

2012 Business China Enterprise Award Recipient CapitaLand Group

Background

In November 2000, CapitaLand Limited (CapitaLand) was officially launched following the successful merger of two of Singapore's largest developers at that time, namely Pidemco Land and DBS Land. It was also listed in the Singapore Exchange on 21 November 2000. This new identity was created to embody the future direction and vision of the new entity.

CapitaLand is currently one of Asia's largest real estate companies, with its headquarters located in Singapore. Its core business in real estate and hospitality services are focused in the growth cities of Asia Pacific and Europe. The Group spans its businesses in more than 110 cities over 20 countries. It also manages S\$63.0 billion of real estate assets, which includes S\$32.8 billion in REITs and 17 private equity real estate funds as at end September 2012. Moreover, it has established leadership positions in various real estate sectors, namely homes, shopping malls, offices, serviced residence and mixed developments.

CapitaLand's strategic focus encompasses three core markets – Singapore, China and Australia; three secondary markets –Malaysia,Vietnam and Europe (for serviced residences); and two opportunistic markets – Japan and India.

The listed entities of the CapitaLand Group include Australand, CapitaMalls Asia, CapitaMall Trust, CapitaCommercial Trust, Ascott Residence Trust, CapitaRetail China Trust, CapitaMalls Malaysia Trust and Quill Capita Trust.

CapitaLand China is a wholly-owned subsidiary of CapitaLand. CapitaLand China is the umbrella brand encompassing the Group's businesses in China including: CapitaLand China Holdings; CapitaMalls Asia (China); Ascott China; CapitaValue Homes (China); and related real estate financial services. It entered into China in 1994, the same year that China started its housing reforms. With Shanghai as its initial focus when it first made inroads into the market, it has since expanded its footprint in over 40 cities in China over the years and is one of the top foreign developers. As a long-term developer, it has built up a reputation for integrating its strength, lending its professionalism to China's urbanisation and 'city-making' process and developing the real estate industry.

CapitaLand has been deepening its presence in the Chinese market and integrating international concepts with local practices. Through years of perseverance and effort, China has grown to become the largest overseas market for CapitaLand. The Group has benefitted greatly from China's rapid economic growth, the pro-business environment as well as the strong Singapore-China bilateral ties. As a Singapore enterprise in China, the Group is pleased to leverage its domain knowledge in real estate to further strengthen Singapore-China exchanges and contribute towards the development of the real estate industry, China's urbanisation, as well as play a part in its city making over the past 18 years.

Achievements

CapitaLand's portfolio in China at the end of September 2012 was worth over S\$13.0 billion of assets, comprising over 120 projects in more than 40 cities across the country, in both key gateway cities such as Beijing, Shanghai and Guangzhou as well as other Chinese cities like Chengdu, Chongqing, Hangzhou, Ningbo, Shenzhen and Wuhan.

Since 1994, CapitaLand has built more than 11,000 mid to high-end residential units in China. It has a pipeline of over 30,000 homes targeted to be completed after 2012. Besides developing mid to high-end homes, CapitaLand has ventured into building 'value homes' which will provide affordable housing for the common people. CapitaLand's wholly-owned subsidiary, CapitaValue Homes, is set to launch its first value home project in China, The Lakeside in Wuhan, by end-2012. CapitaValue Homes has two other value homes projects in Shanghai and one in Guangzhou. They are expected to be released for sale in the second half of 2013.

From one shopping mall in China in 2003, CapitaMalls Asia, CapitaLand's integrated shopping mall business which is separately-listed in the Singapore and Hong Kong stock exchanges, is now one of China's largest shopping mall developers, owners and managers with 59 malls in 36 cities. China malls continue to register double-digit net property income growth year-on-year. CapitaMalls Asia, with its extensive presence is well poised to capture the growing opportunities provided by the robust Chinese consumption trend and it targets to open one more mall this year, bringing its total number of operational malls in China to 49.

CapitaLand's serviced residence business unit, Ascott, plans to add about 4,000 new serviced residence units in China over the next 3 years, raising its total portfolio in the country to 12,000 units. Ascott currently has about 8,000 units in 17 cities across China.

