



**CAPITALAND INVESTMENT LIMITED AND ITS
SUBSIDIARIES**

(Registration Number: 200308451M)

**CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX- MONTH
PERIOD ENDED 30 JUNE 2022**

CAPITALAND INVESTMENT LIMITED AND ITS SUBSIDIARIES

**CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED
30 JUNE 2022**

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CAPITALAND INVESTMENT LIMITED AND ITS SUBSIDIARIES

**Condensed Interim Consolidated Income Statement
For The Six-Month Period Ended 30 June 2022**

		The Group		
		Six-month Period Ended		
Note	30 June 2022	30 June 2021	Better / (Worse)	
	\$'M	\$'M	%	
Revenue	5	1,354	1,049	29.1
Cost of sales		(720)	(545)	(32.1)
Gross profit		634	504	25.8
Other operating income	6(a)	194	531	(63.5)
Administrative expenses	6(b)	(251)	(264)	4.9
Other operating expenses	6(c)	(52)	(7)	(642.9)
Profit from operations		525	764	(31.3)
Finance costs		(197)	(183)	(7.7)
Share of results (net of tax) of:				
- associates		232	398	(41.7)
- joint ventures		45	43	4.7
		277	441	(37.2)
Profit before tax		605	1,022	(40.8)
Tax expense	7	(125)	(196)	36.2
Profit for the period		480	826	(41.9)
Attributable to:				
Owners of the Company (PATMI)		433	702	(38.3)
Non-controlling interests (NCI)		47	124	(62.1)
Profit for the period		480	826	(41.9)
Basic earnings per share (cents)	11	8.4	25.0	(66.4)
Diluted earnings per share (cents)	11	8.3	25.0	(66.8)

The accompanying notes form an integral part of these financial statements.

CAPITALAND INVESTMENT LIMITED AND ITS SUBSIDIARIES

**Condensed Interim Consolidated Statement of Comprehensive Income
For The Six-Month Period Ended 30 June 2022**

	The Group		
	Six-month Period Ended		
	30 June 2022	30 June 2021	Better / (Worse) %
	\$'M	\$'M	
Profit for the period	480	826	(41.9)
Other comprehensive income:			
<u>Items that are/may be reclassified subsequently to profit or loss</u>			
Exchange differences arising from translation of foreign operations and foreign currency loans forming part of net investment in foreign operations	(199)	23	NM
Recognition of foreign exchange differences on disposal or liquidation of foreign operations in profit or loss	(4)	(3)	(33.3)
Effective portion of change in fair value of cash flow hedges	135	31	335.5
Recognition of hedging reserve in profit or loss	1	–	NM
Share of other comprehensive income of associates and joint ventures	(278)	186	NM
	<u>(345)</u>	<u>237</u>	<u>NM</u>
<u>Item that will not be reclassified subsequently to profit or loss</u>			
Change in fair value of equity investments at fair value through other comprehensive income	–	*	NM
Total other comprehensive income, net of tax	<u>(345)</u>	<u>237</u>	<u>NM</u>
Total comprehensive income	<u>135</u>	<u>1,063</u>	<u>(87.3)</u>
Attributable to:			
Owners of the Company	164	909	(82.0)
Non-controlling interests	(29)	154	NM
Total comprehensive income	<u>135</u>	<u>1,063</u>	<u>(87.3)</u>

* Less than \$1 million

NM: Not meaningful

The accompanying notes form an integral part of these financial statements.

CAPITALAND INVESTMENT LIMITED AND ITS SUBSIDIARIES

**Condensed Interim Balance Sheets
As At 30 June 2022**

Note	The Group		The Company	
	30 June	31 December	30 June	31 December
	2022	2021	2022	2021
	\$'M	\$'M	\$'M	\$'M
Non-current assets				
	1,008	1,067	18	21
	986	990	*	*
8	15,216	16,249	-	-
	-	-	10,984	11,159
	10,468	10,466	-	-
	2,769	2,782	-	-
	55	58	-	-
	351	212	-	3
	30,853	31,824	11,002	11,183
Current assets				
	261	268	-	-
9	1,090	1,661	701	243
	59	14	-	-
	1	2	-	-
	4,292	3,877	40	362
	5,703	5,822	741	605
Less: current liabilities				
10	1,934	2,128	234	269
15	2,273	1,941	12	11
16	775	608	-	-
	614	939	1	1
	5,596	5,616	247	281
	107	206	494	324
Less: non-current liabilities				
15	9,940	10,428	6	12
16	1,030	571	-	-
	516	538	-	-
	297	392	811	819
	11,783	11,929	817	831
	19,177	20,101	10,679	10,676
Net assets				
Representing:				
17	10,760	10,760	10,760	10,760
	9,845	10,165	189	105
	(5,256)	(4,881)	(270)	(189)
	15,349	16,044	10,679	10,676
Equity attributable to owners of the				
	396	396	-	-
	3,432	3,661	-	-
	19,177	20,101	10,679	10,676

* Less than \$1 million

The accompanying notes form an integral part of these financial statements.

CAPITALAND INVESTMENT LIMITED AND ITS SUBSIDIARIES

**Condensed Interim Statement of Changes in Equity
For The Six-Month Period Ended 30 June 2022**

The Group	Share capital \$'M	Revenue reserve \$'M	Reserve for own shares \$'M	Capital reserve# \$'M	Hedging reserve \$'M	Fair value reserve \$'M	Asset revaluation reserve \$'M	Foreign currency translation reserve \$'M	Total \$'M	Perpetual securities \$'M	Non-controlling interests \$'M	Total equity \$'M
At 1 January 2022	10,760	10,165	(208)	(4,770)	(16)	36	6	71	16,044	396	3,661	20,101
Total comprehensive income												
Profit for the period	–	433	–	–	–	–	–	–	433	–	47	480
Other comprehensive income												
Exchange differences arising from translation of foreign operations and foreign currency loans forming part of net investment in foreign operations	–	–	–	–	–	–	–	(113)	(113)	–	(86)	(199)
Recognition of foreign exchange differences on disposal or liquidation of foreign operations in profit or loss	–	–	–	–	–	–	–	(4)	(4)	–	–	(4)
Effective portion of change in fair value of cash flow hedges	–	–	–	–	121	–	–	–	121	–	14	135
Recognition of hedging reserve in profit or loss	–	–	–	–	1	–	–	–	1	–	–	1
Share of other comprehensive income of associates and joint ventures	–	–	–	–	30	(1)	–	(303)	(274)	–	(4)	(278)
Total other comprehensive income, net of tax	–	–	–	–	152	(1)	–	(420)	(269)	–	(76)	(345)
Total comprehensive income	–	433	–	–	152	(1)	–	(420)	164	–	(29)	135
Transactions with owners, recorded directly in equity												
Contributions by and distributions to owners												
Issue of treasury shares	–	–	26	(18)	–	–	–	–	8	–	–	8
Purchase of treasury shares	–	–	(106)	–	–	–	–	–	(106)	–	–	(106)
Contributions from non-controlling interests (net)	–	–	–	–	–	–	–	–	–	–	9	9
Dividends paid/payable	–	(772)	–	–	–	–	–	–	(772)	–	(43)	(815)
Distribution attributable to perpetual securities	–	(3)	–	–	–	–	–	–	(3)	7	(4)	–
Distribution paid to perpetual securities	–	–	–	–	–	–	–	–	–	(7)	–	(7)
Reclassification of other capital reserve	–	(3)	–	3	–	–	–	–	–	–	–	–
Share-based payments	–	–	–	16	–	–	–	–	16	–	–	16
Total contributions by and distributions to owners	–	(778)	(80)	1	–	–	–	–	(857)	–	(38)	(895)

The accompanying notes form an integral part of these financial statements.

CAPITALAND INVESTMENT LIMITED AND ITS SUBSIDIARIES

**Condensed Interim Statement of Changes in Equity
For The Six-Month Period Ended 30 June 2022**

The Group	Share capital \$'M	Revenue reserve \$'M	Reserve for own shares \$'M	Capital reserve# \$'M	Hedging reserve \$'M	Fair value reserve \$'M	Asset revaluation reserve \$'M	Foreign currency translation reserve \$'M	Total \$'M	Perpetual securities \$'M	Non-controlling interests \$'M	Total equity \$'M
Changes in ownership interests in subsidiaries and other capital transactions												
Changes in ownership interests in subsidiaries with a change in control	-	-	-	-	-	-	-	-	-	-	(150)	(150)
Changes in ownership interests in subsidiaries with no change in control	-	3	-	-	-	-	-	(1)	2	-	(2)	-
Share of reserves of associates and joint ventures	-	3	-	1	(4)	-	-	1	1	-	-	1
Others	-	19	-	(25)	-	-	-	1	(5)	-	(10)	(15)
Total changes in ownership interests in subsidiaries and other capital transactions	-	25	-	(24)	(4)	-	-	1	(2)	-	(162)	(164)
Total transactions with owners	-	(753)	(80)	(23)	(4)	-	-	1	(859)	-	(200)	(1,059)
At 30 June 2022	10,760	9,845	(288)	(4,793)	132	35	6	(348)	15,349	396	3,432	19,177

Includes equity compensation reserve and other capital reserves.

The accompanying notes form an integral part of these financial statements.

