CapitaLand Investment (CLI) 1H 2026 Financial Results Webcast
Transcript of the Question & Answer Session
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Question & Answer Session

Mervin Song, JP Morgan: **Congrats, Chee Koon and team on an excellent set of results. Good end to your five-year journey, or close to five-year journey. I am sure it was a lot of hard work to deliver these very strong results. If we can go to slide 15: In terms of the non-core businesses, that S$7-9 billion divestment target, what's your timeframe to deliver on that? In terms of capital allocation, is there a percentage that you may want to return to shareholders, be it via dividends or buybacks? In terms of non-strategic holdings in REITs, what does that exactly mean? Is it (referring to) some of the REITs where you are not quite sure about on growth, or you may want to pare down to 15% or even lower? And if you pare down, are you thinking about a distribution in-specie (DIS) or a block trade?**

PT: I will leave the timeframe part to Chee Koon. On the numbers, the majority of the S$7-9 billion that we see as embedded value is largely balance sheet and legacy fund investments. While a large part of that is in China, that also includes other assets we have in the portfolio, whether in Singapore, India, or Europe, which we would like to divest as well. It does include some excess REIT holdings, which I don't think is new to any of you. We have always talked about holding about 15% in our REITs. For CapitaLand Ascendas REIT, we already are at 16%, so I don't think that is a big change. If you look at our c.S$8 billion of REIT units – if we were to average about 15% (holding), that will bring us down to c.S$6 billion, so there is a couple of billion there that can be returned.

We have not quite landed on how we will use that (S$7-9 billion) capital. Our expectation is that at least half would be reinvested for growth. We believe there are a lot of opportunities, whether in living or in credit, where we can invest the money for growth. We would also like to pay down some debt as well, and I would imagine at least a third could possibly be returned to shareholders.

I don't expect us to do a DIS. It is something that we considered, but generally, there is usually a long period between announcement and the holding period. We have done block trades on some of our REITs, and only in large blocks. We will not do anything that would impact the REIT unit prices. We are not in urgent need to pare down stake, but with the REIT units and what we have on balance sheet, this gives us capital for growth, and for return to shareholders.

LCK: In terms of timing, we will share more details later. We are setting up a dedicated team to look at selling down our stakes in the funds and balance sheet assets, including some of the smaller sub-scale strategies that were formed, because we want to focus on doing larger, scalable funds. What's encouraging is that we are having conversations with LPs who want us to focus on deploying capital in a meaningful way on dedicated strategies. We need to make sure that we channel our resources correctly, sunset the smaller strategies, and focus on building the repeatable, bigger strategies with higher margins that can have a better flow-through to the bottom line.

Derek Tan, DBS: **First question is on Ascott. I see Ascott as key to the Group. Just wondering whether, as part of your value unlock strategy, do you need to hold 100%? My second question is, as you pivot to growth and you also want to sell, are you unlocking value first in your next few steps in your strategy, or are you concurrently looking at new platforms to buy? For new platforms, are you more interested in FUM or operating capability?**

LCK: When we look at new investments, it has to make sense. It has to deliver ROE and be accretive to our investors. One of the businesses that we are ready to invest is Credit. For (credit) deals that we are looking at, we are very comfortable with the underwriting, where the returns are more than 10%.

We are not opposed to acquiring operating capabilities that can help drive our FUM growth. In terms of platforms, we will be selective. It has to make sense, and it has to be accretive. Except for the big GPs, many platforms today are struggling to fundraise, yet multiples for many remain high. The question is whether you want to pay multiples for platforms that are no longer raising capital, and we want to be careful about that.

In terms of divestments, the discipline is that as long as we can recycle capital at a fair price, we will prioritise them. Because with the capital that is unlocked, redeploying it into better investments or returning excess capital to shareholders are good options. We want to be very disciplined in terms of the use of capital.

