Disclaimer

This presentation may contain forward-looking statements that involve risks and uncertainties. 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 companies and venues for the sale/distribution of goods and services, shifts in customer demands, customers and partners, changes in operating expenses, including employee wages, benefits and training, 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 current view of management on future events.
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   • How CL China React – Strategies & Opportunities
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B. CL Investment management
Where Is CL China Today?

1. **Total Asset Contributes 37% Of CL Group’s Total Asset**
   - Remaining CL Group’s Total Assets At S$39.9 Billion, 63%
   - China’s Total Assets At S$23.2 Billion, 37%

2. **AUM Contributes 48% Of CL Group’s AUM**
   - Remaining CL Group’s AUM At S$48.6 Billion, 52%
   - China’s AUM At S$44.2 Billion, 48%

3. **EBIT Contributes 37% Of CL Group’s Total EBIT**
   - Remaining CL Group’s EBIT At S$1,800 Million, 63%
   - China’s EBIT At S$1,068 Million, 37%

Note: As of Sep 2018

CapitaLand Investor Day 2018
Where Is CL China Today? (As Of September 2018)

Asset Value By Cities

Tier 1: 58%
- Shanghai 32%
- Beijing 15%
- Guangzhou 7%
- Shenzhen 4%
- ChongQing 11%
- Chengdu 9%
- Wuhan 4%
- Hangzhou 3%
- Tianjin 2%
- Xian 3%
- Suzhou 6%
- Others 2%

Tier 1.5-2: 40%
- Tier 3: 2%

Others: 6%

Asset Value By Asset Class

Total Assets: S$23.2 Billion
- Residential & Commercial Strata: 34%
- Commercial: 17%
- Retail: 43%
- Lodging: 6%

Total EBIT: S$1,068.5 Million
- Residential & Commercial Strata: 27%
- Commercial: 19%
- Retail: 52%
- Lodging: 2%

Majority Of Assets In Tier 1 & Tier 2 Cities And In Investment Properties

Note: As of September 2018
Overview Of China Real Estate Market
China’s Real Estate Landscape Is Evolving; Opportunities Arise Due To Changing Consumer Needs

1. **1970s to 1990s**
   - Real estate being viewed as a necessity, "roof over the head"

2. **1990s to 2010s**
   - Rapid urbanisation, real estate was to meet "demands" of urban dwellers

3. **2010s - Next Phase of Growth**
   - Urban revitalisation, shift towards a middle income society with a digital lifestyle
Greater Emphasis In Services Offer Expansion Opportunities Across The Value Chain

• **Urban revitalization** (产城融合)
  - Chinese government need help to attract industries that create economic growth and employment (integrated developments such as Raffles City is no longer sufficient as a source of profit or attraction)
  - Shift in focus to innovation and technology “双创” – 创新，创业

• **China policy focus is also shaping the future direction of real estate sector with new needs and products**
  - Shift in economic structure to domestic-led consumption growth, leading to changes in lifestyle and consumption patterns => towards a digital metropolitan lifestyle
  - Improving investment environment and opening up of capital markets through new products
  - Importance of social stability – development of rental housing

“Our goal ahead is to let the citizens live a happy, meaningful and fulfilling life…”
“In three years time, to develop China into a middle-income society…”
Recent Challenges Faced In China Real Estate Market

1. Price cap
   - Every city’s government will impose a maximum selling price for each residential project.

   Examples
   - Nanjing: Price cap by regions
     - He Xi district: RMB 4,500 per sqm
     - Gu Lou district: RMB 40,000 per sqm
     - Jiang Bei district: RMB 30,000 per sqm
   - Chengdu: Below surroundings
     The selling price should not be above surrounding projects’ price. Appreciation based on interior finishes is not allowed.

2. Units limitation
   - Each individual can only buy up to a certain number of units.

   Examples
   - Beijing:
     - Beijing residence
       - Family: Maximum 2 units
       - Single: Maximum 1 unit
     - Non-Beijing residence
       - Qualification: Own residence permit and accumulated 5-year social insurance or accumulated 60-month personal income tax
       - Maximum 1 unit

3. Stricter loan policy
   - To home buyers: higher down payment due to reduction in LTV
   - To developers: higher borrowing rate, less loan size by banks to real estate developers.

