

A group of five people are in a yellow inflatable raft, navigating a turbulent river with white water rapids. They are wearing helmets and life jackets, and using blue paddles. The background shows a clear blue sky and green hills.

CAPITALAND LIMITED
ANNUAL REPORT 2008

For three years running,
we chalked up profits exceeding
\$S\$1 billion.

Some call it
**strong
performance.**

We call it
**disciplined
aggression.**

Cap/taLand

Corporate Profile

CapitaLand is one of Asia's largest real estate companies. Headquartered and listed in Singapore, the multinational company's core businesses in real estate, hospitality and real estate financial services are focused in growth cities in Asia Pacific, Europe and the Gulf Cooperation Council (GCC) countries.

The company's real estate and hospitality portfolio spans about 120 cities in over 20 countries. CapitaLand also leverages on its significant asset base, real estate domain knowledge, financial skills and extensive market network to develop real estate financial products and services in Singapore and the region.

The listed subsidiaries and associates of CapitaLand include Australand, CapitaMall Trust, CapitaCommercial Trust, Ascott Residence Trust and CapitaRetail China Trust.

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CREDO

Building for People to Build People

Building People to Build for People

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**

VISION

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 the 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; and which is committed to developing local talents to lead its overseas operations.

A company which delivers consistently above-market total shareholder returns.

Global Presence



Presence in about
120 cities in over
20 countries

ASIA PACIFIC

Australia

Adelaide
Brisbane
Hobart
Melbourne
Perth
Sydney

China

Anyang
Beijing
Changsha
Chengdu
Chongqing
Dalian
Deyang
Dongguan
Foshan
Guangzhou
Hangzhou
Harbin
Hengyang

Hong Kong

Huhhot
Huizhou
Jiangmen
Kunshan
Laiwu
Ma'anshan
Macau
Maoming
Mianyang
Nanchang
Ningbo
Quanzhou
Rizhao

Shanghai

Shenyang
Shenzhen
Suzhou
Tai'an
Tianjin
Weifang
Wuhan
Wuhu
Xi'an
Xinxiang
Yangzhou
Yibin
Yiyang

Zhangzhou

Zhanjiang
Zhaoqing
Zhengzhou
Zhuzhou
Zibo

Georgia

Tbilisi

India

Ahmedabad
Bangalore
Chennai

Cochin

Hyderabad
Jalandhar
Mangalore
Mumbai
Mysore
Nagpur
Udaipur

Indonesia

Jakarta
Surabaya

Japan

Chitose
Eniwa
Fukuoka
Funabashi
Hiroshima
Kobe
Kyoto
Nagoya
Osaka
Saga
Sapporo
Sendai
Tokyo



- Residential
- Commercial
- Retail
- Serviced Residences
- Integrated Developments
- Financial Services
- Raffles City Developments
- ★ Multi Sector

EUROPE

GULF COOPERATION COUNCIL COUNTRIES

Kazakhstan

Aktau
Almaty
Astana

Russia

Moscow

Singapore

Malaysia

Johor
Kuala Lumpur
Kuching
Penang
Selangor

Philippines

Manila

South Korea

Seoul

Thailand

Bangkok
Krabi
Pattaya

Vietnam

Hanoi
Ho Chi Minh City

Belgium

Brussels

France

Aix-en-Provence
Bordeaux
Cannes
Ferney-Voltaire
Fontainebleau
Grenoble
Lille
Lyon
Marseille
Montpellier

Nice

Paris
Strasbourg
Toulouse

Germany

Berlin
Munich

Spain

Barcelona

United Kingdom

London

Bahrain

Manama

Qatar

Doha

United Arab Emirates

Abu Dhabi
Dubai



Liew Mun Leong
President & CEO



Dr Hu Tsu Tau
Chairman

Letter to Shareholders

Amidst these unprecedented turbulent times, the Group achieved a healthy profit after tax and minority interests (PATMI) of S\$1,260.1 million in financial year 2008. Excluding unrealised fair value changes, PATMI was still above the S\$1 billion mark at S\$1,039.6 million. This is the second highest net profit on record and the third consecutive year that CapitaLand has achieved net profit above S\$1 billion.

Dear Shareholders,

2008 was a year of dramatic global financial turbulence. Wall Street stalwarts like Bear Stearns and Lehman Brothers fell while governments in Asia, Europe and the US bailed out major firms or took drastic steps to stimulate their economies. Global economic conditions deteriorated rapidly, and Singapore entered into a technical recession in the second half of 2008.

Amidst these unprecedented turbulent times, the Group achieved a healthy profit after tax and minority interests (PATMI) of S\$1,260.1 million in financial year 2008. Excluding unrealised fair value changes, PATMI was still above the S\$1 billion mark at S\$1,039.6 million. This is the second highest net profit on record and the third consecutive year that CapitaLand has achieved net profit above S\$1 billion. PATMI in 2006 was S\$1,012.7 million and PATMI in 2007 was an exceptional S\$2,759.3 million. The healthy profit is a result of the consistent implementation of the Group's strategy: Focus, Balance and Scale. We focused on capital productivity in real estate development and investment activities, whilst growing a balanced and solid base of sustainable fee and rental income.

Group statutory revenue for 2008 was S\$2,752.3 million compared to the S\$3,792.7 million in 2007. The Group manages over S\$45 billion worth of assets which generate revenue under management of

S\$5.9 billion. A significant 70% of CapitaLand's revenue is generated outside Singapore, a result of the Group's ongoing multi-geography, multi-sector strategy to diversify its balanced revenue streams.

Group Earnings before Interest and Tax (EBIT) for 2008 was S\$2,213.5 million against the exceptional S\$3,824.0 million achieved in 2007. China and Singapore were the two key contributors, recording EBIT of S\$987.0 million and S\$890.8 million respectively. Earnings benefitted from gains from divestments in Singapore and China, mainly the outright sales of Capital Tower Beijing and Hitachi Tower, the divestment of One George Street to CapitaCommercial Trust, and the sale of the Raffles City portfolio in China to CapitaLand's 50%-owned Raffles City China Fund.

The Directors are pleased to propose a first and final dividend of 5.5 cents per share for financial year 2008. In view of the good performance, the Directors have also decided to propose a special dividend of 1.5 cents per share for the financial year 2008.

FOCUSED ON KEY SECTORS IN CORE MARKETS

CapitaLand's focus is on Asia Pacific, a region with better economic and demand-driven fundamentals. In 2008, the Group's businesses were navigating in the midst of an unprecedented global economic crisis.



Citylights, Singapore – Winner of the 2008 URA Architectural Heritage Award

Residential

We continued to build on our reputation as a developer of premier, award-winning homes across Asia Pacific. The Group's financial strength and the progressive revenue recognition of strong sales achieved in 2006 and 2007 allowed us flexibility to pace residential launches in 2008.

In Singapore, CapitaLand released selected apartments at Latitude for preview sales and launched the first phase of The Wharf Residence. CapitaLand unveiled the design of its distinctive high-rise condominium along Farrer Road by internationally-renowned architect Zaha Hadid. The Group has also engaged acclaimed architects Rem Koolhaas and Ole Scheeren from the Office of Metropolitan Architecture to design its future condominium at Gillman Heights. Three developments – Citylights, RiverEdge and Varsity Park Condominium – obtained Temporary Occupation Permit.

In China, CapitaLand has developed depth and breadth of operations over the last 15 years. It has well-established operations in Beijing, Shanghai and Guangzhou and footholds in other cities like Chengdu and cities within the Henan province. During the year, the Group launched three residential projects – two in Beijing and one in Hangzhou – and released new units from existing projects in Chengdu, Ningbo and Shanghai for sale. Given CapitaLand's strong balance sheet and relatively low level of land in its pipeline, the Group is in a strong position to replenish land supply

and seek further growth opportunities in China, where it remains a long-term investor.

In Australia, stimulus measures introduced by the government in late 2008, such as interest rate cuts and increased incentives for first-time home buyers, have improved housing affordability. Australand, CapitaLand's listed subsidiary in Australia, took proactive steps to strengthen its balance sheet by successfully raising approximately A\$461 million (S\$598 million) through a one-for-one renounceable accelerated priority issue of stapled securities.

In the Group's new markets, Vietnam, Thailand and India have started to provide the Group a platform for future growth. In Vietnam, CapitaLand has a total of four projects with a pipeline of 3,600 residential units under construction. TCC Capital Land, CapitaLand's joint venture in Thailand, has sold over 2,500 homes since it was formed in 2003.

In the GCC region, Raffles City Bahrain and Arzanah achieved total residential sales bookings worth S\$1 billion within three months of their respective launches. About 90 Raffles City Bahrain apartments were sold at average prices above other high-quality apartments in Bahrain. For Rihan Heights, the first phase of Arzanah, 575 out of 868 units were sold. Arzanah, a 49%/51% joint venture project between CapitaLand and Mubadala Development Company in Abu Dhabi, will comprise about 9,000 homes and will be completed in phases.

We have maintained a disciplined investment management strategy since inception, buying and selling at the right time and when target returns are met. Despite the global financial downturn, CapitaLand was able to successfully realise asset values through timely divestments at the peak of the cycle.

Commercial

CapitaLand is one of the largest owners/managers of commercial properties in Singapore's Downtown Core. The Group's overseas commercial footprint spans gateway cities in China, Australia, Japan, Malaysia, India and the United Kingdom.

In Singapore, CapitaLand's portfolio of Grade A office space remained resilient despite downward pressures due to economic uncertainties and an increase in supply. Moreover, there are opportunities for higher rental reversions in 2009 as the average monthly office passing rent of the Group's portfolio is low compared to the current market rentals.

CapitaLand actively managed its property portfolio, realising the asset values of mature commercial properties. The Group successfully sold One George Street and its 50%

PRUDENT CAPITAL MANAGEMENT, DISCIPLINED AGGRESSION

Pre-emptively increased financial strength through rights issue

CapitaLand has a proven track record of proactively managing debt and liquidity long before the present downturn. As at 31 December 2008, average debt maturity was extended to 4.4 years while a sizeable 75% of total debt was locked in at fixed rates. This was achieved through the successful and timely issuance of a S\$1.3 billion 10-year convertible bond issue in February 2008, the largest such transaction ever done in Singapore. CapitaLand also secured S\$1.996 billion syndicated transferable secured financing facilities for the construction and development of a new condominium along Farrer Road. This was the largest syndicated residential property development loan ever arranged in Singapore and was supported by 10 local and international banks.

We have maintained a disciplined investment management strategy since inception, buying and selling at the right time and when target returns are met. Despite the global financial downturn, CapitaLand was able to successfully realise asset values through timely divestments at the peak of the cycle. In line with the Group's consistent and disciplined strategy of recycling capital, CapitaLand monetised S\$3.3 billion worth of assets in 2008 with a gain of S\$607 million. Since 2007, CapitaLand has monetised about S\$7 billion of assets while reinvesting about S\$3 billion.

Our prudent capital management approach has enabled us to build a robust balance sheet over the years, supported with steady cash flows from our sponsored real estate investment trusts (REITs) and fee-income business. This has strengthened the Group's financial standing as we head into the global financial storm. CapitaLand ended 2008 with a cash position of S\$4.2 billion and comfortable net debt of S\$5.6 billion. Accordingly, CapitaLand's net debt-to-equity ratio has improved to 0.47 from 0.92 just after formation in November 2000.

On 9 February 2009, the Group announced a renounceable, fully-underwritten rights issue to raise S\$1.84 billion. This pre-emptive, tactical move from a position of business and financial strength will significantly enhance CapitaLand's financial flexibility and allow it to build on its successful long-term strategy. A strong balance sheet will further differentiate the Group from our competitors. It will also enable us to extend our leadership position in our core businesses of residential, commercial, retail, serviced residences, integrated developments and financial services. CapitaLand's major shareholder Temasek Holdings has committed to subscribe for all rights shares that it is entitled to.



Citadines Paris Louvre, France – One of Ascott's serviced residence properties in the heart of Paris

stake in Hitachi Tower in Singapore, generating cash flow of S\$1.6 billion and realising a gain of S\$149.2 million. Wilkie Edge, a mixed-use development comprising office, retail and a serviced residence component, received its Temporary Occupation Permit in late 2008.

In China, the divestment of Capital Tower Beijing generated proceeds of S\$505.0 million and a gain of S\$187.0 million. The Group also divested 50% interests of two wholly-owned properties in Beijing and Shanghai to CITIC Trust. These properties are now equally owned and managed by CapitaLand and CITIC Trust as part of the CITIC CapitaLand Business Park Fund. The cash flow from these deals will be reinvested to undertake more quality developments in China.

In Australia, Australand successfully completed the new 34,000 square metre Twenty8 project at Freshwater Place in Melbourne's Southbank with leasing commitments of 77% at completion.

Retail

Our retail mall operations in Singapore remained resilient due to a portfolio of well-located malls with strong captive markets catering largely to necessity shopping. ION Orchard, the latest retail landmark in Singapore, is targeted to open in mid-2009 with strong lease commitments. Many of ION Orchard's tenants are retailers new to the Singapore market and will offer new retail products.

China's retail market continues to possess potential for further growth, supported by the country's vast internal market and growing domestic consumption. CapitaLand's malls in China continued to perform well in 2008. The Group's retail mall portfolio in China now comprises 28 completed malls. Another 30 malls are under construction and 10 are expected to complete and open in 2009.

CapitaLand made further inroads in India by entering into separate joint ventures with prominent Indian property groups Advance India Projects Limited and the Prestige Group. Purchase agreements for nine retail projects have since been signed. CapitaLand's first mall in India – The Forum Value Mall Whitefield in Bangalore – is targeted to open in 2009.

Serviced Residences

Ascott, CapitaLand's serviced residence unit, continued to affirm its position as the world's largest international serviced residence owner-operator. It currently operates over 18,000 serviced residence units in Asia Pacific, Europe and the GCC region. Another 7,000 units will begin operations over the next two to three years to further add to operating income, including management fees from third party management contracts. This makes a portfolio of over 25,000 serviced residence units in 190 properties spanning 66 cities and 22 countries.

In April, Ascott was privatised, allowing it to tap on CapitaLand's more established network, real estate development and financial services capabilities. This will strengthen its leadership position and accelerate its growth.

During the year, Ascott reconstituted its asset portfolio through divestments and selective investments. It monetised assets and generated divestment proceeds of S\$243 million and gains of S\$119 million. Investment commitments of S\$428 million were made for new projects across Australia, France, India, Japan and the United Kingdom.

In order to give greater focus to growing revenues and profits from both hospitality management services and real estate development, Ascott set up two separate arms in October – Ascott Hospitality and Ascott Real Estate.

Integrated Developments

CapitaLand currently has seven integrated developments in Singapore, Bahrain, China and the United Arab Emirates (Abu Dhabi).

In China, CapitaLand has four Raffles City integrated developments in Shanghai, Beijing, Chengdu and Hangzhou. An inauguration ceremony was held for Raffles City Beijing in October 2008. Construction has begun for Raffles City Chengdu while planning and design works have commenced for Raffles City Hangzhou.

The Group is developing two integrated developments in the oil-rich GCC region. Raffles City Bahrain sits in a prime waterfront location within Bahrain Bay, while Arzanah is a 1.4 million square metre integrated development in Abu Dhabi. Although Abu Dhabi and Bahrain have not been insulated from the effects of the global financial downturn, property demand fundamentals remain sound with continued affluence and proactive government measures to support local economies.

Financial Services/Real Estate Investment Trusts

REITs and private equity real estate funds are central to CapitaLand's overall business model. The management fees and yields of these REITs and funds provide recurrent income as well as a platform for capital recycling, a cornerstone of the Group's capital-efficient strategy. During the year, CapitaLand raised about S\$2 billion with three new private equity funds in China, namely Raffles City China Fund, CITIC CapitaLand Business Park Fund and CapitaLand China Development Fund II. CapitaLand's

50%-owned US\$1 billion (about S\$1.4 billion) Raffles City China Fund is the Group's first integrated development private equity fund in China and the largest to date.

As at 31 December 2008, the Group manages five REITs listed in Singapore and Malaysia and 17 private equity real estate funds with assets under management (AUM) of more than S\$25 billion, a year-on-year increase of about S\$8 billion. This makes the Group one of Asia's largest REIT and real estate fund managers. Our fund and property management fees totalled S\$413.0 million in 2008, a 35% increase over 2007. The Group will continue to strengthen its fund management and financial services business in Asia as part of the process to further grow our fee-income business.

MANAGING TALENT DURING TURBULENT TIMES

CapitaLand's credo is "Building people to build for people". We recognise that our most important asset is people, not just brick-and-mortar buildings. While conventional wisdom is that real estate is about "Location, Location, Location", the Group believes it is more about "People, People, People".

During good and bad times, CapitaLand adopts an integrated human capital strategy to recruiting, developing and motivating human capital. During difficult times, our corporate strategy is to recruit and retain talented people to help manage the vicissitude of the current turbulent times and seek out the right opportunities when the market recovers. We make a deliberate effort to recruit people at different points in their careers – young talents, mid-career professionals and experienced "silver hairs" – as collectively they are able to adopt a balanced approach for turbulent times.

During these bad times, we have proactively implemented scaled salary reductions instead of headcount reductions and re-emphasised employee training. CapitaLand continues to leverage on its in-house training institutes to train and develop employees. In 2008, we launched a new programme called RE100, a 100-hour in-house accelerated real estate course customised for newly-recruited mid-career executives within CapitaLand. The Group also regularly conducts the CapitaLand Leadership Development Programme to develop senior management.

The Group strongly believes in building up a strong pipeline of in-house business leaders. It has a rigorous succession planning process to identify talented employees for leadership succession and build management bench

Over the years, CapitaLand has weathered several crises. Each time, we emerged a stronger company and further extended our market leadership position to become one of the largest real estate companies in Asia. We are riding into this latest storm with a much stronger ship, a more experienced crew and a talent pipeline of young, future leaders, all ready to take the Group into the next decade.

strength. Over the years, CapitaLand has cultivated these future leaders through job exposure and leadership courses, and groomed them to take on greater and broader responsibilities when the opportunity arises.

CORPORATE SOCIAL RESPONSIBILITY

CapitaLand is committed to be a socially-responsible corporate citizen. We will contribute to the societies within which we operate, and promote sustainable growth for future generations.

In 2008, we launched the Building a Greener Future programme at CapitaLand's malls, offices and serviced residences, and the Green for Hope recycling project in Singapore primary schools.

Through its philanthropic arm CapitaLand Hope Foundation, CapitaLand supported programmes dedicated to the education, healthcare and shelter needs of underprivileged children. Beneficiaries included The Straits Times School Pocket Money Fund, Life Community Services Society (Friends of Children programme) and children in China affected by the May 2008 Sichuan earthquake.

The Group's environmental and corporate social responsibility efforts have not gone unnoticed. In 2008, CapitaLand won the prestigious Singapore Environmental Achievement Award 2007/08 at the Singapore Green Summit and the coveted "Outstanding Corporate Citizen of China" award.

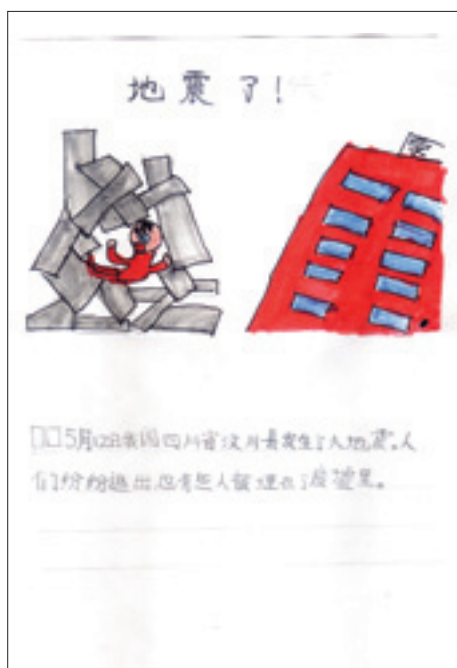
We will continue to promote environmentally-sustainable practices throughout the Group and aim to be an industry leader in terms of green buildings and environmental awareness.

SOUND CORPORATE GOVERNANCE AND RISK MANAGEMENT

Sound risk management and corporate governance policies and practices are vital to drive our long-term sustainable growth and shareholder value. We will continue to maintain a prudent risk profile by counterchecking business initiatives with an independent risk management team, and by investing in a mix of stable assets and development properties. We believe that our unique risk management models developed in-house, which have served us well over several past crises, will continue to assist us as part of a "disciplined aggression" in our investment strategy.

Besides regular board meetings and special strategic planning meetings, the Board has seven Board committees to provide independent supervision and assist on corporate governance matters. These include the Investment Committee, Audit Committee, Risk Committee, and Executive Resource and Compensation Committee.

In 2008, the Group's high standards of corporate conduct were recognised with a number of prominent corporate governance awards. CapitaLand won the Most Transparent Company (Property) award from the Securities Investors Association (Singapore) (SIAS) for the eighth consecutive year. The Group also clinched a Merit for SIAS' overall Singapore Corporate Governance award, which recognises companies that practise good corporate governance. In addition, CapitaLand was named "Best Company in Singapore" by finance magazine The Asset in its Corporate Governance Awards 2008.



CapitaLand's corporate social responsibility initiative: Beijing primary school students were invited to draw pictures of encouragement for children affected by the Sichuan earthquake.

LOOKING AHEAD

Over the years, CapitaLand has weathered several crises. Each time, we emerged a stronger company and further extended our market leadership position to become one of the largest real estate companies in Asia. We are riding into this latest storm with a much stronger ship, a more **experienced crew** and a talent pipeline of young, future leaders, all ready to take the Group into the next decade. We believe that investment in people is the best investment we can make in today's turbulent market.

In these times of uncertainties and asset volatility, we believe the best approach is our corporate strategy of Focus, Balance and Scale and to stick to the market and demand fundamentals. CapitaLand will continue to focus capital and human resources into our established sectors of residential, commercial, retail, serviced residences, integrated developments and financial services, particularly in our core markets and the new growth markets of the GCC region (Abu Dhabi and Bahrain), India and Vietnam.

Financially, we have consistently maintained a conservative and proactive approach to capital management. CapitaLand has significant financial strength to ride out a prolonged downturn given our strong balance sheet and high cash position.

The successful rights issue to raise S\$1.84 billion, launched from a position of business and financial strength, will increase the Group's financial capacity to pursue acquisitions and investment opportunities that arise in the recovery of our key markets. This will enable us to extend our leading position as a Pan-Asian real

estate developer, Asia's largest retail mall owner/manager, the largest international serviced residence owner-operator and a leading Asia-based REIT and real estate fund manager.

We wish to express our deep appreciation to our Board members for their invaluable contributions. In particular, we wish to thank Mr Hsuan Owyang, who retired from the Board and as Deputy Chairman on 1 January 2009. He has guided the Group since inception in 2000 and will be missed greatly. We would also like to welcome Mr Peter Seah as the new Deputy Chairman. Peter brings with him extensive financial experience, including over 30 years as a banker.

We wish to thank all staff, shareholders, business partners and associates for their continued commitment and support of the CapitaLand Group. We are convinced that together, we can ride out the current global financial downturn and prepare the ground for the next growth cycle.

Dr Hu Tsu Tau
Chairman

Liew Mun Leong
President & CEO

25 February 2009

Financial Highlights

HEALTHY PROFITS AND RETURNS

Profit attributable to Shareholders
S\$1.26 billion

Return on Shareholders' Funds
12.2%

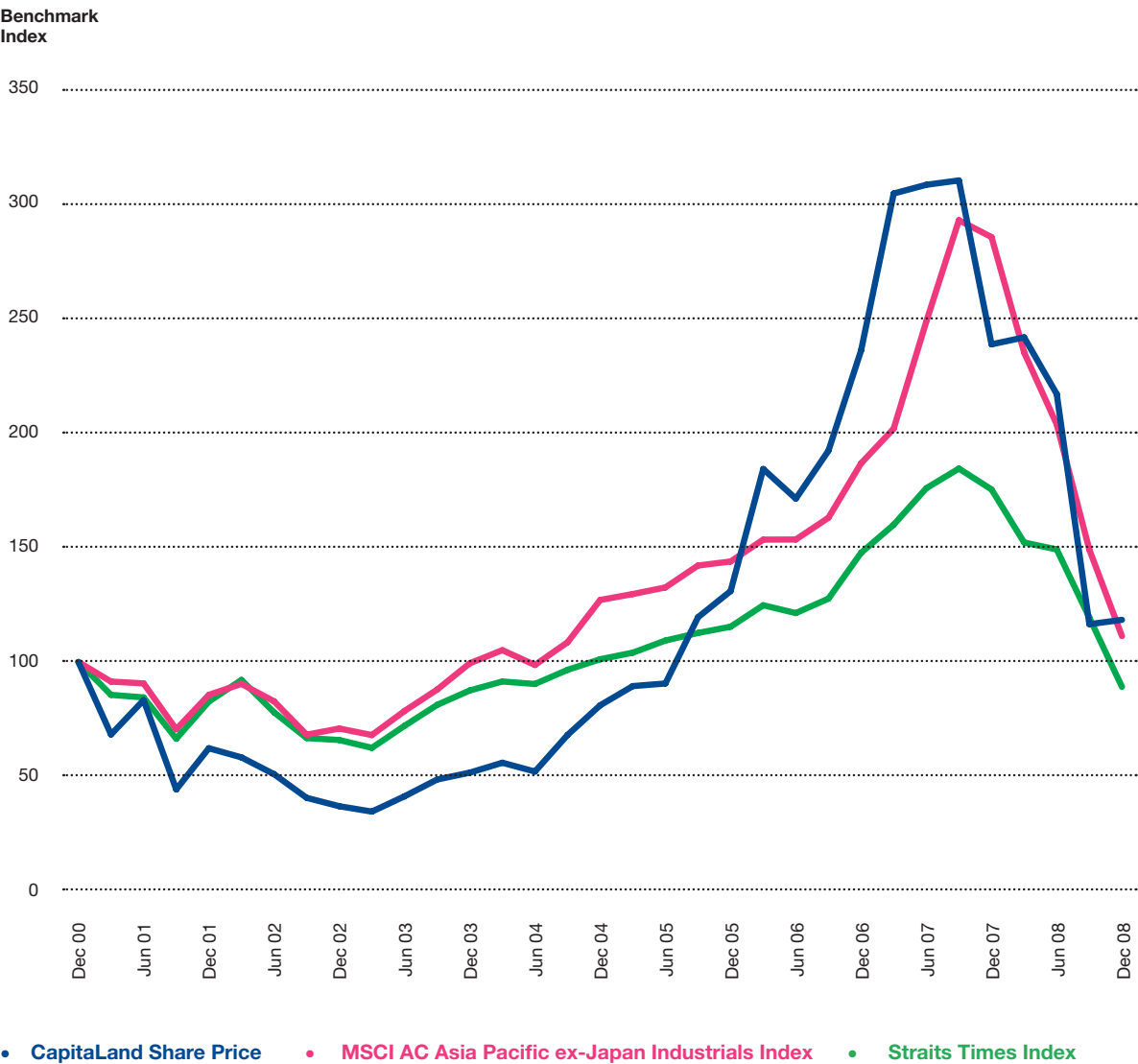
Assets Under Management
S\$25.9 billion

Earnings Before Interest and Tax
S\$2.2 billion

Return on Total Assets
7.9%

Revenue Under Management
S\$5.9 billion

8-Year Share Price Performance



Source: Bloomberg

Financial Calendar

Financial year ended 31 December 2008

Announcement of First Quarter Results	30 April 2008
Announcement of Second Quarter Results	1 August 2008
Announcement of Third Quarter Results	31 October 2008
Announcement of Full Year Results	9 February 2009
Annual General Meeting	23 April 2009
Books Closing (Record Date)	5.00 p.m. on 8 May 2009
Books Closure	11 May 2009
Proposed Payment of 2008 Final Dividend and Special Dividend	22 May 2009

Financial year ending 31 December 2009

Proposed Announcement of First Quarter Results	April 2009
Proposed Announcement of Second Quarter Results	July 2009
Proposed Announcement of Third Quarter Results	October 2009
Proposed Announcement of Full Year Results	February 2010

Board of Directors



Standing, left to right
Professor Kenneth Stuart Courtis *Director*
James Koh Cher Siang *Director*

Seated, left to right
Arfat Pannir Selvam *Director*
Peter Seah Lim Huat *Deputy Chairman*



Standing, left to right
Lim Chin Beng *Director*
Richard Edward Hale *Director*
Jackson Peter Tai *Director*

Seated, left to right
Dr Hu Tsu Tau *Chairman*
Liew Mun Leong *President & CEO*

Not in the picture
Dr Victor Fung Kwok King *Director*

Board of Directors

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 2008. He is also Chairman of CapitaLand's Investment Committee.

Dr Hu is presently Chairman of GIC Real Estate Pte Ltd and Fullerton Financial Holdings Pte Ltd. He is also a Member of the Board of the Government of Singapore Investment Corporation Pte Ltd (GIC).

From 1985 to 2001, he was a Cabinet Minister whose portfolio included the Trade and Industry, Health and Finance ministries. Prior to his ministerial appointment, Dr Hu was Managing Director of 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 from 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.

Peter Seah Lim Huat

Deputy Chairman

Mr Peter Seah, a Non-Executive Director, joined the CapitaLand Board on 18 December 2001 and was appointed as Deputy Chairman on 1 January 2009. Mr Seah was last re-elected as Director at CapitaLand's Annual General Meeting on 27 April 2007. He is also Chairman of CapitaLand's Finance and Budget Committee and a Member of CapitaLand's Executive Resource and Compensation Committee and Nominating Committee.

Mr Seah is presently the Chairman of SembCorp Industries Ltd and Singapore Technologies Engineering Ltd (both listed on the SGX-ST). He is also Deputy Chairman of Singapore Technologies Telemedia Pte Ltd and Global Crossing Limited; and Chairman of LaSalle Foundation Limited. Mr Seah is a Director of Chartered Semiconductor Manufacturing Ltd, STATS ChipPAC Ltd, StarHub Ltd (all listed on the SGX-ST), as well as Siam Commercial Bank Public Company Limited (listed on the Stock Exchange of Thailand) and Bank of China.

Mr Seah also sits on the Board of the Government of Singapore Investment Corporation Pte Ltd and is a Member of

Defence Science and Technology Agency and S Rajaratnam School of International Studies.

Mr Seah was President & CEO of Singapore Technologies Pte Ltd. Prior to the above appointment, Mr Seah was with Overseas Union Bank (OUB) from 1977 and became its President & CEO in 1991. Mr Seah retired as Vice Chairman and CEO from OUB on 30 September 2001. Mr Seah was also the Chairman of Singapore Computer Systems Limited (listed on the SGX-ST) and President Commissioner of PT Indosat Tbk (listed on the Stock Exchange of Indonesia).

Mr Seah is a graduate of the University of Singapore with an Honours Degree in Business Administration.

Liew Mun Leong

President & CEO

Mr Liew Mun Leong is President and CEO of CapitaLand Group. He joined the Board of Pidemco Land as Director on 1 January 1997. Pidemco Land merged with DBS Land to form CapitaLand in November 2000. Mr Liew continued to serve on the CapitaLand Board and was last re-elected as Director at CapitaLand's Annual General Meeting on 27 April 2007. He also serves as Member of CapitaLand's Investment Committee, Nominating Committee, Corporate Disclosure Committee and Finance and Budget Committee.

Mr Liew is Chairman of CapitaLand Residential Singapore Pte Ltd, CapitaLand China Holdings Pte Ltd, CapitaLand Commercial Limited, CapitaLand Retail Limited, CapitaLand Financial Limited and CapitaLand ILEC Pte. Ltd. He is Deputy Chairman of The Ascott Group Limited as well as the Deputy Chairman of CapitaMall Trust Management Limited (the manager of CapitaMall Trust listed on the SGX-ST), CapitaCommercial Trust Management Limited (the manager of CapitaCommercial Trust listed on the SGX-ST), CapitaRetail China Trust Management Limited (the manager of CapitaRetail China Trust listed on the SGX-ST) and Ascott Residence Trust Management Limited (the manager of Ascott Residence Trust listed on the SGX-ST). He is a Director of CapitaLand Hope Foundation, the Group's philanthropic arm. Mr Liew also chairs the Civil Aviation Authority of Singapore.

In 2006, Mr Liew was named Outstanding CEO of the Year in the Singapore Business Awards. In 2007, he was conferred the CEO of the Year award (for firms with market value of S\$500 million or more) in The Business Times' Singapore Corporate Awards. In 2008, Mr Liew was named Asia's Best Executive of 2008 (Singapore) by Asiamoney and Best CEO in Asia (Property) by Institutional Investor.

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

Lim Chin Beng

Director

Mr Lim Chin Beng, a Non-Executive Independent Director, joined the Board of Pidemco Land as Director on 23 February 1998. Pidemco Land merged with DBS Land to form CapitaLand in November 2000. Mr Lim continued to serve on the CapitaLand Board and was last re-appointed as Director at CapitaLand's Annual General Meeting on 29 April 2008. He is also Chairman of CapitaLand's Executive Resource and Compensation Committee and Nominating Committee.

Mr Lim is presently Chairman of The Ascott Group Limited and CapitaLand Hope Foundation. He is also Chairman of Singapore Airshow & Events Pte Ltd, Changi Airport International Pte Ltd and Singapore Changi Airport Enterprise Pte Ltd. Mr Lim sits on the Boards of StarHub Ltd (listed on the SGX-ST) and Pontiac Land Pte Ltd. He is also Chairman of Pontiac Land's Audit Committee.

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. He was Chairman of the Singapore Tourist Promotion Board from 1985 to 1989. Between 1991 and 1997, Mr Lim was Singapore's Ambassador to Japan. In 2003, Mr Lim started Valuair, Singapore's first low cost airline, which subsequently merged with Jetstar Asia in 2005. Mr Lim retired as a Member of the Public Service Commission in December 2008, after serving for 11 years in the Commission.

In recognition of his significant contribution to the airline and tourism industries, Mr Lim was awarded the Businessman of the Year Award in 1986 and the Outstanding Contribution to Tourism Award in 1990. In 1998, Mr Lim was inducted as a Legend into the Aviation Week & Space Technology Laureates Hall of Fame.

In 2004, Mr Lim was conferred the Grand Gordon of the Order of the Rising Sun (Kyokujitu Daijusho) by the Emperor of Japan and in 2007, he was awarded the Public Service Star by the Government of Singapore.

Mr Lim is a graduate of 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.

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 29 April 2008. He is a Member of CapitaLand's Investment Committee and Finance and Budget Committee.

Mr Tai is a Supervisory Board Member of ING Groep NV in the Netherlands and Director of MasterCard Incorporated and Brookstone, Inc. in the USA. He is also a Member of the Bloomberg L.P. Asia-Pacific Advisory Board.

Mr Tai was formerly the Vice Chairman and Chief Executive Officer of DBS Group Holdings (listed on the SGX-ST) and DBS Bank. Prior to joining DBS Bank, Mr Tai was a senior regional manager for J.P. Morgan & Co. Incorporated in New York, Tokyo, and San Francisco, and a Managing Director of the Investment Banking Division.

Mr Tai is a graduate of Rensselaer Polytechnic Institute, USA, with a Bachelor of Science in Management. He also holds a Master of Business Administration from Harvard University, USA.

Richard Edward Hale

Director

Mr Richard Hale, a Non-Executive Independent Director, joined the CapitaLand Board on 10 February 2003 and was last re-appointed as Director at CapitaLand's Annual General Meeting on 29 April 2008. He is also Chairman of CapitaLand's Audit Committee and a Member of CapitaLand's Risk Committee.

Mr Hale is Chairman of CapitaCommercial Trust Management Limited (the manager of CapitaCommercial Trust listed on the SGX-ST) and sits on the Boards of Sembcorp Industries Ltd, Sembcorp Marine Ltd and Wheelock Properties (Singapore) Limited (all listed on the SGX-ST). He is a Fellow of the Singapore Institute of Directors.

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 and a Director of The Ascott Group Limited and BW Trust Management Pte Ltd.

Board of Directors

Mr Hale was educated at Radley College, Abingdon, UK. He is a Fellow of the Chartered Institute of Bankers, London.

Dr Victor Fung Kwok King

Director

Dr Victor Fung, a Non-Executive Independent Director, joined the CapitaLand Board on 5 May 2005 and was last re-elected as Director at CapitaLand's Annual General Meeting on 29 April 2008. He was 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 Chairman of the International Chamber of Commerce since July 2008. He is also Chairman of the Greater Pearl River Delta Business Council, Hong Kong University Council and the Hong Kong - Japan Business Co-operation Committee. Dr Fung is a member of the Chinese People's Political Consultative Conference and a member of the Executive Committee of the Commission on Strategic Development of the Hong Kong Government. Dr Fung is an independent non-executive Director of Bank of China (Hong Kong) Limited and Orient Overseas (International) 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 holds Bachelor and Master Degrees in Electrical Engineering from the Massachusetts Institute of Technology, and a Doctorate in Business Economics from Harvard University, USA.

James Koh Cher Siang

Director

Mr James Koh, a Non-Executive Independent Director, joined the CapitaLand Board on 1 July 2005 and was last re-elected as Director at CapitaLand's Annual General Meeting on 28 April 2006. He is Chairman of CapitaLand's Risk Committee and Corporate Disclosure Committee; and a Member of CapitaLand's Audit Committee.

Mr Koh is Chairman of CapitaMall Trust Management Limited (the manager of CapitaMall Trust listed on the SGX-ST) and Chairman of its Audit Committee and Corporate Disclosure Committee. He is also a Director of CapitaLand Hope Foundation.

Mr Koh is presently Chairman of Housing & Development Board and Singapore Deposit Insurance Corporation Limited. He sits on the Boards of Singapore Airlines Limited, UOL Group Limited and Hotel Plaza Limited (all listed on the SGX-ST). He is also a Director of Singapore Co-operation Enterprise.

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 in the Ministries of National Development, Community Development and 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.

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

Arfat Pannir Selvam

Director

Mrs Arfat Selvam, a Non-Executive Independent Director, joined CapitaLand Board on 2 January 2006 and was last re-elected as Director at CapitaLand's Annual General Meeting on 28 April 2006. She is a Member of CapitaLand's Audit Committee, Corporate Disclosure Committee, Nominating Committee and Risk Committee.

Mrs Selvam is presently the Managing Director of Arfat Selvam Alliance LLC, a 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.

Mrs Selvam is a graduate of the University of Singapore with a law degree and was admitted to practise as an Advocate & Solicitor of the Supreme Court of Singapore in 1969. Mrs Selvam was the President of the Law Society of Singapore in 2003.

Professor Kenneth Stuart Courtis

Director

Professor Kenneth Courtis, a Non-Executive Independent Director, joined the CapitaLand Board on 14 February 2007 and was re-elected as Director at CapitaLand's Annual General Meeting on 27 April 2007. He is a Member of CapitaLand's Finance and Budget Committee and Investment Committee. Professor Courtis is CapitaLand's Economics Adviser and a Member of CapitaLand's International Advisory Panel.

Professor Courtis is Founding Chairman of Next Capital Partners. He was formerly Managing Director and Vice Chairman of Goldman Sachs Asia, Managing Director, Chief Economist and Strategist of Deutsche Bank Group Asia, and a Director of CNOOC Ltd, Hong Kong. He is presently a Director of Noble Group Limited, a company listed on the SGX-ST.

Professor Courtis is one of the world's leading investment bankers and analysts of Asian economies. He has led a number of large, international corporate transactions centred on Asia, and pioneered a number of investment banking areas across the region. Widely sought after for his knowledge of how global market forces, financial and political developments, and corporate strategy interact, Professor Courtis advises major clients throughout the Asia Pacific region, as well as in Europe and North America.

Professor Courtis also works closely with central banks, ministries of finance, and heads of government throughout Asia, and has been called on several occasions to advise the President of the USA, and the heads of government of several countries in Europe, North America, Asia, and the Middle East.

Professor Courtis has lectured at Keio and Tokyo Universities, Japan's two most prestigious educational institutions; l'Institut d'Etudes Politiques, Paris; and in universities in North America. He is a member of the boards, advisory councils, and trustee of a number of international firms, universities, and research institutes in Asia, Europe and North America.

Professor Courtis received his Bachelor degree from Glendon College in Toronto and a Master in International Relations from Sussex University in the UK. He received a Master of Business Administration from INSEAD (the European Institute of Business Administration), and a Doctorate with honours and high distinction, from l'Institut d'Etudes Politiques, Paris.

Corporate Directory

Board of Directors

Dr Hu Tsu Tau

Chairman

Peter Seah Lim Huat

Deputy Chairman

Liew Mun Leong

President & CEO

In order of date of appointment:

Lim Chin Beng

Jackson Peter Tai

Richard Edward Hale

Dr Victor Fung Kwok King

James Koh Cher Siang

Arfat Pannir Selvam

Professor Kenneth Stuart Courtis

Company Secretary

Low Sai Choy

Assistant Company Secretary

Ng Chooi Peng

Audit Committee

Richard Edward Hale (*Chairman*)

James Koh Cher Siang

Arfat Pannir Selvam

Investment Committee

Dr Hu Tsu Tau (*Chairman*)

Liew Mun Leong

Jackson Peter Tai

Professor Kenneth Stuart Courtis

Olivier Lim Tse Ghaw

Executive Resource and Compensation Committee

Lim Chin Beng (*Chairman*)

Peter Seah Lim Huat

Nominating Committee

Lim Chin Beng (*Chairman*)

Peter Seah Lim Huat

Liew Mun Leong

Arfat Pannir Selvam

Finance and Budget Committee

Peter Seah Lim Huat (*Chairman*)

Liew Mun Leong

Jackson Peter Tai

Professor Kenneth Stuart Courtis

Olivier Lim Tse Ghaw

Corporate Disclosure Committee

James Koh Cher Siang (*Chairman*)

Liew Mun Leong

Arfat Pannir Selvam

Risk Committee

James Koh Cher Siang (*Chairman*)

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

Share Registrar

M & C Services Private Limited

138 Robinson Road

#17-00 The Corporate Office

Singapore 068906

Telephone: +65 6227 6660

Facsimile: +65 6225 1452

Auditors

KPMG LLP

16 Raffles Quay

#22-00 Hong Leong Building

Singapore 048581

Telephone: +65 6213 3388

Facsimile: +65 6225 6157

(Engagement Partner since financial year ended 31 December 2005:

Eng Chin Chin)

Principal Bankers

- Australia and New Zealand Banking Group Limited
- Bank of China
- BNP Paribas
- Calyon
- China Merchants Bank Co., Ltd
- Commonwealth Bank of Australia
- DBS Bank Ltd
- Fortis Bank S. A./N. V.
- Industrial and Commercial Bank of China
- Malayan Banking Berhad
- Mizuho Corporate Bank, Ltd
- National Australia Bank Limited
- Oversea-Chinese Banking Corporation Limited
- Standard Chartered Bank
- Sumitomo Mitsui Banking Corporation
- The Bank of Tokyo-Mitsubishi UFJ, Ltd
- 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 experience and expertise of corporate leaders of regional and global companies. The Panel meets at least once a year to advise, and exchange views with, CapitaLand management on global trends and regional developments, and to provide 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 and the United States.

During the year, Sir Alan Cockshaw and Mr Aman Mehta retired from the IAP. CapitaLand would like to record its deep appreciation for their unstinting contributions.

CapitaLand IAP members in 2008:

Philip Yeo

Special Advisor for Economic Development
Prime Minister's Office, Singapore
and

Chairman

SPRING Singapore

Professor Kenneth Stuart Courtis

Former Vice Chairman and Managing Director
Goldman Sachs Asia

Tan Sri Dr Ahmad Tajuddin Bin Ali

Chairman

UEM Group Berhad

Dr Fu Yu Ning

Director & President

China Merchants Group Limited

Professor Shawn Xu Xiaonian

Professor of Economics and Finance
China Europe International Business School

Gail D. Fosler

President

The Conference Board, Inc.

Thomas J. Barrack, Jr

Chairman and Chief Executive Officer
Colony Capital, LLC

Hiroshi Toda

Vice Chairman

Nomura Securities Co., Ltd.

CapitaLand IAP members who retired in 2008:

Sir Alan Cockshaw

Chairman

Cibitas Investments Limited

HPR Holdings Limited

Aman Mehta

Chief Executive Officer (Retired)

The Hongkong and Shanghai Banking Corporation



Standing, left to right

Wee Hui Kan *CEO, CapitaRetail China Trust Management Limited*

Chan Say Yeong *CEO, Quill Capita Management Sdn Bhd*

Gerald Lee *CEO, Ascott Hospitality, The Ascott Group Limited*

Chen Lian Pang *CEO (Southeast Asia), CapitaLand Commercial Limited*

Lui Chong Chee *CEO, CapitaLand Financial Limited*

Wen Khai Meng *CEO, CapitaLand Commercial Limited; Co-CEO, CapitaLand Financial Limited*

Olivier Lim *Group Chief Financial Officer, CapitaLand Limited*

Lim Ming Yan *CEO, CapitaLand China Holdings Pte Ltd; CEO, CapitaLand Financial Limited (China Development)*

Bob Johnston *Managing Director & CEO, Australand Holdings Limited*

Wong Heang Fine *CEO, CapitaLand ILEC Pte. Ltd.*

Lim Beng Chee *CEO, CapitaLand Retail Limited; CEO, CapitaMall Trust Management Limited*

Chong Kee Hiong *CEO, Ascott Real Estate, The Ascott Group Limited; CEO, Ascott Residence Trust Management Limited*

Seated, left to right

Lynette Leong *CEO, CapitaCommercial Trust Management Limited*

Jennie Chua *President & CEO, The Ascott Group Limited*

Liew Mun Leong *President & CEO, CapitaLand Group*

Patricia Chia *CEO, CapitaLand Residential Singapore Pte Ltd*

Kee Teck Koon *Chief Investment Officer, CapitaLand Limited*

Council of CEOs

CORPORATE OFFICE

Liew Mun Leong

President & CEO, CapitaLand Group

Mr Liew Mun Leong is President and CEO of CapitaLand Group. Mr Liew is Chairman of CapitaLand Residential Singapore Pte Ltd, CapitaLand China Holdings Pte Ltd, CapitaLand Commercial Limited, CapitaLand Retail Limited, CapitaLand Financial Limited and CapitaLand ILEC Pte. Ltd. He is Deputy Chairman of The Ascott Group Limited, CapitaMall Trust Management Limited, CapitaCommercial Trust Management Limited, CapitaRetail China Trust Management Limited and Ascott Residence Trust Management Limited. He is a Director of CapitaLand Hope Foundation, the Group's philanthropic arm. Mr Liew also chairs the Civil Aviation Authority of Singapore.

In 2006, Mr Liew was named Outstanding CEO of the Year in the Singapore Business Awards. In 2007, he was conferred the CEO of the Year award (for firms with market value of S\$500 million or more) in The Business Times' Singapore Corporate Awards. In 2008, Mr Liew was named Asia's Best Executive of 2008 (Singapore) by Asiamoney and Best CEO in Asia (Property) by Institutional Investor.

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

Kee Teck Koon

Chief Investment Officer, CapitaLand Limited

Mr Kee Teck Koon is the Chief Investment Officer of CapitaLand Limited. He is also a Non-Executive Director of CapitaMall Trust Management Limited, CapitaCommercial Trust Management Limited and CapitaRetail China Trust Management Limited. Between April 2003 and February 2007, he was responsible for overseeing the Group's Financial, Commercial and Retail businesses. Prior to that, he was the Managing Director and CEO of The Ascott Group Limited from November 2000 to April 2003. Mr Kee has held senior management appointments with several other organisations. He started his career in 1979 with the Singapore Armed Forces and the Ministry of Defence where he remained until 1991.

Mr Kee holds a Master of Arts in Engineering Science from the University of Oxford, United Kingdom.

Olivier Lim

Group Chief Financial Officer, CapitaLand Limited

Mr Olivier Lim is the Group Chief Financial Officer of CapitaLand Limited. He is also a Non-Executive Director of CapitaMall Trust Management Limited, CapitaCommercial Trust Management Limited, CapitaRetail China Trust Management Limited and Australand Holdings Limited, and a Director of The Ascott Group Limited.

Prior to joining CapitaLand Limited, he was Director and Head of the Real Estate Unit, Corporate Banking in Citibank Singapore. He has more than 19 years of work experience in diverse areas including corporate banking, investment banking, corporate finance and real estate financial products.

In 2007, Mr Lim was named Chief Financial Officer of the Year (for firms with market value of S\$500 million or more) in The Business Times' Singapore Corporate Awards.

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

Council of CEOs

RESIDENTIAL

Patricia Chia

CEO, CapitaLand Residential Singapore Pte Ltd

Ms Patricia Chia is the CEO of CapitaLand Residential Singapore Pte Ltd. 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 holds 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.

Bob Johnston

Managing Director & CEO, Australand Holdings Limited

Mr Bob Johnston is the Managing Director and CEO of Australand Holdings Limited, one of Australia's major diversified property groups.

He has 20 years of experience in the property industry. Prior to joining Australand, Mr Johnston held senior positions within the Lend Lease Group, including Global CEO of Bovis Lend Lease, Chief Operating Officer of Lend Lease's Real Estate Investment Management Business in the United States and CEO of Bovis Lend Lease in the Asia Pacific region.

Mr Johnston holds a Bachelor of Engineering (First Class Honours) from James Cook University, Australia.

Lim Ming Yan

CEO, CapitaLand China Holdings Pte Ltd

CEO, CapitaLand Financial Limited (China Development)

Mr Lim Ming Yan is the CEO of CapitaLand China Holdings Pte Ltd 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. In 2007, Mr Lim was also named Outstanding Chief Executive (Overseas) in the Singapore Business Awards.

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

COMMERCIAL/RETAIL/ FINANCIAL SERVICES

Wen Khai Meng

CEO, CapitaLand Commercial Limited

Co-CEO, CapitaLand Financial Limited

Mr Wen Khai Meng is the CEO of CapitaLand Commercial Limited and Co-CEO of CapitaLand Financial Limited. He is also a Director of CapitaCommercial Trust Management Limited and Quill Capita Management Sdn Bhd.

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.

Chen Lian Pang

CEO (Southeast Asia), CapitaLand Commercial Limited

Mr Chen Lian Pang is the CEO of Southeast Asia for CapitaLand Commercial Limited. He was the CEO and Managing Director of TCC Capital Land Limited, CapitaLand's joint venture company with TCC Land in Thailand, from its inception in 2003 before stepping down on 31 December 2008. He has more than 20 years of construction and real estate experience in both Singapore and overseas.

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, United Kingdom. He is a registered professional engineer.

Lim Beng Chee

CEO, CapitaLand Retail Limited

CEO, CapitaMall Trust Management Limited

Mr Lim Beng Chee is the CEO of CapitaLand Retail Limited (CRTL). Concurrently, he is the CEO and Executive Director of CapitaMall Trust Management Limited (CMTML). Mr Lim is also a member of CMTML's Executive Committee.

Mr Lim has more than nine years of real estate investment and asset management experience. Mr Lim previously held positions within the CapitaLand Group, including CEO of CapitaRetail China Trust Management Limited, Deputy CEO of CRTL and Deputy CEO of CMTML.

Earlier, he was part of the team sponsored by CapitaLand Limited to create and operate property funds such as CapitaLand China Residential Fund, CapitaRetail Japan Fund, CapitaRetail China Incubator Fund and CapitaRetail China Development Funds. Mr Lim also played an instrumental role in the creation and listing of CapitaRetail China Trust, Singapore first pure-play China retail real estate investment trust (REIT).

Mr Lim holds a Master of Business Administration (Accountancy) from the Nanyang Technological University of Singapore and a Bachelor of Arts in Physics (Honours) from the University of Oxford, United Kingdom.

Lui Chong Chee

CEO, CapitaLand Financial Limited

Mr Lui Chong Chee is the CEO of CapitaLand Financial Limited. He is also Chairman of Australand Holdings Limited and a Non-Executive Director of CapitaMall Trust Management Limited, CapitaCommercial Trust Management Limited, CapitaRetail China Trust Management Limited and Ascott Residence Trust Management Limited.

Mr Lui previously held various positions within the Group, including Chief Financial Officer of CapitaLand Limited and CEO of CapitaLand Residential Limited. Prior to joining CapitaLand, Mr Lui was the Managing Director of Citigroup Investment Bank (Singapore) Limited.

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, United States.

Lynette Leong

CEO, CapitaCommercial Trust Management Limited

Ms Lynette Leong is the CEO and Executive Director of CapitaCommercial Trust Management Limited.

Ms Leong has more than 20 years of international experience based in several key cities in the world with major real estate fund management, banking and financial institutions. Prior to joining CapitaCommercial Trust Management Limited, Ms Leong was the CEO of Ascendas' South Korea office where she spearheaded Ascendas' strong foothold in South Korea's real estate market.

Ms Leong holds a Master of Science in Real Estate and a Bachelor of Science in Estate Management from the National University of Singapore.

Wee Hui Kan

CEO, CapitaRetail China Trust Management Limited

Mr Wee Hui Kan is the CEO and Executive Director of CapitaRetail China Trust Management Limited (CRCTML). Mr Wee is also a member of CRCTML's Executive Committee. Concurrently, Mr Wee is the Managing Director for the fund manager of CapitaLand China Residential Fund.

Mr Wee has more than 14 years of real estate investment and asset management experience. Previously, he was the Deputy CEO of CRCTML and General Manager for CapitaLand China Holdings Pte Ltd.

Mr Wee holds a Master of Business Administration (Accountancy) from Nanyang Technological University of Singapore and a Bachelor of Engineering (Honours) from National University of Singapore.

Chan Say Yeong

CEO, Quill Capita Management Sdn Bhd

Mr Chan Say Yeong is the CEO and Executive Director of Quill Capita Management Sdn Bhd, the manager of Quill Capita Trust, which is listed on Bursa Malaysia Securities Berhad, CapitaLand's first overseas-listed REIT. Prior to this, he held the position of Managing Director of CapitaLand Financial Limited, based in Malaysia.

