



CAPITALAND LIMITED

Regn No.: 198900036N
(Incorporated in the Republic of Singapore)

ANNOUNCEMENT

PROPOSED DIVESTMENT OF INTERESTS IN SERVICED RESIDENCE PROPERTIES IN MALAYSIA AND THE PEOPLE'S REPUBLIC OF CHINA

CapitaLand Limited ("**CapitaLand**") wishes to announce the divestment of the following properties to DBS Trustee Limited, as trustee of Ascott Residence Trust ("**Ascott REIT**") by way of a sale of interests in their holding companies, the particulars of which are as follows:

	Property	Interest in Holding Company	Vendor Company	Purchaser Company	Consideration
1.	Serviced residence property in Malaysia known as Somerset Ampang Kuala Lumpur (the " KL Property ")	100% interest in Somerset Ampang (Malaysia) Sdn. Bhd. (" Somerset AP ")	Ascott Investment Holdings Ltd (" AIHL ")	Somerset Ampang (S) Pte. Ltd., a wholly-owned subsidiary of Ascott REIT	MYR169.4 million (approximately SGD65.3 million) (the " KL Consideration ")
2.	Serviced residence in Wuhan, China known as Citadines Zhuankou Wuhan (the " Wuhan Property ")	100% interest in Zhuankou Investments (Hong Kong) Limited (" Zhuankou HK ")	Zhuankou Investments (BVI) Limited (" Zhuankou BVI ")	Ascott REIT	USD25.2 million (approximately SGD31.7 million) (the " Wuhan Consideration ")
3.	Serviced residence in Xi'an, China, known as Citadines Gaoxin Xi'an (the " Xi'an Property ")	100% interest in Gaoxin Investments (Hong Kong) Limited (" Gaoxin HK ")	Gaoxin Investments (BVI) Limited (" Gaoxin BVI ")	Ascott REIT	USD27.5 million (approximately SGD34.6 million) (the " Xi'an Consideration ")

(collectively, the "**Proposed Divestments**").

AIHL is a wholly-owned subsidiary of CapitaLand. Zhuankou BVI and Gaoxin BVI are wholly-owned subsidiaries of Ascott Serviced Residence (China) Fund which is 36.1% owned by The Ascott Limited (“**TAL**”), a wholly-owned subsidiary of CapitaLand. CapitaLand has an aggregate interest (direct and indirect) of approximately 45.52% in Ascott REIT.

CONSIDERATION

The consideration for each of the Proposed Divestments was derived as follows:

- (a) the KL Consideration was based on:
 - (i) the net asset value of MYR39.9 million (approximately SGD15.4 million), taking into account, among other factors, the agreed value of the KL Property, which was arrived at on a willing-buyer and willing-seller basis and based on, inter alia, the independent valuation by HVS Singapore (SG&R Singapore Pte Ltd) (“**HVS**”) (which was appointed by TAL and/or its affiliates) of MYR180 million (approximately SGD69.4 million) as of 31 March 2014 using the discounted cash flow method; and
 - (ii) the assignment to Ascott REIT of the intercompany loans of MYR129.5 million (approximately SGD49.9 million);
- (b) the Wuhan Consideration was based on:
 - (i) the consolidated net asset value of USD7.7 million (approximately SGD9.7 million), taking into account the agreed value of the Wuhan Property, which was arrived at on a willing-buyer and willing-seller basis and based on, inter alia, the independent valuations by Cushman & Wakefield VHS Pte. Ltd. (“**C&W**”) and HVS (both of which were appointed by TAL and/or its affiliates) of RMB260 million (approximately SGD53.1 million) and RMB244 million (approximately SGD49.8 million) respectively as of 31 March 2014 using the discounted cash flow method; and
 - (ii) the assignment to Ascott REIT of the shareholder loans of USD17.5 million (approximately SGD22.0 million);
- (c) the Xi'an Consideration was based on:
 - (i) the consolidated net asset value of USD9.7 million (approximately SGD12.2 million), taking into account the agreed value of the Xi'an Property, which was arrived at on a willing-buyer and willing-seller basis and based on, inter alia, the independent valuations by C&W and HVS (both of which were appointed by TAL and/or its affiliates) of RMB280 million (approximately SGD57.1 million) and RMB260 million (approximately SGD53.1 million) respectively as of 31 March 2014 using the discounted cash flow method; and
 - (ii) the assignment to Ascott REIT of the shareholder loans of USD17.8 million (approximately SGD22.4 million).

The consideration for each of the Proposed Divestments is subject to adjustments (if required) under the respective Sale and Purchase Agreements as at Completion (defined below), and will be fully satisfied in cash.

COMPLETION

Completion of the Proposed Divestments is expected to take place by August 2014, or such other date as the parties may agree in writing, after all the conditions set out in each of the Sale and Purchase Agreements, including the approval by unitholders of Ascott REIT, have been satisfied or waived (as applicable) ("**Completion**"). The respective vendors to the Proposed Divestments shall not be obliged to complete any of the Proposed Divestments unless all the Proposed Divestments are completed simultaneously.

Upon Completion, Gaoxin HK and Zhuankou HK will continue to be associated companies of CapitaLand through CapitaLand's interest in Ascott REIT. Somerset AP will cease to be a subsidiary of CapitaLand and become an associated company of CapitaLand through CapitaLand's interest in Ascott REIT.

FINANCIAL EFFECTS

Based on the unaudited consolidated financial statements of CapitaLand Group for the three months ended 31 March 2014:

- (a) assuming that the Proposed Divestments were effected on 1 January 2014, CapitaLand's earning per share would be increased from 4.3 cents to 4.6 cents¹; and
- (b) assuming that the Proposed Divestments were effected on 31 March 2014, the financial impact on CapitaLand's net tangible asset per share would not be material.

INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDER

Mr Lim Ming Yan is a Director as well as the President and Group Chief Executive Officer of CapitaLand. He is also the Deputy Chairman and a Non-Independent Non-Executive Director of Ascott Residence Trust Management Limited, the manager of Ascott REIT.

As at the date of this announcement, certain Directors of CapitaLand (inclusive of Mr Lim Ming Yan) collectively have an aggregate interest (direct and indirect) in 2,451,716 shares in CapitaLand. As at the date of this announcement, Mr Lim Ming Yan has a direct interest in 265,509 units in Ascott REIT.

Temasek Holdings (Private) Limited ("**Temasek**") is the controlling shareholder of CapitaLand and a controlling unitholder of Ascott REIT. Temasek has an interest (direct and indirect) of approximately 40.93% in CapitaLand and approximately 46.95% in Ascott REIT.

Save as disclosed above, none of the directors and the controlling shareholder of CapitaLand has any interest, direct or indirect, in the Proposed Divestments.

By Order of the Board

Michelle Koh
Company Secretary
7 July 2014

¹ Included fair value gains recognised arising from the Proposed Divestments