



CapitaLand Group

DB Access Asia Conference 2010



May 2010



Disclaimer

This presentation may contain forward-looking statements that involve risks and uncertainties. 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 companies and venues for the sale/distribution of goods and services, shifts in customer demands, customers and partners, changes in operating expenses, including employee wages, benefits and training, 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 current view of management on future events.



Contents

- **Asia Leading Global Recovery**
- **Singapore Remaking**
- **Singapore Residential**
- **Singapore Office**
- **China Market Situation**
- **CapitaLand Results & Conclusion**

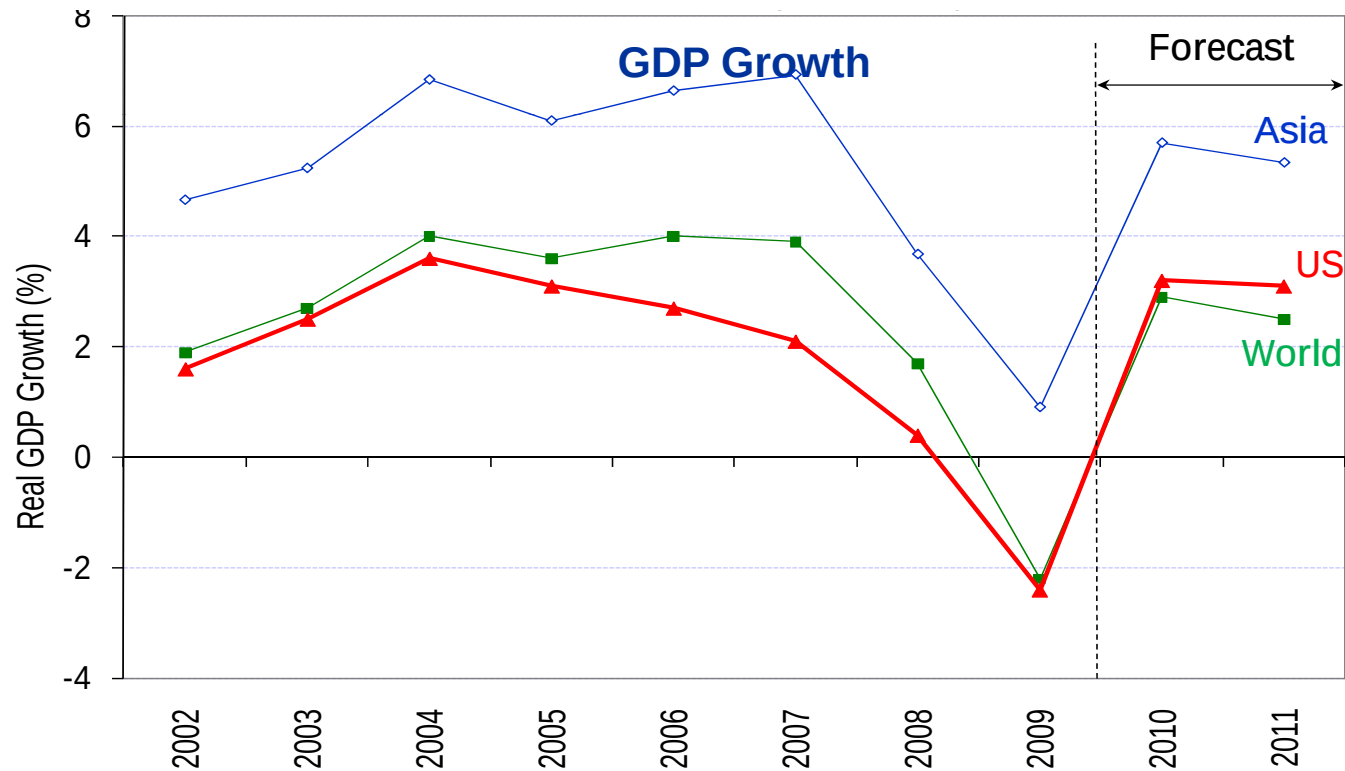
Asia Leading Global Recovery





Asia leading the global recovery

- International Monetary Fund (IMF) reports Asia leading the global recovery
- China, India and Australia avoided a recession



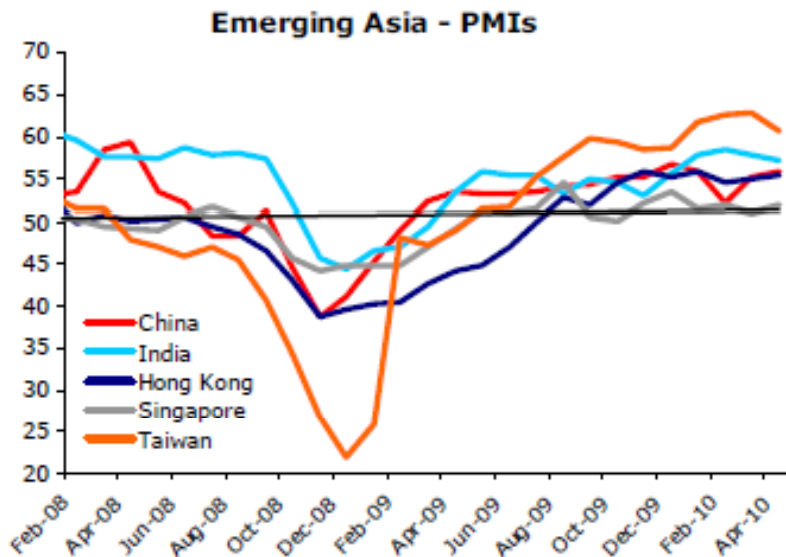
Source: Consensus Forecast & EIU (As at May 2010)



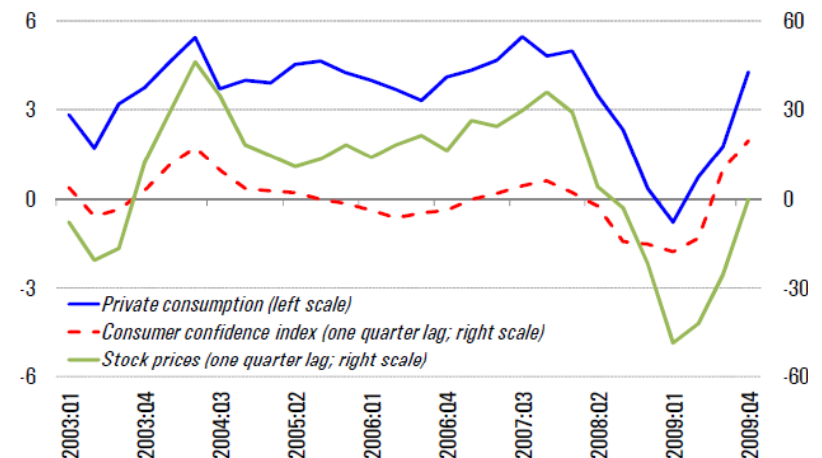
Positive signs emerge

- Industrial Production in Asia has returned to pre-Global Financial Crisis (GFC) levels
- Consumer confidence trending upwards

Industrial Production



Private Consumption, Consumer Confidence, and Stock Prices
Selected Asia, y-o-y % change



Source: IMF, Regional Economic Outlook report, April 2010

Singapore Remaking





Strong growth for Singapore market

- 1Q2010 GDP  13.1% y-o-y
- IMF forecast 8.9% for 2010 & 6.8% for 2011
- Employment continues to grow strongly
 - 1Q2010 jobs up 34,000 (~90% services)
 - Unemployment rate dropped to seasonally adjusted 2.1% in Dec'09
- Manufacturing output has increased significantly
 -  43% y-o-y March 2010
- Visitor arrivals grew in March 2010 by ~16% y-o-y
 - Fourth consecutive month of record visitor arrivals



Singapore: A Global City - Cosmopolitan SuperHub





Tourism drive gaining traction

- 2 integrated resorts opened
- Visitor arrivals of 928,000 in March 2010, highest ever recorded in March
- Singapore Tourism Board targets 17 million tourists in 2015 (2009: 9.6 million)

Marina Bay Sands



Resort World S'pore



Global Events

- Youth Olympic Games in Aug'10
- Formula 1 Singapore Grand Prix in Sep'10



Education hub

- Foreign student population to triple to 150,000 by 2012



Medical Hub

Singapore
MEDICINE

- **Targets 1 million foreign patients annually**
- **Contribution of S\$2.6 billion of value-add and 1% of GDP by 2012**

Hospital Groups



Raffles Medical Group



National Healthcare Group



Singapore Health Services



Parkway Group Healthcare

Hospitals / Medical Centres



Novena Medical Center



Connexion



Camden Medical Centre



National University Hospital



Thomson Medical Centre



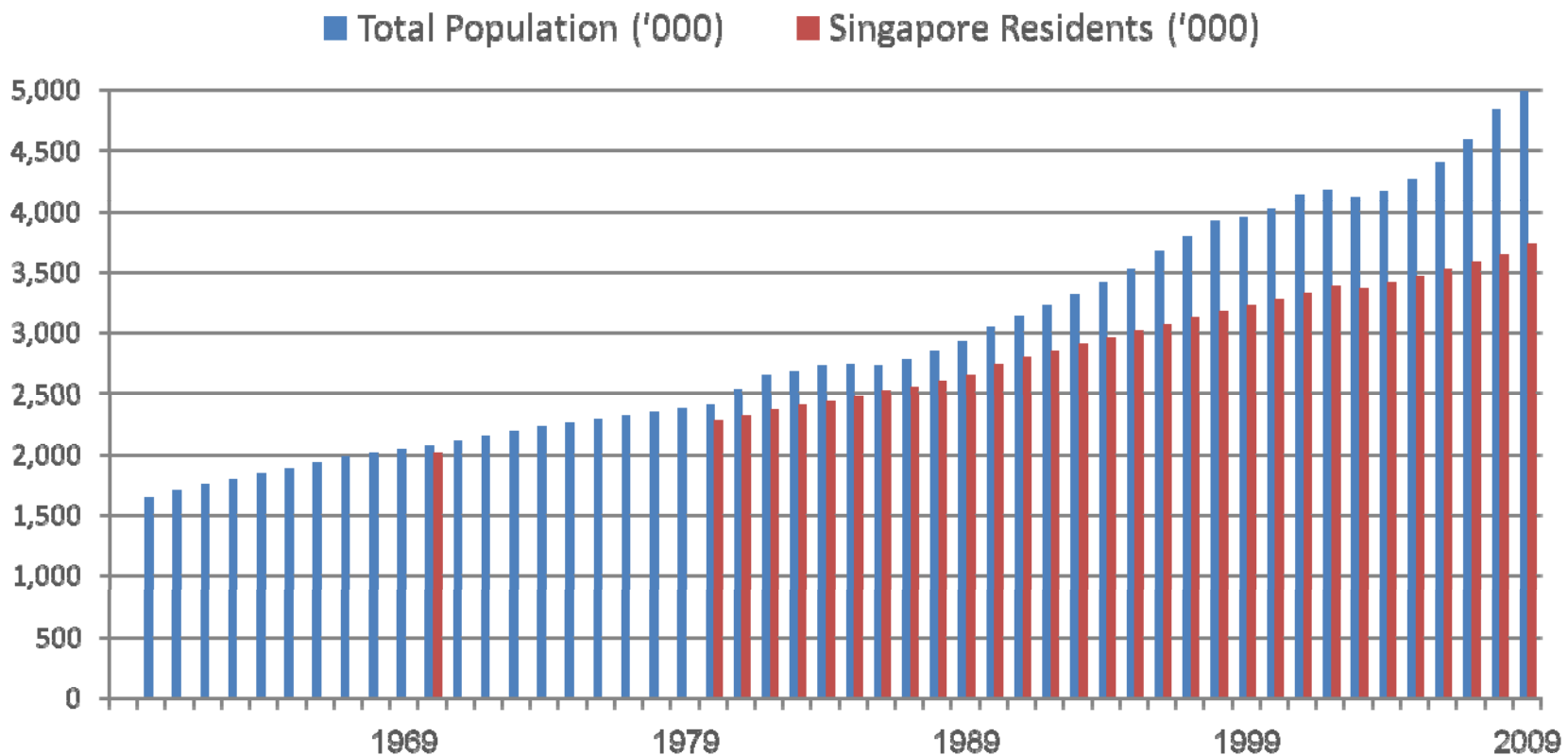
Mount Alvernia Hospital



Alexandra Hospital

Population growth

- **Potential of 6.5 million population** (2009: 4.9 million)
- **To be driven mainly by immigration**



Source: Statistics Singapore

Data for 1980 and earlier Censuses refer to all persons present in Singapore and enumerated on Census Day. Data from 2000 onwards are based on the register-based approach. Data from 2003 - 2007 have been revised wef Feb 2008.