Mr Chan holds a Bachelor of Accountancy from the National University of Singapore. He has completed the Executive Development Program by The Wharton School of the University of Pennsylvania, United States.

Council of CEOs

SERVICED RESIDENCES

Jennie Chua

President & CEO, The Ascott Group Limited

Ms Jennie Chua is the President & CEO of The Ascott Group Limited. She also sits on the Boards of CapitaLand ILEC Pte. Ltd. and CapitaLand Financial Limited.

Ms Chua was previously the President and CEO of Raffles Holdings Limited. She currently chairs or serves on government, community service and private sector boards and committees, both locally and internationally.

Ms Chua is on the Board of Trustees of Nanyang Technological University, Singapore and a member of Cornell Nanyang Institute Advisory Board and NYU Tisch School of the Arts – Asia Board. She serves on the Temasek Advisory Panel of Temasek Holdings (Pte) Ltd and is a member of Singapore's Pro-Enterprise Panel.

She has been honoured with accolades and awards including three Singapore National Day awards, Person of the Year – Asia Pacific (Hotel) 2002, Hotelier of the Year 1999, Woman of the Year 1999, Champion of the Arts 1999 and Independent Hotelier of the World 1997.

Ms Chua graduated from the School of Hotel Administration, Cornell University, United States with a Bachelor of Science.

Chong Kee Hiong

CEO, Ascott Real Estate, The Ascott Group Limited

CEO, Ascott Residence Trust Management Limited

Mr Chong Kee Hiong is the CEO of Ascott Real Estate at The Ascott Group Limited. Concurrently, he is the CEO of Ascott Residence Trust Management Limited.

Prior to joining Ascott, Mr Chong was the Chief Financial Officer of Raffles Holdings Ltd. He is a member of the Government Parliamentary Committee for Finance and Trade and Industry Resource Panel, Audit Committee member of Sentosa Development Corporation and Treasurer of Orchid Country Club.

Mr Chong holds a Bachelor of Accountancy from the National University of Singapore. He is a member of the Institute of Certified Public Accountants of Singapore.

Gerald Lee

CEO, Ascott Hospitality, The Ascott Group Limited

Mr Gerald Lee is the CEO of Ascott Hospitality at The Ascott Group Limited. Prior to this, he has held senior management positions within Ascott, including Deputy CEO (Operations), CEO (Europe) and Chief Brand & Marketing Officer.

Prior to joining Ascott, Mr Lee was the Senior Vice President of Corporate Marketing at CapitaLand. Earlier, he was Singapore Tourism Board's Assistant Chief Executive (Leisure). Mr Lee has also worked with Sentosa Development Corporation and the Ministry of Trade and Industry in Singapore.

Mr Lee holds a Bachelor of Science with distinction from Cornell University, United States.

INTEGRATED DEVELOPMENTS

Wong Heang Fine

CEO, CapitaLand ILEC Pte. Ltd.

Mr Wong Heang Fine is the CEO of CapitaLand ILEC Pte. Ltd. He is also the Country CEO in charge of developing CapitaLand's business in the Gulf Cooperation Council region and Kazakhstan.

Prior to this, Mr Wong was President and CEO of Sembcorp Engineers and Constructors, the largest engineering and construction company in Southeast Asia. He also has varied experience in the leisure and entertainment industries.

Mr Wong holds a Master of Science in Engineering Production & Management from the University of Birmingham, United Kingdom and a Bachelor of Science in Mechanical Engineering (First Class Honours) from the University of Leeds, United Kingdom.

Corporate Office



Standing, left to right

Low Sai Choy

Senior Vice President

Legal/Company Secretary

Rita Lau

Senior Vice President

Corporate Planning

Hubert Ladstatter

Senior Vice President

Risk Management

Basskaran Nair

Senior Vice President

Corporate Marketing & Communications

Lai Choon Hung

Deputy Chief Corporate Officer

Liew Mun Leong

President & CEO

Harold Woo

Senior Vice President

Investor Relations

Kee Teck Koon

Chief Investment Officer

Olivier Lim

Group Chief Financial Officer

Leong Soon Peng

Senior Vice President

Information Technology

Tan Seng Chai

Senior Vice President

Human Resource

Belinda Gan

Group Financial Controller

Not in picture

(in alphabetical order according to family name)

Boaz Boon

Senior Vice President

Research

Monica Chia

Senior Vice President

Internal Audit

Anna Choo

Senior Vice President

Treasury

Chye Moi June

Head

Group Tax

Ee Chee Hong

Managing Director

Strategic Corporate Development

Leow Siew Beng

Senior Vice President

Human Resource

(Organisational Development)

Lim Soo Gee

Vice President

Security Management

Ng Kok Siong

Senior Vice President

Strategic Finance

Lynda Wee

Senior Vice President & Principal

CapitaLand Institute of Management and Business

Corporate Governance

Report for the period from 1 January 2008 to 31 December 2008

CapitaLand observes high standards of corporate conduct in line with the Principles of the Code of Corporate Governance 2005 (the “Code”). We believe that each company needs to develop and maintain sound and transparent 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 the Group’s long-term strategic objectives.

This Report on our corporate governance practices for financial year 2008 (“Report”) describes 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 helps 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 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 sound judgment, which together with strategic networking relationships, serves to further the interests of the Group. At all times, the directors are collectively and individually obliged to act in good faith and consider the best 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’s business.

As at 31 December 2008, the Board comprised 11 directors, of whom 10 were non-executive directors. With the resignation of Mr Hsuan Owyang on 1 January 2009, the Board currently comprises 10 directors, of whom nine are non-executive directors. They are business leaders and professionals with governmental, financial, banking, tax, trading, real estate, transport and legal backgrounds. Profiles of the directors are found on page 16 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 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 and full-year results. The Audit Committee is delegated the authority by the Board to review such results. A total

of four Board meetings was held in 2008.

A table of the Board members’ participation in the various Board committees is set out on page 35 of this Report. This reflects each Board member’s additional responsibilities and special focus in the respective Board committees.

A table showing the attendance record of directors at Board meetings and Board committee meetings during the year is set out on page 36 of this Report. We believe in the manifest contribution of our directors beyond attendance at formal Board and Board committee meetings. CapitaLand’s directors who are all professionals with diverse experience are able to provide effective 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.

The Board has adopted a set of internal controls which sets out approval limits for capital expenditure, investments and divestments, bank borrowings and signature of cheques 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. Upon appointment, each director is briefed and provided with a

formal letter setting out the director's duties and obligations. Directors are also briefed and 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 Guidance

As at 31 December 2008, the Board comprised 11 directors, with 10 non-executive directors independent of Management. Of the 10 non-executive directors, nine were independent of the substantial shareholder. With the resignation of Mr Hsuan Owyang on 1 January 2009, the Board currently comprises 10 directors, with nine non-executive directors independent of Management and the substantial 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 and facilitates robust deliberation on the business activities of the Group.

The Board has established a Nominating Committee ("NC") which makes recommendations to the Board on all Board appointments and determines a

director's independence. Professor Kenneth Stuart Courtis received payment of an amount of US\$68,000 in financial year 2008 for services rendered to the Company as Economics Adviser and for his position as a Member of the Company's International Advisory Panel. The NC considers Professor Courtis as an independent director notwithstanding his relationship with the Company in respect of Guidance Note 2.1(c) of the Code as the amount is not significant and he is able to exercise strong independent judgement in his deliberations in the interests of the Company.

The Board is supported by Board committees to provide independent supervision of Management. Besides the NC, the other 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") and Risk Committee ("RC"). The AC, ERCC and RC are made up of independent or non-executive directors. Other Board 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 Board committees. Hence, membership of the FBC and IC with more involvement in key businesses 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 acts 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 Board meetings and finalises the preparation of the Board meeting agenda. He ensures the quality and timeliness of the flow of information between Management and the Board. He is also responsible for ensuring that the Company complies 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 Lim Chin Beng as the Chairman, Mr Hsuan Owyang (up

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to 31 December 2008), Mr Liew Mun Leong, Mr Peter Seah Lim Huat and Mrs Arfat Selvam.

The majority of the NC members, including the Chairman, are independent non-executive directors.

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. In particular, the NC reviews and recommends:

- Candidates to be CapitaLand'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").

The NC sources for candidates who would 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.

The Company's Articles of Association require one-third of its 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, as 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.

Directors who are above the age of 70 are also statutorily required to seek re-appointment at each AGM.

Principle 5: Board Performance

We believe that Board performance is ultimately reflected in the long-term performance of the Group.

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 brief directors in advance 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 is the corporate governance advisor on corporate matters to the board directors and Senior Management. The Company Secretary 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 comprise Mr Lim Chin Beng as the Chairman, Mr Hsuan Owyang (up to 31 December 2008) and Mr Peter Seah Lim Huat.

All the members of the ERCC are non-executive directors; the majority of whom, including the Chairman, are independent. 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 ERCC is guided by its Terms of Reference. 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 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 aim of the ERCC 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.

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 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 the performance share plan and restricted stock plan framework for bonus, staff

salary and other incentive schemes. Four meetings of the ERCC were held in 2008.

The President and CEO as executive director does not receive director's fees. He is the lead member of Management. His compensation consists of his salary, allowances, bonuses and share awards. The latter is conditional upon him meeting certain performance targets. The details of his compensation package are found in the Other Information section of this Report ("Other Information").

Non-executive directors have remuneration packages consisting of directors' fees, attendance fees and share awards pursuant to the Company's Restricted Stock 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 Other Information. 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 awards 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\$500,000 upwards in bands of S\$250,000 in the Other Information, 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. In view of the numbers involved, it is not practicable to give a breakdown of each individual's remuneration. A significant proportion of executives' remuneration is linked to company and

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individual performance in the form of share based and Economic Value Added based compensation.

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

Details of the employee share schemes are given in the Directors' Report on page 114.

(C) ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

CapitaLand believes in conducting itself in ways that deliver maximum sustainable value to our shareholders. CapitaLand promotes best practices as a means to build an excellent business for our shareholders and is accountable to shareholders for its 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 shareholders' confidence and trust in the capability and integrity of the Company.

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"). This shows CapitaLand's corporate intent to discharge its continuing obligation of prompt and thorough disclosures as practised by international standards, in

view of the global reach of its businesses and shareholder base.

Principle 11: Audit Committee

CapitaLand's 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 and Mrs Arfat Selvam. The members bring with them invaluable managerial and professional expertise in the financial, tax and legal domains.

The AC is guided by Terms of Reference which defines its scope of authority. These Terms 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 and full-year results 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 also reviews arrangements by which employees of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. Pursuant to this, the AC has introduced a Whistle Blowing Policy where staff may raise improprieties to the AC Chairman

in good faith, with the confidence that employees making such reports will be treated fairly and be protected from reprisal. The AC confirms that no reports have been received under the Whistle Blowing Policy thus far.

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 2008. The AC also held one meeting with the external auditors and internal auditors, without Management's presence.

Principle 12: Internal Controls

Principle 13: Internal Audit

CapitaLand believes that it has 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 *inter alia* reviews the Group Finance Manual and the Group's annual budget, and the RC, which oversees various aspects of controls and risk management of the Group. The activities of these Board committees are set out on page 34 of this Report. Based on the review of these Board 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 (“Group CFO”). 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 facilitate effective communications with the Company’s shareholders, analysts, fund managers and the media.

CapitaLand’s results for the first three quarters and full year for financial year 2008 were all released on a timely basis, within 35 days of the end of the relevant quarter and 55 days of the end of the full year.

CapitaLand continues to keep stakeholders and analysts informed of its corporate activities in Singapore and around the world on a timely and consistent basis. CapitaLand makes disclosures on an immediate basis as required under the Listing Manual of the SGX-ST, 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 second quarter and full-year results. During these 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. Materials used in the briefings are also

disseminated via SGXNET. Recordings of the briefings are archived on the website.

In 2008, Senior Management conducted over 777 meetings with institutional investors. Management also participated in investor conferences in London, New York, Boston, Chicago, San Francisco, Hong Kong, Beijing, Shanghai besides Singapore. In addition, CapitaLand pursues opportunities to keep its retail shareholders informed through the business media, website postings and other publicity channels.

CapitaLand supports the Code’s principle to encourage shareholder participation. Shareholders receive the summary financial report and notice of the AGM. Notice of the AGM is also advertised in the press and issued via SGXNET. At the AGM and reception thereafter, shareholders have the opportunity to communicate their views and discuss with the Board and Management matters affecting the Company. The respective Chairpersons of the AC, NC and ERCC, and the external auditors, would usually 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 legislative changes are effected to recognise electronic voting.

CapitaLand was the winner of the Most Transparent Company (Property Category) in the Securities Investors Association (Singapore) Investors’ Choice Awards. In the same Awards, CapitaLand also clinched Merit in the Singapore Corporate Governance Award, which recognises companies practising good corporate governance. In addition,

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CapitaLand was named “Best Company in Singapore” by Hong Kong-based finance magazine The Asset in its Corporate Governance Awards 2008.

BOARD COMMITTEES

In addition to the NC, ERCC and AC described under Principles 4, 7 and 11, the Board of CapitaLand has set up four other Board committees as follows:

Investment Committee

The IC is chaired by Dr Hu Tsu Tau and comprises Mr Hsuan Owyang (up to 31 December 2008), Mr Liew Mun Leong, Mr Jackson Peter Tai, Professor Kenneth Stuart Courtis (appointed on 1 January 2009) and Mr Olivier Lim Tse Ghow, the Group CFO. The IC approves the CapitaLand Group’s investments and divestments, participation in tenders and bids and acceptance of credit facilities from financial institutions and banks.

Since 2000, the Board had approved the delegation of some of its authority to the various SBU Boards and management committees within strict limits. Apart from convening two formal meetings of the IC in 2008, the views of the IC and Board were actively sought by the SBUs, and the approval of the IC obtained where required.

Finance and Budget Committee

The FBC is chaired by Mr Hsuan Owyang (up to 31 December 2008), Mr Peter Seah Lim Huat (appointed on 1 January 2009) and comprises Mr Liew Mun Leong, Mr Jackson Peter Tai, Professor Kenneth Stuart Courtis (appointed on 1 January 2009) and Mr Olivier Lim Tse Ghow, the Group CFO.

The FBC reviews the annual budget and financial policies of the CapitaLand Group.

In 2008, the FBC met three times to review the financial 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, with Mr Richard Edward Hale and Mrs Arfat Selvam as members. There were four meetings of the RC held in 2008.

The RC’s role is 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 scrutinises the risk profile of every major project which is proposed and 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 and comprises Mr Liew Mun Leong and Mrs Arfat Selvam.

The CDC reviews the promptness and comprehensiveness of 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.

DEALINGS IN SECURITIES

Taking into consideration 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 two weeks before the release of the Company’s results for the first three quarters and one month before the release of the Company’s full year results.

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

COMPOSITION OF BOARD AND BOARD 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 ¹		DC	M	M	C		
Peter Seah Lim Huat ²			M	M	C		
Liew Mun Leong		M		M	M	M	
Lim Chin Beng			C	C			
Jackson Peter Tai		M			M		
Richard Edward Hale	C						M
Dr Victor Fung Kwok King							
James Koh Cher Siang	M					C	C
Arfat Pannir Selvam	M			M		M	M
Professor Kenneth Stuart Courtis ³		M			M		
Non-Board Member							
Olivier Lim Tse Ghow		M			M		

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

Notes:

¹ Resigned as Deputy Chairman and Director of the Company, Chairman of Finance and Budget Committee, Deputy Chairman of Investment Committee and Member of Executive Resource and Compensation Committee and Nominating Committee on 1 January 2009.

² Appointed as Deputy Chairman of the Company and Chairman of Finance and Budget Committee on 1 January 2009.

³ Appointed as Member of Finance and Budget Committee and Investment Committee on 1 January 2009.

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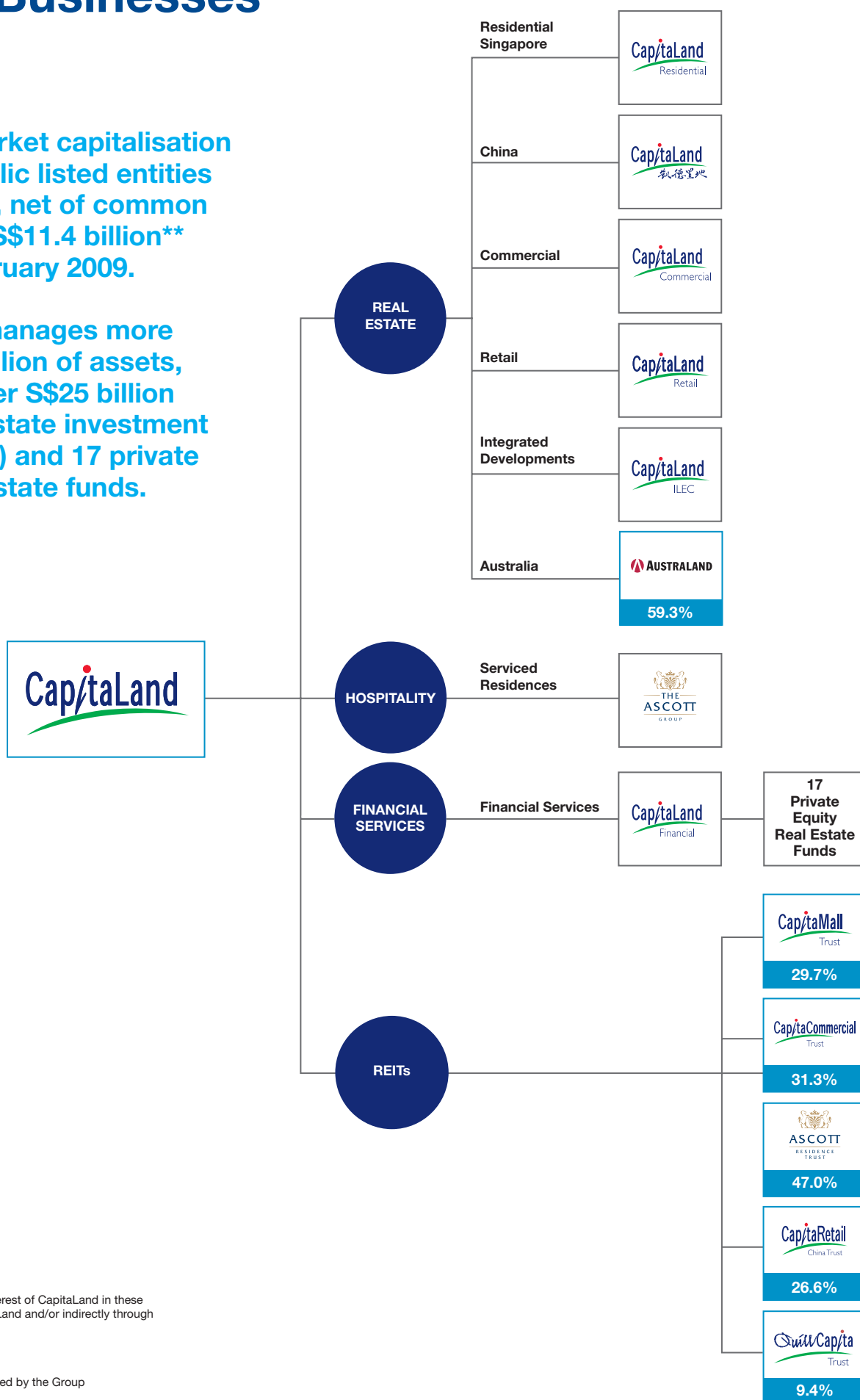
ATTENDANCE RECORD OF BOARD AND BOARD COMMITTEE MEETINGS

	Board	Audit Committee	Investment Committee	Executive Resource and Compensation Committee	Finance and Budget Committee	Risk Committee
No. of Meetings Held	4	4	2	4	3	4
Board Members						
Dr Hu Tsu Tau	4		2			
Peter Seah Lim Huat	4			4		
Liew Mun Leong	4		2		3	
Lim Chin Beng	3			4		
Jackson Peter Tai	3		2		3	
Richard Edward Hale	4	4				4
Dr Victor Fung Kwok King	1					
James Koh Cher Siang	4	4				4
Arfat Pannir Selvam	4	4				4
Professor Kenneth Stuart Courtis	4					
Hsuan Owyang (resigned as Deputy Chairman and Director on 1 January 2009)	4		2	4	3	
Professor Robert Henry Edelstein (resigned as Director on 29 April 2008)	1					
Non-Board Member						
Olivier Lim Tse Ghow			2		3	

Group Businesses

The total market capitalisation of the 7* public listed entities in the Group, net of common holdings, is S\$11.4 billion** as at 27 February 2009.

The Group manages more than S\$45 billion of assets, including over S\$25 billion in five real estate investment trusts (REITs) and 17 private equity real estate funds.



Figures denote the effective interest of CapitaLand in these entities, held directly by CapitaLand and/or indirectly through its Group companies.

□ Listed Entities

* include listed entities managed by the Group

** adjusted for the rights issue

Risk Assessment and Management

CapitaLand has in place a comprehensive risk management framework which applies across the entire Group.

A Risk Committee comprising three non-executive independent board directors supervises CapitaLand's risk management processes and framework. The committee, which was established in 2002, currently comprises Mr James Koh Cher Siang (Chairman), Mr Richard Edward Hale and Mrs Arfat Pannir Selvam. The Group's President and CEO Mr Liew Mun Leong and other senior management regularly attend Risk Committee meetings.

The Risk Committee is supported by CapitaLand's Risk Assessment Group (RAG), an independent risk management team which evaluates and measures a spectrum of risks and keeps the Board and management apprised of the necessary risk profiles in respect of activities in different countries.

Every quarter, RAG prepares and presents to the Risk Committee a comprehensive group-wide portfolio risk report that measures and highlights relevant risks and exposures vis-à-vis the Group's financial risk capacity (as determined by the Risk Committee) and prevailing market conditions. One key reporting tool used is a generic Value-at-Risk (VaR) model, which is adapted from the banking industry and tailored for the real estate industry. This measures the relative riskiness of the Group's exposures using a historical simulation method.

Additionally, contingent obligations of all forms are reviewed, re-priced and highlighted quarterly using an up-to-date contingent obligation risk registry. These contingent obligations are objectively priced using established risk pricing models like Monte Carlo simulation,

Binominal Tree techniques and independent expert opinions.

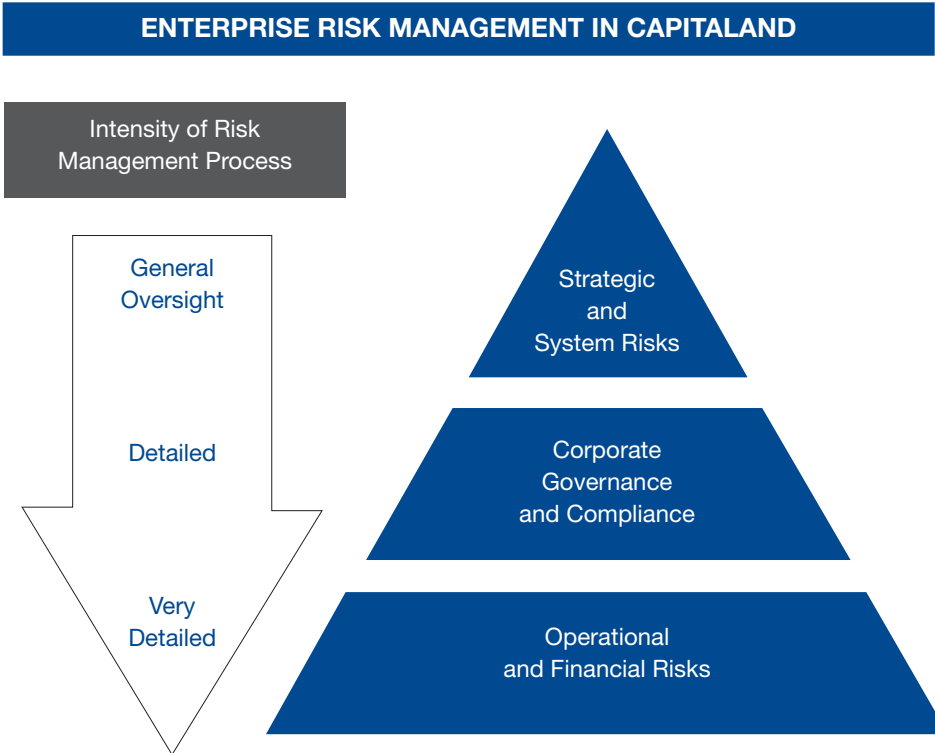
To effectively manage country transfer risk and avoid concentration risk, RAG establishes country limits based on a multi-faceted and risk-adjusted methodology based on the Group's investment strategy, sovereign risk ratings by internationally-renowned rating agencies and macroeconomic consensus views from the Group's in-house Economic Unit.

RAG carries out an independent risk evaluation of all individual investment proposals above a stipulated investment value threshold. RAG calculates the risk-adjusted weighted average cost of capital and target returns of individual countries and business units according to their respective risk profiles and uses them as benchmarks for the projected returns of individual investment proposals. Where applicable, RAG provides recommendations to improve the structure of investment proposals in order to

mitigate the risks identified and/or optimise the risk-return profile. RAG gains a better understanding of local markets and their risks through site visits to several project sites (including competitors' projects) and meetings with local business development teams and consultants based in the different countries that CapitaLand operates in.

The global financial crisis has reinforced the importance of comprehensive risk management, in particular, the management of key risk factors such as liquidity risk and counterparty credit risk. RAG has also reviewed the risk-adjusted weighted average cost of capital and adjusted this to reflect higher business risk and costs of investments.

Going forward, CapitaLand will continue to review and adjust its risk management systems and methodologies so as to manage risks proactively, preserve capital and grow returns to shareholders.



Stakeholder Communications

CapitaLand proactively keeps stakeholders informed and updated of its activities by communicating regularly with shareholders, investors, analysts and the media. This aims to raise their understanding of the business, strengthen the Group's reputation and maintain good media relations.

The Group communicates with local and foreign institutional investors through face-to-face meetings, teleconferences, investor conferences, roadshows and site visits. In 2008, CapitaLand met with about 800 investors globally and participated in 15 investor conferences and roadshows in Singapore, Beijing, Hong Kong, Shanghai, London and New York. Analysts and existing/potential investors also gained a better understanding of the Group's multi-geography, multi-sector portfolio through site visits in various countries.

CapitaLand engages the media and the investment community through briefings, press releases, familiarisation trips and management interviews. At the half-year and full-year financial results briefings, top management briefed the media and analysts on the Group's performance. These briefings were also webcast live on the corporate website www.capitaland.com to reach a global audience.

In 2008, CapitaLand invited key media from Foshan and Guangzhou in China, and Kuala Lumpur in Malaysia, to visit its Singapore projects and gain insight into the Group's operations. CapitaLand also invited the media and analysts to witness key events in Singapore and overseas, such as the inauguration ceremony of Raffles City Beijing in China.

The Group regularly engages the media in Australia, China, the Gulf Cooperation Council (GCC) region,

Malaysia, Singapore, Thailand and Vietnam. For example, CapitaLand met with key GCC media in Abu Dhabi and Dubai to launch the Arzanah masterplan and the sale of Raffles City Bahrain apartments respectively. Ascott also met the media during property openings in China and Thailand.

Key Singapore and international media have interviewed top management on a range of issues, such as managing during the global downturn, investment strategy and talent management.

In line with good corporate governance and disclosure best practice standards, all announcements are uploaded on CapitaLand's corporate website and the Singapore Exchange website. The Group's stakeholder communications efforts have been recognised by corporate governance awards from the investment community.

CapitaLand won the Securities Investors Association (Singapore) "Most Transparent Company (Property)" award for the eighth consecutive year and was named "Best Company in Singapore" by finance magazine The Asset in its 2008 corporate governance rankings. The Group was also one of three finalists for the "Grand Prix for Overall Investor Relations among Large-cap Companies" award at the 2008 IR Magazine South East Asia Awards.

In 2008, CapitaLand launched a more user-friendly corporate website and added search engines and interactive Web 2.0 social media tools such as vodcasts. Visitors can keep up-to-date with latest announcements through Really Simple Syndication (RSS) feeds and email alerts.

2008 INVESTOR RELATIONS CALENDAR

1st Quarter

- FY2007 financial results briefing to media and analysts and live webcast
- Release of 2007 Annual Report
- UBS Greater China Conference (China)
- Deutsche Access China Conference (China)
- Macquarie non-deal roadshow (UK and US)

3rd Quarter

- DBS Vickers Pulse of Asia (Singapore)
- Morgan Stanley 2nd Regional Property Corporate Day (Singapore)
- 1H2008 financial results briefing to media and analysts and live webcast
- Goldman Sachs non-deal roadshow (HK)
- BNP Paribas ASEAN Corporate Day (Singapore)
- UBS Property Day (HK)
- CLSA Investors' Forum (HK)

2nd Quarter

- Annual General Meeting
- Credit Suisse Asian Investment Conference (HK)
- Release of 1Q2008 financial results
- Merrill Lynch Asia Rising Stars Conference (Singapore)
- CLSA Corporate Access Forum (Singapore)
- Daiwa Real Estate Conference (Singapore)

4th Quarter

- Macquarie International Real Estate Conference (UK and US)
- Hosted site visits to China for analysts
- Release of 3Q2008 financial results
- Morgan Stanley Asia Pacific Summit (Singapore)

Corporate Social Responsibility



CapitaLand's corporate social responsibility initiative: Staff volunteers and CapitaFrog visited primary schools as part of the Green For Hope roadshows.

CapitaLand is committed to be a good corporate citizen. The Group's corporate social responsibility efforts focus on the environment, philanthropy and the community.

Environment

CapitaLand believes in building for the future by protecting the environment for future generations.

In recognition of its strong and effective commitment to the environment, CapitaLand was awarded the prestigious Singapore Environmental Achievement Award 2007/08 by the Singapore Environment Council at the Singapore Green Summit. The Group was the only Top Achiever of the award in 2008. In addition, Raffles City Chengdu, an

integrated development under construction in China, has obtained Gold Level Leadership in Energy and Environmental Design Core & Shell (LEED-CS) Precertification from the U.S. Green Building Council, a rating agency for sustainable building design and construction.

In 2008, CapitaLand extended ISO 14000 certification for its Environmental Management System (EMS) to the Group's operations overseas. The EMS was first established in Singapore and ensures that environmental practices are implemented consistently across the Group for the development and management of properties. ISO 14000 certification was obtained for Singapore in 2007, and for China and Vietnam in

2008. This makes the certification one of the most comprehensive for any Singapore real estate company.

CapitaLand uses an Environmental Tracking System (ETS) to monitor the electricity and water usage, and waste generation of over 150 CapitaLand properties worldwide. In 2008, the Group reduced electricity and water consumption in Singapore by 4.3% and 6.6% respectively (after adjustments for human traffic and occupancy rates), exceeding the EMS targets of a 2% reduction compared to 2007. This is equivalent to avoiding about S\$1.9 million in utility costs based on end-2008 utility rates. The electricity saved can power 15,800 five-room Housing and Development Board flats for one month,

while the water saved can fill 41 Olympic-sized swimming pools. The Group also reduced paper consumption in its Singapore offices by 22% (after adjustments for headcounts).

In 2008, CapitaLand launched a series of green initiatives under the Building a Greener Future programme to encourage tenants, shoppers, residents and the public to play a role in protecting the environment. CapitaLand distributed reusable shopping bags at its malls and placed customised recycling bins in its malls, offices and serviced residences. The Group also launched CapitaFrog, a specially-designed mascot, to reinforce the green message.

The Group actively involved children in its environmental education efforts. One key initiative launched in 2008 was the Green for Hope project, which encourages primary school children to help their less fortunate peers through recycling. CapitaLand Hope Foundation will donate S\$2 to the respective schools' welfare funds for every kilogramme of recyclable waste collected.

CapitaLand's efforts to engage the community extend to its operations overseas. In China, CapitaLand held its annual Building for Tomorrow campaign, a series of green and philanthropic initiatives targeted at the Chinese public. The Group organised the CapitaLand Green Hope School Design Competition, tapping on the talents of architectural students from top Chinese universities to design the CapitaLand Muchuan Green Hope School in Sichuan Province. The school, which caters to underprivileged children, will be the first green Hope School in China. CapitaLand staff also held roadshows and exhibitions in universities in Beijing, Shanghai, Guangzhou, Tianjin, Hangzhou and Ningbo to promote environmentally-

friendly practices to the Chinese public.

In recognition of its corporate social responsibility efforts in China, CapitaLand was conferred "Outstanding Corporate Citizen of China", a coveted award given by the China Committee of Corporate Citizenship (part of the Ministry of Civil Affairs) and China Central Television (CCTV).

Philanthropy

Established in 2005, CapitaLand Hope Foundation (CHF), the Group's philanthropic arm, is one of the first foundations created by a Singapore real estate company. CapitaLand commits up to 0.5% of its net profit to the foundation every year to support programmes for the education, healthcare and shelter needs of underprivileged children.

CHF's beneficiaries include The Straits Times School Pocket Money Fund, Life Community Services Society (Friends of Children programme), Yellow Ribbon Fund (Programmes for Children of Ex-offenders), Singapore Children's Society and Child at Street 11, among others. It supports over 800 children in Singapore, Thailand and Vietnam through the CapitaLand Kids Programme, which provides direct financial support for needy children.

In China, CHF made a donation to help children affected by the May 2008 earthquake in Sichuan Province. The bulk of the donation will go towards building five CapitaLand Hope Schools in Sichuan Province over the next two to three years. This will bring the total number of CapitaLand Hope Schools in the country to nine. In addition, CapitaLand also built a temporary classroom block in Sichuan Province to provide for the immediate education needs of affected children.

CapitaLand also organises group-wide voluntary projects to engage

staff. PEEK (Providing Educational Exposure for Kids), a voluntary programme for children of CapitaLand staff and underprivileged children supported by CapitaLand Hope Foundation, was launched in 2007. PEEK was held at One George Street, Somerset Bencoolen, Bugis Junction, and Ascott Singapore Raffles Place in Singapore in 2008, with staff volunteers teaching children about the features of CapitaLand properties through a fun and informal educational platform. For the first time, PEEK was extended to CapitaLand's China properties during the year – Xizhimen Mall in Beijing, Guicheng Mall in Nanhai and Raffles City Shanghai in Shanghai.

During the year, CHF organised 12 volunteer expeditions to China, Indonesia, Thailand and Vietnam, reaching out to underprivileged children through building homes, improving their living and educational facilities or engaging them in educational activities.

Community

CapitaLand believes in promoting an understanding of the cultures between its home base of Singapore and overseas communities. It was one of the major sponsors for Spotlight Singapore in Moscow, a cultural-business extravaganza organised by The Arts House of Singapore in collaboration with the Singapore Embassy in Moscow. CapitaLand was also the main sponsor of "A Tale of Shaolin", a martial arts dance pantomime held at the Esplanade Theatre in Singapore.

Human Resource



Leadership development: CapitaLand President & CEO Liew Mun Leong shared with staff at RE100, a 100-hour in-house accelerated real estate course.

CapitaLand's credo is "Building people to build for people". It adopts an integrated human capital strategy to recruit, develop and motivate employees. The Group offers a comprehensive talent management strategy, competitive total compensation packages and a positive work environment.

Talent Management

CapitaLand identifies talents both internally and externally to build its talent pipeline and bench strength for succession planning. A deliberate effort is made to recruit people at different points in their careers, including undergraduates, fresh graduates, young and mid-career professionals as well as industry veterans.

CapitaLand recruits global talents through its network with Singapore and overseas universities. It also develops future leaders through scholarship programmes such as the CapitaLand-BCA Scholarship and CapitaLand International Scholarship. As a multinational company, the Group implements human resource management programmes and deploys resources across countries and business units. CapitaLand enables talent cross-fertilisation by posting Singaporean employees to countries such as China and Vietnam and vice versa.

To reach out to the wider business community, CapitaLand's management communicates with global talents during leadership forums and discussion panels.

In 2008, Group President & CEO Liew Mun Leong addressed over 600 business and human resource leaders at the inaugural Singapore Human Capital Summit, a premier people management and leadership conference.

CapitaLand leverages on in-house training institutes to train and develop employees. The CapitaLand Institute of Management and Business (CLIMB) has made significant progress, training over 2,600 employees from various countries since its launch in 2006. In 2008, Ascott Centre for Excellence (ACE), Ascott's global hospitality training centre in Singapore, was officially opened. CLIMB and ACE demonstrate CapitaLand's commitment to staff development and continuous learning.

The ICE (Innovation, Creativity, Entrepreneurship) programme was created in 2006 to tap on the innovative spirit, creative energies and enterprising mindsets of all employees. To date, 550 employees from Australia, China, Japan, Malaysia, Philippines, Singapore and Thailand have shared ideas at 17 ICE camps in seven cities. Some ideas on green initiatives and product design have been implemented.

Competitive Compensation and Benefits

CapitaLand motivates and rewards employees with comprehensive and

competitive compensation and benefits programmes. Incentives include short-term cash bonuses and long-term equity-based reward plans. The performance-based Restricted Stock Plan is an attractive long-term incentive to employees and gives them a personal stake in the company, contingent on achieving performance targets. This better aligns employee and shareholder interests to deliver business results. Regular benchmarking against different markets and innovation in compensation strategies ensure CapitaLand remains competitive and continues to attract and retain talent.

Positive Work Environment

A total employee well-being programme promotes personal development, health and work-life harmony. For example, a flexible benefits plan enables employees to tailor benefits to their needs while flexible work arrangements are available for those needing to better balance work and family commitments. The Holiday Accommodation Programme Provided for You (HAPPY) offers employees subsidised rates at Ascott's serviced residences. Regular talks on topics ranging from retirement and financial planning to eating right are also held.

CapitaLand recognises that the most important asset is people and will continue to manage and develop human capital.

Year in Brief



Singapore's President S R Nathan witnessed the strategic alliance between CapitaLand and its Vietnamese partner.

JANUARY

CapitaLand, through Somerset Capital Pte Ltd, a wholly-owned subsidiary, launched a voluntary unconditional cash offer for the remaining shares in Ascott. The privatisation will strengthen Ascott's leadership position in the market, maximise CapitaLand's competitive advantage and increase cost savings.

CapitaLand entered into separate joint ventures with Advance India Projects Limited and the Prestige Group to invest, develop and manage retail/predominantly retail projects in India.

CapitaLand launched a 580-unit residential development in Gongshu District, called I-World, in Hangzhou, China.

CapitaLand launched Building for Tomorrow, its annual corporate social responsibility campaign in China.

Ascott expanded its presence in Australia with Citadines Melbourne on Bourke, a 398-unit serviced residence in Melbourne's Central Business District, and its first Citadines-branded property in the country.

FEBRUARY

CapitaLand successfully divested its entire 50% stake in Savu Investments Pte. Ltd. which owns Hitachi Tower, a Grade A office building located in Singapore's prime Raffles Place, at an agreed value of S\$811 million. CapitaLand recorded a gain of S\$111.4 million from the sale.

CapitaLand signed a Statement of Strategic Intent with local Vietnamese partner, Nam Thang Long Investment Joint-Stock Company, to seek further real estate opportunities in Vietnam.

MARCH

CapitaLand raised S\$1.3 billion through a 10-year convertible bond issue, the largest 10-year convertible bond transaction ever done in Singapore. The bonds have a high conversion premium of 46% and will bear a coupon rate of 3.125% per annum. The bond issue extended CapitaLand's debt maturity profile and will provide the Group ample financial capacity to take advantage of future business opportunities.

Year in Brief

CapitaLand closed its voluntary unconditional cash offer for Ascott. The aggregate holding of Somerset Capital, its wholly-owned subsidiary, and its concert parties was 98.37% at the close of the offer. Somerset Capital acquired the remaining Ascott shares that it did not own.

CapitaLand signed a conditional agreement with Thien Duc Co., Ltd to jointly develop a 6.7-hectare prime site in District 2, Ho Chi Minh City. The development will comprise approximately 950 apartments as well as commercial and retail space. CapitaLand will take a 60% stake in the proposed joint venture while Thien Duc will hold the remaining stake.

CapitaLand and SPRING Singapore launched the inaugural SPRING-CapitaLand Retail Overseas Mission to China for Singapore's small and medium enterprise retailers to facilitate Singapore retailers' understanding of the retail market in Shenzhen, Shanghai and Beijing.

APRIL

CapitaLand made key organisational changes to flatten the Group's organisational structure so as to support business growth. The new business units are CapitaLand Residential Singapore and CapitaLand China Holdings. In addition, the CapitaLand Commercial business unit now includes overseas businesses in India, Vietnam, Malaysia and Thailand.

Morganite Pte Ltd, a CapitaLand-led consortium, secured S\$1.996 billion syndicated transferable secured financing facilities for the construction and development of a new distinctive

high-rise condominium along Farrer Road in Singapore. This was the largest syndicated residential property development loan ever arranged in Singapore and involved 10 local and international banks.

Mubadala Development Company and CapitaLand launched Capitala, a joint venture real estate company based in Abu Dhabi, to focus on designing, building, managing, operating and maintaining mixed-use, predominantly residential developments in the city.

CapitaLand partnered leading Bahrain-based bank Arcapita to develop its first IT Park/Grade A office complex on an approximately 30-acre site in India's Navi Mumbai.

CapitaLand completed the compulsory acquisition of Ascott, which was delisted from the Singapore Exchange Securities Trading Limited on 29 April 2008.

Ascott entered Ahmedabad in India with the acquisition of a 40% stake in Citadines Ahmedabad Parimal Garden. The investment is a joint venture with The Rattha Group.

MAY

Ascott acquired Citadines London Holborn-Covent Garden, a 192-unit serviced residence in London's High Holborn. Ascott had already been leasing and operating the property.

Capitala unveiled Arzanah, its flagship project in Abu Dhabi. Strategically located on a 1.4 million square metre site surrounding the Zayed Stadium, Arzanah is a fully integrated development near Abu Dhabi's city centre. The integrated

development offers a unique blend of quality residential properties with leisure, sports and retail amenities that focuses on promoting an active urban lifestyle for its residents and the community.

CapitaLand made a donation through CapitaLand Hope Foundation, its philanthropic arm, to help children affected by the earthquake in Sichuan Province, China.

CapitaLand launched its Building a Greener Future programme, a series of green initiatives aimed at getting stakeholders to play a role in protecting the environment. Initiatives included placing customised recycling bins in CapitaLand malls, offices and Ascott serviced residences, as well as the launch of CapitaFrog, a mascot to create greater awareness of the green message.

JUNE

Central China Real Estate Limited (CCRE), a Henan-based residential property group and an indirect associated company of CapitaLand, announced the completion of its fully-subscribed global offering. Post CCRE's listing on the Hong Kong Stock Exchange, CapitaLand's effective interest in CCRE stood at 27.11%.

CapitaLand was awarded the prestigious Singapore Environmental Achievement Award (SEAA) 2007/08 at the Singapore Green Summit. The real estate developer was the only Top Achiever of the award in 2008.

Ascott opened four new serviced residence properties in Australia, Qatar, Thailand and Vietnam, adding to the two which the company opened in China in early 2008.



Ascott Centre for Excellence, Singapore – Ascott's new global hospitality training centre

Ascott officially opened the Ascott Centre for Excellence (ACE), its new global hospitality training centre in Singapore. Besides running Ascott's proprietary programmes, ACE is a Continuing Education and Training (CET) centre approved by Singapore Workforce Development Agency to specialise in training for the hotel and accommodation services sector. These programmes are open to the public.

CapitaLand and CITIC Trust, China's largest trust services company, established the RMB500 million (about S\$98 million) CITIC CapitaLand Business Park Fund, the first RMB-denominated real estate private equity fund in China.

CapitaLand acquired approximately 61.9% of the total retail strata area, or 510,418 square feet, as well as the car parks of prime freehold Sungei Wang Plaza in Kuala Lumpur, Malaysia.

JULY

CapitaLand officially launched its Green for Hope project in primary schools in Singapore. The project encourages primary school students to help their less fortunate peers through recycling as CapitaLand Hope Foundation will donate to the schools' welfare funds based on the amount of recyclable waste collected.

CapitaLand China launched The Pines, a 157-unit condominium located in the prime Chaoyang District in Beijing, China.

CapitaLand completed the sale of One George Street, a Grade A office building located in the heart of Singapore's Central Business District, to CapitaCommercial Trust for a total consideration of S\$1.165 billion, with a five-year yield protection of 4.25% per annum on the purchase price.

CapitaLand established the US\$1 billion (about S\$1.4 billion) Raffles City China Fund to invest in prime mixed-use commercial properties in key gateway cities in China. The fund is CapitaLand's first integrated development private equity fund for China and also the largest fund the Group has originated and managed to date. CapitaLand holds a 50% sponsor stake in the fund while the remaining interests were taken up by leading financial institutions and pension funds from Asia, Europe and North America.

CapitaLand unveiled the design for its new high-rise condominium along Farrer Road in Singapore by Pritzker Architecture Prize winner Zaha Hadid. The prestigious development will reflect the internationally-renowned architect's signature style of flowing lines and sensuous architectural silhouettes.

Year in Brief



*The Wharf Residence,
Singapore*

CapitaLand started phase one sales for The Wharf Residence, a 999-year leasehold condominium in Singapore's River Valley Conservation Area. The development features a seamless integration of 173 contemporary apartments and 13 townhouses with conserved facades.

CapitaLand held preview sales for the first phase of Latitude, a 127-unit freehold condominium in Singapore on Jalan Mutiara, near Grange Road.

Australand announced a one-for-one renounceable accelerated priority issue of stapled securities to strengthen its balance sheet, as well as to provide it with the financial flexibility to fund future development activities and take advantage of selective growth

opportunities. CapitaLand subscribed for its pro-rata entitlement of the issue.

CapitaLand successfully closed CapitaLand China Development Fund II at US\$239.8 million (about S\$327.0 million). The fund will invest in residential real estate development projects in China.

AUGUST

Ascott's flagship development in Singapore – Ascott Singapore Raffles Place – opened following a S\$60.0 million conservation and restoration effort. Ascott transformed the national heritage building into a premium 146-unit serviced residence with impressive facilities and modern comforts.

SEPTEMBER

Ascott sold Somerset Orchard, an 88-unit serviced residence located at Singapore's prime shopping district, for a cash consideration of S\$100.0 million. CapitaLand recognised a gross gain of about S\$43.0 million from the transaction. After the divestment, Ascott will continue to manage the property for 15 years, with an option to renew the contract for another 10 years.

Australand completed its one-for-one renounceable accelerated priority issue of stapled securities, raising approximately A\$461 million (S\$598 million). CapitaLand paid a total subscription price of A\$302.0 million (about S\$392.0 million) and increased its interest in Australand from 54.2% to approximately 59.3%.

CapitaLand divested Hua Lei Holdings Pte Ltd, which indirectly owns 100% of Capital Tower Beijing, an office building in China, for S\$505.0 million. The divestment translated into a gain of S\$187.0 million.

CapitaLand divested its Raffles City-branded integrated developments portfolio in China to Raffles City China Fund for a total consideration of approximately US\$841 million (S\$1.1 billion) and a total portfolio gain of S\$313.0 million from the transaction. The acquisition of Raffles City Shanghai, Raffles City Beijing and Raffles City Chengdu by the fund was completed in 2008, while the acquisition of Raffles City Hangzhou is expected to be completed by 2009.

CapitaLand launched the private sale of residential units at Rihan Heights, the first phase of Arzanah. Rihan Heights comprises 14 exclusive villas and five residential towers with over 800 beautiful homes. CapitaLand also awarded the main construction contract for Rihan Heights to a joint venture between Sunway Construction Sdn Bhd and Silver Coast Construction & Boring Est.

CapitaLand and Rock Productions Pte Ltd awarded the contract for the construction of the Integrated Civic, Cultural, Retail and Entertainment Hub at Vista Exchange, one-north, to Hexacon Construction Pte Ltd. CapitaLand owns and manages the Integrated Hub's Retail and Entertainment Zone as well as approximately 900 car park lots at the development. CapitaLand will also project manage the entire development which is expected to be completed by 2012.

CapitaLand's retail businesses made management changes. Lim Beng Chee was appointed CEO of CapitaLand Retail Limited and CapitaMall Trust Management Limited, while Wee Hui Kan was appointed CEO of CapitaRetail China Trust Management Limited.

CapitaLand launched La Capitale, a high-end residential development of 313 units located in Dongcheng District, near Beijing's central business districts.

OCTOBER

Ascott was awarded a contract by Raffles City Bahrain Fund to manage the 200-unit Ascott Bahrain, its first flagship serviced residence property in the Gulf Cooperation Council (GCC) region to be operated under the premier Ascott brand. Scheduled to open in 2011, Ascott Bahrain will be Ascott's second serviced residence property in Bahrain and its fourth in the GCC region.

Ascott acquired Citadines Paris Louvre for a cash consideration of €21.5 million (about S\$45.5 million). Ascott had been leasing and operating the 51-unit serviced residence prior to the acquisition.

The property is a historical building in Paris located opposite the Grande Louvre Museum.

CapitaLand's residential apartments in Raffles City Bahrain and Rihan Heights received overwhelming demand with about S\$1 billion worth of sales achieved since June 2008.

Ascott was awarded a contract to manage Ascott Raffles City Beijing, a 175-unit premier serviced residence in Beijing which is part of the Raffles City Beijing integrated development.

Ascott opened another three new Citadines serviced residence properties in Bangkok's Sukhumvit Soi 8, 11 and 23, joining Ascott's first Citadines in Bangkok at Soi 16.

CapitaLand and Rock Productions Pte Ltd jointly hosted the official groundbreaking ceremony for the Integrated Civic, Cultural, Retail and Entertainment Hub at Vista Exchange, one-north.

CapitaLand held the inauguration ceremony for Raffles City Beijing, an integrated development in China comprising prime retail and office space as well as Ascott Raffles City Beijing. The event was graced by Singapore's Minister Mentor Lee Kuan Yew.

CapitaLand held the groundbreaking ceremony for Raffles City Chengdu in Sichuan Province. The ceremony was officiated by Associate Professor Koo Tsai Kee, Singapore's Minister of State for Defence, and Mr Wang Zhonglin, Vice Mayor of Chengdu, China.

NOVEMBER

CapitaLand sold its 50% stake in Beijing Red Diamond Science & Technology Development Co., Ltd, owner of the Red Diamond Plaza office building in Beijing, for a cash consideration of RMB62.3 million (about S\$13.4 million) to CITIC Trust as part of the CITIC CapitaLand Business Park Fund.

Ascott entered into a conditional sale and purchase agreement to divest its 70% interest in Somerset West Lake, a 90-unit serviced residence in Hanoi, Vietnam, to Ascott Residence Trust.

Year in Brief



Singapore's Minister Mentor Lee Kuan Yew graced the inauguration ceremony of Raffles City Beijing.

DECEMBER

CapitaLand divested Innov Tower (formerly known as RND Tower), a 23-storey office building in Shanghai's Caohejing High-Tech Park, to CITIC CapitaLand Business Park Fund for a cash consideration of RMB173.1 million (about S\$38.2 million).

CapitaLand sold its 33.4% stake in Morimoto Asset Management Co., Ltd, the manager of BLife REIT, for a cash consideration of JPY200.4 million (about S\$3 million). CapitaLand's interest in BLife REIT, which is listed on the main board of Tokyo Stock Exchange, remained the same at 13%.

CapitaLand's indirect wholly-owned subsidiary (CapitaLand LF (Cayman) Holdings Co., Ltd) and its indirect associated company (CapitaLand AIF Limited), together with a third party, collectively subscribed for 730 new preferred shares representing a 73% stake in Peace Base Investments Limited. Peace Base's sole asset is a site slated for mixed development in Shenzhen's Nanshan District, China. CapitaLand's effective stake in Peace Base is 58.3%.

Ascott brought its Citadines brand to Indonesia as part of its plan to expand Citadines in Asia Pacific. It secured a contract to manage the 120-unit Citadines Jakarta, its first Citadines-branded property in Indonesia, which is slated to open in 2010.

CapitaLand announced the retirement of Mr Hsuan Owyang from the Board and as Deputy Chairman with effect from 1 January 2009. Mr Peter Seah was appointed to replace Mr Owyang as Deputy Chairman.

