

# CAPITALAND SINGAPORE

Singapore's residential market recorded strong sales of 10,566 new private homes in 2017, an increase of 32.5% from the 7,972 new private homes sold in 2016. This is the first year that new home sales crossed 10,000 units since 2014, after the implementation of the total debt servicing ratio (TDSR) framework in June 2013. Market sentiments improved after the government relaxed seller's stamp duties and total debt serving ratio restrictions in March 2017. Private home prices rose in the second half of 2017 after 15 consecutive quarters of decline. Year-on-year, prices rose 1.1% in 2017, in contrast to the 3.1% decline in 2016.

Singapore's Central Business District (CBD) Core office occupancy rate was 93.8% as at end 2017 (2016: 95.8%) and average monthly Grade A office market rent was 3.3% higher year-on-year at S\$9.40 per square foot (psf) as at 31 December 2017 (2016: S\$9.10 psf). With a lower amount of new supply expected from 2018 to 2021 and high level of pre-commitments secured for the larger new buildings, the outlook for rental growth looks positive.

## DELIVERING QUALITY HOMES

In 2017, CapitaLand sold 407 residential units (2016: 571 units) with a total sales value of S\$1.48 billion (2016: S\$1.42 billion). Cairnhill Nine, launched in 2016 is fully sold, while The Interlace and d'Leedon were 99% sold as at 31 December 2017.

Marine Blue was officially launched on 18 March 2017 to attract young professionals, couples and families who want flexible and quality living spaces in the east of Singapore. The 'Stay-Then-Pay' programme was introduced in March and October 2017 at two residential projects – Marine Blue and Sky Habitat – where buyers can move into the units after making a 10% downpayment and pay the remaining 90% one year after exercising the option to purchase. About 91 units at Sky Habitat and 63 units at Marine Blue were sold in 2017.

Victoria Park Villas, the exclusive and luxurious landed housing development in the prime District 10, will be completed in 2018. Of the total 106 semi-detached houses and three bungalows in the development, 103 have been sold as at 31 December 2017.

We will continue to evaluate and source for well-located sites to replenish our pipeline of homes, adopting a disciplined approach in our proposals. On 13 February 2018, CapitaLand successfully acquired the centrally located Pearl Bank Apartments through a private treaty collective sale for S\$728 million.

## RECONSTITUTION OF OFFICE PORTFOLIO FOR FUTURE GROWTH

CapitaLand's portfolio of commercial properties held through CapitaLand Commercial Trust (CCT) reported a stable committed occupancy rate of 97.3% as at 31 December 2017 (2016: 97.1%). This was achieved through proactive leasing strategies and forward renewals of leases as well as contribution from the newly acquired Asia Square Tower 2, a premium grade A office tower. Average monthly rental for CCT's office portfolio was S\$9.74 psf as at 31 December 2017 (2016: S\$9.20 psf).

As part of CCT's active capital recycling strategy, One George Street and Wilkie Edge were divested for prices which were 16.7% and 39.3% above their respective 31 December 2016 valuation. CCT proactively reconstituted its portfolio for future growth through astute deployment of divestment proceeds into newer and higher yielding assets in 2017. On 1 November 2017, CCT extended its footprint into Marina Bay with the acquisition of Asia Square Tower 2. The acquisition was funded using divestment proceeds from the sale of One George Street (50.0% interest) and Wilkie Edge, bank borrowings and a rights issue which raised gross proceeds of approximately S\$700 million.

Together with joint venture partners, CCT and Mitsubishi Estate Co., Ltd (MEC), CapitaLand embarked on the redevelopment of Golden Shoe Car Park at Raffles Place into a S\$1.8-billion landmark integrated development. CapitaLand's interest is 45.0%, while CCT and MEC owns 45.0% and 10.0% respectively. Groundbreaking took place on 9 February 2018 and target completion is in 1H 2021.

## PURSUING GROWTH IN MALAYSIA AND INDONESIA

In 4Q 2017, CapitaLand entered into a joint venture with a Malaysian third party to develop about 500 units of new residential homes on a 2.27-hectare freehold land within a master-planned township in Kuala Lumpur, Malaysia.

CapitaLand's first integrated development in Indonesia, The Stature Jakarta, begun piling works in 4Q 2017 and is expected to be completed by end 2020. Strategically located in a prestigious area in Jakarta's CBD, the development comprises a luxurious 29-storey residential tower with 96 exclusive units known as Stature Residences; a 24-storey premium serviced residence tower; a 20-storey office building designed to Grade A specifications; as well as lifestyle retail outlets.

