

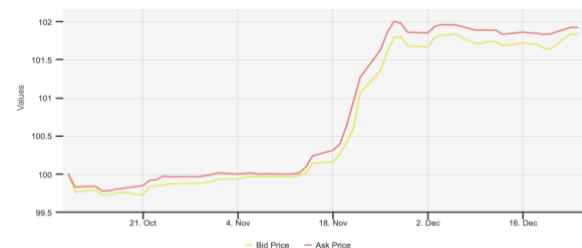
## Analysts

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## Basic Issuer Information

|                       |                       |
|-----------------------|-----------------------|
| Issuer                | CAPL Limited          |
| Equity ticker         | CAPL SP Equity        |
| Corporate ticker      | CAPL SP Corp          |
| Credit Rating (M/S/F) | Unrated               |
| Country of risk       | Singapore             |
| Sector                | Real Estate Developer |

## CAPLSP 4.076 09/20/22 Price Since Inception



## Company Description

CAPL Limited is the largest real estate company in Asia with S\$131.7 billion portfolio comprising integrated development, shopping malls, lodging, offices, homes, real estate investment trusts (REITs) and funds. It currently operates in over 30 countries, focusing mainly on Singapore and China businesses and looking to expand into markets such as Vietnam, Europe and the U.S.

## Key Financials

| S\$         | FY17A   | FY18A   | FY19E   | FY20E   |
|-------------|---------|---------|---------|---------|
| Revenue (m) | 4,618.2 | 5,602.4 | 7169.1  | 7985.6  |
| Gr Rate (%) | -12.1   | 21.3    | 28.0    | 11.4    |
| EBITDA (m)  | 1,665.9 | 2,339.5 | 3,539.1 | 3,799.3 |
| Margin (%)  | 36.07   | 41.76   | 49.37   | 47.58   |
| FFO (m)     | 1,992.6 | 1,886.3 | 2406.8  | 2636.4  |
| CFO (m)     | 1,953.5 | 446.1   | -665.5  | 3626.0  |
| Capex (m)   | -2,231  | -1,796  | -2528.1 | -3097.6 |
| FCF (m)     | 147.3   | -801.5  | -1267.2 | 1120.1  |
| Debt/EBITDA | 8.96    | 7.45    | 5.95    | 5.79    |
| EBITDA/Int  | 4.97    | 4.98    | 5.94    | 6.42    |
| D/E Ratio   | 1.60    | 1.65    | 1.45    | 1.38    |

## Key Executives

|               |                         |
|---------------|-------------------------|
| Ng Kee Choe   | Chairman                |
| Lee Chee Koon | Chief Executive Officer |
| Andrew Lim    | Chief Financial Officer |

## Stability in Uncertainty

### Recommendations

We are initiating coverage of CAPL. We have given an issuer profile rating of overweight to CAPL's credit outlook. We will be focusing on the senior unsecured CAPLSP 4.076 09/20/22 which is at maturity and has a principal of USD400 million.

| Security Description  | Maturity Type | Principal Due | Currency | Normalized Payment Rank | Yield to Maturity | Mid Price |
|-----------------------|---------------|---------------|----------|-------------------------|-------------------|-----------|
| CAPLSP 3.65 PERP      | PERP/CALL     | 500000000     | SGD      | Subordinated Unsecured  | 3.606             | 101.799   |
| CAPLSP 1.85 06/19/20  | CONVERTIBLE   | 650000000     | SGD      | Sr Unsecured            | 2.310             | 99.763    |
| CAPLSP 4.3 08/31/20   | AT MATURITY   | 350000000     | SGD      | Sr Unsecured            | 2.037             | 101.608   |
| CAPLSP 2.95 06/20/22  | CONV/PUT      | 326750000     | SGD      | Sr Unsecured            | 2.712             | 100.576   |
| CAPLSP 4.076 09/20/22 | AT MATURITY   | 400000000     | USD      | Sr Unsecured            | 2.807             | 103.359   |
| CAPLSP TL UNSEC SGD   |               | 300000000     | SGD      | Sr Unsecured            |                   |           |
| CAPLSP 1.95 10/17/23  | CONV/PUT      | 199250000     | SGD      | Sr Unsecured            | 1.540             | 101.525   |
| CAPLSP 3.8 08/28/24   | AT MATURITY   | 500000000     | SGD      | Sr Unsecured            | 2.719             | 104.753   |
| CAPLSP 2.8 06/08/25   | CONV/PUT      | 650000000     | SGD      | Sr Unsecured            | 2.577             | 101.134   |
| CAPLSP 3.08 10/19/27  | AT MATURITY   | 500000000     | SGD      | Sr Unsecured            | 2.926             | 101.070   |
| CAPLSP 3.15 08/29/29  | AT MATURITY   | 800000000     | SGD      | Sr Unsecured            | 2.984             | 101.388   |

Source: Bloomberg

### Recent Developments

CAPL has divested close to S\$5.7b worth of assets ytd, exceeding its annual target divestment of S\$3b. Notable recent sales include Central China Real Estate – Hong Kong (S\$496m), The Star Vista (S\$296m), Starhub (S\$179.5m). Meanwhile recent asset acquisitions include Ascendas-Singbridge REIT (S\$11b in 50-50 shares and cash) and Liang Court (S\$400m).

### Key Credit Considerations

- Consistent recurring income from investment properties.
- Robust and comprehensive portfolio management strategy that combines targeted acquisitions with divestments of non-performing malls.
- CAPL's reliability and position as a market leader suggests that refinancing risks are low.

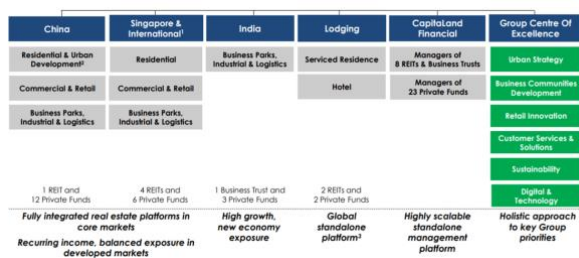
### Credit Positives

- Strong and reliable ownership and management with prominent technocrats at the helm and accredited sovereign wealth fund Temasek Holdings owning the lion's share of CAPL. The presence of strong backers showcases CAPL's importance in Singapore and the network effects it can tap on.
- Strong capital recycling strategy is part of CAPL grand plan for a robust portfolio management strategy. This gives CAPL comfortable leeway for new infrastructure investments.
- Large portfolio with diversified income streams lets CAPL spread out its financial risks and stabilise their financial positions.

### Credit Negatives

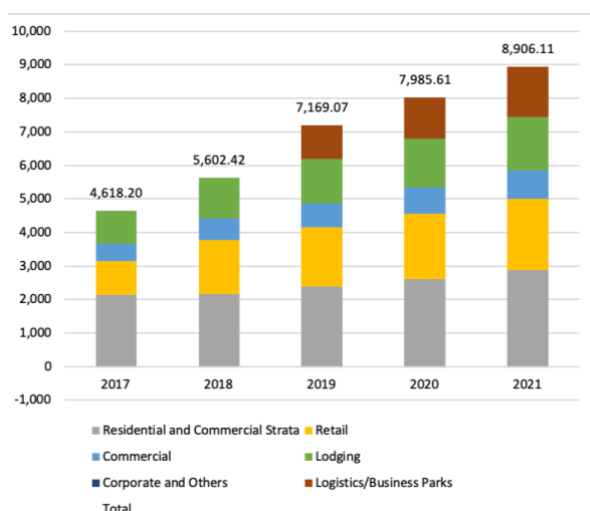
- Dependence on divestments in the backdrop of drying up short-term pipeline leaves CAPL exposed to macroeconomic risks, ill-prepared in the likelihood of an economic downturn and a highly erratic cash flow.
- Dependence on China property business as a key revenue driver makes CAPL over-exposed to the spillover effects of the US-China trade war and cooling measures through macro control policies such as tightening financing to developers and lending for home buyers of the Chinese property market.

**Figure 1.**  
CAPLSP Corporate/Business Structure



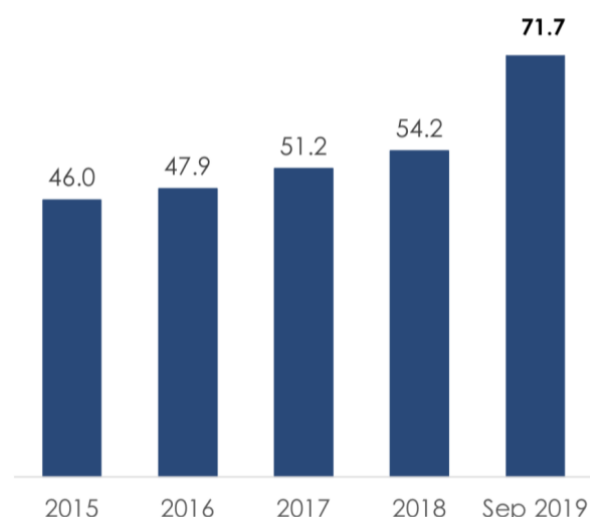
Source: CAPL Investor Presentation

**Figure 2.**  
CAPLSP Revenue Breakdown by Asset Class



Source: NUS Investment Society's Estimates

**Figure 3.**  
CAPLSP AUM Revenue Growth



Source: CAPL Investor Presentation

## Company Overview

CAPL has one of the largest real estate investment management businesses globally. It manages eight listed real estate investment trusts (REITs) and business trusts as well as over 20 private funds.

### Revenue by Asset Class

CAPL owns a diverse portfolio of assets which are categorised into residential and commercial strata, retail, commercial, lodging, corporate and others, as well as logistics and business parks starting from 2019 following the acquisition of Ascendas-Singbridge. Figure 2 shows the breakdown of revenue by asset classes and includes estimates for 2019-2022.

### Revenue by Function

CAPL's recurring income from property leasing and fund management will be its dominant earnings driver from 2019 onward, as while home sales in China and Singapore are dampened. Estimated assets under management (AUM) have grown 25% to S\$116.5 billion after acquisition of Ascendas-Singbridge is finalised in 3Q of 2019, allowing it to exceed its targeted AUM of S\$100 billion by 2020.

### Geographical Presence

#### Singapore

CAPL's foray into new asset classes and markets could fuel this year's profit growth and return on equity, especially with its S\$11 billion Ascendas-Singbridge acquisition. The deal will give CAPL significant exposure to industrial properties, diversifying their asset portfolio. In Singapore, its Jewel Changi Airport mall opened in April with a committed occupancy rate of 98%. About 21% of its luxury residential project One Pearl Bank, with 774 units, was pre-sold for S\$237 million with an average unit price of S\$2,371 per sq ft. During the launch of Sengkang Grand Residences, 216 of the 280 available units were sold during the first weekend.

CAPL demonstrates its commitment to Singapore as seen from its latest acquisition of W Hotel and the divestment of Novotel Clarke Quay, to be replaced with W Hotel Singapore as part of its asset recycling strategy. This is a good sign as CAPL stood to earn a net gain from the sale and purchase. The planned mixed-use development will serve to revitalise Liang Court and its vicinity.

However, CAPL's home sales business is expected to have slower growth, as most of its unit inventory in Singapore has been sold. Rising land prices will make it difficult to replenish its residential land bank in Singapore, and it is likely to remain disciplined in bidding for sites.

#### China

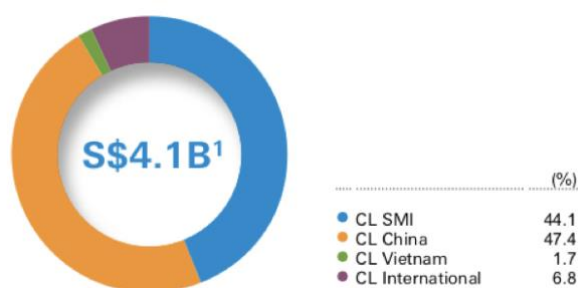
CAPL continues to profit from the strong property business in China. The reorganisation of its China portfolio has led to CAPL's mall disposals in tier-3 cities to refocus attention to malls in Tier-1 and Tier-2 core city clusters like Beijing, Shanghai, Guangzhou, Wuhan, Chongqing and Chengdu. Property sales in China increased to 31% in H1 of 2019. Retail leasing remained healthy despite the weakening economy, as the net property income of its China malls rose 14.5% in 1H. CAPL's earnings could benefit from its improving China property business driven by both home sales and retail leasing in China's major cities. It achieved a pre-leasing ratio of 95% for the retail portion of Raffles City Chongqing.