Awards & Accolades 2008

CORPORATE AWARDS

CapitaLand

- Top Achiever
Singapore Environmental Achievement Award (SEAA) 2007/08
Singapore Green Summit 2008
- Asia's Best Executives of 2008, Singapore (Liew Mun Leong)
Asia's Best Executives Awards 2008
Asiamoney
- Best CEO in Asia (Property) (Liew Mun Leong)
Asia's Best CEOs 2008
Institutional Investor
- Best Managed Regional Company (Real Estate Category) (1st)
Asia's Best Companies Poll 2008
FinanceAsia
- Best CFO (Singapore Category) (2nd)
Asia's Best Companies Poll 2008
FinanceAsia
- Best Managed Company (Singapore Category) (6th)
Asia's Best Companies Poll 2008
FinanceAsia
- Best Corporate Governance (Singapore Category) (7th)
Asia's Best Companies Poll 2008
FinanceAsia
- Merit
Singapore Corporate Governance Award
SIAS Investors' Choice Awards
Securities Investors Association (Singapore)

- Most Transparent Company Award (Property Category) (Winner)
SIAS Investors' Choice Awards
Securities Investors Association (Singapore)
- Best Company in Singapore
Triple A Corporate Governance Awards 2008
The Asset
- Asia's 200 Most-Admired Companies (Singapore) (Long-Term Vision Category) (3rd)
The Wall Street Journal (Asia)
- Asia's 200 Most-Admired Companies (Singapore) (Overall Category) (6th)
The Wall Street Journal (Asia)
- Top 10 Companies Ranked by Market, Oceania (2nd)
The Singapore International 100 Ranking
International Enterprise Singapore
- Top 10 Companies Ranked by Market, China (9th)
The Singapore International 100 Ranking
International Enterprise Singapore
- Highest by Overseas Revenue (17th)
The Singapore International 100 Ranking
International Enterprise Singapore
- 1st Runner-up (Overall Development in Asia)
Euromoney Liquid Real Estate Awards

- Best Developer (Overall in Singapore)
Euromoney Liquid Real Estate Awards
- Best Investment Manager in Singapore
Euromoney Liquid Real Estate Awards
- Best Retail/Shopping Developer in Singapore
Euromoney Liquid Real Estate Awards
- Best Retail/Shopping Developer in China
Euromoney Liquid Real Estate Awards
- Best Mixed-Use Developer in Thailand
Euromoney Liquid Real Estate Awards
- Best Residential Developer in Vietnam
Euromoney Liquid Real Estate Awards
- Best Leisure/Hotel Developer in Vietnam
Euromoney Liquid Real Estate Awards

CapitaLand China Holdings

- Top 500 Real Estate Developers in China 2008
China Real Estate Survey Center
- Outstanding Corporate Citizen of China
4th Chinese Corporate Citizen Selection
China Committee of Corporate Citizenship and CCTV2
- 2007 Outstanding Foreign Invested Company of Huangpu District
Huangpu Foreign Economic Committee Shanghai

Awards & Accolades 2008

- Building for Tomorrow 2007 Campaign
 - Honourable Mention, Corporate Social Responsibility Campaign of the Year Asia Pacific PR Awards 2007
 - Merit, Outstanding Overall Corporate Reputation Campaign (International) PRISM Awards 2008
 - Institute of Public Relations of Singapore
- Best Serviced Residence Operator TTG Travel Awards 2008 TTG Asia Media
- Best Serviced Residence Company (1st) – The Ascott Group Business Traveller Awards 2008 Business Traveller UK
- Best Serviced Residence Company (3rd) – Citadines Apart’hotel Business Traveller Awards 2008 Business Traveller UK
- Best Serviced Residence Brand in Asia Pacific – Ascott The Residence Business Traveller Awards 2008 Business Traveller Asia Pacific
- Outstanding Website – Somerset Serviced Residence 2008 WebAwards Web Marketing Association
- Standard of Excellence – Ascott The Residence 2008 WebAwards Web Marketing Association
- Best Serviced Residence (Group) TravelWeekly (Asia) Industry Awards 2008 TravelWeekly (Asia)
- Guide Award for Excellent Performance for 2007 & 2008 (Somerset Serviced Residence Vietnam) Vietnam Economic Times’ The Guide Magazine
- China’s Most Favourite Serviced Residence Brand – Ascott International 5th Golden-Pillow Awards of China Hotels 21st Century Business Herald and Business Travel
- Best Serviced Residence Operator in China – Ascott International Management TTG China Travel Awards 2008 TTG Asia Media
- Best Investor Relations (Merit Award) PRISM Awards 2008 Institute of Public Relations of Singapore
- Best International Hotel Management Group of China – Ascott International China Hotel Starlight Awards 2007 The Centre of Asia Hotel Forum
- Best Serviced Apartment/Residence Operator Readers’ Choice Awards 2008 DestinAsian
- Best Annual Report, Companies with Market Capitalisation of S\$500 Million or More (Silver) Singapore Corporate Awards 2008 The Business Times
- Best Serviced Residence – Ascott International Management Vietnam Golden Dragon Awards 2007 Vietnam Economic Times and Ministry of Planning & Investment (Vietnam)
- Serviced Apartment Vendor of the Year (Runner-up) HR Vendors of the Year 2008 Human Resources Magazine

CapitaLand Commercial Management Pte Ltd

- Singapore Service Class SPRING Singapore

TCC Capital Land

- World Quality Commitment Award (Gold Category) World Quality Commitment Awards 2008 Business Initiative Directions

Ascott

- Best Serviced Residence Brand in China (1st) – Ascott The Residence Business Traveller China Awards 2008 Business Traveller China
- Best Serviced Residence Brand in China (3rd) – Citadines Apart’hotel Business Traveller China Awards 2008 Business Traveller China
- Best Serviced Residence (Group) in China TravelWeekly China Industry Awards 2008 TravelWeekly China

CapitaMall Trust

- Most Transparent Company Award (REITs Category) (Winner)
SIAS Investors' Choice Awards
Securities Investors Association (Singapore)
- Most Committed To A Strong Dividend Policy (Singapore Category) (5th)
Asia's Best Managed Companies
FinanceAsia
- Best Corporate Governance (Singapore Category) (5th)
Asia's Best Managed Companies
FinanceAsia
- Best Managed Company (Singapore Category) (8th)
Asia's Best Managed Companies
FinanceAsia
- Best Investor Relations (Singapore Category) (10th)
Asia's Best Managed Companies
FinanceAsia
- Best Investor Relations by a CEO (Winner)
IR Magazine South East Asia Awards 2008

CapitaCommercial Trust

- Most Transparent Company Award (REITs Category) (Runner-up)
SIAS Investors' Choice Awards
Securities Investors Association (Singapore)
- Best Investor Relations Officer (Small/ mid-cap Category) (Winner)
IR Magazine South East Asia Awards 2008

RESIDENTIAL DEVELOPMENTS

AUSTRALIA

Discovery Point

- Marketing Award, New South Wales
Housing Industry Association, New South Wales

Greenway Views

- Award for Excellence
Residential Development Award
Urban Development Institute of Australia, New South Wales

CHINA

La Cité

- Best Developer Residential (Future)
2008 Cityscape China Real Estate Awards

Oasis Riviera

- 2008 Shanghai Outstanding Project for Energy Saving and Land Utilisation
Housing & Land Resource Management Bureau, Shanghai

Parc Trésor

- 2007 Shanghai Outstanding Project for Energy Saving and Land Utilisation
Housing & Land Resource Management Bureau, Shanghai

Westwood Green

- (East & West Zone)
2008 Shanghai Outstanding Project for Energy Saving and Land Utilisation
Housing & Land Resource Management Bureau, Shanghai
- (West Zone)
2007 Shanghai Outstanding Project for Energy Saving and Land Utilisation
Housing & Land Resource Management Bureau, Shanghai

SINGAPORE

Citylights

- 2008 URA Architectural Heritage Award
Urban Redevelopment Authority

Latitude

- Green Mark Gold
Green Mark Awards 2008
Building and Construction Authority

The Botanic on Lloyd

- Construction Excellence Award 2008
Building and Construction Authority

Urban Resort Condominium

- Green Mark Gold
Green Mark Awards 2008
Building and Construction Authority

THAILAND

The Royal Residence

- Best Villa Development, Bangkok
Thailand Property Awards 2008
Property Report Thailand

North Park Place

- Best Golf Development, Thailand
CNBC International Property Awards 2008
CNBC

The Empire Place

- Best Property Marketing, Thailand
CNBC International Property Awards 2008
CNBC
- Best High-rise Development, Thailand
CNBC International Property Awards 2008
CNBC

Awards & Accolades 2008

The Emporio Place

- Best High-rise Development, Thailand
CNBC International Property
Awards 2008
CNBC

COMMERCIAL DEVELOPMENTS

SINGAPORE

Capital Tower

- Green Mark Gold
Green Mark Awards 2008
Building and Construction Authority

One George Street

- Green Mark Gold
Green Mark Awards 2008
Building and Construction Authority
- Winner
SIA-NParks Skyrise Greenery
Awards 2008
Singapore Institute of Architects and
National Parks Board

Robinson Point

- Green Mark
Green Mark Awards 2008
Building and Construction Authority

Six Battery Road

- Green Mark Gold
Green Mark Awards 2008
Building and Construction Authority

Starhub Centre

- Green Mark
Green Mark Awards 2008
Building and Construction Authority

Wilkie Edge

- Green Mark
Green Mark Awards 2008
Building and Construction Authority

RETAIL DEVELOPMENTS

SINGAPORE

Bugis Junction

- Water Efficient Building Award 2008
Public Utilities Board

Clarke Quay

- Gold Award (Development and
Design: Renovation or Expansion
of an Existing Project Category)
2008 ICSC Asia Shopping
Centre Awards
International Council of Shopping
Centers

IMM

- Bronze Award
Universal Design Awards 2008
Building and Construction Authority
- Water Efficient Building Award 2008
Public Utilities Board

ION Orchard

- Gold Award (Business-to-Business
Marketing Category)
2008 ICSC Asia Shopping
Centre Awards
International Council of Shopping
Centers

Junction 8

- Water Efficient Building Award 2008
Public Utilities Board

Lot One Shoppers' Mall

- Winner
3rd South West District Public Health
Awards 2008
Clean, Dry & Sparkling Public Toilets
South West Community Development
Council & National Environment
Agency

Plaza Singapura

- Bronze Award
Universal Design Awards 2008
Building and Construction Authority

Rivervale Mall

- Water Efficient Building Award 2008
Public Utilities Board

SERVICED RESIDENCES

AUSTRALIA

Somerset Gordon Heights, Melbourne

- New Tourism Development
Accommodation
HMAA Awards for Excellence 2008
Hotel, Motel & Accommodation
Association (HMAA) of Victoria
- Outstanding Contribution to Back of
House – Tak Lo, Maintenance
Supervisor, Somerset Gordon Place/
Somerset Gordon Heights
HMAA Awards for Excellence 2008
Hotel, Motel & Accommodation
Association (HMAA) of Victoria

- Outstanding Contribution by an Industry Newcomer – Virginia Le, Guest Service Officer, Somerset Gordon Place/Somerset Gordon Heights
HMAA Awards for Excellence 2008 Hotel, Motel & Accommodation Association (HMAA) of Victoria

CHINA

Ascott Beijing

- Best International Apartment Type Hotel of China
China Hotel Starlight Awards 2007
The Centre of Asia Hotel Forum

Ascott Guangzhou

- Best International Serviced Residence Brand
2008 Asia Hotel Leaders Summit
- Top 10 Outstanding Hotel Industry Personalities in Guangzhou – Mae Ng, Residence Manager, Ascott Guangzhou
2008 Asia Hotel Leaders Summit

Ascott Shanghai Pudong

- Best Serviced Residence in Asia Pacific (2nd)
Business Traveller Asia Pacific Awards 2008
Business Traveller Asia Pacific

- Best International Apartment Type Hotel of China
China Hotel Starlight Awards 2007
The Centre of Asia Hotel Forum

Somerset Grand Fortune Garden, Beijing

- Best Apartment Hotel Brand
2008 Asia Hotel Leaders Summit
- Best Foreign Hotel Manager – Mike Yan, Residence Manager, Somerset Grand Fortune Garden, Beijing
2008 Asia Hotel Leaders Summit

SOUTH KOREA

Somerset Palace Seoul

- Luxury Premier Serviced Residence
The Korea Times

THAILAND

Ascott Bangkok Sathorn

- Best Serviced Residence in Asia Pacific (1st)
Business Traveller Asia Pacific Awards 2008
Business Traveller Asia Pacific

VIETNAM

Somerset Chancellor Court

- The Saigon Times Top 40 FDI Award 2008
The Saigon Times

INTEGRATED DEVELOPMENTS

BAHRAIN

Raffles City Bahrain

- Best Property, Bahrain
CNBC Arabian Property Awards 2008
CNBC

CHINA

Capital Plaza Ningbo

- Best Developer Mixed Use (Future)
2008 Cityscape China Real Estate Awards

Raffles City Beijing

- Best Developer Mixed Use (Future)
2008 Cityscape Asia Real Estate Awards

Raffles City Chengdu

- Best Green Building in China
2008 China Retail & Commercial Real Estate Annual Conference
Soufun.com
- TOP 100 China Innovative City Landmark
2008 China Retail & Commercial Real Estate Annual Conference
Soufun.com
- Gold Level LEED-CS Pre-certification Leadership in Energy and Environmental Design Core & Shell (LEED-CS)
U.S. Green Building Council

**Leading developer in
Singapore with more than
30 years of homebuilding
experience.**



CapitaLand Residential Singapore



from left to right

Colin Wong

SVP, Marketing & Sales, CapitaLand Residential Singapore Pte Ltd

Ong Sim Lian

SVP, Design Management, CapitaLand Residential Singapore Pte Ltd

Patricia Chia

CEO, CapitaLand Residential Singapore Pte Ltd

Lee Yew Kwung

SVP, Project Development & Management, CapitaLand Residential Singapore Pte Ltd

Anson Lim

VP, Investment, CapitaLand Residential Singapore Pte Ltd

For more than three decades, CapitaLand has built a portfolio of premier homes for Singapore residents and savvy property investors globally. The Singapore residential operations are part of the Group's broader strategy to build distinctive homes for local residents across Asia Pacific. In Singapore, CapitaLand enjoys an average annual market share of between 8% and 10% based on home sales volume.

During the year, homebuying sentiments were affected by the global economic and financial uncertainties. Nevertheless, for 2008, CapitaLand continued to benefit from the progressive profit recognition of strong sales achieved in 2006 and 2007 when it took the opportunity to accelerate property launches amidst the buoyant market environment then.

Developing Premier, Distinctive Homes

During the year, CapitaLand's beautifully designed and well-located homes continued to attract buyer interest. The Group released selected apartments of its Latitude condominium for preview sales. Latitude is a boutique freehold development with 127 elegant apartments, and is located at Jalan Mutiara near Grange Road. CapitaLand also launched the first phase of The Wharf Residence, a 999-year leasehold

condominium. The development is located at Tong Watt Road in the River Valley Conservation Area and has an interesting mix of 173 contemporary apartments and 13 townhouses with conserved facades.

CapitaLand unveiled the design for a new distinctive high-rise development along Farrer Road. The 99-year leasehold condominium with about 1,500 homes is designed by internationally-renowned architect Zaha Hadid. This project will be Ms Hadid's first large-scale residential development in Singapore. The project's S\$1.996 billion syndicated loan facility is the largest syndicated residential property development loan ever arranged in Singapore. CapitaLand's continued ability to access the capital markets is an endorsement of the Group's strong reputation and good financial standing.

Three developments – Citylights, RiverEdge and Varsity Park Condominium – obtained Temporary Occupation Permit. CapitaLand handed the keys of close to 1,280 apartments at these developments to their owners.

CapitaLand's residential developments in Singapore garnered several accolades during the year. Singapore's Building and Construction Authority conferred Green Mark Gold awards on Latitude and Urban Resort Condominium, and a Construction Excellence Award for The Botanic on

Lloyd. The Citylights condominium also secured the Urban Redevelopment Authority of Singapore's 2008 URA Architectural Heritage Award for its innovative integration of a row of conserved shophouses within a contemporary high-rise development.

In February 2009, the land title issue for the former Gillman Heights Condominium site was resolved. CapitaLand has engaged internationally renowned architects Rem Koolhaas and Ole Scheeren from the Office of Metropolitan Architecture to develop the large-scale site in the lush Southern Ridge area into an innovative lifestyle destination.

Looking Ahead

Going forward, CapitaLand expects buying sentiments in Singapore to continue to remain cautious in view of the prevailing global financial and economic uncertainties.

The Group's financial strength and the progressive profit recognition of strong sales achieved in the past years will enable CapitaLand to be more flexible with the pace of its residential launches in Singapore in 2009.

**Leading foreign developer
in China with a balanced
presence across regions
and property sectors.**



CapitaLand China



from left to right

Mao Daqing

Regional GM, Bohai Economic Rim, CapitaLand China Holdings Pte Ltd

Lucas Loh

Regional GM, Pearl River Delta, CapitaLand China Holdings Pte Ltd

Jason Leow

Deputy CEO, CapitaLand China Holdings Pte Ltd

Lim Ming Yan

CEO, CapitaLand China Holdings Pte Ltd

Steve Gong

GM, Finance and Treasury, CapitaLand China Holdings Pte Ltd

Hoon Teck Ming

Regional GM, Chengdu, CapitaLand China Holdings Pte Ltd

Chan Boon Seng

Regional GM, Yangtze River Delta, CapitaLand China Holdings Pte Ltd

Since entering the China real estate market in 1994, the Group's operations have grown steadily. Today, CapitaLand China is one of the top foreign developers in the country, with a presence in the residential, commercial, integrated development and financial services sectors.

Together with CapitaLand's other business units covering the retail and serviced residence sectors, the Group's multi-region, multi-sector business model in China provides a balanced, well-diversified earnings base that continues to serve it well even during recent cautious market conditions.

Sustained Demand for Homes

In the residential sector, buying sentiments were cautious in view of the global financial downturn. The strong sales achieved in prior years underpinned CapitaLand's performance in 2008. To cater to demand for quality homes by genuine homebuyers, CapitaLand launched three new projects: La Capitale and The Pines, two condominiums in Beijing; and I-World, its maiden residential project in Hangzhou. New units from existing projects, namely Luff Egret in Chengdu, Summit Residences in Ningbo and Westwood Green in Shanghai, were also released for sale.

Strengthening the Raffles City Brand

CapitaLand has a portfolio of Raffles City-branded integrated developments in China, located in Shanghai, Beijing, Chengdu and Hangzhou. An inauguration ceremony was held for Raffles City Beijing, graced by Singapore's Minister Mentor Lee Kuan Yew. Construction began during the year for Raffles City Chengdu while planning and design works commenced for Raffles City Hangzhou.

Unlocking Value, Recycling Capital

CapitaLand successfully established its 50%-owned Raffles City China Fund. The US\$1 billion (about S\$1.4 billion) real estate private equity fund is the Group's largest to date and its first integrated development private equity fund in China. The fund has acquired CapitaLand's effective 55.9% stake in Raffles City Shanghai and 100% stakes in Raffles City Beijing and Raffles City Chengdu. The acquisition of Raffles City Hangzhou by the fund is targeted to be completed by 2009. Two other funds were established in 2008: CITIC CapitaLand Business Park Fund, China's first RMB-denominated real estate private equity fund; and CapitaLand China Development Fund II.

During the year, CapitaLand divested Hua Lei Holdings, which

indirectly owns Capital Tower Beijing, at S\$505.0 million, which translated to a gain of S\$187.0 million. The cash flow generated from the timely divestment further strengthened the company's balance sheet and will be reinvested in quality developments in China.

Central China Real Estate Limited (CCRE), an indirect associated company of CapitaLand, was listed on the Hong Kong Stock Exchange in June. The listing proceeds will be used to extend CCRE's leadership position in Henan, one of China's most populous provinces.

Looking Ahead

China remains a core market for the Group. As a long-term real estate investor in China, CapitaLand is confident of the country's economic growth and development of its real estate market. The Chinese government has been pro-business and recent property-related stimulus measures are expected to boost the industry.

Given CapitaLand's strong balance sheet and low level of land in its pipeline, the company is in a good position to take advantage of the current market to replenish land supply and continue building its franchise in China.

**One of the largest owners/
managers of office
properties in the Singapore
Downtown Core.**

One George Street, Singapore



CapitaLand Commercial



from left to right

Jessie Yong

SVP, Marketing & Leasing, CapitaLand Commercial Limited

Hazel Chew

SVP, Finance & Corporate Services, CapitaLand Commercial Limited

Ee Chee Hong

Deputy CEO (Commercial), CapitaLand Commercial Limited

Wen Khai Meng

CEO, CapitaLand Commercial Limited

Chen Lian Pang

CEO (Southeast Asia), CapitaLand Commercial Limited

Wong Jen Lai

SVP, Investment & Asset Management, CapitaLand Commercial Limited

Poon Hin Kong

SVP, Design & Development, CapitaLand Commercial Limited

CapitaLand is one of the largest owners/managers of office properties in the Singapore Downtown Core, owning/managing commercial space directly, through joint ventures or through CapitaCommercial Trust (CCT), a real estate investment trust (REIT) which it also manages. The Group also owns four industrial properties in Singapore. Overseas, CapitaLand has commercial/residential projects in China, Japan, Malaysia and the United Kingdom as well as the growth markets of India, Thailand and Vietnam.

In 2008, CapitaLand's commercial property management arm was awarded the Singapore Service Class (S-Class) certification by SPRING Singapore for service excellence to its customers. CapitaLand's office properties have also been conferred numerous green awards in recognition of their environmentally-friendly features.

The Group continued to actively manage its property portfolio in 2008 and make timely divestments to unlock value for shareholders despite the volatile financial markets.

Active Portfolio Management

CapitaLand divested two office properties in Singapore – One George Street to CCT and its 50% stake in Hitachi Tower to a third party. This was in line with its strategy to monetise selected

properties for gains and to retain recurring income from a core office portfolio in CCT, its sponsored REIT.

In China, CapitaLand made the well-timed divestment of Capital Tower Beijing to a third party, and sold its 50% interests in two wholly-owned properties – Red Diamond Plaza in Beijing and Innov Tower (formerly known as RND Tower) in Shanghai – to CITIC Trust as part of the CITIC CapitaLand Business Park Fund.

Demand in Malaysia's commercial sector continued to remain firm for quality assets in good locations. CapitaLand strengthened its presence in the country by acquiring properties through Quill Capita Trust and Malaysia Commercial Development Fund.

The Group continued to invest selectively in key development projects. CapitaLand partnered Arcapita to develop its first IT park and office complex in India's Navi Mumbai. In Japan, construction started on an office-cum-residential development in Tokyo's prime Shinjuku district, developed jointly by CapitaLand and leading real estate developers Mitsubishi Estate Co., Ltd and Heiwa Real Estate Co., Ltd.

In the United Kingdom, CapitaLand successfully converted the interest of its office building in London's Derry Street from leasehold to freehold. In mid-2008, Sony BMG opened its 100,000 square

foot European headquarters at CapitaLand's mixed-use Derry and Toms Building in Central London.

High-Growth Markets in Asia

The Group built on its residential presence in the high-growth Asian markets of India, Thailand and Vietnam through local partnerships.

The 810-unit S&S Sukhumvit eco-friendly condominium in Bangkok and the 590-unit The Orchard Residency in Ghatkopar, Mumbai received positive buyer response when launched in 2008.

In Vietnam, CapitaLand has a total of four projects and a pipeline of 3,600 apartments under development. The first residential project, The Vista, which saw sales of 551 units out of a total of 850 residential/serviced apartment units, is under construction. CapitaLand and local partner Nam Thang Long Investment Joint-Stock Company have agreed to seek further investment opportunities in the country.

Looking Ahead

CapitaLand will continue to maintain its position as a leading owner/manager of prime commercial space in Singapore. The Group also remains committed to be a long-term investor in Asian growth markets such as Vietnam and India.

**Asia's leading mall
owner/manager with
more than 90 malls
occupying over 63
million square feet
of retail space.**



The Orchard Residences and ION Orchard, Singapore

CapitaLand Retail



from left to right

Loh Wai Keong

SVP, Investments, CapitaLand Retail Limited

Simon Ho

Deputy CEO, CapitaLand Retail Limited

Lim Beng Chee

CEO, CapitaLand Retail Limited

Goh Soon Yong

Deputy CEO, CapitaLand Retail China Pte Ltd

Simon Yong

SVP, Project Development and Management, CapitaLand Retail Limited

CapitaLand made significant progress in 2008, strengthening its presence in the five Asian countries where it operates.

Delivering the Retail Pipeline

In Singapore, ION Orchard successfully secured six global superbrands, widely acknowledged as among the top and most well-known fashion and lifestyle brands – Cartier, Christian Dior, Dolce & Gabbana, Giorgio Armani, Louis Vuitton and Prada – to establish their first duplex flagship stores in Singapore. Located side-by-side on the ground floor of ION Orchard, the six luxury brands will have free rein to create interiors and shop fronts that reflect their distinctive brand identities, a move which reinforces ION Orchard's status as the definitive retail landmark in Singapore. The mall is expected to open in mid-2009. Construction for another landmark project in Singapore, the Integrated Civic, Cultural, Retail and Entertainment Hub at Vista Xchange, one-north began in October 2008.

ION Orchard, as well as Clarke Quay in Singapore, bagged 'Gold' awards at the inaugural International Council of Shopping Centers (ICSC) 2008 Asia Shopping Centre Awards. ION Orchard was honoured for its interactive, cutting-

edge multimedia show suite that took prospective retailers on a multi-sensory "journey" inside the upcoming mall.

Clarke Quay was hailed for the environmentally-friendly restoration and refurbishment of the area's historical go-downs into a vibrant lifestyle and entertainment waterfront precinct.

In Malaysia, CapitaLand expanded its footprint with the acquisition of approximately 61.9% of the total retail strata area, or 510,418 square feet, as well as the car parks of Sungei Wang Plaza in Kuala Lumpur for about RM595 million (about S\$250 million). Sungei Wang Plaza, a prime freehold asset strategically located at Kuala Lumpur's Bukit Bintang precinct, is one of the most popular retail malls in Malaysia's capital city. Separately, asset enhancement initiatives at MINES Shopping Fair in Selangor are progressing on schedule with over half of the works completed. The Group's three malls in Malaysia, which also include Gurney Plaza in Penang, have a total asset size of approximately RM2 billion (about S\$840 million).

In China, CapitaLand has an extensive portfolio of 58 malls in 40 cities. At end-2008, 28 malls were operational, including four new malls in Chongqing,

Tianjin, Zhanjiang and Zibo which opened in 2008. The remaining 30 malls are under construction and 10 of these are expected to open in 2009. In 2008, CapitaLand also collaborated with SPRING Singapore, Singapore's government agency for enterprise development, to organise the first overseas mission to China for Singapore's small and medium enterprise retailers to gain first-hand knowledge of the market opportunities in China.

Our retail real estate business platform in India and Japan continued to progress. In India, CapitaLand entered into separate joint ventures with Advance India Projects Limited and the Prestige Group during the year. Purchase agreements for nine retail projects have since been signed. The Forum Value Mall Whitefield in Bangalore, the Group's first mall in India and a joint venture project with Prestige Group, is targeted to open in 2009.

Looking Ahead

CapitaLand will continue to build on its established retail franchise to further strengthen its leadership position as the leading retail real estate player in Asia.



**Ascott – world's largest
international serviced
residence owner-operator
with over 25,000 serviced
residence units in 66 cities
and 22 countries.**

ASCOTT

Ascott Singapore Raffles Place

CapitaLand Serviced Residences



from left to right

Tony Soh

*Chief Strategy & Planning Officer,
The Ascott Group Limited
Deputy CEO, Ascott Hospitality,
The Ascott Group Limited*

Chong Kee Hiong

*CEO, Ascott Real Estate, The Ascott
Group Limited
CEO, Ascott Residence Trust
Management Limited*

Jennie Chua

President & CEO, The Ascott Group Limited

Ng Lai Leng

*Chief Corporate Officer, The Ascott Group Limited
Deputy CEO, Ascott Residence Trust
Management Limited*

Gerald Lee

CEO, Ascott Hospitality, The Ascott Group Limited

CapitaLand's serviced residence unit, Ascott, continued to entrench its position as the world's largest international serviced residence owner-operator. In 2008, Ascott expanded its portfolio of serviced residences under its three brands – Ascott, Somerset and Citadines.

Ascott ended the year with over 25,000 serviced residence units in 190 properties, surpassing its target of 25,000 units by 2010. Ascott currently operates over 18,000 serviced residence units. Another 7,000 units will begin operations over the next two to three years to further add to operating income, including management fees from third party management contracts. Ascott's portfolio spans 66 cities and 22 countries across Asia Pacific, Europe and the Gulf region.

Expanding Globally

Ascott reinforced its leadership position in markets where it has presence and expanded into more cities. In 2008, 39 properties with over 5,000 units were added through acquisitions and management contracts. Ascott entered 12 more cities including Perth in Australia, Shenyang and Wuhan in China, Ahmedabad in India and Osaka in Japan.

During the year, Ascott opened 10 more properties in Australia, China, Malaysia, Qatar, Singapore, Thailand and Vietnam. In Singapore, Ascott opened its

flagship Ascott Singapore Raffles Place and completed the acquisition of Citadines Singapore Mount Sophia, its first Citadines property in Singapore, which opened in January 2009.

2008 also saw the Citadines brand expanding in Asia Pacific. Three more Citadines opened in Bangkok, bringing the total in the city to four. The first Citadines-branded properties in Australia, Indonesia and Ahmedabad in India were announced while two more Citadines in Wuhan and Xi'an were added in China.

Ascott continued to actively manage its portfolio of assets. A total of S\$428 million was committed in investments in Australia, France, India, Japan and the United Kingdom. Proceeds from the divestment of properties totalled S\$243 million and estimated total net divestment gain was S\$119 million.

Enhanced Competitive Advantage, Greater Focus

In April 2008, CapitaLand completed the compulsory acquisition of Ascott. Ascott became an indirect wholly-owned subsidiary of CapitaLand and was delisted from the Singapore Exchange Securities Trading Limited. The privatisation will strengthen Ascott's leadership position and accelerate its growth in key markets by tapping on CapitaLand's more established network,

real estate development and financial services capabilities.

Later in the year, Ascott reorganised its business into two units – Ascott Hospitality and Ascott Real Estate – to give greater focus to growing revenues and profits from both hospitality management services and real estate development.

Ascott continued to be lauded internationally, garnering 32 regional and international accolades for its strong brand reputation, management excellence, outstanding service and corporate transparency.

Looking Ahead

The current global economic slowdown has affected the worldwide hospitality industry. However, Ascott's business is expected to remain resilient as it caters mainly to extended stay travellers. Ascott's geographical diversification also helps mitigate impact of the downturn in any one market.

Ascott continues to be disciplined and selective in its investments while scouting for suitable growth opportunities. It will also focus on securing more management contracts in existing and new markets.

In 2009, Ascott plans to open more than 10 new properties with over 2,200 units in China, Georgia, Germany, India, Japan, Singapore and Thailand.

**Developer of landmark
integrated developments.**

Rihan Heights, Arzanah (Phase 1), Abu Dhabi, United Arab Emirates



CapitaLand Integrated Developments



from left to right

Ku Wei Siong

SVP, CapitaLand GCC Holdings Pte. Ltd.

Yip Hoong Mun

Deputy CEO, CapitaLand ILEC Pte. Ltd.

Wong Heang Fine

*CEO, CapitaLand ILEC Pte. Ltd. and
CapitaLand GCC Holdings Pte. Ltd.*

Ng Kok Siong

SVP, CapitaLand ILEC Pte. Ltd.

CapitaLand pursues integrated developments with leisure, entertainment and conventions as their key themes. The Group's competitive edge is its ability to integrate these themes with real estate sectors like residential, retail and serviced residences. CapitaLand currently has seven integrated developments in Singapore, Bahrain, China and the United Arab Emirates.

Gulf Cooperation Council (GCC) Region

CapitaLand's landmark integrated developments in the oil-rich GCC region are Raffles City Bahrain, its first Raffles City-branded development outside Asia, and Arzanah, a unique development surrounding the iconic Zayed Stadium in Abu Dhabi.

Raffles City Bahrain is part of Bahrain Bay, a multi-billion dollar waterfront project in Bahrain's capital of Manama. Designed by renowned international architect Rafael Viñoly, the development comprises three premium residential towers, landscaped sky villas, serviced residences and a high-end retail component. Its architectural concept was presented to HE Shaikh Salman bin Hamad bin Isa Al-Khalifa, Crown Prince and Chairman of the Economic Development Board of Bahrain, and his support has greatly enhanced the development's profile. Raffles City Bahrain

won "Best Property, Bahrain" at the 2008 CNBC Arabian Property Awards.

In April 2008, CapitaLand and Mubadala Development Company launched Capitala, a joint venture which will develop Arzanah on a 1.4 million square metre site. The flagship US\$5 – 6 billion project offers quality residences with leisure, sports and retail amenities and a concept focusing on an active urban lifestyle for its residents and the community at large. Its master plan was designed by award-winning firms Sasaki Associates and SMC Alsop.

CapitaLand launched residential sales in these two developments in June 2008, achieving S\$1 billion worth of sales bookings within three months. About 90 Raffles City Bahrain apartments were sold at average prices above other high-quality apartments in Bahrain. For Rihan Heights, the first phase of Arzanah, 575 out of 868 units were sold. In January 2009, Capitala partnered Abu Dhabi Finance to provide buyers with up to 85% financing for their new homes in Arzanah, offering flexible and long-term repayment schemes.

Asia

Raffles City in Singapore is an iconic landmark with retail, office, convention and hotel components. In China, there are currently four Raffles City developments in Shanghai, Beijing, Chengdu and Hangzhou.

In Macau, CapitaLand owns a 20% strategic interest in Macao Studio City, Asia's first integrated leisure resort combining studios, retail, entertainment and hotels. The development is strategically located in Cotai, next to the Lotus Bridge immigration checkpoint and linked directly to mainland China. Foundation works for Macao Studio City were completed in 2008. Prestigious brands there will include Ritz-Carlton, W Hotels, Marriott, Asian style icon David Tang and Playboy Enterprises. Leading international retail player Taubman Asia, which acquired 25% of the development's retail component, will lead the development, management and leasing services for The Mall at Studio City.

CapitaLand has a 70% stake in a well-located freehold site in Almaty, a major city in oil-rich Kazakhstan. The Group plans to develop a 170-unit residential and serviced residence complex against the backdrop of the breathtaking Alatau Mountains. Design and development work is underway.

Looking Ahead

The growing affluence of the oil-rich GCC region and Asia has generated sustainable demand for lifestyles with an emphasis on leisure and recreation. CapitaLand will continue to grow its presence in the existing markets while selectively looking out for new opportunities for integrated developments.

**One of Asia's largest
REIT and real estate
fund managers with five
REITs and 17 real estate
private equity funds.**

Raffles City Chengdu, China



CapitaLand Financial Services



from left to right

Wee Hui Kan

CEO, CapitaRetail China
Trust Management Limited

Lim Beng Chee

CEO, CapitaMall Trust Management Limited

Lim Ming Yan

CEO, CapitaLand Financial Limited
(China Development)

Lui Chong Chee

CEO, CapitaLand Financial Limited

Wen Khai Meng

Co-CEO, CapitaLand Financial Limited

Lynette Leong

CEO, CapitaCommercial Trust
Management Limited

Chan Say Yeong

CEO, Quill Capita Management Sdn Bhd

Chong Kee Hiong

CEO, Ascott Residence Trust
Management Limited

CapitaLand has established a strong track record in real estate financial services, and offers a unique and complete real estate value chain model which includes being a developer, manager, operator, financial advisor, fund manager and investor. The in-house capabilities of CapitaLand Financial, the Group's real estate fund management and financial advisory services arm, include real estate capital management, structured financing, property fund management and advisory services.

Furthering Capital-Efficient Strategy

Capital recycling is the cornerstone of the Group's capital-efficient strategy. To further this strategy, CapitaLand established and managed real estate funds as part of its business model. To date, this has enabled the Group to develop, warehouse and incubate retail, office and integrated developments in Asia, Europe and the Gulf Cooperation Council (GCC) countries. Together with its listed real estate investment trusts (REITs), these funds provided fee-based management income as well as an avenue to facilitate capital recycling.

As at end-2008, CapitaLand managed five REITs and 17 real estate private equity funds with properties spanning 11 countries. During the year, CapitaLand strengthened its lead as one of Asia's

largest REIT and real estate fund managers, with assets under management (AUM) of more than S\$25 billion. This has surpassed the Group's AUM target of S\$25 billion and is a year-on-year increase of about S\$8 billion (46%). CapitaLand's five sponsored REITs performed well during the year, contributing distributions of S\$131 million to the Group in 2008, an increase of 18% compared to 2007. CapitaLand also steadily built up its fee-based revenue to S\$182 million in 2008, a 38% increase compared to 2007.

Growth in Fund Management

During the year, CapitaLand raised S\$2 billion after closing three new private equity funds. These funds, all with China assets, have enhanced the Group's presence in the country.

The US\$1 billion (about S\$1.4 billion) Raffles City China Fund is the Group's first integrated development private equity fund in China. CapitaLand holds a 50% stake in the fund whose mandate is to invest in prime Raffles City-branded integrated developments in key gateway cities in China. It is the largest real estate private equity fund the Group has originated and managed to date. The acquisition of Raffles City Shanghai, Raffles City Beijing and Raffles City Chengdu by the fund was completed in 2008, while the acquisition of Raffles City Hangzhou is expected to be completed by 2009.

The CapitaLand China Development Fund II was closed with a fund size of US\$239.8 million (about S\$327.0 million).

CapitaLand and CITIC Trust, China's largest trust services company, established the RMB500 million (about S\$98 million) CITIC CapitaLand Business Park Fund, the first RMB-denominated real estate private equity fund in China. The fund owns Red Diamond Plaza in Beijing's Zhongguancun Software Park and Innov Tower (formerly known as RND Tower) in Shanghai's Caohejing High-Tech Park.

CapitaMall Trust

CapitaMall Trust (CMT) is Singapore's first and largest REIT by asset size and market capitalisation. As at end-2008, CMT's total asset size was S\$7.5 billion, comprising a portfolio of 14 retail properties in Singapore and investments in China malls through an approximately 20% stake in CapitaRetail China Trust. CapitaLand owns a 29.6% interest in CMT.

CMT registered a distributable income of S\$238.4 million in 2008, a year-on-year increase of 12.9%. Correspondingly, CMT's Distribution Per Unit (DPU) of 14.29 cents for 2008 was 7.1% higher than for 2007.

In Singapore, most of CMT's retail properties are strategically located at or near MRT/LRT stations and bus interchanges with captive population catchments, and register a high monthly

The Atrium@Orchard, Singapore



Wilkie Edge, Singapore





shopper traffic of between two million to three million. The largely suburban portfolio is well-spread in Singapore and enjoys close to 100% occupancy.

In August 2008, CMT completed the S\$850.0 million acquisition of The Atrium@Orchard (Atrium). A mixed-use development comprising two Grade A office towers and a small retail component, Atrium is adjacent to Plaza Singapura, another quality asset owned by CMT. Both properties are strategically sited along the Orchard Road retail belt and above the Dhoby Ghaut MRT interchange station. Over time, Atrium is expected to provide significant value creation opportunities as the future planned integration of Atrium and Plaza Singapura will create a combined prime frontage of approximately 170 metres and a combined retail net lettable area of over 600,000 square feet (sq ft), making it one of the largest retail developments along Orchard Road.

Retail space at Lot One Shoppers' Mall increased with a new four-storey retail extension. At Sembawang Shopping Centre, the layout was enhanced with over 42,000 sq ft of prime retail gross floor area (GFA) decanted from residential GFA. The completion of these two major enhancement projects in December 2008 will increase the annual net property income by approximately S\$8.4 million.

CMT has an 'A2' corporate rating from Moody's Investor Services, the highest amongst Singapore-listed REITs. On 9 February 2009, CMT announced the fully underwritten renounceable 9-for-10 rights issue to raise gross proceeds of approximately S\$1.23 billion. This will be used principally to repay borrowings due in 2009. The proposed rights issue is expected to reduce gearing to 29.1%, strengthen the balance sheet and enhance financial flexibility to capitalise on opportunities. Trading of the rights units is expected to start in early April 2009.

CapitaCommercial Trust

CapitaCommercial Trust (CCT) is Singapore's first and largest listed commercial REIT by asset size. As at end-2008, CCT's total asset size was S\$6.9 billion, comprising 11 prime commercial properties in Singapore, as well as investments in Malaysian commercial properties through a 30% interest in Quill Capita Trust and a 7.4% stake in Malaysia Commercial Development Fund. CapitaLand owns a 31.1% interest in CCT.

CCT achieved a distributable income of S\$153.0 million in 2008. This yielded a full-year DPU of 11 cents in 2008, a 26.4% increase compared to 2007. CCT's portfolio enjoyed a high committed occupancy rate of 96% in December 2008.

In July 2008, CCT acquired One George Street to strengthen its portfolio of prime office buildings in Singapore's Central Business District. In addition,



CCT also completed its acquisition of Wilkie Edge, a mixed-use development, in December 2008.

Despite the challenging market conditions in 2008, CCT was able to raise S\$1.4 billion to finance the acquisition of One George Street and the progressive payments for Wilkie Edge.

In January 2009, CCT announced the successful refinancing of the borrowings under its S\$580 million commercial mortgage-backed securities, ahead of its March 2009 maturity. Only one asset, Capital Tower, was required as security for the three-year secured term loan, affirming the banks' confidence in the quality and value of CCT's management, its portfolio and blue-chip tenant base. CCT now has eight unencumbered properties worth S\$2.7 billion, providing CCT the financial flexibility to manage its capital and balance sheet.

Ascott Residence Trust

Ascott Residence Trust (Ascott Reit) is the world's first Pan-Asian serviced residence REIT. As at end-2008, Ascott Reit's total asset size was S\$1.5 billion, comprising 37 properties with 3,552 units in 11 cities across seven countries. CapitaLand has a 47.0% interest in Ascott Reit.

Ascott Reit delivered a strong performance in 2008 with a DPU of 8.78 cents, which was 14% higher than 2007. Unitholders' distribution was S\$53.7 million in 2008, a 19.1% increase over 2007. The improved performance was due to organic growth across the portfolio and contributions from newly acquired properties.

In 2008, Ascott Reit acquired a new property, Somerset St Georges Terrace in Perth. The acquisition added a new city, Perth, to Ascott Reit's overseas footprint. In addition, Ascott Reit announced the

acquisition of Somerset West Lake, a 90-unit serviced residence in Hanoi, Vietnam, in November 2008.

CapitaRetail China Trust

CapitaRetail China Trust (CRCT) is Singapore's first pure-play China retail REIT. As at end-2008, CRCT's total asset size was S\$1.3 billion, comprising eight malls in five cities in China. CapitaLand owns a 26.6% interest in CRCT.

CRCT reported a distributable income of S\$45.9 million and DPU of 7.53 cents for 2008, 43.4% and 12.1% higher than 2007, respectively.

The acquisition of Xizhimen Mall in Beijing, CRCT's first since its listing, was successfully completed in February 2008. In September 2008, CRCT also exercised its rights to purchase Xizhimen Mall Phase 2, an extension of the mall's Basement 1 level which is directly connected to the adjacent mass rapid



transit interchange hub and future railway station. Xizhimen Mall Phase 2 will enhance the mall's transport connectivity and grow shopper traffic. In addition, the enlarged space will provide for a wider array of retail offerings, further strengthening the mall's positioning as a one-stop shopping, dining and entertainment destination in Beijing. Phase 2 is expected to be ready for operations by end-2009.

Asset enhancement works at Saihan Mall in Huhhot, the provincial capital of Inner Mongolia, began in end-2007. Asset enhancement works on Levels 1 to 3 were completed and they re-opened in September 2008. Works are currently in progress on Level 4 and expected to be completed by end-2009.

Quill Capita Trust

Quill Capita Trust (QCT), CapitaLand's first overseas listed REIT, was listed on

the Main Board of Bursa Malaysia in January 2007. As at end-2008, QCT had an asset base of RM816.0 million (about S\$340.5 million), comprising 10 quality commercial properties in Malaysia. CapitaLand has a 9.3% interest in QCT.

During the year, QCT reported a distributable income of RM29.42 million (about S\$12.3 million). This represented a DPU of 7.51 sen, a 16.3% increase over 2007. The growth was largely attributed to full recognition of rental income from Wisma Technip and the commercial units of Plaza Mont' Kiara which were acquired in September 2007, as well as the rental income contribution from three commercial properties acquired in March 2008.

In 2008, QCT completed four acquisitions, namely Quill Building 5 – IBM, Quill Building 8 – DHL (XPJ), Quill Building 10 – HSBC (Section 13) and TESCO Building. These had a total purchase

consideration of RM226.54 million (about S\$94.5 million) and increased QCT's total property value by 43% to RM783.7 million (about S\$327 million).

Looking Ahead

Going forward, CapitaLand will continue to strengthen its fund management business. The Group will grow AUM and fee-based income through selective asset enhancement programmes and active portfolio management for its REITs and private equity funds.

CapitaLand will leverage on its track record, domain knowledge and financial services expertise to originate and structure real estate financial products to take advantage of distressed asset sales as well as the market dislocation. The Group remains optimistic that in this environment, there will be opportunities to acquire quality assets at good value.

One of Australia's major diversified property groups with over 80 years of property development experience.



Australand



from left to right

Rob Wallace

*Property Trust Manager,
Australand Holdings Limited*

Bob Johnston

*Managing Director & CEO,
Australand Holdings Limited*

Sean McMahon

*Executive General Manager
(Commercial & Industrial),
Australand Holdings Limited*

Vincent Wee

*Chief Operating Officer (Residential),
Australand Holdings Limited*

CapitaLand's subsidiary Australand is one of Australia's major diversified property groups. Its activities cover the development of residential land, housing and apartments; development of and investment in income-producing commercial and industrial properties; and property management.

Australand has been involved in property development for more than 80 years. Today, it has four listed entities (namely Australand Holdings Limited, Australand Property Trust, Australand Property Trust No. 4 and Australand Property Trust No. 5). These trade as a single stapled security on the Australia and Singapore stock exchanges.

Solid Operating Result

In 2008, Australand delivered a healthy operating profit (excluding unrealised losses arising from property revaluations and significant one-off items) of A\$174.8 million (S\$173.9 million), a year-on-year increase of 7%. Despite the difficult market conditions, Australand's three key operating divisions achieved solid contributions.

As at end-2008, the Investment Property division had a total portfolio value of A\$2.3 billion (S\$2.3 billion) with 76 properties and a total lettable area of 1.18 million square metres (sqm). The strong performance reflected Australand's robust portfolio, with assets in prime

locations and rental growth embedded in the portfolio's long-term leases.

The Commercial & Industrial division is one of the market leaders with development activities in Adelaide, Brisbane, Melbourne, Perth and Sydney. Several major projects contributed significantly to operating profit, such as the 34,000 sqm Twenty8 project at Freshwater Place in Melbourne's Southbank, which had leasing commitments of 77% at completion.

The Residential division recorded slower sales volumes. However, this was offset by robust land sales. In light of the subdued state of the market, Australand wrote down the carrying value of some residential projects, reviewed and prioritised development activities, and addressed operational efficiencies.

Focused Capital Management

Australand remains focused on capital management and embarked on a number of initiatives to strengthen its balance sheet and position the business for the current market volatility.

Australand successfully completed a one-for-one renounceable accelerated priority issue of stapled securities, raising approximately A\$461 million (S\$598 million). This recapitalised its balance sheet, reduced its gearing and provided financial flexibility to fund its future developments.

Australand also extended the maturity of its Multi-Option Facility to June 2010 and increased the facility from A\$600.0 million (S\$597.1 million) to A\$950.0 million (S\$945.4 million).

During the year, Australand explored a partnership with CapitaLand to invest in, develop and manage industrial and logistics properties in Asia. However, given the prevailing market uncertainties, both companies have put the plans on hold to focus on existing businesses.

Looking Ahead

2009 will be a challenging year for the entire property industry in Australia. Australand will not be immune as it responds to the general economic slowdown, a constrained capital market and a corresponding contraction in development activities. Australand's investment portfolio will continue to deliver reliable recurrent income although development activities will be curtailed. The sectors in which Australand operates remain sound with strong long-term fundamentals.

Australand will continue to focus on capital and risk management. This will position the business with the financial capacity to face the continued market uncertainties and to potentially take advantage of strategic opportunities.

Performance Review

Performance Overview

For FY2008, CapitaLand Group achieved a healthy profit after tax and minority interests (PATMI) of S\$1.26 billion, the second highest net profit on record and the third consecutive year that the Group has achieved a net profit of above S\$1 billion. Excluding unrealised fair value changes on investment properties, PATMI was still significant at S\$1.04 billion. This was a result of the consistent implementation of the Group's strategy: Focus, Balance and Scale. We focused on capital productivity in real estate development and investment activities, whilst growing a balanced and solid base of sustainable fee and rental income.

Compared to FY2007, PATMI was lower mainly attributable to lower revaluation gains from investment properties as the global economic slowdown which became evident in the later part of 2008 caused property prices to ease. 2007's PATMI of S\$2.76 billion was boosted by revaluation gains of S\$1.05 billion.

Revenue

Revenue for FY2008 was S\$2.8 billion, a decrease of 27.4% from last year, mainly attributable to lower sales from the Group's development projects but partially mitigated by higher rental income and fee based income. The higher rental income came mainly from the newly acquired retail malls in

Malaysia while the higher fee based income was from the Group's fund management services which has been enjoying healthy growth year-on-year. The Group's Assets under Management (AUM) was more than S\$25 billion as at December 2008, an increase of about S\$8 billion from 2007. In 2008, the Group successfully closed three funds, namely the Raffles City China Fund, CapitaLand China Development Fund II and CITIC CapitaLand Business Park Fund.

In terms of geographic spread, revenue from our overseas operations remained a significant contributor to overall Group revenue at 69.7%. This was a result of the Group's ongoing multi-geography, multi-sector strategy to diversify its balanced revenue streams.

Revenue from the CapitaLand Residential Singapore (CRS) Strategic Business Unit (SBU) accounted for 14.5% or S\$400.2 million of the Group's total revenue. This was comparatively lower than last year as two large-scale projects, Citylights and Varsity Park Condominium, were completed in December 2007 and February 2008 respectively.

Revenue from CapitaLand China Holdings (CCH) SBU also decreased by 66.5% as fewer residential projects were released for sale in 2008.

CapitaLand Commercial (CCL) SBU registered a 37.6% increase in revenue. The increase came mainly from higher progressive recognition of revenue for the

sale of Wilkie Edge and the consolidation of One George Street and The Adelphi strata units which became subsidiaries in September 2007.

Contribution from CapitaLand Retail (CRTL) SBU also increased by a significant 66.3%, mainly contributed by the three newly acquired retail malls in Malaysia and higher property management fees from China as more malls commenced operations in 2008.

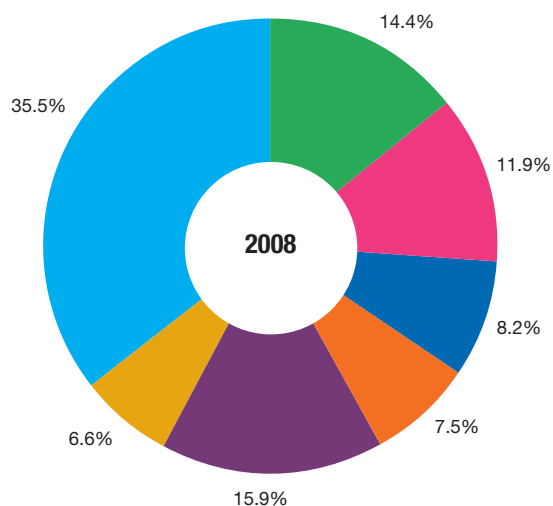
Revenue from Ascott SBU was slightly lower than previous year as 2007 included the consolidation of three months revenue of Ascott Residence Trust (Ascott Reit) before it became an associated company in April 2007. Excluding this, revenue for FY2008 was higher than FY2007 due to better performance from operations in Europe and Singapore as well as newly-opened properties in Singapore, China and Vietnam.

CapitaLand Financial (CFL) SBU revenue grew by 52.9% as compared to last year due to acquisition fees and higher fund management fees from the enlarged AUM of over S\$25 billion.

Revenue from Australand for FY2008 was 30.0% lower than 2007 mainly due to a reduction in the number of units sold for development projects and the weaker Australian dollar exchange rate against the Singapore dollar.

2008 Revenue by SBU

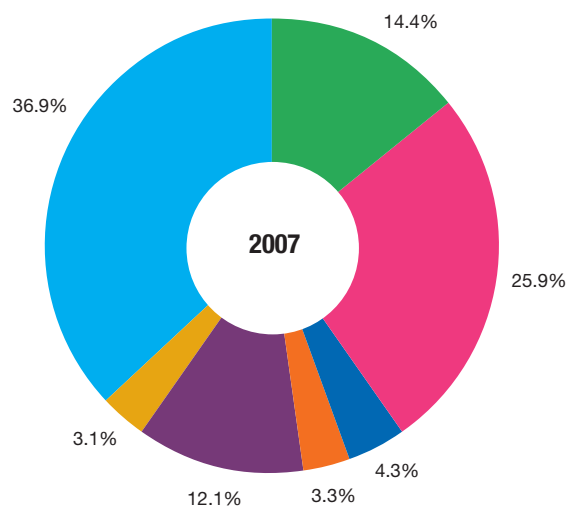
Total: S\$2.8 billion



- CapitaLand Residential Singapore
- CapitaLand China Holdings
- CapitaLand Commercial
- CapitaLand Retail
- Ascott
- CapitaLand Financial
- Australand

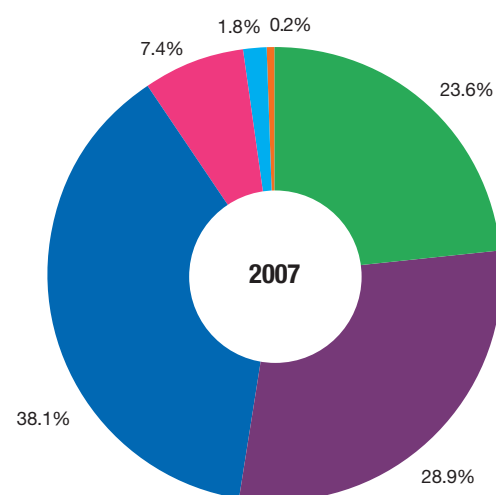
2007 Revenue by SBU

Total: S\$3.8 billion



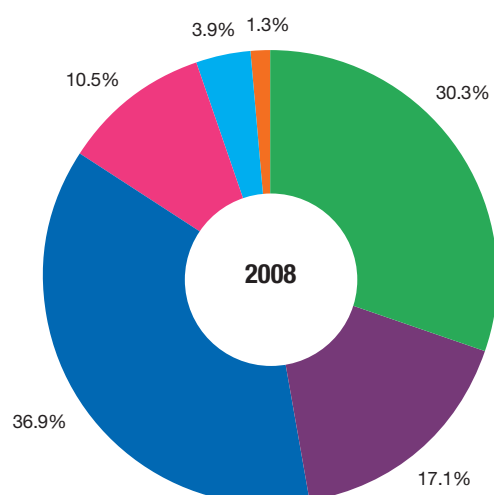
2007 Revenue by Geographical Location

Total: S\$3.8 billion



2008 Revenue by Geographical Location

Total: S\$2.8 billion



- Singapore
- China (including Hong Kong & Macau)
- Australia & New Zealand
- Europe
- Asia/Gulf Cooperation Council countries (excluding Singapore & China)
- Others

Performance Review

Earnings Analysis

The Group's earnings before interest and tax (EBIT) for FY2008 was S\$2.21 billion or 42.1% lower than last year as 2007 EBIT had benefitted from exceptional large fair value gains from the Group's investment properties portfolio as well as write back of previous provisions. In addition, EBIT contributions from development projects in 2008 were also lower as a result of the lower sales.

