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CapitaLand FY 2017 PATMI increases 30.3% to S$1.55 billion

Proposes ordinary dividend of 12 Singapore cents per share

Singapore, 13 February 2018 – CapitaLand Limited achieved a total PATMI of S$1,550.7 million in FY 2017, 30.3% higher than PATMI for FY 2016 of S$1,190.3 million. Operating PATMI for FY 2017 increased S$43.0 million or 5.0% to a record high of S$908.3 million, on account of higher contribution from development projects in Singapore and newly acquired and opened shopping malls and serviced residences. The increase in total PATMI was also due to higher portfolio and fair value gains from divestments of Innov Tower in China, One George Street and Wilkie Edge in Singapore, as well as serviced residence properties in Germany, China and Japan.

For 4Q 2017, the Group registered PATMI of S$267.7 million and operating PATMI of S$159.4 million. The lower PATMI and operating PATMI compared to the corresponding quarter were mainly due to lower handover of units for development projects in China.

Revenue for FY 2017 decreased 12.2% to S$4,609.8 million mainly due to lower completion and handover of units from development projects in China, partially mitigated by rental contribution from newly acquired and opened properties, as well as the consolidation of revenue from CapitaLand Mall Trust (CMT), CapitaLand Retail China Trust (CRCT) and RCS Trust (RCST)[1]. The major handover in FY 2017 for development projects in China include Summit Era in Ningbo, One iPark in Shenzhen, Century Park West in Chengdu, The Beaufort in Beijing and International Trade Centre in Tianjin.

The Group achieved an EBIT of S$3,110.5 million for FY 2017, 31.8% higher than the S$2,359.5 million for FY 2016. Singapore and China markets remain the key contributors to EBIT, accounting for 87.8% of total EBIT, up from 83.5% in FY 2016.

[1] With effect from August 2017, the Group consolidated the financial results of CMT, CRCT and RCST which were previously equity accounted as associates and joint venture. The consolidation of these three trusts increased Group's FY 2017 revenue, EBIT and PATMI by S$425.8 million, S$278.2 million and S$12.0 million respectively.

Financial highlights

	FY 2017 (S$ m)	FY 2016 (S$ m)	Variance (%)	4Q 2017 (S$ m)	4Q 2016 (S$ m)	Variance (%)
Revenue	4,609.8	5,252.3	(12.2)	1,212.6	1,852.8	(34.6)
Earnings before interest and tax (EBIT)	3,110.5	2,359.5	31.8	710.6	815.8	(12.9)
Total PATMI	1,550.7	1,190.3	30.3	267.7	430.5	(37.8)
Operating PATMI[2]	908.3	865.3	5.0	159.4	289.1	(44.9)

Mr Ng Kee Choe, Chairman of CapitaLand Limited, said: "Amidst market headwinds, our sustained growth momentum attests to the quality of CapitaLand's earnings and our commitment to create and deliver long-term sustainable value to shareholders. In line with CapitaLand's policy to grow dividends on a sustainable basis, the Board is proposing a final ordinary dividend of 12 Singapore cents a share for FY 2017. This is 2 cents higher than the FY 2016 dividend of 10 Singapore cents a share."

Mr Lim Ming Yan, President & Group CEO of CapitaLand Group, said: "CapitaLand achieved total PATMI of S$1.55 billion for FY 2017, the highest PATMI recorded since FY 2008. CapitaLand's resilient financial performance has enabled the Group to deliver a return on equity of 8.5% for FY 2017, compared to 6.6% in FY 2016. Largely attributable to the success of our active portfolio reconstitution strategy, we unlocked S$2.6 billion through divestments and announced S$5.7 billion of new investments in FY 2017."

The Group has enhanced the quality of its portfolio of assets extensively in FY 2017, with the acquisition of numerous prime assets, including Asia Square Tower 2 in Singapore; Rock Square in Guangzhou; a commercial building, Innov Center, with an adjacent site in Wujiaochang decentralised business district in Shanghai; and the Main Airport Center commercial building in Frankfurt, Germany.

CapitaLand sold 1,409 residential units in Vietnam to achieve record sales of S$459.6 million, 63% higher than the S$282.1 million achieved in FY 2016. The sales were mainly from Seasons Avenue, Feliz en Vista, Mulberry Lane and d'Edge. The Group also recorded higher sales value in Singapore at S$1,479 million from 407 residential units sold in FY 2017 compared to S$1,415 million in FY 2016. For FY 2017, 8,497 units were sold in China at a value of approximately S$3.1 billion (2016: 10,738 units; S$3.7 billion). The lower sales was primarily due to fewer units available for sale, with over 10,000 available units in FY 2017, as compared to over 12,000 available units last year. The sales were mainly from La Botanica in Xi'an, The Metropolis in Kunshan, Citta Di Mare in Guangzhou, Raffles City Residences in Chongqing, Vermont Hills in Beijing, New Horizon in Shanghai, Summit Era in Ningbo, and Sky Habitat, the SOHO units of Raffles City Hangzhou.

