

# Annual General Meeting 2021

Presentation by Group CEO

27 April 2021

# Disclaimer



This presentation may contain forward-looking statements. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, availability of real estate properties, competition from other developments or companies, shifts in customer demands, shifts in expected levels of occupancy rate, property rental income, charge out collections, changes in operating expenses (including employee wages, benefits and training, property operating expenses), governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business.

You are cautioned not to place undue reliance on these forward-looking statements, which are based on the current view of management regarding future events. No representation or warranty express or implied is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or opinions contained in this presentation. Neither CapitaLand Limited ("CapitaLand") nor any of its affiliates, advisers or representatives shall have any liability whatsoever (in negligence or otherwise) for any loss howsoever arising, whether directly or indirectly, from any use of, reliance on or distribution of this presentation or its contents or otherwise arising in connection with this presentation.

The past performance of CapitaLand or any of the listed funds managed by CapitaLand Group ("CL Listed Funds") is not indicative of future performance. The listing of the shares in CapitaLand ("Shares") or the units in the CL Listed Funds ("Units") on the Singapore Exchange Securities Trading Limited ("SGX-ST") does not guarantee a liquid market for the Shares or Units.

This presentation is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for the Shares or Units.

The directors of the Company (including any who may have delegated detailed supervision of the preparation of this presentation) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this presentation in each case which relate to the Company, CapitaLand Investment Management Limited ("CLIM") and CapitaLand Integrated Commercial Trust ("CICT") (excluding information relating to the Offeror or any opinion expressed by the Offeror) are fair and accurate and that, where appropriate, no material facts which relate to the Company, CLIM and CICT have been omitted from this presentation, and the directors of the Company jointly and severally accept responsibility accordingly. Where any information which relates to the Company, CLIM and CICT has been extracted or reproduced from published or otherwise publicly available sources or obtained from the Offeror, the sole responsibility of the directors of the Company has been to ensure that, through reasonable enquiries, such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this presentation. The directors of the Company do not accept any responsibility for any information relating to the Offeror or any opinion expressed by the Offeror.

# FY 2020 – A Challenging But Fulfilling Year



Ensuring adherence to social distancing regulations

Anti-microbial coating for high contact areas in CapitaLand properties



Deployment of contactless service robots



Ensuring Stakeholders' Health and Safety

Pledged >S\$6M to support communities globally (>S\$2M in Singapore)

Supporting Our Customers and Communities Through COVID-19

>S\$340M of rental rebates<sup>1</sup> disbursed to tenants in FY 2020

CapitaLand staff distributing hand sanitisers and masks (initiatives of Temasek Foundation)



Investing in children's education<sup>2</sup>



Mobilised >2,600 staff and community volunteers

Supported >163,000 people

Established RMB10M healthcare fund in China



Provided >47,000 meals, food bundles and care packs



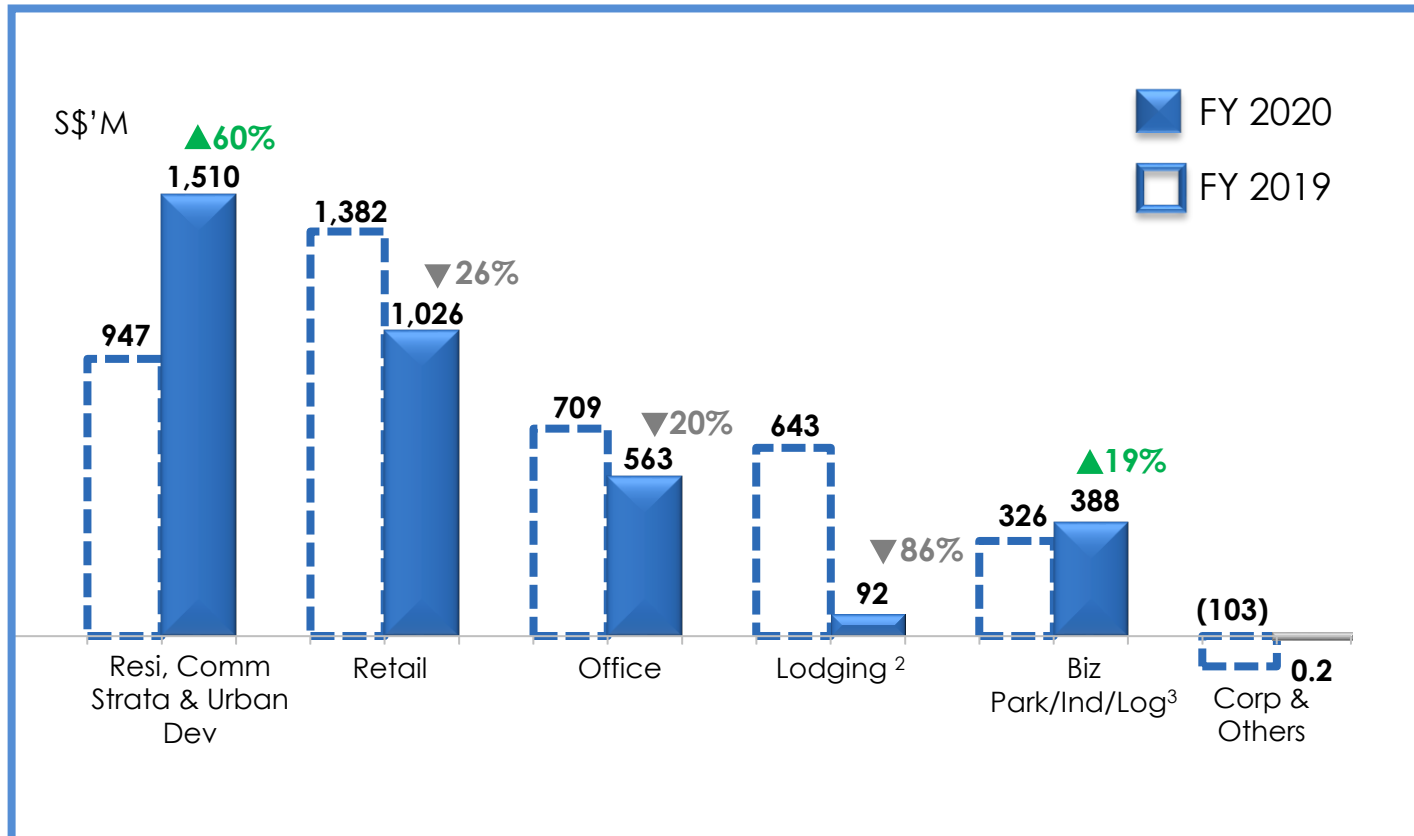
Notes:

1. On 100% basis. YTD rental support to our retail tenants, excluding government subsidies
2. In markets where we operate in such as China, Singapore, Vietnam and India

# Operational Resilience Maintained

Diversification strategy mitigated overall downside risks resulting in a resilient FY 2020 EBIT<sup>1</sup>

## FY 2020 EBIT<sup>1</sup> by Asset Class



- **Resilient EBIT<sup>1</sup> of S\$3.6Bn generated in FY 2020** (FY 2019: S\$3.9Bn )
- Workspace<sup>4</sup> portfolio remained largely resilient even as leasing came under pressure during the peak of the pandemic
- Residential and retail performance showed marked improvement in 2H 2020 as economies gradually open up

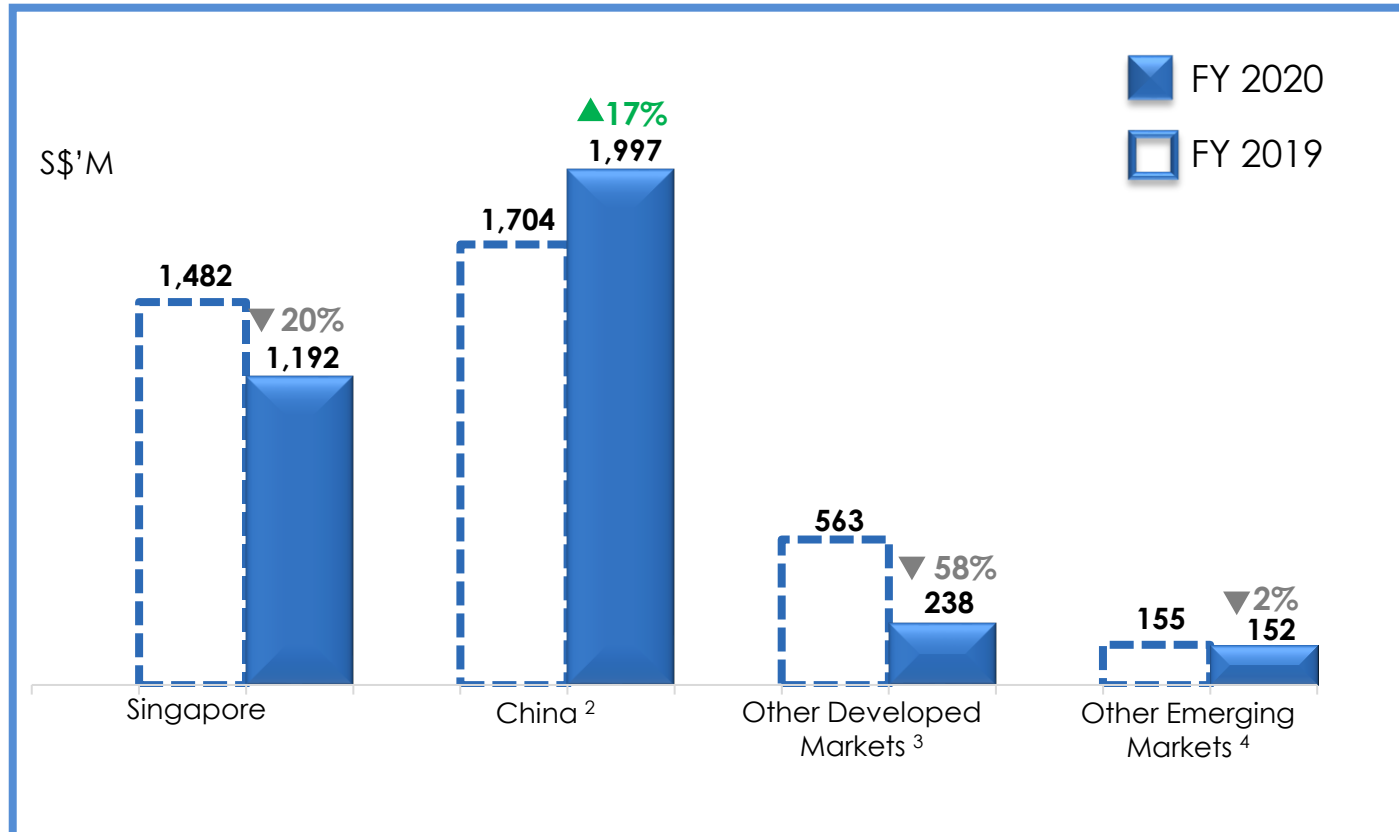
Notes:

1 EBIT = Operating EBIT + Portfolio gains + Realised FV gains  
 2 Includes Hotel. EBIT for FY 2019 includes gains from Ascott Raffles Place (ARP) divestment of S\$135M. Excluding ARP gains, EBIT for FY 2020 is lower by 83%  
 3 Includes Data Centres  
 4 Refers to office and business park, industrial and logistics asset classes

# Operational Resilience Maintained (Cont'd)

Diversification strategy mitigated overall downside risks resulting in a resilient FY 2020 EBIT<sup>1</sup>

## FY 2020 EBIT<sup>1</sup> by Geography



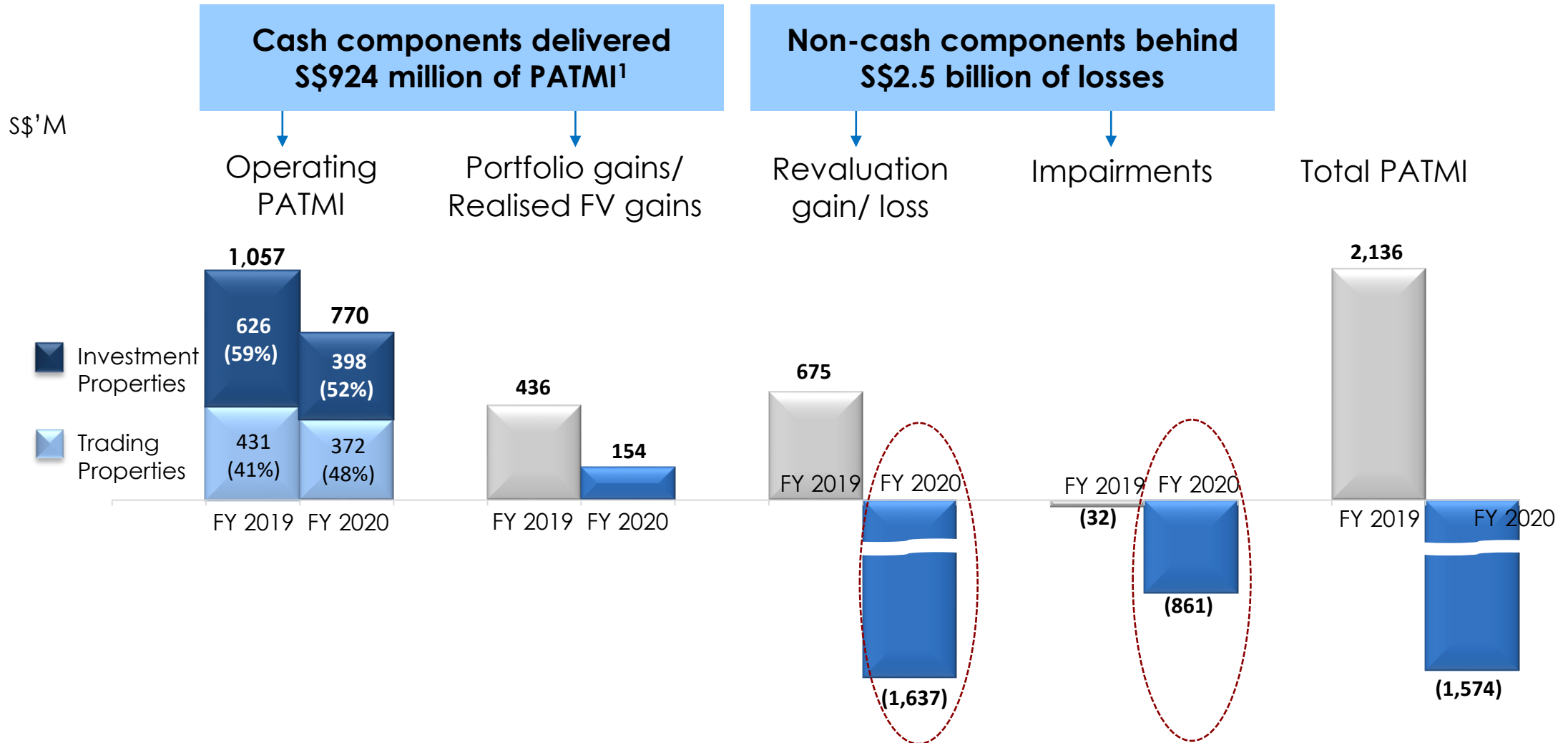
- **Resilient EBIT<sup>1</sup> of S\$3.6Bn generated in FY 2020** (FY 2019: S\$3.9Bn )
- China exceeded FY 2019 performance, cushioning impact from other geographies
- Singapore's recovery starting 2H 2020 progressed well