Total population comprises Singapore residents and non-residents. Resident population comprises Singapore citizens and permanent residents.

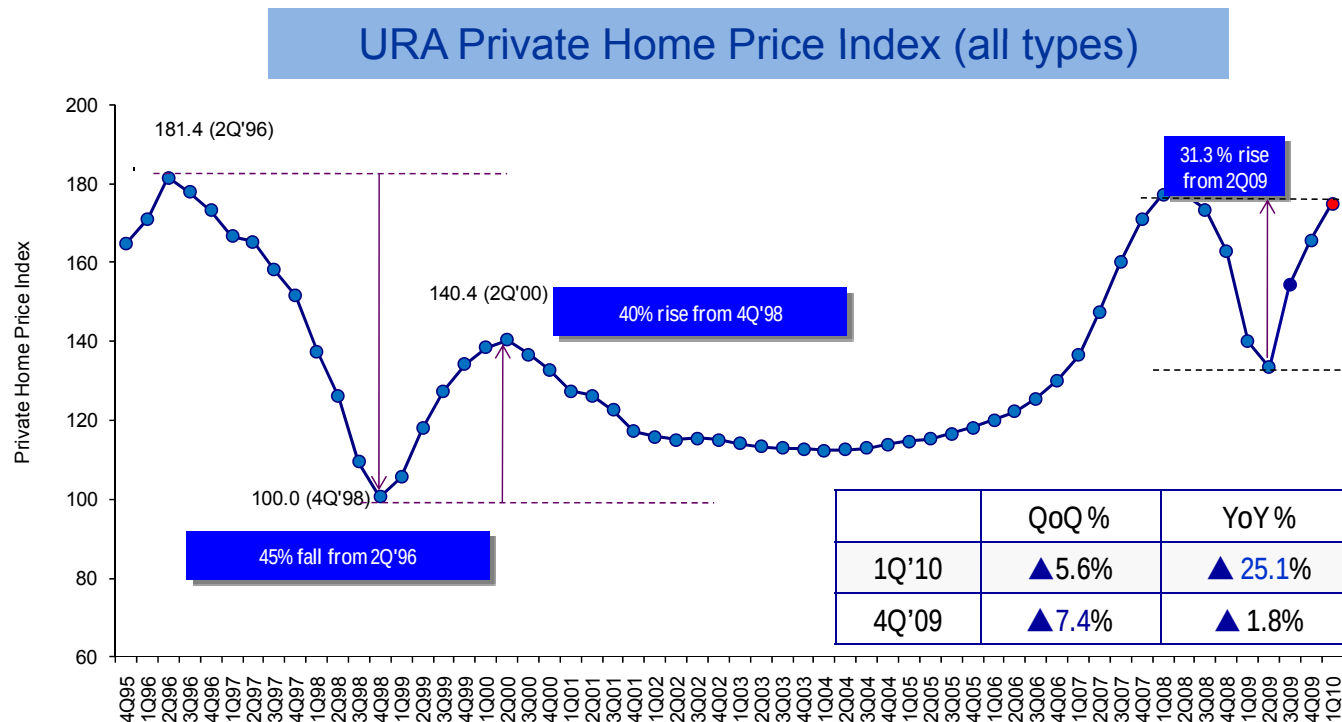
Singapore Residential





Strong recovery in home prices

- **Strong price growth from 2H'09 trough**
 - Prices have increased 5.6% q-o-q, a rebound of 31.3% from 2Q'09 trough
 - Prices have increased 25.1% yoy and it is only 1.4% below 2Q'08 peak
 - Underpinned by strong market fundamentals – improving economic conditions



Source: URA and CapitaLand Research



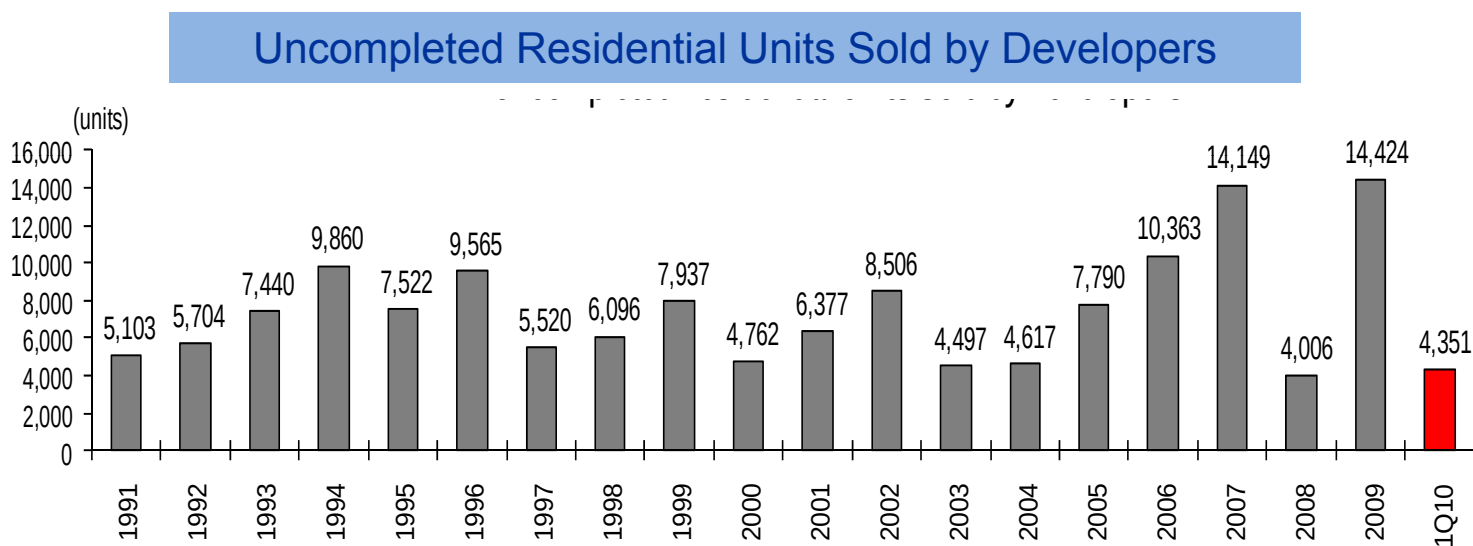
Government Initiatives to promote healthy & sustainable housing market

- 3.0% vendor stamp duty on residential properties sold within one year
- Loan-to-value limit is lowered from 90% to 80%
- Minimum Occupation Period (MOP) for HDB resale flats, revised from 1 yr to 3 yrs
- Increase land supply - through Confirmed and Reserved list
- Increasing supply of public housing units



Volume recovered in strength

- 4,351 uncompleted units sold in 1Q'10



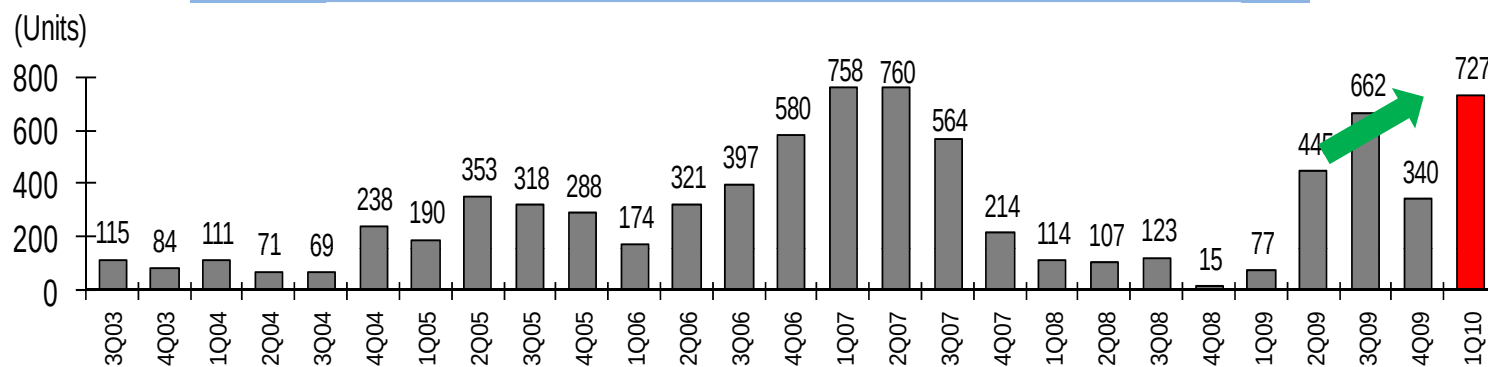
Source: URA and CapitaLand Research



Foreign buyers re-entering the market

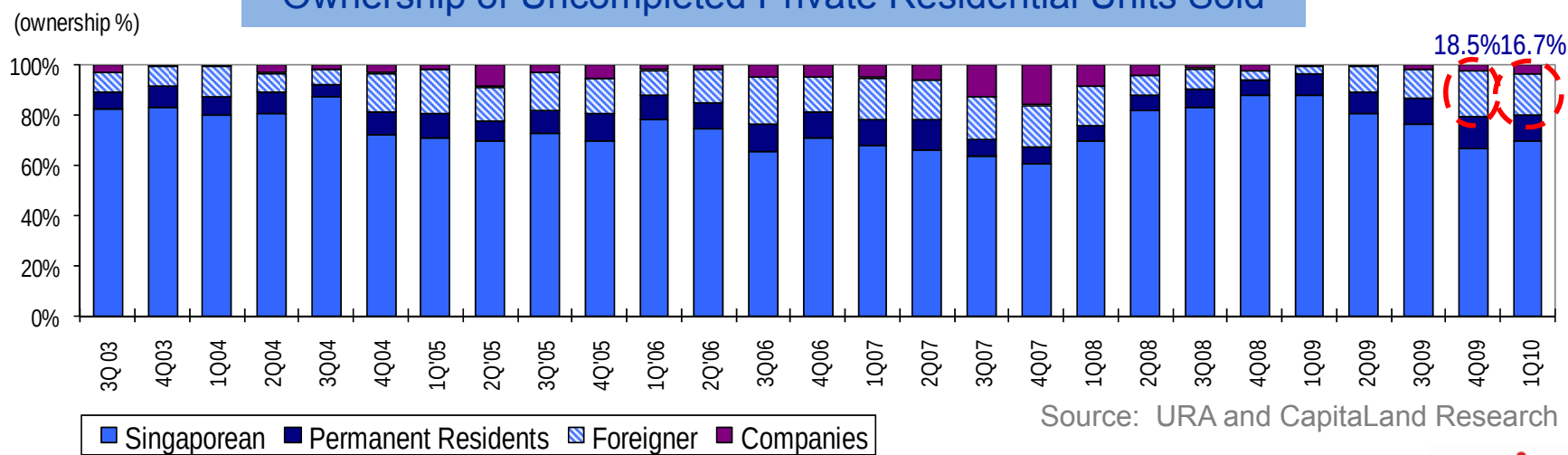
- 1Q'10 foreign buyers accounted for 16.7% of sales