# CAPITALAND CHINA

In 2017, CapitaLand continued to grow its China portfolio through acquisitions and drive its integrated development strategy in five core city clusters, namely, Shanghai/Hangzhou/Suzhou/Ningbo, Beijing/Tianjin, Guangzhou/Shenzhen, Chengdu/Chongqing/Xi'an and Wuhan. CapitaLand also accelerated its digital business transformation by leveraging new technologies and strategic partnerships to improve its offerings.

## HEALTHY RESIDENTIAL SALES

In 2017, CapitaLand sold 8,497 residential units in China with a total sales value of RMB15.4 billion (S\$3.1 billion). The sales were mainly from La Botanica in Xi'an, The Metropolis in Kunshan, Città 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.

## RECORD OPENING OF INTEGRATED DEVELOPMENTS

In 2017, CapitaLand marked a new milestone with the successful opening of Capital Square in Shanghai, and the retail component of Raffles City Shenzhen, Raffles City Changning and Raffles City Hangzhou. These properties represent CapitaLand's new generation of integrated developments, which are larger in size, incorporate richer offerings, and leverage on smart technologies to deliver seamless offline and online customer experience.

## PROACTIVE PORTFOLIO RECONSTITUTION

In June 2017, CapitaLand acquired Innov Center (formerly Guozheng Center), a newly completed office in Shanghai's Yangpu District. In tandem with the acquisition, CapitaLand divested Innov Tower, an eight-year-old office located in Shanghai's Xuhui District. The divestment of Innov Tower allowed CapitaLand to unlock and realise the value of a stabilised asset, while the acquisition of Innov Center allows immediate redeployment of capital to another quality income-generating asset.

Riding on the strong leasing momentum of Innov Center, CapitaLand entered into an agreement to acquire an office site next to it, making it a second investment in Shanghai's office market in six months. CapitaLand plans to develop the site into a Grade A office with specifications different from Innov Center to widen the appeal of its office offerings in the area, and serve the needs of existing tenants seeking expansion and upgrading opportunities.

## ENGAGING CUSTOMERS OFFLINE AND ONLINE

To enhance engagement with customers, CapitaLand's digital membership platform, CapitaStar, launched its app in China in April 2017. The app empowers customers to interact with CapitaLand both offline and online through features such as digital payment, facial recognition and augmented reality.

In November 2017, the "IE Singapore – CapitaLand Tech & Innovation Summit" was held in Beijing to accelerate cross-border innovation and knowledge-sharing between Singapore and China. At the Summit, CapitaLand also sealed technology collaborations with leading Chinese players to roll out new initiatives such as facial recognition technology at CapitaLand properties. The Group also entered into a tripartite partnership with IE Singapore and Chinese coworking space operator UCOMMUNE (formerly UrWork) to expand coworking partnership and incubate startups.

## CONSTRUCTION MILESTONE FOR RAFFLES CITY CHONGQING ON TRACK

The construction of Raffles City Chongqing has been progressing well and the mega integrated development remains on track to complete progressively from the second half of 2018 onwards. In December 2017, Raffles City Chongqing began erecting The Conservatory, which is the world's highest sky bridge linking four of the 250-metre tall towers in the eight-tower development. Hoisting the middle steel segments of The Conservatory – each weighing up to 1,100 tons – to the designated height of 250 metres marked a world first.

## LOOKING TOWARDS THE FUTURE

China's GDP grew 6.9% in 2017 as the Chinese economy continued its steady transition from high-speed to high-quality growth. The Chinese government's Belt and Road initiative continued to gain momentum and 2018 will mark the 40th anniversary of China's reform and opening-up.

CapitaLand remains confident of the growth prospects of China and will continue to leverage its real estate expertise to deepen its presence in the core city clusters. It is also well-poised to bring to customers unprecedented experiences by integrating shopping, working and living with digital solutions.

# CAPITALAND VIETNAM

2017 marks a record year of growth for CapitaLand in Vietnam with the highest value in home sales achieved. CapitaLand also made strategic inroads beyond the residential market, and expanded its footprint in the country with the acquisition of its first prime commercial asset.

In Ho Chi Minh City, d'Edge Thao Dien, a 273-unit residential development achieved record sales, selling out in less than two months after its launch in July. This is a testament of customers' confidence in the CapitaLand brand and underscores strong demand for quality projects in Vietnam.

In the same month, CapitaLand also launched D1MENSION in Ho Chi Minh City. Located in District 1, it is the city's first branded residence comprising a luxury residential tower and a serviced residence, both managed by The Ascott Limited which will also offer concierge services to the residents.