Notes:

- 1 EBIT = Operating EBIT + Portfolio gains + Realised FV gains
- 2 Includes Hong Kong
- 3 Excludes Singapore & Hong Kong
- 4 Excludes China

# FY 2020 Key Financial Highlights


Delivered credible operating results despite significant impact to non-cash segments



Note:  
1. Cash PATMI = Operating PATMI + portfolio gains + realised FV gains


# FY 2020 Key Financial Highlights (Cont'd)






**PATMI**  
**S\$(1,574.3M)**

▼ **NM**




**Operating PATMI**  
**S\$769.9M**

▼ **-27.2%**  
**YoY**




**Dividend Per Share**  
**S\$0.09**


Corresponding to **52%**  
**Dividend Payout Ratio<sup>1,2</sup>**



**Net Debt/Equity**  
**0.68x**

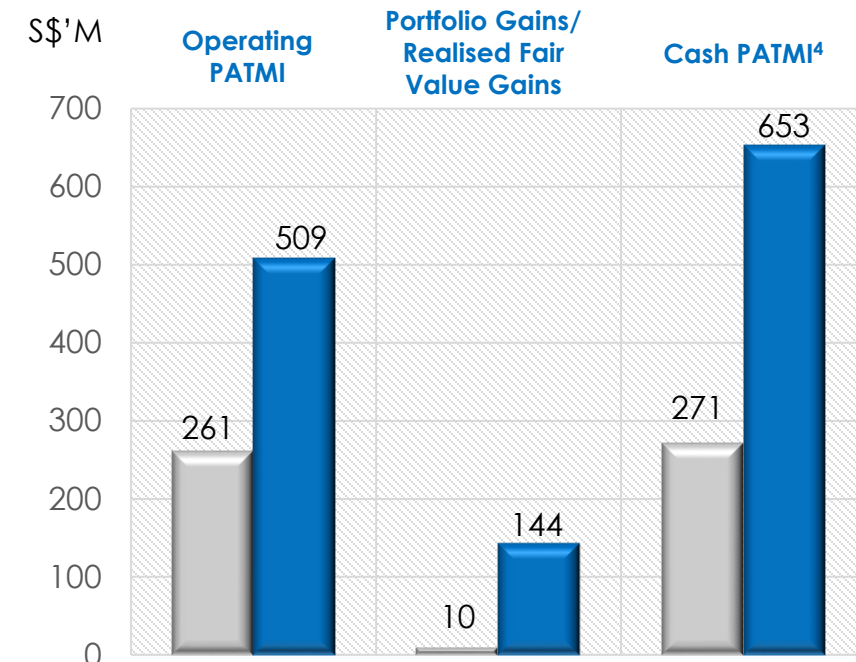


**Total Cost Savings**  
**~S\$250.0M<sup>3</sup>**



**Cash & Available Undrawn Facilities**  
**S\$15.3Bn**

Marked recovery in Cash PATMI<sup>4</sup> starting 2H 2020



**FY 2020 Gross Divestment Value**

**S\$3.04 billion**

1H 2020  
2H 2020

Notes:

- Total dividend payout as a % of cash PATMI
- Baring unforeseen circumstances, the Group's policy is to declare a dividend of at least 30% of the annual cash PATMI, defined as sum of Operating PATMI, portfolio gains/losses and realised revaluation gains/losses
- Comprised reduction in operating costs (vs. FY 2019 adjusted for ASB acquisition) and deferral of discretionary capital expenditure
- Cash PATMI = Operating PATMI + portfolio gains + realised FV gains

# Continued Pivoting Towards “New Economy” Asset Class

About 93%<sup>1</sup> of our groupwide investments in FY 2020 were in “new economy” assets

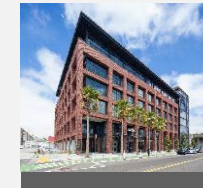
## Development of a logistics property in Japan

- Joint venture (JV) with Mitsui & Co. Real Estate Ltd, with CapitaLand as the majority partner, to develop and operate a logistics project in Greater Tokyo

## Reinvestment in Ascendas Xinsu Portfolio

- Formed a 49:51 JV with CLCT on the Xinsu Portfolio (one of the 5 business parks divested to CLCT) at an agreed property value of RMB2,265 million (\$460.6 million)<sup>2</sup>, in view of redevelopment potential of the site
- Target to grow AUM in new economy assets in China from \$1.5 billion to \$5 billion over the next few years

## New economy investments through listed vehicles



510 Townsend Street



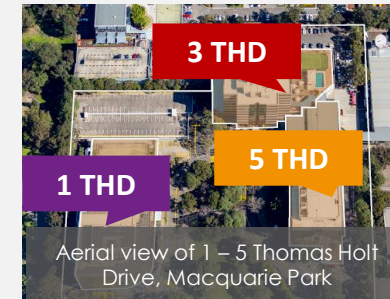
505 Brannan Street



Artist Impression of 500 Green Road, Brisbane

Two Class A tech office properties in San Francisco (U.S) via Ascendas Reit in Nov 2020