CAPITALAND INVESTMENT LIMITED AND ITS SUBSIDIARIES

**Condensed Interim Statement of Changes in Equity
For The Six-Month Period Ended 30 June 2022**

The Group	Share capital \$'M	Revenue reserve \$'M	Reserve for own shares \$'M	Capital reserve# \$'M	Hedging reserve \$'M	Fair value reserve \$'M	Asset revaluation reserve \$'M	Foreign currency translation reserve \$'M	Total \$'M	Perpetual securities \$'M	Non-controlling interests \$'M	Total equity \$'M
At 1 January 2021	7,926	8,916	–	(4,756)	(110)	52	6	(159)	11,875	396	3,463	15,734
Total comprehensive income												
Profit for the period	–	702	–	–	–	–	–	–	702	–	124	826
Other comprehensive income												
Exchange differences arising from translation of foreign operations and foreign currency loans forming part of net investment in foreign operations	–	–	–	–	–	–	–	(2)	(2)	–	25	23
Recognition of foreign exchange differences on disposal or liquidation of foreign operations in profit or loss	–	–	–	–	–	–	–	(3)	(3)	–	–	(3)
Effective portion of change in fair value of cash flow hedges	–	–	–	–	27	–	–	–	27	–	4	31
Recognition of hedging reserve in profit or loss	–	–	–	–	*	–	–	–	*	–	–	*
Share of other comprehensive income of associates and joint ventures	–	–	–	–	9	–	–	176	185	–	1	186
Total other comprehensive income, net of tax	–	–	–	–	36	–	–	171	207	–	30	237
Total comprehensive income	–	702	–	–	36	–	–	171	909	–	154	1,063
Transactions with owners, recorded directly in equity												
Contributions by and distributions to owners												
Contributions from non-controlling interests (net)	–	–	–	–	–	–	–	–	–	–	5	5
Dividends paid/payable	–	(4)	–	–	–	–	–	–	(4)	–	(50)	(54)
Distribution attributable to perpetual securities	–	(3)	–	–	–	–	–	–	(3)	7	(5)	(1)
Distribution paid to perpetual securities	–	–	–	–	–	–	–	–	–	(7)	–	(7)
Share-based payments	–	–	–	(9)	–	–	–	–	(9)	–	2	(7)
Total contributions by and distributions to owners	–	(7)	–	(9)	–	–	–	–	(16)	–	(48)	(64)

The accompanying notes form an integral part of these financial statements.

CAPITALAND INVESTMENT LIMITED AND ITS SUBSIDIARIES

Condensed Interim Statement of Changes in Equity For The Six-Month Period Ended 30 June 2022

The Group	Share capital \$'M	Revenue reserve \$'M	Reserve for own shares \$'M	Capital reserve# \$'M	Hedging reserve \$'M	Fair value reserve \$'M	Asset revaluation reserve \$'M	Foreign currency translation reserve \$'M	Total \$'M	Perpetual securities \$'M	Non-controlling interests \$'M	Total equity \$'M
Changes in ownership interests in subsidiaries and other capital transactions												
Changes in ownership interests in subsidiaries with a change in control	-	-	-	(1)	-	-	-	-	(1)	-	(145)	(146)
Changes in ownership interests in subsidiaries with no change in control	-	(66)	-	-	(1)	-	-	-	(67)	-	(3)	(70)
Share of reserves of associates and joint ventures	-	(1)	-	1	-	-	-	-	-	-	-	-
Others	-	-	-	(38)	-	-	-	-	(38)	-	2	(36)
Total changes in ownership interests in subsidiaries and other capital transactions	-	(67)	-	(38)	(1)	-	-	-	(106)	-	(146)	(252)
Total transactions with owners	-	(74)	-	(47)	(1)	-	-	-	(122)	-	(194)	(316)
At 30 June 2021	7,926	9,544	-	(4,803)	(75)	52	6	12	12,662	396	3,423	16,481

* Less than \$1 million

Includes equity compensation reserve and other capital reserves.

The accompanying notes form an integral part of these financial statements.

CAPITALAND INVESTMENT LIMITED AND ITS SUBSIDIARIES

**Condensed Interim Statement of Changes in Equity
For The Six-Month Period Ended 30 June 2022**

	Share capital \$'M	Revenue reserve \$'M	Capital reserve [#] \$'M	Total equity \$'M
The Company				
At 1 January 2022	10,760	105	(189)	10,676
Total comprehensive income				
Profit for the period	–	859	–	859
Transactions with owners, recorded directly in equity				
Contributions by and distributions to owners				
Issue of treasury shares	–	–	16	16
Purchase of treasury shares	–	–	(106)	(106)
Tax-exempt dividends paid	–	(772)	–	(772)
Reclassification of equity compensation reserve		(3)	3	–
Share-based payments	–	–	6	6
Total contribution by and distributions to owners	–	(775)	(81)	(856)
Total transactions with owners	–	(775)	(81)	(856)
At 30 June 2022	10,760	189	(270)	10,679
At 1 January 2021	*	203	11	214
Total comprehensive income				
Profit for the period	–	86	–	86
Transactions with owners, recorded directly in equity				
Contributions by and distributions to owners				
Tax-exempt dividends paid	–	(1)	–	(1)
Total contribution by and distributions to owners	–	(1)	–	(1)
Total transactions with owners	–	(1)	–	(1)
At 30 June 2021	*	288	11	299

* Less than \$1 million

Includes reserve for own shares, equity compensation reserve and other capital reserves.

The accompanying notes form an integral part of these financial statements.

CAPITALAND INVESTMENT LIMITED AND ITS SUBSIDIARIES

**Condensed Interim Consolidated Statement of Cash Flows
For The Six-Month Period Ended 30 June 2022**

	Note	The Group	
		Six-month period ended 30 June 2022 \$'M	30 June 2021 \$'M
Cash flows from operating activities			
Profit after tax		480	826
Adjustments for:			
Allowance for / (Write-back of) impairment loss on receivables		1	(78)
Amortisation of intangible assets		8	13
Depreciation of property, plant and equipment and right-of-use assets		63	65
Distribution income	6	(33)	(3)
Finance costs		197	183
Gain on disposal of equity investment designated as fair value through profit or loss	6	-	(24)
Gain on disposal of investment properties	6	-	(130)
Interest income	6	(15)	(7)
Loss on disposal and write off of property, plant and equipment		1	3
Net change in fair value of financial assets designated as fair value through profit or loss		2	2
Net gain from change of ownership interests in subsidiaries, associates and joint ventures		(122)	(215)
Share of results of associates and joint ventures		(277)	(441)
Share-based expenses		29	10
Tax expense		125	196
		(21)	(426)
Operating profit before working capital changes		459	400
Changes in working capital:			
Trade and other receivables		77	(16)
Development properties for sale		(1)	(3)
Trade and other payables		(120)	182
Restricted bank deposits		3	13
		(41)	176
Cash generated from operations		418	576
Taxation paid		(109)	(176)
Net cash generated from operating activities		309	400

The accompanying notes form an integral part of these financial statements.

CAPITALAND INVESTMENT LIMITED AND ITS SUBSIDIARIES

**Condensed Interim Consolidated Statement of Cash Flows
For The Six-Month Period Ended 30 June 2022**

	Note	The Group	
		30 June 2022	30 June 2021
		\$'M	\$'M
Cash flows from investing activities			
Acquisition/Development expenditure of investment properties		(293)	(525)
Acquisition of subsidiaries, net of cash acquired	20(b)	(117)	(89)
Deposits placed for acquisition of investment properties		(8)	(28)
Deposit returned for disposal of a subsidiary		-	(9)
Disposal of subsidiaries, net of cash disposed of	20(d)	389	571
Dividends received from associates and joint ventures		104	202
Interest income received		14	13
(Investment in)/ Proceeds from disposal of other financial assets		(5)	184
Proceeds from disposal of investment properties		-	525
Proceeds from disposal of assets held for sale		-	49
Purchase of intangible assets and property, plant and equipment		(20)	(17)
Return of investments from/ (Investments in) associates, joint ventures and other investments		206	(54)
Settlement of hedging instruments		7	-
Net cash generated from investing activities		277	822
Cash flows from financing activities			
Contributions from non-controlling interests		9	4
Dividends paid to non-controlling interests		(43)	(50)
Distributions to perpetual securities holders		(7)	(7)
Dividends paid to shareholders		(772)	(1)
Amount paid to former shareholders of subsidiaries		(153)	-
Interest expense paid		(179)	(169)
Loans from associates and joint ventures		-	49
Purchase of treasury shares		(106)	-
Proceeds from bank borrowings		1,728	453
Proceeds from issuance of debt securities		654	139
Repayments of lease liabilities		(34)	(33)
Repayments of bank borrowings		(1,172)	(751)
Repayments of debt securities		(2)	(43)
(Repayments of)/Loans from related companies		(13)	531
Decrease in bank deposits pledged for bank facilities		(7)	-
Net cash (used in)/generated from financing activities		(97)	122
Net increase in cash and cash equivalents		489	1,344
Cash and cash equivalents at beginning of the period		3,815	1,678
Effect of exchange rate changes on cash balances held in foreign currencies		(76)	(12)
Cash and cash equivalents at end of the period		4,228	3,010
Restricted bank deposits		64	45
Cash and cash equivalents in the Balance Sheet		4,292	3,055

The accompanying notes form an integral part of these financial statements.

CAPITALAND INVESTMENT LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

1 Domicile and activities

CapitaLand Investment Limited (the Company) is incorporated in the Republic of Singapore and has its registered office at 168 Robinson Road, #30-01, Capital Tower, Singapore 068912.

The Company's immediate and ultimate holding companies are CapitaLand Group Pte. Ltd. and Temasek Holdings (Private) Limited respectively. Both companies are incorporated in the Republic of Singapore.

