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**CapitaLand enters 50:50 joint venture to acquire prime office building in Shanghai's Lujiazui CBD for RMB2.75 billion**  
***Property to be seed asset for the Group's new commercial value-add fund***

**Singapore, 7 January 2019** – CapitaLand has formed a 50:50 joint venture with an unrelated third party to acquire approximately 70% of Pufa Tower in Shanghai, China, for RMB2,752 million (about S\$546.3 million). The operational office property has been identified as a seed asset for a value-add fund which CapitaLand is setting up to invest in commercial real estate in key gateway cities in Asia. The acquisition also marks the Group's first office property in Shanghai's core Lujiazui central business district (CBD) in Pudong New Area.

Pufa Tower is 34-storey tall with three basement levels of car park. Post transaction, CapitaLand and its joint venture partner will own levels 8 to 19 and levels 21 to 32 with a total gross floor area (GFA) of 41,773 square metres (sq m), as well as 61 car park lots with property title. Pufa Tower's ground floor lobby and refuge floor on level 20 are co-owned with Shanghai Pudong Development Bank, which owns the rest of the building.

Lujiazui CBD, where Pufa Tower is located, is Shanghai's most coveted office location for financial and professional services companies. With an unabating demand for office space and limited new supply, Lujiazui CBD commands the highest office rents in the city. In view of a sharp decline in Pudong's office supply from 2019, office rents in Lujiazui CBD are expected to continue trending upwards over the next few years.

Mr Lucas Loh, President (China & Investment Management), CapitaLand Group, said: "We are pleased to enter Shanghai's core Lujiazui CBD soon after securing our third Raffles City development in the city. Shanghai is the top investment destination in China, with strong end-user demand for commercial properties. The acquisition of Pufa Tower, an operational asset, will immediately contribute to the Group's recurring income. It will also strategically diversify CapitaLand's commercial portfolio into a key CBD to capture new growth, while entrenching the Group's leadership as the foreign developer with the largest portfolio under management in Shanghai."

Mr Loh added: "Continual high demand for quality commercial properties in China's top tier cities, coupled with low supply, have made the renewal of ageing commercial assets a compelling investment strategy in these markets. Pufa Tower is a prime asset to be seeded into the commercial value-add fund we are raising. We see significant potential in enhancing its asset value by upgrading specifications, tenant mix and improving operational efficiencies. By tapping on third party equity, we are driving capital efficiency to provide CapitaLand with the financial impetus to further accelerate our growth."

Mr Puaah Tze Shyang, Chief Investment Officer, CapitaLand China, said: “Pufa Tower has not had a major renovation since its completion in 2002. While the building is properly maintained, the interior finishes offer room for improvement. After acquisition, we will focus on extracting greater value from the property through a comprehensive asset enhancement initiative. Leveraging CapitaLand’s asset enhancement capabilities and track record, we are confident of rejuvenating Pufa Tower in ways that will increase and maximise the efficiency of this well-located property.”

With more than 1,300 multinational companies headquartered in Shanghai, the city continues to power ahead as China’s financial and business centre. In 2017, Shanghai became the first Chinese city to top GDP of RMB3.0 trillion<sup>1</sup>, of which contribution from Pudong accounted for about 30%<sup>2</sup>. The continual expansion of Shanghai’s financial sector is expected to drive the demand for prime office space in Pudong<sup>2</sup>.

Including this latest acquisition, CapitaLand now owns/manages 21 commercial properties in Shanghai that span close to 1.9 million sq m in GFA. Shanghai is part of the five core city clusters under CapitaLand’s China strategy, which comprises Beijing/Tianjin, Shanghai/Hangzhou/Suzhou/Ningbo, Guangzhou/Shenzhen, Chengdu/Chongqing/Xi’an, and Wuhan.

In 2018, CapitaLand actively reconstituted its portfolio to enhance its readiness to seize new growth opportunities. During the year, CapitaLand divested close to S\$2 billion worth of assets in China, including a group of companies that held 20 non-core retail assets. CapitaLand subsequently redeployed the capital into a mixed-use site Chongqing, one mixed-use site and two residential sites in Guangzhou, as well as a stake in Shanghai’s tallest twin towers – the Group’s third Raffles City development in the city – through Raffles City China Investment Partners III.

**Property Summary**

Property name	Pufa Tower
Address	588 South Pudong Road, Pudong, Shanghai
Description	34-storey office tower with three basement levels of car park
GFA (L8 to L19, L21 to L32)	41,773 sq m
Number of car park spaces (with property title)	61
Land tenure expiry	2045

<sup>1</sup> China Daily, 20 January 2018, [Shanghai first Chinese city to top 3 trillion yuan GDP.](#)

<sup>2</sup> Colliers, 18 April 2018, [Pudong’s Skyscraper Economy: The driving force behind Shanghai becoming a landmark global city.](#)

**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 over S\$92 billion as at 30 September 2018, comprising integrated developments, shopping malls, lodging, offices, homes, real estate investment trusts (REITs) and funds. Present across more than 160 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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