate Investment Trust 2	Office building in South Korea
6	Ascendas Korea Office Private Real Estate Investment Trust 3	Office building in South Korea
7	Ascendas Korea Office Private Real Estate Investment Trust 5	Office building in South Korea

Source Public information

We have conducted our analysis on the basis of P/E as the key parameter, and applied a net income margin to the LTM 30 September 2018 fund management and property management fees of the Fund Management segment of approximately S\$159 million. The median net income margin range for selected listed companies as set out in Table 7 (the “**Selected Fund Management Comparable Companies**”) and selected transactions in Singapore involving the acquisition of fund management companies as set out in Table 9 (the “**Selected Fund Management Precedent Comparable Transactions**”) is 28.1% to 52.9%.

We considered the valuation ratios of Selected Fund Management Comparable Companies principally engaged in fund management and which are, in our opinion, broadly comparable to the Fund Management segment of the Company. A summary profile of the Selected Fund Management Comparable Companies is set out in Table 6:

**Table 6. Brief description of the Selected Fund Management Comparable Companies**

Company	Country	Company description	Market Cap, (US\$ million) <sup>(1)</sup>
Blackstone	USA	<ul style="list-style-type: none"> <li>Engages in the provision of investment and fund management services across private equity, real estate, hedge fund solutions and credit</li> <li>Blackstone's real estate team is one of the largest real estate investment managers in the world with approximately 25% of its FY2018 management fees are generated from real estate</li> </ul>	21,694
Charter Hall	Australia	<ul style="list-style-type: none"> <li>Manages real estate investment funds and develops commercial, residential and industrial properties</li> <li>Operates through two main segments namely (1) Property Investments segment and (2) Property Funds Management segment</li> </ul>	3,053
Cohen & Steers	USA	<ul style="list-style-type: none"> <li>Holding company which operates as an investment manager with focus only on real estate-related securities</li> <li>Manages various investment vehicles which include institutional accounts, open-end funds, and closed-end funds</li> </ul>	1,952

Source Public information, Factset (as at the Latest Practicable Date)

(1) Market capitalisation is calculated based on share prices from Factset as at the Latest Practicable Date, multiplied by the fully diluted shares outstanding of the relevant company derived from Factset as at the Latest Practicable Date

**Table 7. Selected Fund Management Comparable Companies<sup>(1)</sup>**

Company (Country)	Share price	MC	P/E	NI margin	EqV/AUM
	local	US\$bn	Sep 18	Sep 18	Sep 18
<b>Fund management companies</b>					
Blackstone (US)	US\$ 32.94	21.7	11.8x	20.9%	4.8%
Charter Hall (AU) <sup>(2)</sup>	A\$ 9.31	3.1	16.5x	96.8%	16.5%
Cohen & Steers (US)	US\$ 41.34	2.0	18.0x	28.1%	3.2%
<b>Average</b>			<b>15.4x</b>	<b>48.6%</b>	<b>8.2%</b>
<b>Median</b>			<b>16.5x</b>	<b>28.1%</b>	<b>4.8%</b>
<b>Minimum</b>			<b>11.8x</b>	<b>20.9%</b>	<b>3.2%</b>
<b>Maximum</b>			<b>18.0x</b>	<b>96.8%</b>	<b>16.5%</b>

Source Public information, Bloomberg, Factset

- (1) Market capitalisation is calculated based on share price from Bloomberg as at the Latest Practicable Date, multiplied by the fully diluted shares outstanding of the relevant company and foreign exchange rates derived from Bloomberg. Enterprise value is the sum of the relevant company's market capitalisation, preferred equity, minority interests, short and long term debt less its cash and cash equivalents
- (2) Charter Hall's financial information is shown as at 31 December 2018

**We wish to highlight that the Selected Fund Management Comparable Companies are not exhaustive and they differ from the Target Companies Fund Management segment in terms of, inter alia, size of operations, composition of business activities, asset base, geographical spread, track record, financial performance, operating and financial leverage, risk profile, liquidity, accounting policies, future prospects and other relevant criteria which can render certain trading multiples analyses to be less meaningful. Accordingly, the above comparison with the Selected Fund Management Comparable Companies is for illustrative purposes only and may not be directly comparable to the Target Companies.**

**We wish to further highlight that underlying financial data used to calculate the valuation multiples in our analysis have been extracted from Bloomberg, Factset, published financial statements and annual reports and research analyst reports of the Selected Fund Management Comparable Companies as at the Latest Practicable Date. Rothschild & Co makes no representations or warranties, express or implied, on the accuracy or completeness of such information.**

The summary description of the targets selected for our analysis is set out in Table 8:

**Table 8. Brief description of fund management target companies**

Date	Target	Company description	Country
14 July 2017	Global Logistic Properties (FM business)	<ul style="list-style-type: none"> <li>One of the world's largest real estate fund managers with assets under management of US\$39 billion</li> </ul>	Singapore
4 August 2016	ARA Asset Management	<ul style="list-style-type: none"> <li>Integrated real estate fund manager focused on the management of REITs and private real estate funds in Asia, with approximately S\$36 billion in assets under management</li> </ul>	Singapore

Source Public information



As part of our analysis on the valuation of the Fund Management segment, we have also reviewed the Selected Fund Management Precedent Transactions as outlined in Table 9

**Table 9. Selected Fund Management Precedent Transactions**

Date	Country	Bidder	Target	EqV	(x) P / LTM	Net income	(x) EV /	EqV /
				\$m	Earnings	margin (%)	LTM EBIT	AUM (%)
<b>Selected Fund Management Precedent Transactions</b>								
July 2017	SG	Consortium (Hopu, Hillhouse, others)	Global Logistic Properties <sup>(1)</sup>	1,156	17.5x	50.0%	n/a	2.2%
August 2016	SG	Consortium (AVIC Trust & Warburg Pincus)	ARA Asset Mgmt	1,775	17.9x	55.8%	16.3x	5.0%
<b>Average</b>					<b>17.7x</b>	<b>52.9%</b>	<b>16.3x</b>	<b>3.6%</b>
<b>Median</b>					<b>17.7x</b>	<b>52.9%</b>	<b>16.3x</b>	<b>3.6%</b>
<b>Minimum</b>					<b>17.5x</b>	<b>50.0%</b>	<b>16.3x</b>	<b>2.2%</b>
<b>Maximum</b>					<b>17.9x</b>	<b>55.8%</b>	<b>16.3x</b>	<b>5.0%</b>

Source Public information, company filings, Bloomberg, Factset

(1) Reflects the multiples and net income margins of Global Logistic Properties ("GLP")'s fund management business as stated in the IFA letter of the GLP scheme document

**The Selected Fund Management Precedent Transactions are provided for illustrative purposes only. The Selected Fund Management Precedent Transactions and target companies may not be directly comparable with the acquisition of the Target Companies' Fund Management segment, and may vary in terms of, inter alia, capital structure, business mix, size of operations, geographical operations, financial performance, risk profile, growth profile, future prospects, accounting policies and other relevant criteria. Accordingly, the above precedent transactions may not provide a meaningful basis for valuation comparison.**

**We further wish to highlight that the underlying financial data used to calculate the valuation ratios in our analysis has been extracted from the relevant target companies' financial statements, Bloomberg, Factset and other relevant information sources. Rothschild & Co makes no representations or warranties, express or implied, on the accuracy or completeness of such information.**

**Table 10. Valuation of the Fund Management segment**

Fund Management segment		S\$ million
Fund and property management revenue <sup>(1)</sup> (LTM 30 September 2018)		159.1
Net income margin		45.0%
<b>Net income</b>		<b>71.6</b>
	<u>Lower bound</u>	<u>Upper bound</u>
P/E multiple <sup>(2)</sup>	16.5x	17.7x
<b>Equity value of the Fund Management segment</b>	<b>1,180</b>	<b>1,267</b>

(1) Comprises fund management and trustee income of S\$99 million from the Ascendas Listed Trusts and co-investment platforms, other revenue of S\$10 million including agency and consultancy income and S\$50 million of revenue from property management and other consultancy services

(2) The median P/E range for the Selected Fund Management Comparable Companies and the Selected Fund Management Precedent Transactions is 16.5x – 17.7x

Based on discussions with Management and following our review of the LTM September 2018 income statement of the Target Companies provided to us by the Company, we note that the fund and property management revenue as at LTM September 2018 is S\$159.1 million and the net income margin is 45.0%. We also note that this falls within the median net income margin range based on the Selected Fund Management Comparable Companies and the Selected Fund Management Precedent Transactions of 28.1% to 52.9%.

In our analysis of valuing the Fund Management segment, we have adopted a P/E multiple approach, applied to the Fund Management net income as at LTM September 2018 as outlined below:

- (i) we have used Management’s guidance on the Fund Management segment to derive a net income of approximately S\$71.6 million for the Fund Management segment. We then applied a P/E multiple range of 16.5x – 17.7x to the net income. Taking into account the parameters set out above in Table 10, the implied valuation of the Fund Management segment ranges from approximately S\$1,180 million to S\$1,267 million.

**We have placed sole reliance on such information provided to us by the Company and do not assume any responsibility to inquire about the bases of such information or if the contents thereof have been prepared in accordance with all applicable legal and regulatory requirements, including Rule 26 of the Code. In relying on the financial analyses provided to us by the Management, we have assumed, inter alia, that they have been reasonably prepared based on assumptions reflecting the best available estimates and judgements by Management as to the estimated future cash flows referred to above. We express no view as to such analyses or the assumptions on which they were based. Rothschild & Co has not independently verified (nor have we assumed responsibility or liability for independently verifying) or ascertained and makes no representations or warranties, express or implied, on the accuracy or completeness or adequacy of such information.**

### 3.2.2.5 Listed Funds

The Target Companies own minority stakes in three listed entities, namely Ascendas Real Estate Investment Trust ("**Ascendas Reit**"), Ascendas India Trust ("**a-iTrust**") and Ascendas Hospitality Trust ("**A-HTRUST**", and collectively with Ascendas Reit and a-iTrust, the "**Ascendas Listed Trusts**"), which are listed on the SGX-ST.

The Ascendas Listed Trusts have been valued based on the market values of the Target Companies’ pro-rata equity interest in these listed entities based on the 1-month volume-weighted average price ("**VWAP**") of the shares of each of the Ascendas Listed Trusts up to the Latest Practicable Date (inclusive). We have not applied control premia to these market values as the Target Companies shareholding in these listed entities are minority in nature.

The implied valuation of the Listed Funds segment is approximately S\$2,172 million as set out in Table 11.

**Table 11. Market value of the Listed Funds segment**

Listed funds	Stake <sup>(1)</sup> (%)	Market value <sup>(2)</sup> (S\$m)	Attributable value to Target Companies (S\$m)
Ascendas Reit	18.9%	8,640	1,636
a-iTrust	22.6%	1,178	266
A-HTRUST	27.8%	970	270
<b>Total (S\$m)</b>			<b>2,172</b>

Source Public information, Bloomberg, Factset

- (1) Percentage stake held by the Target Companies in each of the Ascendas Listed Trusts as at the following dates – Ascendas Reit (17 December 2018); a-iTrust (30 October 2018); and A-HTRUST (2 November 2018)
- (2) Market value calculated based on 1-month VWAP prior up to the Latest Practicable Date (inclusive): 6 February 2019 to 8 March 2019, multiplied by the fully diluted shares outstanding of the relevant company derived from Factset as at the Latest Practicable Date

**We further wish to highlight that the underlying financial data used to calculate the valuation ratios in our analysis has been extracted from the relevant target companies’ financial statements, Bloomberg, Factset and other relevant information sources. Rothschild & Co makes no representations or warranties, express or implied, on the accuracy or completeness of such information.**

### 3.2.2.6 Others

The Others segment comprises the following:

- (i) net debt: Total debt of the Target Companies (excluding debt attributable to the Australian Assets) less cash and cash equivalents;
- (ii) non-controlling interests;
- (iii) other assets: Property, plant and equipment, intangible assets, available for sale financial assets, deferred tax assets, trade and other receivables, deposits, derivative financial instruments, consumables, prepayments and other non-current assets; and
- (iv) other liabilities: Trade and other payables, income tax liabilities, derivative financial instruments, loan from non-controlling interests, deferred income, provision for the payout of the estimated permitted dividend to the Vendor and deferred tax liabilities.

For the Others segment, we assume the carrying values provided on the Target Companies' balance sheet as at 30 September 2018 of approximately S\$4,425 million as the basis for valuation as set out in Table 12.

**Table 12. Carrying value of the Others Segment (as at 30 September 2018)**

Others segment	S\$ million
Net debt <sup>(1)</sup>	(3,422)
Non-controlling interests	(315)
Other assets <sup>(2)</sup>	950
Other liabilities <sup>(3), (4)</sup>	(1,638)
<b>Total</b>	<b>(4,425)</b>

Source Target Companies 30 September 2018 balance sheet, Management information

- (1) Excludes S\$326 million of debt attributable to the Australian Assets which are not part of the Proposed Transaction
- (2) Includes property, plant and equipment, intangible assets, available for sale financial assets, deferred tax assets, trade and other receivables, deposits, derivative financial instruments, consumables, prepayments and other non-current assets
- (3) Includes trade and other payables, income tax liabilities, derivative financial instruments, loan from non-controlling interests, deferred income, deferred tax liabilities and cumulative redeemable preference shares
- (4) Adjusted for the provision for the payout of the estimated permitted dividend to the Vendor for the period between 1 April 2018 to 30 September 2018

**We have placed sole reliance on such information provided to us by the Company and do not assume any responsibility to inquire about the bases of such information or if the contents thereof have been prepared in accordance with all applicable legal and regulatory requirements, including Rule 26 of the Code. In relying on the financial analyses as reported in the Target Companies management account, we have assumed, inter alia, that they have been reasonably prepared based on the financial statements of the Company to which such analyses relate. We express no view as to such analyses or the assumptions on which they were based. Rothschild & Co has not independently verified (nor have we assumed responsibility or liability for independently verifying) or ascertained and makes no representations or warranties, express or implied, on the accuracy or completeness or adequacy of such information.**

### 3.2.3 Trading multiples and precedent transactions analysis

In evaluating the Proposed Consideration in connection with the Proposed Transaction, we have also examined the financial performance, financial position and valuation statistics of selected comparable diversified real estate companies that may, in our view, be broadly comparable to the Target Companies (the “**Selected Comparable Companies**”) as well as precedent transactions in Singapore involving the acquisition of diversified real estate companies for which information is publicly available (the “**Selected Precedent Transactions**”).

We have considered the following multiples for the Selected Comparable Companies and Selected Precedent Transactions with respect to multiples implied by the Proposed Consideration:

- (i) Price/Earnings (P/E); and
- (ii) Price/NAV (P/NAV).

