

CapitaMalls Asia Limited

Asia's Leading Mall Developer, Owner and Manager



Singapore • China • Malaysia • Japan • India

Acquisition of Grand Canyon Mall (首地大峡谷)

15 July 2013



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- Executive Summary
- Project Highlights
- Investment Rationale
- Transaction & Financing
- Conclusion
- Appendix





Executive Summary

- ✓ **CMA secures Grand Canyon Mall (首地大峡谷) through public tender**
- ✓ **Grand Canyon Mall is an attractive income-producing mall strategically located in south of Beijing with clear potential for rental and capital appreciation**
- ✓ **CapitaRetail China Trust (“CRCT”) exercises the right of first refusal to acquire the property, subject to government approvals and securing financing**
- ✓ **CRCT is CMA’s optimal vehicle to acquire income-producing properties from third parties in China; reserves CMA’s balance sheet capacity for other opportunities while increasing AUM**



Project Highlights

Grand Canyon Mall, Beijing, China

Grand Canyon Mall (首地大峡谷)

Location	16, South Third Ring West Road, Fengtai District, Beijing
Description	A six-storey shopping mall with two basement car park levels
Opening Date	Aug 2010
Site Area	~16,500 sq m
GFA excluding car park	~70,000 sq m
Net Lettable Area	~43,700 sq m
No. of Car Park Lots	403
No. of Leases	163 (as of Apr 2013)
Occupancy	92.7% (as of Apr 2013)
Key Tenants	Carrefour, Poly Cinema, H&M, Gap, Sephora and Watsons
Land Use Tenure	Aug 2044



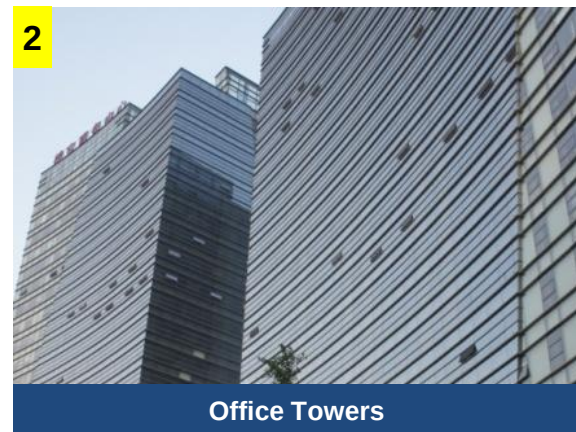
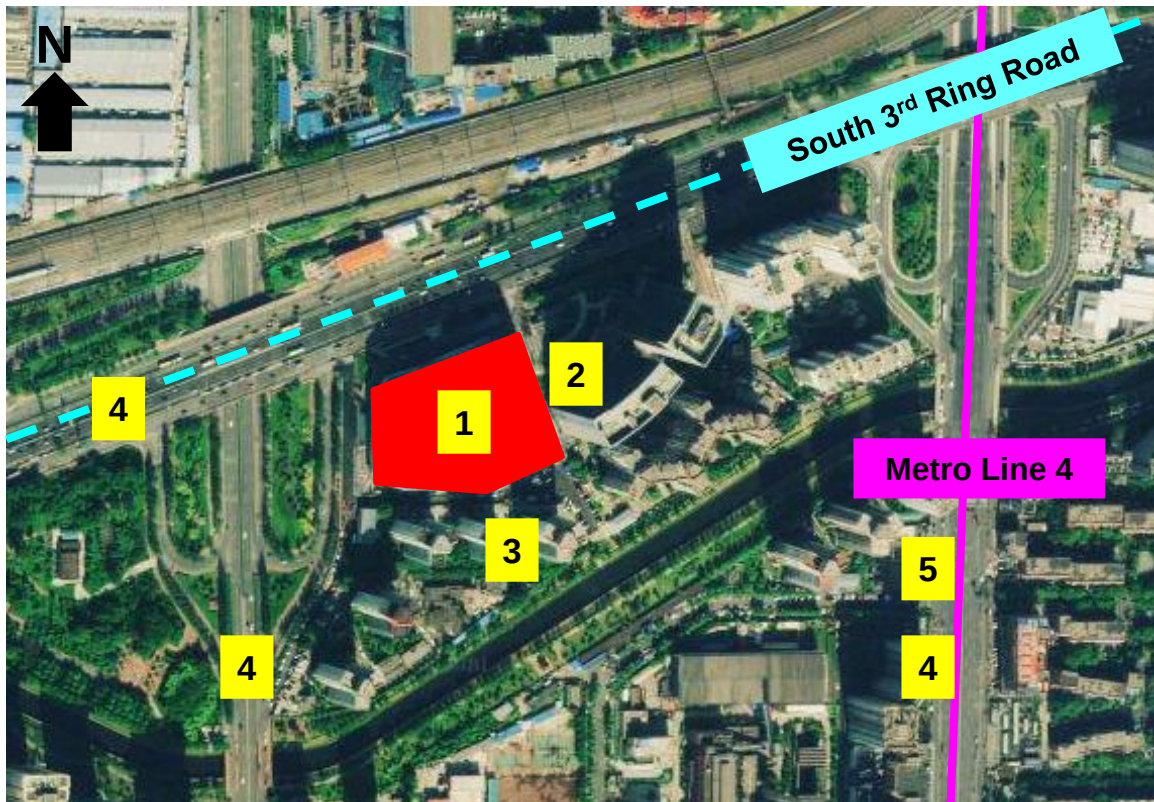
Property Price	RMB 1.74 billion
Total Investment Cost ¹	~RMB 1.82 billion (~RMB 26,000 psm)
Property Valuation ²	RMB 1.83 billion

