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CapitaLand's 2Q 2018 PATMI increases 4.4% to S$605.5 million

Singapore, 8 August 2018 – CapitaLand Limited achieved a PATMI of S$605.5 million in 2Q 2018, 4.4% higher as compared to 2Q 2017 PATMI of S$580.1 million, mainly due to higher contributions from newly acquired and opened investment properties in Singapore, China and Germany, and revaluation gains registered by its portfolio of investment properties, partially offset by lower portfolio gains and contribution from the Group's residential business.

In 1H 2018, the Group registered total PATMI of S$924.6 million and operating PATMI of S$424.7 million. Excluding the gain from the sale of The Nassim, total PATMI and operating PATMI for 1H 2018 increased 13.9% and 8.8% respectively compared to 1H 2017.

Group revenue for the quarter increased 35.3% to S$1,342.4 million on the back of higher handover of residential units in China, rental revenue from newly acquired and opened properties in Singapore, China and Germany, as well as the consolidation of revenue from CapitaLand Mall Trust (CMT), CapitaLand Retail China Trust (CRCT) and RCS Trust (RCST) with effect from August 2017. The development projects which contributed to the revenue this quarter were Century Park West in Chengdu, New Horizon in Shanghai, as well as Sky Habitat in Singapore.

The Group achieved an EBIT of S$1,351.8 million in 2Q 2018, an increase of 36.6% from 2Q 2017, largely attributable to higher contributions from newly acquired and opened properties, consolidation of the three REITS, as well as higher fair value gains from revaluation of investment properties in Singapore, China and Europe. Singapore and China markets remain the key contributors to EBIT, accounting for 89.8% of total EBIT, up from 87.9% in 2Q 2017.

Financial highlights

	2Q 2018[1] (S$ m)	2Q 2017 (S$ m) (Restated)[2]	Variance (%)	1H 2018[1] (S$ m)	1H 2017 (S$ m) (Restated)[2]	Variance (%)	Variance (%) (Excluding gain from sale of The Nassim)
Revenue	1,342.4	992.4	35.3	2,718.0	1,889.9	43.8	43.8
Earnings before interest and tax (EBIT)	1,351.8	989.4	36.6	2,071.6	1,614.8	28.3	42.5
Total PATMI	605.5	580.1	4.4	924.6	972.9	(5.0)	13.9
Operating PATMI[3]	196.0	207.6	(5.6)	424.7	551.4	(23.0)	8.8

[1] The Group consolidated CMT, CRCT and RCST into the Group's results with effect from August 2017. The consolidation of three trusts increased the Group's revenue and EBIT by S$259.4 million and S$280.5 million for 2Q 2018 respectively and S$524.2 million and S$414.7 million for 1H 2018 respectively, but no change to profit attributable to owners.

[2] 2Q 2017 and 1H 2017 results have been restated to take into account the retrospective adjustments relating to SFRS(I) 15 Revenue from contracts with customers.

[3] Operating PATMI refers to profit from business operations excluding any gains or losses from divestments, revaluations and impairments. Operating PATMI for 1H 2017 included a gain of S$160.9 million from the sale of 45 units of The Nassim.

Mr Lim Ming Yan, President & Group CEO of CapitaLand Group, said: "CapitaLand continued to make solid progress in strategy execution in 1H 2018. In the first six months, we divested assets worth S$3.11 billion and redeployed S$1.8 billion into new investments, exceeding our full year capital recycling target of S$3 billion. In terms of capital allocation, we remain disciplined and focused on ensuring a 50:50 balance between emerging and developed markets, while targeting an optimal mix between trading and investment properties."

"In 2Q 2018, we divested Twenty Anson and Sembawang Shopping Centre in Singapore, and at the same time, reallocated capital to a prime mixed-use site in Chongqing, China and Gallileo, our second Grade A office in Frankfurt, Germany. We have also expanded our operating platforms, with two new retail management contracts in Guangzhou and Chengdu this quarter, and a robust growth of 5,348 units in our lodging platform Ascott through management contracts and strategic partnerships, moving us closer towards the 2023 target of 160,000 units. Our total assets under management (AUM) has grown to S$93.1 billion as at end of 1H 2018. Our strengths as a developer and asset owner, underpinned by best-in-class operating platforms, put us in a strong position to grow Group managed real estate assets to S$100 billion by 2020."

In Singapore, the Group sold 37 residential units in 2Q 2018 with 33 units remaining in stock. The Strata Title Board has granted Sales Order on 1 August 2018 for the collective sale of Pearl Bank Apartments. In China, the Group handed over 1,486 units with a value of RMB 2.2 billion mainly from the completion of phases from Century Park West in Chengdu, New Horizon in Shanghai and Citta Di Mare in Guangzhou in 2Q 2018. The Group had approximately 8,000 units valued at RMB 16.2 billion which had been sold but not yet handed over as at 30 June 2018. More than half of the units are expected to be handed over in the second half of the year. The acquisition of a prime 32-hectare mixed-use site in Chongqing, China provides the Group with a landbank of 2,100 residential units as well as retail and commercial space.

