Leading Franchise, Robust Balance Sheet

May 2009

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Contents

- **Understanding CapitaLand**
  - Strategic Principles
  - Transformation
- **Overview**
  - Corporate Structure
  - Franchise & Financial Strength
  - Business Model
- **Delivering Quality Real Estate**

Understanding CapitaLand

A corporate culture that focuses on:

People
Alignment of Corporate Culture & Strategy
Passion for Quality Real Estate
Shareholder Return Focus
Capital Management
Business Model
Bias for Action
Execution Discipline

The old cliché…

What are the 3 key things to focus on in Real Estate?

Location. Location. Location.

Important, but not the FIRST thing.

Location. Location. Location.

For CapitaLand it's:

People. People. People.

Strategy.
Location. Quality.
Execution Discipline.

Committed to “Building People”

- **Strong Organisational Alignment & Resonance**
  – Through Communication & Culture
- **Graduate Development Programme**
  – Young. Smart. Hunger to Experience & Learn on the job.
- **“CLIMB”**
  – *CapitaLand Institute for Management and Business*
- **Internal Transfers**
  – 2 year “rule”: Keep fresh. Keep the best.
- **Mid Career Hires**
  – Various Disciplines
- **RE100**
  – 100 hours Real Estate Conversion Course

Real Estate is a Capital Intensive Industry

Large Capital Requirements.
Lumpy & Illiquid Assets.
Cyclical.

Capital Management is a
Critical Strategic Component of Execution

Real Estate is a Capital Intensive Industry

Most RE franchise failures have been failures of Capital Management, NOT Business

Grow Aggressively -
But Protect the Downside.

Capital Management is NOT Treasury Management

It includes many aspects:

Asset Liquidity*
Asset Returns
Capital Allocation*
Capital Recycling
Capital Structure
Sources of Capital
Matching Capital with Assets
Risk Management Process*
Business Model Design
Financial Flexibility*
Entity Structure
Sector Focus*
Setting of KPI's*
Tax Planning
Strategic Investor Relations*
Reputation in the Capital Markets

Focus on TSR* - implications for Capital Management

ROE = ROTA + Capital Mgmt

ROE	ROTA	Capital Mgmt
Drives TSR	DECENTRALISED Operating Performance	CENTRALISED Capital Mgmt & Policy

TSR = Total Shareholder Returns

Liquidity

- **Invisible but critical**
  - Like oxygen.
  - Only realise importance when you don't have it.
- **Crisis shows liquidity was mispriced**
  - Forgotten relationship between price and liquidity
- **Liquidity is not just cash and undrawn facilities**
  - Asset liquidity
  - "Invisible" capacity of credit markets
  - Reputation in capital markets

Another common saying…

Buy Low. Sell High.

In practice you need to do the reverse…

Sell High. **Buy Low.**

RE Businesses “Make” Money in a Downturn

Sell High. Buy Low.

All can prosper in an up-cycle. Few can buy in a downturn.

Don’t miss the window of liquidity in the Real Estate up-cycle… otherwise you don’t have the capacity to plant future “seeds” of profit.

In Summary

People First.

In Summary

Passionate about Real Estate.
Unemotional about Assets.

In Summary

Aggressive in Business.
Conservative in Capital Management.

In Summary

3 Certainties: Death, Taxes &
The Real Estate Cycle.

In Summary

Liquidity is Invisible, but Critical.

Financial Flexibility is a Strategic Advantage

In Summary

Build and Protect Reputation.

Quality Real Estate.
Trusted Custodian of Capital.

Transformation 2000-2008

2000 to 2008: Business Transformation

Metric	2000	2008
Revenue Under Management	S$2.9b	S$5.9b
Overseas EBIT Contribution	23% = S$173m	60% = S$1,323m
No. of Cities	33	123
Listed REITs & RE Funds	1	22
Assets Under Management	S$265m	S$25.9b
No. of Retail Malls (Optg+Pipeline)	7 (7+0)	95 (54+41)
Units of Serviced Residences	about 6,000	about 25,000