The summary description of the Selected Comparable Companies we have reviewed for our analysis is set out in Table 13:

**Table 13. Brief description of the Selected Comparable Companies**

Company	Country	Company description	Market Cap. (US\$ million) <sup>(1)</sup>
CapitaLand Limited	Singapore	<ul style="list-style-type: none"> <li>• One of Asia’s largest real estate companies</li> <li>• Headquartered and listed in Singapore, it is an owner and manager of a global real estate portfolio with AUM of over S\$100 billion as at 31 December 2018, comprising integrated developments, shopping malls, lodging, offices, homes and interests in real estate investment trusts (REITs) and funds</li> <li>• CapitaLand is across more than 180 cities in over 30 countries</li> </ul>	10,789
City Developments Limited	Singapore	<ul style="list-style-type: none"> <li>• Global real estate operating company with a network spanning 100 locations in 28 countries and regions</li> <li>• Diverse portfolio comprises residences, offices, hotels, serviced apartments, integrated developments and shopping malls</li> </ul>	5,902
Frasers Property	Singapore	<ul style="list-style-type: none"> <li>• Integrated property company with businesses in Singapore, Australia, Southeast Asia, China and Europe, and with a hospitality footprint spanning over 80 cities across Asia Pacific, Europe, Middle East and North Africa</li> <li>• Has an AUM of approximately S\$33 billion as at 31 December 2018</li> </ul>	3,674

**Source** Public information, Factset (As at the Latest Practicable Date)

(1) Market capitalisation is calculated based on share prices from Factset as at the Latest Practicable Date, multiplied by the fully diluted shares outstanding of the relevant company derived from Factset as at the Latest Practicable Date

We wish to also highlight that given the nature of the Target Companies, there is a lack of true comparable companies that can be used in our analysis. We have also considered listed comparable companies within other geographies as well (e.g. Australia, Hong Kong). However, due to some differences within the real estate market dynamics across these geographies, the multiples of these companies from these geographies may not be exactly comparable to the Target Companies and hence, have not been used to triangulate the Target Companies’ valuation.

**Table 14. Selected Comparable Companies<sup>(1)</sup>**

Company (Country)	Share price	MC	P/E	P/NAV
	local	US\$m	Sep 18	Latest
<b>Selected Comparable Companies</b>				
CapitaLand (SG)	S\$ 3.43	10,789	13.1x	0.8x
CDL (SG)	S\$ 8.82	5,902	13.0x	0.8x
Frasers (SG)	S\$ 1.71	3,674	13.4x	0.7x
<b>Average</b>			<b>13.2x</b>	<b>0.7x</b>
<b>Median</b>			<b>13.1x</b>	<b>0.8x</b>

Source Factset, Bloomberg, Company filings

(1) Net income of the Selected Comparable Companies adjusted for fair value gains and losses from investment properties

We wish to highlight that the Selected Comparable Companies are not exhaustive and they differ from the Target Companies in terms of, inter alia, size of operations, composition of business activities, asset base, geographical spread, track record, financial performance, operating and financial leverage, risk profile, liquidity, accounting policies, future prospects and other relevant criteria which can render certain trading multiples analyses to be less meaningful. Accordingly, the above comparison with the Selected Comparable Companies is for illustrative purposes only and may not be directly comparable to the Target Companies.

We wish to further highlight that underlying financial data used to calculate the valuation multiples in our analysis have been extracted from Bloomberg, Factset, published financial statements and annual reports and research analyst reports of the Selected Comparable Companies as at the Latest Practicable Date. Rothschild & Co make no representations or warranties, express or implied, on the accuracy or completeness of such information.

The summary description of the targets selected for our analysis is set out in Table 15:

**Table 15. Brief description of the target companies**

Date	Target	Company description	Country
14 July 2017	Global Logistic Properties	<ul style="list-style-type: none"> <li>Prior to the privatisation, GLP was the leading provider of modern logistics facilities in China, Japan, the US and Brazil</li> <li>GLP's property portfolio comprised 55 million square metres strategically located across 117 cities, forming an efficient logistics network which served more than 4,000 customers</li> </ul>	Singapore
14 April 2014	CapitaMalls Asia	<ul style="list-style-type: none"> <li>Owned, developed and managed shopping malls</li> <li>The company had an integrated shopping mall business model encompassing retail real estate investment, development, mall operations, asset management and fund management capabilities</li> </ul>	Singapore

Source Public information

As part of our trading multiples and precedent transactions analysis, we have also reviewed the Selected Precedent Transactions as outlined in Table 16

**Table 16. Selected Precedent Transactions**

Date	Country	Bidder	Target	Market cap.	P/LTM	P/NAV
				S\$m	Earnings (x)	(x)
<b>Selected Precedent Transactions</b>						
July 2017	Singapore	Consortium (Hopu, Hillhouse, others)	Global Logistic Properties	22,498	20.0x	1.8x
April 2014	Singapore	CapitaLand	CapitaMalls Asia	10,881	15.3x	1.3x
<b>Average</b>					<b>17.6x</b>	<b>1.6x</b>
<b>Median</b>					<b>17.6x</b>	<b>1.6x</b>

Source Factset, Bloomberg, Company filings

The Selected Precedent Transactions are provided for illustrative purposes only. The Selected Precedent Transactions and target companies may not be directly comparable with the acquisition of the Target Companies, and may vary in terms of, inter alia, capital structure, business mix, size of operations, geographical operations, financial performance, risk profile, growth profile, future prospects, accounting policies and other relevant criteria. Accordingly, the above precedent transactions may not provide a meaningful basis for valuation comparison.

We further wish to highlight that the underlying financial data used to calculate the valuation ratios in our analysis has been extracted from the relevant target companies' financial statements, Bloomberg, Factset and other relevant information sources. Rothschild & Co makes no representations or warranties, express or implied, on the accuracy or completeness of such information.

As set out in Table 17, we consider the P/E and P/NAV multiples as implied by the Proposed Consideration based on discussions with Management and our review of the LTM September 2018 financial statements provided to us by the Company.

**(i) Implied P/E multiple**

The Target Companies net income as at LTM September 2018, excluding the net income contribution of the Australian Assets, of S\$515.6 million is adjusted for fair value gains to get to an adjusted net income figure of S\$355.9 million. We note that the Proposed Consideration of S\$6,035.9 million implies a 17.0x P/E multiple.

**(ii) Implied P/NAV multiple**

We note that the Proposed Consideration of S\$6,035.9 million implies a 1.2x P/NAV multiple when compared to the adjusted NAV of the Target Companies as at 30 September 2018 of S\$4,846.6 million, as reflected in Table 17.

**Table 17. Proposed Consideration implied multiples**

Derivation of Proposed Consideration implied multiples		S\$ million
<b>Implied P/E multiple calculation</b>		
Target Companies net income (LTM September 2018)		515.6
Adjustments for fair value gains		(159.7)
<b>Adjusted net income</b>		<b>355.9</b>
Proposed Consideration		6,035.9
<b>Implied P/E multiple</b>		<b>17.0x</b>
<b>Implied P/NAV multiple calculation</b>		
<b>Adjusted NAV <sup>(1)</sup></b>		<b>4,846.6</b>
Proposed Consideration		6,035.9
<b>Implied P/NAV multiple</b>		<b>1.2x</b>

Source Management guidance, Target Companies LTM September 2018 financials

- (1) Adjusted for the asset value of the Australian Assets less borrowings and the provision for the payout of the estimated permitted dividend to the Vendor for the period between 1 April 2018 to 30 September 2018

As set out in Table 18, we observe that the implied P/E multiple of 17.0x is within the range of the minimum and maximum P/E multiples of 13.0x to 20.0x and the implied P/NAV multiple of 1.2x is within the range of the minimum and maximum P/NAV multiples of 0.7x to 1.8x of the Selected Comparable Companies and the Selected Precedent Transactions.

**Table 18. Trading multiples analysis<sup>(1), (2), (3)</sup>**

Company (Country)	Share price	Market cap.	P/E	P/NAV		
	local	US\$m	Sep 18	Latest		
<b>Selected Comparable Companies</b>						
CapitaLand (SG)	S\$ 3.43	10,789	13.1x	0.8x		
CDL (SG)	S\$ 8.82	5,902	13.0x	0.8x		
Frasers (SG)	S\$ 1.71	3,674	13.4x	0.7x		
<b>Median (Selected Comparable Companies)</b>			<b>13.1x</b>	<b>0.8x</b>		
Date	Country	Bidder	Target	Market cap. S\$m	P/LTM Earnings (x)	P/NAV (x)
<b>Selected Precedent Transactions</b>						
July 2017	Singapore	Consortium (Hopu, Hillhouse, others)	Global Logistic Properties	22,498	20.0x	1.8x
April 2014	Singapore	CapitaLand	CapitaMalls Asia	10,881	15.3x	1.3x
<b>Median (Selected Precedent Transactions)</b>					<b>17.6x</b>	<b>1.6x</b>
<b>Minimum (Selected Comparable Companies and Selected Precedent Transactions)</b>					<b>13.0x</b>	<b>0.7x</b>
<b>Maximum (Selected Comparable Companies and Selected Precedent Transactions)</b>					<b>20.0x</b>	<b>1.8x</b>
<b>Purchase Consideration Implied multiples</b>					<b>17.0x</b>	<b>1.2x</b>

Source Public information, Bloomberg, Factset, Company filings

- (1) Market capitalisation is calculated based on share prices from Factset as at the Latest Practicable Date, multiplied by the fully diluted shares outstanding of the relevant company derived from Factset as at the Latest Practicable Date
- (2) Net income of the Selected Comparable Companies is adjusted for fair value gains and losses from investment properties
- (3) Financial information reflects data for the LTM ended 30 September 2018

### 3.2.4 Pro forma financial impact of the proposed transaction

The pro forma financial effects of the Proposed Transaction on the CapitaLand Group and its assumptions are set out in paragraph 9 of the Circular. We recommend that the Independent Directors advise the IPT Independent Shareholders to read those pages of the Circular carefully. The financial effects of the Proposed Transaction have been extracted from paragraph 9 of the Circular and are set out in italic below:

#### **“9. Financial Effects of the Proposed Transaction**

*For illustrative purposes only, the financial effects of the Proposed Transaction on the (a) EPS; and (b) NTA per Share of the CapitaLand Group, based on (i) the audited consolidated financial statements of the CapitaLand Group for FY2018, being the most recently completed financial year for which financial statements are available; and (ii) the Target Companies' results that are derived from the management accounts for the period from 1 October 2017 to 30 September 2018 are set out below.*

#### 9.1 EPS

*The pro forma financial effects on the consolidated EPS of the CapitaLand Group, assuming the Proposed Transaction had been effected on 1 January 2018, are as follows:*

	<b>Before the Proposed Transaction</b>	<b>After the Proposed Transaction and the allotment and issuance of the Consideration Shares</b>
<i>EPS (Singapore cents)</i>	<i>42.1 <sup>(1)</sup></i>	<i>42.3 <sup>(2)</sup></i>

Note:

- (1) *Based on the weighted average number of Shares for the year ended 31 December 2018 of 4,191,313,831 Shares (excluding treasury shares).*
- (2) *Based on the aggregate of weighted average number of Shares for the year ended 31 December 2018 of 4,191,313,831 Shares (excluding treasury shares) and 862,264,714 Consideration Shares.*

#### 9.2 NTA per Share

*The pro forma financial effects on the consolidated NTA per Share of the CapitaLand Group as at 31 December 2018, assuming the Proposed Transaction had been effected on 31 December 2018, are as follows:*

	<b>Before the Proposed Transaction</b>	<b>After the Proposed Transaction and the allotment and issuance of the Consideration Shares</b>
<i>NTA per Share (S\$)</i>	<i>4.40 <sup>(1)</sup></i>	<i>4.04 <sup>(2)</sup></i>

Note:

- (1) *Based on the total number of 4,162,813,855 Shares in issue as at 31 December 2018 (excluding treasury shares).*
- (2) *Based on the aggregate of total number of 4,162,813,855 Shares in issue as at 31 December 2018 (excluding treasury shares) and 862,264,714 Consideration Shares.”*



For illustrative purposes only, we note from the table above that after the Completion of the Proposed Transaction, the pro forma earnings per Share (“EPS”) of the CapitaLand Group would increase from 42.1 Singapore cents to 42.3 Singapore cents. In addition, after the Completion of the Proposed Transaction, the pro forma NTA per share of the CapitaLand Group would decline from S\$4.40 to S\$4.04.

We wish to highlight that while the Proposed Transaction will lead to a higher EPS and a lower NTA per Share, we also note, from paragraph 5 of the Circular, that the Proposed Transaction is expected to achieve immediate scale in new economy sectors, deepen the CapitaLand Group’s presence in its core markets and build scale and capabilities in CapitaLand’s growth markets. The Enlarged Group would have access to a sizeable development pipeline across its core markets to help drive future growth, a fund management platform with enhanced fund management capabilities and would be better placed to attract talent globally through an expanded geographic scope and increased competitiveness. The Independent Directors consider the Proposed Transaction to be in the best interest of CapitaLand.

We further note from paragraph 6.2(b) of the Circular, that as a result of the Proposed Transaction, the CapitaLand Group’s consolidated net debt/equity ratio would also increase from 0.56 times to 0.72 times on a pro forma basis, as of 31 December 2018. The CapitaLand Group intends to reduce the net debt/equity ratio to no more than 0.64 times by December 2020 through, amongst others, cash generated from its business operations and proactive asset recycling. This target net debt/equity ratio is not static as it is a function of future investment and divestment opportunities and capital requirements. Deleveraging occurs in the CapitaLand Group’s ordinary course of business through, amongst other things, cash generated from its business operations and asset recycling activities. It is envisaged that the Enlarged Group would continue to remain disciplined in implementing its deleveraging plan after Completion.

### **3.2.5 Other relevant considerations (Proposed Transaction)**

#### **3.2.5.1 Potential synergies from the Proposed Transaction**

The pro forma financial impact of the Proposed Transaction has not considered any potential revenue or cost synergies of the Enlarged Group. The proposed plans for integration of the Target Companies into the Enlarged Group have been extracted from paragraph 6.2(a) of the Circular.

