

Exceeding
S\$10 Billion
Market Capitalisation



REPORT TO SHAREHOLDERS 2005

S\$751 Million
– Highest Profit
Since Inception

S\$8.5 Billion Assets
Under Management

More than S\$8 Billion
of Value Created for
Shareholders of
Listed Entities in
CapitaLand Group
Since 2000

5-year Compounded
Annual Growth Rate
of 12%

Presence in More
Than 70 Cities in
18 Countries

Asian Growth Company



A world-class entrepreneurial, prosperous and lasting real estate company

Vision 2010

A world-class entrepreneurial, prosperous and lasting real estate company led and managed by people with core values respected by the business and social community.

Ranked among top five real estate companies in Asia, reputed for its innovative and quality real estate products and services.

A company with a strong global network of long term investors and blue-chip partners.

A company which attracts, develops and retains a diversity of talents.

A company which delivers consistently above market total shareholders returns.

Our Mission

To build a world-class real estate company with international presence that:

- Creates sustainable shareholder value
- Delivers quality products and services
- Attracts and develops quality human capital

Building for People to Build People
Building People to Build for People



Corporate Profile

CapitaLand is one of the largest listed real estate companies in Asia.

Headquartered in Singapore, the multinational company's core businesses in property, hospitality and real estate financial services are focused in gateway cities in Asia Pacific, Europe and the Middle East.

The company's property and hospitality portfolio spans more than 70 cities in 18 countries. CapitaLand also leverages on its significant real estate asset base and market knowledge to develop real estate financial products and services in Singapore and the region.

The listed subsidiaries and associates of CapitaLand include The Ascott Group, Raffles Holdings, CapitaMall Trust, CapitaCommercial Trust and Australand, which is listed both in Singapore and Australia.

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Presence in more than 70 Cities in 18 Countries

KEY GATEWAY CITIES

Singapore
Bangkok
Beijing
Dubai
Hong Kong
London
Melbourne
Shanghai
Sydney
Tokyo

GLOBAL PRESENCE

ASIA PACIFIC

Australia
Brisbane
Hobart
Melbourne
Perth
Sydney

China
Beijing
Changsha
Chengdu
Chongqing
Dalian
Dongguan
Foshan
Guangzhou
Hong Kong
Huiyang
Maoming
Mianyang
Nanchang
Nanhai
Ningbo
Shanghai
Suzhou
Tianjin
Weifang
Wuhan
Wuhu
Xiamen
Zhanjiang
Zhangzhou
Zhengzhou
Zibo

India
Mumbai

Indonesia
Jakarta
Surabaya

Japan
Fukuoka
Hokkaido
Osaka
Tokyo

Malaysia
Johore
Kuala Lumpur
Kuching
Penang

New Zealand
Auckland

Philippines
Manila

Singapore

South Korea
Seoul

Thailand
Bangkok
Pattaya

Vietnam
Hanoi
Ho Chi Minh City

EUROPE

Belgium
Brussels

France
Aix-en-Provence
Bordeaux
Cannes
Gaillard
Genève
Grenoble
Lille
Lyon
Marseille
Montpellier
Nice
Paris
Strasbourg
Toulouse

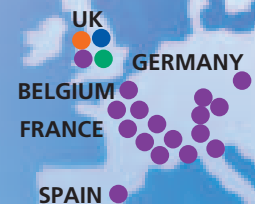
Germany
Berlin

Spain
Barcelona

UK
London

MIDDLE EAST

UAE
Dubai



UK
BELGIUM
FRANCE
GERMANY
SPAIN



- RESIDENTIAL
- COMMERCIAL
- RETAIL
- FINANCIAL SERVICES
- SERVICED RESIDENCES
- RAFFLES HOLDINGS



Highlights of the Group's Performance

- Revenue S\$3,845.6 million (+21.0% from 2004)
- Profit after taxation S\$1,175.6 million
- Profit attributable to shareholders S\$750.5 million

	2005	2004	
Increased Shareholder Returns			
Total Gross Dividend per Share	18 cents	6 cents	✓
Share Price as at year-end	S\$3.44	S\$2.13	✓
Record Profits of S\$751 Million			
Profit after Tax and Minority Interests ("PATMI")	S\$751M	S\$306M	✓
Earnings Per Share	28.3 cents	12.1 cents	✓
Strong Underlying Core Business			
Earnings before Interest and Tax ("EBIT")*	S\$966M	S\$853M	✓
PATMI*	S\$831M	S\$348M	✓
<i>* excluding impact of end of year revaluations of investment properties</i>			
Increased Overseas Contributions			
Overseas Revenue	S\$2,844M	S\$2,096M	✓
Overseas EBIT	S\$681M	S\$663M	✓
Achieving Better Returns			
Return on Shareholders' Funds	12.5%	5.4%	✓
Return on Total Assets	8.2%	4.2%	✓
Assets under Management	S\$8.5B	S\$6.0B	✓
Shareholders' Funds	S\$6.7B	S\$5.4B	✓
Total Assets	S\$18.2B	S\$17.2B	✓
Improved Financial Profile			
Net Debt	S\$4.5B	S\$5.3B	✓
Gearing	0.50	0.71	✓
Interest Cover Ratio	9.19	4.59	✓
Interest Service Ratio	8.53	5.27	✓

From left to right:
Dr Hu Tsu Tau (Chairman),
Liew Mun Leong (President and CEO)



“The successful execution of our business strategies has resulted in a substantial increase in shareholder value.”



Raffles City Beijing

Dear Shareholders,

The Group celebrated its fifth anniversary in 2005 and recorded its highest profit ever. The profit doubled to S\$750.5 million from S\$305.7 million in 2004. The revenue for the year was S\$3.8 billion, 21 per cent more than the S\$3.2 billion achieved in 2004. The underlying performance of our remaining core businesses was very strong. Excluding the gains related to the divestment of PREMAS and the hotel business, and the profit and loss impact of end of year revaluations of investment properties, the profit was S\$387.6 million or 16.4 per cent higher than the S\$333.1 million achieved a year ago. The Directors are pleased to propose a first and final dividend of 18 cents per share, comprising an ordinary dividend of 6 cents, which is up 20 per cent from 2004, and a special dividend of 12 cents, for the financial year ended 31 December 2005.

Over the last five years, we have grown to be ranked among the top companies in Singapore by market capitalisation. Our financial strength has improved considerably, giving the Group capacity to seek and secure numerous opportunities in our chosen markets. We have also developed a strong global network of long term investors, with blue-chip companies choosing us as preferred partners. The successful execution of our business strategies has resulted in a substantial increase in shareholder value. Our share price appreciated more than 62 per cent as at end-December 2005 compared to a year ago.

“The Group celebrated its fifth anniversary in 2005 and recorded its highest profit ever...The underlying performance of our remaining core businesses was very strong.”

Unlocking Shareholder Value

In 2005, the Group's hospitality arm, Raffles Holdings, made a strategic decision to divest its hotel business. The sale of the hotel business, described as a major transaction in Singapore's corporate history, was part of Raffles Holdings' continuing efforts to create and unlock shareholder value. It was a divestment at an attractive 64 per cent premium to net tangible assets, and contributed S\$393.8 million to the Group's bottom line.

Earlier in the year, CapitaLand divested its property services arm, PREMAS, as the business unit had an increasingly different growth path to maximise its own opportunities. CapitaLand Group reaped a gain of S\$31.1 million from the divestment.

Strengthening our Business Operations

All the business areas leveraged on their respective domain knowledge, market presence, capital resources and track record to grow the operations in Singapore and abroad.

Commercial and Integrated Development

The Group's commercial and integrated development business unit stepped up the building of mixed and integrated developments based on its track record for such developments in London, Shanghai and Singapore. In China, the Group acquired two commercial sites in Beijing, one to be developed as a mixed development to be called Raffles City Beijing and another, an office tower building, Capital Tower Beijing which will be

CapitaLand China's flagship office building when completed in 2006. In Singapore, we are partnering MGM MIRAGE and Kerzner International to bid for two proposed integrated resort developments, at Marina Bayfront and Sentosa respectively.

The Group was active in the acquisition and divestment of commercial properties in line with its capital productivity objective. In China, one commercial property in Shanghai was divested with a total gain of S\$39.2 million. In London, we completed the sale of Moorgate and our stake in Four Seasons Hotel. In Malaysia, CapitaLand signed an agreement to purchase Wisma Technip, a 12-storey prime freehold office tower in Kuala Lumpur. In Singapore, CapitaCommercial Trust (CCT), the Group's commercial REIT, acquired the HSBC Building, a prime office building in Raffles Place.

Retail

On the retail front, much took place in 2005 especially in Singapore, China and Japan. In Singapore, CapitaLand and its joint venture partner Sun Hung Kai Properties won the bid to develop Orchard Turn, the most prime site along Orchard Road. An iconic retail mall, with luxurious residential homes, will be built to bring tremendous vibrancy to Singapore's premier shopping street. Clarke Quay, a lifestyle and entertainment hub, was revitalised with a host of highly-anticipated international brand-name attractions. CapitaMall Trust (CMT), the Group's retail mall REIT, acquired four malls in Singapore including Bugis Junction.

Clarke Quay, Singapore



In China, the Group's retail arm continued to open more retail malls out of its portfolio of 26 malls, which has an asset size of more than US\$1 billion (S\$1.7 billion). The portfolio includes 21 malls in cities across China, anchored by Wal-Mart, under an agreement with Shenzhen International Trust & Investment (SZITIC). This is in addition to two malls in Beijing, anchored by Beijing Hualian Group.

In Japan, the Group stepped up its activities and acquired another three malls under the aegis of its CapitaRetail Japan Fund. The fund's total portfolio will be expanded to JPY147 billion (about S\$2.1 billion) within the next three years.

Residential

On the residential front, CapitaLand grew strongly in the key gateway cities. In Singapore, the high-end projects performed particularly well. As at the end of 2005, the Group sold 880 homes and attained more than S\$1 billion in gross sales. We launched RiverGate, a freehold landmark along the Singapore River; Tanglin Residences, a boutique project in the prime Nassim area; and RiverEdge, a 99-year leasehold riverfront condominium in Tanjong Rhu. During the year, the Group acquired two additional sites with the capacity to build 530 homes by 2007.

In Beijing, CapitaLand launched several new projects. These include a new phase of La Forêt, located near the Olympic Forest Park, as well as Phase 1 of Beijing Orchid Garden, a villa and townhouse project. In Shanghai, Parc Trésor and Westwood Green were launched. In Ningbo, the Group acquired a site for residential apartments, with some offices and retail shops. In Guangzhou, a new residential estate will be developed.

In Australia, our subsidiary Australand continued to perform strongly. Freshwater Commercial Tower in Melbourne was fully completed. Australand has been successful with its on-going strategy to diversify its profit generation capacity. It acquired, as part of this strategy, the Australand Property Trusts 4 and 5 during the year. Australand will continue

“CapitaLand’s vision for the next five years is to be a world-class entrepreneurial, prosperous and lasting company, ranked among the top real estate companies in Asia, and a leader in innovative real estate products and services.”

to increase the level of recurrent investment property income and reduce its dependence on development income.

CapitaLand has also been active in Thailand and Malaysia. In Thailand, CapitaLand's joint venture company, T.C.C. Capital Land, acquired three prime residential sites in Bangkok, and launched its third project, The Empire Place. In Malaysia, we were involved in several residential developments through United Malayan Land, an associated company. CapitaLand Financial also has an indirect stake in condominium developments in Kuala Lumpur, providing project design, marketing and management advisory services.

Serviced Residences

Our serviced residence arm, The Ascott Group, will remain the Group's mainstay hospitality business. In 2005, The Ascott Group crossed the 15,000 mark for the number of serviced apartment units, and is on track to meet its target of 25,000 units by 2010. The Ascott Group extended its presence to more cities in Asia and the Middle East. In South Korea, it opened the Somerset Palace, the largest serviced residence in the country. It extended its European Citadines brand in Asia, with the first Citadines properties in Shanghai, Suzhou and Bangkok. Looking ahead, Ascott plans to launch, for future growth, more projects under the three brands, and to significantly transform its

business model, by creating the first Pan-Asian serviced residence REIT, Ascott Residence Trust (ART).

Benefiting from International Fund Flows

There has been greater interest by international capital markets, in tandem with the growth in cross-border capital flows, to invest in Asian real estate. In addition, more countries in Asia are pursuing reforms to their real estate markets, including the adoption of a REIT structure. Given CapitaLand's track record in asset securitisation, property funds and REITs, blue-chip companies have approached the Group to collaborate in and co-fund real estate developments in Asia.

These developments in capital market operations have helped the Group to expand the property fund management business, in parallel to and integrated within, the mainstay business in residential, office, retail and hospitality. This is being conducted in key gateway cities and dovetails well with our multi-local strategic focus. To date, the Group has S\$8.5 billion of assets under management, through its various REITs and private property funds in Asia.

In China, we closed our eighth private equity fund, the US\$400 million (S\$676.6 million) CapitaLand China Development Fund (CCDF), which was co-funded and co-marketed with Citicorp. In Japan, the co-funding was with Bahrain-based Arcapita, for its first JPY30 billion (S\$423 million) Shari'ah compliant fund, to invest in Japanese rental apartments. To further tap opportunities in the global Islamic financial market, estimated at US\$300 billion (S\$507.5 billion), the Group has set up CapitaLand Amanah Pte Ltd to grow Shari'ah compliant real estate products and services in Malaysia.

In Hong Kong, the Group was chosen from among 17 well-established fund managers in Asia Pacific as the strategic partner to The Link Management Limited, the manager of The Link Real Estate Investment Trust (The Link REIT). The Link REIT, the world's largest REIT initial public offering, achieved a 40 per cent capital gain within a month of its listing on the Hong Kong bourse.

In Singapore, CapitaLand collaborated with several groups such as Ferrell Premier Real Estate Investment Fund, a Hong Kong-based international fund, and OKS Capital Pte Ltd, a Middle Eastern investment entity, for its residential projects.

Launching Vision 2010

Going forward, CapitaLand's vision for the next five years is to be a world-class entrepreneurial, prosperous and lasting company, ranked among the top real estate companies in Asia, and a leader in innovative real estate products and services.

This vision is a rallying force for our employees around the world. It has been dovetailed to CapitaLand's initiatives, introduced in 2001, on joint business development, corporate and cross-marketing activities in different markets and across the chain of real estate businesses, and deployment of talented and skilled staff across the Group.

Corporate Governance and Social Responsibility

Over the years, we have consistently been lauded for our transparency and corporate governance, receiving both local and international accolades. Yet, beyond statutory requirements, CapitaLand is truly a company with a conscience and character. While we remain committed to growing the company to provide superior returns to shareholders, we also want to build a company that is socially responsible.

To pursue its corporate social responsibility initiatives, the Group has set up the CapitaLand Hope Foundation. The Foundation will focus on activities that contribute to the communities where we operate. Its first contribution was to the Children's Cancer Foundation. Chairing this Foundation is Board Director, Mr Lim Chin Beng.

Thanks to the hard work, creativity and support of our dedicated staff, as well as the guidance of our Board of Directors and International Advisory Panel members, we have a solid growth strategy and strong platform to deliver superior earnings for our shareholders.

We would like to acknowledge the invaluable contributions from outgoing Board Directors Sir Alan Cockshaw, Mr Sum Soon Lim and Mr Lucien Wong Yuen Kuai. We welcome Professor Robert Henry Edelstein, Dr Victor Fung Kwok King, Mr James Koh Cher Siang and Mrs Arfat Pannir Selvam to our Board, and look forward to their guidance in the years ahead.

On behalf of the management and Board of Directors, thank you for your continued support of CapitalLand.

Dr Hu Tsu Tau
Chairman

Liew Mun Leong
President and CEO

28 February 2006

“While we remain committed to growing the company to provide superior returns to shareholders, we also want to build a company that is socially responsible.”

Capital Tower Beijing





From left to right:

Dr Hu Tsu Tau (Chairman)
 Mr Hsuan Owyang (Deputy Chairman)
 Mr Liew Mun Leong (President and CEO)
 Mr Andrew Robert Fowell Buxton (Director)
 Professor Robert Henry Edelstein (Director)
 Dr Victor Fung Kwok King (Director)
 Mr Richard Edward Hale (Director)
 Mr James Koh Cher Siang (Director)
 Mr Lim Chin Beng (Director)
 Mr Peter Seah Lim Huat (Director)
 Mrs Arfat Pannir Selvam (Director)
 Mr Jackson Peter Tai (Director)

DR HU TSU TAU **Chairman**

Dr Hu Tsu Tau, a Non-Executive Independent Director, joined the CapitaLand Board on 13 April 2004 and was elected Chairman on the same day. He was last re-appointed as Director at CapitaLand's Annual General Meeting on 29 April 2005. He is also Chairman of CapitaLand's Investment Committee.

Dr Hu is presently Chairman of GIC Real Estate Pte Ltd and Asia Financial Holdings Pte Ltd. He is also a Member of the Board of the Government of Singapore Investment Corporation Pte Ltd (GIC) and a Director of Buildfolio.Com.Inc. He was previously Chairman of Mapletree Investments Pte Ltd.

From 1985 to 2001, he was a Cabinet Minister holding posts in the Trade and Industry, Health and Finance ministries. Prior to his ministerial appointment, Dr Hu held the posts of Managing Director concurrently in the Monetary Authority of Singapore (MAS) and GIC from 1983 to 1984. Before his appointments in MAS and GIC, he was with the Shell Group of companies in 1960, and his last position in this global company was as Chairman and Chief Executive of the Shell Group of companies in Singapore.

Dr Hu is a graduate of the University of California, USA with a Bachelor of Science in Chemistry. He also holds a Postgraduate Diploma (Chemical Engineering) and a Doctorate in Chemical Engineering, both from the University of Birmingham, UK.

MR HSUAN OWYANG **Deputy Chairman**

Mr Hsuan Owyang, a Non-Executive Independent Director, joined the CapitaLand Board on 20 November 2000 and was elected Deputy Chairman on the same day. He was last re-appointed as Director at CapitaLand's Annual General Meeting on 29 April 2005.

Mr Owyang is Chairman of CapitaLand's Finance and Budget Committee and Deputy Chairman of CapitaLand's Investment Committee. He sits on CapitaLand's Executive Resource and Compensation Committee and Nominating Committee. Mr Owyang is also Chairman of CapitaMall Trust Management Limited.

In addition, Mr Owyang is Chairman Emeritus of The Institute of Policy Studies, and Chairman of East Asian Institute, N.M. Rothschild & Sons (Singapore) Limited and Ayala International Holdings Limited. He is also a Director of MobileOne Limited and former Chairman of Transpac Industrial Holdings Limited, both companies listed on the SGX-ST; and a Director of N.M. Rothschild China Holding AG and Franke Singapore Pte Ltd.

He served on the Board of Singapore's Housing & Development Board (HDB) since 1977 and was appointed Chairman of HDB in 1983 until his retirement in October 1998. Mr Owyang had extensive banking experience and worked on Wall Street for 12 years as an investment advisor. He was also Director and General Manager of Overseas Union Bank which he was associated with for more than 18 years before his appointment as Executive Deputy Chairman of Post Office Savings Bank until 1988.

Mr Owyang is a graduate of the University of Dubuque, USA with a Bachelor of Science in Business Administration. He also holds a Master in Business Administration from Harvard University, USA.

MR LIEW MUN LEONG **President and CEO**

Mr Liew Mun Leong is President and CEO of CapitaLand Group. He joined the CapitaLand Board as Director on 1 January 1997 and was last re-elected as Director at CapitaLand's Annual General Meeting on 29 April 2005. He also serves on CapitaLand's Investment Committee, Nominating Committee, Corporate Disclosure Committee and Finance and Budget Committee.

Mr Liew is Chairman of CapitaLand Residential Limited, CapitaLand Commercial and Integrated Development Limited, CapitaLand Retail Limited, and Deputy Chairman of CapitaLand Financial Limited. Concurrently, Mr Liew is Deputy Chairman of The Ascott Group Limited and Raffles Holdings Limited, subsidiaries of CapitaLand listed on the SGX-ST. He is Deputy Chairman of CapitaMall Trust Management Limited, the manager of CapitaMall Trust, the first listed real estate investment trust in Singapore, and CapitaCommercial Trust Management Limited. He is also a Director of CapitaLand Hope Foundation.

As public service, Mr Liew chairs the Civil Aviation Authority of Singapore (CAAS), and the Board of Governors of Temasek Polytechnic. Mr Liew also serves as a member of the Council on Corporate Disclosure and Governance, a national body on corporate disclosure and governance including prescribing of accounting standards in Singapore.

With more than two decades of experience in construction and real estate in Singapore and overseas, Mr Liew participated in a number of public sector infrastructural development projects in Singapore, including the development and construction of Changi International Airport. For five years, he was CEO of Singapore Institute of Standards and Industrial Research (SISIR), a statutory board responsible for Singapore's national standards and industrial research and development to support the manufacturing industry in Singapore. Thereafter, he headed a public listed engineering and construction company in Singapore. From 1997 to 1998, Mr Liew was elected the President of International Organisation for Standardisation (ISO).

Mr Liew graduated from the University of Singapore with a Civil Engineering degree in 1970 and is a registered professional civil engineer.

MR ANDREW ROBERT FOWELL BUXTON **Director**

Mr Andrew Buxton, a Non-Executive Independent Director, joined the CapitaLand Board on 1 June 2003 and was last re-elected as Director at CapitaLand's Annual General

Meeting on 12 April 2004. He is also a Director of CapitaLand Financial Limited, a subsidiary of CapitaLand.

He has recently been appointed on the Boards of DBS Group Holdings Ltd and DBS Bank Ltd.

Mr Buxton retired in 1999 as Chairman of Barclays Bank plc. He joined Barclays Bank in 1963 and rose to be in charge of the Bank's Corporate Division, becoming Chairman in 1993. After his retirement, he became the Senior Advisor to the Barclays Bank group on Middle East business until 2003. He is now Deputy Chairman of Xansa plc, and a financial consultant.

He was President of the British Bankers Association from 1998 to 2002 and was a Member of the Court of the Bank of England from 1997 to 2001. He was also Chairman of the Charing Cross and Westminster Medical School in London and a Governor of the Imperial College of Science, Technology and Medicine.

Mr Buxton holds a Masters Degree in Politics, Philosophy and Economics from Oxford University, UK. He has also been awarded an Honorary Doctor of Science from the City University, London, and is a Fellow of the Chartered Institute of Bankers, London.

Mr Buxton was honoured in the Queen's Birthday Honours in June 2003 when he was made a Companion of the Most Distinguished Order of St. Michael and St. George (CMG).

PROFESSOR ROBERT HENRY EDELSTEIN **Director**

Professor Robert Edelstein, a Non-Executive Independent Director, joined the CapitaLand Board on 5 May 2005.

He is a Director of Medenomics, Inc, a private holding company in USA, and Tonti Fund in Ireland. He also has served as a member of several prestigious Corporate Boards.

Professor Edelstein is currently the Co-Chairman & Professor of Fisher Center for Real Estate & Urban Economics, University of California at Berkeley, Haas School of Business. He joined the University of California in 1985. He also serves on the editorial boards of

Journal of Housing Economics, International Real Estate Review, Journal of Property Research & the Journal of Real Estate Research.

He has been President of the American Real Estate & Urban Economics Association and has served on the Board of Directors of the American Real Estate & Urban Economics Association.

Professor Edelstein holds a Doctorate in Economics from Harvard University, USA.

DR VICTOR FUNG KWOK KING

Director

Dr Victor Fung, a Non-Executive Independent Director, joined the CapitaLand Board on 5 May 2005. He was previously a Member of the CapitaLand's International Advisory Panel.

Dr Fung is presently the Group Chairman of the Li & Fung Group of companies. He is also Chairman of the Greater Pearl River Delta Business Council, the Hong Kong Airport Authority, Hong Kong University Council and the Hong Kong - Japan Business Co-operation Committee. He is also a member of Chinese People's Political Consultative Conference, and a member of the Executive Committee of the Commission on Strategic Development and Judicial Officers Recommendation Committee of the Hong Kong Government. Dr Fung is an independent non-executive Director of Bank of China (Hong Kong) Limited, PCCW Ltd, Orient Overseas (International) Ltd, and Sun Hung Kai Properties Ltd in Hong Kong, and the Baosteel Group Corporation in the People's Republic of China. In 2003, the Hong Kong Government awarded Dr Fung the Gold Bauhinia Star for distinguished service to the community.

Dr Fung was Chairman of the Hong Kong Trade Development Council and the Hong Kong representative on the APEC Business Advisory Council.

Dr Fung holds Bachelor and Master Degrees in Electrical Engineering from the Massachusetts Institute of Technology, and a Doctorate in Business Economics from Harvard University, USA.

MR RICHARD EDWARD HALE

Director

Mr Richard Hale, a Non-Executive Independent Director, joined the CapitaLand Board on 10 February 2003, and was appointed as Chairman of CapitaLand's Audit Committee and a Member of CapitaLand's Risk Committee on the same day. He was last re-elected as Director at CapitaLand's Annual General Meeting on 29 April 2005.

Mr Hale also sits on the Board of The Ascott Group Limited (Ascott) and is Chairman and Member of Ascott's Nominating Committee and Executive Resource and Compensation Committee, respectively.

In addition, he is a Fellow of the Singapore Institute of Directors and also sits on the Boards of Sembcorp Industries Ltd, Sembcorp Logistics Ltd and Wheelock Properties (Singapore) Limited, companies listed on the SGX-ST, and is a Director of Wildlife Reserves Singapore Pte Ltd.

Mr Hale started his career with The Hongkong and Shanghai Banking Corporation Ltd in October 1958 and served in London, Paris, Hong Kong, Germany, Malaysia, Japan and Singapore before retiring from the Bank as CEO Singapore and Director in March 1995. From July 1995 to September 1997, he acted as advisor on environmental matters for HSBC Holdings plc London, based in Singapore. Mr Hale was Executive Chairman of SNP Corporation Ltd from 1 April 1999 to April 2000, and also served as Chairman of the Singapore International Chamber of Commerce for 1993 and 1994. He was formerly a Governor of United World College of South East Asia, Singapore.

Mr Hale is a Fellow of the Chartered Institute of Bankers, London.

MR JAMES KOH CHER SIANG**Director**

Mr James Koh Cher Siang, a Non-Executive Independent Director, joined the CapitaLand Board on 1 July 2005. Mr Koh is also the Chairman of CapitaLand's Risk Committee and Corporate Disclosure Committee, and a Member of CapitaLand's Audit Committee.

Mr Koh is presently the Chairman of Singapore Deposit Insurance Corporation Limited and Deputy Chairman of Housing & Development Board and National Kidney Foundation. He sits on the Boards of Singapore Airlines Limited, United Overseas Land Ltd and Hotel Plaza Limited, companies listed on the SGX-ST. He is also a Director of CapitaLand Hope Foundation.

From 1997 to 2005, Mr Koh served as Chief Executive Officer of the Inland Revenue Authority of Singapore. In that capacity, he was both Commissioner of Inland Revenue and Commissioner of Charities. Prior to these appointments, Mr Koh was the Permanent Secretary of National Development, (the then) Ministry of Community Development, and Ministry of Education. Mr Koh has substantial experience in public administration having served in the Ministries of Finance, National Development, Community Development, Education and the Prime Minister's Office. He was awarded the Public Administration Medal (Gold) in 1983 and the Meritorious Service Medal in 2002.

He graduated with a Bachelor of Arts (Honours) in Philosophy, Political Science, Economics from Oxford University, UK. He also holds a Master of Arts from Oxford University, UK, and a Master in Public Administration from Harvard University, USA.

MR LIM CHIN BENG**Director**

Mr Lim Chin Beng, a Non-Executive Independent Director, joined the CapitaLand Board on 23 February 1998 and was last re-appointed as Director at CapitaLand's Annual General Meeting on 29 April 2005. Mr Lim is also a Member of CapitaLand's Executive Resource and Compensation Committee and Nominating Committee.

Currently, Mr Lim is the Chairman of The Ascott Group Limited, CapitaLand Hope Foundation and Changi International Airshow & Events Pte Ltd. He sits on the Boards of StarHub Ltd, Pontiac Land Pte Ltd, Pontiac Hotel Pte Ltd, RCMS Hotels Ltd and RCMS Properties Pte Ltd. Mr Lim is also Chairman of Pontiac Land's Audit Committee and a Member of the Public Service Commission. He was previously Chairman of Singapore Technologies Aerospace Limited, Singapore Press Holdings Ltd and SPH Mediaworks Ltd, and a Director of Value Management Pte Ltd.

Mr Lim has 30 years of experience in the aviation industry beginning with the Malaysian Airlines in the 1960s. In the 1970s, he helped start up Singapore Airlines and was its Managing Director from 1972 to 1982. Mr Lim retired as Deputy Chairman of Singapore Airlines in 1996. Between 1991 to 1997, Mr Lim was also Singapore's Ambassador to Japan.

Mr Lim is a graduate from the University of Malaya with a Bachelor of Arts (Honours) in Economics. He also attended an Advanced Management Program at the Harvard Business School, USA in 1973.

MR PETER SEAH LIM HUAT**Director**

Mr Peter Seah, a Non-Executive Director, joined the CapitaLand Board on 18 December 2001 and is also serving as Chairman of CapitaLand's Executive Resource and Compensation Committee and Nominating Committee. He was last re-elected as Director at CapitaLand's Annual General Meeting on 29 April 2005.

Currently, Mr Peter Seah is Chairman of SembCorp Industries Ltd, Singapore Technologies Engineering Ltd and Singapore Computer Systems Limited. He is also Deputy Chairman of Singapore Technologies Telemedia Pte Ltd, STT Communications Ltd and Global Crossing Limited, and President Commissioner of PT Indosat Tbk and PT Bank Internasional Indonesia Tbk.

Mr Peter Seah is a Director of Chartered Semiconductor Manufacturing Ltd, STATS ChipPAC Ltd, Starhub Ltd, Asia Financial Holdings Pte Ltd, EDB Investments Pte Ltd, PSA International Pte Ltd and Siam Commercial Bank Public Company Limited. He sits on the Boards of Government of Singapore Investment Corporation Pte Ltd and GIC Special Investments Private Limited, and is a Member of Defence Science and Technology Agency. He is also the Honorary Treasurer of the Singapore Business Federation Council and Vice President of Singapore Chinese Chamber of Commerce & Industry.

Mr Peter Seah was President & CEO of Singapore Technologies Pte Ltd. Prior to the above appointment, Mr Seah was with Overseas Union Bank (OUB) since 1977, holding several senior positions and becoming its President & CEO in 1991. Mr Seah retired as Vice Chairman and CEO from OUB on 30 September 2001.

Mr Seah graduated from the University of Singapore with an Honours Degree in Business Administration in 1968.

MRS ARFAT PANNIR SELVAM **Director**

Mrs Arfat Selvam, a Non-Executive Independent Director, was appointed to the CapitaLand Board on 2 January 2006. She is also a Member of CapitaLand's Audit Committee, Corporate Disclosure Committee and Risk Committee.

Mrs Selvam is currently the Managing Director of Arfat Selvam Alliance LLC, a boutique corporate finance law practice. With over 35 years in legal practice as a corporate finance lawyer, Mrs Selvam has been involved in some landmark Singapore acquisition transactions. She was also a Member of the Company Law Reform Committee which made major recommendations on changes to the companies and securities laws in Singapore.

Mrs Selvam is currently on the Board of the Accounting and Corporate Regulatory Authority (ACRA) and is a Fellow of the Singapore Institute of Directors. She was also a Member of the Senate of the Academy of Law and the Board of Legal Education. Mrs Selvam was President of the Law Society of Singapore in 2003.

She also serves the community through her participation as a Member of the Executive Committees of Singapore Council of Women's Organisation, Breast Cancer Foundation and International Women Forum.

Mrs Selvam graduated from the University of Singapore with a law degree in 1968 and was admitted to practise as an Advocate & Solicitor of the Supreme Court of Singapore in 1969.

MR JACKSON PETER TAI **Director**

Mr Jackson Tai, a Non-Executive Independent Director, joined the CapitaLand Board on 20 November 2000 and was last re-elected as Director at CapitaLand's Annual General Meeting on 12 April 2004. In addition, Mr Jackson Tai is a Member of CapitaLand's Investment Committee and Finance and Budget Committee.

Currently, Mr Tai is Vice Chairman and Chief Executive Officer of DBS Group Holdings and DBS Bank, and also Chairman of the DBS Group Holdings' Management Committee and DBS Group Holdings (Hong Kong) Ltd. Prior to joining DBS Bank, Mr Tai was a Managing Director of J P Morgan & Co's Investment Banking Division.

Mr Tai is also a Director of Singapore Telecommunications Limited, DBS Group Holdings Ltd and MasterCard Asia/Pacific.

Mr Tai graduated with a Bachelor of Science from the Rensselaer Polytechnic Institute, USA. He also holds a Master of Business Administration from Harvard University, USA.

Board of Directors

Dr Hu Tsu Tau
Chairman

Hsuan Owyang
Deputy Chairman

Liew Mun Leong
President and CEO

In alphabetical order according to family name:

Andrew Robert Fowell Buxton
Professor Robert Henry Edelstein
Dr Victor Fung Kwok King
Richard Edward Hale
James Koh Cher Siang
Lim Chin Beng
Peter Seah Lim Huat
Arfat Pannir Selvam
Jackson Peter Tai

Assistant Company Secretary

Ng Chooi Peng

Audit Committee

Richard Edward Hale
James Koh Cher Siang
Arfat Pannir Selvam

Investment Committee

Dr Hu Tsu Tau
Hsuan Owyang
Liew Mun Leong
Jackson Peter Tai
Olivier Lim Tse Ghow

Executive Resource and Compensation Committee

Peter Seah Lim Huat
Hsuan Owyang
Lim Chin Beng

Nominating Committee

Peter Seah Lim Huat
Hsuan Owyang
Liew Mun Leong
Lim Chin Beng

Finance and Budget Committee

Hsuan Owyang
Liew Mun Leong
Jackson Peter Tai
Olivier Lim Tse Ghow

Corporate Disclosure Committee

James Koh Cher Siang
Liew Mun Leong
Arfat Pannir Selvam

Risk Committee

James Koh Cher Siang
Richard Edward Hale
Arfat Pannir Selvam

Registered Address

168 Robinson Road
#30-01 Capital Tower
Singapore 068912
Telephone +65 6823 3200
Facsimile +65 6820 2202

Registrar

Lim Associates (Pte) Ltd
10 Collyer Quay
#19-08 Ocean Building
Singapore 049315
Telephone +65 6536 5355
Facsimile +65 6536 1360

Auditors

KPMG
16 Raffles Quay
#22-00 Hong Leong Building
Singapore 048581
Telephone +65 6213 3388
Facsimile +65 6225 6157
(Engagement Partner for financial year ended 31 December 2005: Eng Chin Chin)

Principal Bankers

- Australia and New Zealand Banking Group Limited
- Bank of Tokyo-Mitsubishi UFJ, Ltd
- BNP Paribas
- Calyon
- Commonwealth Bank of Australia
- DBS Bank Ltd
- Hang Seng Bank Limited
- Industrial and Commercial Bank of China
- Oversea-Chinese Banking Corporation Limited
- Standard Chartered Bank
- Sumitomo Mitsui Banking Corporation
- The Hongkong and Shanghai Banking Corporation Limited
- The Royal Bank of Scotland plc
- United Overseas Bank Limited
- Westpac Banking Corporation

International Advisory Panel

The CapitaLand International Advisory Panel (IAP) taps on the experiences and advice of corporate leaders from regional and global companies. The IAP meets at least once a year to advise and exchange views with management on global trends and regional development, and provides inputs on the Group's strategies and businesses.

The IAP is chaired by Mr Philip Yeo and currently has eight members, comprising industry leaders and chief executives of global corporations from Asia, Europe and the USA. During the year, Dr Victor Fung, Mr Alasdair Morrison and Dr Vichit Suraphongchai stepped down from the IAP. CapitaLand would like to record its deep appreciation for their unstinting contributions.

The members of the CapitaLand IAP are:

MR PHILIP YEO

Chairman

Agency for Science, Technology
and Research

SIR ALAN COCKSHAW

Chairman

Cibitas Investments Limited
HPR Holdings Limited
Shawbridge Management Limited

PROF KENNETH COURTIS

Vice Chairman/ Managing Director

Goldman Sachs Asia, Tokyo

MR JAN D. DOETS

Consultant

J. D. Doets Consult B.V.

DR FU YU NING

Director and President

China Merchants Group Limited

MR AMAN MEHTA

Chief Executive Officer (Retired)

The Hongkong and Shanghai
Banking Corporation

**TAN SRI DATUK DR AHMAD
TAJUDDIN BIN ALI**

Chairman

Tronoh Consolidated Malaysia Berhad

MS MARJORIE YANG

Chairman

Esquel Group

*CapitaLand IAP members who stepped
down in 2005:*

DR VICTOR FUNG

Group Chairman

Li & Fung Limited

MR ALASDAIR MORRISON

Chairman and CEO

Morgan Stanley Asia

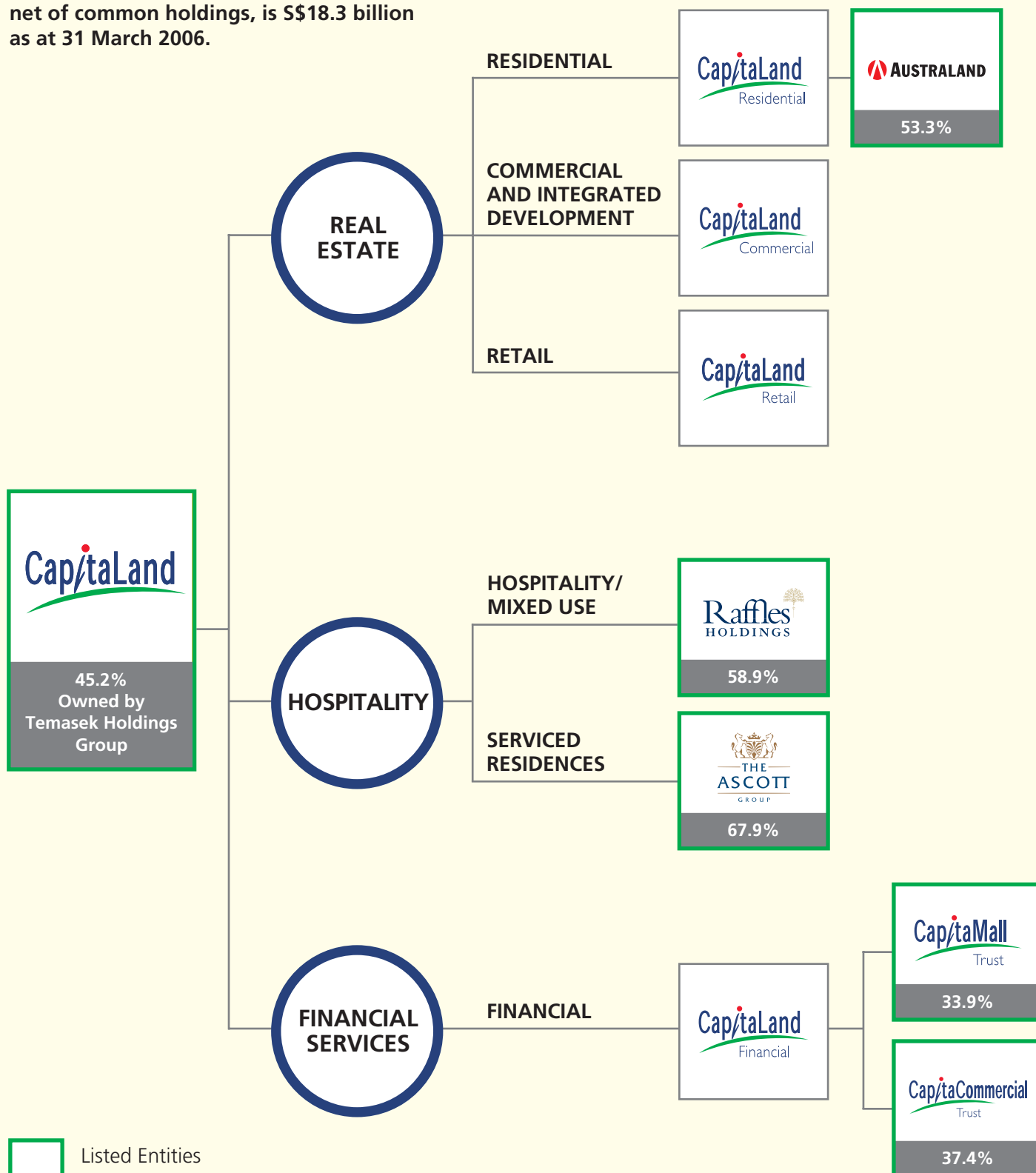
DR VICHIT SURAPHONGCHAI

Chairman of the Executive Committee

The Siam Commercial Bank
Public Co Ltd

Six Public Listed Entities

The total market capitalisation of the six public listed entities in the Group, net of common holdings, is S\$18.3 billion as at 31 March 2006.



Council of CEOs

Headed by the President and CEO of the CapitaLand Group, the Council of CEOs comprises the CEOs of the Group's strategic business units (SBUs), the Chief Corporate Officer and the Chief Financial Officer. This Council meets every fortnight to discuss key strategies and corporate matters.

CORPORATE OFFICE

MR LIEW MUN LEONG

*President and CEO
– CapitaLand Group*

Mr Liew Mun Leong is President and CEO of CapitaLand Group. He is also Chairman of CapitaLand Residential Limited, CapitaLand Commercial and Integrated Development Limited, CapitaLand Retail Limited, and Deputy Chairman of CapitaLand Financial Limited. Concurrently, Mr Liew is Deputy Chairman of The Ascott Group Limited and Raffles Holdings Limited. He is Deputy Chairman of CapitaMall Trust Management Limited and CapitaCommercial Trust Management Limited. Mr Liew chairs the Civil Aviation Authority of Singapore (CAAS), and the Board of Governors of Temasek Polytechnic. Mr Liew also serves as a member of the Council on Corporate Disclosure and Governance.

Mr Liew graduated from the University of Singapore with a Civil Engineering degree in 1970 and is a registered professional civil engineer.

MR THAM KUI SENG

*Chief Corporate Officer
– CapitaLand Limited*

Mr Tham Kui Seng is the Chief Corporate Officer of CapitaLand Limited. He is also Chairman of Australand and a Director of Raffles Holdings Limited.

Mr Tham holds a Bachelor of Arts (First Class Honours) in Engineering Science from Oxford University, UK.

MR OLIVIER LIM

*Chief Financial Officer
– CapitaLand Limited*

Mr Lim is the Chief Financial Officer of CapitaLand Limited. He was the Group's Deputy Chief Financial Officer from October 2004 to June 2005. Mr Lim is a Director of CapitaMall Trust Management Limited and CapitaCommercial Trust Management Limited. Prior to this, Mr Lim was Managing Director, Real Estate Unit, Corporate & Capital Market Group of Citibank Singapore.

Mr Lim holds a First Class Honours in Civil Engineering from the Imperial College of Science, Technology and Medicine, London.

RESIDENTIAL**MR LUI CHONG CHEE***CEO – CapitaLand Residential Limited*

Mr Lui Chong Chee is the CEO of CapitaLand Residential Limited. He is also the joint Deputy Chairman of United Malayan Land, and a Director of Australand and Raffles Holdings Limited. Mr Lui was formerly the Chief Financial Officer of CapitaLand Limited.

Prior to joining CapitaLand, Mr Lui was the Managing Director of Citigroup Investment Bank (Singapore) Limited, responsible for debt and equity capital markets and financial advisory business in Singapore. He has 15 years of experience in investment banking.

Mr Lui holds a Master of Business Administration in Finance and International Economics as well as a Bachelor of Science in Business Administration (magna cum laude) from New York University, USA.

MS PATRICIA CHIA*CEO – CapitaLand Residential Singapore*

Ms Patricia Chia is the CEO of CapitaLand Residential Singapore. She also sits on the Boards of a number of subsidiaries and joint venture companies. She has over 25 years of experience in project development and management, general management, and human resource and development.

Ms Chia has a Master in Construction Management from the National University of Singapore and graduated with First Class Honours in Civil Engineering from the University of Auckland, New Zealand.

MR BRENDAN CROTTY*Managing Director – Australand*

Mr Brendan Crotty is the Managing Director of Australand, which is listed on both the Singapore and Australia stock exchanges. He has held this position since 1990.

Mr Crotty holds tertiary qualifications in surveying, town planning and business administration, and has attended courses at IMEDE and the Stanford Business School.

He has been involved in property development since the early 1970s. Mr Crotty was also the Inaugural Chairman of the Green Building Council of Australia.

MR LIM MING YAN*CEO – CapitaLand China Holdings**CEO – CapitaLand Financial Limited
(China Development)*

Mr Lim Ming Yan is the CEO of CapitaLand China Holdings and CEO of CapitaLand Financial Limited (China Development), responsible for the Group's real estate development and financial operations in China. He was awarded the Magnolia Award by the Shanghai Municipal Government in 2003 and 2005.

Mr Lim graduated from the University of Birmingham, UK, with a Bachelor of Science (First Class Honours) in Mechanical Engineering and Economics.

MR CHEN LIAN PANG

*CEO and Managing Director
– T.C.C. Capital Land Limited*

Mr Chen Lian Pang is the CEO and Managing Director of T.C.C. Capital Land Limited, CapitaLand's joint venture company with T.C.C. Land in Thailand. Prior to this, he was the Managing Director of Project Development and Management with CapitaLand Commercial Limited.

A registered professional engineer, Mr Chen holds a Master of Science in Civil Engineering from the National University of Singapore, and a Bachelor of Science in Civil Engineering (First Class Honours) from the University of Cardiff, UK.

MR SOONG HEE SANG

*CEO – CapitaLand Residential
(New Markets)*

*Deputy CEO (Finance & Corporate
Services) – CapitaLand Residential Limited*

Mr Soong Hee Sang is CEO for New Markets and Deputy CEO for Finance and Corporate Services of CapitaLand Residential Limited. Prior to his current appointment, he was the CEO of CapitaCommerical Trust Management Limited.

Mr Soong holds a Master of Business Administration and a Bachelor of Science in Estate Management (Honours) from the National University of Singapore.

COMMERCIAL AND INTEGRATED DEVELOPMENT, RETAIL, FINANCIAL

MR KEE TECK KOON

*Vice Chairman – CapitaLand Commercial
and Integrated Development Limited*

Vice Chairman – CapitaLand Retail Limited

CEO – CapitaLand Financial Limited

Mr Kee Teck Koon is the Vice Chairman of CapitaLand Commercial and Integrated Development Limited and CapitaLand Retail Limited. He is also CEO of CapitaLand Financial Limited.

Prior to this, he was Managing Director and CEO of The Ascott Group.

Mr Kee holds a Master of Arts in Engineering Science from Oxford University, UK.

MR PUA SECK GUAN

CEO – CapitaLand Retail Limited

*CEO – CapitaLand Financial Limited
(Real Estate Capital Management – Retail)*

*CEO – CapitaMall Trust
Management Limited*

Mr Pua Seck Guan is CEO of CapitaLand Retail Limited and CapitaLand Financial Limited (Real Estate Capital Management – Retail). Concurrently, he is the CEO of CapitaMall Trust Management Limited, which manages CapitaMall Trust (CMT), the first and largest listed REIT by market capitalisation (as at 31 December 2005) in Singapore.

Mr Pua holds a Master of Science in Civil Engineering from the Massachusetts Institute of Technology and a Bachelor of Science in Building (First Class Honours) from the National University of Singapore.

MR MARTIN TAN

CEO – CapitaLand Commercial and Integrated Development Limited

CEO – CapitaLand Financial Limited (Real Estate Capital Management – Commercial and Integrated Development)

CEO – CapitaCommercial Trust Management Limited

Mr Martin Tan is CEO of CapitaLand Commercial and Integrated Development Limited and CapitaLand Financial Limited (Real Estate Capital Management – Commercial and Integrated Development). He is also CEO of CapitaCommercial Trust Management Limited, the manager of CapitaCommercial Trust (CCT), a commercial property REIT which is listed on the SGX-ST.

Mr Tan holds a Master of Business Administration and a Bachelor of Arts in Business Administration with Honours (summa cum laude) from Washington State University, USA. He also attended The General Manager Program at the Harvard Business School in 2000.

MR WEN KHAI MENG

CEO – CapitaLand Financial Limited (Financial Services)

Mr Wen Khai Meng is the CEO of CapitaLand Financial Limited (Financial Services). Prior to this, Mr Wen was the Deputy Chief Financial Officer of CapitaLand Limited.

Mr Wen holds a Master of Business Administration and a Master of Science in Construction Engineering from the National University of Singapore, as well as a Bachelor of Engineering (First Class Honours) from the University of Auckland, New Zealand.

HOSPITALITY/ MIXED USE**MS JENNIE CHUA**

President and CEO – Raffles Holdings Limited

Ms Chua is the President and CEO of Raffles Holdings Limited and concurrently Chairman of Raffles Hotel (1886) Ltd, Société Montreux – Palace S.A., and Le Basel Plaza AG.

She is Chairman of the Community Chest, Singapore Film Commission, Sentosa Cove Pte Ltd and Tourism & Hotel Accommodation Services Industry Skills and Training Council. She also serves on the Boards of several companies, statutory boards and government committees, both local and international. She was appointed Justice of the Peace in September 2005.

Ms Chua holds a Bachelor of Science from Cornell University, USA and is presently on the University's Board of Trustees.

SERVICED RESIDENCES**MR CAMERON ONG**

Managing Director and CEO – The Ascott Group

Mr Cameron Ong is the Managing Director and CEO of The Ascott Group. Besides his appointment as honorary foreign consultant to the Beijing International Investment Promotion Council, he is also on the executive committee of the Philippines-Singapore Business Council, and the Singapore Tourism, Hotel and Accommodation Services (THAS) Industry Skills and Training Council. He is also a director of Ascott Residence Trust Management Limited.

Mr Ong is a certified hotel administrator from the Educational Institute of American Hotel and Lodging Association, USA. He has also attended senior management programmes at the International Institute for Management Development in Lausanne, Switzerland and Tsinghua University in Beijing, China.

January

CapitaLand signed an agreement with Beijing Hualian Group Investment Holding Co. to acquire two retail malls in Beijing for RMB1.75 billion (\$345 million).

CapitaLand announced plans to develop the Tianhe district site in Guangzhou into a mixed use project, comprising a 400-unit condominium, Beau Monde, and a 192-unit serviced residence.

CapitaLand partnered MGM MIRAGE and Kerzner International to bid for the proposed Singapore Integrated Resorts at Marina Bay and Sentosa respectively.

CapitaLand signed an agreement to sell its stake in a project company which owns an office building in Luwan district, Shanghai, for about S\$161 million.

February

CapitaRetail Japan Fund acquired its second mall, Izumiya Hirakata, Osaka for JPY7.5 billion (\$120 million).

CapitaLand clinched a mixed development site in Beijing's Dongcheng district for RMB547.6 million (\$108.4 million). High-rise apartments, offices and a retail podium will be built on the site.

CapitaLand started off its 5th Anniversary Celebrations with a Lunar New Year Reception for its business partners and distinguished guests.

March

CapitaLand signed an agreement to purchase two office towers in Beijing's CBD for RMB1.84 billion (\$362 million). Capital Tower Beijing will be CapitaLand's flagship office there when completed in 2006.

April

CapitaLand divested its property services arm, PREMAS International, for S\$62 million to United Group Limited.

