

NEWS RELEASE

**CRCT strengthens position as largest China shopping mall REIT with acquisition of prime property in Chengdu for RMB1.5 billion**

**Singapore, 19 August 2016** – CapitaLand Retail China Trust Management Limited (CRCTML), the manager of CapitaLand Retail China Trust (CRCT), is pleased to announce that HSBC Institutional Trust Services (Singapore) Limited, the trustee of CRCT, has entered into a sale and purchase agreement to acquire a shopping mall, currently known as Galleria, Chengdu. The mall is strategically located in the Xinnan Tiandi retail precinct of Gaoxin District in the south of Chengdu, one of the most established shopping belts in the city. This will be CRCT's 11<sup>th</sup> mall and its first in Chengdu, the provincial capital of Sichuan in Western China.

The acquisition is based on an agreed property value of RMB1,500 million (about S\$304.9 million). The mall has been valued at RMB1,520 million (S\$309.0 million) by Savills Valuation & Professional Services (S) Pte Ltd as at 26 July 2016. Including acquisition-related expenses, the total investment cost for the mall is expected to be about RMB1,527 million (S\$310.4 million)<sup>1</sup>.

When the transaction is completed, the acquisition will enlarge CRCT's portfolio size by about 14% to RMB12,547 million (S\$2,550.3 million). The mall has a current net property income (NPI) yield of about 5.4%<sup>2</sup> and the acquisition is expected to be distribution per unit (DPU) accretive for CRCT.

Mr Tony Tan, CEO of CRCTML, said: "The proposed acquisition will diversify CRCT's income and strengthen the resilience of our portfolio to deliver sustainable growth. With the opportunity to tap on CapitaLand's network of five existing malls<sup>3</sup> in Chengdu, the proposed acquisition is aligned with CRCT's investment strategy to expand our footprint by leveraging on our sponsor's strong presence in key Chinese cities where it has a competitive edge.

"The subject mall is one of the most popular malls in Chengdu. Its existing tenant profile comprises a good selection of popular international brands that will serve as a strong base for CRCT to further enhance the overall tenant mix. Notably, leases accounting for about two-thirds of the mall's total rent are up for renewal by 2018, presenting us with an excellent opportunity to uplift the rental income through tenant mix adjustments. With our proven track

<sup>1</sup> The estimated total acquisition cost, comprising the estimated purchase consideration based on the pro forma statement as at 31 May 2016 of the adjusted net asset value of the target company and its wholly-owned subsidiary (subject to post-completion adjustments), professional fees, acquisition-related costs and acquisition fee payable to the manager, is approximately RMB1,571.4 million (S\$319.4 million).

<sup>2</sup> Based on the annualised management accounts of the subject mall from January 2016 to May 2016 and total investment cost of RMB1,527 million.

<sup>3</sup> The five CapitaLand malls in Chengdu are Raffles City Chengdu, CapitaMall Tianfu, CapitaMall Jinniu, CapitaMall Meilicheng and CapitaMall Shawan.

record in proactive asset management, we are confident that we can further maximise the potential of the mall and generate value for our unitholders with the acquisition.”

The subject mall is located in Gaoxin District – a prominent hi-tech zone ranked fourth among 146 national-level hi-tech zones in China<sup>4</sup>. It is home to about 100 Fortune 500 companies, including General Electric, IBM, Amazon, Microsoft and Intel<sup>4</sup>. In 2015, Gaoxin District registered RMB51.6 billion (S\$10.5 billion) in retail sales, representing a year-on-year increase of 11.7%, the highest growth rate among all districts in Chengdu<sup>4</sup>.

The mall is strategically sited in the Xinnan Tiandi retail precinct within the Third Ring Road, one of the most established shopping belts in Chengdu that comprises a complementary mix of big box retailers and shopping malls, which collectively draws shoppers from the immediate vicinity and across Chengdu. Located within the precinct is the Chengdu South Railway Metro Interchange, which is currently served by Line 1 – the main metro line linking the city’s northern and southern areas. Line 7, an inner city line; and Line 18, which connects to the future Tianfu International Airport; will also serve Chengdu South Railway Metro Interchange when they become operational at the end of next year and in early 2020 respectively. Chengdu South Railway station, a major railway station which connects Chengdu to nearby cities, is also located in the area.

