CAPITALAND LIMITED

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

ANNOUNCEMENT

PROPOSED DIVESTMENTS OF SERVICED RESIDENCES AND RENTAL HOUSING PROPERTIES

CapitaLand Limited ("**CapitaLand**") wishes to announce:

(a) the divestment of a serviced residence in Shenyang, China, known as Somerset Heping Shenyang (the "**Heping Divestment**") for a cash consideration of US$48.1 million (approximately S$59.4 million) (the "**Heping Consideration**") to DBS Trustee Limited, the trustee of Ascott Residence Trust ("**Ascott REIT**").

(b) the divestment of a serviced residence in Shanghai, China, known as Citadines Biyun Shanghai (the "**Biyun Divestment**") for a cash consideration of US$43.5 million (approximately S$53.8 million) (the "**Biyun Consideration**") to Ascott REIT.

(c) the divestment of a serviced residence in Suzhou, China, known as Citadines Xinghai Suzhou (the "**Suzhou Divestment**") for a cash consideration of S$14.7 million (the "**Suzhou Consideration**") to Ascott REIT.

(d) the divestment of the trust beneficiary interest in the following 11 rental housing properties in Japan (the "**TMK3 Divestment**") for a total cash consideration of ¥3.0 billion (approximately S$37.1 million) (the "**TMK3 Consideration**") to Ascott Reit 3 Pte. Ltd. ("**ARPL**") and Ascott REIT 3 Godo Kaisha ("**GK**") which are wholly-owned subsidiaries of Ascott REIT:

    (i) Actus Hakata V-tower, Fukuoka;
    (ii) Big Palace Kita 14jo, Sapporo;
    (iii) Grand Mire Miyamachi, Sendai;
    (iv) Grand Mire Shintera, Sendai;
    (v) Gravis Court Kakomachi, Hiroshima;
    (vi) Gravis Court Kokutaiji, Hiroshima;
    (vii) Gravis Court Nishiharaekimae, Hiroshima;
    (viii) Grand E'terna Saga, Saga;
    (ix) Grand E'terna Saga Idaidori, Saga;
    (x) Grand E'terna Nijojomae, Kyoto; and
    (xi) Grand E'terna Chioninmae, Kyoto

    (collectively the "**Japan Properties**").

The Heping Divestment, Biyun Divestment, Suzhou Divestment and TMK3 Divestment are collectively referred to as the "**Proposed Divestments**".

The Proposed Divestments are carried out as follows:

(a) The Heping Divestment is made through the sale of the entire equity interest in Heping Investments (Hong Kong) Limited ("**Heping HK**") by Heping Investments (BVI) Limited ("**Heping BVI**") to Ascott REIT. Heping HK owns 100% interest in Somerset Heping Shenyang through its wholly-owned subsidiary, Somerset Heping (Shenyang) Property Co., Ltd. ("**Somerset Heping**");

(b) The Biyun Divestment is made through the sale of the entire equity interest in Biyun Investments (Hong Kong) Limited ("**Biyun HK**") by Biyun Investments (BVI) Limited ("**Biyun BVI**") to Ascott REIT. Biyun HK owns 100% interest in Citadines Biyun Shanghai through its wholly-owned subsidiary, Gain Mark Properties (Shanghai) Ltd. ("**Gain Mark**");

(c) The Suzhou Divestment is made through the sale of the entire equity interest in Citadines SIP Pte. Ltd. ("**SIP**") by The Ascott Holdings Limited ("**TAHL**") to Ascott REIT. SIP owns 100% interest in Citadines Xinghai Suzhou through its wholly-owned subsidiary, Suzhou Chong Rui Xin Shi Ji Real Estate Co., Ltd. ("**Chong Rui**"); and

(d) The TMK3 Divestment is made through the sale of the entire equity interest in ARC-CapitaLand Three TMK ("**TMK3**") by RAV Three Pte. Ltd. ("**RAV3**") and ACRJ3 Investments Pte. Ltd., Japan Branch ("**ACRJ3**") to ARPL and GK.

Heping BVI, Heping HK, Somerset Heping, Biyun BVI, Biyun HK and Gain Mark 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. TAHL, SIP and Chong Rui are wholly-owned subsidiaries of CapitaLand. ACRJ3, RAV3 and TMK3 are 88.9% owned subsidiaries of CapitaLand. CapitaLand has an aggregate interest (direct and indirect) of approximately 44.93% in Ascott REIT.

