

NEWS RELEASE

**CRCT to acquire five business park properties and the balance 49% interest in Rock Square for RMB4,945 million**

- ***Strategic addition of highly resilient business park properties in three high-growth cities***
- ***100% ownership in Rock Square, a core asset with proven track record***
- ***Attractive entry valuation that delivers accretion***

**Singapore, 6 November 2020** – CapitaLand Retail China Trust Management Limited (“CRCTML”), as the manager of CapitaLand Retail China Trust (“CRCT”, and the manager of CRCT, the “Manager”), announced today the proposed acquisition of the respective interests in the companies which hold five business park properties located in the provincial cities of Suzhou, Xi’an and Hangzhou, China, together with the balance 49% interest in the company which indirectly holds Rock Square<sup>1</sup> in Guangzhou, China (the “Acquisition”) from related parties of CRCT. This follows the recent expansion of CRCT’s investment mandate to cover multi-assets that are used primarily for retail, office and industrial use, including business parks, logistics facilities, data centres and integrated developments.

The Acquisition is based on an agreed property value<sup>2</sup> of RMB4,945.0 million (approximately S\$1,005.5 million), with an implied Net Property Income (“NPI”) yield of 5.8%<sup>3</sup>. The agreed property value represents a discount of approximately 1.3% and 1.4% to the valuations<sup>4</sup> by independent valuers appointed by HSBC Institutional Trust Services (Singapore) Limited (as trustee of CRCT) and the Manager respectively. CRCT’s total acquisition cost is estimated at approximately S\$822.4 million, subject to post-completion adjustments.

CRCT intends to finance the Acquisition through an optimal mix of debt, equity and hybrid securities which will result in distribution per unit accretion. The Acquisition, which is conditional upon the approval of CRCT’s independent unitholders at an extraordinary general meeting, is expected to be completed by 1Q 2021.

Mr Soh Kim Soon, Chairman, CRCTML, said: “The first major economy to recover from the COVID-19 impact, China is showing encouraging signs of regaining growth momentum, having expanded year-on-year by 4.9% in 3Q 2020. China’s strong recovery and economic direction are expected to boost the growth of various industries, including the demand for business park space. Benefiting from strategic policy support, Chinese business park

<sup>1</sup> For the purposes of this news release, “Business Park Properties” refer to the five business park properties and “Properties” refer to Rock Square together with the Business Park Properties.

<sup>2</sup> Based on effective stake to be acquired.

<sup>3</sup> Computed using aggregate annualised 1H 2020 NPI of the Properties divided by the aggregate Agreed Value on effective stake basis. Excluding one-off effect of rental rebate in relation to COVID-19, NPI yield would have been 6.0%.

<sup>4</sup> Based on 100% basis.

properties aligned with the government's economic growth initiatives have demonstrated resilience and strong market performance over the years. The Acquisition is thus strategic and timely, enabling CRCT's foray into China's highly resilient business park sector at an attractive valuation. This will pave the way to enhance CRCT's long-term resilience, diversification and growth."

Mr Tan Tze Wooi, CEO, CRCTML, said: "The Acquisition, our largest to date, represents a transformative milestone in our continuing efforts to diversify and strengthen CRCT's portfolio. It presents a unique opportunity to acquire a portfolio of five quality business park properties at an attractive aggregate NPI yield of 6.8%<sup>5</sup> and gain an immediate foothold in the resilient sector. Following the Acquisition, CRCT's enlarged portfolio will consist of 18 properties, with its gross floor area increasing by 76.0% to approximately 1.77 million square metres. Assets under management will uplift by 28.5% to about S\$4.5 billion, while net property income will grow substantially by 54.1% on a pro forma 1H 2020 basis. In addition, with land lease for business parks being 50 years (compared to 40 years for retail malls), CRCT's portfolio land lease expiry will be extended as a result. Following the Acquisition, the property with the longest lease expiry term would be till 2064, compared to 2054 for the existing portfolio."

