



# CapitaLand Retail China Trust

Acquisition of Yuquan Mall in Hohhot, China and  
Divestment of CapitaMall Saihan in a Bundle Deal

1 February 2019



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- **Transaction Details**
- **Funding of the Acquisition**



# Transaction Overview

- **CapitaLand Retail China Trust (“CRCT”) has entered into a co-operative framework agreement (“FA”) in relation to a bundle deal to**
  - **Acquire a property located in Yuquan District, Hohhot, China (“Yuquan Mall”) and**
  - **Divest CapitaMall Saihan in Hohhot, China**
- **In accordance with terms of the FA,**
  - **CRCT shall acquire Yuquan Mall at a consideration of RMB 808.3 million (RMB 8,079 psm GFA)**
  - **CRCT shall divest the company holding CapitaMall Saihan, with an agreed value of RMB 460.0 million (RMB 10,969 psm GFA)**



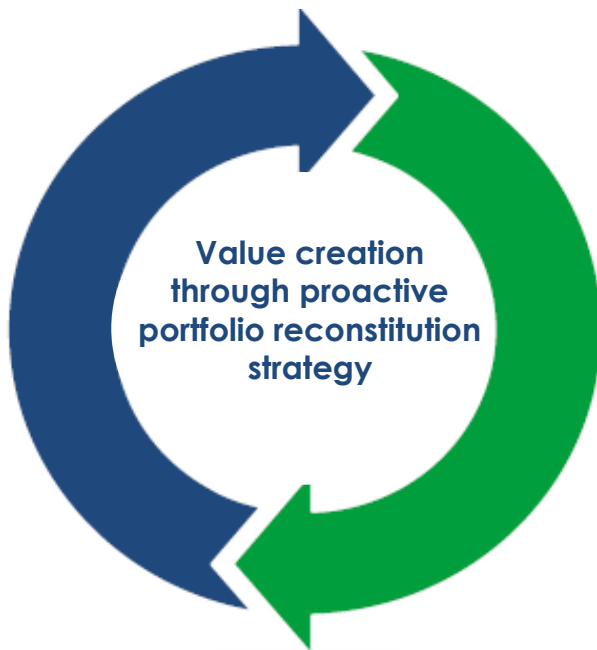
# Transaction Overview

## Rejuvenate portfolio with higher quality asset

### Divestment of CapitaMall Saihan



Gross Floor Area	41,938 sqm
Gross Floor Area (excl. car park)	41,938 sqm
Land Use Right Expiry	2041
MRT Connection	No
Carpark	No
Anchor space (by Net Lettable Area)	45%



### Acquisition of Yuquan Mall



Gross Floor Area	100,047 sqm
Gross Floor Area (excl. car park)	76,309 sqm
Land Use Right Expiry	2049
MRT Connection	Yes <sup>1</sup>
Carpark	Yes
Anchor space (by Net Lettable Area)	28% (estimated)

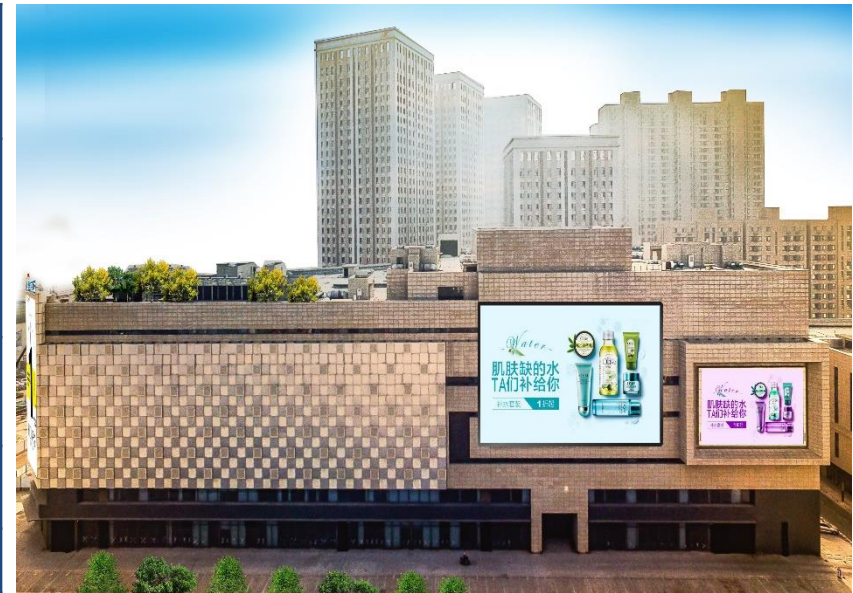
#### Notes:

1. Basement expected to be directly connected to Metro Line 2 which is slated to commence operation by end of 2020.



# Overview of Yuquan Mall

<b>Location</b>	E' Er Duo Si Street, Yuquan District, Hohhot, Inner Mongolia Autonomous Region
<b>Description</b>	An eight-storey shopping mall comprising seven levels above ground and one basement level
<b>Year of Completion</b>	In phases since 2016
<b>Land Use Expiry</b>	2049
<b>Site Area</b>	82,508 sqm <sup>1</sup>
<b>GFA</b>	100,047 sqm
<b>GFA (excl. car park)</b>	76,309 sqm
<b>Car Park (B2 - B3)</b>	408 lots
<b>Connectivity</b>	Direct link to NuoHeMuLe Station on Metro Line 2 <sup>2</sup>



<b>Agreed Property Price</b>	<b>RMB 808.3 million (RMB 8,079 psm GFA)</b>
<b>Property Valuation<sup>3</sup></b>	<b>RMB 856.0 million (RMB 8,556 psm GFA)</b>

Notes:

1. Consists of the entire mixed-use development which Yuquan Mall is located on.
2. Slated to commence operation by end 2020.
3. Valuation as at 31 December 2018 by Cushman & Wakefield International Property Advisers (Shanghai) Co., Ltd.



# Hohhot, Capital Of Inner Mongolia

## Important gateway connecting north China with Mongolia and Russia

- Important portal in the “Belt & Road Initiative” due to its strategic position
  - Benefit from growth opportunities within the region
- Inner Mongolia’s foreign trade with countries participating in the “Belt & Road Initiative” reached RMB 69.9 billion in 2018, up by 14.6% year-on-year<sup>1</sup>
- Construction of metro lines and high speed railways to improve city’s attractiveness
  - First high-speed railway connecting Hohhot, Zhangjiakou and Beijing expected to commence operations by end 2019
  - Metro travel time between Beijing and Hohhot shorten to less than three hours



Notes:

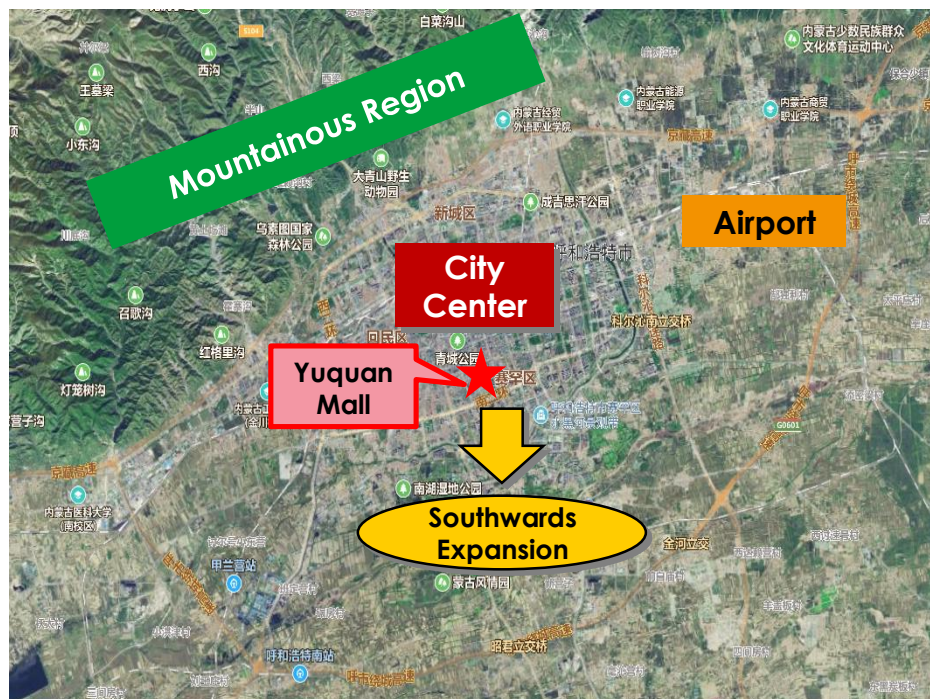
1. Source: Xinhua News



# Development Of Hohhot City

## Capturing opportunities from continuous urbanisation

- **Growing retail spending power**
  - Urban disposable income per capita grew by 8.2% to RMB 43,518 in 2017<sup>1</sup>, above national's average<sup>2</sup>
- **Increasing entry of better quality international and domestic retail brands**
  - E.g. Innisfree, Kiehl's, Michael Kors, Pandora, FILA, Calvin Klein, Xiabu Xiabu
- **Participating with new catchment growth as the city expands southwards**
- **Meeting greater demand for better quality shopping malls due to rising middle-class and sophisticated consumer base**



Notes:

1. Source: Hohhot Bureau of Statistics
2. Source: National Bureau of Statistics

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# Investment Rationale



Artist's Impression



# Investment Rationale

1

Expand presence in city with good track record

2

Redeploy capital to secure a higher quality and more strategically located asset with excellent connectivity

3

Enlarging CRCT portfolio and extension of land tenure

4

Leverage on new building specifications to capture market opportunities



1

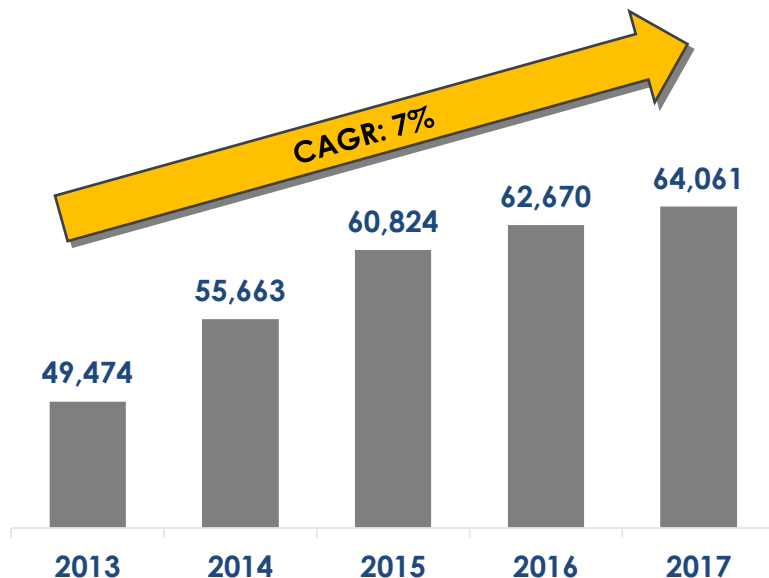
# Expand Presence In City With Good Track Record