### Recent Earnings Review

- In its latest quarter (Q3 of 2019), CAPL reported a total PATMI of S\$333.9 million in 3Q 2019, 7.8% or S\$28.3 million lower than 3Q 2018. This was largely attributed to lower portfolio gains recorded during the quarter compared to the same period a year ago, partially mitigated by higher operating PATMI.

**Figure 4.**  
CAPLSP Revenue by Location

#### 2018 EBIT by Strategic Business Units



Source: CAPL Investor Presentation

**Figure 5.**  
Major Shareholders (Top 5)

|   | Holder Name               | % Outstanding |
|---|---------------------------|---------------|
| 1 | Temasek Holdings          | 50.98         |
| 2 | BlackRock Inc             | 5.12          |
| 3 | Vanguard Group Inc        | 1.77          |
| 4 | Norges Bank               | 0.82          |
| 5 | Dimensional Fund Advisors | 0.59          |

Source: Bloomberg (updated on 6 Dec 2019)

**Figure 6.**  
Capital Structure



Source: Bloomberg

**Figure 7.**  
Residential Sales in Singapore

| Key indicators   | Change      | 2Q2019 | 3Q2019 |
|------------------|-------------|--------|--------|
| Price index      | +1.3%       | 150.8  | 152.8  |
| Rental index     | +0.1%       | 105.5  | 105.6  |
| Take-up*         | +39.6%      | 2,350  | 3,281  |
| Pipeline supply* | +0.6%       | 50,674 | 50,964 |
| Vacancy rate*    | -0.3% point | 6.4%   | 6.1%   |

Source: Urban Redevelopment Authority of Singapore

**Figure 8.**  
Generally Lower SIBOR Rates



Source: Monetary Authority of Singapore

- The Operating PATMI of S\$277.6 million was 18.8% higher than the corresponding period in 2018. The increase was mainly attributable to the maiden contribution from Ascendas-Singbridge (ASB), higher contributions from development projects in China and fee income from Vietnam.
- Revenue for the quarter increased by 37.1% to S\$1,727.8 million, mainly due to higher contributions from development projects in China and contributions from ASB and the Group's multifamily portfolio in the USA.

## Ownership and Management

Temasek Holdings, a Singapore Sovereign Wealth Fund is the majority shareholder of CAPL Limited. In June 2019, CAPL completed an S\$11 billion acquisition of Ascendas-Singbridge Pte Ltd ("ASB"), a Temasek subsidiary. Temasek increased its ownership of CAPL from approximately 40.8 per cent to 50.99% solidifying Temasek's position as the controlling shareholder upon the close of the transaction.

American asset manager BlackRock Inc, one of the largest asset management firms in the world is the next largest shareholder with 5.12% of shares. In April 2019, BlackRock sold 442,300 shares, the largest number in a single transaction. However, it remains as the second largest shareholder of CAPL.

Despite the various businesses owned by CAPL, it mainly issues bonds through CAPL Ltd and CAPL Treasury Ltd

## Industry Outlook

### Singapore

#### Singapore's Stellar Residential Sales

Residential investment sales increased by 1.3% in 3Q 2019 (Fig. 7), compared with a 1.5% increase in the previous quarter. Investors continue to exhibit confidence in Singapore's booming private property market as evident in the interest in new launches like One Pearl Bank. This may be attributed to recent lower 3-month SIBOR rates which have consistently stayed under 2% since August 2019 (Fig. 8). Developers are cognisant of this demand and have launched 3,628 uncompleted private residential units (excluding ECs) for sale in 3rd Quarter 2019, compared with 2,502 units in the previous quarter. Despite the government's attempt to regulate the housing prices through high stamp duties (20%) for foreigners, global capital continues to seek opportunities in Singapore. Singapore's luxury apartment sales have also hit an 11-year high, mainly driven by Chinese demand.

Despite a potential residential glut, we expect investor interest in Singapore real estate to continue, given low interest rates and Singapore remaining a gateway into Asia with a stable government and pro-business sentiments.

#### New Opportunities For Singapore Office Space

Amidst the macroeconomic headwinds, the real estate investment market in Singapore remained resilient. The commercial sector continued the strong momentum started in Q2 2019 (Fig. 9) and accounted for 41% of total investment volume in Q3.

Available floor space for offices has steadily increased from 7,730,000 sqm in Q4 2016 to 8,079,000 sqm in Q3 2019, with the 10.6% vacancy rate the lowest in 3 years. Grade A office rents are projected to maintain an upward trajectory from 2019 to 2022, though more slowly compared to the early part of the rental recovery cycle. The development of Grade A offices by CAPL such as 79 Robinson Road and CapitaSpring which are to be completed in 2020 and 2021 respectively are likely to have a high occupancy rate despite the committed occupancy being more than 30% and 31% respectively (as

**Figure 9.**

Investment Volume Growth by Sector in Singapore

| Investment sales volume by sector |                      |                 |                 |
|-----------------------------------|----------------------|-----------------|-----------------|
|                                   | Q3 2019<br>(SGD mil) | % change<br>QOQ | % change<br>YOY |
| Commercial                        | 4,634.0              | 3.2             | 121.0           |
| Residential                       | 3,057.0              | 90.1            | 4.7             |
| Hospitality                       | 2,775.0              | 545.3           | 1808.4          |
| Industrial                        | 681.0                | 12.0            | -41.2           |
| Shophouses                        | 94.0                 | 527.1           | -22.6           |

Source: Colliers International

**Figure 10.**

Growth of Available Office Floor Space and Reduction of Vacancy Rate

| End of Period | Office Space                       |                                 |                               | Retail Space <sup>1</sup>          |                                 |                               |
|---------------|------------------------------------|---------------------------------|-------------------------------|------------------------------------|---------------------------------|-------------------------------|
|               | Available Floor Space <sup>2</sup> | Vacant Floor Space <sup>3</sup> | Vacancy Rate <sup>3</sup> (%) | Available Floor Space <sup>2</sup> | Vacant Floor Space <sup>3</sup> | Vacancy Rate <sup>3</sup> (%) |
| 4Q/2016       | 7,730                              | 861                             | 11.1                          | 6,046                              | 454                             | 7.5                           |
| 1Q/2017       | 7,761                              | 898                             | 11.6                          | 6,017                              | 466                             | 7.7                           |
| 2Q/2017       | 7,837                              | 973                             | 12.4                          | 6,035                              | 487                             | 8.1                           |
| 3Q/2017       | 7,928                              | 1,054                           | 13.3                          | 6,057                              | 494                             | 8.2                           |
| 4Q/2017       | 7,924                              | 995                             | 12.6                          | 6,075                              | 448                             | 7.4                           |
| 1Q/2018       | 7,935                              | 992                             | 12.5                          | 6,086                              | 459                             | 7.5                           |
| 2Q/2018       | 7,995                              | 978                             | 12.2                          | 6,096                              | 448                             | 7.3                           |
| 3Q/2018       | 8,023                              | 961                             | 12.0                          | 6,085                              | 463                             | 7.6                           |
| 4Q/2018       | 8,082                              | 981                             | 12.1                          | 6,169                              | 523                             | 8.5                           |
| 1Q/2019       | 8,076                              | 956                             | 11.8                          | 6,167                              | 535                             | 8.7                           |
| 2Q/2019       | 8,083                              | 928                             | 11.5                          | 6,185                              | 479                             | 7.7                           |
| 3Q/2019       | 8,079                              | 853                             | 10.6                          | 6,201                              | 466                             | 7.5                           |

Source: Urban Redevelopment Authority of Singapore

**Figure 11.**

Capitaland's new 150,000 square metre prime residential plot (demarcated by red box) in Guangzhou is part of an integrated residential zone with amenities such as an upcoming school (demarcated by orange area)



Source: CAPL Investor Presentation

**Figure 12.**

New Supply, Net Absorption and Vacancy Rate From 2017 To 2023F ('000 sq metres) in Beijing



Source: Colliers International

of 5 November 2019). Meanwhile, occupiers are expected to widen their location criteria in office requirements, leading to an increase in leasing demand for Grade B/B+ offices.

Rental growth could be further supported by the withdrawal of existing stock for redevelopment, as landlords adopt the URA incentive scheme. Incentives to redevelop older CBD office buildings, coupled with tight vacancies and a light supply pipeline, should encourage more investments into the sector.

### Limited Retail Space Supply in 2020 will be New Norm

Retail space, however, has not had much change in its available floor space, hovering at the low end of 6,000,000 sqm for the past 3 years (Fig. 10). Retail's vacancy space in Q3 2019 has also been hovering around the lower end at 7.5%. This slowdown in supply is likely to have a stabilising effect on the market, which will guard against an oversupply of retail space. Due to the changing nature of the retail industry, mall owners should rethink their tenant mix to cater to new trends like experiential retail. On that note, malls with high population catchment and asset enhancement potential are likely to fare better.

## China

### Subdued China Home Sales Likely to be Hit Even Further by Cooling Measures

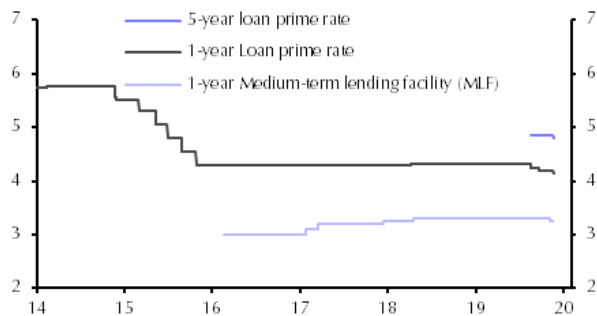
China's real estate market continues to cool off as the government is winning its fight against housing speculation through its macro control policies amid a slowing economy. It has imposed additional taxes on overseas buyers, adopted rent controls or long-term rent freezes to protect tenants and stem spiraling prices. President Xi has even stated in 2017 that houses "are built to be lived in, not for speculation". This has and will continue to be a recurring theme in China's real estate market. In October, only 50 of 70 mainland cities saw prices grow, down from 53 in September, bottoming out to the lowest count since February 2018. While the slowdown in China and real estate's status as a significant pillar of the national economy in China has given reason for the government to relax some policies, the government will likely instead have policies that are city-based and make appropriate adjustments depending on their effects.

The largest markets have been kept in check as home prices grew an average of 0.4 percent last month in both Shanghai and Shenzhen, but Beijing saw prices fall by 0.2% and Guangzhou slid by 0.1%. This is a far cry from the double-digits rates of annual growth seen in earlier years. However, home sales in first- and second-tier cities (where Capitaland's land bank is located in) should outperform third-tier and smaller cities on resilient demand from first-time home buyers, reflecting those cities' robust population growth via migration. We are cautiously optimistic that it is unlikely for Capitaland's housing projects will take a beating from the cooling measures. In fact, its 2 prime residential sites in the pipeline in Guangzhou is located in the heart of Zengcheng District, the engine of Guangzhou's industrial growth and the site of the city's future second international airport. The government plans to grow the district's population from the current 1.15 million to 2.1 million by 2020, making Zengcheng the fastest-growing district in Guangzhou. Part of a mature residential zone, the sites are surrounded by well-established amenities including malls, schools, a hospital, a library and other residential developments.

Despite the current moves by the Chinese government to prevent overheating of property markets, we predict that some policies may be eased given the potential and attractiveness of Chinese properties, to encourage growth in its economy if necessary.