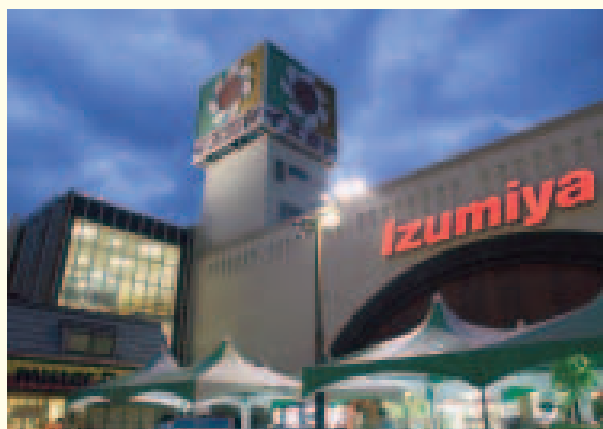
CapitaLand acquired its first site in Ningbo, China for RMB1.07 billion (\$214 million). Mid- to high-rise apartments, offices and retail shops will be built on the 98,413-square metre site.

CapitaLand entered into a sale and purchase agreement with Parco (Singapore) Pte Ltd and Seiyu Holdings Pte Ltd to acquire an increased stake in Bugis Junction for about S\$139 million.

CapitaLand's senior management visited two CapitaLand Hope Schools in Simao Prefecture, Yunnan Province, China, where school buildings were built with funds raised in conjunction with the official opening of Raffles City Shanghai in 2004.



Beau Monde, Guangzhou



Izumiya Hirakata Mall, Osaka



Senior management at CapitaLand Hope School, Yunnan

May

CapitaLand established its first Shari'ah compliant property JV with Bahrain-based investment banking group, Arcapita Bank B.S.C.(c). ARC-CapitaLand Residences Japan will invest in Japanese rental apartments. Its target asset size is JPY30 billion (\$423 million).

CapitaLand and Keppel Land jointly acquired, inter alia, a combined 39 per cent economic interest in the share capital of Bugis City Holdings Pte Ltd held by OCBC and The Great Eastern Life Assurance Company Limited for S\$157 million.

CapitaLand, together with JV partner Hwa Hong Corporation, launched RiverGate, the first residential project in Singapore to be accorded landmark status by the Urban Redevelopment Authority. Funds managed by Ferrell Asset Management Limited bought 100 apartments (80 in May and 20 in December).

CapitaLand launched Tanglin Residences in Singapore. It is a freehold boutique development comprising 33 apartments and 10 townhouses in the exclusive Nassim residential area, off Orchard Road.

June

CapitaLand's Thai JV, T.C.C. Capital Land, acquired its second prime residential site in Bangkok for Baht 692 million (\$28.8 million). The 123,300-square metre freehold residential site will have 79 luxurious landed homes built on it.

AIG Tower in Hong Kong was 80 per cent pre-leased prior to receiving its occupation permit.

CapitaLand divested Huteng Investment (Shanghai) Pte Ltd, which owns Pidemco Tower in Shanghai, for US\$107.6 million (\$176.4 million).

CapitaLand organised a seven-week roving photo exhibition of the CapitaLand Hope Schools at its retail malls and commercial properties during the school holidays, to raise awareness of the plight of impoverished children in China's rural areas.



Shanxi Jiangzhou Drum Art Ensemble

July

CapitaLand signed a co-operative agreement with SZITIC to invest in and manage 15 more retail malls in China, anchored by Wal-Mart, bringing its total portfolio in China to 21 malls with an asset size of more than S\$1 billion.

CapitaLand divested its stakes in Bugis Junction (retail component) and Bugis Junction Tower (office component). Bugis Junction was divested to CMT via an asset sale for S\$580.8 million, while Bugis Junction Tower was divested to Keppel Land Properties Pte Ltd via a share sale based on an asset value of S\$140.0 million.

Raffles Holdings entered into a transaction with Colony Capital, LLC for the sale of its entire hotel business, which included 41 hotels (14 owned and 27 managed) for an enterprise value of S\$1.72 billion. The transaction was completed on 30 September 2005.

August

CapitaLand brought OKS Capital, a Singapore vehicle backed by Middle Eastern investment interests, on board as a strategic investor for its RiverEdge development in Singapore.

September

T.C.C. Capital Land acquired two prime residential sites in Bangkok's CBD for Baht 1.3 billion (\$54.4 million). A 45-storey tower with 443 apartments will be built on the Narathiwad site, while 360 apartments will be built on the Sukhumvit site.

CapitaLand's Shari'ah compliant property JV, ARC-CapitaLand Residences Japan, acquired five rental apartment properties in Japan worth JPY8.5 billion (\$127.5 million) as seed investments. In addition, CapitaLand signed a partnership agreement with SAMTY, a rental apartment developer in the region, for an annual pipeline of JPY5–10 billion (\$71–141 million) worth of rental apartments in three major cities in Japan's Kansai region – Osaka, Kobe and Kyoto. ARC-CapitaLand Residences Japan will be given first right of offer by SAMTY to acquire these rental apartments when they are completed.

CapitaLand purchased Wisma Technip, a 12-storey prime freehold office tower in Kuala Lumpur's CBD for RM112.5 million (\$50 million).

CapitaLand celebrated its 5th Anniversary through a Cultural Exchange with China by bringing in the renowned Shanxi Jiangzhou Drum Art Ensemble to perform at CapitaLand malls during the Mid-Autumn Festival period.

The CapitaLand Hope Programme raised funds for the Children's Cancer Foundation.

October

CapitaLand entered into a forward commitment to purchase a 380-unit rental apartment block in Japan for about JPY8 billion (S\$118 million) when completed in 2008. Located on the man-made Island City in Fukuoka's Hakata Bay, it is expected to be the largest private rental apartment project in the city.

CapitaLand set up and closed its eighth private equity fund, the US\$400 million (S\$677 million) CapitaLand China Development Fund (CCDF). Strong interest was received from international investors from Asia, the Middle East and the USA.

CapitaLand acquired Dragon View Park for S\$128 million through a collective sale. The site, located near Grange Road in Singapore, will be redeveloped into a condominium with about 150 units.

Australand merged with the Australand Property Trusts No. 4 and No. 5, as part of its on-going strategy to increase the level of recurrent investment property income.

CapitaLand invested US\$120 million in The Link REIT, the world's largest IPO. CapitaLand is a strategic partner to The Link Management Ltd, the manager of the REIT.

CapitaRetail Japan Fund acquired its third mall, ViVit SQUARE, a prime freehold shopping mall in Chiba Prefecture, Greater Tokyo, for approximately JPY21 billion (S\$313 million).

November

CapitaLand launched the 99-year leasehold, 135-unit RiverEdge condominium in Singapore's Tanjong Rhu residential area. The project is a JV development by CapitaLand (45 per cent), OKS Capital (45 per cent) and Ghim Li Holdings (10 per cent).

CapitaLand presented the Raffles International Leadership Lecture 2005. Lord John Browne, Group Chief Executive of BP p.l.c., addressed 800 top executives, business leaders and entrepreneurs on international leadership.

CapitaLand launched the CapitaLand Hope Foundation for its corporate social responsibility initiatives; published a commemorative book, 'Five', and made a donation to the Children's Cancer Foundation, raised through a series of 5th Anniversary celebratory events.

CapitaLand and Lippo Group International clinched a 99-year leasehold site in Alexandra Road, Singapore, for S\$179.99 million. CapitaLand plans to build about 400 units on the site.

CapitaLand partnered Lai Fung Holdings to jointly develop a residential estate in Guangzhou with about 3,000 homes.

CapitaRetail Japan Fund acquired its fourth mall, Ito-Yokado Chitose, which is the second largest shopping mall in Chitose City, Hokkaido, Japan, for approximately JPY5.3 billion (S\$79 million).



Viewing of the Orchard Turn site, Singapore

December

CapitaLand sold Seiyu Singapore to Beijing Hualian Group for S\$4 million.

T.C.C. Capital Land launched The Empire Place, a luxurious 45-storey condominium with 440 units, in Bangkok's CBD.

CapitaLand and JV partner Sun Hung Kai Properties clinched the Orchard Turn site in Singapore for S\$1.38 billion. An iconic retail cum residential project is planned for the most prime plot along Orchard Road.

CapitaLand set up a new business unit, CapitaLand Amanah Pte Ltd, to grow its Shari'ah compliant real estate financial business in Asia.



CapitaLand's 5th Anniversary Celebration

LIEW MUN LEONG

President and CEO

THAM KUI SENG

Chief Corporate Officer

LAI CHOON HUNG

Deputy Chief Corporate Officer

OLIVIER LIM

Chief Financial Officer

*In alphabetical order according to
family name (underlined):***BOAZ BOON**Senior Vice President
Research**ANNA CHOO**Senior Vice President
Treasury**BELINDA GAN**

Group Financial Controller

ROSE KONGGeneral Counsel
(up to 28 February 2006)**HUBERT LADSTATTER**Senior Vice President
Risk Assessment**RITA LAU**Senior Vice President
Corporate Planning**GERALD LEE**Senior Vice President
Corporate Marketing**SYLVIA LEE**Senior Vice President
Human Resource**JENNIFER LOH**Senior Vice President
Group Tax Services**BASSKARAN NAIR**Senior Vice President
Corporate Communications**HAROLD WOO**Senior Vice President
Investor Relations*In alphabetical order according to
family name (underlined):***MONICA CHIA**Vice President
Internal Audit**RAJAGOPAL GOVINDARAJOO**Vice President
Business Process Engineering**LIM SOO GEE**Vice President
Security Management**NG CHOOI PENG**

Assistant Company Secretary

JEREMY SOHVice President
InfoNet

Financial year ended 31 December 2005

Announcement of First Quarter Results	5 May 2005
Announcement of Half-year Results	5 August 2005
Announcement of Third Quarter Results	11 November 2005
Announcement of Full-year Results	16 February 2006
Annual General Meeting	28 April 2006
Books Closure Dates	15 May 2006 to 17 May 2006 (both dates inclusive)
Proposed Payment of 2005 Final Dividend and Special Dividend	26 May 2006

Financial year ending 31 December 2006

Proposed Announcement of First Quarter Results	May 2006
Proposed Announcement of Half-year Results	August 2006
Proposed Announcement of Third Quarter Results	November 2006
Proposed Announcement of Full-year Results	February 2007



From left to right:

Mr Lui Chong Chee

CEO, CapitaLand Residential Limited

Ms Patricia Chia

CEO, CapitaLand Residential Singapore

Mr Brendan Crotty

Managing Director, Australand

Mr Lim Ming Yan

CEO, CapitaLand China Holdings

Mr Chen Lian Pang

CEO, T.C.C. Capital Land

Mr Soong Hee Sang

CEO, CapitaLand Residential (New Markets)

CapitaLand Residential Limited (CRL) continued to build upon its leadership position through developing premier homes across its key markets of Singapore, Australia, China, Malaysia and Thailand. Going beyond bricks and mortar, each CapitaLand home is the product of a highly-skilled and innovative team with a passion to meet the evolving lifestyle needs of homebuyers.

Singapore

The Singapore residential market performed well in 2005, especially in the high-end segment. During the year, the company sold over 880 homes to achieve more than S\$1 billion in gross sales. The strong sales were due to the company riding the wave of foreign buying interest with the launch of two upmarket projects—RiverGate along the Singapore River and Tanglin Residences at Nassim Hill. Brisk sales at projects completed during the year also contributed to the company's stellar performance in Singapore.

“Polarisation in Singapore’s housing market saw selected high-end projects, like our RiverGate and Tanglin Residences, doing well on the back of strong foreign buyer demand. We are confident that the buying momentum will flow down to the next market segment to create a sustainable recovery in 2006. We will continue to create distinctive homes with unique propositions for our homebuyers.”

Patricia Chia *CEO, CapitaLand Residential Singapore*

“We aim to be a dominant real estate player in the key cities we are in, leading with a strong edge in innovative products and excellent service culture. We will continue to build homes of distinction in our key markets of Singapore, Australia and China. For the company’s next platform of growth, we have tapped into opportunities in new, high-growth Asian markets such as Thailand, India and Vietnam.”

Lui Chong Chee *CEO, CapitaLand Residential Limited*

Glentrees, Singapore



*Belmond Green, Singapore*

During the year, funds managed by Ferrell Asset Management Limited bought 100 RiverGate apartments for S\$182 million. This was the largest bulk purchase deal by international funds in any single Singapore residential project. RiverGate, developed jointly by CapitaLand and Hwa Hong Corporation, is the first residential project to be accorded 'landmark' status by the Urban Redevelopment Authority in recognition of its strategic location and cutting-edge architectural design. Another project, RiverEdge, also attracted foreign investor interest. OKS Capital, a Singapore vehicle backed by Middle Eastern interests, became a strategic partner for the Tanjong Rhu development, which was launched towards the end of 2005.

CRL continued to acquire several choice development sites during the year, including the freehold Dragon View Park site in District 10 in a collective sale. The company, together with Lippo Group International, also acquired a 99-year leasehold site along Alexandra Road. In December 2005, CapitaLand participated in a government land tender with Sun Hung Kai Properties to clinch the coveted Orchard Turn site. The partners plan to build an iconic retail cum residential development on the site.

*Tanglin Residences, Singapore*



Botanica, Sydney

“The excellent set of financial results is a reflection of the success of an on-going strategy to grow the investment property portfolio and have a diversified property development business. The group’s performance also highlighted Australand’s key strength, which is its geographic and sectoral diversification.”

Brendan Crotty *Managing Director, Australand*

Australia

Australand, CRL’s subsidiary in Australia, continued to perform strongly through the year to achieve its ninth consecutive year of record profits since it was listed in 1997. During the year, Australand Property Trust No. 4 and Australand Property Trust No. 5 were merged with Australand, adding approximately A\$400 million of investment properties. This brings the total investment property portfolio size to A\$1.3 billion. This was the third phase in Australand’s transformation from a development company into a diversified property group which generates a significant proportion of its profit from investment property income.



Glebe Harbour, Sydney



During the year, land and housing projects contributed significantly to Australand's result, due to strong sales and better margins from its Perth residential development operations. Profit contribution from the commercial and industrial development projects also increased, underpinned by a substantial contribution from Melbourne industrial projects.

Going forward, the group will continue implementing its strategy of increasing the size of its investment property portfolio.

Freshwater Place, Melbourne



Summit Residences, Shanghai



Beijing Orchid Garden

China

In China, the underlying market fundamentals are intact, underpinned by economic growth, rise in household income and urbanisation. The Chinese government's policies aimed at stabilising the property market have presented opportunities for financially strong players, such as CapitaLand, to build its pipeline.

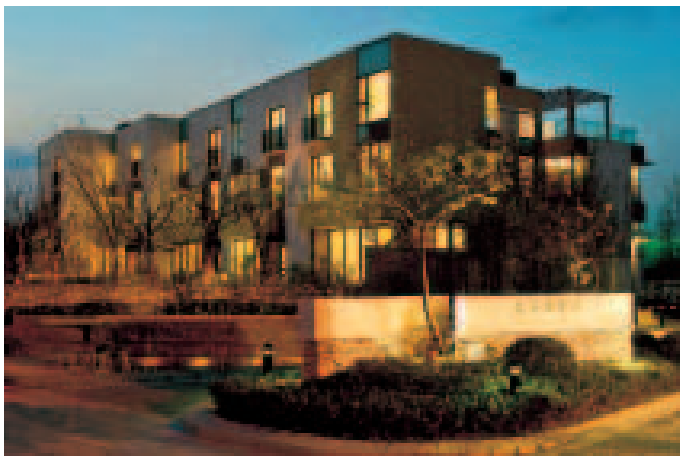
The company acquired three new sites, one each in Beijing, Guangzhou and Ningbo. In Beijing's Dongcheng district, the Group will build a landmark mixed development to be called Raffles City Beijing. In Baiyun district, Guangzhou, an estate comprising approximately 3,000 homes will be built, together with schools, parks, recreation facilities and shopping amenities. In Ningbo, the project in the city centre will comprise about 1,300 homes, with some commercial and retail space.

“We have strong development capabilities and business foundations in Shanghai, Beijing and Guangzhou and this allows us to expand into other secondary cities like Ningbo. We will continue to focus on design and innovation as there is genuine demand for good quality homes, and well-designed integrated developments in China.”

Lim Ming Yan *CEO, CapitaLand China*

In 2005, residential projects that were launched in Shanghai include new phases of Oasis Riviera, an award-winning condominium; Westwood Green, a lakeside low-rise development; and Parc Trésor, a high-rise apartment project. In Beijing, CapitaLand China also started sales for Beijing Orchid Garden, its first villa project in China, and new phases of La Forêt.

In October 2005, a US\$400 million CapitaLand China Development Fund (CCDF) was successfully set up. The Fund will co-invest with CapitaLand in development projects in China.



Westwood Green, Shanghai



Oasis Riviera, Shanghai

“Home sales in Bangkok have been brisk. The outlook for Bangkok’s residential market is bright and we are confident that the buying momentum will continue to be supported by the strong economic fundamentals and pent-up demand for quality housing.”

Chen Lian Pang *CEO, T.C.C. Capital Land*



The Empire Place, Bangkok

Thailand

The company is steadily expanding its footprint in Thailand through its joint venture company, T.C.C. Capital Land. Its first two luxury residential projects in Bangkok, Athenee Residence and Villa Rachakru, were highly successful and both developments are fully sold. Towards the end of 2005, T.C.C. Capital Land launched The Empire Place, an elegant 45-storey condominium with 440 apartments in the heart of Bangkok’s Central Business District. The company plans to release three to four projects in 2006.

Malaysia

CRL has a presence in Malaysia through its listed associate company, United Malaysian Land, an established developer of integrated townships including Bandar Seri Alam and Bandar Seri Putra, located in the states of Johore and Selangor, and boutique developments such as Suasana Sentral Loft in Kuala Lumpur. In January 2006, CRL also set up a separate joint venture with United Malaysian Land and Bolton Berhad to acquire and develop a 187,145-square foot residential site in Kuala Lumpur. Going forward, CRL will continue to explore selective opportunities to expand its Malaysia operations.

New markets

During the year, the company actively explored opportunities to tap into new markets in Asia. In early 2006, CapitaLand sealed two strategic partnership agreements to build homes in India and Vietnam. The company tied up with the Mumbai-based Runwal Group to jointly develop a residential project with over 500 apartments in Mumbai, India. In Vietnam, CapitaLand has also entered into a conditional agreement to acquire and develop a 23,000-square metre residential site in Ho Chi Minh City.

“Asian economies and the market fundamentals remain strong. We will continue to actively seek out new opportunities in the burgeoning Asian markets, with a key focus on India and Vietnam.”

Soong Hee Sang *CEO, CapitaLand Residential (New Markets)*

Looking ahead

CRL’s operations in Singapore, Australia and China are expected to continue to perform strongly, backed by healthy economic and market fundamentals. Increasingly, the company will strengthen its footprint in other high-growth Asian markets, such as Thailand, India and Vietnam, which will serve as its next growth platform.



Glentrees, Singapore

Building Homes of Distinction

CapitaLand takes pride in building homes of distinction. In addition to the aesthetics and functionality of the living space, emphasis is given to understanding how a development integrates with its surrounding landscape. In 2005, the homes built in its key markets clinched a record number of local and international accolades, particularly for outstanding architectural and landscape designs.

In Singapore, The Loft condominium won the 2005 ULI Awards for Excellence (Asia Pacific) from the US-based Urban Land Institute. The boutique development, which is set against a backdrop of conserved trees, also clinched several awards in 2004, namely the SIA Design Award by the Singapore Institute of Architects and being “Highly Commended” at the international Prix d’Excellence competition held by FIABCI (French acronym for the International Real Estate Federation).

Glentrees was conferred a ‘Gold’ award in the Singapore Institute of Landscape Architects Awards, while Belmond Green and Tanamera Crest clinched

Merit awards, in recognition of their beautiful landscaping designs. Glentrees, Belmond Green and The Levelz were similarly lauded at the Landscape Industry Association of Singapore Awards. For its strategic location along the historic Singapore River and its cutting-edge architectural design, RiverGate became the first residential project in Singapore to be accorded ‘landmark’ status by Singapore’s Urban Redevelopment Authority.

In Australia, Australand’s Bullecourt in Sydney, Baltusrol in Victoria, Greenway Views in New South Wales and The Maltings in Western Australia won the prestigious UDIA Awards for Excellence in various categories, including for development, design and urban renewal. Another project, the Quadrant Off Broadway, was awarded the NSW Urban Taskforce Development Excellence Award for Residential Development. Kallista Gardens was conferred the GreenSmart Water Efficiency Award while Parkville Gardens was named Victoria’s first GreenSmart Estate and Village, the first time the accreditation has been accorded to an entire estate by the Housing Industry Association in Australia.

In China, Parc Trésor in Shanghai was accorded the “Outstanding Humanism Residences Award” by the Shanghai Commerce Union and Shanghai Architecture Academy, while La Forêt in Beijing was ranked among the “Most Liveable Communities in Chaoyang District in Beijing 2005”.

As a further testament to CapitaLand’s growing reputation as a premier developer in China, CapitaLand China was among the Top Ten Inter-regional Real Estate Brands with the Most Impressive Performance at the Beijing Real Estate Awards. The company was rated a Top 10 Employer, for the second time, in the WorkChina™ “Best Company to Work For” survey conducted by Watson Wyatt Worldwide and FORTUNE China.



Mr Martin Tan

CEO, CapitaLand Commercial and Integrated Development Limited



AIG Tower, Hong Kong (Central)

CapitaLand Commercial and Integrated Development (CCID) Limited is one of the largest owners and managers of commercial space in the Singapore Central Business District (CBD). Overseas, its portfolio extends to gateway cities in China, Hong Kong, Malaysia and the UK. CCID focuses on the high growth commercial and integrated property business with over seven million square feet of net lettable area in Singapore, and more than three million square feet of net lettable area overseas.

CCID will continue to reinforce its leadership position in Singapore, increase the asset yields of its existing properties, and expand its foothold in overseas markets.

Singapore

As the Singapore office market leader, CCID is in a unique position to benefit from the sector's uptrend. It registered excellent performance in 2005, with increasing demand and limited supply of quality office space underpinning rental recovery and growth. The average gross effective rent of Prime Grade A office space increased 10.3 per cent quarter-on-quarter to S\$5.90 psf per month by end-2005, representing an annual growth of 23.9 per cent in 2005. CCID enjoys high occupancy rates and a diverse tenant base. For example, One George Street saw its rentals increase significantly over the course of the year, with many multi-national, blue-chip tenants signing up, raising occupancy to 80 per cent.

In recognition of its outstanding landscape design and environmentally friendly features, One George Street was presented with three major awards by the Singapore Institute of Landscape Architects, Landscape Industry Association (Singapore) and the Building and Construction Authority of Singapore.

“Many of our tenants have been through peaks and troughs in business cycles with us. They choose to remain with us over the years as they know we take a long-term approach to our relationships. Our business is not about maximising our own short-term gains. It is about providing our tenants with a conducive environment to help them grow their own businesses.”

Martin Tan *CEO, CapitaLand Commercial and Integrated Development Limited*

One George Street, Singapore





Selegie Complex, Singapore

With CCT's acquisition of HSBC Building in the CBD, CCID has a new addition to its management portfolio of prime commercial buildings. CCID will also project manage the upgrading of two of CCT's properties, the Market Street and Golden Shoe car parks. Both asset enhancement plans capitalise on the properties' prime locations as preferred hubs catering to patrons' parking, shopping and dining needs in the CBD.

CapitaLand is one of the bidders for Singapore's most exciting developments to date – the proposed Integrated Resorts at Marina Bay and Sentosa. The Group has joined two world-renowned international resort developers to submit proposals for consideration by the Government, partnering MGM MIRAGE for the Marina Bay site and Kerzner International for the Sentosa site. Leveraging on its extensive experience in developing integrated, large scale and award-winning properties, CapitaLand intends to develop world-class destinations that will dramatically transform the Singapore urban and tourism landscape.

CCID also plans to redevelop Selegie Complex into a vibrant integrated lifestyle hub within the new Arts, Culture, Learning and Entertainment precinct. The development will have office, SOHO and serviced apartments augmented by retail and F&B outlets, to serve the needs of the growing arts and education community.

China and Hong Kong

CCID was active in the acquisition and divestment of commercial properties in line with its capital productivity objective. In Beijing, CapitaLand acquired office tower development Capital Tower Beijing, which is slated to be the Group's flagship office in the city once completed in 2006.

CCID aims to expand its presence in China, as there is rising demand for well-located quality commercial developments. This improvement coincides with the country's steady economic growth, developing city infrastructure and gradual deregulation of various sectors. An expanding network of MNCs and international companies in Beijing will further drive demand for quality commercial space.

Pidemco Tower in Shanghai was divested with a gain of S\$32.8 million, while a prime Grade A commercial property in Luwan District is also to be divested in 2006. These divestments will allow the Group to realise capital gains while the proceeds will be redeployed for greater returns to shareholders.

CapitaLand's AIG Tower in Hong Kong has also done well, with 80 per cent pre-leased prior to receiving its occupation permit. It also received the Hong Kong-BEAM award for environmental best practices.

Malaysia

CCT has accepted CCID's offer to subscribe to junior bonds which were issued as part of the asset-backed securitisation of Wisma Technip, a freehold 12-storey office building located in Kuala Lumpur's CBD. As it is well let, it is ideal for a REIT to own.

CCID will continue to manage its portfolio via acquisitions and divestments. Complementing its acquisition strategy are active asset enhancement initiatives to maintain or augment the high quality of its assets. Looking ahead, CCID will leverage on its track record in building and managing mixed and integrated properties both locally and abroad, to constantly improve and grow its business.



Capital Tower Beijing

In March, CapitaLand purchased two 34-storey office towers in Beijing's CBD for RMB1.84 billion (S\$362 million). Located along Changan Street, near renowned landmarks such as the Forbidden City, the China National Theatre and numerous government offices and ministries, this commercial property is situated in one of the best locations in the Beijing CBD. It has a combined 1.14 million square feet of office space, and upon completion in 2006, will house CapitaLand's flagship office in Beijing. Plans are

also underway for finishing touches to the buildings and modifications designed to better attract major international companies.

The Group's commercial portfolio in China is expanding in tandem with positive real estate market sentiment, and growth is especially robust in key cities like Beijing, Shanghai and Guangzhou. Growing demand for office space by multinational companies is anticipated especially in Beijing, a lucrative market CapitaLand hopes to tap on.

**Mr Pua Seck Guan**

CEO, CapitaLand Retail Limited

CapitaLand Retail Limited (CRTL) is a leading owner and manager of malls in Asia with a footprint of over 40 properties in Singapore, China, Japan and Malaysia. CRTL concentrates on improving the yields of its existing properties through asset enhancements, active property management, and the introduction of novel retail concepts. It has established a premium brand name for its innovative creation of vibrant shopping spaces. Over the course of 2005, the Group acquired more retail properties, thereby extending its management footprint both locally and overseas.

CRTL will continue to capitalise on the high growth retail property business in Singapore and overseas to enhance its position as Asia's market leader in retail management.

*Plaza Singapura, Singapore*

“2005 was a significant year for CapitaLand Retail, with the stepping up of investments in China, Japan and Singapore. We have created an Asian retail footprint which has made us one of the leading retail mall players in the region. Looking ahead, we see potential for more growth in these and new markets.”

Pua Seck Guan *CEO, CapitaLand Retail Limited*

Funan DigitaLife Mall, Singapore



Singapore

CapitaLand's retail properties benefited from the vibrant Singapore retail market, which saw robust leasing activity throughout 2005. The confident outlook was fuelled by increased tourism arrivals and spending, rising retail sales, strong demand for retail space and increases in rentals. Island-wide prime retail rents rose 3.1 per cent in 2005 with suburban rents up 1.5 per cent from a year earlier. Singapore enjoys a favourable amount of retail space per capita, compared to major regional (e.g. Japan, Australia) and western markets. Given the limited supply, the retail sector is expected to outperform in the long-term. CRTL was well-positioned to capitalise on this uptrend as the largest mall manager in Singapore with a portfolio of 16 malls and a combined net lettable area of over 5.6 million square feet.

CapitaLand clinched the high profile landmark Orchard Turn site for S\$1.38 billion, together with its partner Sun Hung Kai Properties, one of the largest listed property developers in Hong Kong. Earlier, CapitaLand divested its stakes in Bugis Junction (retail) to CapitaMall Trust (CMT) and Bugis Junction Tower (office) to Keppel Land Properties Pte Ltd. The retail mall at Bugis Junction was divested via an asset sale for S\$580.8 million. This

provided CapitaLand with the opportunity to participate in the strong performance and growth in CMT. In addition, it enabled CapitaLand to generate higher fee income from the management of an enlarged CMT portfolio.

CRTL's asset enhancement initiatives resulted in the transformation of Clarke Quay into a premier F&B, entertainment and lifestyle precinct along the Singapore River. This included repositioning of the property with a new signature look of "lily pads", or alfresco dining platforms, and "angels", a breathtaking outdoor roof canopy which is also a state-of-the-art climate control system. With these changes, tenants have reported a rise in traffic. Clarke Quay is now bustling, especially with the opening of the London-based Ministry of Sound dance club and the Crazy Horse Paris show. Clarke Quay ushered in 2006 with a New Year's Eve Mardi Gras party, an apt fit for the vitality of the revamped nightspot.

CRTL is also the retail development manager of VivoCity, a sprawling 1.1 million-square foot mall which upon its completion will be the largest shopping mall in Singapore. Construction of VivoCity is proceeding smoothly, and the Temporary Occupation Permit is expected in October 2006. The mall is already 65 per cent leased, 10 months before its scheduled opening in the fourth quarter of 2006.

Orchard Turn site, Singapore



China

CRTL has a strong presence in China with over 13 million square feet of gross floor area and a combined asset value of approximately US\$1.1 billion (S\$1.9 billion).

During the year, CRTL and Shenzhen International Trust & Investment (SZITIC) soft-opened four of its 21 retail malls which are anchored by Wal-Mart, the world's largest retailer, in the provincial cities of Chongqing, Changsha, Wuhu and Weifang. Phase 1 of the Wal-Mart Asia HQ in Shenzhen, Sam's Club, also opened at the end of the year. Phase 2 of the Wal-Mart Asia HQ and the rest of the 16 malls will be progressively opened within the next two years.

In addition to the malls anchored by Wal-Mart, CapitaLand owns two malls in Beijing anchored by Beijing Hualian Group: Anzhen mall which is already operational, and the Wangjing mall which is slated to open by mid-2006. The landmark Raffles City Shanghai mall continued to perform well and remains fully tenanted. Many homegrown Singapore retailers including BreadTalk, Bee Cheng Hiang and Osim, have set up shop in the mall.

Orchard Turn

Leveraging on their impressive records of building world-class integrated landmark properties in their respective international and domestic markets, CRTL and partner Sun Hung Kai Properties are planning an iconic retail cum residential project on the most prime site along Orchard Road, scheduled to open end-2008. The development will give added breadth and depth to the Singapore retail scene.

To maximise its prime location, the new mall will be Orchard Road's tallest building. Standing at 51 storeys, it will boast over 680,000 square feet of retail space and over 100 high-end homes, as well as observation decks and an art exhibition space on its top storeys. Part of wider efforts to revamp Orchard Road, the new mall is poised to become the shopping district's "centre of gravity".

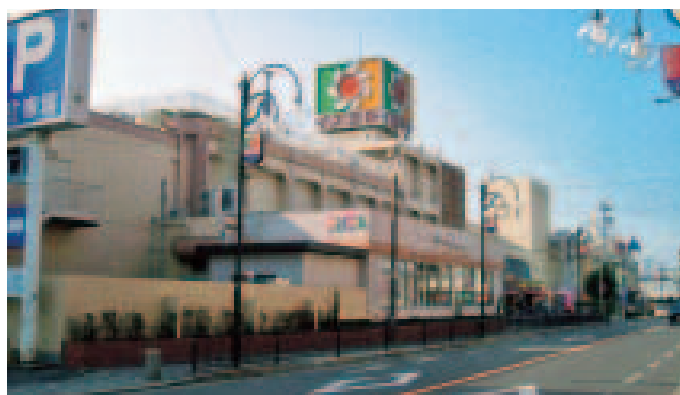


Jiulongpo Mall, Chongqing

Japan

In Japan, CRTL's management portfolio of retail malls was augmented by CapitaRetail Japan Fund's acquisition of three new suburban properties: Izumiya Hirakata in Osaka; ViVit SQUARE in Greater Tokyo; and Ito-Yokado Chitose in Hokkaido. This grew the fund's asset size to JPY41 billion (S\$578 million). These acquisitions have allowed the Group to strengthen its real estate presence in Japan, and leverage on its established retail cum asset management capabilities to deliver enhanced returns to investors.

As CRTL continues to forge new frontiers in the retail property scene abroad, Singapore remains a major market. Orchard Turn will revitalise Singapore's prime Orchard Road shopping district. With exciting mega-projects in store, CRTL is committed to setting new benchmarks in asset management, marketing, and property development, to maximise returns for real estate asset owners.



Izumiya Hirakata, Osaka



From left to right:

Mr Kee Teck Koon

CEO, CapitaLand Financial Limited

Mr Wen Khai Meng

CEO, CapitaLand Financial Limited
(Financial Services)

Mr Martin Tan

CEO, CapitaCommercial Trust
Management Limited

Mr Pua Seck Guan

CEO, CapitaMall Trust
Management Limited

CapitaLand Financial Limited (CFL) is the real estate fund management and financial advisory services arm of the Group. It is a provider of financial services for real estate-related investments in the Asian region. CFL originates, structures and manages listed and unlisted property funds in countries where the Group possesses in-depth domain knowledge and expertise garnered from its multi-local strategy. It also provides customised real estate solutions to property owners and investors, leveraging on the Group's capabilities across the entire real estate value chain, and across different real estate product sectors and mixes.

Since its inception in 2001, CFL has grown exponentially. Its assets under management (AUM) grew further to S\$8.5 billion in 2005, up from S\$6 billion a year ago. It currently has under management, eight private equity funds and two listed REITs, with retail, residential and office properties spanning key gateway cities in Asia including Singapore, Kuala Lumpur, Beijing, Shanghai and Tokyo. CFL was advisor for a total of 26 separate transactions, with an aggregate transaction value of S\$8.7 billion. CFL acted as joint financial advisor together with JP Morgan in the creation of the first Pan-Asian serviced residence REIT, Ascott Residence Trust (ART). When listed in 2006, it will be CapitaLand Group's third REIT after pioneering the first REIT in Singapore, CapitaMall Trust (CMT) in 2002 and the first commercial property REIT, CapitaCommercial Trust (CCT) in 2004.

“CFL will continue to originate property funds and real estate investment products in Asia. We already have operating platforms in places like China. We're familiar with the investment opportunities and legal framework, we have local intelligence and operational capabilities on the ground, and we own assets there.”

Mr Wen Khai Meng *CEO, CapitaLand Financial Limited (Financial Services)*

“Our vision is to be one of the top 10 players in the world in the property fund and financial services arena. In the relatively short span of four years since its formation, CFL’s AUM has grown exponentially to S\$8.5 billion, closing the gap to its targeted AUM of S\$13 billion by 2007. With CapitaLand Amanah giving more focused attention to the enormous potential of the Shari’ah compliant business, CFL is poised to launch another US\$500 million worth of such investment products within the next two years.”

Mr Kee Teck Koon *CEO, CapitaLand Financial Limited*

CMT’s most recent acquisition, Bugis Junction, Singapore



CCT's flagship property, Capital Tower, Singapore



Singapore

CFL is the parent company of the Group's REIT managers, CapitaMall Trust Management Limited (CMTML) and CapitaCommercial Trust Management Limited (CCTML). In 2005, with four acquisitions totalling approximately S\$770.6 million, CMT has grown its asset size to S\$3.4 billion, further strengthening its position as the largest REIT by asset size and market capitalisation in Singapore. For 2005, CMT's unit price appreciated 27 per cent and provided unitholders with a total return of 33 per cent.

CFL also acted as financial advisor in CCT's purchase of the 999-year leasehold HSBC Building in prime Raffles Place.

China and Hong Kong

CFL has actively exported its property fund management expertise overseas. In Hong Kong, CFL was chosen from among 17 well-established fund managers in Asia Pacific as the strategic partner to The Link Management Limited, the manager of The Link REIT. This high profile and successful listing of the world's largest REIT was a milestone for CFL. The Link REIT achieved a 40 per cent capital gain within a month of its listing on the Hong Kong bourse.

CapitaLand's eighth private equity fund, the CapitaLand China Development Fund (CCDF), which was co-marketed with Citigroup, raised US\$400 million (S\$677 million), with strong interest from Asia, the Middle East and the USA. The fund's first investment is a prime mixed development site in Ningbo, China, which was secured by CapitaLand China. An 80 per cent interest in the site, worth an approximate US\$108 million (about S\$183 million), was injected as the seed investment of the fund. The CCDF will continue to invest in development projects in China with a focus on major residential, office, mixed and serviced apartment developments in high density and growing population centres.

CapitaLand's first China fund, the US\$61 million (S\$103 million) CapitaLand China Residential Fund, had been fully invested, in mid- to high-end residential properties in Shanghai, Beijing and Guangzhou.

“As the premier office trust, we are well-positioned to ride on Singapore's growth and uptrend in the office market. We are also finalising our first overseas investment in Malaysia. With our quality buildings and proactive management, CCT will continue to deliver sustainable returns to its unitholders.”

Mr Martin Tan *CEO, CapitaCommercial Trust Management Limited*



CapitaLand China Residential Fund's portfolio includes Beijing Orchid Garden

“We will continue to leverage on our multi-pronged strategy of yield accretive acquisitions, innovative asset enhancements and proactive leasing to drive growth going forward. With the established platforms and current conservative debt structure, we aim to grow our asset size to S\$5–6 billion in the next three years.”

Mr Pua Seck Guan *CEO, CapitaMall Trust Management Limited*



ViVit SQUARE, Greater Tokyo



Kiaraville, Kuala Lumpur

Japan

In Japan, CFL, together with Bahrain-based Arcapita, formed the ARC-CapitaLand Residences Japan venture which invests in rental apartments. This property vehicle has acquired five properties worth JPY8.5 billion (S\$127.5 million) as seed investments. CFL also put in place a pipeline of properties for acquisition in order to grow the vehicle's portfolio.

In early 2005, the CapitaRetail Japan Fund closed its fund-raising after reaching JPY44.1 billion (S\$622 million), a more than four-fold increase from JPY10 billion (S\$141 million) in the first close a year earlier. During the year, the Fund added to its seed investment, La Park Mizue in Tokyo, with the acquisition of three suburban malls – Izumiya Hirakata in Osaka, ViVit SQUARE in Greater Tokyo and Ito-Yokado Chitose in Hokkaido – thereby growing its asset size to JPY41 billion (S\$578 million). In the next three years, with debt financing, the fund has the capacity to grow its portfolio size to JPY147 billion (S\$2.1 billion).

Malaysia

CFL provided investment and management advisory services for several high-end residential projects in Kuala Lumpur. Through CFL, the Group is involved in the Hampshire Residences, Kiaraville and the Marc Serviced Residence projects in Malaysia. Mezzo Capital Fund focuses on the mid- to high-end residential segments in Klang Valley and Penang. CFL acted as advisor to CCT for the subscription of junior bonds in the asset-backed securitisation of Wisma Technip, a prime office building in the Kuala Lumpur CBD. These commitments are indications of the Group's confidence in the long-term growth opportunities in Malaysia.

CapitaLand Amanah

In December 2005, CFL set up a new business unit, CapitaLand Amanah Pte Ltd. This unit was established to tap the growing interest in Shari'ah compliant Asian real estate financial products. CapitaLand Amanah's creation follows the Group's first Shari'ah compliant initiative, the ARC-CapitaLand Residences Japan.

Looking ahead, there is clearly opportunity for growth in CapitaLand's real estate financial services. This is especially so due to unprecedented increases in cross-border capital flows into Asian real estate. CapitaLand's aim is to increase AUM to S\$13 billion in 2007. It will continue to leverage on its extensive network of investors to bring international capital into Asia's markets.



College Court, Fukuoka

Shari'ah Compliant Funds

To facilitate its expansion in Japan, CFL entered into a strategic joint venture with Bahrain investment banking group, Arcapita Bank B.S.C. (c), to form a Shari'ah compliant property vehicle investing in rental apartments in Japan's key cities. Seed investments comprised the 12-storey SAMTY Namba-Minami studio apartment block in Osaka, Fujimi Duplex Riz and Colonnade Kamiikedai in Tokyo, College Court in Fukuoka and The Grandview Osaka. Later in the year, CFL's subsidiary in Japan, CapitaLand Japan Kabushiki Kaisha (CapitaLand Japan) signed a partnership agreement with rental apartment developer, SAMTY Co., Ltd for an annual pipeline of

JPY 5 – 10 billion (S\$71 – S\$141 million) worth of rental apartments in three major Kansai cities – Osaka, Kobe and Kyoto. ARC-CapitaLand Residences Japan will be given first right of offer to acquire the properties upon completion. In addition, CapitaLand Japan entered into a forward agreement to purchase a rental apartment block on the man-made Island City in the eastern part of Fukuoka's Hakata Bay. Upon completion in 2008, it is expected to be the largest private rental apartment project in the city. The forward commitment will be transferred to the joint venture in 2006 when construction starts.

CFL's relationship with this leading Islamic financial institution allows the Group to tap into their pool of Middle East investors and cater to their growing demand for Asian-based investments. The property vehicle is forecast to hit JPY30 billion (S\$423 million) by end of 2006, and CapitaLand expects to launch another US\$500 million (S\$846 million) worth of Shari'ah compliant investment products within the next two years. To spearhead the growth of its Shari'ah compliant real estate financial business, CapitaLand Amanah Pte Ltd, was established towards the end of the year to provide advisory services. It will target institutional investors and high net-worth individuals who are looking for Asian-based real estate investment opportunities. By tapping into the global Islamic financial market, currently estimated to be worth up to US\$300 billion (S\$507 billion), CapitaLand Amanah will be looking to invest in Malaysia and other parts of Asia including Japan and China.



Mr Cameron Ong

Managing Director and CEO,
The Ascott Group

In 2005, The Ascott Group reinforced its position as a leader in the serviced residence industry through focused execution of clear strategies. The Group continued to expand its global portfolio and exceeded its target of 15,000 units by the end of 2005, with presence in 41 cities and 17 countries across Europe, Asia Pacific and the Middle East. Ascott ended the year with almost 20 prestigious industry recognitions and international brand awards attesting to its strong brand reputation.

The PATMI from its operations tripled from S\$14.9 million in 2004 to S\$44.6 million in 2005, posting its record-high operating results since the formation of The Ascott Group in 2000. Ascott's revenue leapt 86% from S\$238.9 million last financial year to S\$444.1 million this year. These achievements were driven by the expansion and strong improvement in the Group's serviced residence operations, particularly in Europe and China, in addition to the consolidation of Citadines' results.

Stronger global brand recognition coupled with successful sales and marketing initiatives also contributed to an improvement in revenue per available unit (RevPAU) in all the regions where it operates.



Citadines Saint Germain, Paris

“2005 has been a successful year for Ascott. We achieved the highest operating profit since our merger in 2000 and surpassed our target of 15,000 units. We also launched the first Pan-Asian real estate investment trust – Ascott Residence Trust to enable us to unlock greater shareholder value and transform our business into an integrated model. With this transformation, Ascott is poised to build a ‘Better, Stronger and Greater’ company to drive the next level of growth.”

Cameron Ong Managing Director and CEO, The Ascott Group

Somerset Palace, Seoul



The Ascott Sathorn, Bangkok

In 2005, Ascott also secured seven serviced residence management contracts and five strategic investments in China, Indonesia, Thailand and Dubai. Ascott formed a strategic alliance with Addax Investment Bank to launch a cluster of 15 properties across the Middle East and North Africa by 2010. In Thailand, Ascott entered into a joint venture with Thailand's Thakral family to launch five Citadines serviced residences with a total of about 500 units in Bangkok by 2010. In China, a third Citadines property was also added.

With a continued focus on an 'asset light, asset right' strategy, Ascott reallocated capital through divestments of mature assets and reinvested the funds into higher-yield

assets. In line with this strategy, Ascott divested Somerset Queensgate Gardens and two non-core properties – one in London and the other in Malaysia. It also fully acquired The Ascott Mayfair in London and The Ascott Beijing in China as well as increased its shareholdings in The Ascott Jakarta in Indonesia, Somerset Grand Hanoi and Somerset Ho Chi Minh City in Vietnam.

In 2005, Ascott also entered new cities with high potential demand for serviced residences, including Guangzhou and Pattaya. Two new properties, one in Bangkok and the other in South Korea, were opened and seven more are slated to open in 2006.

Progress was made in enhancing Ascott's global information technology infrastructure to support its central reservation system and develop a customer relationship management system. These initiatives will enable Ascott to achieve greater effectiveness in managing customer relationships worldwide.

Ascott built upon its strong brand reputation and service culture through its Heartware programme, which emphasises going the extra mile for its customers. As Ascott continues to expand globally, it remains focused on enhancing the capabilities of its staff and developing their talent. Its training programmes aim to develop core competencies of its staff members and align them with the company's business objectives. Ascott also developed programmes to nurture future leaders for the company.

With strong brand equity, well-established global infrastructure and talent management systems in place, Ascott continues to explore potential opportunities in new growth markets. It aims to enlarge its global portfolio from the current 15,500 units to 25,000 units by 2010. Ascott will also bring its three brands, The Ascott, Somerset and Citadines to new markets and further extend the Group's reach globally.



Somerset Park Suanplu, Bangkok



Ascott Residence Trust (ART)

In January 2006, Ascott announced its plan for the first Pan-Asian serviced residence REIT, Ascott Residence Trust (ART). ART provides Ascott with an integrated platform to drive future growth for the company; it will be a capital-efficient, asset-owning vehicle and acquisition platform, while Ascott will focus on strengthening the global brand, growing fee-based income, and incubating new serviced residence and rental housing properties. The right of first refusal to acquire properties to be divested by Ascott in the Pan-Asian region will be given to ART, while Ascott will be given the right to manage these properties.

ART's initial portfolio, valued at S\$856 million, comprises 12 of Ascott's serviced residences located in key high-growth Pan-Asian gateway cities where Ascott has leadership presence.

ART will focus on delivering stable and growing dividends by acquiring high-yield serviced residences or rental housing properties in the Pan-Asian region. Ascott's shareholders who subscribe to ART units will therefore enjoy a stable and growing distribution of dividends.

The setting up of ART is another demonstration of Ascott's commitment to unlock shareholder value, and to reinforce its position as the undisputed global leader in serviced residence.

**Ms Jennie Chua**

President and CEO, Raffles Holdings Limited

**Unlocking Shareholder Value
– Divestment of Hotel Business**

Raffles Holdings Limited's group of companies (the "Raffles Holdings group") achieved a significant milestone in 2005 in its continuing efforts to create and unlock shareholders' value. On 30 September 2005, Raffles Holdings group announced the divestment of its hotel business to Colony HR Acquisitions, LLC, an affiliate of Colony Capital, LLC, a large private equity fund, for an enterprise value of S\$1.72 billion. The divestment resulted in a gain of S\$631.1 million for the Raffles Holdings group which created significant value for shareholders.



Raffles Hotel, Singapore

“We are delighted with Raffles Holdings’ excellent performance in 2005. The strategic decision to divest the hotel business created significant value for shareholders. Raffles Holdings will focus on its 45 per cent equity interest in Tinsel Properties and continue to create value for shareholders.”

Ms Jennie Chua *President and CEO, Raffles Holdings Limited*

Raffles City, Singapore



Raffles City Shopping Centre, Singapore



The decision to divest the hotel business in 2005 was reached after a thorough review of strategic options to maximise value for shareholders. While the hotel business had performed well, it was at strategic crossroads. To grow the hotel business to gain global scale would entail significant capital investments. The strong performance of the business, combined with the active mergers and acquisitions market, presented a unique opportunity for Raffles Holdings group to unlock significant value for shareholders.

Performance in 2005

In 2005, Raffles Holdings group achieved significant growth of 463 per cent in earnings before interest, tax, depreciation and amortisation (EBITDA), increasing from S\$132.0 million to S\$742.8 million. This was due to better performance from operations and the S\$631.1 million gain on divestment of its hotel business.

Profit attributable to shareholders (PATMI) improved more than 10 times over 2004 to S\$678.3 million. Excluding exceptional gain, PATMI from operations improved by 23 per cent to S\$61.6 million. In November 2005, following the divestment of its hotel business, Raffles Holdings Limited paid out to its shareholders an interim special dividend of S\$826.6 million or 40 cents per share.



Raffles City Shopping Centre, Singapore

Following the divestment, Raffles Holdings group continues to have a sizeable business with its 45 percent equity interest in Tinsel Properties (Private) Ltd, which owns the Raffles City Complex and the contract to manage it. Tinsel Properties derives its earnings from lease payments from the two hotels and rental income from the retail and commercial spaces in Raffles City Complex.

Awards and Accolades

The Raffles Holdings group received numerous international and local awards and accolades in 2005 at company, operation and brand levels. These awards include:

Raffles Holdings:

- “Deal of the Year” Award at the 16th Annual Hotel Investment Conference Asia Pacific for the divestment of its hotel business.
- Distinguished Patron of the Arts Award by the National Arts Council for six consecutive years since 2000.
- Most Transparent Company Award (Hotel Category) by the Securities Investors Association (Singapore) for six consecutive years since 2000.
- Ranked 2nd in the Business Times Corporate Transparency Index.

Tinsel Properties:

- Fire Safety Excellence Award 2005 by the National Fire Prevention Council for the sixth time since 1993.
- Top five finalists in the Best Shopping Experience – Shopping Centre Category in the 19th Tourism Awards by Singapore Tourism Board.
- Winner of the Singapore Retailers Association Shopping Centre Scorecard 2005 for outstanding efforts in mall management.