**Leverage on experienced management team on the ground**

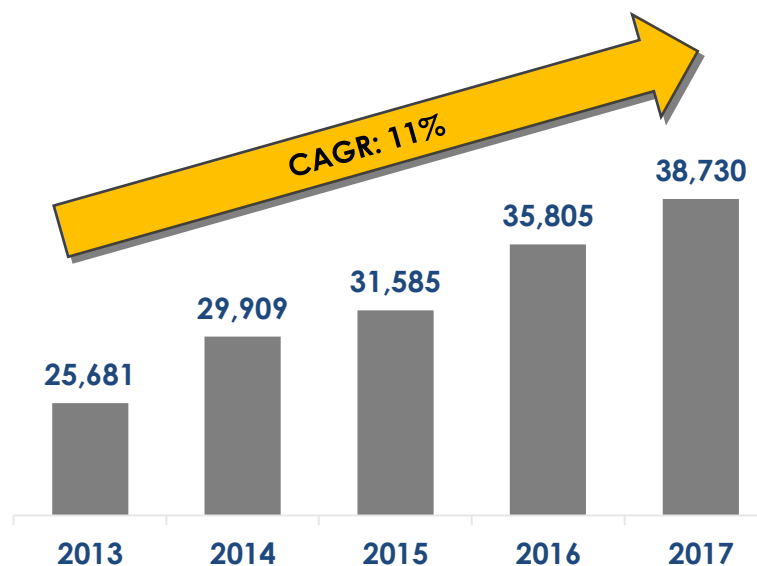
- **Strong retail mall expertise and local network provide competitive edge**
  - CapitaMall Saihan displayed healthy performance over the years despite limitations
  - Well-established CapitaMall brand name within Hohhot
  - Ability to tap on city's growth and attract higher quality brands with new mall's better specifications

**Healthy performance over the last 5 years**

Gross Revenue (RMB' 000)



Net Property Income (RMB' 000)



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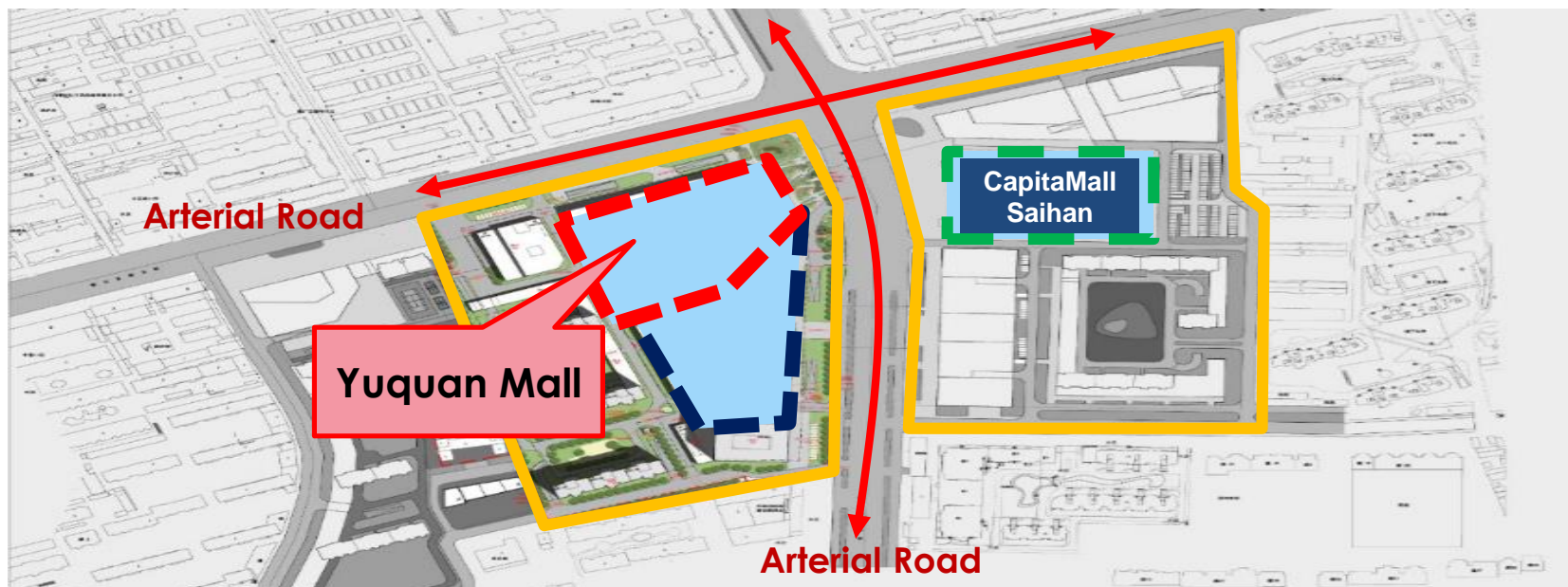


