



CAPITALAND LIMITED

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

ANNOUNCEMENT

PROPOSED DIVESTMENTS AND ACQUISITION OF SERVICED RESIDENCE PROPERTIES

All undefined capitalised terms used in this Announcement shall bear the meanings ascribed to them in Appendix A of this Announcement.

1. INTRODUCTION

1.1 Proposed Divestments and Acquisition

CapitaLand Limited ("**CapitaLand**") wishes to announce that Citadines Singapore Mount Sophia, Ascott Holdings and Ascott Europe have today entered into various conditional sale and purchase agreements with DBS Trustee Limited ("**DBS Trustee**"), as trustee of the Ascott Residence Trust ("**Ascott Reit**"), to divest its shareholding interests in and through a property sale of, a total of 28 serviced residence properties (collectively, the "**Proposed Divestments**") for an aggregate sale consideration of S\$969.6 million (the "**Divestment Consideration**"). Of the 28 properties, 17 are located in France, four in the United Kingdom, two in Belgium, two in Germany, one in Spain, one in Vietnam and one in Singapore (collectively, the "**Divestment Properties**"). Further information on the Divestment Properties is set out in the Appendix B of this Announcement.

Ascott Investments has also today entered into a conditional sale and purchase agreement with DBS Trustee to acquire (the "**Proposed Acquisition**") the entire 100% interest in a serviced residence property in the People's Republic of China, known as Ascott Beijing for a purchase consideration of S\$214.0 million (the "**Acquisition Consideration**").

The Proposed Divestments and the Proposed Acquisition shall collectively be referred to as the "**Transactions**". Please refer to Section 3 of this Announcement for further details on the Transactions.

Completion of the Transactions is conditional upon, *inter alia*, the conditions precedent set out in Sections 4.3 and 5.3 below and further subject to condition set out in Section 3.2 below.

2. RATIONALE

The Proposed Divestments are in line with the Group's capital recycling strategy of injecting stabilised assets into its real estate investment trusts. This will at the same time almost double the asset size and free float of Ascott Reit.

The sale proceeds will provide the Group with additional capital for future investment opportunities (including funding of the Proposed Acquisition and Proposed Subscription) that could generate higher returns for CapitaLand and its shareholders.

The Proposed Acquisition will present the Group with the opportunity to enhance and re-position the property for future strata-title sale.

3. THE TRANSACTIONS

3.1 The agreements entered into in relation to the Transactions are as follows:

- (i) a conditional sale and purchase agreement between Citadines Singapore Mount Sophia and DBS Trustee, in relation to the sale of the serviced residence property in Singapore known as Citadines Singapore Mount Sophia ("**Singapore Property**");
- (ii) a conditional sale and purchase agreement between Ascott Holdings and DBS Trustee, in relation to the sale of the entire issued and paid-up share capital of Somerset Hoa Binh which owns a 90.0% interest of a joint venture company, Somerset Hoa Binh Joint Venture which in turn owns the serviced residence property in Vietnam known as Somerset Hoa Binh, Hanoi ("**Vietnam Property**");
- (iii) a conditional sale and purchase agreement between Ascott Europe and DBS Trustee in relation to the sale of the entire issued and paid-up share capital in (1) Ascott Netherlands which holds a 100.0% interest in each of the 24 serviced residence properties in France, the United Kingdom, Belgium, Germany and Spain and a 99.0% interest in one serviced residence property in Germany and (2) Citadines Holborn which holds a 100.0% interest in one serviced residence property in the United Kingdom (together, the "**Europe Properties**"),

(collectively, the "**Divestment Sale & Purchase Agreements**"), and

- (iv) a conditional sale and purchase agreement ("**Acquisition Sale & Purchase Agreement**") between Ascott Investments and DBS Trustee in relation to the purchase of the entire issued and paid-up share capital of Hemliner which holds indirectly the Ascott Beijing.

3.2 DBS Trustee shall not be obliged to procure the completion of any of the Divestment Sale and Purchase Agreements unless the other Divestment Sale and Purchase Agreements and the Acquisition Sale & Purchase Agreement are completed simultaneously, while Ascott Investments shall not be obliged to procure the completion of the Acquisition Sale & Purchase Agreement unless all the Divestment Sale and Purchase Agreements are completed simultaneously.

