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NEWS RELEASE

CapitaLand and CRCT to jointly acquire 100% interest in company that owns Rock Square in Guangzhou for RMB3.3 billion

Addition of dominant mall to CapitaLand's portfolio strengthens the Group's presence in fast-growing first-tier Chinese cities

Singapore, 28 November 2017 – CapitaLand and CapitaLand Retail China Trust (CRCT) have formed a joint venture to acquire all the shares in a company that owns an operational shopping mall, currently known as Rock Square (乐峰广场), located in Haizhu District in Guangzhou. CRCT is the majority shareholder with a 51% stake in the joint venture, while CapitaLand owns the remaining 49%. This marks CapitaLand's second mall and CRCT's first in Guangzhou, the provincial capital of Guangdong Province in South China and one of four first-tier cities in China.

Total purchase consideration payable is about RMB3,360.7 million (about S\$688.9 million)¹, which includes but is not limited to the company's interests in Rock Square with an agreed value of RMB3,340.7 million (about \$684.8 million)². The transaction is expected to be completed by 1Q 2018.

Rock Square is one of the largest malls in Haizhu District with a gross floor area (GFA) excluding car park of about 83,591 sq m. Surrounded by densely populated residential estates, the mall caters to about 800,000 residents from middle- and high-income households within a three-kilometre radius. The mall is directly connected to Shayuan metro station, which serves Line 8 that links Guangzhou's eastern and western areas, and Guangfo Line that connects Guangzhou with Foshan. The planned extension of Line 8 and Guangfo Line by 2019 is expected to increase the mall's population catchment.

Mr Jason Leow, CEO of CapitaLand Mall Asia, said: "China is an important core market to CapitaLand. We continue to invest in our China shopping mall business under our 'core city clusters, dominant assets' strategy, which focuses on strengthening our presence in five city clusters with quality assets that command a dominant market position. Given Rock Square's significant scale and strategic location with excellent transport links, the acquisition presents a rare opportunity to increase our exposure to the high-growth retail market in a first-tier city. As an operational mall with upside potential, the acquisition will also help CapitaLand to increase our recurring income base as we continue to expand our business."

¹ Based on pro forma adjusted aggregate net asset value of the company and its wholly-owned subsidiary as at 30 June 2017 (subject to post-completion adjustments).

² The mall has been valued at RMB3,360.0 million (about S\$688.8 million) as at 3 November 2017 by Savills Valuation & Professional Services (S) Pte Ltd.

Mr Leow added: “When completed, the acquisition will boost CapitaLand’s retail presence in Guangzhou, where we currently own and manage CapitaMall SKY+, which opened in 2015. By leveraging on our experienced team in Guangzhou to manage the new mall, we will be able to benefit from the network effect of an enlarged portfolio.”

Mr Tan Tze Woon, CEO of CapitaLand Retail China Trust Management Limited, said: “The acquisition marks CRCT’s strategic entry into another first-tier city after Beijing and Shanghai. It represents a progression of our portfolio reconstitution strategy, whereby capital from the sale of CapitaMall Anzhen is recycled into a multi-tenanted mall with a longer balance tenure and stronger growth potential. The addition of Rock Square serves to diversify CRCT’s tenant base and improve the quality of earnings by increasing our exposure to more varied and higher-yielding trade categories. Post-completion, the accretive acquisition will boost CRCT’s portfolio size by about 28% to approximately RMB15.1 billion (about S\$3.1 billion)³.”

Mr Tan added: “In view that leases accounting for over half of the mall’s total rent are up for renewal between 2018 and 2020, the timely acquisition will present us with a window of opportunity to achieve rental uplift through active tenant mix adjustments, unit reconfiguration and improvements to the layout. This is supported by the mall’s current mix of popular retailers, which serves as a strong base to attract more quality brands to enhance the overall shopping experience. Coupled with the cost synergies from working with our sponsor CapitaLand to manage the mall, we are confident of driving the growth of Rock Square and turning it into a significant contributor to our overall performance.”

Opened in 2013, Rock Square is a five-storey shopping mall with three levels above ground and two basement levels. Positioned as a modern and trendy retail destination offering a wide range of fashion, F&B, children-oriented and entertainment options, the mall houses well-known international brands such as AEON, UNIQLO, ZARA and Victoria’s Secret. As at June 2017, the mall was 96.4% committed.

The mall is located in Haizhu District, Guangzhou’s second most populous urban district that also ranks high in terms of disposable income per capita⁴. A popular residential area for Guangzhou’s new affluent class, Haizhu District is home to the Creative Industry Zone (where leading technology firms such as Tencent are based), the city’s landmark Canton Tower and top tertiary institution Sun Yat-sen University.

