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NEWS RELEASE

**CapitaLand strengthens foothold in Greater Tokyo with acquisition of three office buildings and a mall for S\$620.1 million**

**Singapore, 17 February 2017** – CapitaLand Limited, through its wholly owned shopping mall business CapitaLand Mall Asia, has entered into conditional sale and purchase agreements to acquire a portfolio of four income-producing office and retail properties in Japan's Greater Tokyo Area, at an agreed property price of JPY49.7 billion (S\$620.1 million). This acquisition will strengthen CapitaLand's foothold in Greater Tokyo, the world's most populous metropolis<sup>1</sup>, and increase the Group's total asset size in Japan to about S\$2.5 billion.

The portfolio comprises two office buildings in Yokohama – Yokohama Blue Avenue and Sun Hamada; one office building in Tokyo – Kokugikan Front; and one shopping mall in Saitama – Seiyu & Sundrug. Including transaction costs, the total investment for the portfolio is about JPY51.0 billion (S\$636.3 million).

Mr Jason Leow, CEO of CapitaLand Mall Asia and Co-ordinating CEO, Asia of CapitaLand Limited, said, "As the capital of Japan, Tokyo is a key global city and Asia Pacific's top real estate development and investment market, drawing investors with the country's economic stability, low borrowing costs and high return prospects. Even as Japan's total population declines, the population in Greater Tokyo Area has been increasing, reaching nearly 38 million<sup>1</sup> people in 2015. This trend is expected to continue, underpinning Greater Tokyo's economic development with an expanding labour force.

"This latest acquisition will deepen the Group's presence in Greater Tokyo through assets with stable yields and recurring cash flow. Immediately accretive with upside potential, this acquisition will contribute a net operating income of about S\$25.0 million per year, providing CapitaLand with a stable source of income as we continue to expand our business. With a sizeable amount of assets under management, this enlarged portfolio in Greater Tokyo will also advance a long-term business strategy for the Group's operations in Japan."

Mr Kek Chee How, Country Head, Japan, CapitaLand Mall Asia, said, "The long-term forecast of Greater Tokyo's office market remains positive, with vacancies in central Tokyo expected to stay below 5%<sup>2</sup> through to 2025. As the three office buildings we are acquiring are stabilised assets located in areas with limited new supply, we are confident they will continue to generate stable recurring income.

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<sup>1</sup> Source: Demographia World Urban Areas, April 2016, <http://www.demographia.com/db-worldua.pdf>.

<sup>2</sup> Source: Japan Real Estate Institute, May 2016.

“On the retail front, our acquisition of Seiyu & Sundrug, a popular destination among locals in Saitama Prefecture for necessity shopping, is a welcome complement to our existing shopping mall portfolio. With a gross floor area (GFA) of close to 400,000 square feet, Seiyu & Sundrug will grow CapitaLand’s retail footprint in Japan by about 25% to over 2 million square feet in GFA.”

The acquisition will be financed by a combination of internal funds and borrowings, and is expected to be completed in the first quarter of this year. Please refer to the Annex for more information on each of the four properties.

CapitaLand currently owns and manages four shopping malls in Japan – namely Olinas Mall, Vivit Minami-Funabashi and La Park Mizue in Tokyo; as well as Coop Kobe Nishinomiya-Higashi in Kobe. Through its wholly owned serviced residence arm, The Ascott Limited, CapitaLand owns and manages 46 properties with more than 3,500 apartment units in Japan. The Group’s Japan portfolio also includes a 20% stake in an office building – the Shinjuku Front Tower.

**About CapitaLand Limited ([www.capitaland.com](http://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 December 2016, 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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**Property Information**Yokohama Blue Avenue

Built in 2009, Yokohama Blue Avenue is a multi-tenanted office building located in Yokohama's Nishi Ward. It has a GFA of about 555,000 square feet (sq ft) across 17 floors above ground and two basement levels. Its key tenants include Mitsubishi Heavy Industries, Ericsson Japan, Fuji Xerox and EMG Marketing. Yokohama Blue Avenue is a three-minute walk from the Shin-Takashima Station along the Minato Mirai Line. Slightly further away is the Yokohama Station, which serves as an interchange for six lines, including the Japan Railway Tokaido Main Line that provides direct linkage to Tokyo via a 25-minute train ride. It is also a 20-minute car ride from the Haneda International Airport, and a 25-minute car ride from Tokyo's Central Business District.

Sun Hamada

Built in 1993, Sun Hamada is a multi-tenanted office building located in Yokohama's Kohoku Ward. It has a GFA of about 132,000 sq ft across eight floors above ground and one basement level. Its key tenants include Allied Telesis, Lands' End Japan and Unipres Corporation. Sun Hamada is a nine-minute walk from the Shin-Yokohama Station, which provides a direct linkage to Tokyo via an 18-minute train ride. It is also a 30-minute car ride from the Haneda International Airport, and a 33-minute car ride from Tokyo's Central Business District.

Kokugikan Front

Built in 2004, Kokugikan Front is a multi-tenanted office building located in Tokyo's Sumida Ward. It has a GFA of about 85,000 sq ft across six floors above ground. Its key tenants are Shindo Corporation and Onkyo Corporation. Kokugikan Front is a three-minute walk from the Japan Railway Ryogoku Station and the Toei Subway Ryogoku Station. It is also a seven-minute train ride on the Japan Railway Sobu Line via Yamanote Line from Tokyo Station. Also within the vicinity is CapitalLand's Olinas Mall, a 580,000-sq ft shopping mall catering to young families.

Seiyu & Sundrug

Built in 1997, Seiyu & Sundrug is a master-leased retail property located in Higashi-Matsuyama, Saitama Prefecture. With a population of close to 7.3 million, Saitama Prefecture is part of the Greater Tokyo region, where many residents commute to Tokyo for work and school. With a total GFA of about 393,000 sq ft, this retail complex is the largest suburban mall within a three-kilometre radius. Seiyu operates a supermarket, and sub-leases to tenants of various trade categories including fashion, bookstore, and food court. Sundrug operates a drugstore that occupies a single floor in a separate building. The mall is easily accessible by car via a convenient network of key highways and roads in the vicinity.