Residential Assets

Name	Location	Year	*	Holding Company	Effective Stake (%)	Total No. of Units	Tenure (Years)
SINGAPORE							
Private Condominiums							
Belmond Green	Belmond Green	2004	C	CRL Realty Pte Ltd	100	211	Freehold
Casabella	Duchess Avenue	2005	C	CRL Realty Pte Ltd	100	82	Freehold
Citylights	Jellicoe Road	2005	S	CRL Realty Pte Ltd	100	600	99
Glentrees	Mount Sinai Lane	2005	C	Leonie Court Pte Ltd	100	176	999
The Levelz	Farrer Road	2004	C	CRL Realty Pte Ltd	100	126	Freehold
Palm Grove	off Upper Serangoon Road	2002	C	Leonie Court Pte Ltd	100	111	999
Palm Haven	off Upper Serangoon Road	2002	C	CRL Realty Pte Ltd	100	48	999
RiverEdge	Kampong Kayu Road	2005	S	Riveredge Development Pte Ltd	45	135	99
RiverGate	Martin Road	2005	S	Riverwalk Promenade Pte Ltd	50	545	Freehold
SunHaven	Upper Changi Road East	2002	C	CRL Realty Pte Ltd	100	295	Freehold
SunGlade	Upper Serangoon Road	2003	C	CRL Realty Pte Ltd	100	475	99
Tanamera Crest	off Upper Changi Road	2004	C	CRL Realty Pte Ltd	100	288	99
Tanglin Residences	off Tanglin Road	2005	C	Leonie Court Pte Ltd	100	43	Freehold
The Botanic on Lloyd	near Orchard Road	2003	S	CRL Realty Pte Ltd	100	66	Freehold
The Imperial	off Oxley Rise	2003	S	Leonie Court Pte Ltd	100	187	Freehold
The Loft	Nassim Hill	2002	C	Loft Condominium Pte Ltd	100	77	99
The Shelford	Shelford Road	2005	C	Leonie Court Pte Ltd	100	215	Freehold
The Waterina	Guillemard Road	2005	C	CRL Realty Pte Ltd	100	398	Freehold
Varsity Park Condominium	West Coast Road	2005	S	CRL Realty Pte Ltd	100	530	99
Visioncrest	Penang Road	2003	S	Winpeak Investment Pte Ltd	25	265	Freehold

Name	Location	Year	*	Holding Company	Effective Stake (%)	Total Potential GFA (sqm)	Tenure (Years)
Future Projects							
Site at Alexandra Road	near Tanglin Road	2005	A	CRL Realty Pte Ltd	50	47,736	99
Site at Jalan Mutiara	near Grange Road	2005	A	CRL Realty Pte Ltd	100	24,413	Freehold
Site at Meyer Road	Meyer Road	1999	A	CRL Realty Pte Ltd	100	52,488	Freehold
Site at Nassim Hill	near Orchard Road	1999	A	CRL Realty Pte Ltd	100	15,942	Freehold
Site at Scotts Road	Scotts Road	1997	A	Leonie Court Pte Ltd	100	18,035	Freehold
Sites at Tong Watt Road	off River Valley Road	2000	A	Leonie Court Pte Ltd	100	25,967	999
Site at West Coast Park	West Coast Park	2003	A	Leonie Court Pte Ltd	50	60,555	956
Site at Yio Chu Kang Road	Yio Chu Kang Road	2000	A	CRL Realty Pte Ltd	100	19,330	Freehold

* A: Year of Acquisition S: Start of Construction C: Completion

Residential Assets

Name	Location	Year	*	Holding Company	Effective Stake (%)	Gross Floor Area (sqm)	Total No. of Units	Tenure (Years)
CHINA								
La Forêt	Chaoyang District, Beijing	2004	S	Beijing Xinkai Real Estate Development Co., Ltd	86.7	271,950	1,808	70
Beijing Orchid Garden	Chaoyang District, Beijing	2005	S	Beijing Orchid Garden Real Estate Development Co., Ltd	80.1	84,500	247	70
La Cité	Xuhui District, Shanghai	2005	C	Shanghai Xin Xu Property Development Co., Ltd	99	115,000	712	70
Oasis Riviera	Changning District, Shanghai	2003	S	Shanghai Ning Xin Real Estate Development Co., Ltd	70.9	270,000	1,968	70
Parc Trésor	Baoshan District, Shanghai	2005	S	Shanghai Xinshu Property Development Co., Ltd	100	84,680	700 (estimated)	70
Summit Residences	Pudong District, Shanghai	2005	C	Shanghai Pudong Xinxiang Real Estate Development Co., Ltd	66.5	147,000	913	70
Westwood Green	Minhang District, Shanghai	2005	S	Shanghai Aoshun Property Co., Ltd	86.7	135,084	429	70
Beau Monde	Tianhe District, Guangzhou	2005	S	Guangzhou Hai Yi Property Development Co., Ltd	86.7	79,450	400 (estimated)	70
Site at Xiao Guan Bei Li	Chaoyang District, Beijing	2002	A	Beijing Ruihua Real Estate Development Co., Ltd	62	209,000	1,450 (estimated)	70
Site at Jin Sha Zhou	Baiyun District, Guangzhou	2005	A	Guangzhou Beautiwin Real Estate Development Co., Ltd	50	356,623 (estimated)	3,000 (estimated)	70
HONG KONG								
Hong Kong Parkview Blk 15	Hong Kong Repulse Bay	1999	A	Central Hill Limited	75	8,180	33	75+75
THAILAND								
Athenee Residence	Bangkok	2004	S	T.C.C. Capital Land Limited	40	70,000	219	Freehold
Royal Residences	Bangkok	2005	S	T.C.C. Capital Land Limited	40	45,000	79	Freehold
The Empire Place	Bangkok	2005	A	T.C.C. Capital Land Limited	40	87,000	440	Freehold
Villa Rachakru	Bangkok	2005	S	T.C.C. Capital Land Limited	40	6,959	70	Freehold
The Emporio Place	Bangkok	2005	A	T.C.C. Capital Land Limited	40	70,000	360	Freehold

* A: Year of Acquisition S: Start of Construction C: Completion

Commercial and Retail Assets

Name	Location	Year	*	Holding Company	Effective Stake (%)	Total NLA (sqm)	Tenure (Years)	Total Book Value as at 31 Dec '05 (\$'000)
SINGAPORE								
Office								
Bugis Village	Queen Street / Rochor Road / Victoria Street	1989	A	CapitaCommercial Trust	37.4	10,901	99	^
Caltex House	Raffles Place	2000	A	Savu Properties Ltd	55	24,449	99	^
Capital Tower	Robinson Road	2000	C	CapitaCommercial Trust	37.4	68,925	99	^
Equity Plaza	Cecil Street	1992	C	D.L. Properties Ltd	35.4	23,123	99	^
Hitachi Tower	Collyer Quay	2000	A	Savu Investments Ltd	50	25,976	999	^
HSBC Building	Collyer Quay	2005	A	CapitaCommercial Trust	37.4	18,624	999	^
One George Street	George Street	2004	C	George Street Pte Ltd	50	41,922	99	^
PWC Building	Cross Street	2000	C	DBS China Square Ltd	30	33,072	99	^
Site and building leased to Raffles Hospital	North Bridge Road	2001	C	Capitaland-Raffles Properties Pte Ltd	50	380 beds	99	^
Robinson Point	Robinson Road	1997	C	CapitaCommercial Trust	37.4	12,356	Freehold	^
Samsung Hub (former 3 Church Street) – (1st storey and 8th to 15th storeys)***	Church Street	2005	C	China Square Holdings Pte Ltd	100	10,233	999	110,800
6 Battery Road	Battery Road	1989	A	CapitaCommercial Trust	37.4	45,910	999	^
Springleaf Tower (9 floors)**	Anson Road	2002	C	Brimitty Pte Ltd	100	8,754	99	72,000
Starhub Centre	Cuppuge Road	1998	C	CapitaCommercial Trust	37.4	25,982	99	^
Temasek Tower	Shenton Way	1995	A	Temasek Tower Limited	90	62,230	99	^
The Adelphi***	Coleman Street	1988	A	Adelphi Property Pte Ltd	50	19,042	999	^
Car Park								
Golden Shoe Car Park	Market Street	1989	A	CapitaCommercial Trust	37.4	3,691	99	^
Market Street Car Park	Market Street	1989	A	CapitaCommercial Trust	37.4	1,994	99	^
Retail								
Bugis Junction	Victoria Street	2005	A	CapitaMall Trust	33.9	38,147	99	^
Bukit Panjang Plaza	Jelebu Road	2003	A	CapitaRetail BPP Trust	9.2	14,234	99	^
Clarke Quay	River Valley Road	1993	C	Clarke Quay Pte Ltd	100	26,552	99	230,000
Funan DigitalLife Mall	North Bridge Road	1984	C	CapitaMall Trust	33.9	25,122	99	^
Hougang Plaza units***	Hougang Central	2005	A	CapitaMall Trust	33.9	6,300	99	^
IMM Building	Jurong East	2003	A	CapitaMall Trust	33.9	82,661	60	^
Jurong Entertainment Centre	Jurong East	2005	A	CapitaMall Trust	33.9	10,293	99	^
Junction 8	Bishan	1993	C	CapitaMall Trust	33.9	22,779	99	^
Lot One Shoppers' Mall	Choa Chu Kang	2003	A	CapitaRetail Lot One Trust	9.2	19,319	99	^
Plaza Singapura	Orchard Road	1974	C	CapitaMall Trust	33.9	45,906	Freehold	^
Rivervale Mall	Rivervale Crescent	2003	A	CapitaRetail Rivervale Trust	9.2	7,573	99	^
Sembawang Shopping Centre	Sembawang	2005	A	CapitaMall Trust	33.9	9,024	999	^
Tampines Mall	Tampines Central	1995	C	CapitaMall Trust	33.9	30,000	99	^
Mixed Development								
Site at Orchard Turn	Orchard Road	2005	A	Orchard Turn Retail Investment Pte. Ltd. Orchard Turn Residential Development Pte. Ltd.	50	125,726 (GFA)	99	^
Selegie Complex**	Selegie Road	1995	A	Capitaland Selegie Pte Ltd	100	29,812 (GFA)	99	65,000
Industrial								
Technopark@Chai Chee	Chai Chee Road	1982	A	Wan Tien Realty Pte Ltd	100	105,632	60	200,000
Corporation Place	Corporation Road	1993	C	Corporation Place Ltd	75	58,117	60	^
Kallang Avenue Industrial Centre	Kallang Avenue	1989	A	KAIC Pte Ltd	100	10,271	99	19,300
Kallang Bahru Complex	Kallang Avenue	1989	A	KBC Pte Ltd	100	15,784	99	29,000

* A: Year of Acquisition S: Start of Construction C: Completion

^ Total book value of non wholly-owned Singapore commercial and retail properties: S\$9.96 billion

** Under redevelopment

*** Strata area

Note: Hougang Plaza units comprise an aggregate of 96.7% of the total share value in Hougang Plaza.

Commercial and Retail Assets

Name	Location	Year	*	Holding Company	Effective Stake (%)	Total NLA (sqm)	Tenure (Years)	Total Book Value as at 31 Dec '05 (\$'000)
CHINA								
Office								
Capital Tower, Beijing	Chaoyang District, Beijing	2005	A	Beijing Xin Jin Cheng Property Management Co., Ltd	100	106,303 (GFA)	50	455,273
Retail								
Changsha SZITIC Commercial Centre	Shaoshan Road Central, Changsha	2005	C	Hunan SZITIC Commercial Property Development Co., Ltd.	51	43,739	40	^^
Chengdu SZITIC Commercial Centre #	Jinnui District, Chengdu	2005	A	SZITIC (Chengdu) Commercial Property Co., Ltd.	65	76,494 (GFA)	40	^^
Chongqing SZITIC Commercial Centre	Jiulongpo District, Chongqing	2005	C	Chongqing Zhongshan Huihua Investment Co., Ltd.	51	37,340	40	^^
Hualian Commercial Complex	Anzhenxili, Chaoyang District, Beijing	2005	A	CapitaRetail Beijing Anzhen Real Estate Co., Ltd.	100	43,442 (GFA)	37	148,184
Maoming SZITIC Commercial Centre #	Xiyue South Road, Maoming	2004	A	Maoming City SZITIC Commercial Property Co., Ltd.	51	46,966 (GFA)	40	^^
Mianyang SZITIC Commercial Centre #	Fucheng District, Mianyang	2005	A	Mianyang SZITIC Commercial Property Co., Ltd.	65	57,490 (GFA)	40	^^
Nanchang SZITIC Commercial Centre #	Donghu District, Nanchang	2005	A	Nanchang SZITIC Commercial Property Co., Ltd.	65	55,018 (GFA)	40	^^
Nanhai SZITIC Commercial Centre #	Nanhai District, Foshan	2004	A	Foshan City Nanhai SZITIC Commercial Property Co., Ltd.	51	65,815 (GFA)	40	^^
Weifang SZITIC Commercial Centre	Gaoxin District, Weifang	2005	C	Weifang SZITIC Commercial Property Co., Ltd.	65	33,988	40	^^
Wuhu SZITIC Commercial Centre	Xinwu District, Wuhu	2005	C	Wuhu SZITIC Commercial Property Co., Ltd.	51	37,214	40	^^
Zhangzhou SZITIC Commercial Centre #	Xiangcheng District, Zhangzhou	2004	A	Zhangzhou SZITIC Commercial Property Co., Ltd.	51	48,623 (GFA)	40	^^
Mixed Development								
Site at Daqing Nan Road	Jiangbei District, Ningbo	2005	A	CapitaLand China Development Fund Pte Ltd	50	166,050 (GFA-residential) 59,000 (GFA-office/retail)	70 (residential) 40 (office/retail)	^^
Huiteng Metropolis	Huicheng Commercial City, Xiamen	1998	C	Xiamen Huiteng Properties Co., Ltd	50	26,550 (GFA)	50	^^
Raffles City Beijing	Dongcheng District, Beijing	2005	A	Beijing Xin Jie Property Development Co., Ltd	100	145,928 (GFA)	50 (general) 40 (retail)	81,836
Raffles City Shanghai	Huangpu District, Shanghai	2003	C	Shanghai Hua Qing Real Estate Development Co., Ltd	47.5	165,171 (GFA)	50	^^
HONG KONG								
Office								
AIG Tower	Central	2005	C	Bayshore Development Group Ltd	45	39,934 (GFA)	999	^^
Industrial								
Corporation Park	Sha Tin	1996	C	Sea Dragon Ltd	30	40,099 (GFA)	54	^^
JAPAN								
Retail								
Ito-Yokado Chitose	Chitose, Hokkaido	2005	A	CapitaRetail IYC Tokutei Mokuteki Kaisha	22.7	26,338	Freehold	^^
Izumiya Hirakata	Hirakata-shi, Osaka	2005	A	CapitaRetail IH Tokutei Mokuteki Kaisha	22.7	24,097 (GFA)	Freehold	^^
La Park Mizue	Mizue, Edogawa-Ku, Tokyo	2003	A	CapitaRetail LPM Tokutei Mokuteki Kaisha	22.7	16,837	Freehold	^^
ViVit SQUARE	Funabashi-shi, Chiba	2005	A	CapitaRetail VS Tokutei Mokuteki Kaisha	22.7	50,497	Freehold	^^
MALAYSIA								
Office								
Menara Citibank	Jalan Ampang, Kuala Lumpur	1994	A	Inverfin Sdn Bhd	30	69,080	Freehold	^^

* A: Year of Acquisition S: Start of Construction C: Completion

^^ Total book value of non wholly-owned overseas commercial and retail properties: S\$3.51 billion

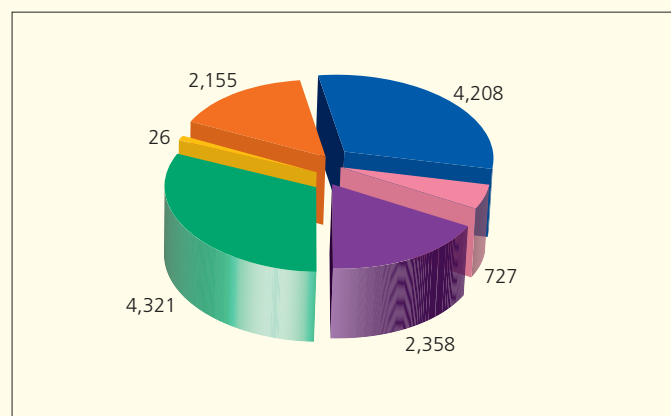
Under construction

Portfolio Analysis

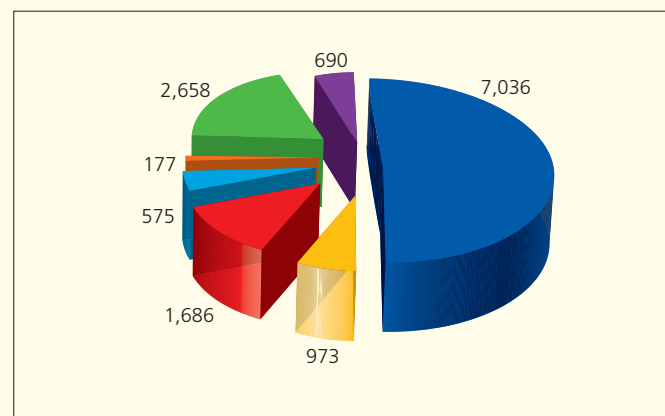
The Group's property portfolio as at 31 December 2005 comprised development properties, investment properties and serviced residences owned by subsidiaries, associated and joint venture companies.

In the following analysis, the values attributable to the CapitaLand Group are used. Investment properties are stated at their market values while development properties are stated at book costs (net of any provisions made). Properties treated as fixed assets are stated at book cost.

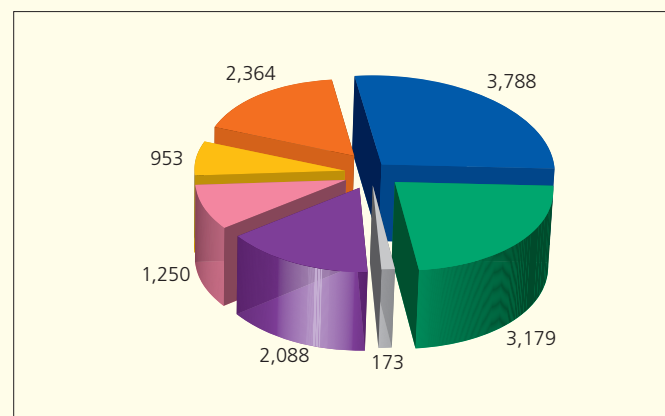
Property Value by SBU (\$m)



Property Value by Region (\$m)



Property Value by Sector (\$m)



Effective Communication with Stakeholders and Influencers

CapitaLand's Investor Relations department, together with the Corporate Communications department, has a key objective to facilitate effective communication with the company's shareholders, analysts, fund managers and the media.

The Group is committed to the principles of good corporate governance. For its open and transparent communication and disclosure policies, both to the investing community and business media, the Group has garnered a number of accolades in 2005. These include local and international awards for transparency.

In 2005, the Group's Corporate Communications Department continued to secure positive coverage in the media. This was achieved through a variety of activities, including press conferences and briefings, pitching stories directly to journalists, arranging events, setting up interviews, and the drafting of corporate press materials. Strategic advice was provided to senior management from the various business units on public relations and messaging issues.

Greater international media coverage was garnered, and media from the region were hosted to familiarisation trips to the Group's properties both in Singapore and abroad.

CapitaLand continues, on a timely and consistent basis, to keep stakeholders and analysts informed of its corporate activities in Singapore and around the world. In 2005, CapitaLand participated in over 450 investor meetings, including two investor conferences in New York and Hong Kong. It also organised an investor forum in Shanghai, to familiarise analysts and the business media with the Group's existing projects in China. The Group's results announcements were simulcast on a real-time basis over the Internet, and made available on the Group's corporate website.

“The Group is committed to the principles of good corporate governance... CapitaLand continues, on a timely and consistent basis, to keep stakeholders and analysts informed of its corporate activities in Singapore and around the world.”

2005 INVESTOR RELATIONS CALENDAR

Event

- | | |
|-------------------------|--|
| 1st Quarter 2005 | <ul style="list-style-type: none">• Webcast – 2004 Full Year Financial Statements & Dividend Announcement and Media & Analysts' Briefing• Post-results Investor Luncheon (GK Goh)• Release of Annual Report 2004• Cazenove Non-deal Roadshow (Hong Kong)• CSFB Asian Investment Conference (Hong Kong) |
| 2nd Quarter 2005 | <ul style="list-style-type: none">• UBS Investors' Meeting (New York)• Annual General Meeting• Release of 1Q 2005 Financial Results• Post-results Investor Luncheon (Citigroup)• Citigroup Singapore Corporate Day (Tokyo) |
| 3rd Quarter 2005 | <ul style="list-style-type: none">• Co-operative Agreement between CapitaLand & SZITIC – Signing and Media & Analysts' Briefing• Webcast – 2005 Half Year Financial Results Announcement and Media & Analysts' Briefing• Post-results Investor Dinner (Macquarie)• Macquarie Corporate Day (London & Edinburgh)• New York Investor Roadshow• JP Morgan's 10th Annual Asia Pacific Conference (New York) |
| 4th Quarter 2005 | <ul style="list-style-type: none">• Release of 3Q 2005 Financial Results• Post-results Investor Luncheon (Cazenove)• Investors' Forum (Management meetings and site visits to Shanghai & Beijing)• Orchard Turn Acquisition: Media & Analysts' Briefing |

Strengthening the Corporate Brand in Singapore and Overseas

CapitaLand continued to launch cross-marketing and branding initiatives, to reinforce the Group's corporate branding in Singapore as well as overseas markets. This included corporate brand advertising, new corporate collateral and corporate marketing events. The CapitaLand corporate identity was further enhanced and extended within the Group of companies especially with the quick expansion of the Group overseas.

In Singapore, Corporate Marketing spearheaded the year-long CapitaLand 5th Anniversary Celebrations, including a Cultural Exchange with performances by the award-winning Shanxi Jiangzhou Drum Art Ensemble at CapitaLand malls, and the launch of the commemorative 'Five' book, which traced the Group's transformation over the last five years. The community was also not forgotten as funds were raised during these events. The CapitaLand Hope Foundation was also launched to focus and drive CapitaLand's corporate social responsibility efforts.

Apart from these celebrations, Corporate Marketing also organised the Raffles International Leadership Lecture



BP's Group Chief Executive, Lord Browne, gave an inspiring talk on International Leadership.

which saw a gathering of over 800 senior management and top executives from the public and private sectors for a leadership talk by BP's Group Chief Executive, Lord Browne.

Going forward, CapitaLand will continue to strengthen the CapitaLand brand and reputation with a Group-wide cross-marketing plan that enhances marketing and branding efforts in Singapore and overseas.



Collaborative performance by Singapore percussion groups and Shanxi Jiangzhou Drum Art Ensemble

Awards & Accolades

Recognised for Excellence

Through the year, the CapitaLand Group and its properties clinched a string of accolades. These included:

Corporate Awards

- **CapitaLand**
 - *Top Singapore developer in the inaugural Euromoney Awards for Excellence in Real Estate 2005*
 - *Leading firm in Investor Relations (Sell-side view) in Singapore, Institutional Investor*
 - *Most Transparent Company Award in the Property category, Securities Investors Association (Singapore)*
 - *Mr Lui Chong Chee, Best CFO in both the Property and Singapore categories, Institutional Investor*
 - *5th position, Top 100 Companies Ranked by Overseas Revenue, The Singapore International 100 Ranking 2005, IE Singapore*
 - *AustCham Austrade Business Excellence Award 2005 (Runner Up)*
 - *PRISM Awards 2005/6 Award of Excellence for CapitaCommercial Trust – Managing Public Perception Through an Innovative in specie Distribution, Institute of Public Relations Singapore (IPRS)*

Residential Projects

- **Belmond Green**
 - *Silver Award (Implementation Projects, Residential), Landscape Industry Association of Singapore (LIAS) Awards of Excellence 2005*
 - *Merit Award (High Density Housing), Singapore Institute of Landscape Architects (SILA) Professional Design Awards 2005/6*
- **Glentrees**
 - *Gold Award (High Density Housing), SILA Professional Design Awards 2005/6*
 - *Merit Award (Implementation Projects, Residential), LIAS Awards of Excellence 2005*
- **The Levelz**
 - *Merit Award (Implementation Projects, Residential), LIAS Awards of Excellence 2005*

- **The Loft**
 - *Award for Excellence: Asia Pacific, Urban Land Institute*
- **Tanamera Crest**
 - *Merit Award (High Density Housing), SILA Professional Design Awards 2005/6*

Commercial Projects

- **AIG Tower, Hong Kong**
 - *Excellence Award for Environmental Best Practices, Hong Kong Building Environmental Assessment Method Society (HK-BEAM)*
- **Capital Tower**
 - *Merit Award (Commercial & Industrial), SILA Professional Design Awards 2005/6*
 - *Inaugural Gold Green Mark Award, Building and Construction Authority of Singapore*
- **One George Street**
 - *Gold Award (Commercial & Industrial), SILA Professional Design Awards 2005/6*
 - *Bronze Award (Implementation Projects, Commercial, Industrial, Recreational & Institutional), LIAS Awards of Excellence 2005*
 - *Inaugural Gold Green Mark Award, Building and Construction Authority of Singapore*

Retail Projects

- *Excellent Service Awards 2005 (9 silver medals)*

Serviced Residence

- **Somerset Bencoolen**
 - *Silver Award (Commercial & Industrial), SILA Professional Design Awards 2005/6*

In addition to these, Raffles Holdings and The Ascott Group won a host of hospitality awards over the course of the year, while CapitaLand China and Australand received accolades in China and Australia respectively.



CapitaLand Management Programme: A platform for sharing ideals and ideas

Harnessing Global Talent

As the Group expands its business in scope and scale, human resource management is vital to meet the challenges of a changing operational environment and the new demands made on its staff. CapitaLand is committed to harnessing the best talent; developing capabilities; rewarding for performance; and encouraging employees to have a work-life balance.

Employees are given opportunities for continual self development and upgrading through various sponsorship programmes. They are also given opportunities to share with and learn from their colleagues by participating in the in-house CapitaLand Management Programme. This is a two-day programme during which core values, management philosophy and corporate stories are shared. The Group is also active in supporting young talents through tertiary education via scholarships at institutions within Singapore.

Functional learning courses for personal and competency development are provided. These courses are tailored to enable the employees to further hone their skill sets to be more effective at work. At higher management levels, employees are sent for executive development programmes at renowned graduate schools to sharpen their management, leadership and business skills. Management retreats are held biannually for management to discuss strategic and business issues.

In a demonstration of senior management's firm commitment to employee communications, the Group's President and CEO Mr Liew Mun Leong holds quarterly staff communication sessions to disseminate company results and key business thrusts at Group level. He also meets frequently with selected employees from all the business units in one-on-one sessions or in small groups. The Group also has a pro-active talent management programme which helps to identify staff with high potential for growth and to further develop them for leadership positions.

Graduate Development Programme: Growing Our Own Trees

The Graduate Development Programme is an intensive 18-month journey for young graduates with high potential to learn about the Group's various businesses, and to prepare them for future leadership positions at CapitaLand.

Trainees are attached to at least three of our business units for four to six months. During their attachments, they are given responsibilities of a varied nature. These attachments could be in Singapore or abroad with the objectives of wider exposure to the CapitaLand Group business and the different environments in which CapitaLand operates. They will also have opportunities to interact with senior management for personal learning and experience sharing. In addition, individuals will also attend development courses to strengthen their business acumen and build execution skills.



Upon completion of the Programme, individuals will be posted to one of our business units. Their performance will be assessed periodically and high performers can expect a challenging and satisfying career in management positions with ample opportunities to stretch themselves, gain wider business exposure and acquire new competencies.



The Graduate Development Programme prepares fresh graduates for future leadership positions



CapitaLand Hope Foundation: Adding focus and drive to the Group's social responsibility efforts

In conjunction with CapitaLand's 5th Anniversary Celebrations, CapitaLand demonstrated its commitment to corporate social responsibility (CSR) by establishing the CapitaLand Hope Foundation. This is one of the first foundations created by a Singapore real estate company. CapitaLand is also one of the pioneer companies to extend an additional three days of "volunteer leave" to all staff.

The Foundation was formed to fulfill CapitaLand's credo of "Building for People" – to build not only offices, homes and malls, but also a better future for those in need, with a focus on underprivileged children and educational causes.

As the Group continues to expand internationally, its CSR activities will progressively extend to communities in which CapitaLand operates.

Helping the Underprivileged

In Singapore, the Group supported charities like Club Rainbow and Rainbow Centre; and participated in events like the President's Challenge and the SGX Bull Run aimed at providing financial assistance to the underprivileged. CapitaLand malls were also fund-raising venues for the Disabled People's Association, The Down Syndrome Association, Teen Challenge Singapore, Children's Charities Association and the Straits Times'

School Pocket Money Fund. CapitaMall Trust also did its part by providing rent-free office space at Junction 8 to the National Council of Social Services.

CapitaLand supported the "Adopt a Yellow Ribbon Tree" Project by the Yellow Ribbon Fund, which raised community acceptance and provided financial support for ex-offenders and their families. The Group also promoted social awareness efforts, through its support for the Breast Cancer Foundation, Singapore Cancer Society, Patient Care Centre; and through activities like the Devon Care Recycling project and public health screenings.

In 2005, the Children's Cancer Foundation was the first nominated beneficiary of the CapitaLand Hope Foundation. The latter embarked on a series of fund-raising and awareness programmes including an auction of local artist Ong Kim Seng's watercolour paintings and a fund-raising Cirque du Soleil Tapis Rouge evening.

Education – Building for the Future

CapitaLand believes that education is the key to a better future for all. In this regard, CapitaLand contributes generously to the Lee Kuan Yew School of Public Policy, an institute for mid-career and senior civil service officers, and the Yong Siew Toh Conservatory of Music.

Focusing on nurturing talent, CapitaLand sponsored the television screening of the National Day Heritage Videos, produced by Temasek Polytechnic students, which depicted the lives of Singaporeans in the 1950s and 60s. CapitaLand also sponsored the National Day Parade (NDP) and worked with the NDP committee to engage the Temasek Polytechnic students to come up with innovative gift ideas for the nation's birthday celebration.

CapitaLand also extended awards and bursaries to outstanding tertiary students.

Beyond Singapore's Borders

The Group's commitment to promote education also extends abroad. For example, CapitaLand has partnered Project Hope in China, which builds schools in remote areas of the country.

CapitaLand Retail worked with its tenants to raise over S\$177,000 through the sale of a special edition Lunar New Year CD for the victims of the Asian Tidal Wave. In consultation with the Singapore Red Cross Society, these funds were channelled to a computer laboratory for the Yayasan Wisma Anak Korban Bencana Alam NAD & Sumut Orphanage Medan, in North Sumatra where the orphans were relocated.

For the second year, Ascott partnered with World Vision China to support its "We Care For Our Children" charity programme. This programme raises funds for immunisation, nutrition and medical treatments for the children of the Sanzhi Yang Township in Du An County, Guangxi Province. Ascott's staff and residents participated in a Christmas charity drive to raise funds for rebuilding the children's dormitories. So far, about RMB60,000 has been raised.

Ascott also partnered with Gawad Kalinga in the Philippines to raise funds and build homes for underprivileged children and their families. Gawad Kalinga's GK777 programme hopes to provide 700,000 homes in 7,000 communities in seven years for the less fortunate. Ascott's staff in the

Philippines also helped out with the construction of these houses, which cost US\$1,000 each. In Korea, Ascott raised funds for the Holy Family Child Adoption Centre during Christmas.

Looking ahead, the formation of the CapitaLand Hope Foundation has demonstrated the Group's unwavering commitment to give back to the societies in which it operates.

Project Hope in China

In China, CapitaLand is a firm supporter of Project Hope, an initiative by the Chinese government to help children in poor rural areas receive elementary education. In conjunction with the official opening of Raffles City Shanghai, CapitaLand pooled contributions from staff, mall shoppers and homebuyers, raising S\$170,000 (RMB770,000).

Two "CapitaLand Hope Schools" in Yunnan's remote areas were identified as beneficiaries. By constructing a new classroom block and student dormitory in Cuiyun District, the children were spared an arduous eight-kilometre trek to school everyday, thereby lowering drop-out rates. CapitaLand also provided funds for a new classroom block in Lancang County's only elementary school.



New school bags for CapitaLand Hope School students

Business Process Engineering

Maximising Group-wide Synergies

Management recognises the need to tap cross-sector synergies. To this end, the Group is constantly exploring and evaluating cost management methods, to better exploit the scale of its businesses internationally. The Group in 2005 continued to actively coordinate and cooperate in projects across the board when calling for the tender of contracts, negotiation of bulk purchases, and sharing of vendor information.

Key initiatives undertaken in 2005 resulted in an estimated S\$10 million in savings for the Group. This was achieved mainly by leveraging on economies of scale and exploiting Group-wide synergies. Continuous improvements were primarily made in the areas of energy saving, insurance, advertising and promotions, travel and procurements. Energy savings amounted to about S\$6.5 million in 2005, following the renegotiation for a Group contract rate via a strategic partnership with local energy companies. The implementation of a CapitaLand insurance claim with Group-wide coverage enabled the consolidation of insurance policy and risk management information, allowing the Group to manage risk more efficiently at an operational level. Through the appointment of the agency-of-record for media buying by the entire CapitaLand Group, substantial advertising and promotion savings were also achieved.

Looking ahead, the Group is currently in the process of implementing an Electronic Resource Procurement system across all SBUs, allowing for more cost efficient resource management. In actively and continuously improving its cost saving strategies, the Group aims to also pass on the benefits to tenants and business partners.

Information Technology

Reaping the Benefits of Consolidation

As the Group extends its global presence, systems integration is necessary to maintain operational efficiency. Information technology (IT) plays a key role, in centralising information and resources, encouraging better communication and standardising systems across the Group.

To improve existing business processes, a series of IT data systems were implemented in 2005. In particular, attention was paid to integrating the management systems of the Group's newly-acquired retail malls and commercial buildings into a common Group-wide MPLS network, and the IP-VPN (ADSL) network was upgraded to ensure more robust network performance. A new Asset Management system, to handle property management, tracking and reporting, enabled more efficient sharing of IT services, and allowed automation to be delivered to separate sites via the Group's Data Centre.

To ensure business continuity, a centralised Group-wide disaster recovery site for IT services was also established. A Group-wide treasury and financial system was also introduced to streamline global Group financial accounting and reporting activities, facilitate process automation and tracking. An e-Resume system was also implemented, to consolidate CV databases and speed up human resource processes. Finally, a Group IT Customer Competency Centre was set up to handle implementation and operational activities.

IT security also remains a primary concern in order to safeguard the Group's valuable intellectual property.

Corporate Governance Overview

CapitaLand supports high standards of corporate conduct as reflected in the Principles of the Code of Corporate Governance (the “Code”). The Group is focused on the spirit of the Code while achieving operational excellence and delivering on long term objectives.

CapitaLand was the first listed real estate group in Singapore to introduce quarterly reporting in 2001.

Operating within a disclosure-based regime, the Board is accountable to shareholders, while Management is responsible to the Board. This mutually beneficial tripartite relationship comprising the Board, Management and shareholders, underpins the creation and growth of sustainable shareholder value.

CapitaLand’s Board comprises primarily non-executive directors independent of Management, with one executive director who is also CapitaLand’s President and Chief Executive Officer (“CEO”). There is a clear separation of the role of the Chairman and the CEO.

The Board meets every quarter and directors are provided with relevant information. Every director is expected to act in good faith, provide insights and consider at all times, the interests of the Company and its shareholders.

The Board is supported by Board committees that provide independent supervision of Management. These Board committees are the Audit Committee, Executive Resource and Compensation Committee, Finance and Budget Committee, Investment Committee, Corporate Disclosure Committee, Nominating Committee and Risk Committee. Other committees may be formed as dictated by business imperatives.

The Nominating Committee ensures that the Board and Board committees comprise individuals who are best able to discharge their responsibilities having regard to the highest standards of corporate governance. Review of Board performance and change in its composition may be driven by the needs of the Company and its business.

Remuneration for the Board and key executives is linked to the development of management bench strength and key executives. No director is involved in deciding his own remuneration. The Executive Resource and Compensation Committee conducts an annual succession planning review of the CEO and selected key positions, and considers industry practices and norms in compensation.

The Board ensures that Management maintains a sound system of internal controls to safeguard shareholders’ investments and the Company’s assets.

CapitaLand believes in regular and timely communication with shareholders. We regularly communicate major developments to various constituencies via announcements, shareholders’ meetings, media and investor relations activities, and making available literature in various forms including through a comprehensive website. In addition, we attend to queries from the various constituencies and communicate as required under the SGX-ST Listing Manual.

CapitaLand has a comprehensive risk management framework stretching across the entire organisation. Its Risk Assessment Group measures and evaluates a spectrum of risks and keeps the Board and Management apprised of the necessary risk profiles in respect of activities in different countries.

Directors and employees are made aware that insider trading laws are applicable at all times. They are prohibited from dealing in the Company’s securities while in possession of material unpublished price-sensitive information.

CapitaLand’s commitment to transparency, disclosure and dissemination reduces share price volatility, improves market valuation, increases liquidity, increases the Group’s credibility and enhances overall shareholder value.

CapitaLand observes high standards of corporate conduct in line with the Principles of the Code of Corporate Governance (the “Code”). We believe that each company needs to develop and maintain sound policies and practices to meet its specific business needs and to provide a solid foundation for a trusted and respected business enterprise. We remain focused on the substance and spirit of the Principles of the Code while achieving operational excellence and delivering on the Group’s long term strategic objectives.

This Annual Report (“Report”) discusses our application of good governance principles in building a company committed to integrity, excellence and its people. The application is underpinned by sound systems of internal controls and accountability, which will help to promote and drive long term sustainable growth and shareholder value.

The following sections covering each of the Principles outline our policies and practices.

(A) Board Matters

Principle 1: Board’s Conduct of its Affairs

CapitaLand is led by an effective Board comprising a majority of non-executive directors independent of Management. Each director brings to the Board his skills, experience, insights and good judgment. Together and individually, in the course of deliberations, they are obliged to act in good faith and consider at all times the interests of the Company.

The key roles of our Board are to:

- Guide the corporate strategy and directions of the Group;
- Ensure that Senior Management discharges business leadership and the highest quality of management skills with integrity and enterprise; and
- Oversee the proper conduct of the Group.

The Board currently comprises 12 directors, of whom 11 are non-executive directors. They are business leaders

and professionals with financial, banking and legal background. Profiles of the directors are found on page 12 of this Report.

To maintain effective supervision and accountability at each of the Board and Management levels, the positions of Chairman and Chief Executive Officer (“CEO”) are held by two persons.

The Chairman is Dr Hu Tsu Tau who brings with him a wealth of experience both in the Singapore Government (as a former Cabinet Minister) and in a major global company (as previous Chairman and Chief Executive of the Shell Group of companies in Singapore). The sole executive director is Mr Liew Mun Leong, who is also the President and CEO.

The Board meets regularly to review the key activities and business strategies of the Group, at least once every quarter, and as required by business imperatives. The Board deliberates on strategic policies of the Group, including significant acquisitions and divestments, approving the annual budget, reviewing the performance of the Group’s businesses, and approving the release of the quarterly, half-yearly and full-year results. The Audit Committee is delegated the authority by the Board to review such results. A total of five Board meetings was held in 2005.

A matrix of the Board members’ participation in the various Board committees is set out on page 83 of this Report. This reflects each Board member’s additional responsibilities and special focus on the respective Board committees.

We believe in the manifest contribution of our directors beyond attendance at formal Board and Board committees meetings. CapitaLand’s directors, professionals with diverse experience, are able to contribute to the proper guidance on the strategic direction of the Group’s businesses. To judge a director’s contribution based on his attendance at formal meetings alone would not do justice to his overall contribution, which includes being accessible to Management for

guidance or exchange of views outside the formal environment of Board meetings. Each director brings experience and objective perspective which, together with strategic networking relationships, serve to further the interests of the Group.

The Board has adopted a set of internal controls which sets out approval limits for capital expenditure, investments and divestments, bank borrowings and cheque signatories arrangements at Board level. Approval sublimits are also provided at Management levels to facilitate operational efficiency.

Changes to regulations and accounting standards are monitored closely by Management. Where regulatory changes have an important bearing on the Company's or directors' disclosure obligations, directors are briefed during Board meetings or at specially-convened sessions conducted by professionals.

Newly-appointed directors are given briefings by Management on the business activities of the Group and its strategic directions.

Directors are also provided with relevant information on the Company's policies and procedures relating to corporate conduct and governance including disclosure of interests in securities, prohibitions on dealings in the Company's securities, restrictions on disclosure of price sensitive information and the disclosure of interests relating to certain property transactions.

Principle 2: Board Composition and Balance

The Board comprises 12 directors, with 11 non-executive directors who are independent of Management. Of the 11 non-executive directors, 10 are independent non-executive directors, who are independent of the principal shareholder.

This composition of the Board enables Management to benefit from their external, diverse and objective perspective on issues brought before the Board. It also

enables the Board to interact and work with Management through a robust exchange of ideas and views to help shape the strategic process. This, together with a clear separation of the role of the Chairman and the CEO, provides a healthy professional relationship between the Board and Management with clarity of roles, broad overview and robust deliberation on the business activities of the Group.

The Board considers Mr Jackson Tai as an independent non-executive director notwithstanding his relationship with the Company in respect of Guidance Note 2.1(d), by virtue of his position as executive officer of DBS Bank which has rendered professional services to the Group in fees aggregating more than S\$200,000 in the Year 2005. Mr Tai is regarded by the Board as an independent director as he is able to exercise strong independent judgment in his deliberations in the interests of the Company. He maintains a high standard of conduct, care and duty, and observes the ethical standards of his profession, and is most conscious of the need to disclose any conflict of interests arising from his other engagements. Mr Andrew Buxton received payment of an amount equivalent to S\$29,000 for consultancy services rendered to a subsidiary of the Company in the Year 2005, and Dr Victor Fung received payment of an amount of US\$10,000 in the Year 2004 for his position as an advisor of the Company's International Advisory Panel prior to his appointment as director of the Company on 5 May 2005. The Board however regards both Mr Buxton and Dr Fung as independent non-executive directors notwithstanding their relationships with the Company in respect of Guidance Note 2.1(c) as the amounts are not significant and they are able to exercise strong independent judgment in their deliberations in the interests of the Company.

The Board is supported by Board committees to provide independent supervision of Management. These Board committees are the Audit Committee ("AC"), Executive Resource and Compensation Committee ("ERCC"), Finance and Budget Committee ("FBC"), Investment Committee ("IC"), Corporate Disclosure Committee ("CDC"), Nominating Committee ("NC") and Risk Committee ("RC").

The AC, ERCC and RC are made up of independent or non-executive directors. Other committees may be formed as dictated by business imperatives.

Membership of the various committees is carefully managed to ensure an equitable distribution of responsibility among Board members, to maximise the effectiveness of the Board and foster active participation and contribution from Board members. Diversity of experience and appropriate skills are considered. The Company has also taken steps to ensure that there are appropriate checks and balances between the different committees. Hence, membership of the FBC and IC with more involvement in key business or executive decisions, and membership of the AC with its supervisory role, are mutually exclusive.

Principle 3: Chairman and Chief Executive Officer

The roles and responsibilities between the Chairman and the President and CEO are held by separate individuals. The non-executive Chairman, Dr Hu Tsu Tau, is responsible for the Board and may act independently in the best interests of the Company and shareholders, while the President and CEO, Mr Liew Mun Leong, is responsible for the running of the Group's businesses.

The Chairman ensures that the members of the Board and Management work together with integrity, competency and moral authority, and that the Board constructively engages Management on strategy, business operations, enterprise risk and other plans.

The President and CEO is a Board member and has full executive responsibilities over the business directions and operational decisions of the Group. The President and CEO, in consultation with the Chairman, schedules regular Board meetings as and when required, and finalises the preparation of their Board agenda. He ensures the quality and timeliness of the flow of information between Management and the Board. He is also responsible for ensuring compliance with corporate governance guidelines.

Principle 4: Board Membership

Board renewal is a continual process, for good governance and to maintain relevance to the changing needs of the Group's businesses. The President and CEO, as a Board member, is also subject to retirement and re-election by shareholders as part of Board renewal. Election of Board members is the prerogative and right of shareholders.

The NC comprises Mr Peter Seah Lim Huat, Mr Hsuan Owyang, Mr Liew Mun Leong, Mr Lim Chin Beng and Mr Jackson Peter Tai (up to 30 March 2005) who is considered independent as mentioned under Principle 2 on page 75 of this Report.

The NC is chaired by a non-executive director who is independent of Management, and comprises two independent non-executive directors and an executive director (being the President and CEO). While the NC Chairman is not regarded as independent as defined in the context of the Code, he is a non-executive director independent of Management with a clear separation of his role from Management in deliberations of the NC.

The NC ensures that the Board and Board committees in the Group comprise individuals who are best able to discharge their responsibilities as directors having regard to the law and the highest standards of corporate governance. In performing its role, the NC is guided by its Terms of Reference which sets out its responsibilities. These include the identification of suitable candidates for appointments in the Group. Such candidates should be able to value add to Management through their contributions in the relevant strategic business areas and in the constitution of strong and diverse boards. In particular, the NC reviews and recommends:

- Candidates to be CapitalLand's nominees on the Board and Board committees of listed companies within the Group; and
- Candidates to the Board and Board committees of holding companies of the strategic business units ("SBU").

Our Articles of Association require one-third of our directors to retire and subject themselves to re-election ("one-third rotation rule") by shareholders at every Annual General Meeting ("AGM"). In other words, no director stays in office for more than three years without being re-elected by shareholders.

The President and CEO, who is a Board member, is also subject to the one-third rotation rule. This separates his role as President and CEO from his position as a Board member, and enables shareholders to exercise their right to select all Board members.

In addition, a newly-appointed director will submit himself for retirement and re-election at the AGM immediately following his appointment. Thereafter, he is subject to the one-third rotation rule.

Principle 5: Board Performance

We believe that Board performance is ultimately reflected in the long term performance of the Group. The Board sets strategic directions and ensures competent management of the Group. The Board also ensures compliance with applicable laws. Board members have a duty to act in good faith, with due diligence and care in the best interests of the Company and its shareholders. An effective Board is able to provide firm support to Management at all times and to steer the Group in the right direction.

The financial indicators, set out in the Code as guides for the evaluation of the Board and its directors, are in our opinion more of a measurement of Management's performance and therefore less applicable to directors. In any case, such financial indicators provide a snapshot of a company's performance, and do not fully measure the sustainable long term wealth and value creation of the Company.

A more important consideration is that the Board, through the NC, had ensured from the outset the requisite blend of background, experience and knowledge in technology, business, finance and management skills critical to the

Group's businesses. It has from the outset ensured that each director with his special contribution brings to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made.

Reviews of Board performance as appropriate are informal. Renewal or replacement of Board members do not necessarily reflect their contributions to date, but may be driven by the need to position and shape the Board in line with the medium term needs of the Company and its business.

Principle 6: Access to Information

We believe that the Board should be provided with timely and complete information prior to Board meetings, and as and when the need arises. New Board members are fully briefed on the businesses of the Group.

Management provides adequate and timely information to the Board on Board affairs and issues requiring the Board's decision. It also provides ongoing reports relating to operational and financial performance of the Company, such as monthly management financial reports. The Articles of Association of the Company provide for directors to convene meetings by teleconferencing or videoconferencing. Where a physical Board meeting is not possible, timely communication with members of the Board is effected through electronic means which include electronic mail, teleconferencing and videoconferencing. Alternatively, Management will arrange to brief directors before seeking the Board's approval.

The Board has access to Senior Management and the Company Secretary at all times. The Company Secretary attends to corporate secretarial administration matters and attends Board meetings. The Board also has access to independent professional advice where appropriate.

Board meetings for each year are scheduled in advance in the preceding year to facilitate directors' individual administrative arrangements in respect of competing commitments.

The AC must also meet the external and internal auditors separately at least once a year, without the presence of the President and CEO and the Senior Management, in order to have unfettered access to information that it may require.

(B) Remuneration Matters

Principle 7: Procedures for Developing Remuneration Policies

Principle 8: Level and Mix of Remuneration

Principle 9: Disclosure on Remuneration

We believe that a framework of remuneration for the Board and key executives should not be taken in isolation. It should be linked to the development of management bench strength and key executives to ensure continual development of talent and renewal of strong and sound leadership for the continued success of the business and the Company. CapitaLand's ERCC plays a crucial role in helping to ensure that we are able to recruit and retain the best talents to drive the Group's businesses forward.

The ERCC members are Mr Peter Seah Lim Huat, Mr Hsuan Owyang, Mr Lim Chin Beng and Mr Jackson Peter Tai (up to 30 March 2005) who is considered independent as mentioned under Principle 2 on page 75 of this Report.

All the members of the ERCC are independent of Management. While the Chairman of the ERCC is not regarded as independent as defined in the context of the Code, he is a non-executive director independent of Management with a clear separation of his role from Management in deliberations of the ERCC. From time to time, outside members may be co-opted into the ERCC to provide a global perspective of talent management and remuneration practices.

The ERCC oversees executive compensation and development in the Company. The aim is to build capable and committed management teams, through competitive compensation, focused management, and progressive policies which can attract, motivate and retain a pool of

talented executives to meet the current and future growth of the Company.

Specifically, the ERCC will:

- Approve the remuneration framework for non-executive directors;
- Establish compensation policies for key executives;
- Approve salary reviews, bonus and incentives for key executives;
- Approve share incentives including stock options and share ownership for executives;
- Approve key appointments and review succession plans for key positions; and
- Oversee the development of key executives and younger talented executives.

The ERCC conducts, on an annual basis, a succession planning review of the President and CEO and selected key positions in the Company. Potential internal and external candidates for succession are reviewed for in the light of immediate, medium term and longer term needs.

The ERCC has access to expert professional advice on human resource matters whenever there is a need to consult externally. In its deliberations, the ERCC takes into consideration industry practices and norms in compensation. The President and CEO is not present during the discussions relating to his own compensation and terms and conditions of service, and the review of his performance. The President and CEO will be in attendance when the ERCC discusses policies and compensation of his senior team and key staff, as well as major compensation and incentive policies such as share options, stock purchase schemes, framework for bonus, staff salary and other incentive schemes.

The President and CEO as executive director does not receive director's fees. He is a lead member of Management. His compensation consists of his salary, allowances, bonuses, share options and performance share awards. The latter is conditional upon his meeting certain performance targets. The details of his compensation package are found

in the Additional Information section of this Report (“Additional Information Section”).

Non-executive directors have remuneration packages consisting of directors’ fees, attendance fees and share options pursuant to the Company’s Share Option Plan. The directors’ fee policy is based on a scale of fees divided into basic retainer fees as director and additional fees for attendance and serving on Board committees. Details of the breakdown are found in the Additional Information Section. Directors’ fees for non-executive directors are subject to the approval of shareholders at the AGM.

The basis of allocation of the number of share options takes into account a director’s additional responsibilities at Board committees.

We have shown a Group-wide cross-section of executives’ remuneration by number of employees from S\$100,000 upwards in bands of S\$250,000 in the Additional Information Section, in lieu of naming the top five key executives who are not also directors of the Company. This gives a macro perspective of the remuneration pattern in the Group, while maintaining confidentiality of staff remuneration matters.

A separate Remuneration Report is not prepared as most of the information is found in the Additional Information Section.

(C) Accountability and Audit

Principle 10: Accountability

We believe in conducting ourselves in ways that deliver maximum sustainable value to our shareholders. We promote best practices as a means to build an excellent business for our shareholders. We are accountable to shareholders for the Company’s performance.

At CapitaLand, the separation of the roles of the Chairman and the President and CEO, and the holding of such appointments by separate individuals, ensures effective supervision of Management and maintenance

of accountability of the Board to the shareholders, and of Management to the Board.

Prompt fulfilment of statutory reporting requirements is but one way to maintain our shareholders’ confidence and trust in our capability and integrity.

CapitaLand was the first listed real estate group in Singapore to implement quarterly reporting in the third quarter of 2001, before it became a requirement by the Singapore Exchange Securities Trading Limited (“SGX-ST”). It shows our corporate intent to discharge our continuing obligation of prompt and thorough disclosures as practised by international standards, in view of the global reach of our businesses and our shareholder base.

Principle 11: Audit Committee

Our internal policy requires the AC to have at least three members, all of whom are non-executive and the majority must be independent.

The AC consists of three directors. Mr Richard Edward Hale, Chairman of the AC, is an independent director. The other members of the AC are independent directors, Mr James Koh Cher Siang (appointed on 1 August 2005) and Mrs Arfat Pannir Selvam (appointed on 2 January 2006). The members bring with them invaluable managerial and professional expertise in the financial and legal domains.

The AC is guided by a set of Terms of Reference which defines its scope of authority. These Terms which include review of the annual audit plan, adequacy of the internal audit process, results of audit findings and Management’s response, adequacy and effectiveness of internal controls, and also Interested Person Transactions. The AC reviews quarterly, half-yearly and annual financial statements and the appointment and re-appointment of auditors before recommending them to the Board for approval. The AC also approves the compensation of the external auditors, as well as considers the nature and extent of non-audit services and their potential impact on the independence and objectivity of the external auditors.

The AC meets with the external and internal auditors, without the presence of Management, at least once a year to discuss the reasonableness of the financial reporting process, the system of internal control, and the significant comments and recommendations by the auditors.

A total of four AC meetings was held in 2005. The AC also held one meeting with the external auditors and internal auditors separately, without Management presence.

Principle 12: Internal Controls

Principle 13: Internal Audit

We believe we have in place a system of internal controls to safeguard shareholders' interests and the Group's assets, and also to manage risks. Apart from the AC and RC, other Board committees may be set up from time to time to address specific issues or risks.