Note:

- Includes other costs such as transaction costs, capital expenditure and acquisition-related expenses
- Valuation is as of 15 Apr 2013 by CBRE, which is jointly commissioned by CMA and CRCT



Location and Surrounding





Strategically Located in South Beijing

Strong economic fundamentals with good growth potential

- **Fengtai – up-and-coming region with healthy economic fundamentals**
 - ✓ Existing population of 2.2 million¹
 - ✓ Retail sales grew 11.7% to reach ~RMB 83 bil in 2012
 - ✓ Urban disposable income per capita grew 11.5% to reach ~RMB 34,200 in 2012
- **Receives strong long-term support from Beijing government**
 - ✓ Beneficiary of the 2nd South Beijing 3-Year Plan², including a RMB130 bil investment programme for Fengtai
 - ✓ Lize Business Centre, located 3km from Grand Canyon Mall, will be developed to become Beijing's 2nd major financial and business district

Note:

1. According to the Fengtai District Statistic Bureau as of end-2012
2. South Beijing Three-Year Plan is a regional development scheme by the Beijing Municipal Commission of Development and Reform to develop Beijing south region's economy, transportation, public facilities, culture & arts and environment. The 1st South Beijing Three-Year Plan is for 2010-2012, and the 2nd South Beijing Three-Year Plan is for 2013 to 2015



Strategically Located in South Beijing

Excellent connectivity and easily accessible by public transport



- 5-min walk to Majiapu Subway Station of Line 4, the main line connecting Beijing's north-south bound traffic
- CapitaMall Xizhimen and CapitaMall Tiangongyuan are also located along Line 4



Grand Canyon Mall



Zhongguancun



CapitaMall Xizhimen



Xidan Shopping Belt



Beijing South Railway Station



Majiapu Subway Station



CapitaMall Tiangongyuan



Beijing 2nd international airport
(under development)



Strategically Located in South Beijing

Excellent connectivity and easily accessible by public transport



Ⓢ Subway Station

🚌 Bus stop

★ Grand Canyon Mall

- Close proximity to 4 major bus stops serving ~40 bus services, accessible to other districts in Beijing
- 1 subway stop away from Beijing South Railway Station
 - ✓ 2nd largest in Asia
 - ✓ Major terminal for high-speed trains to and from Shanghai, Tianjin and Qingdao

Beijing South Railway Station





Large Catchment with Strong Shopper Traffic

From immediate and surrounding population

- >55,000 residents and office workers within 10-min walking distance
- >650,000 residents and office workers within 5-km radius

