



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

ANNOUNCEMENT

PROPOSED DIVESTMENT OF A PORTFOLIO OF UNITED STATES PROPERTIES AND TWO SINGAPORE PROPERTIES

1. INTRODUCTION

CapitaLand Limited (the "**Company**" or "**CapitaLand**"), wishes to announce that it has on 1 November 2019 through its wholly owned entities, entered into agreements with HSBC Institutional Trust Services (Singapore) Limited, in its capacity as trustee of Ascendas Real Estate Investment Trust ("**Ascendas Reit**"), (the "**AREIT Trustee**") for the divestment (the "**Proposed Divestments**") of a portfolio of 28 business park properties¹ located in the United States of America (the "**US Properties**") and two Singapore properties (the "**Singapore Properties**", each a "**Singapore Property**").

The US Properties

Perpetual (Asia) Limited, in its capacity as trustee of Ascendas US REIT (the "**US Portfolio Vendor**") has entered into a conditional share purchase agreement (the "**Share Purchase Agreement**") with the AREIT Trustee to divest the US Properties, through the divestment of the entire issued share capital, comprising one ordinary share (the "**Sale Share**") of Ascendas US Holdco Pte. Ltd. ("**Ascendas US Holdco**") (the "**US Divestment**").

The US Properties are held by Ascendas US Holdco through its wholly-owned subsidiary in the United States, Ascendas US REIT LLC, which in turn wholly-owns each of the property-holding entities in the US, namely San Diego 1 LLC, San Diego 2 LLC, Raleigh 1 LP, Portland 1 LLC and Portland 2 LLC.

The Singapore Properties

Ascendas Venture Pte. Ltd. ("**AVPL**") has entered into a conditional put and call option agreement (the "**Nucleos Option Agreement**") with the AREIT Trustee in relation to the sale and purchase of the property known as Nucleos located at 21

¹ The 28 properties (classified based on land parcels) comprise the entire portfolio of 33 properties (classified based on building street addresses) acquired by the Ascendas-Singbridge group in September 2018.

Biopolis Road Singapore 138567 together with the Plant and Equipment² therein (“**Nucleos**”).

Singapore Science Park Ltd (“**SSPL**”) has entered into a conditional put and call option agreement (the “**FMG Option Agreement**”) with the AREIT Trustee in relation to the sale and purchase of the property known as FM Global Centre located at 288 Pasir Panjang Road Singapore 117369 together with the Plant and Equipment therein (“**FM Global Centre**”).

AVPL and SSPL are indirect wholly owned subsidiaries of CapitaLand. Ascendas US REIT is a private trust that is also indirectly wholly owned by CapitaLand.

2. INFORMATION ON THE PROPERTIES

2.1 The Properties

US Properties

The US Properties comprise 28 business park properties located in 6 business park campuses across 3 cities in the United States of America with a net lettable area of approximately 310,102 square metres (“**sq m**”) and are sited on freehold land:

(a) San Diego, California:

The San Diego portfolio consists of 8 properties with a net lettable area totalling 97,700 sq m in 3 business park campuses, namely the Campus at Sorrento Gateway and the CareFusion Campus, both in Sorrento Valley, and the Innovation Corporate Center in Rancho Bernardo.

(b) Raleigh, North Carolina:

The Raleigh portfolio is located in a business park campus known as Perimeter Park, and consists of 5 properties with a net lettable area totalling 107,117 sq m of office space located in a master-planned, campus-like environment. It is located at the heart of the Research Triangle, a region in North Carolina, and comprising the cities of Raleigh and Durham and the town of Chapel Hill.

(c) Portland, Oregon:

The Portland portfolio comprises 15 properties across two business park

² “**Plant and Equipment**” refers to the fixed plant and equipment (including, without limitation, all fixtures, lifts, air-conditioning equipment and other plant and equipment necessary for the operation of the relevant Singapore Property), if any, located in or on or which otherwise exclusively relate to the relevant Singapore Property or the operations of the relevant Singapore Property and which are owned by the relevant vendor in its capacity as owner of the relevant Singapore Property.

campuses, being Cornell Oaks Corporate Center and Creekside Corporate Park, with a net lettable area totalling 105,285 sq m of office space in a technology-centric metropolitan area.