The principal activities of the Company are those relating to investment holding and provision of consultancy services as well as being the corporate headquarters which gives direction, provides management support services and integrates the activities of its subsidiaries.

The principal activities of the significant entities included in these consolidated financial statements are investment advisory and management, lodging management, property management, and investment holding including investment in real estate assets and related financial products.

The consolidated financial statements relate to the Company and its subsidiaries (the Group) and the Group's interests in associates and joint ventures.

2 Summary of Significant Accounting Policies

2.1 Basis of preparation of the consolidated financial statements

Basis of Preparation

The condensed interim financial statements for the six-month period ended 30 June 2022 (Condensed Interim Financial Statements) have been prepared in accordance with Singapore Financial Reporting Standard (International) ("SFRS(I)") 1-34 *Interim Financial Reporting* and International Accounting Standard 34 *Interim Financial Reporting*. SFRS(I)s are issued by the Accounting Standards Council and comprise standards and interpretations that are equivalent to International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standard Board (IASB). The Condensed Interim Financial Statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2021.

The comparative information as at 30 June 2021 presented in these condensed interim financial statements relate to the combined Group and has been prepared using the principles of merger accounting on the basis that the Internal Restructuring, which transfers the interest in the Combining Entities under common control to the Company has been effected. Please refer to the Group's Annual Report 2021 (page 153-154) under the caption "Internal Restructuring and Basis of Preparation of the Consolidated Financial Statements" for further details.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s and IFRSs, except for the adoption of new and amended standards as set out in Note 2.1(a).

The Condensed Interim Financial Statements are presented in Singapore Dollars, which is the Company's functional currency. All financial information presented in Singapore Dollars have been rounded to the nearest million, unless otherwise stated.

CAPITALAND INVESTMENT LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

(a) New and amended standards adopted by the Group

The Group adopted various new and amended accounting standards which are effective from 1 January 2022. The Group has applied the following SFRS(I)s, amendments to and interpretations of SFRS(I) for the first time for the annual period beginning on 1 January 2022:

- SFRS(I) 16 COVID-19 Related rent concessions beyond 30 June 2021.
- Reference to conceptual framework (Amendments to SFRS 3)
- Amendments to SFRS(I) 1-16 Property, plant and equipment
- Annual improvements to SFRS(I) standards 2018-2020
- Amendments to SFRS(I) 1-37 Provision, contingent liabilities and contingent assets

The adoption of these new and amended accounting standards did not have a material effect on the financial statements.

2.2 Use of judgement and estimates

The preparation of the financial statements in conformity with SFRS(I) and IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the Group's financial statements as at and for the year ended 31 December 2021.

3 Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period except for the lodging business. The Group's lodging business is subject to domestic and international economic conditions and seasonality factors. The travelling and tourism in countries which the Group operates its lodging business, apart from in China, is currently being spurred by the easing of COVID-19 pandemic travel restrictions since the beginning of 2022. This results in the significant improvement of Group's lodging business, financial conditions and results of operations.

CAPITALAND INVESTMENT LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

4 Operating segments

Operating segment

	Fee Income- related Business \$'M	Real Estate Investment Business \$'M	Corporate and Others \$'M	Elimination \$'M	Total \$'M
Six-month period ended 30 June 2022					
Revenue					
External revenue	396	946	12	–	1,354
Inter-segment revenue	80	21	123	(224)	–
Total revenue	476	967	135	(224)	1,354
Segmental results					
Company and subsidiaries	223	363	10	–	596
Associates	–	232	–	–	232
Joint ventures	2	43	–	–	45
Earnings before interest, tax depreciation and amortisation (EBITDA)	225	638	10	–	873
Depreciation and amortisation					(71)
Finance costs					(197)
Tax expense					(125)
Profit for the period					480
Segment assets as at 30 June 2022	1,999	31,893	9,353	(6,689)	36,556
Segment liabilities as at 30 June 2022	698	10,167	6,514	–	17,379
Six-month period ended 30 June 2021					
Revenue					
External revenue	350	661	38	–	1,049
Inter-segment revenue	87	10	86	(183)	–
Total revenue	437	671	124	(183)	1,049
Segmental results					
Company and subsidiaries	135	690	17	–	842
Associates	–	398	–	–	398
Joint ventures	–	43	–	–	43
Earnings before interest, tax depreciation and amortisation (EBITDA)	135	1,131	17	–	1,283
Depreciation and amortisation					(78)
Finance costs					(183)
Tax expense					(196)
Profit for the period					826
Segment assets as at 31 December 2021	1,864	33,984	8,479	(6,681)	37,646
Segment liabilities as at 31 December 2021	444	11,731	5,370	–	17,545

CAPITALAND INVESTMENT LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

Geographical information

	Singapore \$'M	China ¹ \$'M	Other developed markets ² \$'M	Other emerging markets ³ \$'M	Total \$'M
Six-month period ended 30 June 2022					
External revenue	293	231	680	150	1,354
EBITDA	495	109	202	67	873
Six-month period ended 30 June 2021					
External revenue	349	183	400	117	1,049
EBITDA	376	589	273	45	1,283

¹ Includes Hong Kong

² Includes United Kingdom, France, Germany, Spain, Belgium, Ireland, Netherlands, Japan, South Korea, United States of America, Australia and New Zealand but excludes Singapore and Hong Kong

³ Excludes China.

5 Revenue

(a) Revenue of the Group is analysed as follows:

	The Group	
	Six-month period ended	30 June 2021
	30 June 2022	30 June 2021
	\$'M	\$'M
Revenue from contract with customers	423	401
Rental of investment properties:		
- Retail, office, business park, industrial, logistics and data centre rental and related income	282	295
- Lodging properties rental and related income	644	347
Others	5	6
	1,354	1,049

(b) Disaggregation of revenue from contracts with customers is as follow:

	The Group	
	Six-month period ended	30 June 2021
	30 June 2022	30 June 2021
	\$'M	\$'M
Primary segment		
Fee income		
- Fee income-related business	393	341
- Real estate investment business	19	25
- Corporate and others	11	35
	423	401
Development properties for sale		
- Real estate investment business	*	-
	423	401

* Less than \$1 million

CAPITALAND INVESTMENT LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

	The Group	
	Six-month period ended	
	30 June 2022	30 June 2021
	\$'M	\$'M
Secondary segment		
Singapore	261	258
China ¹	85	85
Other developed markets	47	30
Other emerging markets	30	28
	<u>423</u>	<u>401</u>
<i>¹ includes Hong Kong</i>		
Timing of revenue recognition		
Product transferred at a point in time	33	34
Products and services transferred over time	390	367
	<u>423</u>	<u>401</u>

6 Profit Before Tax

Profit before tax includes the following:

	The Group	
	Six-month period ended	
	30 June 2022	30 June 2021
	\$'M	\$'M
a. Other operating income includes:		
Interest income	15	7
Distribution income	33	3
Foreign exchange gain	–	14
Gain on disposal of equity investment designated as fair value through profit or loss	–	24
Gain on change of ownership interests in subsidiaries, associates and joint ventures	122	215
Gain on disposal of investment properties	–	130
Writeback of impairment loss on non- trade receivables		
- related corporations	–	87
- others	–	1
Other income from pre-termination of contracts	–	5
Forfeiture of security deposits	1	11
Government grants	4	16
	<u>4</u>	<u>16</u>

CAPITALAND INVESTMENT LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

	The Group	
	Six-month period ended	
	30 June 2022	30 June 2021
	\$'M	\$'M
b. Administrative expenses include:		
Allowance for impairment loss on trade receivables	*	10
Amortisation of intangible assets	8	13
Depreciation of property, plant and equipment	32	35
Depreciation of right-of-use assets	31	30
Staff costs	112	64
	<hr/> <hr/>	<hr/> <hr/>
c. Other operating expenses include:		
Foreign exchange loss	47	-
	<hr/> <hr/>	<hr/> <hr/>

* less than \$1 million

7 Tax Expense

	The Group	
	Six-month period ended	
	30 June 2022	30 June 2021
	\$'M	\$'M
Current tax expense	103	182
Deferred tax expense / (income)	9	(29)
Land appreciation tax	*	-
Withholding tax expense	13	43
	<hr/> <hr/>	<hr/> <hr/>
	125	196

* less than \$1 million

8 Investment Properties

	The Group	
	30 June 2022	31 December 2021
	\$'M	\$'M
At 1 January	16,249	15,852
Acquisition of subsidiaries	156	1,118
Disposal of subsidiaries	(1,116)	(1,015)
Additions	303	1,237
Disposals	-	(1,182)
Reclassification to assets held for sale	-	(2)
Reclassification to development properties for sale	-	(18)
Reclassification to property, plant and equipment	(6)	-
Changes in fair value	-	255
Translation differences	(370)	4
At 30 June/31 December	<hr/> <hr/>	<hr/> <hr/>
	15,216	16,249

CAPITALAND INVESTMENT LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

- (a) Investment properties, which include those in the course of development, are stated at fair value based on independent professional valuations or internal valuations. The fair values are based on open market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction wherein the parties had acted knowledgeably and without compulsion. In determining the fair value, the valuers have used valuation techniques which involve certain estimates. The key assumptions used to determine the fair value of investment properties include market-corroborated capitalisation rate, terminal yield rate, discount rate, comparative market price and occupancy rate.

