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CapitaLand registers 1Q 2019 PATMI of S$295.6 million

***Singapore, 30 April 2019* –** CapitaLand Limited registered a PATMI of S$295.6 million in 1Q 2019, 7.4% lower as compared to 1Q 2018. The decrease was attributed to lower operating PATMI and lower writeback of impairments, partially mitigated by gains from asset recycling and revaluation of properties. Operating PATMI[1] decreased by 20.5% mainly due to lower trading income from residential projects in Singapore and China compared to the same period last year. Notwithstanding this, CapitaLand's recurring income from the Group's diversified investment property portfolio and fund management platform remain resilient, which continues to underpin the quality of CapitaLand's earnings.

Revenue for 1Q 2019 decreased by 23.8% to S$1,048.3 million (1Q 2018: S$1,375.5 million) mainly attributed to lower revenue contributions from residential projects, as there were fewer units handed over during the quarter compared to 1Q 2018. Recurring rental income from new acquisitions, including CapitaLand's portfolio of multifamily properties in the USA and a commercial property in Europe acquired in 2018, partially mitigated the lower revenue from our residential trading business.

The Group registered an EBIT of S$802.1 million in 1Q 2019 (1Q 2018: S$784.2 million), an increase of S$17.9 million as compared to 1Q 2018 mainly due to higher portfolio and revaluation gains, as well as contributions from newly acquired properties in the USA and Europe, offset by lower contributions from residential projects in Singapore and China. Singapore and China markets remain the key contributors to EBIT, accounting for 86.3% of total EBIT, up from 84.9% in 1Q 2018.

Financial highlights

	1Q 2019 (S$ m)	**1Q 2018 (S$ m)**	**Variance (%)**
Revenue	1,048.3	1,375.5	(23.8)
Earnings before interest and tax (EBIT)	802.1	784.2	2.3
Total PATMI	295.6	319.1	(7.4)
Operating PATMI[1]	181.9	228.7	(20.5)

[1] Operating PATMI refers to profit from business operations excluding any gains or losses from divestments, revaluations and impairments.

Mr Lee Chee Koon, President & Group CEO of CapitaLand Group, said: "CapitaLand took a major step in 1Q 2019 with the proposed acquisition of Ascendas-Singbridge. We received overwhelming approval from independent shareholders at an Extraordinary General Meeting held on 12 April 2019. This strategic combination will bring us complementary asset classes and geographies that will ensure sustainable growth. It will also strengthen our development pipeline and expand our REITs and funds. This year, CapitaLand has already launched two new funds and we will ride on the momentum to further augment our fund management business. We will also continue to focus on recycling capital, especially through the divestment of non-core assets; as well as deploying capital in areas where we can be competitive and drive growth."

He added: "As we continue to maintain a balanced portfolio in emerging and developed markets, we will scale up our asset-light lodging portfolio and fund management platform to build and grow resilient income streams. Our active capital management, as well as strong development and operational capabilities, put us in a good position to achieve our target of sustainable double-digit returns."

Disciplined capital recycling

CapitaLand continued to proactively reconstitute its portfolio by divesting over S$485 million[2] of assets and making over S$760 million[2] of investments in 1Q 2019. This includes the divestment of CapitaMall Wuhu; a bundled deal to divest CapitaMall Saihan in Hohhot, Inner Mongolia and acquire Yuquan Mall in Hohhot; the acquisition of a 70% stake in Pufa Tower in Shanghai; as well as the divestment of Ascott Raffles Place Singapore and acquisition of Citadines Connect Sydney Airport. Most recently, the Group divested its StorHub self-storage business to an unrelated third party. The Group is committed to meet its S$3 billion annual asset recycling target.

Singapore and Vietnam

In Singapore, the Group is scheduled to launch by 3Q 2019, two well-located residential developments at the current site of Pearl Bank Apartments and in Sengkang Central, offering 774 and 680 homes respectively. In Vietnam, 98% of the launched units have been sold as at 31 March 2019. The 2,371 units sold but not yet handed over are valued at approximately S$732 million, of which 31% of the sales value is expected to be recognised for the remainder of 2019. In 1Q 2019, a total of 118 residential units (1Q 2018: 259 units) were handed over to home buyers in Vietnam. In April 2019, the successful opening of Jewel Changi Airport is a testament of CapitaLand's strong development and operational capabilities. Following Jewel Changi Airport will be the opening of Funan in June 2019, whereby CapitaLand will launch a new seamless shopping and lifestyle experience.

China

In China, CapitaLand gained momentum in home sales despite tightening policy measures. The Group sold 91% of the launched residential units (1,218 units) with a sales value of RMB 2.6 billion or approximately S$0.5 billion in 1Q 2019, up 22% and 53% in units and sales value respectively. The Group expects to launch over 5,000 units for the remainder of 2019. As at

[2] Stated at total sales and purchase considerations and includes assets divested to unrelated parties and CapitaLand REITs/ Funds and acquired by CapitaLand/ CapitaLand REITs/ Funds from unrelated parties. Purchase consideration figures are on 100% basis. Gain on divestments are based on effective stakes.

31 March 2019, the Group had sold but not yet handed over approximately 7,800 units[3], with total value of RMB 17.2 billion[4]. About 60% of this sales value is expected to be recognised for the remainder of 2019.

Lodging

The Group's fully integrated lodging business continues to grow long-term fee income, in line with the overall CapitaLand strategy to become asset-lighter. During the quarter, CapitaLand's lodging business achieved higher revenue mainly due to increased revenue from Synergy Global Housing, and contribution from TAUZIA Hotel Management which was acquired in 3Q 2018. Its operational units contributed S$59.7 million[5] of fee income in 1Q 2019. It has more than 43,000 units under development and added over 2,000 units with new contracts to manage 14 properties across eight countries in 1Q 2019. The Group expects to earn approximately S$25 million in fee income annually for every 10,000 serviced residence units as the properties open and stabilise. Fee income from the lodging business, which is typically locked in for 10 to 20 years, remains key to driving better returns on equity and builds resiliency in income streams.

REITs and funds

In 1Q 2019, CapitaLand earned S$49.9 million in REIT and fund management fees. The Group announced the first closing of CREDO I China – the Group's first discretionary real estate debt fund. The fund, with a target capital raise of US$750 million (about S$1 billion), will invest in offshore US dollar-denominated subordinated instruments for real estate in China's first- and second-tier cities. It will focus on loans and securities of high-quality real estate covering commercial, retail, residential, logistics and industrial properties. In April 2019, CapitaLand also announced it has raised US$391.3 million (approximately S$528.3 million) for the first closing of its maiden discretionary equity fund, CapitaLand Asia Partners I. The fund will invest in value-add office buildings in key gateway cities, specifically Singapore, Beijing, Guangzhou, Shanghai, Shenzhen, Osaka and Tokyo.

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$103 billion as at 31 March 2019, comprising integrated developments, shopping malls, lodging, offices, homes, real estate investment trusts (REITs) and funds. CapitaLand's market capitalisation is approximately S$15 billion as at 31 March 2019. Present across more than 180 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, Europe and the USA.

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.

[3] Units sold include options issued as at 31 March 2019. Above data is on a 100% basis, including strata units in integrated developments.
[4] Refers to value of residential units sold including value added tax.
[5] Fee income includes fee based and service fee income.

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For the full CapitaLand Limited financial statement and presentation, please visit www.capitaland.com.

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