4. PRINCIPAL TERMS OF THE PROPOSED DIVESTMENTS

4.1 Consideration

The Divestment Consideration of S\$969.6 million was arrived at on a willing-buyer willing-seller basis, taking into account, amongst other factors,

- (i) the enterprise value of S\$1,394.7 million;

Less:

- (ii) aggregate debt of S\$422.1 million; and
- (iii) minority interest of S\$3.0 million

Enterprise value comprises the appraised value of the Divestment Properties of S\$1,237.8 million and consolidated net asset value of S\$156.9 million.

The appraised value of each of the Divestment Properties is set out in Appendix B and is based on the average of the two independent valuations undertaken by HVS (appointed by TAL) and Savills Commercial Properties Limited (appointed by DBS Trustee) as of 1 July 2010 and using the discounted cashflow as well as the capitalisation of income methods respectively.

The Divestment Consideration, which shall be adjusted for the net asset value of the Divestment Properties (other than the Singapore Property) as at completion of the Proposed Divestments ("**Divestment Completion**"), shall be satisfied in cash of S\$814.2 million and by way of a set off of an amount owing to Ascott Reit of S\$155.4 million, on Divestment Completion.

4.2 Completion

The Divestment Completion is expected to take place on or before 31 December 2010, subject to and conditional upon the satisfaction or waiver (as the case may be) of, *inter alia*, the conditions precedent set out in Section 4.3 below and further subject to condition set out in Section 3.2 above.

Upon Divestment Completion, the Divestment Group will cease to be subsidiaries and become associated companies of CapitaLand.

4.3 Conditions Precedent

The Divestment Completion is subject to and conditional upon, *inter alia*:

- (i) the receipt by DBS Trustee under each of the Divestment Sale and Purchase Agreements of such waivers and consents as may be necessary to enable DBS Trustee and/or its nominee(s) to be registered as holder of the shares in Somerset Hoa Binh (which holds the Vietnam Property) and the shares in each of Ascott Netherlands and Citadines Holborn (which hold the Europe Properties);
- (ii) the approval by the Unitholders at an extraordinary general meeting to be convened to approve the Transactions, the issue by Ascott Reit of new units in connection with the Equity Fund Raising and the placement of new units to the CapitaLand Group;
- (iii) completion of the Equity Fund Raising; and
- (iv) there being no compulsory acquisition of any of the Divestment Properties (or any part of the properties or the buildings comprised therein) and no notice of such intended compulsory acquisition having been given, by the government or other competent authorities.

4.4 Master Leases and Serviced Residence Management Agreements

Please refer to Appendix C of this Announcement for information on the Master Leases and the SR Management Agreements.

4.5 Right of First Refusal

By an agreement dated 20 January 2006, TAL agreed to grant Ascott Reit a right of first refusal ("**ROFR**") over future purchases or sales of properties which are used, or primarily used, as serviced residences or rental housing ("**Relevant Assets**") in the Pan-Asian region. In connection with the Proposed Divestments, the ROFR will be amended to cover Relevant Assets in Europe in addition to the Pan-Asian region.

In the ROFR, it was also provided that Ascott International Management (2001) Pte Ltd (a wholly-owned subsidiary of CapitaLand) and/or any of its affiliates ("**AIM Group**") shall have the right of first refusal to provide property management services in relation to such Relevant Assets acquired pursuant to the ROFR. In connection with the Proposed Divestment, the ROFR will be amended to include the right of the AIM Group to lease the Relevant Asset as a master lessee as an alternative to the existing right to provide property management services in respect of the Relevant Assets, subject to the terms of the ROFR.

5. PRINCIPAL TERMS OF THE PROPOSED ACQUISITION

5.1 Consideration

The Acquisition Consideration of S\$214.0 million was arrived at on a willing-buyer and willing-seller basis, taking into account, amongst other factors:

- (i) agreed purchase price of S\$301.8 million of Ascott Beijing, which has taken into consideration the appraised value of Ascott Beijing of S\$299.0 million, which was based on the average of two independent valuations by HVS (appointed by TAL) undertaken as of 1 July 2010 and Savills Valuation and Professional Services Limited (appointed by DBS Trustee) undertaken as of 12 July 2010, using the sales comparison method

Less:

- (ii) the consolidated net current liabilities of S\$14.2 million; and
- (iii) aggregate debt of S\$73.6 million.