As at 30 June 2022, management conducted an assessment of the valuation of the investment properties, taking into consideration any significant changes in operating performance of the properties during the period, confirmations from independent valuers for certain significant investment properties, and assessed whether movement in market data such as discount rates and capitalisation rates have any significant impact to the valuation of investment properties. Based on the assessment, management is of the view that the fair value of the investment properties has not materially changed from 31 December 2021 valuation.

The increased volatility in property markets due to the ongoing outbreak of the COVID-19 pandemic have impacted market activity in many property sectors in the countries that the Group operates in. As the impact of COVID-19 is fluid and evolving, significant market uncertainty exists. Consequently, the valuations of certain investment properties are currently subject to material valuation uncertainty. Due to the uncertain future impact that the pandemic, recent geopolitical events in Ukraine and global inflationary pressures might have on the real estate market, the carrying amounts of the investment properties were current as at 30 June 2022 only. Values may change more rapidly and significantly than during normal market conditions.

9 Trade and Other Receivables

	The Group		The Company	
	30 June 2022 \$'M	31 December 2021 \$'M	30 June 2022 \$'M	31 December 2021 \$'M
Trade receivables	315	303	–	–
Less: Allowance for impairment loss on receivables	(43)	(45)	–	–
	272	258	–	–
Deposits	12	11	–	–
Other receivables	201	789	1	1
Less: Allowance for impairment loss on receivables	(15)	(18)	–	–
	186	771	1	1
Tax recoverable	13	16	–	–
Amounts due from:				
- subsidiaries	–	–	652	218
- associates	185	266	–	–
- joint ventures	214	193	–	–
- non-controlling interests	*	*	–	–
- related corporations	128	95	47	24
Less: Allowance for impairment loss on receivables	*	*	–	–
	128	95	47	24
Loans and receivables	1,010	1,610	700	243
Prepayments	80	51	1	–
	1,090	1,661	701	243

* Less than \$1 million

CAPITALAND INVESTMENT LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

10 Trade and Other Payables

	The Group		The Company	
	30 June 2022 \$'M	31 December 2021 \$'M	30 June 2022 \$'M	31 December 2021 \$'M
Trade payables	152	162	1	*
Accruals	625	586	14	17
Accrued development expenditure	65	75	–	–
Other payables	551	737	2	4
Rental and other deposits	92	91	–	–
Derivative financial instruments	2	19	–	–
Liability for employee benefits	50	68	3	3
Amounts due to:				
- subsidiaries	–	–	17	48
- associates	13	12	4	–
- joint ventures	71	53	*	–
- non-controlling interests	1	2	–	–
- related corporations	312	323	193	197
	<u>1,934</u>	<u>2,128</u>	<u>234</u>	<u>269</u>

* Less than \$1 million

11 Earnings per Share

(a) Basic earnings per share

Basic earnings per share is based on:
Net profit attributable to owners of the
Company

The Group	
Six-month period ended	
30 June 2022	30 June 2021
\$'M	\$'M
433	702

Weighted average number of ordinary
shares in issue during the period[#]

The Group	
Six-month period ended	
30 June 2022	30 June 2021
No. of shares (‘000)	No. of shares (‘000)
5,141,347	2,807,623

[#] The weighted average number of shares in issue for 30 June 2021 is based on the estimated shares issued to effect the acquisition of interests in common control entities pursuant to the Internal Restructuring on the basis that the transfer had taken effect as of the beginning of the earliest financial period presented or the dates of incorporation of common control entities, or the dates when common control is established, whichever is later. Assuming 5,141 million shares were in issue as at 30 June 2021, basic earnings per share would have been 13.7 cents for six-month period ended 30 June 2021 .

CAPITALAND INVESTMENT LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

(b) Diluted earnings per share

In calculating diluted earnings per share, the net profit attributable to owners of the Company and weighted average number of ordinary shares in issue during the period are adjusted for the effects of all dilutive potential ordinary shares:

	The Group	
	Six-month period ended	
	30 June 2022	30 June 2021
	\$'M	\$'M
Diluted earnings per share is based on:		
Net profit attributable to owners of the Company	433	702
	<hr/>	<hr/>
	The Group	
	Six-month period ended	
	30 June 2022	30 June 2021
	No. of shares	No. of shares
	('000)	('000)
Weighted average number of ordinary shares in issue during the period	5,141,347	2,807,623
Adjustments for dilutive potential ordinary shares under:		
- CLI Performance Share Plan	68,170	-
- CLI Restricted Share Plan	11,646	-
	<hr/>	<hr/>
	79,816	-
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	<hr/>	<hr/>
	5,221,163	2,807,623

12 Dividends

- (a) For the financial year ended 31 December 2021, a tax-exempt ordinary dividend of 12.0 cents per share and a special dividend of 3.0 cents per share were approved at the Annual General Meeting held on 29 April 2022. The said dividends of \$772 million were paid in May 2022.

Prior to the restructuring and listing of the Company in September 2021, the Company was a wholly owned subsidiary of CapitaLand Group Pte. Ltd. For financial year ended 31 December 2020, the Company paid a total dividend of \$1 million to CapitaLand Group Pte. Ltd. in March 2021.

- (b) The Company did not declare or recommend any dividend for the six-month period ended 30 June 2022 and 30 June 2021.

- (c) The Company only pays first and final dividend.

13 Net Asset Value and Net Tangible Assets per Share

	The Group		The Company	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
	\$	\$	\$	\$
Net asset value (NAV) per ordinary share ¹	3.00	3.12	2.09	2.08
	<hr/>	<hr/>	<hr/>	<hr/>
Net tangible assets (NTA) per ordinary share ¹	2.80	2.93	2.09	2.08
	<hr/>	<hr/>	<hr/>	<hr/>

¹ Excluding treasury shares

CAPITALAND INVESTMENT LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

14 Fair Value Of Assets And Liabilities

(a) Accounting classification and fair values

The table does not include fair value information of financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	<----- Carrying amount ----->				<----- Fair value ----->				
	Fair value - hedging instruments \$'M	FVOCI \$'M	FVTPL \$'M	Amortised Cost \$'M	Total \$'M	Level 1 \$'M	Level 2 \$'M	Level 3 \$'M	Total \$'M
The Group									
30 June 2022									
Financial assets measured at fair value									
Equity investments at FVOCI	-	60	-	-	60	60	-	-	60
Equity investments at FVTPL	-	-	108	-	108	3	-	105	108
Derivative financial assets	169	-	-	-	169	-	169	-	169
	<u>169</u>	<u>60</u>	<u>108</u>	<u>-</u>	<u>337</u>				
Financial assets not measured at fair value									
Other non-current assets	-	-	-	18	18				
Loans due from associates	-	-	-	55	55				
Loans due from joint ventures	-	-	-	413	413				
Trade and other receivables	-	-	-	1,010	1,010				
Cash and cash equivalents	-	-	-	4,292	4,292				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,788</u>	<u>5,788</u>				

CAPITALAND INVESTMENT LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

		<----- Carrying amount ----->				<----- Fair value ----->				
	Note	Fair value - hedging instruments \$'M	FVOCI \$'M	FVTPL \$'M	Amortised Cost \$'M	Total \$'M	Level 1 \$'M	Level 2 \$'M	Level 3 \$'M	Total \$'M
The Group										
30 June 2022										
Financial liabilities measured at fair value										
Derivative financial instruments		(7)	–	–	–	(7)	–	(7)	–	(7)
		<u>(7)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(7)</u>				
Financial liabilities not measured at fair value										
Other non-current liabilities [#]		–	–	–	(261)	(261)	–	–	(249)	(249)
Bank borrowings [^]	15	–	–	–	(11,459)	(11,459)	–	(11,433)	–	(11,433)
Debt securities	16	–	–	–	(1,805)	(1,805)	–	(1,803)	–	(1,803)
Trade and other payables [#]		–	–	–	(1,821)	(1,821)				
		<u>–</u>	<u>–</u>	<u>–</u>	<u>(15,346)</u>	<u>(15,346)</u>				

[#] Excludes liability for employee benefits, derivative liabilities and deferred income.

[^] Excludes lease liabilities.

CAPITALAND INVESTMENT LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

	<----- Carrying amount ----->				<----- Fair value ----->				
	Fair value - hedging instruments \$'M	FVOCI \$'M	FVTPL \$'M	Amortised Cost \$'M	Total \$'M	Level 1 \$'M	Level 2 \$'M	Level 3 \$'M	Total \$'M
The Group									
31 December 2021									
Financial assets measured at fair value									
Equity investments at FVOCI	-	60	-	-	60	60	-	-	60
Equity investments at FVTPL	-	-	107	-	107	3	-	104	107
Derivative financial assets	36	-	-	-	36	-	36	-	36
	<u>36</u>	<u>60</u>	<u>107</u>	<u>-</u>	<u>203</u>				
Financial assets not measured at fair value									
Other non-current assets	-	-	-	19	19				
Loans due from associates	-	-	-	4	4				
Loans due from joint ventures	-	-	-	422	422				
Trade and other receivables	-	-	-	1,610	1,610				
Cash and cash equivalents	-	-	-	3,877	3,877				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,932</u>	<u>5,932</u>				

CAPITALAND INVESTMENT LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

	Note	Carrying amount				Fair value				
		Fair value - hedging instruments \$'M	FVOCI \$'M	FVTPL \$'M	Amortised Cost \$'M	Total \$'M	Level 1 \$'M	Level 2 \$'M	Level 3 \$'M	Total \$'M
The Group										
31 December 2021										
Financial liabilities measured at fair value										
Derivative financial instruments		(59)	–	–	–	(59)	–	(59)	–	(59)
		<u>(59)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(59)</u>				<u>(59)</u>
Financial liabilities not measured at fair value										
Other non-current liabilities [#]		–	–	–	(312)	(312)	–	–	(293)	(293)
Bank borrowings [^]	15	–	–	–	(11,598)	(11,598)	–	(11,583)	–	(11,583)
Debt securities	16	–	–	–	(1,179)	(1,179)	–	(1,180)	–	(1,180)
Trade and other payables [#]		–	–	–	(2,041)	(2,041)				
		<u>–</u>	<u>–</u>	<u>–</u>	<u>(15,130)</u>	<u>(15,130)</u>				<u>(15,130)</u>

[#] Excludes liability for employee benefits, derivative liabilities and deferred income.

