



# CapitaLand Investors' Day 2016 "The Future CapitaLand"

Presentation By Mr. Arthur Lang, Group CFO

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# Disclaimer

This presentation may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, availability of real estate properties, competition from other companies and venues for the sale/distribution of goods and services, shifts in customer demands, customers and partners, changes in operating expenses, including employee wages, benefits and training, governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward looking statements, which are based on current view of management on future events.



# Key Highlights

**Resilient Financial Performance & Strong Balance Sheet**

**Active And Prudent Capital Management**

**Differentiating Ourselves Through Investment Management**





# Resilient Financial Performance and Strong Balance Sheet

ION Orchard, Singapore



# Overview – 3Q 2016

## Revenue

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**S\$1,373.7**

million

▲ 28% YoY

## EBIT

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**S\$494.4**

million

▲ 8% YoY

## PATMI

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**S\$247.5**

million

▲ 28% YoY

## Operating PATMI

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**S\$251.8**

million

▲ 55% YoY



# Overview – YTD September 2016

## Revenue

# \$\$3,399.5

million

▲ 13% YoY

## PATMI<sup>1</sup>

# \$\$759.8

million

▼ 7% YoY

## Operating PATMI<sup>1</sup>

# \$\$576.2

million

▲ 0% YoY

## EBIT

# \$\$1,543.7

million

▼ 10% YoY

## PATMI<sup>1</sup>

(Excluding Gain Due To Change In Use)

# \$\$729.3

million

▲ 13% YoY

## Operating PATMI<sup>1</sup>

(Excluding Gain Due To Change In Use)

# \$\$545.7

million

▲ 35% YoY

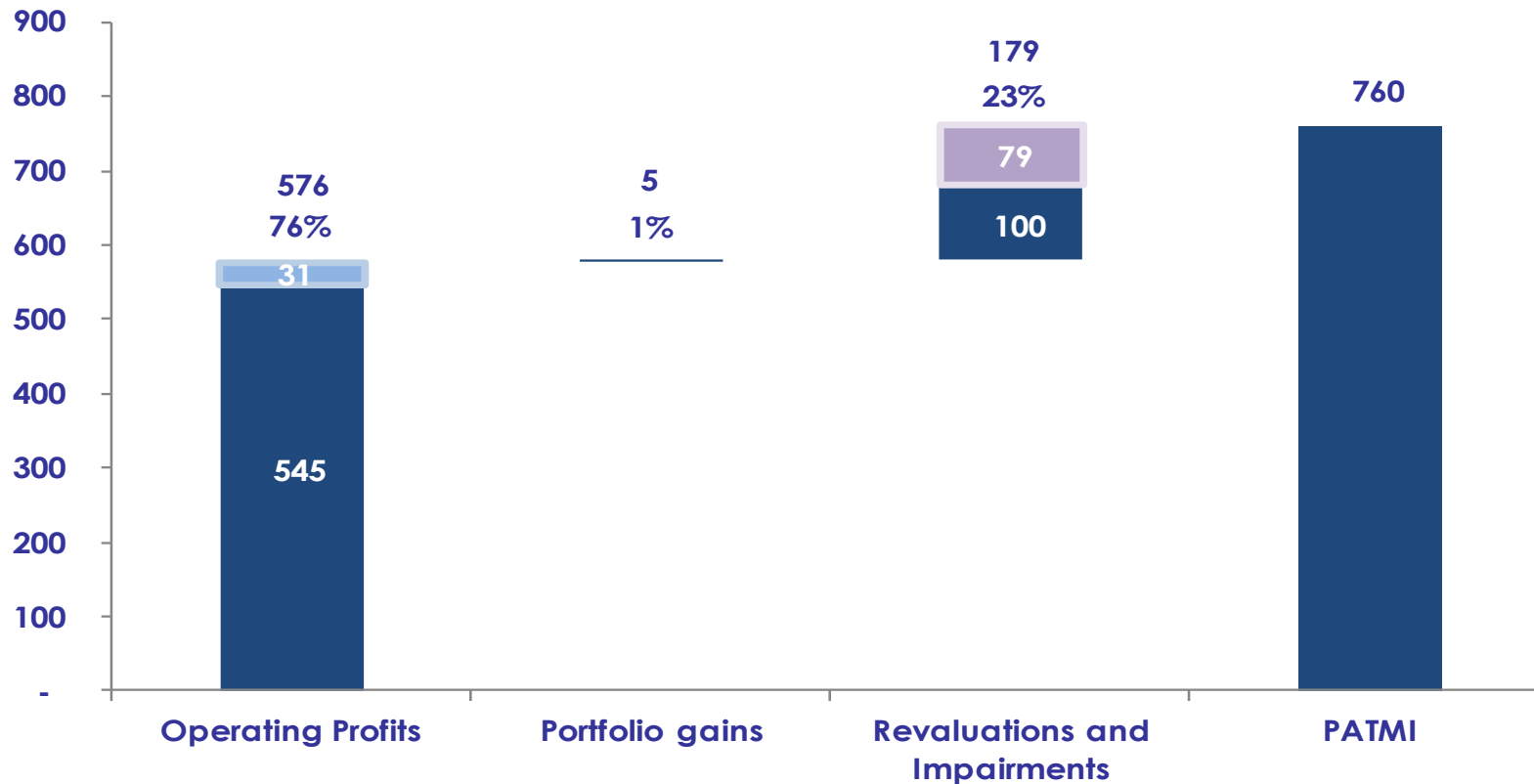
## Note:

- Operating PATMI YTD Sep 2016 includes fair value gain of \$30.5 million ("Gain Due To Change In Use") arising from change in use of Raffles City Changning Tower 2; Operating PATMI YTD Sep 2015 includes Gain Due To Change In Use of \$170.6 million arising from change in use of three development projects in China, Ascott Heng Shan (\$44.7 million), The Paragon Tower 5 & 6 (\$110.3 million), and Raffles City Changning Tower 3 (\$15.6 million). The use of these four projects were changed from construction for sale to leasing as investment properties. These projects are located at prime locations in Shanghai and the Group has changed its business plan to hold these projects for long-term use as investment properties.



# YTD Sep 2016 PATMI Analysis

S\$ Million



■ Fair value gain arising from change in use of RCCN Tower 2 ■ Realised revaluation gains from divestment of CapitaGreen and Somerset ZhongGuanCun

Cash PATMI<sup>1</sup> as a percentage of YTD Sep 2015 PATMI is 57%

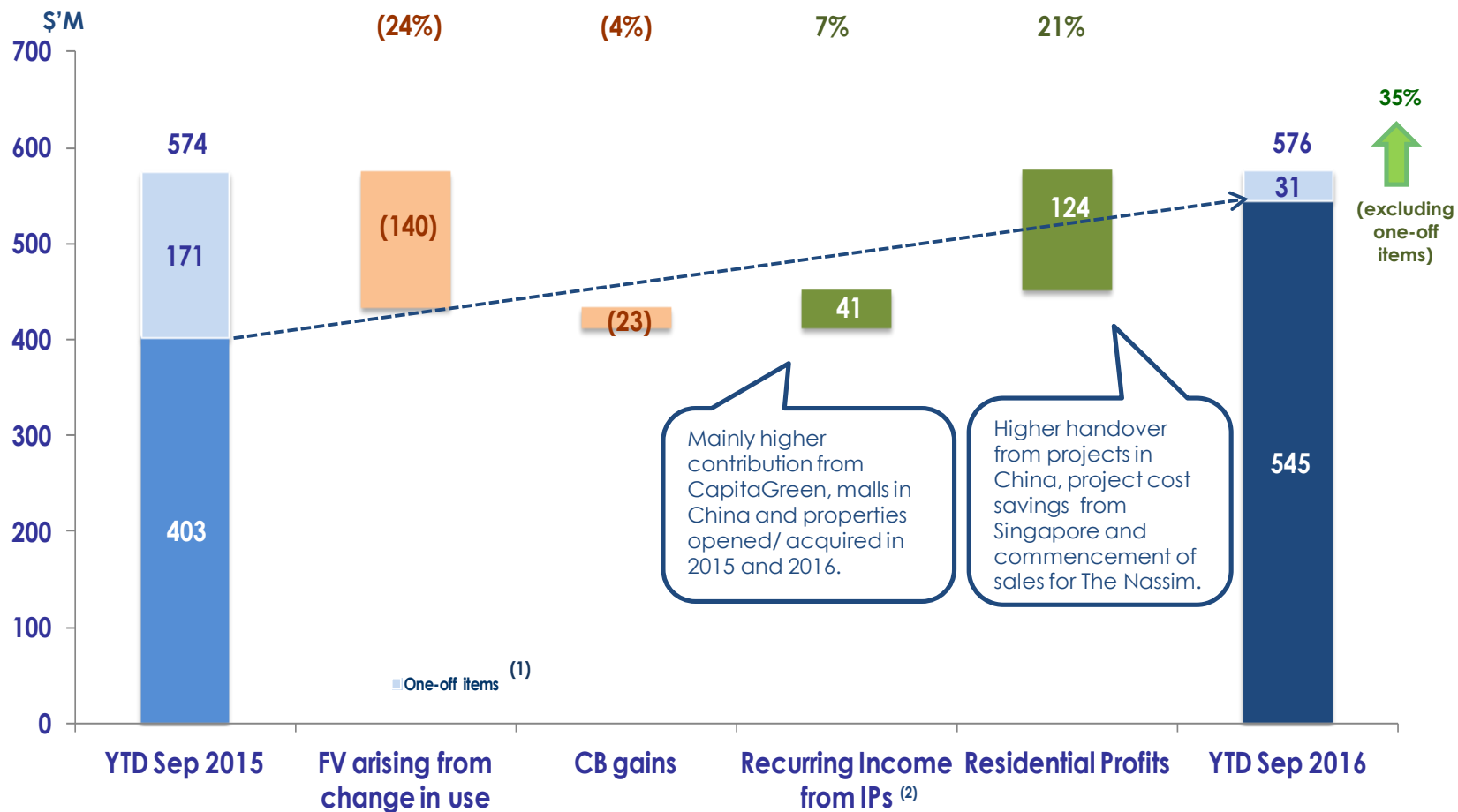
**Cash PATMI<sup>1</sup> Comprises 83% Of Total PATMI**

