

PERFORMANCE OVERVIEW

CapitaLand Group achieved a profit after tax and non-controlling interests (PATMI) of S\$1.6 billion and return on equity of 8.5% for the full year ended 2017 (FY 2017). The 30.3% increase in PATMI was underpinned by improved operating performance, as well as higher portfolio and fair value gains from divestment of properties during the year.

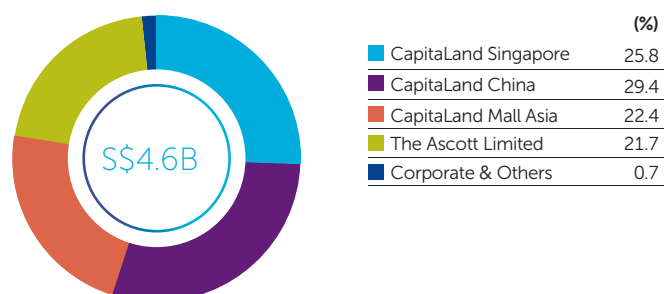
Operating PATMI improved by S\$43.0 million or 5% to a record high of S\$908.3 million on account of higher contributions from development projects in Singapore, as well as newly opened and acquired shopping malls and serviced residences.

REVENUE

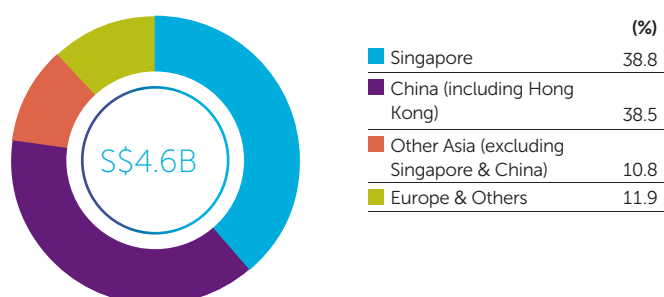
The Group's revenue decreased 12.2% to S\$4.6 billion in FY 2017, mainly attributable to lower completion and handover of units from development projects in China, partially mitigated by contributions from newly acquired and opened properties, as well as the consolidation of CapitaLand Mall Trust (CMT), CapitaLand Retail China Trust (CRCT) and RCS Trust (RCST)¹. The development projects which contributed to revenue this year included Summit Era, One iPark, Century Park West, The Beaufort and International Trade Centre in China, as well as Victoria Park Villas and The Interlace in Singapore.

Geographically, the Group's core markets of Singapore and China contributed about S\$3.6 billion or 77.3% of the Group's revenue. In terms of revenue contribution by business type, the Group's trading properties in Singapore, China and Vietnam accounted for S\$2.1 billion or 45.2% of the total revenue, while its investment properties portfolio contributed S\$2.2 billion of rental and related income or 46.9% of total revenue.

2017 Revenue by Strategic Business Unit



2017 Revenue by Geographical Location



2017 Revenue by Business Type



¹ With effect from August 2017, the Group consolidated the financial results of CMT, CRCT and RCST which were previously equity accounted for as associates or joint venture. The consolidation of these three trusts increased the Group's FY 2017 revenue, EBIT and PATMI by S\$425.6 million, S\$278.2 million and S\$12.0 million respectively.

EARNINGS BEFORE INTEREST AND TAX (EBIT)

The Group reported higher EBIT at S\$3.1 billion in FY 2017, an increase of 31.8%, as compared to S\$2.4 billion in FY 2016.

The details of the Group's EBIT are as follows:

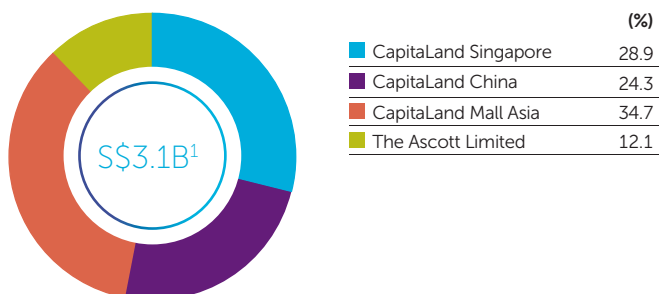
	FY 2017		FY 2016	
	S\$ million	%	S\$ million	%
Operating profits	2,136.2	69	1,906.7	81
Revaluation gains and impairments	689.6	22	392.0	16
Portfolio gains	284.7	9	60.8	3
EBIT	3,110.5	100	2,359.5	100

Operating profits for FY 2017 increased by 12.0% to S\$2.1 billion. The increase was mainly attributable to the gain from the sale of 45 units of The Nassim, higher contributions of rental income from newly acquired and opened properties and the consolidation of CMT, CRCT and RCST, partially offset by lower contributions from development projects in China and Vietnam, as well as the absence of fair value gains from the change in use of Raffles City Changning Tower 2 recognised in FY 2016.

