

INITIATE COVERAGE

CapitaLand Investment (CLI SP)

High Margin And Steady Growth Via Multiple Platforms

We initiate CLI with a **BUY** and a **SOTP-based target price of S\$4.02**. We forecast **39% earnings growth over the 2021-23 period driven by FUM growth and a normalisation of investment property earnings after the COVID-19 peak**. Compared with its regional and global peers, CLI's valuations appear inexpensive with **2022 P/NAV and EV/EBITDA at 1.4x and 21.1x respectively**. Share price catalysts include **cap rate compression and stronger-than-expected fund growth**.

- Exciting growth in its fund management platform.** CapitaLand Investment (CLI) has >S\$115b in AUM which makes it one of the largest real estate investment managers (REIM) in Asia. Of this, S\$83b, or 72%, are funds under management (FUM) and the company has plans to grow this to over S\$100b by 2023/24. We forecast FUM fee income to grow at a 14% CAGR over 2020-23. In addition, the company has >S\$10b in assets that it will look to monetise in the next few years.
- Proxy to reopening.** While there are other reopening plays after the COVID-19 peak, we believe CLI is an excellent proxy as it has about 83% of its AUM in traditional real estate segments such as office, lodging and retail. Lodging in particular has seen a gradual recovery in the past 12 months given CLI's exposure to long-stay assets, and as global travel resumes, should provide CLI with upside. Besides, the company has >S\$1b in new logistics and data centre funds which it has successfully raised in the past 18 months.
- High EBITDA margin business.** CLI's fee income-related business contributed about 40% of revenue in 2020, supported by average EBITDA margins of 56% over the 2017-20 period. The company has a strong and stable platform that generates fee income from its investment and asset management of listed REITs and unlisted funds, lodging management and property management across its asset classes.
- Initiate coverage with BUY and target price of S\$4.02.** We value CLI at S\$4.02/share using an SOTP methodology which comprises of: a) its fee-income platform where CLI earns fees from its investment management (IM), property management (PM) and lodging management (LM) platforms; and b) its investment properties which CLI accounts for on on its own balance sheet, as well as its various stakes in its listed REITs and its various stakes in its unlisted funds.

KEY FINANCIALS

Year to 31 Dec (S\$m)	2019	2020	2021F	2022F	2023F
Net turnover	2,488	1,983	2,103	2,400	2,612
EBITDA	1,496	(8)	1,146	1,330	1,477
Operating profit	1,383	(157)	994	1,174	1,317
Net profit (rep./act.)	1,442	(560)	776	962	1,080
Net profit (adj.)	1,442	(560)	776	962	1,080
EPS (S\$ cent)	54.3	(20.0)	14.9	18.5	20.8
PE (x)	6.5	n.m.	23.7	19.1	17.0
P/B (x)	0.7	0.8	1.5	1.4	1.5
EV/EBITDA (x)	18.5	n.m.	24.1	20.8	18.7
Dividend yield (%)	3.4	2.5	1.7	2.0	2.3
Net margin (%)	58.0	(28.2)	36.9	40.1	41.4
Net debt/(cash) to equity (%)	49.8	54.7	45.8	43.1	43.9
Interest cover (x)	3.7	(0.4)	2.6	3.0	3.3
ROE (%)	n.a.	n.a.	6.1	7.2	8.1
Consensus net profit	-	-	817	1,078	1,214
UOBKH/Consensus (x)	-	-	0.95	0.89	0.89

Source: CapitaLand Investments, Bloomberg, UOB Kay Hian
n.m. : not meaningful; negative P/E, EV/EBITDA reflected as "n.m."

BUY

Share Price	S\$3.54
Target Price	S\$4.02
Upside	+13.6%

COMPANY DESCRIPTION

CLI is a global real estate manager with an Asian foothold and diversified exposure across retail, office, lodging and new economy asset classes.

STOCK DATA

GICS sector	Real Estate
Bloomberg ticker:	CLI SP
Shares issued (m):	5,141.2
Market cap (S\$m):	18,199.8
Market cap (US\$m):	13,534.5
3-mth avg daily t'over (US\$m):	21.4

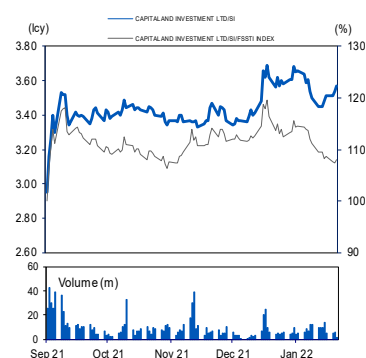
Price Performance (%)

52-week high/low	S\$3.69/S\$2.95			
1mth	3mth	6mth	1yr	YTD
(2.2)	3.5	n.a.	n.a.	3.8

Major Shareholders

CapitaLand Group	52.38%
FY22 NAV/Share (S\$)	2.56
FY22 Net Debt/Share (S\$)	1.13

PRICE CHART



Source: Bloomberg

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Contents

Investment Highlights	3
Valuation	5
Financial And Earnings Outlook	7
Risk Factors	9
Financial Statements	10
Appendix: Company Background	12

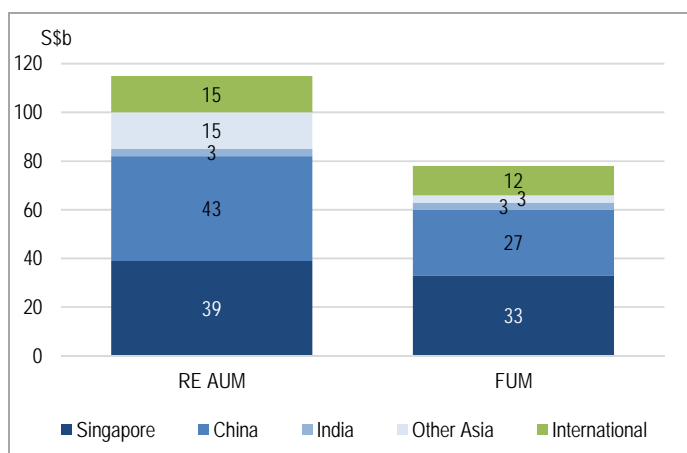
This report uses the closing prices of 3 February 2022

Investment Highlights

One of Asia's largest REIMs with coverage in over 240 cities and across more than 30 countries, ... Notably, more than 80% of its AUM is concentrated in Asia, with Singapore, China and India being the core markets. Real estate AUM totalled S\$115b while FUM totalled S\$78b as at end-20 with the growth led by the Asia-Pacific region. Research by Hodesweill & Associates shows that institutional investors have consistently raised their target allocations to real estate annually for the past eight years, though institutions remain under-allocated to real estate in 2020, particularly in the Asia-Pacific region. In our view, there may be potential for increased capital inflows into real estate private equity funds and listed REITs, although this may be tempered somewhat by this year's US rate hikes.