**Figure 13.**

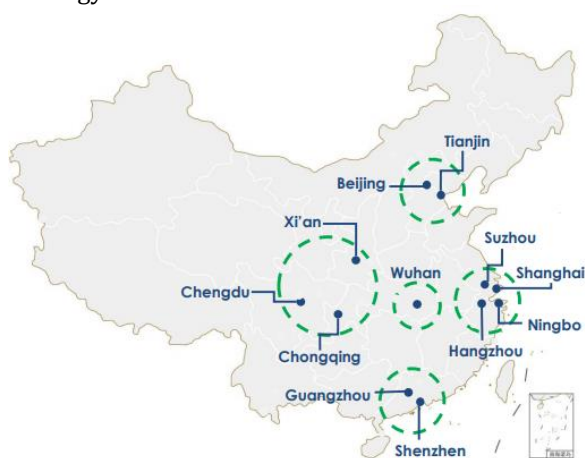
Chinese Government Taking Measures to Curb Financial Risks While Pursuing its Macroprudential Monetary Policy



Source: Capital Economics

**Figure 14.**

Five Core Cities Cluster under CapitaLand's China Strategy



Source: CAPL Investor Presentation

**Figure 15.**

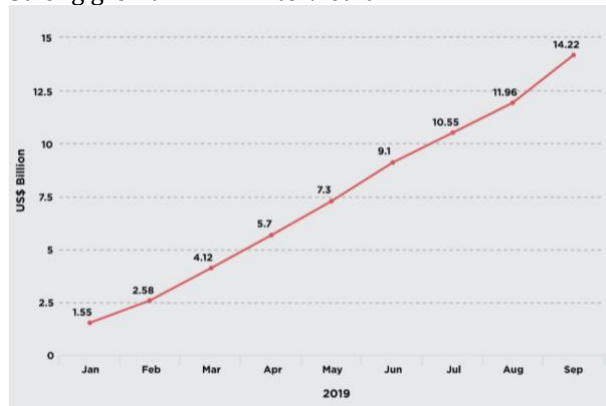
Lowfields Way Warehouse in Yorkshire, UK



Source: CAPL

**Figure 16.**

Strong growth in FDI into Vietnam



Source: Tradingeconomics.com, Ministry of Planning and Investment (Vietnam)

### Some Bad Omens for Chinese Developers

China's home prices could slow to a low-to-mid single-digit growth rate next year due to tightening liquidity. The 5-year Loan Prime Rate, also the benchmark for home mortgage is set to be unchanged at 4.80% (Fig. 13). This stems from China's fight to curb risk from over-lending to real estate, high household leverage and a potential property bubble. Since July, the central bank and banking regulator stepped up measures to control lending to real estate while the Politburo has cautioned against using real estate as a short-term means to stimulate the economy. Sales of China's new homes could stay stagnant at about 13 trillion yuan in 2020 and the market is likely to lose more momentum as developers offer big discounts to entice buyers.

CAPL has a presence in 49 Chinese cities which are split into the following five core city clusters: Beijing / Tianjin, Shanghai / Hangzhou / Suzhou / Ningbo, Guangzhou / Shenzhen, Chengdu / Chongqing / Xi'an, and Wuhan (Fig. 14). Out of these 49 cities, 45 of them are considered tier 1 and 2 cities. In particular, developers with a strong focus on the Pearl River Delta and other high growth Chinese cities could benefit from the potential home-sales growth in the region, given optimism for more accommodative policies to encourage people to work and live in the region.

### Short Term Pessimism in Office Rental Space

It is no bed of roses for the office rental space in China too. First-tier cities could extend their decline on fading economic outlook and ample fresh supply of office space. Average prime office rents in Beijing fell 2.5% in the first three quarters of 2019, the largest decline among China's major markets. This is because 840,000 sq m of fresh rental space pushed up the vacancy rate (Fig. 12). A more tenant-favourable market is expected going into 2020 where 6 million sq ft of prime office space, amounting to 6.3% of Beijing's existing stock, is scheduled for completion.

### Singapore, United Kingdom, China & India

#### Leasing of Logistics Property, Industrials and Business Parks

Globally, structural change from online retailing is causing major disruption to logistics property. Innovation to automate the supply chain will have implications for logistics-property specifications, increasing the demand for highly customised spaces. Advanced 3-D printing or driverless vehicles, for example, could radically change the role, size, location and design of industrial warehousing, quickly rendering some facilities redundant.

Pricing of industrial stock is becoming increasingly building-specific, with location, specification, occupant and lease terms becoming all relevant. Rents continue to rise in London, specifically for last-mile facilities, while those for regional facilities have stabilized.

However, there is a general strong portfolio occupancy in the regions CAPL is based in. There is a need to continually invest capital to grow development pipeline.

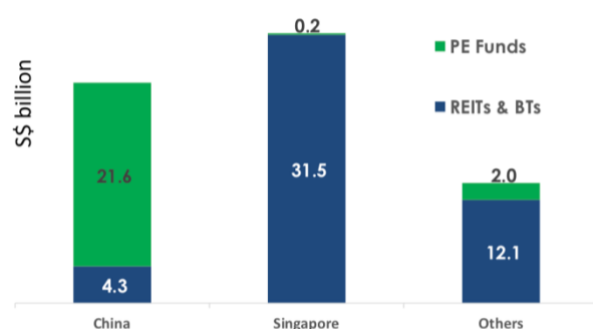
### ASEAN ex Singapore

As a rapidly urbanising region and with attractive investment prospects, ASEAN has promising consumer markets with an increasing purchasing power and an emerging middle class. Changing lifestyles have led to effective demand in renting retail spaces in malls and purchasing of property. Governmental initiatives focused on policy change will likely continue to attract foreign interest too. In Malaysia, tax incentives have been proposed to digitalise the industrial sector and stabilise the property market. Meanwhile, Vietnam continues to be a stronghold in attracting foreign direct investments. Its industrial sector is set for strong growth as Vietnam is increasingly viewed as an attractive destination for industrial operations, especially amidst the uncertainty of China's trade war.

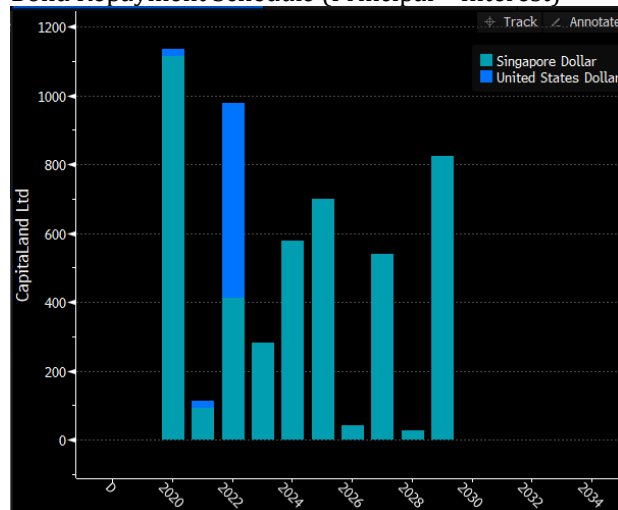
**Figure 17.****CAPL Table of Financial Ratios**

| CapitaLand Ltd (CAPL SP) - Financial Ratios |            |            |            |            |            |
|---|------------|------------|------------|------------|------------|
| In Millions of SGD except Per Share         | FY 2014    | FY 2015    | FY 2016    | FY 2017    | FY 2018    |
| 12 Months Ending                            | 12/31/2014 | 12/31/2015 | 12/31/2016 | 12/31/2017 | 12/31/2018 |
| <b>Profitability</b>                        |            |            |            |            |            |
| Return on Assets                            | 2.60       | 2.34       | 2.57       | 2.93       | 2.79       |
| Return on Capital                           | 5.38       | 4.61       | 4.64       | 5.92       | 6.08       |
| Gross Margin                                | 35.21      | 30.98      | 30.42      | 43.83      | 48.00      |
| EBITDA Margin                               | 38.33      | 33.59      | 30.76      | 52.41      | 56.61      |
| Operating Margin                            | 36.56      | 32.00      | 29.44      | 50.76      | 55.28      |
| Net Income Margin                           | 29.58      | 22.38      | 22.66      | 33.99      | 31.46      |
| <b>Activity</b>                             |            |            |            |            |            |
| Accounts Receivable Turnover                | 27.21      | 32.09      | 20.12      | 14.47      | 21.47      |
| Inventory Turnover                          | 0.34       | 0.45       | 0.62       | 0.59       | 0.64       |
| Accounts Payable Turnover                   | 14.94      | 10.10      | 5.67       | 5.57       | 13.83      |
| <b>Liquidity</b>                            |            |            |            |            |            |
| Current Ratio                               | 1.65       | 1.82       | 1.52       | 1.39       | 1.32       |
| Cash Ratio                                  | 0.39       | 0.60       | 0.62       | 0.69       | 0.53       |
| Quick Ratio                                 | 0.40       | 0.63       | 0.66       | 0.72       | 0.56       |
| <b>Financial Leverage</b>                   |            |            |            |            |            |
| Total Debt                                  | 15,985.8   | 16,058.5   | 14,852.4   | 21,694.9   | 23,633.9   |
| ST Debt                                     | 3,469.2    | 2,246.4    | 2,373.4    | 2,739.0    | 3,193.5    |
| LT Debt                                     | 12,516.7   | 13,812.1   | 12,478.9   | 18,955.9   | 20,440.5   |
| Total Debt to Equity                        | 68.88      | 64.39      | 61.12      | 67.55      | 70.96      |
| Total Debt to Assets                        | 36.24      | 34.13      | 32.47      | 35.25      | 36.56      |
| Total Debt to T12M EBITDA                   | 10.63      | 10.04      | 9.19       | 8.96       | 7.45       |
| Interest Expense                            | 439.5      | 433.6      | 452.6      | 486.7      | 636.5      |
| EBITDA to Interest Expense                  | 3.42       | 3.69       | 3.57       | 4.97       | 4.98       |

Source: CAPL's Financial Statements

**Figure 18.****CAPL's Targeted AUM Revenue Breakdown by 2024**

Source: CAPL's Investor Presentation

**Figure 19.****Bond Repayment Schedule (Principal + Interest)**

Source: Bloomberg

**Figure 20.****Table of CAPL's 3Q19 Investments**

| YTD Investments <sup>1,2</sup>  |  | Value<br>\$ million |
|---|--|---------------------|
| Brought forward from 1H 2019  |  | 3,349.4             |
| Citadines Walker North Sydney, Australia  |  | 192.0               |
| A property in Singapore <sup>3</sup>  |  | 538.9               |
| 254 Wellington Road, Melbourne, Australia <sup>3</sup>  |  | 104.4               |
| 28 Freehold office properties in U.S. and 2 properties in Singapore (Nucleos and FM Global Centre) <sup>3</sup> |  | 1,661.7             |
| Gross Investment Value <sup>4</sup>   |  | 5,846.4             |
| Effective Investment Value <sup>5</sup>   |  | 2,017.9             |

Source: CAPL Investor Presentation

## Financial Analysis

### Overview:

The table on the left shows CAPL's 5 year historical financial performance including key ratios which indicate their profitability, activity, liquidity and leverage positions. Meanwhile, CAPL's financial statements and our estimates indicate that y-o-y revenue growth is likely to continue with its upward trend. In the last 5 years, average y-o-y growth was 10.5% and 19.7% for revenue and EBIT respectively. Meanwhile in 2019, booked revenue is expected to be at least \$1 billion higher than 2018 due to the acquisition of Ascendas-Singbridge with their entire revenue for FY2019 booked under CAPL. Besides the increase in revenue derived from ASB, revenue growth is likely to continue due to increasing presence in high-growth, developing markets such as Vietnam and India. In addition, CAPL has set a target of doubling its AUM revenue by 2024.

### Healthy profitability metrics

CAPL's 5-year historical gross profits have recorded steady y-o-y growth at an average of 17.3% while gross margins saw a one-time increase from 30.42% to 43.83% for FY2016 and 2017. Although it is unclear what the underlying reason for the sudden spike is, a conservative estimate of 40-45% gross margin consistently exceeds its considerably smaller industry peers. This is complemented by the healthy growth in operating profits at a 5-year average rate of 19.7%. This indicates that CAPL has been consistently increasing sales without incurring excessive costs.

### Stable liquidity position

CAPL booked a positive cash and cash equivalents balance at \$5 billion in 2018, backed by strong positive cash balances historically. Although CAPL's free cash flow seems to indicate a negative picture with a booked value of -\$1.35 billion in 2018, this is, in our opinion, however, unlikely to be a cause for concern. CAPL's debt maturity profile shows a rather evenly distributed debt repayment schedule and given CAPL's market size, credit quality and stable ownership, refinancing risk is presumed to be low.