The Acquisition Consideration, which shall be adjusted for the consolidated net asset value of Hemliner as at completion of the Proposed Acquisition ("**Acquisition Completion**"), shall be fully satisfied in cash, on Acquisition Completion.

5.2 Completion

The Acquisition Completion is expected to take place on or before 31 December 2010 subject to and conditional upon the satisfaction or waiver (as the case may be) of, *inter alia*, the conditions precedent set out in Section 5.3 below and further subject to condition set out in Section 3.2 above.

Upon Acquisition Completion, Hemliner will become a wholly-owned subsidiary of CapitaLand.

5.3 Conditions Precedent

Completion of the Proposed Acquisition is subject to and conditional upon, *inter alia*:

- (i) the receipt by Ascott Investments of such waivers and consents as may be necessary to enable it and/or its nominee(s) to be registered as holder of the shares in Hemliner;
- (ii) the approval by the Unitholders at an extraordinary general meeting to be convened to approve the Transactions, the issue by Ascott Reit of new units in connection with the Equity Fund Raising and the placement of new units to the CapitaLand Group;
- (iii) completion of the Equity Fund Raising;
- (iv) there being no compulsory acquisition of the Ascott Beijing or any part thereof, and no notice of such intended compulsory acquisition having been given, by the government or other competent authority;
- (v) the termination of the serviced residence management agreement in relation to Ascott Beijing between Hemliner (Beijing) Real Estate Co., Ltd ("**Hemliner Beijing**") (which owns Ascott Beijing directly and is a wholly-owned subsidiary of Hemliner) and Ascott Property Management (Beijing) Co., Ltd ("**APM Beijing**") (a wholly-owned subsidiary of TAL) dated 6 February 2006 on or prior to the Acquisition Completion, with any damages payable by Hemliner Beijing to APM Beijing being borne solely by DBS Trustee;

- (vi) the refinancing of the moneys advanced by Oversea-Chinese Banking Corporation Limited, Shanghai Branch ("**OCBC Shanghai**") to Hemliner Beijing under a multi-currency revolving credit agreement dated 23 March 2006 (as amended and supplemented by an amendment letter dated 1 August 2006, an extension and confirmation letter dated 4 September 2006 and a further extension and confirmation letter dated 16 October 2006) (the "**OCBC Shanghai Loan**"), the discharge of encumbrances in relation thereto (which is expected to take place within one month after Acquisition Completion) and payment by DBS Trustee of all fees and other related costs and expenses incurred in connection with the refinancing of the OCBC Shanghai Loan;
- (vii) the assignment by DBS Trustee to Ascott Investments of all loan amounts outstanding under the shareholder loans between DBS Trustee and Hemliner and all of the rights, title and interest of DBS Trustee in the shareholder loans as at the Acquisition Completion, free of encumbrances; and
- (viii) OCBC Shanghai confirming, in writing, its consent to the transfer of all the shares of Hemliner from DBS Trustee to Ascott Investments (and/or its nominee(s), as the case may be) and agreement not to exercise any right (whether of termination, demand of repayment, acceleration or otherwise) arising by reason of such transfer or change in relation to the OCBC Shanghai Loan.

6. NET GAIN AND USE OF SALE PROCEEDS FROM THE PROPOSED DIVESTMENTS

After adjusting for costs and expenses related to the Proposed Divestments, the net gain from the Proposed Divestments is approximately S\$52.1 million¹.

The sale proceeds of the Proposed Divestments will be used for:

- (i) funding the Proposed Acquisition;
- (ii) funding the Proposed Subscription; and
- (iii) future investment and acquisition opportunities.

