



CAPITALAND LIMITED

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

ANNOUNCEMENT

**PROPOSED DIVESTMENT OF 75% OF THE TOTAL ISSUED SHARE CAPITAL OF
ASCENDAS FUSION 5 PTE. LTD., WHICH OWNS
THE LAND KNOWN AS
1 FUSIONOPOLIS PLACE SINGAPORE 138522 AND
3 FUSIONOPOLIS PLACE SINGAPORE 138523**

1. INTRODUCTION

CapitaLand Limited (the "**Company**" or "**CapitaLand**"), wishes to announce that it has on 4 May 2021, through its wholly owned entity Ascendas Fusion 5 Holding Pte. Ltd. (the "**Vendor**"), entered into a share purchase agreement (the "**Share Purchase Agreement**") with HSBC Institutional Trust Services (Singapore) Limited, in its capacity as trustee of Ascendas Real Estate Investment Trust ("**Ascendas REIT**"), (the "**AREIT Trustee**") and PLC 8 Holdings Pte. Ltd., which is a wholly owned subsidiary of the AREIT Trustee, for the divestment (the "**Proposed Divestment**") of 75 per cent of its interest in the land known as 1 Fusionopolis Place Singapore 138522 and 3 Fusionopolis Place Singapore 138523 (together, the "**Property**"). This is effected through the divestment of the Vendor's entire interest in Ascendas Fusion 5 Pte. Ltd. (the "**Target Company**") being 102,150,000 ordinary shares of the Target Company representing 75.0% of the issued share capital of the Target Company (the "**Sale Shares**").

On completion of the Proposed Divestment ("**Completion**"), under the Share Purchase Agreement, all moneys, debts and liabilities due, owing, incurred and/or payable under the existing bank loans extended to the Target Company by Mizuho Bank, Ltd. (as lender) (the "**Existing Loans**") on the date of Completion will be repaid and discharged in full. The repayment of the Existing Loans will be funded by way of a shareholder's loan extended by AREIT Trustee to the Target Company.

2. INFORMATION ON THE TARGET COMPANY

The Target Company has an issued share capital of S\$136,200,000 comprising 136,200,000 ordinary shares. 75.0% (being the Sale Shares) of the issued share capital of the Target Company are held by the Vendor, and the remaining 25.0% of the issued share capital of the Target Company are held by the AREIT Trustee.

The Property held by the Target Company is a 17-storey BCA Green Mark Platinum certified building featuring a net lettable area of 44,556 square metres ("**sq m**") of business park space, 10,305 sq m of office space, 4,106 sq m of retail and F&B podium (spanning two storeys) and 1,968 sq m of work loft spaces (spanning five storeys), and a two-storey basement carpark. The Property has a leasehold estate of 60 years commencing from 12 July 2012 and expiring on 11 July 2072.

3. PURCHASE CONSIDERATION

The consideration for the Proposed Divestment (the “**Share Consideration**”) is approximately S\$372.8 million and represents 75% of the adjusted net asset value of the Target Company as at the date of Completion (the “**Adjusted Net Asset Value**”). The Adjusted Net Asset Value shall take into account, among other things, the agreed market value of the Property at S\$720 million (the “**Agreed Value**”), the unaudited management accounts of the Target Company as at 31 January 2021, and the existing bank loans extended to the Target Company by Mizuho Bank, Ltd. The Agreed Value was arrived at on a willing buyer and willing seller basis. In this respect, the Vendor had commissioned Cushman & Wakefield VHS Pte. Ltd. to value the Property. According to the independent valuation reports issued by Cushman & Wakefield VHS Pte. Ltd., the market value of the Property as at 26 April 2021 is S\$719 million. In arriving at the market value of the Property, Cushman & Wakefield VHS Pte. Ltd. relied on the discounted cash flow method, capitalisation approach and sales evidence approach.

Subject to post Completion adjustments, the Share Consideration will be paid in cash or (if notified by Ascendas Funds Management (S) Limited, in its capacity as the manager of Ascendas REIT) in a combination of cash and new units in Ascendas REIT to the Vendor and/or its nominees with a value up to S\$83 million.

In addition to the Share Consideration, the AREIT Trustee shall pay an amount equivalent to 75% of the Existing Loans (the “**Loan Consideration**”) to Mizuho Bank, Ltd., which the Vendor would otherwise have to contribute as a shareholder’s loan to the Target Company as a 75% shareholder of the Target Company, to discharge the Existing Loans.

The total consideration in respect of the divestment (the “**Total Consideration**”) is therefore the aggregate of the Share Consideration and the Loan Consideration.

4. COMPLETION AND CONDITIONS PRECEDENT

Completion will take place subject to the satisfaction of the following conditions:

- (a) a resolution at an extraordinary general meeting of holders of units of Ascendas REIT to approve the proposed acquisition by the AREIT Trustee of the Sale Shares being passed; and
- (b) written confirmations being obtained from JTC Corporation (“**JTC**”) confirming, among other things, that:
 - (i) the Target Company may, at any time after Completion, make an application for, and be converted to, a limited liability partnership; and
 - (ii) JTC has no objections to the transfer and vesting of the Property in a limited liability partnership following such conversion pursuant to paragraph 6(b) of the Third Schedule of the Limited Liability Partnerships Act (Chapter 163A of Singapore).

Following Completion, 100% of the issued share capital of the Target Company will be wholly owned by the AREIT Trustee and PLC 8 Holdings Pte. Ltd.

5. RATIONALE FOR PROPOSED DIVESTMENT

The Proposed Divestment is in the ordinary course of business and in line with CapitaLand's capital recycling strategy. The proceeds from the Proposed Divestment will be used for CapitaLand Group's investments, general working capital purposes and/or repayment of bank borrowings. 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.

6. FINANCIAL EFFECTS

Based on the latest audited financial statements of the Group for the financial year ended 31 December 2020, the book value of the Sale Shares was approximately S\$295.5 million. The excess of the sale proceeds over the book value of the Sale Shares, after adjusting for the divestment fee and other related costs, is S\$74.9million.

If Completion takes place, CapitaLand is expected to recognise a net gain of approximately S\$74.9million.

For illustrative purposes only, based on the audited consolidated financial statements of the CapitaLand Group for the financial year ended 31 December 2020:

- (a) assuming that the Proposed Divestment was effected on 1 January 2020, the financial impact on CapitaLand Group's earnings per share would not be material; and
- (b) assuming that the Proposed Divestment was effected on 31 December 2020, the financial impact on CapitaLand Group's net tangible asset per share would not be material.

7. 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 1,944,288 shares in CapitaLand.

As at 4 May 2021, CapitaLand holds, through its wholly owned subsidiaries, Ascendas Land International (Investments) Pte. Ltd. and Ascendas Funds Management (S) Limited, an aggregate interest in 723,127,197 units in Ascendas REIT, which is equivalent to approximately 17.98% 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 20.93% in Ascendas REIT, of which the deemed interest held through CapitaLand is approximately 17.98%.

Save as disclosed above and based on information available to CapitaLand as at the date of this announcement, none of the Directors or the controlling shareholder has an interest, direct or indirect, in the Proposed Divestment.

By Order of the Board

Michelle Koh
Company Secretary
4 May 2021