Uncompleted Residential Units purchased by foreigners



Source: URA and CapitaLand Research

Ownership of Uncompleted Private Residential Units Sold



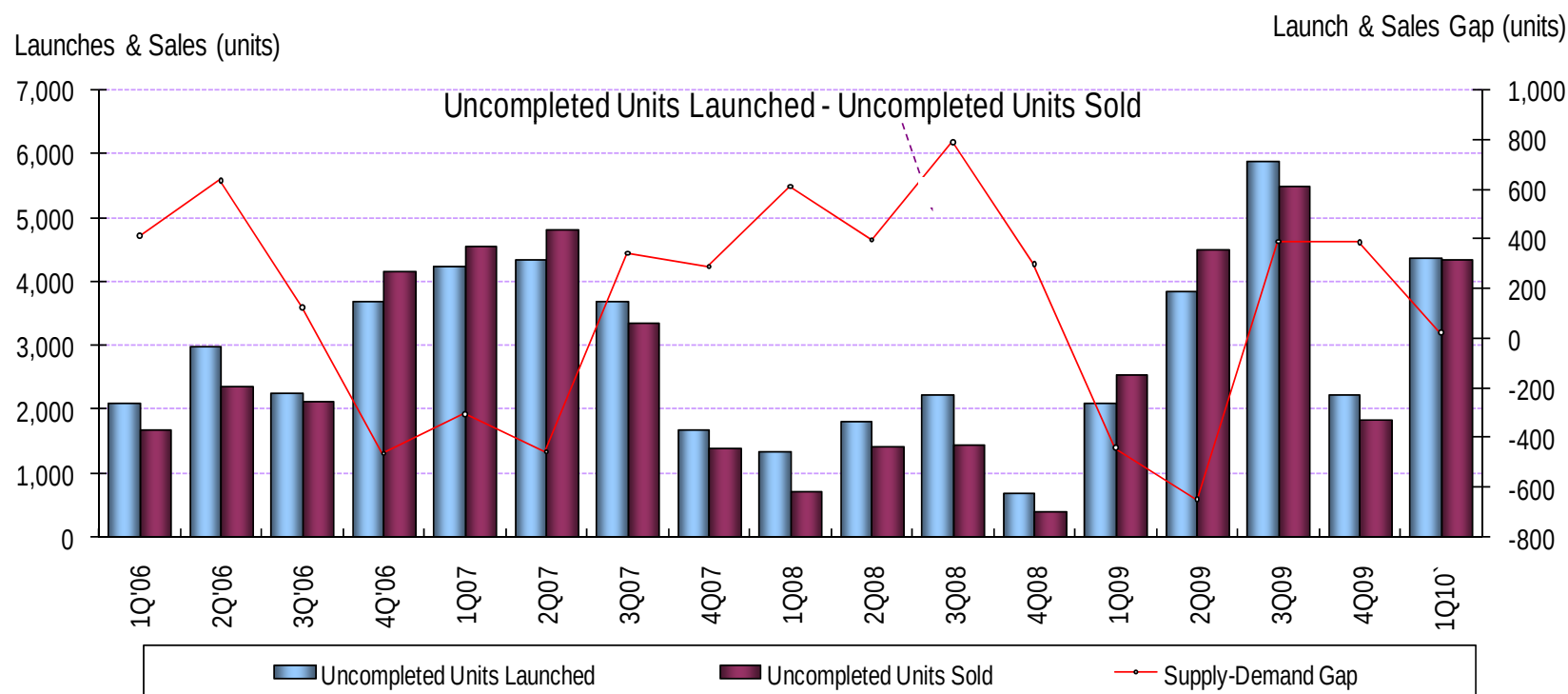
Source: URA and CapitaLand Research



Balanced supply & demand

- Take-up equal to new launches

Uncompleted Residential Units Launched & Sold

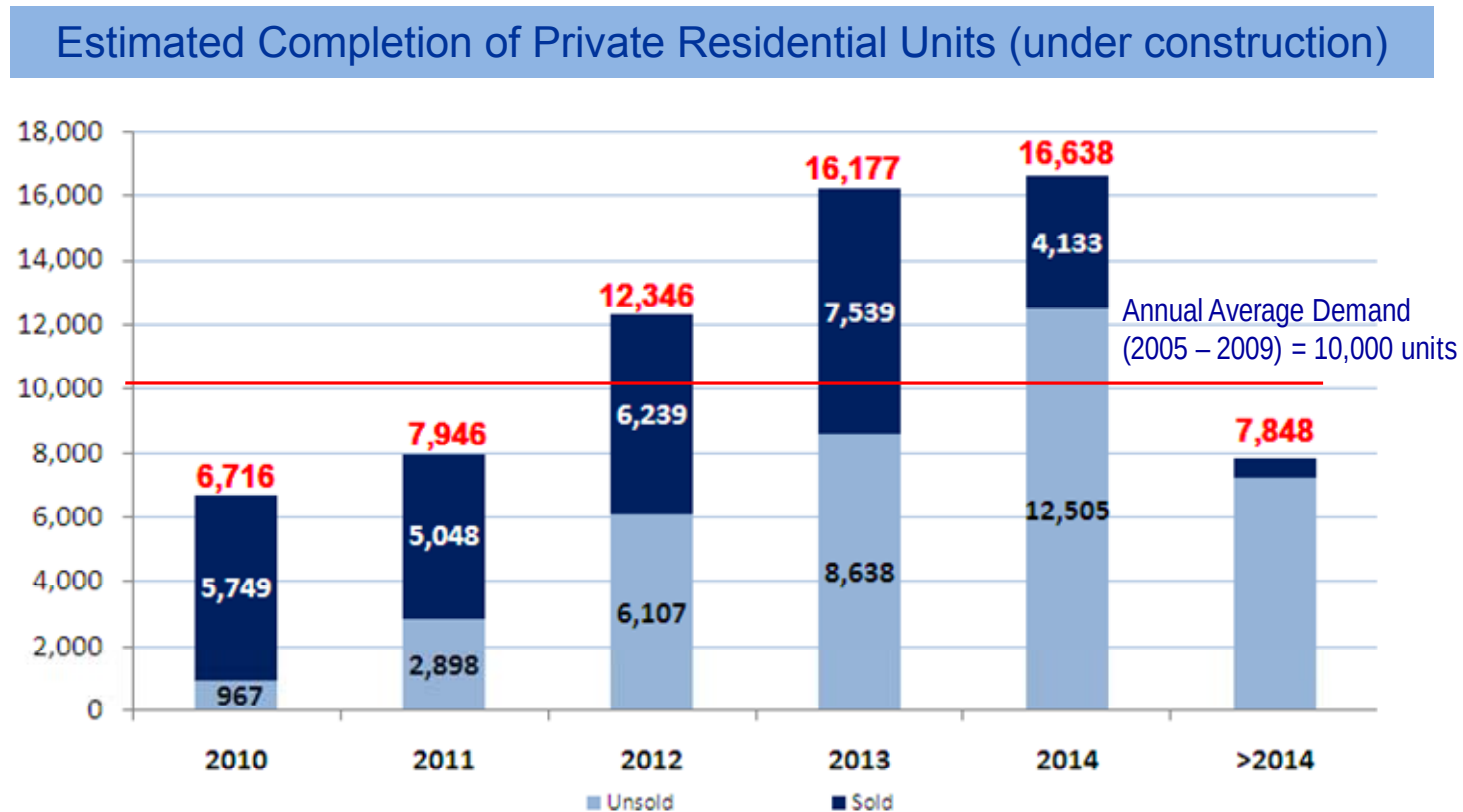


Source: URA and CapitaLand Research



Balanced supply & demand (cont.)

- Impending supply largely sold

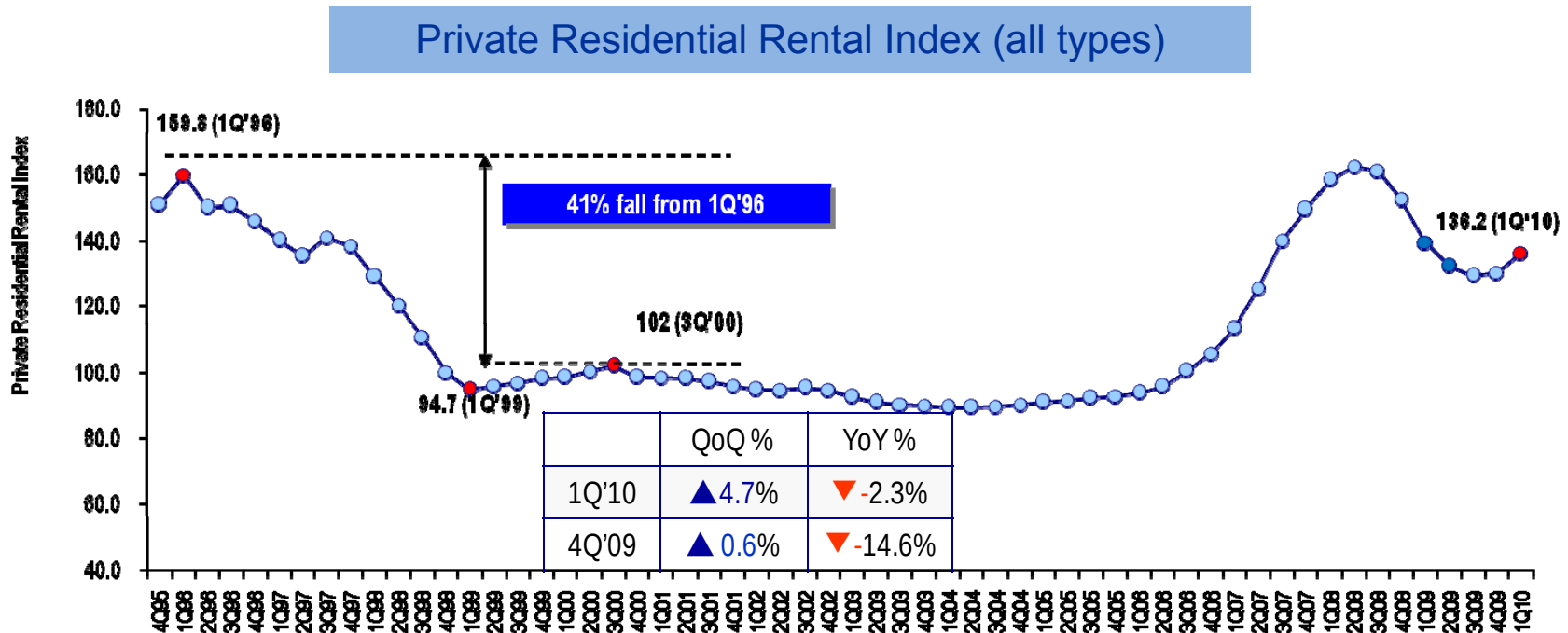


Source: URA and CapitaLand Research



Rental markets improving

- Rentals improved for second straight quarter due to robust economic growth and better job market