#### ***“Business Integration***

*The management team of the Enlarged Group will focus on the integration of the business operations and portfolios of the CapitaLand Group and Ascendas-Singbridge Group.*

*The integration across different markets, portfolios and sectors is expected to allow the Enlarged Group to pivot into new economy sectors so as to propel it to become a diversified real estate player with broader expertise. The Enlarged Group envisages fully optimising the combined expertise of its diverse human capital pool while attracting fresh talent. Coupled with the leverage gained from the combined base of blue-chip strategic partners, investors and technology platforms, along with enhanced opportunities for asset recycling, the Enlarged Group is also expected to realise the value of its portfolios to drive growth of income and net assets.*

*To this end, an Integration Committee comprising senior executives from both the CapitaLand Group and the Ascendas-Singbridge Group has been formed for the purpose of planning for integration, pursuant to which initiatives will be implemented after Completion.”*

### **3.2.5.2 No alternative investment / business expansion or acquisition opportunity other than the Proposed Transaction**

As at the Latest Practicable Date, the Directors have confirmed that they are not aware of any alternative investment or acquisition opportunity available to the Company, which is comparable in nature, size and scope to the Proposed Transaction. It is noted from paragraph 5 of the Circular that the Board is of the view that the Proposed Transaction is in line with the CapitaLand Group's strategy to expand its business by achieving scale in new economy sectors and growth markets. The Proposed Transaction adds well-established capabilities in sectors complementary to the CapitaLand Group's portfolio and is expected to drive the Enlarged Group's future growth while the Enlarged Group continues to be supported by its strength and capabilities in its existing real estate sectors. The enhanced fund management capabilities are expected to strengthen its fund management platform and drive AUM growth.

The Proposed Transaction will grow the asset base of the Enlarged Group and widen its shareholder base. The CapitaLand Group's AUM will increase from S\$100 billion to S\$123 billion upon Completion, making it one of Asia's leading real estate investment manager and one of the top 10 global real estate investment managers by AUM<sup>18</sup>. The larger as well as more diversified portfolio will enable the Enlarged Group to expand its fund management capabilities through more diversified product offerings which could be attractive to a wider range of capital providers.

### **3.2.5.3 Basis for the commercial terms of the Proposed Transaction**

Management has represented to us that the commercial terms of the Proposed Transaction were reached with Temasek on a willing-buyer-willing-seller basis which reflect the strategic rationale for, and expected benefits of, the Proposed Transaction.

### **3.2.5.4 Temasek's larger interest in the Enlarged Group**

As at the Latest Practicable Date, Temasek is the single largest Shareholder of CapitaLand, holding, in aggregate, approximately a 40.69% shareholding interest in the Company. Under the Listing Manual, Temasek is deemed to be a "controlling shareholder" of CapitaLand as it holds more than 15% of the total number of shares (excluding treasury shares and subsidiary holdings). There are no other controlling shareholders apart from Temasek. Upon Completion, Temasek will acquire statutory control in the Company with approximately a 50.84% shareholding interest of the Enlarged Group.

In the event Temasek continues to hold more than 50.0% of the enlarged number of Shares, Temasek will be able to pass all ordinary resolutions of the Company on its own. However, Temasek will still not be able to pass special resolutions of the Company which would require at least 75% of total votes.

In addition, Temasek, together with its subsidiaries, has substantial investments in other real estate companies and projects which could complement the future business prospects of the Enlarged Group post-transaction and add further value to the Enlarged Group.

### **3.2.5.5 Conditions precedent to Completion**

Completion is conditional upon the satisfaction or waiver of certain conditions precedent which include, inter alia, (a) the Whitewash Waiver being granted to the Vendor, and (b) the approval of the IPT Independent Shareholders for the Proposed Transaction and the allotment and issuance of the Consideration Shares and the Whitewash Independent Shareholders for the Whitewash Resolution being obtained at the EGM.

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<sup>18</sup> Based on data as at 30 June 2018

For more details of the conditions precedent to complete the Proposed Transaction, please refer to paragraph 2.3 of the Circular.

#### **4 THE WHITEWASH RESOLUTION**

##### **4.1 Salient information on the Whitewash Resolution**

Salient information on the Whitewash Resolution is set out in paragraph 13 of the Circular.

##### **4.2 Evaluation of the Whitewash Resolution**

In arriving at our opinion in relation to the Whitewash Resolution, we have taken into account the following key factors:

- (i) analysis of the Company's liquidity and broker research coverage;
- (ii) analysis of the Company's historical share price performance;
- (iii) analysis of the Company's historical trading multiple;
- (iv) analysis of comparable precedent transactions;
- (v) research analyst target prices;
- (vi) analysis of dilution arising from the Consideration Shares; and
- (vii) other relevant considerations.

###### **4.2.1 Analysis of the Company's liquidity and broker research coverage**

In general, share prices may be affected by various factors including free float, relative liquidity and investor interest or market sentiment at a given point in time. In evaluating the Consideration Share Price relative to the Company's historical Share price, we have considered the relative liquidity of the Company in comparison with the remaining 29 companies that make up the 30 constituents of the Straits Times Index ("**STI**") traded on SGX-ST in Singapore based on market capitalisation, excluding CapitaLand ("**Other STI Constituents**"), as at the Latest Practicable Date. This analysis is to evaluate whether the current Share price provides an accurate reflection to the latest market value of the Shares.

**Table 19. Liquidity analysis and broker research coverage**

Company	Ticker	Market cap (\$m)	Latest NOSH (m)	Free float (%)	Avg daily vol <sup>1</sup> (m)	Avg daily vol <sup>1</sup> / Free float (%)	Avg daily vol <sup>1</sup> / NOSH (%)	Avg daily val <sup>1</sup> / Market cap (%)	No. of brokers covering
DBS	D05	64,252	2,564	70%	4.52	0.25%	0.18%	0.18%	22
JMH (US\$)	J36	48,845	737	30%	0.23	0.10%	0.03%	0.03%	6
SingTel	Z74	48,008	16,329	40%	20.23	0.31%	0.12%	0.13%	21
OCBC Bank	O39	47,037	4,257	72%	5.44	0.18%	0.13%	0.14%	20
UOB	U11	41,862	1,681	77%	2.50	0.19%	0.15%	0.16%	22
JSH (US\$)	J37	43,254	1,108	16%	0.24	0.13%	0.02%	0.02%	3
Wilmar Intl	F34	20,427	6,403	28%	5.40	0.30%	0.08%	0.08%	17
ThaiBev	Y92	19,965	25,114	28%	22.35	0.31%	0.09%	0.08%	18
HongkongLand (US\$)	H78	17,528	2,334	49%	1.72	0.15%	0.07%	0.07%	13
Jardine C&C	C07	13,122	395	24%	0.31	0.33%	0.08%	0.08%	6
Genting Sing	G13	12,215	12,094	47%	33.50	0.59%	0.28%	0.30%	22
Dairy Farm	D01	10,646	1,353	22%	0.72	0.24%	0.05%	0.06%	8
SIA	C6L	11,687	1,200	44%	1.48	0.28%	0.12%	0.13%	17
Keppel Corp	BN4	11,092	1,818	78%	3.61	0.26%	0.20%	0.22%	15
ST Engineering	S63	11,522	3,122	49%	4.02	0.26%	0.13%	0.12%	14
CapitaMall Trust	C38	8,741	3,688	68%	10.62	0.43%	0.29%	0.26%	17
Ascendas REIT	A17	8,710	3,111	100%	10.02	0.32%	0.32%	0.31%	19
CityDev	C09	8,020	909	53%	2.00	0.42%	0.22%	0.25%	21
SGX	S68	8,316	1,072	71%	2.00	0.26%	0.19%	0.18%	14
CapitaCom Trust	C61	7,273	3,749	74%	11.34	0.41%	0.30%	0.28%	17
UOL	U14	5,429	843	55%	1.56	0.34%	0.18%	0.20%	12
SATS	S58	5,721	1,124	58%	1.65	0.25%	0.15%	0.15%	14
YZJ Shipbldg (S\$)	BS6	5,524	3,974	57%	23.08	1.02%	0.58%	0.49%	13
Sembcorp Ind	U96	4,594	1,788	50%	3.50	0.39%	0.20%	0.21%	14
ComfortDelGro	C52	5,219	2,165	98%	8.18	0.38%	0.38%	0.35%	17
Venture	V03	5,319	289	91%	2.02	0.77%	0.70%	0.70%	10
SPH	T39	3,906	1,601	95%	4.30	0.28%	0.27%	0.29%	5
Golden Agri-Res	ESH	3,530	12,838	49%	17.13	0.27%	0.13%	0.14%	12
HPH Trust (US\$)	NS8	1,960	8,711	56%	18.91	0.39%	0.22%	0.26%	8
<b>Mean</b>		<b>17,370</b>	<b>4,358</b>	<b>57%</b>	<b>7.7</b>	<b>0.34%</b>	<b>0.20%</b>	<b>0.20%</b>	<b>14</b>
<b>Median</b>		<b>10,646</b>	<b>2,165</b>	<b>55%</b>	<b>4.0</b>	<b>0.30%</b>	<b>0.18%</b>	<b>0.18%</b>	<b>14</b>
<b>CapitaLand</b>	<b>C31</b>	<b>14,661</b>	<b>4,274</b>	<b>58%</b>	<b>8.56</b>	<b>0.35%</b>	<b>0.20%</b>	<b>0.19%</b>	<b>19</b>

Source FactSet (as at the Latest Practicable Date)

(1) Average daily trading volume is computed as the one-year average of daily trading volumes for the respective companies

With respect to Table 19, in the 12 months leading up to the Latest Practicable Date, the Company's average daily traded volume represented 0.35% of the Company's free float, slightly above the mean and median daily trading volume to free float range of the Other STI Constituents.

In the same 12 months leading up to the Latest Practicable Date, the Company's average daily trading value represented 0.20% of the Company's market capitalisation, in line with the median and mean daily trading value to market capitalisation of 0.18% and 0.20% of the Other STI Constituents.

Based on information obtained from FactSet, there are 19 brokerage houses which provide research coverage on the Company. This is above the mean and the median of the number of brokerage houses providing research coverage to the Other STI Constituents, according to Factset, of 14.

To further analyse the liquidity of the Shares, we have also considered the historical average daily trading value and volume of the Shares for the 1-week, 1-month, 3-month, 6-month and 12-month periods leading up to the Last Trading Day, the VWAP of the Shares, the highest and lowest transacted prices for the Shares and the average number of Shares traded on a daily basis from 11 January 2018 to the Latest Practicable Date as set out in Table 20.

**Table 20. Historical share price and trading volume**

Reference period	ADTV ('000s)	ADTV as a percentage of free float (%)	Lowest price (S\$)	Highest price (S\$)	VWAP (S\$)	Consideration Share Price (S\$)	Premium of indicative consideration to VWAP (%)
<b>For periods up to the Last Trading Day (11 January 2019)<sup>(1)</sup></b>							
Last 12 months	9,100	0.37%	2.99	3.87	3.40	3.50	▲ 2.9%
Last 6 months	7,831	0.32%	3.02	3.45	3.21	3.50	▲ 9.1%
Last 3 months	6,449	0.26%	3.04	3.27	3.14	3.50	▲ 11.6%
Last 1 month	5,865	0.24%	3.04	3.27	3.14	3.50	▲ 11.3%
Last Trading Day (11 January 2019)	9,913	0.40%	3.27	3.27	3.27	3.50	▲ 7.0%
<b>For periods after the Last Trading Day up to the Latest Practicable Date (11 January 2019 to 8 March 2019)</b>							
Till the Latest Practicable Date (8 March 2019)	7,907	0.32%	3.27	3.53	3.37	3.50	▲ 3.9%
Last transacted price on 7 March 2019 (being the last Trading Day immediately preceding the Latest Practicable Date)	7,968	0.32%	3.27	3.53	3.37	3.50	▲ 3.9%

Source FactSet (as at the Latest Practicable Date)

(1) Periods analysed are as follows – Closing price as at the Last Trading Day; 1 month up to the Last Trading Day (inclusive): 11 December 2018 to 11 January 2019; 3 months up to the Last Trading Day (inclusive): 11 October 2018 to 11 January 2019; 6 months up to the Last Trading Day (inclusive): 11 July 2018 to 11 January 2019; and 12 months up to the Last Trading Day (inclusive): 11 January 2018 to 11 January 2019

For the 12-month period ended on the Last Trading Day, the average daily trading volume has been 9.1 million Shares, and the average daily trading volume has been approximately 0.37% of the total free float of the Company.

Our analysis of the historical trading volume of the Shares and the average daily trading volume relative to the Other STI Constituents suggests that that the trading volume of the Shares had generally been high in the past 12 months prior to the Announcement Date. This implies that the Shares may have been actively traded and hence, the Share price can serve as a good indication to the latest perceived market value of the Share.

In addition, due to high liquidity of the Shares vis-à-vis Other STI Constituents, the Whitewash Resolution does not necessarily mean that the Whitewash Independent Shareholders will have to give up the opportunity to exit and realise their investment, an option which may also be readily available due to the high trading liquidity of the Shares.

We note that there is no assurance that the price of the Shares will remain at current levels in the event that the Proposed Transactions are terminated. We also wish to highlight that the historical trading performance of the Shares serves only as an illustrative guide and should not be relied upon as an indication of the future price performance of the Shares, which will be governed by amongst other factors, the performance and prospects of the Company, prevailing economic conditions, economic outlook, stock market conditions and sentiment.

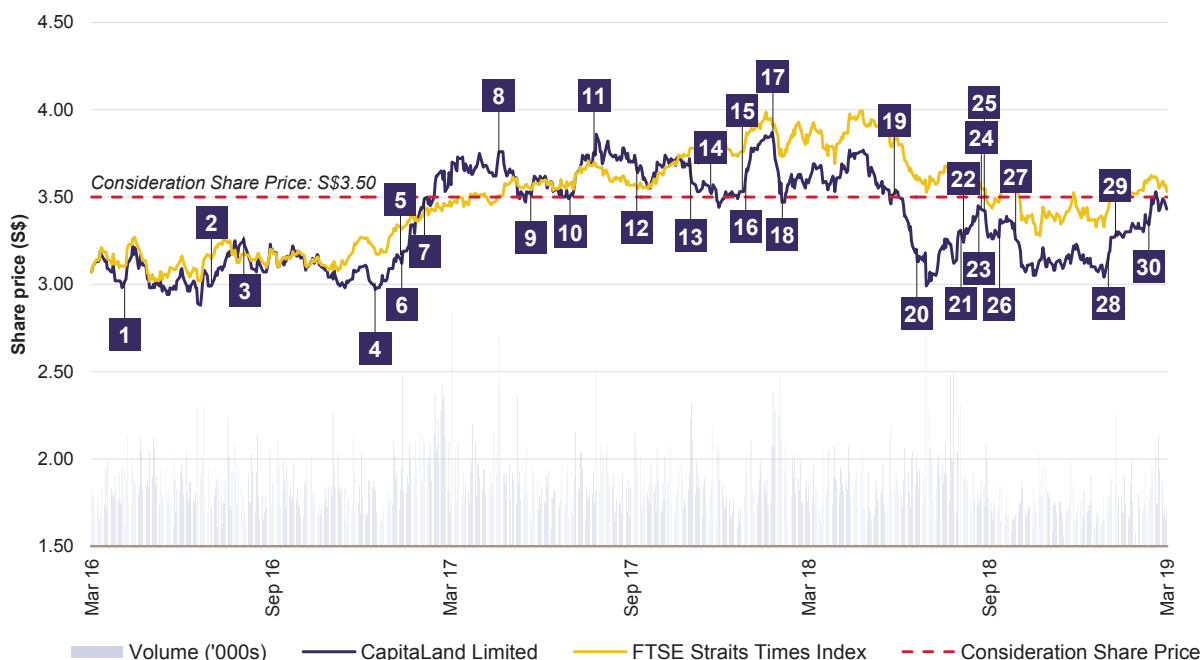
#### 4.2.2 Analysis of the Company’s historical share price performance

In evaluating the fairness of the Consideration Share Price from a market price perspective, we have compared the Consideration Share Price to the historical share price performance of the Shares over different observation periods.