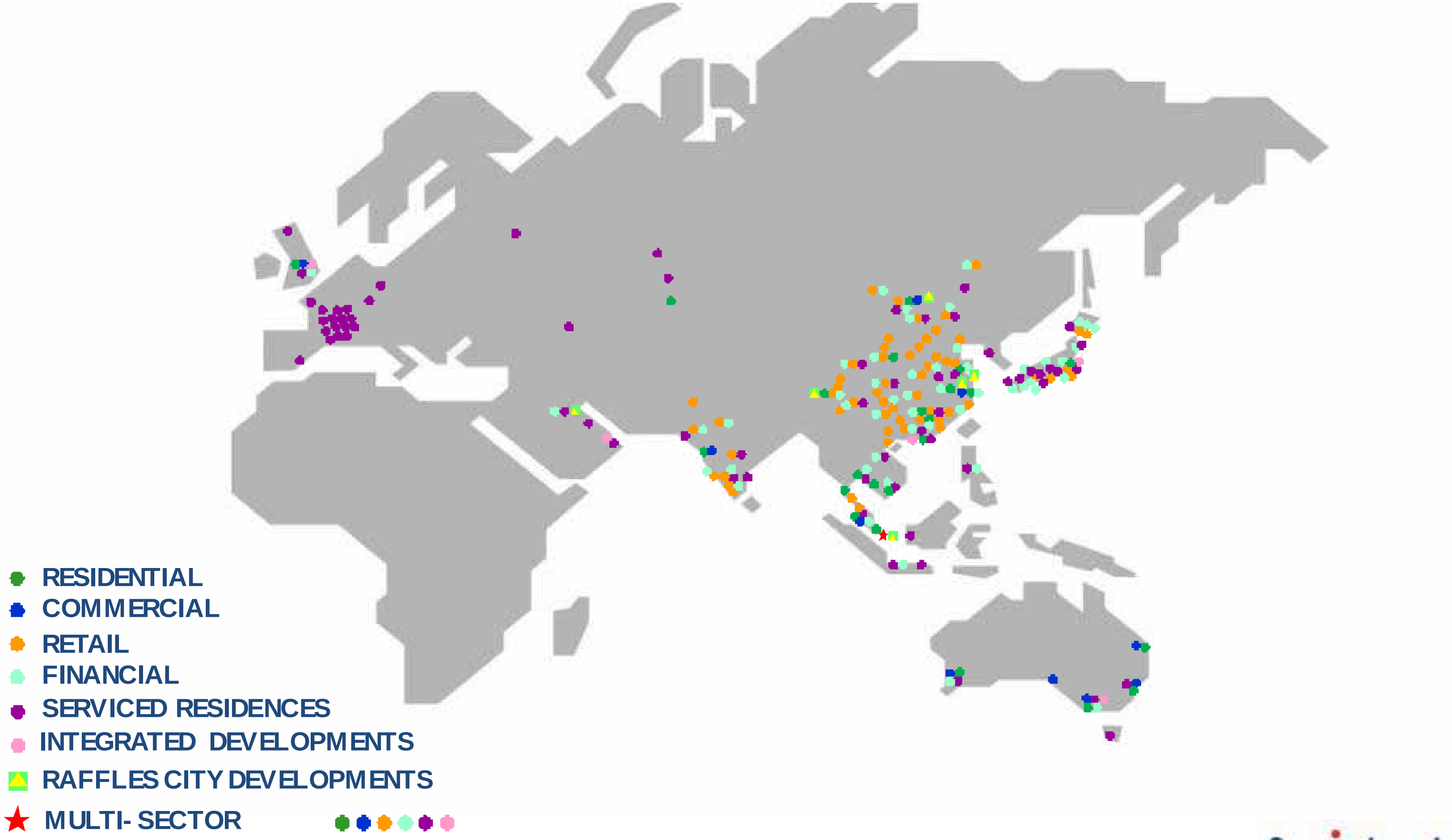
2000 to 2008: Financial Strength

Metric	2000	2008
EBIT	S$754m	S$2,214m
PATMI	-S$287m	S$1,260m
ROE	1.5%	12.2%
Cash	S$879m	S$4.2b
Net Debt / Equity	0.92x	0.47x
Interest Cover Ratio	1.8	5.0

Total Profits After Tax and Minorities (2000 to 2008) = S$5.9 billion

A Multi-National Footprint

About 120 cities in over 20 countries, across Asia Pacific, Europe & the Gulf Cooperation Council (GCC) countries



CapitaLand

Key Decisions in Transformation…pg 1

- **Launch RE Financial Services (CFL)**
  – Journey of gaining expertise in broad Capital Markets
- **Re-launch first S-REIT (CapitaMall Trust)**
  – Lesson of perseverance & execution discipline
- **Spin-off CCT**
  – 2 REITs to make a trendline…(now 5 REITs)
- **Exit Hotel Business**
  – Non-emotional. Signaled seriousness.
  – Unlock capital for:
    - Better Returns. Focused Growth. Achieve Leadership.