[^] Excludes lease liabilities.

CAPITALAND INVESTMENT LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

	<----- Carrying amount----->		----- Fair value ----- >			
	Amortised					
	Cost	Total	Level 1	Level 2	Level 3	Total
	\$'M	\$'M	\$'M	\$'M	\$'M	\$'M
The Company						
30 June 2022						
Financial assets not measured at fair value						
Amount due from subsidiaries	4,295	4,295				
Trade and other receivables	700	700				
Cash and cash equivalents	40	40				
	<u>5,035</u>	<u>5,035</u>				
Financial liabilities not measured at fair value						
Other non-current liabilities [#]	(811)	(811)				
Trade and other payables [#]	(231)	(231)				
	<u>(1,042)</u>	<u>(1,042)</u>				
31 December 2021						
Financial assets not measured at fair value						
Amount due from subsidiaries	4,481	4,481				
Trade and other receivables	243	243				
Cash and cash equivalents	362	362				
	<u>5,086</u>	<u>5,086</u>				
Financial liabilities not measured at fair value						
Other non-current liabilities [#]	(811)	(811)				
Trade and other payables [#]	(266)	(266)				
	<u>(1,077)</u>	<u>(1,077)</u>				

[#] Excludes liability for employee benefits.

CAPITALAND INVESTMENT LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

The following table shows the carrying amounts and fair values of significant non-financial assets, including their levels in the fair value hierarchy.

The Group	Note	Fair value Level 3 \$'M
30 June 2022		
Non-financial assets measured at fair value		
Investment properties	8	15,216
Assets held for sale – investment properties		<u>1</u>
		<u><u>15,217</u></u>
31 December 2021		
Non-financial assets measured at fair value		
Investment properties	8	16,249
Assets held for sale – investment properties		<u>2</u>
		<u><u>16,251</u></u>

(b) Level 3 fair value measurements

(i) *Reconciliation of Level 3 fair value*

The movements of financial assets classified under Level 3 and measured at fair value are presented as follows:

	Equity investments at FVTPL \$'M	Asset held for sale – investment properties \$'M
2022		
At 1 January 2022	104	2
Additions	5	–
Disposal	–	(1)
Changes in fair value recognised in profit or loss	(2)	–
Translation differences	(2)	–
At 30 June 2022	<u>105</u>	<u>1</u>
2021		
At 1 January 2021	329	32
Additions	48	2
Disposals	(242)	(32)
Changes in fair value recognised in profit or loss	(18)	–
Translation differences	(13)	–
At 31 December 2021	<u>104</u>	<u>2</u>

(ii) *Measurement of fair values*

The valuation techniques and the significant unobservable inputs used in measuring Level 3 fair values as at 30 June 2022 for financial instruments measured at fair value in the statement of financial position are consistent with those disclosed in the Group's consolidated financial statements for the year ended 31 December 2021.

CAPITALAND INVESTMENT LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

15 Borrowings

	The Group		The Company	
	30 June 2022 \$'M	31 December 2021 \$'M	30 June 2022 \$'M	31 December 2021 \$'M
Bank borrowings				
- secured	3,611	4,345	–	–
- unsecured	7,848	7,253	–	–
	11,459	11,598	–	–
Lease liabilities	754	771	18	23
	12,213	12,369	18	23
Repayable:				
Not later than 1 year	2,273	1,941	12	11
Between 1 and 5 years	8,250	8,856	6	12
After 5 years	1,690	1,572	–	–
After 1 year	9,940	10,428	6	12
	12,213	12,369	18	23

Movement during the period are as follows:

	Note	2022 \$'M
The Group		
At 1 January 2022		12,369
Repayments of bank borrowings and lease liabilities		(1,206)
Proceeds from bank borrowings		1,728
Acquisition of subsidiaries	20(b)	4
Disposal of subsidiaries	20(d)	(618)
Translation differences		(92)
Others		28
At 30 June 2022		12,213

Bank borrowings are secured by the following assets:

- (i) mortgages on the borrowing subsidiaries' property, plant and equipment, investment properties, development properties for sale, trade and other receivables and shares of certain subsidiaries of the Group; and
- (ii) assignment of all rights, titles and benefits with respect to the properties mortgaged.

16 Debt Securities

	The Group	
	30 June 2022 \$'M	31 December 2021 \$'M
Secured notes and bonds	220	171
Unsecured notes and bonds	1,585	1,008
	1,805	1,179
Repayable:		
Not later than 1 year	775	608
Between 1 and 5 years	1,030	571
	1,805	1,179

CAPITALAND INVESTMENT LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

Movement during the period are as follows:

	2022
	\$'M
The Group	
At 1 January 2022	1,179
Repayments of debt securities	(2)
Proceeds from issuance of debt securities	654
Translation differences	(26)
At 30 June 2022	<u>1,805</u>

As at 30 June 2022, the secured notes and bonds amounting to \$220 million (2021: \$171 million) were fully secured by deposits pledged and mortgages on the investment properties of the Group.

17 Share Capital

Issued Share Capital

	The Company	
	30 June 2022	31 December 2021
	No. of shares	No. of shares
	('000)	('000)
Issued and fully paid, with no par value		
At 1 January, including treasury shares	5,203,196	2,807,623
Add: Issue of new shares	–	2,395,573
Less: Treasury shares	(82,127)	(61,996)
At 30 June and 31 December, excluding treasury shares	<u>5,121,069</u>	<u>5,141,200</u>

Capital management

The Group's policy is to build a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Group monitors the return on capital, which the Group defines as total shareholders' equity, excluding non-controlling interests, perpetual securities and the level of dividends to ordinary shareholders.

The Group monitors its capital using a net debt-to-equity ratio, which is defined as net borrowings divided by total equity (including non-controlling interests and perpetual securities).

	The Group	
	30 June 2022	31 December 2021
	\$'M	\$'M
Borrowings and debt securities	14,018	13,548
Cash and cash equivalents	(4,292)	(3,877)
Net debt	<u>9,726</u>	<u>9,671</u>
Total equity	<u>19,177</u>	<u>20,101</u>
Net debt-to-equity ratio (times)	<u>0.51</u>	<u>0.48</u>

The Group seeks to strike a balance between the higher returns that might be possible with higher level of borrowings and the liquidity and security afforded by a sound capital position.

CAPITALAND INVESTMENT LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

In addition, the Company has a share purchase mandate as approved by its shareholders which allows the Company greater flexibility over its share capital structure with a view to improving, inter alia, its return on equity. The shares which are purchased are held as treasury shares which the Company may transfer for the purposes of or pursuant to its employee share-based incentive schemes so as to enable the Company to take advantage of tax deductions under the current taxation regime. The use of treasury shares in lieu of issuing new shares would also mitigate the dilution impact on existing shareholders.

The Group's capital structure is regularly reviewed and managed with due regard to the capital management practices of the group to which the company belongs. Adjustments are made to the capital structure in light of changes in economic conditions, regulatory requirements and business strategies affecting the Company or the Group.

Treasury Shares

Movements in the Company's treasury shares were as follows:

	The Company 30 June 2022 No. of shares (‘000)
At 1 January	61,996
Purchase of treasury shares	27,848
Treasury shares transferred pursuant to employee share plans	(7,649)
Payment of directors' fees	(68)
At 30 June	<u>82,127</u>

As at 30 June 2022, the Company held 82,127,101 (1H 2021: nil) treasury shares which represents 1.6% (1H 2021: nil) of the total number of issued shares (excluding treasury shares).

18 Share Plans

Share Plans of CapitaLand Group Pte. Ltd.

Prior to the restructuring and listing of the Company, the Group's employees participated in the share-based incentive plans of the Company's immediate holding company, CapitaLand Group Pte. Ltd. which comprise the Performance Share Plan (CL PSP) and Restricted Share Plan (CL RSP).

The outstanding contingent CL PSP awards granted to the employees were replaced by awards under the CLI Share Plan on 1 October 2021 in accordance with a conversion ratio and released in accordance with the original vesting schedule. The number of awards to be granted have also been finalised at 200% of the baseline awards.

The outstanding CL RSP awards were converted to cash-settled based awards with an implied value of \$4.102 per CL shares. Contingent awards granted under the CL RSP have been finalised at 150% of the baseline awards based on the same implied value. The cash payment will be released to eligible employees according to the original vesting schedule of respective CL RSP award.

Share Plans of CapitaLand Investment Limited

Performance Share Plan (PSP)

As at 30 June 2022, the number of shares comprised in contingent awards granted under the CapitaLand Investment Performance Share Plan 2021, in respect of which (a) the final number of shares has not been determined, and (b) the final number of shares has been determined but not released, is 3,344,038 (30 June 2021: nil) and 17,751,561 (30 June 2021: nil) respectively, of which 16,847,265 shares (30 June 2021: nil) are granted to the employees of the Group and 4,248,334 shares (30 June 2021: nil) are granted to the employees of the related corporations.

