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CapitaLand to divest interest in five business park properties and Rock Square mall in China

Plans to enter into 49:51 joint venture with CRCT in Ascendas Xinsu Portfolio

Singapore, 6 November 2020 – CapitaLand, through its associates, has entered into agreements to divest its share of interest in the companies which hold five business park properties and Rock Square mall in China to CapitaLand Retail China Trust ("CRCT"). The agreed value of the properties, arrived at on a willing-buyer and willing-seller basis, amounts to RMB8,130 million (S$1,653.1 million) on a 100% basis. CapitaLand's effective stake comprises:

- a 23% interest in Ascendas Xinsu Portfolio, Suzhou; Ascendas Innovation Towers, Xi'an; and Ascendas Innovation Hub, Xi'an (80%) held through Ascendas China Business Parks Fund 4 ("ACBPF 4");
- an 80% interest in Singapore-Hangzhou Science & Technology Park Phase I and Phase II, Hangzhou; and
- a 49% interest in Rock Square, Guangzhou.

The agreed property value represents a 2.9% premium to CapitaLand's valuation in December 2019.

The proposed divestment, which is conditional upon the approval of CRCT's independent unitholders, is expected to be completed by 1Q 2021. Upon completion, CapitaLand is expected to receive proceeds of about S$541.7 million and realise an estimated gain of S$35.6 million. ACBPF 4, managed by CapitaLand, will draw to a close after fully divesting all its assets.

Upon CRCT's acquisition of the properties, CapitaLand will enter into a 49:51 joint venture with CRCT on Ascendas Xinsu Portfolio at an agreed property value of RMB2,265 million (S$460.6 million) on a 100% basis. This is in view of the redevelopment potential of the site and is in line with CapitaLand's overall strategy to continue investing in business parks with development or redevelopment potential. Located in the well-established Suzhou Industrial Park, Ascendas Xinsu Portfolio comprises six locations with 61 buildings, including business parks and industrial portion. The sprawling portfolio has a total gross floor area of 373,334 square metres.

Mr Lee Chee Koon, Group CEO, CapitaLand Group, said: "The proposed divestment of the five business park properties in China to CRCT is the latest illustration of the robust asset pipeline and value creation opportunities arising from CapitaLand's combination with Ascendas-Singbridge last year. Recycling these quality assets into CRCT will enable CapitaLand to unlock capital, realise development profits and tap recurring yield through our fund management platform."

Mr Lee added: “As the largest unitholder of CRCT, CapitaLand is confident that the transaction will propel CRCT onto a higher growth trajectory as the largest China-focused real estate investment trust (“REIT”) in Singapore with investments across retail, business park and industrial assets. This dovetails with our commitment to support the long-term growth and continual success of CapitaLand-sponsored REITs. Moving forward, CapitaLand will continue to participate in the growth of the five business park properties and Rock Square mall through our stake in CRCT. We will also continue to receive recurring income from leveraging our operational expertise to manage the properties.”

Mr Lucas Loh, President, China, CapitaLand Group, said: “CapitaLand continues to be positive on China, the Group’s largest market in terms of assets under management. China is the first country to recover from the pandemic and is expected be the one of the few major economies in the world to show positive growth in 2020. We continue to see encouraging signs of recovery in the performance of CapitaLand’s China business across all asset types. Residential sales momentum remains strong, with sales value for the first nine months of 2020 exceeding the same period last year by 28%. In our malls, 3Q 2020 shopper traffic and tenant sales had recovered to about 86% and 85% of last year’s levels respectively. Occupancy in our offices and business parks are healthy, registering 84.6% and 87.8%[1] respectively as at 30 September 2020.”

Mr Loh added: “We remain on the lookout for new opportunities to create, extract and unlock value in our portfolio. We are particularly bullish on asset classes that stand to benefit from China’s new economy push, including business parks. This explains our decision to continue investing in Ascendas Xinsu Portfolio as we see the potential to extract new value from rejuvenating this mature asset.”

In support of CRCT, CapitaLand has indicated its intention to take up its pro-rata entitlement, should relevant equity fund raising be included as part of the funding for CRCT to acquire the properties. As at the date of announcement, CapitaLand has a deemed interest of approximately 36.23% in CRCT.

About CapitaLand Limited (www.capitaland.com)

CapitaLand Limited (CapitaLand) is one of Asia’s largest diversified real estate groups. Headquartered and listed in Singapore, it owns and manages a global portfolio worth about S$133.3 billion as at 30 September 2020. CapitaLand’s portfolio spans across diversified real estate classes which includes commercial, retail; business park, industrial and logistics; integrated development, urban development; as well as lodging and residential. With a presence across more than 220 cities in over 30 countries, the Group focuses on Singapore and China as its core markets, while it continues to expand in markets such as India, Vietnam, Australia, Europe and the USA.

CapitaLand has one of the largest real estate investment management businesses globally. It manages six listed real estate investment trusts (REITs) and business trusts as well as over 20 private funds. CapitaLand launched Singapore’s first REIT in 2002 and today, its stable of REITs and business trusts comprises CapitaLand Integrated Commercial Trust, Ascendas Real Estate Investment Trust, Ascott Residence Trust, CapitaLand Retail China Trust, Ascendas India Trust and CapitaLand Malaysia Mall Trust.

[1] Includes business park, industrial and logistics assets in China.

CapitaLand places sustainability at the core of what it does. As a responsible real estate company, CapitaLand contributes to the environmental and social well-being of the communities where it operates, as it delivers long-term economic value to its stakeholders.

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