7. DISCLOSEABLE TRANSACTION UNDER CHAPTER 10 OF THE LISTING MANUAL

7.1 Proposed Divestments

The relative figure for the Proposed Divestments computed on the basis set out in Rule 1006(c) of the Listing Manual is as follows:

Rule 1006(c)

The Divestment Consideration is equivalent to 5.6% of CapitaLand's market capitalisation of approximately S\$17.2 billion based on the weighted average price of CapitaLand's shares transacted on 19 August 2010, being the last market day preceding the date of the Divestment Sale & Purchase Agreements.

¹ The Group has deferred a portion of the gain in proportion to its interest in Ascott Reit. Before the deferment, the net gain is approximately S\$100.1 million.

8. UNDERTAKING IN RELATION TO ASCOTT REIT'S EQUITY FUND RAISING

8.1 Ascott Reit's Equity Fund Raising

Under the Equity Fund Raising, subject to Unitholders' approval, the Manager intends to issue 487.5 million New Units at an issue price to be determined so as to raise gross proceeds of approximately S\$560.6 million (based on an illustrative issue price of S\$1.15 per New Unit) to partially fund the acquisition of the Divestment Properties, associated costs and for working capital purposes.

8.2 Undertaking

To demonstrate its support for Ascott Reit and the Equity Fund Raising, TAL, which together with SCPL and the Manager, own an aggregate interest of approximately 47.7% in Ascott Reit, has provided an undertaking on 20 August 2010, pursuant to which:

- (i) in relation to the Preferential Offering, it will, and will procure that each of SCPL and the Manager will, accept in full its provisional allocation of New Units under the Preferential Offering at the Issue Price, provided always that the acceptance of the provisional allocations of such New Units under the Preferential Offering will not trigger any obligation by TAL, SCPL and/or the Manager to make a mandatory general offer under the Code for the Units not already held by TAL, SCPL and/or the Manager;
- (ii) in relation to the Private Placement, it will procure the CapitaLand Group, to subscribe, at the Issue Price, for such number of New Units such that the total number of New Units subscribed for by the CapitaLand Group will be the difference between the total number of New Units which the CapitaLand Group would require to maintain its pre-Preferential Offering unitholding in percentage terms and the total number of New Units under the Preferential Offering provisionally allocated and accepted by the CapitaLand Group ("**CapitaLand Group Placement**"), provided always that the subscription by any of the CapitaLand Group for New Units under the Private Placement will not trigger any obligation by the CapitaLand Group to make a mandatory general offer under the Code for the units not already held by the CapitaLand Group; and
- (iii) in relation to the CapitaLand Group Placement, it will, and it will procure that each of SCPL and the Manager and their respective associates will, abstain from voting on the resolution relating to the CapitaLand Group Placement at an extraordinary general meeting to be convened by Ascott Reit.

8.3 Moratorium

TAL, being a controlling Unitholder, has undertaken that it will not, and will procure that each of SCPL and the Manager will not from 20 August 2010 until the date falling 180 days from the date the New Units are listed on the SGX-ST (the "**Moratorium Period**"):

- (i) offer, sell or contract to sell, grant any option to purchase or otherwise grant security over, create any encumbrance over or otherwise dispose of, or enter into any transaction (including a derivative transaction) which is designed to, or might reasonably be expected to, result in the sale or disposition (whether by actual sale or disposition due to cash settlement or otherwise) of any or all of its interests in the Units held by it as at 20 August 2010 and any New Units subscribed for by it under the Equity Fund Raising (the "**Moratorium Units**") or any part thereof (or any securities convertible into or exchangeable for Moratorium Units or which carry rights to subscribe for or purchase Moratorium Units or part thereof);

(ii) deposit any Moratorium Units (or any securities convertible into or exchangeable for Moratorium Units or which carry rights to subscribe for or purchase Moratorium Units or part thereof) in which it has an effective or direct interest in any depository receipt facility; and/or

(iii) make any announcement with respect to any of the foregoing transactions,

other than as required by applicable laws and regulations (collectively, the "**Lock-up Restrictions**").

The Lock-up Restrictions do not apply to the transfer of TAL, SCPL or the Manager's interest in the Moratorium Units to and between any wholly-owned subsidiaries of CapitaLand provided that each such transferee has executed and delivered an undertaking to the effect of the Lock-up Restrictions, to remain in effect for the remainder of the Moratorium Period.

