CapitaLand Media/Analysts Trip: CapitaLand China
Lucas Loh, CLC CEO
10 November 2014
1. Overall Market Trend
2. Strategy in China
3. Execution Plan
4. Outlook
China Overall Market Trend
Mega Trend Remains

Real estate backed economy
In line with CLC’s strategy - 5 city clusters

+7.4% GDP, 9M 2014
Economy Fundamentals remains resilient

15-20% GDP
Developers investment

Urbanisation
Mega city clusters continues to drive demand

Capital Market
Further liberalisation

For rapid economic expansion & fast urbanization

Expansionary fiscal policy
Pump up money supply
Pump up land supply

Accelerate total social investment growth

Economic growth

Data source: National Bureau of Statistics of China
Urbanisation: Benefit Mega Cities

• Gov’t Supportive Policy
  Land reform system; Broaden public services coverage to migrant workers, and etc

• Public Transportation
  Creating “1小时生活圈”

• Social Housing’s impact is unlikely significant
  2-tier” property market (private + public), with social housing having priority but with a growing commodity segment being more market-oriented and supply-focused.

Source: Chinese Government, Media, Citi Research
## Liberalisation of Capital Market

### Financial Reforms expected to benefit real estate in the long run

<table>
<thead>
<tr>
<th>Year</th>
<th>Interest rate liberalization</th>
<th>Exchange rate reform</th>
<th>Capital market deepening</th>
<th>Capital account liberalization</th>
</tr>
</thead>
</table>

Source: Chinese Government, SG Cross Asset Research/ Economics
CapitaLand China Strategy
### Improving Long Term ROE

**Where to focus?**

<table>
<thead>
<tr>
<th>Optimal Mix</th>
<th>Focus on Key Cities</th>
<th>How to build a sustainable and competitive business?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trading and Investment Assets</td>
<td>Exposure to Tier 1 and Tier 2/3 Cities</td>
<td>Target Real Demand for residential</td>
</tr>
<tr>
<td>50:50</td>
<td>70:30</td>
<td>First time Home Buyers &amp; Upgraders</td>
</tr>
</tbody>
</table>

**Continue to build and hone Mixed Use Development**

Enhance operational competence and scale economies, as more mixed use projects are completed.
Focus on 5 key Cities Cluster

Cluster 1: Beijing, Tianjin
Cluster 2: Shanghai, Suzhou, Hangzhou
Cluster 3: Chongqing, Chengdu
Cluster 4: Wuhan, Shenzhen
Cluster 5: Guangzhou, Shenzhen

Focus on 5 key Cities Cluster
Focus On Driving ROE

- **Capital Structure**
  - Equity Multiplier

- **Profitability**
  - Net Profit Margin

- **Productivity**
  - Asset Turnover

- Business process improvement
- Central Procurement ‘Modularization’
- Joint ventures with local partners
Execution Plan
Collectively manage 32 Projects, 8 Raffles City and 7 Private Equity Funds. Total AUM: ~ S$13 billion*

* As at Sep 2014
Focus on Operational Excellence And Execution

**Chengdu Century Park**
- Located in New Southern Area, Chengdu, Sichuan
- Acquired in Mar 2014
- Construction started in 2Q 2014
- 347 units (of Phase 1) on track to launch in Dec 2014

**Sunjia site, Ningbo**
- Located in Sunjia, Jiangbei District, Ningbo
- Acquired in Jan 2014
- Construction started in 3Q 2014
- First phase expected to be launch-ready in 2Q 2015
Focus on Operational Excellence And Execution

Datansha Island, Phase 1A

- Located in the western part of downtown Guangzhou
- Acquisition of first land plot with GFA of 97,649 sqm is expected to be completed in 4Q 2014
- Construction expected to commence in 4Q 2014
- First phase expected to be launch-ready in 4Q 2015
Shorten Time to Market & Quality Control