In Hanoi, the 1,300-unit Seasons Avenue, located at the heart of the New Urban Area, topped out on schedule in March 2017 and has sold more than 80% of the units as at 31 December 2017.

In November 2017, CapitaLand strengthened its foothold in Vietnam with its ninth residential development in Ho Chi Minh City and 11th residential development in the country. The 1.45-hectare site in District 4, 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).

In January, CapitaLand made its first foray into the Vietnam commercial real estate market. It acquired a prime site in the Central Business District of Ho Chi Minh City to develop an international Grade A office tower which will feature a direct connection to an upcoming metro station. The development is slated for completion in 2020.

With a 23-year track record delivering quality projects, CapitaLand is committed to be a long-term partner in Vietnam's growth story. We will continue to explore opportunities to grow our market share.



D1MENSION, Ho Chi Minh City

# CAPITALAND MALL ASIA

As at 31 December 2017, CapitaLand's retail network comprised 103 shopping malls in Singapore, China, Malaysia, Japan and India with a total gross floor area (GFA) of about 98.6 million square feet. Of these, 91 malls are operational and 12 are under development.

For the year under review, CapitaLand's malls continued to perform well in its core markets of Singapore and China, recording increases in net property income, shopper traffic and tenants' sales.

## RECORD MALL OPENINGS

2017 saw CapitaLand's largest ever retail GFA offering in a single year, with close to 1 million square metres (sq m) of retail GFA across eight developments in three countries turning operational. Of these, six are retail components of integrated developments in China, namely Raffles City Changning in Shanghai, Raffles City Shenzhen, Raffles City Hangzhou, CapitaMall Westgate in Wuhan, Capital Square in Shanghai and Suzhou Center Mall. Being a part of integrated developments enables these malls to tap into ready catchments of residents, working professionals and travellers who live, work and play all in one central location.

The opening of Suzhou Center Mall, the largest mall in Suzhou with 300,000 sq m of GFA, marked two milestones for CapitaLand - its first mall in Suzhou, and the largest mall in its portfolio. The mall opened with a high commitment of more than 90%, and attracted over 400,000 shoppers on its first day.

In Kuala Lumpur, Malaysia, CapitaLand celebrated the opening of Melawati Mall, its first green field mall in the country. CapitaLand also opened SingPost Centre, the first third-party mall it is managing in Singapore.

## PROACTIVE PORTFOLIO RECONSTITUTION

In 2017, CapitaLand strengthened its foothold in Greater Tokyo, Japan, by acquiring a portfolio of four income-producing office and retail assets. Immediately accretive with upside potential, the portfolio provides CapitaLand with a stable source of income as it continues its business expansion.

In China, CapitaLand formed a joint venture with CapitaLand Retail China Trust to acquire Rock Square, a leading operational mall in Guangzhou. The acquisition represents a rare opportunity to raise CapitaLand's exposure to the high-growth retail market in a first-tier Chinese city, and effectively doubles its retail presence in Guangzhou, where it already owns CapitaMall SKY+.

As part of its portfolio reconstitution strategy, CapitaLand divested its stakes in six malls in India. CapitaLand continues to review opportunities in India with a focus on dominant assets in top tier cities.

## ASSET-LIGHT EXPANSION

In the year, CapitaLand gained momentum with its asset-light expansion strategy and signed four management contracts in China and one in Singapore. These additions bring the number of its managed malls for third parties to a total of seven. Management contract is an efficient way of expanding CapitaLand's mall network, and building another source of recurring revenue through management fees.

## INNOVATING THE FUTURE OF RETAIL

As part of its digital business transformation, CapitaLand launched an online mall on Lazada, Southeast Asia's largest ecommerce marketplace. The initiative positions CapitaLand as Singapore's first omni-channel retail landlord that connects retailers to shoppers both offline and online, complemented by a click-and-collect service in CapitaLand malls.

An advocate of retail space innovation, CapitaLand is taking the opportunity of redeveloping Funan to envision a mall of the future. As part of this vision, Funan launched its interactive Showsuite featuring cutting-edge immersive virtual reality simulation technology, breaking new ground as the first retail Showsuite in Singapore that is open to the public. Construction of Funan is progressing well and the integrated development is on track to open in 2019.

## LOOKING AHEAD

CapitaLand will continue to optimise its retail network with a focus on dominant assets located in core cities through a three-pronged approach of acquisitions, management contracts and proactive asset management. CapitaLand will also deepen its focus on omni-channel retailing as part of its digital roadmap to future-enable its malls and retail services.