CONSIDERATION AND COMPLETION

The considerations for the Proposed Divestments, were arrived at on a willing-buyer and willing-seller basis, subject to adjustments (if any) under the respective Sale and Purchase Agreements, and will be paid in full on Completion (defined below) as follows:

(a) Heping Consideration was based on:

    (i) the consolidated net asset value of Heping HK and Somerset Heping of US$18.5 million (approximately S$22.8 million), taking into account, among other factors, the agreed value of Somerset Heping Shenyang based on the independent valuations undertaken by HVS Singapore (SG&R Singapore Pte Ltd) (“**HVS**”) and Jones Lang LaSalle Property Consultants Pte Ltd (“**JLL**”) (both of which were appointed by TAL/and/or its affiliates) of RMB438 million (approximately S$86.2 million) and RMB438 million (approximately S$86.2 million) respectively as of 15 March 2013 and using the discounted cash flow method; and

    (ii) the assignment to Ascott REIT of the shareholder loans granted by Heping BVI to Heping HK of approximately US$29.6 million (approximately S$36.6 million);

(b) Biyun Consideration was based on:

(i) the consolidated net asset value of Biyun HK and Gain Mark of US$32.2 million (approximately S$39.8 million), taking into account, among other factors, the agreed value of Citadines Biyun Shanghai based on the independent valuations undertaken by HVS and JLL (both of which were appointed by TAL/and/or its affiliates) of RMB318 million (approximately S$62.6 million) and RMB324 million (approximately S$63.8 million) respectively as of 15 March 2013 and using the discounted cash flow method; and

(ii) the assignment to Ascott REIT of the shareholder loans granted by Biyun BVI to Biyun HK of approximately US$11.3 million (approximately S$14 million);

(c) Suzhou Consideration was based on:

(i) the consolidated net asset value of SIP and Chong Rui of S$2.7 million, taking into account, among other factors, the agreed value of Citadines Xinghai Suzhou based on the independent valuation undertaken by HVS (which was appointed by TAL/and/or its affiliates) of RMB118 million (approximately S$23.2 million) as of 15 March 2013 and using the discounted cash flow method; and

(ii) the assignment to Ascott REIT of the shareholder loans granted by TAHL to SIP of approximately S$12 million; and

(d) TMK3 Consideration was based on the net asset value of TMK3 of JPY3.0 billion (approximately S$37.1 million), taking into account, among other factors, the agreed value of the Japan Properties based on the independent valuation undertaken by HVS (which was appointed by TAL/and/or its affiliates) of JPY9.2 billion (approximately S$114.8 million) as of 15 March 2013 and using the discounted cash flow method.

Completion of the Proposed Divestments is expected to take place by 28 June 2013, 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 have been satisfied or waived (as applicable) ("**Completion**"). The respective vendors to the Proposed Divestments shall not be obliged to complete each of the Sale and Purchase Agreements unless all the Proposed Divestments are completed simultaneously.

Upon Completion, Heping HK, Somerset Heping, Biyun HK and Gain Mark will continue to be associated companies of CapitaLand through its interest in Ascott REIT. SIP and Chong Rui will cease to be wholly-owned subsidiaries of CapitaLand and become associated companies of CapitaLand through its interest in Ascott REIT. TMK3 will cease to be a subsidiary of CapitaLand and become an associated company of CapitaLand through its interest in Ascott REIT.

FINANCIAL EFFECTS

Upon Completion, CapitaLand is expected to recognise a net gain of approximately S$15.1 million. Based on the unaudited consolidated financial statements of CapitaLand Group for the three months ended 31 March 2013:

(a) assuming that the Proposed Divestments were effected on 1 January 2013, CapitaLand's earning per share would have increased from 4.4 cents to 4.8 cents; and

(b) assuming that the Proposed Divestments were effected on 31 March 2013, 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 collectively have an aggregate interest (direct and indirect) in 2,431,030 shares in CapitaLand. As at the date of this announcement, Mr Lim Ming Yan has a direct interest in 221,258 units in Ascott REIT.

Temasek Holdings (Private) Limited, the controlling shareholder of CapitaLand, has an interest (direct and indirect) of approximately 40.93% in CapitaLand and approximately 47.15% 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

Low Sai Choy
Company Secretary
2 May 2013