CAPITALAND INVESTMENT LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

Under the PSP, a specified number of shares will only be released by the ERCC of the Company to the recipients at the end of the qualifying performance period, provided the threshold targets are achieved. The final number of shares to be released will depend on the achievement of pre-determined targets over a three-year performance period. No share will be released if the threshold targets are not met at the end of the performance period. On the other hand, if superior targets are met, more shares than the baseline award could be delivered up to a maximum of 200% of the baseline award. The ERCC has the discretion to adjust the number of shares released taking into consideration other relevant quantitative and qualitative factors.

Founders Performance Share Plan

As at 30 June 2022, the number of shares comprised in contingent awards granted under the CapitaLand Investment Founders Performance Share Plan 2021 which has not been released were 14,948,568 (30 June 2021: nil), comprised 12,681,490 shares (30 June 2021: nil) granted to the employees of the Group and 2,267,078 shares (30 June 2021: nil) granted to the employees of the related corporations.

Under Founders Performance Share Plan, the awards granted to selected key executives of the Company and/or its group companies are conditional on performance target set over 5 financial year performance period and are based on longer term wealth creative objectives. Participants will receive a specified number of performance shares after the end of 2 performance cycles conditional on achievement of performance conditions.

The ERCC grants an initial number of shares (baseline award) which are conditional on the target of the share price over net asset value per share of the Company set for a performance period, currently prescribed to be a five-year performance period. A specified number of shares will only be released by the ERCC to the recipients at the end of the qualifying performance period, provided the threshold target is achieved. No share will be released if the threshold target is not met at the end of the performance period. If the minimum performance target is achieved, the achievement factor will be 0.2. If the performance target exceeds minimum but below superior, the achievement factor will be adjusted accordingly within the range of 0.2 to 3.0. If the performance level is superior and above, the achievement factor will be 3.0.

Restricted Share Plan (RSP)

As at 30 June 2022, the number of shares comprised in contingent awards granted under the CapitaLand Investment Restricted Share Plan 2021 in respect of which the final number of shares has not been determined is 8,915,866 (30 June 2021: nil) of which 1,728,124 shares (30 June 2021: nil) are to be cash-settled.

Under the Restricted Share Plans, awards granted to eligible participants vest only after the satisfactory completion of time-based service conditions or where the award is performance-related, after a further period of service beyond the performance target completion date (performance-based restricted awards). In addition, the plans also enable grants of fully paid shares to be made to non-executive directors as part of their remuneration in respect of their office as such in lieu of cash.

The ERCC grants an initial number of shares (baseline award) which are conditional on targets set for a performance period, currently prescribed to be a one-year performance period. A specified number of shares will only be released by the ERCC to the recipients at the end of the qualifying performance period, provided the threshold targets are achieved. The final number of shares to be released will depend on the achievement of pre-determined targets at the end of a one-year performance period. No share will be released if the threshold targets are not met at the end of the performance period. On the other hand, if superior targets are met, more shares than the baseline award can be delivered up to a maximum of 150% of the baseline award. The ERCC has the discretion to adjust the number of shares released taking into consideration other relevant quantitative and qualitative factors. Once the final number of shares has been determined, it will be released over a vesting period of three years. Recipients can receive fully paid shares, their equivalent cash value or combinations thereof, at no cost.

CAPITALAND INVESTMENT LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

19 Significant Related Party Transactions

In addition to the related party information disclosed elsewhere in the financial statements, there were significant related party transactions which were carried out in the normal course of business on terms agreed between the parties as follows:

	The Group	
	Six-month period ended	Six-month period ended
	30 June 2022	30 June 2021
	\$'M	\$'M
Immediate holding company		
Management fee income	4	*
IT support services income	2	7
Management fee expenses	–	(19)
Administrative support services expenses	–	(4)
Others	3	(2)
	<hr/>	<hr/>
Fellow subsidiaries under the immediate holding company		
Management fee income	13	14
IT support services income	4	16
Rental Income	2	3
Administrative support services income	4	2
Management fee expenses	(3)	(28)
Rental expense	*	(2)
Finance costs	–	(72)
Capital contribution in joint venture	3	144
Others	7	(1)
	<hr/>	<hr/>
<i>* less than \$1 million</i>		
Associates and joint ventures		
Management fee income	215	193
Rental expense	(3)	(2)
Fees from acquisition and divestment fees, accounting service fee, marketing income and others	94	86
Proceeds from sale of investments	392	–
	<hr/>	<hr/>

20 Acquisition / Disposal of Subsidiaries, Net of Cash Acquired

(a) Acquisition of subsidiaries

The list of significant subsidiaries acquired in the six-month period ended 30 June 2022 is as follows:

Name of subsidiary	Date acquired	Effective interest acquired
Zhuozhou Malongda Fire Technology Co., Ltd.	May 2022	100%
Zhonglongyun (Zhuozhou) Data Technology Co., Ltd.	May 2022	100%
Yuanying (Foshan) Warehousing Services Co., Ltd.	May 2022	100%

CAPITALAND INVESTMENT LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

The list of significant subsidiaries acquired in the six-month period ended 30 June 2021 is as follows:

Name of subsidiary	Date acquired	Effective interest acquired
DLSP-Ascendas Co., Ltd*	May 2021	50%

* Previously joint venture of the Group

(b) Effects of acquisitions

The cash flows and net assets of subsidiaries acquired are provided below:

	Note	Recognised values	
		30 June 2022 \$'M	30 June 2021 \$'M
The Group			
Investment properties	8	156	346
Trade and other receivables		9	7
Cash and cash equivalents		*	12
Trade and other payables		(26)	(32)
Borrowings	15	(4)	(122)
Deferred tax liabilities		–	(20)
Other non-current liabilities		–	(4)
		135	187
Amounts previously accounted for as a joint venture, remeasured at fair value		–	(77)
Net assets acquired		135	110
Gain on change of ownership interests in joint ventures		–	(9)
Total purchase consideration		135	101
Deferred purchase consideration and other adjustments		(44)	–
Deferred purchase consideration paid in relation to prior year's acquisition of subsidiaries		26	–
Cash of subsidiaries acquired		*	(12)
Cash outflow on acquisition of subsidiaries		117	89

* Less than \$1 million

(c) Disposal of subsidiaries

The list of significant subsidiaries disposed in the six-month period ended 30 June 2022 is as follows:

Name of subsidiary	Date disposed	Effective interest disposed
Southernwood Property Pte Ltd	May 2022	65%

The disposed subsidiary previously contributed net profit of \$2 million from 1 January 2022 to the date of disposal.

CAPITALAND INVESTMENT LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

The list of significant subsidiaries disposed in the six-month period ended 30 June 2021 is as follows:

Name of subsidiary	Date disposed	Effective interest disposed
Shanghai Xinwei Real Estate Development Co. Ltd	May 2021	40.6%
Ascendas Fusion 5 Pte. Ltd.	June 2021	75%
Ascendas Hangzhou Science & Technology Co., Ltd.	June 2021	60.2%
Ascendas Hangzhou Data Processing Co., Ltd.	June 2021	60.2%

The disposed subsidiaries previously contributed net profit of \$39 million from 1 January 2021 to the date of disposal.

(d) Effects of disposals

The cash flows and net assets of subsidiaries disposed are provided below:

	Note	The Group	
		30 June 2022	30 June 2021
		\$'M	\$'M
Property, plant and equipment		–	1
Investment properties	8	1,116	1,013
Trade and other receivables		2	24
Cash and cash equivalents		13	81
Trade and other payables		(40)	(18)
Other current liabilities		(7)	(7)
Borrowings	15	(618)	(347)
Deferred tax liabilities		(25)	(40)
Other non-current liabilities		–	(7)
Non-controlling interests		(150)	(142)
Equity interest retained as joint venture		(3)	–
Net assets disposed		288	558
Realisation of reserves		(4)	(4)
Gain on disposal of subsidiaries		120	205
Sale consideration		404	759
Deferred proceeds and other adjustments		(2)	(101)
Deposits received in prior years		–	(6)
Cash of subsidiaries disposed		(13)	(81)
Cash inflow on disposal of subsidiaries		389	571

CAPITALAND INVESTMENT LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

21 Commitments

The Group has the following significant commitments as at balance sheet date.

	The Group	
	30 June 2022 \$'M	31 December 2021 \$'M
Commitments in respect of:		
- capital expenditure contracted but not provided for in the financial statements	18	12
- development expenditure contracted but not provided for in the financial statements	387	500
- capital contribution in associates and joint ventures	979	944
- purchase of land/ properties contracted but not provided for in the financial statements	64	92
	<u>1,448</u>	<u>1,548</u>
Notional principal value of interest rate swaps, forward foreign exchange contracts and cross currency swaps	<u>6,505</u>	<u>6,188</u>

22 Financial Guarantee Contracts and Contingent Liabilities

The Group accounts for its financial guarantees as insurance contracts. At the reporting date, the Group does not consider that it is probable that a claim will be made against the Group under the financial guarantee contracts. Accordingly, the Group does not expect any net cash outflows resulting from the financial guarantee contracts. The Group and the Company issue guarantees only for subsidiaries and related parties.

The Group has the following significant undertakings as at balance sheet date.