Key Decisions in Transformation…pg 2

- **Focused Growth: Re-allocation of Capital**
  - Fund Management
  - China Platform
  - Asian Retail Mall Platform
  - Global Serviced Residences

Key Decisions in Transformation…pg 3

- **2 Principles of Pre-emptive Capital Management**
  - ***Raise capital when you don't need it.***
  - ***Don't squeeze the Orange. Grow the Orchard.***

  - Develop good reputation / track record in Capital Markets
  - S$2.7bn of cheap Convertible Bonds issuance
  - Divestment of bulk of office portfolio at peak
  - De-lever and high cash at cycle peak.
  - Pre-emptive Rights Issue
    - Emphatically strong B/S.
    - Very liquid stock.

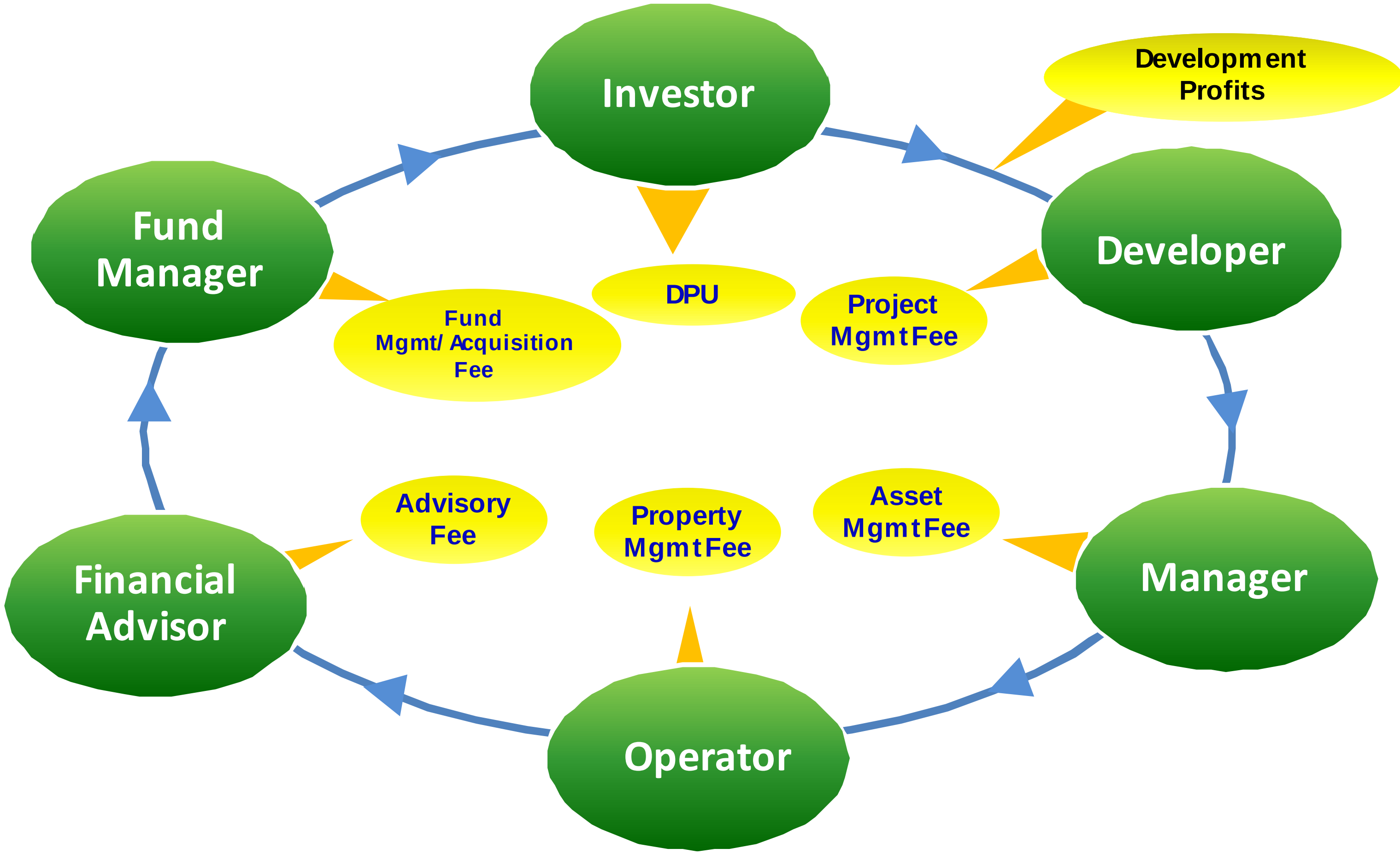
Overview

Corporate Structure - Multi-Sector Skill Sets

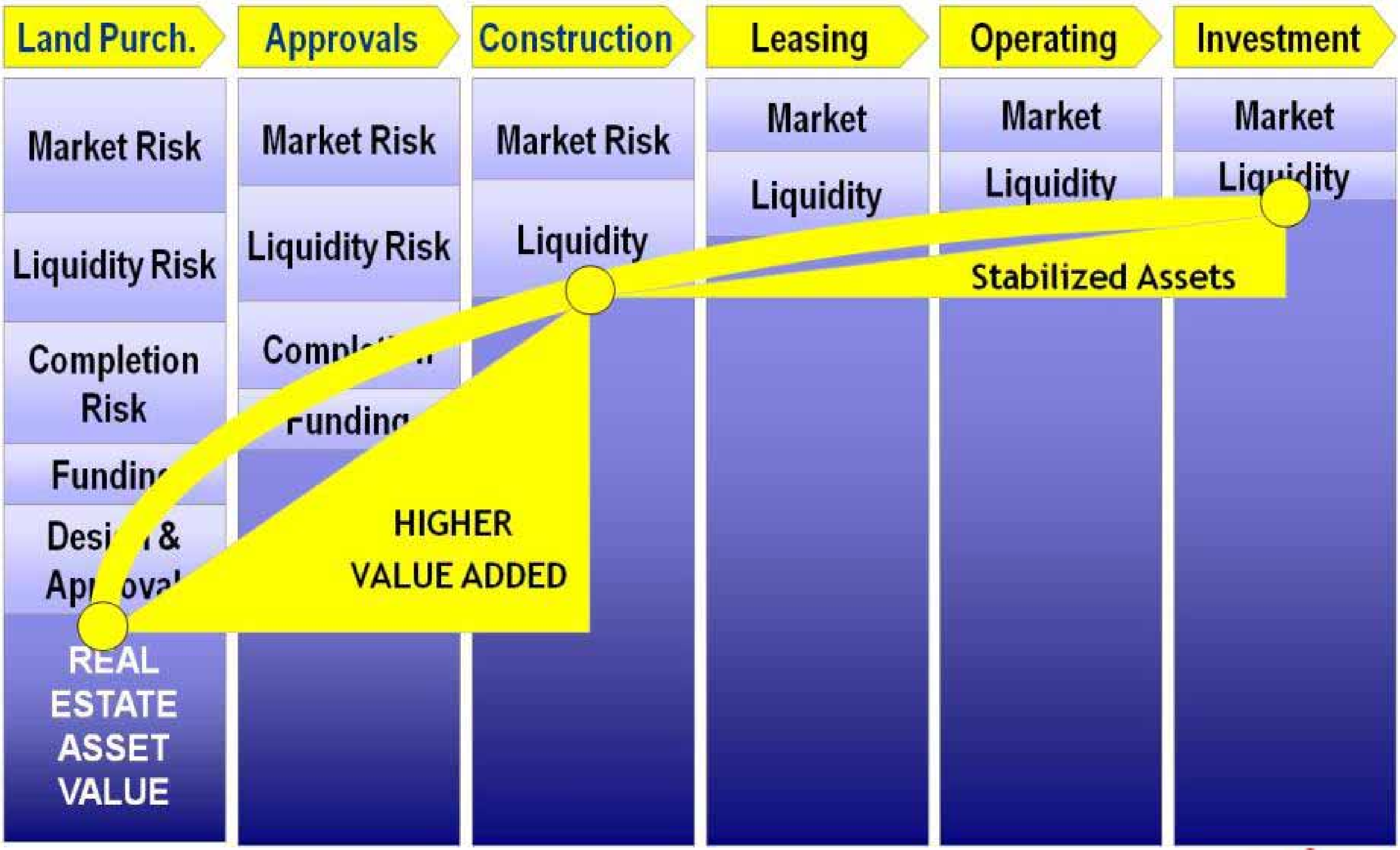
- **Strong core skill sets in real estate development and management across the residential, commercial, retail and serviced residences segments**
- **Value added financial services arm**

Other Listed Entities ** Integrated, Leisure, Entertainment & Conventions*
*** CL completed compulsory acquisition of The Ascott Group on 28 April 2008*