CapitaLand has established itself as a developer which delivers high quality residential and mixed developments in China. The Group first brought its flagship 'Raffles City' brand of mixed developments to China in 2000 and has since expanded its stable of 'Raffles City' developments to eight with a total development area of over 2.9 million square metres. Other than 'Raffles City' in Beijing, Shanghai, Chengdu and Ningbo which have begun operations, CapitaLand has four other 'Raffles City' developments in Chongqing, Hangzhou, Shenzhen and Shanghai (Changning) currently under development. The groundbreaking for Raffles City Shenzhen and the RMB21.1 billion (S\$4.2 billion) landmark Raffles City Chongqing took place recently in August and September respectively.

The CapitaLand China Executive Committee was formed to better manage and synchronise investments, operations, branding and resources to pave the way for its continued growth in China.

To support its expansion plans in China, the Group entered into strategic co-operation agreements with the Agricultural Bank of China, Bank of China, China Construction Bank and Industrial and Commercial Bank of China in October 2012 to grant a credit limit allocation of up to RMB50 billion (about S\$10 billion) to CapitaLand Group's China businesses.

Over the last 18 years, CapitaLand has steadily built a long-term business relationship in China by re-investing its profits and localising its operations in the country. CapitaLand currently has about 7,000 staff in China, of which, less than 200 are Singaporeans. Key positions in the Group's China operations are also held by locals. To develop a robust local talent base, the Group expanded its corporate learning and development institute, CapitaLand Institute of Management and Business (CLIMB), to China in September 2012. This is part of CapitaLand's commitment to its credo of 'Building People' by promoting core values alignment, strategic workplace learning and leadership development among its staff in China.

Financial Highlights

In FY2011, the Group was able to achieve a net profit of S\$1,057.3 million. It was the sixth consecutive year that CapitaLand has recorded a net profit exceeding S\$1 billion.

CapitaLand achieved 15% year-on-year increase in net profit to S\$667.6 million for the nine months ended 30 September 2012 despite global economic uncertainties. In the same period, Group revenue grew 11.7% to S\$2,190.5 million, with revenue from China accounting for S\$396.2 million. Group earnings before interest and tax (EBIT) for the first nine months of 2012 was S\$1,434.7 million, with China accounting for S\$378.7 million of Group EBIT.

Key Financial Data:

	YTD Sep 2012	YTD Sep 2011
Revenue (S\$, million)	2,190.5	1,960.5
Net Profit (S\$, million)	667.6	580.7
Earnings before Interest and Tax (S\$, million)	1,434.7	1,274.5

The buying sentiment in China has sustained into 3Q 2012. Since the beginning of 2012, the Group has achieved sales of approximately 2,000 units in China with total sales value of RMB4.2 billion. The Group targets to release new units for sale from subsequent phases from existing projects, subject to market conditions. In addition, the first value housing project in Wuhan, The Lakeside, is slated for launch in 4Q 2012. The Group is seeking opportunities to acquire new development sites to boost its residential pipeline. CapitaLand's shopping mall business continues to register double-digit net property income growth year-on-year.

In January 2012, CapitaLand, together with CapitaMalls Asia and Singbridge Holdings, sealed the deal with the Chongqing government to invest RMB 21.1 billion (S\$4.2 billion) in the city's biggest development project in a decade and the largest single investment made by any Singapore firm in China. Designed by renowned architect Moshe Safdie, Raffles City Chongqing will comprise a shopping mall and eight towers for residential, office, serviced residence and hotel use, with total floor area of about 1 million square metres.

China is a key market for the Group's future investments. CapitaLand is confident that the long-term fundamentals of the property market in China remain sound, driven by new home formations, growing wealth creation and rapid urbanisation.

Contributions to Singapore-China Relations

CapitaLand is committed to contributing positively towards the communities it operates in. As one of the first foreign real estate companies to enter China 18 years ago, the Group is committed to building premier real estate in China. Besides enhancing the built-environment in the country, CapitaLand has also contributed towards China's urbanisation and is a part of the city-making business. Over the years, CapitaLand has built strong friendships with real estate developers in China and local Municipal governments.

CapitaLand believes in promoting an understanding of the cultures between Singapore and overseas communities. In September 2012, Singapore welcomed giant pandas Kai Kai and Jia Jia under the Giant Panda Collaborative Programme between Singapore and China. CapitaLand is the Presenting Sponsor and Conservation Donor of the Giant Panda Collaborative Programme. The 10-year programme is symbolic of the close relations between Singapore and China. China is one of CapitaLand's core markets and its conservation donation is testament of CapitaLand's long-term commitment in China. The Group's support of the giant pandas' 10-year stay in Singapore is an excellent platform to enhance cultural exchange and understanding between Singapore and China, and promote wildlife conservation education.