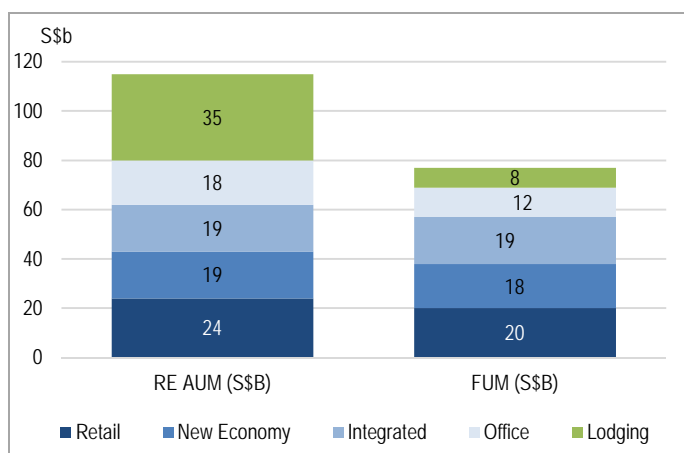
CLI's core markets are Singapore, China and India

FIGURE 1: GEOGRAPHICAL SPLIT OF AUM AND FUM AS AT END-20



Source: CLI

FIGURE 2: SECTORAL SPLIT OF AUM AND FUM AS AT END-20

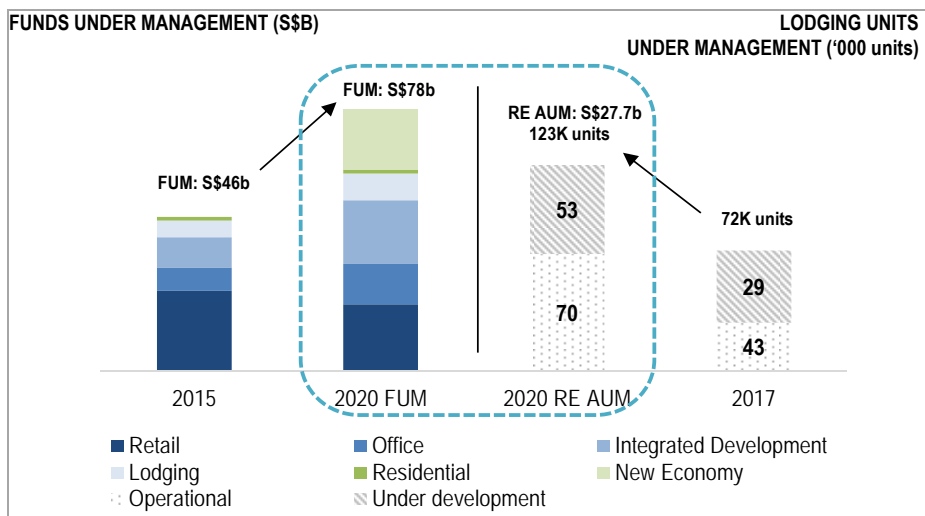


Source: CLI

...with potential for exciting growth to continue. Historically, the company has had an impressive track record of growth: over the 2017-20 period, CLI's FUM increased at a 15% CAGR to S\$78b. As a result, fee income grew at a 12% CAGR over the 2017-20 period driven by growth in the new economy and integrated development segments while lodging units under management grew at a 20% CAGR. We forecast CLI will be able to achieve its target FUM of S\$100b by 2024, implying a 6.4% CAGR over the 2020-24 period, supported by its leading listed REIM platform that manages six listed and more than 20 unlisted funds.

Given CLI's impressive track record of growing its FUM, we believe it should easily achieve its target FUM of S\$100b by 2024

FIGURE 3: CLI'S STRATEGY OF GROWING FEE-GENERATING AUM THROUGH TWO COMPLEMENTARY PLATFORMS



Source: CLI

Proxy to reopening. While there are other reopening plays after the COVID-19 peak, we believe that CLI is an excellent proxy as it has about 83% of its AUM in traditional real estate segments such as office, lodging and retail. Lodging in particular has seen a gradual recovery in the past 12 months given CLI's exposure to long-stay assets, and as global travel resumes, should provide CLI with upside. In addition, the company has >S\$1b in new logistics and data centre funds which it has successfully raised in the past 18 months.

CLI is an excellent reopening play after the COVID-19 peak, in our view

High EBITDA margin business. CLI's fee income-related business contributed about 40% of revenue in 2020, supported by average EBITDA margins of 56% over 2017-20. The company has a strong and stable platform that generates fee income from its investment and asset management of listed REITs and unlisted funds, LM and PM across its asset classes. Going forward, we forecast CLI's EBITDA margins for its fee income-related business to maintain at a steady mid-50% level.

The company has a strong and stable platform that generates high EBITDA margins

CapitaLand's large ecosystem maintained, assisted by an experienced management team. In Jul 21, CLI and CapitaLand (CAPL) entered into a reciprocal rights of first refusal (ROFR) agreement with the latter granting ROFR to the former to support CLI's growth. This ROFR is exposed to a pipeline of S\$7.6b in assets and allows CLI to procure these assets that CAPL or any of its subsidiaries wishes to dispose of, thus supporting CLI's growth in the near to medium term. In addition, CLI's management has an average of 20 years of relevant experience across the leadership team, supported by over 260 investment and asset management specialists globally.

CLI and CapitaLand have reciprocal right of first refusal which underpins CLI's growth, in our view

Best-in-class in-house and asset-light platform that has seen tremendous growth. CLI has a number of brands across its global longer-stay lodging operating platform as well as dedicated leasing, facility and PM teams for its core markets such as Singapore, China and India. Importantly, the lodging platform is asset-light and is an ROE-accretive model given that 80% of CLI's managed properties are owned by third parties and thus managed under management contracts or franchise agreements. Over the 2017-20 period, the lodging platform grew its units under management at a 20% CAGR and as at end-20, it had 123,000 units under management. CLI has targeted 160,000 units under management by 2023.