Residences

Office Towers





Large Catchment with Strong Shopper Traffic

Established presence with >1 mil average monthly footfall

Grand Canyon Mall





Advantage over Competing Retail Offerings

Opportunities from lack of retail options for shoppers and retailers

- Existing options are mainly traditional departmental stores and hypermarkets

Competing Offerings - Traditional Departmental Store Format





Advantage over Competing Retail Offerings

One-stop mall for necessity shopping and essential services

Grand Canyon Mall





Grand Canyon Mall, Beijing, China

Investment Rationale

1

Attractive Income-Producing Property

- ✓ Strategically located in South Beijing
- ✓ Large population catchment with strong shopper traffic
- ✓ Advantage over competing retail offerings

2

Strong Rental and Capital Growth

- ✓ Rental reversions, improvement in occupancy and tenancy adjustments

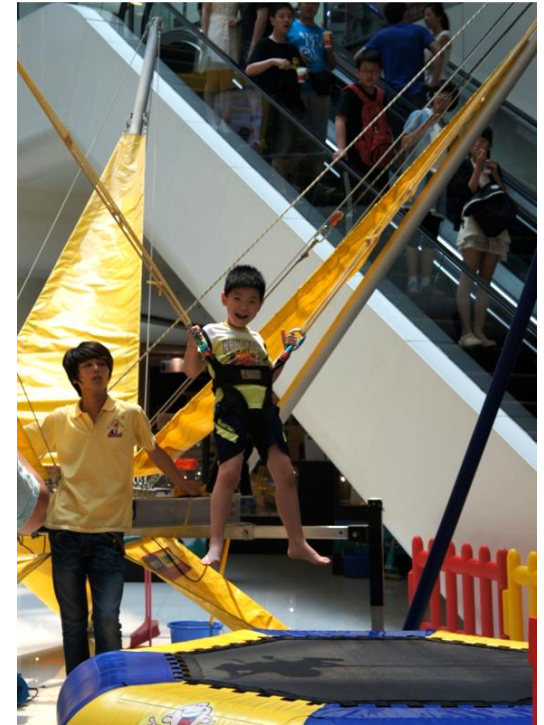
3

Increase market share in Beijing with 10th shopping mall



1

Attractive Income-Producing Property





2 Strong Rental and Capital Growth

Target NPI yield of 7% - 8%¹ in the longer term

- **3.5%² current yield with passing rent below market**
 - Strong potential NPI growth from:
 - ✓ Occupancy expected to increase from 92.7% to 100%
 - ✓ 27% lease renewal at >90% rental increase
 - ✓ Optimising operating leverage from efficient cost management

Leases Expiry	Gross Rental (%)	Current Passing Rent RMB (psm/mth)	Market Rent ³ RMB (psm/mth)	Potential Increase (%)
<i>From Jul 2013</i>	<i>27</i>	<i>175</i>	<i>340</i>	<i>>90</i>
2014	7	170	240	>40
2015	18	200	270	~35
2016 and 2017	12	150	210	~40

