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CapitaLand's mall network expansion strategy scores again with three new management contracts in China

Hat-trick deal adds over 115,000 square metres to Group's retail footprint

Singapore, 28 June 2017 – CapitaLand Limited, through its wholly owned shopping mall business CapitaLand Mall Asia, is accelerating its shopping mall network expansion through management contracts with three new partnerships in China. These deals add more than 115,000 square metres (sq m) of Gross Floor Area (GFA), excluding car park, to CapitaLand's retail footprint and entrench the Group's presence in Chengdu, Foshan and Shanghai, which are among China's ten largest cities¹.

Mr Jason Leow, CEO of CapitaLand Mall Asia, said: "Since embarking on our mall network expansion strategy last August, we have secured six management contracts in Singapore and China to date, growing our portfolio by close to 300,000 square metres within a year. The positive momentum affirms the value of CapitaLand's retail platform to property owners, and the scalability of our management contract model. Looking ahead, we will seize more suitable opportunities to grow our retail footprint through management contracts to complement our core strategy of developing, owning and managing malls in Asia."

Mr Leow added: "Through our management contract strategy, we are sharpening our competitive edge in China's top-tier cities and fast-growing regions, where we have already established a scalable business model. The network effect from an enlarged portfolio in these places will further boost our leasing efforts and enhance the effectiveness of our shopper loyalty programme CapitaStar. The management fees generated will also contribute towards enhancing the quality of CapitaLand's earnings and improving our ROE, as we continue to tap the growth opportunities of China's rising consumerism."

In Chengdu, CapitaLand has been commissioned by Sichuan Da Yi Real Estate Co. Ltd (四川大一房地产有限公司) to manage the retail component of Leshijie (乐视界综合体), an integrated development in the up-and-coming Pidu district. This follows the acquisition of CapitaMall Xinnan (formerly known as Galleria, Chengdu) by CapitaLand Retail China Trust last September. With this contract, CapitaLand's retail footprint in Chengdu comprises seven malls. Across Western China, CapitaLand owns and manages a total of 15 malls, up from 12 malls 10 months ago.

¹ Source: World Economic Forum, 2015.

In Foshan, CapitaLand will be managing the retail component of Hehua International Commercial Plaza (和华环球贸易广场), a landmark integrated development near Foshan's border with Guangzhou, on behalf of Hehua Shengshi (Foshan) Property Development Co. Ltd (佛山和华盛世发展有限公司). CapitaLand will be leveraging the expertise of its established team in South China, which has been in Guangdong Province since 2005, to manage the new mall.

In Shanghai, CapitaLand will manage the retail component of Capital Square (凯德星贸中心), an integrated development it is jointly developing with Shanghai Shentong Metro Group (上海申通地铁集团), which develops, constructs and operates railway and metro lines in the city. As China's financial and business hub, Shanghai is a key focus of CapitaLand's China strategy. Just earlier this month, CapitaLand acquired Guozheng Center, a newly completed office development in Shanghai, raising the Group's commercial assets under management in the city to 19 properties that span more than 1.3 million sq m in GFA. CapitaLand's retail network in the city now comprises seven malls.

CapitaLand announced last August it is embarking on enlarging its retail footprint through management contracts with the signing of an agreement to manage the retail component of Fortune Finance Center in Changsha, China. In January this year, CapitaLand signed another agreement to manage a mall in La Botanica township in Xi'an, China. This was followed by a contract in March to manage SingPost Centre mall in Singapore.

Please refer to the Annex for more details of the three new malls that CapitaLand is managing.

About CapitaLand Mall Asia

CapitaLand Mall Asia, a wholly-owned subsidiary of CapitaLand Limited, is one of the largest shopping mall developers, owners and managers in Asia by total property value of assets and geographic reach. CapitaLand Mall Asia has an integrated shopping mall business model encompassing retail real estate investment, development, mall operations, asset management and fund management capabilities. It manages a pan-Asian portfolio of 109 shopping malls across 54 cities in Singapore, China, Malaysia, Japan and India, with a gross floor area of approximately 101 million sq ft.

Shopping malls in the portfolio include ION Orchard and Plaza Singapura – which are located in one of the world's most famous shopping streets, Orchard Road – Raffles City Singapore and Clarke Quay in Singapore. Its landmark shopping malls in China are CapitaMall Crystal in Beijing; Hongkou Plaza in Shanghai and Raffles City Shanghai; CapitaMall SKY+ in Guangzhou; and CapitaMall Jinniu in Chengdu. The portfolio also includes Gurney Plaza in Penang, Malaysia; Olinas Mall in Tokyo, Japan; as well as The Forum Sujana Mall in Hyderabad, India.

CapitaLand Mall Asia's principal business strategy is to invest in, develop and manage a diversified portfolio of real estate used primarily for retail purposes in Asia, and to strengthen its market position as a leading developer, owner and manager of shopping malls in Asia.

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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Mall at Leshijie, Chengdu

Located at the junction of Taishan Avenue and Hongguang Avenue, Leshijie integrated development comprises a shopping mall, a hotel and residential units. The mall spans five storeys – four levels above ground and one basement level – with a GFA, excluding car park, of about 64,000 sq m. Connections to major arterial roads and proximity to two subway stations and one tramcar station make the mall highly accessible. CapitaLand will oversee asset planning, pre-opening and retail management of the mall. When it opens in 2019, the mall will serve a population catchment of about 300,000 people, comprising residents, working professionals and tertiary students in the vicinity.

Mall at Hehua International Commercial Plaza, Foshan

Located near the border of Guangzhou, Foshan International Commercial Plaza is one of the key urban regeneration projects in north Foshan. It is easily accessible by two arterial roads, both connecting to Guangzhou, and near the upcoming Foshan Metro Line 5. The development comprises a 180-metre-tall office-cum-hotel tower (of which the hotel will be operated by Double Tree Hotel by Hilton), a shopping mall and residential units. CapitaLand will oversee asset planning, pre-opening and retail management for the five-storey mall – four levels above ground and one basement level – with a GFA, excluding car park, of about 34,000 sq m. The mall is targeting to open in 2018.

Mall at Capital Square, Shanghai

Located in New Jing'an District at the intersection of Hengfeng Road and Hengtong Road, with direct connection to three subway lines, Capital Square comprises offices, a shopping mall and residential units. CapitaLand will undertake the leasing consultancy and retail management for the five-storey retail component – three levels above ground and two basement levels – that has a GFA, excluding car park, of about 17,000 sq m. The mall is scheduled to open later this year.