2

## Higher Quality And More Strategically Located Asset With Excellent Connectivity

Newer and larger asset with better specifications increase competitiveness

- Brand new asset more than double the size of CapitaMall Saihan
- 2 basement levels of car park
- Direct link to upcoming metro line
- Enjoys excellent frontage linked to 2 main arterial roads



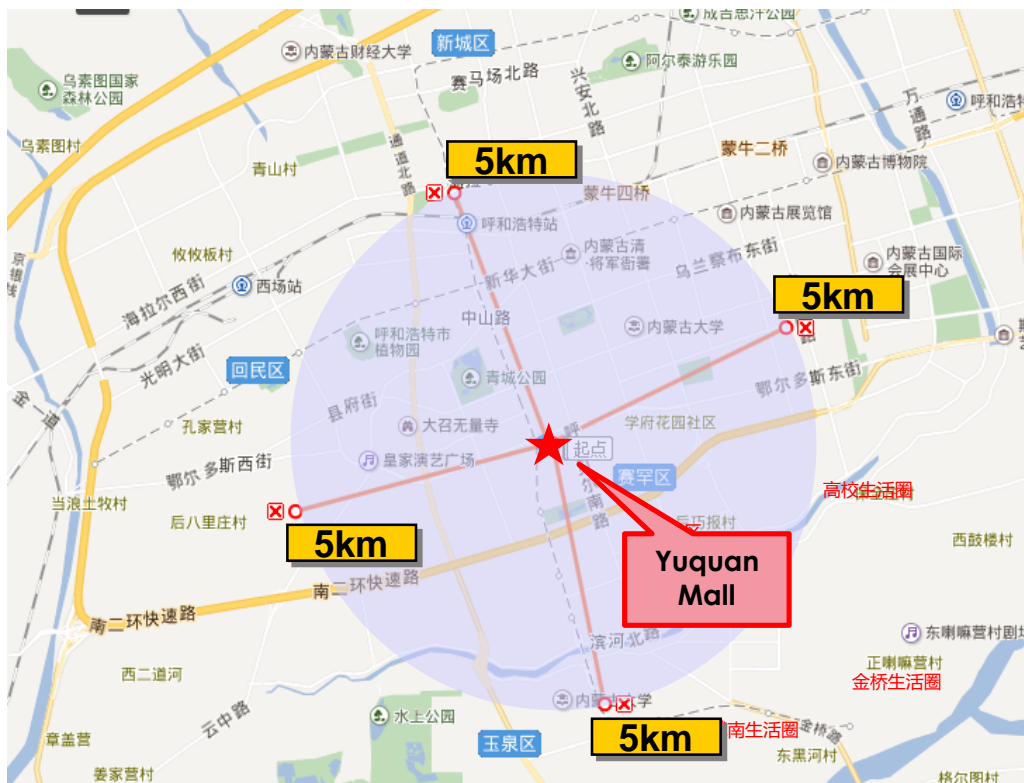




2

## Higher Quality And More Strategically Located Asset With Excellent Connectivity

Located within a well-established and growing commercial hub



- Located directly opposite CapitaMall Saihan
- Part of a mixed-used development including residential, SOHO, office and retail
- >700,000 residents within 5km radius
- Potential additional catchment
  - Residential and office population from the mixed-use development completed recently
- Targeted at mid-income workers, families and students



2

## Higher Quality And More Strategically Located Asset With Excellent Connectivity

### Excellent connectivity and accessibility



Southwards Expansion

- **Seamlessly connected to NuoHeMuLe station (Metro Line 2)**
  - 3 stops away from interchange station, Xinhua Square
  - Metro Line 2 expected completion 2H 2020, Metro Line 1 expected completion end of 2019
- **At intersection of Inner Ring Road and a north-south thoroughfare**
- **Located within 5km from Hohhot Railway Station**
- **Gateway to the southern Hohhot expansion**