Note:

1. Cash PATMI defined as Operating Profits (excludes fair value gain due to change in use), Portfolio Gains/ Losses and Realised Revaluation Gains



# Operating PATMI YTD Sep 2016 VS. YTD Sep 2015



Note :

(1) One- off items for YTD Sep 2016 \$31M (YTD Sep 2015: \$171M) relate to fair value gains from change in use of properties.

(2) Includes corporate costs.



# Balance Sheet & Liquidity Position

## Leverage Ratios

<b>Net Debt/Total Assets<sup>1</sup></b>
<b>Net Debt/Equity</b>

## Coverage Ratios

<b>Interest Coverage Ratio<sup>2</sup></b>
<b>Interest Service Ratio<sup>2</sup></b>

## Others

<b>% Fixed Rate Debt</b>
<b>Ave Debt Maturity<sup>3</sup> (Yr)</b>
<b>NTA per share (\$)</b>

FY 2015
0.28
0.48
6.1
6.7
70%
3.7
4.11

3Q 2016
0.27
0.47
5.8
7.6
71%
3.5
3.90

**Balance Sheet Remains Robust**

Note:

1. Total assets excludes cash
2. On run rate basis. Interest Coverage Ratio = EBITDA/ Net Interest Expenses; Interest Service Ratio = Operating Cashflow/ Net Interest Paid. EBITDA includes revaluation gain
3. Based on put dates of Convertible Bond holders





# Ample Financial Capacity

~\$8.2 Billion Cash And Undrawn Facilities Add Balance Sheet Strength

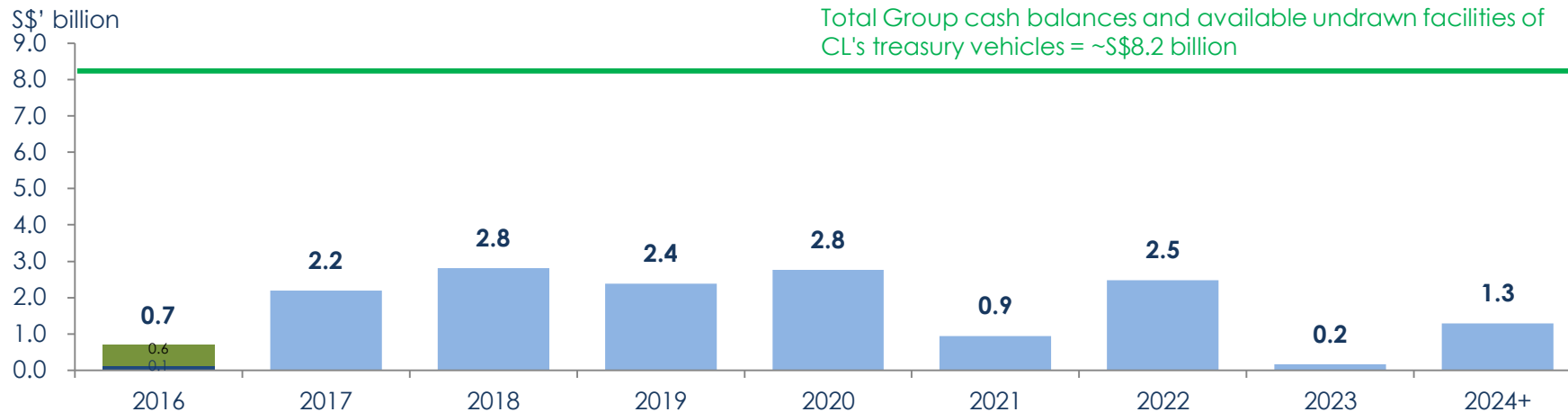
As At 30 Sep 2016	S\$ Billion
Total Available Undrawn Facilities	4.0
Cash Balance	4.2
<b>Total Cash Balance And Available Undrawn Facilities</b>	<b>8.2<sup>(1)</sup></b>

Note:

1. Group cash balance and available undrawn facilities at CapitaLand's treasury vehicles

# Debt Maturity Profile (As At 30 Sep 2016)

## Plans In Place For Refinancing / Repayment Of Debt Due In 2016



On Balance Sheet Debt Due In 2016 (Excluding REITs <sup>(1)</sup> )	S\$B
To be refinanced	0.2
To be repaid	0.4
<b>Total</b>	<b>0.6</b>

■ Debt to be repaid or refinanced as planned

■ REIT level debt

## Well-managed Maturity Profile<sup>(2)</sup>

Note:

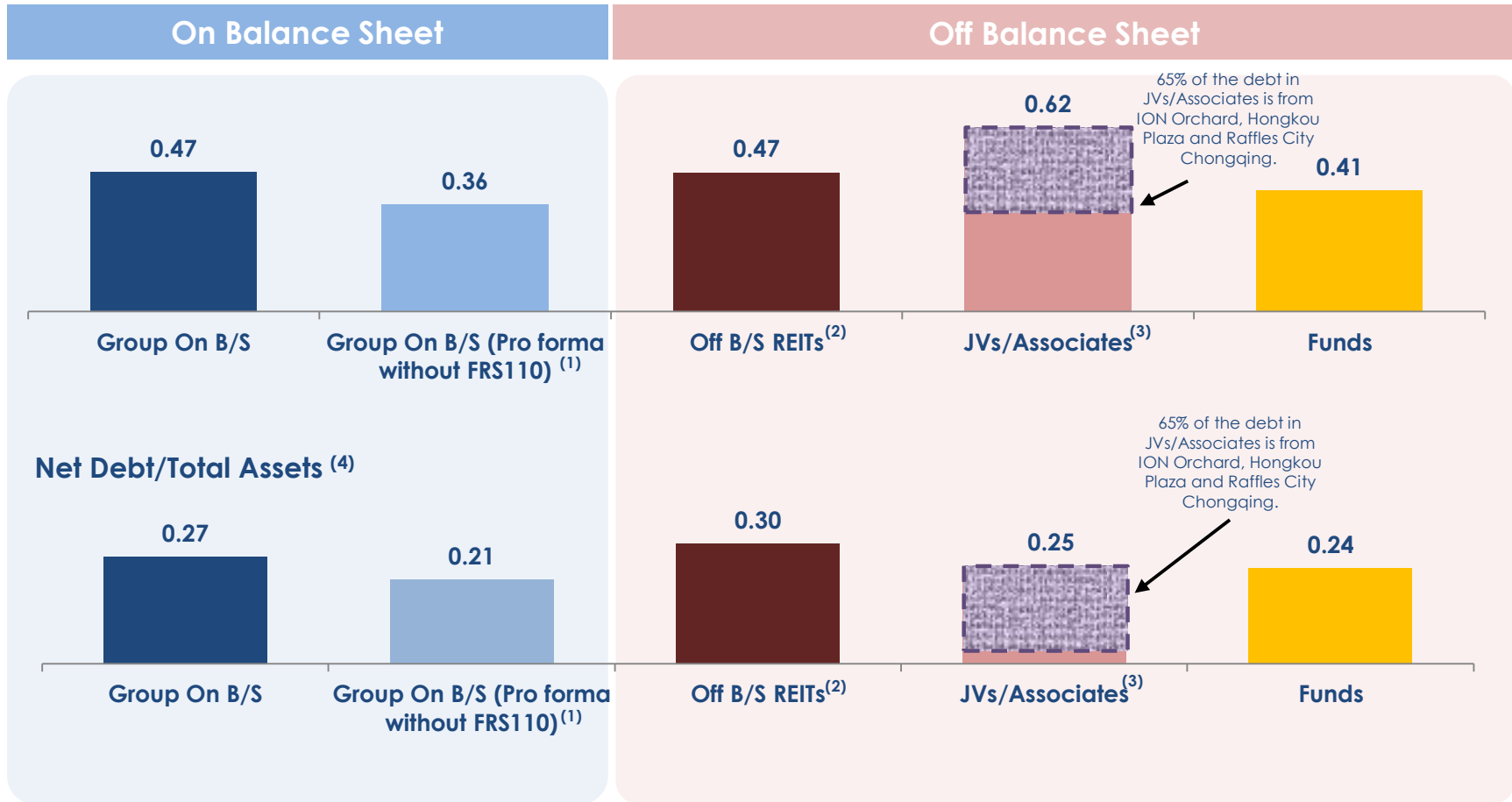
(1) Ascott Residence Trust (ART), CapitaLand Commercial Trust (CCT) and CapitaLand Malaysia Mall Trust (CMMT).

(2) Based on the put dates of the convertible bonds.