- **Potential capital appreciation**

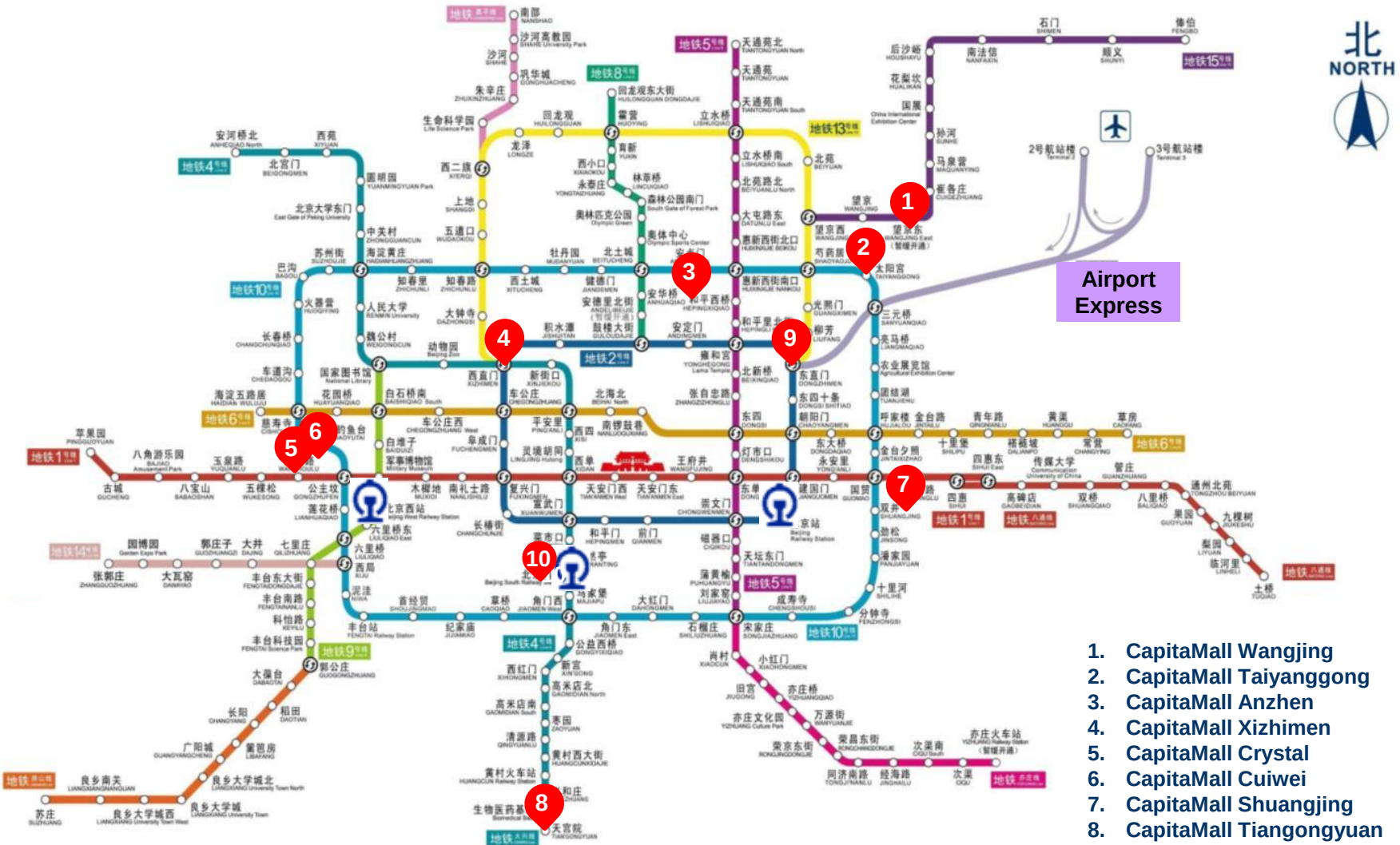
Note:

1. This does not amount to a forecast and there is no assurance that this NPI yield will be achieved
2. Computed by dividing the property's annualised NPI (based on unaudited accounts from Jan to Apr 2013) by the property price
3. Benchmarked against rental rates achieved by comparable malls in CMA's Beijing portfolio



3

Increase Market Share in Beijing



Source: Beijing Metro, Jun 2013

Acquisition of Grand Canyon Mall *15 July 2013*



保利影城欢迎您

Transaction & Financing



Transaction Summary and Timeline

- (1) CMA presented acquisition opportunity to CRCT, pursuant to Right of First Refusal granted¹
- (2) Received notice of interest from CRCT; joint due diligence was conducted
- (3) Received CRCT's commitment to enter into a Conditional Call Option Agreement if the tender was awarded to CMA. CMA proceeded to bid for Grand Canyon Mall based on terms agreed by both parties

Before
July 2013

- (4) Tender was awarded to CMA. CMA enters a Conditional Call Option Agreement with CRCT, subject to government approvals

July 2013

- (5) CMA enters into a Conditional Sale and Purchase Agreement with CRCT upon obtaining government approvals, subject to CRCT securing financing

1Q 2014²

- (6) Completion of acquisition of Grand Canyon Mall by CRCT

2Q 2014²

Note:

1. This is pursuant to CMA's agreement with CRCT dated 8 Nov 2006, which granted CRCT a right of first refusal over future completed retail properties located in China which are identified for acquisition by CMA or its subsidiaries
2. Indicative timeline and subject to change



Grand Canyon Mall, Beijing, China

Conclusion



Conclusion

- **Grand Canyon Mall is an attractive addition to CMA's portfolio**
 - ✓ Strategic location with good catchment and connectivity
 - ✓ Income producing with strong growth potential from renewals and enhancements
 - ✓ Enhances CMA's leasing network and market share in Beijing
- **CRCT's acquisition via ROFR**
 - ✓ Optimal vehicle to hold income-producing retail properties in China
 - ✓ CMA to receive acquisition and fund management fees as manager of CRCT
 - ✓ Reserves CMA's balance sheet capacity for other opportunities





South Beijing Background



- South Beijing has enjoyed steady economic growth with GDP growing by 10.0% last year. Over the past 3 years, the region has attracted RMB 450 bil of total investments
- Fengtai has been a beneficiary of the South Beijing 3-Year Plan, with its GDP and retail sales growing by 14.4% and 7.0% annually from 2010 – 2012
- Key projects under the Three-Year Plan:
 - Infrastructural and transport developments include Beijing 2nd international airport, as well as Subway Line 14 to be opened in 2015
 - Lize Business Centre is a key development which has attracted >100 national and international corporations and government agencies, including General Electric, National Financial Information Building, Shanghai Stock Exchange, CICC, National Audit Office, Beijing Municipal Commission of Urban Planning

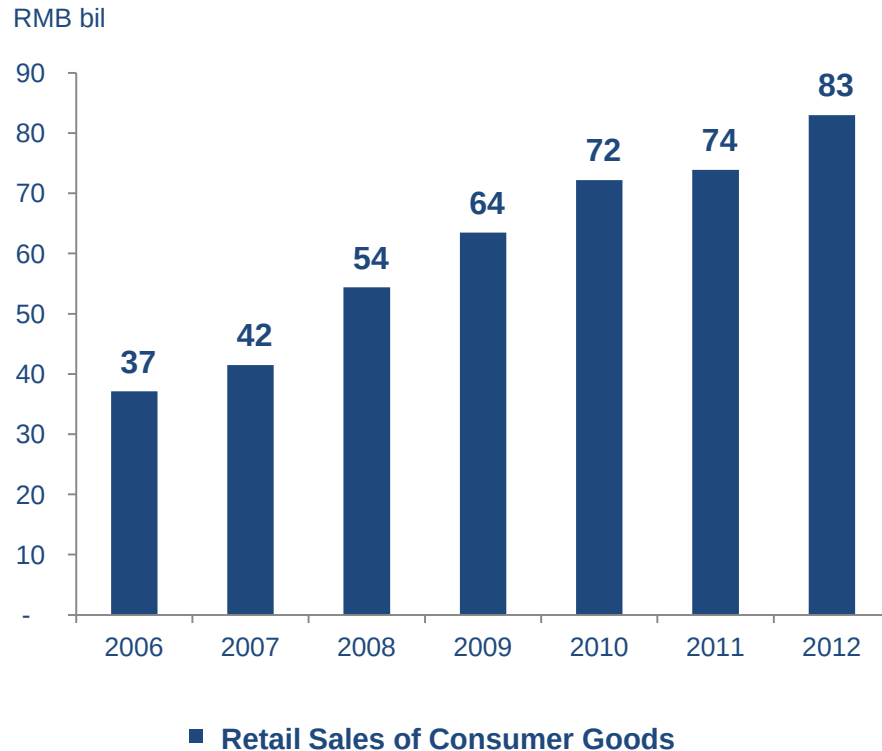
- Under the 2nd South Beijing 3-Year Plan (2013-2015), the government will continue to:
 - Increase and attract investments - Mercedes Benz and Baidu are committed investors
 - Enhance development of specialty industry parks for new material, biomedical, civil-military and new media
 - Incubate emerging industrial parks for the national sports industry base, fashion, digital publishing base and agricultural and ecological industries
 - Improve transport and environment, such as Yongding River greenbelt and public service and amenities