Opening of metro lines will further enhance accessibility and boost traffic



3

# Enlarging CRCT Portfolio And Extension Of Land Tenure

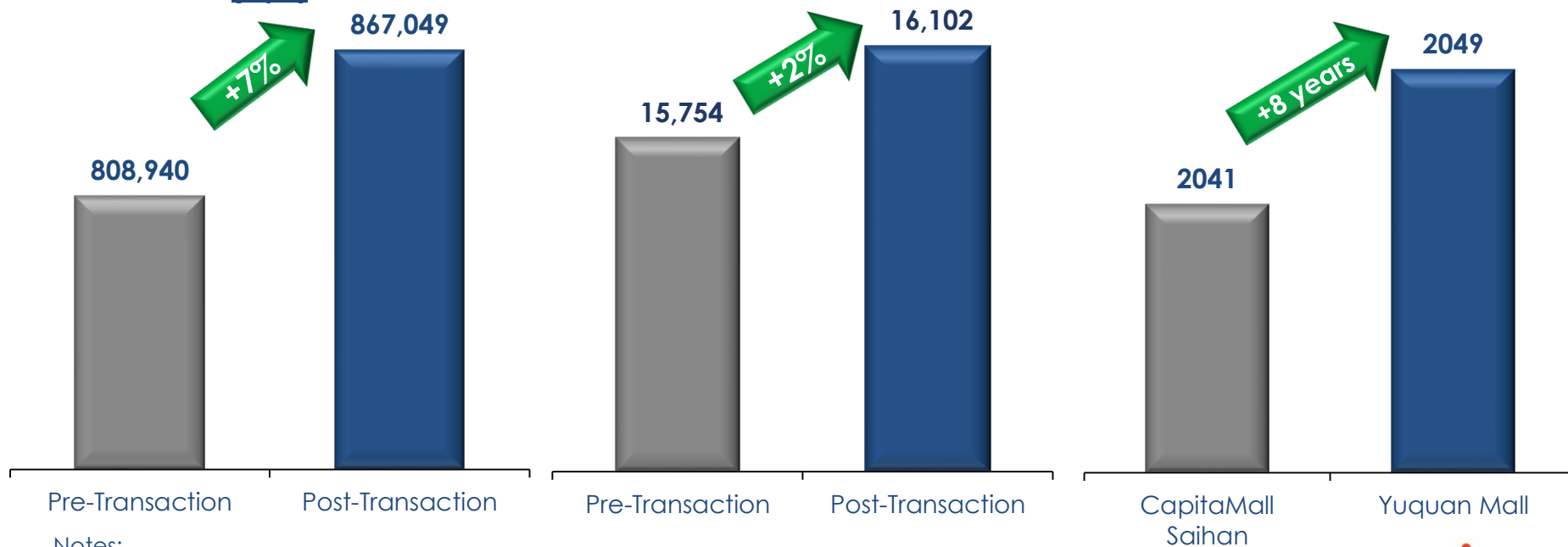
Boosts long term growth and resilience

- Portfolio gross floor area to grow by 7%
- Enlarges portfolio by 2% to RMB 16,102 million<sup>1</sup>
- Refreshes portfolio with asset that has an additional land tenure of 8 years
  - Swapped CapitaMall Saihan that has the earliest land tenure expiry among CRCT's assets

Gross Floor Area  
(sqm)

Investment Properties  
(RMB million)

Land Use Right Expiry



Notes:

1. Based on 100% stake in all CRCT's properties as at 31 December 2018.

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4

# Leverage On New Building Specifications

## Opportunity to broaden trade offerings and introduce new concepts

- Proportion of anchor tenants reduced to ~28%
- Newer and bigger mall provide opportunity to:
  - Bring in new retail concepts
  - Attract higher quality tenants
  - Strengthen exposure towards higher demand trades (eg. F&B, children and experiential)
- Enhances CRCT's overall tenant diversification and creates synergy across portfolio