In terms of revaluation of investment properties, the Group recorded a net fair value gain of S\$668.2 million in FY 2017 (FY 2016: S\$432.6 million), of which S\$307.4 million (FY 2016: S\$112.2 million) were realised revaluation gains arising from the divestment of properties. The increase in revaluation gains came mainly from investment properties in Singapore, China and Europe, partially offset by lower gains recorded by investment properties in India and Japan.

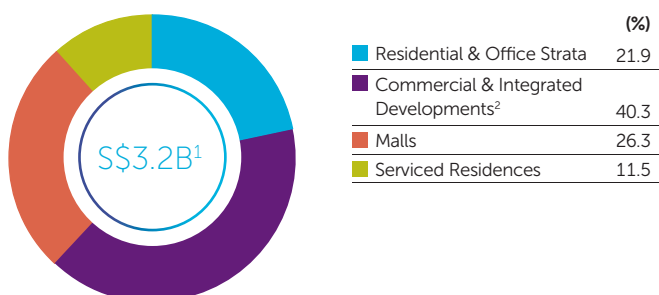
In FY 2017, the Group assessed and wrote back provisions for impairment of S\$21.4 million, mainly related to development projects in China and Vietnam upon the sale of units and accompanying price recovery. In FY 2016, the Group made a net provision of S\$40.6 million mainly in respect of development projects in Singapore.

2017 EBIT by Strategic Business Unit



1 Excludes loss of S\$32.5 million relating to Corporate and others which was not reflected in the chart. Corporate and others includes business in Vietnam.

2017 EBIT by Asset Class



1 Excludes corporate and unallocated costs of S\$61.7 million which was not reflected in the chart.

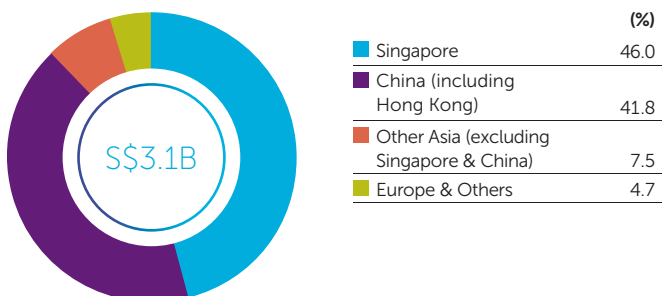
2 Excluding residential component.

PERFORMANCE OVERVIEW

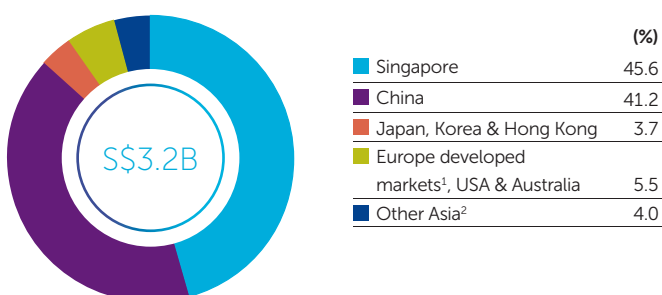
At EBIT level, the portfolio gains in FY 2017 of S\$284.7 million (FY 2016: S\$60.8 million) arose mainly from the divestments of Innov Tower in China, Wilkie Edge in Singapore, Zenith Residences in Japan, investments in Vietnam, as well as the re-measurement gain arising from the consolidation of CMT. The gains in FY 2016 arose mainly from divestments of two properties in China.

Singapore and China markets remain the key contributors to EBIT, accounting for 87.8% of total EBIT (FY 2016: 83.5%). Singapore EBIT was S\$1,429.3 million or 46.0% while China EBIT was S\$1,300.7 million or 41.8% of total EBIT. Approximately 78.1% of the Group's EBIT came from its investment properties portfolio which is recurring in nature. In addition, approximately 54.8% (FY 2016: 44.3%) of the Group's earnings before interest, tax, depreciation and amortisation (EBITDA) were from developed markets in Singapore, Europe, United States of America, Australia, Japan, Korea and Hong Kong.