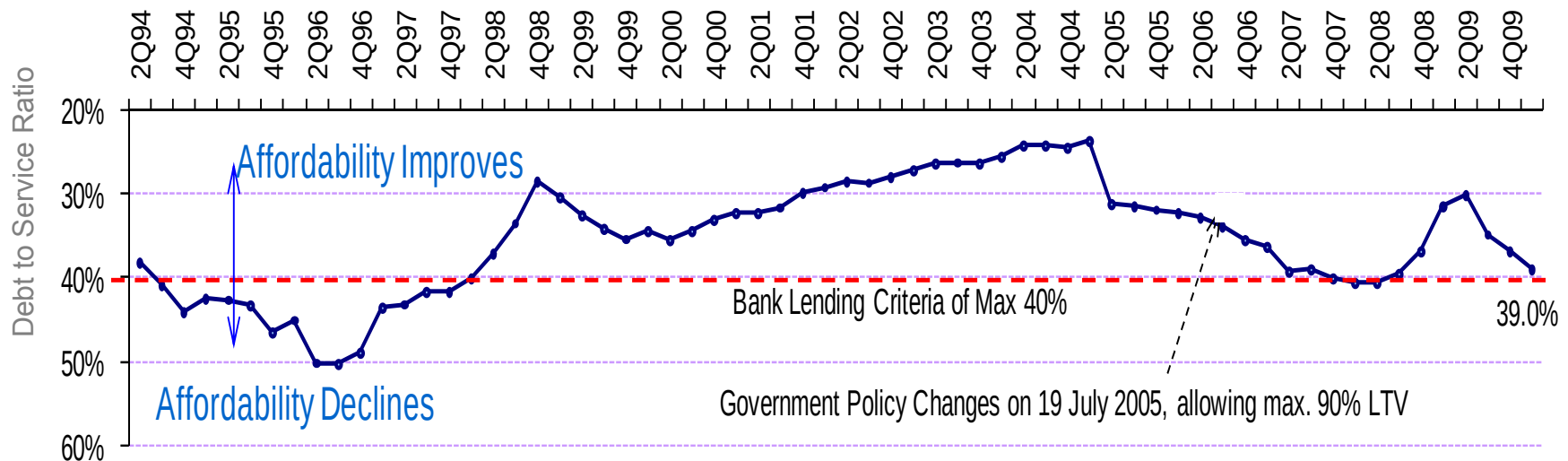
Source: URA and CapitaLand Research



Affordability weakened, but remains healthy

- Affordability weakened due to higher property prices
- Debt service ratio of 39% at 1Q'10 remains healthy

Affordability of Private Homes in Singapore



Source: MAS, URA, Department of Statistics and CapitaLand Research



Strong Buying sentiment in high-end segment

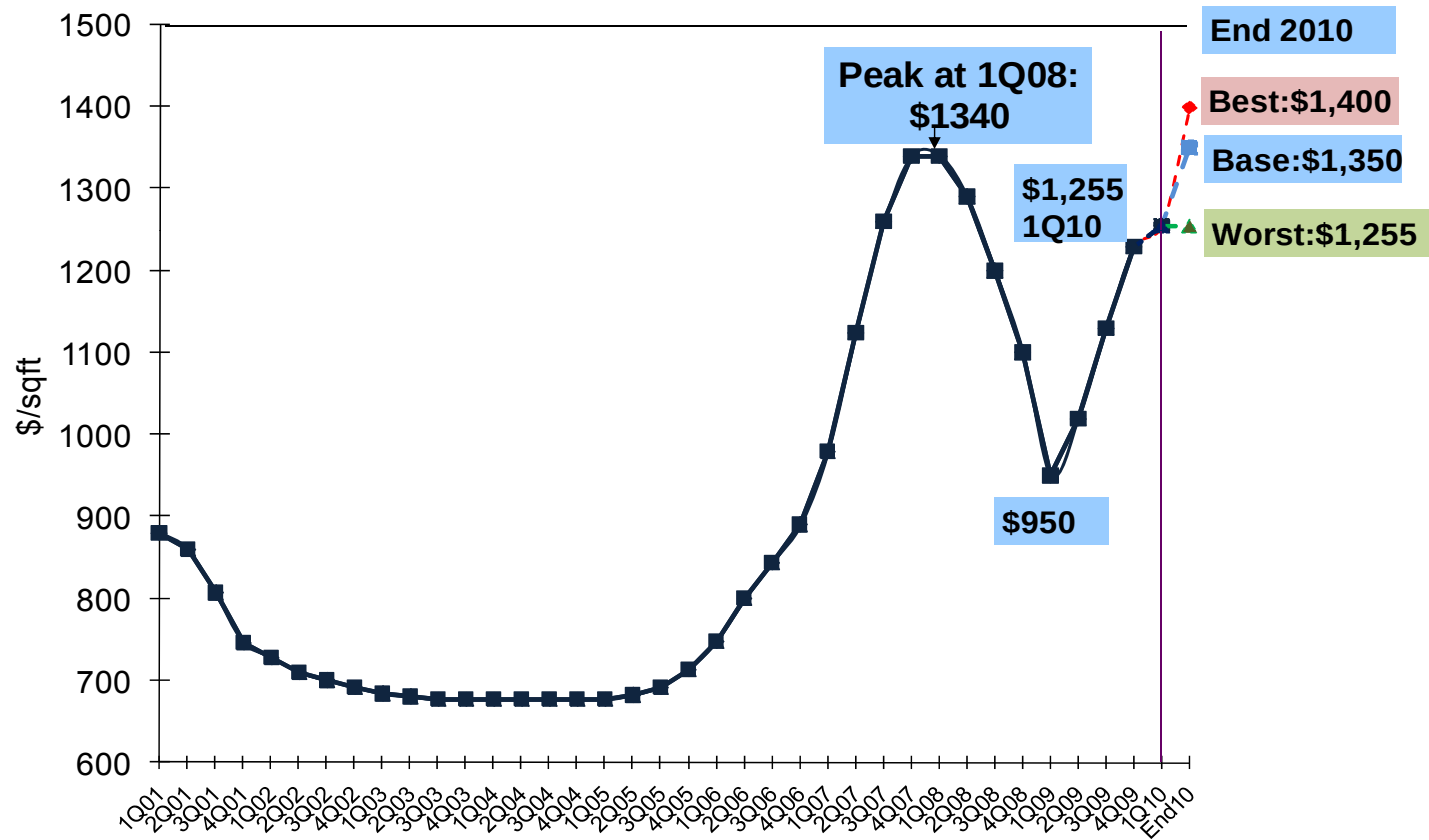
- Demand for Singapore luxury residences fuelled by:
 - Strong economic growth & healthy wealth growth
 - A second-home market from global HNWIs with opening of two Integrated Resorts
 - Large price “discount” from peak

Project	Total Units	Secondary Market Transacted Prices (S\$/sqf)			
		Peak (S\$/sqf)	Lowest since peak S\$	Dec (2009) S\$	Mar (2010) S\$
St Regis	255	3,989 (Jun 07)	1,528 (Jan 09)	2,450	2,450
The Sail	1,111	3,300 (Aug 07)	1,100 - 1,200 (Jan 09)	2,000 - 2,600	2,200 - 2,650



Expect prices rising by between 10%-20% for the mid-to high-mid segments of the market

Mid Market Residential Prices

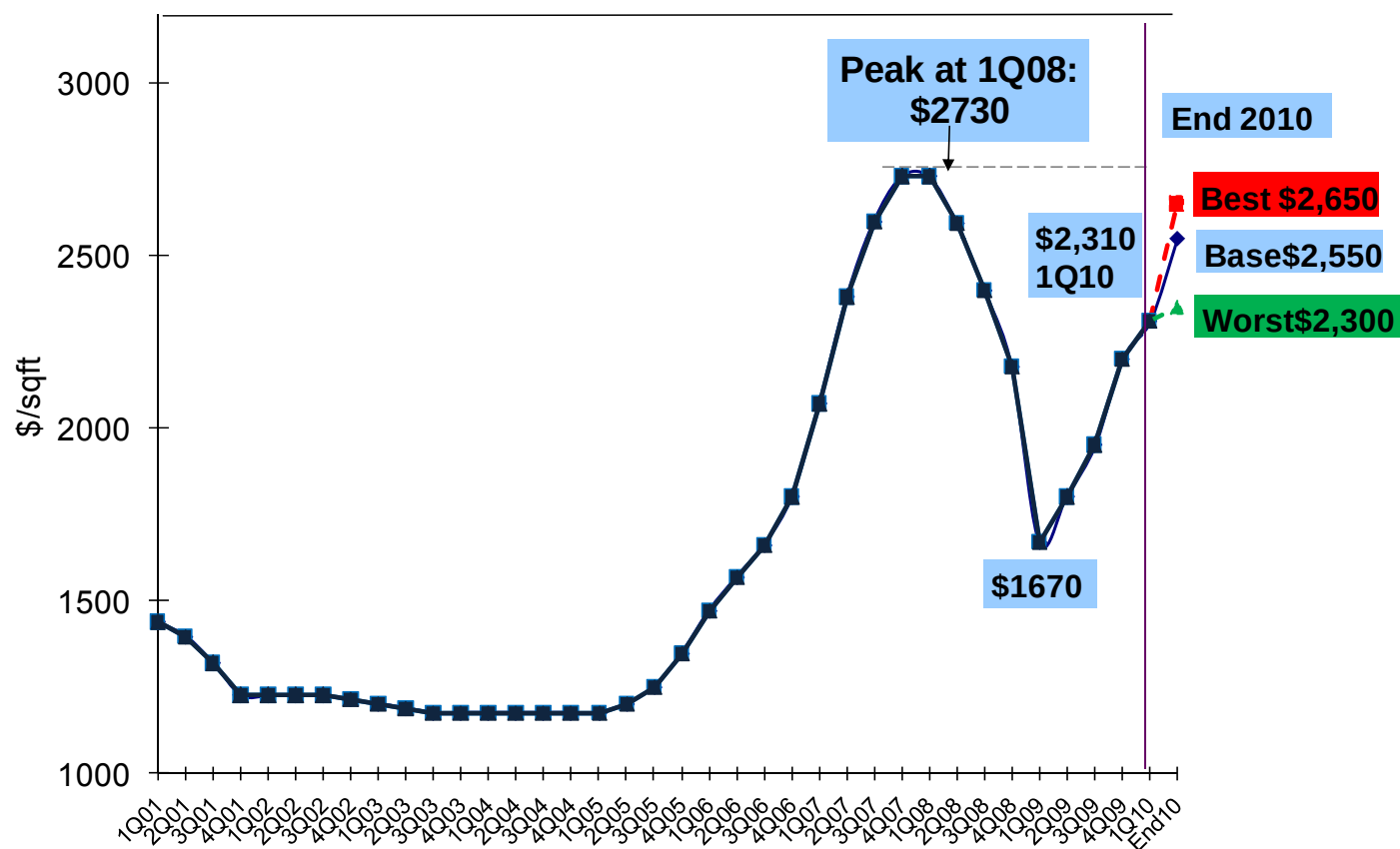


Source: JLL and CapitaLand Research



Expect prices rising by between 10%-20% for the mid-to high-mid segments of the market (cont.)