Mr Tan added: “As the capital of Sichuan Province with a population of about 15 million<sup>5</sup>, Chengdu is the economic engine and transportation hub of Western China. In 2015, the city’s annual GDP grew 7.9%, outpacing the national average of 6.9%<sup>5</sup>. In the same period, the city’s per capita urban disposable income rose 8% and retail sales grew even faster – at 10.7%<sup>5</sup>. Looking ahead, Chengdu’s economic growth is expected to receive a further boost from the Chinese government’s Western China Development plan and One Belt, One Road economic initiative. Furthermore, the subject mall is located in the high-growth Gaoxin District that is also experiencing strong increases in retail sales, underpinned by the area’s healthy economic prospects and affluent consumer demographics.”

Opened in 2010, the subject mall has a gross floor area (GFA), excluding car park, of about 53,619 square metres (sq m) and 900 car park spaces. Positioned as a modern and trendy retail destination offering a wide range of fashion, F&B and entertainment options, the six-storey mall houses well-known international brands such as Golden Harvest cinema, H&M, innisfree, Nike, Starbucks, Swarovski and UNIQLO. As at 31 May 2016, it is 100% committed.<sup>6</sup>

Surrounded by densely-populated residential developments and office buildings, the mall serves a population catchment of about 1 million residents and working professionals within a 3-kilometre radius. It is particularly popular with young working adults and enjoys a stable footfall. Over its six years of operations, the mall has received a number of consumer and industry accolades that affirm its popularity and market leadership, including “Most Influential Mall” awarded by SINA.com Sichuan last year.

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<sup>4</sup> Source: China Chengdu Hi-Tech Industrial Development Zone portal at [www.cdht.gov.cn](http://www.cdht.gov.cn).

<sup>5</sup> Source: Chengdu Bureau of Statistics.

<sup>6</sup> Based on information provided by the vendor.

CRCT intends to leverage its strong balance sheet to finance this transaction with a combination of existing cash and additional debt. Post-acquisition, CRCT's gearing ratio is expected to increase to about 37%, which is within the healthy range and below the leverage limit of 45% for real estate investment trusts (REITs) listed in Singapore. The transaction is expected to be completed by the end of this year.

**Summary of subject mall in Gaoxin District, Chengdu**

Address	99 Shenghe Yi Road, Gaoxin District, Chengdu, Sichuan Province
Description	A six-storey shopping mall with four levels above ground and two basement levels
Opening date	November 2010
Site area	20,896 sq m
GFA (excluding car park)	53,619 sq m
Net lettable area (NLA)	34,736 sq m
Number of car park spaces	900 (on Basement 1 and 2)
Number of leases (as at 31 May 2016)	167
Committed occupancy (as at 31 May 2016)	100%
Key tenants	Golden Harvest cinema, H&M, innisfree, Nike, Starbucks, Swarovski, UNIQLO
Land use expiry	2047

**About CapitaLand Retail China Trust ([www.crct.com.sg](http://www.crct.com.sg))**

CRCT is the first China shopping mall Real Estate Investment Trust (REIT) in Singapore, with a portfolio of 10 income-producing shopping malls. Listed on the Singapore Exchange Securities Trading Limited 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.

The geographically diversified portfolio of quality shopping malls is located in six of China's cities. The properties are CapitaMall Xizhimen, CapitaMall Wangjing, CapitaMall Grand Canyon, CapitaMall Anzhen and CapitaMall Shuangjing in Beijing; CapitaMall Qibao in Shanghai; CapitaMall Minzhongleyuan in Wuhan, Hubei Province; CapitaMall Erqi in Zhengzhou, Henan Province; CapitaMall Saihan in Hohhot, Inner Mongolia; and CapitaMall Wuhu in Wuhu, Anhui Province. As at 30 June 2016, the total asset size of CRCT is approximately S\$2.4 billion.

All the malls in the portfolio are positioned as one-stop family-oriented shopping, dining and entertainment destinations for the sizeable population catchment areas in which they are located, and are accessible via major transportation routes or access points. A significant portion of the properties' tenancies consists of major international and domestic retailers such as the Beijing Hualian Group, Carrefour and Wal-Mart under master leases or long-term leases, which provide unitholders with stable and sustainable returns. The anchor tenants are complemented by popular specialty brands such as BreadTalk, innisfree, KFC, Nanjing Impressions, Nike, Sephora, Starbucks, UNIQLO, Watsons and ZARA.

CRCT is managed by an external manager, CapitaLand Retail China Trust Management Limited, which is 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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