"The diversification into new asset classes is part of our multi-stage growth strategy to enhance CRCT's value proposition and make it an even more attractive investment vehicle. It will significantly scale and rejuvenate the asset base, providing CRCT with a larger and more resilient platform to grow. This will fortify CRCT's leading position as the largest China-focused real estate investment trust ("REIT") in Singapore. The Acquisition will further distinguish CRCT's positioning to ride China's consumption-driven, higher-valued, service-led economy."

"As the dedicated Singapore-listed REIT for CapitaLand Group's non-lodging China business, CRCT has access to a vast acquisition pipeline through CapitaLand's China assets, as well as opportunities from third-parties. Following the Acquisition, CRCT will continue to work closely with and benefit from CapitaLand Group's professional and efficient property management team."

### Acquisition rationale

Business parks in China's Tier 2 cities are registering high occupancy rates and strong rental growth, due to their increasingly attractive industrial environments as well as strong regional government support. Against this backdrop, the Acquisition will enable CRCT to gain exposure to the robust business park markets in Suzhou, Xi'an and Hangzhou, three leading Tier 2 provincial cities that CRCT currently does not have a presence in.

Underpinned by strong locational attributes and quality designs, the Business Park Properties are well-placed to support and benefit from China's industrial transformation. Located in various well-established industrial and high-tech zones near city centres, the Business Park Properties enjoy excellent connectivity with proximity to transportation hubs such as railway stations and airports. They offer various size and space configurations with sought-after building specifications at attractive rental rates. Along with a comprehensive suite of

---

<sup>5</sup> NPI yield is computed based on the annualised 1H 2020 NPI and the Agreed Value on an effective stake basis.

recreational facilities, vast greenery and other lifestyle amenities, the Business Park Properties provide an attractive campus-style workplace catering to tenants in high-growth and innovation-based industries.

The tenant base comprises primarily reputable and leading China domestic companies and brands. Based on the gross rental income (“GRI”) for August 2020, 61.6% of the Business Park Properties’ tenants are in emerging high-growth sectors such as Electronics, Engineering, E-Commerce, Information Communications and Technology (“ICT”), and Financial Services. As at 30 September 2020, the Business Park Properties registered a high aggregate committed occupancy of 91.5% with an established tenant base primarily consisting of high quality, reputable domestic companies and multinational corporations.

Since CRCT’s acquisition of its initial 51% interest in Rock Square, the mall has achieved double-digit positive rental reversions in 2018, 2019 and year-to-date September 2020, and continues to demonstrate resilience post the COVID-19 lockdown. A 100% ownership in Rock Square will enable CRCT to fully capture the upside from asset enhancement initiatives (“AEIs”). Ongoing AEIs are poised to create significant value with more than 1,000 square metres (“sq m”) of net lettable area added over the next two to three years, while efficient reconfiguration will make way for higher yielding Food & Beverage (“F&B”) tenants.

Post-Acquisition, business park and industrial assets will contribute to more than 40% of the gross floor area (“GFA”) of CRCT’s enlarged portfolio. Based on GRI for August 2020, 16% of the enlarged portfolio’s GRI will be derived from high-growth resilient tenant sectors. GRI contribution from the F&B and Fashion & Accessories trade sectors, the two highest contributors of GRI in CRCT’s current portfolio, will reduce to 40% from 54%. Furthermore, CRCT will gain exposure to Suzhou, Xi’an and Hangzhou, with these higher growth cities comprising 20% of the enlarged portfolio’s GRI.

#### An overview of the Acquisition portfolio

The Acquisition comprises:

- 1) a 51% interest in Ascendas Xinsu Portfolio, Suzhou;
- 2) a 100% interest in Ascendas Innovation Towers, Xi’an;
- 3) an 80% interest in Ascendas Innovation Hub, Xi’an;
- 4) an 80% interest in Singapore-Hangzhou Science & Technology Park Phase I, Hangzhou;
- 5) an 80% interest in Singapore-Hangzhou Science & Technology Park Phase II, Hangzhou; and
- 6) the balance 49% interest in Rock Square, Guangzhou.