In terms of geographic spread, contributions from Singapore, China and Australia remained significant at 40.2%, 44.6% and 9.8% of the Group's total EBIT respectively.

FY2008 EBIT from CRS of S\$175.0 million was 43.3% lower than last year due mainly to an absence of write back of previous provisions.

CCH posted an EBIT of S\$883.4 million which was its highest on record. The strong EBIT was achieved through gains from the sale of Capital Tower Beijing and the Raffles City portfolio in China, namely Raffles City

Shanghai, Raffles City Beijing and Raffles City Chengdu.

CCL's EBIT for FY2008 was lower at S\$395.6 million, a decrease of 78.9% from 2007. This was largely due to the lower fair value gains from the revaluation of investment properties as well as lower gains from the divestment of One George Street and Hitachi Tower as compared to the divestment of the former Temasek Tower, Chevron House and AIG Tower in 2007.

EBIT from CRTL for FY2008 at S\$298.6 million was slightly higher than 2007 mainly attributable to contributions from the newly acquired Malaysian malls, realisation of a deferred gain for Wangjing Mall and a gain from the divestment of Link REIT units. These were partially offset by lower fair value gains from the revaluation of investment properties in Singapore, Japan and China.

EBIT from Ascott of S\$132.2 million was 60.8% lower than the previous year. The lower EBIT was primarily due to fair value losses from the revaluation of

investment properties in 2008 as compared to fair value gains in 2007, lower portfolio gains and the deconsolidation of Ascott Reit's results. These were partly mitigated by better operating performance.

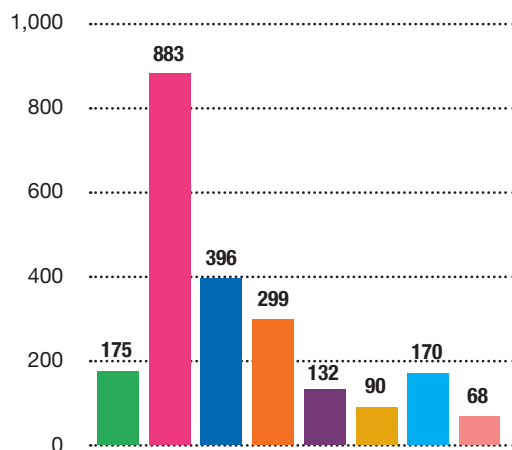
CFL's EBIT for FY2008 of S\$90.4 million was an increase of 29.6% over that of 2007. This increase was largely a result of higher fund management revenue and lower operating expenses, partially offset by higher impairment losses made on certain investments and lower share of profits from associates.

EBIT from Australand for FY2008 at S\$169.6 million was 63.9% lower than 2007. The lower EBIT was largely attributable to fair value losses from the revaluation of investment properties as compared to fair value gains in 2007 and provision for foreseeable losses made in 2008. Excluding the fair value changes and the provision, operating profit for Australand increased by 7% over 2007.

2008 EBIT by SBU

Total: S\$2,213.5 million

S\$ million

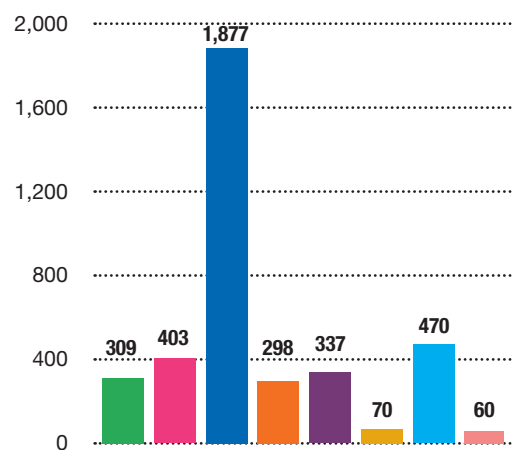


- CapitaLand Residential Singapore
- CapitaLand China Holdings
- CapitaLand Commercial
- CapitaLand Retail
- Ascott
- CapitaLand Financial
- Australand
- Others

2007 EBIT by SBU

Total: S\$3,824.0 million

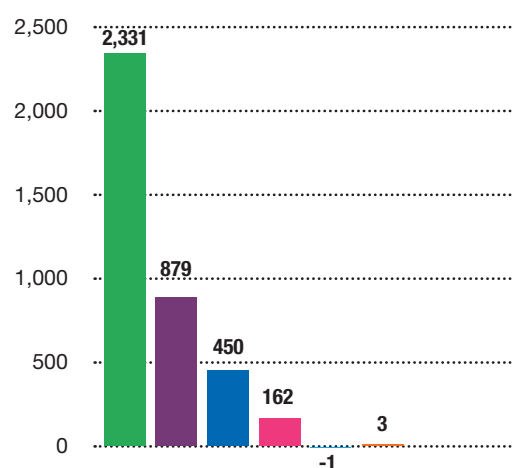
S\$ million



2007 EBIT by Geographical Location

Total: S\$3,824.0 million

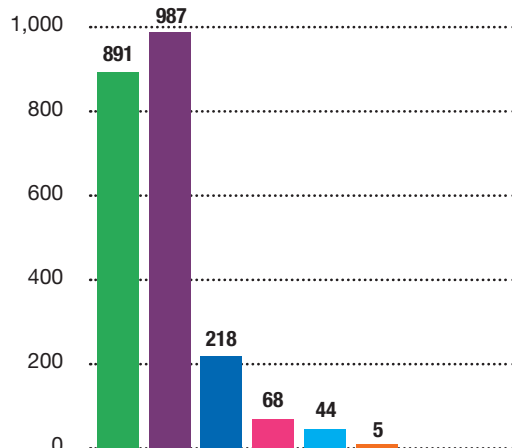
S\$ million



2008 EBIT by Geographical Location

Total: S\$2,213.5 million

S\$ million



- Singapore
- China (including Hong Kong & Macau)
- Australia & New Zealand
- Europe
- Asia/Gulf Cooperation Council countries (excluding Singapore & China)
- Others

Performance Review

Dividends

CapitalLand's Board of Directors has proposed a first and final dividend of 5.5 cents per share and a special dividend of 1.5 cents per share in respect of FY2008. This amounts to a payout of approximately S\$296.7 million based on the number of issued shares as at 31 December 2008, taking into consideration the enlarged share base following the rights issue. The dividends are subject to the shareholders' approval at the forthcoming Annual General Meeting of the Company.

For the financial year 2007, a first and final dividend of 8.0 cents per share and a special dividend of 7.0 cents per share were approved and paid. The said dividends of S\$423.4 million were paid in May 2008.

Assets

The Group's total assets as at 31 December 2008 were S\$25.1 billion compared to S\$25.8 billion in 2007. The decrease of about S\$0.7 billion was

mainly attributed to the sale of One George Street, Capital Tower Beijing, Hitachi Tower and the injection of Raffles City portfolio in China into Raffles City China Fund, as well as the weakening of Australian dollar against the Singapore dollar. The decrease in total assets was partially mitigated by new investments during the year and fair value gains of investment properties.

Borrowings

The Group's gross debts as at 31 December 2008 were S\$9.8 billion. At the same time, the Group also has a cash balance of S\$4.2 billion. After netting off the cash, the Group's net debt as at 31 December 2008 stood at S\$5.6 billion which is comparable to that as at 31 December 2007.

The Group net debt-to-equity ratio remained healthy at 0.47 (2007: 0.47).

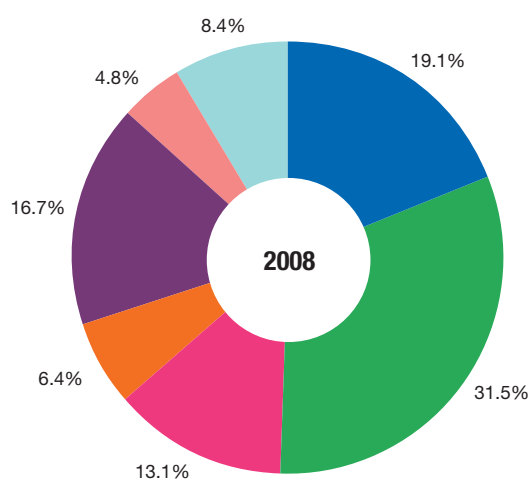
Shareholders' Equity

As at 31 December 2008, issued and paid-up ordinary share capital of the

Company comprised 2.8 billion shares at S\$4.4 billion. This was a slight increase of S\$46.1 million from end-2007 due to the issue of shares arising from the release of awards under the Performance Share Plan and Restricted Stock Plan as well as the exercise of options under the Share Option Plan. The Group's revenue reserves and other reserves at end-2008 were S\$6.3 billion, an increase of S\$0.7 billion from S\$5.6 billion in the previous year. The increase largely came from the S\$1.26 billion net profit for the year, partially offset by the payment of 2007 dividends. The Group's shareholders' funds as at end-2008 were S\$10.7 billion compared to S\$9.9 billion in 2007. As a result of the higher equity, the Group's net tangible assets rose 1.9% to S\$3.57 per share as at 31 December 2008.

2008 Total Assets by Category

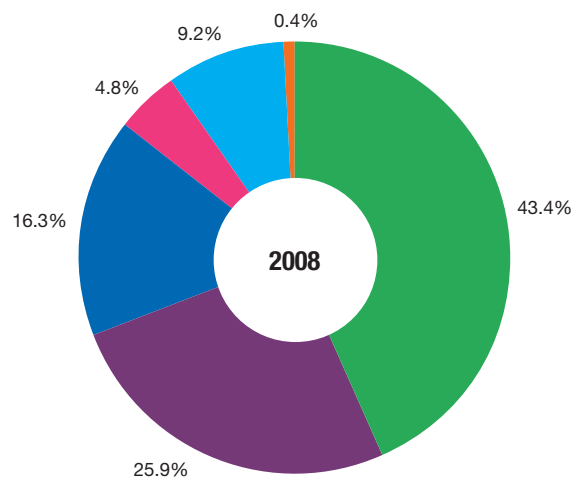
Total: S\$25.1 billion



- Investment Properties & Properties Under Development
- Interest in Associates and Jointly-Controlled Entities
- Development Properties for Sale
- Properties, Plant & Equipment
- Cash and Cash Equivalents
- Other Non-Current Assets
- Other Current Assets

2008 Total Assets by Geographical Location

Total: S\$25.1 billion



- Singapore
- China (including Hong Kong & Macau)
- Australia & New Zealand
- Europe
- Asia/Gulf Cooperation Council countries (excluding Singapore & China)
- Others

Performance Review

Treasury Highlights

	2008	2007
Bank Facilities And Available Funds		
Bank facilities available (S\$m)	6,338	7,406
Amount utilised for loans (S\$m)	4,685	5,712
Available and unutilised (S\$m)	1,653	1,694
Cash and fixed deposit balances (S\$m)	4,228	4,356
Unutilised facilities and funds available for use (S\$m)	5,881	6,050
Debt Securities Capacity		
Debt securities capacity (S\$m)	8,150	7,438
Debt securities issued (net of debt securities purchased) (S\$m)	5,144	4,204
Unused debt securities capacity (S\$m)	3,006	3,234
Interest Cover Ratio		
Earnings before net interest, tax, depreciation and amortisation (S\$m)	2,257	3,807
Net interest expense (S\$m)	410	279
Interest cover ratio (times)	5.50	13.64
Interest Service Ratio		
Operating cash surplus before interest and tax (S\$m)	1,806	2,338
Net interest paid (S\$m)	468	378
Interest service ratio (times)	3.86	6.19
Secured Debt Ratio		
Secured debt (S\$m)	2,413	3,315
Percentage of secured debt	25%	33%
Debt Equity Ratio		
Gross debt (S\$m)	9,829	9,916
Cash and fixed deposit balances (S\$m)	4,228	4,356
Net debt (S\$m)	5,601	5,560
Equity (S\$m)	11,988	11,865
Debt equity ratio (net of cash and fixed deposit balances) (times)	0.47	0.47

Management And Sources Of Funding

The Group strives to maintain a prudent financial structure. Its main sources of operating cashflows are derived from residential sales, fee and rental income. On an ongoing basis, the Group actively reviews its cashflow, debt maturity profile and overall liquidity position. As part of its liquidity management to support its funding requirements, investment needs and its growth plans, sufficient undrawn banking facilities and capital market programmes are set up so as to facilitate fund raising at opportunistic windows.

The Group has significant financial strength to weather the global economic uncertainties, with a total book equity of S\$11.99 billion, a low net debt-to-equity ratio of 0.47 and a strong liquidity position with S\$4.23 billion of cash reserves on the balance sheet. This puts the Group in a strong position in the current capital and liquidity constrained global environment. The Group is well positioned to support its refinancing needs for at least the next two years. Part of the cash reserves will be utilised to repay some of the debts that are maturing in 2009 and to fund its committed investments.

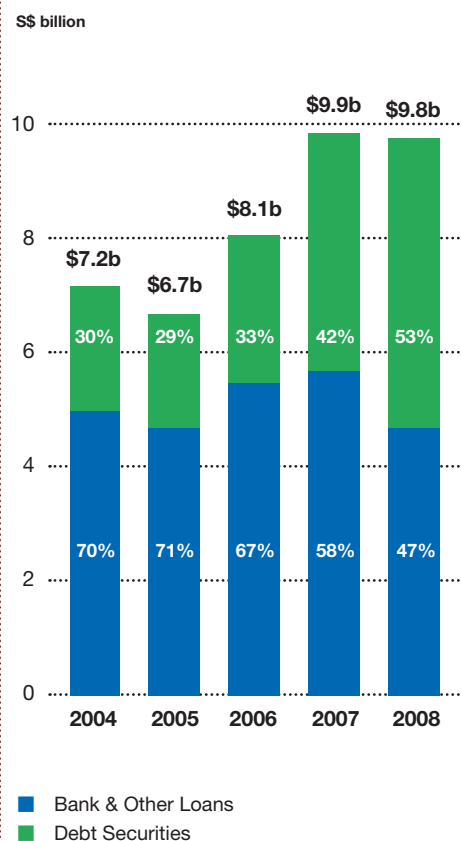
The overall net debt increased marginally by about 0.7% from S\$5.56 billion in 2007 to S\$5.60 billion as at end-2008.

Finance cost for the Group was S\$516.3 million for financial year ended 2008. This was about 28% higher compared to S\$403.5 million in 2007 as a result of higher average gross debt. Notwithstanding this, the Group's gross debt was reduced from S\$9.92 billion in 2007 to S\$9.83 billion as at end-2008.

Sources Of Funding

As at end-2008, 53% of the Group's total debt was raised through a diversified mix of the capital market bond issuance and the balance 47% was from bank borrowings. The higher percentage of debt raised from capital markets was mainly due to the issuance of S\$1.3 billion ten-year convertible bond in March 2008 which provided the Group greater financial flexibility. During the year, bank loans declined by about S\$1.0 billion mainly as a result of repayment of bank borrowings from divestment proceeds.

Sources of Funding



Performance Review

Commitment Of Funding

As at end-2008, the Group is able to achieve 97% of its funding from committed facilities. The balance 3% was funded by a portfolio of relatively cheaper and flexible uncommitted short term facilities.

The Group also monitors its asset versus liability match and ensures that an appropriate portion of committed funding is put in place to match the planned investments holding periods. Taking into account the Group's investment strategy and the current capital and liquidity constrained global environment, committed financing was secured whenever possible to support its ongoing investments. This was carefully balanced with short term lines which allowed the Group to optimise the overall cost of funding, facilitate repayment of its debts from divestments or sales proceeds and yet assured the Group with sufficient financial capacity to support its operations, pursue acquisitions and investment opportunities.

Maturity Profile

	S\$ billion	% of Debt
Due within 1 year*	1.88	19
Between 1 & 2 years	2.06	21
Between 2 & 3 years	1.78	18
Between 3 & 4 years	1.05	10
Between 4 & 5 years	0.05	1
After 5 years	3.01	31

* Includes long-term debt with remaining loan life of less than a year to maturity.

The Group has proactively built up sufficient cash reserves and credit lines to enable it to meet its short term debt obligations, support its refinancing needs and pursue opportunistic investments. The financial resources have also provided the Group flexibility in planning its refinancing which is critical in the current decline in general lending activity in the market. Additionally, the Group reviews its loan profile closely so as to diversify the refinancing risks and spread out the loan maturity. In reviewing the maturity profile of its loan portfolio, the Group also took into account any divestment or investment plans and the prevailing credit market conditions.

Available Lines By Nationality Of Banks As At 31 December 2008

The Group continues to maintain and build an extensive and active relationship with a network of more than 30 banks of various nationalities. With this varied spectrum of network, the Group was able to tap on the strengths and support from the financial institutions in pursuing its strategic growth and presence, thus enhancing its competitiveness in core markets and develop other markets where appropriate.

Interest Rate Profile

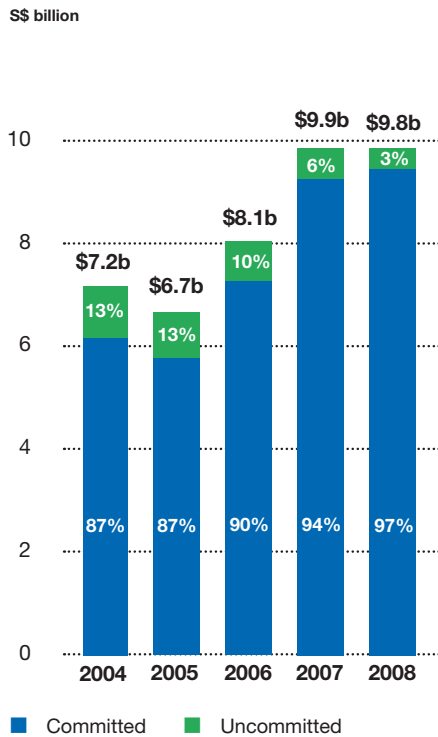
The Group manages its finance cost by maintaining a prudent mix of fixed and floating rate borrowings. As at 31 December 2008, the fixed rate borrowings constituted 75% of the portfolio and the balance 25% were on floating rate basis. As finance cost

formed an integral component of the Group's operating costs, a higher percentage in fixed rate funding would offer protection against unexpected rise in interest rates. On balance, to capitalise on the low interest rate environment which is likely to sustain for a while in this current global financial environment, a certain portion of the loan portfolio was maintained on floating rate basis. The Group was able to maintain a flexible profile and whenever there were divestment proceeds or sales proceeds from fast track residential sales, it could promptly utilise the proceeds to repay its floating rate loans. In managing the interest rate profile, the Group takes into account the interest rate outlook on various currencies of loans, holding periods of its investment portfolio, timing of planned divestments and operating cashflow generated from progress payment collections from its residential receivables.

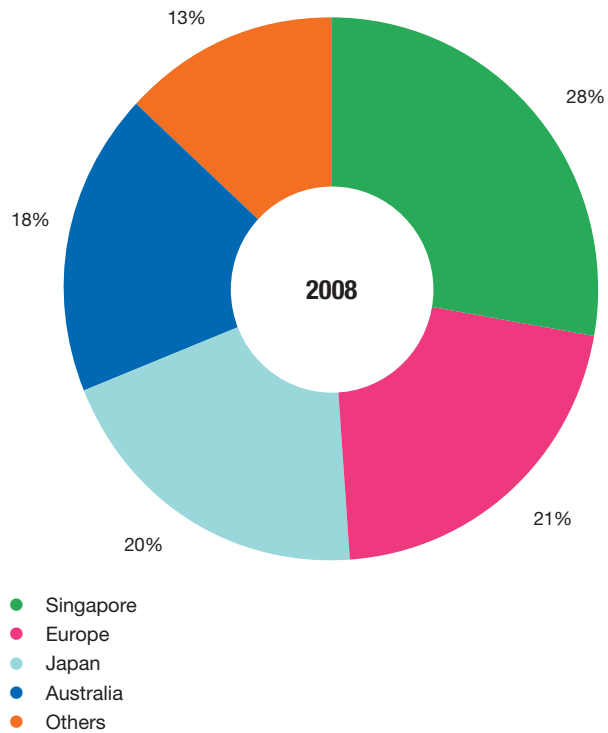
Interest Cover Ratio ("ICR") and Interest Service Ratio ("ISR")

The ICR and ISR was 5.50 and 3.86 respectively. ICR of 5.50 was lower than 13.64 last year mainly due to lower fair value gains from investment properties, lower development profits and the absence of write back of previous provisions. Net interest expense was higher due to higher average gross debt in 2008. ISR of 3.86 was lower than 6.19 last year due to higher net interest paid and lower cashflow generated from operations.

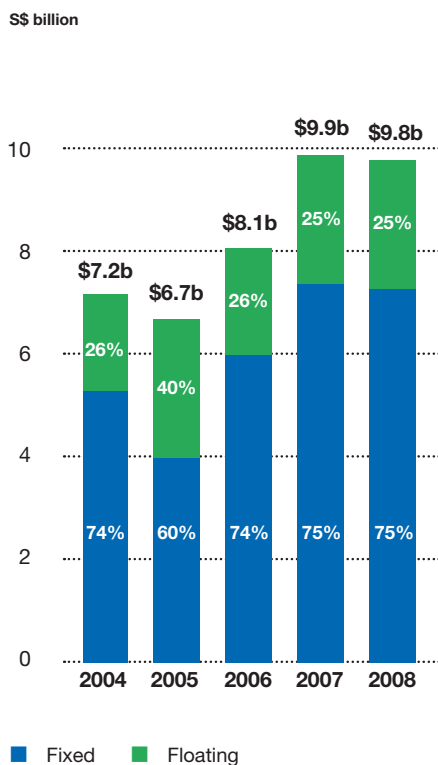
Commitment of Funding



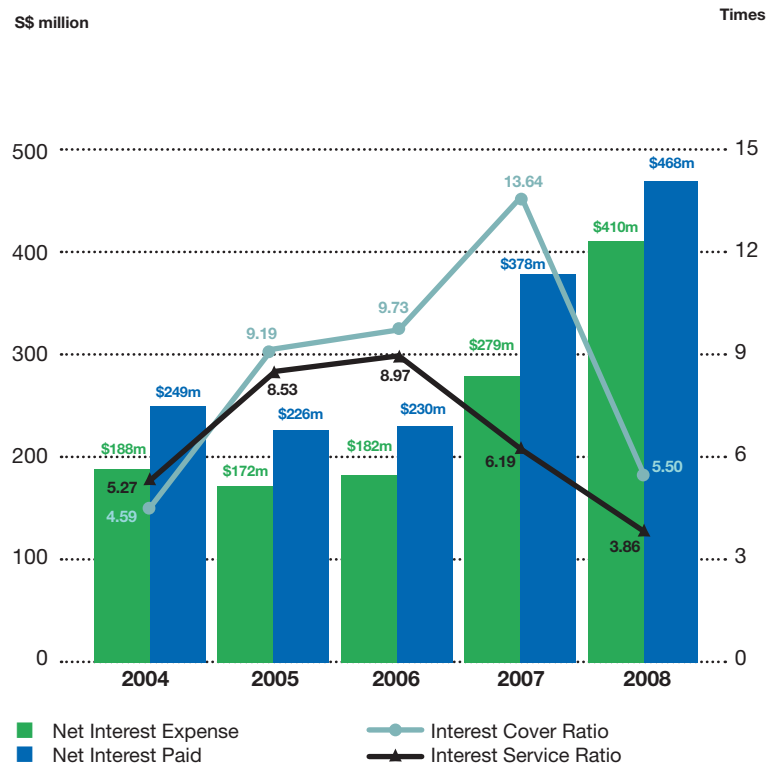
Available Lines By Nationality of Banks as at 31 December 2008



Profile of Fixed and Floating Rate Loans



Interest Cover Ratio and Interest Service Ratio



Economic Value Added Statements

	Note	2008 S\$ million	2007 S\$ million
Net Operating Profit Before Tax		1,322.1	1,908.4
Adjust for:			
Share of results of associates and jointly-controlled entities		375.1	1,512.1
Interest expense		535.7	419.1
Others		15.1	53.9
Adjusted Profit Before Interest and Tax		2,248.0	3,893.5
Cash operating taxes	1	(199.8)	(278.2)
Net Operating Profit After Tax (NOPAT)		2,048.2	3,615.3
Average capital employed	2	21,314.5	17,748.3
Weighted average cost of capital (%)	3	6.15	5.80
Capital Charge (CC)		1,310.8	1,029.4
Economic Value Added (EVA) [NOPAT - CC]		737.4	2,585.9
Minority interests		(76.8)	(250.8)
Group EVA attributable to Equity Holders of the Company		660.6	2,335.1

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 and present value of operating leases.

Major Capital Components:	S\$ million
Borrowings	10,969.4
Equity	9,976.0
Others	369.1
Total	21,314.5

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 5.0% (2007: 5.0%) per annum;
- ii) Risk-free rate of 2.93% (2007: 3.05%) per annum based on yield-to-maturity of Singapore Government 10-year Bonds;
- iii) Ungeared beta ranging from 0.50 to 0.85 (2007: 0.50 to 0.68) based on the risk categorisation of CapitaLand's strategic business units; and
- iv) Cost of Debt rate at 4.26% (2007: 3.97%) per annum using 5-year Singapore Dollar Swap Offer rate plus 131 basis points (2007: 60 basis points).

Value Added Statements

	2008 S\$ million	2007 S\$ million
Value Added From:		
Revenue earned	2,752.3	3,792.7
Less bought in materials and services	(1,514.0)	(2,209.1)
Gross Value Added	1,238.3	1,583.6
Share of results of associates and jointly-controlled entities	375.1	1,512.1
Exchange gains (net)	51.8	22.2
Other operating income (net)	1,075.0	1,396.2
	1,501.9	2,930.5
Total Value Added	2,740.2	4,514.1
Distribution:		
To employees in wages, salaries and benefits	478.1	588.7
To government in taxes and levies	284.2	364.1
To providers of capital in:		
– Net interest on borrowings	462.0	365.7
– Dividends to shareholders	423.4	317.1
	1,647.7	1,635.6
Balance Retained in the Business:		
Depreciation and amortisation	57.2	41.6
Retained profits net of dividends to equity holders of the Company	836.7	2,442.2
Minority interests	201.3	393.1
	1,095.2	2,876.9
Non-Production Costs and Income:		
(Write back of)/Allowance for doubtful receivables	(2.7)	1.6
Total Distribution	2,740.2	4,514.1
Productivity Analysis:		
Value added per employee (S\$'000)#	199	293
Value added per dollar of employment cost (S\$)	2.59	2.69
Value added per dollar sales (S\$)	0.45	0.42

Based on average 2008 headcount of 6,223 (2007: 5,403).

Portfolio Details

As at 31 December 2008

RESIDENTIAL

Name	Location	Year	*	Holding Company	Effective Stake (%)	Total No. of Units	Tenure (Years)
SINGAPORE							
Botannia	West Coast Park	2006	S	Leonie Court Pte Ltd	50.0	493	956
Citylights	Jellicoe Road	2007	C	CRL Realty Pte Ltd	100.0	600	99
Latitude	near Grange Road	2007	S	CRL Realty Pte Ltd	100.0	127	Freehold
RiverEdge	Sampan Place	2008	C	Riveredge Development Pte Ltd	45.0	135	99
RiverGate	Martin Road	2005	S	Riverwalk Promenade Pte Ltd	50.0	545	Freehold
Scotts HighPark	Scotts Road	2006	S	Leonie Court Pte Ltd	100.0	73	Freehold
The Metropolitan Condominium	near Tanglin Road	2006	S	Tanglin Residential Pte Ltd	50.0	382	99
The Orchard Residences	Orchard Turn	2006	S	Orchard Turn Residential Development Pte Ltd	50.0	175	99
The Seafront on Meyer	Meyer Road	2007	S	CRL Realty Pte Ltd	100.0	327	Freehold
The Wharf Residence	Tong Watt Road	2000	A	Leonie Court Pte Ltd	100.0	186	999
Urban Resort Condominium	Cairnhill Road	2006	A	CRL Realty Pte Ltd	100.0	64	Freehold
Varsity Park Condominium	West Coast Road	2008	C	CRL Realty Pte Ltd	100.0	530	99
Visioncrest	Penang Road	2007	C	Winpeak Investment Pte Ltd	25.0	265	Freehold

Name	Location	Year	*	Holding Company	Effective Stake (%)	Gross Floor Area (sqm)	Tenure (Years)
SINGAPORE							
Future Projects							
Site at Cairnhill Road	near Orchard Road	2007	A	Augite Pte Ltd	50.0	24,263	Freehold
Site at Farrer Road	Farrer Road	2007	A	Morganite Pte Ltd	35.0	218,380	99
Site at Nassim Hill	near Orchard Road	1999	A	CRL Realty Pte Ltd	100.0	15,942	Freehold
Site at Yio Chu Kang Road	Yio Chu Kang Road	2000	A	CRL Realty Pte Ltd	100.0	19,330	Freehold

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

RESIDENTIAL

Name	Location	Year	*	Holding Company	Effective Stake (%)	Gross Floor Area (sqm)	Total No. of Units	Tenure (Years)
CHINA								
Beau Monde	Tianhe District, Guangzhou	2007	C	Guangzhou Hai Yi Property Development Co., Ltd	86.7	78,945	386	70
Beau Residences	Chancheng District, Foshan	2007	S	Foshan Xin De Real Estate Development Co., Ltd	100.0	46,454	648	70
I-World	Gongshu District, Hangzhou	2007	S	CapitaLand Xinyun (Hangzhou) Real Estate Development Co., Ltd	50.0	53,642	580	70
La Capitale	Dongcheng District, Beijing	2007	S	Beijing Xin Xu Real Estate Development Co., Ltd	100.0	68,000	313	50
La Cité Foshan	Chancheng District, Foshan	2008	S	Foshan Xin Kai Real Estate Development Co., Ltd	100.0	79,996 (estimated)	706 (estimated)	70
La Forêt	Chaoyang District, Beijing	2008	C	Beijing Xinkai Real Estate Development Co., Ltd	86.7	352,100	1,808	70
Luff Egret	Wenjiang District, Chengdu	2007	S	Sichuan Zhixin CapitaLand Co., Ltd	50.0	190,161 (estimated)	701 (estimated)	70
Oasis Riviera	Changning District, Shanghai	2008	C	Shanghai Ning Xin Real Estate Development Co., Ltd	73.0	275,203	1,964	70
Orchid Garden	Chaoyang District, Beijing	2006	C	Beijing Orchid Garden Real Estate Development Co., Ltd	80.1	63,906	247	70
Parc Trésor	Baoshan District, Shanghai	2008	C	Shanghai Xinshu Property Development Co., Ltd	100.0	84,680	705	70
Riviera Ville	Chancheng District, Foshan	2007	S	Foshan Xin Fo Chen Real Estate Development Co., Ltd	100.0	109,672	758	70
Summit Residences Ningbo	Jiangbei District, Ningbo	2007	S	Ningbo Xin Yao/Xin Feng Property Development Co., Ltd	50.0	144,409	868	70
The Loft Chengdu	Qinyang District, Chengdu	2008	S	Chengdu Xin Kai Co., Ltd	56.3	464,120	4,410	70
The Pines	Chaoyang District, Beijing	2008	S	Beijing CapitaLand Pin Yuan Real Estate Development Co., Ltd	100.0	38,000	157	70
The Riviera	Chancheng District, Foshan	2007	S	Foshan Xin Fo Chen Real Estate Development Co., Ltd	100.0	54,178	208	70

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

Portfolio Details

As at 31 December 2008

RESIDENTIAL

Name	Location	Year	*	Holding Company	Effective Stake (%)	Gross Floor Area (sqm)	Total No. of Units	Tenure (Years)
CHINA <i>(cont'd)</i>								
Westwood Green	Minhang District, Shanghai	2005	S	Shanghai Aoshun Property Co., Ltd	86.7	103,968	426	70
Future Projects								
Beaufort	Chaoyang District, Beijing	2006	A	Beijing Heng Shi Tong Fang Real Estate Development Co., Ltd	30.0	169,406	989	70
FloraLand II	Wenjiang District, Chengdu	2007	A	Sichuan Zhixin Capitaland Co., Ltd	50.0	1,309,830 (estimated)	6,828 (estimated)	70
Guangnan Project	Qingpu District, Shanghai	2007	A	Shanghai Guang Nan Real Estate Development Co., Ltd	95.0	62,887	220	70
I-World (Plot 19)	Gongshu District, Hangzhou	2006	A	Capitaland Xinyun (Hangzhou) Real Estate Development Co., Ltd	50.0	70,000 (estimated)	400 (estimated)	70
Royal Residences Beijing	Dongcheng District, Beijing	2007	A	Beijing Capitaland Xin Ming Real Estate Development Co., Ltd.	100.0	15,130	15	70
Site at Jin Sha Zhou	Baiyun District, Guangzhou	2005	A	Guangzhou Beautiwin Real Estate Development Co., Ltd	50.0	368,900	3,408	70
Site at Wenjiang – 301	Wenjiang District, Chengdu	2007	A	Chengdu Capitaland Zhixin Wenjiang Co., Ltd Chengdu Zhi Kai Industrial Co., Ltd	50.0	269,883 (estimated)	1,973 (estimated)	70
Site at Wenjiang – 345	Wenjiang District, Chengdu	2006/ 2007	A	Sichuan Zhixin Capitaland Co., Ltd	50.0	101,820 (estimated)	448 (estimated)	70
Vermont Hills	Changping District, Beijing	2007	A	Beijing Rising Harmony Real Estate Development Co., Ltd	90.0	458,381	713	70
INDIA								
The Orchard Residency	Ghatkopar, Mumbai	2007	S	Lonsvale Pte Ltd	49.0	64,000	590	Freehold
THAILAND								
Athenee Residence	Bangkok	2007	C	TCC Capital Land Limited	40.0	81,842	219	Freehold
North Park Place	Bangkok	2007	S	TCC Capital Land Limited	40.0	33,337	128	Freehold

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

RESIDENTIAL

Name	Location	Year	*	Holding Company	Effective Stake (%)	Gross Floor Area (sqm)	Total No. of Units	Tenure (Years)
THAILAND <i>(cont'd)</i>								
S&S Sukhumvit	Bangkok	2008	S	TCC Capital Land Limited	40.0	55,540	810	Freehold
Site at Jomtien	Pattaya	2006	A	TCC Capital Land Limited	40.0	47,924	166	Freehold
Site at Tup Kaek	Krabi	2006	A	TCC Capital Land Limited	40.0	10,076	47 (estimated)	Freehold
The Empire Place	Bangkok	2008	C	TCC Capital Land Limited	40.0	87,634	493	Freehold
The Emporio Place	Bangkok	2006	S	TCC Capital Land Limited	40.0	70,125	361	Freehold
The Royal Residence	Bangkok	2005	S	TCC Capital Land Limited	40.0	44,121	73	Freehold
Villa Rachakhru	Bangkok	2006	C	TCC Capital Land Limited	40.0	6,959	69	Freehold
Villa Rachatewi	Bangkok	2006	S	TCC Capital Land Limited	40.0	76,240	744	Freehold
Villa Sathorn	Bangkok	2007	S	TCC Capital Land Limited	40.0	54,291	636	Freehold
VIETNAM								
Le Chalet	District 7, Ho Chi Minh City	2006	A	CapitaLand (Vietnam) Holdings Pte Ltd	70.0	90,000	600 (estimated)	Freehold
Satin Residence	Hanoi	2008	A	CapitaLand (Vietnam) Holdings Pte Ltd	70.0	221,806	1,200 (estimated)	Freehold
Site at District 2	Ho Chi Minh City	2008	A	CapitaLand (Vietnam) Holdings Pte Ltd	60.0	234,361	950 (estimated)	Freehold
The Vista	District 2, Ho Chi Minh City	2007	S	CapitaLand (Vietnam) Holdings Pte Ltd	80.0	189,966	850 (residential and serviced residences)	Freehold

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

Portfolio Details

As at 31 December 2008

COMMERCIAL

Name	Location	Year	*	Holding Company	Effective Stake (%)	Total Net Lettable Area (sqm)	Tenure (Years)	Total Book Value as at 31 Dec 08 S\$'000
SINGAPORE Office								
Bugis Village	Queen Street/Rochor Road/Victoria Street	1989	A	CapitaCommercial Trust	31.1	11,258	99	#
Capital Tower	Robinson Road	2000	C	CapitaCommercial Trust	31.1	68,836	99	#
HSBC Building	Collyer Quay	2005	A	CapitaCommercial Trust	31.1	18,624	999	#
One George Street	George Street	2004	C	CapitaCommercial Trust	31.1	41,621	99	#
PWC Building	Cross Street	2000	C	DBS China Square Limited	30.0	33,080	99	#
Robinson Point	Robinson Road	1997	C	CapitaCommercial Trust	31.1	12,369	Freehold	#
Six Battery Road	Battery Road	1989	A	CapitaCommercial Trust	31.1	46,166	999	#
Starhub Centre	Cuppage Road	1998	C	CapitaCommercial Trust	31.1	26,019	99	#
The Adelphi – 163 strata-titled units	Coleman Street	1988	A	Adelphi Property Pte Ltd	100.0	16,543 (office and retail)	999	235,500
Wilkie Edge	Wilkie Road	2008	C	CapitaCommercial Trust	31.1	13,561 (excludes serviced residences)	99	#
Carpark								
Golden Shoe Car Park	Market Street	1989	A	CapitaCommercial Trust	31.1	4,117	99	#
Market Street Car Park	Market Street	1989	A	CapitaCommercial Trust	31.1	1,970	99	#
Industrial								
Corporation Place	Corporation Road	1993	C	Corporation Place Ltd	75.0	57,667	60	#
Kallang Avenue Industrial Centre	Kallang Avenue	1989	A	KAIC Pte Ltd	100.0	10,271	99	20,200
Kallang Bahru Complex	Kallang Avenue	1989	A	KBC Pte Ltd	100.0	15,784	99	30,600
Technopark@Chai Chee	Chai Chee Road	1982	A	Wan Tien Realty (Pte) Ltd	100.0	105,871	60	210,000
Integrated Development								
Raffles City Singapore	North Bridge Road/ Stamford Road/ Bras Basah Road	2006	A	RCS Trust	30.5	72,590 (retail, office and 2,028 hotel rooms)	99	#

* A: Year of Acquisition S: Start of Construction C: Completion of Construction
Total book value of non-wholly owned Singapore commercial properties: S\$8.44 billion

COMMERCIAL

Name	Location	Year	*	Holding Company	Effective Stake (%)	Total Net Lettable Area (sqm)	Tenure (Years)	Total Book Value as at 31 Dec 08 S\$'000
BAHRAIN								
Integrated Development								
Raffles City Bahrain	Bahrain Bay, Manama	2007	S	Bahrain Bay Integrated Development Limited	37.1	171,500 (residential GFA) 24,000 (serviced residences GFA) 92,500 (retail GFA)	Freehold	##
CHINA								
Office								
Innov Tower (formerly known as RND Tower)	Xuhui District, Shanghai	2008	S	Caike Property (Shanghai) Co., Ltd	50.0	40,445 (GFA)	45	##
Red Diamond Plaza	Haidian District, Beijing	2006	A	Beijing Red Diamond Science & Technology Development Co., Ltd	50.0	22,667 (GFA)	50	##
Integrated Development								
Capital Plaza Ningbo	Jiangbei District, Ningbo	2008	S	Ningbo Xin Yin Property Development Co., Ltd	50.0	97,898	50	##
Danling Project	Zhabei District, Shanghai	2007	A	Shanghai CapitaLand Xin Chuang Real Estate Development Co., Ltd	100.0	71,086	50 (office) 40 (retail and serviced residences)	137,334
Macao Studio City	Cotai, Macau	2007	S	East Asia Televisao Por Satalite Limitada	20.0	340,000 (proposed GFA for Phase 1)	25 (with effect from 17 Oct 2001 renewable until 19 Dec 2049)	##
Raffles City Beijing	Dongcheng District, Beijing	2008	C	Beijing Xin Jie Real Estate Development Co., Ltd	50.0	97,665 (GFA)	50 (general) 40 (retail)	##
Raffles City Chengdu	Wuhou District, Chengdu	2007	S	Chengdu Raffles Industry Co., Ltd	50.0	195,446 (GFA)	40	##
Raffles City Hangzhou	Qianjiang New Town, Hangzhou	2007	A	Raffles City (Hangzhou) Real Estate Development Co., Ltd	100.0	283,568 (GFA)	40	209,671

* A: Year of Acquisition S: Start of Construction C: Completion of Construction
Total book value of non-wholly owned overseas commercial properties: S\$4.05 billion

Portfolio Details

As at 31 December 2008

COMMERCIAL

Name	Location	Year	*	Holding Company	Effective Stake (%)	Total Net Lettable Area (sqm)	Tenure (Years)	Total Book Value as at 31 Dec 08 S\$'000
CHINA <i>(cont'd)</i>								
Raffles City Shanghai	Huangpu District, Shanghai	2003	C	Shanghai Hua Qing Real Estate Development Co., Ltd	27.9	133,816 (GFA)	50	##
Site at Wenjiang – 110	Wenjiang District, Chengdu	2006	A	Sichuan Zhixin CapitaLand Co., Ltd	50.0	80,762 (estimated)	40	n/a
INDIA								
IT Park & Office								
Site at Trans Thana Creek	Thana District, Navi Mumbai	2007	A	LOMA IT Park Developers Private Limited	49.0	273,250 (GFA)	58	##
JAPAN								
Office & Residential								
Site at Kita-Shinjuku	Shinjuku Ward, Tokyo	2008	S	Mitsubishi Estate Co., Ltd.	20.0	14,400 (land area)	Freehold	##
KAZAKHSTAN								
Integrated Development								
Site at Almaty	Almaty	2008	A	CapitaLand Express LLP	70.0	34,030 (residential and serviced residences GFA)	Freehold	##
MALAYSIA								
Office								
Menara Citibank	Jalan Ampang, Kuala Lumpur	1994	A	Inverfin Sdn Bhd	30.0	68,150	Freehold	##
UNITED ARAB EMIRATES								
Integrated Development								
Rihan Heights (Arzanah Phase 1)	Abu Dhabi	2008	S	Mubadala CapitaLand Real Estate LLC	49.0	142,120 (residential GFA)	Freehold	##
UNITED KINGDOM								
Integrated Development								
99-121 Kensington High Street	Central London	2006	A	818 Pte Ltd	33.3	34,450	Freehold	##
Office								
1 Derry Street	Central London	2006	A	828 Pte Ltd	33.3	2,992	Freehold	##
Residential								
25 Kensington Square	Central London	2006	A	838 Pte Ltd	33.3	239	Freehold	##

* A: Year of Acquisition S: Start of Construction C: Completion of Construction
 ## Total book value of non-wholly owned overseas commercial properties: S\$4.05 billion

RETAIL

Name	Location	Year	*	Holding Company	Effective Stake (%)	Total Net Lettable Area (sqm)	Tenure (Years)	Total Book Value as at 31 Dec 08 S\$'000
SINGAPORE								
Bugis Junction	Victoria Street	2005	A	CapitaMall Trust	29.6	39,088	99	^
Bukit Panjang Plaza	Jelevu Road	2003	A	CapitaRetail BPP Trust	29.6	13,790	99	^
Clarke Quay	River Valley Road	1993	C	Clarke Quay Pte Ltd	100.0	24,293	99	268,500
Funan DigitalLife Mall	North Bridge Road	1984	C	CapitaMall Trust	29.6	27,661	99	^
Hougang Plaza	Upper Serangoon Road	2005	A	CapitaMall Trust	29.6	6,512	99	^
IMM Building	Jurong East	2003	A	CapitaMall Trust	29.6	87,368	30 + 30	^
ION Orchard	Orchard Road	2005	A	Orchard Turn Retail Investment Pte Ltd	50.0	87,486 (GFA)	99	^
Junction 8	Bishan	1993	C	CapitaMall Trust	29.6	22,921	99	^
Jurong Entertainment Centre	Jurong East	2005	A	CapitaMall Trust	29.6	10,290	99	^
Lot One Shoppers' Mall	Choa Chu Kang	2003	A	CapitaRetail Lot One Trust	29.6	20,158	99	^
Plaza Singapura	Orchard Road	1974	C	CapitaMall Trust	29.6	46,213	Freehold	^
Retail and Entertainment Hub	Vista Xchange, one-north	2007	A	One Trust	100.0	24,000 (GFA)	60	172,568
Rivervale Mall	Rivervale Crescent	2003	A	CapitaRetail Rivervale Trust	29.6	7,577	99	^
Sembawang Shopping Centre	Sembawang Road	2005	A	CapitaMall Trust	29.6	11,955	999	^
Tampines Mall	Tampines Central	1995	C	CapitaMall Trust	29.6	30,478	99	^
The Atrium@Orchard	Orchard Road	2008	A	CapitaMall Trust	29.6	34,709	99	^

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

^ Total book value of non-wholly owned Singapore retail properties: S\$7.56 billion

Portfolio Details

As at 31 December 2008

RETAIL

Name	Location	Year	*	Holding Company	Effective Stake (%)	Total Net Lettable Area (sqm)	Tenure (Years)	Total Book Value as at 31 Dec 08 S\$'000
CHINA								
Anyang Mall (under construction)	Beiguan District, Anyang	2006	A	Anyang SZITIC Commercial Property Co., Ltd	29.3	36,303 (GFA)	40	^^
Anzhen Mall	Section 5 No.4 of Anzhen Xi Li, Chaoyang District, Beijing	1994	C	CapitaRetail Beijing Anzhen Real Estate Co., Ltd	26.6	43,442 (GFA)	29 – 37	^^
Chancheng Mall	Chancheng District, Foshan	2006	A	Foshan City SZITIC Commercial Property Co., Ltd	29.3	91,044 (GFA)	30 (commercial) 40 (office, carpark)	^^
Chengnanyuan Mall	Donghu District, Nanchang	2006	C	Nanchang SZITIC Commercial Property Co., Ltd	29.3	45,607 (GFA)	40	^^
Chikan Mall	Chikan District, Zhanjiang	2006	A	Zhanjiang City SZITIC Commercial Property Co., Ltd	29.3	47,266 (GFA)	40	^^
Dalian Peace Plaza	Shahekou District, Dalian	2008	A	Dalian Kaijin Infrastructure Management Co., Ltd	30.0	166,232 (GFA)	40	^^
Danshui Mall	Huiyang District, Huizhou	2006	A	Huizhou City SZITIC Commercial Property Co., Ltd	29.3	39,283 (GFA)	40	^^
Duanzhou Mall (under construction)	Duanzhou District, Zhaoqing	2006	A	Zhaoqing City SZITIC Commercial Property Co., Ltd	29.3	44,529 (GFA)	40	^^
Fucheng Mall	Fucheng District, Mianyang	2005	A	Mianyang SZITIC Commercial Property Co., Ltd	29.3	56,538 (GFA)	40	^^
Gaoxin Mall	Gaoxin District, Weifang	2005	C	Weifang SZITIC Commercial Property Co., Ltd	29.3	48,946 (GFA)	40	^^
Guangxinlian Mall (under construction)	Junction of Wusheng Road and Zhongshan Street, Wuhan	2007	A	Wuhan Guangxinlian Real Estate Development Co., Ltd	45.0	139,866 (GFA)	40	^^
Guicheng Mall	Nanhai District, Foshan	2006	C	Foshan City Nanhai SZITIC Commercial Property Development Co., Ltd	51.0	65,413 (GFA)	40	^^
Harbin Aidemondun (under construction)	Daoli District, Harbin	2007	A	Beijing Hualian Haerbin Real Estate Development Co., Ltd	45.0	49,093 (GFA)	40	^^
Hengyang Mall (under construction)	Gaoxin District, Hengyang	2007	A	Hengyang SZITIC Commercial Property Co., Ltd	29.3	62,231 (GFA)	40	^^

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

^^ Total book value of non-wholly owned overseas retail properties: S\$4.72 billion

RETAIL

Name	Location	Year	*	Holding Company	Effective Stake (%)	Total Net Lettable Area (sqm)	Tenure (Years)	Total Book Value as at 31 Dec 08 S\$'000
CHINA (cont'd)								
Jiangbin Mall	Licheng District, Quanzhou	2006	C	Quanzhou SZITIC Commercial Property Co., Ltd	29.3	43,096 (GFA)	40	^^
Jingdong Mall (under construction)	Beijing East Road, Nanchang	2008	A	Jiangxi SZITIC Jingdong Commercial Property Co., Ltd	29.3	25,517 (GFA)	40	^^
Jingyang Mall (under construction)	Junction of East Changjiang Road and North Tianshan Road, Deyang	2006	A	Deyang SZITIC Commercial Property Co., Ltd	29.3	44,903 (GFA)	40	^^
Jinniu Mall	Jinniu District, Chengdu	2006	C	SZITIC (Chengdu) Commercial Property Co., Ltd	29.3	78,483 (GFA)	40	^^
Jiulong Mall	No. 31 Guangqu Road Chaoyang District, Beijing	2003	C	CapitaRetail Beijing Shuangjing Real Estate Co., Ltd	26.6	49,526 (GFA)	40	^^
Jiulongpo Mall	Jiulongpo District, Chongqing	2005	C	Chongqing Zhongshan Huihua Investment Co., Ltd	51.0	53,302 (GFA)	40	^^
Laiwu Mall (under construction)	Wenyuan Dong Dajie, Laiwu	2008	A	Laiwu SZITIC Commercial Property Co., Ltd	29.3	47,940 (GFA)	40	^^
Liuquan Mall	Zhangdian District, Zibo	2006	A	Zibo SZITIC Commercial Property Co., Ltd	29.3	41,994 (GFA)	40	^^
Ma'anshan Mall (under construction)	Junction of Yushan Road and Kangle Road, Ma'anshan	2007	A	MaAnShan SZITIC Commercial Property Co., Ltd	29.3	40,460 (GFA)	40	^^
Maoming Mall	Xiyue South Road, Maoming	2006	C	Maoming City SZITIC Commercial Property Development Co., Ltd	51.0	37,882 (GFA)	40	^^
Nanan Mall	Cuiping District, Yibin	2006	A	Yibin SZITIC Commercial Property Co., Ltd	29.3	39,414 (GFA)	40	^^
Nancheng Mall	Nancheng District, Dongguan	2006	A	Dongguan City SZITIC Commercial Property Co., Ltd	29.3	43,766 (GFA)	50	^^
People's Parade	No. 704, Zhongshan Avenue, Jiangnan District, Hankou, Wuhan City	1994	A	Wuhan New Minzhong Leyuan Co., Ltd	70.0	23,283	50	^^
Qibao Mall	No. 3655, Qi Xin Road, Minhang District, Shanghai	2003	C	CapitaRetail Dragon Mall (Shanghai) Co., Ltd	26.6	83,986 (GFA)	39	^^

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

^^ Total book value of non-wholly owned overseas retail properties: S\$4.72 billion

Portfolio Details

As at 31 December 2008

RETAIL

Name	Location	Year	*	Holding Company	Effective Stake (%)	Total Net Lettable Area (sqm)	Tenure (Years)	Total Book Value as at 31 Dec 08 S\$'000
CHINA (cont'd)								
Rizhao Xintiandi Mall (under construction)	Junction of Haiqu East Road and Qingdao Road, Rizhao	2007	A	CapitaRetail Rizhao Haiqu Infrastructure Management Limited	30.0	99,039 (GFA)	40	^^
Saihan Mall	No. 32 E' Er Duo Si Street, Saihan District, Huhhot, Inner Mongolia Autonomous Region	2002	C	Huaxin Saihan Huhhot Real Estate Co., Ltd	26.6	41,938 (GFA)	35	^^
Shangdu Mall (under construction)	Nangang District, Harbin	2008	A	CapitaRetail Harbin Shangdu Real Estate Co., Ltd.	45.0	114,870 (GFA)	40	^^
Shawan Mall (under construction)	Jinniu District, Chengdu	2007	A	CapitaRetail ChengDu FuQin Real Estate Co., Ltd	30.0	50,740 (GFA)	40	^^
Shunde Mall (under construction)	Shunde District, Foshan	2006	A	Foshan City Shunde SZITIC Commercial Property Co., Ltd	29.3	72,093 (GFA)	40	^^
Tai'an Mall (under construction)	Dongyue Dajie, Tai'an	2008	A	Tai'an SZITIC Commercial Property Co., Ltd	29.3	51,490 (GFA)	40	^^
Taohualun Mall (under construction)	Heshan District, Yiyang	2006	A	Yiyang SZITIC Commercial Property Co., Ltd	29.3	35,241 (GFA)	40	^^
Tianfu Mall (under construction)	Gaoxin District, Chengdu	2008	A	Chengdu Huayun Jiangnan Real Estate Development Co., Ltd	45.0	245,000 (GFA)	40	^^
Tianjinwan Mall	Hexi District, Tianjin	2007	A	CapitaRetail TianJin ZhongHuan Infrastructure Developments Limited	30.0	59,305 (GFA)	50	^^
Wal-Mart China Headquarters	Futian District, Shenzhen	2006	A	CapitaRetail Qiaoxiang (Shenzhen) Co., Ltd	22.5	140,879 (GFA)	40	^^
Wangjing Mall	No. 33 Guangshun North Street, Blk 213 & 215, Chaoyang District, Beijing	2006	C	CapitaRetail Beijing Wangjing Real Estate Co., Ltd	26.6	82,634 (GFA)	38 – 48	^^
Weiyang Mall (under construction)	Junction of Yangzjiang North Road and Siwangting Road, Yangzhou	2006	A	Yangzhou SZITIC Commercial Property Co., Ltd	29.3	52,329 (GFA)	40	^^

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

^^ Total book value of non-wholly owned overseas retail properties: S\$4.72 billion