### Volume of investments and acquisitions exceed that of divestments

Despite significant divestitures in 2017 and 2018 of \$2.5 billion and \$3 billion respectively, total debt continues to increase, which indicates that rate of borrowing to fund new projects and acquisitions have outpaced that of sales of assets and liabilities. In 2018, portfolio gains from divestments amounted to S\$537.6 million and mainly came from the sale of Westgate, Twenty Anson, Sembawang Shopping Centre in Singapore, properties including 20 retail malls in China as well as Citadines Harbourview in Hong Kong. Meanwhile, portfolio gains amounting to approximately S\$318 million in FY2017 mainly arose from the divestments of properties in China, Singapore, Japan and Germany. Acquisitions in FY2018 include 16 multifamily properties in the US, a retail mall and 2 residential sites in China, a commercial property in Germany and the Pearl Bank Apartment site in Singapore. Meanwhile acquisitions in FY2017 comprise 4 properties in Japan, an office building each in Singapore, China and Germany.

### Increase in acquisitions helps boost CAPL's financial position

As a large entity, CAPL stands to benefit from being able to list in global benchmarks and portfolios which will in turn enable CAPL to raise funds on more favourable terms. For instance on 2nd August 2019, CAPL priced a \$800 million 10 year bond issue at 3.15%, tightening from an initial price of guidance of 3.3% and had orderbooks in excess of \$1.4 billion, indicating strong demand and low refinancing risks for CAPL.

**Figure 21.**  
**Table of CAPL's 3Q19 Divestments**

| YTD Divestments / Transfers <sup>1,2</sup>  | Value<br>S\$ million |
|---|----------------------|
| Brought forward from 1H 2019  | 3,410.1              |
| No. 8 Loyang Way 1, Singapore   | 27.0                 |
| Somerset Jiefangbei Chongqing, China  | 39.5                 |
| A property in International Portfolio <sup>3</sup>  | 105.0                |
| Somerset West Lake Hanoi, Vietnam <sup>3</sup>  | 18.5                 |
| 28 Freehold office properties in U.S. and 2 properties in Singapore (Nucleos and FM Global Centre) <sup>3</sup> | 1,661.7              |
| Gross Divestment Value <sup>4</sup>   | 5,261.8              |
| Effective Divestment Value <sup>5</sup>   | 4,385.3              |

Source: CAPL Investor Presentation

**Figure 22.**  
**Extract of CAPLSP's 3Q19 SCE**

|   | Share Capital<br>S\$'000 | Revenue Reserves<br>S\$'000 | Other Reserves<br>S\$'000 | Total<br>S\$'000 | Non-controlling Interests<br>S\$'000 | Total Equity<br>S\$'000 |
|---|--------------------------|-----------------------------|---------------------------|------------------|--------------------------------------|-------------------------|
| Transactions with owners, recorded directly in equity |                          |                             |                           |                  |                                      |                         |
| Contributions by and distributions to owners          |                          |                             |                           |                  |                                      |                         |
| Contributions from non-controlling interests (net)    |                          |                             |                           | -                | 459,953                              | 459,953                 |
| Issue of perpetual securities by a subsidiary         |                          |                             |                           | -                | 148,497                              | 148,497                 |

Source: CAPL's Financial Statements

**Figure 23.**  
**CAPL Controlled REITs**

| CAPL Listed REITs        | Market Cap (S\$b) | CAPL Ownership (%) | Main Property Type         |
|--------------------------|-------------------|--------------------|----------------------------|
| CAPL Mall Trust          | 8.93              | 28.48              | Retail                     |
| Ascendas Reit            | 10.51             | 19.18              | Business parks             |
| CAPL Commercial Trust    | 7.56              | 29.35              | Commercial                 |
| Ascott Residence Trust   | 4.13              | 40.11              | Residences and hospitality |
| CAPL Retail China Trust  | 1.93              | 24.24              | Retail                     |
| Ascendas India Trust     | 1.74              | 22.87              | IT parks and logistics     |
| CAPL Malaysia Mall Trust | 2.09              | 34.65              | Retail                     |

Source: Company Website and Yahoo Financial

**Figure 24.**  
**Divestment of The Star Vista to Rock Productions for \$296 million.**



Source: TODAYOnline

**Figure 25.**  
**Redevelopment of Liang Court**



Source: CAPL

## Classification of perpetual bonds as equity instead of debt

The above figure is an extract of CAPL's 3Q19 Statement of Changes in Equity. As seen, the amount raised in a sale of perpetual bonds by Ascott Residence Trust, a subsidiary of CAPL Limited, on 4th September 2019 was classified as equity. It is highly likely that the \$500 million perpetual bond issue by CAPL in October will also be classified as equity instead of debt hence the relevant debt to equity ratios will have to be revised upwards accordingly.

## Limited exposure to FX risks

Out of 11 outstanding bonds, only one is dominated in US\$. Meanwhile, for loans, due to lack of information, there is only one known multi-currency loan. However, given its relatively small size - USD\$300 million in comparison to total debt of SGD\$23 billion, changes in exchange rates are unlikely to be significant. This is corroborated by negligible values for changes in cash due to exchange rates as recorded in CAPL's cash flow statement.

## Recent developments

CAPL has openly stated that it is looking to further expand their portfolio of buildings and REITs and recent acquisitions echo this sentiment. The company has long adopted a disciplined capital recycling strategy and over the past year, has been extensively divesting its assets both in Singapore and internationally. Year to date, CAPL has surpassed its annual target divestment of S\$3b. Notable recent sales include:

- Central China Real Estate – Hong Kong (S\$496m)
- The Star Vista (S\$296m)
- Starhub (S\$179.5m)
- HK Serviced Residence (S\$101m)

These divestments were announced on 1 November 2019 and later, hence total divestments YTD include those shown in Figure 12 and recent sales. Going forward, notable large upcoming projects yet to be completed include:

- Redevelopment of Liang Court in Singapore, a joint venture with Ascott Reit and City Developments Limited
- Capitaspring and 79 Robinson Road (Singapore)
- Vista Verde and Feliz En Vista (Ho Chi Minh City), Seasons Avenue (Hanoi)
- 7 Projects in China currently under development
- Company is seeking to double AUM in India from S\$3.3b to S\$7b by 2024

The outlook on CAPL remains positive. We are of the opinion that the Singapore property market outlook is strong with increasing demands from both locals and foreigners. Changes to this outlook would depend largely on the future changes in regulations and the demand of the market. Given the significant number of projects in Vietnam and China, volatility of FX in light of recent trade developments may pose a risk.

## Issuer Credit Analysis

### Positives

#### 1. Strong and Reliable Ownership and Management

The Singapore government has a AAA credit rating by all three major rating agencies and possesses a stellar track record in the credit space historically. The increase in ownership by Temasek Holdings through the 2019 Ascendas-Singbridge acquisition to 50.98% gives them a strong controlling interest. As Temasek is a quasi-sovereign wealth fund owned entirely by the Singapore Government, the Singapore government through Temasek has the ability to appoint management within the company and the power to influence key business decisions ensuring sound management.

**Figure 26.**  
**Table of CAPL's Boardmembers**

| Name                      | CAPL Appointment                    | Other Appointments  |
|---------------------------|-------------------------------------|---|
| Mr Ng Kee Choe            | Chairman                            | Director at Temasek Trustees  |
| Mr Miguel Ko              | Deputy Chairman                     | Former CEO of Ascendas Singbridge and former Corporate Advisor of Temasek International Advisors  |
| Mr Lee Chee Koon          | Chief Executive Officer             | Current director at SkillsFuture Singapore Agency, Temasek Foundation Nurtures CLG Limited and former high ranking employee at the Ministry of Finance and the Ministry of Trade and Industry |
| Dr Philip Nalliah Pillai  | Independent, non-executive director | Current director at Inland Revenue Authority of Singapore, SMRT Corporation Ltd and SMRT Trains Ltd   |
| Mr Kee Teck Koon          | Independent, non-executive director | Current director at Changi Airports International Pte Ltd, NTUC Enterprise Co-operative Limited   |
| Mr Chaly Mah Chee Kheong  | Independent, non-executive director | Current director at Monetary Authority of Singapore, Singapore Economic Development Board and the Singapore Tourism Board   |
| Mr Gabriel Lim Meng Liang | Independent, non-executive director | Current permanent secretary Ministry of Trade and Industry, formerly served in multiple ministries  |

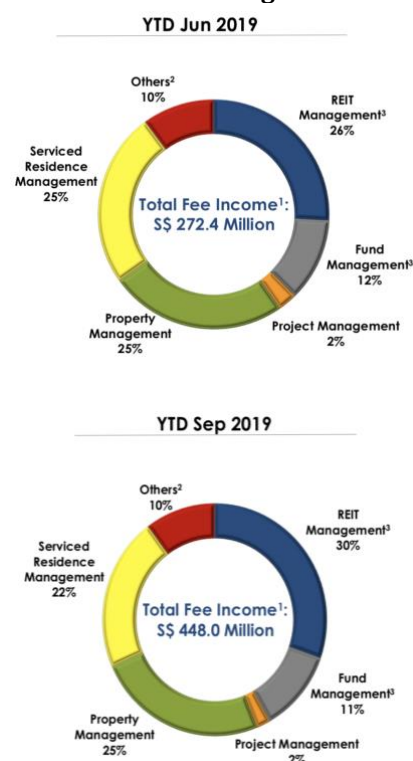
Source: Consolidated information

**Figure 27.**  
**P&L Impact of ASB Acquisition**

| Ascendas Real Estate Investment Trust (AREIT SP) - Adjusted |            |            |            |            |            |            |
|---|------------|------------|------------|------------|------------|------------|
| In Millions of SGD except Per Share                         | FY 2014    | FY 2015    | FY 2016    | FY 2017    | FY 2018    | FY 2019    |
| 12 Months Ending  | 03/31/2014 | 03/31/2015 | 03/31/2016 | 03/31/2017 | 03/31/2018 | 03/31/2019 |
| Revenue   | 613.6      | 673.5      | 761.0      | 830.6      | 862.1      | 886.2      |
| + Rental Income   | 546.0      | 596.1      | 681.9      | 757.1      | 784.3      | 800.3      |
| + Real Estate Sales   | 0.0        | 0.0        | 0.0        | 0.0        | 0.0        | 0.0        |
| + Com & Fee Earn/Inc from REO                               | 0.0        | 0.0        | 0.0        | 0.0        | 0.0        | 0.0        |
| + Mortgage Income   | 0.0        | 0.0        | 0.0        | 0.0        | 0.0        | 0.0        |
| + Other Operating Income                                    | 67.6       | 77.3       | 79.1       | 73.5       | 77.8       | 85.9       |

Source: Bloomberg

**Figure 28.**  
**Increase in Recurring Income from ASB**



Source: CAPL Investor Presentation

**Figure 29.**  
**Decreasing Leverage Ratio**



Source: CAPL Investor Presentation

In 2000, CAPL was created out of a merger between the formerly Singapore government-owned property company Pidemco Land and DBS Land creating the largest real estate group in Singapore. Almost two decades on, the government links to the company continue to be strong. CAPL's Board of Directors currently comprises of several individuals with prominent links to both Temasek Holdings and government bodies as shown in Figure 26.

Out of 11 board members, 7 hold directorships on government-linked companies or are in employment or former employment of various ministries. This presence is an indirect indication the interest the Singapore government holds in the financial performance and solvency of CAPL which is a further credit positive for the company.

## 2. Strong Capital Recycling Strategy

CAPL holds significant stakes and are involved in the management of 8 large local and global REITs. The presence of these REITs have created multiple avenues for divestment of the company's assets while generating dividends and management fee income in the process.

In 2018, the overall performance of the REITs was positive and the group generated S\$446m purely from fee and dividend income from its subsidiaries and ownership stakes. This covered over 70% of interest expense for 2018.

## 3. Large Portfolio with Diversified Income Streams

CAPL diversified portfolio across different segments such as commercial, retail, residential development and REITs helps to generate steady income streams.

