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NEWS RELEASE

CapitaLand acquires portfolio of 16 multifamily properties in the United States for US\$835 million

Acquisition marks the Group's foray into multifamily asset class

Singapore, 18 September 2018 – CapitaLand, through its wholly owned international business unit CapitaLand International, has acquired a portfolio of 16 freehold multifamily properties¹ for US\$835 million (S\$1.14 billion²) in the United States (U.S.). It marks the Group's foray into the country's multifamily asset class to ride on the growing demand for long-term rental housing. The portfolio comprises 3,787 apartment units, all located in well-connected suburban communities of the metropolitan areas of Seattle, Portland, Greater Los Angeles and Denver. The price per unit of the portfolio is US\$220,000, which is consistent with market transactions.

These Class B³ properties in the suburban regions are operating at over 90% average occupancy, with average length of stay of about two years. They are well connected via highways or commuter rail systems, and enjoy easy access to neighbourhood amenities like supermarkets, malls, schools and nature reserves. They see strong demand from a diverse mix of middle-income and skilled professionals working in the surrounding employment hubs. These suburban regions have experienced growing employment rates and are home to government agencies, companies in the technology, energy, healthcare and life sciences industries, as well as multinational corporations such as Boeing, Microsoft, Starbucks, Amazon and Nike. These professionally managed properties offer a myriad of facilities such as swimming pools, fitness centres, dog parks, playgrounds and clubhouses, all in an expansive garden-style compound.

Mr Lee Chee Koon, President & Group CEO of CapitaLand Group, said: "This latest acquisition in the U.S., the world's biggest economy, would expand CapitaLand's global investment portfolio, diversify our business outside of our two core markets of Singapore and China and allow us to grow new businesses. It also enables us to diversify our investment property portfolio into developed markets as we continue to scale up our presence in our core emerging markets of China and Vietnam. As a leading global real estate player, it is important for CapitaLand to create value for our stakeholders with an optimal portfolio mix which is efficient and high returning, through a balanced and meaningful allocation between developed and emerging markets."

¹ Multifamily properties refer to multiple separate housing apartments within one compound.

² Based on exchange rate of US\$1: S\$1.36757

³ A Class B multifamily property is typically older with room for enhancement and caters to middle-income tenants. In comparison, a Class A multifamily property is luxurious, relatively newer, and commands comparatively much higher rents. A Class C multifamily property is typically more than 30 years old, often requiring extensive improvement works.

“The multifamily sector in the U.S. is broad, scalable and a growth sector marked with long-term secular trends. Widely regarded as one of the most resilient and liquid institutional real estate asset classes in the U.S., this multifamily portfolio offers attractive risk-adjusted returns for CapitaLand. While we value add to this portfolio of freehold operating assets through asset enhancement post acquisition, we will also be looking out for more opportunities to build up a sizeable platform and strengthen our expertise in this asset class. As the portfolio grows, we will have the option to spin off these assets into investment vehicles and partnerships. Beyond expanding the long-term rental housing platform in the U.S., a market which we have ventured into since 2015, we also see potential to build this business in other fast-growing markets such as China.”

The multifamily sector in the U.S. has the highest average returns in the commercial real estate asset class, offering close to 10%⁴ annually in the last three decades. Healthy economic fundamentals, job growth, net-in migration trends, low home ownership rates and the booming millennial generation’s preferences for geographic mobility and community living in the suburban markets have driven strong demand for rental apartments.

Mr Gerald Yong, CEO of CapitaLand International, said: “We are acquiring a well-diversified portfolio of multifamily assets across several suburban markets in a single transaction, each regional market with a critical mass of over 1,000 units. With leases that are generally renewed annually, we can expect to gain from the rental uplifts after the refurbishment of the portfolio that will take place in phases over the next few years. The stable, reliable cash flows of these Class B multifamily properties make this suburban portfolio more attractive than the higher-priced urban core segment. Situated in well-established, well-connected rental communities, this portfolio of low-rise and garden-style properties continue to be a strong draw for middle-income and skilled professionals working in surrounding employment hubs.”