   Examples
   - Shanghai:
     - 1st unit or no loan record: down payment 35%
     - 2nd unit or has loan record: down payment 70%
   - Guangzhou:
     - 1st unit: down payment 30 or 40%
     - 2nd unit or above: down payment 50% or 70%
### Nevertheless, Residential Launches And Sell-through Rate Remain Healthy

- Average Sell-through Rate Stabilised From September 2018, Which Also Manifested In The Recovery Of Market Sentiment
- New Construction Area Growth Rate Stabilized At 10% In 2018

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**Average sell-through rate of new launches**

- **Overall**
- **Tier1**
- **Tier2**

**Resi sales GFA & new starts GFA growth**

(accumulated, nationwide)

- Low sales led to slower construction speed
- Inventory stocking pulled up the sales speed

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Note:
1. Average sell-through rate of new launches is from CICC report.
2. Resi sales GFA & new starts GFA growth is from TOSPUR.
Land Bidding Cancellation Rate Raised And Real Estate Players Are Starting To Be More Rationale

- By August 2018, 245 Land Bids Cancelled In Tier 1 & 2 Cities, Showing Declining Trend Comparing To 258 Bids Cancelled In FY2017
- Geographically, More Bids Are Cancelled In Cities Of Northern China And Inner Regions
Consumption Growth & Confidence Still Holding Up

Impact Of US-China Trade Tensions Remain Limited

Monthly growth of total retail sales of consumer goods

China Consumer Confidence Index

Note:
1. Growth of retail sales is from China Statistics Bureau
2. CCI is from Nielsen CCData

Overview Of China Real Estate Market

CapitaLand Investor Day, 2018
Business Sentiments Remains Positive

Demand For Office Space Continue To Be High With Net Absorption Inching Up

China Net Absorption

Note:
1. Cushman & Wakefield Research; f = forecasted pace based on 2018Q1 trend
2. Msf = million square feet
How CL China React – Strategies & Opportunities
How CL China React – Strategies & Opportunities

1. Targeting Investments In Tier 1 & Upper 2 Cities

Five City Clusters Cover Key Tier 1 Cities And Upper Tier 2 Cities Which Still Have Strong GDP Growth And Demand For Consumer Consumption

Note:
1. Various cities’ Bureau of Statistics
New Investments Made In Various Asset Classes To Prevent Concentration Risk

Good Balance Of New Residential Projects With Mixed –Use Commercial Projects

- ZengCheng Land, GZ - Residential
- Project Spring, CQ - Mixed Use (Residential, Commercial)
- Project H55, SH - Mixed Use (Retail, Commercial)
- Ningbo Project, NB - Urban Renewal (Industrial Park & Residential)

Future land acquisitions after master planning is completed
3 Residential: Use Different Sources To Increase Residential Land Bank And Faster Time-To-Market

- Participate in opportunistic land-bidding at an acceptable breakeven price;

- Engage in higher yield and large scale urban redevelopment and land development

- Access to land bank at lower costs via acquisition of distressed projects or JV with partners with limited development capabilities

- Faster time-to-market for residential projects
Remains Confident On China Residential Sales Going Forward

High Sell-Through Rate For CL China's Residential Projects As Majority Of Launched Units Are Sold; Deferred Launches Mainly Due To Government Measures

Note:
1. Units sold includes options issued as at 16 November 2018
2. Above data is on a 100% basis. Comparative figures include strata units in integrated development. YTD Sep 2017 figures include the remaining inventory sold through the divestment of Central Park City Wuxi (108 residential units with a total value RMB192 million) and The Botanica Chengdu (total value RMB105 million).
3. Value includes carpark, commercial and value added tax.
**Investment Properties/Commercial: Explore More Value Appreciation Opportunities**

**Target assets in tier 1 & upper tier 2 cities to mitigate market risk**

**Expect returns derived from asset appreciation and value-add strategy**

**IP holding examples – Project H55, Shanghai**

- **Top location**: located in tier 1 city, SH and at intersection of two metro lines
- **Trophy asset**: highest twin towers along Huangpu River
- **Attractive price**: RMB 62k psm below replacement cost and 20% lower than market price
- **Full usage of capital**: gain S$ 4b of AUM whilst taking 20.9% effective stake and utilizing less than S$500m of equity

