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CapitaLand rides on strong leasing momentum of Innov Center in Shanghai with RMB838 million acquisition of adjacent office site
Deal will boost CapitaLand's presence in Wujiaochang, a key decentralised business district in high demand

Singapore, 19 December 2017 – CapitaLand is riding on the strong leasing momentum of Innov Center by acquiring a site next to it, making this CapitaLand's second investment in Shanghai's office market in six months. Through its wholly owned business unit CapitaLand China, CapitaLand has entered into a conditional agreement with an unrelated party to acquire a commercial site in Wujiaochang decentralised business district (DBD), Yangpu District, Shanghai, China, for RMB838 million (about S\$171 million). CapitaLand plans to develop the site into a Grade A office with a total gross floor area (GFA) of 37,765 square metres (sq m). On a completed basis, the total investment for the new office, including land cost, will be about RMB1.3 billion (about S\$265 million).

The acquisition will boost CapitaLand's presence in Wujiaochang, one of Shanghai's most vibrant DBDs where it already owns Innov Center, an operational office with ancillary retail that was acquired in June 2017. The combined GFA of the two office developments will amount to 118,466 sq m. Construction for the new office, located adjacent to Innov Center, will begin early next year. It will be the only new Grade A office supply in Wujiaochang in 2020 when it is completed.

Mr Lim Ming Yan, President and Group CEO of CapitaLand Limited, said: "This latest acquisition affirms our confidence in China, which is an important core market for CapitaLand. With Shanghai set to overtake Hong Kong as Greater China's largest office market by 2020, we are optimistic about the growth prospects in this sector. The efficient deployment of our onshore reserves into the new office project will also help to improve CapitaLand's capital productivity. Upon completion of the acquisition, CapitaLand will enlarge its portfolio of commercial assets under management in Shanghai to over 1.4 million sq m in GFA across 19 properties, reinforcing our 'core city clusters, dominant assets' growth strategy in China."

Mr Lucas Loh, CEO of CapitaLand China, said: "Shanghai's decentralised business districts have been witnessing strong demand from companies keen to locate in Shanghai but away from the increasingly crowded city centre. Bolstered by the strong demand, Innov Center is already about 40% leased in just six months since our acquisition. We are confident that the new office, which enjoys synergy as an extension to Innov Center, will sustain the leasing momentum. The new extension will feature specifications different from Innov Center to widen the appeal of our office offerings in the area, and serve the needs of existing tenants seeking expansion and upgrading opportunities. In addition, a new thoroughfare linking Innov Center with the extension will reduce the walking distance to Sanmen Road metro

station, thus enhancing the connectivity and overall attractiveness of both developments. We will also be able to tap our experienced office team in Shanghai to manage the new extension and benefit from economies of scale.”

Wujiaochang is one of the fastest-growing DBDs in the northern part of Shanghai. The district enjoys excellent connectivity to public transport, including the operational metro line 10 that connects to Shanghai Hongqiao International Airport, and upcoming line 18. The area around Wujiaochang is an up-and-coming technological and innovation business zone, and houses several top tertiary educational institutions such as Fudan University, Tongji University and Shanghai University of Finance and Economics – providing a ready talent pool for companies to tap into. The growth prospects of Wujiaochang have already attracted a number of multinational companies, including Continental AG, Deloitte, Henkel and Nike, as well as technological heavyweights AECOM, EMC, IBM and Oracle.

Including the new office, CapitaLand owns/manages 19 commercial properties in Shanghai that span over 1.4 million sq m in GFA. These include eight developments with an office component, namely Raffles City Shanghai, Raffles City Changning, Capital Square, Capital Tower Shanghai, Hongkou Plaza, Innov Center, Minhang Plaza and LuOne; a shopping mall CapitaMall Qibao; and eight serviced residences – Ascott Huai Hai Road Shanghai, Ascott Heng Shan Shanghai, Citadines Biyun Shanghai, Citadines Jinxiu Shanghai, Citadines Putuo Shanghai, Somerset Xu Hui Shanghai, Somerset Waigaoqiao Shanghai and Somerset West Hongqiao Shanghai; and StorHub Shanghai.

The five core city clusters under CapitaLand's China strategy are Beijing/Tianjin, Shanghai/Hangzhou/Suzhou/Ningbo, Guangzhou/Shenzhen, Chengdu/Chongqing/Xi'an, and Wuhan. As at 30 June 2017, first-tier and second-tier cities accounted for about 93% of CapitaLand's property value in China.

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 S\$85 billion as at 30 September 2017, comprising integrated developments, shopping malls, serviced residences, 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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