The AC's responsibilities in the Group's internal controls are complemented by the work of the FBC, which reviews the Group Finance Manual, and the RC which oversees various aspects of controls and risk management of the Group. The activities of these committees are set out on page 81 of this Report. Based on the review of these committees, the Board, through the AC, is satisfied that there are adequate internal controls in place within the Group.

The Group has an Internal Audit Department ("CL IA") which reports directly to the Chairman of the AC and administratively to the Group Chief Financial Officer. CL IA plans its internal audit schedules in consultation with, but independently of, Management and its plan is submitted to the AC for approval at the beginning of each year. The AC must also meet with CL IA at least once a year without the presence of Management.

CL IA is a corporate member of the Singapore branch of the Institute of Internal Auditors Inc. ("IIA") which has its headquarters in the USA. CL IA subscribes to, and is guided by, the Standards for the Professional Practice of Internal Auditing ("Standards") developed by the IIA and has incorporated these Standards into its audit practices.

The Standards set by the IIA cover requirements on:

- Independence;
- Professional Proficiency;
- Scope of Work;
- Performance of Audit Work; and
- Management of the Internal Auditing Department.

CL IA staff involved in Information Technology ("IT") audits are Certified Information System Auditors and members of the Information System Audit and Control Association ("ISACA") in the USA. The ISACA Information System Auditing Standards provide guidance on the standards and procedures to be applied in IT audits.

To ensure that the internal audits are performed by competent professionals, CL IA recruits and employs suitably qualified staff. In order that their technical knowledge remains current and relevant, CL IA identifies and provides training and development opportunities to these staff.

(D) Communication with Shareholders

Principle 14: Communication with Shareholders

Principle 15: Greater Shareholder Participation

CapitaLand's Investor Relations and Corporate Communications Departments have a key objective to facilitate effective communications with the Company's shareholders, analysts, fund managers and the media.

CapitaLand's quarterly results for the 2005 financial year were all released on a timely basis, within 45 days of the end of the relevant quarter.

CapitaLand has won the "Most Transparent Property Company" award given by the Securities Investors Association of Singapore ("SIAS") for five consecutive years from 2001 – 2005. For its open and transparent communication and disclosure practices, Institutional Investor in its 2005 Asia Investor Relations Ranking named CapitaLand as the Leading Firm in Singapore (sell-side view). The Group Chief Financial Officer was rated as the Best CFO (Property and Singapore categories) in the same survey.

We continue, on a timely and consistent basis, to keep stakeholders and analysts informed of our corporate activities in Singapore and around the world. We communicate on an immediate basis as required under the SGX-ST Listing Manual, or as soon as possible where immediate disclosure is not practicable. Regular briefings and meetings for analysts and the media are held, generally coinciding with the release of the Group's half-yearly and full-year results. During these results briefings, Senior Management reviews the Group's most recent performance and discusses the Company's outlook. In the interest of transparency and broad dissemination, these briefings are webcast live and accessible to the public on the Group's website at www.capitaland.com. Recordings of the briefings are archived on the website.

In the past year, Senior Management conducted over 450 meetings with institutional investors in Singapore, the USA, Europe, Hong Kong, Australia and Japan. Management also participated in two investor conferences in New York and Hong Kong. In addition, CapitaLand pursues opportunities to keep its retail shareholders informed through the business media, website postings and other publicity channels.

We support the Code's principle to encourage shareholder participation. Shareholders receive the Summary Report and notice of the AGM. Notice of the AGM is also advertised in the press and issued via SGXNET. At the AGM, shareholders have the opportunity to communicate their views and discuss with the Board and Management on matters affecting the Company. The respective Chairpersons of the AC, NC and ERCC, and the external auditors, endeavour to be present at the AGM. Voting in absentia and by email may only be possible following careful study to ensure that the integrity of the information and authentication of the identity of shareholders through the web are not compromised and following legislative changes being effected to recognise electronic voting.

Board Committees

In addition to the NC, ERCC and AC described under Principles 4, 7 and 11, there are four other Board committees as follows:

Investment Committee

The IC is chaired by Dr Hu Tsu Tau and comprises Mr Hsuan Owyang, Mr Liew Mun Leong, Mr Jackson Peter Tai and Mr Olivier Lim Tse Ghow, the Group Chief Financial Officer (appointed on 1 July 2005).

Since 2000, the Board had approved the Delegation of Authority to the various SBU Boards and raised the investment approval limits. Apart from convening a formal meeting of the IC in 2005, the views of the IC and Board were actively sought by the SBUs, and the approval of the IC obtained where appropriate.

Finance and Budget Committee

The FBC is chaired by Mr Hsuan Owyang and comprises Mr Liew Mun Leong, Mr Jackson Peter Tai and Mr Olivier Lim Tse Ghow, the Group Chief Financial Officer (appointed on 1 July 2005).

During 2005, the FBC met three times to review the quarterly financial results, the forecasts and the annual financial plan of the Group. Major business events, initiatives, strategies and areas of concern were also discussed at the meetings. In addition, the FBC reviews and approves updates to the CapitaLand Group Finance Manual.

Risk Committee

The RC was formed in September 2002 as part of CapitaLand's efforts to strengthen its risk management processes and framework.

The RC comprises Mr James Koh Cher Siang as the Chairman (appointed on 1 August 2005), with Mr Richard Edward Hale and Mrs Arfat Pannir Selvam (appointed on 2 January 2006) as members.

The committee's roles and functions are to:

- Review the adequacy of CapitaLand's risk management process;
- Review and approve in broad terms, the risk guidelines and limits. These include country concentration limits and risk-adjusted country hurdle rates for the Group and the SBUs, which are reviewed annually; and
- Review CapitaLand's risk portfolio and risk levels, as assisted by the CapitaLand Corporate Risk Assessment Group, which is responsible for compiling the Group Quarterly Risk Report. Included in the report is a monitoring of the utilisation rates of approved country and treasury limits of the Group.

Corporate Disclosure Committee

The CDC is chaired by Mr James Koh Cher Siang (appointed on 1 August 2005) and comprises Mr Liew Mun Leong and Mrs Arfat Pannir Selvam (appointed on 2 January 2006).

The CDC reviews corporate disclosure issues and announcements made to the SGX-ST, and ensures the adoption of good corporate governance and best practices in terms of transparency to shareholders and the investing community. The views and approvals of the CDC were sought throughout the year on various announcements and news releases issued by the Company.

Risk Assessment And Management

CapitaLand has developed a comprehensive risk management framework across the Group. Supervision is provided by the RC, with the President and CEO and Senior Management directly managing the process, assisted by the Risk Assessment Group ("RAG").

The framework provides a structured context for the RC, the President and CEO and Senior Management to meet on a quarterly basis to review the mix and levels of risks pertaining to the Group's portfolio of assets and liabilities. To assist them in this function, a comprehensive portfolio risk report measuring a whole spectrum of risks including property market, interest rate and currency

risks based on a Value-At-Risk methodology is compiled and presented by the RAG. Usage of approved limits are reviewed, significant issues identified and corrective actions proposed as part of the meeting process.

At the individual project level, all investment proposals above a stipulated value are subject to an independent and comprehensive risk evaluation by the RAG. In addition to identification and possible mitigation of all the risks related to the proposed investment, acquisitions have to clear specific risk-adjusted hurdle rates for the different SBUs and countries. As a best practice, all approved and committed projects are reviewed on a quarterly basis to assess the performance of the investment against the projected cash flows at the proposal stage. If necessary, corrective actions to improve the risk-return profile of investments are discussed and acted on.

Completing the risk management framework is the CL IA, which provides an independent and objective evaluation of the adequacy of the Group's risk management control and governance processes.

As a new initiative in 2005, the RAG has developed a state-of-the-art comprehensive risk monitoring and measuring system for all contingent obligations undertaken by the Group. A contingent obligation risk registry has been set up, where all contingent obligation exposures arising from our treasury activities, commercial business dealings and legal lawsuits against the Group companies are captured and updated on a regular basis. All these derivatives are then objectively evaluated and subsequently priced according to well established risk pricing tools like Monte Carlo Simulation, Binomial Tree Models, Simulation Technics and independent expert opinions. A summary report is presented by the RAG to the RC on a quarterly basis.

Dealings In Securities

In compliance with the SGX-ST Best Practices Guide, the Company has issued guidelines to directors and employees in the Group, prohibiting dealings in the Company's securities, while in possession of material

unpublished price-sensitive information and during the close period of two weeks before and up to and including the date of announcement of results (quarterly, half-yearly and full-year).

Directors and employees are also prohibited from dealing in securities of other listed companies while in possession of unpublished price-sensitive information by virtue of their directorship/employment in the Company or any of its Group companies. They are also made aware of the applicability of the insider trading laws at all times.

Board Composition and Committees

Board Members	Audit Committee	Investment Committee	Executive Resource and Compensation Committee	Nominating Committee	Finance and Budget Committee	Corporate Disclosure Committee	Risk Committee
Dr Hu Tsu Tau		C					
Hsuan Owyang		DC	M	M	C		
Liew Mun Leong		M		M	M	M	
Andrew Robert Fowell Buxton							
Professor Robert Henry Edelstein							
Dr Victor Fung Kwok King							
Richard Edward Hale	C						M
James Koh Cher Siang (note 1)	M					C	C
Lim Chin Beng			M	M			
Peter Seah Lim Huat			C	C			
Arfat Pannir Selvam (note 2)	M					M	M
Jackson Peter Tai		M	M (note 3)	M (note 3)	M		
Non-Board Member							
Olivier Lim Tse Ghow (note 4)		M			M		

Denotes: C – Chairman DC – Deputy Chairman M – Member

Notes

- 1 Appointed on 1 August 2005.
- 2 Appointed on 2 January 2006.
- 3 Resigned on 31 March 2005.
- 4 Appointed on 1 July 2005.

Performance Overview

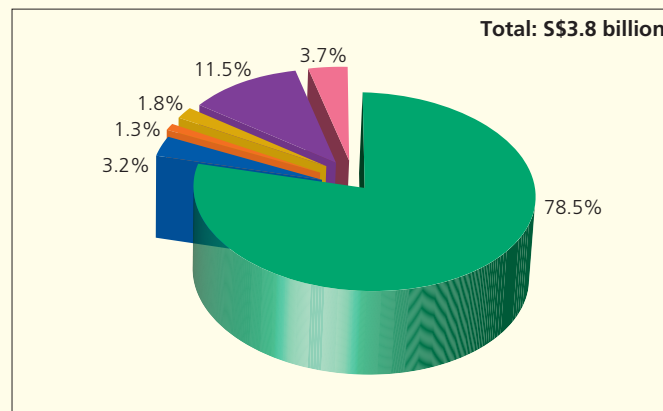
2005 was an eventful year for the Group. The Group successfully executed the divestment of PREMAS and Raffles Holdings Limited's hotel business, while at the same time expanded its business overseas, particularly in China, Japan and Thailand.

For full year 2005, the Group achieved a record PATMI of S\$750.5 million which is more than double that for full year 2004. This record achievement was due to strong underlying performance of our remaining core businesses coupled with the gain from the sale of the hotel business. Excluding the gains related to the divestment of PREMAS and the hotel business, and the profit and loss impact of end of year revaluations of investment properties, the profit was S\$387.6 million or 16.4% higher than the S\$333.1 million achieved a year ago.

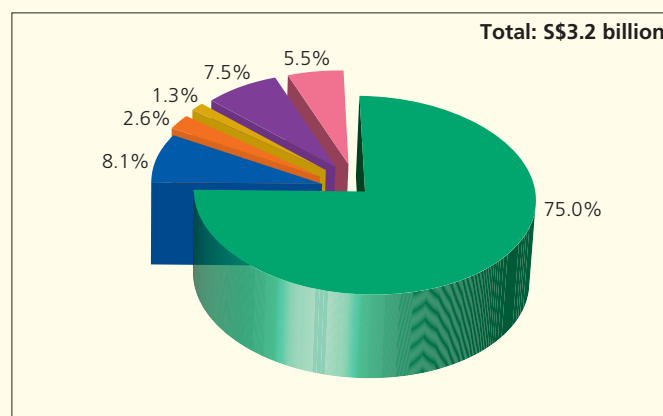
Revenue (continuing operations)

Group revenue for full year 2005 was S\$3,845.6 million, an increase of S\$666.5 million or 21.0% over 2004. The higher revenue was mainly attributable to sales from Australand as a result of the completion of Australand's Freshwater Commercial Tower in Melbourne and the recognition of revenue from residential developments on completion, the full year consolidation of Citadines' revenue, as well as higher contributions from the Group's financial services and serviced residences businesses. This increase was achieved despite the loss of revenue from divested assets such as the transfer of seven commercial properties into CapitaCommercial Trust ("CCT") in May 2004 and Plaza Singapura into CapitaMall Trust ("CMT") in August 2004, the sale of Scotts Shopping Centre and the related serviced apartment block in September 2004, the de-consolidation of RC Hotels from October 2005, as well as lower project management revenue from One George Street.

2005 Revenue by SBU



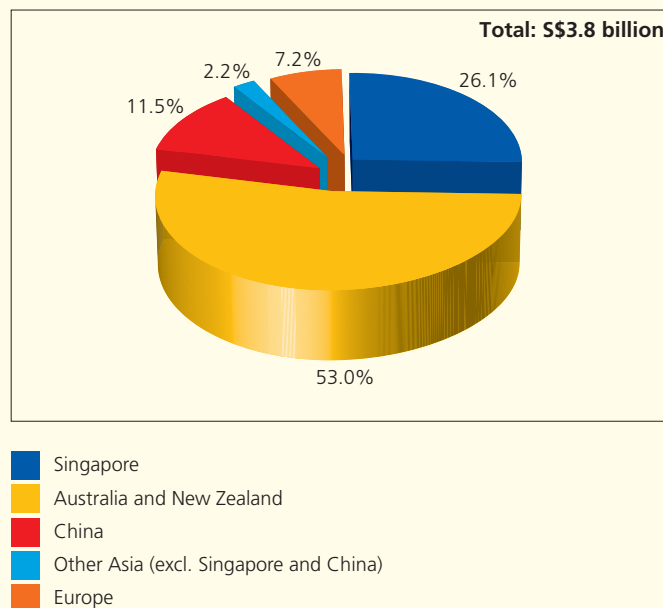
2004 Revenue by SBU



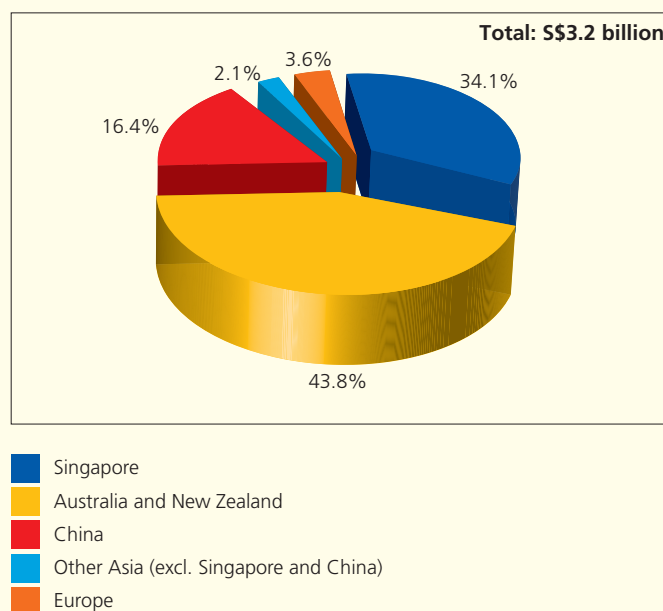
Approximately 78.5% of the Group's revenue was contributed by the Residential Strategic Business Unit ("SBU") while the Serviced Residences SBU contributed 11.5%, the Hotels SBU contributed 3.7% and the Commercial and Integrated Development SBU contributed 3.2%.

In terms of geographical spread, the revenue from overseas operations as a percentage of the Group's revenue increased to 73.9% from 65.9% a year ago. The major overseas contributors to the Group's revenue were from Australia and New Zealand (53.0%), China (11.5%) and Europe (7.2%). Australia's revenue came from our listed subsidiary, Australand, as well as from Ascott's Oakford chain of serviced apartments. Contributions from China came mainly from the residential sales in Shanghai while Europe's revenue was mainly contributed by Ascott's Citadines chain.

2005 Revenue by Geographical Location



2004 Revenue by Geographical Location



Analysis of Results (continuing operations)

Group earnings before interest and tax ("EBIT") were S\$860.3 million, an increase of 5.9% over 2004. The higher EBIT was largely attributable to higher portfolio gains from the sale of Pidemco Tower in Shanghai and Bugis Junction in Singapore. Excluding revaluation deficits, EBIT would have been S\$966.3 million or 13.2% higher than 2004.

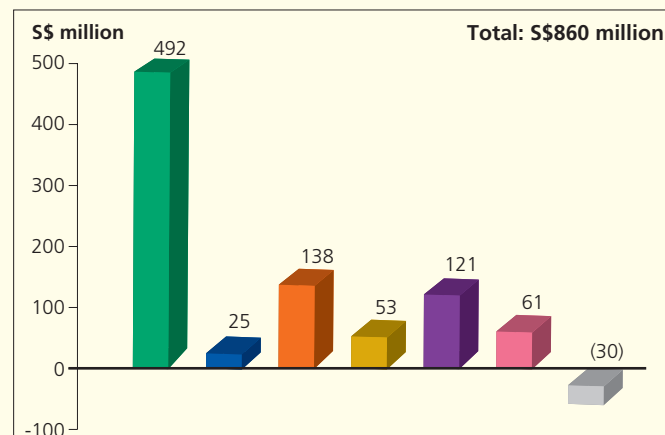
SBUs which achieved higher EBIT were mainly Retail, Serviced Residences and Financial Services. The Retail SBU achieved EBIT of S\$138.4 million, a 149.8% increase from S\$55.4 million in 2004. This was mainly attributable to higher portfolio gains, share of associates' profit and retail management fee.

Our Serviced Residences SBU recorded an EBIT of S\$121.4 million compared to S\$66.0 million in 2004. The higher EBIT was due to growth from all regions, predominantly from Europe and China.

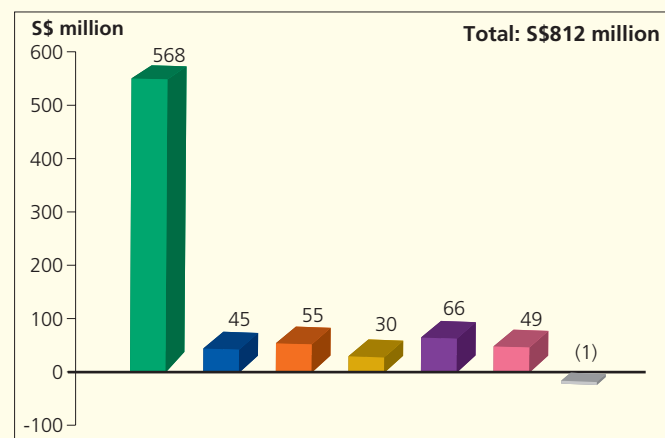
The Financial Services SBU also performed well. It increased its assets under management by S\$2.5 billion to S\$8.5 billion in 2005. EBIT in 2005 was S\$53.3 million compared to S\$29.5 million in 2004. The higher EBIT was mainly attributable to higher fee-based income and mark-to-market gains on an investment which more than offset the higher operating expenses and one-off impairment charge on an investment.

The other SBUs namely the Residential SBU and Commercial and Integrated Development SBU recorded lower EBIT compared to full year 2004. Residential SBU's EBIT of S\$492.4 million was lower than the S\$567.8 million recorded in 2004 due to lower contributions from China and lower write back from the revaluation of Hong Kong's investment properties in 2005.

2005 EBIT by SBU



2004 EBIT by SBU



Commercial and Integrated Development SBU's EBIT of S\$24.7 million was lower than the S\$45.2 million recorded in 2004 due to higher revaluation deficits charged to the profit and loss account. Excluding the revaluation deficits, EBIT would have been higher at S\$137.9 million compared to S\$117.7 million mainly due to gains from the sale of Pidemco Tower in Shanghai, Four Seasons Hotel and 31 Moorgate, both in London; partially offset by the reduced stake in seven properties transferred to CCT in May 2004, as well as lower project management revenue from One George Street.

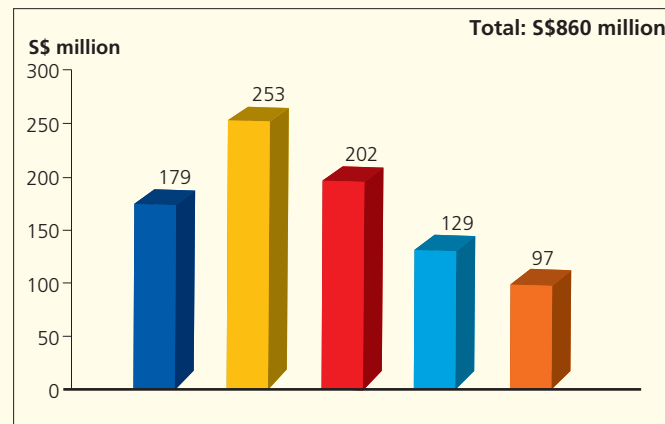
In terms of geographical spread, the Group's EBIT came from Australia and New Zealand (29.4%), China (23.5%), other parts of Asia (14.9%) and Europe (11.3%). The percentage of overseas EBIT to the Group's EBIT was steady at 79.1% compared to 81.6% in 2004.

Higher EBIT was recorded from Europe, Singapore and Australia. Europe's higher EBIT was mainly due to higher contributions from the Citadines chain of serviced residences and the strengthening of the Euros against the Singapore dollar.

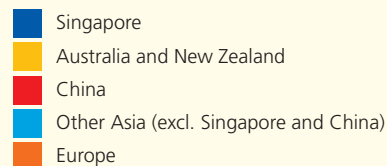
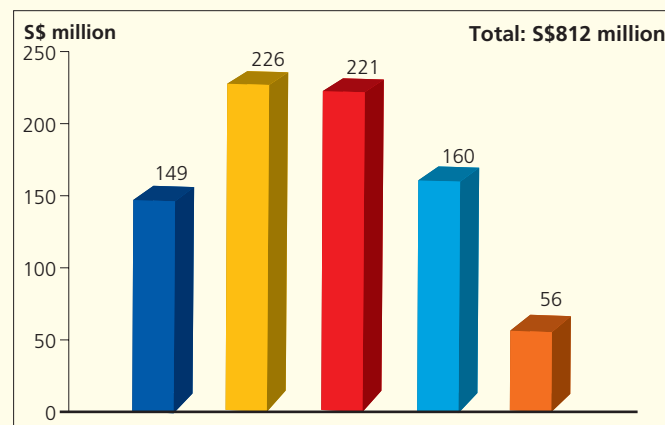
Higher EBIT from Australia was mainly due to an enlarged Australand, as well as appreciation of the Australian dollar against the Singapore dollar.

Higher EBIT from Singapore came mainly from portfolio gains from the Retail SBU, as well as higher fee income from the Financial Services SBU. This was partially offset by lower contributions mainly from Commercial and Integrated Development SBU largely due to loss of contributions from assets divested, partially offset by lower revaluation deficits charged to profit and loss account in 2005.

2005 EBIT by Geographical Location



2004 EBIT by Geographical Location



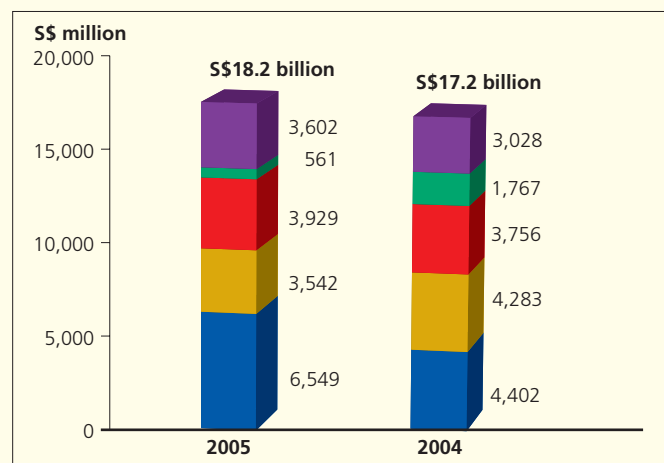
Dividends

The Directors have proposed a first and final gross dividend of 6 cents per share. In view of the Group's good performance in 2005, the Directors are also pleased to propose a special dividend of 12 cents per share. The total gross dividend of 18 cents per share is 200% higher than the dividend of 6 cents paid in the previous year. Based on the number of issued shares as at 31 December 2005, the net cash outflow for the proposed dividends after deducting tax of 20% is about S\$396.1 million.

Assets

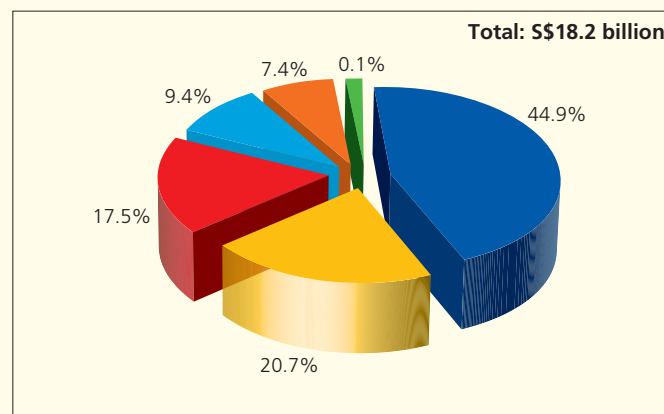
The Group's total assets as at 2005 year-end was S\$18.2 billion compared to S\$17.2 billion for 2004. The increase of S\$1.0 billion was mainly due to new investments, the successful stapling of Australand Property Trusts No. 4 and 5, the acquisition of retail malls in China, partially offset by disposal of the hotel business by Raffles Holdings Limited and the sale of our stake in Four Seasons Hotel in London. Overseas assets made up 55.1% of the Group's total assets compared to 48.7% a year ago.

Total Assets by Category



- Investment Properties (completed and under development)
- Development Properties for Sale
- Interests in Associates, Jointly-Controlled Entities and Partnership
- Fixed and Other Non-Current Assets
- Other Current Assets

2005 Total Assets by Geographical Location



- Singapore
- Australia and New Zealand
- China
- Other Asia (excl. Singapore and China)
- Europe
- Others

Borrowings

Net debt stood at S\$4.5 billion versus S\$5.3 billion a year ago as a result of repayment of borrowings and an increase in cash and cash equivalents, largely from divestment proceeds. As such, the debt equity ratio improved to 0.50 as at December 2005 from 0.71 as at end of last year.

Shareholders' Equity

The issued and paid-up share capital of the Company as at December 2005 was S\$2,750.5 million comprising 2,750,502,800 ordinary shares of S\$1.00 each. During the year, the Company issued 225,707,319 ordinary shares of S\$1.00 each arising from the conversions of convertible bonds, issues of performance shares and exercises of share options.

The Group's total reserves rose by about S\$1.1 billion to about S\$3.9 billion. This increase largely came from the S\$750.5 million net profit recorded for the year under review, higher fair value of overseas investment properties and share of associates' and jointly-controlled entities' surpluses, higher equity compensation reserve, as well as cumulative net change in the fair value of available-for-sale investments. These were partially offset by the payment of full year 2004 dividends of S\$126.5 million in May 2005.

The shareholders' funds as at 2005 year-end was S\$6.7 billion compared to S\$5.4 billion in 2004. As at 31 December 2005, the Group's net tangible assets were higher at S\$2.41 per share compared to S\$2.10 a year ago.

Treasury Highlights

	2005	2004
Bank Facilities And Available Funds		
Total bank facilities available (S\$ million)	6,628	6,844
Amount utilised for loans (S\$ million)	4,653	5,031
Available and unutilised (S\$ million)	1,975	1,813
Cash and fixed deposit balances (S\$ million)	2,111	1,918
Total unutilised facilities and funds available for use (S\$ million)	4,086	3,731
Debt Securities Capacity		
Total debt securities capacity (S\$ million)	6,713	7,019
Debt securities issue (net of debt securities purchased) (S\$ million)	1,959	2,166
Unused debt securities capacity (S\$ million)	4,754	4,853
Interest Cover Ratio		
Earnings before net interest, tax, depreciation and amortisation (S\$ million)	1,583	864
Net interest expense (S\$ million)	172	188
Interest cover ratio (times)	9.19	4.59
Interest Service Ratio		
Operating cash surplus before interest and tax (S\$ million)	1,928	1,312
Net interest paid (S\$ million)	226	249
Interest service ratio (times)	8.53	5.27
Secured Debt Ratio		
Total secured debt (S\$ million)	2,657	2,413
Percentage of secured debt	40%	34%
Debt Equity Ratio		
Total debt (S\$ million)	6,612	7,197
Cash and fixed deposit balances (S\$ million)	2,111	1,918
Net debt (S\$ million)	4,501	5,279
Total equity (S\$ million)	9,028	7,415
Debt equity ratio (net of cash and fixed deposit balances) (times)	0.50	0.71

Management and Sources of Funding

The Group strives to maintain a prudent financial structure. The Group's main sources of operating cashflow come from its residential business, management fee income and commercial office rental. On an ongoing basis, the Management closely monitors the Group's cashflow position, debt maturity profile and the overall liquidity position. To ensure that it has adequate liquidity to support its financing and investment requirements, it constantly maintains a significant amount of available and undrawn banking facilities.

The Group's financial capacity has strengthened further during the year. The overall net debt was reduced by S\$0.8 billion to S\$4.5 billion as at 31 December 2005. The lower debt was mainly the result of repaying loans using divestment proceeds. At the close of the year, gearing improved further to 0.50 compared to 0.71 as at end of last year.

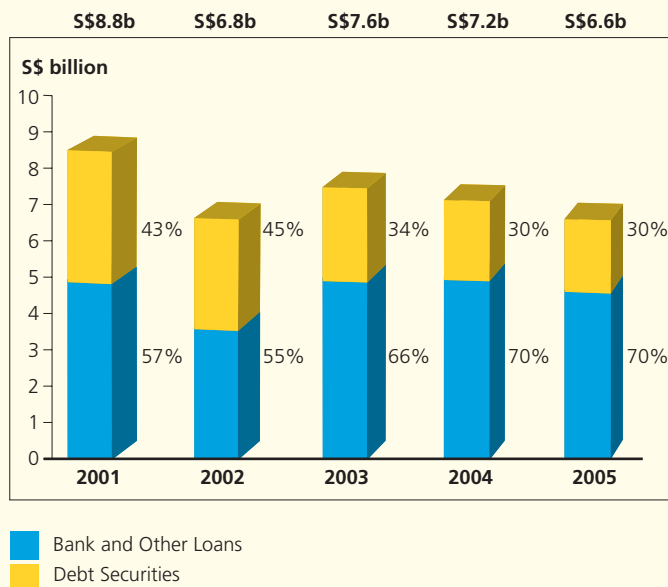
The Group's aggregate balance of cash and fixed deposits grew healthily by 10% to S\$2.11 billion.

Finance costs in 2005 were S\$275 million. This was marginally higher than the S\$264 million recorded in 2004, mainly due to consolidation of interest expenses arising from The Ascott Group's acquisition of Citadines which became a subsidiary in October 2004, as well as higher interest expenses from the stapling of Australand Property Trusts 4 and 5.

Sources of Funding

As at 31 December 2005, 30% of the Group's total debt was derived from the capital markets and balance 70% was funded by financial institutions.

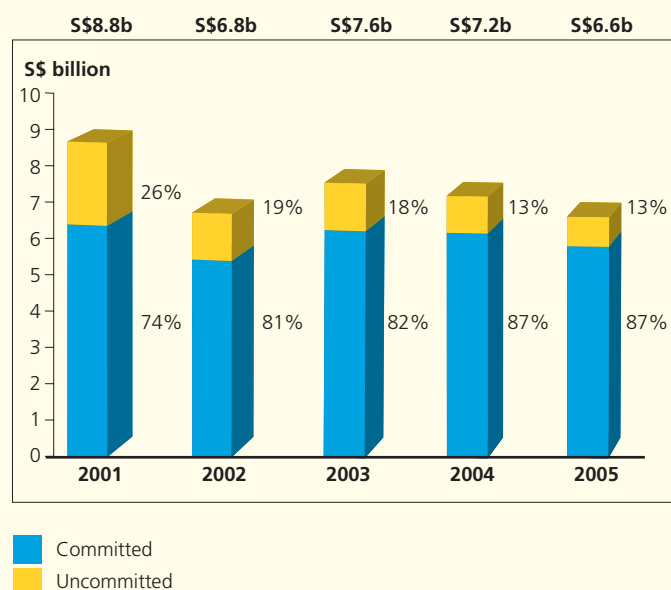
Sources of Funding



Commitment of Funding

As at 31 December 2005, about 87% of the Group's loan portfolio was on a committed basis. The balance was funded by a loan portfolio of relatively cheaper and flexible uncommitted short term funds. A prudent asset versus liability match is taken into consideration when raising committed funding at the appropriate time to match the holding period of an investment and to balance the overall cost of funding for these investments.

Commitment of Funding



Maturity Profile

	S\$ billion	% of Debt
Due within 1 year*	2.38	36
Between 1 & 2 years	1.35	20
Between 2 & 3 years	0.93	14
Between 3 & 4 years	1.01	15
Between 4 & 5 years	0.30	5
More than 5 years	0.64	10

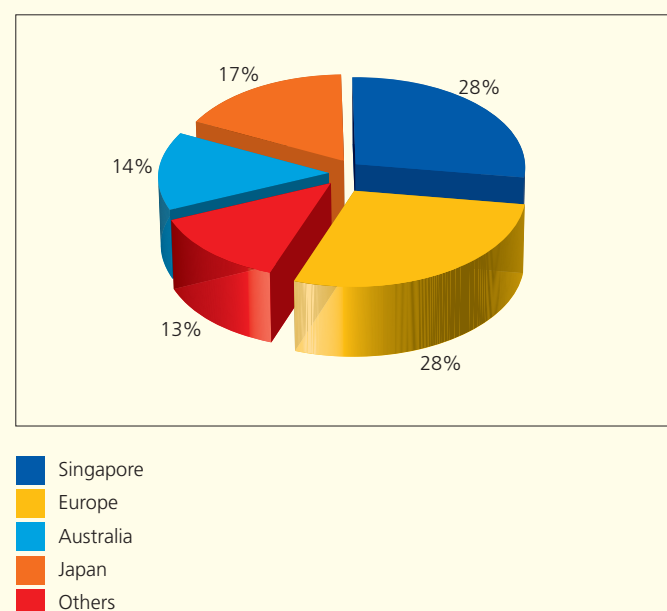
* Includes long term debt with less than 1 year to maturity.

The Group has sufficient credit capacity and cash resources to meet its short term debt obligations, refinancing needs and investment plans. The Group will be using part of its divestment proceeds to continuously pare down the debts that are due within the year. It will also constantly rebalance its loan portfolio after taking into account any divestment plans or windows of opportunity to raise longer tenor funding at competitive terms.

Available Lines by Nationality of Banks as at 31 December 2005

The Group continues to maintain an extensive and active relationship with a network of more than 40 banks of various nationalities.

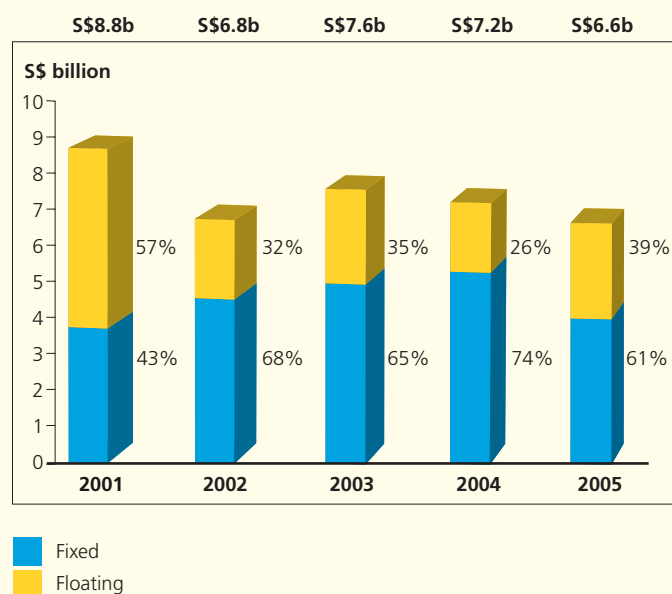
Available Lines By Nationality of Banks



Interest Rate Profile

As part of its financing strategy, the Group manages its interest costs by maintaining a prudent mix of fixed and floating rate borrowings. On a portfolio basis as at 31 December 2005, the fixed rate borrowings constituted 61% of total borrowings and the balance 39% were on a floating rate basis. The higher proportion of fixed rate funding offers protection against potential interest rate hikes. The floating rate loan portfolio allows the Group to maintain a flexible maturity profile to support divestments and promptly reduce total debt. The floating rate loan portfolio also capitalises on the relatively low short term rates in the early half of the year. In managing the interest rate profile, the Group takes into account the interest rate outlook, the investment holding period, timing of the divestment plans and operating cashflow generated from progress payment collections from the residential receivables.

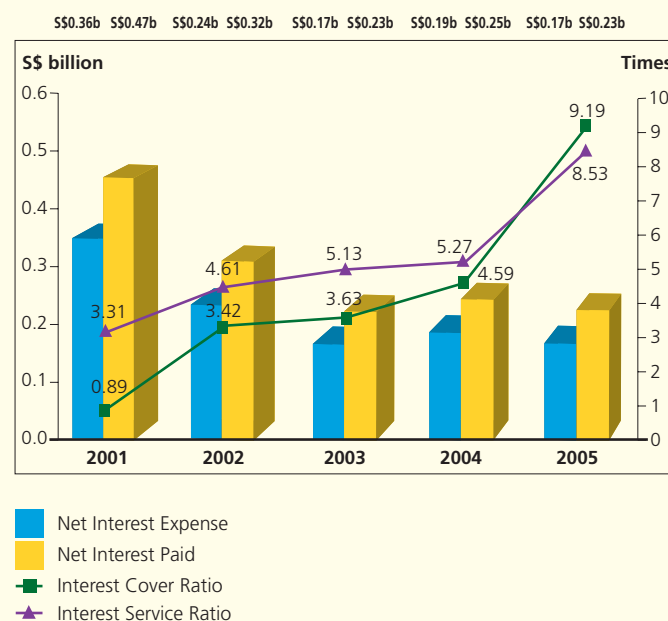
Analysis of Fixed and Floating Rate Loans



Interest Cover Ratio ("ICR") and Interest Service Ratio ("ISR")

The ICR and the ISR were 9.19 and 8.53 respectively. The ICR has improved significantly mainly due to the improvement in the profit before tax attributable to the gain from sale of the hotel business in 2005. The strong cashflow from operations has boosted the ISR to 8.53 from 5.27 a year ago.

Interest Cover Ratio and Interest Service Ratio



	Note	2005 S\$ million	2004* S\$ million
Continuing and Discontinued Operations			
Net Operating Profit Before Tax		1,213.9	459.4
Adjust for:			
Share of results of associates, jointly-controlled entities and partnership		123.2	125.6
Interest expense		280.3	272.1
Others		108.2	84.0
Adjusted Profit Before Interest and Tax		1,725.6	941.1
Cash operating taxes	1	(232.3)	(227.5)
Net Operating Profit After Tax (NOPAT)		1,493.3	713.6
Average capital employed	2	15,532.6	15,781.2
Weighted average cost of capital (%)	3	6.1	7.3
Capital Charge (CC)		947.5	1,152.0
Economic Value Added (EVA) [NOPAT – CC]		545.8	(438.4)
Minority share of EVA		(220.7)	42.8
Group EVA attributable to ordinary shareholders		325.1	(395.6)

Note 1: The reported current tax is adjusted for the statutory tax impact of interest expense.

Note 2: Monthly average capital employed included equity, interest-bearing liabilities, timing provision, cumulative goodwill amortised and present value of operating leases.

Major Capital Components:

	S\$ million
Borrowings	6,596.0
Equity	8,369.2
Others	567.4
Total	15,532.6

Note 3: The weighted average cost of capital is calculated as follows:

- (i) Cost of Equity using Capital Asset Pricing Model with market risk premium at 6.0% (2004: 6.0%) per annum;
- (ii) Risk-free rate of 2.62% (2004: 3.78%) per annum based on yield-to-maturity of Singapore Government 10-year Bonds;
- (iii) Ungeared beta ranging from 0.50 to 0.80 (2004: 0.50 to 0.90) based on the risk categorisation of CapitalLand's strategic business units; and
- (iv) Cost of Debt rate at 3.03% (2004: 3.70%) per annum using 5-year Singapore Dollar Swap Offer rate plus 75 basis points.

* 2004 comparatives have been restated to take into account the retrospective adjustments relating to FRS 102 - Share-based Payment and revenue recognition policy for sale of development properties in Australia.

Value Added Statement

	2005 S\$ million	2004* S\$ million
Continuing and Discontinued Operations		
Value Added From:		
Revenue earned	4,303.8	3,828.9
Less bought in materials and services	(3,206.4)	(2,693.9)
Gross Value Added	1,097.4	1,135.0
Share of results of associates, jointly-controlled entities and partnership	123.2	125.6
Exchange gain/(loss)	9.4	(1.1)
Other operating income (net)	1,024.4	122.5
	1,157.0	247.0
Total Value Added	2,254.4	1,382.0
Distribution to:		
Employees in wages, salaries and benefits	542.5	480.5
Government in taxes and levies	198.9	118.0
Providers of capital in:		
– Net interest on borrowings	278.3	255.3
– Dividends to shareholders	126.5	80.6
	1,146.2	934.4
Balance Retained in the Business:		
Depreciation and amortisation	63.9	45.3
Retained profits net of dividends to shareholders	624.0	225.1
Minority interests	425.1	160.0
	1,113.0	430.4
Non-production Costs and Income:		
Bad debts and allowance for doubtful debts	(4.8)	17.2
Total Distribution	2,254.4	1,382.0
Productivity Analyses:		
Value added per employee (S\$'000) #	121	106
Value added per dollar of employment cost (S\$)	2.02	2.36
Value added per dollar investment in fixed assets (S\$)	0.70	0.54

Based on average 2005 headcount of 9,055 (2004: 10,668).

* 2004 comparatives have been restated to take into account the retrospective adjustments relating to FRS 102 - Share-based Payment and revenue recognition policy for sale of development properties in Australia.

	2001	2002	2003	2004 ⁽²⁾	2005 ⁽²⁾
A PROFIT AND LOSS ACCOUNTS (\$\$ million)					
Revenue by Activity					
Commercial properties' rental and related income	809.2	687.2	743.8	604.9	1,011.2
Residential properties' sales and related income	1,690.1	1,769.3	2,045.5	2,075.4	2,198.7
Serviced residences operations	138.9	153.0	151.2	202.1	417.0
Hotel operations	498.7	549.4	576.2	—	—
Property, project and other management services	116.3	118.9	123.8	—	—
Other income	39.5	35.5	61.2	331.7	278.5
Inter-segment elimination	(59.5)	(51.6)	(50.8)	(35.0)	(59.8)
Total	3,233.2	3,261.7	3,650.9	3,179.1	3,845.6
Earnings Before Interest and Tax (EBIT) by Activity					
Commercial properties' rental and related income	596.6	411.8	167.4	225.4	332.4
Residential properties' sales and related income	(362.6)	289.7	303.4	443.9	382.1
Serviced residences operations	15.6	22.8	25.6	51.0	111.3
Hotel operations	135.3	23.4	25.0	—	—
Property, project and other management services	11.4	9.0	8.7	—	—
Other income	(47.5)	(5.1)	44.5	92.1	34.5
Total	348.8	751.6	574.6	812.4	860.3
Net Profit/(Loss) attributable to Shareholders	(281.4)	280.0	102.6	305.7	750.5
B BALANCE SHEETS (\$\$ million)					
Investment Properties (completed and under development)	6,997.9	6,464.2	6,739.8	4,401.6	6,548.9
Development Properties for Sale	3,445.1	3,409.5	3,876.3	4,283.0	3,542.5
Associates, Jointly-Controlled Entities and Partnership	2,416.7	2,767.5	3,060.9	3,755.9	3,928.7
Fixed and Other Assets	5,509.2	3,831.4	4,197.8	4,795.3	4,163.0
Total Assets	18,368.9	16,472.6	17,874.8	17,235.8	18,183.1
Shareholders' Funds	6,005.9	6,061.2	6,065.2	5,355.8	6,657.7
Total Borrowings	8,811.5	6,777.2	7,631.1	7,196.8	6,611.9
Minority Interests and Other Liabilities	3,551.5	3,634.2	4,178.5	4,683.2	4,913.5
Total Equity and Liabilities	18,368.9	16,472.6	17,874.8	17,235.8	18,183.1
C FINANCIAL RATIOS					
Earnings Per Share after tax (cents)	(11.2)	11.1	4.1	12.1	28.3
Return on Shareholders' Funds (%)	(4.3)	4.6	1.7	5.4	12.5
Return on Total Assets (%)	1.4	3.9	2.6	4.2	8.2
Dividends					
Gross first and final dividend rate (%)	3.0	5.0	4.0	5.0	6.0
Gross special dividend rate (%)	—	—	—	1.0	12.0
Total gross dividend rate for ordinary shares (%)	3.0	5.0	4.0	6.0	18.0
Dividend cover (times)	NM	2.9	1.3	2.6	1.9
Net Tangible Assets per share (\$\$)	2.37	2.40	2.39	2.10	2.41
Debt Equity Ratio (net of cash) (times)	0.87	0.72	0.77	0.71	0.50
Interest Cover Ratio (times)	0.89	3.42	3.63	4.59	9.19

Note:

- (1) For changes in accounting policies, new and/or revised accounting standards adopted, as well as changes in the presentation of financial statements for the respective financial year under review, only the comparative figures for the previous year were restated to conform with requirements arising from the said changes or adoption.
- (2) On 12 May 2005 and 30 September 2005, the Group completed the sale of shares in Premas International Limited and the sale of Raffles Holdings Limited's hotel business ("discontinued operations") respectively. Accordingly, the discontinued operations of PREMAS and the hotel business had been disclosed as a single amount on the face of the profit and loss account. As such, revenue and EBIT for 2004 and 2005 disclosed above excluded the contributions from discontinued operations.
- (3) In May 2004, there was a distribution in specie of 200 units in CapitaCommercial Trust for every 1,000 CapitaLand shares held. The book value of the said distribution was approximately 36 cents of CapitaLand Group's net asset value.
- (4) NM: Not Meaningful

Statutory Accounts

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We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2005.

Directors

The directors in office at the date of this report are as follows:

Dr Hu Tsu Tau	
Hsuan Owyang	
Liew Mun Leong	
Andrew Robert Fowell Buxton	
Professor Robert Henry Edelstein	(appointed on 5 May 2005)
Dr Victor Fung Kwok King	(appointed on 5 May 2005)
Richard Edward Hale	
James Koh Cher Siang	(appointed on 1 July 2005)
Lim Chin Beng	
Peter Seah Lim Huat	
Arfat Pannir Selvam	(appointed on 2 January 2006)
Jackson Peter Tai	

Arrangements to Enable Directors to Acquire Shares and Debentures

Except as disclosed under the "Directors' Interests in Shares or Debentures" and "Share Options" sections of this report, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' Interests in Shares or Debentures

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, debentures or share options of the Company or of related corporations either at the beginning of the financial year (or date of appointment, if later) or at the end of the financial year.

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50, particulars of interests of directors who held office at the end of the financial year in shares, debentures and share options in the Company and related corporations are as follows:

	Holdings in the name of the director, spouse and/or infant children	
	At beginning of the year/ date of appointment	At end of the year
The Company		
Ordinary shares of \$1 each fully paid		
Hsuan Owyang	-	100,000
Liew Mun Leong	-	1,400,000
Andrew Robert Fowell Buxton	56,000	212,650
Richard Edward Hale	-	53,850
James Koh Cher Siang	6,250	6,250
Peter Seah Lim Huat	113,000	321,800
Jackson Peter Tai	50,000	50,000
Lucien Wong Yuen Kuai*	-	128,850
Options to subscribe for ordinary shares of \$1 each exercisable between 13/06/2001 to 11/06/2005 at an exercise price of \$2.10 per share		
Andrew Robert Fowell Buxton	53,850	-
Richard Edward Hale	53,850	-
Lim Chin Beng	140,010	-
Lucien Wong Yuen Kuai*	53,850	-

Directors' Interests in Shares or Debentures (cont'd)

	Holdings in the name of the director, spouse and/or infant children	
	At beginning of the year/ date of appointment	At end of the year
The Company (cont'd)		
Options to subscribe for ordinary shares of \$1 each exercisable between 13/06/2001 to 11/06/2010 at an exercise price of \$1.91 per share		
Liew Mun Leong	1,077,000	1,077,000
Options to subscribe for ordinary shares of \$1 each exercisable between 05/08/2001 to 03/08/2005 at an exercise price of \$2.06 per share		
Hsuan Owyang	100,000	-
Liew Mun Leong	50,000	-
Jackson Peter Tai	50,000	-
Options to subscribe for ordinary shares of \$1 each exercisable between 19/06/2002 to 18/06/2006 at an exercise price of \$2.02 per share		
Hsuan Owyang	220,000	220,000
Andrew Robert Fowell Buxton	40,000	10,000
Richard Edward Hale	30,000	30,000
Lim Chin Beng	120,000	120,000
Jackson Peter Tai	170,000	170,000
Lucien Wong Yuen Kuai*	100,000	25,000
Options to subscribe for ordinary shares of \$1 each exercisable between 19/06/2002 to 18/06/2011 at an exercise price of \$1.85 per share		
Liew Mun Leong	800,000	800,000
Options to subscribe for ordinary shares of \$1 each exercisable between 11/05/2003 to 10/05/2007 at an exercise price of \$1.32 per share		
Hsuan Owyang	150,000	150,000
Andrew Robert Fowell Buxton	40,000	20,000
Richard Edward Hale	15,000	15,000
Lim Chin Beng	90,000	90,000
Peter Seah Lim Huat	90,000	45,000
Jackson Peter Tai	100,000	100,000
Lucien Wong Yuen Kuai*	70,000	70,000
Options to subscribe for ordinary shares of \$1 each exercisable between 11/05/2003 to 10/05/2012 at an exercise price of \$1.19 per share		
Liew Mun Leong	800,000	400,000
Options to subscribe for ordinary shares of \$1 each exercisable between 01/03/2004 to 28/02/2008 at an exercise price of \$1.00 per share		
Hsuan Owyang	198,000	198,000
Liew Mun Leong (<i>exercisable between 01/03/2004 to 28/02/2013</i>)	1,008,000	504,000
Andrew Robert Fowell Buxton	52,800	-
Richard Edward Hale	166,320	166,320
Lim Chin Beng	158,400	158,400
Peter Seah Lim Huat	118,800	-
Jackson Peter Tai	118,800	118,800
Lucien Wong Yuen Kuai*	105,600	105,600

Directors' Interests in Shares or Debentures (cont'd)

	Holdings in the name of the director, spouse and/or infant children	
	At beginning of the year/ date of appointment	At end of the year
The Company (cont'd)		
Options to subscribe for ordinary shares of \$1 each exercisable between 28/02/2005 to 27/02/2009 at an exercise price of \$1.33 per share		
Hsuan Owyang	170,000	170,000
Richard Edward Hale	120,000	120,000
Lim Chin Beng	130,000	130,000
Peter Seah Lim Huat	90,000	45,000
Jackson Peter Tai	90,000	90,000
Lucien Wong Yuen Kuai*	80,000	80,000
Options to subscribe for ordinary shares of \$1 each exercisable between 28/02/2005 to 27/02/2014 at an exercise price of \$1.20 per share		
Liew Mun Leong	800,000	600,000
Options to subscribe for ordinary shares of \$1 each exercisable between 26/02/2006 to 25/02/2010 at an exercise price of \$2.45 per share		
Dr Hu Tsu Tau	-	120,000
Hsuan Owyang	-	150,000
Liew Mun Leong (<i>exercisable between 26/02/2006 to 25/02/2015</i>)	-	800,000
Andrew Robert Fowell Buxton	-	60,000
Richard Edward Hale	-	95,000
Lim Chin Beng	-	80,000
Peter Seah Lim Huat	-	90,000
Jackson Peter Tai	-	90,000
Lucien Wong Yuen Kuai*	-	80,000
Conditional award of performance shares to be delivered after 2004		
Liew Mun Leong (292,500 performance shares)	0 to 585,000 [#]	- ^π
^π During the financial year, 246,000 performance shares were released under the 2002 award to Liew Mun Leong.		
Conditional award of performance shares to be delivered after 2005		
Liew Mun Leong (468,000 performance shares)	0 to 936,000 [#]	0 to 936,000 [#]
Conditional award of performance shares to be delivered after 2006		
Liew Mun Leong (468,000 performance shares)	0 to 936,000 [#]	0 to 936,000 [#]
Conditional award of performance shares to be delivered after 2007		
Liew Mun Leong (400,000 performance shares)	-	0 to 800,000 [#]
Conditional award of performance shares to be delivered after 2008		
Liew Mun Leong (400,000 performance shares)	-	- [#] ^
[^] Conditional award was granted on 17 February 2006.		

