CapitaLand Limited

Acquisition of Somerset Grand Cairnhill Singapore for Redevelopment and Divestment of 2 Serviced Residences

Press Conference
9 July 2012
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Summary of Transactions

Proposed Acquisition

- Acquisition of Somerset Grand Cairnhill Singapore\(^{(n)}\) from Ascott Residence Trust (Ascott Reit) for redevelopment into new serviced residence with a hotel licence (New Cairnhill SR) and a high-end residential development at S$359 million
  - Outline Planning Permission (OPP) and Provisional Permission (PP) were granted for redevelopment of Somerset Grand Cairnhill into an integrated development with 40% hotel use and 60% residential use

Divestments to Ascott Reit

- Divestment of Ascott Raffles Place Singapore to Ascott Reit for S$220 million
  - Lease back to The Ascott Limited (Ascott), wholly-owned subsidiary of CapitaLand on fixed and variable rent (Master Lease)
- Divestment of Ascott Guangzhou for S$63.3 million\(^{(2)}\)
  - Pre-existing serviced residence management agreement to continue
  - Estimated net gain in 2012 of S$51.4 million

Proposed New Cairnhill SR Divestment

- Divestment of New Cairnhill SR post redevelopment to Ascott Reit for S$405 million
- Expected delivery of New Cairnhill SR in 2017
  - Lease back to Ascott on fixed and variable master lease arrangement

Estimated profits in 2012

- Estimated profits of S$98.9 million
  - Includes share of Ascott Reit’s gain from divestment of Somerset Grand Cairnhill Singapore of S$42.7 million

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(1) A mixed development property which includes serviced residence units, retail and car park station. It is currently known as Cairnhill Place.
(2) The divestment consideration for 100% interest in Ascott Guangzhou takes into account the agreed value of Ascott Guangzhou at RMB431 million.
Summary of Transactions

**CapitaLand Limited**

1. Somerset Grand Cairnhill, Singapore
   - Acq. Price: S$359M

2. Ascott Raffles Place, Singapore
   - Proceeds: S$220M
   - Estimated Net Gain = S$51.4M

3. Ascott Guangzhou
   - Proceeds: S$63.3M

4. High-end Residential Development
   - New Cairnhill SR with Hotel Licence
   - Agreed Divestment Price: S$405M

**Ascott Reit**

1. Somerset Grand Cairnhill, Singapore
   - Acquisition

2. Ascott Raffles Place, Singapore
   - Divestment

3. Ascott Guangzhou
   - Divestment

4. New Cairnhill SR with Hotel Licence
   - Put & Call Option
   - Expected to be delivered in 2017
Agenda

1. Acquisition of Somerset Grand Cairnhill Singapore

2. Divestment of 2 Properties

3. Key Benefits of Transactions

4. Conclusion
Acquisition of Somerset Grand Cairnhill - For Redevelopment

- Ascott and CapitaLand Residential Singapore Pte Ltd (CapitaLand Residential), both wholly-owned subsidiaries of CapitaLand to jointly redevelop the site on which the Somerset Grand Cairnhill Singapore is located into an integrated development - Cairnhill Development

- Acquisition price of S$359 million\(^{(1)}\)

- Anchor another prime development project in the heart of Orchard Road

- Somerset Grand Cairnhill granted OPP and PP for redevelopment\(^{(2)}\)

- Cairnhill Development will be CapitaLand’s first integrated development in Singapore comprising a serviced residence with a hotel licence and a high-end residential development

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\(^{(1)}\) The acquisition price is the average of the appraised values by two independent valuers as of 15 May 2012.

\(^{(2)}\) OPP was granted on 9 June 2011 and PP was granted 31 August 2011.
Current Cairnhill Development Plans
- undertaken by Ascott & CapitaLand Residential

- Serviced Residence (New Cairnhill SR)
  - 20-storey development
  - 371-unit⁽¹⁾ serviced residence under Commercial zoning
  - GFA of 17,333 sq m
  - Provision of 345 car park lots + 120 motorcycle lots for public use

- Residential Development
  - 30-storey development
  - 200-250⁽¹⁾ residential units for sale
  - GFA of 25,999 sq m