Guangzhou is the most populous city of Guangdong Province with a population of 14 million. It is an important communications and transportation hub in South China with a flourishing high-tech industry. In 2016, Guangzhou’s GDP grew 8.2% year-on-year, outpacing the national average of 6.7%. In the same period, both disposable income per capita rose and total retail sales rose by 9.0%. These positive indicators are expected to see further growth support, as Guangzhou transforms into a major commercial centre in South China with a fast-evolving retail scene and an increased emphasis on driving domestic consumption.

³ Based on a 100% interest in all of CRCT’s properties as at 30 June 2017, excluding CapitaMall Anzhen which has been divested. At a 51% interest in Rock Square, CRCT’s assets under management will increase by about 14%.

⁴ Source: Guangzhou Bureau of Statistics, 2016.

Summary of Rock Square

Address	No. 106-108 Gongye Avenue North, Haizhu District, Guangzhou City, Guangdong Province
Description	A five-storey shopping mall with three levels above ground and two basement levels
Opening date	July 2013
Site area	43,288 sq m
GFA (excluding car park)	83,591 sq m
Net lettable area (NLA)	53,107 sq m
Number of car park spaces	600
Number of leases (as at June 2017)	159
Committed occupancy (as at June 2017)	96.4%
Key tenants	AEON, UNIQLO, ZARA, Pull & Bear, Victoria's Secret, Innisfree

About CapitaLand Limited (www.capitaland.com)

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 more than S\$85 billion as at 30 September 2017, comprising integrated developments, shopping malls, serviced residences, offices, homes, real estate investment trusts (REITs) and funds. Present across more than 150 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 and Indonesia.

CapitaLand's competitive advantage is its significant asset base and extensive market network. Coupled with extensive design, development and operational capabilities, the Group develops and 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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About CapitaLand Retail China Trust (www.crct.com.sg)

CRCT is the first China shopping mall Real Estate Investment Trust (REIT) in Singapore, with a portfolio of 10 income-producing shopping malls. Listed on the Singapore Exchange Securities Trading Limited on 8 December 2006, it is established with the objective of investing on a long-term basis in a diversified portfolio of income-producing real estate used primarily for retail purposes and located primarily in China, Hong Kong and Macau.

The geographically diversified portfolio of quality shopping malls is located in seven of China's cities. The properties are CapitaMall Xizhimen, CapitaMall Wangjing, CapitaMall Grand Canyon and CapitaMall Shuangjing in Beijing; CapitaMall Xinnan in Chengdu, Sichuan Province; CapitaMall Qibao in Shanghai; CapitaMall Minzhongleyuan in Wuhan, Hubei Province; CapitaMall Erqi in Zhengzhou, Henan Province; CapitaMall Saihan in Hohhot, Inner Mongolia; and CapitaMall Wuhu in Wuhu, Anhui Province. As at 30 September 2017, the total asset size of CRCT is approximately S\$2.8 billion.

All the malls in the portfolio are positioned as one-stop family-oriented shopping, dining and entertainment destinations for the sizeable population catchment areas in which they are located, and are accessible via major transportation routes or access points. A significant portion of the properties' tenancies consists of major international and domestic retailers such as Beijing Hualian Group (BHG), Carrefour and Wal-Mart under master leases or long-term leases, which provide CRCT's unitholders with stable and sustainable returns. The anchor tenants are complemented by popular specialty brands such as Häagen-Dazs, innisfree, KFC, Nanjing Impressions, Nike, Pandora, Sephora, Starbucks, UNIQLO, Watsons and ZARA.

CRCT is managed by an external manager, CapitaLand Retail China Trust Management Limited, which is an indirect wholly owned subsidiary of CapitaLand Limited, one of Asia's largest real estate companies headquartered and listed in Singapore.

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Analyst contact

Chang Rui Hua
CapitaLand
Head, Investor Relations &
Capital Markets Compliance
Tel: +65 6713 2903
Email: chang.ruihua@capitaland.com

Media contact

Tan Bee Leng
CapitaLand
Head, Group Communications
Tel: +65 6713 2871
Email: tan.beeleng@capitaland.com

Delphine Sze
CapitaLand Retail China Trust
Management Limited
Manager, Investor Relations
Tel: +65 6713 1648
Email: delphine.sze@capitaland.com

Chia Pei Siang
CapitaLand
Assistant Vice President,
Group Communications
Tel: +65 6713 1379
Email: chia.peisiang@capitaland.com

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