9. FINANCIAL EFFECTS

9.1 The Proposed Divestments

Based on the audited consolidated financial statements of the Group for the year ended 31 December 2009:

- (i) assuming that the Proposed Divestments had been effected on 1 January 2009, the financial impact on the earnings per share is not material; and
- (ii) assuming that the Proposed Divestments had been effected on 31 December 2009, the financial impact on the net tangible asset per share is not material.

9.2 The Proposed Acquisition

The Proposed Acquisition is not expected to have any material impact on the net tangible assets or earnings per share of the Group for the financial year ending 31 December 2010.

9.3 The Proposed Subscription

The Proposed Subscription is not expected to have any material impact on the net tangible assets or earnings per share of the Group for the financial year ending 31 December 2010.

10. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Mr Liew Mun Leong is the common Director of CapitaLand, TAL and the Manager. He is the President and Chief Executive Officer of CapitaLand and the Deputy Chairman of TAL and the Manager.

Mr Lim Ming Yan, Ms Jennie Chua Kheng Yeng and Mr Wen Khai Meng are common Directors of TAL and the Manager. Mr Lim Ming Yan is the Chief Executive Officer of TAL.

Certain Directors of CapitaLand, namely Mr Liew Mun Leong and Mr Richard Edward Hale and certain Directors of TAL, namely Mr Lim Chin Beng, Ms Jennie Chua Kheng Yeng, Mr Olivier Lim Tse Ghow and Mr Wen Khai Meng have interest in Ascott Reit Units.

Save as disclosed above, none of the Directors or controlling shareholder of CapitaLand or TAL has any interest, direct or indirect, in the above transactions.

11. SERVICE CONTRACTS

No person is proposed to be appointed as a Director as a result of the Transactions or any other transactions contemplated in connection with the Transactions.

12. DOCUMENTS FOR INSPECTION

Copies of the Divestment Sale and Purchase Agreements, the Acquisition Sale and Purchase Agreement and the valuation reports of Savills and HVS are available for inspection during normal business hours at the registered office of CapitaLand at 168 Robinson Road, #30-01 Capital Tower, Singapore 068912 for a period of three (3) months from the date of this Announcement.

By Order of the Board

Low Sai Choy
Company Secretary
20 August 2010

APPENDIX A

Definitions:	
Ascott Europe	The Ascott (Europe) Pte. Ltd., a wholly-owned subsidiary of CapitaLand
Ascott Holdings	The Ascott Holdings Limited, a wholly-owned subsidiary of CapitaLand
Ascott Investments	Ascott Investments Pte. Ltd., a wholly-owned subsidiary of CapitaLand
Ascott Netherlands	The Ascott (Europe) NV, a wholly-owned subsidiary of CapitaLand
CapitaLand Group	TAL, SCPL and the Manager
Citadines Holborn	Citadines Holborn CI Limited, a wholly-owned subsidiary of CapitaLand
Citadines SA	Citadines SA, a wholly-owned subsidiary of CapitaLand
Citadines Singapore Mount Sophia	Citadines Singapore Mount Sophia Pte. Ltd., a wholly-owned subsidiary of CapitaLand
Code	Singapore Code on Take-Overs and Mergers
Divestment Group	Ascott Netherlands and Somerset Hoa Binh and their subsidiaries, and Citadines Holborn
Equity Fund Raising	The equity fund raising exercise to be undertaken by the Manager pursuant to which it proposes to issue 487.5 million new units in Ascott Reit, comprising the Preferential Offering and the Private Placement
Group	CapitaLand and its subsidiaries
Hemliner	Hemliner Pte Ltd, a wholly-owned subsidiary of DBS Trustee
HVS	HVS International
Issue Price	The price per New Unit to be issued under the Equity Fund Raising
Listing Manual	Listing Manual of the Singapore Exchange Securities Trading Limited
Manager	Ascott Residence Trust Management Limited, as manager of Ascott Reit
Master Leases	Has the meaning ascribed to it in Section 1 of Appendix C of this Announcement
New Units	The new Units proposed to be issued under the Equity Fund Raising by way of the Preferential Offering and the Private Placement
Preferential Offering	A non-renounceable preferential offering of new units in Ascott Reit as part of the Equity Fund Raising
Private Placement	A placement of new units in Ascott Reit to institutional and other investors as part of the Equity Fund Raising
Proposed	Proposed subscription by TAL, SCPL and the Manager of New Units pursuant