2017 EBIT by Geographical Location



2017 EBITDA by Geographical Location

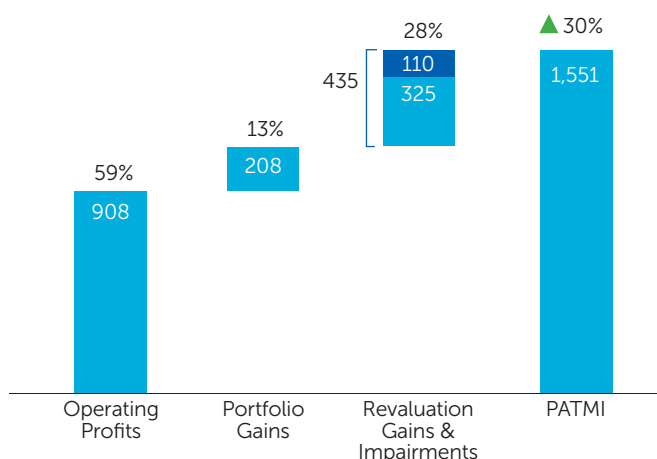


1 Includes UK, France, Germany, Spain, Belgium and Ireland.
2 Excludes Singapore, China, Japan, Korea and Hong Kong.

PATMI

Overall, the Group achieved a PATMI of S\$1.6 billion in FY 2017, 30.3% higher than FY 2016 of S\$1.2 billion. 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 contributions 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.

FY 2017 PATMI Analysis (S\$ million)



Realised revaluation gains from divestment of Citadines Frankfurt, Citadines Hamburg, One George Street, Wilkie Edge, Citadines Biyun Shanghai, Citadines Gaoxin Xian, Golden Shoe Carpark, Funan (SR) & 6 India Malls

DIVIDENDS

The Board of Directors is pleased to propose a tax-exempt ordinary dividend of 12 cents per share in respect of the financial year ended 31 December 2017 (2016: 10.0 cents per share). This amounts to a payout of approximately S\$509.7 million, which is 32.9% of PATMI, based on the number of issued shares (excluding 27,091,388 treasury shares) as at 31 December 2017. The dividends are subject to the shareholders' approval at the forthcoming Annual General Meeting of the Company.

For FY 2016, a first and final dividend of 10.0 cents per share was approved and paid. The said dividends of S\$424.7 million were paid in May 2017.

ASSETS

The Group's total assets as at 31 December 2017 were S\$61.4 billion. Singapore and China assets accounted for approximately 82.9% of the Group's total assets. Total assets increased by S\$15.7 billion or 34.3% as compared to FY 2016, mainly due to the consolidation of CMT, CRCT and RCST which were previously equity accounted for as associates or joint venture. The increase in total assets during the year was also attributed to acquisitions of a portfolio of four properties in Japan, an office building each in Singapore, China, and Germany, partially offset by divestments of properties in Singapore and China.

As at 31 December 2017, investment properties made up approximately 82% (FY 2016: 76%) of the Group's assets, while the remaining 18% (FY 2016: 24%) are mainly from trading properties. The increase was mainly due to the consolidation of the investment properties portfolios of CMT, CRCT and RCST. On an effective share basis, the proportion of investment properties to trading properties was about 80:20. This asset mix enabled us to deliver a steady stream of recurring income from our investment properties, whilst we continued to realise a significant contribution from our trading properties.

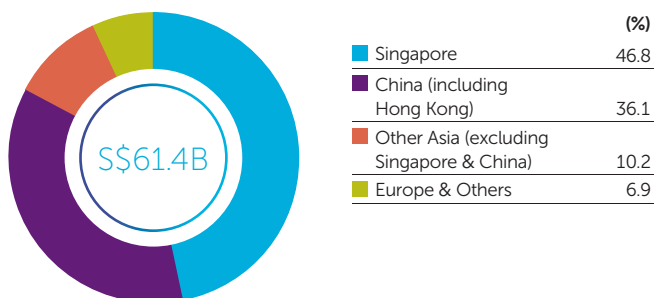
The Group continues to grow its assets under management, and as at 31 December 2017, the Group managed S\$88.8 billion* of real estate assets, 13% higher than FY 2016, which strengthens its position as one of Asia's largest real estate companies.