Note: Data sources include Fengtai Statistical Information Net and the Statistical Communiqué of National Economic and Social Development of Fengtai District

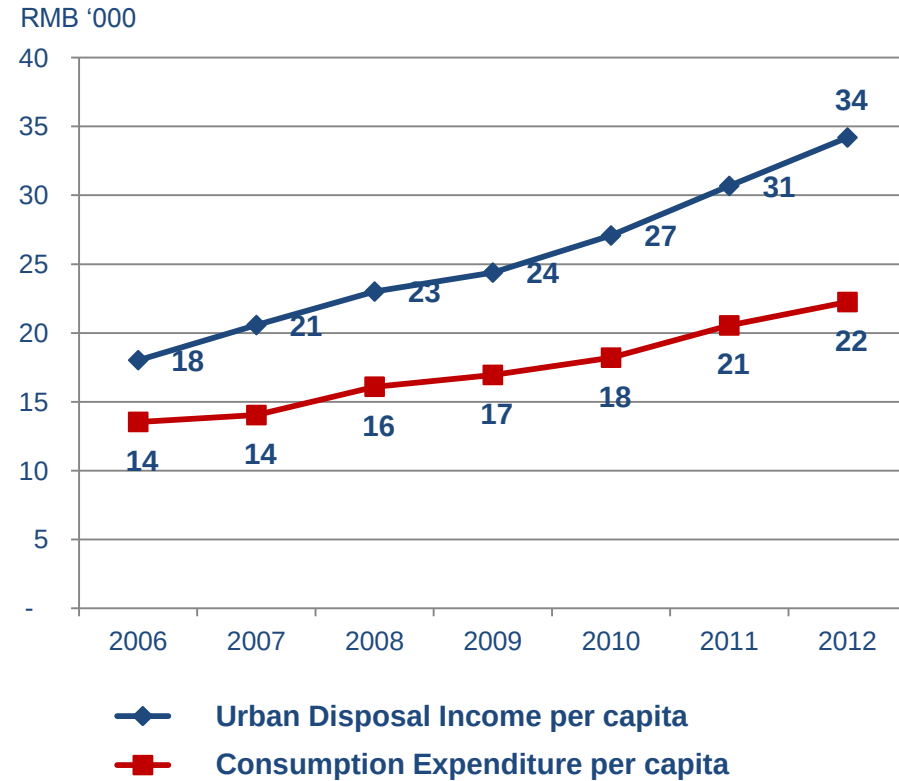
Fengtai District Economic Snapshot

Healthy growth for retail sales and urban consumption expenditure

Fengtai Retail Sales of Consumer Goods



Fengtai Disposable Income & Consumption



Note: Data sources include Fengtai Statistical Information Net and the Statistical Communiqué of National Economic and Social Development of Fengtai District (2006-2012)



Building Market Share in Beijing

GFA (sq m)	: 43,443
NLA (sq m)	: 43,443
Occupancy	: 100%
Valuation (mil)	: RMB 940
Master leased	



GFA (sq m)	: 83,075
NLA (sq m)	: 51,319
Occupancy	: 96.0%
Valuation (mil)	: RMB 2,449
Year of opening	: 2007



GFA (sq m)	: 56,141
NLA (sq m)	: 35,367
Occupancy	: 96.3%
Valuation (mil)	: RMB 1,145
Year of opening	: 2010



GFA (sq m)	: 72,422
NLA (sq m)	: 37,887
Occupancy	: 95.4%
Valuation (mil)	: RMB 1,971
Year of opening	: 2011



GFA (sq m)	: 69,967
NLA (sq m)	: 43,700
Occupancy	: 92.7%
Valuation (mil)	: RMB 1,830
Year of opening	: 2010



GFA (sq m)	: 68,010
NLA (sq m)	: 55,567
Occupancy	: 99.8%
Valuation (mil)	: RMB 1,690
Year of opening	: 2006



GFA (sq m)	: 83,693
NLA (sq m)	: 42,804
Occupancy	: 97.2%
Valuation (mil)	: RMB 1,755
Year of opening	: 2012



GFA (sq m)	: 110,996
NLA (sq m)	: 93,542
Occupancy	: 100%
Valuation (mil)	: RMB 3,360
Year of opening	: 2009