2 Main Business Drivers
- Product Design & Development Center
- Central Procurement
USING TECHNOLOGY

Improve Processes
Connect with customers
Build a better product

BPI

Customers

Products
JV with Local Partners

Chengdu Century Park 2014

Hanzhonglu Project 2013

Datansha Project (Urban renewal, 2013)
One CapitaLand Strategy

Investment Focus on Integrated Developments

One CapitaLand strategy will tap on group synergies and integrated capabilities to create a niche space.
Outlook
Residential Pipeline ~ 7m sqm in GFA

- Manage 29 residential projects in 15 cities
- Existing pipeline expected to last beyond 2017

Effective share of GFA ~3 m sqm

Data @ Sep 2014
Residential Launch Ready in 2015

New residential projects expected to be launched ready

Riverfront, Hangzhou

Vermont Hills, Beijing

Century Park, Chengdu

Sunjia Site, Ningbo

* Subject to change
Completion in 2015

• Lotus Mansion, Vista Garden and New Horizon launched in 2014 are expected to handover in 2015.
• ~ 4,000 units of launched units will be completed in 2015.

* Subject to change
Operational Raffles City with stable recurring income

- Active tenant remix to improve shopper experience
- Continuous ramping up of office occupancies in the newly completed properties

Raffles City Shanghai
Raffles City Beijing
Raffles City Ningbo
Raffles City Chengdu
4 Raffles City Construction on track
To add to pipeline of recurring income

Raffles City Hangzhou

Raffles City Changning

Raffles City Shenzhen

Raffles City Chongqing

* Subject to change
## Project Brief

<table>
<thead>
<tr>
<th><strong>Location:</strong></th>
<th>Zhabei District, along Suzhou River, within Inner Ring</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Devt plan:</strong></td>
<td>Mixed development, atop Hanzhonglu Metro interchange</td>
</tr>
<tr>
<td><strong>JV partners:</strong></td>
<td>上海申通地铁资产经营管理有限公司 (30% stake)</td>
</tr>
<tr>
<td><strong>Land size:</strong></td>
<td>11,747 sq m</td>
</tr>
<tr>
<td><strong>Total GFA:</strong></td>
<td>75,000 sq m</td>
</tr>
<tr>
<td></td>
<td>Office: 44,734 sq m</td>
</tr>
<tr>
<td></td>
<td>Retail: 10,655 sq m</td>
</tr>
<tr>
<td></td>
<td>Other: 19,611 sq m</td>
</tr>
<tr>
<td><strong>Land usage:</strong></td>
<td>Office/Retail</td>
</tr>
<tr>
<td><strong>Est. start of construction:</strong></td>
<td>Q2 2015</td>
</tr>
<tr>
<td><strong>Est. completion:</strong></td>
<td>Q4 2017</td>
</tr>
<tr>
<td><strong>Building Height:</strong></td>
<td>~130 m</td>
</tr>
</tbody>
</table>
Project Location

Inner Ring

Hanzhonglu Project

2km

West Nanjing Rd CBD

People Square

Lujiazui CBD

4km

3km

Mid-Huaihai Rd CBD

2km

4km

3km
# The Capital Tower, Shanghai

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<tr>
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</table>
| Total GFA:    | 66,160 sq m  
Office: 43,987 sq m  
Serviced Apartment: 21,001 sq m  
Retail: 1,172 sq m |
| Construction commenced year: | Q4 2014  
(Above-ground construction) |
| Est. completion: | Q4 2016 |
| Building Height | 140 m |
Project Location

- Inner Ring
- West Nanjing Rd CBD
- Lujiazui CBD
- Mid-Huaihai Rd CBD
- The Capital Tower
CONCLUDING REMARKS

1. One CapitaLand strategy will tap on group synergies and integrated capabilities to create a niche space

2. To reduce development cycle to improve asset turnover

3. Urbanization will continue to drive demand for homes

4. CLC is well positioned to ride the market

5. Raffles City portfolio continues to see positive growth

6. Pipeline of projects with recurring income

7. Continue to work with Capital Partners for growth