**Value add strategy example – Guozheng Centre, Shanghai**

- **Promising location**: short distance outside Shanghai’s Middle Ring Road
- **Value-add opportunity**: dated interior finishes, giving opportunity to create co-working space to rejuvenate the building
- **Stunning effect after AEI**: Total property value appreciated by RMB 60million after AEI was completed in May 2018
How CL China React – Strategies & Opportunities

Retail¹,²,⁵: Steady Growth Underpinned By Robust Domestic Consumption

<table>
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<tr>
<th>NPI Yield On Valuation³</th>
<th>Committed Occupancy⁴</th>
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<tr>
<td>5.0%</td>
<td>97.7%</td>
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<tr>
<td>+1.3%</td>
<td>+4.5%</td>
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Note:
1. Portfolio includes properties that are operational as at 30 September 2018. It excludes the 20 properties divested in China
2. Same-mall compares the performance of the same set of property components opened/acquired prior to 1 January 2017
3. NPI Yield on valuation is based on valuations as at 30 June 2018
4. Committed occupancy rates as at 30 September 2018 for retail components only
5. China: Excludes two master-leased malls. Tenants’ sales from supermarkets and department stores are excluded
Expanding Office Footprint In China

Office Space In Shanghai and Beijing Constitutes ~63% Of Total GFA

- Stabilized projects\(^1\) maintained their high occupancy and rent, with average rental reversion of +4% in 3Q 2018
- New projects\(^2\) continued their leasing momentum with average committed occupancy\(^3\) improved by 10% quarter-on-quarter in 3Q 2018
- Leed Platinum awarded to Innov Center in Shanghai

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20 Projects In
11 Cities

17 In Operations
3 Under Development

Total GFA

Over 1.2 million sqm

93.0%

Average Committed Occupancy For Matured Projects

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Notes:

1. Stabilized projects include offices in Raffles City Shanghai, Hongkou, Minhang, Raffles City Ningbo, Raffles City Beijing, Tianjin International Trade Centre, Raffles City Shenzhen, Raffles City Chengdu, CapitaMall Tiantu and CapitaMall Xindicheng
2. New projects include offices in Raffles City Changning, Capital Square, Innov Center, Raffles City Hangzhou, Suzhou Center, One iPark and CapitaMall Westgate
3. As at 30 September 2018
Conclusion
CL China Aim To Inspire Modern Urban Spaces And Lifestyle In Response To An Evolving China Real Estate Market

• Importance of CL China to CapitaLand Group’s business

• China is reshaping its real estate market towards a sustainable direction, which provides CL China new opportunities

• CL China will continue focus on tier 1 and upper tier 2 cities to mitigate potential market risk

• Diversify sources to residential projects through opportunistic land bidding, urban renewal and JV partners

• Increase asset value of investment properties and commercial projects through value-added trading
On Track To Grow S$10 Billion In AUM By 2020

Total Assets Under Management Through 5 REITS & 16 PE Funds

- Launched Ascott-QIA JV Fund
- Launched RCCI II Fund
- Launched Vietnam Commercial Fund I and Vietnam Commercial Value-added Fund

Potential New Funds

Approx. 56.0

Grow A Total Of S$10 Billion In AUM

Year-To-Date September 2018 Earned S$167.2 million In REITs/Fund management Fees
• RCCIP III, which started in 2016, formed a 50-50 JV with GIC to acquire Shanghai’s tallest twin towers for RMB12.8 billion

• Set up Vietnam Commercial Value-Added fund of AUM US$130 million
  – life span of 8 years;
  – JV with MEA Commercial Holdings, focusing on grade A properties in Vietnam

• Conversion of existing Raffles City Commercial Fund I to Raffles City Commercial Fund IV which is an income fund
Near Term Opportunities

• Scale up organically through setting up of new funds such as Asia focused value-added fund and debt fund

• Expand by acquiring new/existing platforms or engage in joint ventures

• Expand universe of capital partners, for example, tap on local Chinese institutional investors for RMB fund
Thank You