The company's lodging platform focuses on a longer-stay clientele

FIGURE 4: BRANDS IN CLI'S LODGING OPERATING PLATFORM



Source: CLI

Valuation

SOTP methodology values CLI at S\$4.02. We have used a sum-of-the-parts (SOTP) valuation methodology to value CLI which comprises of:

Our sum-of-the-parts methodology comprises the fee income platform and hard assets

- 1. Fee income platform:** CLI earns fees from its three platforms, namely IM, PM and LM.
- 2. Hard assets:** CLI owns a number of investment properties on its balance sheet as well as its various stakes in its listed REITs and its various stakes in its unlisted funds.

FIGURE 5: SOTP VALUATION

Business units	Methodology	Multiple (x)	S\$m	S\$/share
Investment management	EV/EBITDA	21.4	5,154	0.99
Lodging management	EV/EBITDA	17.3	236	0.05
Investment properties	Adjusted RNAV		6,208	1.19
Unlisted funds	Carrying value		5,891	1.13
Listed funds	Market value		9,068	1.74
Less: overheads			-300	-0.06
Gross asset value		38.7	26,256	5.05
Less: other adjustments			-5,323	-1.02
Enterprise value		38.7	20,933	4.02

Source: Bloomberg, UOB Kay Hian

IM platform valued at S\$5.2b or S\$0.99/share. CLI's IM platform earns fees through the management of six listed REITs as well as over 20 unlisted funds and various alternative asset funds. In addition, the company also earns fees from managing the underlying properties of the funds and REITs.

We value this segment at S\$5.2b or S\$0.99/share using an EV/EBITDA multiple of 21.4x applied to our 2022 forecast EBITDA. This target multiple is slightly below that of its peer companies (Figure 6).

LM valued at S\$236m or S\$0.05/share. Through the company's management contracts with property owners, CLI earns fees that are mainly generated under the globally-recognised Ascott brand name and franchise. In 2019, this segment generated revenue and EBITDA of S\$194m and S\$69m respectively. However, as expected, this segment incurred losses in 2020 due to COVID-19. While it will take longer than expected for earnings from this segment to normalise – due mainly to COVID-19 variants impeding the reopening of economies – we nevertheless expect near- to medium-term upside when borders reopen.

We value this segment at S\$236m or S\$0.05/share using an EV/EBITDA multiple of 17.9x applied to our 2022 forecast EBITDA. This target multiple is a premium to its peer companies which we believe is reasonable given the long-stay nature of the business which is more resilient compared with shorter-stay hotels.

FIGURE 6: CLI COMPARABLE COMPANIES FOR INVESTMENT AND LODGING MANAGEMENT (2022)

As at 3 Feb 21	PE	EV/EBITDA	P/B	Yield (%)
Investment managers				
Charter Hall Group	15.2	12.7	2.9	2.4
Goodman Group	30.3	28.0	3.2	1.3
Stockland	12.1	14.7	1.0	6.7
Mirvac Group	16.9	18.9	0.9	3.9
Lendlease Group	25.4	12.1	1.1	2.2
Esr Cayman Ltd	23.4	18.6	1.9	0.9
Brookfield Asset Manage-CI A	27.6	62.9	2.5	1.0
Blackstone Inc	25.6	22.0	9.3	3.5
Mean	22.1	23.7	2.9	2.7
Median	24.4	18.8	2.2	2.3
Lodging managers				
Marriott International -CI A	30.9	18.9	23.4	0.4
Hilton Worldwide Holdings In	34.8	20.8	n.a.	0.2
Hyatt Hotels Corp - CI A	170.2	15.2	3.2	0.2
Wyndham Hotels & Resorts Inc	24.2	15.7	7.6	1.5
Choice Hotels Intl Inc	28.9	19.6	15.9	0.6
Accor SA	91.4	18.5	2.5	0.9
Whitbread Plc	35.0	13.6	1.5	1.1
Intercontinental Hotels Group	26.2	16.5	n.a.	1.4
Mean	38.8	17.3	9.0	0.8

Source: Bloomberg, UOB Kay Hian

Property investment. On its balance sheet, CLI owns 21 investment properties in a multitude of segments such as retail, office, industrial and hospitality and these span across Asia, Europe, the UK and the US. We highlight that a number of these are warehoused for recycling into its own listed and unlisted funds over the medium to long term. We value CLI's investment properties at S\$6.2b (or S\$1.19/share) based on the company's last reported appraised value as at end-20. We expect to update this number after the company releases its 2021 annual results.

CLI owns 21 investment properties in the office, retail, industrial and hospitality segments

Listed and unlisted funds. CLI owns stakes in a number of listed REITs (Figure 7). In total, we value them at S\$9.1b using our own target prices as well as consensus target prices. For the unlisted funds, we value them at S\$5.9b (or S\$1.13/share) based on CLI's disclosure of its carrying values as at end-20 (Figure 8). We expect to update this number after the company releases its 2021 annual results.

FIGURE 7: CLI'S LISTED FUNDS

Name	Ticker	CLI stake	Share price	Shares out (m)	Value (S\$m)
CapitaLand Integrated Comm Tr	CICT SP	22.9%	2.39	6,478.5	3,545.7
Ascendas REIT	AREIT SP	18.1%	3.83	4,167.8	2,882.9
Ascott Residence Trust	ART SP	40.6%	1.20	3,120.5	1,519.9
CapitaLand China Tr	CLCT SP	22.6%	1.55	1,519.1	531.7
Ascendas India Trust	AIT SP	21.6%	1.76	1,153.2	438.4
CapitaLand Malaysia Trust	CMMT SP	38.1%	0.58	2,110.5	149.2
Total					9,067.9