The recent acquisition of ASB served as a positive as it allowed CAPL to further expand and diversify its businesses into logistics, industrial properties and business parks which CAPL lacked. ASB has yielded increasing revenue for the past 5 years, with the majority of its revenue stream from rental income which provides a steady flow of income stream. Its total AUM has increased over S\$123b, creating one of the largest diversified real estate groups in Asia.

## 4. Improving credit metrics

Credit metrics have improved over the years. The 50% cash acquisition of the S\$11b asset would not result in a strain in CAPL's financials due to active diversification of its businesses through ASB and ahead of schedule divestment. Furthermore, CAPL's credit ratios are comparable to the median, signalling it has performed at optimal industry standards.

CAPL's net debt/equity falls close to 0.64x target. Post the announced sale of 30 US and Singapore business parks to AREIT, net debt/equity fell to 0.69x (borrowings for the disposed properties were reclassified to liabilities held for sale) down from 0.73x at end 1H19. CAPL is on track to achieve its net debt/equity target of 0.64 by end FY20. The successful deleveraging after the merger with ASB, provides the group financial flexibility to share some of the disposal gains via share buybacks or an increase in dividends.

Moreover, the leverage ratio may reduce on further disposal of non-core assets as CAPL continues its asset recycling strategy. Sales of assets track is ahead of S\$3bn target at S\$5.3bn currently. CAPL has released S\$2.4bn of net capital (effective divestment value of S\$4.4bn versus effective investment value of S\$2.0bn). This should give market confidence over CAPL's successful execution of its asset recycling and becoming asset light strategy

## Negatives

### 1. Dependence on divestments

In comparison with previous years, CAPL does not have many ongoing residential projects, with revenue growth from residential projects at 10%, while revenue from divestments increasing by 35% for the same period from 2018 to 2019. This calls into question as to whether CAPL is too dependent on its divestments and capital recycling strategy for revenue. This serves as a risk on two grounds. During an economic downturn, property might not be divested on favorable terms with REITs unable absorb the assets into their portfolio. Similarly, CAPL may see lower rental revenues during a weak economic situation (although there will be time lags due to contractual obligations), resulting in tighter cash flows which may reduce appetite for acquisitions. Second, depending on asset recycling might mean an erratic and unstable cash flow which is detrimental for investment decisions and fulfillment of debt obligations.

Another potential risk is the dependence of an asset recycling strategy on general macroeconomic policies. The success seen in this strategy globally has been fuelled by a booming property market, a growing middle class and low interest rates. In the near future, should regional central banks decide to curb demand and tighten credit through adjusting rates higher, this might potentially dry up the market and leave CAPL with physical assets on hand that they are unable to sell off.

### 2. Dependence on China property business as key revenue driver

Despite various medium scale projects in the region such as in Singapore, Vietnam and India, CAPL still relies on its China property business as its major source of revenue, accounting for 34% of total revenue. This reliance on China might potentially affect CAPL's profitability negatively in the future in light of cooling measures by the government and uncertainty amidst the US-China trade war. According to Cushman and Wakefield, foreign funds' proportion of total investment in the property market decreases from 50% to 10% from the last quarter of 2018 to 3H of 2019. In spite of this, the relative safety and stability of the CAPL debt in the midst of global instability and low yields makes it a strong asset to hold.

## Issuance Analysis – RV

Figure 30.

### CAPLSP Bond Breakdown

| Security Description  | Maturity Type | Principal Due | Currency | Normalized Payment Rank | Yield to Maturity | Mid Price |
|-----------------------|---------------|---------------|----------|-------------------------|-------------------|-----------|
| CAPLSP 3.65 PERP      | PERP/CALL     | 500000000     | SGD      | Subordinated Unsecured  | 3.606             | 101.799   |
| CAPLSP 1.85 06/19/20  | CONVERTIBLE   | 650000000     | SGD      | Sr Unsecured            | 2.310             | 99.763    |
| CAPLSP 4.3 08/31/20   | AT MATURITY   | 350000000     | SGD      | Sr Unsecured            | 2.037             | 101.608   |
| CAPLSP 2.95 06/20/22  | CONV/PUT      | 326750000     | SGD      | Sr Unsecured            | 2.712             | 100.576   |
| CAPLSP 4.076 09/20/22 | AT MATURITY   | 400000000     | USD      | Sr Unsecured            | 2.807             | 103.359   |
| CAPLSP TL UNSEC SGD   |               | 300000000     | SGD      | Sr Unsecured            |                   |           |
| CAPLSP 1.95 10/17/23  | CONV/PUT      | 199250000     | SGD      | Sr Unsecured            | 1.540             | 101.525   |
| CAPLSP 3.8 08/28/24   | AT MATURITY   | 500000000     | SGD      | Sr Unsecured            | 2.719             | 104.753   |
| CAPLSP 2.8 06/08/25   | CONV/PUT      | 650000000     | SGD      | Sr Unsecured            | 2.577             | 101.134   |
| CAPLSP 3.08 10/19/27  | AT MATURITY   | 500000000     | SGD      | Sr Unsecured            | 2.926             | 101.070   |
| CAPLSP 3.15 08/29/29  | AT MATURITY   | 800000000     | SGD      | Sr Unsecured            | 2.984             | 101.388   |

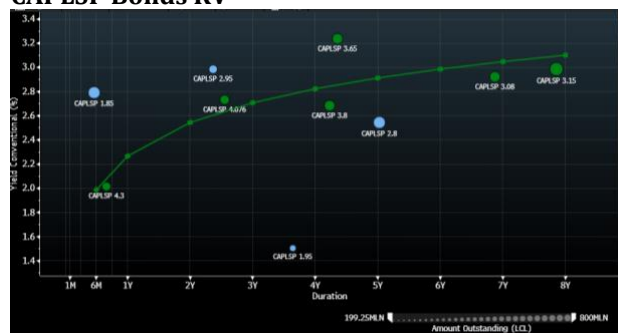
Source: Bloomberg

CAPLSP 4.3 08/31/20, CAPLSP 3.8 10/19/24, CAPLSP 3.08 10/19/27, CAPLSP 3.15 08/29/29 bonds are Neutral. They adhere closely to a consistent yield curve and spreads are tight.

CAPLSP 3.65 PERP is Underweight. Before November 12 2019, the yield spread between CAPLSP 3.8 08/28/24 and CAPLSP 3.65 PERP was at 96bps. After November 12 following the Ascendas-Singbridge acquisition, the spread tightened to 50bps which indicates that the yield premium for its position in the capital structure has shrunk.

CAPLSP 4.076 09/20/22 is however overweight compared to the other CAPL bonds for several possible reasons. The dollar market is significantly more liquid than the SGD bond market. The nature of the

Figure 30.  
CAPLSP Bonds RV



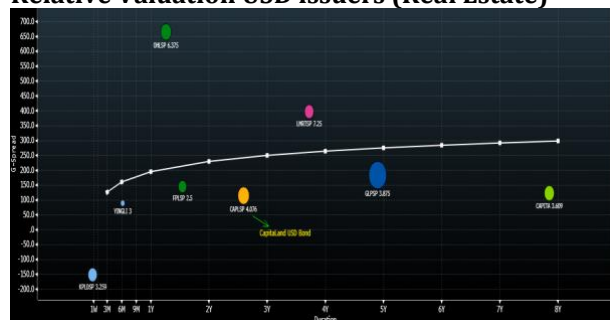
Source: Bloomberg

Figure 31.  
CAPLSP 3.8 10/19/24 vs CAPLSP 3.65 PERP



Source: Bloomberg

Figure 32.  
Relative Valuation USD issuers (Real Estate)



Source: Bloomberg

Singapore dollar bond market is that there are significantly more buyers than sellers especially for investment grade bonds like CAPL. Relative to dollar bond issuers in the real estate sector, CAPL is expensive and priced over 100bps below the mean yield curve.

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## Appendix

### Pro Forma Financial Statements

#### Income Statement

| In Millions of SGD except Per Share<br>12 Months Ending | FY 2016<br>31/12/16 | FY 2017<br>31/12/17 | FY 2018<br>31/12/18 | FY 2019E<br>31/12/19 | FY 2020E<br>31/12/20 | FY 2021E<br>31/12/21 |
|---|---------------------|---------------------|---------------------|----------------------|----------------------|----------------------|
| <b>Revenue</b>  | <b>5,252.33</b>     | <b>4,618.20</b>     | <b>5,602.42</b>     | <b>7,169.07</b>      | <b>7,985.61</b>      | <b>8,906.11</b>      |
| - Cost of Revenue                                       | 3,654.45            | 2,594.09            | 2,912.98            | 4,342.65             | 4,781.75             | 5,337.53             |
| <b>Gross Profit</b>                                     | <b>1,597.88</b>     | <b>2,024.11</b>     | <b>2,689.44</b>     | <b>2,826.42</b>      | <b>3,203.86</b>      | <b>3,568.58</b>      |
| + Other Operating Income                                | 30.14               | 14.05               | 45.43               | 40.36                | 44.95                | 50.13                |
| - Operating Expenses                                    | 397.72              | 448.56              | 469.87              | 613.48               | 683.35               | 762.12               |
| <b>Operating Income</b>                                 | <b>1,230.30</b>     | <b>1,589.60</b>     | <b>2,265.00</b>     | <b>2,253.29</b>      | <b>2,565.46</b>      | <b>2,856.59</b>      |
| + Interest Expense, Net                                 | 400.84              | 424.62              | 548.49              | 595.31               | 591.72               | 633.66               |
| + Other Investment (Inc) Loss                           | -9.51               | -5.96               | -9.34               | 0.00                 | 0.00                 | 0.00                 |
| + Foreign Exch (Gain) Loss                              | -43.97              | -7.91               | 8.98                | 0.00                 | 0.00                 | 0.00                 |
| + (Income) Loss from Affiliates                         | -707.79             | -882.29             | -959.41             | 0.00                 | 0.00                 | 0.00                 |
| <b>Profit Before Tax</b>                                | <b>1,906.90</b>     | <b>2,815.53</b>     | <b>3,508.50</b>     | <b>2,848.61</b>      | <b>3,157.18</b>      | <b>3,490.25</b>      |
| - Income Tax Expense (Benefit)                          | 402.63              | 468.95              | 658.69              | 536.91               | 571.22               | 648.20               |
| <b>Net Income</b>                                       | <b>1,504.27</b>     | <b>2,346.58</b>     | <b>2,849.81</b>     | <b>2,311.70</b>      | <b>2,585.96</b>      | <b>2,842.05</b>      |

Source: Bloomberg

#### Assumptions

##### Revenue Breakdown

|                                   |                 |                 |                 |                 |                 |   |
|-----------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|---|
| Residential and Commercial Strata | 2,131.43        | 2,168.64        | 2,381.17        | 2,614.52        | 2,870.75        | *growth rate of 9.8% derived from the average of historical overall revenue growth  |
| Retail                            | 1,019.68        | 1,613.82        | 1,771.97        | 1,945.63        | 2,136.30        | *breakdown of revenue by asset class was not available for FY2016   |
| Commercial                        | 505.14          | 646.47          | 709.82          | 779.38          | 855.76          |   |
| Lodging                           | 990.52          | 1,200.73        | 1,318.40        | 1,447.61        | 1,589.47        |   |
| Corporate and Others              | -28.56          | -27.23          | -29.90          | -32.83          | -36.05          |   |
| Logistics/Business Parks          | 0.00            | 0.00            | 1,017.61        | 1,231.31        | 1,489.88        | *for simplicity, assume that all of ASB's revenue is derived from logistics and business parks. Growth rate of 21.0% derived from historical revenue growth rates |
| <b>Total</b>                      | <b>4,618.20</b> | <b>5,602.42</b> | <b>7,169.07</b> | <b>7,985.61</b> | <b>8,906.11</b> |   |
| Cost of Revenue ex D&A            | 3,654.45        | 2,594.09        | 2,912.98        | 4,247.52        | 4,731.31        | 5,276.68  |
| % sales                           | 70%             | 56%             | 52%             | 59.25%          | 59.25%          | 59.25%  |
| Other Operating Income            | 30.14           | 14.05           | 45.43           | 40.36           | 44.95           | 50.13   |
| % sales                           | 0.57%           | 0.30%           | 0.81%           | 0.56%           | 0.56%           | 0.56%   |
| Operating Expense                 | 397.72          | 448.56          | 469.87          | 613.48          | 683.35          | 762.12  |
| % sales                           | 7.57%           | 9.71%           | 8.39%           | 8.56%           | 8.56%           | 8.56%   |
| Depreciation Expense              | 66.00           | 69.30           | 63.30           | 72.72           | 24.72           | 31.31   |
| Amortisation Expense              |                 | 29.25           | 10.64           | 22.41           | 25.73           | 29.54   |
| Income Tax Expense                | 402.63          | 468.95          | 658.69          | 536.91          | 571.22          | 648.20  |
| % PBT                             | 21.11%          | 16.66%          | 18.77%          | 18.85%          | 18.09%          | 18.57%  |
| Interest Expense                  | 400.84          | 424.62          | 548.49          | 595.31          | 591.72          | 633.66  |

