



News Release

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For Immediate Release

## **CapitaLand Signs Agreement to Acquire Xihuan Plaza Retail Mall in Beijing for S\$260 million**

*Mall forms pipeline of assets for planned China Retail REIT to be listed in 2006*

**Singapore, 17 May 2006** – CapitaLand Group’s (“CapitaLand”) CapitaRetail China Investments (B) Beta Pte. Ltd (“CapitaRetail China”), an indirect wholly-owned subsidiary, has signed a Sale and Purchase Agreement (“Agreement”) to acquire Xihuan Plaza Retail Mall in Beijing from Beijing Finance Street Construction Development Co., Ltd (“Beijing Finance Street”) for approximately RMB 1.32 billion (S\$260.3 million). Beijing Finance Street is a subsidiary of Beijing Huarong Investment Company, which is a state-owned enterprise, under the Beijing Government. CapitaLand plans to launch this year a China Retail Real Estate Investment Trust (“China Retail REIT”). Xihuan Plaza Retail Mall, when ready, will constitute the pipeline of assets for the China Retail REIT.

Xihuan Plaza Retail Mall is the retail component within Xihuan Plaza, which is an integrated development comprising a seven-storey retail podium, three main office towers and one ancillary office block. Completed in December 2005, the prime development is strategically located in the heart of Xizhimen, a key transportation hub in the western part of Beijing, and is the connecting point between two major commercial hubs.

Xihuan Plaza Retail Mall will comprise Phase One, measuring over 780,000 square feet (“sq ft”), and Phase Two, measuring approximately 150,000 sq ft. Phase One of the mall has already been completed and is expected to be operational once tenant fit-out and leasing activities are concluded by the first quarter of 2007. Beijing Hualian Group (“Beijing Hualian”), which is one of CapitaLand’s joint venture partners in China, will be an anchor tenant at the mall.

Under Phase Two development plans, the basement level footprint will be extended and it will provide direct connectivity to the Mass Rapid Transit (“MRT”), Light Rail Transit (“LRT”), as well as the new bus interchange located across the road. Phase Two is expected to be completed by 2008, and, under the Agreement, payment for this phase will only be effected upon completion.

Mr Liew Mun Leong, President and CEO of CapitaLand Group, said, "With Xihuan Plaza Retail Mall at Xizhimen and Raffles City Beijing at Dongzhimen, CapitaLand has a strategic position in Beijing's retail sector. Both retail properties are premium assets that are strategically located at the only two key transport exchange links in Beijing. Raffles City Beijing is at the key transportation node connecting the eastern part of Beijing, while Xihuan Plaza Retail Mall is at the key transportation hub in the western part of Beijing. Together with the Anzhen and Wangjing Malls, we are well-poised to capture and benefit from the tremendous retail growth opportunities in Beijing. Moreover with our strong and continuous pipeline of retail assets in China, we are confident of successfully launching a China Retail REIT, by the end of this year. This proposed REIT further strengthens our multi-sector presence and our diversified earnings base in China. Our EBIT of about S\$100 million in the first quarter of 2006 from China is a testament to the benefits of such a strategy."

Earlier in 2005, CapitaLand had acquired Anzhen and Wangjing Malls, from its joint venture partner Beijing Hualian. These retail assets have enabled CapitaLand to rapidly extend its presence to become a dominant retail player in Beijing. There has been strong leasing take-up for the Wangjing Mall, which is scheduled to be operational by third quarter 2006. CapitaLand had also earlier secured an excellent site at Dongzhimen, which is the other major transportation node connecting the eastern part of Beijing. CapitaLand is currently developing Raffles City Beijing, an integrated development comprising office and retail components, at this site.

It is expected there will also be keen tenancy demand for Xihuan Plaza Retail Mall as it is a landmark development strategically located in the heart of Xizhimen, which is one of two key transportation nodes in Beijing. Xizhimen is a prime exchange serving the western part of Beijing. The asset is thus well-served by MRT, LRT, Beijing Railway and major bus routes. It enjoys access to approximately 600,000 daily commuters pass through from the MRT and LRT stations and is well-supported by the resident population in the vicinity.

The mall is also strategically located between two major commercial hubs, Finance Street and Zhongguanchun. Finance Street, widely recognised as the financial district in Beijing, has witnessed a confluence of Chinese financial regulatory bodies and financial institutions. Zhongguanchun, often referred to as the high-technology silicon valley of Beijing, is a technology hub for many science and technology enterprises. In addition, it has also become an educational hub for numerous Universities in Beijing. Xihuan Plaza Retail Mall is thus well-placed to tap on the huge working and student population in the two adjoining commercial hubs.

Beijing's retail outlook remains positive on the back of China's macro-economic growth, the increasing disposable income per capita and the run-up to the 2008 Olympics to be held there.

**About CapitaLand Group (www.capitaland.com)**

CapitaLand is one of the largest listed property companies in Asia. Headquartered in Singapore, the multinational company's core businesses in property, hospitality and real estate financial services are focused in gateway cities in Asia Pacific, Europe and the Middle East.

The company's property and hospitality portfolio spans more than 70 cities in 18 countries. CapitaLand also leverages on its significant real estate asset base and market knowledge to develop real estate financial products and services in Singapore and the region.

The listed subsidiaries and associates of CapitaLand include The Ascott Group, Raffles Holdings, CapitaMall Trust, CapitaCommercial Trust, Ascott Residence Trust and Australand, which is listed both in Singapore and Australia.

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***Media Contact***

Julie Ong  
Communications  
DID : (65) 68233541  
Email : [julie.ong@capitaland.com.sg](mailto:julie.ong@capitaland.com.sg)

***Analyst Contact***

Harold Woo  
Investor Relations  
DID : (65) 68233210  
Email : [harold.woo@capitaland.com.sg](mailto:harold.woo@capitaland.com.sg)