# Prudent Management Of Look-Through Debt

(As At 30 Sep 2016)



## Well-Managed Balance Sheet

Note:

- (1) The Group consolidated Ascott Residence Trust, CapitaLand Commercial Trust (CCT) and CapitaLand Malaysia Mall Trust under FRS110.
- (2) REITs data comprises CapitaLand Mall Trust (CMT), CapitaLand Retail China Trust and Raffles City Trust (Raffles City Singapore – an associate of CCT and CMT).
- (3) JVs/Associates exclude investments in Central China Real Estate Limited and Lai Fung Holdings Limited.
- (4) Total assets excluding cash.





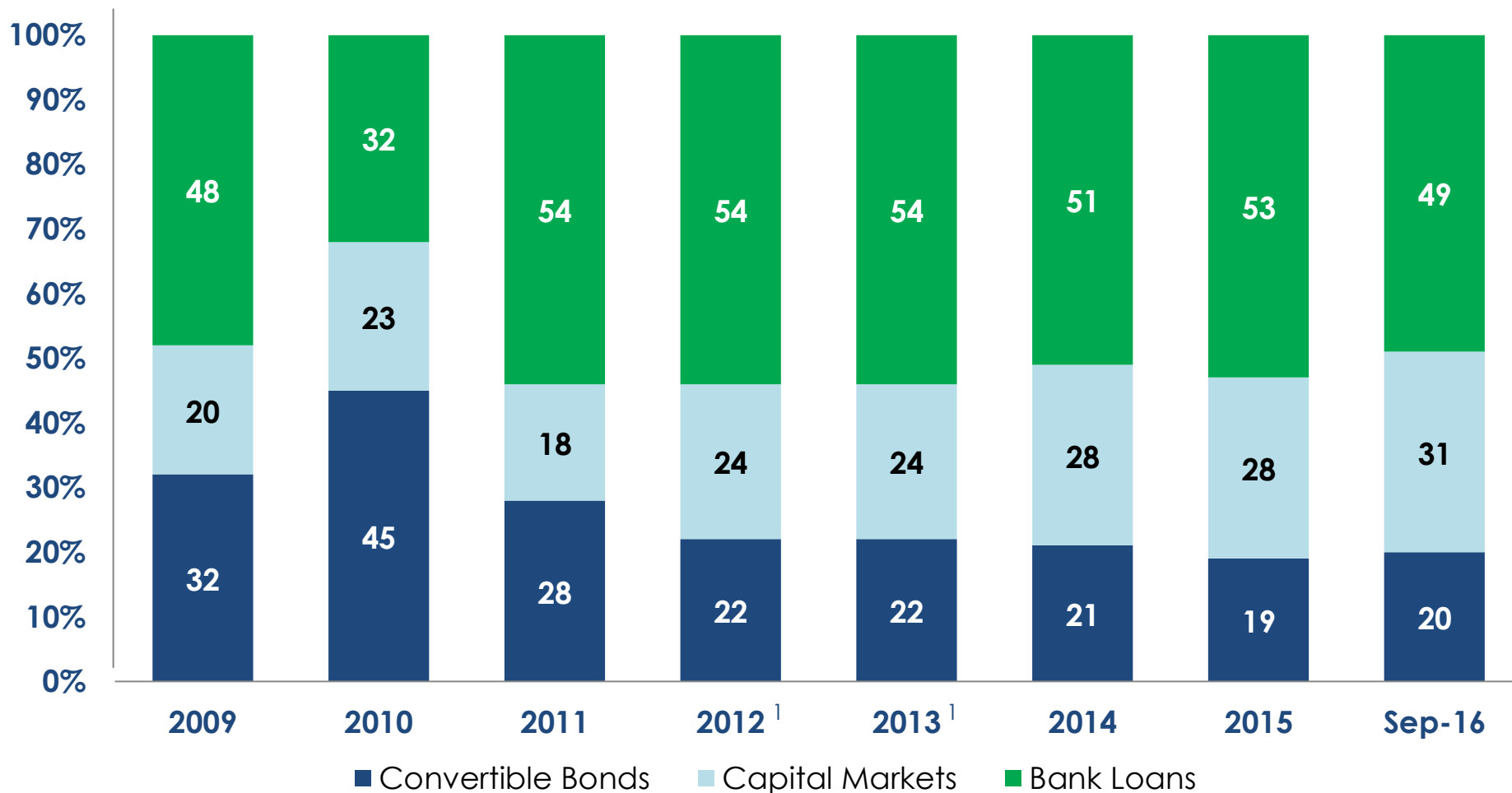
# Active and Prudent Capital Management



Raffles City Beijing, China

# Strong Ability To Access Capital Markets

% of total debt

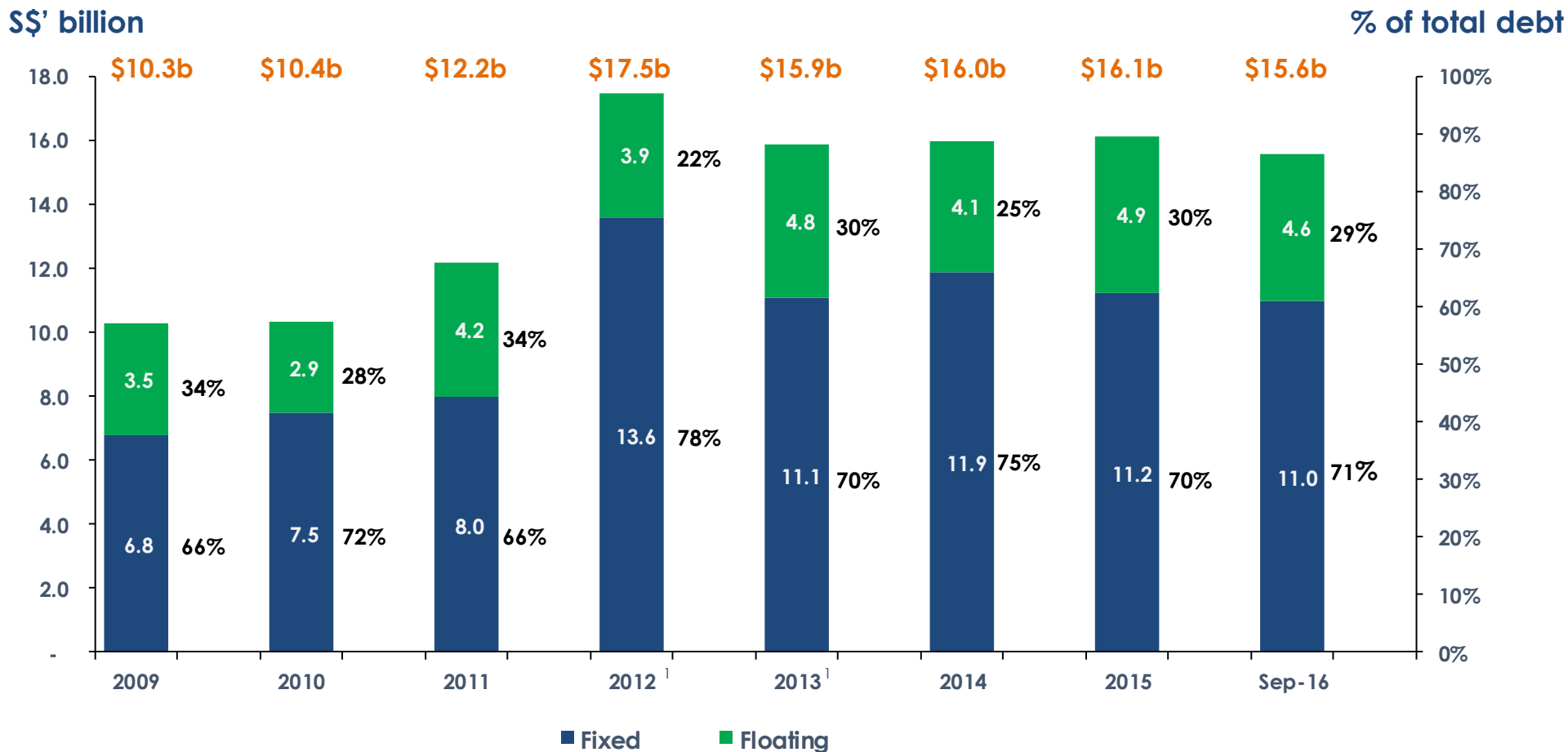


Note:

1) Restated balance to take into account the retrospective adjustments arising from FRS 110.