# THE ASCOTT LIMITED

The Ascott Limited (Ascott) owns and manages a portfolio of quality serviced residences and award-winning brands across 128 cities in 32 countries in the Americas, Asia Pacific, Europe, the Middle East and Africa.

## ANOTHER YEAR OF RECORD GROWTH

2017 was Ascott's strongest year with around 24,000 units added to its portfolio. As of 31 December 2017, Ascott manages close to 72,000 units, of which about 43,000 are operational and 29,000 are under development.

Ascott also opened around 3,800 units, including its first properties in Cambodia and Turkey. The operational units contributed S\$166 million of hospitality management and service fee. Its Revenue Per Available Unit (RevPAU) remained stable at S\$119 on a same-store basis.

## EXPANDING THROUGH STRATEGIC INVESTMENTS

Ascott made two major investments in Australia and the U.S. It acquired an additional 60% stake in Quest Apartment Hotels for A\$180 million (S\$191 million), increasing its stake to 80%. Ascott also acquired an 80% stake in Synergy Global Housing. These will enhance Ascott's global operating platform and further strengthen its extensive range of world-class serviced residences.

Ascott expanded its presence in the U.S. with the addition of three prime properties. It invested around US\$50 million (S\$68 million) to acquire Hotel Central Fifth Avenue New York, which will be renovated and rebranded into Citadines Fifth Avenue New York. This marks the debut of Ascott's first Citadines-branded serviced residence in the U.S. Ascott forayed into Silicon Valley, California, with the acquisition of The Domain Hotel, investing US\$58.2 million (S\$81.5 million). The 136-unit hotel will be refurbished and rebranded into Citadines Cupertino Sunnyvale in 2018. Ascott Residence Trust acquired its third U.S. property, the 224-unit DoubleTree by Hilton Hotel New York – Times Square South for US\$106 million (S\$148.4 million). As part of its strategic partnership with Quest, Ascott also acquired its first serviced residence in Brisbane, the 100-unit Quest Cannon Hill for A\$24 million (S\$25 million).

Through its US\$600 million serviced residence global fund with Qatar Investment Authority (QIA), Ascott invested S\$170.3 million to acquire and develop the 279-unit lyf Funan Singapore, solidifying its position as the largest serviced residence provider in Singapore. In Indonesia, Ascott acquired the 192-unit Ascott Sudirman Jakarta for S\$74.3 million. As at 31 December 2017, Ascott's six acquisitions in partnership with QIA amount to US\$450 million (S\$607 million).

## TARGETING THE MILLENNIALS

Ascott's millennial-targeted brand, lyf also clocked a milestone with the launch of the industry's first-of-its-kind living lab in Singapore to field test various coliving concepts with the Singapore Management University (SMU), namely lyf@SMU. This can help to better tailor the lyf brand to the millennial-minded travellers. To date, Ascott has secured five lyf properties in China, Singapore and the Philippines<sup>1</sup>.

## CHARTING NEW FRONTIERS

In 2017, Ascott entered 21 new cities across 11 countries. It entered São Paulo, Brazil through franchise agreements for two serviced residences and deepened its presence in China with management contracts in six new cities<sup>2</sup>. Ascott also added a new continent, Africa by securing contracts to manage two properties, the 220-unit Ascott 1 Oxford Street and 40-unit Kwarleyz Residence, in the heart of Accra, the capital of Ghana and one of Africa's top cities for investment.

## ENHANCING ASSETS THROUGH PROACTIVE MANAGEMENT

To enhance customer experience and drive organic growth, Ascott has been upgrading its properties through asset enhancement programmes. Double-digit improvements in the Average Daily Rates were recorded in refurbished properties such as Citadines Barbican London, Somerset Ho Chi Minh City and Somerset Millennium Makati.

## DELIVERING AWARD-WINNING HOSPITALITY

Ascott's commitment towards delivering consistent high-quality accommodation options and services was recognised with over 130 accolades in 2017, the largest number of awards garnered in a year<sup>3</sup>.

## LOOKING AHEAD

Ascott's diversified global platform is expected to surpass its 2020 target of 80,000 units by 2018 and is now focused on further scaling up to 160,000 units in the next five years, through securing management contracts, franchises, investments and establishing strategic partnerships. Through the expansion, management fees will contribute increasingly to the Group's return on equity over time. To better position for the future, Ascott will continue to harness digital innovation and technology to enhance customer experience.

1 The five properties are namely lyf Wu Tong Island Shenzhen, lyf DDA Dalian, lyf Funan Singapore, lyf Cebu City and lyf Farrer Park Singapore.

