

NEWS RELEASE

**CRCT to acquire three CapitaLand malls in China for
RMB2,960 million**
***Accretive acquisition will expand CRCT's portfolio size by 18.6%
for long-term growth***

Singapore, 11 June 2019 – CapitaLand Retail China Trust Management Limited (CRCTML), the manager of CapitaLand Retail China Trust (CRCT), today announced that CRCT has entered into an agreement with a subsidiary and associated companies of CapitaLand Limited to acquire 100% interests in three companies that hold three malls in China – CapitaMall Xuefu and CapitaMall Aidemengdun in Harbin and CapitaMall Yuhuating in Changsha. The accretive acquisition will diversify CRCT's footprint in China from eight cities to 10 and enable it to gain exposure to two rising provincial capital cities with strong economic fundamentals and long-term growth potential, namely Harbin in Heilongjiang Province, north China and Changsha in Hunan Province, central China.

The acquisition of the three companies is based on an agreed value of RMB2,960 million (about S\$589.2 million) for the three malls held by the companies. CRCT's total acquisition outlay is estimated at S\$505.4 million, subject to post-completion adjustments. CRCT intends to finance the proposed acquisition via a combination of debt and equity with an objective to achieve accretion. The financing plan details will be decided at a later date. The transaction, which is conditional upon CRCT unitholders' approval at an extraordinary general meeting, is expected to be completed in 3Q 2019.

With a total gross floor area (GFA) of 248,282 square metres (sq m), the three multi-tenanted malls with established anchor tenants and specialty retail mix will expand CRCT's portfolio GFA by 30.7% and boost the number of leases in its portfolio by 52% – thereby enhancing CRCT's portfolio diversification and creating new synergies among its multi-tenanted malls. At 99.0%, the occupancy of the three malls is well above the market average, reflecting their popularity with retailers and entrenched market leadership.

Mr Soh Kim Soon, Chairman of CRCTML, said: "This is a strategic acquisition that will position CRCT for growth. With an attractive implied net property income (NPI) yield of 6.0%¹, higher than CRCT's existing portfolio NPI yield of 5.7%², the proposed transaction offers a rare opportunity for CRCT to acquire three established malls in two fast-growing provincial capital cities. Post-acquisition, CRCT's enlarged portfolio will comprise 14

¹ Computed using the aggregate FY 2018 NPI of the properties divided by the aggregate agreed value of the properties.

² Computed using FY 2018 NPI of CRCT's existing portfolio divided by its valuation as at 31 December 2018, including CRCT's 51.0% interest in Rock Square whose NPI yield is computed based on the annualised NPI for the period 1 February 2018 to 31 December 2018.

shopping malls, up from the current 11, providing it with a larger footprint and scale to create portfolio synergies. CRCT's portfolio size will grow by about 18.6% to S\$3.8 billion³, while NPI will enjoy an uplift of 22.8% to RMB959.3 million⁴ on a pro forma basis."

Mr Tan Tze Wooi, CEO of CRCTML, said: "The proposed acquisition represents a continuation of CRCT's reconstitution efforts starting 1Q 2019⁵ to boost its portfolio mix, enhance income quality and add new growth drivers. It is in line with our acquisition growth strategy to create a quality portfolio of malls that caters to evolving aspirations and lifestyle needs of Chinese consumers."

"Located near transportation hubs and serving large population catchments, CapitaMall Xuefu, CapitaMall Aidemengdun and CapitaMall Yuhuating are quality and mature assets that registered CAGR of 6.5%, 8.7% and 6.3% in tenants' sales⁶ between 2016 and 2018 respectively. Well-established in their respective catchments, the malls have demonstrated resilient performance over the years through market cycles. Upon acquisition, they will add immediate strengths to CRCT's portfolio, while offering significant scope for repositioning and asset enhancement in the next few years as anchor leases reach expiry."

"The addition of these three assets will increase the contribution of multi-tenanted malls to CRCT's portfolio gross revenue by 1.8% to 93.5%⁷, while the maximum gross revenue⁸ contribution by the top two properties within CRCT's portfolio will decrease from 44.9% to 36.0% on a pro forma basis. The accretive acquisition will rejuvenate and strengthen CRCT's portfolio, consolidating its market leadership as the largest S-REIT focusing on China malls. As the only REIT focused on China malls in CapitaLand Group, CRCT is well-positioned to continue benefitting from its sponsor's strong asset pipeline."

Please refer to the **Annex A** for property details of the three assets and **Annex B** for the city profiles of Harbin and Changsha.

³ Based on 100% interest in all of CRCT's properties. Valuations of the target properties are based on the agreed values with vendor.

⁴ Includes FY 2018 NPI of the properties, assuming CRCT had held and operated the properties from 1 January 2018 to 31 December 2018. This includes CRCT's 51.0% interest in Rock Square's NPI for the period from 1 February 2018 to 31 December 2018 which is accounted for as part of "Share of results (net of tax) of joint venture".