Development of a freehold high-quality logistics property in Crestmead, Brisbane (Australia) by Ascendas Reit



Aerial view of 1 – 5 Thomas Holt Drive, Macquarie Park

2nd freehold suburban office in Macquarie Park, in Sydney (Australia) acquired by Ascendas Reit



Post FY 2020: Ascendas India Trust entered into definitive agreements to acquire aVance 6, an IT SEZ building at HITEC City in Hyderabad (India)

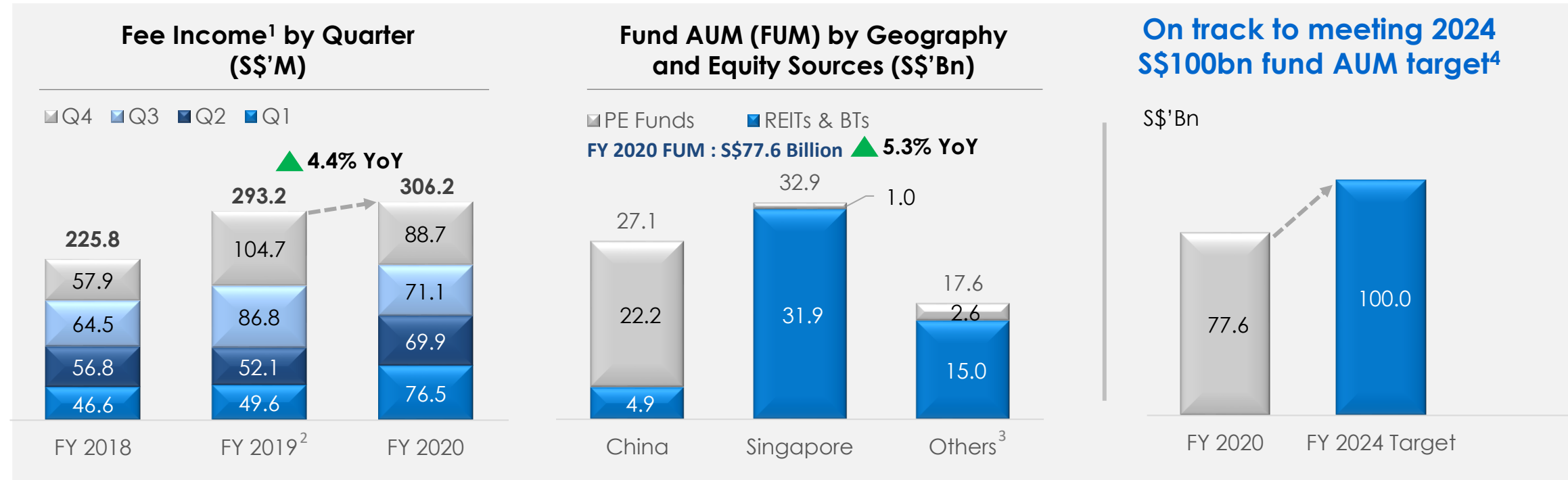
Notes:

- On 100% basis. For transactions announced in FY 2020
- On a 100% basis



# Efficiently Structured For Growth

Continued efforts to improve fund management efficiency, fee income edged up in FY 2020 despite challenging investment landscape



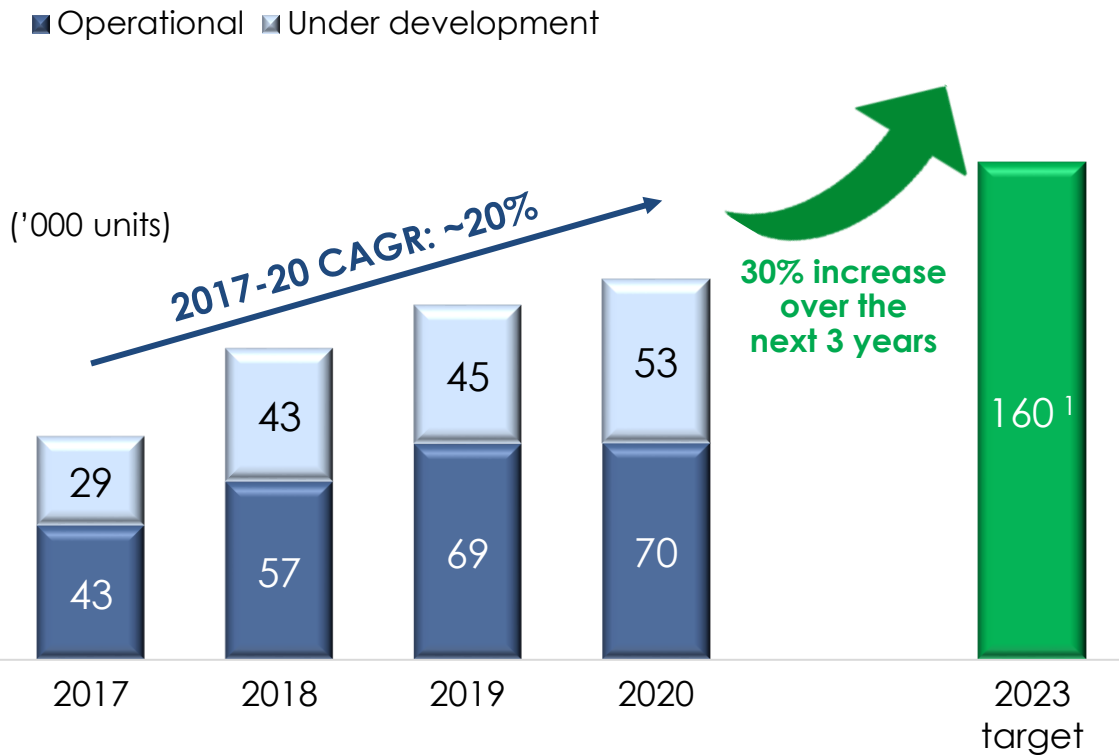
Notes:

- Includes fee-based revenue earned from consolidated REITs before elimination at Group level
- Includes contribution from ASB for the period from 1 Jul to 31 Dec 2019
- Others include Malaysia, Vietnam, other Asia, Europe and USA
- Based on CapitaLand Investor Day 2019 presentation, published on 29 November 2019 by CapitaLand Limited

# Resilient Lodging Business Model

Record management units secured in FY 2020 despite impact caused by COVID-19

## Lodging units under management

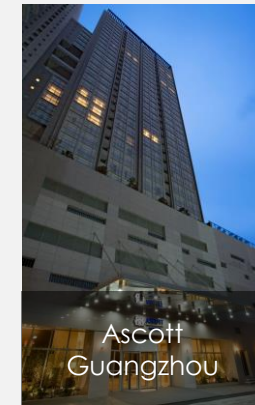


- 4<sup>th</sup> consecutive year of record growth in management and franchise contracts
- 14,200 units secured in FY 2020 amidst COVID-19

## Capital recycling in FY 2020 realised ~55% above fair value

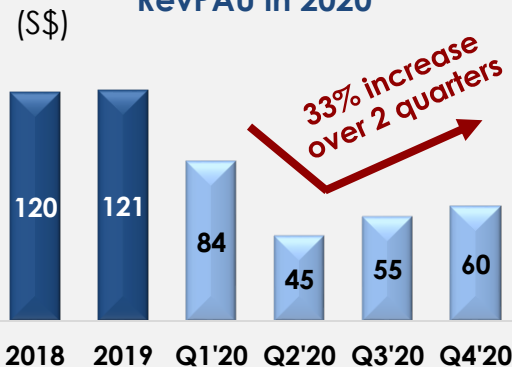


Divested at JPY5.9Bn in Dec 2020 at 63% above its book value via Ascott Residence Trust (ART)

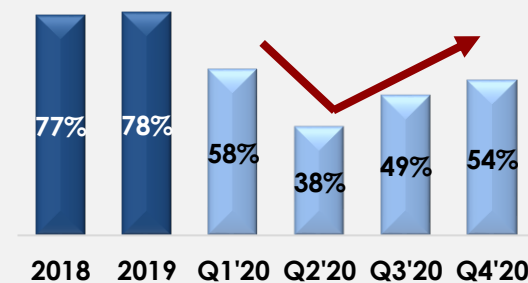


Divested at RMB780M in Dec 2020 at 52% above its book value via ART

## Sequential improvement in RevPAU in 2020



## Continued recovery in Lodging occupancy rate



Notes:

1. Based on press release "Ascott Targets To Double Its Global Portfolio To 160,000 Units In Five Years", published on 29 January 2018 by The Ascott Limited

# People, Digitalisation and Sustainability

Anchoring our business on things that last



## People

>Digitally-enabled workforce quickly transitioned into remote working during the pandemic

>20% increase in total learning hours in digital-related courses



## Digitalisation



>14 Million CapitaStar Members<sup>1</sup>

>2,700 Tenants onboarded<sup>1</sup>;

CapitaStar

eCapitaMall

Capita3Eats

CAPITASTAR @work

asr ascott star rewards  
Ascott's loyalty programme

>\$46 Million GMV<sup>1</sup> across CapitaStar and related digital channels

>Accelerated the development of digital platforms catering to workspace, lodging and residential businesses

>Over 100 internal dashboards developed to enable faster data-driven decisions across investments, operations and human resource, to improve accuracy and productivity

## Sustainability

>Launched 2030 Sustainability Master Plan in Oct 2020

Elevated 2030 targets include:

- 78% reduction in carbon emissions intensity and low-carbon science-based target validated by Science Based Targets initiative (SBTi) for a 'well-below 2°C' scenario
- Tripling sustainable finance portfolio to \$6 billion
- Project funding for innovations via CapitaLand's Sustainability X Challenge
- Creating a 'Return on Sustainability' metric