### Examples of New Brands Targeted

SiSYPHE  
西西弗书店  
PARK BOOKS & UP COFFEE



TOYS R US  
玩具反斗城



Hii  
海底捞火锅



满记甜品  
MANGI MOON DESSERT

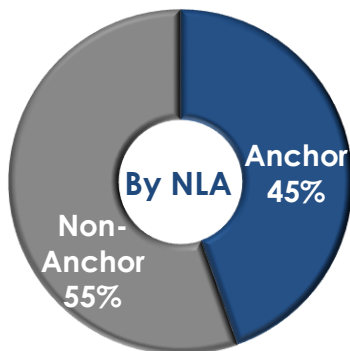


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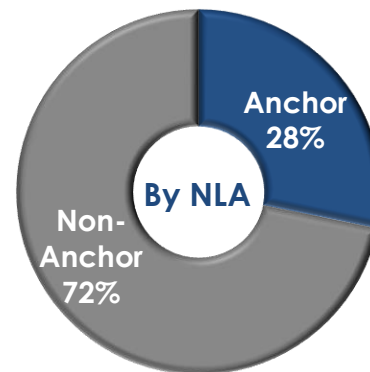
Anchor<sup>1</sup> occupies ~45% of space at CapitaMall Saihan

CapitaMall Saihan



Anchor<sup>1</sup> expected to occupy only ~28% of space at Yuquan Mall

Yuquan Mall



Notes:

1. Consists of Supermarket and Cinema

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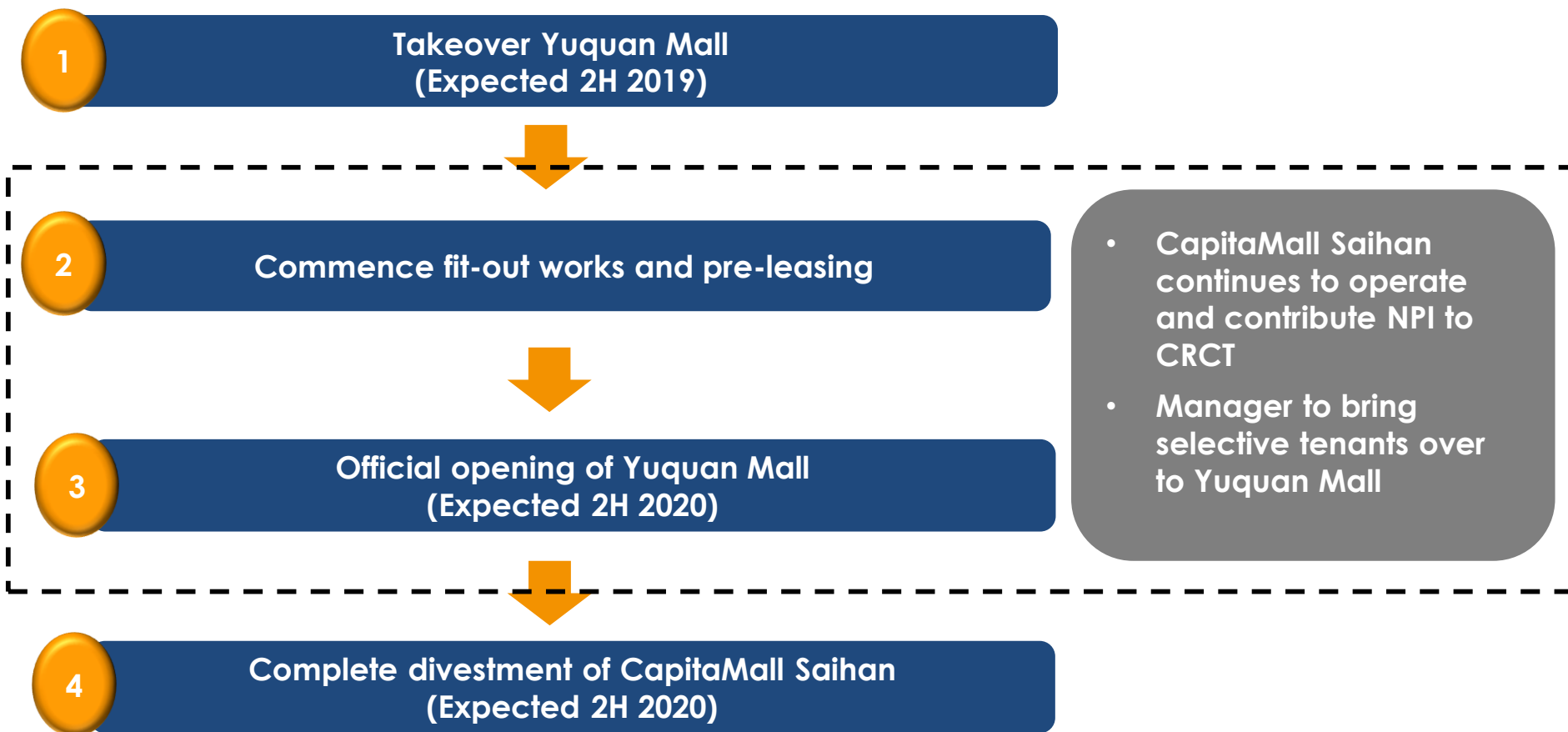