⁵ On 1 February 2019, CRCT entered into a bundle deal in Hohhot, China, to acquire a mall in Yuquan District and divest CapitaMall Saihan. The transaction is expected to be completed in 2H 2020. Further, on 29 March 2019, CRCT announced its divestment of its 51% interest in CapitaMall Wuhu. The transaction is expected to be completed in 2H 2019.

⁶ Excludes tenants' sales from supermarkets.

⁷ Includes CRCT's 51.0% interest in Rock Square.

⁸ Based on gross revenue for FY 2018 and accounting for CRCT's 51.0% interest in Rock Square.

About CapitaLand Retail China Trust (www.crct.com.sg)

CapitaLand Retail China Trust (CRCT) (stock code: AU8U) is the first and largest China shopping mall real estate investment trust (REIT) in Singapore, with a portfolio of 11 income-producing shopping malls. Listed on the Singapore Exchange Securities Trading Limited (SGX-ST) 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.

CRCT properties are strategically located in densely populated areas with good connectivity to public transport. The malls are positioned as one-stop family-oriented destinations housing a wide range of lifestyle offerings that cater to varied consumer preferences in shopping, dining to entertainment. As at 31 December 2018, CRCT's portfolio comprised a diverse mix of approximately 1,600 leases, which include leading brands UNIQLO, Xiaomi, ZARA, Nanjing Impressions, Nike, Sephora, Starbucks and Sisyphus. Working closely with these tenants, CRCT malls offer engaging retail experiences that attract more than 114 million shoppers.

CRCT's geographically diversified portfolio of quality shopping malls, with a total gross rentable area of approximately 700,000 sq m, is located in eight Chinese cities. The malls are CapitaMall Xizhimen, CapitaMall Wangjing, CapitaMall Grand Canyon and CapitaMall Shuangjing in Beijing; Rock Square (51% interest) in Guangzhou; CapitaMall Xinnan in Chengdu; CapitaMall Qibao in Shanghai; CapitaMall Minzhongleyuan in Wuhan; CapitaMall Erqi in Zhengzhou; CapitaMall Saihan in Hohhot and CapitaMall Wuhu (51% interest) in Wuhu. As at 31 March 2019, CRCT's total asset was S\$3.1 billion, a fourfold increase from the Trust's listing.

CRCT is managed by CapitaLand Retail China Trust Management Limited, 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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Property DetailsCapitaMall Xuefu

CapitaMall Xuefu, which commenced operations in 2012, is a multi-tenanted mall with a gross rentable area of 104,294 sq m comprising five above ground levels and one basement level of retail space and one basement level for car park use. It is located in the Nangang District of Harbin, the capital and largest city of the Heilongjiang Province. CapitaMall Xuefu is positioned as a regional retail mall and is a well-known retail landmark in Harbin. It is strategically situated at the intersection of multiple arterial roads serving the city which provides excellent connectivity. The mall is well-served by public transportation and enjoys direct connectivity via the first floor of its basement to the Xuefu Road Station on Line 1 of the Harbin Metro. The mall is located next to a cluster of tertiary education institutions where the student population forms a large proportion of the sizeable catchment of approximately 750,000 within a 3-km radius. It houses a diverse mix of international and domestic brands such as BHG Supermarket, CGV Cinema, H&M, Haidilao, Sisyphus Books and Hotwind.

CapitaMall Aidemengdun

CapitaMall Aidemengdun, which commenced operations in 2010, is a multi-tenanted mall with a gross rentable area of 43,394 sq m comprising four above ground levels of retail space and one basement level for retail and car park use. It is located in the Daoli District of Harbin, the capital and largest city of the Heilongjiang Province. CapitaMall Aidemengdun is positioned as a community mall to mainly serve the needs of residents from the neighbouring high-density residential communities and students and staff from nearby tertiary education institutions. It has an established population catchment of approximately 400,000 within a 3-km radius. The mall is in close proximity to the Second Ring Road and enjoys direct frontage to Aidemengdun Road that connects the Harbin Taiping International Airport to Central Street in the city centre. The mall can be easily accessed via public transportation and is within 1.5 km from two metro stations on Line 1 of the Harbin Metro. The mall features a wide tenant base consisting of popular tenants such as Qi Cai International Cineplex, KFC, Pizza Hut, Nike, Adidas and Watsons.

CapitaMall Yuhuating

CapitaMall Yuhuating, which commenced operations in 2005, is a multi-tenanted mall with a gross rentable area of 62,080 sq m comprising four above ground levels of retail space and one basement level for retail and car park use. It is located in Changsha, the capital of the Hunan Province. As an established mall within the Dongtang retail hub of Yuhua District with a high concentration of populated residential communities and office buildings, it is conveniently accessible via numerous bus routes and the Tujiachong and Shazitang metro stations that are approximately 1 km away. Positioned as a one-stop shopping destination with a dense catchment of approximately 700,000 within a 3-km radius, CapitaMall Yuhuating offers a broad spectrum of choices from tenants such as Walmart, Haidilao, Li-Ning, Starbucks, Uniqlo and KFC.