RETAIL

Name	Location	Year	*	Holding Company	Effective Stake (%)	Total Net Lettable Area (sqm)	Tenure (Years)	Total Book Value as at 31 Dec 08 S\$'000
CHINA (cont'd)								
Xi'an Mall (under construction)	Junction of Nan Er Huan and Han Guang Lu, Xi'an	2008	A	ShanXi Hualian Real Estate Development Co., Ltd	22.1	131,300 (GFA)	40	^^
Xiangcheng Mall	Xiangcheng District, Zhangzhou	2006	C	Zhangzhou SZITIC Commercial Property Co., Ltd	51.0	49,006 (GFA)	40	^^
Xinwu Mall	No. 79 Zhongshan North Road, Xinwu District, Wuhu, Anhui	2005	C	Wuhu SZITIC Commercial Property Co., Ltd	13.5	59,624 (GFA)	40	^^
Xinxiang Mall (under construction)	Hongqi District, Xinxiang	2006	A	Xinxiang SZITIC Commercial Property Co., Ltd	29.3	38,147 (GFA)	40	^^
Xizhimen Mall	No. 1 Xizhimenwai Avenue, Xicheng District, Beijing	2006	A	CapitaRetail Beijing Xizhimen Real Estate Co., Ltd	26.6	83,074 (GFA)	40 – 50	^^
Yuhuating Mall	Shaoshan Road Central, Changsha	2005	C	Hunan SZITIC Commercial Property Development Co., Ltd	51.0	75,431 (GFA)	40	^^
Yushan Mall (under construction)	Yushan Town, Kunshan	2006	A	Kunshan SZITIC Commercial Property Co., Ltd	29.3	45,717 (GFA)	40	^^
Zhengzhou Mall	No. 3 Minzhu Road, Erqi District, Zhengzhou, Henan	1992	C	CapitaRetail Henan Zhongzhou Real Estate Co., Ltd (formerly known as Beijing Hualian Plaza (Henan) Co., Ltd	26.6	92,356 (GFA)	38	^^
Zhuzhou Mall (under construction)	Hetang District, Zhuzhou	2007	A	Zhuzhou SZITIC Commercial Property Co., Ltd	29.3	60,268 (GFA)	40	^^
INDIA								
Graphite India, Bangalore	Bangalore	2008	A	Prestige Whitefield Investment & Developers Private Limited	22.3	97,732 (Super Built-up Area)	Freehold	^^
Mangalore Mall	Mangalore	2008	A	Prestige Mangalore Retail Ventures Private Limited	22.3	45,916 (SBA)	Freehold	^^
Mysore Mall	Mysore	2008	A	Prestige Mysore Retail Ventures Private Limited	22.3	33,417 (SBA)	Freehold	^^
Nagpur Mall	Nagpur	2008	A	Nunlet Projects Private Limited	29.5	124,611 (SBA)	Freehold	^^
Udaipur Celebration Mall	Udaipur	2007	A	Flicker Projects Private Limited	31.8	35,720 (SBA)	99	^^

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

^^ Total book value of non-wholly owned overseas retail properties: S\$4.72 billion

Portfolio Details

As at 31 December 2008

RETAIL

Name	Location	Year	*	Holding Company	Effective Stake (%)	Total Net Lettable Area (sqm)	Tenure (Years)	Total Book Value as at 31 Dec 08 S\$'000
JAPAN								
COOP Kobe Nishinomiya Higashi	Nishinomiya-shi, Hyogo	2007	A	CapitaRetail CK Tokutei Mokuteki Kaisha	26.3	7,355	Freehold	^^
Ito-Yokado Chitose	Chitose, Hokkaido	2005	A	CapitaRetail IYC Tokutei Mokuteki Kaisha	26.3	26,338	Freehold	^^
Ito-Yokado Eniwa	Eniwa, Hokkaido	2006	A	CapitaRetail IYE Tokutei Mokuteki Kaisha	26.3	12,469	Freehold	^^
Izumiya Hirakata	Hirakata-shi, Osaka	2005	A	CapitaRetail IH Tokutei Mokuteki Kaisha	26.3	24,097 (GFA)	Freehold	^^
La Park Mizue	Mizue, Edogawa-ku, Tokyo	2003	A	CapitaRetail LPM Tokutei Mokuteki Kaisha	26.3	18,380	Freehold	^^
Narashino SC	Funabashi-shi, Chiba	2007	A	CapitaRetail NS Tokutei Mokuteki Kaisha	26.3	10,648	Freehold	^^
VIVit SQUARE	Funabashi-shi, Chiba	2005	A	CapitaRetail VS Tokutei Mokuteki Kaisha	26.3	48,952	Freehold	^^
MALAYSIA								
Gurney Plaza	Persiaran Gurney, Penang	2007	A	CapitaRetail Gurney Sdn Bhd	100.0	65,511	Freehold	335,862
Mines Shopping Fair	Jalan Dulang, Kuala Lumpur	2007	A	Mutual Streams Sdn Bhd	100.0	66,280	99	212,989
Sungei Wang Plaza Strata Parcels®	Jalan Sultan Ismail, Kuala Lumpur	2008	A	Vast Winners Sdn Bhd	100.0	42,077	Freehold	271,193

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

^^ Total book value of non-wholly owned overseas retail properties: S\$4.72 billion

® Sungei Wang Plaza Strata Parcels comprise the identified strata parcels within Sungei Wang Plaza, and consist of retail space of approximately 61.9% of the aggregate surveyed retail floor area of Sungei Wang Plaza and 1,298 car parking bays

SERVICED RESIDENCES

Name	Location	Year	*	Holding Company	Effective Stake (%)	Total No. of Units	Tenure (Years)
SINGAPORE							
Serviced Residence							
Ascott Singapore Raffles Place	Finlayson Green	2008	C	Ascott Singapore Raffles Place Pte Ltd	100.0	146	999
Somerset Grand Cairnhill, Singapore	Cairnhill Road	2006	A	Ascott Residence Trust	47.0	146	99
Somerset Liang Court, Singapore	River Valley Road	2006	A	Ascott Residence Trust	47.0	195	97 years & 30 days
Citadines Singapore Mount Sophia	Wilkie Road	2007	A	Citadines Singapore Mount Sophia Pte Ltd	100.0	154	99
AUSTRALIA							
Serviced Residence							
Somerset Gordon Heights, Melbourne	Little Bourke Street, Melbourne	2007	A	Ascott Residence Trust	47.0	43	Freehold
Somerset St Georges Terrace, Perth	St Georges Terrace, Perth	2008	A	Ascott Residence Trust	47.0	84	Freehold
Citadines Melbourne on Bourke (under construction)	Bourke Street, Melbourne	2008	A	Citadines Melbourne on Bourke Pty Ltd	100.0	398	Freehold
BAHRAIN							
Serviced Residence							
Ascott Bahrain (under construction)	Bahrain Bay, Manama	2007	S	Bahrain Bay Integrated Development Limited	37.1	200	Freehold
BELGIUM							
Serviced Residence							
Citadines Bruxelles Sainte-Catherine	Quai au Bois à Brûler, Brussels	2002	A	FBM Belgique	100.0	169	Freehold
Citadines Bruxelles Toison d'Or	Avenue de la Toison d'Or, Brussels	2002	A	Immobiliere Toisor - Belgium	65.0	153	Freehold
CHINA							
Serviced Residence							
Ascott Beijing	Chaoyang District, Beijing	2006	A	Ascott Residence Trust	47.0	310	70

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

Portfolio Details

As at 31 December 2008

SERVICED RESIDENCES

Name	Location	Year	*	Holding Company	Effective Stake (%)	Total No. of Units	Tenure (Years)
CHINA <i>(cont'd)</i>							
Ascott Guangzhou	Tianhe District, Guangzhou	2008	C	Guangzhou Hai Yi Property Development Co Ltd	100.0	208	70
Ascott Raffles City Beijing	Dongcheng District, Beijing	2008	C	Beijing Xin Jie Real Estate Development Co., Ltd	50.0	175	50
Ascott Shanghai Pudong	Pudong Avenue, Shanghai	2001	C	Hua Xin Residences Pte Ltd	100.0% of 124 units	248	70
Somerset Garden City, Shenzhen <i>(under construction)</i>	Nanshan District, Shenzhen	2008	A	Ascott Serviced Residence (China) Fund	33.0	147	70
Somerset Grand Fortune Garden, Beijing	Chaoyang District, Beijing	2006	A	Ascott Residence Trust	47.0% of 81 units	221	70
Somerset Heping, Shenyang <i>(under construction)</i>	Taiyuan Street Commercial Zone, Shenyang	2008	A	Ascott Serviced Residence (China) Fund	33.0	333	30
Somerset JieFangBei, Chongqing <i>(under construction)</i>	Yuzhong District, Chongqing	2008	A	Ascott Serviced Residence (China) Fund	33.0	157	40
Somerset Olympic Tower, Tianjin	Heping District, Tianjin	2006	A	Ascott Residence Trust	47.0	185	70
Somerset Xu Hui, Shanghai	Xu Hui District, Shanghai	2006	A	Ascott Residence Trust	47.0	167	70
Somerset Youyi, Tianjin <i>(under construction)</i>	Hexi District, Tianjin	2007	A	Ascott Serviced Residence (China) Fund	33.0	250	50
Somerset ZhongGuanCun, Beijing	Haidian District, Beijing	2006	C	Somerset Xin Ya (Beijing) Property Leasing Co Ltd	100.0	154	70 (General) 40 (Third floor) 50 (Clubhouse)
Citadines Hongkong Ashley	Tsim Sha Tsui District, Hong Kong	2006	C	Citadines Ashley TST Management (HK) Ltd	100.0	36	150
Citadines Shanghai Biyun	Jinqiao Export Processing Zone, Shanghai	2007	A	Ascott Serviced Residence (China) Fund	33.0	196	70
Citadines Suzhou Lejia <i>(under construction)</i>	Suzhou Industrial Park, Suzhou	2006	A	Suzhou Jiale Real Estate Co Ltd	30.0	250	70

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

SERVICED RESIDENCES

Name	Location	Year	*	Holding Company	Effective Stake (%)	Total No. of Units	Tenure (Years)
CHINA <i>(cont'd)</i>							
Citadines Suzhou Xinghai	Suzhou Industrial Park, Suzhou	2007	C	Suzhou Chongrui Xin Shi Ji Real Estate Co Ltd	100.0	167	70
Citadines Wuhan Zhuankou (under construction)	Zhuankou District, Wuhan	2008	A	Ascott Serviced Residence (China) Fund	33.0	287	40
Citadines Xi'an Central	Beilin District, Xi'an	2007	C	Citadines Xi'an Central Hotel Co., Ltd	100.0	162	70 (Residential) 50 (Commercial)
Citadines Xi'an Gaoxin (under construction)	Hi-Tech Development Zone, Xi'an	2008	A	Ascott Serviced Residence (China) Fund	33.0	270	50
FRANCE							
Serviced Residence							
Citadines Cannes Carnot	Rue le Poussin, Cannes	2002	A	SCI Cannes Carnot	100.0 (Finance Lease)	58	Freehold
Citadines Grenoble	Rue de Strasbourg, Grenoble	2002	A	SA Place de Metz-Greno	100.0% of 106 units	107	Freehold
Citadines Lille Centre	Avenue Willy Brant-Euralille, Lille	2002	A	SA Residence des 2	100.0	101	Freehold
Citadines Lyon Presqu'île	Rue Thomassin, Lyon	2002	A	SCI Residence Lyon	100.0	116	Freehold
Citadines Marseille Castellane	Rue de Rouet, Marseille	2002	A	SCI Sodi	100.0 (Finance Lease)	97	Freehold
Citadines Marseille Prado Chanot	Boulevard de Louvain, Marseille	2002	A	SCI Marseille	100.0 (Finance Lease)	77	Freehold
Citadines Montpellier Antigone	Boulevard d'Antigone, Montpellier	2002	A	SCI Montpellier	100.0 (Finance Lease)	125	Freehold
Citadines Paris Austerlitz	Rue Esquirol, Paris	2002	A	SCI Austerlitz	100.0 (Finance Lease)	49	Freehold
Citadines Paris Didot Alésia	Rue Didot, Paris	2002	A	ORIVILLE SAS	100.0 (Finance Lease)	80	Freehold
Citadines Paris Les Halles	Rue des Innocents, Paris	2002	A	ORIVILLE SAS	100.0	189	Freehold
Citadines Paris Louvre	Rue de Richelieu, Paris	2008	A	ORIVILLE SAS	100.0	51	Freehold
Citadines Paris Maine-Montparnasse	Avenue du Maine, Paris	2002	A	SCI Montparnasse	100.0 (Finance Lease)	67	Freehold

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

Portfolio Details

As at 31 December 2008

SERVICED RESIDENCES

Name	Location	Year	*	Holding Company	Effective Stake (%)	Total No. of Units	Tenure (Years)
FRANCE <i>(cont'd)</i>							
Citadines Paris Montmartre	Avenue Rachel, Paris	2002	A	SNC Rachel	100.0% of 111 units	113	Freehold
Citadines Paris Place d'Italie	Place d'Italie, Paris	2002	A	SCI Italie	100.0	169	Freehold
Citadines Paris Tour Eiffel	Boulevard de Grenelle, Paris	2002	A	SCI Residence Grenelle	100.0	104	Freehold
Citadines Paris Trocadéro	Rue Saint-Didier, Paris	2002	A	SARL REO St Didier	100.0	97	Freehold
Citadines Paris Voltaire République	Avenue Parmentier, Paris	2002	A	SCI Republique	100.0 (Finance Lease)	76	Freehold
GERMANY							
Serviced Residence							
Citadines Berlin Olivaer Platz	Olivaer Platz, Berlin	2002	A	Citador Olivaer Platz GmbH & Co KG	100.0	118	Freehold
Citadines Munich Arnulfpark <i>(under construction)</i>	Arnulfstrasse, Munich	2007	A	Citadines Arnulfpark Munich (Netherlands) BV	100.0	146	Freehold
INDIA							
Serviced Residence							
Somerset Greenways, Chennai <i>(under construction)</i>	Sathyadev Avenue, Chennai	2006	A	Rattha Somerset Greenways (Chennai) Pte Ltd	40.0	210	Freehold
Somerset Whitefield Bangalore <i>(under construction)</i>	Whitefield, Bangalore	2006	A	Rattha Somerset Whitefield (Bangalore) Pte Ltd	40.0	230	Freehold
Citadines Ahmedabad Parimal Garden <i>(under construction)</i>	Central Business District, Ahmedabad	2008	A	Rattha Citadines Ahmedabad ApartHotel Pte Ltd	40.0	220	Freehold
Citadines Chennai Boulevard <i>(under construction)</i>	Mount Poonamelle Road, Chennai	2006	A	Rattha Citadines Boulevard (Chennai) Pte Ltd	40.0	220	Freehold
Citadines Chennai OMR Gateway <i>(under construction)</i>	Old Mahabalipuram Road, Chennai	2007	A	Rattha Citadines (OMR) ApartHotel Pte Ltd	40.0	300	Freehold
Citadines Hyderabad Hitec City <i>(under construction)</i>	Hitec City, Hyderabad	2007	A	Rattha Citadines (Hitec City) ApartHotel Pte Ltd	49.0	218	Freehold

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

SERVICED RESIDENCES

Name	Location	Year	*	Holding Company	Effective Stake (%)	Total No. of Units	Tenure (Years)
INDONESIA							
Serviced Residence							
Ascott Jakarta	Jalan Kebon Kacang Raya, Jakarta	2006	A	Ascott Residence Trust	46.5	198	20
Somerset Grand Citra, Jakarta	Jalan Prof Dr Satrio Kav 1, Jakarta	2006	A	Ascott Residence Trust	26.8	203	30
Corporate Leasing							
Country Woods, Jakarta	Jalan WR Supratman, Jakarta	2006	A	Ascott Residence Trust	47.0	251	20
JAPAN							
Serviced Residence							
Somerset Azabu East, Tokyo	Minato-ku, Tokyo	2007	A	Ascott Residence Trust	47.0	79	Freehold
Somerset Roppongi, Tokyo	Minato-ku, Tokyo	2007	A	Ascott Residence Trust	47.0	64	Freehold
Citadines Kyoto Karasuma-Gojo (under construction)	Gojo-ku, Kyoto	2007	A	Citadines Kyoto Gojo TMK	40.0	126	Freehold
Citadines Tokyo Shinjuku	Shinjuku-ku, Tokyo	2007	A	Citadines Shinjuku TMK	40.0	160	Freehold
Corporate Leasing							
Asyl Court Nakano Sakaue	Nakano-ku, Tokyo	2007	A	Ascott Residence Trust	47.0	62	Freehold
Gala Hachimanyama I	Suginami-ku, Tokyo	2007	A	Ascott Residence Trust	47.0	76	Freehold
Gala Hachimanyama II	Suginami-ku, Tokyo	2007	A	Ascott Residence Trust	47.0	16	Freehold
Infini Garden	Hamao District, Fukuoka	2008	C	Infini Garden TMK	30.0	395	Freehold
Joy City Koishikawa	Bunkyo-ku, Tokyo	2007	A	Ascott Residence Trust	47.0	36	Freehold
Joy City Kuramae	Taito-ku, Tokyo	2007	A	Ascott Residence Trust	47.0	60	Freehold
Zesty Akebonobashi	Shinjuku-ku, Tokyo	2007	A	Ascott Residence Trust	47.0	12	Freehold
Zesty Gotokuji	Setagaya-ku, Tokyo	2007	A	Ascott Residence Trust	47.0	15	Freehold
Zesty Higashi Shinjuku	Shinjuku-ku, Tokyo	2007	A	Ascott Residence Trust	47.0	19	Freehold
Zesty Kagurazaka I	Shinjuku-ku, Tokyo	2007	A	Ascott Residence Trust	47.0	20	Freehold
Zesty Kagurazaka II	Shinjuku-ku, Tokyo	2007	A	Ascott Residence Trust	47.0	20	Freehold

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

Portfolio Details

As at 31 December 2008

SERVICED RESIDENCES

Name	Location	Year	*	Holding Company	Effective Stake (%)	Total No. of Units	Tenure (Years)
JAPAN <i>(cont'd)</i>							
Zesty Kasugacho	Nerima-ku, Tokyo	2007	A	Ascott Residence Trust	47.0	32	Freehold
Zesty Koishikawa	Bunkyo-ku, Tokyo	2007	A	Ascott Residence Trust	47.0	15	Freehold
Zesty Komazawa University II	Meguro-ku, Tokyo	2007	A	Ascott Residence Trust	47.0	29	Freehold
Zesty Nishi Shinjuku III	Shinjuku-ku, Tokyo	2007	A	Ascott Residence Trust	47.0	29	Freehold
Zesty Sakura Shinmachi	Setagaya-ku, Tokyo	2007	A	Ascott Residence Trust	47.0	17	Freehold
Zesty Shin Ekoda	Nerima-ku, Tokyo	2007	A	Ascott Residence Trust	47.0	18	Freehold
Zesty Shoin Jinja	Setagaya-ku, Tokyo	2007	A	Ascott Residence Trust	47.0	16	Freehold
Zesty Shoin Jinja II	Setagaya-ku, Tokyo	2007	A	Ascott Residence Trust	47.0	17	Freehold
MALAYSIA							
Serviced Residence							
Ascott Kuala Lumpur	Jalan Pinang, Kuala Lumpur	1999	C	Amanah Scotts Properties (KL) Sdn Bhd	50.0	221	Freehold
Somerset Ampang, Kuala Lumpur <i>(under construction)</i>	Ampang District, Kuala Lumpur	2007	A	Somerset Ampang (Malaysia) Sdn Bhd	100.0	208	Freehold
Somerset Seri Bukit Ceylon, Kuala Lumpur	Lorong Ceylon, Kuala Lumpur	2006	C	Liang Court (Malaysia) Sdn Bhd	100.0% of 48 units	96	Freehold
PHILIPPINES							
Serviced Residence							
Ascott Makati	Ayala Center, Manila	2006	A	Ascott Residence Trust	47.0	306	Lease expiring 6 January 2044, renewable for another 25 years subject to the mutual agreement of both parties
Somerset Millennium, Makati	Legaspi Village, Manila	2006	A	Ascott Residence Trust	47.0% of 69 units	138	Freehold
Somerset Salcedo, Makati	Salcedo Village, Manila	2006	A	Ascott Residence Trust	47.0% of 71 units	150	Freehold
SPAIN							
Serviced Residence							
Citadines Barcelona Ramblas	Ramblas District, Barcelona	2002	A	Eurimeg Espana SA - Spain	65.0	131	Freehold

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

SERVICED RESIDENCES

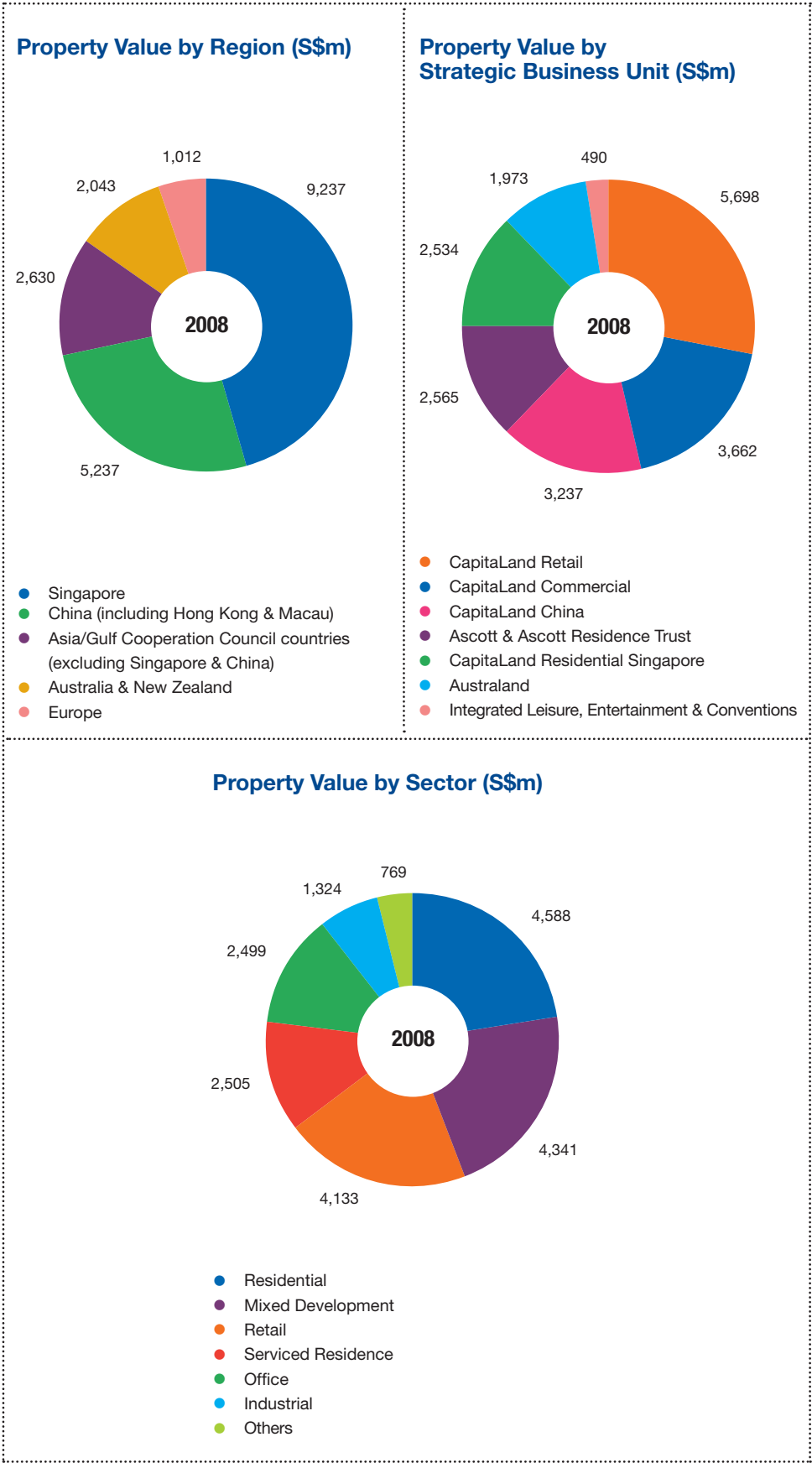
Name	Location	Year	*	Holding Company	Effective Stake (%)	Total No. of Units	Tenure (Years)
THAILAND							
Serviced Residence							
Ascott Bangkok Sathorn	South Sathorn Road, Bangkok	2004	C	Sathorn Supsin Co Ltd	40.0	177	50 + 10
Citadines Bangkok Sukhumvit 8	Sukhumvit 8, Bangkok	2008	C	Boutique Boulevard Ltd	49.0	130	Freehold
Citadines Bangkok Sukhumvit 11	Sukhumvit 11, Bangkok	2008	C	Boutique Realty Ltd	49.0	127	Freehold
Citadines Bangkok Sukhumvit 16	Sukhumvit 16, Bangkok	2007	C	Boutique Land Ltd	49.0	79	Freehold
Citadines Bangkok Sukhumvit 23	Sukhumvit 23, Bangkok	2008	C	Boutique Assets Ltd	49.0	138	Freehold
UNITED KINGDOM							
Serviced Residence							
Citadines London Barbican	Goswell Road, London	2002	A	FBM London Ltd	100.0	129	Freehold
Citadines London Holborn-Covent Garden	High Holborn, London	2008	A	Citadines Holborn CI Limited	100.0	192	Freehold
Citadines London South Kensington	Gloucester Road, London	2002	A	Citagrep Ltd	65.0	92	Freehold
Citadines London Trafalgar Square	Northumberland Avenue, London	2002	A	FBM London Ltd	100.0	187	Freehold
VIETNAM							
Serviced Residence							
Somerset Chancellor Court, Ho Chi Minh City	Nguyen Thi Minh Khai Street, Ho Chi Minh City	2007	A	Ascott Residence Trust	31.5	172	48
Somerset Grand Hanoi	Hai Ba Trung Street, Hanoi	2006	A	Ascott Residence Trust	35.7	185	45
Somerset Ho Chi Minh City	Nguyen Binh Khiem Street, Ho Chi Minh City	2006	A	Ascott Residence Trust	32.4	165	45
Somerset Hoa Binh, Hanoi	Hoang Quoc Viet Street, Hanoi	2008	C	Somerset Hoa Binh JV Co Ltd	90.0	206	40
Somerset West Lake, Hanoi	Thuy Khue Road, Hanoi	1994	C	Westlake Development Co Ltd	32.9	90	49

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

Portfolio Analysis

As at 31 December 2008, the Group’s property portfolio had a total attributable value of S\$20.2 billion and comprised development properties, investment properties and serviced residences owned by subsidiaries, associates and jointly controlled entities.

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.



5-Year Financial Summary

	2004	2005	2006	2007	2008
(A) INCOME STATEMENTS (\$\$ million)					
Revenue by SBUs					
CapitaLand Residential Limited ⁽¹⁾	2,407.4	3,036.8	2,356.0		
CapitaLand Residential Singapore				548.7	400.2
CapitaLand China Holdings				985.3	330.3
CapitaLand Commercial	259.5	122.2	139.2	165.7	227.9
CapitaLand Retail	84.3	50.3	94.6	124.2	206.7
Ascott	238.9	444.1	478.1	459.5	441.8
CapitaLand Financial	42.3	70.6	101.2	119.2	182.2
Australand				1,406.7	984.3
Others	146.7	121.6	(21.4)	(16.6)	(21.1)
Total	3,179.1	3,845.6	3,147.7	3,792.7	2,752.3
Earnings Before Interest and Tax (EBIT) by SBUs					
CapitaLand Residential Limited ⁽¹⁾	567.8	492.4	692.2		
CapitaLand Residential Singapore				308.6	175.0
CapitaLand China Holdings				403.4	883.4
CapitaLand Commercial	45.2	24.7	372.4	1,876.7	395.6
CapitaLand Retail	55.4	138.4	221.1	297.9	298.6
Ascott	66.0	121.4	202.5	337.2	132.2
CapitaLand Financial	29.5	53.3	61.6	69.7	90.4
Australand				470.0	169.6
Others	48.5	30.1	264.3	60.5	68.7
Total	812.4	860.3	1,814.1	3,824.0	2,213.5
Profit attributable to Shareholders	305.7	750.5	1,012.7	2,759.3	1,260.1
(B) BALANCE SHEETS (\$\$ million)					
Investment Properties and Properties Under Development	4,401.6	6,548.9	5,668.3	6,777.4	4,848.9
Development Properties for Sale	4,283.0	3,542.5	3,622.7	3,540.8	3,347.2
Associates, Jointly-Controlled Entities and Partnership	3,755.9	3,928.7	4,749.9	6,450.7	7,864.6
Cash and Cash Equivalents	1,917.7	2,111.3	2,684.9	4,356.0	4,228.4
Other Assets	2,877.6	2,051.7	3,866.4	4,716.4	4,794.5
Total Assets	17,235.8	18,183.1	20,592.2	25,841.3	25,083.6
Equity attributable to equity holders of the Company	5,355.8	6,657.7	7,367.7	9,940.9	10,681.7
Total Borrowings	7,196.8	6,611.9	8,129.8	9,916.1	9,829.3
Minority Interests and Other Liabilities	4,683.2	4,913.5	5,094.7	5,984.3	4,572.6
Total Equities & Liabilities	17,235.8	18,183.1	20,592.2	25,841.3	25,083.6
(C) FINANCIAL RATIOS					
Earnings per share (cents)	12.1	28.3	36.6	98.6	44.7
Return on Shareholders Funds (%)	5.4	12.5	14.5	31.9	12.2
Return on Total Assets (%)	4.2	8.2	8.7	15.7	7.9
Dividend					
First & final dividend per share (cents)	5.0	6.0	7.0	8.0	5.5
Special dividend per share (cents)	1.0	12.0	5.0	7.0	1.5
Total dividend per share (cents)	6.0	18.0	12.0	15.0	7.0
Dividend cover (times)	2.6	1.9	3.2	6.5	4.2
Net Tangible Assets per share (\$\$)	2.10	2.41	2.64	3.53	3.57
Debt Equity Ratio (net of cash) (times)	0.71	0.50	0.58	0.47	0.47
Interest Cover (times)	4.59	9.19	9.73	13.64	5.50

Note:

For changes in accounting policies, adoption of new and/or revised accounting standards, 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 the requirements arising from the said changes or adoption.

⁽¹⁾ On 1 April 2008, CapitaLand Residential Limited SBU was reorganised into 3 main components, namely, CapitaLand Residential Singapore, CapitaLand China Holdings and CapitaLand's holding in Australand. Accordingly, the segment reporting was based on the new organisation structure with effect from FY2008 and the comparative for previous year was restated.

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Statutory Accounts

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Directors' Report

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 2008.

DIRECTORS

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

Dr Hu Tsu Tau
Peter Seah Lim Huat
Liew Mun Leong
Lim Chin Beng
Jackson Peter Tai
Richard Edward Hale
Dr Victor Fung Kwok King
James Koh Cher Siang
Arfat Pannir Selvam
Professor Kenneth Stuart Courtis

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Except as disclosed under the "Directors' Interests in Shares or Debentures" and "Share Plans" 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 options of the Company or of related corporations either at the beginning 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, options and contingent awards in the Company and its related corporation are as follows:

	Holdings in the name of the director, spouse and/or infant children	
	At beginning of the year	At end of the year
The Company		
Ordinary shares		
Dr Hu Tsu Tau	—	18,108
Hsuan Owyang*	10,000	113,907
Peter Seah Lim Huat	96,800	107,363
Liew Mun Leong	1,073,680	1,032,026
Lim Chin Beng	357,000	410,581
Jackson Peter Tai	150,000	369,363
Richard Edward Hale	468,170	434,769
James Koh Cher Siang	6,250	24,340
Arfat Pannir Selvam	—	33,581
Professor Kenneth Stuart Courtis	80,000	87,545

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	At end of the year
The Company (cont'd)		
Options to subscribe for ordinary shares exercisable from 01/03/2004 to 28/02/2008 at an exercise price of \$0.82 per share		
Jackson Peter Tai	118,800	—
Options to subscribe for ordinary shares exercisable from 28/02/2005 to 27/02/2009 at an exercise price of \$1.15 per share		
Jackson Peter Tai	90,000	—
Options to subscribe for ordinary shares exercisable from 28/02/2005 to 27/02/2014 at an exercise price of \$1.02 per share		
Liew Mun Leong	200,000	—
Options to subscribe for ordinary shares exercisable from 26/02/2006 to 25/02/2010 at an exercise price of \$2.26 per share		
Jackson Peter Tai	90,000	90,000
Options to subscribe for ordinary shares exercisable from 26/02/2006 to 25/02/2015 at an exercise price of \$2.25 per share		
Liew Mun Leong	400,000	200,000
Options to subscribe for ordinary shares exercisable from 25/02/2007 to 24/02/2011 at an exercise price of \$3.75 per share		
Dr Hu Tsu Tau	120,000	120,000
Hsuan Owyang*	77,500	—
Peter Seah Lim Huat	45,000	45,000
Lim Chin Beng	40,000	—
Jackson Peter Tai	70,000	70,000
Richard Edward Hale	95,000	95,000
James Koh Cher Siang	100,000	100,000
Arfat Pannir Selvam	80,000	60,000
Options to subscribe for ordinary shares exercisable from 25/02/2007 to 24/02/2016 at an exercise price of \$3.73 per share		
Liew Mun Leong	600,000	400,000
Contingent award of Performance shares¹ to be delivered after 2007		
Liew Mun Leong (417,933 shares)	0 to 835,866 ³	— ¹
¹ During the financial year, 835,866 shares were released under the 2005 award to Liew Mun Leong.		
Contingent award of Performance shares¹ to be delivered after 2008		
Liew Mun Leong (414,754 shares)	0 to 829,508 ³	0 to 829,508 ³
Contingent award of Performance shares¹ to be delivered after 2009		
Liew Mun Leong (301,800 shares)	0 to 603,600 ³	0 to 603,600 ³

Directors' Report

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	At end of the year
The Company (cont'd)			
Contingent award of Performance shares¹ to be delivered after 2010			
Liew Mun Leong	(300,000 shares)	–	0 to 600,000 ³
Contingent award of Restricted shares² to be delivered after 2007			
Dr Hu Tsu Tau	(24,144 shares)	0 to 36,216 ⁴	18,108 ⁵
Hsuan Owyang*	(35,210 shares)	0 to 52,815 ⁴	26,408 ⁵
Peter Seah Lim Huat	(14,084 shares)	0 to 21,126 ⁴	10,563 ⁵
Liew Mun Leong	(160,960 shares)	0 to 241,440 ⁴	160,960 ⁶
Lim Chin Beng	(18,108 shares)	0 to 27,162 ⁴	13,581 ⁵
Jackson Peter Tai	(14,084 shares)	0 to 21,126 ⁴	10,563 ⁵
Richard Edward Hale	(22,132 shares)	0 to 33,198 ⁴	16,599 ⁵
James Koh Cher Siang	(20,120 shares)	0 to 30,180 ⁴	15,090 ⁵
Arfat Pannir Selvam	(18,108 shares)	0 to 27,162 ⁴	13,581 ⁵
Professor Kenneth Stuart Courtis	(10,060 shares)	0 to 15,090 ⁴	7,545 ⁵
Contingent award of Restricted shares² to be delivered after 2008			
Dr Hu Tsu Tau	(24,000 shares)	–	0 to 36,000 ⁴
Hsuan Owyang*	(35,000 shares)	–	0 to 52,500 ⁴
Peter Seah Lim Huat	(14,000 shares)	–	0 to 21,000 ⁴
Liew Mun Leong	(160,000 shares)	–	0 to 240,000 ⁴
Lim Chin Beng	(20,557 shares)	–	0 to 30,836 ⁴
Jackson Peter Tai	(14,000 shares)	–	0 to 21,000 ⁴
Richard Edward Hale	(22,000 shares)	–	0 to 33,000 ⁴
James Koh Cher Siang	(20,000 shares)	–	0 to 30,000 ⁴
Arfat Pannir Selvam	(18,000 shares)	–	0 to 27,000 ⁴
Professor Kenneth Stuart Courtis	(10,000 shares)	–	0 to 15,000 ⁴
Related Corporation			
The Ascott Group Limited			
Ordinary shares⁷			
Peter Seah Lim Huat		74,000	–
Liew Mun Leong		452,500	–
Lim Chin Beng		925,000	–
Richard Edward Hale		830,000	–
Options to subscribe for ordinary shares exercisable			
from 05/05/2003 to 04/05/2012 at an exercise price of \$0.176 per share⁷			
Liew Mun Leong		30,000	–
Options to subscribe for ordinary shares exercisable			
from 10/05/2004 to 09/05/2013 at an exercise price of \$0.144 per share⁷			
Liew Mun Leong		60,000	–

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	At end of the year
Related Corporation (cont'd)			
The Ascott Group Limited (cont'd)			
Options to subscribe for ordinary shares exercisable from 01/03/2005 to 28/02/2014 at an exercise price of \$0.236 per share⁷			
Liew Mun Leong		97,500	—
Options to subscribe for ordinary shares exercisable from 05/03/2006 to 04/03/2015 at an exercise price of \$0.300 per share⁷			
Liew Mun Leong		130,000	—
Options to subscribe for ordinary shares exercisable from 25/02/2007 to 24/02/2011 at an exercise price of \$0.631 per share⁷			
Richard Edward Hale		80,000	—
Lim Chin Beng		75,000	—
Options to subscribe for ordinary shares exercisable from 25/02/2007 to 24/02/2016 at an exercise price of \$0.627 per share⁷			
Liew Mun Leong		200,000	—
Contingent award of Restricted shares² to be delivered after 2007⁷			
Liew Mun Leong	(24,660 shares)	0 to 36,990 ⁴	—
Lim Chin Beng	(20,550 shares)	0 to 30,825 ⁴	—
Richard Edward Hale	(20,550 shares)	0 to 30,825 ⁴	—

Footnotes:

¹ Performance shares are shares under contingent awards pursuant to the CapitaLand Performance Share Plan.

² Restricted shares are shares under contingent awards pursuant to the CapitaLand Restricted Stock Plan and the Ascott Restricted Share Plan.

³ The final number of shares released will depend on the achievement of pre-determined targets over a three-year performance period. No shares will be released if the threshold targets are not met at the end of the performance period. On the other hand, if superior targets are met, more shares than the baseline award could be delivered up to a maximum of 200% of the baseline award.

⁴ The final number of shares released will depend on the achievement of pre-determined targets at the end of a one-year performance period and the release will be over a vesting period of two to three years. No shares will be released if the threshold targets are not met at the end of the performance period. On the other hand, if superior targets are met, more shares than the baseline award could be delivered up to a maximum of 150% of the baseline award.

⁵ Being the unvested half of the award.

⁶ Being the unvested two-thirds of the award.

⁷ The Ascott Group Limited ("Ascott") was delisted from the Official List of the Singapore Exchange Securities Trading Limited on 29 April 2008 following the voluntary unconditional cash offer announced on 8 January 2008 (the "Offer") and subsequent compulsory acquisition of shares in Ascott ("Ascott Shares") by Somerset Capital Pte Ltd (the "Offeror"), a wholly-owned subsidiary of the Company.

All outstanding options to subscribe for Ascott Shares under the Ascott Share Option Plan were cancelled pursuant to acceptances by holders of such options of the proposal made by the Offeror to them in connection with the Offer.

Pursuant to Rule 7.5 of the Ascott Restricted Share Plan ("RSP"), outstanding awards under the RSP were released in the form of cash. Outstanding RSP awards of Ascott directors were settled in cash pursuant to Rule 6.2 of the RSP after the re-constitution of the Ascott board following the delisting of Ascott.

* Mr Hsuan Owyang resigned as a director of the Company on 1 January 2009.

There was no change in any of the above-mentioned directors' interests in the Company and its related corporation between the end of the financial year and 21 January 2009.

Directors' Report

DIRECTORS' INTERESTS IN CONTRACTS

During the financial year, the directors' interests in contracts relate to:

- (i) subscription by Mr Liew Mun Leong of \$2.0 million 3-year fixed rate notes with coupon rate of 3.1% to 4.7% per annum issued by an indirect subsidiary of the Company under a multicurrency medium term notes programme;
- (ii) grant of pro-rata share of shareholder's loan of \$1.8 million to LF Industrial Ltd, an investee company of the Group in which Dr Victor Fung Kwok King has an interest; and
- (iii) professional advisory fees of \$136,800 paid or payable to Professor Kenneth Stuart Courtis.

Save 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.

Directors' emoluments are disclosed in "Other Information".

SHARE PLANS

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

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

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

Mr Lim Chin Beng (Chairman)

Mr Hsuan Owyang (resigned on 1 January 2009)

Mr Peter Seah Lim Huat

The Share Option Plan has been the basic share incentive scheme that was widely applied across the Group. In 2007, the Share Option Plan was replaced by the Restricted Stock Plan as the long term incentive scheme for employees across the Group, though the Share Option Plan remains an approved Share Incentive Scheme. The Performance Share Plan continues to apply only to key executives. The contingent awards granted under the Performance Share Plan and the Restricted Stock Plan 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 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 Company achieving prescribed performance target(s). Awards are released once the ERCC 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 to eligible participants vest only after the satisfactory completion of time-based service conditions or where the award is performance-related, after a further period of service beyond the performance target completion date (performance-based restricted awards). No minimum vesting periods are prescribed under the Restricted Stock Plan. 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.

SHARE PLANS (cont'd)

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

The principal terms of the Share Plans are:

- **Plans Size and Duration**

The aggregate number of new shares over which the ERCC may grant pursuant to the Share Option Plan, when aggregated with the number of new shares to be issued pursuant to the exercise of options 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 the Restricted Stock Plan, shall not exceed 15% of the total number of issued shares in the capital of the Company on the day preceding the relevant date of grant.

The Share Plans shall continue to be in force at the discretion of the ERCC, 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 contingent awards made to participants prior to such expiry or termination will continue to remain valid.

- **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 ERCC from time to time;
- Non-Executive Directors who, in the opinion of the ERCC, have contributed or will contribute to the success of the Group; and
- Executives of Parent Group and Executives of Associated Company (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 ERCC from time to time and who, in the opinion of the ERCC, have contributed or will contribute to the success of the Group.

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 ERCC from time to time;
- Non-Executive Directors (other than Non-Executive Directors of Parent Group) who, in the opinion of the ERCC, have contributed or will contribute to the success of the Group; and
- Executives of Associated Company who have attained the age of 21 years and hold such rank as may be designated by the ERCC from time to time and who, in the opinion of the ERCC, 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 contingent 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.

Directors' Report

SHARE PLANS (cont'd)

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

- **Exercise Period**

Under the Share Option Plan, options with acquisition prices which are equal to, or higher than, a price 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") 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 ERCC on the date of grant of the respective options.

Options with acquisition 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 ERCC on the date of grant of the respective options.

- **Acquisition Price**

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

- a price equals to the Market Price or such higher price as may be determined by the ERCC 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 ERCC 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.

- **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) Options Granted

With effect from 2007, the Company has ceased granting options under the CapitaLand Share Option Plan and has granted contingent awards of shares under the CapitaLand Restricted Stock Plan in place of options.

For Australand, a listed subsidiary of the Group, 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 employers' obligations to repay the loan are 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. The last offer under Australand ESOP was made on 30 June 2006 and hence Australand ESOP will cease to exist on 30 June 2011.

In addition to the above Australand ESOP, options over unissued Australand stapled securities have previously been issued to employees under the terms of the Australand Share Option Scheme. No options have been issued under this scheme since March 2002. No future options will be issued under this scheme.

SHARE PLANS (cont'd)

(c) Options Exercised

During the financial year, there were new ordinary shares issued for cash fully paid in the capital of the Company and its subsidiary pursuant to the exercise of options granted:

Name of Company	Exercise Price (per share)	Number of Shares Issued
CapitaLand Limited	\$0.82 to \$4.67	9,990,336
Australand	A\$1.57	139,250

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 subsidiary.

(d) Unissued Shares under Options

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

	Number of Holders	Expiry Date	Exercise Price (per share) \$	Number of Unissued Shares under Options
Non-Executive Directors	4	25/02/2010	2.26	230,000
(including non-executive directors of subsidiaries and former directors)	15	24/02/2011	3.75	760,000
				990,000
Group Executives	1	15/01/2009 [#]	1.01	1,757
	1	15/01/2009 [#]	3.73	25,000
	1	15/04/2009 [@]	2.27	300
	1	12/04/2010	1.61	28,000
	22	11/06/2010	1.73	97,738
	9	03/08/2010	1.70	30,090
	21	18/06/2011	1.67	119,610
	24	10/05/2012	1.01	174,405
	52	28/02/2013	0.82	363,560
	7	29/08/2013	0.82	8,870
	127	27/02/2014	1.02	1,506,711
	25	27/08/2014	1.37	121,500
	1	24/01/2015	1.95	20,000
	483	25/02/2015	2.25	4,921,082
	46	26/08/2015	2.68	237,750
	675	24/02/2016	3.73	10,423,641
	1	19/06/2016	4.21	150,000
	75	01/09/2016	4.66	823,500
				19,053,514
Total				20,043,514

[#] Employees of Raffles Holdings Limited ("RHL"), being designated as subsidiary employees, were granted options under the CapitaLand Share Option Plan ("Share Option Plan") to subscribe for ordinary shares in the capital of the Company. Following the cessation of RHL operations on 16 January 2007, these employees were retrenched. Pursuant to the rules of the Share Option Plan, the ERCC had approved the options held by those former employees of RHL to be fully vested as at 16 January 2007 and be exercisable for a period of two years up to 15 January 2009.

[@] Arising from the divestment of Temasek Tower on 16 April 2007, the employees of Temasek Tower Limited were retrenched. Pursuant to the rules of the Share Option Plan, the ERCC of the Company had approved the options held by the former employees to be fully vested as at 16 April 2007 and be exercisable for a period of two years up to 15 April 2009.

Directors' Report

SHARE PLANS (cont'd)

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

There were no new grant of options since 2007. The aggregate number of options granted since the commencement of the CapitaLand Share Option Plan to the end of the financial year is as follows:

Participants	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	240,000	(120,000)	–	120,000
Hsuan Owyang*	1,143,000	(1,143,000)	–	–
Liew Mun Leong	6,135,000	(5,535,000)	–	600,000
Lim Chin Beng	798,410	(798,410)	–	–
Jackson Peter Tai	688,800	(308,800)	(220,000)	160,000
Peter Seah Lim Huat	478,800	(433,800)	–	45,000
Richard Edward Hale	575,170	(480,170)	–	95,000
James Koh Cher Siang	100,000	–	–	100,000
Arfat Pannir Selvam	80,000	(20,000)	–	60,000
	10,239,180	(8,839,180)	(220,000)	1,180,000
Non-Executive Directors of subsidiaries (including former directors of the Company)	7,982,860	(7,043,410)	(529,450)	410,000
Group Executives (excluding Liew Mun Leong)	134,883,673	(83,308,353)	(33,121,806)	18,453,514
Parent Group Executives and others	2,662,482	(2,232,834)	(429,648)	–
Total	155,768,195	(101,423,777)	(34,300,904)	20,043,514

* Mr Hsuan Owyang resigned as a director of the Company on 1 January 2009.

At the end of the financial year, there were also unissued ordinary shares of a subsidiary under options as follows:

	Number of Holders	Expiry Date	Exercise Price* (per share) A\$	Number of Unissued Shares under Options
Australand				
Directors	1	13/03/2011	0.605	37,500
Employees	20	13/03/2011	0.605	323,750
Total				361,250

* Australand completed its one for one rights issue offer at A\$0.60 per security in September 2008, raising gross proceeds of A\$461 million. Accordingly, the exercise prices of the outstanding options granted under its Share Option Plan were adjusted to compensate for the decline in values of the said options.

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

SHARE PLANS (cont'd)

(e) Awards under the CapitaLand Performance Share Plan

During the financial year, the ERCC of the Company has granted awards conditional on targets set for a performance period, currently prescribed to be a three-year performance period. A specified number of 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.

The final number of shares released will depend on the achievement of pre-determined targets over a three-year performance period. No shares will be released if the threshold targets are not met at the end of the performance period. On the other hand, if superior targets are met, more shares than the baseline award could be delivered up to a maximum of 200% of the baseline award.

The maximum number of shares which could be released, when aggregated with the number of new shares issued pursuant to the vesting of awards under the Restricted Stock Plan as well as the exercise of options under the Share Option Plan, is within the 15% limit of the total number of issued shares in the capital of the Company on the day preceding the relevant date of grant.

Details of the movement in the awards of the Company during the year were as follows:

Year of Contingent Award	Balance as at 1 January 2008		Movements during the year			Balance as at 31 December 2008	
			Granted/ adjusted	Released	Lapsed/ cancelled		
	No. of holders	No. of shares	No. of shares	No. of shares	No. of shares	No. of holders	No. of shares
2004	1	103,900	–	(83,120)	(20,780)	–	–
2005	44	2,938,599	2,730,634	(5,461,268)	(207,965)	–	–
2006	55	3,222,129	146,700	–	(375,928)	59	2,992,901
2007	64	2,543,930	302,700	–	(299,870)	68	2,546,760
2008	–	–	3,088,161	–	(202,984)	83	2,885,177
		8,808,558	6,268,195	(5,544,388)	(1,107,527)		8,424,838

(f) Awards under the CapitaLand Restricted Stock Plan

During the financial year, the ERCC of the Company has granted awards conditional on targets set for a performance period, currently prescribed to be a one-year performance period. A specified number of shares will only be released by the ERCC to the recipient at the end of the qualifying performance period, provided the threshold targets are achieved.

The final number of shares released will depend on the achievement of pre-determined targets at the end of a one-year performance period. No shares will be released if the threshold targets are not met at the end of the performance period. On the other hand, if superior targets are met, more shares than the baseline award could be delivered up to a maximum of 150% of the baseline award. The shares have a vesting schedule of two to three years. Recipient can receive fully paid shares, their equivalent cash value or combinations thereof, at no cost.

With effect from 2008, the ERCC of the Company has instituted a set of share ownership guidelines for senior management who received shares under the Restricted Stock Plan. Under these guidelines, members of the senior management team are required to retain a portion of the total number of CapitaLand shares acquired through the Restricted Stock Plan which will vary according to their job grades and base salaries.

Directors' Report

SHARE PLANS (cont'd)

(f) Awards under the CapitaLand Restricted Stock Plan (cont'd)

The maximum number of shares which could be released, when aggregated with the number of new shares issued pursuant to the vesting of awards under the Performance Share Plan and the exercise of options under the Share Option Plan is within the 15% limit of the total number of issued shares in the capital of the Company on the day preceding the relevant date of grant.

Details of the movement in the awards of the Company during the year were as follows:

Year of Contingent Award	Balance as at 1 January 2008		Movements during the year			Balance as at 31 December 2008	
			Granted/ adjusted No. of shares	Released No. of shares	Lapsed/ cancelled No. of shares		
2007	1,052	4,552,277	2,258,080	(2,309,409)	(509,434)	949	3,991,514
2008	–	–	6,271,003	–	(379,058)	1,362	5,891,945
		4,552,277	8,529,083	(2,309,409)*	(888,492)		9,883,459**

* The number of shares released during the year was 2,309,409, of which 307,326 were cash settled.

** Of the 9,883,459 shares awarded, 1,358,003 were to be cash settled.

(g) Awards under the Australand Performance Rights Plan and Australand Tax Exempt Employee Security Plan

(i) Australand Performance Rights Plan ("PRP")

The establishment of the Australand Performance Rights Plan was approved by Australand's shareholders at the 2007 Annual General Meeting ("AGM").

The number of securities outstanding under the Australand Performance Rights Plan as at the end of the year is summarised below:

Year of Contingent Award	Balance as at 1 January 2008	Movements during the year			Balance as at 31 December 2008
		Granted	Exercised	Forfeited/ cancelled	
2007	3,911,500	591,000 ¹	(87,883)	(375,917)	4,038,700
2008	–	2,357,500	–	(22,400)	2,335,100
	3,911,500	2,948,500	(87,883)	(398,317)	6,373,800

¹ These performance rights were issued to the Managing Director in 2008 as they were subject to security holder approval at the 2008 AGM.

(ii) Australand Tax Exempt Employee Security Plan ("TEP")

The Australand Tax Exempt Employee Security Plan in which tax exempt stapled securities may be issued by the company to employees for no cash consideration was approved by Australand shareholders at the 2007 AGM. All Australian resident permanent (full-time and part-time) employees (excluding directors and participants in the Australand Performance Rights Plan) who have been continuously employed by the Group for a period of at least nine months as at the invitation date and are still employees as at the acquisition date are eligible to participate in the plan. Employees may elect not to participate in the plan.

The plan provides up to A\$1,000 of Australand stapled securities (tax-free) to eligible employees annually in the third quarter of each calendar year for no cash consideration.

A three-year restriction period on selling, transferring or otherwise dealing with the securities applies, unless the employee leaves Australand. Under the plan, employees will receive the same benefits as all other security holders.

SHARE PLANS (cont'd)

(g) Awards under the Australand Performance Rights Plan and Australand Tax Exempt Employee Security Plan (cont'd)

(ii) Australand Tax Exempt Employee Security Plan ("TEP") (cont'd)

The number of securities issued to participants in the plan is the offer amount divided by the weighted average price at which Australand's stapled securities are traded on the Australian Stock Exchange during the week up to and including the acquisition date (rounded down to the nearest whole number of stapled securities).

Number of securities issued under the Australand TEP is as follows:

	Weighted average market price A\$	Number of securities issued ('000)
29 June 2007	2.15	177
1 September 2007	2.37	170
31 October 2008	0.33	1,214
		1,561

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 "Act"), the Listing Manual of the 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;
- the impact of new, revised or proposed changes in accounting policies or regulatory requirements on the financial statements;
- the compliance with laws and regulations, particularly those of the Act and the Listing Manual of the SGX-ST;
- the appropriateness of quarterly and full year announcements and reports;
- the 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 person transactions; and
- the findings of internal investigation, if any.