# Transaction Details



Yuquan Mall, Hohhot, China

# Transaction Steps





# Funding of the Acquisition

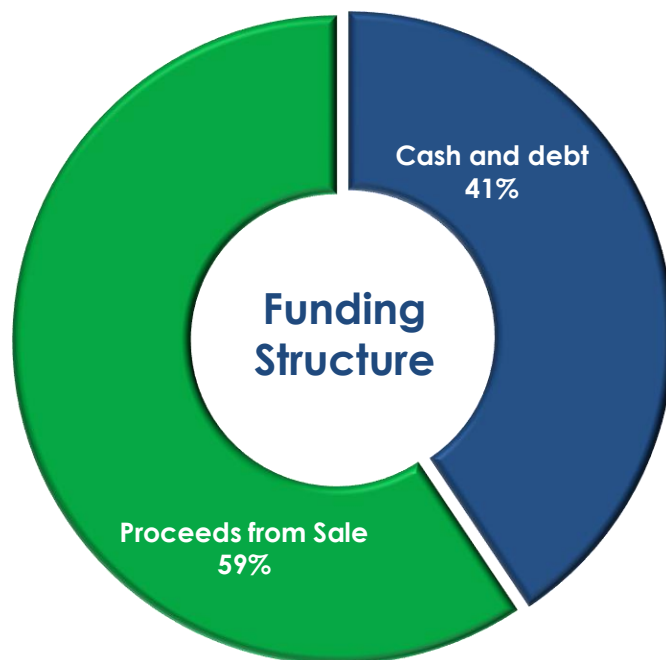
An aerial night-time rendering of a modern urban development. The scene features several tall, illuminated skyscrapers with glass facades reflecting city lights. In the foreground, a large, curved commercial building with a flat roof and a prominent entrance is visible. The surrounding area is filled with other buildings, some of which are dimly lit. Long, colorful light trails from vehicles on the roads create a sense of movement and activity. The overall atmosphere is one of a vibrant, bustling city at night.

Artist's Impression

# Funding Structure

## Optimal funding through capital recycling

- Purchase consideration of RMB 808.3 million
- To be funded by a combination of existing cash, debt and proceeds from CapitaMall Saihan sale







# Thank You

For enquiries, please contact:

(Ms) Nicole Chen, Investor Relations  
 Direct: (65) 6713 1648, Email: [nicole.chen@capitaland.com](mailto:nicole.chen@capitaland.com)  
 168 Robinson Road, #30-01 Capital Tower, Singapore 068912  
 Tel: (65) 6713 2888, Fax: (65) 6713 2999