Directors' Interests in Shares or Debentures (cont'd)

	Holdings in the name of the director, spouse and/or infant children	
	At beginning of the year/ date of appointment	At end of the year
Related Corporations®		
Raffles Holdings Limited		
Ordinary shares of \$0.32 each fully paid		
Hsuan Owyang	-	5,000
Liew Mun Leong	50,000	358,900
Richard Edward Hale	5,000	5,000
James Koh Cher Siang	4,000	4,000
Options to subscribe for ordinary shares of \$0.32 each exercisable between 16/08/2002 to 15/08/2011 at an exercise price of \$0.32 per share ⁺		
Liew Mun Leong	100,000	-
Options to subscribe for ordinary shares of \$0.32 each exercisable between 16/08/2003 to 15/08/2012 at an exercise price of \$0.32 per share ⁺		
Liew Mun Leong	100,000	-
Options to subscribe for ordinary shares of \$0.32 each exercisable between 09/07/2004 to 08/07/2013 at an exercise price of \$0.32 per share ⁺		
Liew Mun Leong	100,000	69,360
Options to subscribe for ordinary shares of \$0.32 each exercisable between 01/03/2005 to 28/02/2014 at an exercise price of \$0.32 per share ⁺		
Liew Mun Leong	130,000	155,038
Options to subscribe for ordinary shares of \$0.32 each exercisable between 19/02/2006 to 18/02/2015 at an exercise price of \$0.32 per share ⁺		
Liew Mun Leong	-	165,100
The Ascott Group Limited		
Ordinary shares of \$0.20 each fully paid		
Liew Mun Leong	-	362,500
Richard Edward Hale	-	100,000
Lim Chin Beng	-	200,000
Options to subscribe for ordinary shares of \$0.20 each exercisable between 21/12/2001 to 20/12/2005 at an exercise price of \$0.37 per share		
Liew Mun Leong (<i>exercisable between 21/12/2001 to 20/12/2010</i>)	150,000	-
Richard Edward Hale	150,000	-
Lim Chin Beng	200,000	-
Options to subscribe for ordinary shares of \$0.20 each exercisable between 30/06/2002 to 29/06/2006 at an exercise price of \$0.32 per share		
Liew Mun Leong (<i>exercisable between 30/06/2002 to 29/06/2011</i>)	120,000	30,000
Richard Edward Hale	150,000	150,000
Lim Chin Beng	200,000	200,000

Directors' Interests in Shares or Debentures (cont'd)

	Holdings in the name of the director, spouse and/or infant children	
	At beginning of the year/ date of appointment	At end of the year
Related Corporations® (cont'd)		
The Ascott Group Limited (cont'd)		
Options to subscribe for ordinary shares of \$0.20 each exercisable between 05/05/2003 to 04/05/2007 at an exercise price of \$0.353 per share		
Liew Mun Leong (exercisable between 05/05/2003 to 04/05/2012)	120,000	60,000
Richard Edward Hale	150,000	150,000
Lim Chin Beng	200,000	200,000
Peter Seah Lim Huat (exercisable between 05/05/2003 to 30/12/2006)	12,000	12,000
Options to subscribe for ordinary shares of \$0.20 each exercisable between 10/05/2004 to 09/05/2008 at an exercise price of \$0.321 per share		
Liew Mun Leong (exercisable between 10/05/2004 to 09/05/2013)	120,000	90,000
Richard Edward Hale	150,000	150,000
Lim Chin Beng	200,000	200,000
Peter Seah Lim Huat (exercisable between 10/05/2004 to 30/12/2006)	30,000	30,000
Options to subscribe for ordinary shares of \$0.20 each exercisable between 01/03/2005 to 28/02/2009 at an exercise price of \$0.418 per share		
Liew Mun Leong (exercisable between 01/03/2005 to 28/02/2014)	130,000	97,500
Richard Edward Hale	100,000	100,000
Lim Chin Beng	100,000	100,000
Peter Seah Lim Huat (exercisable between 31/12/2004 to 30/12/2006)	32,000	32,000
Options to subscribe for ordinary shares of \$0.20 each exercisable between 05/03/2006 to 04/03/2010 at an exercise price of \$0.493 per share		
Liew Mun Leong (exercisable between 05/03/2006 to 04/03/2015)	-	130,000
Richard Edward Hale	-	100,000
Lim Chin Beng	-	100,000

Footnotes:

- # The final number of performance shares given will depend on the achievement of pre-determined targets over a three-year performance period. Recipients who do not meet the threshold targets at the end of the performance period will not be given any performance shares. On the other hand, if superior targets are met, more performance shares than the original award could be delivered up to a maximum of 200% of the original award.
- ® Pursuant to the placement of the Company's shares by Temasek Holdings (Private) Limited ("Temasek") during the financial year, Temasek and its subsidiaries ceased to be related corporations with effect from 11 August 2005.
- + During the financial year, adjustments have been made to the exercise prices and number of unexercised share options in accordance to the rule of Raffles Holdings Limited ("RHL") Share Option Plan following the payment of an interim special dividend of \$0.40 per issued ordinary share due to the divestment of RHL's hotel-related business.
- * Mr Lucien Wong Yuen Kuai resigned as director of the Company on 2 January 2006.

Directors' Interests in Shares or Debentures (cont'd)

There was no change in any of the above-mentioned directors' interests in the Company between the end of the financial year and 21 January 2006.

Directors' Interests in Contracts

During the financial year, the directors' interests in contracts related to professional fees as disclosed in the accompanying notes to the financial statements, were paid by the Group to three directors or to firms in which they are members.

Except as disclosed above, since the end of the last financial year, no other director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which he is a member or with a company in which he has a substantial financial interest.

Share Options

(a) CapitaLand Share Option Plan, Performance Share Plan and Restricted Stock Plan 2000

The Share Option Plan, Performance Share Plan and Restricted Stock Plan (collectively referred to as the "Share Plans") of the Company were approved and adopted by its members at an Extraordinary General Meeting held on 16 November 2000.

The Executive Resource and Compensation Committee of the Company has been designated as the Committee responsible for the administration of the Share Plans. The Committee comprises the following members:

Mr Peter Seah Lim Huat (Chairman)
Mr Hsuan Owyang
Mr Lim Chin Beng
Mr Jackson Peter Tai (resigned on 31 March 2005)

The Share Option Plan is the basic share incentive scheme which is more widely applied across the Group whereas the Performance Share Plan and Restricted Stock Plan apply only to key executives and the awards granted under these two Plans are only released or vested after achievement of pre-determined targets and/or after the satisfactory completion of time-based service conditions.

Under the Share Option Plan, options are granted to eligible participants exercisable during a certain period and at a certain price as set out below.

Under the Performance Share Plan, awards are granted to eligible participants. Awards represent the right of a participant to receive fully paid shares, their equivalent cash value or combinations thereof, free of charge, upon the participant achieving prescribed performance target(s). Awards are released once the Committee is satisfied that the prescribed target(s) have been achieved. There are no vesting periods beyond the performance achievement periods.

Under the Restricted Stock Plan, awards granted 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). No minimum vesting periods are prescribed under the Restricted Stock Plan and the length of the vesting period in respect of each award will be determined on a case-by-case basis. Performance-based restricted awards differ from awards granted under the Performance Share Plan in that an extended vesting period is imposed beyond the performance target completion date.

The principal terms of the Share Plans are:

- **Plans Size and Duration**

The total number of new shares over which options may be granted pursuant to the Share Option Plan, when added to the number of new shares issued and issuable in respect of all options granted thereunder and all awards granted under the Performance Share Plan and Restricted Stock Plan, shall not exceed 15% of the issued share capital of the Company on the day preceding the relevant date of grant.

The Share Plans shall continue in force at the discretion of the Committee, subject to a maximum period of 10 years commencing on 16 November 2000, provided always that the Share Plans may continue beyond the above stipulated period with the approval of shareholders in general meeting and of any relevant authorities which may then be required.

Notwithstanding the expiry or termination of the Share Plans, any outstanding options held by and/or awards made to participants prior to such expiry or termination will continue to remain valid.

Share Options (cont'd)**(a) CapitaLand Share Option Plan, Performance Share Plan and Restricted Stock Plan 2000** (cont'd)

- **Participants of the Share Plans**

In respect of the Share Option Plan, the following persons shall be eligible to participate:

- Group Executives who have attained the age of 21 years and hold such rank as may be designated by the Committee from time to time;
- Non-Executive Directors who, in the opinion of the Committee, have contributed or will contribute to the success of the Group; and
- Executives of Parent Group and Executives of Associates (over which the Company has operational control) who have attained the age of 21 years and hold such rank as may be designated by the Committee from time to time and who, in the opinion of the Committee, have contributed or will contribute to the success of the Group. Singapore Technologies Pte Ltd ("STPL") and its subsidiaries were previously designated as being part of the Parent Group. Arising from a restructuring of STPL by Temasek Holdings (Private) Limited which was completed on 31 December 2004, STPL ceased to be the parent company of the Company.

In respect of the Performance Share Plan and Restricted Stock Plan, the following persons shall be eligible to participate:

- Group Executives who have attained the age of 21 years and hold such rank as may be designated by the Committee from time to time (including those Parent Group Executives and Non-Executive Directors of the Parent Group who meet the foregoing age and rank criteria and whose services have been seconded to a company within the Group and who shall be regarded as Group Executives for the purposes of the Performance Share Plan and Restricted Stock Plan);
- Non-Executive Directors (other than Non-Executive Directors of Parent Group) who, in the opinion of the Committee, have contributed or will contribute to the success of the Group; and
- Executives of Associates who have attained the age of 21 years and hold such rank as may be designated by the Committee from time to time and who, in the opinion of the Committee, have contributed or will contribute to the success of the Group.

Persons who are the Company's controlling shareholders or their associates as defined in the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") are not eligible to participate in all the Share Plans.

- **Maximum Entitlements**

The Share Plans provide that the number of options or awards to be granted be discretionary. However, under the Share Option Plan, the aggregate number of shares which may be offered by way of grant of options to Parent Group Executives and Non-Executive Directors of Parent Group shall not exceed 20% of the total number of shares available under the Share Option Plan.

- **Exercise Period**

Under the Share Option Plan, options with subscription prices which are equal to, or higher than, the Market Price may be exercised one year after the date of grant, and in accordance with a vesting schedule and the conditions (if any) to be determined by the Committee on the date of grant of the respective options.

Options with subscription prices which represent a discount to the Market Price may be exercised two years after the date of grant, and in accordance with a vesting schedule and the conditions (if any) to be determined by the Committee on the date of grant of the respective options.

Share Options (cont'd)

(a) CapitaLand Share Option Plan, Performance Share Plan and Restricted Stock Plan 2000 (cont'd)

- Subscription Price**

The subscription price for each share in respect of which an option is exercisable shall be determined by the Committee, in its absolute discretion, to be either:

- a price which is equal to the volume-weighted average price for the Company shares on the SGX-ST over the three consecutive Trading Days immediately preceding the date of grant of that option (the “Market Price”), or such higher price as may be determined by the Committee in its absolute discretion; or
- a price which is set at a discount to the Market Price, the quantum of such discount to be determined by the Committee in its absolute discretion, provided that the maximum discount which may be given in respect of any option shall not exceed 20% of the Market Price in respect of that option.

The subscription price shall, in no event, be less than the nominal value of the Company share.

- Grant of Options**

Options under the Share Option Plan may be granted at any time during the period when the said Plan is in force, except that no options shall be granted during the period of 30 days immediately preceding the date of announcement of the Company's financial results. In the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is made, options may be granted on or after the fourth Market Day after the day on which such announcement is released.

(b) Share Options Granted

In respect of share options under Raffles Holdings Limited Share Option Plan and performance shares under Raffles Holdings Limited Performance Share Plan, adjustments have been made to the exercise prices of unexercised share options, as well as to the number of performance shares under conditional award. For details, please refer to the footnote marked “+” in the “Directors’ Interests in Shares or Debentures” section.

During the financial year, options were granted under the respective share option schemes of the Company and its subsidiaries, Raffles Holdings Limited and The Ascott Group Limited as follows:

Option Category	Number of Holders	Exercise Period	Exercise Price (per share) \$	Number of Shares under Option
The Company				
Non-Executive Directors	29	26/02/2006 to 25/02/2010	2.45	1,385,000
Group Executives (including 1 Executive Director)	790	12/05/2005 to 11/05/2007	2.45	2,925,300
	27	01/10/2005 to 30/09/2007	2.45	425,000
	1	25/01/2006 to 24/01/2015	2.14	80,000
	671	26/02/2006 to 25/02/2015	2.45	16,133,000
	1	02/07/2006 to 01/07/2015	2.35	150,000
	75	27/08/2006 to 26/08/2015	2.88	769,000
Total				21,867,300

Share Options (cont'd)

(b) Share Options Granted (cont'd)

Option Category	Number of Holders	Exercise Period	Exercise Price (per share) \$	Number of Shares under Option
Raffles Holdings Limited				
Non-Executive Directors	1	14/11/2005 to 15/08/2006	0.32	52,000
	1	14/11/2005 to 15/08/2007	0.32	62,400
	1	14/11/2005 to 08/07/2008	0.32	62,400
	6	14/11/2005 to 28/02/2009	0.32	222,300
	6	14/11/2005 to 18/02/2010	0.32	609,600
Group Executives (including 1 Executive Director)	121	01/10/2005 to 30/09/2007	0.32	11,670,845
	1	14/11/2005 to 15/08/2011	0.32	4,160
	4	14/11/2005 to 15/08/2012	0.32	113,507
	10	14/11/2005 to 08/07/2013	0.32	1,055,561
	9	14/11/2005 to 28/02/2014	0.32	1,007,153
	14	14/11/2005 to 18/02/2015	0.32	2,002,028
Associated Company Executives	24	14/11/2005 to 15/08/2006	0.32	52,941
	9	14/11/2005 to 15/08/2007	0.32	5,694
	391	01/10/2005 to 30/09/2007	0.32	1,901,399
	21	14/11/2005 to 08/07/2008	0.32	22,116
	11	14/11/2005 to 28/02/2009	0.32	42,722
	17	14/11/2005 to 18/02/2010	0.32	61,722
Parent Group Executives	20	12/05/2005 to 11/05/2007	0.32	92,304
	11	14/11/2005 to 15/08/2011	0.32	227,520
	28	14/11/2005 to 15/08/2012	0.32	183,670
	85	14/11/2005 to 08/07/2013	0.32	320,180
	91	14/11/2005 to 28/02/2014	0.32	642,139
	99	19/02/2006 to 18/02/2015	0.32	1,167,270
Total				21,581,631
The Ascott Group Limited				
Non-Executive Directors	6	05/03/2006 to 04/03/2010	0.493	520,000
Group Executives (including 1 Executive Director)	238	05/03/2006 to 04/03/2015	0.493	7,852,000
	44	02/09/2006 to 01/09/2015	0.555	1,211,500
Parent Group Executives	125	05/03/2006 to 04/03/2015	0.493	752,000
Total				10,335,500

As regards to the subsidiary, Australand, the Australand Employees Securities Ownership Plan ("Australand ESOP") offers a five-year, interest-free loan to enable employees to purchase a specified number of Australand stapled securities allocated by Australand's Remuneration Committee. The loan has limited recourse and the employee's obligation to repay the loan is limited to the market value of the securities at any time. The loan will be partly repaid by distributions on the securities held and must be fully repaid on cessation of employment with Australand or by the 5th anniversary of the origination date of the loan, whichever is earlier.

Share Options (cont'd)

(b) Share Options Granted (cont'd)

In addition to the above, Australand ESOP, options over unissued Australand Holdings Limited ordinary shares have previously been issued to employees under the terms of the Australand Share Option Scheme. As part of the stapling exercise in 2003, the terms of the options were changed whereby they are now exercisable over Australand stapled securities. No options over unissued Australand stapled securities were granted during the financial year.

In respect of the share option plans of CapitalLand Limited, Raffles Holdings Limited and The Ascott Group Limited, no participant received options which totalled 5% or more of the total number of shares available under the respective share option plans. In addition, no option has been granted with subscription price set at a discount to the market price of the shares at the time of the grant. The options granted also do not entitle the holders of the options, by virtue of such holdings, to any right to participate in any share of any other company.

Save as disclosed above, there were no options granted by the Company or its subsidiaries to any person to take up unissued shares in the Company or its subsidiaries during the financial year.

(c) Share Options Exercised

During the financial year, there were new ordinary shares issued at par for cash fully paid in the share capital of the following companies pursuant to the exercise of options granted:

Name of Company	Par Value (per share) \$	Exercise Price (per share) \$	Number of Shares Issued
CapitalLand Limited	1.00	1.00 to 2.45	33,886,913
Raffles Holdings Limited	0.32	0.320 to 0.638	27,898,774
The Ascott Group Limited	0.20	0.320 to 0.555	16,924,450
Australand	NA [#]	A\$1.57	245,100

[#] With effect from 1 July 1998, par value has been abolished under the Australian Company Law Review Act 1998.

Save as disclosed above, there were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company and its subsidiaries.

Share Options (cont'd)

(d) Unissued Shares under Option

At the end of the financial year, there were the following unissued ordinary shares of the Company under option:

Option Category	Number of Holders	Expiry Date	Exercise Price (per share) \$	Par Value (per share) \$	Number of Unissued Shares under Option
The Company					
Non-Executive Directors	25	18/06/2006	2.02	1.00	1,527,500
	30	10/05/2007	1.32	1.00	1,161,250
	15	28/02/2008	1.00	1.00	1,161,640
	25	27/02/2009	1.33	1.00	1,265,000
	29	25/02/2010	2.45	1.00	1,385,000
					6,500,390
Group Executives	20	11/05/2007	1.91	1.00	148,615
	2	11/05/2007	1.88	1.00	13,000
	139	11/05/2007	1.85	1.00	453,002
	68	11/05/2007	1.19	1.00	427,870
	53	11/05/2007	1.00	1.00	573,671
	64	11/05/2007	1.20	1.00	745,802
	2	11/05/2007	1.55	1.00	1,700
	384	11/05/2007	2.45	1.00	1,598,379
	1	30/09/2007	1.79	1.00	130,000
	2	30/09/2007	1.88	1.00	72,000
	4	30/09/2007	1.85	1.00	142,567
	8	30/09/2007	1.19	1.00	104,847
	10	30/09/2007	1.00	1.00	280,350
	12	30/09/2007	1.20	1.00	340,088
	2	30/09/2007	1.55	1.00	30,000
	14	30/09/2007	2.45	1.00	283,000
	7	12/04/2010	1.79	1.00	528,400
	110	11/06/2010	1.91	1.00	3,747,880
	64	03/08/2010	1.88	1.00	526,155
	281	18/06/2011	1.85	1.00	5,092,807
	1	02/07/2011	1.84	1.00	25,000
	1	31/12/2011	1.31	1.00	300,000
	386	10/05/2012	1.19	1.00	5,069,358
	426	28/02/2013	1.00	1.00	8,485,646
	1	24/04/2013	1.00	1.00	189,200
	26	29/08/2013	1.00	1.00	355,590
	1	22/09/2013	1.00	1.00	106,000
	449	27/02/2014	1.20	1.00	10,841,720
	1	18/03/2014	1.14	1.00	45,000
	35	27/08/2014	1.55	1.00	367,000
	1	24/01/2015	2.14	1.00	80,000
	607	25/02/2015	2.45	1.00	15,092,000
	1	01/07/2015	2.35	1.00	150,000
	74	26/08/2015	2.88	1.00	757,000
					57,103,647
Parent Group Executives	22	30/12/2006	1.91	1.00	185,047
	9	30/12/2006	1.19	1.00	75,000
	7	30/12/2006	1.00	1.00	73,395
	10	30/12/2006	1.20	1.00	123,000
					456,442
Total					64,060,479

Share Options (cont'd)

(d) Unissued Shares under Option (cont'd)

The aggregate number of options granted since the commencement of the Company's Share Option Plan to the end of the financial year under review is as follows:

Participants	Options granted during the year	Aggregate options granted since the commencement of the Share Option Plan	Aggregate options exercised	Aggregate options lapsed/cancelled	Aggregate outstanding options
Directors of the Company					
Dr Hu Tsu Tau	120,000	120,000	-	-	120,000
Hsuan Owyang	150,000	988,000	(100,000)	-	888,000
Liew Mun Leong	800,000	5,335,000	(1,154,000)	-	4,181,000
Andrew Robert Fowell Buxton	60,000	246,650	(156,650)	-	90,000
Richard Edward Hale	95,000	480,170	(53,850)	-	426,320
Lim Chin Beng	80,000	718,410	(140,010)	-	578,400
Peter Seah Lim Huat	90,000	388,800	(208,800)	-	180,000
Jackson Peter Tai	90,000	618,800	-	(50,000)	568,800
Lucien Wong Yuen Kuai	80,000	489,450	(128,850)	-	360,600
	1,565,000	9,385,280	(1,942,160)	(50,000)	7,393,120
Non-Executive Directors of subsidiaries (including former directors of the Company)	620,000	6,930,610	(3,129,040)	(513,300)	3,288,270
Group Executives (excluding Liew Mun Leong)	19,682,300	114,564,364	(34,482,963)	(27,158,754)	52,922,647
Parent Group Executives and others	-	2,608,632	(1,778,333)	(373,857)	456,442
Total	21,867,300	133,488,886	(41,332,496)	(28,095,911)	64,060,479

At the end of the financial year, there were also the following unissued ordinary shares of subsidiaries under option:

Option Category	Number of Holders	Expiry Date	Exercise Price (per share) \$	Par Value (per share) \$	Number of Unissued Shares under Option
Raffles Holdings Limited					
Non-Executive Directors	1	15/08/2006	0.32	0.32	102,000
	1	08/07/2007	0.32	0.32	122,400
	1	08/07/2008	0.32	0.32	122,400
	6	28/02/2009	0.32	0.32	507,300
	6	18/02/2010	0.32	0.32	609,600
					1,463,700

Share Options (cont'd)

(d) Unissued Shares under Option (cont'd)

Option Category	Number of Holders	Expiry Date	Exercise Price (per share) \$	Par Value (per share) \$	Number of Unissued Shares under Option
Raffles Holdings Limited (cont'd)					
Group Executives	17	30/09/2007	0.32	0.32	355,368
	84	30/09/2007	0.32	0.32	1,209,681
	111	30/09/2007	0.32	0.32	1,688,408
	85	30/09/2007	0.32	0.32	1,812,842
	121	30/09/2007	0.32	0.32	2,442,004
	1	15/08/2011	0.32	0.32	8,160
	6	15/08/2012	0.32	0.32	296,087
	10	08/07/2013	0.32	0.32	2,070,521
	9	28/02/2014	0.32	0.32	2,298,373
	14	18/02/2015	0.32	0.32	2,002,028
					14,183,472
Parent Group Executives	2	11/05/2007	0.32	0.32	15,096
	2	11/05/2007	0.32	0.32	17,748
	2	11/05/2007	0.32	0.32	14,240
	3	11/05/2007	0.32	0.32	7,320
	10	15/08/2011	0.32	0.32	307,020
	27	15/08/2012	0.32	0.32	274,874
	82	08/07/2013	0.32	0.32	625,218
	88	28/02/2014	0.32	0.32	1,485,919
	96	18/02/2015	0.32	0.32	1,144,270
					3,891,705
Associated Company Executives	54	15/08/2006	0.32	0.32	209,109
	9	15/08/2007	0.32	0.32	11,168
	212	30/09/2007	0.32	0.32	338,296
	291	30/09/2007	0.32	0.32	327,031
	233	30/09/2007	0.32	0.32	285,385
	391	30/09/2007	0.32	0.32	405,685
	21	08/07/2008	0.32	0.32	43,380
	11	28/02/2009	0.32	0.32	97,490
	17	18/02/2010	0.32	0.32	61,722
					1,779,266
Total					21,318,143
The Ascott Group Limited					
Non-Executive Directors	9	29/06/2006	0.320	0.20	775,000
	6	04/05/2007	0.353	0.20	612,500
	6	09/05/2008	0.321	0.20	600,000
	6	28/02/2009	0.418	0.20	475,000
	6	04/03/2010	0.493	0.20	520,000
					2,982,500

Share Options (cont'd)

(d) Unissued Shares under Option (cont'd)

Option Category	Number of Holders	Expiry Date	Exercise Price (per share) \$	Par Value (per share) \$	Number of Unissued Shares under Option
The Ascott Group Limited (cont'd)					
Group Executives and Parent Group Executives	55	30/12/2006	0.370	0.20	121,000
	56	30/12/2006	0.320	0.20	120,750
	73	30/12/2006	0.353	0.20	123,500
	66	30/12/2006	0.321	0.20	166,250
	79	30/12/2006	0.418	0.20	209,000
	1	02/05/2007	0.353	0.20	200,000
	1	02/05/2007	0.321	0.20	300,000
	1	02/05/2007	0.418	0.20	187,500
	1	02/05/2007	0.493	0.20	250,000
	3	11/05/2007	0.370	0.20	20,000
	2	11/05/2007	0.320	0.20	30,000
	4	11/05/2007	0.353	0.20	136,000
	5	11/05/2007	0.321	0.20	118,500
	6	11/05/2007	0.418	0.20	56,250
	8	11/05/2007	0.493	0.20	16,000
	1	30/09/2007	0.320	0.20	20,000
	3	30/09/2007	0.353	0.20	22,500
	5	30/09/2007	0.321	0.20	41,000
	6	30/09/2007	0.418	0.20	38,500
	6	30/09/2007	0.493	0.20	19,000
	1	31/10/2007	0.320	0.20	20,000
	1	31/10/2007	0.353	0.20	25,000
	2	31/10/2007	0.321	0.20	31,000
	2	31/10/2007	0.418	0.20	31,000
	2	31/10/2007	0.493	0.20	13,000
	183	20/12/2010	0.370	0.20	4,734,000
	267	29/06/2011	0.320	0.20	3,550,500
	277	04/05/2012	0.353	0.20	6,400,050
	245	09/05/2013	0.321	0.20	6,664,000
	244	28/02/2014	0.418	0.20	4,873,500
	325	04/03/2015	0.493	0.20	7,619,000
	44	01/09/2015	0.555	0.20	1,209,000
					37,365,800
Total					40,348,300
Australand					
Directors	5	13/03/2011	A\$1.57	NA	550,000
Employees	50	13/03/2011	A\$1.57	NA	1,305,650
Total					1,855,650

Save as disclosed above, there were no unissued shares of the Company or its subsidiaries under option as at the end of the financial year.

(e) Awards under CapitaLand, Ascott and Raffles Performance Share Plans

During the financial year, the respective Executive Resource and Compensation Committee ("ERCC") of the above-mentioned companies have granted awards, conditional on targets set for a performance period, currently prescribed to be a three-year performance period. A specified number of performance shares will only be released by the ERCC to the recipient at the end of the qualifying performance period, provided the threshold targets are achieved.

Share Options (cont'd)

(e) Awards under CapitaLand, Ascott and Raffles Performance Share Plans (cont'd)

The final number of performance shares given will depend on the achievement of pre-determined targets over a three-year performance period. Recipients who do not meet the threshold targets at the end of the performance period will not be given any performance shares. On the other hand, if superior targets are met, more performance shares than the original award could be delivered up to a maximum of 200% of the original award.

During the year, there were the following number of performance shares conditionally granted, released, as well as lapsed or cancelled:

	Performance Shares conditionally granted during the year		Performance Shares released during the year		Performance Shares lapsed or cancelled during the year	
	Number of Holders	Number of Performance Shares	Number of Holders	Number of Performance Shares	Number of Holders	Number of Performance Shares
The Company ⁽ⁱ⁾	49	2,975,000	23	1,535,000	23	282,400
Raffles Holdings Limited ⁽ⁱⁱ⁾	5	1,470,000	7	7,246,344	6	1,405,773
The Ascott Group Limited ⁽ⁱⁱⁱ⁾	9	2,482,223	3	219,000	3	1,581,000

Footnotes:

⁽ⁱ⁾ The Company granted 2,975,000 performance shares under 2005 award, released 1,535,000 performance shares; and cancelled 282,400 performance shares under 2002 award.

⁽ⁱⁱ⁾ Raffles Holdings Limited granted 1,470,000 performance shares under 2005 award, released 7,246,344 performance shares under 2002, 2003, 2004 and 2005 awards; and cancelled 1,405,773 performance shares under 2002, 2004 and 2005 awards.

⁽ⁱⁱⁱ⁾ The Ascott Group Limited granted 172,223 and 2,310,000 performance shares under 2003 and 2005 awards respectively, released 219,000 performance shares under 2002 award; and lapsed or cancelled 1,281,000 and 300,000 performance shares under 2002 and 2003 awards respectively.

As at 31 December 2005, the conditional awards of performance shares granted were as follows:

Award Granted	Number of Holders	Performance Period	Number of Performance Shares conditionally awarded	Number of Performance Shares to be released after Performance Period
The Company				
2003 award	15	2003 to 2005	2,527,200	0 to 5,054,400
2004 award	15	2004 to 2006	2,492,100	0 to 4,984,200
2005 award	49	2005 to 2007	2,975,000	0 to 5,950,000
			7,994,300	0 to 15,988,600
The Ascott Group Limited				
2003 award	2	2003 to 2005	572,223	0 to 1,144,446
2004 award	3	2004 to 2006	1,200,000	0 to 2,400,000
2005 award	9	2005 to 2007	2,310,000	0 to 4,620,000
			4,082,223	0 to 8,164,446

On 17 February 2006, the Company granted conditional awards of 3,335,000 performance shares under 2006 award for performance period from 2006 to 2008.

The maximum number of performance shares which could be released, when aggregated with the number of new shares issued and issuable in respect of all options granted, is within the 15% limit of the issued share capital of the respective companies on the day preceding the relevant date of grant.

(f) Awards under CapitaLand, Ascott and Raffles Restricted Share Plans

As at 31 December 2005, no award has been granted since the inception of the restricted share plans of the above-mentioned companies.

Audit Committee

The Audit Committee members at the date of this report are Mr Richard Edward Hale (Chairman), Mr James Koh Cher Siang and Mrs Arfat Pannir Selvam.

The Audit Committee performs the functions specified by Section 201B of the Companies Act, Chapter 50, the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), and the Code of Corporate Governance.

The principal responsibility of the Audit Committee is to assist the Board of Directors in fulfilling its oversight responsibilities. Areas of review by the Audit Committee include:

- the reliability and integrity of financial statements;
- impact of new, revised or proposed changes in accounting policies or regulatory requirements on the financial statements;
- compliance with laws and regulations, particularly those of the Companies Act, Chapter 50, and the Listing Manual of the SGX-ST;
- the appropriateness of quarterly and full year announcements and reports;
- adequacy of internal controls and evaluation of adherence to such controls;
- the effectiveness and efficiency of internal and external audits;
- the appointment and re-appointment of external auditors and the level of auditors' remuneration;
- the nature and extent of non-audit services and their impact on independence and objectivity of the external auditors;
- interested persons transactions; and
- the findings of internal investigation, if any.

The Audit Committee met four times in 2005. Specific functions performed during the year included reviewing the scope of work and strategies of both the internal and external auditors, and the results arising therefrom, including their evaluation of the system of internal controls. The Audit Committee also reviewed the assistance given by the Company's officers to the auditors. The financial statements of the Group and the Company were reviewed by the Audit Committee prior to the submission to the directors of the Company for adoption. The Audit Committee also met with the external and internal auditors, without the presence of management, to discuss issues of concern to them.

The Audit Committee has, in accordance with Chapter 9 of the Listing Manual of the SGX-ST, reviewed the requirements for approval and disclosure of interested persons transactions, reviewed the procedures set up by the Group and the Company to identify and report and where necessary, seek approval for interested persons transactions and, with the assistance of the internal auditors, reviewed interested persons transactions.

The Audit Committee also undertook quarterly reviews of all non-audit services provided by KPMG and its member firms and was satisfied that they did not affect their independence as external auditors of the Company.

The Audit Committee has recommended to the Board of Directors that the auditors, KPMG, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

Auditors

The auditors, KPMG, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors



DR HU TSU TAU
Director



LIEW MUN LEONG
Director

Singapore
28 February 2006

In our opinion:

- (a) the financial statements set out on pages 116 to 201 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2005 and of the results and changes in equity of the Group and of the Company and of the cash flows of the Group for the year ended on that date; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

On behalf of the Board of Directors



DR HU TSU TAU
Director



LIEW MUN LEONG
Director

Singapore
28 February 2006

We have audited the consolidated financial statements of the Group and the financial statements of the Company for the year ended 31 December 2005 as set out on pages 116 to 201. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2005 and of the results and changes in equity of the Group and of the Company and of the cash flows of the Group for the year ended on that date; and
- (b) the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The KPMG logo, consisting of the letters 'KPMG' in a stylized, handwritten font.

KPMG
Certified Public Accountants

Singapore
28 February 2006

		The Group		The Company	
	Note	2005 \$'000	2004* \$'000	2005 \$'000	2004* \$'000
Non-Current Assets					
Property, Plant and Equipment	3	201,465	1,379,624	1,588	1,433
Intangible Assets	4	35,394	64,669	-	-
Investment Properties	5	5,914,905	4,237,498	-	-
Properties Under Development	6	634,004	164,124	-	-
Interests in Subsidiaries	7	-	-	3,773,558	4,873,383
Interests in Associates	8	2,749,732	2,642,689	-	-
Interests in Jointly-Controlled Entities	9	1,178,938	1,049,015	-	-
Interests in Partnership	10	-	64,245	-	-
Financial Assets	11	276,253	58,300	-	-
Deferred Tax Assets	37	39,084	38,284	3,955	-
Other Non-Current Assets	12	8,537	226,351	256	213
		11,038,312	9,924,799	3,779,357	4,875,029
Current Assets					
Development Properties for Sale	13	3,542,494	4,283,021	-	-
Consumable Stock		1,085	14,445	-	-
Trade and Other Receivables	14	1,417,790	1,092,079	1,101,118	762,954
Financial Assets	11	72,095	3,737	-	-
Cash and Cash Equivalents	19	2,111,277	1,917,722	987,736	904,970
		7,144,741	7,311,004	2,088,854	1,667,924
Less: Current Liabilities					
Bank Overdrafts	19	6,262	12,891	-	-
Trade and Other Payables	20	2,005,739	2,001,622	206,882	236,842
Short Term Loans	27	950,848	916,036	266,126	372,074
Current Portion of Term Loans	28	749,101	713,616	287,109	-
Current Portion of Debt Securities	29	677,633	723,480	139,500	520,927
Current Portion of Finance Leases	30	3,448	3,376	-	-
Provision for Taxation		237,664	196,838	-	-
		4,630,695	4,567,859	899,617	1,129,843
Net Current Assets		2,514,046	2,743,145	1,189,237	538,081
Less: Non-Current Liabilities					
Term Loans	28	2,946,266	3,388,057	-	220,554
Debt Securities	29	1,281,745	1,442,778	125,500	263,000
Finance Leases	30	48,683	53,652	-	-
Deferred Tax Liabilities	37	74,230	48,621	-	1,061
Deferred Income	31	30,959	32,011	-	-
Other Non-Current Liabilities	25	142,107	288,533	149,597	795,595
		4,523,990	5,253,652	275,097	1,280,210
Net Assets		9,028,368	7,414,292	4,693,497	4,132,900
Representing:					
Share Capital	33	2,750,503	2,524,795	2,750,503	2,524,795
Reserves	34	3,907,207	2,831,030	1,942,994	1,608,105
Equity attributable to Equity Holders of the Company		6,657,710	5,355,825	4,693,497	4,132,900
Minority Interests		2,370,658	2,058,467	-	-
Total Equity		9,028,368	7,414,292	4,693,497	4,132,900

* Please refer to note 51.

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

Profit and Loss Accounts for the year ended 31 December 2005

	Note	2005 \$'000	The Group 2004* \$'000	2005 \$'000	The Company 2004* \$'000
Continuing operations					
Revenue	35	3,845,637	3,179,064	248,030	142,100
Cost of sales		(3,036,173)	(2,319,895)	-	-
Gross profit		809,464	859,169	248,030	142,100
Other operating income		361,655	327,488	94,414	182,029
Administrative expenses		(390,295)	(291,886)	(38,607)	(33,583)
Other operating expenses		(43,632)	(207,888)	5,444	(61)
Profit from continuing operations		737,192	686,883	309,281	290,485
Finance costs	36(f)	(274,581)	(263,612)	(55,041)	(96,253)
Share of results of:					
- associates		108,905	73,202	-	-
- jointly-controlled entities		14,293	47,773	-	-
- partnership		(114)	4,541	-	-
		123,084	125,516	-	-
Profit before taxation from continuing operations	36	585,695	548,787	254,240	194,232
Taxation	37	(152,020)	(109,174)	(9,132)	(4,761)
Profit after taxation from continuing operations		433,675	439,613	245,108	189,471
Discontinued operations					
Profit after taxation from discontinued operations	39(c)	741,963	26,094	-	-
Profit for the year		1,175,638	465,707	245,108	189,471
Attributable to:					
Equity holders of the Company		750,510	305,681	245,108	189,471
Minority interests		425,128	160,026	-	-
Profit for the year		1,175,638	465,707	245,108	189,471
Basic earnings per share (cents) from:					
- continuing operations		11.6	11.5		
- discontinued operations		16.7	0.6		
Total	38	28.3	12.1		
Fully diluted earnings per share (cents) from:					
- continuing operations		11.6	11.3		
- discontinued operations		16.5	0.5		
Total	38	28.1	11.8		

* Please refer to note 51.

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

	The Group		The Company	
	2005 \$'000	2004* \$'000	2005 \$'000	2004* \$'000
Share Capital				
At 1 January	2,524,795	2,517,350	2,524,795	2,517,350
Issue of shares under share option plan	33,887	7,445	33,887	7,445
Issue of shares under performance share plan	1,535	-	1,535	-
Conversion of convertible bonds	190,286	-	190,286	-
At 31 December	2,750,503	2,524,795	2,750,503	2,524,795
Share Premium				
At 1 January	2,544,823	3,429,376	1,276,591	2,161,144
Issue of shares under share option plan	16,081	1,283	16,081	1,283
Capital reduction and distribution in specie	-	(885,836)	-	(885,836)
Conversion of convertible bonds	219,343	-	219,343	-
At 31 December	2,780,247	2,544,823	1,512,015	1,276,591
Capital Reserve				
At 1 January	95,950	101,834	30,381	30,381
Transfer from/(to) accumulated profits	497	(5,869)	-	-
Conversion of convertible bonds	(30,381)	-	(30,381)	-
Others	(7,028)	(15)	-	-
At 31 December	59,038	95,950	-	30,381
Capital Redemption Reserve				
At 1 January	3,120	3,908	313	313
Transfer to profit and loss account on disposal of subsidiaries	-	(788)	-	-
Others	12	-	-	-
At 31 December	3,132	3,120	313	313
Revaluation Reserve				
At 1 January	55,568	89,839	-	-
Net deficit on revaluation of investment properties/ properties under development	(31,455)	(124,551)	-	-
Realisation of revaluation deficit transferred to profit and loss account	7,585	3,899	-	-
Share of associates' and jointly-controlled entities' revaluation surplus	183,031	30,013	-	-
Net deficit on revaluation of investment properties/ properties under development charged to profit and loss account	32,192	56,368	-	-
At 31 December	246,921	55,568	-	-
Net gains/(losses) recognised directly in equity	183,768	(38,170)	-	-

		The Group		The Company	
	Note	2005 \$'000	2004* \$'000	2005 \$'000	2004* \$'000
Foreign Currency Translation Reserve					
At 1 January, as previously reported		(21,393)	7,012	-	-
Effects of change in accounting policy	39	(2,832)	(3,648)	-	-
		(24,225)	3,364	-	-
Effects of adopting FRS 39	39	16,559	-	-	-
At 1 January, restated		(7,666)	3,364	-	-
Exchange differences arising from consolidation of foreign operations and translation of foreign currency loans		28,587	(24,985)	-	-
Realisation of foreign exchange reserves from dilution/ disposal of subsidiaries and associates		(43,761)	(2,604)	-	-
At 31 December		(22,840)	(24,225)	-	-
Net gains/(losses) recognised directly in equity		28,587	(24,985)	-	-
Equity Compensation Reserve					
At 1 January, as previously reported		-	-	-	-
Effects of adopting FRS 102	39	9,520	2,586	7,776	2,198
At 1 January, restated		9,520	2,586	7,776	2,198
Transfer from accumulated profits		401	-	401	-
Transfer to share capital		(1,535)	-	(1,535)	-
Transfer to minority interests		(1,369)	-	-	-
Cost of share-based payment		17,517	6,934	12,799	5,578
At 31 December		24,534	9,520	19,441	7,776
Hedging Reserve					
At 1 January		-	-	-	-
Effects of adopting FRS 39	39	(21,695)	-	-	-
At 1 January, restated		(21,695)	-	-	-
Effective portion of changes in fair value of cash flow hedges		21,100	-	-	-
At 31 December		(595)	-	-	-
Net gains recognised directly in equity		21,100	-	-	-

		The Group		The Company	
		2005 \$'000	2004* \$'000	2005 \$'000	2004* \$'000
Available-for-sale Reserve					
At 1 January		-	-	-	-
Effects of adopting FRS 39	39	23,429	-	-	-
At 1 January, restated		23,429	-	-	-
Changes in fair value of available-for-sale investments		62,902	-	-	-
At 31 December		86,331	-	-	-
Net gains recognised directly in equity		62,902	-	-	-
Accumulated Profits/(Losses)					
At 1 January, as previously reported		179,631	(57,240)	292,070	185,678
Effects of changes in accounting policy and adoption of FRS 102	39	(33,357)	(26,006)	974	(75)
		146,274	(83,246)	293,044	185,603
Effects of adopting FRS 39	39	(38,921)	-	-	-
At 1 January, restated		107,353	(83,246)	293,044	185,603
Net profit for the year	39	750,510	305,681	245,108	189,471
Dividends paid	40	(126,526)	(80,614)	(126,526)	(80,614)
Transfer (to)/from capital reserve		(497)	5,869	-	-
Transfer to equity compensation reserve		(401)	-	(401)	-
Expenses in connection with capital reduction and distribution in specie		-	(1,416)	-	(1,416)
At 31 December		730,439	146,274	411,225	293,044
Net gains recognised for the year		750,510	305,681	245,108	189,471
Equity attributable to Equity Holders of the Company		6,657,710	5,355,825	4,693,497	4,132,900
Total recognised gains for the year		1,046,867	242,526	245,108	189,471

		The Group		The Company	
		2005 \$'000	2004*	2005 \$'000	2004*
		\$'000	\$'000	\$'000	\$'000
Minority Interests					
At 1 January, as previously reported		2,079,235	2,045,106	-	-
Effects of changes in accounting policy and adoption of FRS 102	39	(20,768)	(18,456)	-	-
		2,058,467	2,026,650	-	-
Effects of adopting FRS 39	39	(6,902)	-	-	-
At 1 January, restated		2,051,565	2,026,650	-	-
Net profit for the year		425,128	160,026	-	-
Dividends paid to minority interests		(497,179)	(156,999)	-	-
Capital contribution		314,630	34,256	-	-
Effects of acquisition/disposal/dilution and liquidation of subsidiaries		28,089	49,562	-	-
Foreign currency translation differences		222	2,817	-	-
Transfer from equity compensation reserve		1,369	-	-	-
Share of revaluation surplus/(deficit) of investment properties		40,796	(57,845)	-	-
Others		6,038	-	-	-
At 31 December		2,370,658	2,058,467	-	-
Net gains recognised for the year		472,184	104,998	-	-
Total Equity		9,028,368	7,414,292	4,693,497	4,132,900

* Please refer to note 51.

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

	2005 \$'000	2004* \$'000
Operating activities		
Profit before taxation from continuing operations	585,695	548,787
Profit before taxation from discontinued operations	751,362	36,217
	1,337,057	585,004
Adjustments for:		
Amortisation and impairment of:		
- intangible assets	1,102	4,991
- leasehold investment properties	1,720	527
Negative goodwill on acquisition	(820)	(44,974)
(Write back of)/Allowance for:		
- foreseeable losses on development properties for sale	(36,805)	(32,823)
- loans to associates and jointly-controlled entities	-	11,853
- non-current financial assets	4,130	40,837
Share-based expenses	19,374	7,274
Changes in fair value of financial derivatives and assets	(29,998)	-
Depreciation of property, plant and equipment	71,781	89,740
(Gain)/Loss on disposal/Write off of property, plant and equipment	(23,635)	3,860
Gain on disposal of investment properties	(13,141)	(108,770)
Write down in value of investment properties and properties under development	33,074	17,946
Gain on disposal of non-current financial assets	(2,101)	(1,469)
(Gain)/Loss on disposal/dilution of subsidiaries and associates	(812,218)	110,686
Share of results of associates, jointly-controlled entities and partnership	(123,180)	(125,611)
Accretion of deferred income	(4,913)	(5,357)
Reversal of provision for obligation no longer required	(11,140)	-
Interest expense	280,274	272,075
Interest income	(108,099)	(83,913)
	(754,595)	156,872
Operating profit before working capital changes	582,462	741,876
Decrease/(Increase) in working capital:		
Inventories, trade and other receivables	(46,334)	(348,627)
Development properties for sale	683,575	(5,245)
Trade and other payables	43,896	34,146
Amount due from related corporations	(3,232)	122
Financial assets	(44,224)	143,190
Changes in working capital	633,681	(176,414)
Cash generated from operations	1,216,143	565,462
Income tax paid	(86,255)	(166,199)
Customer deposits and other non-current payables received/(refunded)	6,943	(740)
Net cash generated from operating activities carried forward	1,136,831	398,523

	Note	2005 \$'000	2004* \$'000
Net cash generated from operating activities brought forward		1,136,831	398,523
Investing activities			
Proceeds from disposal of property, plant and equipment		173,767	9,439
Purchase of property, plant and equipment		(77,503)	(49,726)
Increase in associates, jointly-controlled entities and partnership		(70,841)	(272,619)
(Increase)/Decrease in amounts owing by investee companies and other non-current receivables		(5,252)	1,859
Deposits paid for new investments		(184,368)	(65,978)
Acquisition of investment properties and properties under development		(1,042,486)	(63,536)
Proceeds from disposal of investment properties		101,922	1,083,267
(Acquisition of)/Proceeds from disposal of non-current financial assets		(151,892)	39,498
Dividends received from associates and jointly-controlled entities		161,470	56,571
Acquisition of remaining interest in a subsidiary		(21,315)	-
Disposal/(Acquisition) of subsidiaries (net)	41	1,182,480	(162,395)
Interest income received		96,981	67,830
Settlement of derivatives		(15,849)	-
Net cash generated from investing activities		147,114	644,210
Financing activities			
Proceeds from issue of shares under share option plan		49,968	8,728
Repayment of loans from related corporations		-	(714)
Proceeds from loans from minority shareholders		36,448	41,830
Contribution from minority shareholders		314,630	34,256
(Repayment of)/Proceeds from sale of future receivables		(277,640)	257,643
Proceeds from term loans		2,332,441	1,819,226
Repayment of term loans		(2,835,406)	(1,788,400)
Proceeds from debt securities		540,133	424,468
Repayment of debt securities		(299,548)	(858,597)
Repayment of finance leases payables		(3,447)	-
Dividends paid to minority shareholders		(497,179)	(156,999)
Dividends paid to shareholders		(126,526)	(80,614)
Interest expense paid		(319,902)	(316,843)
Net cash used in financing activities		(1,086,028)	(616,016)
Net increase in Cash and Cash Equivalents		197,917	426,717
Cash and Cash Equivalents at beginning of the year		1,904,831	1,475,766
Effect of Exchange Rate Changes on Cash Balances Held in Foreign Currencies		2,267	2,348
Cash and Cash Equivalents at end of the year	19	2,105,015	1,904,831

* Please refer to note 51.

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

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the directors on 28 February 2006.

1 Domicile and Activities

CapitaLand 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 principal activities of the Company during the financial year are those relating to investment holding and consultancy services as well as the corporate headquarter which gives direction, provides management support services and integrates the activities of its subsidiaries.

The principal activities of the significant subsidiaries are set out in note 46 to the accompanying financial statements.

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

2 Summary of Significant Accounting Policies

(a) Basis of preparation

The financial statements are prepared in accordance with Singapore Financial Reporting Standards (FRS) including related Interpretations promulgated by the Council on Corporate Disclosure and Governance.

In 2005, the Group adopted the following revised or new FRS that are applicable in the current financial year:

FRS 1 (revised)	<i>Presentation of Financial Statements</i>
FRS 2 (revised)	<i>Inventories</i>
FRS 8 (revised)	<i>Accounting Policies, Changes in Accounting Estimates and Errors</i>
FRS 10 (revised)	<i>Events After the Balance Sheet Date</i>
FRS 16 (revised)	<i>Property, Plant and Equipment</i>
FRS 17 (revised)	<i>Leases</i>
FRS 21 (revised)	<i>The Effects of Changes in Foreign Exchange Rates</i>
FRS 24 (revised)	<i>Related Party Disclosures</i>
FRS 27 (revised)	<i>Consolidated and Separate Financial Statements</i>
FRS 28 (revised)	<i>Investments in Associates</i>
FRS 31 (revised)	<i>Interests in Joint Ventures</i>
FRS 32 (revised)	<i>Financial Instruments: Disclosure and Presentation</i>
FRS 33 (revised)	<i>Earnings Per Share</i>
FRS 39	<i>Financial Instruments: Recognition and Measurement</i>
FRS 102	<i>Share-based Payment</i>
FRS 105	<i>Non-current Assets Held for Sale and Discontinued Operations</i>

The effects of adopting the above new or revised FRS in 2005 are set out in note 39.

The financial statements, which are expressed in Singapore dollars, are prepared on the historical cost basis except that investment properties and certain financial assets and financial liabilities are stated at fair value. Non-current assets and disposal groups held for sale are stated at the lower of carrying amount and fair value less costs to sell.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

2 Summary of Significant Accounting Policies (cont'd)

(a) Basis of preparation (cont'd)

FRS yet to be adopted

Certain new accounting standards and interpretations have been issued and are mandatory for accounting periods beginning on or after 1 January 2006. The Group has assessed those standards and interpretations issued. The initial application of these standards and interpretations is not expected to have any material impact on the Group's financial statements, except for FRS 40 *Investment Property*.