- (i) As at 30 June 2022, a subsidiary of the Group provided an indemnity for banker's guarantee issuance on a joint and several basis, in respect of term loan and revolving loan facilities amounting to \$167 million (2021: \$162 million) granted to a joint venture. As at 30 June 2022, the total amount outstanding under the facilities was \$162 million (2021: \$155 million).
- (ii) As at 30 June 2022, two subsidiaries of the Group have pledged their shares in joint ventures for term loan and revolving facilities of \$1,093 million (2021: \$1,062 million) obtained by the joint ventures. As at 30 June 2022, the outstanding amount was \$974 million (2021: \$933 million).
- (iii) As at 31 December 2021, a subsidiary of the Group in China, whose principal activity is the trading of development properties, would in the ordinary course of business act as guarantors for the bank loans taken by the buyers to finance the purchase of residential properties developed by this subsidiary. As at 30 June 2022, there is no outstanding guarantees as the loan has been fully repaid (2021: \$16 million).

23 Subsequent Events

On 4 July 2022, the Group announced the acquisition of Oakwood Worldwide (Oakwood), a premier global serviced apartment provider with a global portfolio of 81 properties and approximately 15,000 units. Oakwood's approximately 8,500 operational units are expected to immediately contribute to the Group lodging fee income streams upon completion of the transaction slated in 3Q 2022.

1. Review of Performance

1(a) Explanatory Notes to Income Statement (Please refer to Page 1)

(A) Revenue

Revenue for 1H 2022 increased by 29% to \$1,354 million (1H 2021: \$1,049 million) driven mainly by the strong recovery of the Group's lodging operations, following the relaxation of travel restrictions across most geographies. Additionally, there were contributions from newly acquired business park and data centre in China as well as student accommodation properties in the United States of America (USA) and Japan, partially offset by the absence of contributions from properties divested in Japan, Singapore and China in 2021.

(B) Cost of Sales

In line with higher revenue, cost of sales increased by 32% to \$720 million from \$545 million in 1H 2021.

(C) Other Operating Income

Other operating income comprises interest income, distribution income, foreign exchange gains, as well as non-recurrent income such as government grants, income from pre-termination of contracts, forfeiture of deposits, write back of impairment of non-trade receivables, and gains from divestment of properties or change of our interests in equity investments (Please refer to page 15).

Other operating income for 1H 2022 decreased by 64% to \$194 million (1H 2021: \$531 million), mainly due to lower portfolio gains, absence of foreign exchange gains and the writeback of impairment loss on non-trade receivables in 1H 2021, coupled with lower forfeiture of deposits and government grants received in 1H 2022. These were partially mitigated by higher distribution income received in the current period.

- (i) The higher interest income in 1H 2022 mainly came from higher funds placed with banks during the period.
- (ii) 1H 2022 portfolio gain arose mainly from the divestment of 79 Robinson Road in Singapore.
- (iii) The distribution income in 1H 2022 mainly relates to event-driven fees from two private funds.

(D) Administrative Expenses

Administrative expenses comprised staff costs, depreciation, amortisation and other miscellaneous expenses. The Group recorded lower administrative expenses at \$251 million in 1H 2022 (1H 2021: \$264 million) mainly due to lower allowance for impairment loss on trade receivables as well as depreciation and amortisation expenses.

(E) Other Operating Expenses

Other operating expenses comprised mainly foreign exchange loss and marked-to-market loss on financial assets (Please refer to page 16).

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The increase in other operating expenses in 1H 2022 was mainly attributed to foreign exchange losses that arose from the revaluation of AUD, EUR, JPY and RMB receivables in SGD denominated subsidiaries as these currencies depreciated against SGD during the period as well as the revaluation of RMB and SGD receivables in USD denominated subsidiaries as these currencies depreciated against USD during the period.

(F) Share of Results (net of tax) of Associates and Joint Ventures

Share of results from associates in 1H 2022 fell 42% to \$232 million (1H 2021: \$398 million) due mainly to lower portfolio gain, rental rebates extended to retail tenants in China affected by COVID-19 lockdown during the period and lower contribution from the Raffles City portfolio in China as the Group's effective stakes decreased following the restructuring of the Group's interests in these assets in 4Q 2021. The decrease was partially mitigated by the contributions from the newly acquired assets in Europe, USA, Australia and China as well as better operating performance from the listed funds.

Share of results from joint ventures for 1H 2022 increased 5% to \$45 million (1H 2021: \$43 million), mainly attributable to the improved operating performance from our joint ventures in Singapore and Malaysia as well as lodging business. The increase was partially offset by the recognition of rental rebates extended to tenants in China during the period.

(G) Taxation expense and adjustments for over or under-provision of tax in respect of prior years

The taxation expense includes current and deferred tax expenses. The current tax expense is based on the statutory tax rates of the respective countries in which the Group operates and takes into account non-deductible expenses, non-taxable income and temporary differences.

The tax expense in 1H 2022 was \$125 million (1H 2021: \$196 million). The decrease was mainly due to lower tax on divestment provided, in line with the lower portfolio gains recorded during the period.

(H) Gain/(Loss) from the sale of investments

The net gains/ (losses) from the sale of investments for the six-month period ended 30 June 2022 and 30 June 2021 were as follow:

<u>Six-month period ended 30 June 2022</u>	PATMI (\$'M)
79 Robinson Road, Singapore (now known as CapitaSky)	71
JCube, Singapore	13
Others	3
	<hr/>
	87
	<hr/>
<u>Six-month period ended 30 June 2021</u>	PATMI (\$'M)
Partial stakes in the six Raffles City Properties, China	156
Olinas Mall, Japan	114
Galaxis, Singapore	73
Somerset Xu Hui Shanghai, China	53
Two business park properties in China	12
Gain from restructuring of an equity investment in Japan	16
Gain from deemed disposal of equity interest in a business park in China	9
Others	5
	<hr/>
	438
	<hr/>

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1(b) Explanatory Notes to Statement of Comprehensive Income (Please refer to Page 2)

(A) Exchange differences arising from translation of foreign operations and foreign currency loans forming part of net investment in foreign operations

1H 2022 exchange differences arose mainly from the appreciation of SGD against RMB, JPY, MYR and GBP by 3.2%, 10.0%, 2.7% and 6.3% respectively, partially offset by depreciation of SGD against USD by 2.8% during the first half of the year.

(B) Effective portion of change in fair value of cash flow hedges

The effective portion of change in fair value of cash flow hedges for 1H 2022 arose mainly from the mark-to-market gains of the Group's interest rate swaps and cross currency swaps contracts which were entered into for hedging purposes.

(C) Share of other comprehensive income of associates and joint ventures

The share of other comprehensive income of associates and joint ventures relates mainly to share of foreign currency translation and hedging reserves. 1H 2022's share of exchange difference arose mainly from the depreciation of RMB against USD and SGD by 5.8% and 3.2% respectively. The Group's share of effective portion of change in fair value of cash flow hedges for 1H 2022 arose mainly from the mark-to-market gains of the interest rate swap contracts which were entered into by associates and joint ventures.

1(c) Explanatory Notes to Balance Sheet (Please refer to page 3)

(A) Investment Properties

The decrease was mainly due to the disposal of an office building in Singapore and foreign currency translation losses, mitigated by the acquisition of a student accommodation property each in Japan and USA.

(B) Trade and other receivables

The decrease in the Group's trade and other receivables was mainly due to the receipt of consideration pertaining to the divestment of associates in FY 2021. The increase in the Company's trade and other receivables was mainly due to higher loan receivables due from CLI Treasury Limited.

(C) Cash and cash equivalents

The cash balances as at 30 June 2022 included \$2.5 billion held at CapitaLand Investment Limited and its treasury vehicles (comprising CLI Treasury Limited, CapitaMalls Asia Treasury Limited and The Ascott Capital Pte Ltd).

(D) Borrowings

The increase in the Group's borrowings was mainly due to the issuance of fixed rate senior note by CLI Treasury Limited in 1H 2022.

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(E) Other Reserves

The change in other reserves was mainly due to foreign currency translation differences arising from the appreciation of SGD against RMB, Euro, JPY and MYR during the period as well as the purchase of treasury shares.

1(d) Explanatory Notes to Consolidated Statement of Cash Flows (Please refer to Page 9 – 10)

(A) Cash from operating activities

In 1H 2022, the Group generated net cash from operating activities of \$309 million, mainly from the recurring cashflow from investment properties portfolio as well as fee income from fee income-related businesses.

(B) Cash from investing activities

The Group generated net cash of \$277 million from investing activities in 1H 2022, mainly contributed by the proceeds from divestments of investments as well as dividends received from associates and joint ventures. The cash generated was partially offset by the outflow associated with the acquisition/development expenditure of investment properties and subsidiaries.

(C) Cash from financing activities

Net cash used in financing activities for 1H 2022 was \$97 million, mainly attributable to dividends paid to shareholders, purchase of treasury shares and interest expense paid, partially offset by net proceeds from bank borrowings and debt securities.

1(e) Group Overview

	Six-month Period Ended		
	30 June 2022	30 June 2021	Better/(Worse)
	\$'M	\$'M	(%)
Revenue	1,354	1,049	29.1
Earnings before Interest, Tax Depreciation and Amortisation (EBITDA)	873	1,283	(32.0)
Finance costs	(197)	(183)	(7.7)
Profit Before Taxation	605	1,022	(40.8)
Total PATMI	433	702	(38.3)
Comprising:			
Operating PATMI ¹	346	264	31.1
Portfolio gains ²	87	438	(80.1)

Notes:

1. Operating PATMI refers to profit from business operations excluding any gains or losses from divestments, revaluations, and impairments.
2. Portfolio gains comprise gains/losses arising from divestments, gains from bargain purchase or re-measurement on acquisitions and realised fair value gains/losses arising from revaluation of investment properties to agreed selling prices of properties.

