



For immediate release

NEWS RELEASE

## **CapitaLand divests two malls for over JPY 42 billion and invests JPY 7.5 billion in second logistics asset in Japan to grow in new economy sector**

**Singapore, 1 July 2021** – CapitaLand will invest about JPY 7.5 billion<sup>1</sup> (S\$90.8 million<sup>2</sup>) to fully acquire a freehold site and develop a four-storey modern logistics facility in Ibaraki City, Osaka, Japan. This is CapitaLand's second logistics development in Japan. CapitaLand acquired the site from Mitsui & Co. as part of its on-going collaboration with Mitsui & Co. Real Estate Ltd (Mitsui RE) to develop and operate best-in-class logistics projects in Japan. The new logistics facility will be located within a major logistics hub in Osaka, well-connected to Kyoto and Kobe via major expressways. When completed in 3Q 2023, the logistics facility will have a gross floor area of about 27,000 square metres.

As part of CapitaLand's active portfolio management strategy, it has also divested its two remaining retail malls, Olinas Mall and Seiyu & Sundrug Higashimatsuyama, in Greater Tokyo for a total of over JPY 42 billion (S\$520 million<sup>2</sup>). Olinas Mall and Seiyu & Sundrug Higashimatsuyama were divested above their total valuation and CapitaLand is expected to realise a net gain of close to JPY 9 billion (S\$109 million<sup>2</sup>) from the divestment of the two malls. The buyers are unrelated third parties. The agreed value of the properties was arrived on a willing-buyer and willing-seller basis. With the divestment of these two malls, CapitaLand has divested all its five malls in Japan.

Mr Jason Leow, President, Singapore & International, CapitaLand Group, said: "CapitaLand has successfully exited from retail in Japan, which is non-core to the Group, and will continue our strategic pivot by reinvesting the proceeds from the divestment of our mature malls into new economy assets like logistics that have significant growth opportunities. CapitaLand has more than 15 years of experience in logistics with over 100 prime logistics assets in countries such as Singapore, Australia, China, India and the United Kingdom. The Group's total logistics assets under management (AUM)<sup>3</sup>, including our two logistics assets in Japan, is about S\$3.9 billion. Japan is a key market for CapitaLand to invest and expand our logistics portfolio to become a significant contributor to the Group's total logistics AUM."

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<sup>1</sup> Includes acquisition cost of land

<sup>2</sup> Based on exchange rate of JPY 1 to S\$0.01218

<sup>3</sup> Refers to the total value of real estate managed by CapitaLand Group entities stated at 100% of property carrying value

Mr Gerald Yong, Chief Executive Officer, CapitaLand International, said: “CapitaLand has clinched a highly sought-after site for the development of our second logistics asset despite a limited supply of logistics development sites in the tier 1 markets of Japan. We are confident that the asset will meet the strong demand and we see further potential to expand CapitaLand’s logistics portfolio in the country. The logistics sector is the fastest growing real estate sector in Japan, fuelled by the e-commerce market that is expected to rise at a compound annual growth rate of 7.5% to reach JPY 28.6 trillion in 2024<sup>4</sup>. Vacancy rates for logistics properties in Greater Osaka are also expected to be below 2% in 2022<sup>5</sup>. We are deepening our partnership with Mitsui RE given their proven track record in logistics property development and leasing, and we look forward to more growth opportunities together. CapitaLand has been operating in Japan for close to 20 years and we continue to leverage our deep local expertise and networks to grow our portfolio of logistics assets alongside our commercial and lodging properties.”

CapitaLand made its first foray into Japan’s logistics sector in November 2020 through a joint venture with Mitsui RE to develop and operate a logistics property in Greater Tokyo. The property is located close to Central Tokyo, easily accessible via the strategic Route 16 national highway. When completed in 4Q 2022, the four-storey modern logistics facility will have a gross floor area of about 24,000 square metres.