The conversations that we are having and our ability to raise bigger funds also mean we don't need such a big balance sheet. We can be a lot more capital efficient in the way we run our business. When we first started in 2021 on this asset management journey, we were confronted with rising interest rates, the Ukraine war and a slowdown in China, which made fundraising difficult. We had to work very hard to convince people to work with us, but that difficulty is over and behind us, and that's why we are more confident that we can run with a much smaller balance sheet going forward.

AL: You raised a very interesting question, Derek, about acquisition of FUM versus operating capability. I would take the latter in a heartbeat. For the reasons Chee Koon mentioned – FUM is expensive now. If you're paying a forward multiple, you have to be confident that the ability to continue to raise FUM is there, and we question that ability. So, we are being very circumspect about acquiring FUM, and that's the right discipline we should have.

But the question around operating capability is interesting. Look at the sectors that we have chosen, it's because we believe there are secular tailwinds – hospitality, living, logistics, self-storage, commercial.

I will defer to Kishore on the alternatives side, but on the real estate side, all these sectors require operating capabilities to generate alpha for investors, and our LPs are telling us this very clearly. If you're heading into an environment where your LPs are increasingly discerning and careful about how they are deploying capital, then as a GP, our ability to deliver alpha, to sweat our assets and bring operational expertise to the sectors that we have chosen is a fundamental ingredients in our narrative to LPs; and of our right to play and right to win.

Across our sectors, we have got two phenomenal in-house groups: lodging management and commercial management. Lodging management ties very neatly to what we are trying to do in hospitality and, to a secondary extent, in living. Commercial management is hand-in-glove with everything that we are trying to do on the commercial side of the house.

As Chee Koon mentioned, we now have investments in interesting logistics platforms and we can do more. We have got interesting platforms in self-storage. There is a logic behind what we are investing in.

To your question about where we would deploy some of this capital that we are going to recycle, I would certainly expect us to invest more heavily in platforms that help us deliver alpha to LP capital, rather than acquiring FUM.

CK: Going back to Ascott. It is growing very nicely, and we have different enquiries from investors and LPs wanting to participate in the growth of the platform. It is asset-light and generates strong fee income, and we will be open-minded to look at this because there are interesting M&A opportunities Kevin is looking at.

As an asset manager, we need to think about whether we want to fund all the M&A on our own, or bring in LPs who can help do that and drive platform growth more efficiently. Some of the LPs or investors who participate in the platform could also be investors in our lodging or hospitality funds. It has to be a win-win when we look at these opportunities.

Joy Wang, HSBC: I want to follow up on Derek's question on platforms. You have certain platforms like Ascott that sit at the Group level and platforms that sit at the fund level. What is the ideal construct – to own all the operating capabilities over time and then raise capital below, or monetise your operating capabilities as you build up?

LCK: I don't think there's a one size fits all approach; it depends on the opportunities. We have data centre operating capabilities, which I would say is an advantage for us in India. Can I say that our data centre capabilities cut across to the developed markets? Probably no. We need to focus on how to organise it to bring in capital and grow FUM in a way that makes sense. We need to look at where our strengths are and what the market wants. We have to also listen to the LPs and align their needs with the capabilities that we have. Kishore, would you like to add?

KM: I would add that there are a couple of really good examples. There's Ascendas Firstspace (AFS) in India, which is our logistics platform. By any metric, we are probably number three in the market. The largest player is probably going to go public any day now.

We look at that as very clearly going from assets to a product to a platform to monetising for our investors. Even if we exit at some point, the IP that has been created and our ability to build, create value and monetise – that track record is more important to us in order to redeploy, either in the same, or in a different asset class. Same thing in data centres - it's going from assets to a product to a platform. We will be very targeted where we have real ability to scale and win. For both AFS and data centres, you'll see us in the next couple of months come up with clear pathways to how we are scaling which also sets a longer-term roadmap for how we are going to monetise that.