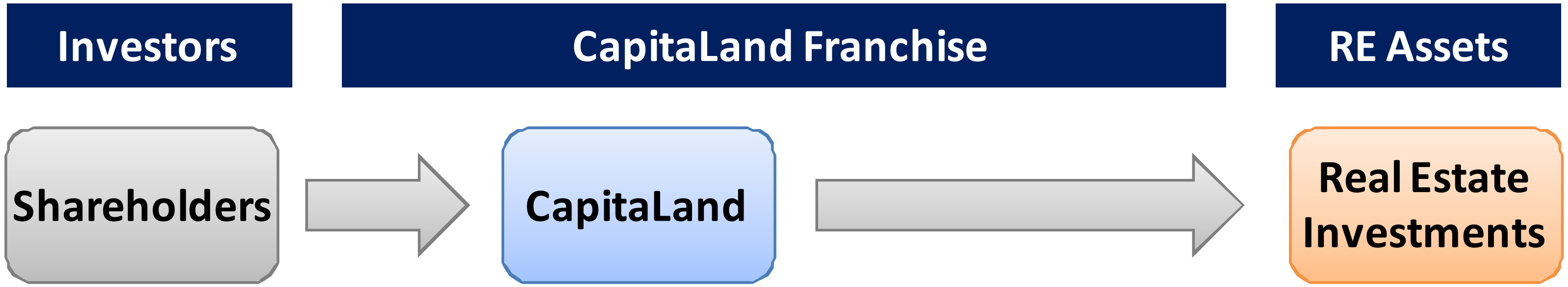
Complete Real Estate Value Chain



Business Model Focuses on Capital Productivity



Capital Management Framework
Trusted Intermediary – Matching Capital & Risk



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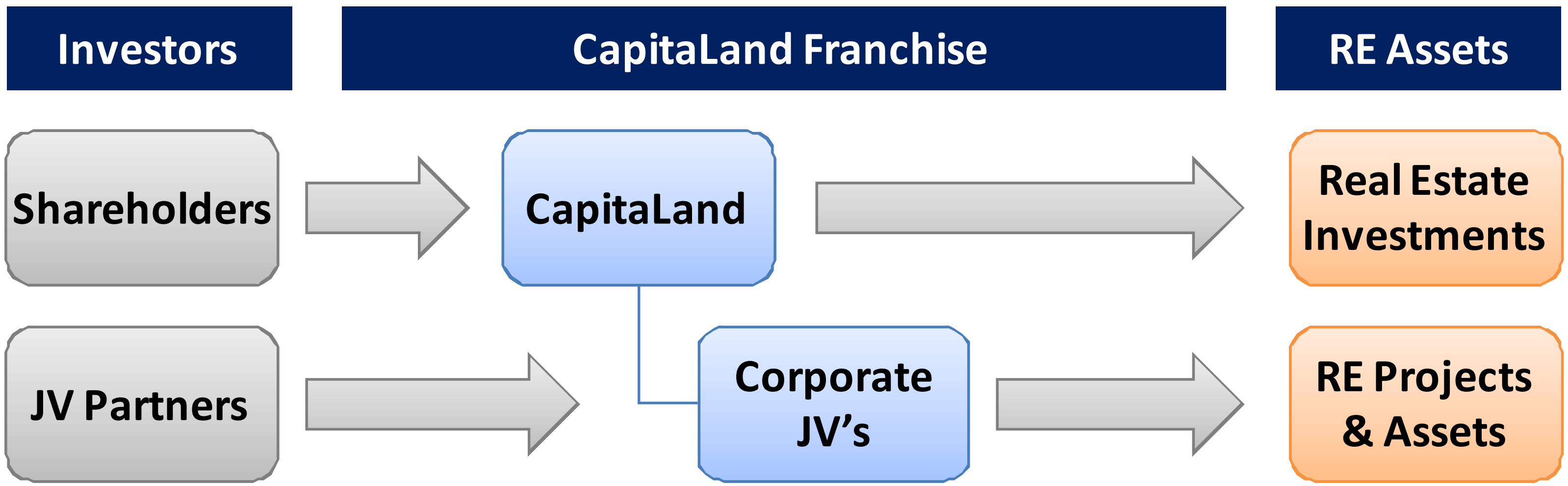