# Good Mix Of Fixed And Floating Interest Rates

Well-Mitigated Against Any Interest Rate Increase



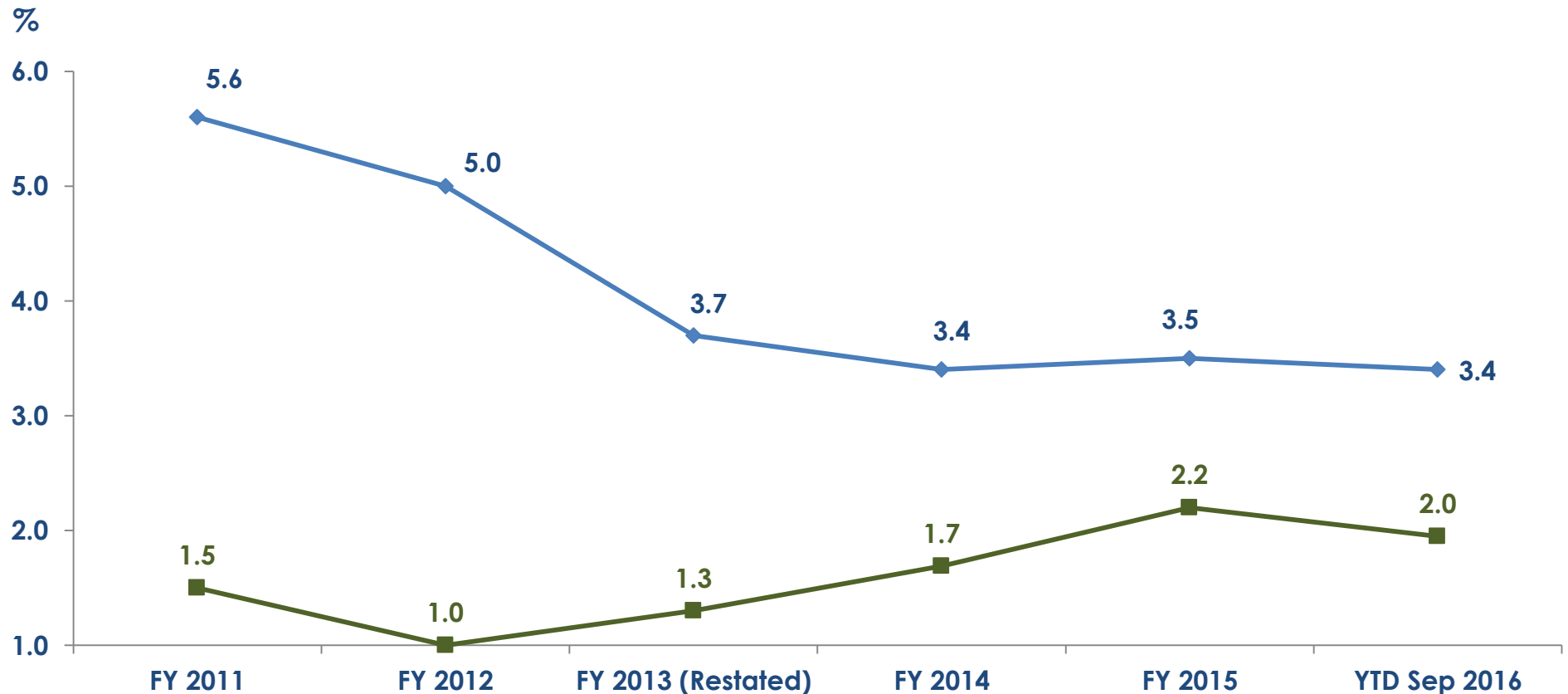
Note:

1. Restated balance to take into account the retrospective adjustments arising from FRS 110.



# Disciplined Cost Management

Implied Interest Rates<sup>2</sup> Kept Low At 3.4%



Note:

1. Implied interest rate for all currencies = Finance costs before capitalisation/Average debt.
2. Implied interest rate for all currencies before restatement was 4.2%.
3. Straight annulisation



# Differentiating Ourselves Through Investment Management

One George Street, Singapore







# One Of Asia's Leading Fund Managers

**S\$47.0b AUM**

As of 30 Sep 2016

**5 Listed REITs\***

**16 Private Equity Funds**

### Asia & Europe (2)

- **Ascott Residence Trust\***
- Ascott Serviced Residence (Global) Fund

### India (1)

- CapitaLand Mall India Development Fund

### Japan (1)

- CapitaMalls Japan Fund

### Vietnam (1)

- Vietnam Joint Venture Fund

### Malaysia (1)

- **CapitaLand Malaysia Mall Trust\***

### Singapore (2)

- **CapitaLand Mall Trust\***
- **CapitaLand Commercial Trust\***

### China (13)

- **CapitaLand Retail China Trust\***
- CapitaLand Mall China Income Fund I
- CapitaLand Mall China Income Fund II
- CapitaLand Mall China Income Fund III
- CapitaLand Mall China Development Fund III
- CapitaLand China Development Fund II
- Ascott Serviced Residence (China) Fund
- Raffles City China Fund
- Raffles City Changning JV
- CTM Property Trust
- CapitaLand Township Development Fund I
- CapitaLand Township Development Fund II
- Raffles City China Investment Partners III

CapitaLand Pioneered the Development of the REITs Industry in Singapore With the Listing of the First Local and Offshore REITs in Singapore





# Launched Raffles City China Investment Partners III (RCCIP III) – 25 Oct 2016

- Largest private equity partnership established by CapitaLand
- Fund closed at US\$1.5 billion (equity portion)
- CL subscribed a sponsor stake of 41.7%, CPPIB – 25%, and the remaining 33.3% by three capital partners from Asia, North America and Middle East (both new and existing capital partners)
- Fund will invest in “Raffles City” branded integrated developments or brown-field acquisitions in prime commercial centers in Tier 1 and selected upper Tier 2 cities in China including Beijing, Shanghai, Guangzhou, Shenzhen, Chengdu, Chongqing, Nanjing, Suzhou, Tianjin, Wuhan and Xi’an that meet the investment criteria of the Trust
- Launch of RCCIP III brings us closer towards goal of raising funds of up to S\$10 billion by 2020