As at 30 September 2020, the Properties had an above-market-average aggregate committed occupancy of 91.6% and an aggregated GFA of 852,727 sq m.

Please refer to the **Annex** for more details of the Properties.

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

CapitaLand Retail China Trust (CRCT) is Singapore's first and largest China shopping mall real estate investment trust (REIT), with a portfolio of 13 shopping malls. It was listed on the Singapore Exchange Securities Trading Limited (SGX-ST) on 8 December 2006. Post-expansion of its investment strategy, CRCT is a Singapore-based REIT established with the objective of investing on a long-term basis in a diversified portfolio of income-producing real estate assets in mainland China, Hong Kong and Macau that are used primarily for retail, office and industrial purposes (including business parks, logistics facilities, data centres and integrated developments).

CRCT's geographically diversified portfolio of quality shopping malls, with a total gross floor area of approximately 1.0 million sq m, is located in eight Chinese cities. The malls are CapitaMall Xizhimen, CapitaMall Wangjing, CapitaMall Grand Canyon and CapitaMall Shuangjing in Beijing; Rock Square (51.0% interest) in Guangzhou; CapitaMall Xinnan in Chengdu; CapitaMall Qibao in Shanghai; CapitaMall Minzhongleyuan in Wuhan; CapitaMall Saihan and Yuquan Mall in Hohhot; CapitaMall Xuefu, CapitaMall Aidemengdun in Harbin and CapitaMall Yuhuating in Changsha. As at 30 June 2020, CRCT's total asset size is S\$3.8 billion, increasing more than fivefold from the Trust's listing.

CRCT's properties are strategically located in densely populated areas with good connectivity to public transport. The malls are positioned as one-stop family-oriented destinations housing a wide range of lifestyle offerings that cater to varied consumer preferences in shopping, dining and entertainment. CRCT's portfolio comprises a diverse mix of more than 2,100 leases, which include leading brands such as UNIQLO, Xiaomi, ZARA, Haidilao, Nike, Sephora, Starbucks Coffee and Swarovski.

CRCT is managed by CapitaLand Retail China Trust Management Limited, a wholly owned subsidiary of Singapore-listed CapitaLand Limited, one of Asia's largest diversified real estate groups.

**About CapitaLand Limited ([www.capitaland.com](http://www.capitaland.com))**

CapitaLand Limited (CapitaLand) is one of Asia's largest diversified real estate groups. Headquartered and listed in Singapore, it owns and manages a global portfolio worth about S\$133.3 billion as at 30 September 2020. CapitaLand's portfolio spans across diversified real estate classes which includes commercial, retail; business park, industrial and logistics; integrated development, urban development; as well as lodging and residential. With a presence across more than 220 cities in over 30 countries, the Group focuses on Singapore and China as its core markets, while it continues to expand in markets such as India, Vietnam, Australia, Europe and the USA.

CapitaLand has one of the largest real estate investment management businesses globally. It manages six listed real estate investment trusts (REITs) and business trusts as well as over 20 private funds. CapitaLand launched Singapore's first REIT in 2002 and today, its stable of REITs and business trusts comprises CapitaLand Integrated Commercial Trust, Ascendas Real Estate Investment Trust, Ascott Residence Trust, CapitaLand Retail China Trust, Ascendas India Trust and CapitaLand Malaysia Mall Trust.

CapitaLand places sustainability at the core of what it does. As a responsible real estate company, CapitaLand contributes to the environmental and social well-being of the communities where it operates, as it delivers long-term economic value to its stakeholders.