## Balance Sheet

| In Millions of SGD except Per Share<br>12 Months Ending | FY 2016<br>31/12/16 | FY 2017<br>31/12/17 | FY 2018<br>31/12/18 | FY 2019E<br>31/12/19 | FY 2020E<br>31/12/20 | FY 2021E<br>31/12/21 |
|---|---------------------|---------------------|---------------------|----------------------|----------------------|----------------------|
| <b>Total Assets</b>                                     |                     |                     |                     |                      |                      |                      |
| + Cash & Cash Equivalents                               | 4,777.75            | 6,079.51            | 5,004.76            | 5,004.76             | 5,004.76             | 5,004.76             |
| + Accounts Receivable, Net                              | 343.47              | 294.69              | 227.09              | 352.29               | 418.03               | 465.95               |
| + Unbilled Revenues                                     | —                   | 190.88              | 47.72               | 178.69               | 199.04               | 221.99               |
| + Inventories   | 4,837.08            | 3,977.01            | 5,128.55            | 5,897.67             | 7,416.68             | 8,225.36             |
| + Other ST Assets                                       | 1,806.95            | 1,770.05            | 2,038.16            | 2,656.25             | 2,950.93             | 3,291.73             |
| + Prepaid Expenses                                      | 269.47              | 307.26              | 869.57              | 701.35               | 773.38               | 863.17               |
| + Derivative & Hedging Assets                           | 2.13                | 34.50               | 5.82                | 21.31                | 23.73                | 26.47                |
| + Assets Held-for-Sale                                  | 274.60              | 542.79              | 260.28              | 516.82               | 575.69               | 642.05               |
| + Misc ST Assets  | 1,260.75            | 885.50              | 902.49              | 1,416.77             | 1,578.13             | 1,760.05             |
| <b>Total Current Assets</b>                             | <b>11,765.26</b>    | <b>12,312.13</b>    | <b>12,446.27</b>    | <b>14,089.66</b>     | <b>15,989.45</b>     | <b>17,209.79</b>     |
| + Property, Plant & Equip, Net                          | 19,779.82           | 37,319.46           | 40,198.62           | 42,239.89            | 44,826.04            | 48,083.40            |
| + Other LT Assets                                       | 13,915.23           | 11,907.60           | 12,002.67           | 12,226.06            | 12,350.29            | 12,465.64            |
| + Total Intangible Assets                               | 441.84              | 563.30              | 634.72              | 622.48               | 584.53               | 517.04               |
| + Deferred Tax Assets                                   | 227.82              | 226.30              | 285.49              | 342.52               | 381.54               | 425.52               |
| + Derivative & Hedging Assets                           | 135.70              | —                   | —                   | 0.00                 | 0.00                 | 0.00                 |
| + Investments in Affiliates                             | 12,617.26           | 10,205.45           | 10,179.62           | 10,179.62            | 10,179.62            | 10,179.62            |
| + Misc LT Assets  | 492.62              | 912.55              | 902.85              | 1,081.44             | 1,204.61             | 1,343.47             |
| <b>Total Noncurrent Assets</b>                          | <b>33,975.52</b>    | <b>49,227.05</b>    | <b>52,201.29</b>    | <b>54,465.95</b>     | <b>57,176.33</b>     | <b>60,549.04</b>     |
| <b>Total Assets</b>                                     | <b>45,740.77</b>    | <b>61,539.18</b>    | <b>64,647.56</b>    | <b>68,555.61</b>     | <b>73,165.78</b>     | <b>77,758.83</b>     |
| <b>Liabilities &amp; Shareholders' Equity</b>           |                     |                     |                     |                      |                      |                      |
| + Payables & Accruals                                   | 4,832.87            | 3,814.98            | 4,449.46            | 5,742.85             | 6,403.38             | 7,141.44             |
| + Accounts Payable                                      | 269.30              | 353.33              | 234.50              | 77.42                | 92.68                | 103.30               |
| + Accrued Taxes   | 650.67              | 1,279.89            | 1,451.47            | 5,665.43             | 6,310.71             | 7,038.14             |
| + Other Payables & Accruals                             | 3,912.90            | 2,181.76            | 2,763.49            | 0.00                 | 0.00                 | 0.00                 |
| + ST Debt   | 2,373.43            | 2,739.00            | 3,193.46            | 3,410.60             | 2,410.60             | 3,281.35             |
| + ST Borrowings   | 710.64              | 1,250.63            | 1,729.47            | 0.00                 | 0.00                 | 0.00                 |
| + Current Portion of LT Debt                            | 1,662.79            | 1,488.37            | 1,463.98            | 3,410.60             | 2,410.60             | 3,281.35             |
| + Other ST Liabilities                                  | 522.10              | 2,307.37            | 1,752.41            | 2,178.97             | 2,428.16             | 2,708.93             |
| + Deferred Revenue                                      | 0.00                | 1,680.60            | 908.49              | 1,257.14             | 1,400.32             | 1,561.74             |
| + Derivatives & Hedging                                 | 7.65                | 10.84               | 60.38               | 921.84               | 1,026.83             | 1,145.20             |
| + Misc ST Liabilities                                   | 514.45              | 615.94              | 783.54              | 0.00                 | 1.00                 | 2.00                 |
| <b>Total Current Liabilities</b>                        | <b>7,728.40</b>     | <b>8,861.34</b>     | <b>9,395.32</b>     | <b>11,332.42</b>     | <b>11,242.14</b>     | <b>13,131.72</b>     |
| + LT Debt   | 12,478.95           | 18,955.93           | 20,440.49           | 17,632.74            | 19,593.02            | 21,292.82            |
| + Other LT Liabilities                                  | 1,232.95            | 1,604.08            | 1,504.81            | 2,032.86             | 2,265.40             | 2,527.42             |
| + Deferred Compensation                                 | 7.21                | 6.38                | 14.90               | 1,226.79             | 1,366.52             | 1,524.04             |
| + Deferred Revenue                                      | 0.00                | 10.52               | 5.15                | 0.00                 | 0.00                 | 0.00                 |
| + Deferred Tax Liabilities                              | 725.21              | 901.23              | 961.01              | 0.00                 | 0.00                 | 0.00                 |
| + Derivatives & Hedging                                 | 50.29               | 160.67              | 69.18               | 806.08               | 897.89               | 1,001.38             |
| + Misc LT Liabilities                                   | 450.23              | 525.29              | 454.57              | 0.00                 | 1.00                 | 2.00                 |
| <b>Total Noncurrent Liabilities</b>                     | <b>13,711.90</b>    | <b>20,560.01</b>    | <b>21,945.30</b>    | <b>19,665.60</b>     | <b>21,858.42</b>     | <b>23,820.24</b>     |
| <b>Total Liabilities</b>                                | <b>21,440.30</b>    | <b>29,421.36</b>    | <b>31,340.62</b>    | <b>30,998.03</b>     | <b>33,100.56</b>     | <b>36,951.96</b>     |
| + Share Capital & APIC                                  | 6,309.50            | 6,309.50            | 6,309.50            | 6,309.50             | 6,309.50             | 6,309.50             |
| - Treasury Stock  | 107.22              | 78.51               | 385.08              | 385.08               | 385.08               | 385.08               |
| + Retained Earnings                                     | 11,029.08           | 12,179.00           | 13,460.92           | 15,430.79            | 18,016.75            | 20,858.80            |
| + Other Equity  | 373.49              | 2.91                | -432.63             | 0.00                 | 0.00                 | 0.00                 |
| <b>Equity Before Minority Interest</b>                  | <b>17,604.85</b>    | <b>18,412.89</b>    | <b>18,952.71</b>    | <b>21,355.21</b>     | <b>23,941.17</b>     | <b>26,783.22</b>     |
| + Minority/Non Controlling Interest                     | 6,695.63            | 13,704.93           | 14,354.23           | 14,354.23            | 14,354.23            | 14,354.23            |
| <b>Total Equity</b>                                     | <b>24,300.48</b>    | <b>32,117.82</b>    | <b>33,306.94</b>    | <b>35,709.44</b>     | <b>38,295.40</b>     | <b>41,137.45</b>     |
| <b>Total Liabilities &amp; Equity</b>                   | <b>45,740.77</b>    | <b>61,539.18</b>    | <b>64,647.56</b>    | <b>66,707.46</b>     | <b>71,395.96</b>     | <b>78,089.40</b>     |
| <b>Discrepancy</b>                                      |                     |                     |                     | <b>1,848.14</b>      | <b>1,769.82</b>      | <b>330.57</b>        |

Source: Bloomberg

**Assumptions**

|                    |          |          |          |          |          |          |
|--------------------|----------|----------|----------|----------|----------|----------|
| Sales              | 5,252.33 | 4,618.20 | 5,602.42 | 7,169.07 | 7,985.61 | 8,906.11 |
| Cost of Revenue    | 3,654.45 | 2,594.09 | 2,912.98 | 4,342.65 | 4,781.75 | 5,337.53 |
| Operating Expenses | 397.72   | 448.56   | 469.87   | 613.48   | 683.35   | 762.12   |

**Working Capital**

|                      |          |          |          |          |          |          |
|----------------------|----------|----------|----------|----------|----------|----------|
| Accounts Receivable  | 343.47   | 294.69   | 227.09   | 352.29   | 418.03   | 465.95   |
| Inventory & Supplies | 4,837.08 | 3,977.01 | 5,128.55 | 5,897.67 | 7,416.68 | 8,225.36 |
| Accounts Payables    | 269.30   | 353.33   | 234.50   | 77.42    | 92.68    | 103.30   |

|                                |        |        |        |        |        |        |
|--------------------------------|--------|--------|--------|--------|--------|--------|
| Days' Sales Outstanding        | 18.19  | 25.22  | 17.00  | 20.14  | 20.14  | 20.14  |
| Days' Sales in Inventory       | 589.56 | 620.09 | 570.47 | 593.37 | 593.37 | 593.37 |
| Accounts Payable Turnover Days | 64.59  | 65.53  | 26.39  | 52.17  | 52.17  | 52.17  |

**Current Assets**

|                  |   |        |       |        |        |        |
|------------------|---|--------|-------|--------|--------|--------|
| Unbilled Revenue | — | 190.88 | 47.72 | 178.69 | 199.04 | 221.99 |
| % sales          |   | 4.13%  | 0.85% | 2.49%  | 2.49%  | 2.49%  |

|  |        |        |        |        |        |        |
|--|--------|--------|--------|--------|--------|--------|
| Prepaid Expenses                       | 269.47 | 307.26 | 869.57 | 701.35 | 773.38 | 863.17 |
| % cost of revenue & operating expenses | 6.65%  | 10.10% | 25.71% | 14.15% | 14.15% | 14.15% |

|                             |       |       |       |       |       |       |
|-----------------------------|-------|-------|-------|-------|-------|-------|
| Derivative & Hedging Assets | 2.13  | 34.50 | 5.82  | 21.31 | 23.73 | 26.47 |
| % sales                     | 0.04% | 0.75% | 0.10% | 0.30% | 0.30% | 0.30% |

|                      |        |        |        |        |        |        |
|----------------------|--------|--------|--------|--------|--------|--------|
| Assets Held-for-Sale | 274.60 | 542.79 | 260.28 | 516.82 | 575.69 | 642.05 |
| % sales              | 5.23%  | 11.75% | 4.65%  | 7.21%  | 7.21%  | 7.21%  |

|                |         |        |        |         |         |         |
|----------------|---------|--------|--------|---------|---------|---------|
| Misc ST Assets | 1260.75 | 885.50 | 902.49 | 1416.77 | 1578.13 | 1760.05 |
| % sales        | 24.00%  | 19.17% | 16.11% | 19.76%  | 19.76%  | 19.76%  |