Besides growing in the logistics sector in Japan, CapitaLand has also expanded its rental housing portfolio through its hospitality trust, Ascott Residence Trust (ART), to increase stable income. In June 2021, ART completed the acquisitions of three freehold rental housing properties in Sapporo for a total of JPY 6.78 billion (S\$85.2 million<sup>6</sup>). The three rental housing properties are the 126-unit City Court Kita 1 jo, 158-unit Big Palace Minami 5 jo, and 127-unit Alpha Square Kita 15 jo.

#### CapitaLand’s Presence in Japan

With the addition of a second logistics facility and the divestment of Olinas Mall and Seiyu & Sundrug Higashimatsuyama, CapitaLand’s AUM in Japan is S\$3.2 billion<sup>7</sup>. CapitaLand currently has four office assets in Tokyo and Yokohama. Through CapitaLand’s wholly owned lodging business unit, The Ascott Limited (Ascott) and its hospitality trust, ART, the Group also has a strong portfolio of about 6,000 units across 33 serviced residences, hotels and rental housing properties in nine cities, including gateway cities such as Tokyo, Osaka and Kyoto. Ascott recently opened lyf Tenjin Fukuoka, its first lyf-branded coliving property in Japan, in June 2021.

#### **About CapitaLand Limited ([www.capitaland.com](http://www.capitaland.com))**

CapitaLand Limited (CapitaLand) is one of Asia’s largest diversified real estate groups. Headquartered and listed in Singapore, it owns and manages a global portfolio worth about S\$137.7 billion as at 31 March 2021. CapitaLand’s portfolio spans across diversified real estate classes which includes commercial, retail; business park, industrial and logistics; integrated development, urban development; as well as lodging and residential. With a

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<sup>4</sup> Global Data, COVID-19 accelerates e-commerce market growth in Japan – January 2021

<sup>5</sup> CBRE – Japan Real Estate Market Outlook (Logistics) – January 2021

<sup>6</sup> Based on exchange rate of JPY 1 to S\$0.01256

<sup>7</sup> As of 1 July 2021

presence across more than 240 cities in over 30 countries, the Group focuses on Singapore and China as its core markets, while it continues to expand in markets such as India, Vietnam, Australia, Europe and the USA.

CapitaLand has one of the largest real estate investment management businesses globally. It manages six listed real estate investment trusts (REITs) and business trusts as well as over 20 private funds. CapitaLand launched Singapore's first REIT in 2002 and today, its stable of REITs and business trusts comprises CapitaLand Integrated Commercial Trust, Ascendas Real Estate Investment Trust, Ascott Residence Trust, CapitaLand China Trust, Ascendas India Trust and CapitaLand Malaysia Mall Trust.

CapitaLand places sustainability at the core of what it does. As a responsible real estate company, CapitaLand contributes to the environmental and social well-being of the communities where it operates, as it delivers long-term economic value to its stakeholders.

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The directors of the Company (including any who may have delegated detailed supervision of the preparation of this release) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this release in each case which relate to the Company, CLI and CapitaLand Integrated Commercial Trust ("CICT") (excluding information relating to CLA Real Estate Holdings Pte. Ltd. (the "Offeror") or any opinion expressed by the Offeror) are fair and accurate and that, where appropriate, no material facts which relate to the Company, CLI and CICT have been omitted from this release, and the directors of the Company jointly and severally accept responsibility accordingly. Where any information which relates to the Company, CLI and CICT has been extracted or reproduced from published or otherwise publicly available sources or obtained from the Offeror, the sole responsibility of the directors of the Company has been to ensure that, through reasonable enquiries, such information is accurately extracted from such sources or as the case may be, reflected or reproduced in this release. The directors of the Company do not accept any responsibility for any information relating to the Offeror or any opinion expressed by the Offeror.

Note:

(1) CLI effected a change of name from CapitaLand Financial Limited to CapitaLand Investment Management Limited on 22 March 2021 and subsequently from CapitaLand Investment Management Limited to CapitaLand Investment Limited on 18 June 2021.