In Vietnam, the launch of D2Eight and De La Sol were met with strong demand, with 100% and 81% sold respectively. CapitaLand sold 524 residential units in Vietnam with a sales value of S$186 million in 2Q 2018, over two times higher than the sales value registered in 2Q 2017. The Group handed over 456 residential units to home buyers with a sales value of S$77 million. The units handed over were mainly from Vista Verde and Seasons Avenue. Of the 2,680 yet-to-be-completed units that have been sold at approximately S$811 million in total, more than 30% of the units are expected to be handed over and recognised in 2018. In terms of pipeline, the Group has secured a 1-hectare site in Hanoi, Vietnam for future development.

Please refer to the **Annex** for recent business highlights.

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 over S$93 billion as at 30 June 2018, 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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For the full CapitaLand Limited financial statement and presentation, please visit www.capitaland.com.

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Annex

CapitaLand boosted its residential pipeline in China by over 2,100 units through the acquisition of a 32-hectare prime mixed-use site in Chongqing for RMB5.7 billion (about S$1.19 billion). This prime land will yield 1,900 residential units and a shopping mall with a combined gross floor area (GFA), excluding car park, of 335,000 square metres (sq m) when fully developed by 2022; as well as 223 residential units and 100,000 sq m of office and retail space that are completed or soon-to-be-completed. CapitaLand's largest and most complex integrated development, Raffles City Chongqing, is about 80% completed and is on track to open in phases from 2Q 2019.

CapitaLand bolstered its retail portfolio in core city clusters in China by securing two management contracts that will add 1.2 million square feet (sq ft) of retail GFA in Guangzhou and Chengdu. CapitaLand will manage the retail component of THE GRAND CITY, adding its first managed mall in Guangzhou to its portfolio that comprises CapitaMall SKY+ and CapitaMall Rock Square. In Chengdu, the Group will be expanding its network of malls to seven with the addition of its second managed mall - an open-lane, low-rise shopping mall in Qingyang District.

Set to broaden its master planning and urban design capabilities in China, CapitaLand signed two Memoranda of Understanding (MoUs) to explore developing and managing large-scale business park and township projects in Ningbo and Jiaxing. Under the MoU with Ningbo's Haishu District Government, CapitaLand will explore investing in a business park comprising research & development facilities, offices, residences and civic & community facilities. In another MoU with Zhejiang Communications Investment Group Co., Ltd., CapitaLand will explore investing in a new-generation township comprising integrated developments, offices, residences and serviced residences.

Expanding its footprint beyond Asia for the first time, CapitaLand Commercial Trust (CCT) and CapitaLand acquired a freehold Grade A commercial property, known as Gallileo, in Frankfurt, Germany, for €356.0 million (approximately S$569.6 million) (on 100% basis). CCT's and CapitaLand's respective stakes in the property are 94.9% and 5.1%. The acquisition offers an attractive net property income yield of 4.0%.

In line with the Group's proactive strategy to optimise returns for unitholders, CCT divested Twenty Anson for S$516 million. This translates to a net property yield of 2.7% based on Twenty Anson's net property income of S$13.8 million for the 12 months preceding 31 March 2018. CapitaLand Mall Trust also divested Sembawang Shopping Centre for S$248 million. This divestment is expected to generate net proceeds of about S$245.6 million and a net gain of about S$119.6 million.

Riding on the rise of omnichannel retailing, Funan is set to become Singapore's first online-and-offline shopping mall when it opens in 3Q 2019. Funan unveiled the use of customer analytics and robotic automation that includes Singapore's first deployment of automated guided vehicles and robotic arm in a retail setting, and a 24-hour click-and-collect drive-through supplemented by warehousing facilities within Funan.

Ascott secured 14 properties with over 3,300 units in 2Q 2018 through management contracts and strategic partnerships. It accelerated the expansion of its Citadines brand in China through a manachise joint venture (JV) with one of China's leading hotel operators Huazhu Hotels Group (Huazhu) and Huazhu's subsidiary and an apartment rental firm, CJIA Apartments Group (CJIA). With an initial registered capital of RMB 100 million (S$21 million), Ascott, Huazhu and CJIA will hold 50%, 10% and 40% respective stakes in the partnership. The JV targets to sign 16,000 units under Citadines in China by 2025, which will triple its current Citadines portfolio in China. The JV will focus on growing Citadines in the first-tier cities of Shanghai, Beijing and Shenzhen for the initial years. It has secured its first property in the Pudong district of Shanghai.