Source: Bloomberg, UOB Kay Hian

FIGURE 8: CLI'S UNLISTED FUNDS

Name of fund	CLI stake (%)	Asset class	Country	FUM as at 31 Dec 20 (S\$b)
CapitaLand Asia Partners I	51%	Office	Asia	1.6
CapitaLand Mall China Income Fund I	45%	Retail	China	1.8
CapitaLand Mall China Income Fund II	30%	Retail	China	1.3
CapitaLand Mall China Income Fund III	45%	Retail	China	2.0
CapitaLand Mall China Development Fund III	50%	Retail	China	2.2
Raffles City China Income Ventures Limited	55%	Mixed use	China	5.8
Raffles City Changning JV	45%	Mixed use	China	2.7
CapitaLand Township Development Fund I	-	Township	China	0.6
CapitaLand Township Development Fund II	-	Township	China	0.2
Raffles City China Investment Partners III (RCCIP III)	42%	Mixed use	China	2.9
CREDO I China	10%	Debt	China	NM
Ascendas China Business Parks Fund 4	-	Business park & industrial	China	0.7
Ascendas China Commercial Fund 3	55%	Office	China	0.9
CapitaLand Mall India Development Fund	-	Retail	India	NM
Ascendas India Growth Programme	30%	Business space	India	0.4
Ascendas India Logistics Programme	51%	Logistics/industrial	India	0.3
CapitaLand Korea Private REIT No. 1	6%	Office	Korea	0.2
CapitaLand Korea Private REIT No. 3	40%	Office	Korea	0.3
CapitaLand Korea Qualified Private REIT No. 5	-	Office	Korea	0.2
CapitaLand Korea Qualified Private REIT No. 4	-	Office	Korea	0.1
Korea Data Center Fund I	-	Data Center	Korea	NM
Vietnam Joint Venture Fund	-	Residential	Vietnam	0.1
CapitaLand Vietnam Commercial Value-Added Fund (CVCVF)	-	Office	Vietnam	0.7
Ascott Serviced Residence (Global) Fund	50%	Serviced residences	Asia	0.6
Athena LP	24%	Office	Global	0.2
Total				25.8

Source: CLI, UOB Kay Hian

Financials And Earnings Outlook

Impacted by COVID-19 in 2020, CLI rebounded in 2021 on a pro forma basis. CLI's revenue decreased 20% to S\$1.98b in 2020 vs S\$2.49b in 2019 due to the COVID-19 pandemic.

Exhibiting resiliency, revenue from its fee income-related business increased 2%, or S\$16m, in 2020 mainly attributable to the full-year contribution from the ASB fund management platform acquired in Jun 19, partially offset by lower income from serviced residence management and transactional fees due to reduced activities during the year as a result of the pandemic.

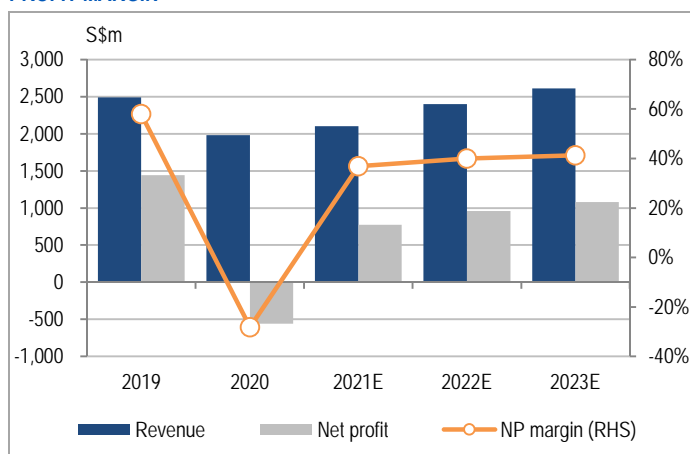
Revenue from real estate investments fell 29% to S\$1.31b (2019: S\$1.86b). The pandemic dampened the economic and operating environment in many countries, consequently negatively impacting the performance of CLI's investment property portfolio, particularly the mall, office and lodging properties. In total, tenant support relief measures by way of rental rebates amounted to S\$28m for the company's Singapore-, China- and Malaysia-based tenants.

CLI's EBITDA for 2020 was a loss of S\$33m (2019: profit of S\$2.46b) primarily due to the revaluation losses from the company's investment properties and impairment of investments which are non-cash in nature and principally stemmed from the extraordinary events relating to the COVID-19 pandemic that materially affected CLI's businesses. Excluding the impact of revaluation and impairment, CLI registered EBITDA of S\$1.34b.

Although CLI's revenue fell 20% yoy in 2020, we highlight that its 1Q21 EBITDA rose 11% yoy to S\$378m

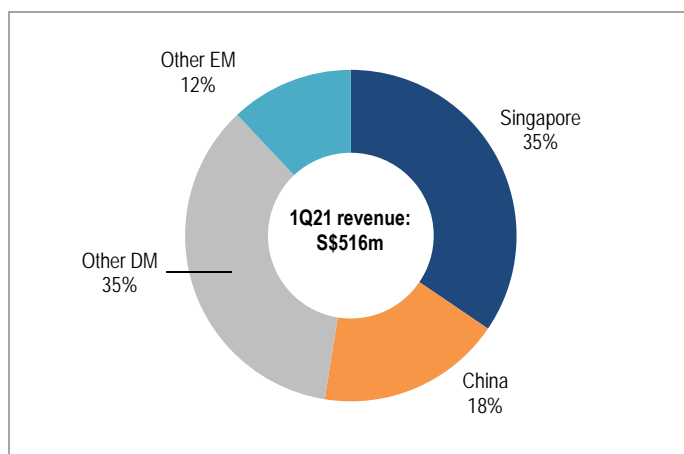
We believe COVID-19 has peaked and thus have a positive view on Singapore's and the regional economic outlook

FIGURE 9: HISTORICAL AND FORECAST REVENUE, NET PROFIT AND NET PROFIT MARGIN



Source: CLI

FIGURE 10: GEOGRAPHICAL SPLIT OF CLI'S REVENUE (1Q21)