GFA (sq m)	: 49,463
NLA (sq m)	: 49,463
Occupancy	: 100%
Valuation (mil)	: RMB 533
Master leased	



GFA (sq m)	: 122,000
NLA (sq m)	: N.A
Occupancy	: N.A
Valuation (mil)	: N.A
Target opening	: 2015



Note: Occupancy rates (for retail component only) are as of 31 Mar 2013. All other property details (except for Grand Canyon Mall) are as at 31 Dec 2012



Proven Track Record in Mall Management

Strong leasing network with operations and management expertise

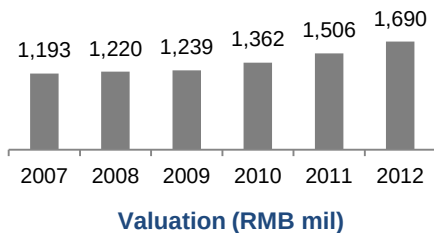
CapitaMall Wangjing, Beijing

- Opened in Jul 2006
- Occupancy rate¹: 99.8%
- Rental reversion^{1,2}: 21.7%
- NPI yield on cost¹: 10.9%
- NPI yield on valuation¹: 7.0%

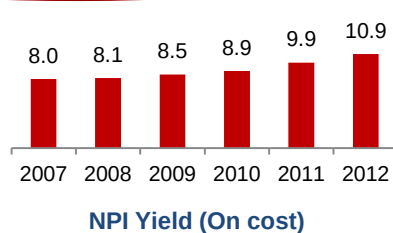
CAGR 6%



CAGR 7%



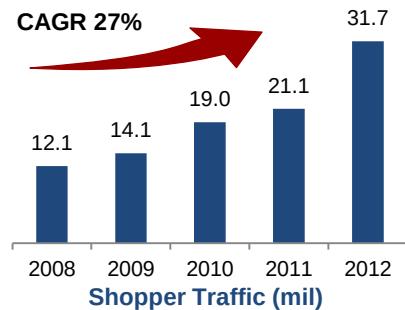
CAGR 6%



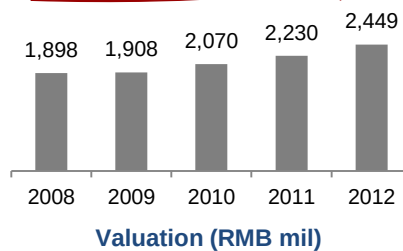
CapitaMall Xizhimen, Beijing

- Opened in Sep 2007
- Occupancy rate¹: 96.0%
- Rental reversion^{1,2}: 16.2%
- NPI yield on cost¹: 9.9%
- NPI yield on valuation¹: 6.3%

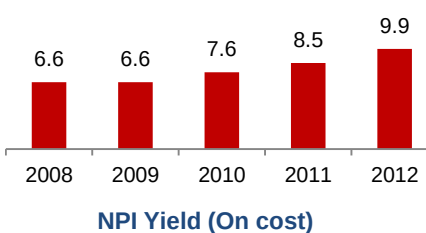
CAGR 27%



CAGR 7%



CAGR 11%



Note:

1. Occupancy rates are as of 31 March 2013, NPI yields on cost and NPI yields on valuation are as of 31 December 2012
2. Variance over last rental rate excluding gross turnover component
3. Tenants' sales exclude departmental store and supermarket