Singapore Properties

The Singapore Properties comprise 2 business park developments located in Singapore with a net lettable area of approximately 49,762 sq m and are sited on leasehold land:

(a) Nucleos, 21 Biopolis Road

Nucleos is a 6-year old property located at Biopolis, one-north, on the south eastern junction of Biopolis Road and Biomedical Grove. It is a 7-storey twin-tower biomedical research facility, featuring about 32,700 sq m of research space and about 5,100 sq m of ancillary office space, with a leasehold estate of 60 years commencing from 1 June 2011 and expiring on 31 May 2071.

(b) FM Global Centre, 288 Pasir Panjang Road

FM Global Centre is located along Pasir Panjang Road, at the gateway of Singapore Science Park 2. It was completed in November 2018 and comprises a 6-storey built-to-suit business park development with a gross floor area of 11,613 sq m, with a leasehold estate of 99 years commencing from 24 March 1993 and expiring on 23 March 2092.

2.2 Purchase Consideration

US Properties

The total purchase consideration payable by the AREIT Trustee for the US Properties is the sum of the following:

- (i) the share consideration for the issued share capital of Ascendas US Holdco being the adjusted net asset value (the “**Adjusted Net Asset Value**”) of Ascendas US Holdco as at the date of completion of the US Divestment (the “**US Divestment Completion Date**”). The Adjusted Net Asset Value is estimated to be US\$76.5 million (approximately S\$104.9 million) (the “**Estimated Net Assets**”), taking into account the agreed value of the US Properties of US\$935.0 million (approximately S\$1,281.7 million) (the “**US Agreed Portfolio Value**”). The US Agreed Portfolio Value was arrived at on a willing-buyer and willing-seller basis, taking into consideration the valuation of the US Properties. The Estimated Net Assets is subject to the adjustments, pro-rations and/or credits provided for in the Share Purchase Agreement; and
- (ii) the loan consideration comprising the total principal amount of US\$861.1

million (approximately S\$1,180.4 million). The proceeds of the loan consideration will be utilised by the US Portfolio Vendor to discharge the existing loans of Ascendas US Holdco and its subsidiaries in full on the US Divestment Completion Date.

Singapore Properties

Nucleos

The purchase consideration payable by the AREIT Trustee for the acquisition of Nucleos is S\$289.0 million which was arrived at on a willing-buyer and willing-seller basis taking into account the independent valuation obtained for Nucleos.

Pursuant to the Nucleos Option Agreement, the AREIT Trustee and AVPL are required to enter into a sale and purchase agreement for Nucleos (the “**Nucleos SPA**”) on the same day the call option (the “**Nucleos Call Option**”) is exercised by the AREIT Trustee, or on the same day the put option (the “**Nucleos Put Option**”) is exercised by AVPL (as the case may be).

The AREIT Trustee has paid an option fee of S\$50,000 (the “**Nucleos Option Fee**”) to AVPL upon the signing of the Nucleos Option Agreement, which shall be applied towards full payment of the deposit to be paid by the AREIT Trustee pursuant to the Nucleos SPA upon exercise of the option. The Nucleos Option Fee is refundable to the AREIT Trustee if neither the Nucleos Call Option nor the Nucleos Put Option is exercised. The balance of S\$288.95 million will be payable on completion.

FM Global Centre

The purchase consideration payable by the AREIT Trustee for the acquisition of FM Global Centre is S\$91.0 million which was arrived at on a willing-buyer and willing-seller basis taking into account the independent valuation obtained for FM Global Centre.

Pursuant to the FMG Option Agreement, the AREIT Trustee and SSPL are required to enter into a sale and purchase agreement for FM Global Centre (the “**FMG SPA**”) on the same day the call option (the “**FMG Call Option**”) is exercised by the AREIT Trustee, or on the same day the put option (the “**FMG Put Option**”) is exercised by SSPL (as the case may be).

