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CapitaLand 2Q 2017 PATMI increases 97% to S\$579.3 million

Singapore, 3 August 2017 – CapitaLand Limited achieved total PATMI of S\$579.3 million in 2Q 2017, a 97% increase as compared with 2Q 2016. This was attributable to better operating performance, higher revaluation gains from investment properties in Singapore and China, as well as higher portfolio gains arising mainly from the divestments of Innov Tower in China and 18 rental housing properties in Japan. Operating PATMI for 2Q 2017 increased 20.5% to S\$206.8 million, mainly due to higher contributions from development projects in China, and newly acquired properties in Japan and the U.S.

Group revenue for 2Q 2017 of S\$992.4 million was 12.3% lower than 2Q 2016 mainly due to lower contribution from development projects in Singapore, partially mitigated by higher contribution from development projects in China and higher rental income from newly acquired and opened properties. The development projects that contributed to the revenue this quarter include Victoria Park Villas in Singapore as well as Beaufort in Beijing and Summit Era in Ningbo, China.

The Group achieved an EBIT of S\$987.8 million in 2Q 2017, 67.1% higher than 2Q 2016's EBIT of S\$591.1 million. Singapore and China remain the key contributors to EBIT, accounting for 88.0% of total EBIT (2Q 2016: 78.1%).

Financial highlights

	2Q 2017 (S\$ m)	2Q 2016 (S\$ m)	Variance (%)	1H 2017 (S\$ m)	1H 2016 (S\$ m)	Variance (%)
Revenue	992.4	1,131.7	(12.3)	1,889.9	2,025.8	(6.7)
Earnings before interest and tax (EBIT)	987.8	591.1	67.1	1,606.5	1,049.3	53.1
Total PATMI	579.3	294.0	97.0	966.1	512.3	88.6
Operating PATMI ¹	206.8	171.6	20.5	544.6	324.4	67.9

¹ Operating PATMI refers to profit from business operations excluding any gains or losses from divestment, revaluation and impairment. Operating PATMI for 1H 2017 included a gain of S\$160.9 million from the sale of 45 units of The Nassim in 1Q 2017. Operating PATMI for 1H 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.

Mr Lim Ming Yan, President & Group CEO of CapitaLand Limited, said: “CapitaLand has achieved another quarter of strong growth. Our PATMI for 2Q 2017 increased 97% to S\$579.3 million compared to 2Q 2016. Total PATMI at the half-year mark stands at S\$966.1 million. The quality of the Group’s earnings has also improved with profits from business operations higher than the same period last year, attributable to steady recurring income from our investment properties and management contracts, and realised gains from our trading properties which include residential and office strata sales. Our earnings per share almost doubled for both 2Q 2017 and 1H 2017 compared to the same periods a year ago.”

Year to date, the Group has divested S\$2.37 billion worth of assets and deployed S\$2.04 billion to higher yielding ventures across various asset types and geographies. New investments include Innov Center in Shanghai, China; office and retail assets in Greater Tokyo, Japan; as well as serviced residence properties and effective stakes in third party operating platforms in the U.S., Australasia and China. In addition, the Group will deploy an additional S\$1.64 billion for the redevelopment of Golden Shoe Car Park based on its 90% stake of the new landmark integrated development which is estimated to cost S\$1.82 billion.

In 2Q 2017, the retail components of three Raffles City developments in Shenzhen, Changning District in Shanghai and Hangzhou, together with the CapitaMall Westgate integrated development, commenced operations. Since embarking on the Group’s mall network expansion strategy in August 2016, CapitaLand has secured six management contracts in Singapore and China to date, growing the portfolio by close to 300,000 square metres within a year.

Year to date 2017, the Group’s serviced residence arm, The Ascott Limited, has added 35 properties to its portfolio through investments, management contracts and franchise agreements, including its first two franchise properties in Brazil, its first Citadines property in the U.S., and its first three lyf properties in Singapore and China.

Mr Lim added: “We will continue to reconstitute our portfolio by realising value of optimised assets and to redeploy capital to higher yielding assets and ventures. The positive momentum of our mall’s network expansion as well as Ascott’s global platform will provide key data points on the flow of people, businesses and capital for us to make major capital deployment decisions.”

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\$80 billion as at 30 June 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

In Singapore, CapitaLand announced the sale of Wilkie Edge and the divestment of a 50% stake in One George Street. In line with the Group's portfolio reconstitution strategy, part of the proceeds will be reinvested into the redevelopment of Golden Shoe Car Park into a 280-metre tall, 51-storey landmark integrated development in the heart of Singapore's Central Business District. This will be undertaken by a joint venture among CapitaLand Limited, CapitaLand Commercial Trust and Mitsubishi Estate Co., Ltd. formed in July 2017. The total development is estimated to cost S\$1.82 billion. With a gross floor area of about one million square feet (sq ft), the new integrated development will rise to be on par with the tallest buildings in Raffles Place. It will feature 29 floors of premium Grade A office space on the top floors spanning 635,000 sq ft of net lettable area, an eight-storey, 299-unit serviced residence to be managed by The Ascott Limited, five floors of car park and 12,000 sq ft of ancillary retail space.

CapitaLand strengthened its foothold in China in 2Q 2017. In May, the Group reached another milestone with the successful opening of four landmark integrated developments - Raffles City Shenzhen, Raffles City Changning in Shanghai, Raffles City Hangzhou, as well as CapitaMall Westgate in Wuhan. In June, the Group acquired Innov Center, a newly completed office development in Yangpu District, Shanghai. In tandem with the acquisition, CapitaLand divested Innov Tower, an eight-year-old office building located in Shanghai's Xuhui District. In the same month, CapitaLand expanded its mall network with three new management contracts in China. Over 115,000 square metres (sqm) were added to the Group's retail footprint in Chengdu, Foshan and Shanghai, which are among China's 10 largest cities.

Ascott launched its new coliving concept in China as it seizes to capture the booming millennial market and shape the future of travel. In June, it secured contracts to manage its first three lyf properties - lyf Wu Tong Island Shenzhen and lyf DDA Dalian in China, and lyf Farrer Park Singapore. Also in June, Ascott clinched seven new contracts to manage over 1,300 apartments across six cities in China, surpassing its 100th property milestone in the country. These new properties were Ascott's first foray into Kunming and Yichang while deepening its presence in Chongqing, Dalian, Shenzhen and Xuzhou.

Stepping up its global portfolio expansion, Ascott acquired an additional 60% stake in Quest Apartment Hotels in July 2017 to become the largest serviced residence provider in Australasia, increasing its stake in the company to 80%. In the U.S., Ascott acquired a prime property, Hotel Central Fifth Avenue New York in May 2017, which will be rebranded in 2018 to become the first Citadines serviced residence in the country. Ascott further expanded its footprint in the U.S. in July by acquiring an 80% stake in Synergy Global Housing, a leading accommodation provider in the U.S. This follows Ascott's foray into South America in April through franchise agreements for two Citadines serviced residences in São Paulo, Brazil. Ascott now has close to 70,000 units, on track to surpass its global portfolio target of 80,000 units well ahead of 2020.

CapitaLand continued to see potential in growing its assets under management in Japan to S\$5 billion, which could include income-producing shopping malls, serviced residences and offices. This was announced at the grand opening of Ascott Marunouchi Tokyo in early June 2017.