Under FRS 40, investment properties are permitted to be stated at either their fair value or cost less accumulated depreciation and impairment loss. Investment properties held under operating leases are required to be measured at fair value. The Group expects to measure all its investment properties at fair value. As a result of adopting FRS 40, the Group expects to reclassify its revaluation reserve to accumulated profits at 1 January 2007. At this juncture, the impact of adoption cannot be reasonably determined as the Group is unable to estimate with reasonable accuracy the changes in fair value of the investment properties in the period to 1 January 2007.

(b) Functional currency

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity (the "functional currency"). The consolidated financial statements and the financial statements of the Company are presented in Singapore dollars, which is the functional currency of the Company.

(c) Basis of consolidation

(i) Business combinations

Business combinations are accounted for under the purchase method. The cost of an acquisition is measured at the fair value of the assets given and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identified assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values on the date of acquisition, irrespective of the extent of any minority interest.

Any excess or deficiency of the purchase consideration over the net fair value of the identifiable assets, liabilities and contingent liabilities is accounted as goodwill or negative goodwill [see accounting policy 2(f)].

For acquisition of subsidiaries prior to 1 January 2004 which previously met the criteria for merger of businesses such that the assets, liabilities and results are accounted for under the pooling of interests method, the classification and accounting treatment of these business combinations have not been reconsidered or restated in preparing the Group's financial statements.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. In the Company's balance sheet, investments in subsidiaries are stated at cost less impairment losses.

(iii) Associates

Associates are entities in which the Group has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Group's share of the total recognised gains and losses of associates on an equity accounting basis, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an associate, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

(iv) Jointly-controlled entities

A jointly-controlled entity is an entity over whose activities the Group has joint control established by contractual agreement. The consolidated financial statements include the Group's share of the total recognised gains and losses of jointly-controlled entities on an equity accounting basis, from the date that joint control commences until the date that joint control ceases.

2 Summary of Significant Accounting Policies (cont'd)**(c) Basis of consolidation (cont'd)****(v) Partnership**

A partnership is one where the Group has an interest and share in the profit or loss and the net assets of the partnership. The consolidated financial statements include the Group's share of the post-acquisition accumulated profits and reserves of the partnership from the date that the partnership was acquired until the date that the Group's interest in the partnership ceases.

(vi) Transactions eliminated on consolidation

Intragroup balances and any significant unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements. Significant unrealised gains arising from transactions with associates, jointly-controlled entities and partnership are eliminated to the extent of the Group's interest in the entity. Significant unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(vii) Accounting for associates, joint ventures and partnership

In the Company's balance sheet, investments in associates, joint ventures and partnership are stated at cost less impairment losses. In the Company's profit and loss account, the results from these entities are included to the extent of dividends received and receivable, provided the Company's right to receive the dividends is established before the balance sheet date.

(d) Foreign currencies**(i) Foreign currency transactions**

Monetary assets and liabilities denominated in foreign currencies are translated into Singapore dollars at rates of exchange approximate to those ruling at the balance sheet date. Transactions in foreign currencies are translated at rates ruling on transaction dates. Foreign exchange differences arising from translation are recognised in the profit and loss account. Non-monetary assets and liabilities measured at cost in foreign currencies are translated to Singapore dollars at rates ruling on transaction dates. Non-monetary assets and liabilities measured at fair value in foreign currencies are translated to Singapore dollars at foreign exchange rates ruling at the dates the fair value was determined.

(ii) Net investment in a foreign operation

Exchange differences arising from monetary items that in substance form part of the Company's net investment in a foreign operation, are recognised in the Company's profit and loss account. Such exchange differences are reclassified to equity in the consolidated financial statements only when the loan is denominated in the functional currency of the foreign operation. Deferred exchange differences are released to the consolidated profit and loss account upon disposal of the investment.

(iii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising from the acquisition of foreign operations, are translated to Singapore dollars at the rates of exchange ruling at the balance sheet date. Revenue and expenses of foreign operations are translated at exchange rates ruling at the dates of the transactions. Exchange differences arising from translation are recognised directly in equity. On disposal, the accumulated translation differences are recognised in the consolidated profit and loss account as part of the gain or loss on sale.

(e) Property, plant and equipment**(i) Owned assets**

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Group. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

2. Summary of Significant Accounting Policies (cont'd)

(e) Property, plant and equipment (cont'd)

(iii) Depreciation

Depreciation is provided on a straight-line basis so as to write off items of property, plant and equipment over their estimated useful lives as follows:

Freehold land and long leasehold land (exceeding 99 years)	– no depreciation
Freehold and long leasehold buildings	– 100 years
Leasehold hotel land and buildings	– remaining lease period ranging from 38 to 99 years
Other leasehold land and buildings	– remaining lease period ranging from 6 to 32 years but capped at a maximum of 50 years
Freehold buildings	– 20 to 50 years
Hospitality plant, machinery, improvements, furniture, fittings and equipment	– 1 to 15 years
Other plant, machinery and improvements	– 3 to 10 years
Other furniture, fittings and equipment	– 2 to 5 years
Motor vehicles	– 5 years

Assets under construction are stated at cost. Expenditure relating to assets under construction (including borrowing costs) are capitalised when incurred. Depreciation will commence when the development is completed.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

(f) Intangible assets

(i) Goodwill

Goodwill in a business combination represents the excess of the cost of acquisition over the fair value of the Group's share of the identifiable assets acquired and liabilities and contingent liabilities assumed.

Goodwill is stated at cost less impairment losses and is tested annually for impairment [see accounting policy 2(j)]. Goodwill on the acquisition of subsidiaries is presented as intangible assets. In respect of associates and jointly-controlled entities, the carrying amount of goodwill is included in the carrying amount of the investment in the associates or jointly-controlled entities.

(ii) Negative goodwill

Negative goodwill in a business combination represents the excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition. It is recognised directly to the profit and loss account.

(g) Investment properties and investment properties under development

(i) Investment properties

Investment properties, which are not held with the intention of sale in the ordinary course of business, are stated at fair value. The fair value is determined by the directors on an annual basis based on internal valuation or independent professional valuation. Independent professional valuation is made at least once every 3 years.

The net surplus or deficit on revaluation is taken to revaluation reserve except when the total of the reserve is not sufficient to cover a deficit on an aggregate basis within the same geographical segment, in which case the amount by which the deficit exceeds the amount in the revaluation reserve is charged to the profit and loss account.

Surplus on revaluation is released to the profit and loss account upon the sale of investment properties.

The value of investment properties with remaining lease period of 20 years or less are amortised over their remaining leasehold lives.

2 Summary of Significant Accounting Policies (cont'd)**(g) Investment properties and investment properties under development (cont'd)****(ii) Major retrofitting or redevelopment**

Investment properties under or awaiting major retrofitting or redevelopment are stated at fair value immediately prior to the commencement of retrofitting or redevelopment. Major retrofitting or redevelopment expenditure is stated at cost less impairment losses.

Upon completion of major retrofitting or redevelopment, the carrying amounts are stated at fair value on the basis stated in 2(g)(i).

An impairment loss is recognised in the same way as a deficit on revaluation.

(iii) Properties under development

Properties under development are stated at specifically identified cost less impairment losses. Cost of property under development includes borrowing costs and other related expenditure which are capitalised as and when activities that are necessary to get the asset ready for its intended use are in progress. An impairment loss is recognised in the same way as a deficit on revaluation.

Upon completion of the development, the amount is reclassified to investment properties. This will be stated at fair value on the basis stated in 2(g)(i).

(h) Financial assets

Financial instruments held for trading are classified as current assets and are stated at fair value, with any resultant gain or loss recognised in the profit and loss account.

Other financial instruments held by the Group are classified as being available-for-sale and are stated at fair value, with any resultant gain or loss being recognised directly in equity. The exceptions are impairment losses and foreign exchange gains and losses on monetary items such as debt instruments, which are recognised in the profit and loss account. When these investments are derecognised, the cumulative gain or loss previously recognised directly to equity is recognised in the profit and loss account. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in the profit and loss account.

The fair value of financial instruments classified as held-for-trading and available-for-sale is determined based on the quoted bid price for quoted instruments and acceptable valuation techniques for unquoted instruments at the balance sheet date.

Purchases and sales of financial instruments are recognised on trade date –the date on which the Group commits to purchase or sell the assets.

(i) Development properties for sale

Development properties for sale are stated at the lower of cost plus, where appropriate, a portion of the attributable profit, and estimated net realisable value, net of progress billings. Cost of development properties include borrowing costs and other related expenditure which are capitalised as and when activities that are necessary to get the assets ready for their intended use are in progress. Net realisable value represents the estimated selling price less costs to be incurred in selling the property.

(j) Impairment

The carrying amounts of the Company and the Group's assets, other than investment properties [see accounting policy 2(g)], development properties for sale [see accounting policy 2(i)] and deferred tax assets [see accounting policy 2(o)], are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

Goodwill, intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and as and when indicators of impairment are identified.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the profit and loss account unless it reverses a previous revaluation, credited to equity, in which case it is charged to equity.

2 Summary of Significant Accounting Policies (cont'd)

(j) Impairment (cont'd)

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allotted to cash-generating units (group of units) and then, to reduce the carrying amount of the other assets in the unit (group of units) on a pro-rata basis.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly to equity and there is objective evidence that the value of the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in the profit and loss account. The amount of the cumulative loss that is recognised in the profit and loss account is the difference between the acquisition cost and current fair value, less any impairment loss on the financial asset previously recognised in the profit and loss account.

(i) Calculation of recoverable amount

The recoverable amount of receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate. Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(ii) Reversal of impairment loss

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. However, an impairment loss in respect of goodwill is not reversed.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

An impairment loss in respect of an investment in an equity instrument classified as available-for-sale is not reversed through the profit and loss account. If the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the profit and loss account, the impairment shall be reversed, with the amount of the reversal recognised in the profit and loss account.

(k) Employee benefits

(i) Short term employee benefits

All short term employee benefits, including accumulated compensated absences, are recognised in the profit and loss account in the period in which the employees render their services.

(ii) Defined contribution plans

Contributions to post-employment benefits under defined contribution plans are recognised as an expense in the profit and loss account as incurred.

(iii) Long service leave

Liabilities for other employee entitlements which are not expected to be paid or settled within twelve months of the balance sheet date are accrued in respect of all employees at the present value of the future amounts expected to be paid based on a projected weighted average increase in wage and salary rates. Expected future payments are discounted using interest rates on relevant government securities with terms to maturity that match, as closely as possible, the estimated future cash outflows.

2 Summary of Significant Accounting Policies (cont'd)**(k) Employee benefits (cont'd)****(iv) Share-based payment**

The share option programme allows the Group employees to acquire shares of the Company.

The fair value of options granted is recognised as an employee expense with a corresponding increase in equity compensation reserve. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. At each balance sheet date, the Company revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates in employee expense and in a corresponding adjustment to equity over the remaining vesting period.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

(v) Performance shares

An initial estimate is made for the cost of compensation under the Company's Performance Share Plan based on the number of shares expected to be awarded at the end of the performance period, valued at market price at the date of the grant of the award. The cost is charged to the profit and loss account on a basis that fairly reflects the manner in which the benefits will accrue to the employee under the plan over the service period to which the performance criteria relate.

At each reporting date, the compensation cost is remeasured based on the latest estimate of the number of shares that will be awarded based on non-market vesting conditions. Any increase or decrease in compensation cost over the previous estimate is recorded in that reporting period.

The final measure of compensation cost is based on the number of shares ultimately awarded at the date the performance criteria are met.

(l) Provisions

A provision is recognised in the balance sheet when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

A provision for onerous contract is recognised when the expected benefits from a contract are lower than the unavoidable cost of meeting the obligation under the contract.

(m) Liabilities and interest-bearing liabilities

Trade and other payables are recognised initially at fair value, and subsequently at amortised cost, using the effective interest method. Interest-bearing liabilities are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in the profit and loss account over the period of the borrowings on an effective interest basis.

(n) Convertible bonds

Convertible bonds that can be converted to share capital where the number of shares issued does not vary with changes in the fair value of the bonds are accounted for as compound financial instruments. The gross proceeds from the bond issue are allocated separately between the liability component which represents the fair value of the financial liability and equity component which represents the implied fair value of the conversion rights.

(o) Deferred tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Temporary differences are not recognised for goodwill not deductible for tax purposes and the initial recognition of assets or liabilities that affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax is provided on taxable temporary differences arising on investments in subsidiaries, associates and jointly-controlled entities, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not be reversed in the foreseeable future.

2 Summary of Significant Accounting Policies (cont'd)

(p) Revenue recognition

(i) Rental income

Rental income is recognised on an accrual basis.

(ii) Development properties for sale

The Group recognises income on property development projects when the risks and rewards of ownership have been transferred to the buyer through either the transfer of legal title or equitable interest in a property. In cases where the Group is obliged to perform any significant acts after the transfer of legal title or equitable interest, revenue is recognised as the acts are performed based on the percentage of completion method, which is an allowed alternative method under Recommended Accounting Practice 11 *Pre-completion Contracts for the Sale of Development Property* ("RAP 11") issued by the Institute of Certified Public Accountants of Singapore in October 2005. Under the percentage of completion method, profit is brought into the financial statements only in respect of sales procured and to the extent that such profit relates to the progress of construction work. The progress of construction work is measured by the proportion of the construction costs incurred to date to the estimated total construction costs for each project.

Depending on the selling conditions associated with each development project, revenue is generally not recognised if the Group provides various guarantees and other financial support to the buyers ("continuing involvement") during the period of property development. Such continuing involvement by the Group would then require revenue to be deferred until the Group's continuing involvement ceases on completion of the property development.

(iii) Technical consultancy and management fee

Technical consultancy and management fee is recognised in the profit and loss account as and when services are rendered.

(iv) Dividends

Dividend income is recognised in the profit and loss account when the shareholder's right to receive payment is established.

(v) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

(vi) Club memberships

Entrance fees from club memberships are recognised in the profit and loss account when the amounts are due to be received. 50% of the entrance fees is set aside and included in deferred income. Deferred income is amortised over the remaining membership period.

(q) Borrowing costs

Borrowing costs are expensed in the profit and loss account using effective interest method in the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale.

Interest on borrowings capitalised is arrived at by reference to the actual rate of interest on borrowings for development purposes and, with regard to that part of the development cost financed out of general funds, at the average rate of interest.

(r) Operating leases

Rental payable under operating leases are accounted for in the profit and loss account on a straight-line basis over the periods of the respective leases.

(s) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts which are repayable on demand and which form an integral part of the Group's cash management.

(t) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

2 Summary of Significant Accounting Policies (cont'd)

(u) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Segment information is presented in respect of the Group's business and geographical segments and is based on the Group's internal reporting structure. The primary format, business segments, is based on the Group's principal activities.

Inter-segment pricing is determined on an arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise income-generating assets and revenue, interest expenses and borrowings, as well as corporate assets and expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

(v) Derivatives and hedging

Derivative financial instruments are used to manage exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities. Derivative financial instruments are not used for trading purposes.

Derivative financial instruments are initially recognised at fair value and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates its derivative financial instruments as either: (1) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); (2) hedges of highly probable forecast transactions (cash flow hedge); or (3) hedges of net investments in foreign operations (net investment hedge).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

(i) Fair value hedge

Changes in the fair value of derivatives that are designated and qualified as fair value hedges are recorded in the profit and loss account, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

(ii) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualified as cash flow hedges are recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the profit and loss account.

Amounts accumulated in equity are recycled in the profit and loss account in the periods when the hedged item will affect profit or loss (for instance when the forecast sale that is hedged takes place). However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory) or a liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the profit and loss account. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the profit and loss account.

2 Summary of Significant Accounting Policies (cont'd)

(v) Derivatives and hedging (cont'd)

(iii) Net investment hedge

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in equity; the gain or loss relating to the ineffective portion is recognised immediately in the profit and loss account.

Gains and losses accumulated in equity are included in the profit and loss account when the foreign operation is being disposed off.

(iv) Derivative financial instruments that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the profit and loss account.

(w) Recognition and derecognition of financial assets and liabilities

The Group recognises financial assets or liabilities on its balance sheet when it becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised when the rights to receive cash flows from the assets have expired; or where the Group has transferred its contractual rights to receive the cash flows of the financial assets and has transferred substantially all the risks and rewards of ownership; or where control is not retained. Financial liabilities are derecognised when they are extinguished, i.e. when the obligation is discharged, cancelled or expired.

(x) Non-current assets/liabilities held for sale and discontinued operations

Immediately before classification as held for sale, the measurement of the relevant assets (or all assets and liabilities in a disposal group) is brought up-to-date in accordance with applicable FRS. Then, on initial classification as held for sale, non-current assets and disposal group are measured at the lower of carrying amount and fair value less cost to sell. Any differences are taken to the profit and loss account.

Impairment losses on initial classification as held for sale are included in the profit and loss account, even when there is a revaluation. The same applies to gains and losses on subsequent measurement.

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively for resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. A disposal group that is to be abandoned may also qualify.

3 Property, Plant and Equipment

The Group	Freehold land \$'000	Freehold buildings \$'000	Leasehold land \$'000	Leasehold hotel buildings \$'000	Other leasehold buildings \$'000	Assets under construction \$'000	Plant, machinery and improvements \$'000	Motor vehicles \$'000	Furniture, fittings and equipment \$'000	Total \$'000
Cost										
At 1 January 2004	217,739	539,062	104,475	295,539	35,284	13,698	211,232	8,825	521,136	1,946,990
Translation differences	8,022	13,295	(992)	5,698	(2,053)	22	(490)	(69)	5,308	28,741
Additions	-	1,648	-	1,186	84	6,210	10,730	662	29,206	49,726
Assets of subsidiaries (disposed)/acquired	-	-	-	-	(168)	120	37,425	85	78,609	116,071
Disposals	-	(468)	-	-	-	(2,789)	(2,184)	(1,075)	(67,820)	(74,336)
Written off	-	(205)	-	-	-	(86)	(1,776)	-	(9,322)	(11,389)
Reclassification	6,049	4,139	-	-	485	(14,250)	(12,175)	-	15,752	-
Transfer from investment properties	4,656	40,680	-	-	-	-	-	-	-	45,336
At 31 December 2004	236,466	598,151	103,483	302,423	33,632	2,925	242,762	8,428	572,869	2,101,139
At 1 January 2005	236,466	598,151	103,483	302,423	33,632	2,925	242,762	8,428	572,869	2,101,139
Translation differences	(7,035)	(7,041)	1,349	(6,551)	2,054	(40)	(698)	39	(4,266)	(22,189)
Additions	-	100	580	586	1,091	2,796	30,678	590	41,082	77,503
Assets of subsidiaries (disposed)/acquired	(195,858)	(412,356)	(81,372)	(296,122)	409	(218)	(188,135)	(3,019)	(335,942)	(1,512,613)
Disposals	(22,864)	(134,099)	-	-	(36)	-	(3,181)	(1,013)	(26,751)	(187,944)
Written off	-	-	-	-	(438)	-	(593)	-	(524)	(1,555)
Reclassification	-	(33)	-	(336)	(969)	(3,032)	3,094	-	1,276	-
At 31 December 2005	10,709	44,722	24,040	-	35,743	2,431	83,927	5,025	247,744	454,341

3 Property, Plant and Equipment (cont'd)

The Group	Freehold land \$'000	Freehold buildings \$'000	Leasehold land \$'000	Leasehold hotel buildings \$'000	Other leasehold buildings \$'000	Assets under construction \$'000	Plant, machinery and improvements \$'000	Motor vehicles \$'000	Furniture, fittings and equipment \$'000	Total \$'000
Accumulated Depreciation										
At 1 January 2004	-	44,054	8,474	78,461	32,761	-	113,569	6,884	344,772	628,975
Translation differences	-	889	43	569	(678)	-	(195)	(53)	1,407	1,982
Depreciation charge for the year	-	9,982	1,015	4,803	653	-	18,192	1,064	54,031	89,740
Assets of subsidiaries (disposed)/acquired	-	-	-	-	(30)	-	25,799	60	47,415	73,244
Disposals	-	(4)	-	-	-	-	(1,791)	(981)	(62,589)	(65,365)
Written off	-	-	-	-	-	-	(772)	-	(6,289)	(7,061)
Reclassification	-	-	-	-	430	-	(3,705)	-	3,275	-
At 31 December 2004	-	54,921	9,532	83,833	33,136	-	151,097	6,974	382,022	721,515
At 1 January 2005	-	54,921	9,532	83,833	33,136	-	151,097	6,974	382,022	721,515
Translation differences	-	(415)	(51)	(612)	462	-	(152)	37	(2,185)	(2,916)
Depreciation charge for the year	-	6,008	753	3,632	1,029	-	16,699	462	43,198	71,781
Assets of subsidiaries (disposed)/acquired	-	(42,115)	(10,545)	(86,853)	409	-	(121,549)	(2,987)	(234,080)	(497,720)
Disposals	-	(15,212)	-	-	(36)	-	(3,138)	(827)	(19,488)	(38,701)
Written off	-	-	-	-	(457)	-	(424)	-	(202)	(1,083)
Reclassification	-	(311)	311	-	(274)	-	275	-	(1)	-
At 31 December 2005	-	2,876	-	-	34,269	-	42,808	3,659	169,264	252,876
Carrying Amount										
At 1 January 2004	217,739	495,008	96,001	217,078	2,523	13,698	97,663	1,941	176,364	1,318,015
At 31 December 2004	236,466	543,230	93,951	218,590	496	2,925	91,665	1,454	190,847	1,379,624
At 1 January 2005	236,466	543,230	93,951	218,590	496	2,925	91,665	1,454	190,847	1,379,624
At 31 December 2005	10,709	41,846	24,040	-	1,474	2,431	41,119	1,366	78,480	201,465

- (i) At 31 December 2005, certain property, plant and equipment with carrying value totalling approximately \$52.1 million (2004: \$689.6 million) were mortgaged to banks to secure credit facilities for the Group (notes 27 and 28).
- (ii) Depreciation charged for continuing and discontinued operations are \$36.09 million (2004: \$39.48 million) and \$35.69 million (2004: \$50.26 million) respectively.
- (iii) In 2004, an "owner-occupied" overseas property was transferred to "property, plant and equipment" as a significant portion of the said property was occupied by subsidiaries of the Group.

3 Property, Plant and Equipment (cont'd)

The Company	Note	Plant, machinery and improvements \$'000	Motor vehicles \$'000	Furniture, fittings and equipment \$'000	Total \$'000
Cost					
At 1 January 2004		3,157	526	3,419	7,102
Additions		140	268	814	1,222
Disposals/Written off		-	-	(59)	(59)
At 31 December 2004		3,297	794	4,174	8,265
At 1 January 2005		3,297	794	4,174	8,265
Additions		85	-	813	898
Disposals/Written off		(2)	-	(71)	(73)
At 31 December 2005		3,380	794	4,916	9,090
Accumulated Depreciation					
At 1 January 2005		3,030	358	2,227	5,615
Depreciation charge for the year	36(c)(ii)	84	145	1,047	1,276
Disposals/Written off		-	-	(59)	(59)
At 31 December 2005		3,114	503	3,215	6,832
At 1 January 2005		3,114	503	3,215	6,832
Depreciation charge for the year	36(c)(ii)	89	116	538	743
Disposals/Written off		(2)	-	(71)	(73)
At 31 December 2005		3,201	619	3,682	7,502
Carrying Amount					
At 1 January 2004		127	168	1,192	1,487
At 31 December 2004		183	291	959	1,433
At 1 January 2005		183	291	959	1,433
At 31 December 2005		179	175	1,234	1,588

4 Intangible Assets

The Group	Goodwill on consolidation \$'000	Others \$'000	Total \$'000
At 1 January 2004	47,179	1,507	48,686
Additions	-	2,416	2,416
Acquisitions through business combinations	46,920	4,785	51,705
Translation differences	(232)	(12)	(244)
At 31 December 2004	93,867	8,696	102,563
At 1 January 2005	93,867	8,696	102,563
Additions	-	696	696
Disposal of subsidiaries	(29,047)	(4,517)	(33,564)
Translation differences	(847)	(452)	(1,299)
At 31 December 2005	63,973	4,423	68,396
Accumulated Amortisation and Impairment Loss			
At 1 January 2004	5,861	223	6,084
Amortisation charge for the year	-	460	460
Impairment loss	4,450	81	4,531
Acquisitions through business combinations	22,360	4,379	26,739
Translation differences	77	3	80
At 31 December 2004	32,748	5,146	37,894
At 1 January 2005	32,748	5,146	37,894
Amortisation charge for the year	-	726	726
Impairment loss	376	-	376
Disposal of subsidiaries	(3,783)	(1,365)	(5,148)
Translation differences	(401)	(445)	(846)
At 31 December 2005	28,940	4,062	33,002
Carrying Amount			
At 1 January 2004	41,318	1,284	42,602
At 31 December 2004	61,119	3,550	64,669
At 1 January 2005	61,119	3,550	64,669
At 31 December 2005	35,033	361	35,394

Amortisation charge for continuing and discontinued operations are \$42,000 (2004: \$Nil) and \$684,000 (2004: \$460,000) respectively.

4 Intangible Assets (cont'd)**Impairment testing for goodwill**

The Group's goodwill on consolidation has principally been allocated to the respective cash-generating unit ("CGU") for the purpose of annual impairment test as described below.

(a) Serviced residences management companies in Europe

The recoverable amount of the management companies in Europe is determined using cash flow projections covering the remaining terms of those management contracts.

The cash flow projections represent the management fee income net of related costs which the Group will earn and these are based on past experience and expectations for these management companies in general.

Cash flows are projected over the remaining terms of the management contracts, which are beyond five years.

Cash flows beyond the five-year period are extrapolated using the estimated growth rate of 4% per annum. The growth rate used is based on historical growth and past experience and does not exceed the currently estimated long-term average growth rate for the business in which the CGU operates. The discount rate used is 7% (pre-tax) and has been applied to the cash flow projections.

At 31 December 2005, the carrying value of goodwill on consolidation is approximately \$23.9 million (2004: \$24.6 million). The Group believes that any reasonably possible changes in the above key assumptions applied are not likely to materially cause the recoverable amount to be lower than its carrying amount.

(b) Serviced residences in Australia

The recoverable amount of the serviced residences in Australia is determined using cash flow projections covering the remaining lease terms of those leased properties.

The growth rate used is based on historical growth and past experience and does not exceed the currently estimated long-term average growth rate for the business in which the CGU operates. The discount rate used is 12% and has been applied to the cash flow projections.

Based on the above assessment, an impairment loss of \$0.4 million (2004: \$4.5 million) was provided in the financial year ended 31 December 2005. At 31 December 2005, the carrying value of goodwill on consolidation is approximately \$4.7 million (2004: \$4.8 million). The Group believes that any reasonably possible changes in the above key assumptions applied are not likely to materially cause the recoverable amount to be lower than its carrying amount.

5 Investment Properties

	Note	2005 \$'000	The Group 2004 \$'000
(a) Freehold investment properties, at valuation		1,190,550	695,409
Leasehold investment properties, at valuation		4,662,773	3,477,176
		5,853,323	4,172,585
Leasehold investment properties, at cost		63,654	67,414
Less:			
Accumulated amortisation:			
At 1 January		(2,501)	(1,897)
Amortisation charge for the year	36(c)(ii)	(1,720)	(527)
Amount utilised during the year		2,021	-
Translation differences		128	(77)
At 31 December		(2,072)	(2,501)
		61,582	64,913
		5,914,905	4,237,498

- (b) Investment properties are stated at directors' valuation based on independent professional valuations carried out by the following valuers, on the basis of open market valuations:

Valuers	Valuation Date
BI Appraisals Ltd (Hong Kong)	December 2005
CB Richard Ellis	December 2005
Colliers International	December 2005
DTZ Debenham Tie Leung	June/December 2005
HVS International	December 2005
Jones Lang LaSalle	December 2005
Debenham Tie Leung International Property Advisors	December 2005
Knight Frank	December 2004/June/September/December 2005
Savills Property Services (Shanghai) Company Ltd	June/September/October/November/December 2005

- (c) At 31 December 2005, certain investment properties with carrying value totalling approximately \$3,681.4 million (2004: \$2,470.5 million) were mortgaged to banks to secure credit facilities for the Group (note 27, 28 and 29).
- (d) Investment properties of the Group are held mainly for use by tenants under operating leases. Certain leases contain an initial non-cancellable period of up to 15 years, with an option to renew at which time all terms are renegotiated.
- (e) The value of investment properties of the Group held under finance leases at 31 December 2005 was \$61.6 million (2004: \$64.9 million).

6 Properties Under Development

	2005 \$'000	The Group 2004 \$'000
Cost	643,702	229,853
Less:		
Allowance for anticipated valuation deficiencies on completion	(9,698)	(65,729)
	634,004	164,124

During the financial year, interest capitalised as cost of properties under development amounted to approximately \$7,983,000 (2004: \$513,802).

7 Interests in Subsidiaries

	2005 \$'000	The Company 2004 \$'000
(a) Unquoted shares, at cost	2,557,131	2,520,991
Less:		
Allowance for impairment loss	(46,837)	(54,312)
	2,510,294	2,466,679
Add:		
Amounts owing by subsidiaries:		
Loan accounts		
- interest free	-	19,465
- interest bearing	1,275,371	2,436,887
	1,275,371	2,456,352
Less:		
Allowance for doubtful receivables	(12,107)	(49,648)
	1,263,264	2,406,704
	3,773,558	4,873,383

(b) The interest free loans to subsidiaries formed part of the Company's net investment in subsidiaries.

(c) The loans are unsecured and settlement is neither planned nor likely to occur in the foreseeable future.

(d) Details of the subsidiaries are set out in note 46.

8 Interests in Associates

	Note	2005 \$'000	The Group 2004 \$'000
(a) Investment in associates		2,046,209	1,791,781
Amounts owing by associates:			
Loan accounts			
- interest free		310,772	411,857
- interest bearing		392,751	439,051
		703,523	850,908
		2,749,732	2,642,689
Amounts owing by/(to) associates:			
Current accounts (unsecured)			
- interest free (trade)		3,676	3,780
- interest free (non-trade)		99,247	30,945
- interest bearing (non-trade)		98,169	14,368
		201,092	49,093
Less:			
Allowance for doubtful receivables		(22,371)	(22,164)
	14	178,721	26,929
Current accounts (non-trade and unsecured)			
- interest free		(73,980)	(6,349)
- interest bearing		-	(2,326)
	20	(73,980)	(8,675)
(b) Of the loan accounts, there are approximately \$494.9 million (2004: \$530.0 million) subordinated to the repayment of borrowings of certain associates and approximately \$133.6 million (2004: \$133.6 million) secured by way of a charge on the associate's investment property.			
(c) The interest free loans to associates formed part of the Group's net investment in associates.			
(d) The loans are unsecured [except for those disclosed in note 8(b)] and settlement is neither planned nor likely to occur in the foreseeable future.			
(e) Details of the associates are set out in note 47.			

8 Interests in Associates (cont'd)

(f) The financial information of the associates is as follows:

	2005 \$'000	The Group 2004 \$'000
Balance sheet		
Total assets	11,735,245	10,203,100
Total liabilities	4,900,669	4,349,055
Profit and loss account		
Revenue	1,019,865	1,090,627
Expenses	(820,086)	(995,815)
Profit after taxation	199,779	94,812

(g) The Group's share of capital commitments of the associates is \$34.9 million (2004: \$22.5 million).

9 Interests in Joint Ventures

	Note	2005 \$'000	The Group 2004 \$'000
(a) Jointly-Controlled Entities			
(i) Investment in jointly-controlled entities		611,349	504,708
Amounts owing by jointly-controlled entities:			
Loan accounts			
- interest free		292,416	287,950
- interest bearing		275,173	256,357
		567,589	544,307
		1,178,938	1,049,015
Amounts owing by/(to) jointly-controlled entities:			
Current accounts (non-trade and unsecured)			
- interest free		68,884	69,086
- interest bearing		126,813	93,174
	14	195,697	162,260
- interest free	20	(49,000)	(11,694)

9 Interests in Joint Ventures (cont'd)

(a) Jointly-Controlled Entities (cont'd)

- (ii) Loan accounts include an amount of approximately \$414.5 million (2004: \$410.3 million) which is subordinated to the repayment of borrowings of certain jointly-controlled entities.
- (iii) The interest free loans to jointly-controlled entities form part of the Group's net investment in jointly-controlled entities.
- (iv) The loans are unsecured and settlement is neither planned nor likely to occur in the foreseeable future.
- (v) Details of the jointly-controlled entities are set out in note 48.
- (vi) The Group's share of the jointly-controlled entities' results, assets and liabilities are as follows:

	2005 \$'000	The Group 2004 \$'000
Balance sheet		
Investment properties	1,206,937	770,067
Properties under development	309,193	837,347
Other non-current assets	67,249	78,703
	1,583,379	1,686,117
Current assets	497,169	675,967
Less:		
Current liabilities	(135,576)	(511,359)
Net current assets	361,593	164,608
	1,944,972	1,850,725
Less:		
Non-current liabilities	(619,337)	(651,144)
	1,325,635	1,199,581
Profit and loss account		
Revenue	119,611	345,291
Expenses	(88,982)	(281,247)
Profit before taxation	30,629	64,044
Taxation	(16,336)	(16,271)
Profit after taxation	14,293	47,773

The Group's share of the capital commitments of the jointly-controlled entities is \$89.9 million (2004: \$102.3 million).

9 Interests in Joint Ventures (cont'd)**(b) Jointly-Controlled Operations**

(i) Details of jointly-controlled operations entered into by the Group are as follows:

- A joint venture arrangement with NSW Land and Housing Corporation to acquire and develop a site at Quakers Hill, N.S.W., Australia. Under the terms of the Co-venture Agreement, the Group is entitled to receive 50% of the profits.
- A joint venture arrangement with Morton Homestead Pty. Limited, the principal activity of which is property development. Under the terms of the Co-venture Agreement, the Group is entitled to receive 50% of the profits.

(ii) Interests in jointly-controlled operations included in the financial statements are shown under the classifications below:

	2005 \$'000	The Group 2004 \$'000
Property, plant and equipment	-	11
Current assets		
- Development properties for sale	-	5,187
- Trade and other receivables	-	16,708
	-	21,895
Total assets	-	21,906
Less:		
Current liabilities		
- Trade and other payables	-	(9,197)
Share of net assets employed in jointly-controlled operations	-	12,709
Share of profits from jointly-controlled operations	4,797	8,619

10 Interest in Partnership

	2005 \$'000	The Group 2004 \$'000
(a) Investment in partnership	-	63,805
Loan account –interest free	-	440
	-	64,245

- (b) The Group's share of the partnership's results, assets and liabilities are as follows:

	2005 \$'000	The Group 2004 \$'000
Balance sheet		
Investment properties	-	60,794
Other non-current asset	-	796
	-	61,590
Current assets	-	3,964
Less:		
Current liabilities	-	(1,309)
Net current assets	-	2,655
	-	64,245

Profit and loss account

Revenue	489	1,597
Expenses	(603)	2,944
(Loss)/Profit before taxation	(114)	4,541
Taxation	-	-
(Loss)/Profit after taxation	(114)	4,541

- (c) The Group held an effective interest of 50% in Moorgate Investment Partnership, a limited partnership registered in the United Kingdom. The principal activity of the partnership was that of property investment and development. The partnership was disposed off in May 2005.

11 Financial Assets

	2005 \$'000	The Group 2004 \$'000
(a) Non-current financial assets		
Equity securities available-for-sale	276,253	56,300
Debt securities available-for-sale	-	2,000
	276,253	58,300
(b) Current financial assets		
Equity securities held for trading	72,095	3,737

With the adoption of FRS 39 on 1 January 2005, the Group's financial assets are stated at fair value. These investments were stated at cost less impairment in 2004.

12 Other Non-Current Assets

	2005 \$'000	The Group 2004 \$'000	2005 \$'000	The Company 2004 \$'000
Club memberships	687	1,070	147	87
Derivative assets	1,157	-	-	-
Loan to staff (unsecured and interest free)	270	2,357	109	126
Loan owing by investee companies:				
- interest free	79	25,788	-	-
- interest bearing	2,087	48,621	-	-
Loan owing by minority interests (interest free)	-	113,452	-	-
Loan owing by third parties:				
- interest free	4,257	16,919	-	-
- interest bearing	-	18,144	-	-
	8,537	226,351	256	213

The balances with investee companies and minority interests are unsecured and have no fixed terms of repayment. However, the management of the parties involved do not intend for the amounts to be repaid within the next 12 months.

In 2004, the interest-bearing loans owing by third parties consisted of a secured loan which was the resultant of the extension and conversion of an unquoted debentures agreement and was repayable on 31 December 2009. This loan was secured over a freehold land in France. The loan was disposed off together with the divestment of hotel operations by a subsidiary during the year.

13 Development Properties for Sale

		2005 \$'000	The Group 2004 \$'000
(a)	Properties in the course of development, at cost	3,934,600	5,243,094
	Less:		
	Allowance for foreseeable losses	(310,776)	(530,045)
		3,623,824	4,713,049
	Add:		
	Attributable profit	114,756	320,447
		3,738,580	5,033,496
	Less:		
	Progress billings	(502,089)	(1,094,835)
		3,236,491	3,938,661
(b)	Completed units, at cost	342,374	410,945
	Less:		
	Allowance for foreseeable losses	(36,371)	(66,585)
		306,003	344,360
		3,542,494	4,283,021

- (c) During the financial year, there were the following interest and securitisation costs capitalised as cost of development properties for sale:

	Note	2005 \$'000	The Group 2004 \$'000
Interest and securitisation costs paid and payable	36(f)	65,077	86,257
Less:			
Interest received and receivable from fixed deposit project accounts	36(a)	(1,911)	(826)
		63,166	85,431

- (d) At 31 December 2005, certain development properties for sale amounting to approximately \$1,917.6 million (2004: \$1,518.3 million) were mortgaged to banks to secure credit facilities of the Group (notes 27 and 28).
- (e) At 31 December 2005, certain properties in Australia amounting to approximately A\$104.6 million (2004: A\$15.6 million) were acquired through unconditional exchange contracts with various land vendors. The related amount owing to land vendors is secured over the title to the properties being purchased (notes 22 and 25).
- (f) At 31 December 2005, there were certain development properties for sale amounting to \$223.2 million (2004: \$414.5 million) whose future receivables were sold to third parties. As part of the arrangement of the sale, the Group has provided a fixed and floating charge over assets relating to the projects (including the land on which the projects are being built and the unsold units) to the third parties (note 25).

13 Development Properties for Sale (cont'd)

- (g) If the Group had adopted the completion of construction method, the effects on the financial statements for the financial year ended 31 December 2005 would have been as follows:

	The Group Increased/(Decreased) by \$'000
Revenue	680,269
Profit attributable to the equity holders of the Company	69,999
Accumulated profits as at 1 January 2005	(112,844)
Development properties for sale as at 1 January 2005	338,580
Development properties for sale as at 31 December 2005	180,035

14 Trade and Other Receivables

		The Group		The Company	
	Note	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Trade receivables	15	169,767	346,457	396	1
Accrued receivables	16	66,962	62,356	-	-
Derivative assets		3,274	-	-	-
Other receivables, deposits and prepayments	17	620,541	390,032	23,234	31,978
Funds held in trust	18	-	21,156	-	-
Contract work-in-progress	24	-	9,262	-	-
Amounts owing by:					
- associates	8	178,721	26,929	-	-
- jointly-controlled entities	9	195,697	162,260	-	-
- related corporations	26	-	2,940	1,077,488	730,975
- minority interests (unsecured and interest free)		182,828	11,672	-	-
Loan to a third party (interest bearing)		-	59,015	-	-
		1,417,790	1,092,079	1,101,118	762,954

At 31 December 2005, certain trade receivables and other receivables amounting to approximately \$67.5 million (2004: \$372.3 million) and \$156.0 million (2004: \$210.6 million) respectively were mortgaged to banks to secure credit facilities of the Group (note 27 and 28).

In 2004, the loan to a third party was secured by pledge of shares of a company not related to the Group. The loan was fully repaid during the year.

15 Trade Receivables

	The Group		The Company	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Trade receivables	178,146	370,866	396	1
Less:				
Allowance for doubtful receivables	(8,379)	(24,409)	-	-
	169,767	346,457	396	1

16 Accrued Receivables

In accordance with the Group's accounting policy, income is recognised on the progress of the construction work for certain development properties for sale. Upon receipt of Temporary Occupation Permit, the balance of sales consideration to be billed is included as accrued receivables.

17 Other Receivables, Deposits and Prepayments

	The Group		The Company	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Prepayments	51,098	26,592	262	862
Deposits	194,898	76,924	31	16
Other receivables	312,440	227,296	3,516	3,197
Less:				
Allowance for doubtful receivables	(18,991)	(17,747)	-	-
	293,449	209,549	3,516	3,197
Tax recoverables	81,096	76,967	19,425	27,903
	620,541	390,032	23,234	31,978

The other receivables included staff loans, interest receivable, deferred sales consideration and loan receivable relating to disposal of a subsidiary and other recoverables.

At 31 December 2005, deposits included an amount of \$184 million (2004: \$66 million) in relation to acquisition of new investments.

18 Funds Held in Trust

Funds held in trust comprised fixed deposits and bank balances with banks and finance companies held on behalf of the Commissioner of Land, Public Utilities Board, the HDB Corporation and related corporations:

	Note	The Group	
		2005 \$'000	2004 \$'000
Fixed deposits		-	13,335
Cash at banks		-	7,821
	20	-	21,156

In 2004, funds held in trust included an amount of \$788,000 held on behalf of related corporations.

19 Cash and Cash Equivalents

	The Group		The Company	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Amounts held under "Project Account Rules – 1997 Ed" withdrawals from which are restricted to payments for expenditure incurred on development projects	40,819	167,949	-	-
Fixed deposits	1,772,840	1,405,122	987,644	903,933
Cash at banks and in hand	297,618	344,651	92	1,037
	2,111,277	1,917,722	987,736	904,970
Bank overdrafts:				
- Secured	(6,262)	(7,054)	-	-
- Unsecured	-	(5,837)	-	-
	(6,262)	(12,891)	-	-
Cash and cash equivalents in the statement of cash flows	2,105,015	1,904,831	987,736	904,970

- (a) Amounts held under "Project Account Rules – 1997 Ed " of \$0.1 million (2004: \$92.0 million) were pledged as securities for term loans (note 28).
- (b) Pledge of fixed deposits of a subsidiary of \$18.5 million as at 31 December 2004 has been discharged during the year.
- (c) At 31 December 2005, there was a charge over all monies from time to time standing to the credit of the project accounts amounting to \$10.7 million (2004: \$41.1 million) in respect of certain development properties for sale whose future receivables were sold (note 25).

20 Trade and Other Payables

		The Group		The Company	
	Note	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Trade payables		91,268	108,562	217	287
Accrued development expenditure		654,087	316,058	-	-
Accruals	21	278,391	338,680	50,204	37,399
Other payables	22	289,581	766,816	11	11
Rental and other deposits	23	119,074	55,460	2	2
Funds held in trust	18	-	21,156	-	-
Contract work-in-progress	24	1,780	-	-	-
Derivative liabilities		6,387	-	-	-
Provisions	25(a)	20,736	34,947	-	-
Liability for employee benefits	32	16,787	13,023	1,524	1,127
Amounts owing to:					
- associates	8	73,980	8,675	-	-
- jointly-controlled entities	9	49,000	11,694	-	-
- related corporations	26	-	6,176	154,924	198,016
Amounts owing to minority interests (unsecured):					
- interest free		137,353	42,400	-	-
- interest bearing		67,341	2,939	-	-
Proceeds from sale of future receivables	25(b)	199,974	275,036	-	-
		2,005,739	2,001,622	206,882	236,842

21 Accruals

Accruals included accrued interest payable, accrued property, plant and equipment purchases and accrued administrative expenses.

22 Other Payables

Other payables included the following:

- (a) A\$46.8 million (2004: A\$10.0 million), equivalent to \$58.4 million (2004: \$12.3 million), owing to land vendors from certain unconditional contracts which the Group has concluded with them to purchase properties for future developments. The total acquisition cost of the properties has been included in development properties for sale and the amount payable is secured over the relevant development properties.
- (b) Advance payment received of A\$Nil (2004: A\$320.4 million), equivalent to \$Nil (2004: \$392.6 million), relating to the sale of commercial properties under development for which the Group provided various forms of guarantee and other financial support during the course of property development.
- (c) Retention sums and amounts payable in connection with capital expenditure incurred.

23 Rental and Other Deposits

Rental and other deposits included an amount of approximately \$Nil (2004: \$260,000) received from related corporations.

24 Contract Work-in-Progress

	2005 \$'000	The Group 2004 \$'000
Cost incurred and provided for	213,856	213,752
Less:		
Allowance for anticipated losses	(6,363)	(6,363)
	207,493	207,389
Less:		
Progress payments received and receivable	(209,273)	(198,127)
(Progress billings in excess of work-in-progress)/Work-in-progress	(1,780)	9,262

25 Other Non-Current Liabilities

		The Group		The Company	
	Note	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Amounts owing to related corporations	26	-	-	147,000	793,471
Amounts owing to minority interests (unsecured):					
- interest free		5,205	-	-	-
- interest bearing		38,026	63,978	-	-
Liability for employee benefits	32	8,150	6,173	2,597	2,124
Derivative liabilities		2,339	-	-	-
Customer deposits and other non-current payables		80,687	18,065	-	-
Provisions	25(a)	7,700	9,625	-	-
Proceeds from sale of future receivables	25(b)	-	190,692	-	-
		142,107	288,533	149,597	795,595

The other non-current payables included an amount of A\$57.8 million (2004: A\$5.6 million) equivalent to \$72.2 million (2004: \$6.9 million), owing to land vendors on terms similar to those described in note 22(a).

(a) Movements in provisions are as follows:

	Income support and profit warranty \$'000	
Balance as at 1 January 2005	44,572	
Provision made during the year	177	
Provision utilised during the year	(16,313)	
Balance as at 31 December 2005	28,436	

	Note	2005 \$'000	2004 \$'000
Current	20	20,736	34,947
Non-current		7,700	9,625
		28,436	44,572

The provisions for income support and profit warranty were made in conjunction with the sale of equity interests in subsidiaries which own investment properties. Under the sales and purchase agreement made in 2001, the Group is obligated to pay the buyers the following:

- (i) certain pre-determined sum of income support from 13 June 2001 to 12 June 2005; and
- (ii) compensation for any shortfall in earnings over a period of 10 years from 2001 to 2010 subject to a maximum cap of approximately \$75.1 million. Any income shortfall is determined by reference to a pre-determined rental yield and income level over a specified period.

25 Other Non-Current Liabilities (cont'd)

- (b) These relate to the sale of future receivables in respect of certain residential projects in Singapore and Australia by the Group.

	Note	2005 \$'000	The Group 2004 \$'000
Current	20	199,974	275,036
Non-current		-	190,692
		199,974	465,728

The terms of the arrangement for the sale of future receivables include:

- (i) a fixed and floating charge over assets of the subsidiaries undertaking the projects (note 13);
- (ii) a charge over all monies from time to time standing to the credit of the related project accounts (note 19);
- (iii) an assignment of all the subsidiaries' present and future rights, title to and interest in, and all benefits accrued and accruing to the subsidiaries under the contracts for sale entered into with buyers of units of the projects which form the pool of sold future receivables; and
- (iv) an assignment on all the subsidiaries' present and future rights, title to and interest in:
 - (a) all contracts and agreements entered into by the subsidiaries with consultants and contractors and all construction guarantees issued in favour of the subsidiaries; and
 - (b) all the policies and contracts of insurance taken out by the subsidiaries.

26 Amounts Owning by/(to) Related Corporations

		The Group		The Company	
	Note	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Current					
Amounts owing by:					
Current accounts					
- Subsidiaries					
- mainly non-trade:					
- interest bearing		-	-	36,820	42,787
- current loan:					
- interest free		-	-	716	716
- interest bearing		-	-	1,040,668	688,188
		-	-	1,041,384	688,904
Less:					
Allowance for doubtful receivables					
		-	-	(716)	(716)
		-	-	1,040,668	688,188
- Other related corporations					
- trade		-	2,940	-	-
	14	-	2,940	1,077,488	730,975
Amounts owing (to):					
Current accounts					
- Subsidiaries					
- mainly non-trade:					
- interest bearing		-	-	(503)	(7,043)
- current loan:					
- interest free		-	-	(112,302)	(87,119)
- interest bearing		-	-	(42,119)	(99,041)
- Other related corporations					
- trade		-	(5,200)	-	(4,813)
- non-trade:		-	(976)	-	-
- interest free		-	(976)	-	-
	20	-	(6,176)	(154,924)	(198,016)
Non-current					
Amounts owing to subsidiaries (interest bearing)	25	-	-	(147,000)	(793,471)

- (a) All balances with related corporations are unsecured and have no fixed terms of repayment. However, the management of the parties involved do not intend for the non-current loan balances to be repaid within the next 12 months.
- (b) With effect from 11 August 2005, Temasek Holdings (Private) Limited, a company incorporated in Singapore, ceased to be the immediate and ultimate holding company.

27 Short Term Loans

	The Group		The Company	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Short term loans from banks				
- secured	60,229	138,004	-	-
- unsecured	890,619	778,032	266,126	372,074
	950,848	916,036	266,126	372,074

The secured short term loans from banks are generally secured by:

- (i) mortgages on the borrowing subsidiaries' investment properties, land and buildings, development properties for sale and trade and other receivables; and
- (ii) assignment of all rights and benefits with respect to the properties.

28 Term Loans

	The Group		The Company	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Term loans from banks				
- secured	1,780,807	1,881,714	-	-
- unsecured	1,914,560	2,219,959	287,109	220,554
	3,695,367	4,101,673	287,109	220,554
Repayable:				
- within 1 year	749,101	713,616	287,109	-
- after 1 year	2,946,266	3,388,057	-	220,554
	3,695,367	4,101,673	287,109	220,554

(i) Secured Term Loans

These comprised loans repayable:

	The Group	
	2005 \$'000	2004 \$'000
Within 1 year	74,656	360,807
From 1 to 5 years	1,424,599	1,520,907
More than 5 years	281,552	-
After 1 year	1,706,151	1,520,907
	1,780,807	1,881,714

28 Term Loans (cont'd)**(i) Secured Term Loans** (cont'd)

Details of the secured term loans as at 31 December 2005 are as follows:

- (a) Secured term loans include an amount of \$100 million (2004: \$100 million) which is maturing in January 2008. The loan is secured by a legal mortgage over a residential project of a subsidiary, assignment of the sale and rental proceeds of the project, assignment of construction contract, guarantees and insurance policies relating to the project and a charge on the monies in the Project Account of the project.
- (b) A bank loan of HK\$114 million (2004: HK\$300 million), equivalent to \$25 million (2004: \$65 million), secured by a mortgage over an investment property of the borrowing subsidiary. The loan is repayable on 30 November 2008.
- (c) A subsidiary, Australand, maintains a syndicated multi-option facility (including performance bank guarantee facility) of A\$600 million (2004: A\$600 million), which is a two-year evergreen facility subject to review annually in March. The facility is secured by fixed and floating charges over the assets of Australand.
- (d) Other term loans are generally secured by:
 - mortgages on the borrowing subsidiaries' property, plant and equipment, investment properties, properties under development, development properties for sale and trade receivables;
 - pledge of shares of subsidiaries; and
 - assignments of all rights, titles and benefits with respect to the properties.

(ii) Unsecured Term Loans

These comprised loans repayable:

	The Group		The Company	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Within 1 year	674,445	352,809	287,109	-
From 1 to 5 years	1,030,319	1,867,150	-	220,554
More than 5 years	209,796	-	-	-
After 1 year	1,240,115	1,867,150	-	220,554
	1,914,560	2,219,959	287,109	220,554

29 Debt Securities

Debt securities comprised fixed rate notes, floating rate notes, hybrid rate notes and bonds issued by the Group and the Company.