**Current Liabilities**

|                  |         |         |         |         |         |   |
|------------------|---------|---------|---------|---------|---------|---|
| Accrued Expenses | 4563.57 | 3461.65 | 4214.97 | 5665.43 | 6310.71 | 7038.14 *combined both taxes and other expenses |
| % sales          | 86.89%  | 74.96%  | 75.23%  | 79.03%  | 79.03%  | 79.03%  |

|                  |       |         |        |         |         |         |
|------------------|-------|---------|--------|---------|---------|---------|
| Deferred Revenue | 0.00  | 1680.60 | 908.49 | 1257.14 | 1400.32 | 1561.74 |
| % sales          | 0.00% | 36.39%  | 16.22% | 17.54%  | 17.54%  | 17.54%  |

|   |        |        |        |        |         |         |
|---|--------|--------|--------|--------|---------|---------|
| Other Liabilities - derivatives & hedging, misc | 522.10 | 626.77 | 843.92 | 921.84 | 1026.83 | 1145.20 |
| % sales   | 9.94%  | 13.57% | 15.06% | 12.86% | 12.86%  | 12.86%  |

**Non-Current Liabilities**

|                      |        |        |        |         |         |   |
|----------------------|--------|--------|--------|---------|---------|---|
| Deferred Liabilities | 732.43 | 918.13 | 981.06 | 1226.79 | 1366.52 | 1524.04 *combined compensation, revenue and tax |
| % sales              | 13.94% | 19.88% | 17.51% | 17.11%  | 17.11%  | 17.11%  |

|   |        |        |        |        |        |         |
|---|--------|--------|--------|--------|--------|---------|
| Other Liabilities - derivatives & hedging, misc | 500.52 | 685.95 | 523.75 | 806.08 | 897.89 | 1001.38 |
| % sales   | 9.53%  | 14.85% | 9.35%  | 11.24% | 11.24% | 11.24%  |

**PPE**

|         |        |         |         |         |         |                               |
|---------|--------|---------|---------|---------|---------|-------------------------------|
| Capex   | 793.53 | 2230.85 | 1796.00 | 2528.05 | 3097.59 | 3800.11                       |
| % sales | 15.11% | 48.31%  | 32.06%  | 35.26%  | 38.79%  | 42.67% *assume 10% yoy growth |

**PPE**

|                        |          |          |          |          |          |          |
|------------------------|----------|----------|----------|----------|----------|----------|
| Beginning Balance      | 20235.90 | 19779.82 | 37319.46 | 40198.56 | 42239.89 | 44826.04 |
| (+) addition           | 793.53   | 2230.85  | 1796.00  | 2528.05  | 3097.59  | 3800.11  |
| (-) accum depreciation | -373.50  | -386.40  | -414.00  | -486.72  | -511.43  | -542.75  |
| (+/-) others           | -876.13  | 15695.25 | 1497.10  | 0.00     | 0.00     | 0.00     |
| Ending Balance         | 19779.80 | 37319.52 | 40198.56 | 42239.89 | 44826.04 | 48083.40 |

|                          |  |       |       |       |       |       |
|--------------------------|--|-------|-------|-------|-------|-------|
| Depreciation as % of PPE |  | 1.35% | 1.07% | 1.21% | 1.21% | 1.21% |
|--------------------------|--|-------|-------|-------|-------|-------|

|                       |                 |                 |                 |                 |                 |                 |
|-----------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| <b>Total PPE, net</b> | <b>19779.80</b> | <b>37319.52</b> | <b>40198.56</b> | <b>42239.89</b> | <b>44826.04</b> | <b>48083.40</b> |
|-----------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|

|   |               |               |               |               |               |   |
|---|---------------|---------------|---------------|---------------|---------------|---|
| <b>Intangible Assets</b>                |               |               |               |               |               | *projected using average historical growth. Goodwill        |
| Goodwill                                | 431.85        | 519.59        | 534.62        | 532.49        | 530.36        | 528.23 will likely decline as divestments continue to grow  |
| (-) Impairment of goodwill              | 0.00          | 0.00          | 0.00          | 0.00          | 0.00          | 0.00 *assume 0 because impairment is decided by management  |
| Other Intangible assets                 |               |               |               |               |               |   |
| Beginning Balance                       | 12.60         | 9.99          | 43.71         | 100.09        | 90.00         | 54.17   |
| (+) Revaluation                         | 108.91        | 174.50        | 207.81        | 163.74        | 163.74        | 163.74 *used revaluation as there is no acquisition of      |
| (-) Accumulated Amortization            | -111.52       | -140.78       | -151.42       | -173.83       | -199.56       | -229.10 intangible assets                                   |
| Ending Balance                          | 9.99          | 43.71         | 100.09        | 90.00         | 54.17         | -11.19  |
| Amortization expense                    |               | 29.25         | 10.64         | 22.41         | 25.73         | 29.54 *no recorded accumulated amortization amount for 2015 |
| Amortization expense as % of intangible |               | 109%          | 15%           | 15%           | 15%           | 15%   |
| <b>Total Intangible Assets</b>          | <b>441.84</b> | <b>563.30</b> | <b>634.72</b> | <b>622.48</b> | <b>584.53</b> | <b>517.04</b>   |
| <b>Non-current Assets</b>               |               |               |               |               |               |   |
| Misc LT assets                          | 492.62        | 912.55        | 902.85        | 1081.44       | 1204.61       | 1343.47   |
| % sales                                 | 9%            | 20%           | 16%           | 15%           | 15%           | 15%   |
| Deferred Tax Assets                     | 227.82        | 226.30        | 285.49        | 342.52        | 381.54        | 425.52  |
| % sales                                 | 4%            | 5%            | 5%            | 5%            | 5%            | 5%  |
| Retained Earnings                       | 11,029.08     | 12,179.00     | 13,460.92     | 15,430.79     | 18,016.75     | 20,858.80   |
| Dividends                               | -383.03       | -424.71       | -504.09       | -500.00       | -500.00       | -500.00   |
| % net profit                            | 25%           | 18%           | 18%           |               |               |   |
| Share Buybacks                          | -56.84        | 0.00          | -341.83       | 0.00          | 0.00          | 0.00 *assume no future share buybacks                       |

## Cash Flow

| In Millions of SGD except Per Share<br>12 Months Ending | FY 2016<br>31/12/16 | FY 2017<br>31/12/17 | FY 2018<br>31/12/18 | FY 2019E<br>31/12/19 | FY 2020E<br>31/12/20 | FY 2021E<br>31/12/21 |
|---|---------------------|---------------------|---------------------|----------------------|----------------------|----------------------|
| <b>Cash from Operating Activities</b>                   |                     |                     |                     |                      |                      |                      |
| + Net Income  | 1,190.34            | 1,569.56            | 1,762.49            | 2,311.70             | 2,585.96             | 2,842.05             |
| + Depreciation & Amortization                           | 68.94               | 76.29               | 74.50               | 95.13                | 50.45                | 60.85                |
| + Non-Cash Items  | -208.09             | -522.68             | 22.80               | 50.00                | 50.00                | 50.00                |
| + Stock-Based Compensation                              | 46.80               | 55.33               | 50.42               | 50.00                | 50.00                | 50.00                |
| + Other Non-Cash Adj                                    | -254.89             | -578.01             | -27.63              | 0.00                 | 0.00                 | 0.00                 |
| + Chg in Non-Cash Work Cap                              | 2,249.72            | 830.33              | -1,413.74           | -3,122.34            | 939.59               | 164.22               |
| + (Inc) Dec in Inventories                              | 1,802.03            | 752.60              | 95.47               | 769.12               | 1,519.01             | 808.68               |
| + Inc (Dec) in Other                                    | 447.69              | 77.73               | -1,509.20           | -3,891.46            | -579.42              | -644.46              |
| <b>Cash from Operating Activities</b>                   | <b>3,300.91</b>     | <b>1,953.50</b>     | <b>446.05</b>       | <b>-665.51</b>       | <b>3,625.99</b>      | <b>3,117.11</b>      |
| <b>Cash from Investing Activities</b>                   |                     |                     |                     |                      |                      |                      |
| + Disp in Fixed & Intang                                | 154.56              | 1,825.84            | 1,015.69            | 0.00                 | 0.00                 | 0.00                 |
| + Acq of Fixed Prod Assets                              | -793.53             | -2,230.85           | -1,796.00           | -2,528.05            | -3,097.59            | -3,800.11            |
| + Net Cash From Acq & Div                               | -9.76               | -1,229.48           | -1,382.63           | -626.08              | -988.69              | -1,387.56            |
| + Cash from Divestitures                                | 171.15              | 1,003.90            | 111.82              | 3,000.00             | 3,000.00             | 3,000.00             |
| + Cash for Acq of Subs                                  | -182.35             | -2,233.39           | -1,494.44           | -3,626.08            | -3,988.69            | -4,387.56            |
| + Other Investing Activities                            | 75.52               | -447.82             | 182.98              | 0.00                 | 0.00                 | 0.00                 |
| <b>Cash from Investing Activities</b>                   | <b>-573.20</b>      | <b>-2,082.31</b>    | <b>-1,979.95</b>    | <b>-3,154.13</b>     | <b>-4,086.27</b>     | <b>-5,187.66</b>     |
| <b>Cash from Financing Activities</b>                   |                     |                     |                     |                      |                      |                      |
| + Dividends Paid  | -383.03             | -424.71             | -504.09             | -500.00              | -500.00              | -500.00              |
| + Cash From (Repayment) Debt                            | -811.91             | 1,704.90            | 1,653.61            |                      |                      |                      |
| + Cash (Repurchase) of Equity                           | -56.73              | 0.00                | -341.83             |                      |                      |                      |
| + Increase in Capital Stock                             | 0.11                | 0.00                | 0.00                |                      |                      |                      |
| + Decrease in Capital Stock                             | -56.84              | 0.00                | -341.83             |                      |                      |                      |
| + Other Financing Activities                            | -704.07             | 224.21              | -293.11             |                      |                      |                      |
| <b>Cash from Financing Activities</b>                   | <b>-1,955.75</b>    | <b>1,504.39</b>     | <b>514.59</b>       |                      |                      |                      |
| Effect of Foreign Exchange Rates                        | -147.51             | -73.83              | -55.43              | 0.00                 | 0.00                 | 0.00                 |
| <b>Net Changes in Cash</b>                              | <b>624.45</b>       | <b>1,301.75</b>     | <b>-1,074.75</b>    |                      |                      |                      |

Source: Bloomberg

### Assumptions

|  |           |           |           |
|--|-----------|-----------|-----------|
| Cash Available / (Required) before debt  | -4,319.64 | -960.28   | -2,570.55 |
| Less: Mandatory Debt Repayment           | -1729.5   | -3410.6   | -2410.6   |
| Plus: New borrowings                     | 1300      | 0         | 0         |
| Beginning cash balance                   | 5,004.76  | 5,004.76  | 5,004.76  |
| Minimum cash balance                     | -5,004.76 | -5,004.76 | -5,004.76 |
| Cash available / (required) before sweep | -4,749.14 | -4,370.88 | -4,981.15 |

### Revolver

|  |                 |               |                 |
|--|-----------------|---------------|-----------------|
| Beginning balance                                | 0               | 4,749.14      | 9,120.02        |
| Repaid   | 0               | 0             | 0               |
| Discretionary Sweep                              | 4,749.14        | 4,370.88      | 4,981.15        |
| Ending balance                                   | 4,749.14        | 9,120.02      | 14,101.17       |
| <b>Total Cash flow from Financing Activities</b> | <b>3,819.64</b> | <b>460.28</b> | <b>2,070.55</b> |
| Beginning Cash Balance                           | 5,004.76        | 5,004.76      | 5,004.76        |
| Ending Cash Balance                              | 5,004.76        | 5,004.76      | 5,004.76        |