CMA Properties in Beijing

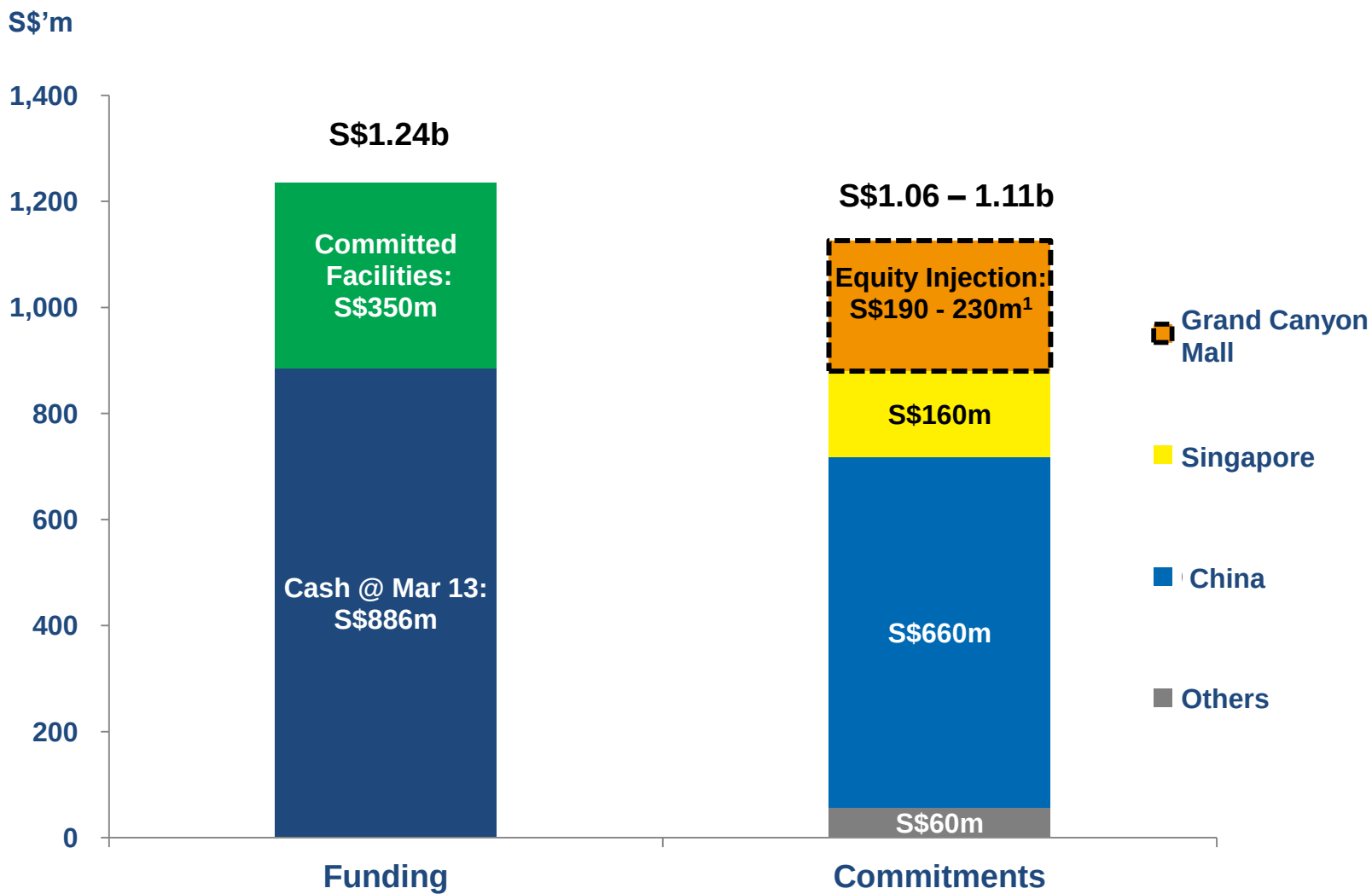
Malls	Valuation psm ¹ (GFA excluding car park) RMB
Raffles City Beijing	32,002
CapitaMall Xizhimen	29,479
CapitaMall Crystal	27,215
Grand Canyon Mall	26,000 ²
CapitaMall Wangjing	24,849
CapitaMall Anzhen ³	21,638
CapitaMall Taiyanggong	20,969
CapitaMall Cuiwei	20,395
CapitaMall Shuangjing ³	10,776
CapitaMall Tiangongyuan ⁴	N. A.

Note:

1. Valuation as at 31 December 2012
2. Using total investment cost as approximate valuation
3. Master-leased
4. Under development



Funding vs. Commitments



Note:

1. Required equity of RMB0.92-1.17bil is based on purchase price of RMB 1.82bil and onshore loan financing of RMB 0.7-0.9bil, using exchange rate of SGD1:RMB: 4.92



Thank You

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