Definitions:	
Subscription	to the Equity Fund Raising
Savills	Savills Commercial Properties Limited and Savills Valuation and Professional Services Limited
SGX-ST	Singapore Exchange Securities Trading Limited
SCPL	Somerset Capital Pte Ltd, a wholly-owned subsidiary of CapitaLand
Somerset Hoa Binh	Somerset Hoa Binh (S) Pte. Ltd. a wholly-owned subsidiary of CapitaLand
Somerset Hoa Binh Joint Venture	Somerset Hoa Binh Joint Venture Company Limited, a joint venture company in which Somerset Hoa Binh holds a 90% interest
SR Management Agreements	Has the meaning ascribed to it in Section 2 of Appendix C of this Announcement
TAL	The Ascott Limited, a wholly-owned subsidiary of CapitaLand
Unit	A unit representing an undivided interest in Ascott Reit
Unitholders	Unitholders of Ascott Reit

APPENDIX B

INFORMATION ON THE DIVESTMENT PROPERTIES

Divestment Properties

Property Name	Address	Number of Apartment Units	Net Lettable Area (sq m)	Appraised Value ⁽¹⁾ (S\$ million)	Title
Singapore					
Citadines Singapore Mount Sophia Property ⁽²⁾	8 Wilkie Road #01-26 Wilkie Edge Singapore 228095	154	7,015	107.0	Leasehold estate of 96 years 3 months and 3 days ending on 19 February 2105
Vietnam					
Somerset Hoa Binh, Hanoi ⁽²⁾	106 Hoang Quoc Viet Street, Hanoi, Vietnam	206	14,330	54.9	Leasehold estate of 36 years expiring on 24 April 2042

Property Name	Address	Number of Apartment Units	Net Floor Area (sq m)	Appraised Value ⁽¹⁾ (S\$ million)	Title
France					
Citadines Lille Centre ⁽³⁾	Avenue Willy Brandt – Euralille, 59777 Lille France	101	3,863	16.2	Freehold estate
Citadines Grenoble ⁽³⁾	9-11 rue de Strasbourg, 38000 Grenoble, France	106	4,657	16.7	Freehold estate
Citadines Paris Louvre ⁽³⁾	8 rue de Richelieu, 75001 Paris France	51	3,373	40.3	Freehold estate
Citadines Paris Trocadéro ⁽³⁾	29 bis, rue Saint-Didier, 75116 Paris France	97	4,511	51.3	Freehold estate
Citadines Lyon Presqu'île ⁽³⁾	2 rue Thomassin, 69002 Lyon France	116	5,973	21.4	Freehold estate
Citadines Paris Place d'Italie ⁽³⁾	18 place d'Italie, 75013 Paris France	169	7,090	56.3	Freehold estate
Citadines Paris Montmartre ⁽³⁾	16 avenue Rachel, 75018 Paris France	111	4,079	40.4	Freehold estate