Joy Wang, HSBC: **Two other questions. One, on fee, very glad to see the fee growth. Are we at a stage where we can comfortably start to underwrite double-digit fee growth going forward, as your carry and event-driven fees start to be a meaningful contributor? The second question is on balance sheet. You say you don't need such a big balance sheet. Is share buyback still not a topic that we want to talk about?**

PT: On fee growth, if we are talking about the revenue line, yes, we are absolutely comfortable on double-digit growth. We are still investing behind a couple of our verticals, including private funds and lodging, for growth. It may not contribute directly into a double-digit P&L, but we certainly hope to get there. We also need the fee business to grow faster than it has historically, because it is making up for the drop in our real estate investment business.

CK: In terms of share buyback, the important thing is that when we recycle capital, we work with a much smaller balance sheet. If we can find interesting growth opportunities, that is always the priority to deploy. If there aren't enough good opportunities, our preference is to be able to return money to shareholders through dividends. We are not saying that we are not prepared to, but it is just a question of whether you do a share buyback or dividend payout. And our preference, if we don't invest, is to give more back to shareholders via the dividend route. It is giving back to shareholders, but in different ways.

Rachel Tan, Macquarie: **Could you give us some colour in terms of how you envision your geographic split after unlocking value? And more details on this S$7-9 billion split: how much is from China and how much is from your private funds.**

PT: I would say about two thirds of the S$7-9 billion comes from China. About 30-40% comes from our private funds. The remainder is balance sheet and excess holdings in REITs and platforms.

On the overall geographical split, the longer-term goal has not changed. The idea is that we do not want more than 20% exposure to any market. As we look at the different growth markets, we would look to increase in Australia, Japan and India. For the other markets, the guide is generally about 20% or less, with the exception of Singapore, where we have more exposure, and this being our home country, we are more comfortable with that.

Rachel Tan, Macquarie: **No Europe, U.S.?**

PT: We have about S$10 billion investments in Europe and the US right now. I would not say we are excluding growing further there, but our focus is still primarily on Asia.

CK: In Europe, if there are interesting platforms to acquire, we will. It has to make sense and it has to make us competitive in fundraising and be able to create more opportunities. We have always liked the US - it's a deep and big market. The issue is that it's very competitive, so you need to find the right opportunity and the right entry point. That way, when you go in, you go in meaningfully, and you can compete with the big boys. Otherwise, you don't get access to the deals and the capital, and you just have a platform that can't compete. Those are the considerations.

Rachel Tan, Macquarie: **My next question is on divestments. You have done the China private REIT (P-REIT), and potentially a C-REIT in the second half of the year. Should we look at these divestments to think about special dividends, and should we expect more divestments in the second half?**

PT: We are certainly working towards more divestments over the next few months. Besides China, we are looking at other assets that we have, which hopefully will go out later this year. In terms of capital return, it is something that we are still working through. We will be able to share more specifics on the plans for growth and return of capital at our Investor Day.

CK: We hope that during Investor Day, we can tell you where the growth sectors are and how we are going to deploy capital. So you have a line of sight of what we hope to do, and how we are thinking about dividends. These are questions investors will be asking, and we hope to provide clarity then.

Brandon Lee, Citi: **Just three questions. First, on the S$7-9 billion, can you give a rough estimate of the impact on core PATMI and on the NAV, and on your earlier forecast of mid-single digit growth? By doing this S$7-9 billion, what impact will we see? The second question relates to the pace of divestment - by bracketing some of these China assets into S$7-9 billion, does it mean you are going to be more aggressive? How can we be assured that this time you will execute this divestment faster than before? My last question on the 3%-4% AUM growth for the REITs. Any guidance on how you will achieve that, especially for the REITs other than CLAR and CICT?**

CK: Brandon, if I may clarify, we want to accelerate the divestment of our China legacy assets but we still want to grow our asset management business in China. There is still a lot of domestic capital, C-REITs and P-REITs, that can help drive the fee income for the Group. We want to accelerate the divestments of legacy assets from our development funds.