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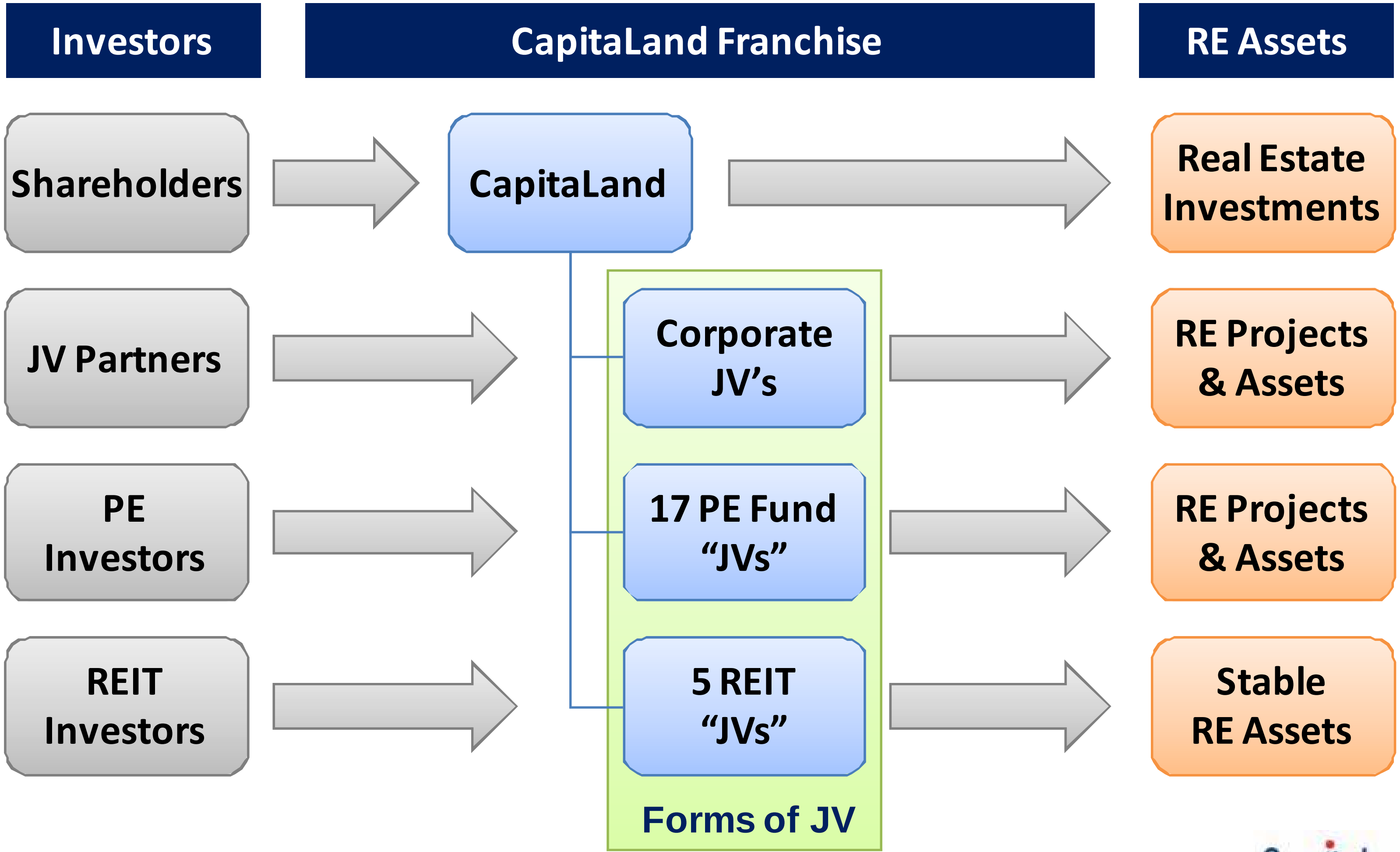
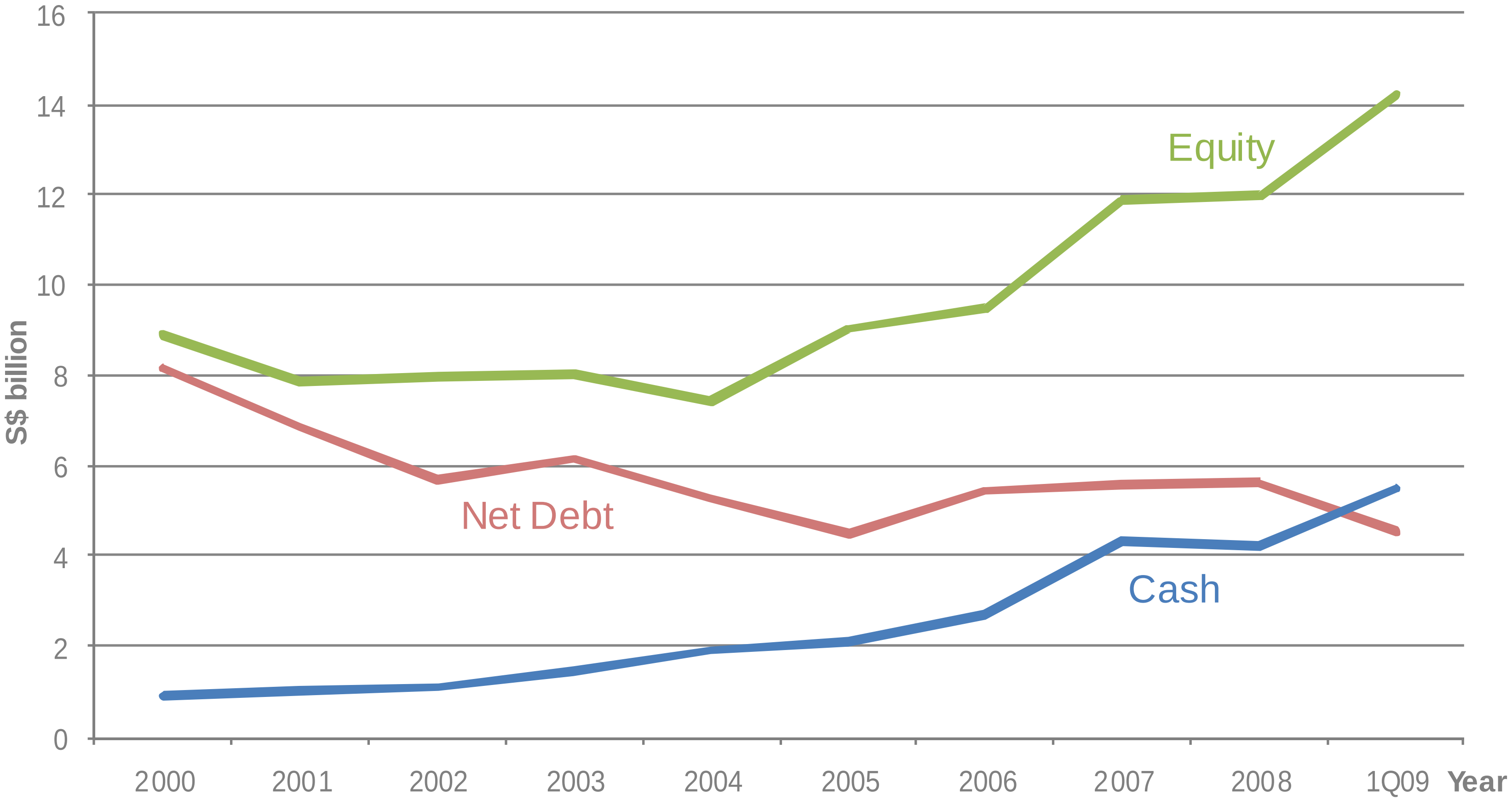