We set out in Chart 1 the daily closing prices of the Shares compared to the performance of the STI (the “**Benchmark Index**”) for the three-year period from 8 March 2016 to the Latest Practicable Date.

We note that the closing prices of the Shares have traded between S\$2.88 and S\$3.87 in the three-year period up to the Latest Practicable Date.

**Chart 1. Share price performance relative to the benchmark index**



Source Company filings on the SGX-ST and FactSet as at the Latest Practicable Date

#### **Selected notable events based on the Company’s announcements, press releases and announcements extracted from the SGX-ST:**

- 1) **6 April 2016:** CapitaLand announced that its wholly owned serviced residence business unit, Ascott, aims for 5,000 units in the Middle East by 2020 as it secures two serviced residences in Al Khobar, one of the main metropolitan cities in Saudi Arabia’s oil-rich Eastern Province.

- 2) **12 July 2016:** CapitaLand announced that its wholly owned serviced residence business unit, Ascott, acquired its first serviced residence in Docklands, Melbourne as part of its A\$500 million (approximately S\$500 million) strategic partnership with Quest Apartment Hotels (“**Quest**”), one of the largest serviced apartment operators in Australia.
- 3) **4 August 2016:** CapitaLand announced that it registered total PATMI of S\$294 million in Q2 2016, versus S\$464 million in Q2 2015. The 36.6% decrease was due to lower fair value gains from revaluation of properties, partially mitigated by improved operating performance.
- 4) **16 December 2016:** CapitaLand announced that its wholly owned subsidiary, Ascott Operations Eight Limited, has acquired the entire issued share capital of Sabden Limited for a cash consideration of EUR31.3 million (approximately S\$47.5 million) from parties unrelated to CapitaLand – part of CapitaLand’s ongoing business development and is in line with CapitaLand’s strategy to further strengthen its presence in Europe.
- 5) **16 January 2017:** CapitaLand announced that its wholly owned subsidiary, CRL Realty Pte Ltd, has sold 100.0% stake in Nassim Hill Realty Pte Ltd to an unrelated third party, Kheng Leong Company (Private) Limited - aggregate consideration for the Sale is approximately S\$412 million, subject to post-completion adjustment.
- 6) **17 January 2017:** CapitaLand announced that it is going to develop a Grade A office development in Ho Chi Minh City with the acquisition of a prime site in the CBD – in line with CapitaLand’s plan to diversify its portfolio and strengthen its foothold in Vietnam and to establish a US\$500 million investment fund to focus on commercial properties there.
- 7) **17 February 2017:** CapitaLand announced that it has, through its wholly owned subsidiaries, entered into various conditional sale and purchase agreements with parties unrelated to CapitaLand to acquire a portfolio of income-producing office and retail assets in the Greater Tokyo area of Japan at an agreed property price of JPY49.7 billion (approximately S\$620 million).
- 8) **26 April 2017:** CapitaLand announced that it had achieved total PATMI of S\$386.8 million in Q1 2017, a 77.2% increase compared with Q1 2016. This was due to improved operating performance, including the sale of 45 units of The Nassim, and higher portfolio gains.
- 9) **1 June 2017:** CapitaLand announced that it had, through its wholly owned business unit CapitaLand China, entered into agreements with unrelated parties to acquire Guozheng Center, at an agreed property value of RMB2.64 billion (S\$535 million). In tandem with the acquisition, CapitaLand is divesting Innov Tower to a party unrelated to CapitaLand at an agreed property value of RMB1.56 billion (S\$316 million). The divestment is expected to generate net profits of approximately S\$85 million.
- 10) **2 July 2017:** CapitaLand announced the successful opening of four landmark integrated developments in China, namely, Raffles City Shenzhen, Raffles City Changning (Shanghai), Raffles City Hangzhou and CapitaMall Westgate (Wuhan). Collectively, these four developments have a GFA close to 1 million square metres, excluding the car park.

- 11) **3 August 2017:** CapitaLand announced that it achieved total PATMI of S\$579.3 million in Q2 2017, a 97% increase as compared with Q2 2016. This was attributable to better operating performance, higher revaluation gains from investment properties in Singapore and China, as well as higher portfolio gains arising mainly from the divestments of Innov Tower in China and 18 rental housing properties in Japan.
- 12) **6 September 2017:** CapitaLand announced that it is progressing with a S\$220 million integrated development in Indonesia and is further expanding by investing S\$74 million in a prime serviced residence in Jakarta CBD through its wholly owned serviced residence business unit, Ascott.
- 13) **8 November 2017:** CapitaLand announced that it achieved total PATMI of S\$317.0 million in Q3 2017, 28.1% higher than Q3 2016. Operating PATMI for Q3 2017 decreased by 18.8% to S\$204.5 million.
- 14) **28 November 2017:** CapitaLand announced it had entered into a conditional put and call option agreement to acquire a 49.0% interest in Gold Yield Pte. Ltd, which holds a shopping mall in Guangzhou. At the same time, CapitaLand Retail China Trust (“**CRCT**”), in which CapitaLand has a deemed interest of 39.4%, has also entered into the same agreement to acquire the remaining 51.0% of the issued shares of Gold Yield. The purchase consideration of the joint acquisition is valued at approximately RMB3,360.7 million (approximately S\$689 million).
- 15) **29 December 2017:** CapitaLand Limited announced that its subsidiaries and associates have entered into agreements to divest their interests in six retail mall assets in India and CapitaLand Retail Prestige Mall Management Private Limited for an aggregate consideration of INR3,426 million (approximately S\$72 million).
- 16) **5 January 2018:** CapitaLand announced that through its wholly owned shopping mall business, CapitaLand Mall Asia, it has entered into an agreement with unrelated parties to divest its share of interest in a group of companies that hold 20 retail assets in China, with an agreed value of RMB8,365 million (approximately S\$1,706 million).
- 17) **31 January 2018:** CRCT announced that its SPV and CapitaLand SPV have completed the acquisition of a special purpose company which holds Rock Square in Guangzhou, China. Following the completion of the acquisition, the CRCT SPV and the CapitaLand SPV hold 51.0% and 49.0% of the issued shares of the special purpose company respectively. Accordingly, both the special purpose company and its wholly owned subsidiary, Guangzhou Starshine Properties Co., Ltd, which holds Rock Square, are now subsidiaries of CRCT.
- 18) **13 February 2018:** CapitaLand announced that it has successfully acquired the centrally located Pearl Bank Apartments in Singapore through a private treaty collective sale for S\$728 million. CapitaLand plans to redevelop the site into a high-rise residential development comprising around 800 units with a host of social, shared facilities which will foster community spirit and celebrate the area's unique heritage.
- 19) **1 June 2018:** Cessation of service as President and Group Chief Executive Officer (“**CEO**”) – Mr Lim Ming Yan has given notice to the board to retire as the President and Group CEO of CapitaLand Limited.



- 20) **27 June 2018:** CapitaLand announced that it has acquired 100% of a company that owns a 32-hectare prime mixed-use site in Chongqing for RMB5.7 billion (approximately S\$1.19 billion).
- 21) **14 August 2018:** CapitaLand announced that it has been awarded two prime residential sites in Guangzhou, South China, at a price of RMB2.05 billion (approximately S\$409 million). The sites, measuring about 150,000 square metres in total, is set to build up to 1,300 homes by 2021, catering to first-time home buyers and upgraders.
- 22) **16 August 2018:** CapitaLand announced that CapitaLand Limited and joint venture partner City Developments Limited (“CDL”) have successfully been awarded an attractive mixed-use residential and commercial site in Singapore’s vibrant Sengkang Central at a tender price of S\$778 million.
- 23) **27 August 2018:** CapitaLand announced that it entered into a sale and purchase agreement to divest a 70% interest in Westgate in Singapore’s Jurong Lake District to CapitaLand Mall Trust for S\$789.6 million. The sale will generate for CapitaLand proceeds of about S\$397.6 million and a net gain of about S\$99.2 million.
- 24) **28 August 2018:** CapitaLand announced the appointment of Mr Lee Chee Koon, previous Group Chief Investment Officer (“CIO”), as President & Group Chief Executive Officer (“CEO”). Mr Lee joined the company in February 2007 and has held several appointments, including as CEO of Ascott.
- 25) **30 August 2018:** CapitaLand announced that it is acquiring a prime residential site in Ho Chi Minh for VND1,380 billion (approximately S\$81.4 million). Measuring over 60,000 square metres in total area, CapitaLand is set to build on this site its 13th residential development in Vietnam.
- 26) **18 September 2018:** CapitaLand announced that through its wholly owned international business unit CapitaLand International, it has acquired a portfolio of 16 freehold multifamily properties for US\$835 million (S\$1.14 billion) in the US.
- 27) **4 October 2018:** CapitaLand announced that it had secured a S\$300 million multi-currency sustainability-linked loan from DBS Bank. The five-year term loan and revolving credit facility is the first and largest sustainability-linked loan in Asia’s real estate sector.
- 28) **7 January 2019:** CapitaLand announced that it formed a 50:50 joint venture with an unrelated third party to acquire approximately 70% of Pufa Tower in Shanghai, China, for RMB2,752m (approximately S\$546.3m). The acquired property is to be a seed asset for a value-add fund set up to invest in commercial real estate in key gateway Asian cities.
- 29) **14 January 2019:** CapitaLand announced that it has entered into a transaction with Ascendas –Singbridge Pte Ltd., which is a subsidiary of Temasek, to acquire the Target Companies for a total consideration of S\$6,035.9 million.
- 30) **20 February 2019:** CapitaLand announced its FY 2018 results release. It achieved a PATMI of S\$1.76 billion, a year-on-year increase of 12.3%, and full-year ROE of 9.3% (from 8.6% in FY2017). Q4 profit increased by 71.2% to S\$475.7m.

Between the Last Trading Day and the Latest Practicable Date, the Shares traded between S\$3.27 and S\$3.53 per Share based on the daily closing price.

**We note that there is no assurance that the price of the Shares will remain at current levels in the event that the Proposed Transactions are terminated. We also wish to highlight that the historical trading performance of the Shares serves only as an illustrative guide and should not be relied upon as an indication of the future price performance of the Shares, which will be governed by amongst other factors, the performance and prospects of the Company, prevailing economic conditions, economic outlook, stock market conditions and sentiment.**

**We further wish to highlight that underlying financial data used in our analysis has been extracted from announcements released by CapitaLand on the SGX-ST and various press releases as at the Last Trading Day. We make no representations or warranties, express or implied, on the accuracy or completeness of such information.**

#### **4.2.3 Analysis of the Company's historical trading multiples**

##### **4.2.3.1 Valuation ratios**

We have applied the following valuation ratios in our analysis of the historical trading multiples of the Company for the purpose of evaluating the Whitewash Resolution. A description of the valuation ratios can be found in paragraph 3.2 of this Letter:

- (i) Price/Earnings (P/E);
- (ii) Price/Net Asset Value (P/NAV); and
- (iii) Enterprise Value/Earnings before interest, tax, depreciation and amortisation (EV/EBITDA).

In applying the above ratios, we have considered whether the multiples of the Company, implied by the Consideration Share Price, lie above, within or below the mean and median, and the minimum and maximum of the range implied by the relevant ratios considered set out in the subsequent sections.

##### **4.2.3.2 P/E multiple**

We set out, in Chart 2, a comparison of the P/E multiple implied by the Consideration Share Price to the historical P/E multiple of the Company over the past three-year period prior to the Last Trading Day.

The P/E multiple implied by the Consideration Share Price is based on the Company's LTM PATMI ending 31 December 2018. As at the Last Trading Day, the last quarterly financials released by the Company corresponded to the quarter ending 31 December 2018.

The historical P/E of the Company is based on its trailing LTM PATMI for the applicable time periods.

**Chart 2. Historical trading P/E (LTM) over the past three years**



Source FactSet as at the Last Trading Day

We note that, in the three-year period prior to the Last Trading Day, the LTM P/E multiple as implied by the Consideration Share Price of 8.5x is below both the one-year and three year average LTM P/E multiples of 9.5x and 10.9x respectively.

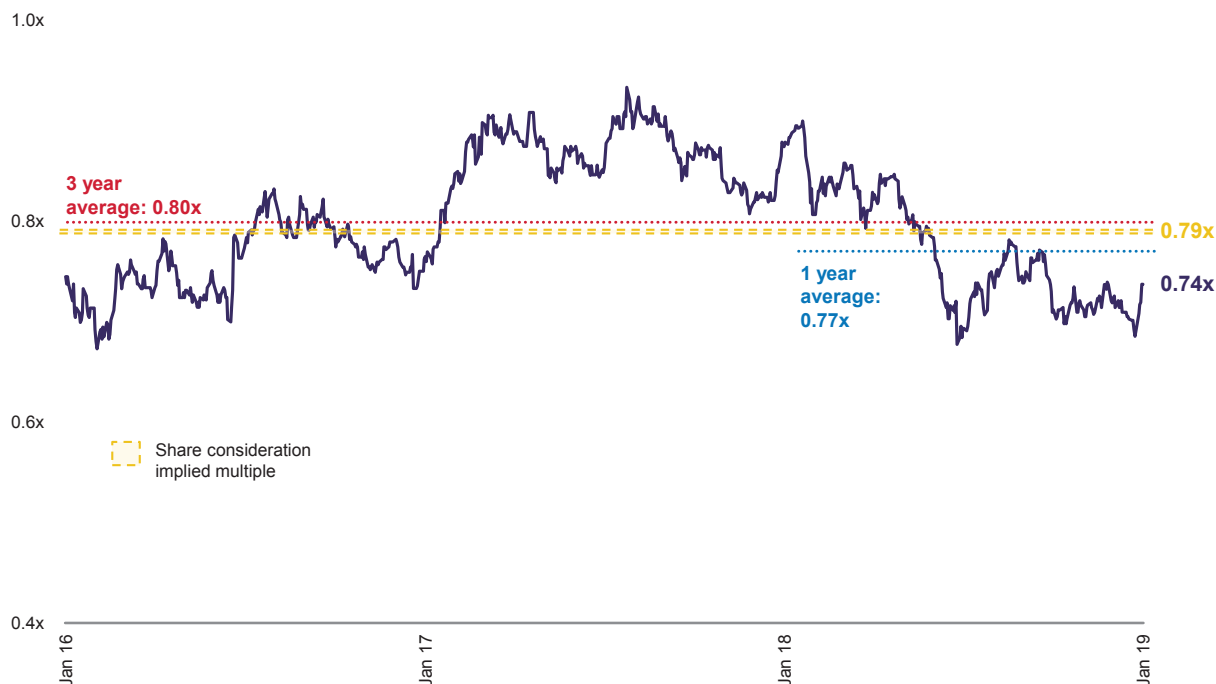
#### 4.2.3.3 P/NAV multiple

We set out, in Chart 3, a comparison of the P/NAV multiple implied by the Consideration Share Price to the historical P/NAV multiple of the Company over the past three-year period prior to the Last Trading Day.