The AREIT Trustee has paid an option fee of S\$50,000 (the “**FMG Option Fee**”) to SSPL upon the signing of the FMG Option Agreement, which shall be applied towards full payment of the deposit to be paid by the AREIT Trustee pursuant to the FMG SPA upon exercise of the option. The FMG Option Fee is refundable to the AREIT Trustee if neither the FMG Call Option nor the FMG Put Option is exercised. The balance of S\$90.95 million will be payable on completion.

2.3 Valuation

US Properties

The US Portfolio Vendor has commissioned an independent property valuer, Cushman & Wakefield, to value the US Properties. Cushman & Wakefield, in its report dated March 2019, stated that the open market value of the US Properties as at March 2019 was US\$894.3 million (approximately S\$1,225.9 million). In arriving at the open market value, Cushman & Wakefield relied on the Sales Comparison Approach and the Income Capitalisation Approach.

Singapore Properties

AVPL and SSPL have commissioned an independent property valuer, Savills Valuation and Professional Services (S) Limited ("**Savills**") to value the respective Singapore Properties. Savills, in its valuation reports, stated that the open market value of Nucleos is S\$288 million and the open market value of FM Global Centre is S\$91 million, as at 31 August 2019. In arriving at the open market values, Savills relied on the Income Capitalisation Method and the Discounted Cash Flow Analysis.

3. CONDITION PRECEDENT FOR THE PROPOSED DIVESTMENTS

3.1 US Properties

The Proposed Divestment for the US Properties is subject to the fulfilment of certain conditions precedent (the "**US Conditions Precedent**"), including the following:

- (i) the passing of a resolution at an extraordinary general meeting of the unitholders of Ascendas Reit (the "**Unitholders**") to approve the acquisition of the US Properties without material amendments thereto;
- (ii) the purchase and transfer of the Sale Share not being prohibited or restricted by any statute, order, rule, regulation, directive, guideline or request (whether or not having the force of law) promulgated by any court, government or governmental, statutory or regulatory body of Singapore and any other relevant jurisdictions.

In the event that any of the US Conditions Precedent above are not fulfilled by 31 December 2019, the Share Purchase Agreement may be terminated by either the AREIT Trustee or the US Portfolio Vendor.

3.2 The Singapore Properties

Nucleos

The Proposed Divestment of the Nucleos is subject to the fulfilment of, among

others, the following conditions precedent (the “**Nucleos Conditions Precedent**”):

- (i) the Unitholders’ approval being obtained for, among others, the acquisition of Nucleos by the AREIT Trustee; and
- (ii) (a) the written approval of JTC Corporation (“**JTC**”) and of those authorities whose approval/clearance is required by JTC as a condition to the grant of its approval, being obtained for the sale and transfer of Nucleos by AVPL to the AREIT Trustee and (b) JTC’s unconditional written confirmation that JTC does not wish to purchase Nucleos pursuant to the right of first refusal granted to JTC under the head lease in respect of Nucleos being obtained.

In the event that any of the Nucleos Conditions Precedent is not fulfilled by 31 March 2020, the Nucleos Option Agreement may be terminated by the AREIT Trustee or AVPL. Unless otherwise waived by the parties, the Nucleos Call Option and the Nucleos Put Option may be exercised only upon the fulfilment of the Nucleos Conditions Precedent, upon which the Nucleos SPA will be entered into.

FMG

The Proposed Divestment of FM Global Centre is subject to the fulfilment of, among others, the following conditions precedent (the “**FMG Conditions Precedent**”):

- (i) the Unitholders’ approval being obtained for, among others, the acquisition of FM Global Centre by the AREIT Trustee (the “**FMG Unitholders’ Approval**”);
- (ii) the written approval of the President of the Republic of Singapore and his successors in office (the “**FMG Head Lessor**”) being obtained for the sale and transfer of FM Global Centre by SSPL to the AREIT Trustee (the “**FMG Head Lessor Sale Approval**”); and
- (iii) the FM Head Lessor allowing SSPL’s sub-lessees at FM Global Centre to licence space for the installation and placement of telecommunications equipment at FM Global Centre (“**Telco Licence Approval**”).