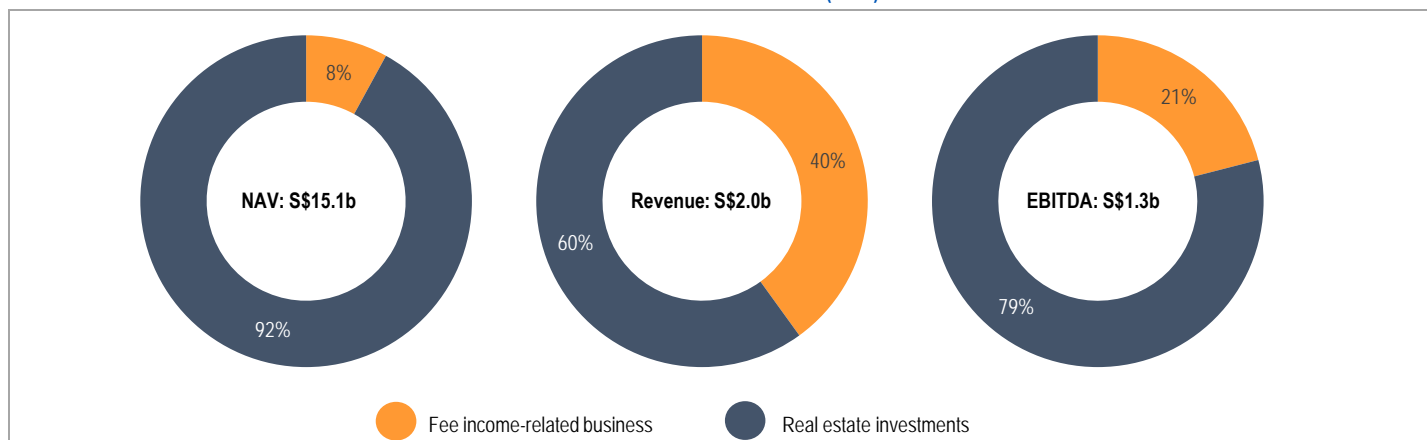


Note: EM = emerging markets (exclude China), DM = developed markets (exclude Singapore and Hong Kong)
Source: CLI

Better performance in 1Q21. While revenue decreased 11% yoy to S\$516m for 1Q21 vs S\$578m for 1Q20, we highlight that revenue from the fee income-related business increased 9% or S\$19m in 1Q21, mainly attributable to higher fee income from the acquisition- and divestment-related transactions undertaken by its listed funds and unlisted funds. Performance was dragged down by real estate investments with revenue falling 21% yoy or S\$85m in 1Q21 – this was mainly attributable to the lower contribution from CLI's lodging business as stricter travel restrictions took hold in various countries.

At the EBITDA level for 1Q21, CLI generated S\$378m, an 11% yoy increase as a result of higher fee-based income, lower rental rebates granted to tenants in China, COVID-19 grants received from governments in Singapore, Australia and Europe, as well as the forfeiture of deposits received.

FIGURE 11: SPLIT OF FEE INCOME-RELATED BUSINESS VS REAL ESTATE INVESTMENTS (2020)

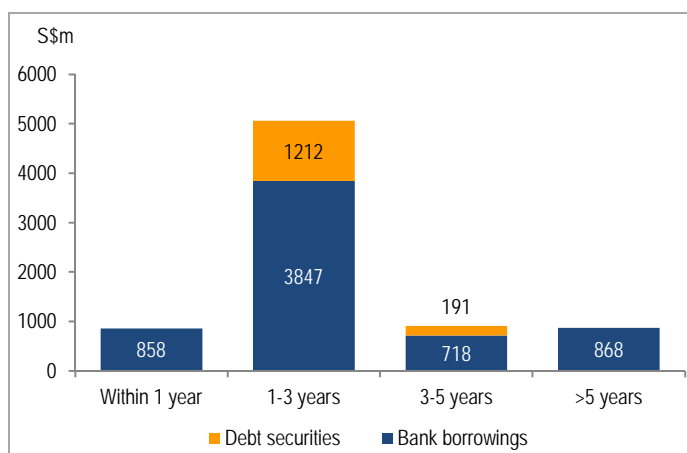


Notes: NAV is based on pro forma financial statements for FY2020, excludes non-controlling interests and Perpetual Securities; revenue includes Corporate, others and intercompany elimination of -\$117m under Real Estate Investments; EBITDA excludes the impact of revaluation and impairment
Source: CLI

Positive free cash flow generation in 1Q21. In 1Q21, CLI's operating cash flow totalled S\$205m vs cash outflow from investing activities of S\$114m. This resulted in free cash flow of S\$91m, demonstrating good post-COVID-19 recovery prospects for the company.

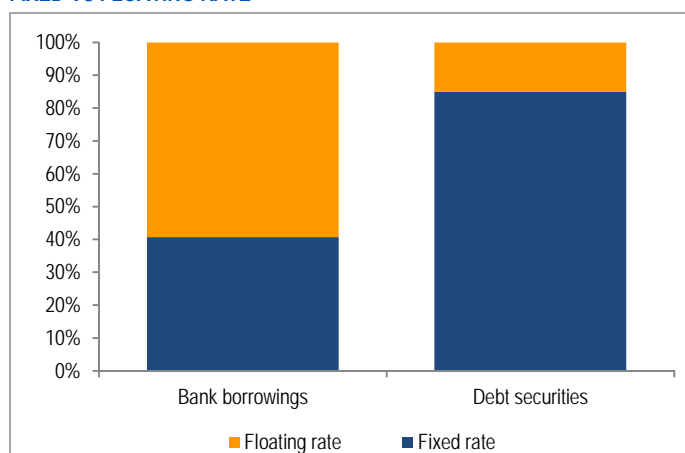
Comfortable debt levels. CLI's total indebtedness as at 31 Mar 21 was S\$15.4b, consisting of S\$7.7b in loans from related companies, S\$6.3b in bank borrowings and S\$1.4b of debt securities. We forecast that the company's net debt/equity levels will decline over the next three years, from 54.7% in 2021 to 43.9% in 2023.

FIGURE 12: CLI'S SHORT- AND LONG-TERM DEBT TOWERS



Source: CLI

FIGURE 13: SPLIT OF CLI'S BANK BORROWINGS AND DEBT SECURITIES - FIXED VS FLOATING RATE



Source: CLI

Dividend policy. In its Introductory Document from May 21, the company stated that it has adopted 30% payout of its annual cash profit after tax and minority interests (PATMI), after considering a number of factors, including its level of cash and reserves, results of operations, business prospects, capital requirements and surplus, general financial condition, contractual restrictions, and other such factors. Thus, we forecast the company to generate a yield of 1.7-2.3% over the 2021-23 period.

Risk Factors

We see the following as the key risks, among others.

Adverse impact of natural calamities, outbreak of communicable diseases and pandemics/epidemics. Natural calamities, outbreak of communicable diseases and pandemics/epidemics could result in sporadic or prolonged market and/or supply disruptions, an economic downturn or recession, volatilities in domestic and/or international capital markets, and may materially and adversely affect Singapore and other economies. The occurrence of any of these events or developments may materially and adversely affect CLI's businesses, financial condition and results of operations. Such events have in the past led to restrictions in human movement and thus lower demand for CLI's assets, thereby leading to lower occupancies, softer rents and other adverse effects.