A few points:

- **Capital Recycling**
  - The dirty little secret:
    ALL RE businesses must recycle capital
  - Strongly articulated & executed by the Group
- **REITs**
  - Alive and well
  - Still most tax-efficient way to own stable Real Estate
  - First cyclical downturn, part of S-REITs “growing up”
  - Reduced systemic risk for Singapore
  - Sponsored REIT model has strengths

Strong Position Heading into the Downturn

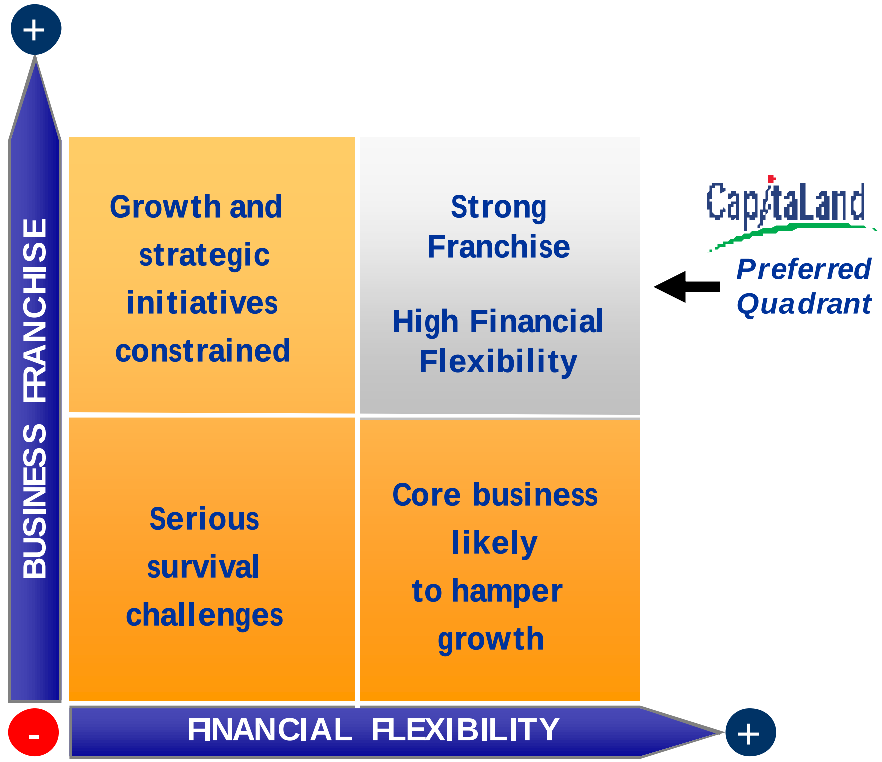


Financial Flexibility now a Strategic Differentiator

- **Rights Issue raised S$1.8 billion in 1Q09**
- **Positioned to take advantage of unique market opportunities ahead**