	The Group		The Company	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Convertible bonds (unsecured)	-	375,177	-	375,177
Notes issued	2,633,969	2,533,745	603,500	757,750
Less:				
Notes purchased (but not cancelled)	(674,591)	(742,664)	(338,500)	(349,000)
Notes outstanding	1,959,378	1,791,081	265,000	408,750
	1,959,378	2,166,258	265,000	783,927
Secured notes	809,500	385,970	-	-
Unsecured notes/bonds	1,149,878	1,780,288	265,000	783,927
	1,959,378	2,166,258	265,000	783,927
Repayable:				
Within 1 year	677,633	723,480	139,500	520,927
From 1 to 5 years	1,132,048	1,262,778	125,500	263,000
More than 5 years	149,697	180,000	-	-
After 1 year	1,281,745	1,442,778	125,500	263,000
	1,959,378	2,166,258	265,000	783,927

(a) Convertible Bonds (unsecured)

	Note	The Group and The Company	
		2005 \$'000	2004 \$'000
Face value of convertible bonds		-	380,000
Less:			
Bond discount			
At January		4,823	19,290
Amount utilised upon the conversion		(752)	-
Amortisation	36(f)	(4,071)	(14,467)
		-	4,823
At 31 December		-	375,177

The Company issued \$380 million principal amount of Convertible Bonds due 2007 which carry interest rate at 0.625% per annum. The Convertible Bonds are convertible by holders into new ordinary shares of \$1.00 each in the capital of the Company at the conversion price of \$1.9970 with effect from 15 May 2004 (previously \$2.3358) for each new ordinary share (subject to adjustment in certain events) at any time on or after 3 June 2002 and prior to the close of business (at the place the Convertible Bonds are deposited for conversion) on 3 April 2007. Unless previously redeemed by way of exercise of the option by the holder on 3 May 2005 or by the Company at any time on or after 3 May 2005, the final redemption date of the Convertible Bonds is 3 May 2007. The redemption price is equal to the principal amount of the Convertible Bonds being redeemed. The Convertible Bonds were fully converted as of 19 September 2005.

29 Debt Securities (cont'd)**(b) Secured Debt Securities**

- (i) A subsidiary, Australand, issued Commercial Mortgage-backed Securities ("CMBS") amounting to A\$413 million (2004: A\$315 million), equivalent to \$516 million (2004: \$386 million), which matures on 25 June 2009. These notes are secured by a first ranking real property mortgage over specific investment properties and by a fixed and floating charge over some of the assets of Australand.
- (ii) During the financial year, Australand issued Unrated Floating Rate Notes amounting to A\$236 million, equivalent to \$294 million, maturing on 31 March 2006. The notes are fully secured by a first ranking real property mortgage over specific investment properties and by a fixed and floating charge over some of the assets of Australand.

(c) Unsecured Debt Securities

The holders of some of the above debt securities have the option to have all or any of their notes purchased by the Group at their principal amounts on interest payment dates. In determining the repayment dates of the debt securities, it is assumed that the option will be exercised. Unless previously redeemed or purchased and cancelled, the debt securities are redeemable at the principal amounts on their respective maturity dates.

30 Finance Leases

The Group had obligations under finance leases that are repayable as follows:

	Principal \$'000	The Group Interest \$'000	Payments \$'000
2005			
Within 1 year	3,448	1,796	5,244
From 1 to 5 years	15,597	5,719	21,316
More than 5 years	33,086	4,435	37,521
After 1 year	48,683	10,154	58,837
	52,131	11,950	64,081
2004			
Within 1 year	3,376	1,969	5,345
From 1 to 5 years	15,730	6,472	22,202
More than 5 years	37,922	5,751	43,673
After 1 year	53,652	12,223	65,875
	57,028	14,192	71,220

31 Deferred Income

Deferred income represents mainly 50% of entrance fees from club memberships which has been set aside to match any possible excess operating costs over operating revenue in the remaining membership period, and certain deferred profits on project management services rendered to a jointly-controlled entity.

32 Employee Benefits

	Note	The Group		The Company	
		2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Liability for short term					
accumulating compensated absences		9,848	6,251	226	64
Liability for long service leave entitlement		3,932	3,438	-	-
Liability for retirement gratuity		1,621	1,948	-	-
Liability for staff incentive		9,536	7,559	3,895	3,187
		24,937	19,196	4,121	3,251
Current	20	16,787	13,023	1,524	1,127
Non-current	25	8,150	6,173	2,597	2,124
		24,937	19,196	4,121	3,251

(a) Long service leave

This liability relates principally to provision made by a foreign subsidiary in relation to employees' leave entitlement granted after certain qualifying periods based on duration of employees' services rendered.

(b) Retirement gratuity

A subsidiary of the Group operates an unfunded, defined benefit Retirement Gratuity Scheme for its senior executives. Benefit is payable based on the last drawn salary of the executive and the number of years of service with the Group, including those with certain predecessor corporations. The provision for retirement gratuity scheme at 31 December 2005, comprises present value of obligations under the scheme of \$1,621,000 (2004: \$2,052,000), net of unrecognised past service cost of \$Nil (2004: \$104,000). The amounts recognised in the profit and loss accounts comprise current service costs of \$229,000 (2004: \$96,000), amortisation of past service costs of \$182,000 (2004: \$53,000) and interest cost of \$109,000 (2004: \$57,000).

The principal assumptions used were discount rate of 4.0% (2004: 4.0%) and future salary increases of 5.5% up to age 57 and 2.0% thereafter (2004: 5.5% up to age 57 and 2.0% thereafter).

(c) Staff incentive

This relates to other staff incentive payable which is connected with the Group's financial performance achieved over a period of time.

(d) Equity compensation benefits

The Share Option Plan, Performance Share Plan and Restricted Stock Plan (collectively referred to as the "Share Plans") of the Company were approved and adopted by its members at an Extraordinary General Meeting held on 16 November 2000. The Share Plans are administered by the Company's Executive Resource and Compensation Committee ("Committee") comprising Mr Peter Seah Lim Huat, Mr Hsuan Owyang and Mr Lim Chin Beng.

Other statutory information regarding the Share Plans are set out below:

(i) The exercise price of the options is set either at:

- A price equal to the volume-weighted average price on the Singapore Exchange Securities Trading Limited over the three consecutive trading days immediately preceding the grant of the option (the "Market Price"), or such higher price as may be determined by the Committee in its absolute discretion; or
- A discount not exceeding 20% of the Market Price in respect of that option.

(ii) The options vest between 1 year to 4 years from the grant date.

(iii) The options granted expire after 5 or 10 years from the dates of the grant.

32 Employee Benefits (cont'd)**(d) Equity compensation benefits** (cont'd)

Movements in the number of share options and their related weighted average exercise prices are as follows:

	Weighted average exercise price 2005 \$	Number of options 2005 ('000)	Weighted average exercise price 2004 \$	Number of options 2004 ('000)
At 1 January	1.39	81,885	1.46	70,372
Granted	2.46	21,867	1.18	27,200
Forfeited/Expired	1.61	(5,805)	1.52	(8,241)
Exercised*	1.47	(33,887)	1.16	(7,446)
At 31 December	1.69	64,060	1.39	81,885
Exercisable at 31 December	1.61	25,646	1.69	33,347

* This includes share options granted to staff of Premas International Limited and certain staff of Raffles Holdings Limited which were fully vested upon the divestments of Premas International Limited and Raffles Holdings Limited's hotel business.

Options exercised in 2005 resulted in 33,886,913 (2004: 7,445,683) shares being issued at a weighted average market price of \$2.67 (2004: \$1.78) each. Options were exercised on a regular basis throughout the year. The weighted average share price during the year was \$2.78 (2004: \$1.78).

Share options outstanding at the end of the year are summarised below:

Range of Exercise Price	Options outstanding 2005 ('000)	Weighted average contractual life	Options outstanding 2004 ('000)	Weighted average contractual life
\$1.00 to \$1.14	11,270	6.64	20,488	7.59
\$1.15 to \$1.20	17,728	7.51	30,294	8.28
\$1.21 to \$1.79	3,783	3.61	5,677	4.75
\$1.80 to \$2.34	12,014	4.46	25,426	5.18
\$2.35 to \$2.88	19,265	8.82	-	-
	64,060		81,885	

Of the outstanding options as at 31 December 2005, there were 7,393,120 (2004: 9,177,210) options held by the directors of the Company. This included 4,181,000 (2004: 4,535,000) options held by Mr Liew Mun Leong, the President and Chief Executive Officer of the Company.

32 Employee Benefits (cont'd)

(d) Equity compensation benefits (cont'd)

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on Enhanced Trinomial (Hull and White) Valuation Model. The fair value of share options and assumptions are set out below:

Year of grant of options	2003	2004	2005
<i>Weighted average fair value of share options and assumptions</i>			
Fair value at measurement date	\$0.26	\$0.51	\$0.60
Share price based on volume-weighted average share price for 5 consecutive trading days prior to the grant date	\$1.03	\$1.74	\$2.46
Exercise price at grant date	\$1.00	\$1.22	\$2.44
Expected volatility calculated based on 250 days adjusted closing price prior to the specific grant date	42.13%	38.47%	27.62%
Risk free interest rate based on 5/10 years zero-coupon Singapore Government bond yield on grant date for option with 5/10 years contractual life	2.41%	3.54%	3.14%
Expected dividend yield based on expected dividend of 5% over 1-year volume weighted average share price prior to the grant date	3.51%	3.54%	2.67%
Post-vesting forfeiture rate representing resignation after vesting period	1.87%	1.85%	1.87%
Pre-vesting forfeiture rate representing resignation prior to vesting period	5.62%	5.54%	5.62%
Exercise multiple which is the expected ratio of share price to exercise price based on assumed employee early exercise behaviour	1.4	1.4	1.4

On 11 May 2004, the Company distributed in specie of units in CapitaCommercial Trust to existing shareholders of the Company by way of a capital reduction. Correspondingly, the exercise prices of outstanding options granted under the Share Option Plan and the number of performance shares granted under the Performance Share Plan were adjusted to compensate for the drop in values of the said options and performance shares. In cases where it is not possible to fully adjust the exercise prices of share options due to the constraint of the par value, additional options were granted.

The share price is based on volume-weighted average share price for 3 consecutive trading days prior to the grant date. The expected volatility is based on the historic volatility and calculated based on 36 months prior to the date of grant. The Company uses 10 (or 5) year risk free rate for options with a 10 (or 5) years contractual term. Expected dividend yield is based on expected 5 cents dividend payout over the 1 year volume-weighted average share price prior to the grant date. Pre-vesting forfeiture rates and post-vesting forfeiture rates are based on historical option forfeiture and employee turnover rates. Exercise multiple is estimated based on historical employee exercise behaviour.

32 Employee Benefits (cont'd)**(e) Performance shares**

This relates to provision for compensation costs of the Group's Performance Share Plans reflecting the benefits accruing to the employees over the service period to which the performance criteria relate.

Movements in the number of performance shares are as follows:

	2005 '000	2004 '000
At 1 January	6,836	3,649
Granted	2,975	3,207
Forfeited/Cancelled	(282)	(20)
Released	(1,535)	-
At 31 December	7,994	6,836

The fair value of the performance shares are determined using Monte Carlo simulation method at the measurement date which project future share price assuming log normal distribution based on Geometric Brownian Motion Theory. The fair value and assumptions are set out below:

Year of awards	2002	2003	2004	2005
<i>Weighted average fair value of performance shares and assumptions</i>				
Weighted average fair value at measurement date	\$0.62	\$0.59	\$0.15	\$2.00
Expected volatility based on 36 months closing share price prior to the grant date	37.68%	37.80%	37.80%	27.88%
MSCI Asia Pacific ex Japan Industrial Index annualised volatility based on 36 months prior to the grant date	20.11%	20.14%	20.14%	16.00%
Share price at grant date	\$1.47	\$1.46	\$1.46	\$2.41
Risk free interest rate equal to the implied yield on zero-coupon Singapore Government Sovereign with a term equal to the length of performance period	1.69%	1.68%	1.68%	2.10%
Expected dividend yield of 5% over 12 months volume-weighted share price prior to the grant date	3.22%	3.22%	3.22%	2.38%
Correlation of return between MSCI AC Asia Pacific Free ex Japan Industrial Index and the Company's share price measured over 36 months prior to the grant date	64.06%	64.20%	64.20%	55.86%

33 Share Capital

The authorised share capital of the Company as at 31 December 2005 and 31 December 2004 was \$4,000,000,000 comprising 4,000,000,000 Ordinary Shares of \$1 each and US\$172,500 comprising 172,500 Redeemable Convertible Cumulative Preference Shares of US\$1 each.

The issued and fully paid-up share capital of the Company as at 31 December 2005 was \$2,750,502,800 (31 December 2004: \$2,524,795,481) comprising 2,750,502,800 (31 December 2004: 2,524,795,481) Ordinary Shares of \$1 each.

The holders of Ordinary Shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meeting of the Company. All shares rank equally with regards to the Company's residual assets.

During the financial year, the Company issued 35,421,913 (2004: 7,445,683) Ordinary Shares of \$1 each arising from the issue of 33,886,913 (2004: 7,445,683) Ordinary Shares under the Company's Share Option Plan and 1,535,000 (2004: Nil) Ordinary Shares under the Performance Share Plan.

At the end of the financial year, there were 64,060,479 share options (2004: 81,885,678) and a maximum of 15,988,600 performance shares (2004: 13,673,400) relating to the Company's Share Option Plan and Performance Share Plan for unissued Ordinary Shares of the Company, details of which are disclosed in note 32(d) and (e).

As at 31 December 2005, all \$380 million Convertible Bonds due 2007 which are convertible by holders into 190,285,406 new Ordinary Shares of \$1 each in the capital of the Company at the adjusted conversion price of \$1.9970 were converted into new Ordinary Shares.

34 Reserves

	The Group		The Company	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Share premium	2,780,247	2,544,823	1,512,015	1,276,591
Capital reserve	59,038	95,950	-	30,381
Equity compensation reserve	24,534	9,520	19,441	7,776
Hedging reserve	(595)	-	-	-
Available-for-sale reserve	86,331	-	-	-
Capital redemption reserve	3,132	3,120	313	313
Revaluation reserve	246,921	55,568	-	-
Foreign currency translation reserve	(22,840)	(24,225)	-	-
Accumulated profits	730,439	146,274	411,225	293,044
	3,907,207	2,831,030	1,942,994	1,608,105

34 Reserves (cont'd)**The Group and the Company**

The capital reserve comprises mainly capital gains on disposal of properties and share of associates' capital reserve.

The equity compensation reserve comprises the cumulative value of employee services received for the issue of the share options and performance shares.

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments related to hedged transactions that have not yet occurred.

The available-for-sale reserve comprises the cumulative net change in the fair value of available-for-sale investment until the investment is derecognised.

The capital redemption reserve is required by Section 70(5) of the Companies Act, Chapter 50, and it relates to the nominal amount of the redeemable preference shares redeemed by the Company and its subsidiaries.

The revaluation reserve comprises the net cumulative increase in the fair value of investment properties and share of associates and jointly-controlled entities' surpluses and deficits on revaluation of properties.

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations, as well as from the translation of foreign currency loans used to hedge the Group's net investments in foreign operations.

35 Revenue

Revenue of the Group and of the Company is analysed as follows:

	The Group		The Company	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Commercial	997,085	597,956	-	-
Residential	2,190,899	2,075,243	-	-
Serviced residences	416,970	202,055	-	-
Consultancy and management services	-	-	29,266	27,808
Dividend income from subsidiaries	-	-	218,764	114,292
Others	240,683	303,810	-	-
	3,845,637	3,179,064	248,030	142,100

Revenue of the following business segments comprise mainly:

Commercial : Gross rental, car park and other related income from investment properties and leased properties.

Residential : Income on property development projects.

Serviced residences : Rental and other related income from serviced residences.

Others : Fund management fee, advisory fee and services rendered in connection with hotel operations.

36 Profit Before Taxation

Profit before taxation includes the following:

	Note	The Group		The Company	
		2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
(a) Other operating income					
Interest income					
- fixed deposits		39,494	22,397	12,463	4,790
- subsidiaries		-	-	81,504	43,802
- associates, jointly-controlled entities and partnership		59,353	57,007	-	-
- investee companies and others		10,434	3,627	-	-
- interest capitalised in development properties for sale	13(c)	(1,911)	(826)	-	-
		107,370	82,205	93,967	48,592
Dividend income from investments		6,838	47,933	-	-
Mark-to-market gain on financial assets held for trading		21,583	-	-	-
Mark-to-market gain on derivative instruments		8,069	-	-	-
Gain on disposal/dilution/ liquidation of subsidiaries and associates		100,516	-	17	132,790
Gain on disposal of property, plant and equipment		23,290	766	-	-
Gain on foreign exchange		8,336	2,682	52	-
Gain on disposal of investment properties		13,141	108,770	-	-
(b) Staff costs					
Wages and salaries		337,131	245,005	31,812	10,873
Contributions to defined contribution plans		22,389	15,841	1,003	786
Share-based expenses		17,356	7,274	12,799	5,578
Increase/(Decrease) in liability for short term accumulating compensated absences		939	994	193	(202)
Increase in liability for retirement gratuity		438	121	-	-
Increase in liability for long service leave entitlement		494	187	-	-
Staff benefits, training/development cost and others		56,616	38,881	1,140	843
		435,363	308,303	46,947	17,878
Less:					
Staff costs capitalised in development properties for sale		(57,760)	(69,019)	-	-
		377,603	239,284	46,947	17,878

36 Profit Before Taxation (cont'd)

	Note	The Group		The Company	
		2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
(c) (i) Cost of sales					
Write back of foreseeable losses on development properties for sale		(36,805)	(32,823)	-	-
Operating lease expenses		64,669	34,760	-	-
(ii) Administrative expenses					
Allowance for/(Write back of) doubtful receivables		2,461	12,237	(18,076)	(157)
Amortisation of:					
- intangible assets		42	-	-	-
- leasehold investment properties	5(a)	1,720	527	-	-
Auditors' remuneration:					
- auditors of the Company		1,216	1,105	148	184
- other auditors		2,846	2,820	-	-
Non-audit fees:					
- auditors of the Company		217	285	14	47
- other auditors		1,189	676	-	-
Depreciation of property, plant and equipment	3	36,092	39,476	743	1,276
Impairment loss made on intangible assets	4	376	4,531	-	-
Reversal of provision for obligation no longer required		(11,140)	-	-	-
Negative goodwill on acquisition		(820)	(44,974)	-	-
Operating lease expenses		43,731	52,894	1,335	1,234
(iii) Other operating expenses					
Impairment of/(Write back of allowance for):					
- current financial assets		-	(681)	-	-
- non-current financial assets		4,096	40,837	-	-
Loss on disposal/dilution/liquidation of subsidiaries and associates		-	110,686	-	-
Property, plant and equipment written off		491	4,328	-	-
Allowance made on provisions	25(a)	177	7,916	-	-
Write back of impairment loss for subsidiaries		-	-	(5,475)	-
Write down in value of investment properties and properties under development		33,074	17,946	-	-

(d) Remuneration of key management personnel

The key management personnel compensations are as follows:

	The Group		The Company	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Short term employee benefits	10,626	9,573	4,036	3,621
Equity compensation benefits	4,818	2,537	1,513	933
	15,444	12,110	5,549	4,554

36 Profit Before Taxation (cont'd)

(e) Professional fees

Fees paid and payable to firms in which certain directors (including former directors) of the Company are members:

	The Group		The Company	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Charged to profit and loss account	2,020	1,398	112	248
Included as cost of development properties for sale and property, plant and equipment	1	92	-	-
Charged to accumulated profits for capital reduction and distribution in specie expenses	-	299	-	299

(f) Finance costs

	Note	The Group		The Company	
		2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Interest and securitisation costs paid and payable to:					
- subsidiaries		-	-	12,392	15,173
- bank loans and overdrafts		260,372	226,224	37,117	24,966
- debt securities		85,670	89,476	14,921	21,762
Convertible bonds					
- interest expense		324	2,377	324	2,377
- amortisation of bond discount	29(a)	4,071	14,467	4,071	14,467
Mark-to-market of derivative instruments		(13,484)	14,750	(14,750)	14,750
Others		10,688	3,089	966	2,758
Total borrowing costs		347,641	350,383	55,041	96,253
Less:					
Borrowing costs capitalised in:					
- properties under development	6	(7,983)	(514)	-	-
- development properties for sale	13(c)	(65,077)	(86,257)	-	-
		(73,060)	(86,771)	-	-
		274,581	263,612	55,041	96,253

The finance costs have been capitalised at interest rates ranging from 1.34% to 8.50% (2004: 0.88% to 6.80%) per annum for properties under development and development properties for sale.

37 Taxation

(a) Deferred Taxation

The Group	At 1/1/2005 \$'000	Effects of change in accounting policy \$'000	Profit and loss account \$'000	Equity \$'000	Acquisition/ Disposal of subsidiaries \$'000	Translation differences \$'000	At 31/12/2005 \$'000
Deferred tax liabilities							
Accelerated tax depreciation	15,483	-	1,358	-	(5,927)	(1,448)	9,466
Discounts on compound financial instruments	1,061	-	(1,061)	-	-	-	-
Accrued income and interest receivable	29,817	-	(26,408)	-	(500)	565	3,474
Claw-back of capital allowances of assets in investment properties	11,730	-	682	-	(1,505)	(1)	10,906
Properties recognised on percentage of completion	30,388	(24,765)	9,033	-	(3,174)	8	11,490
Revaluation gains arising from investment properties and business combinations	22,344	-	3,049	35,480	(13,745)	21	47,149
Others	5,736	-	(3,130)	-	(801)	643	2,448
Total	116,559	(24,765)	(16,477)	35,480	(25,652)	(212)	84,933
Deferred tax assets							
Unutilised tax losses	(22,338)	-	8,975	-	(4,285)	91	(17,557)
Unutilised capital allowances	(4,776)	-	(252)	-	5,164	(271)	(135)
Provisions and expenses	(49,247)	-	20,399	-	(944)	(1,373)	(31,165)
Others	(5,096)	-	(4,828)	4,224	4,665	105	(930)
Total	(81,457)	-	24,294	4,224	4,600	(1,448)	(49,787)
The Company							
Deferred tax liabilities							
Discounts on compound financial instruments					1,061	(1,061)	-
Deferred tax assets							
Provisions					-	(3,955)	(3,955)

37 Taxation (cont'd)

(a) Deferred Taxation (cont'd)

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxation authority.

	The Group		The Company	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Deferred tax liabilities	74,230	48,621	-	1,061
Deferred tax assets	(39,084)	(38,284)	(3,955)	-
At 31 December	35,146	10,337	(3,955)	1,061

Deferred tax liabilities of \$Nil (2004: \$3.9 million) have not been recognised for withholding and other taxes that would be payable upon the remittance of earnings of certain subsidiaries, as such amounts have been permanently reinvested. The total unremitted earnings as at 31 December 2005 amounted to \$Nil (2004: \$31.4 million).

(b) Tax Charge

	The Group		The Company	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Current tax expense				
Based on current year's results	110,729	139,867	4,500	7,944
Under/(Over) provision in respect of prior years	33,474	(129)	1,122	-
Group relief	-	-	8,526	-
	144,203	139,738	14,148	7,944
Deferred tax expense				
Movements in temporary differences	7,817	(27,056)	(5,016)	(3,183)
Reduction in tax rates	-	(2,407)	-	-
Overprovision in respect of prior years	-	(1,101)	-	-
	7,817	(30,564)	(5,016)	(3,183)
	152,020	109,174	9,132	4,761
Taxation from:				
- continuing operations	152,020	109,174		
- discontinued operations	9,399	10,123		
Total	161,419	119,297		

37 Taxation (cont'd)**(b) Tax Charge** (cont'd)**Reconciliation of effective tax rate**

The Group	2005 \$'000	2004 \$'000
Profit before tax (continuing and discontinued operations)	1,337,057	585,004
Income tax using Singapore tax rate of 20%	267,411	117,001
Adjustments:		
Effects of reduction in tax rates on deferred tax	-	(2,407)
Expenses not deductible for tax purposes	71,547	108,793
Income not subject to tax	(227,140)	(113,564)
Under/(Over) provision in respect of prior years	33,474	(1,230)
Utilisation of unrecognised tax losses and other deductible temporary differences	(21,243)	(23,092)
Effects of different tax rates in foreign jurisdictions	41,895	32,564
Others	(4,525)	1,232
	161,419	119,297
The Company		
Profit before tax	254,240	194,232
Income tax using Singapore tax rate of 20%	50,848	38,846
Adjustments:		
Expenses not deductible for tax purposes	1,872	5,788
Income not subject to tax	(44,710)	(39,873)
Under provision in respect of prior years	1,122	-
Consideration paid for losses transferred	8,526	-
Tax benefit received on losses arising from group relief	(8,526)	-
	9,132	4,761

Deferred tax assets have not been recognised in respect of the following:

	The Group 2005 \$'000	2004 \$'000
Deductible temporary differences	382,322	428,408
Tax losses	223,250	560,273
Unutilised capital allowances	369	33,694
	605,941	1,022,375

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profits will be available against which the subsidiaries of the Group can utilise the benefits.

38 Earnings Per Share

(a) Basic earnings per share

	The Group	
	2005 \$'000	2004 \$'000
Basic earnings per share is based on:		
Net profit attributable to shareholders from:		
- continuing operations	307,635	291,057
- discontinued operations	442,875	14,624
Net profit attributable to shareholders	750,510	305,681
	Number of shares ('000)	
Weighted average number of ordinary shares in issue during the year	2,653,921	2,520,289

(b) Fully diluted earnings per share

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

	The Group	
	2005 \$'000	2004 \$'000
Net profit attributable to shareholders	750,510	305,681
Adjustment resulting from conversion of bonds	4,406	18,906
Adjusted net profit attributable to shareholders	754,916	324,587
Attributable to:		
- continuing operations	312,041	309,963
- discontinued operations	442,875	14,624
	754,916	324,587
	Number of shares ('000)	
Weighted average number of ordinary shares used in calculation of basic earnings per share	2,653,921	2,520,289
Number of ordinary shares arising from conversion of bonds	-	190,285
Weighted average number of unissued shares from:		
- share options	44,796	77,091
- performance shares	15,053	13,674
Number of ordinary shares that would have been issued at fair value	(22,666)	(63,140)
	37,183	217,910
Weighted average number of ordinary shares in issue (diluted)	2,691,104	2,738,199

39 Changes in Accounting Policies**(a) FRS 39 Financial Instruments: Recognition and Measurement**

FRS 39 sets out the new requirements for the recognition, derecognition and measurement of the Group's financial instruments and hedge accounting. The adoption of FRS 39 has resulted in the Group recognising available-for-sale investments and all derivative financial instruments as assets or liabilities at fair value.

In accordance with the transitional provisions of FRS 39, the comparative financial statements for 2004 are not restated. Instead, the changes have been accounted for by restating the following opening balances in the balance sheet as at 1 January 2005:

	The Group Increased/(Decreased) by \$'000
Balance Sheet Items	
Other assets	23,790
Other payables (mainly derivative liabilities)	51,320
Available-for-sale reserve	23,429
Foreign currency translation reserve	16,559
Hedging reserve	(21,695)
Accumulated profits	(38,921)
Minority interests	(6,902)

(b) FRS 102 Share-based Payment

FRS 102 requires an entity to recognise share-based payment transactions in its financial statements, including transactions with employees or other parties to be settled in cash, other assets, or equity instruments of the entity.

The Company and certain of its subsidiaries currently have share-based incentive plans such as Share Option Plan, Performance Share Plan and/or Restricted Stock Plan, whereby share options have been granted and/or performance shares have been conditionally awarded. Under the transitional provisions of FRS 102, this FRS must be applied to shares, share options or other equity instruments that were granted after 22 November 2002 and had not yet vested on 1 January 2005. The application is retrospective and accordingly, the comparative financial statements for 2004 have been restated and the opening balance of accumulated profits has been adjusted.

Prior to adoption of FRS 102, no compensation expense was charged to the profit and loss account for share options granted. In respect of performance shares, the Group's accounting policy was to make a provision based on the latest estimate of the number of shares that will be awarded and the market price of the shares at the reporting date. With the adoption of FRS 102, the compensation expenses relating to both share options and performance shares are taken to the profit and loss account over the vesting periods of the grants. The compensation expenses are based on the respective fair values of share options and performance shares at grant dates computed using the Enhanced Trinomial (Hull and White) Valuation Model and Monte Carlo simulation method respectively, adjusted by the incremental value, if any, arising from modifications to the plans. The financial impact on the Group arising from the adoption of FRS 102 is as follows:

	The Group Increased/(Decreased) by \$'000
Accumulated profits as at 1 January 2004	(276)
Accumulated profits as at 1 January 2005	(309)
Equity compensation reserve as at 1 January 2004	2,586
Equity compensation reserve as at 1 January 2005	9,520
Minority interests as at 1 January 2004	99
Minority interests as at 1 January 2005	265
Other payables (provision for performance shares)	(9,476)

There is no material impact on the basic and fully diluted earnings per share for 2005 and 2004 arising from the adoption of FRS 102.

39 Changes in Accounting Policies (cont'd)

(c) FRS 105 Non-current Assets Held for Sale and Discontinued Operations

Under this FRS, an entity shall disclose a single amount on the face of profit and loss account comprising profit after tax of discontinued operations and the gain after tax from the disposal of the discontinued operations. The comparative profit and loss account for previous year is also re-presented to conform with the current year's presentation.

The results of the discontinued operations are as follows:

	2005 \$'000	The Group 2004 \$'000
Revenue	458,171	649,878
Cost of sales	(237,388)	(358,525)
Gross profit	220,783	291,353
Other operating income	6,233	9,464
Administrative expenses	(179,807)	(248,479)
Other operating expenses	(1,952)	(7,753)
Profit from operations	45,257	44,585
Finance costs	(5,693)	(8,463)
Share of results of associates	96	95
Profit before taxation	39,660	36,217
Taxation	(9,399)	(10,123)
Profit after taxation before gain on sale of discontinued operations	30,261	26,094
Gain on sale of discontinued operations	711,702	-
Profit after taxation	741,963	26,094

The impact of the discontinued operations on the consolidated cash flow of the Group is as follows:

	2005 \$'000	The Group 2004 \$'000
Operating cash flows	131,008	80,608
Investing cash flows	1,426,366	4,581
Financing cash flows	(42,781)	(53,876)
Total cash flows from discontinued operations	1,514,593	31,313

39 Changes in Accounting Policies (cont'd)**(d) Revenue Recognition Policy for Sale of Development Properties in Australia**

Australand, the Group's Australian subsidiary, had previously recognised revenue and profits in respect of pre-sold residential units and land subdivision using the percentage of completion method.

With effect from 1 January 2005, Australian companies, including Australand, have adopted the Australian equivalent of the International Financial Reporting Standards ("IFRS") issued by the Australian Accounting Standards Board ("AASB"). Based on guidance issued by AASB, Australand has deferred the recognition of revenue and profits on the development of pre-sold residential properties to upon settlement of the sale of the properties ("settlement accounting basis"), rather than progressively on the percentage of completion basis.

As a result of adopting RAP 11 issued by the Institute of Certified Public Accountants of Singapore in October 2005, the Group had reassessed the appropriateness of applying the percentage of completion method on all its property development projects and concluded that pre-completion contracts for the sale of residential properties in Australia fail to meet the necessary criteria for the percentage of completion method to be applied, as the risks and rewards of ownership is only transferred to buyers on completion of the property development projects. Accordingly, the completion of construction method, which is similar to the settlement accounting basis, is applied for pre-sold residential properties in Australia.

In the process of the preparation and presentation of its financial statements, Australand has fulfilled the requirements to comply with applicable Australian IFRS and other mandatory financial reporting requirements in Australia. This included certain transitional provisions granted for the first-time adoption of Australian IFRS, which allowed for exemptions on the disclosure of the current year financial statement impact arising from the change from the percentage of completion method to settlement accounting basis for revenue and profits recognised in respect of the development of pre-sold residential units and land subdivision.

Since the above information is not mandated under the prevailing Australian accounting standards and Australand has already complied with the applicable Australian IFRS and other financial reporting requirements in Australia, there is no necessity for Australand to maintain a separate set of accounting records to quantify the current year financial impact. As such, it is impracticable for the Group to quantify the current year financial statement impact of the change in revenue recognition policy for pre-sold residential properties in Australia for disclosure in the Group's financial statements.

The financial impact on the Group arising from the change in accounting policy is as follows:

	The Group Decreased by \$'000
Accumulated profits as at 1 January 2004	(25,730)
Accumulated profits as at 1 January 2005	(33,048)
Foreign currency translation reserve as at 1 January 2004	(3,648)
Foreign currency translation reserve as at 1 January 2005	(2,832)
Minority interests as at 1 January 2004	(18,555)
Minority interests as at 1 January 2005	(21,033)

Arising from the change in revenue recognition policy, certain balance sheet items as at 31 December 2004 have also been restated as follows:

	Restated \$'000	Previously reported \$'000
Development properties for sale	4,283,021	4,062,370
Trade and other receivables	1,080,407	1,415,355
Deferred tax liabilities	48,621	73,386

39 Changes in Accounting Policies (cont'd)

(e) Effect of Changes in Accounting Policies

	The Group		The Company	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Net profit before changes in accounting policies	739,302	313,032	257,907	188,422
Effects of adopting FRS 102	(16,650)	(33)	(12,799)	1,049
Effects of adopting FRS 39	27,858	-	-	-
Revenue recognition policy for pre-sold residential properties in Australia	-*	(7,318)	-	-
Profit for the year	750,510	305,681	245,108	189,471

* Please see note 39 (d).

40 Dividends

The directors proposed a first and final dividend of 6 cents and a special dividend of 12 cents per share less tax at 20%, amounting to net dividends of \$396,072,403 based on the number of issued shares as at 31 December 2005. The dividends have not been provided for and are subject to shareholders' approval at the forthcoming Annual General Meeting of the Company.

For the previous financial year 2004, the directors proposed a first and final dividend of 5 cents and a special dividend of 1 cent per share less tax at 20%. The said dividends of \$126,525,914 had been paid in May 2005 upon the approval of shareholders.

41 Notes to the Consolidated Statement of Cash Flows**(a) Acquisitions of Subsidiaries****(i) The list of significant subsidiaries acquired during the year is as follows:**

Name of Subsidiary	Date Acquired	Equity Interest Acquired
Hemliner Pte Ltd	31/12/2005	47.6%
CapitalLand Retail (SI) Investment Pte Ltd	15/04/2005	100.0%
Foshan City Nanhai SZITIC Commercial Property Co., Ltd	10/01/2005	51.0%
Hunan SZITIC Commercial Property Co., Ltd	08/02/2005	51.0%
Australand Property Trust No. 4	01/10/2005	49.8%
Australand Property Trust No. 5	01/10/2005	48.0%
RiverEdge Development Pte Ltd	01/03/2005	90.0%

The total related acquisition costs for the above-mentioned subsidiaries and other subsidiaries acquired which individually was not significant, amounted to \$540.4 million. From the date of acquisition to 31 December 2005, the above-mentioned acquisitions contributed net profit of \$4.0 million to the Group's results for the year, before accounting for financing costs attributable to the acquisitions. If the acquisitions had occurred on 1 January 2005, the Group's revenue for the year ended 31 December 2005 would have increased by \$79.2 million and net profit would have increased by \$14.8 million, before accounting for financing costs attributable to the acquisitions.

(ii) The Orville Group

On 29 October 2004, the Group acquired the remaining 50% equity interest in Orville Group SAS for \$181.3 million, (including related acquisition costs of \$1.0 million), satisfied in cash. The Orville Group owns and manages a serviced residence and property portfolio under the "Citadines" brand.

In the two months to 31 December 2004, the subsidiary contributed net profit after tax of \$0.9 million to the consolidated net profit for the year. If the acquisition had occurred on 1 January 2004, the Group's revenue and net profits would have increased by \$192.0 million and \$8.6 million respectively.

(iii) Acquisition of Australand Property Trust No. 3 ("APT 3")

On 28 May 2004, Australand acquired the remaining units and control of APT 3 for A\$97.0 million, satisfied in cash. APT 3 owns certain commercial properties for investment.

In the eight months to 31 December 2004, the subsidiary contributed net profit after tax of \$13.1 million to the consolidated net profit for the year. If the acquisition had occurred on 1 January 2004, the Group's revenue and net profits would have been increased by \$8.7 million and \$3.9 million respectively.

41 Notes to the Consolidated Statement of Cash Flows (cont'd)

(b) Effects of Acquisitions

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

The Group	Recognised values \$'000	Fair value adjustments \$'000	Carrying amount \$'000
2005			
Property, plant and equipment	4,473	-	4,473
Investment properties	917,109	4,025	921,134
Other non-current assets	272,940	104,571	377,511
Current assets	133,537	-	133,537
Current liabilities	(293,498)	-	(293,498)
Interest bearing liabilities	(418,794)	-	(418,794)
Minority interests	(51,055)	(51,240)	(102,295)
	564,712	57,356	622,068
Amounts previously accounted for as associates, jointly-controlled entities and financial assets			(87,598)
Net assets acquired			534,470
Negative goodwill arising from acquisition			(820)
Reserve arising from stapling			7,028
Purchase consideration			540,678
Less:			
Deposit paid in 2004			(65,978)
Cash of subsidiaries acquired			(21,310)
Cash outflow on acquisition of subsidiaries			453,390
	Recognised values \$'000	Fair value adjustments \$'000	Carrying amount \$'000
2004			
Property, plant and equipment	45,881	-	45,881
Investment properties	763,586	410,384	1,173,970
Intangible assets	24,966	-	24,966
Non-current assets	9,006	-	9,006
Current assets	211,420	33,342	244,762
Current liabilities	(166,258)	-	(166,258)
Interest bearing liabilities	(604,756)	-	(604,756)
Minority interests	(38,111)	(19,358)	(57,469)
	245,734	424,368	670,102
Amounts previously accounted for as jointly-controlled entities and financial assets			(287,132)
Net assets acquired			382,970
Negative goodwill recognised on consolidation			(44,974)
Purchase consideration			337,996
Less:			
Cash of subsidiaries acquired			(73,978)
Cash outflow on acquisition of subsidiaries			264,018

41 Notes to the Consolidated Statement of Cash Flows (cont'd)**(c) Effects of Disposals**

- (i) During the year, the Group disposed off the following significant subsidiaries for a total consideration of \$1,817 million:

Shanghai Huteng Real Estate Co., Ltd
 CL Moorgate Limited
 Capitaland Ningbo Commercial Holdings Pte Ltd
 Capitaland Ningbo Holdings Pte Ltd
 RiverEdge Development Pte Ltd
 Raffles Holdings Limited's hotel business
 Premas International Limited

The disposed subsidiaries previously contributed net profits of \$27.5 million for the year ended 31 December 2004 and \$20.4 million from 1 January 2005 to the respective dates of disposal.

- (ii) In 2004, the Group disposed off the following subsidiaries for a total consideration of \$140 million:

RE Properties Pte Ltd
 Capital Tower Pte Ltd
 Cuppage Centre Pte Ltd
 Robinson Point Pte Ltd
 Rochor Square Pte Ltd
 Golden Square Pte Ltd
 Capitaland Market Street Pte Ltd
 PT Regency Laguna Jasamedika
 CapitaRetail LPM Toutei Mokuteki Kaisha
 Canary Riverside Estate Management Pte Ltd

The disposed subsidiaries previously contributed net profits of \$5.2 million for the year ended 31 December 2003 and \$19.1 million from 1 January 2004 to the respective dates of disposal.

41 Notes to the Consolidated Statement of Cash Flows (cont'd)

(c) Effects of Disposals (cont'd)

(iii) The cash flow and the net assets of subsidiaries disposed are provided below:

	2005 \$'000	The Group 2004 \$'000
Property, plant and equipment	1,019,366	3,054
Investment properties	196,987	2,327,093
Other non-current assets	217,271	-
Current assets	572,931	61,851
Current liabilities	(426,794)	(89,017)
Interest bearing liabilities	(345,499)	(660,892)
Non-current liabilities	(44,454)	(19,550)
Minority interests	(45,991)	(1,125)
Net assets	1,143,817	1,621,414
Less:		
Equity interest retained as associates and jointly-controlled entities	(18,450)	(589,308)
Net assets disposed	1,125,367	1,032,106
Capital reduction via distribution in specie	-	(885,836)
Realisation of reserves	(66,024)	125,130
Gain/(Loss) on disposal of subsidiaries	757,440	(131,300)
Sale consideration	1,816,783	140,100
Less:		
Deferred payment	(78,800)	-
Cash of subsidiaries disposed	(102,113)	(38,477)
Cash inflow on disposal of subsidiaries	1,635,870	101,623

(d) Net effects on acquisitions and disposals of subsidiaries

	2005 \$'000	The Group 2004 \$'000
Net cash inflow/(outflow) on acquisitions and disposals of subsidiaries	1,182,480	(162,395)

42 Commitments

As at the balance sheet date, the Group and the Company had the following commitments:

(a) Operating Lease

Future minimum lease payments for the Group and the Company on non-cancellable operating leases with a term of more than one year are as follows:

	The Group		The Company	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Lease payments payable:				
Within 1 year	45,728	96,923	775	1,197
From 1 to 5 years	134,679	376,881	184	613
After 5 years	138,799	403,838	-	-
	319,206	877,642	959	1,810

The Group leases out its investment properties. Non-cancellable operating lease rentals are receivable as follows:

	The Group		The Company	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Lease payments receivable:				
Within 1 year	219,241	122,720	-	-
From 1 to 5 years	774,468	324,345	-	-
After 5 years	910,507	230,766	-	-
	1,904,216	677,831	-	-

(b) Commitments

	The Group		The Company	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Commitments in respect of:				
- capital expenditure contracted but not provided for in the financial statements	69,414	216,741	-	-
- capital expenditure authorised but not committed	89,441	48,432	-	-
Commitments in respect of:				
- development expenditure contracted but not provided for in the financial statements	1,210,447	562,064	-	-
- development expenditure authorised but not committed	281,676	508,454	-	-
- capital contribution/acquisition of associates, jointly-controlled entities and investee companies	140,544	140,178	-	-
Commitments in respect of:				
- shareholders' loan committed to associates, jointly-controlled entities and investee companies	684,835	6,761	-	-
- forward foreign exchange contracts	462,978	588,411	-	-
	2,939,335	2,071,041	-	-

42 Commitments (cont'd)

- (c) As at the balance sheet date, the Group and the Company had entered into financial instruments with notional principal values as follows:

	The Group		The Company	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Interest rate caps	320,225	400,457	-	-
Interest rate swaps	2,263,782	2,783,519	-	185,000
Forward start interest rate swaps	998,640	-	-	-
Cross currency swaps	-	61,265	-	-
Non-delivery swaps	69,182	191,982	-	-
	3,651,829	3,437,223	-	185,000

The maturity dates of these financial instruments are:

	The Group		The Company	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Within 1 year	891,615	641,124	-	100,000
From 1 to 5 years	1,761,574	2,673,569	-	85,000
After 5 years	998,640	122,530	-	-
	3,651,829	3,437,223	-	185,000

43 Contingent Liabilities (Unsecured)

	The Group		The Company	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
(a) Guarantees and undertaking issued on behalf of:				
- subsidiaries	-	-	798,045	118,400
- associates	229,798	155,523	-	-
- jointly-controlled entities	14,832	11,356	-	-
Others	3,065	3,079	-	-
	247,695	169,958	798,045	118,400
(b) A subsidiary of the Group provided a completion undertaking, cost overrun undertaking and an interest shortfall undertaking, to the extent of its share of investment, in respect of a \$460 million (2004: \$300 million) term loan facility granted to a jointly-controlled entity.				
(c) A subsidiary of the Group provided a completion undertaking, cost overrun undertaking and an interest shortfall undertaking, to the extent of its share of investment, in respect of a \$230 million (2004: \$230 million) revolving credit facility and term loan facility granted to certain associates. In addition, the subsidiary provided a cash cover undertaking of approximately \$0.77 million (2004: \$0.77 million) in respect of a bank guarantee for these associates.				
(d) A stapled entity of the Group, Australand, provided rental guarantee arrangements to tenants and owners of various residential buildings, which Australand is developing or has completed development. These arrangements require Australand to guarantee the rental income of these properties for certain periods of time. As at the date of this report, the management is of the opinion that based on the current sub-lease proposals and forecasted sub-lease commitments, together with the allowances made within the development budgets for these property developments, adequate allowance has been made in the financial statements for these potential obligations.				

44 Significant Related Party Transactions**Identity of related parties**

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

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

	The Group		The Company	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Subsidiaries				
Management fee income	-	-	29,266	27,808
Rental expense	-	-	(264)	(541)
Other Related Corporations				
Rental income	1,253	6,097	-	-
Management and agency fee income	1,262	5,446	-	-
Management consultancy services	777	(44)	-	(44)
Management fee expense	-	(5,687)	-	(5,687)
Purchase of air-tickets, IT related services and others	(7,778)	(10,710)	(722)	(949)
Rooms, food and beverage and other incidental income	6,246	12,076	-	-
Ultimate Holding Company*				
Rental income	-	948	-	-
Associates and Joint Ventures				
Management fee income	85,387	58,894	-	-
Management consultancy services	1,500	-	-	-
Rental expense	(46,095)	(55,494)	(1,071)	(683)
Accounting service fee, marketing income and others	8,355	7,125	(76)	(54)
Construction and project management income	1,809	112,072	-	-
Directors and their associates				
Sale of a residential property	-	1,215	-	-

* Pursuant to the placement of the Company's shares by Temasek Holdings (Private) Limited ("Temasek") during the financial year, Temasek ceased to be the ultimate holding company with effect from 11 August 2005.

45 Financial Instruments

(a) Financial risk management objectives and policies

The Group and the Company are exposed to interest rate, foreign currency, credit and liquidity risks arising from its diversified portfolio business. The Group's risk management approach seeks to minimise the potential material adverse effects from these exposures. As a whole, the Group has implemented risk management policies and guidelines which set out its tolerance of risk and its general risk management philosophy. In connection with this, the Group has established a framework and process to monitor the exposures so as to ensure appropriate measures can be implemented on a timely and effective manner.

(b) Interest rate risk

The Group's exposure to market risk for changes in interest rate environment relates mainly to its investment in financial products and debt obligations.

The investments in financial products are mainly short term in nature and they are not held or issued for trading or speculative purposes but were mainly placed in fixed deposits or short term commercial papers which yield better returns than cash at bank.

The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve certain level of protection against rate hikes. The Group also uses hedging instruments such as interest rate swaps and caps to minimise its exposure to interest rate volatility.

(c) Foreign currency risk

The Group operates internationally and is exposed to various currencies, mainly Australian dollars, Chinese renminbi, Euros, Hong Kong dollars, Japanese yen, Sterling pounds, Swiss francs and United States dollars.

The Group maintains a natural hedge, whenever possible, by borrowing in the currency of the country in which the property or investment is located or by borrowing in currencies that match the future revenue stream to be generated from its investments.

Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

In relation to its overseas investments in its foreign subsidiaries whose net assets are exposed to currency translation risk and which are held for long term investment purposes, the differences arising from such translation are recorded under the foreign currency translation reserve. These translation differences are reviewed and monitored on a regular basis.

(d) Credit risk

The Group has guidelines governing the process of granting credit as a service or product provider in its respective segments of business. Investments and financial transactions are restricted to counterparties that meet the appropriate credit criteria and of high credit standing.

The Group has a diversified portfolio of businesses and at balance sheet date, there were no significant concentration of credit risk to any entity. The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the balance sheet.

(e) Liquidity risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient level of cash or cash convertible investments to meet its working capital requirement. In addition, the Group strives to maintain available banking facilities of a reasonable level to its overall debt position. As far as possible, the Group will constantly raise committed funding from both capital markets and financial institutions and prudently balance its portfolio with some short term funding so as to achieve overall cost effectiveness.

45 Financial Instruments (cont'd)

(f) Effective interest rates and repricing analyses

In respect of interest-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at balance sheet date and the periods in which they reprice.

		2005					2004				
The Group	Note	Effective interest rate %	Total \$'000	Within 1 year \$'000	1 to 5 years \$'000	After 5 years \$'000	Effective interest rate %	Total \$'000	Within 1 year \$'000	1 to 5 years \$'000	After 5 years \$'000
Financial assets											
Interest bearing loans/ amounts owing by:											
- associates	8	1.00 –15.81	490,920	124,495	-	366,425	1.00 –15.81	451,093	96,392	-	354,701
- jointly-controlled entities	9	1.00 –15.00	401,986	252,115	23,434	126,437	1.00 –15.00	349,531	239,734	-	109,797
- investee companies	12	1.00 –7.00	2,087	2,087	-	-	4.50 –6.00	48,621	1,680	11,027	35,914
- third parties	12,14	-	-	-	-	-	4.10 –8.50	77,159	59,015	13,008	5,136
Cash and cash equivalents		0.03 –8.04	1,813,659	1,813,659	-	-	0.02 –7.52	1,573,071	1,573,071	-	-
Total			2,708,652	2,192,356	23,434	492,862		2,499,475	1,969,892	24,035	505,548
Financial liabilities											
Bank overdrafts	19	6.19 –6.38	6,262	6,262	-	-	4.25 –8.50	12,891	12,891	-	-
Short term loans:											
- fixed rate	27	4.13 –6.31	60,299	60,299	-	-	2.19 –3.85	9,550	9,550	-	-
- floating rate	27	0.38 –6.55	890,549	890,549	-	-	0.47 –6.70	906,486	906,486	-	-
Term loans:											
- fixed rate	28	3.35 –7.00	404,408	168,496	235,912	-	0.87 –4.35	771,542	119,271	652,271	-
- floating rate	28	3.53 –7.50	3,290,959	3,290,959	-	-	0.82 –8.29	3,330,131	3,330,131	-	-
- effects of interest rate swaps		(2.36) –1.32	-	(971,124)	846,294	124,830	(2.32) –2.45	-	(1,931,978)	1,809,448	122,530
Debt securities:											
- fixed rate	29	2.10 –7.88	1,103,952	188,000	766,255	149,697	0.63 –7.88	1,677,292	596,349	900,943	180,000
- floating rate	29	2.06 –6.58	855,426	855,426	-	-	0.81 –3.50	488,966	488,966	-	-
- effects of interest rate swaps		0.15	-	(460,623)	335,793	124,830	0.48	-	(209,527)	209,527	-
Finance leases	30	3.38 –7.88	52,131	3,448	48,683	-	3.54	57,028	3,376	15,730	37,922
Interest bearing loan from minority interests	20,25	2.45 –8.50	105,367	105,367	-	-	0.80 –7.62	66,917	66,917	-	-
Total			6,769,353	4,137,059	2,232,937	399,357		7,320,803	3,392,432	3,587,919	340,452

45 Financial Instruments (cont'd)

(f) Effective interest rates and repricing analyses (cont'd)

The Company	Note	2005				2004			
		Effective interest rate %	Total \$'000	Within 1 year \$'000	1 to 5 years \$'000	Effective interest rate %	Total \$'000	Within 1 year \$'000	1 to 5 years \$'000
Financial assets									
Fixed deposits	19	3.00 –3.06	987,644	987,644	-	0.94 –2.30	903,933	903,933	-
Interest bearing loans to subsidiaries	7,26	0.35 –6.12	2,352,859	1,077,488	1,275,371	0.65 –6.13	3,167,862	730,975	2,436,887
Total			3,340,503	2,065,132	1,275,371		4,071,795	1,634,908	2,436,887
Financial liabilities									
Short term loans:									
- fixed rate	27	4.13 –4.25	46,202	46,202	-	-	-	-	-
- floating rate	27	0.38 –4.77	219,924	219,924	-	0.47 –3.52	372,074	372,074	-
Term loans:									
- floating rate	28	5.83 –6.21	287,109	287,109	-	5.95 –5.99	220,554	220,554	-
Debt securities:									
- fixed rate	29	2.10 –7.50	203,000	77,500	125,500	0.63 –7.50	689,427	486,427	203,000
- floating rate	29	2.06 –3.46	62,000	62,000	-	0.81 –2.46	94,500	94,500	-
Interest bearing loans from subsidiaries	26	2.66 –2.80	189,622	42,622	147,000	0.91 –3.00	899,555	106,084	793,471
Total			1,007,857	735,357	272,500		2,276,110	1,279,639	996,471

45 Financial Instruments (cont'd)**(g) Sensitivity analysis**

In managing its exposure to interest rate, foreign currency, credit and liquidity risks, the Group strives to prudently balance its portfolio so as to minimise its impact on earnings.