CapitaLand first entered the U.S. market in August 2015. CapitaLand has set up an office in New York to oversee the Group’s investments and to build up its market expertise and capabilities in the country. Through Ascott and its real estate investment trust, Ascott Residence Trust (Ascott Reit), the Group has acquired five properties with over 1,260 units in Manhattan, New York and Silicon Valley. On top of its portfolio of hotels in the U.S., Ascott also owns a majority stake in Synergy Global Housing (Synergy), a leading accommodation provider in the market, which offers apartments for corporate lease. Synergy has close to 1,500 units in the U.S. with a strong presence in the West Coast, including Los Angeles, Orange County, San Diego, Seattle as well as New York.

This latest multifamily portfolio acquisition will more than double CapitaLand Group’s investment in the U.S. to over US\$1.5 billion, as well as its presence in the market to more than 6,500 units.

Please refer to Annex for the locations and details of the 16 multifamily properties.

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\$93 billion as at 30 June 2018, comprising integrated developments, shopping malls, serviced residences,

⁴ “U.S. Multifamily Housing: A Primer for Offshore Investors”, CBRE

offices, homes, real estate investment trusts (REITs) and funds. Present across more than 150 cities in over 30 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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ANNEX: Details of the portfolio of 16 multifamily properties

The portfolio of 16 multifamily properties are located in well-connected suburban communities in the metropolitan areas of Seattle, Portland, Greater Los Angeles and Denver.

Seattle is the commercial, cultural and advanced technology hub of the Pacific Northwest, and home to Fortune 500 corporations, such as Boeing, Microsoft, and Starbucks, as well as high-paying sectors like tech and life sciences.

Portland, through its continued strong population growth and high quality of life offerings, has attracted billion-dollar investments from reputable companies such as Intel and Amazon. Nike and Adidas are also amongst the sportswear companies which have set up corporate campuses and headquarters in the market.

Greater Los Angeles is a metropolitan region that comprises the major job centres of Los Angeles and Orange County where many Fortune 500 companies are based. Its economy is the third largest by metro area in the world and is driven by a diverse array of industries. Greater Los Angeles has an extensive transport network that provides easy access to the suburban regions.

Large employers in Denver include Lockheed Martin Corp, United Airlines, and Aimco. Due to its proximity to the mountains and generally sunny weather, Denver has gained a reputation as an outdoor-oriented city. Many government agencies, as well as companies in the mining, energy, space and U.S. defense sectors, are based in Denver. Another growth sector in Denver is the healthcare industry.

Property Name	State	Units
Pacific Northwest		
<i>Seattle:</i>		
Heronfield	Washington	202
CentrePointe Greens	Washington	186
Timberline Court	Washington	126
Capitol City on the Course	Washington	96
Village at Union Mills	Washington	182
<i>Portland:</i>		
Miramonte Lodge	Oregon	231
The Bluffs	Oregon	137
Stoneridge at Cornell	Oregon	233
Subtotal (8 Properties)		1,393
Southern California		
<i>Greater Los Angeles:</i>		
The Ashton	California	492
Deerwood Apartments	California	316
Marquessa Villas	California	336
Subtotal (3 Properties)		1,144
Denver		
<i>Denver:</i>		

Canterra at Fitzsimmons	Colorado	188
Silverbrook	Colorado	165
Sienna at Cherry Creek	Colorado	220
Parkfield	Colorado	476
Dartmouth Woods	Colorado	201
Subtotal (5 Properties)		1,250
Portfolio Total		3,787

SEATTLE

Heronfield

The headquarters of Microsoft, the 900,000-square foot Kirkland office park collection, Lake Washington Institute of Technology, Evergreen Medical Health Center, as well as multinational companies such as Boeing, Amazon, Google, Facebook, Starbucks, and Expedia, are in the vicinity of Heronfield.