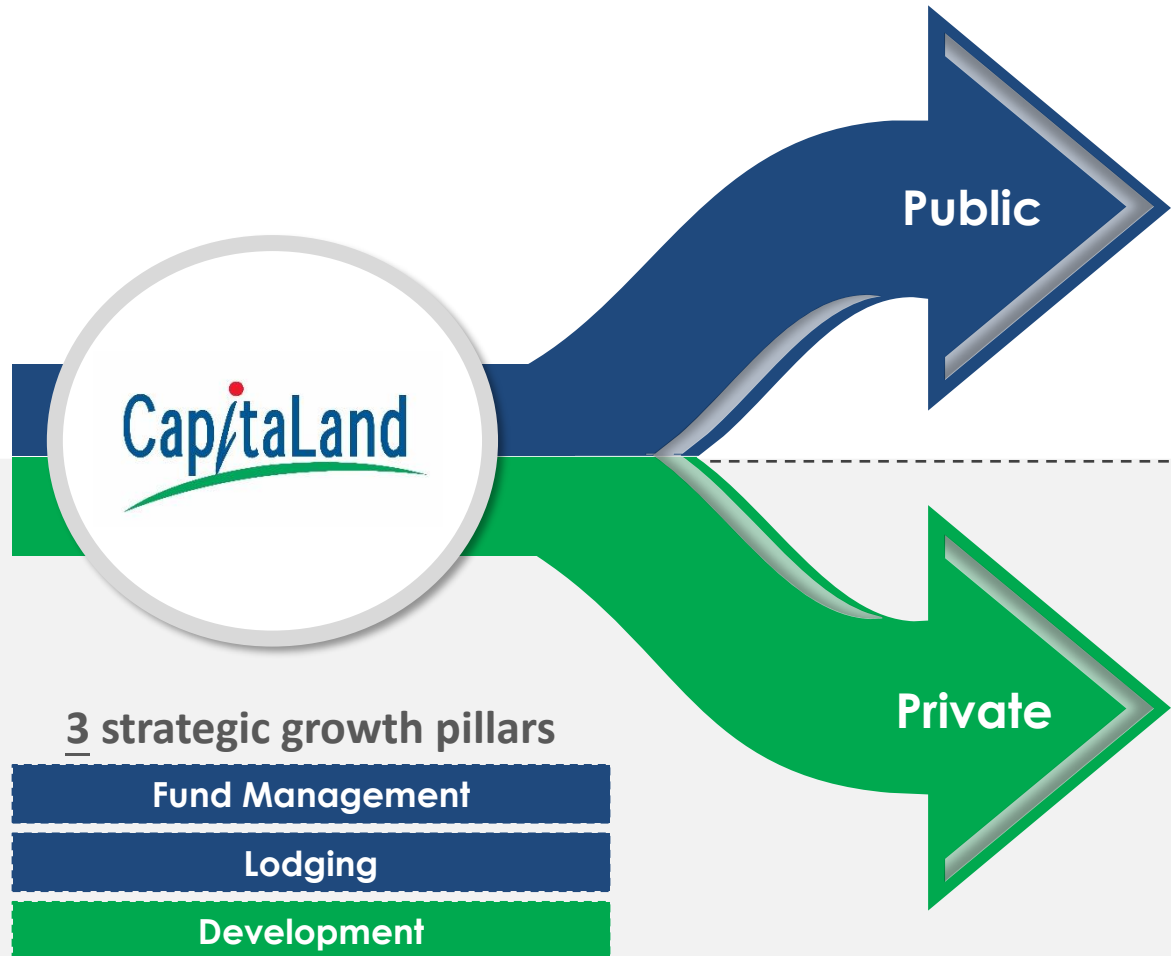
Note:

1. As of 31 Dec 2020

# How We Are Preparing for Tomorrow



Proposed restructuring of CapitaLand to sharpen focus and illuminate value in strategic growth pillars