PT: On the earnings split, when we look at the S$7-9 billion – which we still need to refine and will share more on the numbers during Investor Day – the core platform contributes about 75% of our earnings. That 75% has been growing at a much faster rate because that is the part we have been focusing – the listed and private funds, including the China private funds business. That growth rate is much stronger than our base rate. We want to be able to divest the legacy portfolio in an orderly manner that gets us the right amount of capital to reinvest into growing our core business.

CK: If you look at what happened in China, the real estate market started to slow down in the last few years. But at the same time, the authorities have been constructive in creating a channel for C-REITs, and then allowing P-REITs. More recently, for those following China closely, the Shanghai government announced preliminary ideas on land tenure extension.

China is a big country and they want to make sure that things are organised in an orderly fashion. All these, I would say, are positive signals that allow investors to find ways to exit properly. The team has worked very hard in getting the regulators to approve the first C-REIT, and now we are trying to get another C-REIT going, following the P-REIT.

That creates the difference, because now the vehicles are there. It allows us to do things a lot faster. The difficulty is creating the vehicle, because the conversations with the authorities are about making sure that things are orderly and fair to all investors. Because things are new, it just takes a longer time.

For CLI, our reputation in the REIT market in Singapore is established because we have been around for the last 20+ years. It takes time to build up the portfolio and constantly do the right things and that is why people continue to invest with us. It is the same thing the China capital market is going through for the real estate sector.

PT: We are looking at a few options to drive growth in our REITs. The REITs team has done a good job and we have seen the different REITs grow, particularly this first half where we have seen a lot of movement. We saw transactions from CapitaLand Ascott Trust (CLAS), and transactions closed for CapitaLand India Trust (CLINT), as well as equity fundraisings. Across the board, it has been positive. We are looking, from a sponsor's viewpoint, how we can strengthen that growth. There are a few ideas that we are considering. We are looking at the idea of "short-term warehousing" to rebuild the sponsor pipeline and working with the REITs so that they can find more DPU-accretive acquisitions We are also looking at coming alongside some of our REITs for larger transactions, so the size is more manageable.

There are a number of options we are looking at. This is something that we are working through, and will share more as we build out that plan.

AL: Just to add to that, a third component is having the real asset side, private and public, work closely together. We see this model happening in places like Australia, where you are able to combine products as long as the mandates are consistent and aligned, and no investor is disenfranchised. Once your interests are aligned, it doesn't really matter where you draw your capital from, because you can still discharge your fiduciary duty. We see this as a unique selling feature for CLI, where we have got REITs lined up with the verticals. Hospitality has got a REIT; Living has got a REIT; Logistics has got a REIT; Commercial has got a REIT. These are big and strong REITs, with capital that they can deploy.

But to Paul's point, because we know that DPU accretion is critical, we can find a way to work together, where you can deliver DPU accretion in an orderly and predictable way, and that unitholders can see coming, even if it doesn't happen on day one. That's something we can do better as a house and we have quite a unique ability to do so because we have REITs and private equity lined up neatly under the verticals.

Tan Xuan, Goldman Sachs: **My first question is on the lodging management platform. Is that included in the S$7-9 billion non-core? And can you explain the EBITDA margin decline? Second question is on operating PATMI growth. First half is at 13% versus earlier guidance of mid-single digit. Any change in guidance? If not, what will actually drive a weaker second half?**

PT: In the S$7-9 billion, we have not included Ascott nor any of the operating platforms. The S$7-9 billion is what we look at as balance sheet value. We see potential upside from stake sales or divestments, but we are currently not including that (operating platform) in the S$7 to S$9 billion.

CK: Ascott is core, by the way. Even if you bring in investors, it is still core because it helps us drive funds' performance and grow the REITs.

PT: In terms of the EBITDA drop, a large part of that was because of the one-offs. We picked up termination fees, franchise fees, and we had bonus provision write-backs in the first half of last year, all of which impacted the number. But if you strip that out, the margin is actually flat.