In the event that any of the FMG Unitholders’ Approval and the FMG Head Lessor Sale Approval is not fulfilled by 31 March 2020, the FMG Option Agreement may be terminated by the AREIT Trustee or SSPL. In the event the Telco Licence Approval is not fulfilled by 31 March 2020, the FMG Option Agreement may be terminated by the AREIT Trustee. Unless otherwise waived by the relevant party, the FMG Call Option and the FMG Put Option may be exercised only upon the fulfilment of the FMG Conditions Precedent, upon which the FMG SPA will be entered into.

4. RATIONALE FOR THE PROPOSED DIVESTMENTS

The Proposed Divestments are in line with CapitaLand's capital recycling strategy. The Proposed Divestments, if completed, will allow CapitaLand to unlock value and will also enhance CapitaLand's financial flexibility to redeploy capital to ventures that will generate returns for its shareholders. The proceeds from the Proposed Divestments will strengthen CapitaLand's capability to pursue other projects and enhance returns for its shareholders. Through its interest in Ascendas Reit, CapitaLand will continue to benefit from the stable yield of Ascendas Reit's portfolio of assets and participate in its future growth.

5. COMPLETION OF THE PROPOSED DIVESTMENTS

Subject to the fulfilment of the conditions precedent set out in the respective agreements for the Proposed Divestments, completion of the Proposed Divestments is expected to take place within 4Q 2019 on a date to be agreed between the parties.

6. FINANCIAL EFFECTS

Based on a Total Consideration of the Proposed Divestments of S\$1,665.3 million, after adjusting for the divestment fee and other related costs, the estimated gain from the Proposed Divestments, if completed, is approximately S\$95.4 million.

For illustrative purpose only, based on the audited consolidated financial statements of the CapitaLand Group for the financial year ended 31 December 2018:

- (a) assuming that the Proposed Divestments were effected on 1 January 2018, CapitaLand Group's earnings per share would have increased from 42.1 Singapore cents to 44.3 Singapore cents; and
- (b) assuming that the Transaction was effected on 31 December 2018, the financial impact on CapitaLand Group's net tangible asset per share would not be material.

7. DISCLOSURE UNDER RULE 1010(13) OF THE LISTING MANUAL

Chapter 10 of the Listing Manual governs the listing obligations of issuers in respect of acquisitions and disposals. Where any of the relative figures computed on the bases set out in Rule 1006 of the Listing Manual exceeds 5.0% but does not exceed 20.0%, the transaction is classified as a discloseable transaction. Notwithstanding the foregoing, as the Proposed Divestments are in the ordinary course of business of CapitaLand, these transactions are therefore not subject to Chapter 10 of the

Listing Manual. For completeness, the table below sets out the applicable “Materiality Ratios” of the Proposed Divestments under Rule 1006 of the Listing Manual which exceed 5%:

Rule 1006	Bases	Relative Figures (%)
(c)	The aggregate value of the Total Consideration, compared with CapitaLand’s market capitalisation based on the total number of issued shares in CapitaLand (excluding treasury shares)	9.2%

The relative figures for the other relevant bases are below the 5% threshold for disclosure.

8. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDER

As at the date of this announcement, certain directors of CapitaLand collectively have an aggregate interest (direct and indirect) in 1,594,047 shares in CapitaLand and 128,000 units in Ascendas Reit.

As at 31 October 2019, CapitaLand holds, through its wholly-owned subsidiaries, CapitaLand Singapore (BP&C) Pte. Ltd. (formerly known as “Ascendas Land (Singapore) Pte Ltd”) and Ascendas Funds Management (S) Limited, an aggregate interest in 591,374,889 Units, which is equivalent to approximately 18.998% of the total number of units in issue of Ascendas Reit.

Temasek Holdings (Private) Limited, the controlling shareholder of CapitaLand, has an interest (direct and indirect) of approximately 21% in Ascendas Reit.

Save as disclosed above and based on information available to CapitaLand as at the date of this announcement, none of the Directors or the Substantial Unitholders have an interest, direct or indirect, in the Proposed Divestments.

By Order of the Board
Michelle Koh
Company Secretary
1 November 2019