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NEWS RELEASE

**CapitaLand undertakes concurrent acquisition and divestment of
Shanghai office buildings valued at RMB4.2 billion**
*Strengthens foothold in China's biggest metropolis by unlocking investment
gains and redeploying capital to higher yielding ventures*

Singapore, 1 June 2017 – CapitaLand Limited, through its wholly owned business unit CapitaLand China, has entered into agreements with unrelated parties to acquire Guozheng Center, a newly completed office development in Yangpu District, Shanghai, China, at an agreed property value of RMB2.64 billion (S\$535 million). Based on total gross floor area (GFA) of 80,701 square metres (sq m), this translates to an investment of RMB32,713 (S\$6,628) per sq m.

In tandem with the acquisition, CapitaLand is divesting Innov Tower, an eight-year-old office building located in Shanghai's Xuhui District, to a party unrelated to CapitaLand at an agreed property value of RMB1.56 billion (S\$316 million). This works out to be RMB38,500 (S\$7,800) per sq m, based on total GFA of 40,445 sq m. The divestment is expected to generate net profits of approximately S\$85 million. Both transactions are expected to be completed in June 2017.

Mr Lim Ming Yan, President and Group CEO of CapitaLand Limited, said: "China continues to be a core market attractive to CapitaLand. The divestment of Innov Tower allows us to unlock and realise the value of a stabilised asset at an optimal stage of its life cycle, while the acquisition of Guozheng Center allows us to immediately redeploy the capital to another quality income-generating asset. On completion of the two transactions, CapitaLand will have a sizeable portfolio of commercial assets under management in Shanghai, at over 1.3 million sq m in GFA across 17 properties, deepening the Group's presence in China's top-tier cities. This enhanced office portfolio in Shanghai will put us in a favourable position to tap into Shanghai's growth. Shanghai is set to overtake Hong Kong as Greater China's largest office market by 2020."

"In addition, to efficiently deploy our RMB reserves accumulated from consecutive quarters of strong residential sales into an operational office asset at an attractive entry yield will improve CapitaLand's capital structure and our return on equity," added Mr Lim.

Mr Lucas Loh, CEO of CapitaLand China, said: "Both Guozheng Center and Innov Tower are located in two different key business districts of Shanghai, which are seeing strong demand from companies keen to locate in Shanghai but away from the increasingly crowded city centre. Given comparable passing rents between the two properties, Guozheng Center offers us an attractive entry yield to enjoy the upside potential of Shanghai's office market,

fuelled by the rapid development of key decentralised business districts and strong demand for office space.

“At the same time, we are pleased to unlock the value of Innov Tower by riding on the current wave of capital appreciation in Shanghai’s office market. Acquired by CapitaLand in 2008 and opened in March 2009, Innov Tower today commands one of the highest rents in Caohejing Hi-Tech Park – a testament to the value we have created through years of proactive asset management.”

Including Guozheng Center, CapitaLand owns and manages 17 commercial properties in Shanghai that span over 1.3 million sq m in GFA. These include seven integrated developments – Raffles City Shanghai, Raffles City Changning, Capital Square, Capital Tower Shanghai, Hongkou Plaza, Minhang Plaza and LuOne; a shopping mall CapitaMall Qibao; seven serviced residences – Ascott Huai Hai Road Shanghai, Ascott Heng Shan Shanghai, Citadines Biyun Shanghai, Citadines Jinxiu Shanghai, Citadines Putuo Shanghai, Somerset Xu Hui Shanghai and Somerset Waigaoqiao Shanghai; and StorHub Shanghai.

Shanghai is part of five city clusters in China that CapitaLand has identified for growth, which comprises Beijing/Tianjin, Shanghai/Hangzhou/Suzhou/Ningbo, Guangzhou/Shenzhen, Chengdu/Chongqing/Xi’an, and Wuhan. As at 31 March 2017, first-tier and second-tier cities accounted for about 93% of CapitaLand’s property value in China.

About Guozheng Center

Completed in 4Q 2016, Guozheng Center comprises three office towers with ancillary retail space. To date, one of the office towers, occupying 18,000 sq m of GFA, has been fully leased, with active interest for the remaining space – thanks in part to the asset’s strategic location in Wujiaochang, one of the fastest-growing decentralised business districts in the northern part of Shanghai. The district enjoys excellent connectivity to public transport, including the operational metro line 10 that connects to Shanghai Hongqiao International Airport, and upcoming line 18.

The area around Wujiaochang is an up-and-coming technological and innovation business zone, and houses several top tertiary educational institutions such as Fudan University, Tongji University and Shanghai University of Finance and Economics – providing a ready talent pool for companies to tap into. The growth prospects of Wujiaochang have already attracted a number of multinational companies, including Continental AG, Deloitte, Henkel and Nike, as well as technological heavyweights AECOM, EMC, IBM and Oracle.

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\$78 billion as at 31 March 2017, comprising integrated developments, shopping malls, serviced residences, offices, homes, real estate investment trusts (REITs) and funds. Present across more than 130 cities in over 20 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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Issued by: **CapitaLand Limited (Co. Regn.: 198900036N)**

Analyst contact

Chang Rui Hua

Head, Investor Relations

Tel: +65 6713 2903

Email: chang.ruihua@capitaland.com

Media contact

Tan Bee Leng

Head, Group Communications

Tel: +65 6713 2871

Email: tan.beeleng@capitaland.com