\*assume constant at 50

\*includes unbilled revenues, ST assets, ST liabilities, other liabilities

254.1 \*assume that 100% paid in cash

-2,719.6 \*assume 10% growth & 100% cash funding

## Debt Schedule

| In Millions of SGD except Per Share<br>12 Months Ending | FY 2016<br>31/12/16 | FY 2017<br>31/12/17 | FY 2018<br>31/12/18 | FY 2019E<br>31/12/19 | FY 2020E<br>31/12/20 | FY 2021E<br>31/12/21 |
|---|---------------------|---------------------|---------------------|----------------------|----------------------|----------------------|
| Exchange Rate used (USD/SGD)                            | 1.36                |                     |                     |                      |                      |                      |
| Borrowing Type:   |                     |                     |                     |                      |                      |                      |
| Bank Loans  |                     |                     | 13003.70            | 16023.34             | 17983.62             | 20554.17             |
| Bonds   |                     |                     | 3720.00             | 5020.00              | 4020.00              | 4020.00              |
| Total   |                     |                     | 16723.70            | 21043.34             | 22003.62             | 24574.17             |
| Maturity  |                     |                     |                     |                      |                      |                      |
| Less than 1   |                     |                     | 1729.50             | 3410.60              | 2410.60              | 3281.35              |
| Between 1-2 years                                       |                     |                     | 3410.60             | 2410.60              | 3281.35              | 3017.85              |
| Between 2-5 years                                       |                     |                     | 8301.80             | 8431.00              | 5799.65              | 2781.80              |
| Over 5 years  |                     |                     | 3281.80             | 6791.14              | 10512.02             | 15493.17             |
| Total   |                     |                     | 16723.70            | 21043.34             | 22003.62             | 24574.17             |
| Total Interest Payment                                  |                     |                     | 595.31              | 591.72               | 633.66               | 687.88               |
| Average Funding Cost                                    |                     |                     | 3.56%               | 2.81%                | 2.88%                | 2.80%                |
| <b>Loan</b>   |                     |                     |                     |                      |                      |                      |
| Loans Maturing:   |                     |                     |                     |                      |                      |                      |
| Within 1 Year   |                     |                     | 1729.50             | 2410.60              | 2410.60              | 2410.60              |
| Between 1-2 years                                       |                     |                     | 2410.60             | 2410.60              | 2410.60              | 2410.60              |
| Between 2-5 years                                       |                     |                     | 7231.80             | 6453.00              | 4042.40              | 1631.80              |
| Over 5 years  |                     |                     | 1631.80             | 0.00                 | 0.00                 | 0.00                 |
| Total   |                     |                     | 13003.70            | 11274.20             | 8863.60              | 6453.00              |
| Maturity (yrs)  |                     |                     |                     |                      |                      |                      |
| 1   |                     |                     | 1729.50             | 2410.60              | 2410.60              | 2410.60              |
| 2   |                     |                     | 2410.60             | 2410.60              | 2410.60              | 2410.60              |
| 3   |                     |                     | 2410.60             | 2410.60              | 2410.60              | 1631.80              |
| 4   |                     |                     | 2410.60             | 2410.60              | 1631.80              | 0.00                 |
| 5   |                     |                     | 2410.60             | 1631.80              | 0.00                 | 0.00                 |
| Over 5 years  |                     |                     | 1631.80             | 0.00                 | 0.00                 | 0.00                 |
| Total   |                     |                     | 13003.70            | 11274.20             | 8863.60              | 6453.00              |
| Principal   |                     |                     |                     |                      |                      |                      |
| Unknown loans   |                     |                     | 13003.70            | 11274.20             | 8863.60              | 6453.00              |
| Total   |                     |                     | 13003.70            | 11274.20             | 8863.60              | 6453.00              |
| Coupon  |                     |                     |                     |                      |                      |                      |
| Unknown loans   |                     |                     | 353.70              | 306.66               | 241.09               | 175.52               |
| Total   |                     |                     | 353.70              | 306.66               | 241.09               | 175.52               |

\*refer to note 19. Effective interest rates for bank borrowings as at 31 Dec 2018 ranged from 0.39% to 5.05%. Assume i/r to be middle value of 2.72%

|                     |  |  |      |         |         |          |
|---------------------|--|--|------|---------|---------|----------|
| <b>Revolver</b>     |  |  |      |         |         |          |
| Loans Maturing:     |  |  |      |         |         |          |
| Within 1 Year       |  |  | 0.00 | 0.00    | 0.00    | 0.00     |
| Between 1-2 years   |  |  | 0.00 | 0.00    | 0.00    | 408.00   |
| Between 2-5 years   |  |  | 0.00 | 408.00  | 408.00  | 0.00     |
| Over 5 years        |  |  | 0.00 | 4341.14 | 8712.02 | 13693.17 |
| Total               |  |  | 0.00 | 4749.14 | 9120.02 | 14101.17 |
| Maturity (yrs)      |  |  |      |         |         |          |
| 1                   |  |  | 0.00 | 0.00    | 0.00    | 0.00     |
| 2                   |  |  | 0.00 | 0.00    | 0.00    | 408.00   |
| 3                   |  |  | 0.00 | 0.00    | 408.00  | 0.00     |
| 4                   |  |  | 0.00 | 408.00  | 0.00    | 0.00     |
| 5                   |  |  | 0.00 | 0.00    | 0.00    | 0.00     |
| Over 5 years        |  |  | 0.00 | 4341.14 | 8712.02 | 13693.17 |
| Total               |  |  | 0.00 | 4749.14 | 9120.02 | 14101.17 |
| Principal           |  |  |      |         |         |          |
| CAPLSP TL UNSEC SGD |  |  | 0.00 | 408.00  | 408.00  | 408.00   |
| Unknown Plug        |  |  | 0.00 | 4341.14 | 8712.02 | 13693.17 |
| Total               |  |  | 0.00 | 4749.14 | 9120.02 | 14101.17 |
| Coupon              |  |  |      |         |         |          |
| CAPLSP TL UNSEC SGD |  |  | 0.00 | 8.16    | 8.16    | 8.16     |
| Unknown Plug        |  |  | 0.00 | 118.08  | 236.97  | 372.45   |
| Total               |  |  | 0.00 | 126.24  | 245.13  | 380.61   |

| Currency of issue | Outstanding amt | Amount Issued | Coupon | Issue Date | Maturity Date | Revolver Size | Revolver Size (SGD) |
|-------------------|-----------------|---------------|--------|------------|---------------|---------------|---------------------|
| USD               | 0               | 0             | 2.00%  | 10/4/18    | 10/4/23       | 300           | 408                 |

\*Assume that DBS loan is completely drawn in 2019, since it is assumed to have a lower i/r  
\*Assume there is no outstanding principle and assume 10 year maturity from 2018, so that it wont affect immediate cash flow needs

\*Assume i/r of 2.72%

| Bonds                 |  |         |         |         |         |  |
|-----------------------|--|---------|---------|---------|---------|--|
| Bonds Maturing:       |  |         |         |         |         |  |
| Within 1 Year         |  | 0.00    | 1000.00 | 0.00    | 870.75  |  |
| Between 1-2 years     |  | 1000.00 | 0.00    | 870.75  | 199.25  |  |
| Between 2-5 years     |  | 1070.00 | 1570.00 | 1349.25 | 1150.00 |  |
| Over 5 years          |  | 1650.00 | 2450.00 | 1800.00 | 1800.00 |  |
| Total                 |  | 3720.00 | 5020.00 | 4020.00 | 4020.00 |  |
| Maturity (yrs)        |  |         |         |         |         |  |
| 1                     |  | 0.00    | 1000.00 | 0.00    | 870.75  |  |
| 2                     |  | 1000.00 | 0.00    | 870.75  | 199.25  |  |
| 3                     |  | 0.00    | 870.75  | 199.25  | 500.00  |  |
| 4                     |  | 870.75  | 199.25  | 500.00  | 650.00  |  |
| 5                     |  | 199.25  | 500.00  | 650.00  | 0.00    |  |
| Over 5 years          |  | 1650.00 | 2450.00 | 1800.00 | 1800.00 |  |
| Total                 |  | 3720.00 | 5020.00 | 4020.00 | 4020.00 |  |
| Principal             |  |         |         |         |         |  |
| CAPLSP 2.95 06/20/22  |  | 326.75  | 326.75  | 326.75  | 326.75  |  |
| CAPLSP 4.3 08/31/20   |  | 350.00  | 350.00  | 0.00    | 0.00    |  |
| CAPLSP 4.076 09/20/22 |  | 544.00  | 544.00  | 544.00  | 544.00  |  |
| CAPLSP 1.85 06/19/20  |  | 650.00  | 650.00  | 0.00    | 0.00    |  |
| CAPLSP 1.95 10/17/23  |  | 199.25  | 199.25  | 199.25  | 199.25  |  |
| CAPLSP 3.8 08/28/24   |  | 500.00  | 500.00  | 500.00  | 500.00  |  |
| CAPLSP 2.8 06/08/25   |  | 650.00  | 650.00  | 650.00  | 650.00  |  |
| CAPLSP 3.08 10/19/27  |  | 500.00  | 500.00  | 500.00  | 500.00  |  |
| CAPLSP 3.15 08/29/29  |  | 0.00    | 800.00  | 800.00  | 800.00  |  |
| CAPLSP 3.65 PERP      |  | 0.00    | 500.00  | 500.00  | 500.00  |  |
| Total                 |  | 3720.00 | 5020.00 | 4020.00 | 4020.00 |  |
| Coupon                |  |         |         |         |         |  |
| CAPLSP 2.95 06/20/22  |  | 9.64    | 9.64    | 9.64    | 9.64    |  |
| CAPLSP 4.3 08/31/20   |  | 15.05   | 15.05   | 10.06   | 0.00    |  |
| CAPLSP 4.076 09/20/22 |  | 22.17   | 22.17   | 22.17   | 22.17   |  |
| CAPLSP 1.85 06/19/20  |  | 12.03   | 12.03   | 5.63    | 0.00    |  |
| CAPLSP 1.95 10/17/23  |  | 3.89    | 3.89    | 3.89    | 3.89    |  |
| CAPLSP 3.8 08/28/24   |  | 19.00   | 19.00   | 19.00   | 19.00   |  |
| CAPLSP 2.8 06/08/25   |  | 18.20   | 18.20   | 18.20   | 18.20   |  |
| CAPLSP 3.08 10/19/27  |  | 15.40   | 15.40   | 15.40   | 15.40   |  |
| CAPLSP 3.15 08/29/29  |  | 0.00    | 25.20   | 25.20   | 25.20   |  |
| CAPLSP 3.65 PERP      |  | 0.00    | 18.25   | 18.25   | 18.25   |  |
| Total                 |  | 115.37  | 158.82  | 147.44  | 131.75  |  |

| Currency of issue | Outstanding amt | Amount Issued | Coupon | Issue Date | Maturity Date |
|-------------------|-----------------|---------------|--------|------------|---------------|
| SGD               | 326.75          | 326.75        | 2.95%  | 25/5/07    | 20/6/22       |
| SGD               | 350             | 350           | 4.30%  | 17/8/10    | 31/8/20       |
| USD               | 400             | 544           | 4.08%  | 14/9/12    | 20/9/22       |
| SGD               | 650             | 650           | 1.85%  | 20/5/13    | 19/6/20       |
| SGD               | 199.25          | 199.25        | 1.95%  | 19/9/13    | 17/10/23      |
| SGD               | 500             | 500           | 3.80%  | 21/8/14    | 28/8/24       |
| SGD               | 650             | 650           | 2.80%  | 14/5/15    | 8/6/25        |
| SGD               | 500             | 500           | 3.08%  | 9/10/17    | 19/10/27      |
| SGD               | 800             | 800           | 3.15%  | 22/8/19    | 29/8/29       |
| SGD               | 500             | 500           | 3.65%  | 10/10/19   |               |