BORROWINGS

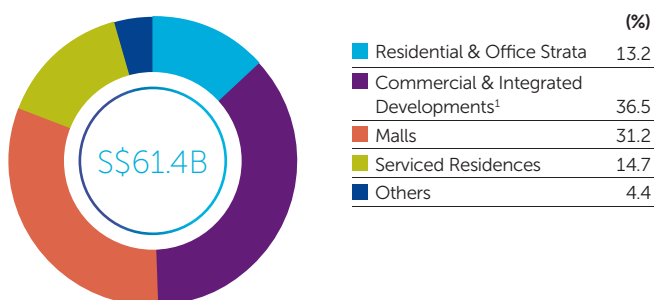
As at 31 December 2017, the Group's gross debt stood at S\$21.7 billion. With a cash balance of S\$6.1 billion, the net debt as at 31 December 2017 was S\$15.6 billion. The increase in net debt was mainly due to the consolidation of CMT, CRCT and RCST, and additional loans taken to fund the Group's investments and ongoing development expenditure for projects under construction.

* This refers to the value of all real estate managed by CapitaLand Group entities stated at 100% of the property carrying value.

2017 Total Assets by Geographical Location



2017 Total Assets by Asset Class



1 Excludes residential component.

SHAREHOLDERS' EQUITY

As at 31 December 2017, issued and paid-up ordinary share capital (excluding treasury shares) of the Company comprised 4.2 billion shares at S\$6.3 billion. The Group's total reserves increased to S\$12.1 billion from S\$11.3 billion in December 2016. The increase was mainly due to S\$1.6 billion net profit for the year, partially offset by exchange losses from the translation of foreign operations arising from the appreciation of SGD against the RMB, MYR and VND during the year, as well as the payment of the 2016 dividends.

As at 31 December 2017, the Group's total shareholders' funds was S\$18.4 billion (FY 2016: S\$17.6 billion) and net tangible assets per share was S\$4.20 (FY 2016: S\$4.05).

PERFORMANCE OVERVIEW

TREASURY HIGHLIGHTS

	2017	2016
Bank Facilities And Available Funds (S\$ million)		
Bank facilities available ¹	19,814	13,468
Amount utilised for loans	11,465	7,347
Available and unutilised	8,349	6,121
Cash and cash equivalents	6,105	4,793
Unutilised facilities and funds available for use	14,454	10,914
Debt Securities Capacity (S\$ million)		
Debt securities capacity ²	29,313	16,765
Debt securities issued (net of debt securities purchased)	10,230	7,505
Unutilised debt securities capacity	19,083	9,260
Leverage Ratios (S\$ million)		
Gross debt	21,695	14,852
Cash and cash equivalents	6,105	4,793
Net debt	15,590	10,059
Equity	32,083	24,300
Net debt equity ratio (times)	0.49	0.41
Total assets (net of cash)	55,340	40,948
Net debt/Total assets (net of cash) (times)	0.28	0.25
Secured Debt Ratio (S\$ million)		
Secured debt	5,775	4,922
Percentage of secured debt	27%	33%
Interest Cover Ratio (S\$ million)		
Earnings before net interest, tax, depreciation and amortisation ³	3,444	2,623
Net interest expense	425	401
Interest cover ratio (times)	8.1	6.5
Interest Service Ratio (S\$ million)		
Operating cashflow before interest and tax	3,185	4,107
Net interest paid	475	397
Interest service ratio (times)	6.7	10.3