2 The six cities are namely Handan, Harbin, Kunming, Xuzhou, Yichang and Zhuhai.

3 For full list of awards, please refer to the section on "Awards & Accolades".

# CAPITALAND INVESTMENT MANAGEMENT

CapitaLand manages a total of 15 private vehicles and five listed Real Estate Investment Trusts (REITs) with an aggregate Assets Under Management (AUM) of S\$51.2 billion. The majority of the assets managed are located in Asia Pacific, with sizeable presence in Singapore (41.0%) and China (47.5%).

CapitaLand has a dedicated Investment Management business which explores opportunities with the Group's business units to grow the private vehicles platform. As a real estate developer-owner-manager with multi-sector expertise and deep local knowledge of the various markets it invests in, CapitaLand provides its capital partners access to a broad variety of investment opportunities. Further, CapitaLand uses its operational expertise to enhance cash flow, optimise the value of underlying assets and produce long term risk-adjusted returns for its capital partners.

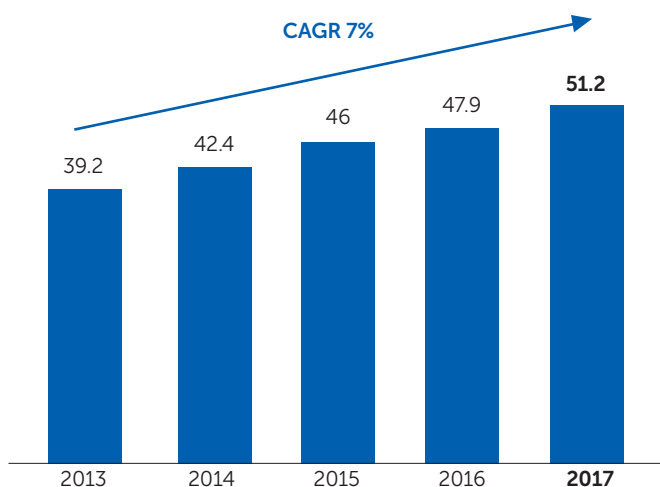
Through its private vehicles and listed REITs, CapitaLand diversifies its funding sources while expanding its AUM. The Group has a respectable stable of international capital partners that include sovereign wealth funds, pension funds and insurance companies from Asia-Pacific, North America, the Middle East and Europe. They invest in our private vehicles which range from private equity funds, club deals, joint ventures to separate accounts.

The fee income generated from managing such vehicles allows CapitaLand to further extract value from its established real estate platform while enhancing the Group's overall return on equity. CapitaLand also encourages alignment of interest with its investors by investing alongside with them.

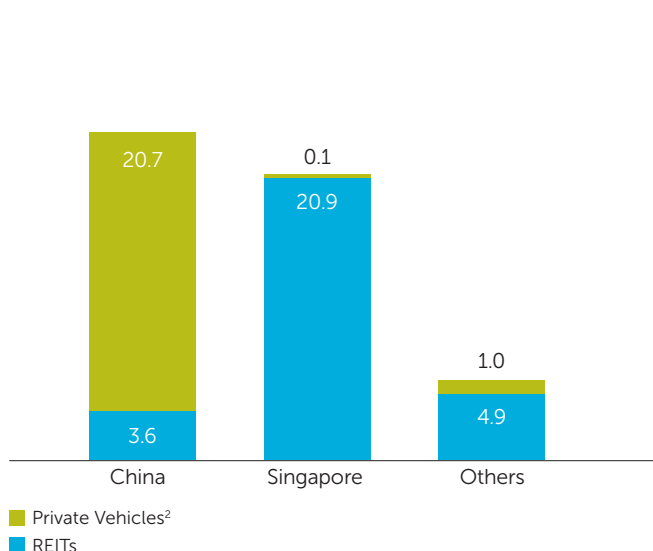
The private vehicles managed by CapitaLand typically invest in opportunistic and value-added strategies which aim to generate higher risk-adjusted returns and capital appreciation while the listed REITs focus on stable yielding core assets.

Notably in 2017, CapitaLand raised its first Vietnam commercial fund, CapitaLand Vietnam Commercial Fund I, a US\$300 million private equity vehicle investing in Grade A commercial real estate in Vietnam. CapitaLand holds a 40% stake while the remaining interests are held by major institutional investors.

**Total Assets Under Management (AUM)<sup>1</sup>**  
(S\$ Billion)



**FY 2017 AUM Breakdown - By Geography**  
(S\$ Billion)



1 Denotes total assets of REITs and private vehicles.  
2 Includes private equity fund, club deals, JVs and separate accounts with capital partners.