The Audit Committee also reviews arrangements by which employees of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. Pursuant to this, the Audit Committee has introduced a Whistle Blowing Policy where employees may raise improprieties to the Audit Committee Chairman in good faith, with the confidence that employees making such reports will be treated fairly and be protected from reprisal.

The Audit Committee met four times in 2008. 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 Board of 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.

Directors' Report

AUDIT COMMITTEE (cont'd)

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 person transactions, reviewed the procedures set by the Group and the Company to identify and report and where necessary, seek approval for interested person transactions and, with the assistance of the internal auditors, reviewed interested person transactions.

The Audit Committee also undertook quarterly reviews of all non-audit services provided by KPMG LLP 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 LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

AUDITORS

The auditors, KPMG LLP, 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
25 February 2009

Statement by Directors

In our opinion:

- (a) the financial statements set out on pages 126 to 210 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 2008, 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 in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; 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
25 February 2009

Independent Auditors' Report

To the Members of CapitaLand Limited

We have audited the accompanying financial statements of CapitaLand Limited (the "Company") and its subsidiaries (the "Group"), which comprise the balance sheets of the Group and the Company as at 31 December 2008, the income statements and statements of changes in equity of the Group and the Company and the statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 126 to 210.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes:

- (a) devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets;
- (b) selecting and applying appropriate accounting policies; and
- (c) making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion:

- (a) the consolidated financial statements of the Group and the balance sheet, income statement and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of 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 2008 and the results and changes in equity of the Group and of the Company and 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.

KPMG LLP

KPMG LLP

Public Accountants and
Certified Public Accountants

Singapore

25 February 2009

Balance Sheets

As at 31 December 2008

		The Group		The Company	
	Note	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Non-Current Assets					
Property, Plant and Equipment	3	1,633,378	1,588,618	8,814	8,906
Intangible Assets	4	588,936	37,910	–	–
Investment Properties	5	4,254,839	6,208,211	–	–
Properties Under Development	6	593,945	569,205	–	–
Interests in Subsidiaries	7	–	–	6,828,287	3,864,998
Interests in Associates	8(a)	6,777,813	5,228,875	–	–
Interests in Jointly-Controlled Entities	9(a)	1,086,780	1,221,858	–	–
Financial Assets	10(a)	506,051	603,776	–	–
Deferred Tax Assets	29	78,092	38,928	9,854	9,854
Other Non-Current Assets	11	19,199	81,089	147	147
		15,539,033	15,578,470	6,847,102	3,883,905
Current Assets					
Development Properties for Sale	12	3,347,168	3,540,778	–	–
Consumable Stock		23	188	–	–
Trade and Other Receivables	13	1,715,099	2,064,350	1,423,695	1,681,342
Financial Assets	10(b)	253,885	301,540	–	–
Cash and Cash Equivalents	16	4,228,405	4,355,986	757,801	1,532,225
		9,544,580	10,262,842	2,181,496	3,213,567
Less: Current Liabilities					
Trade and Other Payables	17	2,357,161	2,889,508	133,946	212,259
Short Term Bank Borrowings	20	1,005,902	1,208,505	–	67,213
Current Portion of Debt Securities	21	865,113	594,300	–	91,000
Current Portion of Finance Leases	22	4,212	3,954	–	–
Current Tax Payable		460,384	446,059	3,968	16,961
		4,692,772	5,142,326	137,914	387,433
Net Current Assets		4,851,808	5,120,516	2,043,582	2,826,134
Less: Non-Current Liabilities					
Long Term Bank Borrowings	20	3,639,590	4,456,736	–	–
Debt Securities	21	4,279,257	3,609,819	2,518,579	1,293,439
Finance Leases	22	35,260	42,835	–	–
Deferred Tax Liabilities	29	130,639	238,057	39,995	25,570
Deferred Income	23	754	53,938	–	–
Other Non-Current Liabilities	18	317,539	432,262	63,869	32,134
		8,403,039	8,833,647	2,622,443	1,351,143
Net Assets		11,987,802	11,865,339	6,268,241	5,358,896
Representing:					
Share Capital	25	4,396,144	4,350,058	4,396,144	4,350,058
Revenue Reserves		5,423,671	4,011,179	1,617,293	854,944
Other Reserves	26	861,874	1,579,655	254,804	153,894
Equity attributable to Equity Holders of the Company		10,681,689	9,940,892	6,268,241	5,358,896
Minority Interests		1,306,113	1,924,447	–	–
Total Equity		11,987,802	11,865,339	6,268,241	5,358,896

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

Income Statements

Year ended 31 December 2008

		The Group		The Company	
	Note	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Revenue	27	2,752,321	3,792,703	694,416	834,608
Cost of sales		(1,680,164)	(2,465,657)	–	–
Gross profit		1,072,157	1,327,046	694,416	834,608
Other operating income	28(a)	1,330,657	1,553,424	93,163	157,343
Administrative expenses		(466,844)	(561,010)	(72,767)	(123,951)
Other operating expenses		(97,574)	(7,540)	(72)	2,147
Profit from operations		1,838,396	2,311,920	714,740	870,147
Finance costs		(516,331)	(403,549)	(116,686)	(50,726)
Share of results of:					
– associates		318,275	907,740	–	–
– jointly-controlled entities		56,819	604,382	–	–
		375,094	1,512,122	–	–
Profit before taxation	28	1,697,159	3,420,493	598,054	819,421
Taxation	29(b)	(235,776)	(268,047)	3,693	(10,765)
Profit for the year		1,461,383	3,152,446	601,747	808,656
Attributable to:					
Equity holders of the Company		1,260,113	2,759,313	601,747	808,656
Minority interests		201,270	393,133	–	–
Profit for the year		1,461,383	3,152,446	601,747	808,656
Basic earnings per share (cents)	30	44.7	98.6		
Fully diluted earnings per share (cents)	30	43.3	95.0		

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

Statements of Changes in Equity

Year ended 31 December 2008

The Group	Share Capital \$'000	Revenue Reserves \$'000	Other Reserves \$'000	Total \$'000	Minority Interests \$'000	Total Equity \$'000
At 1 January 2008	4,350,058	4,011,179	1,579,655	9,940,892	1,924,447	11,865,339
Exchange differences arising from consolidation of foreign operations and translation of foreign currency loans	–	–	63,591	63,591	(232,344)	(168,753)
Change in fair value of available-for-sale investments	–	–	(39,339)	(39,339)	–	(39,339)
Effective portion of change in fair value of cash flow hedges	–	–	(145,627)	(145,627)	(48,707)	(194,334)
Realisation of foreign exchange reserve transferred to income statement	–	–	(93,433)	(93,433)	–	(93,433)
Realisation of available-for-sale reserve transferred to income statement	–	–	(17,343)	(17,343)	–	(17,343)
Realisation of hedging reserve transferred to income statement	–	–	(5,526)	(5,526)	–	(5,526)
Realisation of other capital reserve transferred to income statement	–	–	(136)	(136)	–	(136)
Net losses recognised directly in equity	–	–	(237,813)	(237,813)	(281,051)	(518,864)
Profit for the year	–	1,260,113	–	1,260,113	201,270	1,461,383
Total recognised gains/(losses) for the year	–	1,260,113	(237,813)	1,022,300	(79,781)	942,519
Dividends paid	–	(423,398)	–	(423,398)	–	(423,398)
Issue of shares	46,086	–	(25,665)	20,421	2,535	22,956
Transfer between reserves	–	584,000	(584,000)	–	–	–
Equity portion of convertible bonds	–	–	82,940	82,940	–	82,940
Cost of share-based payments	–	–	54,198	54,198	1,281	55,479
Transfer of equity compensation reserve to liability by a subsidiary	–	2,007	(14,178)	(12,171)	–	(12,171)
Minority interests contributions (net)	–	–	–	–	169,093	169,093
Effects of acquisitions and disposals of subsidiaries	–	–	–	–	(635,413)	(635,413)
Dividends paid/payable to minority interests	–	–	–	–	(73,386)	(73,386)
Others	–	(10,230)	6,737	(3,493)	(2,663)	(6,156)
At 31 December 2008	4,396,144	5,423,671	861,874	10,681,689	1,306,113	11,987,802

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

The Group	Share Capital \$'000	Revenue Reserves \$'000	Other Reserves \$'000	Total \$'000	Minority Interests \$'000	Total Equity \$'000
At 1 January 2007	4,304,907	1,575,167	1,458,040	7,338,114	2,095,273	9,433,387
Exchange differences arising from consolidation of foreign operations and translation of foreign currency loans	–	–	18,895	18,895	62,173	81,068
Change in fair value of available-for-sale investments	–	–	(14,953)	(14,953)	–	(14,953)
Transfer of available-for-sale reserve to income statement	–	–	9,849	9,849	–	9,849
Effective portion of change in fair value of cash flow hedges	–	–	4,608	4,608	10,586	15,194
Realisation of foreign exchange reserve transferred to income statement	–	–	(7,705)	(7,705)	4,771	(2,934)
Realisation of available-for-sale reserve transferred to income statement	–	–	(6,752)	(6,752)	–	(6,752)
Realisation of hedging reserve transferred to income statement	–	–	(5)	(5)	–	(5)
Realisation of other capital reserve transferred to income statement	–	–	(1,126)	(1,126)	–	(1,126)
Net gains recognised directly in equity	–	–	2,811	2,811	77,530	80,341
Profit for the year	–	2,759,313	–	2,759,313	393,133	3,152,446
Total recognised gains for the year	–	2,759,313	2,811	2,762,124	470,663	3,232,787
Dividends paid	–	(317,065)	–	(317,065)	–	(317,065)
Issue of shares	45,151	–	(556)	44,595	123	44,718
Equity portion of convertible bonds	–	–	65,441	65,441	–	65,441
Cost of share-based payments	–	–	46,928	46,928	3,487	50,415
Minority interests contributions (net)	–	–	–	–	119,837	119,837
Effects of acquisitions/disposals and liquidation of subsidiaries	–	–	–	–	(444,796)	(444,796)
Dividends paid/payable to minority interests	–	–	–	–	(319,155)	(319,155)
Others	–	(6,236)	6,991	755	(985)	(230)
At 31 December 2007	4,350,058	4,011,179	1,579,655	9,940,892	1,924,447	11,865,339

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

Statements of Changes in Equity

Year ended 31 December 2008

The Company	Share Capital \$'000	Capital Reserve \$'000	Revenue Reserves \$'000	Equity Compensation Reserve \$'000	Total Equity \$'000
At 1 January 2008	4,350,058	117,272	854,944	36,622	5,358,896
Profit for the year	–	–	601,747	–	601,747
Total recognised gains for the year	–	–	601,747	–	601,747
Dividends paid	–	–	(423,398)	–	(423,398)
Issue of shares	46,086	–	–	(10,767)	35,319
Equity portion of convertible bonds	–	95,940	–	–	95,940
Cost of share-based payments	–	–	–	15,737	15,737
Capital return by a subsidiary	–	–	584,000	–	584,000
At 31 December 2008	4,396,144	213,212	1,617,293	41,592	6,268,241
At 1 January 2007	4,304,907	41,831	363,353	24,330	4,734,421
Profit for the year	–	–	808,656	–	808,656
Total recognised gains for the year	–	–	808,656	–	808,656
Dividends paid	–	–	(317,065)	–	(317,065)
Issue of shares	45,151	–	–	(298)	44,853
Equity portion of convertible bonds	–	75,441	–	–	75,441
Cost of share-based payments	–	–	–	12,590	12,590
At 31 December 2007	4,350,058	117,272	854,944	36,622	5,358,896

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

Consolidated Statement of Cash Flows

Year ended 31 December 2008

	2008 \$'000	2007 \$'000
Operating activities		
Profit after taxation	1,461,383	3,152,446
Adjustments for:		
Amortisation and impairment of intangible assets	2,003	4,973
Negative goodwill on acquisition	(55,195)	–
Allowance/(Write back) for:		
– foreseeable losses on development properties for sale	52,803	(223,179)
– loans to associates and jointly-controlled entities	(5,585)	749
– loans to investee companies and other external parties	(1,410)	–
– non-current portion of financial assets	39,877	17,614
– impairment loss on investment in an associate	3,490	–
Provision for income support	35,654	–
Share-based expenses	57,644	53,653
Changes in fair value of financial instruments and assets	(41,677)	3,675
Depreciation of property, plant and equipment	55,227	39,579
(Gain on disposal)/Write off of property, plant and equipment	(33,829)	(138,862)
Gain on disposal of investment properties and properties under development	(76,600)	(74,769)
Fair value gain on investment properties	(300,682)	(778,831)
Gain on disposal of non-current financial assets	(22,982)	(8,300)
Gain on disposal/dilution of subsidiaries, associates and jointly-controlled entities	(531,919)	(322,959)
Share of results of associates and jointly-controlled entities	(375,094)	(1,512,122)
Accretion of deferred income	–	(3,819)
Interest expense	516,331	403,549
Interest income	(106,211)	(124,559)
Tax expense	235,776	268,047
	(552,379)	(2,395,561)
Operating profit before working capital changes	909,004	756,885
Decrease/(Increase) in working capital:		
Trade and other receivables	458,226	(573,222)
Development properties for sale	(65,413)	409,929
Trade and other payables	(12,268)	324,328
Financial assets	47,996	(272,939)
Changes in working capital	428,541	(111,904)
Cash generated from operations	1,337,545	644,981
Income tax paid	(192,136)	(102,990)
Customer deposits and other non-current payables received	24,636	13,185
Net cash generated from operating activities carried down	1,170,045	555,176

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

Consolidated Statement of Cash Flows

Year ended 31 December 2008

	Note	2008 \$'000	2007 \$'000
Net cash generated from operating activities brought forward		1,170,045	555,176
Investing activities			
Proceeds from disposal of property, plant and equipment		101,821	236,214
Purchase of property, plant and equipment		(358,230)	(210,047)
Increase in associates and jointly-controlled entities		(1,346,566)	(127,459)
Increase in amounts owing by investee companies and other receivables		(16,644)	(10,975)
Deposits for new investments		(21,131)	(83,586)
Acquisition of investment properties and properties under development		(1,366,782)	(1,386,435)
Proceeds from disposal of investment properties and properties under development		1,169,478	1,586,615
Disposal/(Acquisition) of non-current financial assets		60,930	(310,258)
Dividends received from associates and jointly-controlled entities		265,792	376,209
Acquisition of remaining interest in a subsidiary		(959,970)	–
Disposal/(Acquisition) of subsidiaries	32	1,447,461	(135,806)
Interest income received		87,462	103,049
Net cash (used in)/generated from investing activities		(936,379)	37,521
Financing activities			
Proceeds from issue of shares under share option plan		22,956	44,718
Proceeds from/(Repayment of) amounts owing to minority interests		16,678	(23,088)
Contribution from minority interests		162,554	119,837
(Repayment of)/Proceeds from sales of future receivables		(457,092)	264,106
Proceeds from bank borrowings		3,455,464	4,279,166
Repayment of bank borrowings		(3,583,191)	(4,127,790)
Proceeds from issue of debt securities		1,503,367	1,923,790
Repayment of debt securities		(443,431)	(280,250)
Repayment of finance lease payables		(8,006)	(3,936)
Dividends paid to minority interests		(76,895)	(319,155)
Dividends paid to shareholders		(423,398)	(317,065)
Interest expense paid		(556,541)	(478,032)
Net cash (used in)/generated from financing activities		(387,535)	1,082,301
Net (decrease)/increase in cash and cash equivalents		(153,869)	1,674,998
Cash and cash equivalents at beginning of the year		4,355,986	2,684,851
Effect of exchange rate changes on cash balances held in foreign currencies		26,288	(3,863)
Cash and cash equivalents at end of the year	16	4,228,405	4,355,986

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

Notes to the Financial Statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 25 February 2009.

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 headquarters 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 37 to the accompanying financial statements.

The consolidated financial statements relate to the Company and its subsidiaries (the “Group”) and the Group’s interests in associates and jointly-controlled entities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (“FRS”).

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars which is the Company’s functional currency. All financial information presented in Singapore Dollars has been rounded to the nearest thousand, unless otherwise stated.

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

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

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 2(m) – classification of leases
- Note 2(n) – estimation of the percentage of completion of the projects, attributable profits and foreseeable losses
- Note 3 – measurement of recoverable amounts of property, plant and equipment
- Note 4 – assumptions of recoverable amounts relating to goodwill impairment
- Note 5 – valuation of investment properties
- Note 24 – measurement of share-based payments
- Note 32(b) – valuation of assets, liabilities and contingent liabilities acquired in business combinations
- Note 33 – valuation of financial instruments

In 2008, the Group elected to early adopt FRS 108 *Operating Segments* which is effective for annual periods beginning on or after 1 January 2009. This standard does not have any impact on the recognition and measurement of the Group’s financial statements.

Notes to the Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of preparation (cont'd)

FRS 108 requires disclosure of information about the Group's operating segments that is consistent with internal reporting provided to the chief operating decision-maker. The Group's reportable operating segments are its strategic business units ("SBU"), namely CapitaLand Residential Singapore, CapitaLand China Holdings, CapitaLand Commercial, CapitaLand Retail, Ascott, CapitaLand Financial and Australand. Additional disclosure about each of these segments are shown in Note 40, including restated comparative information.

Except for the above changes, the accounting policies set out below have been applied consistently by the Group to all periods presented in this financial statements.

(b) Consolidation

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, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Any excess or deficiency of the purchase consideration over the net fair value of the identifiable assets, liabilities and contingent liabilities is accounted for as goodwill or negative goodwill (see note 2(e)(i)).

For acquisition of subsidiaries prior to 1 January 2004 which previously met the criteria for merger of businesses such that the assets and liabilities and results were 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.

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power 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 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. The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group.

Associates and jointly-controlled entities

Associates are those entities in which the Group has significant influence, but not control, over their financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity. Jointly-controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. Associates and jointly-controlled entities (collectively referred to as "equity accounted investees") are accounted for using the equity method. The consolidated financial statements include the Group's share of the income, expenses and equity movements of associates and jointly-controlled entities, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When the Group's share of losses exceeds its interest in an associate or a jointly-controlled entity, the carrying amount of that interest is reduced to zero and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Consolidation (cont'd)

Transactions eliminated on consolidation

Intra-group balances, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates and jointly-controlled entities are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Accounting for subsidiaries, associates and jointly-controlled entities by the Company

Investments in subsidiaries, associates and jointly-controlled entities are stated in the Company's balance sheet at cost less accumulated impairment losses.

(c) Foreign currencies

Foreign currency transactions

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").

Transactions in foreign currencies are translated to the respective functional currencies of the Group's entities at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate prevailing at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date on which the fair value was determined.

Foreign currency differences arising from retranslation are recognised in the income statement, except for differences arising from the retranslation of monetary items that in substance form part of the Group's net investment in a foreign operation (see below), available-for-sale equity instruments and financial liabilities designated as hedges of net investment in a foreign operation (see note 2(g)).

Foreign operations

The assets and liabilities of foreign operations are translated to Singapore Dollars at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated to Singapore Dollars at exchange rates prevailing at the dates of the transactions. Goodwill and fair value adjustments arising from the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Foreign currency differences are recognised in the foreign currency translation reserve. When a foreign operation is disposed off, in part or in full, the relevant amount in the foreign currency translation reserve is transferred to the income statement.

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 income statement. Such exchange differences are reclassified to equity in the consolidated financial statements. When the foreign operation is disposed off, the cumulative amount in equity is transferred to the income statement as an adjustment to the profit or loss arising from disposal.

Notes to the Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

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.

Freehold land and assets under construction are not depreciated. Depreciation on other property, plant and equipment is provided on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment as follows:

Leasehold land and buildings (excluding serviced residence properties)	Remaining lease period ranging from 20 to 35 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

For serviced residence properties where the residual value at the end of the intended holding period is lower than the carrying amount, the difference in value is depreciated over the Group's intended holding period. No depreciation is recognised where the residual value is higher than the carrying amount. Based on historical trends and past experience, the intended holding period (the period from the date of commencement of serviced residence operations to the date of expected strategic divestment of the properties) ranges from 3 to 5 years.

Residual values of the properties at the end of the intended holding period are determined based on annual independent professional valuation. Residual value is the estimated amount that the Group would obtain from the disposal of a property if the property is already of the age and in the condition expected at the date when the Group has the intention to dispose of that property.

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, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

(e) Intangible assets

(i) Goodwill

Goodwill and negative goodwill arise on the acquisition of subsidiaries, associates and jointly-controlled entities.

Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. Negative goodwill 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.

Goodwill arising from the acquisition of subsidiaries is presented in intangible assets. Goodwill arising from the acquisition of associates and jointly-controlled entities is presented together with investments in associates and jointly-controlled entities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(e) Intangible assets (cont'd)

(i) Goodwill (cont'd)

Acquisition prior to 1 January 2004

Prior to 1 January 2001, goodwill and negative goodwill on acquisitions were written off against accumulated profits in the year of acquisition.

From 1 January 2001 to 31 December 2003, goodwill was stated at cost from the date of initial recognition and amortised over its estimated useful life of 20 years. On 1 January 2004, the Group discontinued the amortisation of goodwill. The remaining goodwill balance is subject to testing for impairment (see note 2(j)). Negative goodwill was derecognised by crediting accumulated profits on 1 January 2004.

Acquisition on or after 1 January 2004

Goodwill is measured at cost less accumulated impairment losses. Goodwill is tested for impairment as described in note 2(j). Negative goodwill is credited to the income statement in the period of the acquisition.

Acquisition of minority interest

Goodwill arising from the acquisition of a minority interest in a subsidiary represents the excess of the cost of the additional investment over the carrying amount of the net assets acquired at the date of exchange.

(ii) Other intangible assets

Other intangible assets with finite useful lives are measured at cost less accumulated amortisation and impairment losses. They are amortised in the income statement on a straight-line basis over their estimated useful lives of 1 to 10 years, from the date on which they are available for use.

Other intangible assets with indefinite useful lives are not amortised and are measured at cost less impairment losses.

(f) Investment properties and properties under development

(i) Investment properties

Investment properties are properties held either to earn rental or for capital appreciation or both. Investment properties are initially recognised at cost, including transaction costs, and subsequently at fair value with any change therein recognised in the income statement. The fair value is performed once every six months based on internal valuation or independent professional valuation. Independent professional valuation is obtained at least once every three years.

When an investment property is disposed off, the resulting gain or loss recognised in the income statement is the difference between the net disposal proceed and the carrying amount of the property.

(ii) Properties under development

Properties under development are properties being constructed or developed for future rental. They are carried at cost less accumulated impairment losses until construction or development is completed, at which time they are transferred and accounted for as investment properties.

Notes to the Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) Financial instruments

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, financial liabilities and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or transfers substantially all the risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, i.e., the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Cash and cash equivalents comprise cash balances and bank deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Instruments at fair value through profit or loss

An instrument is classified as fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated as fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value. Upon initial recognition, attributable transaction costs are recognised in the income statement when incurred. Financial instruments classified as fair value through profit or loss are measured at fair value, and changes therein are recognised in the income statement.

Available-for-sale financial assets

The Group's investments in equity securities and certain debt securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than for impairment losses and foreign exchange gains and losses on available-for-sale monetary items (see note 2(c)), are recognised directly in equity. When an investment is derecognised, the cumulative gain or loss in equity is transferred to the income statement.

Others

Other non-derivative financial instruments are categorised as loans and receivables or financial liabilities, which are measured at amortised cost using the effective interest method, less any impairment losses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) Financial instruments (cont'd)

(ii) Derivative financial instruments and hedging activities

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in the income statement when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Cash flow hedges

Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognised directly in equity to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised in the income statement. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in equity remains there until the forecast transaction occurs. When the hedged item is a non-financial asset, the amount recognised in equity is transferred to the carrying amount of the asset when it is recognised. In other cases, the amount recognised in equity is transferred to the income statement in the same period that the hedged item affects income statement.

Fair value hedges

Changes in the fair value of a derivative hedging instrument designated as a fair value hedge are recognised in the income statement. The hedged item is stated at fair value in respect of the risk being hedged, with any gain or loss being recognised in the income statement.

Hedge of net investment in a foreign operation

Foreign currency differences arising from the retranslation of a financial liability designated as a hedge of a net investment in a foreign operation are recognised in the Company's income statement. On consolidation, such differences are recognised directly in equity, in the foreign currency translation reserve, to the extent that the hedge is effective. To the extent that the hedge is ineffective, such differences are recognised in the income statement. When the hedged net investment is disposed off, the cumulative amount in equity is transferred to the income statement as an adjustment to the profit or loss on disposal.

Economic hedges

Hedge accounting is not applied to derivative instruments that economically hedge monetary assets and liabilities denominated in foreign currencies. Changes in the fair value of such derivatives are recognised in the income statement as part of foreign currency gains and losses.

Separable embedded derivatives

Changes in the fair value of separable embedded derivatives are recognised immediately in the income statement.

Notes to the Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) Financial instruments (cont'd)

(iii) Convertible bonds

Convertible bonds that can be converted into 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 are allocated to the equity and liability components, with the equity component being assigned the residual amount after deducting the fair value of the liability component from the fair value of the compound financial instrument.

Subsequent to initial recognition, the liability component of convertible bonds is measured at amortised cost using the effective interest method. The equity component of convertible bonds is not remeasured. When the conversion option is exercised, its carrying amount will be transferred to the share capital. When the conversion option lapses, its carrying amount will be transferred to revenue reserve.

When a convertible bond is repurchased before its original maturity date, the purchase consideration (including directly attributable costs, net of tax effects) are allocated to the liability and equity components of the instrument at the date of transaction. Any resulting gain or loss relating to the liability component is recognised in income statement; and the amount of the consideration relating to the equity component is recognised in equity.

(iv) Financial guarantees

Financial guarantee contracts are classified as financial liabilities unless the Group or the Company has previously asserted explicitly that it regards such contracts as insurance contracts and accounted for them as such.

Financial guarantees classified as financial liabilities

Such financial guarantees are recognised initially at fair value. Subsequent to initial measurement, the financial guarantees are stated at the higher of (i) the amount determined in accordance with accounting policy 2(l) on provisions; and (ii) the initial fair value less cumulative amortisation. When financial guarantees are terminated before their original expiry date, the carrying amount of the financial guarantees is transferred to the income statement.

Financial guarantees classified as insurance contracts

These financial guarantees are accounted for as insurance contracts. Provision is recognised based on the Group's or the Company's estimate of the ultimate cost of settling all claims incurred but unpaid at the balance sheet date.

The provision is assessed by reviewing individual claims and tested for adequacy by comparing the amount recognised and the amount that would be required to settle the guarantee contract.

(v) Impairment of financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) Financial instruments (cont'd)

(v) Impairment of financial assets (cont'd)

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the income statement. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to the income statement.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in the income statement. For available-for-sale financial assets that are equity securities, any subsequent increase in fair value is recognised directly in equity.

(h) Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of ordinary shares and options are recognised as a deduction from equity.

Where share capital recognised as equity is repurchased ("treasury shares"), the amount of the consideration paid, including directly attributable costs, net of any tax effects, is presented as a deduction from equity. Where such shares are subsequently reissued, sold or cancelled, the consideration received is recognised as a change in equity. No gain or loss is recognised in the income statement.

(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. Net realisable value represents the estimated selling price less costs to be incurred in selling the property.

The cost of properties under development comprises specifically identified costs, including acquisition costs, development expenditure, borrowing costs and other related expenditure. Borrowing costs payable on loans funding a development property are also capitalised, on a specific identification basis, as part of the cost of the development property until the completion of development.

(j) Impairment – non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment properties, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill, the recoverable amount is estimated at each reporting date, and as and when indicators of impairment are identified.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the income statement unless it reverses a previous revaluation credited to equity, in which case it is charged to equity. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro-rata basis.

Notes to the Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(j) Impairment – non-financial assets (cont'd)

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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 or cash-generating unit.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. 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.

(k) Employee benefits

Short term employee benefits

All short term employee benefits, including accumulated compensated absences, are recognised in the income statement in the period in which the employees render their services.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined contribution plans

Contributions to post-employment benefits under defined contribution plans are recognised as an expense in the income statement as incurred.

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.

Share-based payments

The Group operates the following share-based payment plans: Share Option Plan, Performance Share Plan and Restricted Stock Plan. Equity-settled share-based payments are measured at fair value at the date of grant, whereas cash-settled share-based payments are measured at current fair value at each balance sheet date. In estimating the fair value of the compensation cost, market-based performance conditions are taken into account. The cost is charged to the income statement on a basis that fairly reflects the manner in which the benefits will accrue to the employees under the respective plans over the vesting period.

At each reporting date, the Group revises its estimates of the number of options that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimate in the income statement, with a corresponding adjustment to equity. The proceeds received net of any directly attributable transaction costs are credited to share capital when the options are exercised.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(k) Employee benefits (cont'd)

Share-based payments (cont'd)

The compensation cost for performance share plan and restricted stock plan are remeasured based on the latest estimate of the number of shares that will be awarded based on non-market vesting conditions at each reporting date. Any increase or decrease in compensation cost over the previous estimate is recognised in the income statement, with a corresponding adjustment to equity or liability. The final measure of compensation cost for restricted stock plan is based on the number of shares ultimately awarded at the completion of the performance period. For performance share plan with market-based condition, the compensation cost is recognised irrespective of whether the performance condition is satisfied.

(l) Provision

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, 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 to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

(m) Leases

When entities within the Group are lessees of a finance lease

Leased assets in which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, property, plant and equipment acquired through finance leases are capitalised at the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Leased assets are depreciated over the shorter of the lease term and their useful lives. Lease payments are apportioned between finance expense and reduction of the lease liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

At inception, an arrangement that contains a lease is accounted for as such based on the terms and conditions even though the arrangement is not in the legal form of a lease.

When entities within the Group are lessees of an operating lease

Where the Group has the use of assets under operating leases, payments made under the leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease payments made. Contingent rentals are charged to the income statement in the accounting period in which they are incurred.

When entities within the Group are lessors of an operating lease

Assets subject to operating leases are included in either investment properties (see note 2(f)) or property, plant and equipment (see note 2(d)).

Notes to the Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(n) Revenue recognition

Rental income

Rental income receivable under operating leases is recognised in the income statement on a straight-line basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives granted are recognised as an integral part of the total rental income to be received. Contingent rentals are recognised as income in the accounting period in which they are earned.

Development properties for sale

The Group recognises income on property development projects when the significant risks and rewards of ownership have been transferred to the buyer. 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 income 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.

Financial advisory and management fee

Financial advisory and management fee is recognised in the income statement as and when services are rendered.

Dividends

Dividend income is recognised on the date that the Group's right to receive payment is established.

Interest Income

Interest income is recognised as it accrues, using the effective interest method.

(o) Finance costs

Borrowing costs are recognised in the income statement using the effective interest method, 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 be prepared for its intended use or sale.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(p) Income tax expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly-controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(q) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the Council of Chief Executive Officers ("CEOs") that makes strategic resources allocation decisions. The Council of CEOs comprises the President & CEO, key management officers of the corporate office and CEOs of the strategic business units.

Notes to the Financial Statements

3. PROPERTY, PLANT AND EQUIPMENT

The Group	Serviced residence properties \$'000	Freehold land \$'000	Freehold buildings \$'000	Leasehold land \$'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 2008	1,151,105	–	4,385	841	14,242	325,475	73,727	3,095	231,781	1,804,651
Additions	169,575	–	–	–	1,879	125,340	5,315	571	42,803	345,483
Disposal of subsidiaries	(21,573)	–	–	–	–	(88,218)	(2,208)	(840)	(7,699)	(120,538)
Disposals/Written off	(52,350)	–	–	–	(388)	(856)	(1,065)	(279)	(11,626)	(66,564)
Reclassification	198,505	–	(4,385)	–	7,581	(213,749)	(497)	–	12,545	–
Translation differences	(83,484)	–	–	–	197	12,950	(4,741)	490	(18,489)	(93,077)
At 31 December 2008	1,361,778	–	–	841	23,511	160,942	70,531	3,037	249,315	1,869,955
Accumulated depreciation										
At 1 January 2008	31,058	–	139	7	6,347	–	46,088	2,932	129,462	216,033
Depreciation charge for the year	8,467	–	–	17	2,244	–	8,774	548	35,177	55,227
Impairment loss	8,053	–	–	–	292	–	–	–	–	8,345
Disposal of subsidiaries	–	–	–	–	–	–	(1,645)	(186)	(4,471)	(6,302)
Disposals/Written off	–	–	–	–	(61)	–	(861)	(182)	(8,146)	(9,250)
Reclassification	–	–	(139)	–	139	–	(102)	–	102	–
Translation differences	(9,993)	–	–	–	28	–	(4,826)	(1,203)	(11,482)	(27,476)
At 31 December 2008	37,585	–	–	24	8,989	–	47,428	1,909	140,642	236,577
Carrying amount										
At 1 January 2008	1,120,047	–	4,246	834	7,895	325,475	27,639	163	102,319	1,588,618
At 31 December 2008	1,324,193	–	–	817	14,522	160,942	23,103	1,128	108,673	1,633,378

- As at 31 December 2008, certain property, plant and equipment with carrying value totalling approximately \$868.8 million (2007: \$856.3 million) were mortgaged to banks to secure credit facilities for the Group (note 20).
- The value of property, plant and equipment of the Group held under finance leases at 31 December 2008 was \$56.2 million (2007: \$61.0 million).
- During the year, the Group recognised an impairment loss of \$8.3 million relating to a serviced residence property in Hong Kong and a leasehold building in Malaysia. The impairment loss was determined based on independent valuations done in December 2008, and was recognised in “other operating expenses”.
- During the financial year, interest capitalised as cost of property, plant and equipment amounted to approximately \$1.7 million (2007: \$3.1 million).

3. PROPERTY, PLANT AND EQUIPMENT (cont'd)

The Group	Serviced residence properties \$'000	Freehold land \$'000	Freehold buildings \$'000	Leasehold land \$'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 2007	1,167,800	10,255	44,307	21,321	30,337	180,308	63,308	6,843	250,164	1,774,643
Additions	66	–	–	841	4,338	132,898	17,668	609	53,417	209,837
Acquisition of subsidiaries	52,373	–	–	–	–	–	1,648	167	22,061	76,249
Disposal of subsidiaries	(106,234)	(5,688)	(3,103)	–	–	(12,220)	(3,052)	(2,111)	(93,215)	(225,623)
Disposals/Written off	–	(4,866)	(42,516)	(21,321)	(18,797)	(5,495)	(8,708)	(679)	(19,675)	(122,057)
Reclassification from other category of assets	24,741	–	–	–	–	34,882	–	–	–	59,623
Reclassification	–	–	–	–	–	(7,664)	1,590	–	6,074	–
Translation differences	12,359	299	5,697	–	(1,636)	2,766	1,273	(1,734)	12,955	31,979
At 31 December 2007	1,151,105	–	4,385	841	14,242	325,475	73,727	3,095	231,781	1,804,651
Accumulated depreciation										
At 1 January 2007	26,405	–	5,504	–	30,078	–	46,116	3,616	173,001	284,720
Depreciation charge for the year	4,313	–	909	7	663	–	6,353	390	26,944	39,579
Acquisition of subsidiaries	–	–	–	–	–	–	66	142	15,856	16,064
Disposal of subsidiaries	–	–	–	–	–	–	(584)	(1,873)	(65,838)	(68,295)
Disposals/Written off	–	–	(6,791)	–	(27,677)	–	(7,647)	(685)	(23,340)	(66,140)
Reclassification	–	–	–	–	–	–	11	–	(11)	–
Translation differences	340	–	517	–	3,283	–	1,773	1,342	2,850	10,105
At 31 December 2007	31,058	–	139	7	6,347	–	46,088	2,932	129,462	216,033
Carrying amount										
At 1 January 2007	1,141,395	10,255	38,803	21,321	259	180,308	17,192	3,227	77,163	1,489,923
At 31 December 2007	1,120,047	–	4,246	834	7,895	325,475	27,639	163	102,319	1,588,618

Notes to the Financial Statements

3. PROPERTY, PLANT AND EQUIPMENT (cont'd)

The Company	Plant, machinery and improvements \$'000	Furniture, fittings and equipment \$'000	Motor vehicles \$'000	Total \$'000
Cost				
At 1 January 2008	8,840	8,454	431	17,725
Additions	1,442	3,376	–	4,818
Disposals/Written off	(32)	(1,166)	–	(1,198)
At 31 December 2008	10,250	10,664	431	21,345
Accumulated depreciation				
At 1 January 2008	3,470	4,985	364	8,819
Depreciation charge for the year	2,202	1,624	54	3,880
Disposals/Written off	(28)	(140)	–	(168)
At 31 December 2008	5,644	6,469	418	12,531
Carrying amount				
At 1 January 2008	5,370	3,469	67	8,906
At 31 December 2008	4,606	4,195	13	8,814
Cost				
At 1 January 2007	3,402	5,770	794	9,966
Additions	5,656	2,926	–	8,582
Disposals/Written off	(218)	(242)	(363)	(823)
At 31 December 2007	8,840	8,454	431	17,725
Accumulated depreciation				
At 1 January 2007	3,290	4,242	673	8,205
Depreciation charge for the year	389	961	54	1,404
Disposals/Written off	(209)	(218)	(363)	(790)
At 31 December 2007	3,470	4,985	364	8,819
Carrying amount				
At 1 January 2007	112	1,528	121	1,761
At 31 December 2007	5,370	3,469	67	8,906

4. INTANGIBLE ASSETS

The Group	Goodwill on consolidation \$'000	Others [^] \$'000	Total \$'000
Cost			
At 1 January 2008	34,711	17,608	52,319
Additions	557,306	640	557,946
Reclassification from other category of assets	–	5,344	5,344
Written off/Charged to income statement	(4,950)	(339)	(5,289)
Translation differences	(1,942)	(388)	(2,330)
At 31 December 2008	585,125	22,865	607,990
Accumulated amortisation and impairment loss			
At 1 January 2008	9,942	4,467	14,409
Amortisation charge for the year	–	2,003	2,003
Reclassification from other category of assets	–	3,655	3,655
Written off	–	(339)	(339)
Translation differences	–	(674)	(674)
At 31 December 2008	9,942	9,112	19,054
Carrying amount			
At 1 January 2008	24,769	13,141	37,910
At 31 December 2008	575,183	13,753	588,936
Cost			
At 1 January 2007	32,130	18,368	50,498
Additions	2,953	211	3,164
Written off	(2,953)	(1,200)	(4,153)
Translation differences	2,581	229	2,810
At 31 December 2007	34,711	17,608	52,319
Accumulated amortisation and impairment loss			
At 1 January 2007	8,464	3,277	11,741
Amortisation charge for the year	–	1,188	1,188
Written off	–	(368)	(368)
Translation differences	1,478	370	1,848
At 31 December 2007	9,942	4,467	14,409
Carrying amount			
At 1 January 2007	23,666	15,091	38,757
At 31 December 2007	24,769	13,141	37,910

[^] Others comprised trademarks, franchises, patents and licences.

Notes to the Financial Statements

4. INTANGIBLE ASSETS (cont'd)

The aggregate carrying amounts of goodwill allocated to each cash-generating unit ("CGU") as at 31 December are as follows:

	Note	The Group 2008 \$'000	2007 \$'000
The Ascott Group Limited	(a)	552,356	–
Serviced residences in Europe	(b)	22,827	24,769
At 31 December		575,183	24,769

(a) Acquisition of 33.5% interest in The Ascott Group Limited

In January 2008, the Company, through its wholly owned subsidiary, Somerset Capital Pte Ltd, announced its intention to make a voluntary unconditional cash offer to acquire all the issued ordinary shares in the capital of The Ascott Group Limited other than those already held by the Group. The total cash consideration for this acquisition amounted to \$960.0 million. The acquisition was completed on 28 April 2008 and following that, The Ascott Group Limited became an indirect wholly owned subsidiary of the Company.

The recoverable amounts are determined based on the value-in-use calculation using discounted cash flow projections for the next 3 years and using a discount rate of 6.8% per annum. The key assumptions used related to expected changes in average room rates and occupancy and direct costs.

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 Residence Business in Europe

For the purposes of goodwill impairment testing, the recoverable amount of the serviced residences in Europe is determined using 10-year cash flow projections. The cash flow projections represent the rental income less related costs which the Group will earn and are based on past experience and expectations for these serviced residences in general.

Cash flows are projected using the estimated growth rate of 2.5% (2007: 3%) 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. A pre-tax discount rate of 9.9% (2007: 7.75%) has been applied to the cash flow projections.

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

	The Group 2008 \$'000	2007 \$'000
At 1 January	6,208,211	5,372,184
Acquisition of subsidiaries	8,072	1,281,869
Disposal of subsidiaries	(1,460,043)	(1,114,502)
Additions/Transfer from Properties Under Development	953,141	974,943
Disposals	(1,243,098)	(1,189,786)
Revaluation gains	300,682	778,831
Translation differences	(512,126)	104,672
At 31 December	4,254,839	6,208,211

5. INVESTMENT PROPERTIES (cont'd)

- (a) Investment properties are stated at fair value based on internal valuations or independent professional valuation. In determining the fair value, the valuers have used valuation techniques which involve certain estimates. The key assumptions used to determine the fair value of investment properties include market-corroborated capitalisation yield, terminal yield and discount rate. In relying on the valuation reports, management has exercised its judgement and is satisfied that the valuation methods and estimates are reflective of current market conditions.

The fair values are based on open market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction wherein the parties had each acted knowledgeably and without compulsion.

The valuers have considered valuation techniques including the direct comparison method, capitalisation approach and/or discounted cash flows in arriving at the open market value as at the balance sheet date.

The direct comparison method involves the analysis of comparable sales of similar properties and adjusting the sale prices to that reflective of the investment properties. The capitalisation approach capitalises an income stream into a present value using revenue multipliers or single-year capitalisation rates. The discounted cash flow method involves the estimation and projection of an income stream over a period and discounting the income stream with an internal rate of return to arrive at the market value.

Independent professional valuations were carried out in December 2008 by the following valuers:

CB Richard Ellis
Colliers International
Colliers, Jordan Lee & Jaafar Sdn Bhd
DTZ Debenham Tie Leung
Henry Butcher Malaysia (Sarawak) Sdn Bhd
Jones Lang Lasalle
Knight Frank Pte Ltd
M3 Property
PPC International Sdn Bhd
Savills Valuation and Professional Services Limited

- (b) As at 31 December 2008, certain investment properties with carrying value of approximately \$2,919.2 million (2007: \$3,776.9 million) were mortgaged to banks to secure credit facilities for the Group (notes 20 and 21).
- (c) 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 (2007: 15) years, with an option to renew at renegotiated terms.

Notes to the Financial Statements

6. PROPERTIES UNDER DEVELOPMENT

	The Group	
	2008 \$'000	2007 \$'000
Cost		
At 1 January	578,297	304,563
Translation differences	40,550	(4,291)
Additions	1,077,848	388,790
Disposals/Transfer to Investment Properties	(466,617)	(110,765)
Disposal of subsidiaries	(628,339)	–
At 31 December	601,739	578,297
Accumulated impairment losses		
At 1 January	9,092	8,447
Translation differences	(399)	117
Allowance (written back)/made	(899)	528
At 31 December	7,794	9,092
Carrying amount		
At 1 January	569,205	296,116
At 31 December	593,945	569,205

During the financial year, interest capitalised as cost of properties under development amounted to approximately \$6.2 million (2007: \$1.2 million).

7. INTERESTS IN SUBSIDIARIES

	The Company	
	2008 \$'000	2007 \$'000
(a) Unquoted shares, at cost	3,259,325	2,306,257
Less:		
Allowance for impairment loss	(47,764)	(47,764)
	3,211,561	2,258,493
Amounts owing by subsidiaries:		
Loan accounts		
– interest bearing	2,730,000	1,606,505
– interest free	886,726	–
	3,616,726	1,606,505
	6,828,287	3,864,998

(b) The loans are unsecured and settlement is neither planned nor likely to occur in the foreseeable future.

(c) Details of the subsidiaries are set out in note 37.

8. ASSOCIATES

	The Group	
	2008 \$'000	2007 \$'000
(a) Interests in associates		
Investment in associates	6,306,667	5,018,246
Less:		
Allowance for impairment loss	(3,490)	–
	6,303,177	5,018,246
Amounts owing by associates:		
Loan accounts		
– interest free	150,746	149,190
– interest bearing	323,890	61,439
	474,636	210,629
	6,777,813	5,228,875

- (i) During the year, an allowance for impairment loss amounting to \$3.5 million was made to reduce the carrying value of an investment in an associate to its recoverable amount. A significant part of the recoverable amount is represented by the fair value of a property under development in which valuation was performed by an independent professional valuer on market value basis at the financial year end.
- (ii) The loans to associates form part of the Group's net investment in associates. These loans are unsecured and settlement is neither planned nor likely to occur in the foreseeable future.
- (iii) Loan accounts include an amount of approximately \$322.0 million (2007: \$154.9 million) which is subordinated to the repayment of borrowings of certain associates.
- (iv) The Group's share of the contingent liabilities of the associates is \$44.3 million (2007: Nil).

		The Group	
	Note	2008 \$'000	2007 \$'000
(b) Amounts owing by/(to) associates:			
Current accounts (unsecured)			
– interest free (trade)		68,458	31,087
– interest free (non-trade)		279,800	205,402
– interest bearing (non-trade)		194,627	291,231
		542,885	527,720
Less:			
Allowance for doubtful receivables		(4,384)	(30,588)
	13	538,501	497,132
Current accounts (mainly non-trade and unsecured)			
– interest free		(289,316)	(322,875)
– interest bearing		(111,904)	(108,784)
	17	(401,220)	(431,659)

(c) Details of the associates are set out in note 38.

(d) The movement in allowance for doubtful receivables relates mainly to amounts written back and utilised during the year.

Notes to the Financial Statements

8. ASSOCIATES (cont'd)

(e) The financial information of the associates is as follows:

	The Group	
	2008 \$'000	2007 \$'000
Balance sheet		
Total assets	35,419,789	27,184,243
Total liabilities	16,460,710	10,966,777
Income statement		
Revenue	2,215,625	2,404,972
Profit after taxation	976,857	2,800,496

9. JOINTLY-CONTROLLED ENTITIES

	The Group	
	2008 \$'000	2007 \$'000
(a) Interests in jointly-controlled entities		
Investment in jointly-controlled entities	616,507	762,743
Amounts owing by jointly-controlled entities:		
Loan accounts		
– interest free	49,102	40,608
– interest bearing	421,171	418,507
	470,273	459,115
	1,086,780	1,221,858

(i) The loans to jointly-controlled entities form part of the Group's net investment in jointly-controlled entities. These loans are unsecured and settlement is neither planned nor likely to occur in the foreseeable future.

(ii) Loan accounts include an amount of approximately \$399.3 million (2007: \$310.6 million) which is subordinated to the repayment of borrowings of certain jointly-controlled entities.

	The Group	
	2008 \$'000	2007 \$'000
(b) Amounts owing by/(to) jointly-controlled entities:		
Current accounts (unsecured)		
– interest free (trade)	22,623	14,297
– interest free (non-trade)	361,040	273,254
– interest bearing (non-trade)	42,231	25,423
	425,894	312,974
Less:		
Allowance for doubtful receivables	(8,811)	(19)
	13	417,083
		312,955
Current accounts (unsecured)		
– interest free (mainly non-trade)	(11,477)	(43,361)
– interest bearing (non-trade)	(31,789)	–
	17	(43,266)
		(43,361)

9. JOINTLY-CONTROLLED ENTITIES (cont'd)

- (c) Details of the jointly-controlled entities are set out in note 39.
- (d) The movement in allowance for doubtful receivables relates mainly to provision made during the year.
- (e) The Group's share of the jointly-controlled entities' results, assets and liabilities is as follows:

	The Group	
	2008 \$'000	2007 \$'000
Balance sheet		
Investment properties	166,967	464,292
Properties under development	908,902	1,317,308
Other non-current assets	515,551	105,233
	1,591,420	1,886,833
Current assets	1,919,183	1,766,128
Less:		
Current liabilities	(1,144,141)	(765,655)
Net current assets	775,042	1,000,473
	2,366,462	2,887,306
Less:		
Non-current liabilities	(1,711,700)	(1,412,201)
Net assets	654,762	1,475,105
Income statement		
Revenue	688,688	483,554
Expenses	(596,304)	(98,591)
Fair value (losses)/gains on investment properties	(10,772)	253,694
Profit before taxation	81,612	638,657
Taxation	(24,793)	(34,275)
Profit after taxation	56,819	604,382

- (f) The Group's share of the capital commitments of the jointly-controlled entities is \$279.6 million (2007: \$1,499.7 million).
- (g) The Group's share of the contingent liabilities of the jointly-controlled entities is \$7.1 million (2007: Nil).
- (h) In 2007, a jointly-controlled entity of the Group entered into a sale and purchase agreement for the en-bloc purchase of Gillman Heights Condominium. The acquisition was approved by the Strata Titles Board ("STB") on 21 December 2007, but certain groups of owners had, on 16 January 2008 and 11 February 2008 respectively, filed appeals to the Singapore High Court (the "Court") against the approval order granted by the STB. The Court, had on 25 June 2008, delivered judgment in favour of the en-bloc transaction but some of the minority owners had again filed an appeal to the Court of Appeal to object the en-bloc transaction. On 9 February 2009, the Court of Appeal dismissed the appeal by the group of minority owners.

Notes to the Financial Statements

10. FINANCIAL ASSETS

	The Group	
	2008 \$'000	2007 \$'000
(a) Non-current financial assets		
Fair value through profit or loss convertible bonds	181,750	161,560
Available-for-sale equity securities	324,301	442,216
	506,051	603,776
(b) Current financial assets		
Available-for-sale money market investment	195,000	301,540
Available-for-sale debt securities	58,885	–
	253,885	301,540

11. OTHER NON-CURRENT ASSETS

	The Group		The Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Club memberships	675	744	147	147
Derivative assets	2,955	63,095	–	–
Loans to staff (interest free)	143	143	–	–
Other receivables	15,426	17,107	–	–
	19,199	81,089	147	147

As at 31 December 2008, other receivables include: (i) an amount of \$6.3 million interest receivable from an associate which bears interest at 3.39% per annum and repayable on 13 January 2012; and (ii) an amount of \$2.0 million interest receivable from a jointly-controlled entity which bears interest at 3.10% per annum and repayable on 30 November 2011.

As at 31 December 2007, other receivables included an amount of \$13.9 million due from a third party which bears interest at 10.7% per annum, is unsecured and repayable in October 2009, or such earlier date as mutually agreed. The amount has been reclassified to current assets (note 15).

12. DEVELOPMENT PROPERTIES FOR SALE

	The Group	
	2008 \$'000	2007 \$'000
(a) Properties in the course of development, at cost	3,524,603	4,252,616
Less:		
Allowance for foreseeable losses	(17,190)	(17,190)
	3,507,413	4,235,426
Add:		
Attributable profit	156,301	372,875
	3,663,714	4,608,301
Less:		
Progress billings	(645,741)	(1,348,057)
	3,017,973	3,260,244
(b) Completed units, at cost	329,195	280,534
	3,347,168	3,540,778

12. DEVELOPMENT PROPERTIES FOR SALE (cont'd)

- (c) During the financial year, the following interest and securitisation costs were capitalised as cost of development properties for sale:

	Note	The Group 2008 \$'000	2007 \$'000
Interest and securitisation costs paid and payable	28(e)	69,292	99,221
Less:			
Interest received and receivable from fixed deposit project accounts	28(a)	(879)	(2,000)
		68,413	97,221

- (d) As at 31 December 2008, certain development properties for sale amounting to approximately \$1,274.6 million (2007: \$1,434.7 million) were mortgaged to banks to secure credit facilities of the Group (notes 20 and 21).
- (e) As at 31 December 2008, certain properties in Australia amounting to approximately A\$73.6 million (2007: A\$65.4 million), equivalent to \$73.2 million (2007: \$83.7 million), were acquired through unconditional exchange contracts with various land vendors. The related amount owing to land vendors is secured over the title of the properties being purchased (notes 17 and 18).
- (f) As at 31 December 2008, there was a development property for sale amounting to \$246.0 million (2007: \$420.3 million) whose future receivables were sold to third parties. As part of the arrangement of the sale, the relevant subsidiary of the Group has provided a fixed and floating charge over assets relating to the project (including the land on which the project is being built and the unsold units) to the third parties (note 18).
- (g) If the Group had adopted the completion of construction method, the effects on the financial statements for the financial year ended 31 December 2008 would have been as follows:

	The Group Increased/(Decreased) by 2008 \$'000	2007 \$'000
Revenue	472,212	(275,139)
Profit attributable to the equity holders of the Company	26,660	(138,954)
Accumulated profits as at 1 January	(223,566)	(84,556)
Development properties for sale as at 1 January	239,979	238,912
Development properties for sale as at 31 December	(72,754)	239,979
Interests in associates	12,035	(11,489)
Interests in jointly-controlled entities	(94,049)	(48,021)

Notes to the Financial Statements

13. TRADE AND OTHER RECEIVABLES

	Note	The Group		The Company	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Accrued receivables	(b)	52,410	62,929	–	–
Trade receivables	14	251,516	618,370	7	59
Derivative assets		5,490	8,188	–	–
Deposits, prepayments and other receivables	15	351,304	486,049	639	2,200
Amounts owing by:					
– associates	8(b)	538,501	497,132	–	–
– jointly-controlled entities	9(b)	417,083	312,955	–	–
– investees:					
– interest free		34,078	7,180	–	–
– interest bearing		2,268	89	–	–
– related corporations	19	–	–	1,423,049	1,679,083
– minority interests					
(unsecured and interest free)		62,449	71,458	–	–
		1,715,099	2,064,350	1,423,695	1,681,342

- (a) As at 31 December 2008, certain trade and other receivables amounting to approximately \$357.3 million (2007: \$546.4 million) were mortgaged to banks to secure credit facilities of the Group (notes 20 and 21).
- (b) In accordance with the Group's accounting policy, income is recognised based on the progress of construction work for development properties for sale. Upon receipt of Temporary Occupation Permit, the balance of sales consideration to be billed is included as accrued receivables.