CapitaLand was also chosen by the Singapore Tourism Board as the official supporting partner of the Singapore Pavilion at the World Expo 2010 Shanghai China, the biggest World Expo in history. As part of its participation, CapitaLand launched the "Hand in Hand 20.10" campaign where 2010 underprivileged children from all over China were selected to visit Shanghai World Expo. This campaign was significant as it was in line with the exhibition theme of "Better City, Better Life". Furthermore, 2010 children were chosen as it marked 20 years of diplomatic relations between Singapore and China as well as CapitaLand's 10th anniversary.

Selected Awards (2011 – 2012)

Corporate

Golden Circle Award (Overall Most Transparent Company)

SIAS Investors' Choice Awards 2012

Best Investor Relations Gold Award (Market Cap of \$1 billion & above)

Singapore Corporate Awards 2012

Best Investor Relations in ASEAN

Alpha Southeast Asia Magazine

Best Financial Disclosure

World Finance Investor Relations Awards 2011

Best Corporate Governance

FinanceAsia

Best Investor Relations in ASEAN

5th Annual Best Deal & Solution Awards 2011

Best Global Mixed-Use Developer

Euromoney Real Estate Awards 2011

Best Mixed-Use Developer in Asia

Euromoney Real Estate Awards 2011

Best Developer in China

Euromoney Real Estate Awards 2011

Best Mixed-Use Developer in China

Euromoney Real Estate Awards 2011

Most Influential Foreign Enterprise 2011

House Weekly

Sustainability**Outstanding Corporate Citizen in China**

Corporate Citizen Committee of China Social Workers

Most Admired ASEAN Enterprise for the category of Corporate Social Responsibility (Large Company)

ASEAN Business Awards (ABA) 2012

Dow Jones Sustainability World Index 2012

SAM and Dow Jones Indexes

Dow Jones Sustainability Asia Pacific Index 2012

SAM and Dow Jones Indexes

Global 100 Most Sustainable Corporations in the World

Corporate Knights Global 100 Most Sustainable Corporations 2012

The Sustainability Yearbook 2012

Part of top 15% in the real estate sector for sustainability

Philanthropy Work

In line with CapitaLand's credo of 'Building People', CapitaLand Hope Foundation, the philanthropic arm of CapitaLand, was established in 2005 to further its corporate social responsibility (CSR) commitment to build a better future for privileged children in communities where it operates.

CHF focuses on programmes for the shelter, education and healthcare needs of underprivileged children aged 16 and below from communities in which the Group operates.

Every year, CapitaLand allocates up to 0.5% of its net profit to the Foundation. Since 2005, CHF has donated a total of over S\$17 million to aid underprivileged children in Singapore and overseas.

The Group set up CapitaLand Hope Foundation (China) to coordinate its CHF programmes in China.

CHF has donated to build 23 Hope Schools in China, including China's first Green Hope School named CapitaLand Muchuan Green Hope School in Sichuan. CapitaLand Hope Schools aim to provide a conducive learning environment for underprivileged children in rural communities, enabling social mobility and building a better future for the children and their families. CapitaLand also organised the large-scale "Hand in Hand 20.10" event where 2,010 underprivileged children were invited to visit The World Expo 2010 in Shanghai.

Through "My Schoolbag", CapitaMalls Asia's signature annual CSR programme, the Group has been donating schoolbags containing school and daily necessities to underprivileged children. This was made possible with funding from CHF.

In China, nearly 19,000 children from over 200 schools in 19 provinces and autonomous regions benefited from new schoolbags and stationery this year. Since 2010, CHF has contributed more than S\$750,000 towards the "My Schoolbag" programme to benefit underprivileged children in China. In addition, more than 450 CapitaLand Group staff volunteers have participated in the programme.

CHF launched its CapitaKids Programme in China in June 2011 to cultivate young Chinese opera talents among CapitaLand Hope School students in the country. The programme aims to provide long-term financial support for promising but underprivileged children beyond their primary school education, with the objective of helping them to acquire valuable skills to secure a livelihood in the future. It also includes helping underprivileged students to pursue a higher education in traditional Chinese opera with the aim of training them into accomplished Chinese opera professionals.

CapitaLand is the Presenting Sponsor and Conservation Donor of the 10-year Giant Panda Collaborative Programme.