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MEDIA STATEMENT

CapitaLand-SIAS Dialogue Session on proposed transaction with Ascendas-Singbridge

Proposed acquisition[1] to bring the Group into next phase of growth

Singapore, 9 April 2019 – CapitaLand Limited held a dialogue session with the Securities Investors Association (Singapore) (SIAS) members last evening as part of its proactive engagement of its retail shareholders on the proposed transaction with Ascendas-Singbridge (ASB). 260 retail investors attended the two-hour townhall meeting. Mr Lee Chee Koon, President & Group CEO of CapitaLand Group and Mr Andrew Lim, Group CFO of CapitaLand Group, took attendees through CapitaLand's financials, details on the proposed transaction and what it offers, as well as addressed issues retail shareholders may be concerned with. The townhall meeting ended with a Q&A session led by Mr David Gerald, President and CEO of SIAS.

The following were the key issues put forth and addressed during the session:

Consideration – optimal mix between cash and shares

Mr Lee Chee Koon said: "As a company, we want to be prudent and we looked at a wide spectrum of funding options. If we were to borrow the S$6 billion in full, gearing would be about 1.0x. The other option would be to raise funding through a rights issue from all our shareholders, which would be around 20-25% discount to the then traded price, leading to more dilution on earnings per share (EPS), return on equity (ROE) and net asset value (NAV), than the current proposed transaction structure. We landed on a 50:50 cash and share issue to the vendor, Temasek, as the most optimal construct. In most cases where shares are used as a form of consideration, one would expect that it be issued at the traded price or at a discount. The team worked hard and managed to negotiate for the consideration shares to be issued at a price of S$3.50, representing a 7.03% over the last traded price before announcement. If you look at one or three-month volume-weighted average price, it is 11% higher."

Integration – hitting the ground running from Day 1

Mr Lee Chee Koon said: "As a merged entity, we will be organised by country mainly Singapore, China, India, Vietnam and other developed markets; Lodging business; and CapitaLand fund management business. Reduction in headcount is not a factor under consideration, we do not need cost savings to make the numbers work. When we consider this transaction, we are buying capabilities in the new economy sector and India. By the time of the Extraordinary General Meeting, we will already have in place the future organisational structure and key appointments within the enlarged Group that will allow us to be operational from Day 1."

[1] The proposed acquisition is subject to shareholders' approval at an extraordinary general meeting to be convened on 12 April 2019.

Deleveraging – reduce pro forma net debt to equity ratio from 0.72x to 0.64x by end 2020
Mr Lee Chee Koon said: "We take a three-bucket approach to recycle capital. Bucket one pertains to assets or markets where we may not be competitive in and are unable to add meaningful scale; we will then consider to exit these markets or asset classes. Bucket two pertains to assets that have stabilised. Our priority is to inject these assets into our off-take vehicles or recycle them into the market. Bucket three pertains to assets that have opportunities for ramping up, rejuvenation or redevelopment. We will work hard on these assets to drive them into bucket two so that we have a pool of assets to continue to recycle. ROE is a function of asset turnover, so asset churn is important. With eight REITs under the enlarged Group, CapitaLand is expected to have greater flexibility and options for recycling its assets."

Positive market sentiment – share prices outperform the broader market
Mr Andrew Lim said: "Market sentiment is an important indicator of how the general market feels about the proposed transaction. CapitaLand share price is up about 12% since the last trading day prior to the announcement of the transaction. The market has responded favourably. Share prices of both CapitaLand and Ascendas' listed trusts have gone up by about 5%, outperforming the broader market[2]. When we signed the agreement, we locked in the acquisition price for the stakes in Ascendas' REITs. As Ascendas' REITs have gone up in value, shareholders get to capture the upside."

Financial impact – immediately accretive to EPS and ROE
Mr Andrew Lim said: "It is important that we deliver a value-adding transaction in the short term and long term. EPS from the combination is 2.4% accretive from Day 1. ROE is up 4.6%. There is a slight NAV dilution on a per share basis. This is because we are issuing shares to the vendor Temasek at S$3.50, which is lower than our NAV per share at the time of the announcement. That is a mathematical output of issuing shares at S$3.50 per share. We believe the 4% dilution is modest enough for us to take that to shareholders as we believe we can make that back in short order."

Balance sheet strength – strong liquidity
Mr Andrew Lim said: "We want to give shareholders comfort that our balance sheet will remain strong. We have amassed liquidity of almost S$8 billion. This includes cash we have on hand and loans we have secured from banks. We will be paying S$3 billion in cash for the transaction. We have S$2.2 billion to be paid over the course of the next 12 months. We are left with almost S$3 billion of remaining liquidity for a rainy day and to fund potential opportunities that may emerge in the next 12 to 15 months. We want to assure shareholders that the balance sheet remains strong."

About CapitaLand Limited (www.capitaland.com)
CapitaLand Limited (CapitaLand) is one of Asia's largest real estate companies. Headquartered and listed in Singapore, it is an owner and manager of a global portfolio worth over S$100 billion as at 31 December 2018, comprising integrated developments, shopping malls, lodging, offices, homes, real estate investment trusts (REITs) and funds. CapitaLand's market capitalisation is approximately S$13 billion as at 31 December 2018. Present across more than 180 cities in over 30 countries, the Group focuses on Singapore and China as core markets, while it continues to expand in markets such as Vietnam, Europe and the U.S.

CapitaLand's competitive advantage is its significant asset base and extensive market network. Coupled with strong design, development and operational capabilities, the Group develops and

[2] Ascendas' REITs have gone up by 5.3% on average. The value increase on a total basis of S$225 million is the excess of value that has been created since the announcement date.

manages high-quality real estate products and services. It also has one of the largest investment management businesses in Asia and a stable of five REITs listed in Singapore and Malaysia – CapitaLand Mall Trust, CapitaLand Commercial Trust, Ascott Residence Trust, CapitaLand Retail China Trust and CapitaLand Malaysia Mall Trust.

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