- Mosque
  - To continue operations during Cairnhill Development

- Lease
  - Top up to 99 years⁽²⁾

⁽¹⁾ Expected number of units based on current development plan and subject to such adjustments as may be agreed between the parties.
⁽²⁾ Fresh leasehold estate of 99 years commencing from effective date of lease extension.
New Cairnhill SR

- Put and Call Option to divest New Cairnhill SR to Ascott Reit at S$405 million
- Expected delivery date: 2017
- Operates under hotel licence which allows short and long stay guests
- Lease back via Master Lease at (i) fixed lease rental of S$13.2 million per annum and (ii) variable lease rental at 85% of Net Operating Income (NOI)
- Commitment to support the growth of Ascott Reit
Agenda

1. Acquisition of Somerset Grand Cairnhill Singapore

2. Divestment of 2 Properties

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4. Conclusion
CapitaLand Divests 2 Properties to Ascott Reit

- Sale proceeds of approximately S$283.3 million
  - Ascott Raffles Place Singapore divested at S$1.5 million per apartment unit
  - Ascott Guangzhou divested at RMB2.1 million per apartment unit
- Divestment price based on two independent valuations⁽¹⁾
- Estimated net gain of S$51.4 million in 2012
- Ascott continues to operate through:
  - Master Lease for Ascott Raffles Place Singapore
  - Pre-existing serviced residence management agreement for Ascott Guangzhou

⁽¹⁾ The divestment price is the average of the appraised values by two independent valuers as of 15 May 2012.
Ascott Raffles Place Singapore
Stable property performance
> 80% occupancy in past 2 years

✓ Divestment price of S$220 million
✓ 146 apartment units
✓ GFA at 15,694 sq m
✓ Leasehold of 999 years
✓ Commercial zoning
✓ Lease back via master lease at (i) fixed lease rental of S$7.2 million per annum and (ii) variable lease rental at 85% of NOI
Ascott Guangzhou
Stable property performance
> 90% occupancy in past 2 years

✓ Divestment price of S$63.3 million
✓ 208 apartment units
✓ GFA at 19,797 sq m
✓ Leasehold of 70 years⁽¹⁾
✓ Residential zoning
✓ Continue with pre-existing serviced residence management agreement

⁽¹⁾ Leasehold estate of 70 years commencing from 27 December 2004.
Agenda

1. Acquisition of Somerset Grand Cairnhill Singapore

2. Divestment of 2 Properties

3. Key Benefits of Transactions

4. Conclusion
Key Benefits of Transactions

CapitaLand’s First Integrated Development Comprising a Serviced Residence and Residential Development

- Acquisition of Somerset Grand Cairnhill Singapore will anchor another prime development project in the heart of Orchard Road
- Joint redevelopment will combine CapitaLand’s expertise and experience in serviced residence and residential developments

Unlock Value in Portfolio of Assets

- Sale proceeds to be reinvested in Cairnhill Development and new investment opportunities
- Estimated profits in 2012 of S$98.9 million, mainly includes:
  - Estimated net gain for sale of Ascott Raffles Place Singapore and Ascott Guangzhou of S$51.4 million
  - Share of Ascott Reit’s gain from divestment of Somerset Grand Cairnhill Singapore of S$42.7 million
- Capitalise on redevelopment potential in Somerset Grand Cairnhill Singapore to realise future development gains
Key Benefits of Transactions

Certainty of Exit for New Cairnhill SR

- Put and Call Option to divest New Cairnhill SR at an agreed price of S$405 million
- Expected delivery of New Cairnhill SR in 2017

Retain Management of Properties

- Ascott continues to operate Ascott Raffles Place Singapore through a master lease arrangement and Ascott Guangzhou through a pre-existing management agreement
- Ascott will also operate New Cairnhill SR through a fixed and variable master lease arrangement
Agenda

1. Acquisition of Somerset Grand Cairnhill Singapore
2. Divestment of 2 Properties
3. Key Benefits of Transactions
4. Conclusion
Conclusion

- Estimated profits of S$98.9 million in 2012
- Sale proceeds to be re-invested in Cairnhill Development and new investment opportunities
- Acquire prime development site in the heart of Orchard Road
- Synergies between Ascott and CapitaLand Residential
  - Combine CapitaLand expertise and experience in real estate development
  - Reflect CapitaLand’s integrated real estate value chain competencies
- DPU enhancement for Ascott Reit Unitholders
- Commitment to support the growth of Ascott Reit
Thank You