The P/NAV multiple implied by the Consideration Share Price is based on the Company's last reported NAV as at 31 December 2018. As at the Last Trading Day, the last quarterly financials released by the Company corresponded to the quarter ending 31 December 2018.

The historical P/NAV of the Company is based on its last reported NAV for the applicable time periods.

**Chart 3. Historical trading P/NAV (LTM) over the past three years**



Source FactSet as at the Last Trading Day

We note that, in the three-year period prior to the Last Trading Day, the LTM P/NAV multiple as implied by the Consideration Share Price (based on the Company's latest NAV as at 31 December 2018) of 0.79x is closely aligned to the three-year average P/NAV multiple of 0.80x and is higher than the one-year average LTM P/NAV multiple of 0.77x.

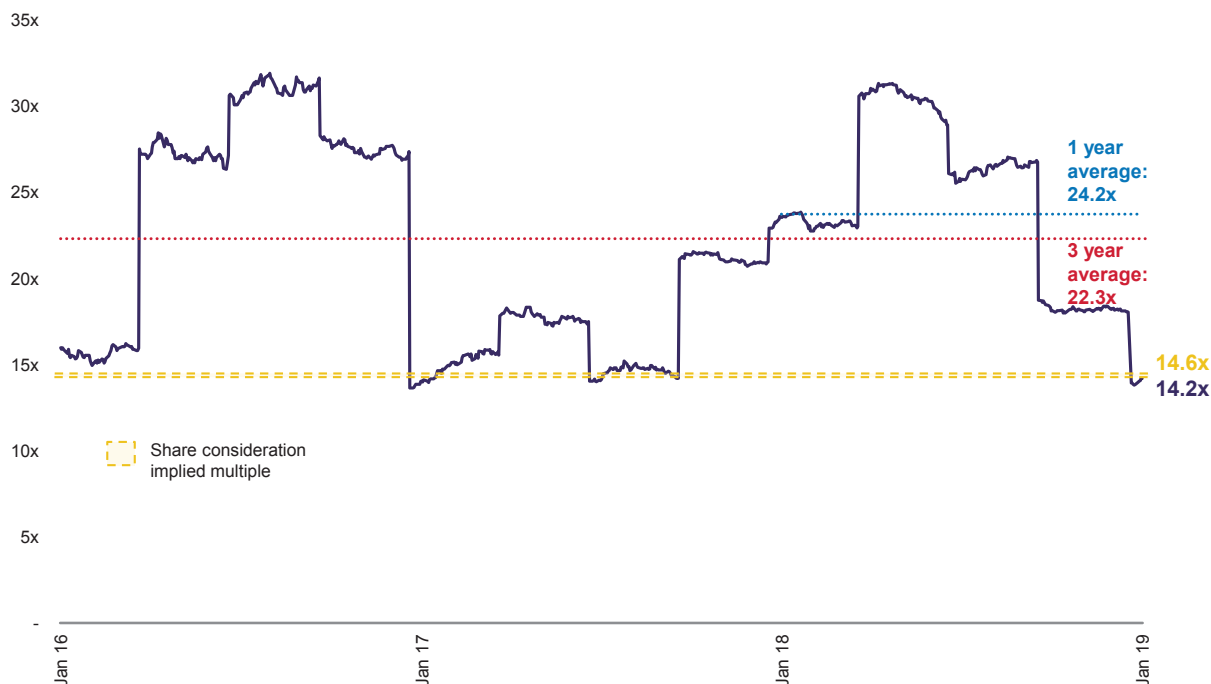
#### 4.2.3.4 EV/EBITDA multiple

We set out, in Chart 4, a comparison of the EV/EBITDA multiple implied by the Consideration Share Price to the historical EV/EBITDA multiple of the Company over the past three-year period prior to the Last Trading Day.

The EV/EBITDA multiple implied by the Consideration Share Price is based on the Company's LTM EBITDA ending 31 December 2018. As at the Last Trading Day, the last quarterly financials released by the Company corresponded to the quarter ending 31 December 2018.

The historical EV/EBITDA of the Company is based on its trailing LTM EBITDA for the applicable time periods.

**Chart 4. Historical trading EV/EBITDA (LTM) over the past three years**



**Source** FactSet as at the Last Trading Day

We note that, in the three-year period prior to the Last Trading Day, the LTM EV/EBITDA multiple as implied by the Consideration Share Price (based on LTM EBITDA ending 31 December 2018) of 14.6x is lower than both the one-year and three-year average EV/EBITDA multiples of 24.2x and 22.3x respectively.

We note the implied LTM P/NAV multiple based on the Consideration Share Price is broadly in line with the corresponding average multiple of the Company for the one-year and three-year periods prior to the Last Trading Day. The implied LTM P/E and EV/EBITDA multiples based on the Consideration Share Price are below the Company's average LTM P/E and EV/EBITDA multiples for the one-year and three-year periods prior to the Last Trading Day.

**We wish to highlight that the historical trading patterns or performance of the Shares should not, in any way, be relied upon as an indication of its future trading patterns or performance, which will be governed by, inter alia, the performance and prospects of the Company, prevailing economic conditions, economic outlook and market conditions and sentiment.**

#### 4.2.4 Analysis of comparable precedent transactions

In our assessment of the reasonableness of the Consideration Share Price as compared to the last traded price of the Shares prior to the Announcement Date as well as the impact on the dilution arising from the number of Consideration Shares to be issued for the Proposed Transaction, we have considered the details of other selected completed IPT transactions that involved Whitewash Resolutions in Singapore (“**Selected IPT & Whitewash Transactions**”).

**Table 21. Precedent interested person transactions with Whitewash Waivers since 2014**

Ann. Date <sup>(1)</sup>	Acquiror	Target	Premium/(discount) of the acquiror's issue price prior to announcement <sup>(2)</sup>					Shareholding interest of the interested party		
			Last Trading Day	1-month VWAP	3-month VWAP	6-month VWAP	12-month VWAP	Pre-transaction	Post-transaction	Change (%)
18-May-18	ESR-REIT	Viva Industrial Trust	(4.4%)	(5.9%)	(4.6%)	(4.4%)	(5.6%)	33.3%	47.4%	14.1%
23-Mar-18	Avarga	Kublai Canada	13.0%	4.4%	2.6%	-	(6.3%)	25.6%	31.4%	5.8%
28-Aug-17	Mapletree Logistics Trust	Mapletree Titanium	(3.4%)	(5.0%)	(3.4%)	0.9%	5.5%	39.9%	39.9%	0.0%
18-Jul-17	Row sley	Sasteria	4.4%	4.9%	(6.4%)	(22.9%)	(32.4%)	57.1%	92.2%	35.1%
27-Jun-16	Anchor Resources	GGT Manufacturing	28.3%	32.0%	23.6%	n.a.	n.a.	22.4%	49.9%	27.5%
7-Jan-16	Koh Brothers Eco	Koh Brothers BCEC	(2.8%)	3.8%	2.1%	(0.8%)	5.0%	41.0%	70.1%	29.1%
14-Aug-14	Achieva	SUTL Marina	16.0%	2.7%	12.2%	15.6%	17.6%	25.3%	54.8%	29.5%
18-Sep-14	Keppel REIT	Central Boulevard Development	4.5%	5.9%	6.4%	2.9%	0.3%	42.5%	45.7%	3.2%
28-Feb-14	Swissco	Scott & English Energy	(15.6%)	(16.8%)	(15.7%)	(3.1%)	0.8%	19.6%	63.9%	44.3%
14-Jan-14	Goodland	Citrine Assets	7.0%	10.1%	10.5%	5.3%	(6.9%)	64.2%	76.4%	12.3%
<b>Maximum</b>			<b>28.3%</b>	<b>32.0%</b>	<b>23.6%</b>	<b>15.6%</b>	<b>17.6%</b>			
<b>Median</b>			<b>4.4%</b>	<b>4.1%</b>	<b>2.4%</b>	<b>-</b>	<b>0.3%</b>			
<b>Average</b>			<b>4.7%</b>	<b>3.6%</b>	<b>2.7%</b>	<b>(0.7%)</b>	<b>(2.4%)</b>			
<b>Minimum</b>			<b>(15.6%)</b>	<b>(16.8%)</b>	<b>(15.7%)</b>	<b>(22.9%)</b>	<b>(32.4%)</b>			
<b>Share Consideration of \$3.50 (As at the Last Trading Day)</b>			<b>7.0%</b>	<b>11.3%</b>	<b>11.6%</b>	<b>9.1%</b>	<b>2.9%</b>	<b>40.7%</b>	<b>50.8%</b>	<b>10.2%</b>

Source SGX-ST, Thomson Reuters, Company filings

- (1) Date on which offer was announced. If offer price was revised, then the date of the announcement of the final revision is taken  
(2) Premium calculated based on the traded price prior to the relevant announcement

- On 18 May 2018, managers of ESR-REIT and Viva Industrial Trust (“**VIT**”) announced the merger of all issued and paid-up stapled securities of VIT and the units in ESR-REIT. ESR-REIT acquired the stapled securities held by the stapled securityholders of VIT through purchase consideration of cash and issuance of new ESR-REIT units. VIT and the VIT Managers were associates of a controlling ESR-REIT Unitholder, Mr. Tong Jinquan. Accordingly, the merger constituted an “interested person transaction”. The market premia are calculated based on the issue price of S\$0.54 per ESR-REIT unit. The time reference for calculation of premia is 25 January 2018, being the last undisturbed trading day prior to the date of the agreement.
- On 23 March 2018, Avarga Limited announced that it had entered into a sale and purchase agreement with Genghis S.a.r.l to acquire 100% of the share capital of Kublai Canada, a wholly owned subsidiary of Genghis. The purchase consideration was satisfied through cash and issuance of shares. Genghis was an associate of Tong Kooi Ong, who was a director of Avarga. Accordingly, the acquisition constituted an “interested person transaction”. The market premia are calculated based on the issue price of S\$0.26 per consideration share. The time reference for calculation of premia is 29 August 2018, being the trading day when the shares were last transacted prior to the Latest Practicable Date.

- 3 Mapletree Logistics Trust (“**MLT**”) entered into a conditional share purchase agreement with Mapletree Overseas Holdings Ltd. (“**MOHL**”) to acquire 100% of the shares of Mapletree Titanium Ltd. The purchase consideration was satisfied through drawdown of loan facilities and issuance of acquisition fee units. As MOHL was an indirect wholly owned subsidiary of Mapletree Investments Pte. Ltd. (“**MIPL**”), which was a controlling unitholder of MLT, the acquisition constituted an “interested person transaction”. The market premia are calculated based on the issue price of S\$1.15 per acquisition fee unit. The time reference for calculation of premia is 14 August 2017, being the Latest Practicable Date prior to printing of the circular.
- 4 On 18 December 2017, Rowsley Limited announced that it had entered into a share purchase agreement with Mr Peter Lim, a controlling shareholder, to acquire 100% of the issued share capital of Sasteria Pte. Ltd. through the issuance of consideration shares. Sasteria was 100% owned by Mr Peter Lim, who was also Rowsley’s controlling shareholder. Accordingly, the acquisition constituted an “interested person transaction”. The market premia are calculated based on the issue price of S\$0.075 per share. The time reference for calculation of premia is 15 December 2017, being the last trading day of the shares prior to the announcement of the offer.
- 5 On 21 June 2016, Anchor Resources Limited announced that it had entered into a conditional share purchase agreement with Mr Lim Chiau Woei (“**Lim**”), Mdm Koh Ah Luan and Luminor Pacific Fund 1 Ltd. to acquire 100% of the issued and fully-paid shares of GGT Manufacturing Sdn. Bhd. The purchase consideration was satisfied through the issuance of shares. As Lim was the Managing Director and controlling shareholder of Anchor Resources and its subsidiaries, the acquisition constituted an “interested person transaction”. The market premia are calculated based on the issue price of S\$0.145 per consideration share. The time reference for calculation of premia is 21 June 2016, being the last trading day of the shares prior to the announcement of the offer.
- 6 On 7 January 2016, Koh Brothers Eco Engineering Limited (“**KB Eco**”) announced that it had entered into a share purchase agreement with the Construction Consortium, a wholly owned subsidiary of Koh Brothers Group (“**KBG**”), to acquire 100% of the issued and fully-paid shares of KB Building & Civil Engineering Contractor. The purchase consideration for the acquisition was satisfied by allotment and issuance of consideration shares. As the Construction Consortium was an associate of KBG which was a controlling shareholder of the KB Eco, the acquisition constituted an “interested person transaction”. The market premia are calculated based on the issue price of S\$0.0515 per consideration share. The time reference for calculation of premia is 5 January 2016, being the last trading day of the shares prior to the announcement of the offer.
- 7 On 14 August 2014, Achieva Limited announced that it had entered into a sale and purchase agreement with SUTL Investments Pte. Ltd. (“**SUTLI**”) and SUTL Leisure Pte. Ltd. (“**SUTLL**”) to acquire 100% of the issued and paid-up share capital of SUTL Marina Development Pte. Ltd. (“**SUTL Marina**”) and One15 Luxury Yachting Pte. Ltd, wholly owned subsidiaries of SUTLI and SUTLL respectively. The purchase consideration was satisfied through the issuance of shares by Achieva Limited. As SUTLI and SUTLL were both wholly owned subsidiaries of SUTL Global, which was also the controlling shareholder of Achieva Limited, the acquisition constituted an “interested person transaction”. The market premia are calculated based on the issue price of S\$0.0615 per consideration share. The time reference for calculation of premia is 14 August 2014, being the last trading day of the shares prior to the announcement of the offer.
- 8 On 18 September 2014, the trustee of Keppel REIT entered into the share purchase agreement with Bayfront Development Pte. Ltd. (“**BDPL**”) to acquire one-third of the issued share capital in Central Boulevard Development Pte. Ltd. (“**CBDPL**”). The purchase consideration was satisfied through cash and issuance of consideration units. As BDPL was a wholly owned subsidiary of Keppel Land, which was a controlling unitholder of Keppel REIT, the acquisition constituted an “interested person transaction”. The market premia are calculated based on the issue price of S\$1.17 per consideration unit. The time reference for calculation of premia is 17 September 2014, being the last trading day of the units prior to the offer announcement.