Property Name	Address	Number of Apartment Units	Net Floor Area (sq m)	Appraised Value ⁽¹⁾ (\$ million)	Title
Citadines Paris Tour Eiffel ⁽³⁾	132 boulevard de Grenelle, 75015 Paris France	104	5,380	59.2	Freehold estate
Citadines Montpellier Antigone ⁽³⁾	588 boulevard d'Antigone, 34000 Montpellier France	122	5,575	13.8	Lessee under a finance lease arrangement ⁽⁴⁾
Citadines Marseille Castellane ⁽³⁾	60 rue du Rouet 13006 Marseille, France	97	3,974	10.7	Lessee under a finance lease arrangement ⁽⁴⁾
Citadines Paris Austerlitz ⁽³⁾	27 rue Esquirol, 75013 Paris France	49	1,827	9.6	Lessee under a finance lease arrangement ⁽⁴⁾
Citadines Paris Voltaire République ⁽³⁾	75 bis, avenue Parmentier, 75011 Paris France	76	3,217	21.2	Lessee under a finance lease arrangement ⁽⁴⁾
Citadines Paris Maine-Montparnasse ⁽³⁾	67 avenue du Maine, 75014 Paris France	67	2,123	20.6	Lessee under a finance lease arrangement ⁽⁴⁾
Citadines Marseille Prado Chanot ⁽³⁾	9-11 boulevard de Louvain, 13008 Marseille France	77	3,310	9.4	Freehold estate
Citadines Paris Les Halles ⁽³⁾	4 rue des Innocents 75001 Paris France	189	9,207	88.2	Freehold estate
Citadines Paris Didot Alésia ⁽³⁾	94 rue Didot, 75014 Paris France	80	3,518	25.7	Lessee under a finance lease arrangement ⁽⁴⁾
Citadines Cannes Carnot ⁽³⁾	1 rue le Poussin, 06400 Cannes France	58	2,139	8.4	Lessee under a finance lease arrangement ⁽⁴⁾
United Kingdom					
Citadines London Barbican ⁽⁵⁾	7-21 Goswell Road, London EC 1M 7AH, United Kingdom	129	6,158	75.0	Freehold estate
Citadines London South Kensington ⁽⁵⁾	35A Gloucester Road, London SW7 4PL, United Kingdom	92	5,430	71.1	Freehold estate
Citadines London Trafalgar Square ⁽⁵⁾	18-21 Northumberland Avenue, London WC2N 5EA, United Kingdom	187	8,977	130.9	Freehold estate

Property Name	Address	Number of Apartment Units	Net Floor Area (sq m)	Appraised Value ⁽¹⁾ (\$ million)	Title
Citadines London Holborn-Covent Garden ⁽⁵⁾	94-99 High Holborn, London WC 1V 6LF, United Kingdom	192	8,403	127.5	Freehold estate
Belgium					
Citadines Bruxelles Sainte-Catherine ⁽⁶⁾	51 Quai au Bois à Brûler 1000 Bruxelles Belgium	169	7,536	26.7	Freehold estate
Citadines Bruxelles Toison d'Or ⁽⁶⁾	61-63 Avenue de la Toison d'Or, 1060 Bruxelles Belgium	153	8,662	23.5	Freehold estate
Germany					
Citadines Berlin Kurfürstendamm ⁽⁷⁾	Olivaer Platz 1, 10707 Berlin-Wilmersdorf Germany	118	5,480	21.1	Freehold estate
Citadines Munich Arnulfpark ⁽⁷⁾	Arnulfstrasse 51, 80636 München Germany	146	6,502	34.0	Freehold estate
Spain					
Citadines Barcelona Ramblas ⁽⁸⁾	Ramblas 122, 08002 Barcelona Spain	131	6,440	56.7	Freehold estate
Total		3,347	158,749	1,237.8	

Notes:

- (1) Based on (a) the average of the two independent valuations by Savills and HVS undertaken as of 1 July 2010 and (b) a direct interest of 100.0% in the Divestment Properties held by the relevant property holding companies.
- (2) The Singapore Property and the Vietnam Property are managed by Ascott International Management (2001) Pte Ltd under the SR Management Agreements.
- (3) These properties are leased to Citadines SA under 17 Master Leases.
- (4) The 7 Europe Properties (as defined in Section 2 of Appendix C of this Announcement) are owned and leased by two third party finance companies (the "Finance Companies") in consideration for the payment of rental by the property holding companies of the 7 Europe Properties (the "Finance Lessees") to the Finance Companies (the "Finance Lease Arrangements"). Pursuant to each of the Finance Lease Arrangements, the Finance Lessee has a contractual right to use the premises and a promise of sale at the expiry of the finance lease in consideration for the payment of rental by the Finance Lessee to the Finance Company.
- (5) These properties in the United Kingdom are managed by Soderetour UK Ltd under the SR Management Agreements.
- (6) These properties in Belgium are managed by Citadines SA under the SR Management Agreements.
- (7) These properties in Germany are leased to Citadines Betriebsgesellschaft mbH under two separate Master Leases.
- (8) This property in Spain is managed by Aparthotel Citadines SA under an SR Management Agreement.