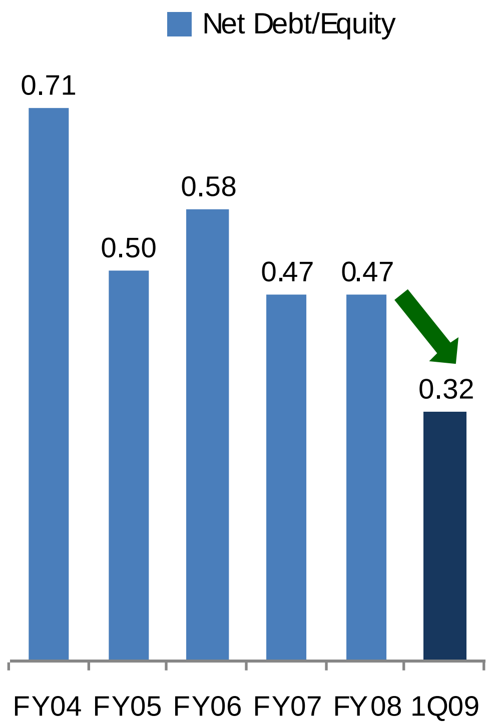
In current environment, competitive positioning can be assessed along 2 axes:

Business Franchise & Financial Flexibility

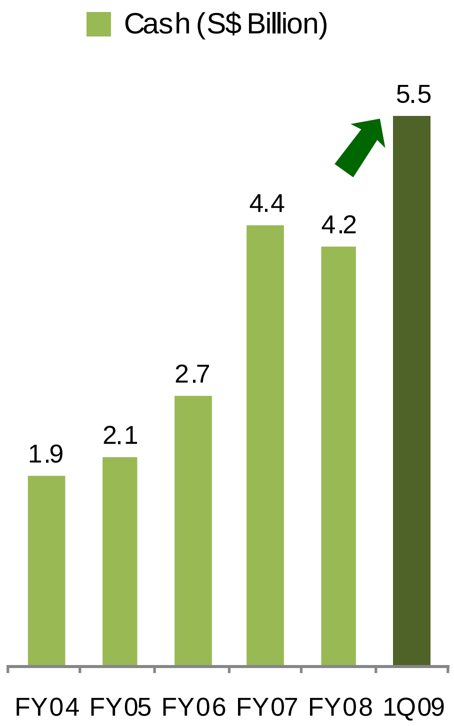


Enhanced Financial Strength after Rights Issue

Improved Gearing



Strong Liquidity



Positioned for Next Phase of Growth

- **Continue to focus on core markets**
  – Singapore; China; Australia
- **Extend leadership position in core businesses**
  – Residential, commercial, retail, serviced residences, integrated developments and real estate financial services
- **Further enhance financial flexibility**
  – Environment presents unique opportunity to extend market leadership
  – Take advantage of market opportunities
- **Leverage on financial services expertise**
  – Capitalise on dislocation and distressed situation in real estate markets
- **Improve efficiency and build human capital**
  – Review operational & administrative costs and nurture human capital

8 Year Journey to Leading Franchise

	In Asia	In China	Shopping Malls	Serviced Residences	REITS/ PE Funds
Market Leadership	One of Asia's LARGEST Real Estate Companies	LEADING Foreign Real Estate Developer In China	LARGEST Retail Mall Owner/ Manager In Asia	LARGEST International Serviced Residence Owner-Operator	LEADING Asia-Based RE Fund & REIT Manager

Geographical Footprint

About 120 Cities in Over 20 Countries

Financial Strengths

Strong Liquidity

Low Leverage

Leverage on Winning Competencies

Complete Real Estate Value Chain

We are an investor, developer, operator, manager, and financial adviser, in a complete value-chain proposition

Seize Opportunities

Growth in Asia

Strategic Partnerships

Undervalued Quality Assets

Delivering Quality Real Estate

Scotts HighPark, Singapore

RiverGate, Singapore

The Vista, Ho Chi Minh City

The Riviera, Foshan

Wilkie Edge, Singapore

One George Street, Singapore

Rihan Heights, Arzanah

The Orchard Residency, Mumbai

Raffles City Beijing

Raffles City Chengdu

Raffles City Hangzhou

Integrated Civic, Cultural, Retail & Entertainment Hub @ Vista Xchange, one-north, Singapore

Ascott Singapore Raffles Place

ION Orchard, Singapore

Thank You