High-end Market Residential Prices



Source: JLL and CapitaLand Research



Residential summary

New home sales supported by both owner occupiers and investors

Foreign buyers re-entering on improving fundamentals in Singapore

Sustainable growth signs on balanced demand/supply

Strong long term fundamentals - growth of PRs and foreigners, Singapore becoming a Global Hub City

Housing affordability weakened but still within healthy level

Mass segment expected to flatten, mid- end and luxury segments will rise

CapitaLand Residential Positioning



Strong Sales Momentum



- **The Wharf Residence - 93% of 186 units sold**
- **Urban Suites - 95% of 165 units sold**
- **Pipeline of over 2,600 residential units**



The Interlace condominium at Gillman Heights



The Interlace

- Sold 75% of 590 units launched as at mid April 2010

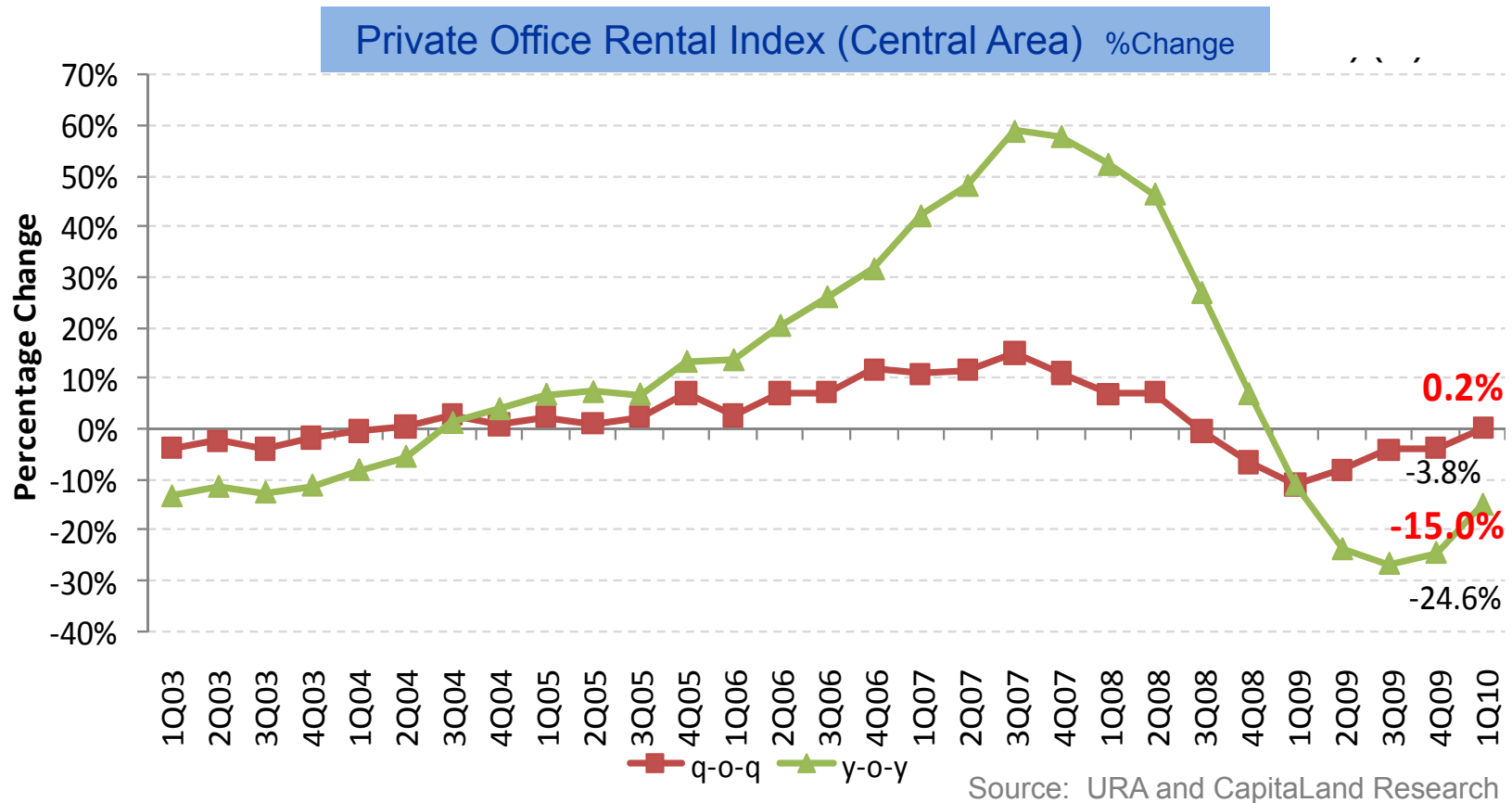
Singapore Office





Rental values have troughed

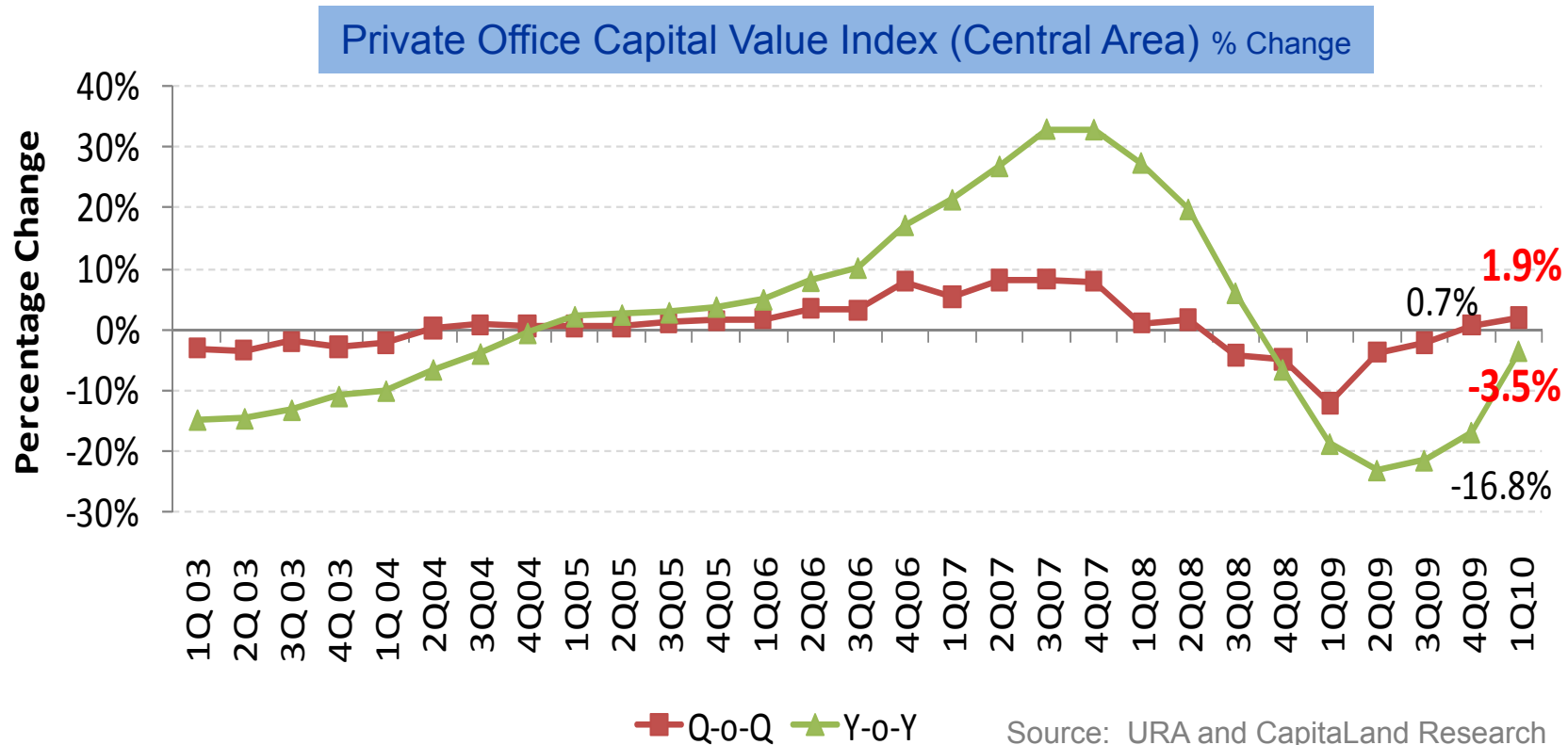
- First Positive q-o-q growth of 0.2% in 1Q'10