14. TRADE RECEIVABLES

	The Group		The Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Trade receivables	261,155	626,531	7	59
Less:				
Allowance for doubtful receivables	(9,639)	(8,161)	–	–
	251,516	618,370	7	59

- (a) The maximum exposure to credit risk for trade receivables at the reporting date (by Strategic Business Units) is:

	The Group	
	2008 \$'000	2007 \$'000
CapitaLand Residential Singapore	9,102	240,579
CapitaLand China Holdings	2,154	14,854
CapitaLand Commercial	38,916	21,509
CapitaLand Retail	15,084	14,310
Ascott	39,359	41,712
CapitaLand Financial	28,285	25,361
Australand	114,420	259,324
Others	4,196	721
	251,516	618,370

14. TRADE RECEIVABLES (cont'd)

(b) The ageing of trade receivables at the reporting date is:

	Gross Amount 2008 \$'000	Allowance for doubtful receivables 2008 \$'000	Gross Amount 2007 \$'000	Allowance for doubtful receivables 2007 \$'000
The Group				
Not past due	170,853	–	315,769	–
Past due 1 – 30 days	9,292	(55)	31,054	(106)
Past due 31 – 90 days	23,971	(3,207)	187,801	(373)
More than 90 days	57,039	(6,377)	91,907	(7,682)
	261,155	(9,639)	626,531	(8,161)

(c) The movement in allowances for doubtful receivables in respect of trade receivables during the year is as follows:

	The Group	
	2008 \$'000	2007 \$'000
At 1 January	(8,161)	(7,490)
Provision utilised	676	88
Provision during the year	(2,086)	(816)
Acquisition/disposal of subsidiaries (net)	6	178
Translation differences	(74)	(121)
At 31 December	(9,639)	(8,161)

Based on historical default rates, the Group believes that no allowance for doubtful receivables is necessary in respect of the receivables not past due.

15. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	The Group		The Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Deposits	29,635	52,933	150	111
Prepayments	108,078	74,848	344	92
Other receivables	215,536	321,480	145	2,055
Less:				
Allowance for doubtful receivables	(19,076)	(18,732)	–	(58)
	196,460	302,748	145	1,997
Tax recoverable	17,131	55,520	–	–
	351,304	486,049	639	2,200

Other receivables include staff loans, interest receivables, deferred sales consideration and other recoverable. As at 31 December 2008, other receivables include an amount of \$33.3 million due from a third party which bears interest ranging from 6% to 11% per annum, is unsecured and repayable in October 2009, or such earlier date as mutually agreed. In 2007, the amount of this receivable was \$13.9 million and it was included under Other Non-Current Assets (note 11).

Notes to the Financial Statements

16. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Fixed deposits	3,452,899	3,303,997	756,994	1,530,721
Cash at banks and in hand	701,482	894,859	807	1,504
Amounts held under "Project Account Rules – 1997 Ed"	74,024	157,130	–	–
	4,228,405	4,355,986	757,801	1,532,225

- (a) The withdrawal from amounts held under "Project Account Rules – 1997 Ed" are restricted to payments for expenditure incurred on development projects.
- (b) As at 31 December 2008, there was a charge over all monies from time to time standing to the credit of the project accounts amounting to \$25.3 million (2007: \$85.5 million) in respect of certain development properties for sale whose future receivables were sold (note 18).

17. TRADE AND OTHER PAYABLES

		The Group		The Company	
	Note	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Trade payables		111,444	159,350	1,123	883
Accruals	(a)	589,292	541,750	28,222	20,190
Accrued development expenditure		327,053	469,930	–	–
Accrued capital expenditure	(b)	24,333	55,339	–	–
Other payables	(c)	339,133	495,615	2,909	5,056
Rental and other deposits		33,957	44,231	2	3
Derivative liabilities		37,231	602	–	–
Provisions	(d)	35,654	–	–	–
Liability for employee benefits	24	56,006	72,029	38,296	50,833
Amounts owing to:					
– associates	8(b)	401,220	431,659	–	–
– jointly-controlled entities	9(b)	43,266	43,361	–	–
– related corporations	19	–	–	63,394	135,294
Minority interests (unsecured):					
– interest free		67,966	74,619	–	–
– interest bearing		63,488	56,692	–	–
Proceeds from sale of future receivables	18(c)	227,118	444,331	–	–
		2,357,161	2,889,508	133,946	212,259

- (a) Accruals included accrued interest payable, accrued property, plant and equipment purchases and accrued administrative expenses.
- (b) Accrued capital expenditure relates to amounts owing by a subsidiary of the Group to land vendors under certain unconditional contracts entered into 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.
- (c) Other payables included retention sums and amounts payable in connection with capital expenditure incurred.

17. TRADE AND OTHER PAYABLES (cont'd)

(d) Movements in provisions relate to provision for income support as follows:

	The Group	
	2008 \$'000	2007 \$'000
At 1 January	–	9,545
Provision made/(written-back) during the year	35,654	(9,545)
At 31 December	35,654	–

The provision for income support was made in conjunction with the sale of a property in 2008. Under the sale and purchase agreement, a subsidiary of the Group is obligated to provide income support to the buyer to ensure a minimum annual net property income equivalent to 4.25% per annum of the sales consideration for a period of 5 years from the date of sale.

In 2007, the provision for income support relating to 2 other investment properties was written back as the provision was no longer required.

18. OTHER NON-CURRENT LIABILITIES

		The Group		The Company	
	Note	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Amounts owing to minority interests (unsecured)	(a)				
– interest free		1,415	61,324	–	–
– interest bearing		16,400	32,686	–	–
Liability for employee benefits	24	71,838	33,331	63,869	32,134
Derivative liabilities		145,398	11,446	–	–
Customer deposits and other non-current payables	(b)	82,488	62,572	–	–
Proceeds from sale of future receivables	(c)	–	230,903	–	–
		317,539	432,262	63,869	32,134

(a) The amounts owing to minority interests are not expected to be repaid in the next 12 months.

(b) The other non-current payables include an amount of A\$49.1 million (2007: A\$22.1 million) equivalent to \$48.9 million (2007: \$28.4 million), owing to land vendors on terms similar to those described in note 17(b).

(c) Proceeds from sale of future receivables

		The Group	
	Note	2008 \$'000	2007 \$'000
Current	17	227,118	444,331
Non-current		–	230,903
		227,118	675,234

Notes to the Financial Statements

18. OTHER NON-CURRENT LIABILITIES (cont'd)

(c) Proceeds from sale of future receivables (cont'd)

These relate to the sale of future receivables in respect of a residential project in Singapore. The terms of the arrangement for the sale of future receivables included:

- (i) a fixed and floating charge over the assets of the subsidiary undertaking the project (note 12);
- (ii) a floating charge over all monies (note 16);
- (iii) an assignment of all the subsidiary's present and future rights, title and interest in, and all benefits accrued and to accrue to the subsidiary under the contract for sale entered into with each buyer of a unit of the project; and
- (iv) an assignment of all the subsidiary's present and future rights, title to and interest in:
 - (a) all contracts and agreements entered into by the subsidiary with the consultants and contractors and all construction guarantees issued in favour of the subsidiary; and
 - (b) all the policies and contracts of insurance taken out by the subsidiary.

19. AMOUNTS OWING BY/(TO) RELATED CORPORATIONS

	Note	The Company	
		2008 \$'000	2007 \$'000
Current			
Amounts owing by subsidiaries:			
– current accounts, mainly non-trade and interest bearing		30,891	22,681
– current loan:			
– interest free		676,154	512,984
– interest bearing		743,803	1,170,452
		1,419,957	1,683,436
Less:			
Allowance for doubtful receivables		(27,799)	(27,034)
		1,392,158	1,656,402
	13	1,423,049	1,679,083
Amounts owing (to) subsidiaries:			
– current accounts, mainly non-trade and interest bearing		(16)	(15)
– current loan (interest free)		(63,378)	(135,279)
	17	(63,394)	(135,294)

All balances with related corporations are unsecured and repayable on demand.

20. BANK BORROWINGS

	The Group		The Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Bank borrowings				
– secured	1,331,508	1,986,840	–	–
– unsecured	3,313,984	3,678,401	–	67,213
	4,645,492	5,665,241	–	67,213
Repayable:				
– not later than 1 year	1,005,902	1,208,505	–	67,213
– after 1 year	3,639,590	4,456,736	–	–
	4,645,492	5,665,241	–	67,213

(a) As at 31 December 2008, the effective interest rates for bank borrowings ranged from 1.04% to 9.64% (2007: 2.96% to 8.24%) per annum.

(b) Secured bank borrowings

	The Group	
	2008 \$'000	2007 \$'000
Repayable:		
Not later than 1 year	245,875	387,681
Between 1 and 2 years	638,014	743,770
Between 2 and 5 years	347,325	756,912
After 5 years	100,294	98,477
After 1 year	1,085,633	1,599,159
	1,331,508	1,986,840

Bank borrowings are secured by the following, details of which are disclosed in the respective notes to the financial statements:

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

(c) Unsecured bank borrowings

	The Group		The Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Repayable:				
Not later than 1 year	760,027	820,824	–	67,213
Between 1 and 2 years	1,014,167	315,568	–	–
Between 2 and 5 years	1,539,790	2,542,009	–	–
After 1 year	2,553,957	2,857,577	–	–
	3,313,984	3,678,401	–	67,213

Notes to the Financial Statements

21. DEBT SECURITIES

Debt securities comprise fixed rate notes, floating rate notes, hybrid rate notes and bonds issued by the Group and the Company.

	The Group		The Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Convertible bonds (unsecured)	2,513,056	1,293,439	2,518,579	1,293,439
Notes issued	2,663,064	3,287,930	–	436,500
Less:				
Notes purchased (but not cancelled)	(31,750)	(377,250)	–	(345,500)
Notes outstanding	2,631,314	2,910,680	–	91,000
	5,144,370	4,204,119	2,518,579	1,384,439
Secured notes	1,042,251	1,281,859	–	–
Unsecured notes/bonds	4,102,119	2,922,260	2,518,579	1,384,439
	5,144,370	4,204,119	2,518,579	1,384,439
Repayable:				
Not later than 1 year	865,113	594,300	–	91,000
Between 1 and 2 years	402,139	821,941	–	–
Between 2 and 5 years	985,571	1,116,110	–	–
After 5 years	2,891,547	1,671,768	2,518,579	1,293,439
After 1 year	4,279,257	3,609,819	2,518,579	1,293,439
	5,144,370	4,204,119	2,518,579	1,384,439

(a) As at 31 December 2008, the effective interest rates for debt securities ranged from 2.03% to 8.87% (2007: 3.20% to 8.10%) per annum.

(b) Convertible bonds (unsecured)

		The Group		The Company	
	Note	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Convertible bonds		2,724,477	1,430,000	2,730,000	1,430,000
Less:					
Bond discounts					
At 1 January		(136,561)	(57,858)	(136,561)	(57,858)
Additions		(117,000)	(92,000)	(117,000)	(92,000)
Amortisation	28(e)	31,405	13,297	31,405	13,297
At 31 December		(222,156)	(136,561)	(222,156)	(136,561)
Add:					
Bond premium					
At 1 January		–	–	–	–
Additions	28(e)	10,735	–	10,735	–
At 31 December		10,735	–	10,735	–
		2,513,056	1,293,439	2,518,579	1,293,439

21. DEBT SECURITIES (cont'd)

(b) Convertible bonds (unsecured) (cont'd)

- (i) In November 2006, the Company issued \$430.0 million principal amount of Convertible Bonds (the "2006 Bonds") due 2016 which carry interest rate at 2.10% per annum. The 2006 Bonds are convertible by holders into new ordinary shares in the capital of the Company at the conversion price of \$7.17 at any time on or after 26 December 2006 and prior to the close of business on 5 November 2016. The 2006 Bonds may be redeemed, in whole or in part, at the option of the Company at any time on or after 15 November 2011 and not less than seven business days prior to 15 November 2016 (subject to the satisfaction of certain conditions). Unless previously redeemed by the holder on 15 November 2013 or by the Company at any time on or after 15 November 2013, the final redemption date of the 2006 Bonds is 15 November 2016. The redemption price upon maturity is equal to the principal amount of the 2006 Bonds being redeemed.
- (ii) In June 2007, the Company issued \$1.0 billion principal amount of Convertible Bonds (the "2007 Bonds") due 2022 which carry interest rate at 2.95% per annum. The 2007 Bonds are convertible by holders into new ordinary shares in the capital of the Company at the conversion price of \$13.7255 at any time on or after 20 June 2008 and prior to the close of business on 10 June 2022. The 2007 Bonds may be redeemed, in whole or in part, at the option of the Company at any time on or after 20 June 2014 and not less than seven business days prior to 20 June 2022 (subject to satisfaction of certain conditions). Unless previously redeemed by the holder on 20 June 2017 or 20 June 2019 or by the Company at any time on or after 20 June 2014, the final redemption date of the 2007 Bonds is 20 June 2022. The redemption price upon maturity is equal to the principal amount of the 2007 Bonds being redeemed.
- (iii) In March 2008, the Company issued \$1.3 billion principal amount of Convertible Bonds (the "2008 Bonds") due 2018 which carry interest rate at 3.125% per annum. The 2008 Bonds are convertible by holders into new ordinary shares in the capital of the Company at the conversion price of \$8.5137 at any time on or after 15 April 2008 and prior to the close of business on 23 February 2018. The 2008 Bonds may be redeemed, in whole or in part, at the option of the Company at any time on or after 5 March 2013 and not less than seven business days prior to 5 March 2018 (subject to satisfaction of certain conditions). Unless previously redeemed by the holder on 5 March 2015 or by the Company at any time on or after 5 March 2013, the final redemption date of the 2008 Bonds is 5 March 2018. The redemption price upon maturity is equal to 109.998% of the principal amount of the 2008 Bonds being redeemed.

(c) Secured debt securities

- (i) A stapled entity of the Group, Australand, issued Commercial Mortgage-backed Securities amounting to A\$680.5 million (2007: A\$680.5 million), equivalent to \$677.2 million (2007: \$872.1 million), maturing on 25 June 2009 and 10 March 2011.
- (ii) Australand has also issued Unrated Floating Rate Notes amounting to A\$261.8 million (2007: A\$261.8 million), equivalent to \$260.5 million (2007: \$335.2 million), maturing on 25 June 2009, 20 October 2010 and 10 March 2011.
- (iii) These 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. Details on assets pledged are disclosed in respective notes to the financial statements.

Notes to the Financial Statements

21. DEBT SECURITIES (cont'd)

(d) Unsecured debt securities

A subsidiary, The Ascott Group Limited ("Ascott") established a \$1.0 billion multicurrency medium term note programme ("MTN Programme") during the year. Under the MTN Programme, Ascott may from time to time issue notes in tranches of one or more series in Singapore Dollars, US Dollars or any other currency and in such denominations as may be agreed between the relevant dealer of the MTN Programme and Ascott. Each series or tranche of notes may bear fixed, floating or variable rates of interest.

During the year, Ascott issued \$300.0 million Fixed Rate Notes, which are due from 2009 to 2011. The interest rates of these notes ranged from 2.725% to 4.70% per annum. In 2007, Ascott issued \$310.0 million of the notes, which are due from 2010 to 2012. The notes comprise \$245.0 million Fixed Rate Notes and \$65.0 million Floating Rate Notes, and the interest rates ranged from 2.97% to 3.58% per annum.

22. FINANCE LEASES

The Group had obligations under finance leases that are repayable as follows:

	Principal \$'000	Interest \$'000	Lease Payments \$'000
2008			
Repayable:			
Not later than 1 year	4,212	2,350	6,562
Between 2 and 5 years	15,476	6,873	22,349
After 5 years	19,784	2,994	22,778
After 1 year	35,260	9,867	45,127
	39,472	12,217	51,689
2007			
Repayable:			
Not later than 1 year	3,954	2,734	6,688
Between 2 and 5 years	16,873	8,250	25,123
After 5 years	25,962	4,541	30,503
After 1 year	42,835	12,791	55,626
	46,789	15,525	62,314

23. DEFERRED INCOME

Deferred income represents mainly unrealised profits on project management services.

24. EMPLOYEE BENEFITS

		The Group		The Company	
	Note	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Liability for short term accumulating compensated absences		2,432	1,662	204	171
Liability for long service leave entitlement		3,028	3,904	–	–
Liability for cash-settled share-based payments		14,667	3,230	460	594
Liability for staff incentive		107,717	96,564	101,501	82,202
		127,844	105,360	102,165	82,967
Current	17	56,006	72,029	38,296	50,833
Non-current	18	71,838	33,331	63,869	32,134
		127,844	105,360	102,165	82,967

(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) Staff incentive

This relates to staff incentive payable which is connected with the Group's financial performance achieved over a period of time.

(c) Equity compensation benefits

Share Plans of the Company

The Share Option Plan, the Performance Share Plan and the 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 ("ERCC") comprising Mr Lim Chin Beng, Mr Hsuan Owyang and Mr Peter Seah Lim Huat. On 1 January 2009, Mr Hsuan Owyang resigned as a member of ERCC.

Share Option Plan

The Company ceased to grant options under the Share Option Plan with effect from 2007. Statutory information regarding the Share Option Plan are set out below:

(i) The exercise price of the options is set either at:

- A price equals to the volume-weighted average price on the SGX-ST over the three consecutive trading days immediately preceding the grant of the option ("Market Price"), or such higher price as may be determined by the ERCC 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.

Notes to the Financial Statements

24. EMPLOYEE BENEFITS (cont'd)

(c) Equity compensation benefits (cont'd)

Share Option Plan (cont'd)

Movements in the number of outstanding options and their related weighted average exercise prices are as follows:

	Weighted average exercise price 2008 \$	No. of options 2008 (‘000)	Weighted average exercise price 2007 \$	No. of options 2007 (‘000)
At 1 January	2.83	31,127	2.44	57,755
Forfeited/Expired	3.57	(1,093)	3.27	(1,924)
Exercised	2.30	(9,990)	1.81	(24,704)
At 31 December	3.05	20,044	2.83	31,127
Exercisable on 31 December	2.61	8,261	2.14	6,914

Options exercised in 2008 resulted in 9,990,336 (2007: 24,703,638) shares being issued at a weighted average market price of \$6.25 (2007: \$7.62) each. Options were exercised on a regular basis throughout the year. The weighted average share price during the year was \$4.66 (2007: \$7.46).

Options outstanding at the end of the year are summarised below:

Range of Exercise Price	Options outstanding 2008 (‘000)	Weighted average contractual life (years)	Options outstanding 2007 (‘000)	Weighted average contractual life (years)
\$0.82 to \$0.96	372	4.18	900	3.91
\$0.97 to \$1.02	1,683	4.97	4,216	5.75
\$1.03 to \$1.61	150	4.84	498	3.05
\$1.62 to \$1.95	268	2.26	650	2.83
\$1.96 to \$2.69	5,389	5.96	8,673	6.90
\$2.70 to \$4.67	12,182	6.87	16,190	7.84
	20,044		31,127	

Of the outstanding options as at 31 December 2008, there were 1,180,000 (2007: 2,176,300) options held by the directors of the Company. This included 600,000 (2007: 1,200,000) options held by Mr Liew Mun Leong, the President and Chief Executive Officer of the Company.

The fair value of services received in return for options granted is measured by reference to the fair value of options granted. The estimate of the fair value of the options granted is measured based on Enhanced Trinomial (Hull and White) valuation model.

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) years risk-free rate for options with a 10 (or 5) years contractual term. Expected dividend yield is based on expected 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.

24. EMPLOYEE BENEFITS (cont'd)

(c) Equity compensation benefits (cont'd)

Performance Share Plan

This relates to compensation costs of the Company's Performance Share Plan reflecting the benefits accruing to the employees over the service period to which the performance criteria relate.

The number of shares outstanding under the Performance Share Plan at the end of the year is summarised below:

Year of Award	2008 ('000)	2007 ('000)
At 1 January	8,809	9,004
Granted	6,268	2,711
Forfeited/Cancelled	(1,108)	(1,081)
Additional shares granted arising from modification	–	55
Released	(5,544)	(1,880)
At 31 December	8,425	8,809

The final number of shares released will depend on the achievement of pre-determined targets over a three-year performance period. No shares will be released if the threshold targets are not met at the end of the performance period. On the other hand, if superior targets are met, more shares than the baseline award could be delivered up to a maximum of 200% of the baseline award.

The fair values of the shares are determined using Monte Carlo simulation method at the measurement date which projects future share price assuming log normal distribution based on Geometric Brownian Motion Theory. The fair value and assumptions are set out below:

Year of Award	2008	2007
<i>Weighted average fair value of shares and assumptions</i>		
Weighted average fair value at measurement date	\$7.18	\$6.07
Expected volatility based on 36 months closing share price prior to grant date	29.22%	26.50%
MSCI AC Asia Pacific Free ex-Japan Real Estate Index (2007: MSCI AC Asia Pacific Free ex-Japan Industrials Index)		
annualised volatility based on 36 months prior to grant date	16.15%	14.05%
Share price at grant date	\$6.97	\$7.00
Risk-free interest rate equals to the implied yield on zero-coupon Singapore Government bond with a term equal to the length of vesting period	1.23%	2.95%
Expected dividend yield over 12 months volume-weighted share price prior to the grant date	1.42%	1.29%
Correlation of return between MSCI AC Asia Pacific Free ex-Japan Real Estate Index (2007: MSCI AC Asia Pacific Free ex-Japan Industrials Index) and the Company's share price measured over 36 months prior to the grant date	47.88%	48.10%

Notes to the Financial Statements

24. EMPLOYEE BENEFITS (cont'd)

(c) Equity compensation benefits (cont'd)

Restricted Stock Plan – Equity-settled/Cash-settled

This relates to compensation costs of the Company's Restricted Stock Plan reflecting the benefits accruing to the employees over the service period to which the performance criteria relate. The Company granted awards of shares under the Restricted Stock Plan in place of options with effect from 2007.

With effect from 2008, the ERCC of the Company has instituted a set of share ownership guidelines for senior management who received shares under the Restricted Stock Plan. Under these guidelines, members of the senior management team are required to retain a portion of the total number of CapitaLand shares acquired through the Restricted Stock Plan which will vary according to their job grades and base salaries.

The number of shares outstanding under the Restricted Stock Plan at the end of the year is summarised below:

Year of Award	2008 ('000)	2007 ('000)
At 1 January	4,552	–
Granted	8,529	4,838
Forfeited/Cancelled	(889)	(314)
Additional shares granted arising from modification	–	28
Released*	(2,309)	–
At 31 December**	9,883	4,552

* The number of shares released during the year was 2,309,409, of which 307,326 were cash settled.

** As at 31 December 2008, the number of shares awarded and outstanding was 9,883,459 (2007: 4,552,277), of which 1,358,003 (2007: 625,404) were to be cash settled.

The final number of shares released will depend on the achievement of pre-determined targets at the end of a one-year performance period. No shares will be released if the threshold targets are not met at the end of the performance period. On the other hand, if superior targets are met, more shares than the baseline award could be delivered up to a maximum of 150% of the baseline award. The shares have a vesting schedule of two to three years. Recipient can receive fully paid shares, their equivalent cash value or combinations thereof, at no cost.

Cash-settled contingent awards of shares are measured at their current fair value at each balance sheet date.

The fair values of the equity-settled contingent award of shares are determined using Monte Carlo simulation method at the measurement date which projects future share price assuming log normal distribution based on Geometric Brownian Motion Theory. The fair value and assumptions are set out below:

Year of Award	2008	2007
<i>Weighted average fair value of shares and assumptions</i>		
Weighted average fair value at measurement date	\$6.78	\$6.78
Expected volatility based on 36 months closing share price prior to grant date	29.22%	26.50%
Share price at grant date	\$6.97	\$7.00
Risk-free interest rate equals to the implied yield on zero-coupon Singapore Government bond with a term equal to the length of vesting period	0.83% to 1.23%	2.78% to 2.95%
Expected dividend yield over 12 months volume-weighted share price prior to the grant date	1.42%	1.29%

24. EMPLOYEE BENEFITS (cont'd)

(c) Equity compensation benefits (cont'd)

Share Plans of Subsidiaries

(i) Australand

Australand Employee Securities Ownership Plan

For Australand, a listed subsidiary of the Group, 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 employers' obligations to repay the loan are 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. The last offer under Australand ESOP was made on 30 June 2006 and hence Australand ESOP will cease to exist on 30 June 2011.

In addition to the above Australand ESOP, options over unissued Australand stapled securities have previously been issued to employees under the terms of the Australand Share Option Scheme. No options have been issued under this scheme since March 2002. No future options will be issued under this scheme.

Australand Performance Rights Plan ("PRP")

The establishment of the Australand Performance Rights Plan was approved by Australand's shareholders at the 2007 Annual General Meeting ("AGM").

The number of securities outstanding under the Australand Performance Rights Plan as at the end of the year is summarised below:

Year of Award	2008 ('000)	2007 ('000)
At 1 January	3,912	–
Granted	2,948 ¹	4,487
Exercised	(88)	–
Forfeited/Cancelled	(398)	(575)
At 31 December	6,374	3,912

¹ 2,948,500 performance rights were granted during the year, of which 591,000 performance rights were 2007 performance rights issued to the Managing Director in 2008 as they were subject to security holder approval at the 2008 AGM.

Fair value of performance rights

The assessed fair value of performance rights granted during the year is A\$0.11 (2007: A\$1.085) per share.

The fair value is independently determined at grant date using the Monte Carlo Simulation technique. This technique involves stock prices being randomly simulated under risk neutral conditions and parameters in order to calculate the value of the performance rights at expiry. The simulation is repeated numerous times to produce distribution payoff amounts. The performance rights value is taken as the average of the payoff amounts calculated and discounted back to the valuation date.

The following assumptions were used in valuing the performance rights:

- (i) share price at grant date: A\$0.28 (2007: A\$2.00);
- (ii) expected price volatility of the company's stapled securities: 45% (2007: 21%);
- (iii) expected dividend yield: 8.5% (2007: 8.5%);
- (iv) risk-free discount rate: 4.5% (2007: 6.2%) per annum;
- (v) expected franking rate: 50% (2007: 55%); and
- (vi) imputation credits valuation factor: 65% (2007: 65%).

Notes to the Financial Statements

24. EMPLOYEE BENEFITS (cont'd)

(c) Equity compensation benefits (cont'd)

(i) Australand (cont'd)

Australand Tax Exempt Employee Security Plan ("TEP")

The Australand Tax Exempt Employee Security Plan in which tax exempt stapled securities may be issued by the company to employees for no cash consideration was approved by Australand shareholders at the 2007 AGM. All Australian resident permanent (full-time and part-time) employees (excluding directors and participants in the Australand Performance Rights Plan) who have been continuously employed by the Group for a period of at least nine months as at the invitation date and are still employees as at the acquisition date are eligible to participate in the plan. Employees may elect not to participate in the plan.

The plan provides up to A\$1,000 of Australand stapled securities (tax-free) to eligible employees annually in the third quarter of each calendar year for no cash consideration.

A three-year restriction period on selling, transferring or otherwise dealing with the securities applies, unless the employee leaves Australand. Under the plan, employees will receive the same benefits as all other security holders.

The number of securities issued to participants in the plan is the offer amount divided by the weighted average price at which Australand's stapled securities are traded on the Australian Stock Exchange during the week up to and including the acquisition date (rounded down to the nearest whole number of stapled securities).

Number of securities issued under the Australand TEP is as follows:

	Weighted average market price A\$	Number of securities issued ('000)
29 June 2007	2.15	177
1 September 2007	2.37	170
31 October 2008	0.33	1,214
		1,561

(ii) The Ascott Group Limited ("Ascott")

Ascott was delisted from the Official List of the Singapore Exchange Securities Trading Limited on 29 April 2008 following the completion of the voluntary unconditional cash offer announced on 8 January 2008 (the "Offer") for, and subsequent compulsory acquisition of, shares in Ascott ("Ascott Shares") by Somerset Capital Pte Ltd (the "Offeror"), a wholly-owned subsidiary of the Company. Following the delisting,

- (i) all outstanding options to subscribe for Ascott Shares under the Ascott Share Option Plan were cancelled pursuant to acceptances by holders of such options of the proposal made by the Offeror to them in connection with the Offer;
- (ii) outstanding awards of 2,541,415 under the Ascott Performance Share Plan will be released in the form of cash in accordance with the rules of the Ascott Performance Share Plan while the balance outstanding awards of 4,894,914 will be substituted by CapitaLand Performance Share Plan; and
- (iii) outstanding awards of 1,160,343 under the Ascott Restricted Share Plan will be released in the form of cash in accordance with the rules of the Ascott Restricted Share Plan.

25. SHARE CAPITAL

Issued and fully paid	The Company	
	2008 No. of shares ('000)	2007 No. of shares ('000)
At 1 January	2,805,969	2,779,346
Issue of shares pursuant to the:		
– Exercise of options	9,990	24,703
– Performance Share and Restricted Stock Plans	7,547	1,920
At 31 December	2,823,506	2,805,969

- (a) 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 meetings of the Company. All shares rank equally with regards to the Company's residual assets.
- (b) At the end of the financial year, there were 20,043,514 (2007: 31,126,830) options under the Share Option Plan, a maximum of 16,849,676 (2007: 17,617,116) shares under the Performance Share Plan and 11,070,581 (2007: 5,890,309) shares under the Restricted Stock Plan, details of which are disclosed in note 24(c).
- (c) As at December 2008, the convertible bonds issued by the Company which remained outstanding are as follows:

Principal Amount \$ million	Maturity Date Year	Conversion Price S\$	
430	2016	7.17	Convertible into 59,972,105 new ordinary shares
1,000	2022	13.7255	Convertible into 72,857,090 new ordinary shares
1,300	2018	8.5137	Convertible into 152,695,067 new ordinary shares

There has been no redemption or conversion of any of the above convertible bonds during the year.

- (d) The Company did not hold any treasury shares as at 31 December 2008 and 31 December 2007.

Capital Management

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

The Group also monitors capital using a net debt to equity ratio, which is defined as net borrowings divided by total equity (including minority interests).

	The Group	
	2008 \$'000	2007 \$'000
Gross borrowings	9,829,334	9,916,148
Cash and cash equivalents	(4,228,405)	(4,355,986)
Net debt	5,600,929	5,560,162
Total Equity	11,987,802	11,865,339
Net debt to equity ratio	0.47	0.47

Notes to the Financial Statements

25. SHARE CAPITAL (cont'd)

Capital Management (cont'd)

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

In addition, the Company has a share purchase mandate as approved by its shareholders which allows the Company greater flexibility over its share capital structure with a view to improving, inter alia, its return on equity. The shares which are purchased may be held as treasury shares which the Company may transfer for the purposes of or pursuant to its employee share-based incentive schemes so as to enable the Company to take advantage of tax deductions under the current taxation regime. The use of treasury shares in lieu of issuing new shares would also mitigate the dilution impact on existing shareholders. No share purchase was made during the year.

There were no changes in the Group's approach to capital management during the year.

26. OTHER RESERVES

	The Group		The Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Capital reserve	950,762	1,443,500	213,212	117,271
Equity compensation reserve	105,364	92,613	41,592	36,623
Hedging reserve	(117,658)	10,733	–	–
Available-for-sale reserve	20,028	99,472	–	–
Foreign currency translation reserve	(96,622)	(66,663)	–	–
	861,874	1,579,655	254,804	153,894

The capital reserve comprises mainly capital gains on disposal of properties, share of associates' capital reserve and the value of the option granted to bondholders to convert their convertible bonds into ordinary shares of the Company.

The equity compensation reserve comprises the cumulative value of employee services received for the issue of the options and shares under the Share Option Plan, Performance Share Plan and Restricted Stock Plan.

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 foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign entities, as well as from the translation of foreign currency loans used to hedge the Group's net investments in foreign entities.

27. REVENUE

Revenue of the Group and of the Company is analysed as follows:

	The Group		The Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Trading of properties	1,464,311	2,663,323	–	–
Rental and related income	493,724	405,438	–	–
Fee income	413,161	305,036	57,292	60,991
Serviced residence rental and related income	368,045	389,851	–	–
Dividend income from subsidiaries	–	–	637,124	773,617
Others	13,080	29,055	–	–
	2,752,321	3,792,703	694,416	834,608

28. PROFIT BEFORE TAXATION

Profit before taxation includes the following:

	Note	The Group		The Company	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
(a) Other operating income					
Interest income:					
– fixed deposits		74,849	86,121	8,817	24,532
– subsidiaries		–	–	82,605	71,926
– associates and jointly-controlled entities		28,565	30,753	–	–
– investee companies and others		3,676	9,685	–	1,372
– interest capitalised in development properties for sale	12(c)	(879)	(2,000)	–	–
		106,211	124,559	91,422	97,830
Dividend income/capital distribution		21,560	19,702	–	20,384
Mark-to-market gain on fair value through profit or loss financial assets		10,854	1,914	–	–
Mark-to-market gain on derivative instruments		30,823	–	–	–
Gain on disposal of available-for-sale financial assets		22,982	8,300	–	–
Gain on disposal/dilution/liquidation of subsidiaries, associates and jointly-controlled entities		531,919	322,959	–	37,193
Foreign exchange gain		51,827	22,209	–	1
Gain on disposal of investment properties		76,600	47,005	–	–
Gain on disposal of properties under development		–	27,764	–	–
Gain on disposal of property, plant and equipment		43,679	139,810	1	102
Net fair value gains from investment properties		300,682	778,831	–	–
Negative goodwill recognised from an increased stake in a subsidiary		55,195	–	–	–
Others		78,325	60,371	1,740	1,833
		1,330,657	1,553,424	93,163	157,343

Notes to the Financial Statements

28. PROFIT BEFORE TAXATION (cont'd)

	Note	The Group		The Company	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
(b) Staff costs					
Wages and salaries		366,352	490,429	30,095	58,862
Contributions to defined contribution plans		50,194	46,509	1,182	1,327
Share-based expenses:					
– equity-settled		53,908	50,423	15,737	12,589
– cash-settled		3,736	3,230	125	594
Increase in liability for short term accumulating compensated absences		774	565	33	17
Staff benefits, training/development costs and others		68,568	54,295	2,490	2,968
		543,532	645,451	49,662	76,357
Less:					
Staff costs capitalised in development properties for sale		(59,950)	(50,958)	–	–
		483,582	594,493	49,662	76,357
(c) (i) Cost of sales include:					
Write down of/(Write back of foreseeable losses on) development properties for sale (net)		52,803	(223,179)	–	–
Operating lease expenses		62,003	68,916	–	–
Operating expenses arising from investment properties that generated rental income		133,098	105,382	–	–
Amortisation of intangible assets	4	484	–	–	–
(ii) Administrative expenses include:					
(Write back of)/Allowance for doubtful receivables		(2,728)	1,588	765	26,483
Amortisation of intangible assets	4	1,519	1,188	–	–
Auditors' remuneration:					
– auditors of the Company		1,682	1,870	165	147
– other auditors		4,218	3,812	–	–
Non-audit fees:					
– auditors of the Company		319	441	47	18
– other auditors		549	820	–	–
Depreciation of property, plant and equipment	3	55,227	39,579	3,880	1,404
Write off/impairment loss made on intangible assets	4	–	3,785	–	–
Operating lease expenses		28,655	17,587	2,628	1,889

28. PROFIT BEFORE TAXATION (cont'd)

	Note	The Group		The Company	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
(c) (iii) Other operating expenses include:					
Impairment in available-for-sale financial assets		39,877	16,980	–	–
Mark-to-market loss on derivative instruments		–	5,589	–	–
Impairment and write off of property, plant and equipment		9,850	948	45	18
Provision/(Write back of provision) for income support	17(d)	35,654	(9,545)	–	–
Write back of impairment of subsidiaries		–	–	–	(2,165)
Impairment loss on investment in an associate		3,490	–	–	–

(d) Professional fees

Fees paid and payable to certain directors and/or firms in which certain directors of the Company are members:

	The Group		The Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Charged to income statement	99	51	99	–

(e) Finance costs

	Note	The Group		The Company	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Interest and securitisation costs paid and payable to:					
– subsidiaries		–	–	9	267
– bank loans and overdrafts		393,005	392,545	552	5,445
– debt securities		68,832	52,855	1,778	6,712
Convertible bonds:					
– interest expense		72,191	24,806	72,191	24,806
– amortisation of bond discount	21(b)	31,405	13,297	31,405	13,297
– accretion of bond premium	21(b)	10,735	–	10,735	–
Derivative financial instruments		1,517	4,256	–	–
Minority interests		5,063	5,615	–	–
Others		10,831	13,697	16	199
Total borrowing costs		593,579	507,071	116,686	50,726
Less:					
Borrowing costs capitalised in:					
– property, plant and equipment	3	(1,738)	(3,149)	–	–
– properties under development	6	(6,218)	(1,152)	–	–
– development properties for sale	12(c)	(69,292)	(99,221)	–	–
		(77,248)	(103,522)	–	–
		516,331	403,549	116,686	50,726

Notes to the Financial Statements

29. TAXATION

(a) Deferred Taxation

The Group	At 1/1/2008 \$'000	Income statement \$'000	Equity \$'000	Acquisition/ Disposal of subsidiaries \$'000	Translation differences \$'000	At 31/12/2008 \$'000
Deferred tax liabilities						
Accelerated tax depreciation	33,537	4,865	–	(16,687)	(1,203)	20,512
Discounts on compound financial instruments	25,570	(6,635)	21,060	–	–	39,995
Accrued income and interest receivable	4,140	5,700	–	–	(3)	9,837
Capital allowances of assets in investment properties	9,434	1,130	(837)	–	–	9,727
Profits recognised on percentage of completion	65,009	(5,052)	(25,508)	–	(2,554)	31,895
Fair value changes of investment properties	89,848	68,520	314	(108,291)	(11,118)	39,273
Unremitted earnings/Deferred income	29,619	3,547	–	–	(6,586)	26,580
Derivative financial instruments	18,784	–	(14,598)	–	(4,186)	–
Others	5,312	13,084	1,018	(8,087)	(1,977)	9,350
Total	281,253	85,159	(18,551)	(133,065)	(27,627)	187,169
Deferred tax assets						
Unutilised tax losses	(22,956)	(5,525)	(521)	7,253	2,204	(19,545)
Provisions and expenses	(42,391)	(9,870)	–	–	5,666	(46,595)
Deferred income	(11,170)	(27,950)	22,905	–	3,074	(13,141)
Derivative financial instruments	–	–	(34,905)	–	–	(34,905)
Others	(5,607)	(14,978)	–	–	149	(20,436)
Total	(82,124)	(58,323)	(12,521)	7,253	11,093	(134,622)

29. TAXATION (cont'd)

(a) Deferred Taxation (cont'd)

The Group	At 1/1/2007 \$'000	Income statement \$'000	Equity \$'000	Acquisition/ Disposal of subsidiaries \$'000	Translation differences \$'000	At 31/12/2007 \$'000
Deferred tax liabilities						
Accelerated tax depreciation	13,116	21,166	–	(681)	(64)	33,537
Discounts on compound financial instruments	11,572	(2,562)	16,560	–	–	25,570
Accrued income and interest receivable	4,342	190	–	(402)	10	4,140
Capital allowances of assets in investment properties	9,280	154	–	–	–	9,434
Profits recognised on percentage of completion	10,591	53,317	–	–	1,101	65,009
Fair value changes of investment properties	95,654	(12,129)	–	3,145	3,178	89,848
Unremitted earnings	49,321	(22,468)	–	–	2,766	29,619
Derivative financial instruments	8,262	–	10,522	–	–	18,784
Others	1,017	3,271	(396)	2,075	(655)	5,312
Total	203,155	40,939	26,686	4,137	6,336	281,253
Deferred tax assets						
Unutilised tax losses	(26,093)	2,377	–	1,424	(664)	(22,956)
Unutilised capital allowances	(191)	191	–	–	–	–
Provisions and expenses	(19,427)	(21,729)	–	37	(1,272)	(42,391)
Deferred income	(4,834)	(5,913)	–	–	(423)	(11,170)
Others	(938)	(4,520)	–	–	(149)	(5,607)
Total	(51,483)	(29,594)	–	1,461	(2,508)	(82,124)

The Company	At 1/1/2008 \$'000	Income statement \$'000	Equity \$'000	At 31/12/2008 \$'000
Deferred tax liabilities				
Discounts on compound financial instruments	25,570	(6,635)	21,060	39,995
Deferred tax assets				
Provisions	(9,854)	–	–	(9,854)

The Company	At 1/1/2007 \$'000	Income statement \$'000	Equity \$'000	At 31/12/2007 \$'000
Deferred tax liabilities				
Discounts on compound financial instruments	11,572	(2,562)	16,560	25,570
Deferred tax assets				
Provisions	–	(9,854)	–	(9,854)

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.

Notes to the Financial Statements

29. TAXATION (cont'd)

(a) Deferred Taxation (cont'd)

	The Group		The Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Deferred tax liabilities	130,639	238,057	39,995	25,570
Deferred tax assets	(78,092)	(38,928)	(9,854)	(9,854)
	52,547	199,129	30,141	15,716

Deferred tax assets have not been recognised in respect of the following:

	The Group	
	2008 \$'000	2007 \$'000
Deductible temporary differences	175,953	258,790
Tax losses	184,064	148,467
Unutilised capital allowances	1,581	1,564
	361,598	408,821

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. The tax losses are subject to agreement by the tax authorities and compliance with tax regulations in the respective countries in which the subsidiaries operate. The deductible temporary differences do not expire under current tax legislation.

(b) Tax Charge

	The Group		The Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Current tax expense				
– Based on current year's results	258,402	282,363	1,612	23,181
– (Over)/Under provision in respect of prior years	(49,462)	(25,661)	238	–
– Group relief	–	–	1,091	–
	208,940	256,702	2,941	23,181
Deferred tax expense				
– Origination and reversal of temporary differences	19,411	22,555	(6,634)	(12,416)
– Under/(Over) provision in respect of prior years	7,425	(11,210)	–	–
	26,836	11,345	(6,634)	(12,416)
Total	235,776	268,047	(3,693)	10,765

29. TAXATION (cont'd)

(b) Tax Charge (cont'd)

Reconciliation of effective tax rate

	The Group	
	2008 \$'000	2007 \$'000
Profit before taxation	1,697,159	3,420,493
Less: Share of results of associates and jointly-controlled entities	(375,094)	(1,512,122)
Profit before share of results of associates, jointly-controlled entities and taxation	1,322,065	1,908,371
Income tax using Singapore tax rate of 18% (2007: 18%)	237,972	343,507
Adjustments:		
Expenses not deductible for tax purposes	133,562	71,180
Income not subject to tax	(140,761)	(241,893)
Effect of unrecognised tax losses and other deductible temporary differences	7,722	13,379
Effect of different tax rates in foreign jurisdictions	50,997	109,523
(Over)/Under provision in respect of prior years	(42,037)	(36,871)
Others	(11,679)	9,222
	235,776	268,047

	The Company	
	2008 \$'000	2007 \$'000
Profit before taxation	598,054	819,421
Income tax using Singapore tax rate of 18% (2007: 18%)	107,650	147,496
Adjustments:		
Expenses not deductible for tax purposes	18,308	4,554
Income not subject to tax	(127,849)	(138,626)
Effect of other deductible temporary differences	(1,059)	(2,517)
Under provision in respect of prior year	238	–
Consideration paid for losses transferred	1,091	–
Tax benefit received on losses arising from group relief	(1,091)	–
Others	(981)	(142)
	(3,693)	10,765

Notes to the Financial Statements

30. EARNINGS PER SHARE

(a) Basic earnings per share

	The Group	
	2008 \$'000	2007 \$'000
Basic earnings per share is based on:		
Net profit attributable to equity holders of the Company	1,260,113	2,759,313
	Number of shares ('000)	
Weighted average number of ordinary shares in issue during the year	2,819,371	2,799,067

(b) Fully diluted earnings per share

In calculating diluted earnings per share, the net profit attributable to equity holders of the Company 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	
	2008 \$'000	2007 \$'000
Net profit attributable to equity holders of the Company	1,260,113	2,759,313
Profit impact of conversion of the dilutive potential ordinary shares	57,145	33,637
Adjusted net profit attributable to equity holders of the Company	1,317,258	2,792,950
	Number of shares ('000)	
Weighted average number of ordinary shares used in calculation of basic earnings per share	2,819,371	2,799,067
Weighted average number of unissued ordinary shares from:		
– options under Share Option Plan	19,220	31,127
– shares under Performance Share Plan	16,850	17,617
– shares under Restricted Stock Plan	11,071	5,890
– convertible bonds	185,966	97,493
Number of ordinary shares that would have been issued at fair value	(12,635)	(12,583)
	220,472	139,544
Weighted average number of ordinary shares in issue (diluted)	3,039,843	2,938,611

31. DIVIDENDS

The Board of Directors of the Company has proposed a first and final dividend of 5.5 cents per share and a special dividend of 1.5 cents per share in respect of the financial year ended 31 December 2008. This would amount to a payout of approximately \$296.7 million based on the enlarged share capital after the rights issue (disclosed in Note 41). The dividends are subject to the shareholders' approval at the forthcoming Annual General Meeting of the Company.

For the financial year 2007, a first and final one-tier dividend of 8.0 cents per share and a special one-tier dividend of 7.0 cents per share were approved and paid. The said dividends of \$423.4 million were paid in May 2008.

32. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Acquisition of subsidiaries

- (i) There was no acquisition of significant subsidiary during the year.

The total acquisition cost for subsidiaries acquired, which individually was not significant, in aggregate amounted to \$16.9 million. There were no significant contribution by the above subsidiaries to the net profit of the Group from the respective acquisition dates to 31 December 2008; nor to the revenue and the net profit of the Group had the acquisition occurred on 1 January 2008, before accounting for financing costs attributable to the acquisitions.

- (ii) The significant subsidiaries acquired in 2007 were as follows:

Name of Subsidiary	Date Acquired	Effective Interest Acquired
Eureka Office Fund Pte Ltd	August 2007	50.0%
Makati Property Ventures Inc ("Ascott Makati")	March 2007	61.3%

The total related acquisition costs for the above-mentioned subsidiaries and other subsidiaries acquired, which individually was not significant, in aggregate amounted to \$763.0 million. From the dates of acquisitions to 31 December 2007, the above-mentioned acquisitions contributed net profit of \$46.1 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 2007, the Group's revenue for the year ended 31 December 2007 would have increased by \$75.7 million and net profit would have increased by \$63.6 million, before accounting for financing costs attributable to the acquisitions.

(b) Effects of acquisitions

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

The Group	Carrying amounts \$'000	Fair value adjustments \$'000	Recognised values \$'000
2008			
Investment properties	8,072	–	8,072
Current assets	26,273	–	26,273
Current liabilities	(9,654)	–	(9,654)
Non-current liabilities	(256)	–	(256)
Minority interests	(7,514)	–	(7,514)
	16,921	–	16,921
Amounts previously accounted for as associates and jointly-controlled entities			18
Net assets acquired/Purchase consideration			16,939
Cash outflow on acquisition of subsidiaries			16,939

Notes to the Financial Statements

32. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)

(b) Effects of acquisitions (cont'd)

The Group	Carrying amounts \$'000	Fair value adjustments \$'000	Recognised values \$'000
2007			
Property, plant and equipment	60,185	–	60,185
Investment properties	1,339,199	(57,330)	1,281,869
Other non-current assets	92	–	92
Current assets	115,266	29,238	144,504
Current liabilities	(40,280)	–	(40,280)
Interest bearing liabilities	(367,216)	–	(367,216)
Non-current liabilities	(9,526)	–	(9,526)
Minority interests	(7,635)	28,092	20,457
	1,090,085	–	1,090,085
Amounts previously accounted for as associates and jointly-controlled entities			(330,000)
Net assets acquired			760,085
Goodwill arising from acquisition			2,953
Purchase consideration			763,038
Less:			
Deposit paid in 2006			(11,683)
Cash of subsidiaries acquired			(93,085)
Cash outflow on acquisition of subsidiaries			658,270

(c) Disposals of subsidiaries

- (i) During the year, the Group disposed off the following significant subsidiaries for a total consideration of \$885.4 million:

Name of Subsidiary	Date Disposed	Effective Interest Disposed
Calderdale Pte Ltd	September 2008	100.0%
Floral Land Pte Ltd	September 2008	80.0%
Hua Qing Holdings Pte Ltd	September 2008	58.8%
Hua Lei Holdings Pte Ltd	September 2008	100.0%

The disposed subsidiaries previously contributed net profit of \$36.7 million for the year ended 31 December 2007 and \$149.8 million from 1 January 2008 to the respective dates of disposal.

- (ii) In 2007, the Group disposed off the following significant subsidiaries for a total consideration of \$285.9 million:

Name of Subsidiary	Date Disposed	Effective Interest Disposed
Ascott Residence Trust*	March 2007	16.5%
Somerset Youyi (BVI) Limited	September 2007	66.5%
Citadines Biyun (BVI) Limited	September 2007	66.5%

* Ascott Residence Trust ("ART") ceased to be a subsidiary of the Group and is equity accounted as an associate following the Group's disposal of 16.5% interest in ART in March 2007.

The disposed subsidiaries previously contributed net profit of \$3.4 million for the year ended 31 December 2006 and \$3.6 million from 1 January 2007 to the respective dates of disposal.

32. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)

(d) Effects of disposals

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

	The Group	
	2008 \$'000	2007 \$'000
Property, plant and equipment	114,236	157,328
Investment properties and properties under development	2,088,382	1,114,502
Other non-current assets	3,194	4,368
Current assets	208,172	220,958
Current liabilities	(1,033,886)	(92,779)
Interest bearing liabilities	(547,510)	(337,420)
Non-current liabilities	(137,003)	(64,285)
Minority interests	(185,072)	(401,085)
Net assets	510,513	601,587
Less:		
Equity interest retained as associates and jointly-controlled entities	(55,340)	(387,707)
Net assets disposed	455,173	213,880
Realisation of reserves	(93,436)	(19,110)
Deferred income	108,863	(3,851)
Gain on disposal of subsidiaries	414,767	94,936
Sale consideration	885,367	285,855
Repayment of shareholders' loan	779,745	9,979
Deferred payment	(66,083)	(940)
Deferred sale consideration received in relation to prior year's disposal of subsidiaries	–	346,864
Cash of subsidiaries disposed	(134,629)	(119,294)
Cash inflow on disposal of subsidiaries	1,464,400	522,464

(e) Net effects on acquisition and disposal of subsidiaries

	The Group	
	2008 \$'000	2007 \$'000
Net cash inflow/(outflow) on acquisition and disposal of subsidiaries	1,447,461	(135,806)

33. FINANCIAL RISK MANAGEMENT

(a) Financial risk management objectives and policies

The Group and the Company are exposed to market risk (including interest rate, foreign currency and price risks), credit risk and liquidity risk arising from its diversified portfolio of business. The Group's risk management approach seeks to minimise the potential material adverse effects from these exposures. The Group uses financial instruments such as currency forwards, interest rate swaps and caps as well as foreign currency borrowings to hedge certain financial risk exposures.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established the Risk Committee to strengthen its risk management processes and framework. The Risk Committee is assisted by an independent unit called the Risk Assessment Group ("RAG"). RAG generates a comprehensive portfolio risk report to assist the committee. This quarterly report measures a spectrum of risks, including property market risks, construction risks, interest rate risks, refinancing and currency risks.

Notes to the Financial Statements

33. FINANCIAL RISK MANAGEMENT (cont'd)

(b) Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will have on the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

(i) 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 short term in nature and they are not held for trading or speculative purposes. The financial products comprise 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. The Group classifies these interest rate swaps and caps as cash flow hedges.

The fair value loss of swaps as at 31 December 2008 was \$148.6 million (2007: fair value gain of \$60.4 million).

Sensitivity analysis

For interest rate swaps accounted for as cash flow hedges and other variable rate financial liabilities, it is estimated that an increase of 100bp in interest rate at the reporting date would lead to a reduction in the Group's profit before tax (and accumulated profits) by approximately \$25.0 million (2007: \$29.8 million). A decrease in 100bp in interest rate would have an equal but opposite effect. This analysis assumes that all other variables, in particular foreign currency rates, remain constant, and has not taken into account the effects of qualifying borrowing costs allowed for capitalisation, the associated tax effects and share of minority interests.

(ii) Foreign currency risk

The Group operates internationally and is exposed to various currencies, mainly Australia Dollars, Chinese Renminbi, Euros, Hong Kong Dollars, Japanese Yen, Sterling Pounds and US Dollars.

The Group maintains a natural hedge, whenever possible, by borrowing in the currency of the country in which its property or investment is located or by borrowing in currencies that match the future revenue stream to be generated from its investments.

The Group also uses forward exchange contracts to hedge its foreign currency risk, where feasible. It generally enters into forward exchange contracts with maturities ranging between 3 months and 5 years which are rolled over at market rates at maturity.

The net fair value loss of the above forward exchange contracts as at 31 December 2008 was \$8.9 million (2007: fair value loss of \$3.4 million).

Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

In relation to its investments in foreign subsidiaries whose net assets are exposed to currency translation risks 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.

33. FINANCIAL RISK MANAGEMENT (cont'd)

(b) Market risk (cont'd)

(iii) Foreign currency risk (cont'd)

The Group's and the Company's exposure to foreign currencies as at 31 December 2008 and 31 December 2007 are as follows:

The Group	US Dollars \$'000	Australian Dollars \$'000	Chinese Renminbi \$'000	Hong Kong Dollars \$'000	Japanese Yen \$'000	Euros \$'000	Sterling Pounds \$'000	Others* \$'000	Total Foreign Currencies \$'000
2008									
Financial assets	284,787	–	–	120,903	165,675	33	–	19	571,417
Trade and other receivables	231,738	367,497	541,978	131,409	19,444	29,972	40,902	42,167	1,405,107
Cash and cash equivalents	480,027	132,717	464,000	68,765	14,604	57,041	12,890	80,165	1,310,209
Borrowings and finance leases	(1,599,137)	(2,073,313)	(312,638)	(656,267)	(422,740)	(423,159)	(69,725)	(175,590)	(5,732,569)
Trade and other payables	(154,645)	(249,297)	(806,235)	(30,087)	(16,142)	(54,807)	(7,579)	(69,771)	(1,388,563)
Gross currency exposure	(757,230)	(1,822,396)	(112,895)	(365,277)	(239,159)	(390,920)	(23,512)	(123,010)	(3,834,399)
Less:									
Net financial liabilities									
denominated in the respective									
entities' functional currencies	774,103	1,823,874	209,791	500,566	181,975	390,967	48,755	134,155	4,064,186
Foreign exchange									
forward contracts	(39,508)	–	–	–	–	–	(36,879)	–	(76,387)
Less:									
Available-for-sale financial assets	(71,460)	–	–	(113,071)	(10,875)	–	–	–	(195,406)
Net currency exposure	(94,095)	1,478	96,896	22,218	(68,059)	47	(11,636)	11,145	(42,006)

* Others include mainly Malaysian Ringgit, Thai Baht and Vietnamese Dong.