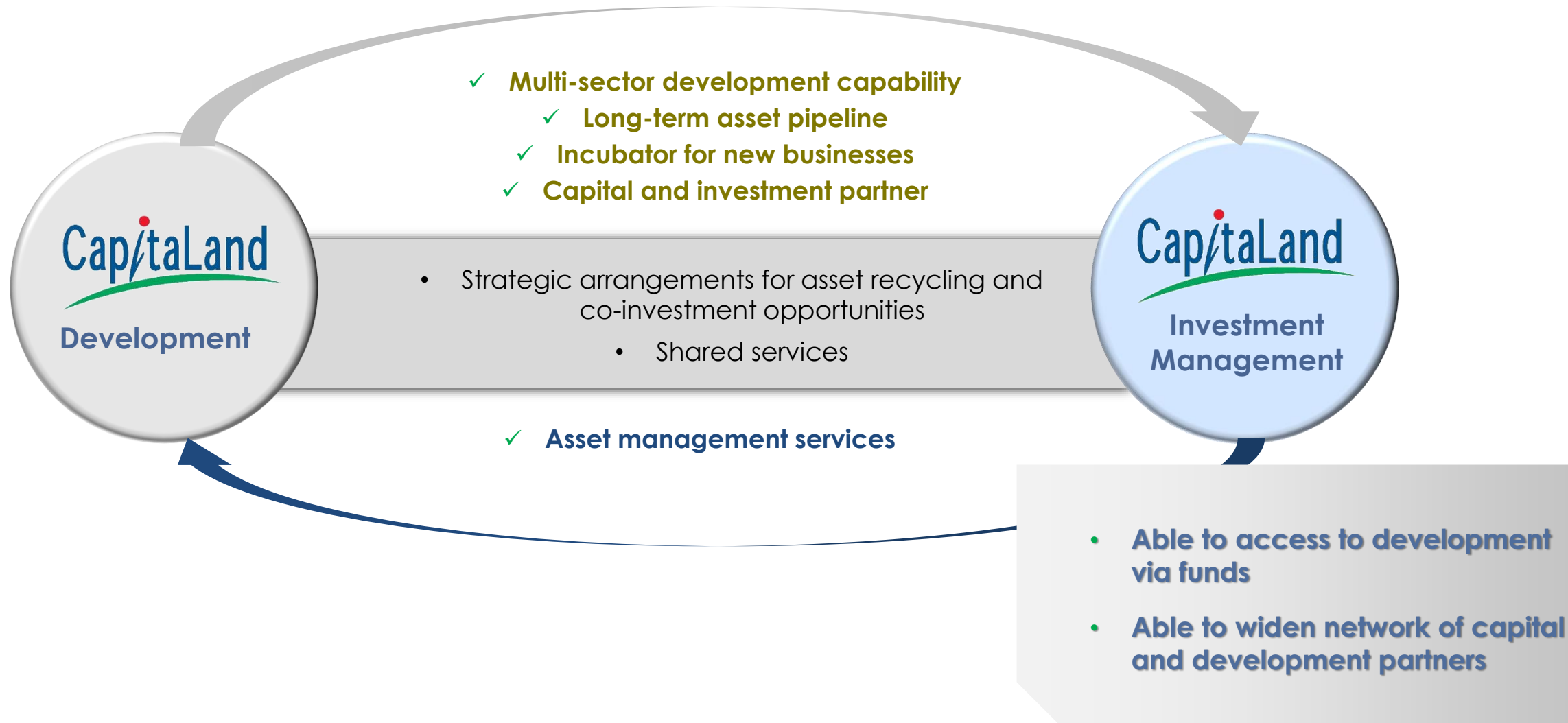
### CapitaLand Investment Management (CLIM)

Fund Management	Lodging
<ul style="list-style-type: none"><li>Asset and <b>capital efficient</b></li><li><b>Scalability</b> through Fee Related Earnings (“FRE”) and Fund AUM (“FUM”) growth</li><li><b>Full stack</b> investment and operating capabilities</li></ul>	

### CapitaLand Development

Development
<ul style="list-style-type: none"><li>Asset and <b>capital intensive</b></li><li>Development of longer gestation projects and incubation of new businesses requiring <b>patient capital</b></li><li><b>Full stack</b> development and project management capabilities</li></ul>

# Strategic Restructuring Preserves CapitaLand Group's Valuable Ecosystem



# Conclusion



- CapitaLand's businesses have demonstrated resilience and emerged from the worst of the COVID-19 pandemic into recovery.
- The Group's growth plans via the three strategic growth pillars of Development, Fund Management and Lodging, are well-supported by a strong balance sheet and healthy net debt-to-equity ratio of 0.68 times.
- As part of CapitaLand 3.0 transformation, the Group has proposed to restructure the Group's businesses to sharpen their focus and strengthen their distinctive competitive advantages<sup>1</sup>. Subject to the completion of the Scheme, this will involve:
  - (a) Consolidating the Group's investment management platforms, as well as its lodging business, into "CapitaLand Investment Management" (CLIM), which is to be listed by introduction on the Singapore Exchange (SGX); and
  - (b) Placing the real estate development business of the Group under private ownership, to be fully held by CLA Real Estate Holdings (CLA) through the proposed privatisation of CapitaLand on completion of the Scheme.
- The proposed transaction is not expected to affect day-to-day business activities and ongoing operations of CapitaLand and our listed REITs/BTs.
- We will execute business as usual, which includes our continued disciplined in capital recycling, pivoting towards new economy real estate asset classes, and growing fee income streams via Fund Management and Lodging.
- The Group will also actively future proof our business by adjusting our product suite to new norms and expectations through growing our people and digitalisation.
- We will remain committed to the goals set out in CapitaLand's 2030 Sustainability Master Plan to embed sustainability into every stage of our real estate life cycle. This will remain our strategic blueprint to pursue profitable business growth in a responsible manner.

Note:

1. CapitaLand's Shareholders will be receiving a scheme document and introductory document in or around 3Q 2021, with full information on the proposed restructuring and the details of the Extraordinary General Meeting and Scheme Meeting that we will call to seek Shareholders' approval



# Thank You

For enquiries, please contact Ms Grace Chen, Head, Investor Relations  
Direct: (65) 6713 2883 Email: [grace.chen@capitaland.com](mailto:grace.chen@capitaland.com)  
**CapitalLand Limited (<https://www.capitaland.com>)**  
168 Robinson Road #30-01 Capital Tower Singapore 068912  
Tel: (65) 6713 2888 Fax: (65) 6713 2999 Email: [groupir@capitaland.com](mailto:groupir@capitaland.com)