Capital values have improved

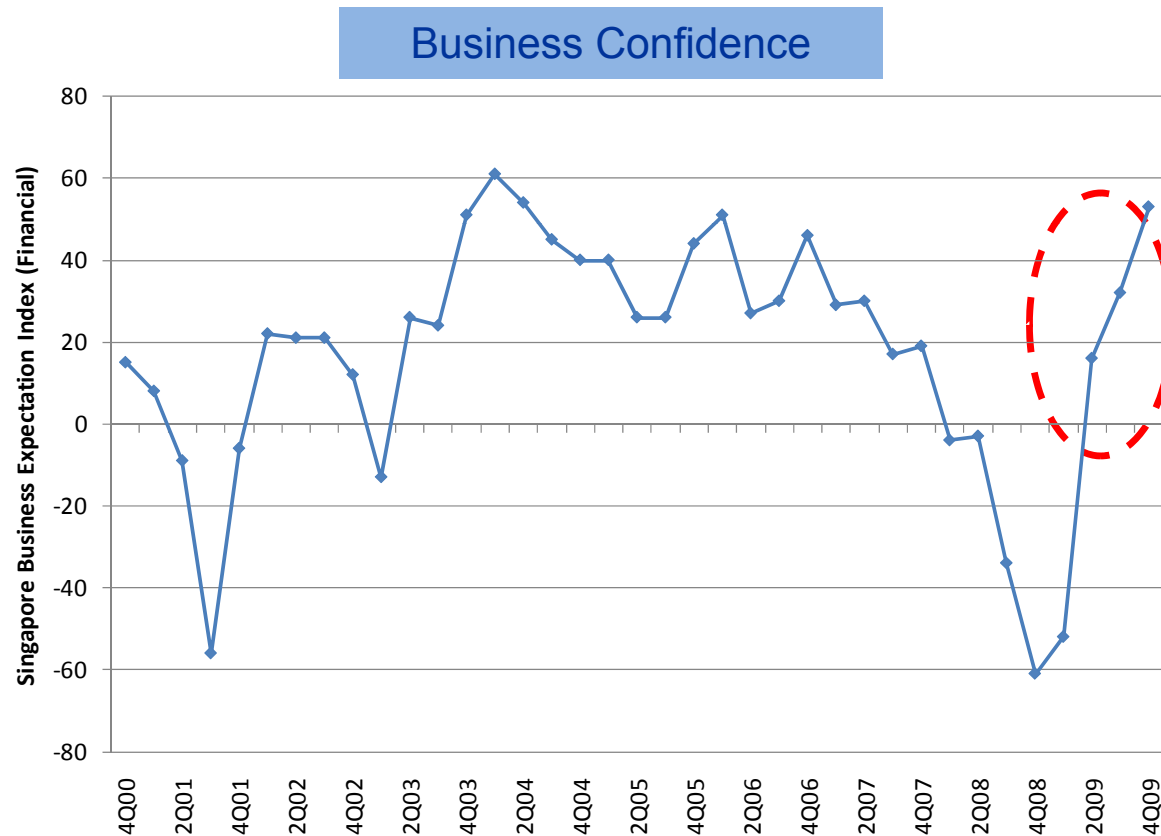
- Stronger q-o-q gain of 1.9% in 1Q'10





Business confidence rising

- 3 consecutive months of net positive take-up of prime office space

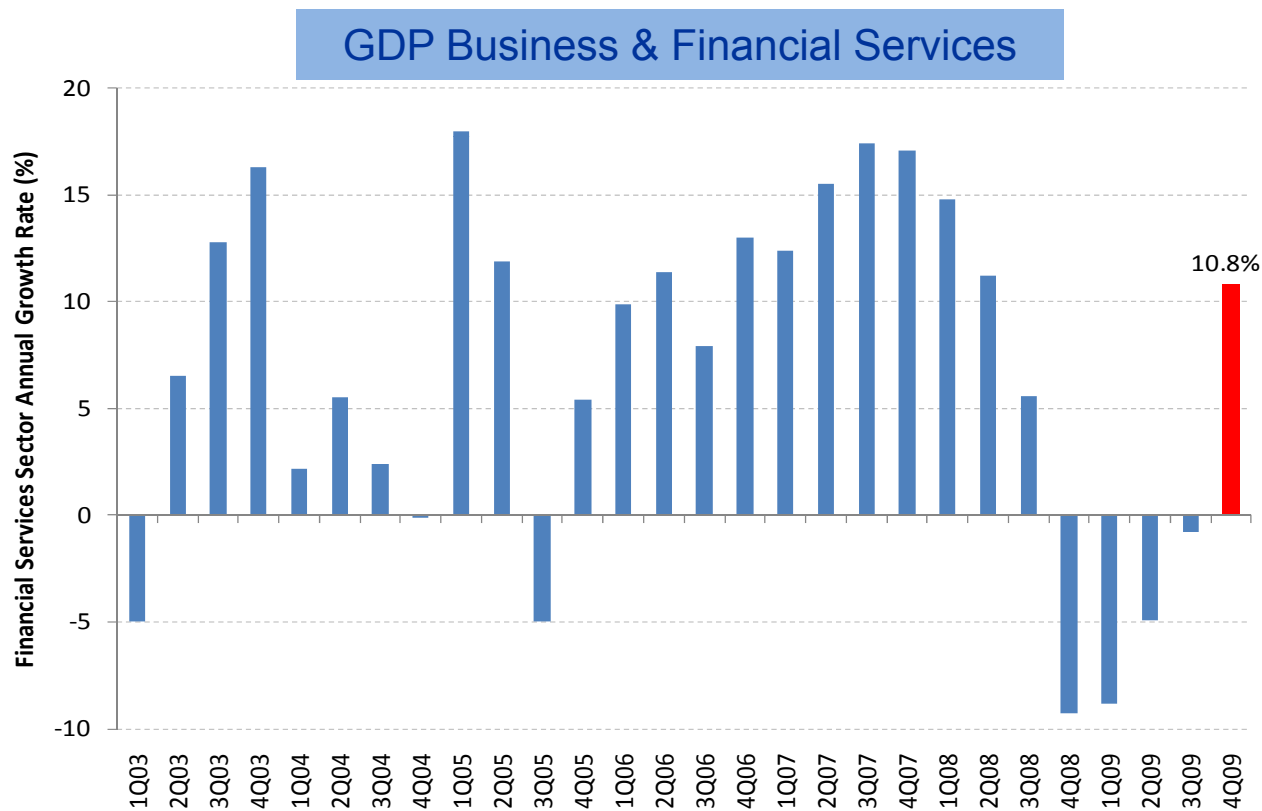


Source: Bloomberg and CapitaLand Research



Singapore global niche financial centre

- **Singapore attractive business destination;**
 - Ranked 3rd most competitive economy by the World Economic Forum
 - Ranked within top 10 financial centres globally

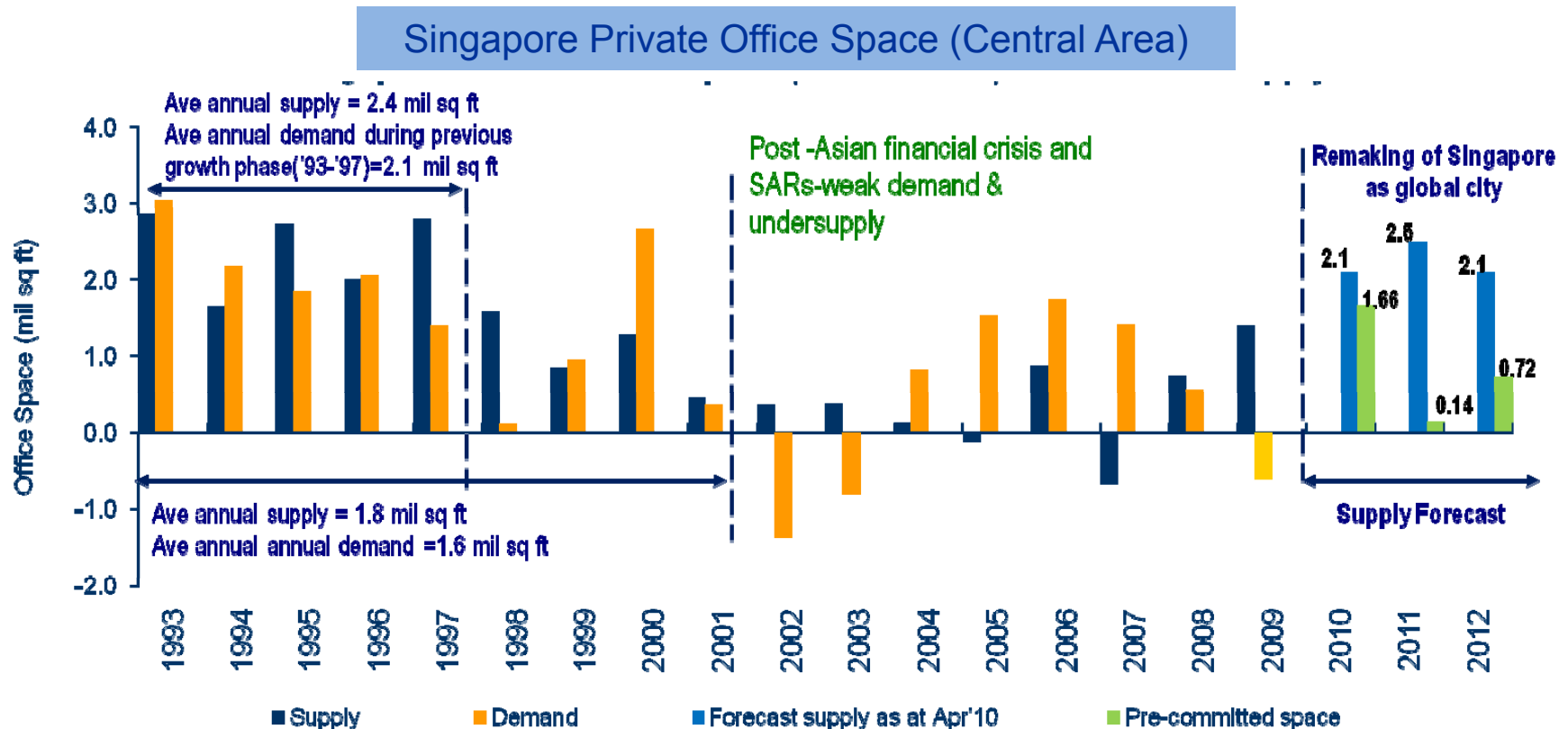


Source:
Bloomberg and
CapitaLand
Research



Pre-leasing of future supply progressing

- 38% of forecast supply in next 3 years is pre-committed
- No new supply in 2013



Note: Central Area comprises 'The Downtown Core', 'Orchard' and 'Rest of Central Area'

Source: Consensus Compiled from URA, CBRE & JLL (April 2010)



Office conversion to residential

- **~1.2 million sqft offices (to 2013) to be converted to residential use**
(Source: CBRE)

Building	Type	Net Leasable Area (sqft)
Marina House	Redevelopment to Residential	170,000
VTB Building	Redevelopment to Residential	90,000
Cecil House	Redevelopment to Residential	50,000
Aviva Building	Redevelopment to Residential	70,000
UIC Building	Redevelopment to Residential (Possibly small office component)	320,000



Positive outlook for Prime Office Space

- Rental values expected to improve modestly in 2010, however stronger in 2011
- Capital values for A-grade office expected to continue to improve

Rental Value

S\$ psf pm	2008 Peak	End 2009	2010	2011	2012
CBRE	16.1	6.8	6.9	7.5	8.0
Colliers	17.0	6.8	7.1	7.9	9.3
JLL	15.6	6.1	5.0	5.3	6.2

Capital Value

S\$ psf	2008 Peak	End 2009	2010	2011	2012
Colliers	3,000	1,700	1,780	1,960	2,250
JLL	2,900	1,700	1,700	1,800	1,901



