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CapitaLand signs MoU to explore investing in an integrated development in Wuhan, central China

Move comes as the Group actively pursues investment opportunities to deepen presence in core city clusters in China

Singapore, 18 January 2018 – Following a major reconstitution of its China shopping mall portfolio, CapitaLand is eyeing expansion opportunities under its “core city clusters, dominant assets” strategy. Through its wholly owned subsidiary CapitaLand China, CapitaLand today signed a Strategic Cooperation Memorandum of Understanding¹ (MoU) with the district government of Wuchang – known as the urban core and one of three² key areas of Wuhan, the capital of Hubei Province. The MoU sets out the general principles of collaboration between CapitaLand and the district government in developing a prime site in Wuchang. The potential scale of the proposed integrated development on the site is expected to surpass all CapitaLand’s existing properties in central China.

Mr Lim Ming Yan, President and Group CEO of CapitaLand Limited, said: “Unlocking the value of mature assets for reinvestment into new growth opportunities is a hallmark of CapitaLand’s capital recycling strategy. As part of our proactive capital management, the Group has divested S\$2.5 billion worth of assets and deployed some S\$5.8 billion toward new properties in 2017. The proposed divestment of 20 non-core retail assets announced in early January, will further enhance our financial flexibility to invest in other compelling opportunities.”

Mr Lim added: “In China, we are focused on deepening our presence in core city clusters where we can leverage our existing operations to grow faster. As the major transport and commercial hub in central China with strong economic fundamentals, Wuhan is a high-growth city that is set to benefit further from China’s Belt and Road Initiative. The city’s rapid urbanisation has created a high demand for quality real estate products and services, particularly integrated developments that will make efficient use of land to fulfill consumers’ intertwined live, work and play aspirations in one central location. CapitaLand looks forward to making greater contributions to Wuhan’s urban development through quality projects.”

Mr Lucas Loh, CEO of CapitaLand China, said: “CapitaLand’s leadership in integrated developments is fast gaining market recognition. Serving as an enabler to catalyse an area’s economic growth, our integrated developments are well-sought after by Chinese urban planners around the country. To date, the Group owns and manages 23 integrated developments with over 6.2 million square metres (sq m) of gross floor area (GFA) in

¹ The MoU is not legally binding. Both parties will further negotiate for the detailed terms of the cooperation if and when entering into definitive agreements.

² The other two key areas of Wuhan are Hankou and Hanyang.

China's first- and second-tier cities, making CapitaLand the foreign developer in China with the largest portfolio of integrated developments. Last year, CapitaLand marked the successful opening of six of these – namely Raffles City Changning in Shanghai, Raffles City Shenzhen, Raffles City Hangzhou, Capital Square in Shanghai, Suzhou Center, and CapitaMall Westgate in Wuhan. We will continue to build on our growing track record to take on more integrated developments in strategic locations that maximise the returns on our investments.”

Today's MoU signing followed last April's opening of CapitaMall Westgate in Wuhan's Hankou area. Comprising a shopping mall, two office towers and one SOHO block that span about 250,000 sq m in GFA, it is CapitaLand's fifth largest integrated development in China and its biggest in central China to date. Opened with a high committed occupancy of about 93%, the retail component of CapitaMall Westgate drew more than 435,000 shoppers over its first four days of operations.

Besides CapitaMall Westgate, CapitaLand owns and manages a second integrated development in Wuhan's Hankou area, namely CapitaMall Wusheng, which also comprises a serviced residence Somerset Wusheng. CapitaLand's portfolio in Wuhan also includes two other shopping malls, namely CapitaMall 1818 in Wuchang and CapitaMall Minzhongleyuan in Hankou. In addition, The Lakeside, Wuhan – a 2,246-unit residential project by CapitaLand is currently under development; 1,526 units launched to date have been fully sold. Through its wholly owned serviced residence arm The Ascott Limited, CapitaLand also manages four serviced residences in Wuhan.

Wuhan is the largest city in central China, with a population of about 12 million people. Based on advance estimates, Wuhan achieved a GDP growth of 8% in 2017 – outpacing the national average. A major transport hub, Wuhan connects the rest of the country via well-established highway and railway networks, and one of the largest inland ports in China. With its central location and fast-growing economy, Wuhan has attracted strong international trade and foreign direct investment. Its key industries are car manufacturing, steel production and optical-electronics, including housing China's largest production centre for optical-electronic products. Leading multinational corporations such as Citroen, Foxconn, Hewlett-Packard, Honda, Nissan, Philips and Siemens have established operations in Wuhan. In addition, Wuhan is home to several well-known local companies such as Dongfeng Motor, FiberHome Technologies Group and Wuhan Iron and Steel.

Wuhan is part of the five core city clusters under CapitaLand's China strategy, which also include Beijing/Tianjin, Shanghai/Hangzhou/Suzhou/Ningbo, Guangzhou/Shenzhen, and Chengdu/Chongqing/Xi'an.

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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