The table below sets out some details of the properties as at 31 March 2019 (unless otherwise indicated):

	CapitaMall Xuefu	CapitaMall Aidemengdun	CapitaMall Yuhuating
Location	No.1 Xuefu Road, Harbin	No. 38 Aidemengdun Road, Harbin	No. 421 Shaoshan Middle Road, Changsha
Year of Opening	2012	2010	2005
Gross Floor Area	123,811 sq m	49,040 sq m	75,431 sq m
Gross Rentable Area (GRA)	104,294 sq m	43,394 sq m	62,080 sq m
Net Lettable Area	64,384 sq m	28,417 sq m	48,356 sq m
Committed Occupancy Rate	99.8%	98.6%	98.1%
No. of Leases	419	189	221
Agreed Value	RMB1,745.0 million	RMB469.0 million	RMB746.0 million
Agreed Value per sq m GRA	RMB16,732	RMB10,808	RMB12,017
NPI Yield on Agreed Value ⁹	6.1%	5.6%	6.2%

⁹ Based on FY 2018 NPI.

City Profiles

Harbin

Harbin is a key political, economic, cultural and transportation hub in Northeast China and is a two-hour flight from Beijing, the capital of China. Due to its favourable geographical location, it serves as China's gateway to Russia and is a trade and logistics hub for the two countries. According to the Independent Market Research Consultant, Harbin has a population of close to 9.5 million as at 2018, making it the eighth most populous city in China and the most populous in Northeast China. Harbin is one of China's most important industrial bases and houses key industries such as pharmaceutical, equipment manufacturing, petrochemical and automobile production. In addition, Harbin is also a hub for other service industries such as finance and information and technology which is also due to it being home to many key universities and research institutions with a strong focus on science and technology, including the Harbin Institute of Technology, one of the best universities in China. Tourism is also an important contributor to Harbin's economy. The cold snowy winters of China's northern provinces has made Harbin one of the most popular winter destinations in Asia. Dubbed as the "Ice City", Harbin is known for its annual ice and snow festivals which draw millions of visitors from around the world. In 2017, the festivals attracted approximately 18 million visitors and raked in RMB28.7 billion in tourism revenue.¹⁰

During the last nine years, Harbin has enjoyed good economic growth. According to the Independent Market Research Consultant, GDP grew at a CAGR of 7.8% while GDP per capita grew at a CAGR of 8.4% to reach RMB70,196 in 2018, higher than the national average for China of RMB64,644.

The increasing GDP per capita contributed to improving disposable income per capita. Between 2010 to 2018, Harbin's urban residents experienced healthy growth in their disposable income, recording a CAGR of 9.4%. Underpinning the positive economic performance, retail sales of consumer goods more than doubled from RMB177.0 billion in 2010 to RMB412.5 billion in 2018, representing a strong CAGR of 11.2%.

Changsha

Changsha is the political, economic, financial, educational and innovation centre of Hunan Province and has benefitted from the implementation of the Rise of Central China strategy. As one of China's major logistics hubs, Changsha has formed a comprehensive transportation network spanning air, water and land and is currently connected to 21 major cities in China via various arterial roads and high-speed railways. Changsha is a core city, both along the Belt and Road Initiative's trade routes and in the Yangtze River Economic Zone. According to the local government, Changsha aims to become a national aviation, railway and highway hub by 2020. In 2018, Forbes China ranked Changsha as the 15th "Best City for Business in China". Its highly conducive business environment has attracted Fortune 500 companies such as Continental Group and Flex to establish presence there. With a population of close to 8.2 million as at 2018, Changsha is the most populous city in Hunan Province according to the Independent Market Research Consultant.

Over the last nine years, Changsha has experienced exceptional economic growth with GDP crossing the RMB1 trillion mark in 2017. According to the Independent Market Research Consultant, Changsha's GDP grew from RMB459.8 billion in 2010 to reach RMB1,117.4 billion in 2018, achieving double-digit CAGR of 11.7% and outpacing China's GDP growth of 10.3% over the same period. Accompanying the growth in GDP, GDP per capita grew at a

¹⁰ Source: China Daily.

CAGR of 9.3% to reach RMB137,026 in 2018, significantly higher than the China average.

From 2010 to 2018, Changsha's disposable income per capita grew at a strong CAGR of 10.5% to reach RMB50,792 in 2018, higher than China's CAGR of 9.4%. Retail sales of consumer goods grew at a robust rate of 12.7% to reach RMB476.5 billion in 2018, more than double the retail sales recorded in 2010.