As shown by COVID-19, pandemics and epidemics may materially and adversely affect CLI's businesses

Risks relating to growth and expansion. CLI's future operating results will depend on, among other things, its ability to manage growth. As part of its future plans to expand both geographically and operationally, there are inherent risks and uncertainties that require significant management attention and company resources, and may not yield the expected results. Acquisitions, JVs, strategic partnerships and reorganisations entail risks resulting from the integration of employees, processes, technologies and products. Such transactions may give rise to substantial administrative and other expenses.

In the thrust to grow, acquisitions, JVs and other such partnerships have inherent risks

Political, regulatory, economic and currency risks. Most of CLI's business activities are concentrated in the Asia-Pacific region, mainly in Singapore and China as well as various parts of Europe and the US. CLI is exposed to risks inherent in doing business in these jurisdictions and its earnings, prospects and value of managed assets may be materially and adversely affected by a variety of conditions and developments, including (but not limited to): a) inflation, interest rates and general economic conditions; b) governmental policies, laws and regulations, particularly those relating to asset and fund management, marketing, fund raising and real estate, and changes to such policies, laws and regulations; c) difficulties and costs of staffing and managing international operations; d) price controls; e) currency and interest rate fluctuation; and f) potentially adverse tax consequences among others.

As a global business, CLI is exposed to a gamut of risks which may adversely affect its financial results

Evolving trends in the retail sector, such as online shopping and other uses of technology. Evolving trends may affect business models, sales and profitability of retailers and could adversely affect the demand for retail real estate and occupancy at retail properties. There is no assurance that CLI can be successful in adapting its business model to take into account such evolving consumer purchasing habits. Should CLI be unsuccessful, it may experience a decline in profits for its brick-and-mortar businesses, leading to the closure of underperforming stores by retailers and causing a decrease in demand for retail space in its retail properties and integrated developments, which may result in a decline in rental and occupancy rates.

Business models constantly undergo changes and may negatively impact CLI's business

Competition in key markets. CLI's commercial, retail, business parks, industrial, logistics and data centre real estate properties and lodging businesses operate in a competitive environment. Among other things, it faces increasing competition in the real estate and lodging markets and the real estate investment management business. Many of its competitors, particularly those in the fund management business, are substantially larger, offer more comprehensive lines of products and services, and have considerably greater capital, financial, technical, marketing and other resources than are available to the group.

Risks associated with debt financing. As at 31 Mar 21, CLI had a total combined debt (excluding lease liabilities) of S\$7.7b, including S\$858m which is due to be repaid, refinanced or rolled over in the next 12 months. An increase in indebtedness and associated costs of interest may result in, among other things, impairment of its ability to obtain additional funding and/or refinancing, inability to recycle its assets, and may materially and adversely affect its businesses, financial condition and results of operations.

FIGURE 14: PROFIT & LOSS

Year to 31 Dec (\$m)	2019	2020	2021F	2022F	2023F
Revenue, net	2,488	1,983	2,103	2,400	2,612
Operating expenses	(1,105)	(2,140)	(1,109)	(1,226)	(1,295)
EBIT	1,383	(157)	994	1,174	1,317
Other non-operating income	(2)	(1)	0	1	2
Associate contributions	965	(25)	514	604	641
Net interest income/(expense)	(327)	(377)	(354)	(347)	(354)
Exceptional items	0	0	0	0	0
Pre-tax profit	2,019	(560)	1,154	1,432	1,606
Tax	(273)	(114)	(231)	(286)	(321)
Minorities	(304)	114	(148)	(183)	(205)
Preferred dividends	0	0	0	0	0
Extraordinary items	0	0	0	0	0
Net profit(rep./act.)	1,442	(560)	776	962	1,080
Net profit(adj.)	1,442	(560)	776	962	1,080
Deprec. & amort.	113	149	153	157	160
EBITDA	1,496	(8)	1,146	1,330	1,477
Per share data (\$ cent)					
EPS - diluted	54.3	(20.0)	14.9	18.5	20.8
Reported EPS - diluted	54.3	(20.0)	14.9	18.5	20.8
Book value per share (BVPS)	475.1	423.0	243.1	255.6	244.0
Dividend per share (DPS)	12.0	9.0	6.0	7.0	8.0

Source: UOB Kay Hian

FIGURE 15: BALANCE SHEET

Year to 31 Dec (\$m)	2019	2020	2021F	2022F	2023F
Cash/Near cash equiv.	1,421	1,736	2,459	2,518	2,412
Accounts receivable/debtors	4,302	4,258	4,349	4,349	4,349
Stocks	218	211	212	217	223
Other current assets	261	38	38	38	38
Current assets	6,202	6,243	7,058	7,122	7,021
Fixed assets	914	1,096	1,193	1,287	1,376
Investments	16,256	15,852	15,852	15,852	15,852
Other financial assets	3,461	3,118	2,618	2,118	1,618
Intangible assets	925	1,006	1,006	1,006	1,006
Other non-current tangible assets	11,084	10,908	11,268	11,691	12,139
Total non-current assets	32,640	31,980	31,937	31,953	31,992
Total assets	38,842	38,223	38,995	39,076	39,013
Accounts payable/creditors	5,293	5,513	6,107	6,107	6,107
Short-term debt/borrowings	1,263	1,132	915	915	915
Other current liabilities	628	492	417	417	417
Current liabilities	7,184	7,137	7,439	7,439	7,439
Long-term debt	6,641	7,312	7,520	7,500	7,250
Deferred tax liability	0	0	0	0	0
Other non-current liabilities	8,441	8,040	7,507	6,871	7,571
Total non-current liabilities	15,082	15,352	15,027	14,371	14,821
Total liabilities	22,266	22,489	22,466	21,810	22,260
Minority interest - accumulated	3,569	3,463	3,483	3,570	3,659
Shareholders' equity	13,007	12,271	13,047	13,696	13,093
Liabilities and shareholders' funds	38,842	38,223	38,995	39,076	39,013