Centrepointe Greens and Timberline Court

The Boeing Everett Factory is located directly adjacent to Centrepointe Greens. Both Centrepointe Greens and Timberline Court are located in an award-winning public school district, the Mukilteo School District. A plethora of dining and retail options are available at the Everett Mall and Alderwood, a short drive from the two properties.

Capitol City on the Course and Village at Union Mills

Capitol City on the Course places residents within walking distance to numerous grocery stores, with the bus stations at the doorstep of the property. Residents can access two of Washington's largest economic drivers, Joint Base Lewis-McChord and Olympia, in less than 30 minutes. Joint Base Lewis-McChord is Washington's second largest employer and fourth largest military base in the U.S. It is located adjacent to the Capitol City Golf Club.

PORTLAND

Miramonte Lodge and The Bluffs

The two properties are near the new MAX Light Rail orange line. Part of a US\$1.5 billion public infrastructure investment programme, the new line creates a direct connection between Milwaukie and downtown Portland. In 20 minutes, residents can reach the Portland Central Business District, Central Eastside and Oregon Health & Science University Campuses, that have a combined daytime employment of nearly 150,000. Notable companies in the vicinity include AWS Elemental, Google, Jama, Puppet Labs and Under Armour.

Stoneridge at Cornell

Stoneridge at Cornell is near 850,000 square feet of retail space, a broad array of grocers and the Sunset Athletic Club. It also has direct access to a handful of major retail hubs. It is located adjacent to Highway 26, the region's main east-west thoroughfare which allows commuters to travel to downtown Portland, Beaverton, and Hillsboro in under 15 minutes. It is also close to the Sunset Transit Center which serves as the region's main transportation hub.

GREATER LOS ANGELES

The Ashton, Deerwood Apartments and Marquessa Villas

Besides being close to strong employer sectors including aeronautics, auto and R&D medical technology, The Ashton, Deerwood Apartments and Marquessa Villas, are also surrounded by award-winning schools and an abundance of retail and dining outlets.

DENVER

Canterra at Fitzsimons and Silverbrook

Canterra at Fitzsimons and Silverbrook enjoy easy access to over two million square feet of retail, and is a short drive to the Fitzsimons Medical Campus, the largest medical campus in the state with over 22,000 employees. Both properties are also a 15-minute rail ride to the Denver International Airport. Silverbrook is also within walking distance to the regional headquarters of Raytheon, a major U.S. defense contractor and industrial corporation with core manufacturing concentrations in weapons and military and commercial electronics.

Sienna at Cherry Creek

Sienna at Cherry Creek is conveniently located 10 minutes from the Denver Tech Center, the northern node of Denver's Southeast Business Corridor. It is within a 15-minute drive of the entire Southeast Business Corridor, which contributes 30% of Colorado's annual GDP and is home to the headquarters of Fortune 1000 Companies, and over 230,000 jobs. Residents can enjoy an outdoor lifestyle experience with easy access to the Highline Canal Trail, Cherry Creek Trail and Cherry Creek State Park.

Parkfield

Parkfield enjoys convenient access to some of metro Denver's most significant thoroughfares. The Denver International Airport is just 10 minutes away. The Fitzsimons Medical Campus, the largest medical campus in Colorado, is just five minutes away. Parkfield is in the vicinity of over one million square feet of various supermarkets and shopping malls. The recently completed Evie Garrett Dennis Campus of Denver Public Schools is also in the vicinity.

Dartmouth Woods

Dartmouth Woods is a short drive to some of metro Denver's most prominent employment centres, including the Denver Federal Center, Lockheed Martin, Downtown Denver, and the Denver Tech Center. Both the Denver Federal Center and St. Anthony's Hospital are a 10-minute drive away. Residents of Dartmouth Woods enjoy an abundance of nearby recreational amenities, including the Bear Creek Lake Regional Park, Chatfield State Park, and the world-famous Red Rocks Park and Amphitheatre. There are also four golf courses within two miles of the property.