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NEWS RELEASE

**CapitaLand to develop Grade A office development in
Ho Chi Minh City with acquisition of prime site in CBD**
Diversifies portfolio in Vietnam with first foray into commercial property

Singapore, 17 January 2017 – CapitaLand Limited, through its wholly owned subsidiary, CapitaLand (Vietnam) Holdings, has entered into a conditional agreement to acquire a prime commercial site in the Central Business District (CBD) of Ho Chi Minh City to develop its first international Grade A office tower in Vietnam. CapitaLand will hold a 100% stake in the 0.6-hectare site with a gross floor area of 106,000 square metres (sqm). Located in the heart of Ho Chi Minh City's District 1, the site will be developed into a 240-metre, international Grade A office tower with retail units at the ground and basement levels. The development will be directly connected to a planned metro station which will link the CBD to the districts of Binh Thanh, 2 and 9. Construction is expected to commence in 1Q 2017 and will complete in 2020, which is about the same time the metro line is expected to begin operation.

Mr Lim Ming Yan, President & Group CEO, CapitaLand Limited said, "The acquisition and development of our first Grade A office tower in a prime location in Ho Chi Minh City, serves to diversify CapitaLand's portfolio and strengthen our foothold in Vietnam. It is also in line with our plan to establish a US\$500 million investment fund to focus on commercial properties in Vietnam. CapitaLand has a 22-year track record in Vietnam which has delivered to-date, 22 serviced residences, nine residential developments and now, a prime commercial property. Given its strong growth outlook and positive market sentiments, we are excited to be a long-term player in Vietnam's growth story and will continue to look out for opportunities to grow our footprint."

Located near the Saigon River in the heart of District 1, the towering development is set to light up the city skyline with its distinctive and timeless design; which is inspired by the iron tree, a recognisable symbol of strength, stability and wealth in Asia. The upper floors of the tower will feature lush open terraces bursting with greenery where tenants can meet, network or relax while enjoying unobstructed views of the Saigon River and the city. It is within walking distance to the city's vibrant shopping and entertainment area, and the Ascott Waterfront Saigon – a 222-unit luxury serviced residence due to open in July 2017 which is managed by CapitaLand's wholly owned serviced residence arm, The Ascott Limited.

Mr Chen Lian Pang, CEO of CapitaLand Vietnam, said, "As one of the tallest buildings in Ho Chi Minh City when completed, this commercial development will be the only project in the CBD with unfettered views of the beautiful Saigon River and a direct connection to the future metro line. CapitaLand sees strong potential upside in the office market, particularly in Ho Chi Minh City, given the mismatch between demand and supply of Grade A office buildings. We are confident that our development's prime address will attract top multinationals, locally incorporated foreign banks and financial institutions. Tenants can look forward to state-of-

the-art office facilities as well as exciting retail offerings, including some of the city's best restaurants and cafes, lifestyle and entertainment outlets."

Vietnam is CapitaLand's third largest market in Southeast Asia, after Singapore and Malaysia. Last November, CapitaLand announced plans to set up a US\$500 million fund to invest in commercial properties in Vietnam; its second one after a US\$200 million fund launched in 2010 which has been fully invested in the development of three residential projects in Ho Chi Minh City and Hanoi.

Vietnam market outlook¹

In 3Q 2016, the occupancy rate for Grade A office buildings in Ho Chi Minh City's CBD was 98%. This translates into a 4% increase year-on-year across all office grades especially in the Grade A space where demand is expected to grow further with limited new supply in the next few years. Gross average rent in Grade A offices was US\$48 per sqm per month. By 2017, new demand is expected to outstrip current supply by about 194,000 sqm, which suggests that average rent will increase by 4% per year in the next few years.

With annual GDP growth rate averaging 6% over the last three years, Vietnam is one of the fastest growing economies in Asia underpinned by sound fundamentals such as a young, educated population, growing middle income class and rapid urbanisation. Consistently high foreign direct investment inflows have boosted office demand, especially in its economic hub, Ho Chi Minh City.

About CapitaLand Limited (www.capitaland.com)

CapitaLand is one of Asia's largest real estate companies headquartered and listed in Singapore. The company leverages its significant asset base, design and development capabilities, active capital management strategies, extensive market network and operational capabilities to develop high-quality real estate products and services. Its diversified global real estate portfolio includes integrated developments, shopping malls, serviced residences, offices and homes. Its two core markets are Singapore and China, while Indonesia, Malaysia and Vietnam have been identified as new growth markets. The company also has one of the largest real estate fund management businesses with assets located in Asia.

CapitaLand's listed real estate investment trusts are CapitaLand Mall Trust, CapitaLand Commercial Trust, Ascott Residence Trust, CapitaLand Retail China Trust and CapitaLand Malaysia Mall Trust.

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¹ Savills Quarterly Market Report – Ho Chi Minh City Q3 2016

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