



CAPITALAND INVESTMENT LIMITED
(Registration Number: 200308451M)
(Incorporated in the Republic of Singapore)

ANNOUNCEMENT

ACQUISITION OF INTERESTS IN SC CAPITAL PARTNERS GROUP

1. INTRODUCTION

CapitaLand Investment Limited ("**CLI**", and together with its subsidiaries, the "**CLI Group**") wishes to announce that its wholly-owned subsidiary, CLI Begonia Pte. Ltd. ("**CLI Begonia**"), has entered into a sale and purchase agreement ("**SPA**") with the shareholders (the "**Vendors**") of SCCP Group Holdings Pte. Ltd. (the "**Singapore Target Company**") and SC Capital Holdings Ltd (the "**Cayman Target Company**" and together with the Singapore Target Company, the "**Target Companies**") for the acquisition by CLI Begonia of 40% of:

- (a) the issued and paid-up ordinary shares in each Target Company; and
- (b) the interests in SCM VI Investment Trust (together with the Target Companies, the "**Target Entities**"),

(collectively, the "**Initial Interest**") in the Target Entities for S\$280 million¹ (the "**Initial Consideration**"), with the remaining 60% stake in the Target Entities to be acquired in two (2) tranches (collectively with the acquisition of the Initial Interest, the "**Acquisition**") over the next five (5) years following the Initial Completion (as defined below), subject to fulfilment of certain conditions (including relevant regulatory approvals). The Vendors are not related to CLI. The Target Entities are the holding entities of the business undertaken by the SC Capital Partners Group ("**SCCP**").

2. INFORMATION ON SCCP

SCCP is headquartered in Singapore and has a 20-year track record in the Asia Pacific region. SCCP invests across the risk-return spectrum through its opportunistic fund series,

¹ Based on the purchase consideration of US\$214 million for the Initial Interest, and an exchange rate of US\$1 = S\$1.30928 (the "**Exchange Rate**").

Real Estate Capital Asia Partners (RECAP), its core-plus fund (SCORE+) as well as tailored investment solutions for a diverse pool of institutional investors globally.

SCCP owns a majority stake in Japan Hotel REIT Advisors Co., Ltd. ("**JHRA**"), which is the asset manager of Japan Hotel REIT Investment Corporation ("**JHR**") and a specialist in hotel asset management in Japan. SCCP also manages funds for accredited and institutional investors.

3. **PRINCIPAL TERMS OF THE ACQUISITION**

3.1 **Structure of the Acquisition**

The Acquisition is structured as follows:

(a) **Initial Acquisition of 40% Stake**

The acquisition of the Initial Interest will be carried out via a combination of a (i) share issue by the Target Companies to CLI Begonia, (ii) transfer of shares in the Target Companies by the Vendors to CLI Begonia, and (iii) transfer to CLI Begonia of 40% interest in SCM VI Investment Trust by the beneficiaries of SCM VI Investment Trust. Completion of the acquisition of the Initial Interest ("**Initial Completion**") is expected to take place in the first quarter of 2025, subject to the fulfilment of certain conditions precedent, including the relevant regulatory approvals.

(b) **Acquisition of Remaining 60% Stake**

CLI Begonia has been granted a call option to acquire, and CLI Begonia has granted a put option to be required to acquire (i) a 30% stake in the Target Entities ("**Tranche 2 Interest**") after three years from the Initial Completion and (ii) the remaining stake in the Target Entities ("**Tranche 3 Interest**") after five years from the Initial Completion, each subject to the fulfilment of certain conditions (including the relevant regulatory approvals).

3.2 **Consideration**

The purchase consideration for the Acquisition is negotiated on a willing-buyer willing-seller basis, taking into account comparable trading and transacted earnings multiples.

The Initial Consideration for the Initial Interest will be paid in cash on Initial Completion.

The consideration for the sale and purchase of the Tranche 2 Interest and the Tranche 3 Interest (collectively, the "**Subsequent Consideration**") will be based on an agreed multiple of the earnings before interest, taxes, depreciation and amortisation ("**EBITDA**") of the Target Companies determined according to the financial performance of the Target Companies. The Subsequent Consideration is expected to be paid in a combination of

cash and CLI Shares (as defined below) (collectively, the "**Consideration Shares**" and each such CLI Share, a "**Consideration Share**"), as applicable for the relevant completion ("**Subsequent Completion**"). The Consideration Shares will be issued at an issue price per Consideration Share equal to the volume weighted average price of CLI Shares for the 30-day period commencing immediately after the date of the election by CLI to pay the relevant part of the relevant Subsequent Consideration in Consideration Shares.

The Initial Consideration and the Subsequent Consideration are subject to customary post-closing adjustments.

4. **RATIONALE FOR THE ACQUISITION**

The Acquisition will serve to deepen and significantly boost CLI's presence in its focus market of Japan. It will also cement CLI's position as one of Asia Pacific's largest managers of real estate investment trusts ("**REITs**") with the addition of JHRA as the manager of JHR. With a market capitalisation of S\$3 billion², JHR is the second largest hospitality REIT listed in Japan and 13th largest REIT in the country. The Acquisition will also strengthen CLI's private funds management platform as SCCP's opportunistic and value-add funds are complementary to CLI's fund management growth strategy.