KG: If you take out the one-offs, the recurring part of the business is growing about 16%. Sometimes, one-offs are also a (matter) of timing, and we do expect to pick up some in the 2H 2026. This could include the sale of a franchise, like what Paul mentioned, in Australia. Or it could be some compensation fees that we get at different times of the year. These are short-term fluctuations which we are a little less concerned about. What the bigger picture paints is – and this is an illustration – we have about 1,000 properties right now. 60% are operational, 40% are coming online in the next three years. So if you do the math, you can see the growth that is coming in the next couple of years.

Tan Xuan, Goldman Sachs: **Would you be able to guide us on a normalised EBITDA margin?**

KG: Generally, we want to head closer to about 30%. Right now, we're operating at about 20% because we're still investing a lot in the business. We're building up our loyalty programme, our systems and capabilities.

We have also opened up our addressable market. We used to do just serviced apartments. Today we're doing resorts and we're signing up full-service hotels and doing that gives us a lot more signings. And you see that signings are up, right? We want to focus a lot more on the growth portion of the business.

In 1H 2026, we signed over 40 hotels and serviced apartments year-to-date and opened over 20 of them. If we continue at this pace of adding and opening new properties, that is where the growth comes from. Once you have that growth, you gain operating leverage, which will naturally improve margins. That operating leverage will come from the 40% that's not opened yet.

CK: Sometimes, when you compare against other players, you need to compare the margins against like-for-like. Whether it's net margins or gross margins, or whether the players include the reimbursables, the numbers could look a bit confusing. When you compare, you need to compare like-for-like.

PT: On the earnings guidance, we were mid-single digit guidance for full year at the start of the year. I don't think we have changed guidance. Certainly, we hope to be on the higher end of mid-single digit, but we are still keeping that as guidance.

Mervin Song, JPMorgan: **Can you go to slide 7? It's pleasing to see EBITDA margins for the fee business improving to about 56%, fee-related FUM also going up. But if you were to strip out those legacy or sub-scale funds, how high could this number be? Any guidance on that?**

PT: I would say that when we look at the two businesses, even though we have combined them here, we look at them separately. For our listed funds business, given the scale of our REITs, we generally expect 60% or 60+% margins. For the private funds, when we get to a steady run rate excluding carry, we would like a 30%-40% margin. On a blended basis, if you strip out the one-offs and everything else, we don't expect to move too far from this. We would expect to be about 50%, assuming it stabilises over time.

Mervin Song, JPMorgan: **I appreciate that you're still forming your strategy for the listed REIT business with the management team there, but how aggressive do you think you can go? Are we going to do onshore India REITs? Are we going to privatise CapitaLand China Trust (CLCT)? What can we do with Malaysia (REIT)? For legacy funds, are you willing to take those losses? Keppel has been willing to take losses and move on, return capital to shareholders, which the market has rewarded. Just trying to get your sense in terms of what you're thinking about how quickly you want to move. When can we see those cost savings come through to the bottom line?**

PT: Please come to Investor Day, where we will share a complete plan and be able to answer all the questions.

On the REITs, we are certainly looking to do more offshore listings, or even listings in Singapore. In terms of when we are willing to take some of the potential adjustments, if needed, on some of the divestments – we will share it as a more comprehensive plan later.

Wong Yew Kiang, CLSA: **Two quick questions. On the S$7-9 billion, can you give a sense of how much it has been written down year-on-year? Second, on Ascott, I understand it's a core business, but does it give any benefit to hold 100% or 80%, 50% or 60%? Would it bring any difference to your bottom line or operating performance?**

CK: Like I said just now, we are open-minded. We don't mind bringing in investors who can be helpful to what we want to do, to further the M&A ambitions and strengthen distribution or capability. We are totally open-minded about that.