Source: UOB Kay Hian

FIGURE 16: CASH FLOW

Year to 31 Dec (S\$m)	2019	2020	2021F	2022F	2023F
Operating cashflows	317	183	1,419	1,044	1,156
Pre-tax profit	4,228	(560)	1,154	1,432	1,606
Tax	(815)	(114)	(231)	(286)	(321)
Deprec. & amort.	113	149	153	157	160
Associates	0	0	0	0	0
Working capital changes	(463)	(429)	503	0	0
Non-cash items	0	0	0	0	0
Others	(2,747)	1,137	(160)	(258)	(289)
Cash from investing activities	58	1,068	(61)	(20)	(7)
Capex (growth)	(175)	(236)	(250)	(250)	(250)
Capex (maintenance)	0	0	0	0	0
Investments	571	192	0	0	0
Proceeds from sale of assets	346	155	0	0	0
Others	(684)	957	189	230	243
Cash from financing activities	(48)	(972)	(635)	(966)	(1,255)
Dividend payments	(1,345)	(989)	(737)	(1,049)	(1,101)
Issue of shares	496	99	0	0	0
Proceeds from borrowings	570	3,731	(9)	(20)	(250)
Loan repayment	0	0	0	0	0
Others/interest paid	232	(3,813)	112	104	96
Net increase/(decrease) in cash	327	279	723	59	(106)
Beginning cash	1,032	1,357	1,678	2,401	2,460
Changes due to forex impact	62	100	58	58	58
End cash	1,421	1,736	2,459	2,518	2,412

Source: UOB Kay Hian

FIGURE 17: KEY METRICS

Year to 31 Dec (%)	2019	2020	2021F	2022F	2023F
Growth					
Turnover	n.a.	(20.3)	6.1	14.1	8.8
EBITDA	n.a.	(100.5)	n.a.	16.0	11.0
Pre-tax profit	n.a.	(127.7)	n.a.	24.0	12.2
Net profit	n.a.	(138.8)	n.a.	24.1	12.2
Net profit (adj.)	n.a.	(138.8)	n.a.	24.1	12.2
EPS	n.a.	(136.8)	n.a.	24.2	12.3
Profitability					
EBITDA margin	60.1	(0.4)	54.5	55.4	56.6
EBIT margin	55.6	(7.9)	47.3	48.9	50.4
Gross margin	47.1	44.0	56.8	56.0	56.2
Pre-tax margin	81.1	(28.2)	54.9	59.6	61.5
Net margin	58.0	(28.2)	36.9	40.1	41.4
ROE	n.a.	n.a.	6.1	7.2	8.1
ROA	n.a.	n.a.	2.0	2.5	2.8
ROIC	n.a.	(0.8)	2.9	3.3	3.8
RONTA	n.a.	(0.0)	2.0	2.3	2.5
Leverage					
Interest cover (x)	3.7	(0.4)	2.6	3.0	3.3
Debt to total capital	32.3	34.9	33.8	32.8	32.8
Debt to equity	60.8	68.8	64.7	61.4	62.4
Net debt/(cash) to equity	49.8	54.7	45.8	43.1	43.9
Current ratio (x)	0.9	0.9	0.9	1.0	0.9

Source: UOB Kay Hian

Appendix: Company Background

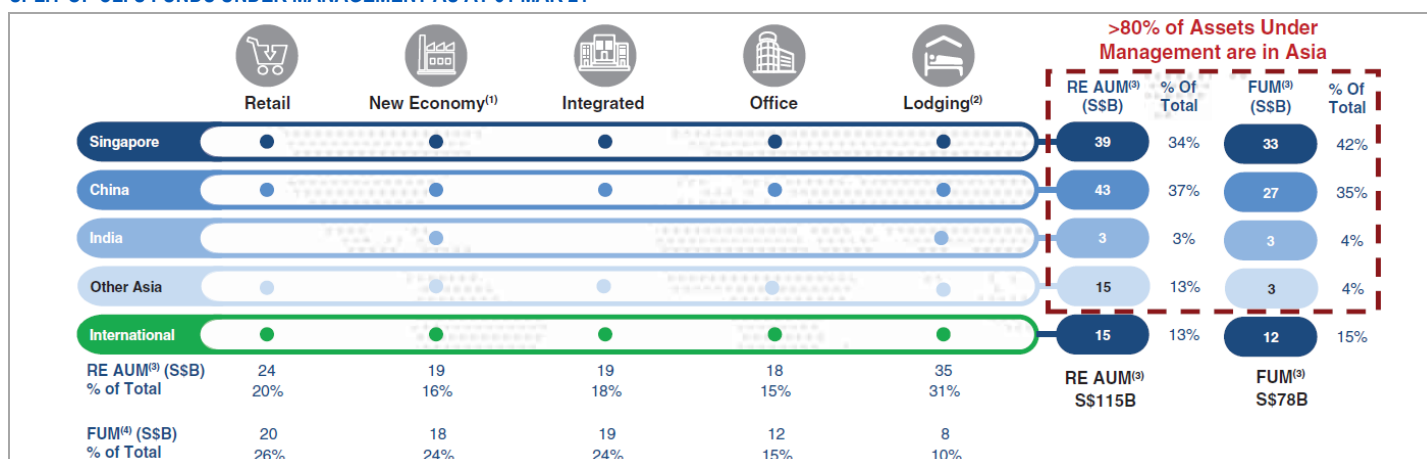
New but not new. CLI was listed by introduction on 20 Sep 21 via a restructuring of CapitaLand (CAPL) into two separate entities:

- CapitaLand Investment (CLI):** One of Asia's largest listed REIMs with coverage in over 240 cities and across more than 30 countries. Notably, more than 80% of its AUM is concentrated in Asia, with Singapore, China and India being the core markets. Real estate AUM totalled S\$115b while FUM totalled S\$78b as at end-20 with the growth led by the company's listed real-estate investment management business.
- CapitaLand Development (CLD):** The privatised property development arm.

From asset heavy to asset light. CLI's business model comprises two business segments – one being its asset-heavy segment, and the other being its fee income-related business.

- Fee income-related business** comprises: a) the investment and asset management of listed REITs and unlisted funds, b) lodging management for both its own properties as well as third-party owners, and c) property management across its asset classes.
- Real estate investments** comprise its properties on its balance sheet (see table below), as well as stakes in its listed REITs and unlisted funds (Figures 7 and 8).