1 Committed and uncommitted facilities in place.

2 Includes outstanding bond issuances and capital market programmes established.

3 Exclude share of taxes from associates and joint ventures.

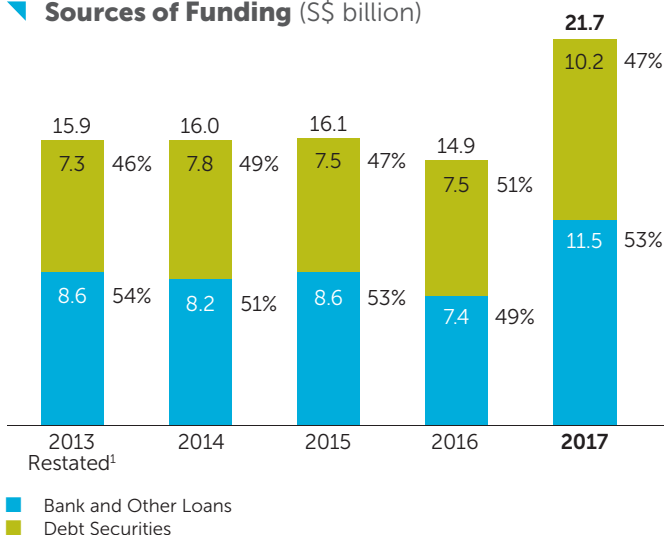
OVERVIEW

The Group maintains a prudent capital structure and actively reviews its cashflows, debt maturity profile and overall liquidity position on an ongoing basis. The main sources of the Group's operating cashflows are derived from residential sales, fees and rental income from its commercial and integrated developments, shopping malls and serviced residence businesses. To support its funding requirements, investment needs and growth plans, the Group actively diversifies its funding sources by putting in place a combination of bank facilities and capital market issuances.

The Group's total gross debt of S\$21.7 billion was higher compared to S\$14.9 billion as at 31 December 2016. Net debt as at 31 December 2017 was S\$15.6 billion compared to S\$10.1 billion as at 31 December 2016. The higher net debt was mainly due to the consolidation of CapitaLand Mall Trust (CMT), CapitaLand Retail China Trust (CRCT) and RCS Trust (RCST) from August 2017 onwards and additional loans taken to fund the Group's investments and ongoing development expenditure for projects under construction. CMT, CRCT and RCST were previously equity accounted as associates or joint ventures. As a result, the Group's net gearing as at end 2017 was higher at 0.49 times as compared to 0.41 times as at end 2016.

Finance costs for the Group were S\$486.7 million for the year ended 2017. This was about 8% higher compared to S\$452.6 million in 2016. Finance costs were higher mainly due to the larger debt position from the consolidation of CMT, CRCT and RCST. However, average cost of borrowings at 3.2% was lower as compared to 3.3% in 2016.

Sources of Funding (S\$ billion)



¹ Comparatives for 2013 have been restated to take into account the retrospective adjustments relating to FRS110 Consolidated Financial Statements.

SOURCES OF FUNDING

As at year end, 53% of the Group's total debt was funded by bank borrowings and the balance 47% was raised through capital market issuances. The Group continues to seek diversified and balanced sources of funding to ensure financial flexibility and mitigate concentration risk.

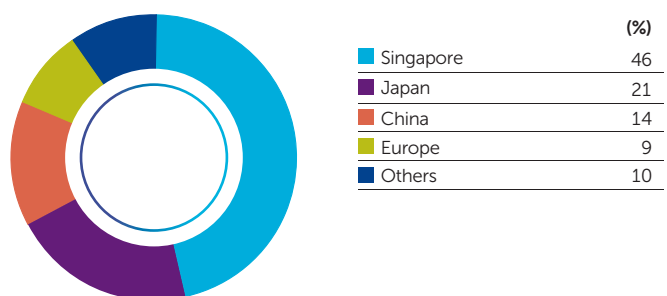
AVAILABLE LINES BY NATIONALITY OF BANKS

The Group has built up an extensive and active relationship with a network of more than 30 banks of various nationalities. Diversity has allowed the Group to tap on the strength and support from financial institutions in pursuing its strategic growth and presence globally, thus enhancing its competitiveness in core markets and enabling the Group to develop other markets where appropriate.

As at end 2017, the Group was able to achieve 98% of its funding from committed facilities. The balance 2% was funded by flexible uncommitted short term facilities.

As part of its financial discipline, the Group constantly reviews its portfolio to ensure that a prudent portion of committed funding is put in place to match each investment's respective planned holding period. Committed financing is secured whenever possible to ensure that the Group has sufficient financial capacity and certainty of funding to support its operations, investments and future growth plans.

Available Lines by Nationality of Banks



PERFORMANCE OVERVIEW

DEBT MATURITY PROFILE

The Group has proactively built up sufficient cash reserves and credit lines to meet its short term debt obligations, support its refinancing needs and pursue opportunistic investments. The Group maintains a healthy balance sheet and has unutilised bank facilities of about S\$8.3 billion. To ensure financial discipline, the Group constantly reviews its loan profile so as to mitigate any refinancing risks, avoid concentration and extend its maturity profile where possible. In reviewing the maturity profile of its loan portfolio, the Group also takes into account any divestment or investment plans, interest rate outlook and the prevailing credit market conditions.