Wong Yew Kiang, CLSA: **So you do not have to hold 100%?**

CK: I don't think we need to, but it is an important part of our business, and we need it to help set up our new fund strategies. If you look at CLARA (CapitaLand Ascott Residence Asia Fund) II, a lot of investors come in because of our operating capabilities, the data, understanding where people are staying, and the rates that they are doing, so it does help our fundraising.

Wong Yew Kiang, CLSA: **But is it critical to remain as a majority?**

CK: We still want to own it. The question is how much of a stake we need to own. We don't need to own 100%, if you ask me.

PT: On the other question, of the S$7-9 billion, some have no write-downs. The REIT units, if anything, have increased in value. For some of the Singapore or Europe assets, we have had some adjustments. The bulk is the China portfolio which we have written down about S$1.6 billion cumulatively over the last five years, as we shared at our full year results (in February

2026). On average, that means most of the assets in that grouping have probably been written down between 20-25%, if not 30%.

Dexter Low, Bloomberg: **First on the LuOne divestment, it is from a development fund that you had. Am I right to assume that the development fund is being wound down?**

PTS: Yes, it is a part of our CapitaLand Mall China Development Fund III. There are five assets. We divested one, which is CapitaMall Xinduxin in Qingdao to our RMB Master Fund last year. This (LuOne) is the second one. I would term it as an orderly finish to a fund that has been recapped once already. There are plans, in accordance to the fund's timeline, to further look at divestments of the final three assets.

Dexter Low, Bloomberg: **On the tenure extensions, as you mentioned just now, there have been some plans laid out. Do you foresee having to pay more premiums to top up the tenures, especially in China? Second, on your discussions with LPs right now, you mentioned the fundraising environment. Are more LPs looking for co-investments, and more of an equal relationship JV type of structure, rather than a blind pool fund format going forward?**

CK: The land extension policy just came out last week. We are reviewing the details, working through the numbers and determining what it means. It is too early for us to give a view now. Based on the policy, we need to take the asset, and we need to discuss and work out the numbers. Give us some time. What I do want to say is that at least there is a mechanism. Once the rules are clear, at least you know how to assess, and you can put a price to them. Whether it makes sense to top up or not depends on what it means for the returns at the asset level and for the investors. We will look at it on a case-by-case basis. Having that clarity of rules for all investors is important.

KM: On credit and alternatives, we are seeing a little bit of both. In our ACP (Asia Credit Programme), which is our flagship Fund I, it needed nearly 45-50% from the balance sheet at S$250 million. Fund II doubled that size and only took 20% from balance sheet. We actually had to scale back LPs which is a good problem to have, and we have been returning capital on it quite quickly. For Fund III, we intend to do a first close, hopefully before the end of this year, and you will see the size increase meaningfully, with the balance sheet contribution going below 20%. We are seeing that momentum and that is from a broader base of LPs.

Separately, and specifically with insurance LPs, we have at least three very deep ongoing discussions around large managed accounts. They are not entirely credit, but dominantly credit. One is a CLI-wide programme, the second is specific to a target geography where they are looking for credit deployment and yield, and the third is an aggregation of insurers in a specific market they want to deploy, largely as an alternative to fixed income yields.

Those will be very deep pools for managed accounts, but at least on the credit side, we are seeing strong demand even on the commingled fund.

AL: Just to supplement, what you can see from Kishore's explanation is that there is a wide spectrum of preferences from different LPs, depending on their needs. Some LPs have constraints and cannot (hold) more than a certain percentage of a fund. When they come in, they require other LPs, which speaks to the more commingled nature of it (these vehicles).

You can then design a supplemental programme for them to deploy what they need to deploy through co-investments or separately managed accounts. The key for us as a house is to remain nimble and listen to our LPs, rather than force-fit what we think is best for them. We let them tell us what they need and, where it is right for us to accommodate, and design products around their needs, that is where we have an ability to differentiate and distinguish ourselves.