[2] Operating PATMI refers to profit from business operations excluding any gains or losses from divestments, revaluations and impairments. Operating PATMI for FY 2017 included a gain of S$160.9 million from the sale of 45 units of The Nassim in 1Q 2017. Operating PATMI for FY 2016 included a fair value gain of S$30.5 million which arose from the change in use of a development project in China, Raffles City Changning Tower 2 in 1Q 2016. The change in use of the development was due to a reclassification of the project from construction for sale to leasing as an investment property.

In FY 2017, CapitaLand expanded its network of malls in key city clusters through two acquisitions in China and Japan, six new mall openings in China and Malaysia, and five management contracts secured in China and Singapore. A record of 1.2 million square metres of retail gross floor area expanded across the four countries during the year. This expansion increased the Group's recurring income base and affirms its 'core city clusters, dominant assets' strategy of maximising return on investments.

FY 2017 was The Ascott Limited's strongest year with about 24,000 units added to its global portfolio through investments, management contracts and franchise agreements, including new markets such as South America and Africa. During the year, Ascott also opened 18 properties with close to 3,800 units. As Ascott is set to surpass its 80,000-unit target well ahead of 2020, it now aims to double its portfolio to 160,000 units by 2023.

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 more than S$88 billion as at 31 December 2017, 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 strengthened its global investment portfolio in 4Q 2017. The Group acquired its first office building in Germany in December. The freehold multi-tenanted office building in Frankfurt, Main Airport Center, was acquired at an agreed value of €245 million (S$392 million) through a joint venture. In November, the Group acquired its 11th residential development in Vietnam. Located in Ho Chi Minh City, the 1.45-hectare site will be developed into an 870-unit residential development with a retail component at a total value of US$177 million (about S$247 million).

CapitaLand continued to build its dominance in China. In November, the Group opened Suzhou Center Mall, its first mall in Suzhou and largest mall in its portfolio. With a total gross floor area (GFA) of close to 300,000 square metres (sq m) and over 600 retail brands, it is also the largest mall in Suzhou. The mall's opening marked a record year for CapitaLand as approximately one million sq m of retail space turned operational in 2017, the Group's largest retail GFA offering in a single year. Also in November, CapitaLand and CapitaLand Retail China Trust formed a joint venture to acquire Rock Square at an agreed value of RMB3,340.7 million (about S$684.8 million). The 84,000 sq m shopping mall is in the first-tier city of Guangzhou. In December, CapitaLand acquired a commercial site in Wujiaochang decentralised business district in Shanghai for RMB838 million (about S$171 million), with plans to develop a Grade A office on the site. This follows its acquisition of the adjacent Innov Center which received strong leasing demand.

As part of its growth strategy to focus on core city clusters and dominant assets in China, CapitaLand reconstituted its retail portfolio by divesting 20 malls in China, located in mostly third-tier cities, at an agreed value of RMB8,365 million (about S$1,705 million) in January 2018. In the same month, CapitaLand signed a Strategic Cooperation Memorandum of Understanding with the district government of Wuchang to explore investing in an integrated development in Wuhan.

CapitaLand accelerated its innovation through strategic partnerships in China and Singapore. In November 2017, the Group forged a new alliance with China UnionPay to launch cashless payment in China through its CapitaStar app. CapitaLand also sealed collaborations with leading Chinese players to launch a China-focused venture fund and roll out facial recognition technology at CapitaLand offices and malls in China and Singapore. In Singapore, the Group launched a S$10-million partnership with the Singapore Economic Development Board. Named CapitaLand ELEVATE, the programme aims to upskill CapitaLand's staff and develop technology-enablers for the company to seize opportunities to build real estate of the future.

Ascott boosted its record growth year with its first foray into Africa in December 2017. It secured contracts to manage Ascott 1 Oxford Street and Kwarleyz Residence in Ghana's capital of Accra. In January 2018, Ascott exceeded its target of 20,000 units for China, ahead of its planned schedule of 2020, as it clinched contracts to manage nine properties with over 2,000 units. Ascott made inroads into Harbin and Zhuhai while widening its presence in Chongqing, Foshan, Shanghai and Wuxi. Also in January, Ascott secured contracts to manage four properties with 1,200 units in Cebu, Davao, Guangzhou and Malacca. On track to surpass 80,000 units by 2018, Ascott ramped up its expansion plans with a target to double its portfolio to 160,000 units by 2023.