Office summary

Moderate recovery in URA rental index

Earlier than expected bottoming of rents

Capital value showing improving signs

Strong evidence of office expansions by existing tenants

China market situation

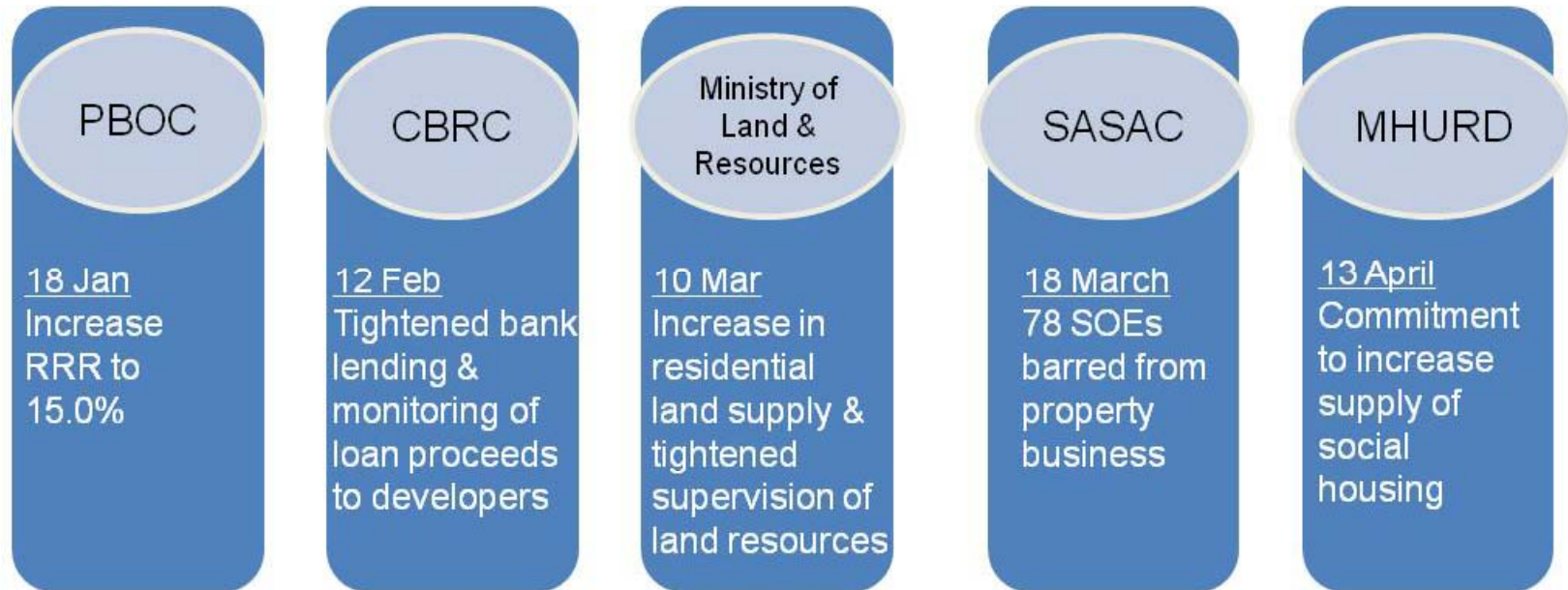




Government policies introduced in 2010

- Tightened controls on real estate market to **boost market stability**

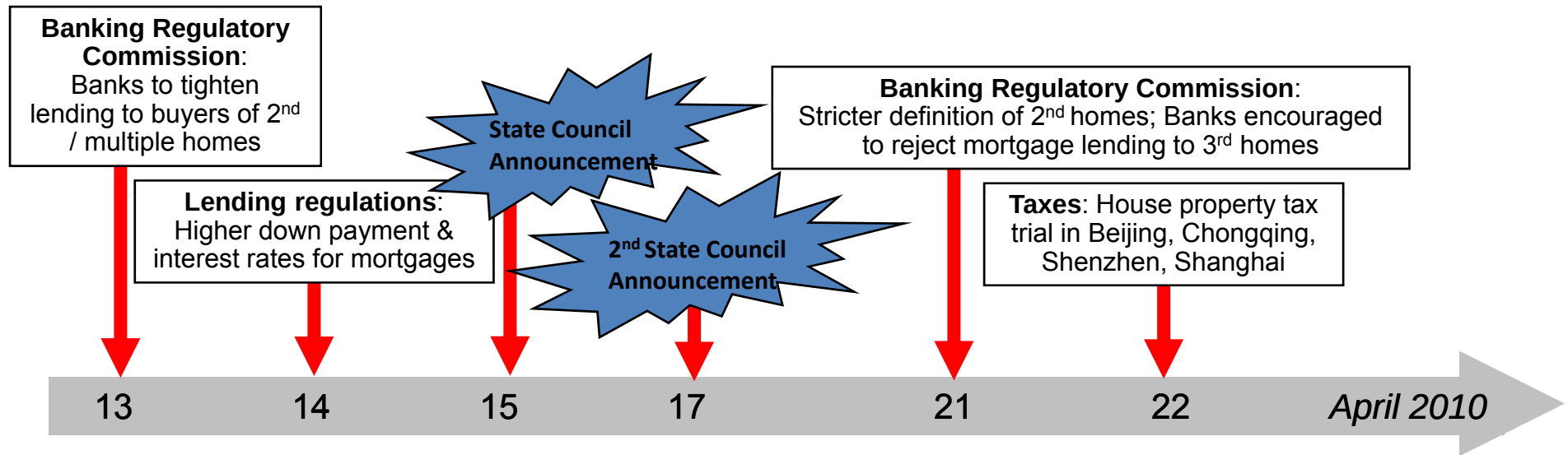
2010: Stepped-up guidance on property and to counter speculation



* SASAC: State-owned Assets Supervision and Administration Commission
MHURD: Ministry of Housing and Urban-Rural Development
RRR: Reserve ratio requirement



Intensified new measures in April 2010





Objective of measures

- 1 Mortgage tightening on speculators**
- 2 Accelerate construction of social welfare housing**
- 3 Increase effective / real housing supply**
- 4 Strengthen market supervision system**

Measure 1 **Toughest mortgage rules since 2007**

Purpose: To Curb Speculative Demands

	First Time Buyers		Second Home Buyers*		Third & Above Home Buyers	
	Before	Current	Before	Current	Before	Current
Down payment	20% or 30%	30% if GFA > 90sqm	30% or 40%	50%	30% or 40%	Banks encouraged to reject
Mortgage Rate	0.7x PBOC benchmark	0.7x PBOC benchmark	< 0.7x PBOC benchmark	1.1x PBOC benchmark	< 0.7x PBOC	Banks encouraged to reject

Note: PBOC benchmark: 5.94%

Note: Banks cannot approve mortgages release to non-local residence homebuyers who fail to provide at least one year tax or social insurance payment records

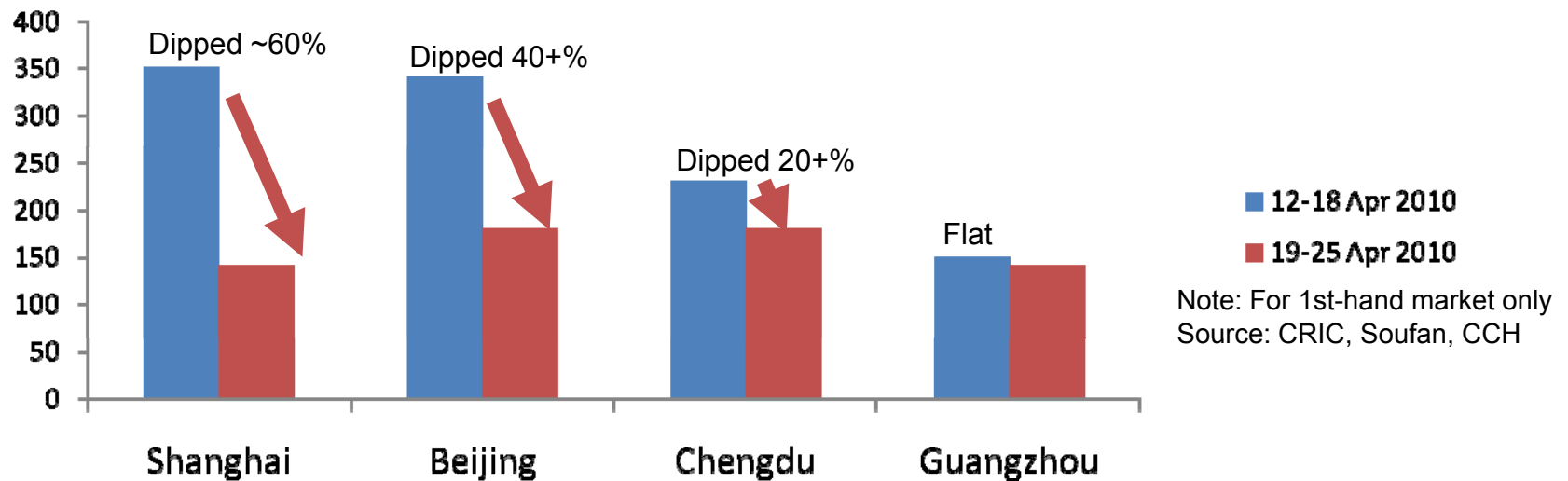
* Second home buyers who own properties regardless whether the previous purchases are mortgaged or not



Near-term sales impact, especially Tier 1 cities

- Knee-jerk reaction in top-tier cities which has experienced significant price increase

Transaction
volume ('000 sqm)



- Some cities less affected, e.g. Chengdu, Guangzhou
- Investors on side-line for time being



Key objectives of the Government

Focus on real needs

- **Focusing on Real Housing Needs**

Sustainability of market

- **Tuning policies to sustain** rather than to crash the residential market

Home ownership

- **Encouraging home ownership** rather than feverish speculation



Underlying market fundamentals remain strong

Government

1. Aim to cool NOT kill market
2. Focus on subsidized housing community and curb excessive price increase

→ **Counter speculation**

Banks

1. Still prepared to lend
2. Control lending to speculators

→ **Avoid excessive liquidity and risk**

Buyers

1. Near-term: “Wait-and-see”
(a) price; (b) financing and down-payment; (c) taxes
2. Long term
(a) Inflation expectations; (b) limited investment options in place of real estate

→ **“Flight to quality”**

Developers

1. Better capitalized
2. Potential acquisition opportunities emerging from market tightening
3. Share price factored in policy risk; attractive valuation

→ **Long-term sustainable growth**



CapitaLand China Holdings' strategy

Long-term fundamentals and investor demand remain

Focus on product and positioning

Action plan

- Maintain selling price
- Prepare relevant projects to be “launch-ready”, creating awareness in meantime

Flexibility to plan launches and allocate resources accordingly



CapitaLand's balanced portfolio in China

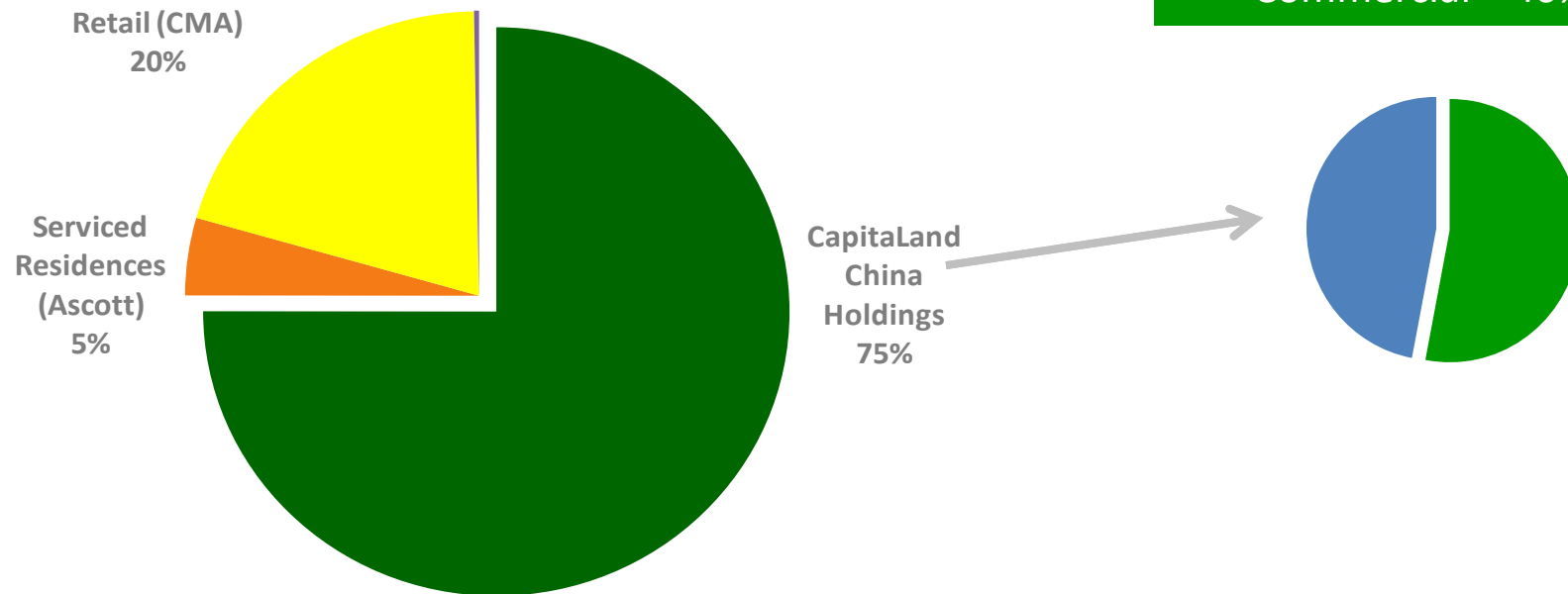
- Good mix of commercial and residential assets
- Sold 2,300 residential units in 2009 valued at RMB5 billion