We can use different types of products as well. We talked earlier about private-to-private, but we can also do private-public. Some investors are quite happy to with that approach. We already have investors who invest in both our REITs and our private equity products because it allows them to blend a combination of cash-on-cash yields, liquidity, as well as thematics in a way that suits different LPs and what they are looking for.

CK: The point to highlight is that we really want to focus on the bigger fund strategies. You will see us sunsetting the smaller size funds that have no ability to scale. We need to focus on building up the FUM and the repeatable strategies for the Group. That's the discipline and we have to improve margins and negotiate for better and fairer fees as well.

Rachel Tan, Macquarie: **What happens to Ascott's target of S$500 million? Are you thinking of spinning off before it hits the target or after it hits the target? When will it hit the target?**

KG: If you include the 40% of signed contracts that are not yet open, we would have already exceed the S$500 million target. It is just a matter of time before the S$500 million comes in, that is embedded revenue that will come in the next couple of years.

CK: Fee income and EBITDA growth is building up very nicely. Because it is doing very well, we have a lot of interesting investors wanting to participate in its growth. We are open-minded, but we want to be sure that we can bring in investors. It is not just about unlocking the value. We want to drive the growth even better through M&A or through distribution or by bringing down the costs. It has to make sense.

As I mentioned, there is no need for us to own 100%, but it is still a very important part of our business to help us to build new funds. If you look at our lodging assets that we own as a

Group, including the private funds, the Japan Hotel REIT and CLAS, lodging is a big part of our business. We started off just doing long-stay, but the data now, because the Ascott team has (expanded) into resorts to hotels, and understanding where customers are going and how they are spending, makes a big difference in how we talk to fund investors when building up hospitality or living fund strategies.

KG: The Ascott management platform currently manages about 60% of CLAS' properties. That's quite a large proportion. For CLARA II, we work with the fund team to build up quite a lot of assets that were brownfield and greenfield and some of those give very good returns to investors, in excess of 30% IRR. Those things would be difficult to achieve with an arm's length third-party operator who doesn't understand the objectives and what we are trying to get at.

Rachel Tan, Macquarie: **The 40% contracts that you just mentioned, how soon can we get to all the 40%?**

KG: Varying completion timelines. Some are conversion projects in the next 12 months, some are brownfield, maybe 24 months. The greenfield ones will take a bit longer, usually about three years or so. The contracts are there. What we want is to make sure that they open on time. To be honest, some of them do slip, but the comforting point is that the project is there. It's just a matter of time when it opens in another two to three years.

Mervin Song, JPMorgan: **First question: a big driver of earnings improvement is lower borrowing costs. Any guidance for the second half, and as you pay down more expensive debt, where do you think interest costs will stabilise? Second question: in terms of wanting to scale up and reduce some of the legacy funds, is there a benchmark size for a private fund that makes sense for you? Which are your flagship funds you want to scale up today?**

AL: I would say look at the sizing of the market. As Chee Koon mentioned, capital raising, generally for real estate, has some headwinds. Last year, we over S$4 billion (third-party capital). I would say this year we are on pace to deliver roughly the same. Let's call it an annual cadence of S$3-5 billion a year. That allows us to punch at or above our weight, considering what Asia Pacific real estate capital raising is generally able to accomplish in this environment. So, S$3-5 billion a year, you extrapolate and net off the funds that we will roll off and sunset. I would say that's our target organic growth.

On top of that, we have platform acquisitions that allow us to scale FUM in a systematic and disciplined way to support the verticals: hospitality, living, logistics, self-storage and commercial. There's the alternatives side of the house, which is on a high growth trajectory, starting from a low base, with lots of interesting things that Kishore is building. What that number is, sign up for Investor Day, we will hopefully be able to share that for you.

PT: Interest rates did come down, about 40 basis points, which was a nice savings for us. We expect 2H 2026 to be about this range, maybe down slightly. Part of that mix was because we have paid off some of the other currencies. We have got our Singapore float, which is still holding at a very low rate. If that doesn't move up, we would see some of the same savings in the second half.

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