---

**Issued by: CapitaLand Retail China Trust Management Limited (Co. Regn.: 200611176D)**

Analyst contact

Nicole Chen  
Senior Manager, Investor Relations  
DID: (65) 6713 1648  
Email: [nicole.chen@capitaland.com](mailto:nicole.chen@capitaland.com)

Media contact

Chia Pei Siang  
VP, Group Communications  
DID: (65) 6713 1379  
Email: [chia.peisiang@capitaland.com](mailto:chia.peisiang@capitaland.com)

**IMPORTANT NOTICE AND DISCLAIMER**

This release may contain forward-looking statements. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, availability of real estate properties, competition from other developments or companies, shifts in customer demands, shifts in expected levels of occupancy rate, property rental income, charge out collections, changes in operating expenses (including employee wages, benefits and training, property operating expenses), governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business.

You are cautioned not to place undue reliance on these forward-looking statements, which are based on the current view of management regarding future events. No representation or warranty express or implied is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or opinions contained in this release. Neither CapitaLand Retail China Trust Management Limited ("**Manager**") nor any of its affiliates, advisers or representatives shall have any liability whatsoever (in negligence or otherwise) for any loss howsoever arising, whether directly or indirectly, from any use of, reliance on or distribution of this release or its contents or otherwise arising in connection with this release.

The past performance of CapitaLand Retail China Trust ("CRCT") is not indicative of future performance. The listing of the units in the CRCT ("**Units**") on the Singapore Exchange Securities Trading Limited (SGX-ST) does not guarantee a liquid market for the Units. The value of the Units and the income derived from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, the Manager or any of its affiliates. An investment in the Units is subject to investment risks, including the possible loss of the principal amount invested. Investors have no right to request that the Manager redeem or purchase their Units while the Units are listed on the SGX-ST. It is intended that holders of Units may only deal in their Units through trading on the SGX-ST.

This release is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for the Units.

## Annex – Summary of the Properties

	Ascendas Xinsu Portfolio	Ascendas Innovation Towers	Ascendas Innovation Hub	Singapore-Hangzhou Science & Technology Park Phase I	Singapore-Hangzhou Science & Technology Park Phase II	Rock Square
<b>Description</b>	Comprises six locations with 61 buildings including business parks, and industrial portion, located in Suzhou Industrial Park	Business park with two 23-storey business park office towers with a 5-storey podium and 3-storey standalone building in Xi'an Software Park	Business park with two 6-storey business park office towers, within the core area of Xi'an Software Park	Five business park office towers and two ancillary buildings in the Hangzhou Economic & Technological Development Area	Five business park office towers and five semi-detached standalone buildings in the Hangzhou Economic & Technological Development Area	One of the largest malls in Jiangnanxi, an established retail cluster located in Guangzhou's Haizhu District
<b>Asset type</b>	Business parks & Industrial	Business parks	Business parks	Business parks	Business parks	Retail
<b>Interest to be acquired</b>	51%	100%	80%	80%	80%	49%
<b>Land tenure</b>	December 2046 – May 2057	February 2064	May 2051	September 2056	July 2060	October 2045
<b>Gross floor area (sq m)</b>	373,334	118,495	40,547	101,811	130,261	88,279
<b>Committed occupancy (as at 30 September 2020)</b>	90.3%	91.4%	93.1%	93.0%	93.7%	91.9%
<b>Agreed value (RMB million)</b>	2,265.0	759.0	298.0	641.0	767.0	3,400.0
<b>Key tenants</b>	Nexteer Automotive (Engineering), TDK Electronics (Electronics), Beckman Coulter Laboratory Systems (Biomedical Sciences)	Ping An (Financial Services), DHC Software Company (Information and Communications Technology), Dahua Technology (Electronics)	UniIC (Electronics), Zhao Xin Semiconductor (Electronics), Credit Ease (Professional Services)	Hangzhou Zhimei Group of Companies (E-Commerce), Hangzhou Pai Wo Group of Companies, Hangzhou Xiang Shang Venture Capital (Professional Service)	Hangzhou Lelong Technology (Real Estate), Zhejiang Hebenye Enterprise Management (Real Estate), Taodao Technology Group of Companies (E-Commerce)	AEON (Supermarket), Guangzhou Huaying Enterprise Image Planning (Leisure & Entertainment), Shenzhen Lede Culture (Leisure & Entertainment)