5. **THE ACQUISITION AS A DISCLOSEABLE TRANSACTION**

Chapter 10 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**Listing Manual**") governs the continuing listing obligations of issuers in respect of acquisitions and disposals. The relevant relative figure for the Acquisition computed on the basis set out in Rule 1006(c) of the Listing Manual is set out below. As the relative figure under Rule 1006(c) of the Listing Manual exceeds 5% but does not exceed 20%, the Acquisition constitutes a "discloseable transaction" for the purposes of Chapter 10 of the Listing Manual.

Rule 1006^(A)	Basis	Relative Figure (%)
(c)	The aggregate value of the Initial Consideration, the Subsequent Consideration and the CLI Equity Injection compared with CLI's market capitalisation based on the total number of issued ordinary shares of CLI (" CLI Shares ") (excluding treasury shares).	5.06% ^(B)

Notes:

- (A) Rule 1006(a) of the Listing Manual does not apply to an acquisition of assets. The relative figures computed under the bases in Rule 1006(b) and Rule 1006(d) of the Listing Manual do not exceed 5%. Based on the unaudited pro forma financial statements of the Target Group (as defined below)

² JHR's market capitalisation is as at 15 November 2024.

and the consolidated interim financial statements of the CLI Group, in each case, for the financial period ended on 30 June 2024, the net profits attributable to the Target Group, compared with the CLI Group's net profits, is 0.5%. Rule 1006(e) of the Listing Manual does not apply to the Acquisition as the Acquisition does not relate to a disposal of mineral, oil or gas assets by a mineral, oil and gas company.

- (B) CLI Begonia has committed to subscribe on a pro-rata basis, for new issued and fully paid-up ordinary shares in the capital of the Target Companies for an aggregate subscription amount of US\$7,200,000 (approximately S\$9,426,816, based on the Exchange Rate) (the "**CLI Equity Injection**"), on or after the Initial Completion. The relative figure under Rule 1006(c) of the Listing Manual was computed based on the aggregate of (i) the Initial Consideration for the Initial Interest, (ii) the CLI Equity Injection and (iii) the illustrative value of the Subsequent Consideration of S\$420 million (based on the Exchange Rate) ("**Illustrative Subsequent Consideration**"). CLI's market capitalisation is approximately S\$14,029 million, calculated based on the total number of 4,988,365,390 CLI Shares (excluding treasury shares) multiplied by the weighted average price of S\$2.8124 per CLI Share on 19 November 2024, being the last market day preceding the date of the SPA.

6. **FINANCIAL INFORMATION OF THE ACQUISITION**

6.1 Book Value

Based on the unaudited pro forma financial statements of the Target Entities and their subsidiaries (the "**Target Group**"), the book value of the Initial Interest as at 30 June 2024 is S\$6.8 million.

6.2 Net Tangible Asset Value

Based on the unaudited pro forma financial statements of the Target Group, the net tangible asset ("**NTA**") value of the Initial Interest as at 30 June 2024 is S\$6.4 million.

7. **ILLUSTRATIVE FINANCIAL EFFECTS**

For illustrative purposes only, the financial effects of the Acquisition on the (a) earnings per CLI Share ("**EPS**") and (b) net asset value ("**NAV**") and NTA per CLI Share, based on (i) the audited consolidated financial statements of the CLI Group for the financial year ended 31 December 2023 and (ii) the unaudited pro forma financial statements of the Target Group for the financial year ended 31 December 2023 are set out below.

In this regard, the pro forma financial effects have been prepared on the following assumptions:

- (a) the Initial Completion and the Subsequent Completion have occurred; and
- (b) the Initial Consideration of S\$280 million, the Illustrative Subsequent Consideration of S\$420 million (assuming that the maximum amount of the Subsequent Consideration as agreed under the SPA is paid in Consideration Shares) and no post-closing adjustments will be required.

Assuming the Acquisition had been effected on 1 January 2023, there is no material impact to the EPS for the financial year ended 31 December 2023.

Assuming the Acquisition had been effected on 31 December 2023:

- (i) there is no material impact to the NAV per CLI Share as at 31 December 2023; and
- (ii) due to the acquisition of intangible assets associated with the fund management business, the NTA per CLI Share as at 31 December 2023 will change from S\$2.51³ to S\$2.38⁴.

8. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

8.1 Directors' Interests

None of the directors of CLI has any interest, direct or indirect, in the Acquisition, other than through their respective shareholdings in CLI.

8.2 Interests of Controlling Shareholders

None of the controlling shareholders of CLI has any interest, direct or indirect, in the Acquisition, other than through their respective shareholdings in CLI.

9. NO DIRECTORS' SERVICE CONTRACTS

No director's service contract is proposed to be entered into by CLI with any person in connection with the Acquisition.

10. DOCUMENT FOR INSPECTION

A copy of the SPA will be made available for inspection during normal business hours at the registered office of CLI at 168 Robinson Road, #30-01 Capital Tower, Singapore 068912 until the date falling three (3) months from the date of this Announcement.

By Order of the Board

Michelle Koh
Company Secretary
20 November 2024

³ Based on a total number of 5,100,420,671 CLI Shares in issue as at 31 December 2023 (excluding treasury shares).

⁴ The potential impact of Purchase Price Allocation under Singapore Financial Reporting Standard (International) 3 *Business Combinations* has not been taken into account.