- 9 On 28 February 2014, Swissco Holdings Limited announced that it entered into a heads of agreement with Double Dragon Energy Holdings Limited (“DDEHL”) to acquire all the issued and paid-up share capital of Scott & English (“S&E”) Energy Pte. Ltd. The purchase consideration was satisfied through issuance of consideration shares. Each of Mr. Tan Fuh Gih (a director of the Swissco Holdings and a director of S&E), and his two siblings were controlling shareholders of the DDEHL. As such, the proposed acquisition was an “interested person transaction”. The market premia are calculated based on the issue price of S\$0.63 per consideration share. The time reference for calculation of premia is 28 February 2014, being the last trading day of the units prior to the heads of agreement announcement.
- 10 On 14 January 2014, Goodland Group Limited announced that it had entered into a conditional sale and purchase agreement with Citrine Capital Pte. Ltd., Mr. Wong KL and Mr. Teh WK to acquire 100% of the share capital of Citrine Assets Pte. Ltd. The purchase consideration was satisfied through issuance of shares and other financial instruments by Goodland Group. Citrine Capital was an associate of Mr Tan Chee Beng, a director of Goodland Group, which caused the acquisition to constitute an “interested person transaction”. The market premia are calculated based on the issue price of S\$0.38 per consideration share. The time reference for calculation of premia is 9 January 2014, being the last trading day of the units prior to the announcement.

Based on the information set out in Table 21, we note that:

- (a) The implied premium of the Consideration Share Price is within the range of the Selected IPT and Whitewash Transactions in Singapore for the premia to last transacted price (negative 15.6% to 28.3%), 1-month VWAP (negative 16.8% to 32.0%), 3-month VWAP (negative 15.7% to 23.6%), 6-month VWAP (negative 22.9% to 15.6%) and 12-month VWAP (negative 32.4% to 17.6%);
- (b) The implied premium of the Consideration Share Price is above the overall median of the Selected IPT and Whitewash Transactions in Singapore for the premia to last transacted price (4.4%), 1-month VWAP (4.1%), 3-month VWAP (2.4%), 6-month VWAP (0%) and 12-month VWAP (0.3%); and
- (c) The implied premium of the Consideration Share Price is above the overall mean of the Selected IPT and Whitewash Transactions in Singapore for the premia to last transacted price (4.7%), 1-month VWAP (3.6%), 3-month VWAP (2.7%), 6-month VWAP (negative 0.7%) and 12-month VWAP (negative 2.4%).



**Table 22. Transactions where the interested party holds more than a 50% interest in the acquirer post-transaction**

Ann. Date <sup>(1)</sup>	Acquiror	Target	Premium/(discount) of the acquiror's issue price prior to announcement <sup>(2)</sup>					Shareholding interest of the interested party		
			Last Trading Day	1-month VWAP	3-month VWAP	6-month VWAP	12-month VWAP	Pre-transaction	Post-transaction	Change (%)
7-Jan-16	Koh Brothers Eco	Koh Brothers BCEC	(2.8%)	3.8%	2.1%	(0.8%)	5.0%	41.0%	70.1%	29.1%
14-Aug-14	Achieva	SUTL Marina	16.0%	2.7%	12.2%	15.6%	17.6%	25.3%	54.8%	29.5%
28-Feb-14	Swissco	Scott & English Energy	(15.6%)	(16.8%)	(15.7%)	(3.1%)	0.8%	19.6%	63.9%	44.3%
<b>Maximum</b>			<b>16.0%</b>	<b>3.8%</b>	<b>12.2%</b>	<b>15.6%</b>	<b>17.6%</b>			
<b>Median</b>			<b>(2.8%)</b>	<b>2.7%</b>	<b>2.1%</b>	<b>(0.8%)</b>	<b>5.0%</b>			
<b>Average</b>			<b>(0.8%)</b>	<b>(3.4%)</b>	<b>(0.5%)</b>	<b>3.9%</b>	<b>7.8%</b>			
<b>Minimum</b>			<b>(15.6%)</b>	<b>(16.8%)</b>	<b>(15.7%)</b>	<b>(3.1%)</b>	<b>0.8%</b>			
<b>Share Consideration of \$3.50 (As at the Last Trading Day)</b>			<b>7.0%</b>	<b>11.3%</b>	<b>11.6%</b>	<b>9.1%</b>	<b>2.9%</b>	<b>40.7%</b>	<b>50.8%</b>	<b>10.2%</b>

Source SGX-ST, Thomson Reuters, Company filings

(1) Date on which offer was announced. If offer price was revised, then the date of the announcement of the final revision is taken

(2) Premium calculated based on the traded price prior to the relevant announcement

With respect to Table 22, the selected transactions are transactions where the interested party owns more than a 50% interest in the acquirer subsequent to the transaction and less than 50% pre-transaction. Relative to the selected precedent interested party transactions where the interested party holds more than a 50% interest in the acquirer post-transaction and with Whitewash Waiver in Singapore, the implied premium of the Consideration Share Price is:

- (a) Above the mean and median of the premia for the last-traded, 1-month, 3-month and 6-month VWAPs prior to the announcement; and
- (b) Below the mean and median of the premia for 12-month VWAPs prior to the announcement.

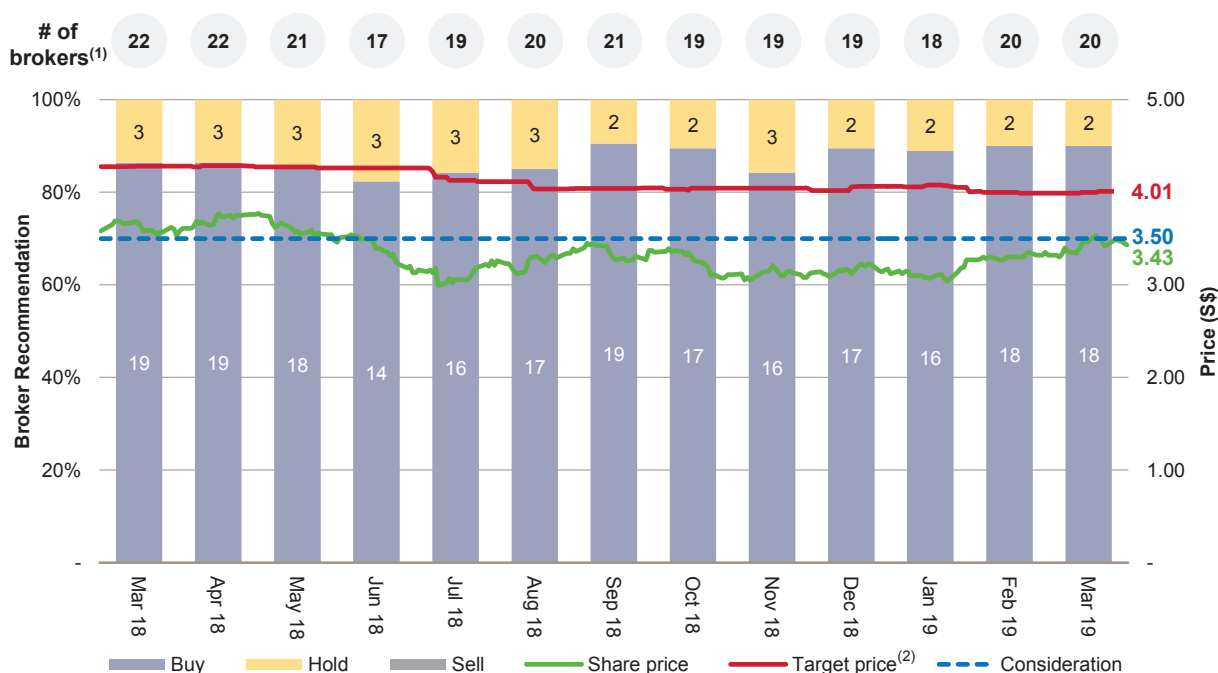
We wish to highlight that the level of premium (if any) an acquirer would normally pay for acquiring a significant stake of a company varies in different circumstances depending on, inter alia, the attractiveness of the underlying business to be acquired by the listed company, the synergies to be gained by the acquirer from integrating the target company's business with the existing business of the listed company, the possibility of a significant appraisal of the assets to be acquired, the availability of substantial cash reserves, the liquidity in the trading of listed company's shares, the presence of competing bids for the target company, the extent of control the acquirer already has in the target company or the extent of control the existing substantial or controlling shareholders have on the listed company, relative or perceived motivation to sell/buy and current market expectation as well as general economic and business risks. Nevertheless, it should be noted that as at the Latest Practicable Date, Temasek is already the largest controlling Shareholder and subsequent to the Completion, Temasek will continue to be the largest controlling Shareholder. Temasek's shareholding in the Enlarged Group would, however, increase from approximately 40.69% as at the Latest Practicable Date to approximately 50.84% of the enlarged issued share capital following the issuance and allotment of the Consideration Shares.

We wish to highlight that the list of companies and Selected IPT and Whitewash Transactions listed above are not directly comparable to the Company in terms of size, market capitalisation, business activities, asset base, geographical spread, track record, accounting policy, future prospects and other relevant criteria. Each of the Selected IPT and Whitewash Transactions must be judged on its own commercial and financial merits. Furthermore, the list of Selected IPT and Whitewash Transactions is by no means exhaustive and was compiled from public available information. Therefore, any comparison with the Selected IPT and Whitewash Transactions is for illustrative purpose only and merely serves as a guide to illustrate the relative premia or discounts for the transactions. Conclusions drawn from the comparisons made may not necessarily reflect any perceived market valuation for the Company.

#### 4.2.5 Research analyst target prices

As at the Latest Practicable Date, there are 20 brokerage houses<sup>19</sup> covering the Company based on Factset. We have reviewed the price target for the Share estimated by the brokers.

**Chart 5. Broker ratings evolution (as at the Latest Practicable Date)**



Source Factset as at the Latest Practicable Date

- (1) Number of brokers covering CapitaLand over the past 100 days
- (2) Based on average consensus by various brokers covering CapitaLand

Based on the above, we note that the Consideration Share Price is lower than the average of the target prices issued by brokerage and research entities in the one-year period prior to the Announcement Date of S\$4.01, implying a 12.7% discount to the brokers' consensus as at the Latest Practicable Date.

**We wish to highlight that the above broker research report universe may not be exhaustive and price targets for the Share and other statements and opinions contained in the reports within the universe used represent the individual views of the broker research analyst based on the circumstances (including, inter alia, market, economic, industry and monetary conditions as well as market sentiment and investor perceptions regarding the future prospects of the Share) prevailing at the date of the publication of the respective broker research reports. The opinions of the brokers may change over time as a result of, among other things, changes in market conditions, CapitaLand's market development and the emergence of new information relevant to CapitaLand. As such, the above price targets may not be an accurate prediction of future market prices of the Share.**

<sup>19</sup> For the past 100 days leading up to the Latest Practicable Date

#### 4.2.6 Analysis of dilution arising from the Consideration Shares

Based on information set out in paragraph 13.3 of the Circular, the dilution impact analysis is set out below.

The Consideration Shares represent approximately 20.65% of CapitaLand's issued share capital as at the Latest Practicable Date<sup>20</sup> and 17.12% of the enlarged issued share capital of CapitaLand<sup>21</sup>. The dilution effect to the shareholdings of the existing Shareholders after the issue of the Consideration Shares is set out below:

**Table 23. Dilution impact analysis**

	<u>Current Shareholding</u>		<u>After the issue of the Consideration Shares</u>		<u>Delta (%)</u>
	<u>No. of Shares</u>	<u>%</u>	<u>No. of Shares</u>	<u>%</u>	
The Vendor and its concert parties	1,699	40.70%	2,561	50.85%	▲ 10.2%
Whitewash Independent Shareholders	2,476	59.30%	2,476	49.15%	▼ 10.2%
<b>Total</b>	<b>4,175</b>	<b>100.0%</b>	<b>5,037</b>	<b>100.0%</b>	

**Notes:**

- (1) Based on a total of 4,175,057,129 Shares (excluding treasury shares) as at the Latest Practicable Date
- (2) Assuming 5,037,321,843 Shares in issue, being the total number of issued Shares (excluding treasury shares) as at the Latest Practicable Date and adjusting for the issue of the Consideration Shares
- (3) This comprises the following:
  - (a) (i) 1,680,704,140 Shares held by Temasek directly; and (ii) 17,954,982 Shares in which Temasek is deemed to have an interest through DBS Group Holdings Ltd, ST Asset Management Ltd., Keppel Corporation Limited and Fullerton Fund Management Company Pte Ltd.; and
  - (b) 393,781 Shares held by certain persons deemed to be concert parties of the Vendor, being (i) 220,921 Shares held by the directors of the Vendor and Temasek; and (ii) 172,860 Shares held by directors of the subsidiaries and/or associated companies of the Vendor who are not also directors of the Vendor<sup>22</sup>

In addition, one of the directors of the subsidiaries and/or associated companies of the Vendor also holds S\$250,000 of the S\$650.0 million 1.85% convertible bonds due 2020 and S\$500,000 of the S\$571.75 million 2.95% convertible bonds due 2022, in each case, issued by CapitaLand<sup>23</sup>

Save as disclosed above, the Vendor and its concert parties do not hold any instruments convertible into, rights to subscribe for and options in respect of the Shares

- (4) Based on the assumption that between the Latest Practicable Date and Completion, no new Shares have been and/or will be issued or bought back by CapitaLand and no instruments convertible into Shares have been and/or will be converted into Shares

Based on the illustration set out in Table 23, after the issuance of 862,264,714 Consideration Shares, the Vendor and its concert parties' shareholdings in the Company will increase from approximately 40.70% to approximately 50.85%. Furthermore, we note that the shareholding of the existing Shareholders will decrease from 59.30% to approximately 49.15%.