SPLIT OF CLI'S FUNDS UNDER MANAGEMENT AS AT 31 MAR 21



Source: CLI

CLI'S PRINCIPAL INVESTMENT PROPERTIES

Asset	Location	Effective interest	Type of asset	Area/No. of units
79 Robinson Road (former CPF Building)	Singapore	65.0%	Office	NLA of 48,422sqm
ION Orchard	Singapore	50.0%	Shopping mall	GFA of 87,727sqm
Ascendas iHub Suzhou	Suzhou, China	100.0%	Business park	GFA of 170,797sqm
Hongkou Plaza	Shanghai, China	72.5%	Integrated development	GFA of 272,323sqm
Minhang Plaza	Shanghai, China	65.0%	Integrated development	GFA of 201,516sqm
CapitaMall Tiangongyuan	Beijing, China	100.0%	Shopping mall	GFA of 176,720sqm
CapitaMall Westgate	Wuhan, China	100.0%	Integrated development	GFA of 179,047sqm
Dalian Ascendas IT Park	Dalian, China	100.0%	Business park	GFA of 342,409sqm
One iPark	Shenzhen, China	73.0%	Office	GFA of 22,600sqm
Singapore Hangzhou Science & Tech Park (Ph 1 & 2)	Hangzhou, China	80.0%	Business park	NLA of 298,300sqm
Tianjin International Trade Centre	Tianjin, China	100.0%	Integrated development	GFA of 111,835sqm
La Clef Tour Eiffel Paris	Paris, France	100.0%	Lodging	112 units
International Tech Park Pune	Pune, India	78.5%	IT park	GFA of 214,479sqm
Shinjuku Front Tower	Tokyo, Japan	20.0%	Office	NLA of 57,972sqm
Yokohama Blue Avenue	Yokohama, Japan	100.0%	Office	NLA of 34,677sqm
Queensbay Mall	Penang, Malaysia	100.0%	Shopping mall	GFA of 119,156sqm
Arlington Business Park	Reading, UK	100.0%	Business park	NLA of 34,125sqm
The Cavendish London	London, UK	100.0%	Lodging	230 units
Deerwood Apartments	Corona, US	100.0%	Multi-family	316 units
Marquessa Villas	Corona, US	100.0%	Multi-family	336 units
Parkfield	Denver, US	100.0%	Multi-family	476 units
The Ashton	Corona, US	100.0%	Multi-family	492 units

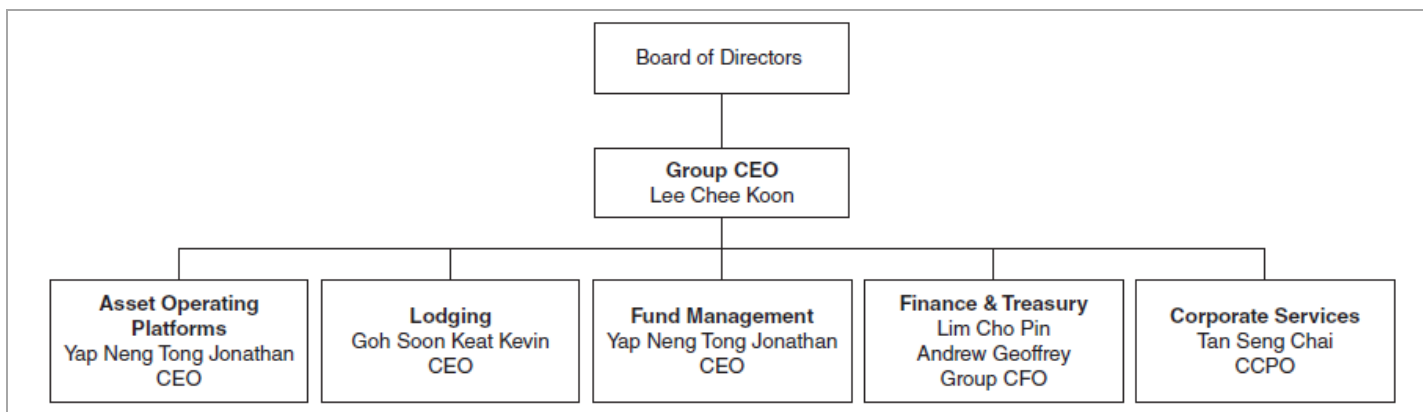
Source: CLI

SELECTED DIRECTORS/PERSONNEL AT CLI

Name	Position	Comments
Miguel Ko	Chairman and Non-Executive Non-Independent Director	<ul style="list-style-type: none"> Appointed chairman on 2 Jun 21 Current roles include: corporate advisor of Temasek International Advisors, non-executive director of CapitaLand Formerly executive director and group CEO of the former Ascendas-Singbridge, ex non-executive chairman Asia-Pacific of Starwood Hotels & Resorts Worldwide, deputy chairman and CEO of CDL Hotels International, president of Pepsi-Cola International, Asia-Pacific
Lee Chee Koon	Group CEO and Executive Non-Independent Director	<ul style="list-style-type: none"> More than 14 years of experience in real estate industry Joined CapitaLand in 2007 and has since held several appointments within the CapitaLand Group Ex group CIO of CapitaLand, ex CEO of Ascott and managing director, North Asia for Ascott in PRC, ex head of international relations and economic strategy at the Ministry of Finance, ex senior assistant director, trade directorate of the Ministry of Trade and Industry from Nov 01 to Nov 03
Andrew Lim	Group CFO	<ul style="list-style-type: none"> More than 15 years of experience in real estate, corporate finance and investment management across Asia. Joined CapitaLand in 2017 Ex managing director and head of South East Asia advisory coverage (real estate and hospitality) at HSBC Singapore Branch Currently a non-executive director at Sport Singapore of the Singapore Sports Council
Jonathan Yap	CEO, Fund Management	<ul style="list-style-type: none"> More than 29 years of experience in the real estate and funds management business Joined CapitaLand in 2019 Ex group COO and group CFO of Ascendas Singbridge, ex CEO of Ascendas India
Kevin Goh	CEO, Lodging	<ul style="list-style-type: none"> More than 14 years of experience in real estate, funds and operations management in the hospitality sector Joined CapitaLand under Ascott China in 2007 Ex COO of Ascott, ex managing director for Ascott North Asia, ex Accenture, a global management consulting, technology services and outsourcing company

Source: CLI

MANAGEMENT TEAM



Source: CLI

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