# Real Estate Investing In Low-Growth Environment

## Real Estate vs. Other Asset Classes

- 1 **Equity returns less attractive on a risk adjusted basis**
- 2 **Depressed / negative bond yields**
- 3 **Other alternative asset classes not delivering returns**

- **RE an attractive strategic asset class**
  - Relatively high and stable returns, protection, good diversification
- **Allocations to RE on the rise and under fulfilled**

## Real Estate Investments Implications

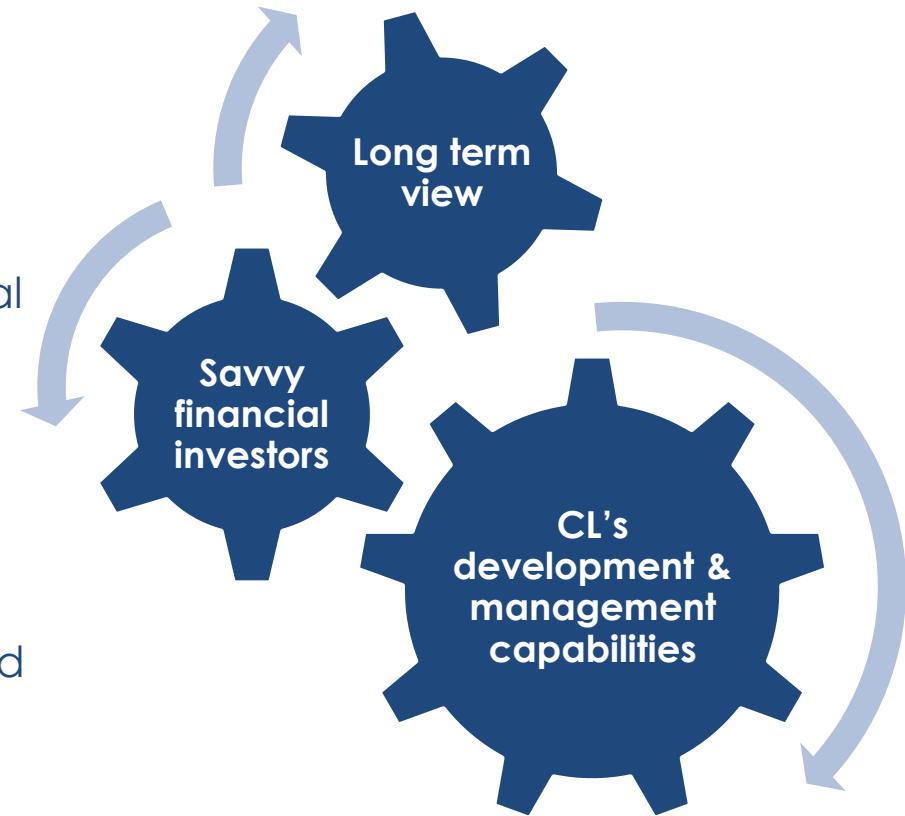
- 1 **DEFENSIVE** - Increased competition for liquid core assets with strong cash flow in gateway cities
- 2 **MOVE UP RISK CURVE** – e.g. some investors will like build-for-core
- 3 **SECULAR FUNDAMENTALS** - Investors focusing on secular / megatrends driven, less cyclical plays

- **Flight to quality / Greater sensitivity to risk**
  - Heightened focus on income quality
  - Quality insights a competitive edge
  - Investors more selective of manager / partners
- **Deep real estate domain expertise even more important for outperformance**
- **Diversify to new RE sectors with robust outlook**



# Going Forward

- **Continued importance of investment management to CapitaLand**
  - ROE-enhancing “leverage”
  - Central to the active capital management strategy of CL
  - Strategic contributions – AUM growth, Capital Recycling, ROE enhancement
- **Focus for next 4 years**
  - Deepen existing relationships; cultivate more relationships
  - More Funds/Partnerships/JVs with existing and new partners
  - Capital partnership for both CL and REITs
  - Four more new vehicles<sup>1</sup> to grow AUM worth up to S\$10 billion by 2020



Note

1. Out of the target to set up six new funds, CL already raised two funds: Ascott-QIA JV in 2015 (US\$600 million equity) and RCCIP III (US\$1.5 billion equity) in October 2016

# Conclusion

Six Battery Road, Singapore





## Conclusion

- Well-balanced portfolio enables the Group to maintain a consistent operating track record
- Prudent capital management ensures sustainable future growth
- Ability to tap on diversified sources for funds helps to preserve financial flexibility



CapitaLand

Thank You