<sup>20</sup> Based on a total of 4,175,057,129 Shares (excluding treasury shares) as at the Latest Practicable Date

<sup>21</sup> Assuming 5,037,321,843 Shares in issue, being the total number of issued Shares (excluding treasury shares) as at the Latest Practicable Date and adjusting for the issue of the Consideration Shares

<sup>22</sup> Shareholdings of the directors of Temasek, the Vendor, and the subsidiaries and/or associated companies of the Vendor as disclosed in the Circular are based solely on information which has been reported to Temasek. Please note that details in relation to Temasek's deemed interest in the Shares and the Temasek directors' interest in the Shares are based on reasonable enquiries and shareholding reports received from its independently-managed subsidiaries and associated companies and the Temasek directors. Temasek cannot be assumed to have received timely or definitive shareholding reports from such companies or persons as there is no obligation on them to provide this information or to keep up to date on this

<sup>23</sup> Please refer to footnote 22

#### **4.2.7 Other relevant considerations (Whitewash Resolution)**

##### **4.2.7.1 Temasek's status as controlling shareholder**

Under the Listing Manual, as at the Latest Practicable Date, Temasek is deemed to be a "controlling shareholder" of CapitaLand as it holds more than 15% of the total number of shares (excluding treasury shares and subsidiary holdings). There are no other controlling shareholders apart from Temasek.

Shareholders should note that after passing of all the ordinary resolution(s) for the Proposed Transactions during the EGM, Temasek's interest in the Company will increase from approximately 40.69% to approximately 50.84%. Upon issuance of the Consideration Shares, Temasek will be in a position to exercise statutory control of the Company. Statutory control will put Temasek in a position to be able to pass all ordinary resolutions on matters in which Temasek does not have an interest in and which are tabled for Shareholders' approval at general meetings to be convened by the Company.

We further note from our discussions with the Company that the following points should also be considered in the assessment of Temasek's shareholder rights as a result of Completion and the Whitewash Resolution:

- (a) based on the latest Annual General Meeting which took place on 30 April 2018, the Directors of the Company have been granted a mandate to issue new shares in the Company of up to 50% of the share capital on a pro-rata basis and 10% on a non-pro rata basis without the approval of Temasek; and
- (b) based on publicly available information from Bloomberg, we note that the Company has issued convertible bonds to which one of the directors of the subsidiaries and/or associated companies of the Vendor has also subscribed. Assuming all the convertible bonds are fully converted based on their respective conversion prices, the total number of issued shares of the Company will increase by approximately 12.0%, which will dilute Temasek's shareholding to less than 50.0%.

##### **4.2.7.2 Alternative methods of financing**

We note that the Directors of the Company have considered alternative methods of financing the Proposed Transaction. Alternative methods of financing include, inter alia:

- (a) financing by taking on more debt on CapitaLand's balance sheet, which may result in effective subordination of Shareholders' interests to the debtholders, increase of the net debt to equity ratio to 0.87x (assuming the Consideration is fully funded by debt), creation of a higher possibility of default and the inclusion of various debt covenants which, inter alia, could limit the Enlarged Group's financial and business alternatives or growth; and
- (b) financing via rights issuance to all shareholders at a discount to market price, which may be dilutive from a pro forma financial impact to the Enlarged Group and requires capital outlay by all shareholders to prevent their dilution. On a side note, CapitaLand's last major rights issuance was done in February 2009 at an issue price which represented a discount of 45.0% and 51.0% over the closing share price as at the last market day and 1-month VWAP prior to the rights issuance date respectively.

#### **4.2.7.3 Implications of the Whitewash Resolution**

The Whitewash Independent Shareholders should note that by voting in favour of the Whitewash Resolution, they are waiving their rights to a general offer for all their Shares from the Vendor at the highest price paid by the Vendor and its concert parties for the Shares in the six months preceding the commencement of the offer.

The Whitewash Independent Shareholders should also note that upon Completion, the Vendor and its concert parties will hold Shares carrying over 49% of the voting rights of CapitaLand and accordingly, the Vendor and its concert parties will be free to acquire further Shares without incurring any obligation under Rule 14 of the Code to make a general offer.

#### **4.2.7.4 Abstention from voting**

Temasek will abstain, and will undertake to ensure that its associates (as defined in the Listing Manual) will abstain, from voting on the resolutions to be proposed at the EGM to approve the Proposed Transaction and the proposed allotment and issuance of the Consideration Shares. Temasek will abstain, and will undertake to ensure that parties acting in concert with it and parties not independent of it will abstain, from voting on the Whitewash Resolution. Temasek will also decline to accept appointment as proxy for any Shareholder to vote in respect of any resolutions, unless the Shareholder concerned has given instructions in his Proxy Form as to the manner in which his votes are to be cast in respect of the resolutions.

In addition, Mr Stephen Lee Ching Yen, Mr Ng Kee Choe, Ms Euleen Goh Yiu Kiang, Mr Kee Teck Koon and Ms Goh Swee Chen will abstain from voting on the resolutions to be proposed at the EGM to approve the Proposed Transaction, the proposed allotment and issuance of the Consideration Shares and the Whitewash Resolution, and will also decline to accept appointment as proxy for any Shareholder to vote in respect of any resolutions, unless the Shareholder concerned has given instructions in his Proxy Form as to the manner in which his votes are to be cast in respect of the resolutions.

### **5 OUR OPINIONS**

#### **5.1 Opinion on the Proposed Transaction and the proposed allotment and issuance of the Consideration Shares**

In arriving at our Opinion in respect of the Proposed Transaction and the proposed allotment and issuance of the Consideration Shares, we have considered, inter alia, the following factors summarised below which we considered to be pertinent in our assessment:

- (a) the rationale for the Proposed Transaction;
- (b) the Proposed Consideration of S\$6,035.9 million reflects a discount of approximately 9% to the mid-point of the valuation range derived from sum-of-the-parts of S\$6,617 – S\$6,704 million;
- (c) the Proposed Consideration of S\$6,035.9 million corresponds to implied P/E and P/NAV multiples which are within the range of the corresponding multiples of the Selected Comparable Companies and the Selected Precedent Transactions;
- (d) based on the assumptions set out in the Circular, the Proposed Transaction is expected to be accretive from an EPS perspective and dilutive from an NTA perspective; and
- (e) the potential impact of synergies on the Enlarged Group post-transaction, which have not been taken into account in our analysis.

After carefully considering the information available to us as at the Latest Practicable Date, and based upon the monetary, industry, market, economic and other relevant conditions subsisting on the Latest Practicable Date, we are of the opinion that the Proposed Transaction and the proposed allotment and issuance of the Consideration Shares are on normal commercial terms and are not prejudicial to the interests of the Company and the IPT Independent Shareholders.

## 5.2 Opinion on the Whitewash Resolution

In arriving at our Opinion in respect of the Whitewash Resolution, we have considered, inter alia, the following factors summarised below which we consider to be pertinent in our assessment:

- (a) the Shares have adequate liquidity and broker research coverage. The historical Share prices of the Company provide a reasonable basis against which to compare the Consideration Share Price;
- (b) the issue price of the Consideration Shares is within the historical trading share prices of the Company for the last three years up to the Latest Practicable Date and represent a premia of 2.0% over the closing share price as at the Latest Practicable Date, and 7.0%, 11.3%, 11.6%, 9.1% and 2.9% over the closing share price as at the Last Trading Day, 1-month VWAP, 3-month VWAP, 6-month VWAP and 12-month VWAP respectively;
- (c) in the three-year period prior to the Last Trading Day, the LTM P/E multiple as implied by the Consideration Share Price of 8.5x is below both the one-year and three-year average LTM P/E multiples of 9.5x and 10.9x respectively;
- (d) in the three-year period prior to the Last Trading Day, the LTM P/NAV multiple as implied by the Consideration Share Price (based on the Company's latest NAV as at 31 December 2018) of 0.79x is closely aligned to the three-year average P/NAV multiple of 0.80x and is higher than the one-year average LTM P/NAV multiple of 0.77x;
- (e) in the three-year period prior to the Last Trading Day, the LTM EV/EBITDA multiple as implied by the Consideration Share Price (based on LTM EBITDA ending 31 December 2018) of 14.6x is lower than both the one-year and three-year average EV/EBITDA multiples of 24.2x and 22.3x respectively;
- (f) the implied LTM P/NAV multiple based on the Consideration Share Price is broadly in line with the corresponding average multiple of the Company for the one-year and three-year periods prior to the Last Trading Day. The implied LTM P/E and EV/EBITDA multiples based on the Consideration Share Price are below the Company's average LTM P/E and EV/EBITDA multiples for the one-year and three-year periods respectively prior to the Last Trading Day;
- (g) the premia implied by the Consideration Share Price is above the overall mean and median of the Selected IPT & Whitewash Transactions in Singapore for the premia to last transacted price, 1-month VWAP, 3-month VWAP, 6-month VWAP and 12-month VWAP;
- (h) the premia implied by the Consideration Share Price is above the overall mean and median of the precedent interested party transactions where the interested party holds more than a 50% interest in the acquirer post-transaction for the premia to last transacted price, 1-month VWAP, 3-month VWAP and 6-month VWAP;
- (i) consideration Share Price is lower than the average of the target prices issued by brokerage and research entities in the one-year period prior to the Announcement Date of S\$4.01, implying a 12.7% discount to the brokers' consensus as at the Latest Practicable Date;

- (j) the Vendor and its concert parties' shareholdings in the Company will increase from approximately 40.70% to approximately 50.85%. Furthermore, we note that the shareholding of the existing public Shareholders will decrease from approximately 59.30% to approximately 49.15%;
- (k) we note that there is no publicly-available evidence of any alternative or competing offer for the Shares from any third-party since the Announcement Date and up to the Latest Practicable Date; and
- (l) the Audit Committee and Independent Directors have advised that if the Whitewash Resolution is not approved, the Proposed Transaction will no longer be pursued which may, at least in the short term, result in a loss of a potential value creation opportunity for the CapitaLand Group.

After carefully considering the information available to us as at the Latest Practicable Date, and based upon the monetary, industry, market, economic and other relevant conditions subsisting on the Latest Practicable Date, we are of the opinion that the Whitewash Resolution is fair and reasonable.

### **5.3 Matters to highlight**

Based on our assessment of the financial terms of the Proposed Transaction and the Whitewash Resolution as set out above, from a financial point of view, we advise:

- (a) for the purpose of Listing Rule 921(4) as well as the Audit Committee that the Proposed Transaction and the proposed allotment and issuance of the Consideration Shares are on normal commercial terms and not prejudicial to the interests of CapitaLand and the IPT Independent Shareholders; and
- (b) the Independent Directors to recommend:
  - (i) the IPT Independent Shareholders to vote in favour of the Proposed Transaction and the proposed allotment and issuance of the Consideration Shares; and
  - (ii) the Whitewash Independent Shareholders to vote in favour of the Whitewash Resolution.

We advise the Independent Directors to highlight to the IPT Independent Shareholders and the Whitewash Independent Shareholders, the matters as stated in our Letter, including, inter alia, our limitation in analysis, evaluation, comments and opinion in this Letter is limited. We advise the Independent Directors to recommend the IPT Independent Shareholders and the Whitewash Independent Shareholders to consider their decision carefully in voting in favour of or against the Proposed Transaction, the proposed allotment and issuance of the Consideration Shares and the Whitewash Resolution.

In performing our evaluation, we have not been provided with, and have not had access to, any financial projections or future plans or corporate actions (if any) of the Company or the Target Companies or the Enlarged Group. The opinion set forth herein is based solely on publicly available information and other information provided by the Management and therefore does not reflect any projections or future financial performance of the Company or the Target Companies or the Enlarged Group after the Completion and is based on the economic and market conditions prevailing as at the date of this opinion. Our advice is solely confined to our views on the Proposed Transaction and the Whitewash Resolution.

In rendering our opinion, we are not providing any investment advice and we have not had regard to any general or specific investment objectives, financial situations, risk profiles, tax positions or particular needs or constraints of any specific Shareholder and we neither assume any responsibility for, nor hold ourselves out as advisers to any person other than the Audit Committee and the Independent Directors.

Our opinion is only based on a financial analysis and does not incorporate any assessment of commercial, legal, tax, regulatory or other matters. Our opinion also does not incorporate an assessment of the price at which the Shares may trade following the success or failure of the Proposed Transactions. Such factors are beyond the ambit of our review and do not fall within our terms of reference in connection with the Proposed Transactions.

Yours faithfully,

For and on behalf of  
**Rothschild & Co Singapore Limited**

Rohit Elhence  
Managing Director, Head of South East Asia



## APPENDIX II

### SUMMARY OF VALUATIONS

The table below sets out a summary of the valuations conducted by the Independent Valuers in respect of the Valuation Properties. The valuation reports and/or valuation certificates (as the case may be) in respect of the Valuation Properties are available for inspection by Shareholders during normal business hours at the registered office of CapitalLand at 168 Robinson Road, #30-01 Capital Tower, Singapore 068912, from the date of this Circular up to and including the date falling three months after the Announcement Date.