APPENDIX C

MASTER LEASES AND SERVICED RESIDENCE MANAGEMENT AGREEMENTS

1. *Master Leases*

The property holding companies holding the Divestment Properties in France and Germany had entered into separate lease agreements (the "**Master Leases**") with wholly-owned subsidiaries of TAL, namely, Citadines SA (for the Divestment Properties in France) and Citadines Betriebsgesellschaft mbH (for the Divestment Properties in Germany) (collectively, the "**Master Lessees**").

In connection with the Proposed Divestments in France and Germany, the Master Leases will continue to subsist upon completion of the Proposed Divestments.

These Master Leases have remaining terms of between 6 to 19 years and provide for annual rental revisions pegged to indices representing construction costs, inflation or commercial rental prices according to market practice. Accordingly, the rental revisions may be adjusted upwards or downwards depending on the above factors.

Citadines SA, as the Master Lessee of the Divestment Properties in France, has the option to terminate certain of the Master Leases at the end of every 3-year period of the relevant Master Leases. In connection with the Proposed Divestment in France and Germany, TAL will provide an undertaking ("**TAL Undertaking**") in favour of DBS Trustee to procure that:

- (1) in respect of Master Leases with an original term of 9 years, namely the Master Leases in relation to Citadines Lille Centre, Citadines Grenoble, Citadines Paris Louvre, Citadines Paris Trocadéro, Citadines Lyon Presqu'île, Citadines Paris Place d'Italie, Citadines Paris Montmartre, Citadines Paris Tour Eiffel, Citadines Marseille Prado Chanot and Citadines Paris Les Halles, Citadines SA fulfils the full 9-year term of these Master Leases; and
- (2) in respect of other Master Leases with an original term of 12 years, namely the Master Leases in relation to Citadines Paris Austerlitz, Citadines Paris Didot Alésia, Citadines Maine Montparnasse, Citadines Paris Voltaire République, Citadines Marseille Castellane, Citadines Montpellier Antigone and Citadines Cannes Carnot, Citadines SA will renew such Master Leases (expiring in 2011) and will waive its option to terminate at the end of the first 3-year period of the renewed Master Leases.

As a result of the TAL Undertaking, the Master Leases as provided in paragraph (1) above will have a remaining term of between 7 to 8 years and the Master Leases as provided in paragraph (2) above have a remaining term of 6 years from the commencement of the renewed Master Lease. The Master Leases in relation to the Divestment Properties in Germany, namely Citadines Berlin Kurfürstendamm and Citadines Munich Arnulfpark have remaining terms of 12 years and 19 years respectively.

Under the TAL Undertaking, TAL will pay and satisfy DBS Trustee and/or the Master Lessor on demand in writing all outstanding sums, being the payment of rent and other charges, fees and amounts as set forth in the Master Leases which are due to the Master Lessor in the event of any failure to pay such sums by the Master Lessees.

2. *Serviced Residence Management Agreements*

In connection with the Proposed Divestments, the 7 Europe Properties that are not subject to the Master Leases, namely the properties in the United Kingdom, Belgium and Spain (collectively, the “**7 Europe Properties**”), together with the Singapore Property and the Vietnam Property, will continue to be managed and operated by subsidiaries of TAL (“**SR Management Companies**”) under existing separate serviced residence management agreements (the “**SR Management Agreements**”), which will continue to subsist following the completion of the relevant Proposed Divestments in Europe, Singapore and Vietnam, as the case may be.

Under the SR Management Agreements, excluding those in relation to the Singapore Property and the Vietnam Property, the relevant SR Management Companies have warranted that the 7 Europe Properties not under the Master Leases arrangement will achieve a minimum guaranteed net operating profit (“**NOP**”) per annum. The NOP is based on total revenue less the operating expenses.

The SR Management Companies shall pay to the relevant property holding companies the shortfall in actual NOP and the minimum guaranteed NOP in accordance with the terms of the SR Management Agreements.

Pursuant to the TAL Undertaking, TAL will pay and satisfy DBS Trustee or the relevant property holding companies the shortfall between the actual NOP and the minimum guaranteed NOP under the SR Management Agreements in the event that the SR Management Companies fail to do so.