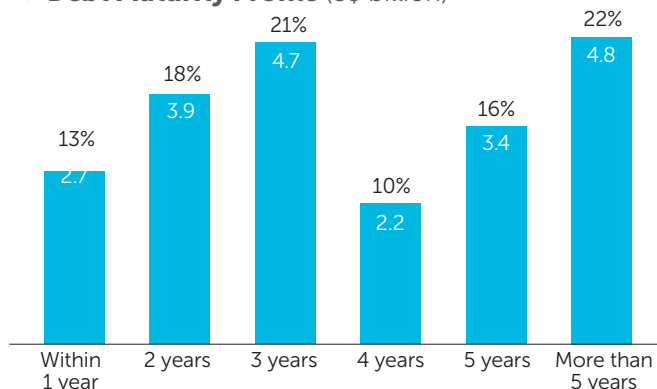
INTEREST RATE PROFILE

The Group manages its finance costs by maintaining a prudent mix of fixed and floating rate borrowings. As at 31 December 2017, the fixed rate borrowings constituted 69% of the portfolio and the balance of 31% were on floating rate basis. As finance costs constitute a major component of the Group's operating costs, a higher percentage in fixed rate funding offers funding cost certainty. In managing the interest rate profile, the Group takes into account the interest rate outlook of its loan portfolio, holding periods of its investment portfolio, certainty of its planned divestments and operating cashflow generated from its various business units.

INTEREST COVER RATIO AND INTEREST SERVICE RATIO

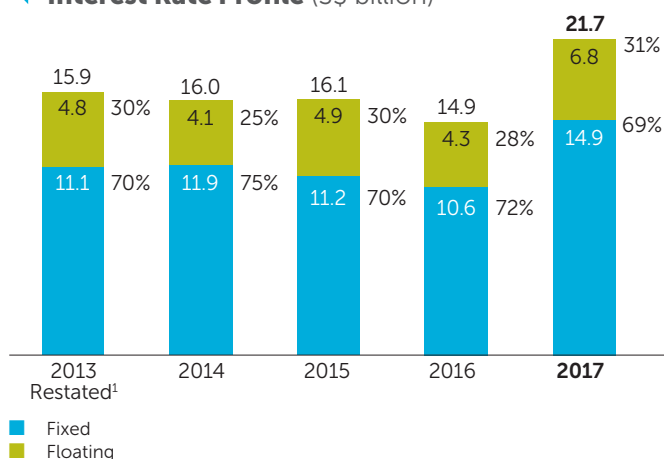
The Interest Cover Ratio (ICR) and Interest Service Ratio (ISR) was 8.1 times and 6.7 times respectively. ICR was higher at 8.1 times compared to 6.5 times in 2016, primarily due to higher earnings before net interest, tax, depreciation and amortisation for the year from the sale of The Nassim, higher contributions from development projects in China and rental income due to the consolidation of CMT, CRCT and RCST. ISR was lower at 6.7 times compared to 10.3 times in 2016 due to lower cashflows generated from development projects and operations.

Debt Maturity Profile (S\$ billion)

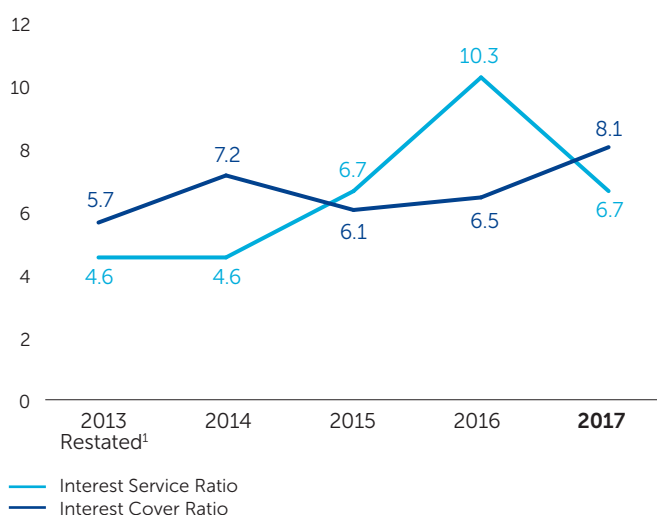


Note: Convertible Bonds are reflected as held till final maturity

Interest Rate Profile (S\$ billion)



Interest Cover Ratio and Interest Service Ratio (Times)



¹ Comparatives for 2013 have been restated to take into account the retrospective adjustments relating to FRS110 Consolidated Financial Statements.