As at balance sheet date, it is estimated that a 1 percentage point change in interest rates would affect the Group's profit before tax by approximately \$40.3 million (2004: \$36.7 million).

(h) Fair values

The aggregate net fair values of financial assets and liabilities which are not carried at fair value in the balance sheet as at 31 December are presented in the following table:

	2005		2004	
	Carrying amount \$'000	Fair Value \$'000	Carrying amount \$'000	Fair Value \$'000
The Group				
Financial assets*				
Quoted equity securities	NA	NA	12,862	13,222
Quoted debt securities	NA	NA	2,000	1,985
			14,862	15,207
Financial liabilities				
Fixed rate long term liabilities				
- secured bank loans	173,765	173,954	551,318	556,702
- unsecured bank loans	62,147	62,778	100,953	100,625
- secured debt securities	354,952	361,783	176,443	276,443
- unsecured debt securities	561,000	569,585	904,500	904,500
	1,151,864	1,168,100	1,733,214	1,838,270
The Company				
Fixed rate long term unsecured debt securities	125,500	134,549	203,000	221,446

* With the adoption of FRS 39 on 1 January 2005, all the Company's financial assets are stated at fair value.

The fair value of long term quoted securities is their quoted bid price at the balance sheet date. For other financial instruments, fair value has been determined by discounting the relevant cash flows using current interest rates for similar instruments at the balance sheet date. At the balance sheet date, there are no (2004: Nil) financial instruments measured at fair value using a valuation technique that is not supported by observable market prices or rates.

The following methods and assumptions are used to estimate fair values of the following significant classes of financial instruments not included in note 45(h) above:

(i) Floating Interest-Bearing Loans

No fair value is calculated as the Group believes that the carrying amounts of floating interest-bearing loans which are repriced within 6 months from the balance sheet date reflect the corresponding fair values.

(ii) Cash and Cash Equivalents, Trade and Other Receivables, Short Term Borrowings, Trade and Other Payables

The carrying amounts approximate fair values due to the relatively short term maturity of these financial instruments.

(iii) Financial Assets

Fair value is based on quoted market prices at the balance sheet date without any deduction for transaction costs.

(iv) Non-Current Loans Due from/to Subsidiaries, Associates, Jointly-Controlled Entities, Investee Companies, Third Parties and Minority Shareholders

Fair value is estimated as the present value of future cash flows discounted at current interest rates for similar instruments at the balance sheet date.

46 Subsidiaries

- (a) The significant subsidiaries directly held by the Company set out below are incorporated and conducting business in the Republic of Singapore:

Subsidiaries	Principal Activities	Percentage Held by the Company	
		2005 %	2004 %
Areca Investment Pte Ltd	Property development and investment holding	100	100
CapitaLand Asia Pte Ltd	Investment holding	100	100
CapitaLand Commercial and Integrated Development Limited	Investment holding and provision of management services	100	100
CapitaLand Corporate Investments Pte Ltd	Investment holding	100	100
CapitaLand Financial Limited	Investment holding	100	100
CapitaLand Raffles Investment Pte Ltd	Investment holding	100	100
CapitaLand Residential Limited	Investment holding and provision of management services	100	100
CapitaLand Retail Limited	Investment holding and provision of management services	100	100
CapitaLand Treasury Limited	Provision of financial and treasury services to related corporations	100	100
CapitaLand Retail China Pte Ltd	Investment holding	100	100
pFission Pte Ltd	Investment holding	100	100
Somerset Capital Pte Ltd	Investment holding	100	100
Somerset Land Pte Ltd	Investment holding and investment trading	100	100

46 Subsidiaries (cont'd)

(b) Other significant subsidiaries in the Group are:

Name of Company	Principal Activities	Place of Incorporation/ Business	Effective Interest Held by the Group	
			2005 %	2004 %
(i) Jointly held by Areca Investment Pte Ltd and CapitaLand Corporate Investments Pte Ltd:				
² Raffles Holdings Limited	Investment holding	Singapore	58.9	59.9
(ii) Jointly held by Areca Investment Pte Ltd, Somerset Capital Pte Ltd and Somerset Land Pte Ltd:				
The Ascott Group Limited	Investment holding, property investment and the management of commercial, residential and serviced apartments	Singapore	67.9	68.7
(iii) Directly or indirectly held by CapitaLand Residential Limited:				
Ausprop Holdings Limited	Investment holding	Singapore	100	100
Aust Holdings Ltd	Investment holding	Singapore	100	100
² Australand ASSETS Trust	Special purpose entity for issuance of hybrid security	Australia	53.3	-
² Australand Holdings Limited	Property investment, development and investment holding	Australia	53.3	55.1
² Australand Property Trust	Property trust	Australia	53.3	55.1
² Australand Property Trust No. 4	Property trust	Australia	53.3	3.6
² Australand Property Trust No. 5	Property trust	Australia	53.3	5.5
Austvale Holdings Ltd	Investment holding	Singapore	100	100
CapitaLand China Holdings Pte Ltd	Investment holding	Singapore	100	100
¹ CapitaLand Management & Consulting (China) Co., Ltd	Management services	The People's Republic of China	100	-
¹ Central Hill Limited	Property investment	Hong Kong	75	75
CRL Realty Pte Ltd	Property development	Singapore	100	100
Hua Sheng Holdings Pte Ltd	Investment holding	Singapore	100	100
Hua Yuan Holdings Pte Ltd	Investment holding	Singapore	70	70
Imperial Reality Limited	Property development	Singapore	100	100
Leonie Court Pte Ltd	Property development	Singapore	100	100
Prime Equities Pte Ltd	Investment holding	Singapore	100	100

46 Subsidiaries (cont'd)

(b) Other significant subsidiaries in the Group are: (cont'd)

Name of Company	Principal Activities	Place of Incorporation/ Business	Effective Interest Held by the Group	
			2005 %	2004 %
(iii) Directly or indirectly held by CapitaLand Residential Limited: (cont'd)				
¹ Shanghai Pudong Xinxiang Real Estate Development Co., Ltd	Property development	The People's Republic of China	66.5	66.5
¹ Shanghai Ning Xin Real Estate Development Co., Ltd	Property development	The People's Republic of China	71	71
¹ Shanghai Xin Xu Property Development Co., Ltd	Property development	The People's Republic of China	99	99
(iv) Directly or indirectly held by CapitaLand Commercial and Integrated Development Limited:				
CapitaLand China Holdings (Commercial) Pte Ltd	Investment holding	Singapore	100	100
CapitaLand Investment Pte Ltd	Investment holding	Singapore	100	100
CapitaLand (U.K.) Pte Ltd	Investment holding	Singapore	100	100
E-Pavilion Pte Ltd	Investment holding	Singapore	100	100
Huteng Investment (Shanghai) Pte Ltd	Investment holding	Singapore	100	100
Prasiolite Pte Ltd	Investment holding	Singapore	100	100
Somerset Mall Pte Ltd	Investment holding	Singapore	100	100
Tmall Ltd	Dormant	Singapore	55	55
Victoria City Pte Ltd	Investment holding	Singapore	100	100
(v) Directly held or indirectly held by CapitaLand Retail Limited:				
Albert Complex Pte Ltd	Investment holding	Singapore	100	100
CapitaLand Retail (BJ) Investments Pte Ltd	Investment holding	Singapore	100	-
CapitaLand Retail (BJ1) Holdings Pte Ltd	Investment holding	Singapore	100	-
CapitaLand Retail BJ1 (M) Limited	Investment holding	Mauritius	100	-
CapitaLand Retail (SI) Investments Pte Ltd	Investment holding	Singapore	100	-
CapitaLand Retail Hong Kong Investments Pte Limited	Investment holding	Singapore	100	100
¹ CapitaRetail Beijing Anzhen Real Estate Co., Ltd	Property investment	The People's Republic of China	100	-

46 Subsidiaries (cont'd)

(b) Other significant subsidiaries in the Group are: (cont'd)

Name of Company	Principal Activities	Place of Incorporation/ Business	Effective Interest Held by the Group	
			2005 %	2004 %
(v) Directly held or indirectly held by CapitaLand Retail Limited: (cont'd)				
¹ SZITIC (Chengdu) Commercial Property Co., Ltd	Property investment	The People's Republic of China	65	-
¹ Chongqing Zhangshan Huihua Investment Co., Ltd	Property investment	The People's Republic of China	51	-
Clarke Quay Pte Ltd	Property investment	Singapore	100	100
¹ Hunan SZITIC Commercial Property Development Co., Ltd	Property investment	The People's Republic of China	51	-
Plaza Singapura (Private) Limited	Dormant	Singapore	100	100
Premier Healthcare Services International Pte Ltd	Investment holding	Singapore	100	100
Pyramex Investments Pte Ltd	Investment holding	Singapore	100	100
¹ Wuhu SZITIC Commercial Property Co., Ltd	Property investment	The People's Republic of China	51	-
(vi) Directly held or indirectly held by CapitaLand Financial Limited:				
CapitaCommerical Trust Management Limited	Property fund management, investment and related services	Singapore	100	100
CapitaLand Financial Services Limited	Investment holding and advisory services	Singapore	100	100
¹ CapitaLand Hong Kong Investment (BVI) Limited	Investment holding	British Virgin Islands	100	-
CapitaMall Trust Management Limited	Property fund management, investment and related services	Singapore	100	100
(vii) Directly or indirectly held by The Ascott Group Limited:				
¹ Ascott Hospitality Management (UK) Limited	Management of serviced apartments	United Kingdom	67.9	68.7
Ascott International Management (2001) Pte Ltd	Investment holding and management of serviced apartments	Singapore	67.9	68.7
¹ Ascott International Management (Japan) Co Ltd	Management of serviced apartments	Japan	67.9	68.7
³ Ascott International Management (Thailand) Limited	Management of serviced apartments	Thailand	67.9	68.7

46 Subsidiaries (cont'd)

(b) Other significant subsidiaries in the Group are: (cont'd)

Name of Company	Principal Activities	Place of Incorporation/ Business	Effective Interest Held by the Group	
			2005 %	2004 %
(vii) Directly or indirectly held by The Ascott Group Limited: (cont'd)				
¹ Ascott International Management (NZ) Pte Limited	Management of serviced apartments	New Zealand	67.9	68.7
¹ Ascott Property Management (Beijing) Co., Ltd	Property management	The People's Republic of China	67.9	68.7
¹ Ascott Property Management (Shanghai) Co., Ltd	Property management	The People's Republic of China	67.9	68.7
Ascott Residences Pte Ltd	Investment and development of serviced apartments	Singapore	67.9	68.7
Cairnhill Place (1999) Limited	Property investment	Singapore	67.9	68.7
¹ Citadines SA	Operating and management	France	67.9	68.7
¹ Eurimeg SA	Investment holding	France	61.2	61.8
¹ FBM London Ltd	Investment holding and management of serviced apartments	United Kingdom	67.9	68.7
¹ EuroResidence 1 SARL	Investment holding	France	67.9	68.7
¹ EuroResidence 2 SAS	Investment holding	France	67.9	68.7
¹ Greenpark Investment (Guernsey) Ltd	Property investment	United Kingdom	67.9	34.3
¹ Guangzhou F.C. Golf & Country Club Co., Ltd	Development and operation of a golf and country club	The People's Republic of China	47.6	48.1
¹ Hanoi Tower Center Company Ltd	Property investment	The Socialist Republic of Vietnam	51.6	41.8
¹ Hemliner Real Estate (Beijing) Co., Ltd	Property investment and management	The People's Republic of China	67.9	20.6
Hua Xin Residences Pte Ltd	Property investment and investment holding	Singapore/ The People's Republic of China	67.9	68.7
Javana Pte Ltd	Investment holding	Singapore	67.9	68.7
¹ Mekong-Hacota JV Co., Ltd	Property investment	The Socialist Republic of Vietnam	46.9	44
¹ Oakford Australia Pty Ltd	Property management	Australia	67.9	68.7
¹ Orville SAS	Investment holding	France	67.9	68.7
¹ PT Bumi Perkasa Andhika	Property development and management	Indonesia	67.9	58.4
¹ PT Ciputra Liang Court	Property development and investment	Indonesia	39	39.4

46 Subsidiaries (cont'd)

(b) Other significant subsidiaries in the Group are: (cont'd)

Name of Company	Principal Activities	Place of Incorporation/ Business	Effective Interest Held by the Group	
			2005 %	2004 %
(vii) Directly or indirectly held by The Ascott Group Limited: (cont'd)				
¹ PT Indonesia America Housing	Property investment	Indonesia	67.9	68.7
¹ Residence Italie Sci	Management of serviced apartments	France	67.9	34.4
¹ Saigon Office and Serviced Apartment Company Limited	Property investment	The Socialist Republic of Vietnam	27.3	27.6
¹ Shanghai Xin Wei Property Development Co., Ltd	Property investment	The People's Republic of China	67.9	84.7
Somerset Investments Pte Ltd	Property investment and investment holding	Singapore	67.9	68.7
¹ SQ Resources Inc.	Property investment	Philippines	43.5	44
¹ The Ascott (Australia) Pty Ltd	Investment holding	Australia	67.9	68.7
The Ascott Capital Pte Ltd	Investment trading	Singapore	67.9	68.7
The Ascott Group (Europe) Pte Ltd	Investment holding	Singapore	67.9	68.7
The Ascott Heritage Pte Ltd	Property investment	Singapore	67.9	68.7
The Ascott Holdings Limited	Investment holding	Singapore	67.9	68.7
The Ascott Hospitality Holdings Pte Ltd	Investment holding	Singapore	67.9	68.7
¹ Westlake Development Co. Ltd	Property investment	The Socialist Republic of Vietnam	47.6	48.1
¹ Wuhan New Minzhong Leyuan Co Ltd	Property development and investment	The People's Republic of China	47.6	48.1
(viii) Directly or indirectly held by Raffles Holdings Limited:				
⁴ Burton Way Hotel, Inc.	Hotel owner and operator	United States of America	- +	59.9
² hospitalitybex pte ltd	Operation of e-procurement portal	Singapore	- +	46.6
² Hotel International AG	Hotel owner and operator	Switzerland	- +	59.9
² Hotel "Vier Jahreszeiten" von Friedrich Haerlin GmbH	Hotel operator	Germany	- +	59.9
² Le Plaza Basel AG	Hotel owner and operator	Switzerland	- +	49.5
² MCH (Sydney) Trust	Hotel owner and operator	Australia	- +	35.9
² Merchant Quay Pte Ltd	Hotel owner and operator	Singapore	- +	59.9
² Raffles Centre (Private) Limited	Investment holding	Singapore	- +	59.9
² Raffles Grand Hotel Pte Ltd	Hotel owner and operator	Cambodia	- +	59.9

46 Subsidiaries (cont'd)

(b) Other significant subsidiaries in the Group are: (cont'd)

Name of Company	Principal Activities	Place of Incorporation/ Business	Effective Interest Held by the Group	
			2005 %	2004 %
(viii) Directly or indirectly held by Raffles Holdings Limited: (cont'd)				
² Raffles Hotel (1886) Ltd	Hotel owner, operator and property investment	Singapore	- +	59.9
² Raffles International Limited	Hotel management and management of tourism related activities	Singapore	- +	59.9
² Raffles Royal Hotel Pte Ltd	Hotel owner and operator	Cambodia	- +	59.9
² Rheinpark Plaza Neuss GmbH	Hotel owner and operator	Germany	- +	59.9
² Soci��Montreux-Palace S.A.	Hotel owner and operator	Switzerland	- +	50.2
² Swiss��el Amsterdam B.V.	Hotel operator	The Netherlands	- +	59.9
² Swiss��el Berlin GmbH	Hotel operator	Germany	- +	59.9
² Swiss��el Holding AG	Investment holding	Switzerland	- +	59.9
² Swiss��el Management AG	Hotel management and management of tourism related activities	Switzerland	- +	59.9
⁴ Swiss��el Management Corporation	Hotel management and management of tourism related activities	United States of America	- +	59.9
⁴ Swiss��el Management (South America) L.L.C.	Hotel management and management of tourism related activities	United States of America	- +	59.9
⁴ Swiss��el Management (USA) L.L.C.	Hotel management and management of tourism related activities	United States of America	- +	59.9
² Swiss��el Osaka Nankai K.K.	Hotel operator	Japan	- +	59.9
² “Vier Jahreszeiten” Grundst��cksgesellschaft m.b.H.	Hotel owner	Germany	- +	59.9

46 Subsidiaries (cont'd)

(b) Other significant subsidiaries in the Group are: (cont'd)

Name of Company	Principal Activities	Place of Incorporation/ Business	Effective Interest Held by the Group	
			2005 %	2004 %
(ix) Directly or indirectly held by CapitaLand Property Services Holdings Pte Ltd:				
ESMACO International Pte Ltd	Contact centre and home services	Singapore	- +	51
ESMACO Pte Ltd	Estate and building management and related services	Singapore	- +	51
ESMACO Township Management Pte Ltd	Real estate and township management	Singapore	- +	51
PREMAS International Limited	Property management and related services	Singapore	- +	100
PREMAS Valuers & Property Consultants Pte. Ltd.	Real estate valuation and property consultancy services	Singapore	- +	100
¹ PT. PREMAS International	Property management and related services	Indonesia	- +	100
RESMA Engineering Services Pte Ltd	Engineering services	Singapore	- +	51
RESMA Property Services Pte Ltd	Estate and building management and related services	Singapore	- +	51

Notes:

¹ Audited by other member firms of KPMG International.² Audited by PricewaterhouseCoopers, Singapore and its associated firms.³ Audited by Ernst & Young, Singapore and its associated firms.⁴ Audited by PKF International Limited.⁵ Subsidiaries incorporated in Singapore which required audit are audited either by KPMG Singapore or PricewaterhouseCoopers Singapore.

+ Companies disposed as part of the discontinued operations [note 39(c)].

47 Associates

Details of significant associates are as follows:

Associates	Principal Activities	Place of Incorporation/ Business	Effective Interest Held by the Group	
			2005 %	2004 %
(i) Held by CapitaLand Corporate Investments Pte Ltd:				
RC Hotels (Pte) Ltd	Hotel operator	Singapore	34.6	64
(ii) Indirectly held by CapitaLand Residential Limited:				
² Bangi Heights Development Sdn. Bhd.	Property investment and development	Malaysia	45.1	45.1
CapitaLand China Development Fund Pte Ltd	Investment holding	Singapore	37.5	-
² Onesentral Park Sdn. Bhd.	Property development	Malaysia	49	49
² United Malayan Land Bhd.	Investment holding	Malaysia	21.6	21.6
² Wingem Investment Pte Ltd	Property investment and development	Singapore	25	25
² Winpeak Investment Pte Ltd	Property investment and development	Singapore	25	25
(iii) Indirectly held by CapitaLand Commercial and Integrated Development Limited:				
³ Bugis City Holdings Pte Ltd	Investment holding	Singapore	20	20
CapitaCommercial Trust	Property investment	Singapore	37.4	40
Hua Qing Holdings Pte Ltd	Investment holding	Singapore	50	50
¹ Inverfin Sdn Bhd	Property investment	Malaysia	30	30
(iv) Indirectly held by CapitaLand Retail Limited:				
CapitaMall Trust	Property investment	Singapore	33.9	38.5
³ Bugis City Holdings Pte Ltd	Investment holding	Singapore	29.5	-
CapitaRetail Japan Fund Private Limited	Investment holding	Singapore	22.7	30
(v) Indirectly held by CapitaLand Financial Limited:				
³ I. P. Property Fund Asia Limited	Investment in real estate	Guernsey	20	20
CapitaLand China Residential Fund Limited	Investment in real estate	Singapore	33.6	33.6

47 Associates (cont'd)

Associates	Principal Activities	Place of Incorporation/ Business	Effective Interest Held by the Group	
			2005 %	2004 %
(vi) Directly or Indirectly held by The Ascott Group Limited:				
¹ Amanah Scotts Sdn Bhd	Investment holding, property development and management	Malaysia	34	34.4
³ MEC Roppongi Tokutei Kaisha	Property management	Japan	27.2	27.5
(vii) Directly held by Raffles Holdings Limited:				
² Tincel Properties (Private) Limited	Real estate investment and management	Singapore	26.5	27
(viii) Indirectly held by CapitaLand Property Services Holdings Pte Ltd:				
³ Bugis Junction Asset Management Pte Ltd	Property management services	Singapore	- +	42.9
¹ PREMAS (THAILAND) CO., LTD.	Integrated real estate management services	Thailand	- +	49

Notes:

¹ Audited by other member firms of KPMG International.² Audited by PricewaterhouseCoopers, Singapore and its associated firms.³ Audited by Ernst & Young, Singapore and its associated firms.

+ Companies disposed as part of the discontinued operations [note 39(c)].

48 Jointly-Controlled Entities

Details of significant jointly-controlled entities are as follows:

Jointly-Controlled Entities	Principal Activities	Place of Incorporation/ Business	Effective Interest Held by the Group	
			2005 %	2004 %
(i) Indirectly held by the Company: CapitaLand-Raffles Properties Pte Ltd	Property development and investment	Singapore	50	50
(ii) Indirectly held by CapitaLand Asia Pte Ltd: ¹ T.C.C. Capital Land Limited	Property development and investment	Thailand	40	40

48 Jointly-Controlled Entities (cont'd)

Jointly-Controlled Entities	Principal Activities	Place of Incorporation/ Business	Effective Interest Held by the Group	
			2005 %	2004 %
(iii) Indirectly held by CapitaLand Residential Limited:				
² Commercial & Industrial Property (MT Waverley) Trust	Property development	Australia	26.7	27.6
² Discovery Point Pty Limited and Landcom	Property development	Australia	26.7	27.6
² Freshwater Residential Unit Trust	Property development	Australia	26.7	27.6
² Australand Holdings Limited & Morton Homestead Pty Ltd	Property development	Australia	26.7	-
² Motorway Business Park Pty Ltd	Property development	Australia	26.7	27.6
Riverwalk Promenade Pte Ltd	Property development	Singapore	50	50
² Trust Project No. 9 Unit Trust	Property development	Australia	26.7	27.6
² Village Park Consortium	Property development	Australia	26.7	27.6
(iv) Indirectly held by CapitaLand Commercial and Integrated Development Limited:				
Eureka Office Fund Pte Ltd	Investment holding	Singapore	50	50
¹ Grand Design Development Limited	Property investment	Hong Kong	50	50
Savu Investments Ltd	Property investment	Singapore	50	50
(v) Indirectly held by CapitaLand Retail Limited:				
¹ CapitaLand Hualian Management & Consulting (Shenzhen) Co., Ltd	Property management and consulting services	The People's Republic of China	50	-
Orchard Turn Holding Pte Ltd	Investment holding	Singapore	50	-
(vi) Indirectly held by CapitaLand Financial Limited:				
³ I.P. Real Estate Asset Management (Asia) Pte Ltd	Real estate portfolio management services	Singapore	50	50
¹ I.P. Real Estate Asset Management (Guernsey) Limited	Investment management	Guernsey	50	50
(vii) Indirectly held by The Ascott Group Limited:				
¹ Ascott Dilmun Holdings Limited	Investment holding	Jersey	34	34.4
³ Sathorn Supsin Company Limited	Property development and investment	Thailand	27.2	27.5

Notes:

¹ Audited by other member firms of KPMG International.

² Audited by PricewaterhouseCoopers, Singapore and its associated firms.

³ Audited by Ernst & Young, Singapore and its associated firms.

49 Segment Reporting (Group)

(a) Business Segments

	Commercial \$'000	Residential \$'000	Serviced residences \$'000	Others \$'000	Eliminations \$'000	Total continuing operations \$'000	Hotels \$'000	Property management \$'000	Total discontinued operations \$'000	Total operations \$'000
2005										
Revenue										
External revenue	997,085	2,190,899	416,970	240,683	-	3,845,637	414,396	43,775	458,171	4,303,808
Inter-segment revenue	14,087	7,793	-	37,833	(59,713)	-	-	-	-	-
Total Revenue	1,011,172	2,198,692	416,970	278,516	(59,713)	3,845,637	414,396	43,775	458,171	4,303,808
Segmental Results										
Company and subsidiaries	251,603	330,933	120,958	33,698	-	737,192	724,011	32,948	756,959	1,494,151
Associates	102,292	3,461	2,828	324	-	108,905	-	96	96	109,001
Jointly-controlled entities	(21,341)	47,663	(12,485)	456	-	14,293	-	-	-	14,293
Partnership	(114)	-	-	-	-	(114)	-	-	-	(114)
Earnings before interest and taxation	332,440	382,057	111,301	34,478	-	860,276	724,011	33,044	757,055	1,617,331
Finance costs										(280,274)
Taxation										(161,419)
Minority interests										(425,128)
Profit for the year										750,510

	Commercial \$'000	Residential \$'000	Serviced residences \$'000	Others \$'000	Consolidated \$'000
2005					
Continuing Operations					
Significant Non-Cash Expenses					
- Depreciation	3,868	3,208	12,570	16,446	36,092
- Amortisation	-	-	1,762	-	1,762
Capital Expenditure*	32,833	3,416	21,096	5,464	62,809

* The capital expenditure of the discontinued operations amounted to \$14,694,000.

Assets and Liabilities

Segment assets	5,936,134	3,867,998	2,365,925	1,474,593	13,644,650
Investment in					
- associates	2,120,676	212,829	24,394	391,833	2,749,732
- jointly-controlled entities	639,828	437,102	77,380	24,628	1,178,938
Unallocated assets	-	-	-	-	609,733
Total Assets	8,696,638	4,517,929	2,467,699	1,891,054	18,183,053
Segment liabilities	870,025	767,705	199,418	129,437	1,966,585
Unallocated liabilities	-	-	-	-	7,188,100
Total Liabilities	870,025	767,705	199,418	129,437	9,154,685

49 Segment Reporting (Group) (cont'd)

(a) Business Segments (cont'd)

	Commercial \$'000	Residential \$'000	Serviced residences \$'000	Others \$'000	Eliminations \$'000	Total continuing operations \$'000	Hotels \$'000	Property management \$'000	Total discontinued operations \$'000	Total operations \$'000
2004										
Revenue										
External revenue	597,956	2,075,243	202,055	303,810	-	3,179,064	524,060	125,818	649,878	3,828,942
Inter-segment revenue	6,933	109	-	27,897	(34,939)	-	-	-	-	-
Total Revenue	604,889	2,075,352	202,055	331,707	(34,939)	3,179,064	524,060	125,818	649,878	3,828,942
Segmental Results										
Company and subsidiaries	138,443	422,704	54,408	71,328	-	686,883	35,914	8,671	44,585	731,468
Associates	42,647	7,987	2,279	20,289	-	73,202	(209)	304	95	73,297
Jointly-controlled entities	39,755	13,214	(5,725)	529	-	47,773	-	-	-	47,773
Partnership	4,541	-	-	-	-	4,541	-	-	-	4,541
Earnings before interest and taxation	225,386	443,905	50,962	92,146	-	812,399	35,705	8,975	44,680	857,079
Finance costs										(272,075)
Taxation										(119,297)
Minority interests										(160,026)
Profit for the year										305,681
	Commercial \$'000	Residential \$'000	Serviced residences \$'000			Hotels \$'000	Property management \$'000		Others \$'000	Consolidated \$'000
2004										
Significant Non-Cash Expenses										
- Depreciation		7,278	5,465	8,166		65,330	2,147		1,354	89,740
- Amortisation		124	-	809		-	54		-	987
Capital Expenditure		6,385	7,531	9,510		22,840	2,107		1,353	49,726
Assets and Liabilities										
Segment assets	2,920,770	4,595,005	1,972,535			1,546,179	67,351		2,246,484	13,348,324
Investment in										
- associates	2,051,748	147,775	43,052			326,495	675		72,944	2,642,689
- jointly-controlled entities	675,994	231,979	111,963			-	-		29,079	1,049,015
- partnership	64,245	-	-			-	-		-	64,245
Unallocated assets	-	-	-			-	-		-	131,530
Total Assets	5,712,757	4,974,759	2,127,550			1,872,674	68,026		2,348,507	17,235,803
Segment liabilities	129,071	1,034,469	173,967			284,458	45,485		140,898	1,808,348
Unallocated liabilities	-	-	-			-	-		-	8,013,163
Total Liabilities	129,071	1,034,469	173,967			284,458	45,485		140,898	9,821,511

49 Segment Reporting (Group) (cont'd)

(b) Geographical Segments

	Singapore \$'000	Australia and New Zealand \$'000	China \$'000	Other Asia [#] \$'000	Europe \$'000	Others [@] \$'000	Total continuing operations \$'000	Total discontinued operations \$'000	Total \$'000
2005									
Revenue	1,002,002	2,041,002	441,407	85,122	276,104	-	3,845,637	458,171	4,303,808
Earnings before interest and taxation*	179,370	253,324	201,947	128,443	97,303	(111)	860,276	757,055	1,617,331
Total Assets	8,168,836	3,767,398	3,185,463	1,699,515	1,351,431	10,410	18,183,053	-	18,183,053
Capital Expenditure	21,251	541	28,262	582	12,173	-	62,809	14,694	77,503
2004									
Revenue	1,082,979	1,392,818	519,971	67,338	115,958	-	3,179,064	649,878	3,828,942
Earnings before interest and taxation*	149,136	225,773	220,734	160,185	56,571	-	812,399	44,680	857,079
Total Assets	8,830,773	3,309,098	1,504,708	1,481,188	1,984,077	125,959	17,235,803	-	17,235,803
Capital Expenditure	22,290	6,857	2,771	6,084	10,986	738	49,726	-	49,726

(c) Strategic Business Units

	Residential \$'000	Commercial and Integrated Development \$'000	Retail \$'000	Financial Services \$'000	The Ascott Group [^] \$'000	RHL Group & RCH [^] \$'000	Others and consolidation adjustments \$'000	Total continuing operations \$'000	Total discontinued operations \$'000	Total \$'000
2005										
Revenue	3,036,808	122,239	50,262	70,633	444,061	145,428	(23,794)	3,845,637	458,171	4,303,808
Earnings before interest and taxation*	492,424	24,727	138,381	53,277	121,387	61,026	(30,946)	860,276	757,055	1,617,331
2004										
Revenue	2,407,355	259,534	84,348	42,295	238,937	175,678	(29,083)	3,179,064	649,878	3,828,942
Earnings before interest and taxation*	567,783	45,177	55,388	29,508	65,997	49,048	(502)	812,399	44,680	857,079

* Earnings before interest and taxation include share of results from associates, jointly-controlled entities and partnership.

[#] The Group's operations in "Other Asia" include Indonesia, Hong Kong, Japan, Malaysia, Philippines, Thailand, Cambodia and Vietnam.

[@] The Group's operations in "Others" include the United States of America, South America and the Middle East/Mediterranean region.

[^] The figures differ from those reported by The Ascott Group and Raffles Holdings Group due to consolidation entries put through at CapitaLand Group level.

50 Subsequent Events

At an Extraordinary General Meeting held on 13 February 2006, The Ascott Group Limited's ("TAG") shareholders approved the proposal to sponsor a real estate investment trust, the Ascott Residence Trust ("ART"). ART's initial portfolio is valued at \$856 million and comprises 12 of TAG's serviced residences.

51 Comparative Information

Comparatives in the financial statements have been changed from previous year due to the change in accounting policy and adoption of new accounting standards as described in note 39.

Additional Information

1 Directors' Remuneration

Number of Directors of CapitaLand Limited in Remuneration Bands:

REMUNERATION BANDS	2005	2004
\$500,000 and above	1	1
\$250,000 to \$499,999	0	0
Below \$250,000	14	11
Total	15	12

Directors' Compensation Table for the financial year ended 31 December 2005:

Directors of the Company	Salary inclusive of AWS and employer's CPF \$	Bonus and other benefits inclusive of employer's CPF ⁽¹⁾ \$	Directors' fees inclusive of attendance fees ⁽²⁾ \$	Total \$
Payable by Company:				
Dr Hu Tsu Tau	-	-	110,300	110,300
Hsuan Owyang	-	-	146,800	146,800
Liew Mun Leong	962,110	646,767	-	1,608,877
Andrew Robert Fowell Buxton	-	-	68,200	68,200
Professor Robert Henry Edelstein ⁽³⁾	-	-	52,717	52,717
Dr Victor Fung Kwok King ⁽³⁾	-	-	37,017	37,017
Richard Edward Hale	-	-	119,200	119,200
James Koh Cher Siang ⁽³⁾	-	-	52,252	52,252
Lim Chin Beng	-	-	81,500	81,500
Peter Seah Lim Huat	-	-	93,300	93,300
Arfat Pannir Selvam ⁽³⁾	-	-	-	-
Jackson Peter Tai ⁽⁵⁾	-	-	99,400	99,400
Sir Alan Cockshaw ⁽⁴⁾	-	-	27,205	27,205
Sum Soon Lim ⁽⁴⁾	-	-	70,301	70,301
Lucien Wong Yuen Kuai ⁽⁴⁾	-	-	114,500	114,500
Sub-Total 1	962,110	646,767	1,072,692	2,681,569
Payable by Subsidiaries:				
Hsuan Owyang	-	-	76,000	76,000
Andrew Robert Fowell Buxton	-	-	34,526	34,526
Richard Edward Hale	-	-	47,663	47,663
Lim Chin Beng	-	-	56,663	56,663
Sum Soon Lim ⁽⁴⁾	-	-	57,000	57,000
Sub-Total 2	-	-	271,852	271,852
Total for Directors of the Company	962,110	646,767	1,344,544	2,953,421

During the year, share options and conditional awards of performance shares were also granted. For details, please refer to the Directors' Report.

⁽¹⁾ Bonuses are normally finalised, approved and paid after the financial year-end. The bonus figures shown above are on paid basis and not on accrued basis. Hence, the figures on bonus shown relate to entitlements due to performance for previous year.

⁽²⁾ The directors' fees will only be paid upon approval by shareholders at the forthcoming Annual General Meeting of the Company.

⁽³⁾ Professor Robert Henry Edelstein and Dr Victor Fung Kwok King were appointed directors of the Company on 5 May 2005. Mr James Koh Cher Siang and Mrs Arfat Pannir Selvam were appointed directors of the Company on 1 July 2005 and 2 January 2006 respectively.

⁽⁴⁾ Sir Alan Cockshaw, Mr Sum Soon Lim and Mr Lucien Wong Yuen Kuai resigned as directors of the Company on 6 May 2005, 1 August 2005 and 2 January 2006 respectively.

⁽⁵⁾ Fees were paid to the employer company of Mr Jackson Peter Tai.

1 Directors' Remuneration (cont'd)

Directors' Compensation Table for the financial year ended 31 December 2004:

Directors of the Company	Salary inclusive of AWS and employer's CPF \$	Bonus and other benefits inclusive of employer's CPF ⁽¹⁾ \$	Directors' fees inclusive of attendance fees ⁽²⁾ \$	Total \$
Payable by Company:				
Dr Hu Tsu Tau ⁽³⁾	-	-	66,918	66,918
Philip Yeo Liat Kok ⁽⁴⁾	-	-	29,185	29,185
Hsuan Owyang	-	-	136,000	136,000
Liew Mun Leong	804,972	677,205	-	1,482,177
Andrew Robert Fowell Buxton	-	-	55,880	55,880
Sir Alan Cockshaw	-	-	99,220	99,220
Richard Edward Hale	-	-	108,400	108,400
Lim Chin Beng	-	-	79,900	79,900
Peter Seah Lim Huat ⁽⁵⁾	-	-	91,000	91,000
Sum Soon Lim	-	-	113,100	113,100
Jackson Peter Tai ⁽⁵⁾	-	-	114,700	114,700
Lucien Wong Yuen Kuai	-	-	108,800	108,800
Sub-Total 1	804,972	677,205	1,003,103	2,485,280
Payable by Subsidiaries:				
Hsuan Owyang	-	-	73,000	73,000
Andrew Robert Fowell Buxton	-	-	37,048	37,048
Richard Edward Hale	-	-	45,000	45,000
Lim Chin Beng	-	-	52,000	52,000
Sum Soon Lim	-	-	47,700	47,700
Sub-Total 2	-	-	254,748	254,748
Total for Directors of the Company	804,972	677,205	1,257,851	2,740,028

During the year 2004, share options and conditional awards of performance shares were also granted. For details, please refer to the 2004 Directors' Report.

⁽¹⁾ Bonuses are normally finalised, approved and paid after the financial year-end. The bonus figures shown above are on paid basis and not on accrued basis. Hence, the figures on bonus shown relate to entitlements due to performance for previous year.

⁽²⁾ The directors' fees were approved by shareholders at the Annual General Meeting of the Company on 29 April 2005 and had since been paid.

⁽³⁾ Dr Hu Tsu Tau was appointed director of the Company on 13 April 2004.

⁽⁴⁾ Mr Philip Yeo Liat Kok resigned as director of the Company on 13 April 2004.

⁽⁵⁾ Fees were paid to the employer companies of Mr Peter Seah Lim Huat and Mr Jackson Peter Tai.

2 Executives' Remuneration

Remuneration Data (for employees earning \$100,000 and above) for financial years ended 31 December 2005 and 2004:

Total Compensation Bands	Total Number of Employees	2005	\$	Total Number of Employees	2004	\$
\$100,000 to \$249,999	202	28,111,694		263	37,937,848	
\$250,000 to \$499,999	31	9,741,860		37	12,851,345	
\$500,000 to \$749,999	6	3,631,185		7	4,370,447	
\$750,000 to \$999,999	3	2,801,778		7	5,896,618	
\$1,000,000 to \$1,250,000	3	3,296,189		1	1,055,042	
> \$1,250,000	1	1,608,877		1	1,482,177	
Total	246	49,191,583		316	63,593,477	

Note 1: The above executives' remuneration data pertains only to Group's employees in Singapore and those who are posted overseas. It does not include the Group's overseas subsidiaries' employees and their remuneration.

Note 2: Total compensation comprises salary, annual wage supplement, bonus and other benefits inclusive of employer's CPF.

3 Directors' Interests in Contracts entered with the Group

	The Group		The Company	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Lucien Wong Yuen Kuai:				
Paid or payable to Allen & Gledhill	2,127	1,742	95	530
Sir Alan Cockshaw:				
Paid or payable to Shawbridge Management Limited and/or Sir Alan Cockshaw	17	17	17	17
Andrew Robert Fowell Buxton:				
Paid or payable to ARF Buxton Financial Consultancy and/or Andrew Robert Fowell Buxton	29	30	-	-

Sir Alan Cockshaw and Mr Lucien Wong Yuen Kuai resigned as directors of the Company on 6 May 2005 and 2 January 2006 respectively.

4 Significant Related Party Transactions

Please refer to note 44 in the statutory accounts.

5 Interested Person Transactions

Interested person transactions carried out during the financial year which fall under Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited are as follows:

\$'000

Transactions for the Sales of Goods and Services:

Temasek Holdings (Private) Limited and its associates	480
Starhub Ltd and its associates	96

Transactions for the Purchase of Goods and Services:

Singapore Telecommunications Limited and its associates	840
Singapore Airlines Limited and its associates	1,967

Investment and Divestment:

Temasek Holdings (Private) Limited and its associates	21,314
Keppel Land Ltd and its associates	30,400

Directors and their associates:

Transactions with Lucien Wong Yuen Kuai, Sir Alan Cockshaw and Andrew Robert Fowell Buxton
(Please refer to Item 3 of "Additional Information" section on Directors' Interests in Contracts entered with the Group)

Shareholding Statistics as at 10 March 2006

Share Capital Fully Paid

S\$4,274,875,646.95 (comprising 2,759,811,220 fully paid Ordinary Shares; voting rights: one vote per share)

Twenty Largest Shareholders

As shown in the Register of Members and Depository Register

Name	No. of Shares	%
1 Temasek Holdings (Private) Limited	1,120,469,427	40.60
2 DBS Nominees Pte Ltd	518,385,922	18.78
3 DBSN Services Pte Ltd	218,570,525	7.92
4 Citibank Nominees Singapore Pte Ltd	183,157,658	6.64
5 HSBC (Singapore) Nominees Pte Ltd	124,855,678	4.52
6 United Overseas Bank Nominees Pte Ltd	110,197,090	3.99
7 Raffles Nominees Pte Ltd	107,943,143	3.91
8 Lee Pineapple Company Pte Ltd	30,000,000	1.09
9 DB Nominees (S) Pte Ltd	27,295,986	0.99
10 Morgan Stanley Asia (Singapore) Securities Pte Ltd	13,458,119	0.49
11 OCBC Nominees Singapore Pte Ltd	13,270,017	0.48
12 Macquarie Securities (S) Pte Ltd	10,120,498	0.37
13 Pei Hwa Foundation Limited	7,713,557	0.28
14 Societe Generale Singapore Branch	4,693,226	0.17
15 Merrill Lynch (Singapore) Pte Ltd	4,267,239	0.15
16 UOB Kay Hian Pte Ltd	2,691,375	0.10
17 Phillip Securities Pte Ltd	2,601,218	0.09
18 Kim Eng Securities Pte. Ltd.	2,546,250	0.09
19 DBS Vickers Securities (Singapore) Pte Ltd	2,349,063	0.09
20 OCBC Securities Private Ltd	2,291,702	0.08
Total	2,506,877,693	90.83

Substantial Shareholder

As shown in the Register of Substantial Shareholders as at 10 March 2006

Name of Substantial Shareholder	No. of ordinary shares in which substantial shareholder has a direct interest	No. of ordinary shares in which substantial shareholder is deemed to have an interest
Temasek Holdings (Private) Limited	1,120,469,427	115,146,468 ⁽¹⁾

Note:

(1) By virtue of Section 7 of the Companies Act, Cap. 50 of Singapore, Temasek Holdings (Private) Limited ("Temasek") is deemed to have an interest in the 115,146,468 ordinary shares held by other companies within the Temasek group. Temasek is wholly owned by the Minister for Finance (Incorporated).

Size of Holdings

Size of Shareholdings	No. of shareholders	% of shareholders	No. of shares	% of shares
1 –999	1,016	3.02	462,738	0.02
1,000 –10,000	28,386	84.56	96,698,255	3.50
10,001 –1,000,000	4,142	12.34	146,777,539	5.32
1,000,001 and above	26	0.08	2,515,872,688	91.16
Total	33,570	100.00	2,759,811,220	100.00

Approximately 55.12% of the issued ordinary shares are held in the hands of the public. Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited has accordingly been complied with.

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at the STI Auditorium, 168 Robinson Road, Level 9, Capital Tower, Singapore 068912, on Friday, 28 April 2006 at 10.30 a.m. to transact the following business:

AS ORDINARY BUSINESS

- 1 To receive and adopt the Directors' Report and Audited Accounts for the year ended 31 December 2005 and the Auditors' Report thereon.
- 2 To declare a first and final dividend of S\$0.06 per share and a special dividend of S\$0.12 per share, less Singapore income tax at 20%, for the year ended 31 December 2005.
- 3 To approve the sum of S\$1,072,692 as Directors' fees for the year ended 31 December 2005. (2004: S\$1,003,103)
- 4 To re-elect the following Directors, each of whom will retire by rotation pursuant to Article 95 of the Articles of Association of the Company and who, being eligible, offer themselves for re-election:
 - (i) Mr Andrew Robert Fowell Buxton
 - (ii) Mr Jackson Peter Tai
- 5 To re-elect the following Directors, each of whom will retire pursuant to Article 101 of the Articles of Association of the Company and who, being eligible, offer themselves for re-election:
 - (i) Professor Robert Henry Edelstein
 - (ii) Dr Victor Fung Kwok King
 - (iii) Mr James Koh Cher Siang
 - (iv) Mrs Arfat Pannir Selvam

Both Mr James Koh Cher Siang and Mrs Arfat Pannir Selvam are independent members of the Audit Committee.

- 6 To re-appoint the following Directors, each of whom will retire and seek re-appointment under Section 153(6) of the Companies Act, Cap. 50 of Singapore, to hold office from the date of this Annual General Meeting until the next Annual General Meeting:
 - (i) Dr Hu Tsu Tau
 - (ii) Mr Hsuan Owyang
 - (iii) Mr Lim Chin Beng
- 7 To re-appoint Messrs KPMG as Auditors of the Company and to authorise the Directors to fix their remuneration.
- 8 To transact such other ordinary business as may be transacted at an Annual General Meeting of the Company.

AS SPECIAL BUSINESS

- 9 To consider and, if thought fit, to pass with or without modifications, the following resolutions which will be proposed as Ordinary Resolutions:
 - 9A That authority be and is hereby given to the Directors of the Company to:
 - (a) (i) issue shares in the capital of the Company ("shares") whether by way of rights, bonus or otherwise; and/or
 - (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and
 - (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

provided that:

- (1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per cent. (50%) of the issued shares in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a *pro rata* basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed twenty per cent. (20%) of the issued shares in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the percentage of issued shares shall be based on the number of issued shares in the capital of the Company at the time this Resolution is passed, after adjusting for:
 - (i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and
 - (ii) any subsequent consolidation or subdivision of shares;
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the Singapore Exchange Securities Trading Limited for the time being in force (unless such compliance has been waived by the Singapore Exchange Securities Trading Limited) and the Articles of Association for the time being of the Company; and
- (4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

9B That approval be and is hereby given to the Directors to:

- (a) offer and grant options in accordance with the provisions of the CapitaLand Share Option Plan ("Share Option Plan") and/or to grant awards in accordance with the provisions of the CapitaLand Performance Share Plan ("Performance Share Plan") and/or the CapitaLand Restricted Stock Plan ("Restricted Stock Plan") (the Share Option Plan, the Performance Share Plan and the Restricted Stock Plan, together the "Share Plans"); and
- (b) allot and issue from time to time such number of shares in the Company as may be required to be issued pursuant to the exercise of options under the Share Option Plan and/or such number of fully paid shares in the Company as may be required to be issued pursuant to the vesting of awards under the Performance Share Plan and/or the Restricted Stock Plan,

provided that the aggregate number of shares to be issued pursuant to the Share Plans shall not exceed fifteen per cent. (15%) of the total issued shares in the capital of the Company from time to time.

By Order of the Board

Ng Chooi Peng
Assistant Company Secretary

Singapore
29 March 2006

Notes:

A member entitled to attend and vote at the meeting may appoint not more than two proxies to attend and vote in his stead. Where a member appoints more than one proxy, he shall specify the proportion of his shareholdings to be represented by each proxy. A proxy need not be a member of the Company. The instrument appointing a proxy or proxies must be deposited at the Registered Office of the Company at 168 Robinson Road, #30-01 Capital Tower, Singapore 068912 not less than 48 hours before the time appointed for holding the meeting.

Additional information relating to the Notice of Annual General Meeting:

Resolution 9A is to empower the Directors to issue shares in the Company and to make or grant instruments (such as warrants or debentures) convertible into shares, and to issue shares in pursuance of such instruments, up to a number not exceeding in total fifty per cent. (50%) of the issued shares in the capital of the Company with a sub-limit of twenty per cent. (20%) for issues other than on a *pro rata* basis to shareholders. For the purpose of determining the aggregate number of shares that may be issued, the percentage of issued shares will be calculated based on the number of issued shares in the capital of the Company at the time that Resolution 9A is passed, after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time that Resolution 9A is passed, and any subsequent consolidation or subdivision of shares.

Resolution 9B is to empower the Directors to offer and grant options and/or grant awards under the CapitaLand Share Option Plan, the CapitaLand Performance Share Plan and the CapitaLand Restricted Stock Plan, and to allot and issue shares pursuant to the exercise of such options and/or vesting of such awards, provided that the aggregate number of shares to be issued does not exceed fifteen per cent. (15%) of the issued shares in the capital of the Company from time to time.

IMPORTANT:

1. For investors who have used their CPF monies to buy CapitalLand shares, the Summary Report/Annual Report is forwarded to them at the request of their CPF Approved Nominee and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

PROXY FORM –ANNUAL GENERAL MEETING

I/We, _____ (Name)
of _____ (Address)
being a member/members of CAPITALAND LIMITED hereby appoint:

Name	Address	NRIC / Passport No.	Proportion of shareholdings	
			No. of shares	%

and/or (delete as appropriate)

Name	Address	NRIC / Passport No.	Proportion of shareholdings	
			No. of shares	%

as my/our proxy/proxies to vote for me/us on my/our behalf, at the Annual General Meeting of the Company, to be held at the STI Auditorium, 168 Robinson Road, Level 9, Capital Tower, Singapore 068912 on Friday, 28 April 2006 at 10.30 a.m., and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the Meeting.

No.	Resolutions Relating To:	For *	Against *
	ORDINARY BUSINESS		
1	Adoption of Directors' Report, Audited Accounts and Auditors' Report		
2	Declaration of a First and Final Dividend and a Special Dividend		
3	Approval of Directors' Fees		
4(i)	Re-election of Mr Andrew Robert Fowell Buxton as Director		
4(ii)	Re-election of Mr Jackson Peter Tai as Director		
5(i)	Re-election of Professor Robert Henry Edelstein as Director		
5(ii)	Re-election of Dr Victor Fung Kwok King as Director		
5(iii)	Re-election of Mr James Koh Cher Siang as Director		
5(iv)	Re-election of Mrs Arfat Pannir Selvam as Director		
6(i)	Re-appointment of Dr Hu Tsu Tau as Director		
6(ii)	Re-appointment of Mr Hsuan Owyang as Director		
6(iii)	Re-appointment of Mr Lim Chin Beng as Director		
7	Re-appointment of Auditors		
8	Any Other Business		
	SPECIAL BUSINESS		
9A	Authority for Directors to issue shares and to make or grant instruments pursuant to Section 161 of the Companies Act, Cap. 50 of Singapore		
9B	Authority for Directors to offer and grant options and/or grant awards, and to allot and issue shares, pursuant to the CapitalLand Share Option Plan, the CapitalLand Performance Share Plan and the CapitalLand Restricted Stock Plan		

* Please indicate your vote "For" or "Against" with a "√" within the box provided.

Dated this _____ day of _____ 2006.

Total number of shares held:

Signature(s) of Member(s) / Common Seal

IMPORTANT: PLEASE READ NOTES TO PROXY FORM ON REVERSE PAGE

**Affix
postage
stamp**

The Assistant Company Secretary

CapitalLand Limited
168 Robinson Road
#30-01 Capital Tower
Singapore 068912

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NOTES TO PROXY FORM:

- 1 A member entitled to attend and vote at the Meeting is entitled to appoint one or two proxies to attend and vote in his stead. A proxy need not be a member of the Company.
- 2 Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his holding (expressed as a percentage of the whole) to be represented by each proxy.
- 3 Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy, to the Meeting.
- 4 A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert that number of shares. If the member has shares entered against his name in the Depository Register and registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, the instrument of proxy will be deemed to relate to all the shares held by the member.
- 5 The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 168 Robinson Road, #30-01 Capital Tower, Singapore 068912 not less than 48 hours before the time appointed for holding the Meeting.
- 6 The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
- 7 Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
- 8 A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Cap. 50 of Singapore.

General

The Company shall be entitled to reject the instrument appointing a proxy or proxies which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

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Main Contacts

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This Annual Report to Shareholders 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.



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