Total Assets in China
S\$10.0 billion (1Q2010)

CapitaLand China

Residential 54%

Commercial 46%



CapitaLand Results & Conclusion





Strong Financial Performance in 1Q2010

- **PATMI up 169% y-o-y to S\$115.4 million**
 - Despite the reduced shareholding in CapitaMalls Asia pursuant to its public listing
- **Improved performance attributed to:**
 - Higher contributions from residential projects in Singapore, China and Vietnam
 - Strong performance by CapitaMalls Asia (“CMA”)
 - Higher revenue contribution from serviced residences operations
- **Group managed real estate assets¹ expanded**
 - Up from S\$47.7 billion to S\$50 billion in 1Q2010
- **Proactive Capital Management**
 - Good financial flexibility even after US\$2.2 billion acquisition of Orient Overseas Developments Limited (OODL)
 - Cash balance of S\$5.7 billion
 - Healthy Net Debt/Equity ratio of 0.27x

¹ This is the value of all real estate assets managed by CapitaLand Group entities stated at 100% of the property carrying value



1Q 2010 Net Profit (PATMI) up 169% to S\$115 million

(S\$ million)	1Q 2009	1Q 2010	Change
Revenue	487.0	687.3	41%
EBIT	176.4	309.5	75%
PATMI	42.9	115.4	169%
EPS (cents)	1.2	2.7	125%
NTA per share (S\$)	2.84	3.03	7%



Balance Sheet Strength Intact

Despite US\$2.2 billion acquisition of OODL

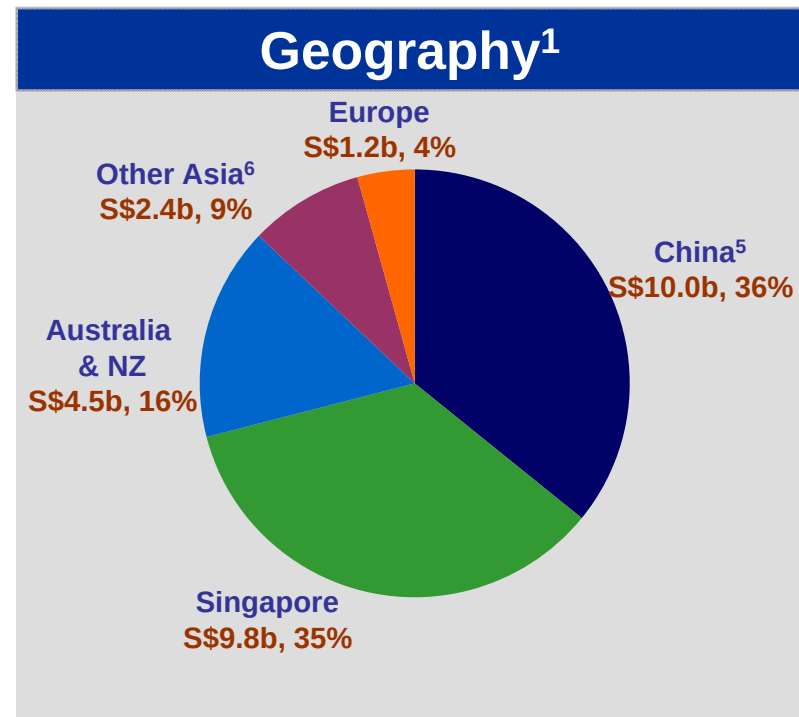
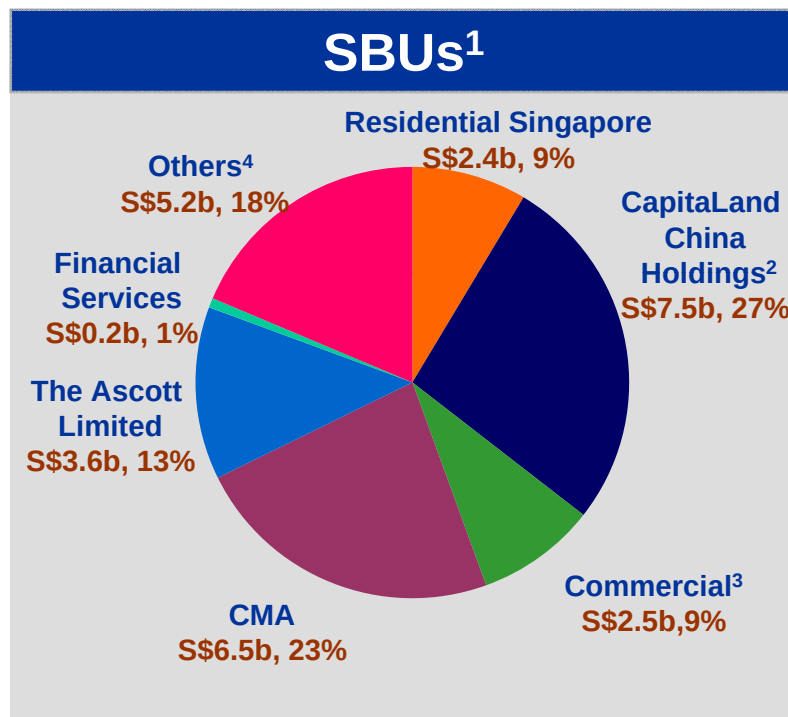
	FY2009	1Q 2010	Change
Equity (S\$bn)	16.9	17.1	1%
Cash (S\$bn)	8.7	5.7	-34%
Net Debt (S\$bn)	1.6	4.7	194%
Net Debt/Equity	0.09	0.27	Satisfactory
% Fixed Rate Debt	66%	70%	Satisfactory
Ave Debt Maturity(Yr)*	4.4	4.2	Satisfactory

** Based on final maturity of the convertible bonds, if all convertible bonds are redeemed on their respective put option dates, the average debt maturity of the Group will be 3.3 years as at 31 March 2010*



Diversified business operations

1Q 2010 Assets by SBUs and Geography (ex treasury cash): S\$27.9 billion



¹ Excludes cash at Group Treasury of S\$2.9bn

² Excludes Retail and Serviced Residences in China

³ Includes residential projects in India, Malaysia, Thailand and Vietnam

⁴ Includes Corporate office, Australand and others

⁵ China including Macau and Hong Kong

⁶ Excludes Singapore and China



Listed on Singapore Stock Exchange 21st Nov 2000



CapitaLand's transformation in 9 years

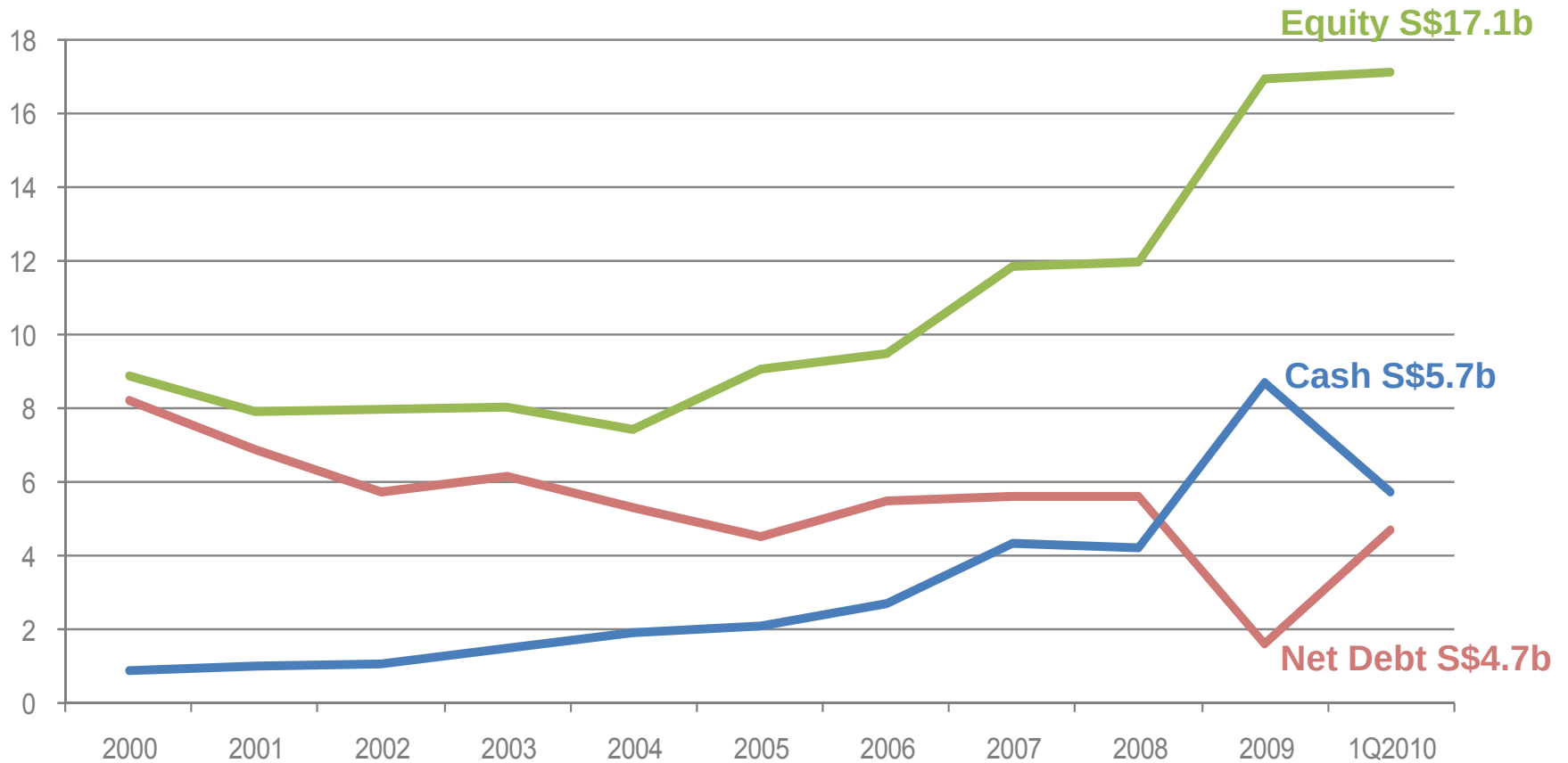
Total Net Profit (2000 – 2009): S\$6.95 billion

Total Distribution to Shareholders (2000 – 2009): S\$2.6 billion





Capital Management: Our value driver





Executing the Next Phase of Growth

FOCUS

- Core Real Estate Sectors in Core Markets of China, Singapore, Australia & Vietnam

BALANCE

- Balanced Exposure across Core Real Estate Sectors, Countries and Products

SCALE

- Increase Scale & Scalability of Businesses



Positioned for Asia's growth

- **CapitaLand is well-positioned to ride on the recovery of real estate markets and improved business confidence**
 - Healthy pipeline of over 2,600 residential units in Singapore
 - Doubled China property portfolio with the acquisition of Orient Overseas Developments Limited (OODL)
 - 7 Raffles City integrated developments (3 in operation and 4 under construction)
 - Retail platform grown to 87 properties
 - World's largest international serviced residence owner-operator with over 25,000 units
 - Strong fund management platform with AUM of S\$26bn
- **Financial Capacity for growth**
 - Low gearing of 0.27x and healthy cash reserves of S\$5.7 billion
 - Capacity to seek strategic investments
 - Remain disciplined in our investment management

Thank You