#### **SUMMARY OF VALUATIONS (100% BASIS) <sup>(1)</sup>**

S/N	Property Names	Country	Currency	Valuation (Million)	Valuation Date	Valuation Approaches	Valuer
1.	5 Science Park Drive	Singapore	SGD	160.0	31 January 2019	Capitalisation Approach and Discounted Cash Flow Analysis	JLL
2.	Ascent	Singapore	SGD	310.0	31 January 2019	Capitalisation Approach and Discounted Cash Flow Analysis	JLL
3.	Build-to-Suit for FM Global	Singapore	SGD	87.0	31 January 2019	Capitalisation Approach and Discounted Cash Flow Analysis	JLL
4.	Build-to-Suit for Pratt & Whitney	Singapore	SGD	52.5	31 January 2019	Capitalisation Approach and Discounted Cash Flow Analysis	JLL
5.	Chadwick/Curie/Cavendish	Singapore	SGD	98.0	31 January 2019	Capitalisation Approach and Discounted Cash Flow Analysis	JLL
6.	Galaxis	Singapore	SGD	544.0	31 January 2019	Capitalisation Approach and Discounted Cash Flow Analysis	JLL
7.	ICON@IBP	Singapore	SGD	123.0	31 January 2019	Capitalisation Approach and Discounted Cash Flow Analysis	JLL
8.	Infinite Studios	Singapore	SGD	62.0	31 January 2019	Capitalisation Approach and Discounted Cash Flow Analysis	JLL
9.	Nucleos	Singapore	SGD	221.0	31 January 2019	Capitalisation Approach and Discounted Cash Flow Analysis	JLL
10.	Teletch Park	Singapore	SGD	68.0	31 January 2019	Capitalisation Approach and Discounted Cash Flow Analysis	JLL

S/N	Property Names	Country	Currency	Valuation (Million)	Valuation Date	Valuation Approaches	Valuer
11.	79 Robinson Road (former CPF building) <sup>(2)</sup>	Singapore	SGD	692.4	31 January 2019	Residual Land Value Method	JLL
12.	Mixed-use Executive Centre in One-North <sup>(2)</sup>	Singapore	SGD	306.4	31 January 2019	Residual Land Value Method	JLL
13.	Ang Mo Kio Land Leases	Singapore	SGD	18.3	31 January 2019	Capitalisation Approach and Discounted Cash Flow Analysis	JLL
14.	Science Park I Land Leases	Singapore	SGD	61.1	31 January 2019	Direct Comparison Approach and Residual Land Value Method	JLL
15.	Science Park II Land Leases	Singapore	SGD	81.5	31 January 2019	Direct Comparison Approach and Residual Land Value Method	JLL
16.	Ascendas iHub Suzhou <sup>(4)</sup>	China	RMB	875.2	31 January 2019	Capitalisation Approach, Discounted Cash Flow Analysis and Direct Comparison Approach, as appropriate	C&W
17.	Ascendas i-Link	China	RMB	448.5	31 January 2019	Capitalisation Approach and Discounted Cash Flow Analysis	C&W
18.	Ascendas Innovation Hub	China	RMB	260.0	31 January 2019	Capitalisation Approach and Discounted Cash Flow Analysis	C&W
19.	Ascendas Innovation Place	China	RMB	1,358.5	31 January 2019	Capitalisation Approach and Discounted Cash Flow Analysis	C&W
20.	Ascendas Innovation Tower	China	RMB	684.0	31 January 2019	Capitalisation Approach and Discounted Cash Flow Analysis	C&W
21.	Ascendas Plaza	China	RMB	2,097.5	31 January 2019	Capitalisation Approach and Discounted Cash Flow Analysis	C&W
22.	Ascendas-Xinsu Portfolio	China	RMB	2,052.8	31 January 2019	Capitalisation Approach and Discounted Cash Flow Analysis	C&W
23.	Build-to-Suit Project at Beijing Economic Technological Development Area	China	RMB	166.5	31 January 2019	Capitalisation Approach and Discounted Cash Flow Analysis	C&W
24.	Singapore-Hangzhou Science & Technology Park (Phase 1 & 2)	China	RMB	1,336.0	31 January 2019	Capitalisation Approach and Discounted Cash Flow Analysis	C&W

S/N	Property Names	Country	Currency	Valuation (Million)	Valuation Date	Valuation Approaches	Valuer
25.	Dalian Ascendas IT Park	China	RMB	1,171.7	31 January 2019	Capitalisation Approach and Discounted Cash Flow Analysis	C&W
26.	Raffles City Chongqing <sup>(2)</sup>	China	RMB	16,063.0	31 January 2019	Residual Land Value Method	CBRE
27.	China-Singapore Guangzhou Knowledge City <sup>(2), (3), (4)</sup>	China	RMB	2,949.0	31 January 2019	Capitalisation Approach, Discounted Cash Flow Approach, Direct Comparison Approach and Residual Land Value Method, as appropriate	C&W
28.	International Tech Park Chennai, Radial Road	India	INR	2,311.0	31 January 2019	Direct Comparison Approach and Residual Land Value Method	JLL
29.	International Tech Park Gurgaon <sup>(4)</sup>	India	INR	16,797.8	31 January 2019	Capitalisation Approach, Discounted Cash Flow Analysis, Direct Comparison Approach and Residual Land Value Method, as appropriate	JLL
30.	International Tech Park Pune, Hinjawadi <sup>(4)</sup>	India	INR	9,294.0	31 January 2019	Capitalisation Approach, Discounted Cash Flow Analysis, Direct Comparison Approach and Residual Land Value Method, as appropriate	JLL
31.	International Tech Park Pune, Kharadi	India	INR	2,230.0	31 January 2019	Direct Comparison Approach and Residual Land Value Method	JLL
32.	Logistics Portfolio in Oragadam, Chennai <sup>(4)</sup>	India	INR	1,764.0	31 January 2019	Capitalisation Approach, Discounted Cash Flow Analysis, Direct Comparison Approach and Residual Land Value Method, as appropriate	JLL
33.	OneHub Chennai	India	INR	9,146.0	31 January 2019	Direct Comparison Approach	JLL
34.	Vinplex <sup>(4)</sup>	India	INR	2,866.0	31 January 2019	Capitalisation Approach, Discounted Cash Flow Analysis, Direct Comparison Approach and Residual Land Value Method, as appropriate	JLL
35.	33 Properties in the USA	USA	US\$	887.1	31 January 2019	Capitalisation Approach, Discounted Cash Flow Analysis and Direct Comparison Approach	Colliers
36.	Anam Tower	South Korea	KRW	66,400.0	31 January 2019	Capitalisation Approach, Discounted Cash Flow Analysis and Direct Comparison Approach	JLL
37.	Citibank Center	South Korea	KRW	135,000.0	31 January 2019	Capitalisation Approach, Discounted Cash Flow Analysis and Direct Comparison Approach	JLL

S/N	Property Names	Country	Currency	Valuation (Million)	Valuation Date	Valuation Approaches	Valuer
38.	ICON Yeoksam	South Korea	KRW	111,300.0	31 January 2019	Capitalisation Approach, Discounted Cash Flow Analysis and Direct Comparison Approach	JLL
39.	Jongro Place	South Korea	KRW	247,200.0	31 January 2019	Capitalisation Approach, Discounted Cash Flow Analysis and Direct Comparison Approach	JLL
40.	Nusajaya Tech Park	Malaysia	MYR	135.1	31 January 2019	Direct Comparison Approach	IVPS

**Notes:**

- (1) The summary of valuations above does not include: (a) AOC Coimbatore, which was contracted to be sold as at 31 December 2018; (b) 9 Tai Seng Drive, as its acquisition was completed after 31 December 2018; and (c) Tianjiao Residential Project, OneHub Saigon and One Parc Puri, which are immaterial to the overall portfolio as the effective stakes in the assets held by the Ascendas-Singbridge Group accounted for less than 1% of the Ascendas-Singbridge Group's total assets as at 31 December 2018.
- (2) For properties under development, the valuation indicated represents the as-is value of the asset valued based on Residual Land Value Method and taking into account the cost of work done up to 31 December 2018.
- (3) Valuation is conducted on assets in CSGKC which account for more than 50% of the Ascendas-Singbridge Group's carrying cost of investment on assets in CSGKC. The valuation excludes assets which were contracted to be sold as at 31 December 2018.
- (4) The Independent Valuers have adopted relevant valuation approaches for the different components (including but not limited to completed investment property, property under development and property held for sale) within each asset.

## NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of CapitaLand Limited (the “Company”) will be held at The Star Theatre, Level 5, The Star Performing Arts Centre, 1 Vista Exchange Green, Singapore 138617 on Friday, 12 April 2019 at 11.30 a.m. (or as soon thereafter as the annual general meeting of the Company to be held at 10.00 a.m. on the same day and at the same place is concluded or adjourned) (the “EGM”) to consider and, if thought fit, to pass, with or without any modifications, the following resolutions:

Capitalised terms not otherwise defined herein shall have the meanings given to them in the circular of the Company dated 22 March 2019 (the “Circular”).

1. The Proposed Transaction (Ordinary Resolution 1)

That contingent upon the passing of Ordinary Resolution 2 and Ordinary Resolution 3:

- (a) approval be and is hereby given by the IPT Independent Shareholders<sup>1</sup> for the purchase by the Company and/or its nominee(s) of all the issued ordinary shares in each of Ascendas Pte Ltd and Singbridge Pte. Ltd. for a total consideration of S\$6,035.9<sup>2</sup> million (the “Consideration”) to be satisfied by an equal proportion of cash and new ordinary shares in the Company (the “Proposed Transaction”); and
- (b) any Director (other than Mr Stephen Lee Ching Yen, Mr Ng Kee Choe, Ms Euleen Goh Yiu Kiang, Mr Kee Teck Koon and Ms Goh Swee Chen) or any person as he may delegate be and is hereby authorised to approve all documents, instruments, deeds and forms as may be required under or pursuant to the sale and purchase agreement dated 14 January 2019 between the Company and Ascendas-Singbridge Pte. Ltd. (the “Vendor”) in relation to the Proposed Transaction (the “SPA”) (including any amendment or modification of the SPA), and to do all acts and things in relation to, or in connection with, the Proposed Transaction, as he may consider necessary, desirable or expedient to give effect to this Resolution.

2. The Proposed Allotment and Issuance of the Consideration Shares (Ordinary Resolution 2)

That contingent upon the passing of Ordinary Resolution 1 and Ordinary Resolution 3, approval be and is hereby given by the IPT Independent Shareholders for the allotment and issuance of 862,264,714 new ordinary shares in the capital of the Company (the “Consideration Shares”) to the Vendor and/or its nominee(s) at an issue price of S\$3.50 for each Consideration Share, credited as fully paid-up, in satisfaction of the non-cash portion of the Consideration due to the Vendor for the Proposed Transaction, in accordance with the terms of the SPA.

<sup>1</sup> Shareholders who are not deemed to have an interest in the Proposed Transaction under the Listing Manual of the Singapore Exchange Securities Trading Limited (and for the avoidance of doubt, such Shareholders who are not deemed to have an interest exclude the Vendor and its associates).

<sup>2</sup> Rounded to the nearest one decimal place.

3. The Whitewash Resolution

(Ordinary Resolution 3)

That contingent upon the passing of Ordinary Resolution 1 and Ordinary Resolution 2, the Whitewash Independent Shareholders<sup>3</sup>, on a poll, hereby unconditionally and irrevocably waive their rights under Rule 14 of the The Singapore Code on Take-overs and Mergers to receive a mandatory general offer from the Vendor and its concert parties, for all the issued ordinary shares in the Company not held by the Vendor and its concert parties, as a result of the Vendor's acquisition of the Consideration Shares.

BY ORDER OF THE BOARD

**MICHELLE KOH**  
Company Secretary

Singapore  
22 March 2019

**Notes:**

- I (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the EGM. Where such member's Proxy Form appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the Proxy Form.
- (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the EGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's Proxy Form appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the Proxy Form.

"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 of Singapore.

- II A proxy need not be a member of the Company.
- III The Proxy Form must be lodged/deposited at the office of the Company's Share Registrar, M & C Services Private Limited, at 112 Robinson Road, #05-01, Singapore 068902, no later than 9 April 2019 at 11.30 a.m., being 72 hours before the time fixed for the EGM.

**Personal Data Privacy:**

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

<sup>3</sup> Shareholders of the Company other than the Vendor and its concert parties as well as parties not independent of them.

**IMPORTANT:**

1. A relevant intermediary, as defined in Section 181 of the Companies Act, Chapter 50 of Singapore, may appoint more than two proxies to attend, speak and vote at the EGM.
2. For CPF/SRS investors who have used their CPF/SRS monies to buy CapitaLand Limited shares, this Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies.

Personal Data Privacy  
 By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of EGM dated 22 March 2019.

**PROXY FORM**

**EXTRAORDINARY GENERAL MEETING**

I/We \_\_\_\_\_ (Name),  
 \_\_\_\_\_ (NRIC/Passport/Company Registration Number)  
 of \_\_\_\_\_  
 \_\_\_\_\_ (Address)

being a member/members of CapitaLand Limited (the "Company"), hereby appoint:

Name:	NRIC/Passport No.:	Proportion of Shareholdings	
		No. of Shares	%
Address:			

and/or (delete as appropriate)

Name:	NRIC/Passport No.:	Proportion of Shareholdings	
		No. of Shares	%
Address:			

or, failing whom, the Chairman of the Extraordinary General Meeting of the Company ("EGM") as my/our proxy/proxies to attend, speak and vote for me/us on my/our behalf at the EGM to be held at The Star Theatre, Level 5, The Star Performing Arts Centre, 1 Vista Exchange Green, Singapore 138617, on Friday, 12 April 2019 at 11.30 a.m. (or as soon thereafter as the Annual General Meeting of the Company to be held at 10.00 a.m. on the same day and at the same place is concluded or adjourned), and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Ordinary Resolutions to be proposed at the EGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the EGM.

No.	Resolutions relating to:	For*	Against*
1	The Proposed Transaction		
2	The Proposed Allotment and Issuance of the Consideration Shares		
3	The Whitewash Resolution		

\* Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against", please indicate with a "✓" within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2019

<b>Total Number of Shares Held</b>

\_\_\_\_\_  
 Signature(s) of Member(s) or Common Seal





**BUSINESS REPLY SERVICE  
PERMIT NO. 04910**



**CapitaLand Limited**

c/o M & C Services Private Limited  
112 Robinson Road  
#05-01  
Singapore 068902

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**NOTES TO PROXY FORM:**

1. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the EGM. Where such member's Proxy Form appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the Proxy Form.  
(b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the EGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's Proxy Form appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the Proxy Form.  
"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 of Singapore.
2. A proxy need not be a member of the Company.
3. Completion and return of this Proxy Form shall not preclude a member from attending, speaking and voting at the EGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the EGM in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the Proxy Form to the EGM.
4. A member should insert the total number of shares held. If the member has shares entered against his/her name in the Depository Register (maintained by The Central Depository (Pte) Limited), he/she should insert that number of shares. If the member has shares registered in his/her name in the Register of Members (maintained by or on behalf of the Company), he/she should insert that number of shares. If the member has shares entered against his/her name in the Depository Register as well as shares registered in his/her name in the Register of Members, he/she should insert the aggregate number of shares. If no number is inserted, the Proxy Form will be deemed to relate to all the shares held by the member.
5. The Proxy Form must be lodged/deposited at the office of the Company's Share Registrar, M & C Services Private Limited, at 112 Robinson Road, #05-01, Singapore 068902, no later than 9 April 2019 at 11.30 a.m., being 72 hours before the time fixed for the EGM.

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6. The Proxy Form must be executed under the hand of the appointor or of his/her attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
7. Where the Proxy Form is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (unless previously registered with the Company) be lodged/deposited with the Proxy Form, failing which the Proxy Form may be treated as invalid.
8. A corporation which is a member may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at the EGM, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

**General**

The Company shall be entitled to reject any Proxy Form which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the Proxy Form (including any related attachment). In addition, in the case of shares entered in the Depository Register, the Company may reject any Proxy Form lodged/deposited if the appointor is not shown to have shares entered against his/her name in the Depository Register at least 72 hours before the time appointed for holding the EGM, as certified by The Central Depository (Pte) Limited to the Company.