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Six-month period ended: 30 June 2022 (1H 2022) vs 30 June 2021 (1H 2021)

Revenue

The Group's revenue grew 29% to reach \$1,354 million in 1H 2022, underpinned by its two key businesses, Fee Related-Income Business (FRB) and Real Estate Investment Business (REIB) which registered 9% and 44% top line growth respectively. The growth in FRB revenue was driven by fund management and lodging management operations. The strong revenue growth for REIB was fuelled by the recovery in global travel which leads to higher occupancy and room rates for our lodging properties as well as contributions from newly acquired assets in China, USA and Japan, partially offset by loss of contributions from the properties in Japan, Singapore and China divested in 2021.

Collectively, the Group's two core markets, Singapore and China, accounted for 39% (1H 2021: 51%) of the Group's total revenue. The remaining revenue was contributed by other developed markets (50%) and other emerging markets (11%).

EBITDA

EBITDA for 1H 2022 fell 32% to \$873 million as compared to \$1,283 million in 1H 2021 mainly due to lower portfolio gains from asset recycling, rental rebates extended to retail tenants in China and the loss of contribution from divested assets in Japan, Singapore and China. These were partially mitigated by improved performance from the lodging management business and lodging properties, as well as retail malls in Singapore and Malaysia, higher event-driven fees from managed REITs and funds, and contributions from newly acquired assets in China and USA.

Portfolio gains in 1H 2022 of \$133 million (1H 2021: \$532 million) were mainly from the divestment of JCube and 79 Robinson Road (now known as CapitaSky) in Singapore.

EBITDA Contribution by Geography

In terms of contribution by geographical segments, approximately \$697 million or 80% of the Group's EBITDA were derived from developed markets and \$176 million or 20% derived from emerging markets. Collectively, the Group's two core markets, Singapore and China, accounted for 57% and 12% of the Group's EBITDA for 1H 2022 respectively.

Singapore EBITDA increased by \$119 million, mainly attributed to higher gains from asset recycling, higher recurring and event driven fees from fund management, and stronger operating performance from lodging and retail properties due to tailwinds from Singapore's easing of COVID-19 related restrictions.

China EBITDA declined by \$480 million, mainly due to lower portfolio gains realised in 1H 2022 and the higher rental rebates provided in 1H 2022 to support some of the Group's retail malls or specific trade categories that were mandated to close temporarily to reduce to risk of transmission of COVID-19. These were partially mitigated by the contributions from the newly acquired data centre and business park.

Finance Cost

Finance costs for 1H 2022 increased 8% to \$197 million (1H 2021: \$183 million) on the account of higher bank borrowings and interest rates, partially mitigated by savings from the capitalisation of certain loans from the Group's immediate holding company, CapitaLand Group Pte. Ltd. and its subsidiaries, following the listing of the Group.

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PATMI

Overall, the Group achieved a PATMI of \$433 million in 1H 2022, 38% lower than the same period last year as a result of lower velocity in asset recycling activities, particularly in China. Excluding the portfolio gains which is lumpy in nature, the Group's operating PATMI grew by a steady 31% to \$346 million. The better operating performance was driven by increased fee income from fund and lodging management, higher contributions from lodging properties in most geographies as well as retail properties in Singapore and Malaysia with the easing of COVID-19 related restrictions.

Segment Performance

For financial reporting, the Group's primary segment is based on its strategic businesses. The Group's secondary segment is reported by geographical locations, namely Singapore, China, other emerging markets, and other developed markets.

Fee Income-Related Businesses (FRB)

	Six-month Period Ended		
	30 June 2022	30 June 2021	Better/ (Worse)
	\$'M	\$'M	(%)
Revenue	476	437	8.9
EBITDA	225	135	66.6

Revenue for 1H 2022 comprised fee income from fund management of \$207 million (1H 2021: \$197 million), lodging management of \$118 million (1H 2021: \$86 million) and property management of \$151 million (1H 2021: \$154 million).

The increase in revenue in 1H 2022 mainly came from lodging management business underpinned by improved operating performance due to the easing of travel restrictions and contributions from new management contracts. The fund management business also contributed to the higher revenue as base management fees increased with the growth in funds under management (FUM) to \$86 billion as at 30 June 2022 from \$83 billion as at 30 June 2021.

In addition to higher revenue, 1H 2022 EBITDA was further boosted by the event-driven fees from two private funds, recognised under other operating income.

Real Estate Investment Businesses (REIB)

	Six-month Period Ended		
	30 June 2022	30 June 2021	Better/ (Worse)
	\$'M	\$'M	(%)
Revenue	967	671	44.1
EBITDA	638	1,131	(43.6)

Revenue in 2022 was higher mainly attributable to the recovery of the Group's lodging properties as revenue per available unit (REVPAU) and occupancy improved with the relaxation of travel restrictions across geographies, as well as the contributions from the newly acquired data centre, business park and student accommodation properties in China, USA and Japan. These were partially offset by the loss of contributions from the properties divested in Japan, China and Singapore in 2021.

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The decline in EBITDA for 1H 2022 was mainly attributed to lower gains from asset recycling and the rental rebates extended to selected retail tenants in China. Compared to a highly active period in 1H 2021, there were fewer asset recycling opportunities undertaken by the Group, resulting in lower portfolio gains realised of \$133 million (1H 2021: \$532 million) in 1H 2022.

Corporate and others

	Six-month Period Ended		
	30 June 2022	30 June 2021	Better/ (Worse)
	\$'M	\$'M	(%)
Revenue	(89)	(59)	(50.8)
EBITDA	10	17	(41.2)

Corporate includes corporate office costs recovery and group eliminations.

The lower EBITDA was primarily due to higher staff cost, partially mitigated by absence of management fee paid to the parent group prior to the listing of the Company in September 2021.

2. Variance from Prospect Statement

The Company released its First Quarter Business Update on 12 May 2022.

The 1H 2022 operating performance was broadly in line with the guidance provided.

3. Commentary of the significant trends and the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

Group Overall Prospects

Heading into the second half of 2022, the global economy is confronted by several significant conflating macroeconomic uncertainties. Inflation and interest rates have risen sharply in many markets, whilst geopolitical tensions remain elevated. The International Monetary Fund (IMF) is projecting global GDP to slow to 3.2% in 2022, 0.4 percentage point lower than their April estimate of 3.6% full year growth¹. IMF attributes the downward revision to weaker US consumer spending, higher inflation worldwide, and economic downturns in Russia and China.

The Group will remain focused on growing its fee income businesses of Fund and Lodging Management, underpinned by a well-diversified investment portfolio across asset classes and capital partners. It will maintain its capital management discipline, and will exercise patience and prudence in deploying its capital. The Group's healthy cash and bank lines, conservative gearing, robust credit profile and commitment to disciplined capital management will continue to keep the Group in a strong position as it pursues long term growth sustainably.

¹ Source: World Economic Outlook Update, July 2022: Gloomy and More Uncertain

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4. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice

The figures have neither been audited nor reviewed by our auditors.

5. Where the figures have been audited or reviewed, the auditor's report (including any qualifications or emphasis of a matter)

Not applicable.

6. Interested Person Transactions

The Company has not sought a general mandate from shareholders for Interested Person Transactions.

7. Confirmation pursuant to Rule 720(1) of the SGX-ST Listing Manual

The Company confirms that it has procured undertakings from all its Directors and executive officers in the form set out in Appendix 7.7 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "Listing Manual"), as required by Rule 720(1) of the Listing Manual.

8. Confirmation Pursuant to Rule 705(5) of the Listing Manual

To the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited condensed interim financial statements of the Group and the Company (comprising the balance sheet, consolidated income statement, statement of comprehensive income, statement of changes in equity and consolidated statement of cash flows, together with their accompanying notes) as at 30 June 2022 and for the six months ended on that date, to be false or misleading in any material aspect.

On behalf of the Board

Miguel Ko
Chairman

Lee Chee Koon
Director

9. In the review of performance, the factors leading to any material changes in contributions to revenue and earnings by the business or geographical segments

Please refer to item 1(e).

10. Breakdown of Group's revenue and profit after tax for first half year and second half year

Not Applicable

CAPITALAND INVESTMENT LIMITED AND ITS SUBSIDIARIES

OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2

11. Breakdown of Total Annual Dividend (in dollar value) of the Company

Not Applicable

BY ORDER OF THE BOARD

Michelle Koh
Company Secretary
11 August 2022

This announcement may contain forward-looking statements. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, availability of real estate properties, competition from other developments or companies, shifts in customer demands, shifts in expected levels of occupancy rate, property rental income, charge out collections, changes in operating expenses (including employee wages, benefits and training, property operating expenses), governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business.

You are cautioned not to place undue reliance on these forward-looking statements, which are based on the current view of management regarding future events. No representation or warranty express or implied is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or opinions contained in this announcement. Neither CapitaLand Investment Limited (CLI) nor any of its affiliates, advisers or representatives shall have any liability whatsoever (in negligence or otherwise) for any loss howsoever arising, whether directly or indirectly, from any use of, reliance on or distribution of this announcement or its contents or otherwise arising in connection with this announcement.

The past performance of CLI or any of the listed funds managed by CLI Group (CLI Listed Funds) is not indicative of future performance. The listing of the shares in CLI (Shares) or the units in the CLI Listed Funds (Units) on the Singapore Exchange Securities Trading Limited and Bursa Malaysia Securities Berhad does not guarantee a liquid market for the Shares or Units.

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