

ECONOMIC VALUE ADDED STATEMENT

	Note	2017 S\$ million	2016 S\$ million
Net Operating Profit Before Tax		1,747.2	1,199.1
Adjust for:			
Share of results of associates and joint ventures		876.6	707.8
Interest expense		504.7	463.9
Others		18.3	67.0
Adjusted Profit Before Interest and Tax		3,146.8	2,437.8
Cash operating taxes	1	(365.1)	(487.1)
Net Operating Profit After Tax (NOPAT)		2,781.7	1,950.7
Average capital employed	2	39,926.6	35,697.2
Weighted average cost of capital (%)	3	5.90	6.50
Capital Charge (CC)		2,355.7	2,320.3
Economic Value Added (EVA) [NOPAT – CC]		426.0	(369.6)
Non-controlling interests		(57.5)	312.2
Group EVA attributable to owners of the Company		368.5	(57.4)

1 The reported current tax is adjusted for the statutory tax impact of interest expense.

2 Monthly average capital employed included equity, interest-bearing liabilities, timing provision, cumulative goodwill and present value of operating leases.

Major Capital Components:	S\$ million
Borrowings	16,970.3
Equity	22,400.5
Others	555.8
Total	39,926.6

3 The weighted average cost of capital is calculated as follows:

- i) Cost of Equity using Capital Asset Pricing Model with market risk premium at 5.69% (2016: 6.12%) per annum;
- ii) Risk-free rate of 2.30% (2016: 2.53%) per annum based on yield-to-maturity of Singapore Government 10-year Bonds;
- iii) Ungeared beta ranging from 0.50 to 0.95 (2016: 0.50 to 0.98) based on the risk categorisation of CapitaLand's strategic business units; and
- iv) Cost of Debt rate at 3.43% (2016: 3.72%) per annum using 5-year Singapore Dollar Swap Offer rate plus 125 basis points (2016: 125 basis points).