The Group	US Dollars \$'000	Australian Dollars \$'000	Chinese Renminbi \$'000	Hong Kong Dollars \$'000	Japanese Yen \$'000	Euros \$'000	Sterling Pounds \$'000	Others* \$'000	Total Foreign Currencies \$'000
2007									
Financial assets	616	–	–	404,572	161,300	35	–	–	566,523
Trade and other receivables	175,429	568,955	318,547	96,051	13,199	36,002	(12,098)	77,010	1,273,095
Cash and cash equivalents	245,198	83,428	380,021	29,700	20,666	62,346	57,725	35,197	914,281
Borrowings and finance leases	(1,885,521)	(2,738,222)	(469,661)	(630,860)	(267,009)	(462,178)	(8,959)	(152,243)	(6,614,653)
Trade and other payables	(326,705)	(369,337)	(861,682)	(28,832)	(16,988)	(59,789)	(6,909)	(36,621)	(1,706,863)
Gross currency exposure	(1,790,983)	(2,455,176)	(632,775)	(129,369)	(88,832)	(423,584)	29,759	(76,657)	(5,567,617)
Less:									
Net financial liabilities/(assets)									
denominated in the respective									
entities' functional currencies	804,502	2,456,640	633,266	226,028	(17,187)	423,649	(38,227)	76,980	4,565,651
Foreign exchange									
forward contracts	(81,145)	–	–	–	–	–	(42,192)	–	(123,337)
Less:									
Available-for-sale financial assets	–	–	–	(111,119)	(161,300)	–	–	–	(272,419)
Net currency exposure	(1,067,626)	1,464	491	(14,460)	(267,319)	65	(50,660)	323	(1,397,722)

* Others include mainly Malaysian Ringgit and Thai Baht.

Notes to the Financial Statements

33. FINANCIAL RISK MANAGEMENT (cont'd)

(b) Market risk (cont'd)

(ii) Foreign currency risk (cont'd)

The Company	US Dollars \$'000	Australian Dollars \$'000	Sterling Pounds \$'000	Japanese Yen \$'000	Others* \$'000	Total Foreign Currencies \$'000
2008						
Cash and cash equivalents	53	6	16	–	2	77
Trade and other payables	(9)	–	–	–	–	(9)
Currency exposure	44	6	16	–	2	68
2007						
Trade and other receivables	67,453	–	–	–	–	67,453
Cash and cash equivalents	804	8	19	–	2	833
Borrowings	(67,213)	–	–	–	–	(67,213)
Trade and other payables	(358)	–	–	(10)	–	(368)
Currency exposure	686	8	19	(10)	2	705

* Others include Hong Kong Dollars and Thai Baht.

Sensitivity analysis

In view of the current market conditions, the Group has re-examined and revised the sensitivity analysis for foreign exchange risk from one percentage point in 2007 to five percentage points in 2008. It is estimated that a five (2007: one) percentage point strengthening in foreign currencies against the Singapore Dollar would decrease the Group's profit before tax (and accumulated profits) by approximately \$2.1 million (2007: \$14.0 million) and increase the Group's other components of equity by approximately \$9.8 million (2007: \$2.7 million) respectively. A five (2007: one) percentage point weakening in foreign currencies against the Singapore Dollar would have an equal but opposite effect. The Group's outstanding forward exchange contracts have been included in this calculation. The analysis assumed that all other variables, in particular interest rates, remain constant and does not take into account the associated tax effects and share of minority interests.

It is estimated that a five (2007: one) percentage point strengthening/weakening in foreign currencies against the Singapore Dollar would not have any material impact on the profit before tax or equity of the Company. The analysis assumed that all other variables, in particular interest rates, remain constant.

(iii) Equity price risk

The Group has available-for-sale investments in equity securities and is exposed to price risk. These securities are listed in Japan and Hong Kong. The Group is not exposed to commodity price risk.

Sensitivity analysis

If prices for equity securities listed in Japan and Hong Kong change by 5% with all other variables including tax rate being held constant, the impact on profit after tax and available-for-sale reserve will be as follows:

	2008		2007	
	5% increase \$'000	5% decrease \$'000	5% increase \$'000	5% decrease \$'000
Profit after tax	–	(1,065)	–	–
Available-for-sale reserve	6,719	(5,654)	13,497	(13,497)

33. FINANCIAL RISK MANAGEMENT (cont'd)

(c) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instruments fails to meet its contractual obligations. For trade receivables, the Group has guidelines governing the process of granting credit as a service or product provider in its respective segments of business. Trade and other receivables relate mainly to the Group's customers who bought its residential units and tenants from its commercial buildings and retail malls. Investments and financial transactions are restricted to counterparties that meet the appropriate credit criteria and are of high credit standing.

The principal risk to which the Group and the Company is exposed in respect of financial guarantee contracts is credit risk in connection with the guarantee contracts it has issued. To mitigate the risks, management continually monitors the risks and has established processes including performing credit evaluations of the parties it is providing the guarantee on behalf of. Guarantees are only given for its subsidiaries and related parties. The maximum exposure to credit risk in respect of these financial guarantees at the balance sheet date is disclosed in note 35.

The Group has a diversified portfolio of businesses and as at balance sheet date, there were no significant concentration of credit risk with any entity. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet, including derivative financial instruments as well as any irrevocable loan undertaking to associates and jointly-controlled entities. There were no changes in the fair value of the Group's investment in convertible bonds classified as fair value through profit or loss, which were attributable to changes in credit risks.

(d) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. 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 at 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.

The following are the expected contractual undiscounted cash flows of financial liabilities, including interest payments and excluding the impact of netting agreements:

excluding the impact of netting agreements.

The Group	Carrying amount \$'000	Total \$'000	Contractual cash flows (including interest payments)		
			Not later than 1 year \$'000	Between 2 and 5 years \$'000	After 5 years \$'000
2008					
Non-derivative financial liabilities					
Bank borrowings	4,645,492	4,930,388	1,095,666	3,714,051	120,671
Debt securities	5,144,370	7,931,180	986,497	1,868,601	5,076,082
Finance leases	39,472	51,690	6,573	22,338	22,779
Trade and other payables*	2,228,907	2,246,848	2,152,292	85,279	9,277
	12,058,241	15,160,106	4,241,028	5,690,269	5,228,809
Derivative financial liabilities	182,629	196,356	66,039	100,040	30,277
	12,240,870	15,356,462	4,307,067	5,790,309	5,259,086

* Excludes quasi-equity loans, excess of progress billings over work-in-progress, liability for employee benefits and provisions.

Notes to the Financial Statements

33. FINANCIAL RISK MANAGEMENT (cont'd)

(d) Liquidity risk (cont'd)

			Contractual cash flows (including interest payments)		
	Carrying amount \$'000	Total \$'000	Not later than 1 year \$'000	Between 2 and 5 years \$'000	After 5 years \$'000
The Group					
2007					
Non-derivative financial liabilities					
Bank borrowings	5,665,241	6,170,494	1,382,965	4,703,333	84,196
Debt securities	4,204,119	5,275,972	677,377	2,381,060	2,217,535
Finance leases	46,789	62,314	6,688	25,123	30,503
Trade and other payables*	3,138,465	3,254,014	2,934,470	308,045	11,499
	13,054,614	14,762,794	5,001,500	7,417,561	2,343,733
Derivative financial liabilities	12,048	13,606	2,920	10,686	–
	13,066,662	14,776,400	5,004,420	7,428,247	2,343,733

* Excludes quasi-equity loans, excess of progress billings over work-in-progress, liability for employee benefits and provisions.

The following table indicates the periods in which the cash flows associated with derivatives that are cash flow hedges are expected to occur and affect the income statement:

The Group	Carrying amount \$'000	Total \$'000	Contractual cash flows		
			Not later than 1 year \$'000	Between 2 and 5 years \$'000	After 5 years \$'000
2008					
Interest rate swaps					
– liabilities	148,589	166,207	52,463	86,628	27,116
Forward start interest rate swaps					
– liabilities	19,657	20,666	4,092	13,413	3,161
	168,246	186,873	56,555	100,041	30,277
2007					
Interest rate swaps					
– assets	41,567	45,051	19,141	26,996	(1,086)
– liabilities	(5,312)	(6,870)	(2,919)	(3,951)	–
Forward start interest rate swaps					
– assets	24,184	25,990	14	21,070	4,906
Interest rate caps					
– assets	1,814	2,187	1,242	945	–
	62,253	66,358	17,478	45,060	3,820

33. FINANCIAL RISK MANAGEMENT (cont'd)

(e) Fair values

The following methods and assumptions are used to estimate the fair values of the following significant classes of financial instruments:

(i) *Floating Interest Bearing Loans*

No fair value is calculated for floating interest bearing loans as the Group believes that the carrying amounts which are all re-priced within 6 months from the balance sheet date reflect the corresponding fair values.

(ii) *Trade and Other Receivables and Trade and Other Payables*

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short term nature.

(iii) *Financial Assets/Financial Instruments*

The fair value of 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 or applicable interest rates for similar instruments at the balance sheet date.

(iv) *Non-Current Loans Due from/to Subsidiaries, Associates, Jointly-Controlled Entities, Investee Companies, Third Parties and Minority Interests*

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.

(v) *Derivatives*

The fair value of financial derivatives instruments are based on their market prices or brokers' quotes.

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 represented in the following table:

	2008		2007	
	Carrying amount \$'000	Fair value \$'000	Carrying amount \$'000	Fair value \$'000
The Group				
Fixed rate long term liabilities				
– secured debt securities	62,139	62,540	184,405	180,512
– unsecured debt securities	3,716,310	2,833,716	2,297,520	2,387,099
	3,778,449	2,896,256	2,481,925	2,567,611
The Company				
Fixed rate long term unsecured debt securities	2,518,579	1,727,899	1,293,439	1,391,488

Notes to the Financial Statements

34. COMMITMENTS

As at the balance sheet date, the Group and the Company had the following commitments:

(a) Operating lease

The Group leases a number of offices under operating leases. The leases typically have tenure of three years, with an option to renew the lease after that date. Lease payments are usually revised at each renewal date to reflect the market rate.

Future minimum lease payments for the Group and the Company on non-cancellable operating leases are as follows:

	The Group		The Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Lease payments payable:				
Not later than 1 year	66,486	75,961	1,455	2,039
Between 2 and 5 years	154,764	196,210	768	1,573
After 5 years	64,277	67,227	133	300
	285,527	339,398	2,356	3,912

The Group leases out its investment properties. Non-cancellable operating lease rentals are receivable as follows:

	The Group		The Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Lease rentals receivable:				
Not later than 1 year	286,760	379,969	–	–
Between 2 and 5 years	715,693	886,235	–	–
After 5 years	449,367	372,458	–	–
	1,451,820	1,638,662	–	–

(b) Commitments

	The Group		The Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Commitments in respect of:				
– capital expenditure contracted but not provided for in the financial statements	17,531	35,936	250	–
– development expenditure contracted but not provided for in the financial statements	1,044,685	1,392,426	–	–
– capital contribution/acquisition of associates, jointly-controlled entities and investee companies	1,557,585	1,472,304	–	–
– purchase of land contracted but not provided for in the financial statements	690,007	245,279	–	–
– shareholders' loan committed to associates, jointly-controlled entities and investee companies	7,360	12,967	–	–
	3,317,168	3,158,912	250	–

34. COMMITMENTS (cont'd)

(c) As at the balance sheet date, the notional principal values of financial instruments are as follows:

	The Group		The Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Interest rate caps	160,309	177,435	–	–
Interest rate swaps	2,822,369	2,807,231	–	–
Forward start interest rate swaps	875,803	1,190,949	–	–
Forward foreign exchange contracts	319,586	404,524	–	–
Non delivery forward contracts	202,000	202,000	–	–
	4,380,067	4,782,139	–	–

The maturity dates of these financial instruments are:

	The Group		The Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Not later than 1 year	1,590,109	948,172	–	–
Between 2 and 5 years	2,255,209	3,237,858	–	–
After 5 years	534,749	596,109	–	–
	4,380,067	4,782,139	–	–

35. FINANCIAL GUARANTEE CONTRACTS

There are no terms and conditions attached to the financial guarantee contracts that would have a material effect on the amount, timing and uncertainty of the Group and the Company's future cash flows. The Group and the Company only issue guarantees for their subsidiaries and related parties.

	The Group		The Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
(a) Guarantees and undertaking issued on behalf of:				
– subsidiaries	–	–	3,632,769	3,777,250
– associates	177,778	318,984	–	–
– jointly-controlled entities	32,182	26,028	4,419	3,621
	209,960	345,012	3,637,188	3,780,871

(b) Undertakings by the Group and the Company:

- (i) The Company has provided several undertakings on cost overrun, interest shortfall, completion and annualised gross rental, on a joint or several basis, in respect of term loan and revolving credit facilities amounting to \$1,560.0 million, granted to a jointly-controlled entity. As at 31 December 2008, \$1,275.4 million (2007: \$1,097.8 million) of the facilities has been drawn.
- (ii) A subsidiary of the Group has provided several undertakings on cost overrun, security margin, interest shortfall and an indemnity for bankers' guarantee issuance on a several basis as well as a project completion undertaking on a joint and several basis, in respect of a term loan facility amounting to \$1,862.1 million and bankers' guarantee facility amounting to \$133.9 million granted to an associate. As at 31 December 2008, \$870.1 million of the term loan facility has been drawn.

Notes to the Financial Statements

35. FINANCIAL GUARANTEE CONTRACTS (cont'd)

(b) Undertakings by the Group and the Company (cont'd):

- (iii) A subsidiary of the Group has provided several undertakings on cost overrun, security margin, interest shortfall and an indemnity for bankers' guarantee issuance on a several basis as well as a project completion undertaking on a joint and several basis, in respect of a term loan facility amounting to \$393.0 million and bankers' guarantee facility amounting to \$42.0 million granted to a jointly-controlled entity. As at 31 December 2008, \$355.0 million of the term loan facility has been drawn.
- (iv) A subsidiary of the Group has provided a cost overrun undertaking up to \$26.9 million (2007: \$40.8 million) in respect of the sale of its subsidiaries' and jointly-controlled entities' future receivables for residential projects.
- (v) Certain of the Group's subsidiaries in China, whose principal activities are in the trading of development properties, would in the ordinary course of business act as guarantors for the bank loans taken by the buyers used to finance the purchase of residential properties developed by these subsidiaries. As at 31 December 2008, the outstanding notional amount of the guarantees amounted to \$152.1 million (2007: \$387.6 million).
- (vi) In 2007, a subsidiary of the Group has provided undertakings on cost overrun and interest shortfall on a several basis as well as project completion undertaking on a joint and several basis, in respect of term loans amounting to \$56.0 million, granted to an associate. These bank loans have been repaid in 2008.

(c) Options entered into by the Group:

- (i) A subsidiary of the Group has granted to Front Winners Sdn Bhd (the "Vendor"), a party unrelated to the Company, a put option to require the subsidiary to purchase the Gurney Plaza Extension and the Car Park Lot within 5 years from 15 August 2007 at the put option price to be determined on an agreed basis. In return, the Vendor has granted this subsidiary an option to purchase the same property at the same agreed terms within 1 year of the expiry of the put option in the event the Vendor does not exercise the put option.
- (ii) In 2007, a subsidiary of the Group entered into a put option agreement with the Trustee of CapitaRetail China Trust, an associate of the Group, in relation to the sale of Wangjing Mall, whereby the Trustee was granted the right to put the property back at the put option price to be determined based on an agreed basis, in the event the legal title of the Wangjing Mall was not obtained by 4 June 2008. The put option agreement ceased in 2008 as the legal title of Wangjing Mall was obtained in May 2008.

36. SIGNIFICANT RELATED PARTY TRANSACTIONS

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.

36. SIGNIFICANT RELATED PARTY TRANSACTIONS (cont'd)

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

	The Group		The Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Subsidiaries				
Management fee income	–	–	57,292	60,991
Rental income	–	–	70	70
IT and administrative support services	–	–	811	1,463
Rental expense	–	–	(76)	(202)
Associates and Jointly-Controlled Entities				
Management fee income	335,857	189,951	–	–
Rental expense	(7,602)	(4,295)	(1,389)	(1,350)
Accounting service fee, acquisition fee, marketing income and others	22,230	24,410	–	–
Proceeds from sale of properties and investments*	2,078,738	149,300	–	–
Construction and project management income	32,576	25,798	–	–
Others	(289)	(182)	(289)	(182)
* The Group has deferred a portion of the profit from the sale of these properties and investments based on its retaining stakes in the associates and jointly-controlled entities.				
Directors and Their Associates				
Sale of residential properties	–	2,678	–	–
Interest paid/payable in relation to the subscription of 3-year fixed rate notes issued by an indirect subsidiary of the Company under a multicurrency medium term notes programme	33	–	–	–
Shareholder's loan to an investee company of the Group in which a director has an interest	1,782	–	–	–
Remuneration of key management personnel				
Salary, bonus and other benefits	24,121	82,621	10,051	36,667
Employer's contributions to defined contribution plans	105	73	31	24
Equity compensation benefits	16,461	10,493	9,016	4,280
	40,687	93,187	19,098	40,971

Notes to the Financial Statements

37. SUBSIDIARIES

- (a) The significant subsidiaries directly held by the Company which are incorporated and conducting business in the Republic of Singapore are as set out below:

Subsidiaries	Principal Activities	Percentage held by the Company	
		2008 %	2007 %
Areca Investment Pte Ltd	Property development and investment holding	100	100
CapitaLand Asia Pte Ltd	Investment holding	100	100
CapitaLand Commercial Limited	Investment holding and provision of management services	100	100
CapitaLand Financial Limited	Investment holding	100	100
CapitaLand GCC Holdings Pte Ltd	Investment holding	100	100
CapitaLand ILEC Pte Ltd	Investment holding	100	100
CapitaLand Residential Limited	Investment holding and provision of management services	100	100
CapitaLand Retail Limited	Investment holding	100	100
CapitaLand Treasury Limited	Provision of financial and treasury services to related corporations	100	100
Pidemco Land Singapore 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

37. SUBSIDIARIES (cont'd)

(b) Other significant subsidiaries in the Group are:

			Effective Interest held by the Group	
Name of Company	Principal Activities	Place of Incorporation/ Business	2008 %	2007 %
(i) 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	100	66.5
(ii) Directly or indirectly held by CapitaLand Residential Limited:				
Ausprop Holdings Limited	Investment holding	Singapore	100	100
Australand	Property investment, development and investment holding	Australia	59.3	54.2
Austvale Holdings Ltd	Investment holding	Singapore	100	100
CapitaLand China Holdings Pte Ltd	Investment holding	Singapore	100	100
CapitaLand Residential Singapore Pte Ltd	Project management and consultancy services	Singapore	100	100
CRL Realty Pte Ltd	Property development and investment holding	Singapore	100	100
Loft Condominium Pte Ltd	Property development	Singapore	100	100
Leonie Court Pte Ltd	Property development and investment holding	Singapore	100	100
Prime Equities Pte Ltd	Investment holding	Singapore	100	100
Clementi Complex Pte Ltd	Property development	Singapore	100	100
Imperial Realty Limited	Property development	Singapore	100	100
Woodsvale Land Pte Ltd	Property development	Singapore	100	100

Notes to the Financial Statements

37. SUBSIDIARIES (cont'd)

(b) Other significant subsidiaries in the Group are (cont'd):

			Effective Interest held by the Group	
Name of Company	Principal Activities	Place of Incorporation/ Business	2008 %	2007 %
(iii) Directly or indirectly held by CapitaLand China Holdings Pte Ltd:				
¹ Beijing Xin Xu Real Estate Development Co., Ltd	Project development	The People's Republic of China	100	99
¹ CapitaLand (China) Investment Co., Ltd	Investment holding	The People's Republic of China	100	100
CapitaLand China Income Fund	Investment in real estate assets	Singapore	100	100
¹ CapitaLand (Tianjin) Investment Co., Ltd	Investment holding	The People's Republic of China	80	100
Croydon Pte Ltd	Investment holding	Singapore	100	100
Heatley Pte Ltd	Investment holding	Singapore	100	100
Hua Yuan Holdings Pte Ltd	Investment holding	Singapore	70	70
¹ Shanghai CapitaLand Xin Chuang Real Estate Development Co., Ltd	Project development	The People's Republic of China	100	100
(iv) Directly or indirectly held by CapitaLand Commercial Limited:				
Adelphi Property Pte Ltd	Property investment	Singapore	100	100
CapitaLand China Holdings (Commercial) Pte Ltd	Investment holding	Singapore	100	100
CapitaLand China Commercial Investment Limited	Investment holding	British Virgin Islands	100	100
CapitaLand (Office) Investments Pte Ltd	Investment holding	Singapore	100	100
CapitaLand Selegie Private Limited	Property development	Singapore	100	100
Eureka Office Fund Pte Ltd	Investment holding	Singapore	100	100
George Street Pte Ltd	Property investment	Singapore	100	100
Malachite Land Pte Ltd	Investment holding	Singapore	100	100

37. SUBSIDIARIES (cont'd)

(b) Other significant subsidiaries in the Group are (cont'd):

			Effective Interest held by the Group	
Name of Company	Principal Activities	Place of Incorporation/ Business	2008 %	2007 %
(v) Directly or indirectly held by CapitaLand Retail Limited:				
¹ CapitaRetail Gurney Sdn Bhd	Property investment	Malaysia	100	100
CapitaLand Retail China Investment Pte Ltd	Investment holding	Singapore	100	100
CapitaLand Retail Hong Kong Investments Two (BV) Pte Ltd	Investment holding	British Virgin Islands	100	100
CapitaLand Retail (SI) Investments Pte Ltd	Investment holding	Singapore	100	100
Clarke Quay Pte Ltd	Property investment	Singapore	100	100
Plaza Singapura (Private) Ltd	Property investment	Singapore	100	100
Pronto Investment One Pte Ltd	Investment holding	Singapore	100	100
Pyramex Investments Pte Ltd	Investment holding	Singapore	100	100
¹ Vast Winners Sdn Bhd	Property investment	Malaysia	100	100
(vi) Directly or indirectly held by The Ascott Group Limited:				
Ascott Holding (China) Limited	Investment holding	British Virgin Islands	100	66.5
Ascott Serviced Residence (China) Fund Management Pte Ltd	Fund management and investment management	Singapore	100	66.5
¹ Casablanca Villa (M) Sdn Bhd	Property development	Malaysia	100	66.5
¹ EuroResidence 1 SARL	Investment holding	France	100	66.5
¹ Guangzhou Slamet Property Co., Ltd (Formerly known as Guangzhou F.C. Golf & Country Club Co Ltd)	Development and operation of a golf and country club	The People's Republic of China	100	46.5
Orchard Point (1999) Limited	Property investment	Singapore	100	66.5
¹ Orville SAS	Investment holding	France	100	66.5
SH Malls Investments Pte Ltd	Property rental and investment holding	Singapore	100	66.5

Notes to the Financial Statements

37. SUBSIDIARIES (cont'd)

(b) Other significant subsidiaries in the Group are (cont'd):

			Effective Interest held by the Group	
Name of Company	Principal Activities	Place of Incorporation/ Business	2008 %	2007 %
(vi) Directly or indirectly held by The Ascott Group Limited (cont'd):				
Somerset (Australia) Pte Ltd	Investment holding	Singapore	100	66.5
Somerset Investments Pte Ltd	Property investment and investment holding	Singapore	100	66.5
Somerset Retail Holdings Pte Ltd	Investment holding	Singapore	100	66.5
Somerset (Wuhan) Investments Pte Ltd	Investment holding	Singapore	70	46.5
The Ascott Capital Pte Ltd	Trading securities and financial instruments and the provision of financing services	Singapore	100	66.5
The Ascott Group (Europe) Pte Ltd	Investment holding	Singapore	100	66.5
The Ascott Holdings Limited	Investment holding	Singapore	100	66.5
¹ Wuhan New Minzhong Leyuan Co Ltd	Property development and investment	The People's Republic of China	70	46.5
(vii) Directly or indirectly held by CapitaLand Financial Limited:				
CapitaLand China Development Fund Management Private Limited	Investment holding, fund management and investment management	Singapore	100	100
CapitaCommerical Trust Management Limited	Property fund management, investment and related services	Singapore	100	100
CapitaMall Trust Management Limited	Property fund management, investment and related services	Singapore	100	100
CapitaRetail China Fund Management Pte Ltd	Property fund management	Singapore	100	100
CapitaLand India Management Pte Ltd	Property fund management	Singapore	100	100
CapitaLand Japan Fund Management Pte Ltd	Property fund management	Singapore	100	100
CapitaLand RECM Pte Ltd	Investment holding	Singapore	100	100

37. SUBSIDIARIES (cont'd)

(b) Other significant subsidiaries in the Group are (cont'd):

			Effective Interest held by the Group	
Name of Company	Principal Activities	Place of Incorporation/ Business	2008 %	2007 %
(vii) Directly or indirectly held by CapitaLand Financial Limited (cont'd):				
Hampshire Residence Pte Ltd	Investment holding	Singapore	100	100
RCCF Management Pte Ltd	Investment holding, fund management and investment management	Singapore	100	100
(viii) Directly or indirectly held by Australand:				
² Australand ASSETS Trust	Lend funds at interest to Australand Property Trust	Australia	59.3	54.2
² Australand Finance Limited	Providing finance facilitations for Australand Holdings Limited	Australia	59.3	54.2
² Australand Funds Management Limited	Trustee and Responsible Entity of Australand Wholesale Property Trust No.6 and Australand Wholesale Property Trust No. 6A	Australia	59.3	54.2
² Australand HK Company Limited	Promotion and marketing of Australand Group's property development in Asia	Australia	59.3	54.2
² Australand Investments Limited	Acting as Trustee and Responsible Entity of Australand Property Trust No. 4, Australand Property Trust No. 5 and Trustee of APG Portfolio No. 1 Holding Trust	Australia	59.3	54.2
² Australand Property Trust No. 4	Investment in income producing commercial and industrial properties within Australia	Australia	59.3	54.2
² Australand Property Limited	Acting as the Responsible Entity of Australand Property Trust and Australand ASSETS Trust	Australia	59.3	54.2
² Australand Property Trust No. 5	Investment in income producing commercial and industrial properties within Australia	Australia	59.3	54.2
² Australand Wholesale Holdings Limited	Custodian of the assets of Australand Property Trust No. 4 and Austrland Property Trust No. 5	Australia	59.3	54.2

Notes to the Financial Statements

37. SUBSIDIARIES (cont'd)

(b) Other significant subsidiaries in the Group are (cont'd):

			Effective Interest held by the Group	
Name of Company	Principal Activities	Place of Incorporation/ Business	2008 %	2007 %
(viii) Directly or indirectly held by Australand (cont'd):				
² Australand Wholesale Investments (Custodian) Limited	Custodian of the assets of Australand Wholesale Property Trust No. 3	Australia	59.3	54.2
² Rylehall Pty Limited	Land and Residential housing development and provision of administrative services	Australia	59.3	54.2
² Freshwater Residential Unit Trust	Property development	Australia	59.3	54.2
² Port Catherine Development Pty Ltd	Property development	Australia	59.3	54.2
² Australand Property Trust	Investment in income producing commercial and industrial properties within Australia	Australia	59.3	54.2
(ix) Directly or indirectly held by CapitaLand ILEC Pte Ltd:				
¹ CapitaLand Bahrain Bay Business Services WLL	Management consultancy services	Bahrain	100	100
CapitaLand GCC (Abu Dhabi) Pte Ltd	Investment holding	Singapore	100	100
CapitaLand GCC (Bahrain) Pte Ltd	Investment holding	Singapore	100	100
CapitaLand Integrated Resort Pte Ltd	Investment holding	Singapore	100	100
Kestrel Pte Ltd	Investment holding	Singapore	100	–
Tinline Limited (HK)	Provision for consultancy and asset management services	Hong Kong	100	100

Notes:

All subsidiaries are audited by KPMG LLP Singapore except for the following:

1 Audited by other member firms of KPMG International.

2 Audited by PricewaterhouseCoopers and its associated firms.

38. ASSOCIATES

Details of significant associates are as follows:

			Effective Interest held by the Group	
Associates	Principal Activities	Place of Incorporation/ Business	2008 %	2007 %
(i) Jointly held by Somerset Capital Pte Ltd and The Ascott Group Limited:				
Ascott Residence Trust	Property trust	Singapore	47.0	37.3
(ii) Indirectly held by CapitaLand China Holdings Pte Ltd:				
CapitaLand China Development Fund Pte Ltd	Property investment & development	Singapore	37.5	37.5
CapitaLand China Residential Fund Ltd	Investment holding	Singapore	33.6	33.6
¹ Central China Real Estate Ltd	Investment holding	Cayman Islands	27.1	36.1
² Lai Fung Holdings Limited	Investment holding	Cayman Islands	20.0	20.0
¹ Raffles City China Fund Ltd	Investment holding	Cayman Islands	50.0	—
(iii) Indirectly held by CapitaLand Commercial Limited:				
CapitaCommercial Trust	Property investment	Singapore	31.1 [#]	30.5 [#]
[#] Includes 1.6% & 0.7% indirectly held by CapitaLand Financial Limited for 2008 & 2007 respectively.				
(iv) Indirectly held by CapitaLand Retail Limited:				
CapitaMall Trust	Property investment	Singapore	29.6 [^]	29.4 [^]
CapitaRetail Japan Fund Private Limited	Investment holding	Singapore	26.3	26.3
CapitaRetail China Trust	Property investment	Singapore	26.6 [@]	26.0 [@]
CapitaRetail China Development Fund	Property investment	Singapore	45.0	45.0
CapitaRetail China Development Fund II	Property investment	Singapore	45.0	45.0
CapitaRetail China Incubator Fund	Property investment	Singapore	30.0	30.0
CapitaRetail India Development Fund	Property investment	Singapore	45.5	45.5

[^] Includes 0.8% and 0.5% indirectly held by CapitaLand Financial Limited for 2008 and 2007 respectively.

[®] Includes 0.8% and 0.1% indirectly held by CapitaLand Financial Limited for 2008 and 2007 respectively.

Notes to the Financial Statements

38. ASSOCIATES (cont'd)

Details of significant associates are as follows (cont'd):

			Effective Interest held by the Group	
Associates	Principal Activities	Place of Incorporation/ Business	2008 %	2007 %
(v) Indirectly held by CapitaLand Financial Limited:				
¹ CapitaLand AIF Ltd	Investment holding	Cayman Islands	44.4	44.4
² I. P. Property Fund Asia Limited	Investment in real estate	Guernsey	20.0	20.0
(vi) Indirectly held by CapitaLand ILEC Pte Ltd				
¹ Raffles City Bahrain Fund Ltd	Property investment	Cayman Islands	37.1	37.1
² East Asia Satellite Television (Holdings) Limited	Investment holding	British Virgin Islands	33.3	33.3

Notes:

All associates are audited by KPMG LLP Singapore except for the following:

¹ Audited by other member firms of KPMG International.

² Audited by Ernst & Young and its associated firms.

39. JOINTLY-CONTROLLED ENTITIES

Details of significant jointly-controlled entities are as follows:

Details of significant jointly-controlled entities are as follows.

Jointly-Controlled Entities	Principal Activities	Place of Incorporation/ Business	Effective Interest held by the Group	
			2008 %	2007 %
(i) Directly held by CapitaLand Asia Pte Ltd:				
¹ T.C.C. Capital Land Limited	Property development and investment	Thailand	40	40
(ii) Indirectly held by CapitaLand Residential Limited:				
Waterfront Properties Pte Ltd	Property development and investment	Singapore	50	50
Riverwalk Promenade Pte Ltd	Property development	Singapore	50	50
Tanglin Residential Pte Ltd	Property development	Singapore	50	50
(iii) Indirectly held by CapitaLand Retail Limited:				
CapitaLand Hualian Management & Consulting (Shenzhen) Co., Ltd	Property management and consulting services	The People's Republic of China	50	50
Orchard Turn Holding Pte Ltd	Investment holding	Singapore	50	50
(iv) Directly held by CapitaLand ILEC Pte Ltd:				
¹ Mubadala CapitaLand Real Estate LLC	Development and management of an integrated real estate development	United Arab Emirates	49	49

Notes:

All jointly-controlled entities are audited by KPMG LLP Singapore except for the following:

¹ Audited by other member firms of KPMG International.

40. OPERATING SEGMENTS (THE GROUP)

Management determines the operating segments based on the reports reviewed and used by the Council of Chief Executive Officers (“CEOs”) for strategic decisions making and resources allocation. For management purposes, the Group is organised into strategic business units based on their products, services and geography.

On 31 March 2008, the Group announced key organisational changes in line with its efforts to flatten the organisational structure to support its business growth. CapitaLand Residential SBU was flattened into its 3 main components being CapitaLand Residential Singapore, CapitaLand China Holdings, and CapitaLand’s holdings in Australand. In addition, CapitaLand Commercial business took on the responsibility of the overseas business in Vietnam, Malaysia, India and Thailand (including residential projects). The changes took effect from 1 April 2008.

The Group’s reportable operating segments are as follows:

- (i) CapitaLand Residential Singapore – develops residential properties in Singapore for sale and covers a wide spectrum of the residential market in Singapore.
- (ii) CapitaLand China Holdings – involves in residential, commercial and integrated property developments in China.
- (iii) CapitaLand Commercial – owner/manager of office and industrial properties in Singapore, Malaysia and United Kingdom. It also develops residential projects in Vietnam, Malaysia, India and Thailand.
- (iv) CapitaLand Retail – retail mall owner/manager with portfolio in Singapore, China, India, Japan and Malaysia.
- (v) Ascott – an international serviced residence owner-operator with operations in key cities of Asia Pacific, Europe and the Gulf region. It operates three brands, namely Ascott, Somerset and Citadines. The Group’s holding in Ascott Residence Trust is also presented in this segment.
- (vi) CapitaLand Financial – involves in real estate fund management and financial advisory services.
- (vii) Australand – a major diversified property group with activities in residential, commercial & industrial developments and investment properties across Australia.
- (viii) Others – includes Corporate Office, Group Treasury, the Group’s new businesses and consolidation adjustments.

Information regarding the operations of each reportable segment is included below. Management monitors the operating results of each of its business unit for the purpose of making decisions on resource allocation and performance assessment. Performance is measured based on segment earnings before interest and tax (“EBIT”). EBIT is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments. Segment assets and liabilities are presented net of inter segment balances. Inter-segment pricing is determined on arm’s length basis.

Geographically, management reviews the performance of the businesses in Singapore, China, Asia/Gulf Cooperation Council (“GCC”) countries, Australia and Europe. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Non-current assets and total assets are based on the geographical location of the assets.

Notes to the Financial Statements

40. OPERATING SEGMENTS (THE GROUP) (cont'd)

Operating Segments – 31 December 2008

	CapitaLand Residential Singapore \$'000	CapitaLand China Holdings \$'000	CapitaLand Commercial \$'000	CapitaLand Retail \$'000	Ascott \$'000	CapitaLand Financial \$'000	Australand \$'000	Others \$'000	Group \$'000
Revenue									
External revenue	400,193	325,444	210,692	200,937	438,596	179,509	984,301	12,649	2,752,321
Inter-segment revenue	–	4,884	17,186	5,745	3,163	2,724	–	(33,702)	–
Total Revenue	400,193	330,328	227,878	206,682	441,759	182,233	984,301	(21,053)	2,752,321
Segmental Results									
Company and subsidiaries	140,790	849,444	229,827	157,365	141,655	85,300	141,847	92,168	1,838,396
Associates	(8,739)	33,621	172,463	143,890	(4,090)	5,023	(368)	(23,525)	318,275
Jointly-controlled entities	42,938	369	(6,703)	(2,630)	(5,367)	57	28,155	–	56,819
Earnings Before Interest and Taxation	174,989	883,434	395,587	298,625	132,198	90,380	169,634	68,643	2,213,490
Finance costs									(516,331)
Taxation									(235,776)
Profit for the year									1,461,383
Segment Assets	2,001,736	3,602,172	2,902,222	5,108,275	3,454,785	308,771	4,079,499	3,626,153	25,083,613
Segment Liabilities	527,421	958,823	795,555	781,066	1,586,169	65,229	2,035,250	6,346,298	13,095,811
Other segment items:									
Interest income	17,678	23,300	7,066	10,976	11,010	526	7,044	28,611	106,211
Depreciation and amortisation	(775)	(2,517)	(5,232)	(5,238)	(32,310)	(734)	(4,354)	(6,070)	(57,230)
Impairment losses for assets	–	(5,591)	(69)	–	(2,881)	(31,336)	–	–	(39,877)
Fair value gains/(losses) on investment properties	20	299,475	18,147	50,196	938	–	(68,094)	–	300,682
Share-based expenses	(3,247)	(5,169)	(6,411)	(5,530)	(8,365)	(7,679)	(2,772)	(18,471)	(57,644)
Gains on disposal of investments	30	378,475	189,858	33,173	69,173	780	472	3,219	675,180
Interests in Associates	279,739	1,249,467	1,476,785	2,779,708	538,685	208,902	34,476	210,051	6,777,813
Interests in Jointly-controlled Entities	268,247	127,933	239,673	187,459	75,873	–	185,856	1,739	1,086,780
Capital expenditure*	849	363,093	113,586	313,706	342,363	540	587,341	562,338	2,283,816

* Capital expenditure consists of additions of property, plant and equipment, investment properties, properties under development and intangible assets.

40. OPERATING SEGMENTS (THE GROUP) (cont'd)

Operating Segments – 31 December 2007

	CapitaLand Residential Singapore \$'000	CapitaLand China Holdings \$'000	CapitaLand Commercial \$'000	CapitaLand Retail \$'000	Ascott \$'000	CapitaLand Financial \$'000	Australand \$'000	Others \$'000	Group \$'000
Revenue									
External revenue	548,673	980,997	152,942	119,847	459,475	116,460	1,406,677	7,632	3,792,703
Inter-segment revenue	–	4,282	12,714	4,400	–	2,712	–	(24,108)	–
Total Revenue	548,673	985,279	165,656	124,247	459,475	119,172	1,406,677	(16,476)	3,792,703
Segmental Results									
Company and subsidiaries	239,930	367,637	822,459	121,825	251,119	20,768	426,015	62,167	2,311,920
Associates	34,263	35,088	532,082	185,471	73,448	48,870	–	(1,482)	907,740
Jointly-controlled entities	34,358	653	522,133	(9,432)	12,620	86	43,964	–	604,382
Earnings Before Interest and Taxation	308,551	403,378	1,876,674	297,864	337,187	69,724	469,979	60,685	3,824,042
Finance costs									(403,549)
Taxation									(268,047)
Profit for the year									3,152,446
Segment Assets	2,155,304	3,757,532	4,630,798	4,453,073	2,763,600	295,767	4,852,325	2,932,913	25,841,312
Segment Liabilities	1,001,169	1,329,099	1,117,816	776,650	1,378,428	55,991	2,550,535	5,766,285	13,975,973
Other segment items:									
Interest income	5,423	19,716	21,816	15,343	11,318	1,113	5,553	44,277	124,559
Depreciation and amortisation	(534)	(1,338)	(4,205)	(2,500)	(24,912)	(603)	(3,165)	(3,510)	(40,767)
Impairment losses for assets	–	–	96	–	278	(17,354)	–	–	(16,980)
Fair value gains/(losses) on investment properties	–	34,387	572,355	13,186	2,786	–	148,325	7,792	778,831
Share-based expenses	(2,878)	(4,325)	(4,718)	(7,385)	(7,882)	(6,881)	(1,887)	(17,697)	(53,653)
Gains on disposal of investments	283	18,692	227,386	50,747	179,111	26	13,631	55,962	545,838
Interests in Associates	137,054	528,494	1,389,839	2,249,086	514,703	157,889	53,917	197,893	5,228,875
Interests in Jointly-controlled Entities	159,488	106,990	400,559	196,198	83,798	1,098	271,771	1,956	1,221,858
Capital expenditure*	876	230,321	40,159	692,746	167,020	875	428,986	15,752	1,576,735

* Capital expenditure consists of additions of property, plant and equipment, investment properties, properties under development and intangible assets.

Notes to the Financial Statements

40. OPERATING SEGMENTS (THE GROUP) (cont'd)

Geographic Information

	Singapore \$'000	Australia and New Zealand \$'000	China* \$'000	Asia/GCC# \$'000	Europe \$'000	Others® \$'000	Group \$'000
2008							
External Revenue	834,938	1,014,765	469,477	108,325	288,383	36,433	2,752,321
Non-current Assets[^]	5,915,136	2,443,386	3,769,480	1,829,349	978,340	–	14,935,691
Total Assets	10,904,953	4,139,978	6,469,898	2,295,915	1,166,313	106,556	25,083,613
2007							
External Revenue	895,244	1,446,306	1,094,201	68,221	280,181	8,550	3,792,703
Non-current Assets[^]	6,030,102	2,758,144	3,830,779	1,242,023	993,629	–	14,854,677
Total Assets	11,461,784	4,899,826	6,556,788	1,596,340	1,265,139	61,435	25,841,312

* China includes Hong Kong and Macau.

Asia/GCC includes Indonesia, Japan, Malaysia, Philippines, Thailand, Korea, India, Vietnam and Gulf Cooperation Council countries.

® Others includes the Cayman Islands.

[^] Non-current assets comprised property, plant and equipment, intangible assets, investment properties, properties under development and interest in associates and jointly-controlled entities.

41. SUBSEQUENT EVENTS

On 9 February 2009, the Company announced a fully underwritten rights issue to raise gross proceeds of approximately \$1.84 billion. Pursuant to the rights issue, up to 1.42 billion rights shares were offered at the issue price of \$1.30 per rights share on the basis of one (1) rights share for every two (2) existing shares held by shareholders as at 23 February 2009.

A listed associate of the Group, CapitaMall Trust ("CMT"), also announced a \$1.23 billion rights issue. The Company has agreed to procure that its relevant subsidiaries subscribe for their respective pro-rata entitlements under the CMT rights issue. In addition, the Company has also agreed to subscribe or procure the subscription of such number of additional units under the CMT rights issue which would, together with the pro-rata entitlements of its relevant subsidiaries, amount to up to 60% of the new units to be issued under the CMT rights issue.

42. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

The Group has not applied the following accounting standards (including its consequential amendments) and interpretations that have been issued but are not yet effective:

- FRS 1 (revised 2008) *Presentation of Financial Statements*
- FRS 23 (revised 2007) *Borrowing Costs*
- Amendments to FRS 32 *Financial Instruments: Presentation* and FRS 1 *Presentation of Financial Statements* – *Puttable Financial Instruments and Obligations Arising on Liquidation*
- Amendments to FRS 39 *Financial Instruments: Recognition and Measurement* – *Eligible Hedged Items*
- Amendments to FRS 101 *First-time Adoption of Financial Reporting Standards* and FRS 27 *Consolidated and Separate Financial Statements* – *Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
- Amendment to FRS 102 *Share-based Payment* – *Vesting Conditions and Cancellations*
- Improvements to FRSs 2008
- INT FRS 113 *Customer Loyalty Programmes*
- INT FRS 116 *Hedges of a Net Investment in a Foreign Operation*
- INT FRS 117 *Distribution of Non-cash Assets to Owners*

FRS 1 (revised 2008) will become effective for the Group's financial statements for the year ending 31 December 2009. The revised standard requires an entity to present, in a statement of changes in equity, all owner changes in equity. All non-owner changes in equity (i.e. comprehensive income) are required to be presented in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). Components of comprehensive income are not permitted to be presented in the statement of changes in equity. In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the reclassification of items in the financial statements. FRS 1 (revised 2008) does not have any impact on the Group's financial position or results.

FRS 23 will become effective for financial statements for the year ending 31 December 2009. FRS 23 removes the option to expense borrowing costs and requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The Group's current policy is consistent with the FRS 23 requirement to capitalise borrowing costs.

The amendments to FRS 32 and FRS 1 on puttable financial instruments will become effective for the Group's financial statements for the year ending 31 December 2009. The amendments allow certain instruments that would normally be classified as liabilities to be classified as equity if and only if they meet certain conditions. The Group does not issue such puttable financial instruments and thus the application of these amendments is not expected to have any significant impact on the Group's financial statements.

The amendments to FRS 39 on eligible hedged items will become effective for the Group's financial statements for the year ending 31 December 2010. The amendments clarify how the principles that determine whether a hedged risk or portion of cash flows is eligible for designation should be applied in two particular situations: (i) the designation of a one-sided risk in a hedged item; and (ii) the designation of inflation in particular situations. The application of these amendments is not expected to have any significant impact on the Group's financial statements.

The amendments to FRS 101 and FRS 27 on the cost of an investment in a subsidiary, jointly controlled entity or associate will become effective for the Company's financial statements for the year ending 31 December 2009. The amendments remove the definition of "cost method" currently set out in FRS 27, and instead require an entity to recognise all dividend from a subsidiary, jointly controlled entity or associate as income in its separate financial statements when its right to receive the dividend is established. The application of these amendments is not expected to have any significant impact on the Company's financial statements.

Notes to the Financial Statements

42. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET ADOPTED (cont'd)

The amendments to FRS 102 on vesting conditions and cancellations will become effective for the Group's financial statements for the year ending 31 December 2009. The amendments clarify the definition of vesting conditions and provide the accounting treatment for non-vesting conditions and cancellations. The application of these amendments is not expected to have any significant impact on the Group's financial statements.

Improvements to FRSs 2008 will become effective for the Group's financial statements for the year ending 31 December 2009, except for the amendment to FRS 105 *Non-current Assets Held for Sale and Discontinued Operations* which will become effective for the year ending 31 December 2010. Improvements to FRSs 2008 contain amendments to numerous accounting standards that result in accounting changes for presentation, recognition or measurement purposes and terminology or editorial amendments. The Group is in the process of assessing the impact of these amendments.

INT FRS 113 will become effective for the Group's financial statements for the year ending 31 December 2009. INT FRS 113 concludes that where entities grant award credits as incentives to customers to buy their goods or services (e.g. loyalty points or free products), such customer loyalty programmes should be accounted for by taking a multiple sales approach, i.e. by deferring some of the revenue received from the initial sales transaction, to be recognised as revenue as and when the entity provides the goods or services promised under the customer loyalty programmes. The Group is in the process of assessing the impact of this Interpretation.

INT FRS 116 will become effective for the Group's financial statements for the year ending 31 December 2009. INT FRS 116 provides guidance on identifying foreign currency risks and hedging instruments that qualify for hedge accounting in the hedge of a net investment in a foreign operation. It also explains how an entity should determine the amounts to be reclassified from equity to profit or loss for both the hedging instrument and the hedged item. The application of this Interpretation is not expected to have any significant impact on the Group's financial statements.

INT FRS 117 will become effective for the Group's financial statements for the year ending 31 December 2010. INT FRS 117 provides guidance on when to recognise a dividend payable, and clarifies that an entity should measure the dividend payable at the fair value of the net assets to be distributed. It also clarifies that an entity should recognise the difference between the dividend paid and the carrying amount of the net assets distributed in profit or loss. INT FRS 117 will be applied prospectively and therefore there will be no impact on prior periods in the Group's financial statements for the year ending 31 December 2010.

Other Information

1. DIRECTORS' REMUNERATION

(a) Directors' Compensation Table for the Financial Year Ended 31 December 2008:

Directors of the Company	Salary inclusive of AWS and employer's CPF \$	Bonus and other benefits inclusive of employer's CPF ⁽¹⁾⁽²⁾ \$	Directors' fees inclusive of attendance fees ⁽³⁾ \$	Total \$
Payable by Company:				
Dr Hu Tsu Tau	–	–	122,130	122,130
Hsuan Owyang ⁽⁴⁾	–	–	172,800	172,800
Liew Mun Leong	1,198,872	2,979,118	–	4,177,990
Lim Chin Beng	–	–	97,200	97,200
Jackson Peter Tai	–	–	120,060	120,060
Peter Seah Lim Huat	–	–	93,600	93,600
Richard Edward Hale	–	–	122,400	122,400
Professor Robert Henry Edelstein ⁽⁵⁾	–	–	22,365	22,365
Dr Victor Fung Kwok King	–	–	54,900	54,900
James Koh Cher Siang	–	–	124,200	124,200
Arfat Pannir Selvam	–	–	134,100	134,100
Professor Kenneth Stuart Courtis	–	–	73,800	73,800
Sub-Total 1	1,198,872	2,979,118	1,137,555	5,315,545
Payable by Subsidiaries:				
Hsuan Owyang	–	–	193,000	193,000
Liew Mun Leong	–	31,996	14,066	46,062
Lim Chin Beng	–	26,663	133,025	159,688
Richard Edward Hale	–	26,663	151,573	178,236
Sub-Total 2	–	85,322	491,664	576,986
Total for Directors of the Company	1,198,872	3,064,440	1,629,219	5,892,531

During the year 2008, contingent awards of shares were also granted. For details, please refer to the Directors' Report.

¹ With effect from this financial year ended 31 December 2008, the bonus figures disclosed are based on an accrual basis and are accrued for the performance of the same year. Previously, bonuses were disclosed based on payments made in the financial year and these payments were for bonuses awarded for the performance of past years, and not for that financial year. The bonus figure, as set out in section 1(b) – Directors' Compensation Table for the Financial Year Ended 31 December 2007, is on the same accrual basis.

² The bonus plan for the Group Chief Executive Officer and key management is an Economic Value Added (EVA) incentive plan. This pay-for-performance plan was adopted in year 2000 when the company was formed. EVA is a well-established financial performance measure that captures the true economic profit of an enterprise, reflecting the wealth created by the enterprise and taking into consideration the cost of capital employed. Essentially, EVA measures the net operating profit after tax of the Group minus the cost of all capital employed. The EVA incentive plan was adopted by the Group because it established clear, accountable links between strategic management, capital planning, daily operating decisions and shareholder value. The objective of the EVA incentive plan is to incentivise senior management to adopt strategies and decisions that will result in long-term growth and sustained profitability of the Group. It directly aligns management bonus with the profitability and value creation for the Group. Each participant of the EVA incentive plan has an individual bonus account ("bonus account"). The EVA bonus awarded in a particular year will be credited into the bonus account and 1/3 of the balance in the bonus account will be paid out to the participant annually, provided the account balance is positive. The EVA incentive plan has a 'clawback' feature. If the Group performs poorly in EVA in a particular year, the EVA bonus attributable for that year will be negative and such negative amount will be subtracted from the balance in the bonus account. This 'clawback' of bonus will ensure that any poor financial performance of the Group in subsequent years will be accounted for. In line with the long term orientation of the EVA incentive plan, participants who resign from the Group with less than 12 years of service will lose a portion of the amount in his or her bonus account.

³ The directors' fees will only be paid upon approval by the shareholders at the forthcoming Annual General Meeting of the Company and its subsidiaries.

⁴ Mr Hsuan Owyang resigned as a director of the Company on 1 January 2009.

⁵ Professor Robert Henry Edelstein resigned as a director of the Company on 29 April 2008.

Other Information

1. DIRECTORS' REMUNERATION (cont'd)

(b) Directors' Compensation Table for the Financial Year Ended 31 December 2007:

Directors of the Company	Salary inclusive of AWS and employer's CPF \$	Bonus and other benefits inclusive of employer's CPF ⁽¹⁾⁽²⁾ \$	Directors' fees inclusive of attendance fees ⁽³⁾ \$	Total \$
Payable by Company:				
Dr Hu Tsu Tau	—	—	152,000	152,000
Hsuan Owyang	—	—	200,000	200,000
Liew Mun Leong	1,147,264	20,522,686	—	21,669,950
Lim Chin Beng	—	—	106,000	106,000
Jackson Peter Tai	—	—	113,100	113,100
Peter Seah Lim Huat	—	—	99,700	99,700
Richard Edward Hale	—	—	136,000	136,000
Professor Robert Henry Edelstein	—	—	82,000	82,000
Dr Victor Fung Kwok King	—	—	71,400	71,400
James Koh Cher Siang	—	—	138,000	138,000
Arfat Pannir Selvam	—	—	149,000	149,000
Professor Kenneth Stuart Courtis	—	—	62,950	62,950
Andrew Robert Fowell Buxton ⁽⁴⁾	—	—	13,750	13,750
Sub-Total 1	1,147,264	20,522,686	1,323,900	22,993,850
Payable by Subsidiaries:				
Hsuan Owyang	—	—	193,000	193,000
Lim Chin Beng	—	—	77,000	77,000
Richard Edward Hale	—	—	160,000	160,000
Andrew Robert Fowell Buxton ⁽⁴⁾	—	—	7,200	7,200
Sub-Total 2	—	—	437,200	437,200
Total for Directors of the Company	1,147,264	20,522,686	1,761,100	23,431,050

During the year 2007, contingent awards of shares were also granted. For details, please refer to the Directors' Report.

¹ The bonus figures disclosed above are on an accrual basis and were awarded for the performance of the same year. Previously, bonuses were disclosed based on payment made in the financial year and these payments were for bonuses awarded for the performance of past years. For the Group Chief Executive Officer's 2007 bonus, this was previously stated as S\$5.35 million which was the actual amount paid to him in 2007 based on the Group's performance in 2006. On an accrual basis, the bonus accrued to the Group Chief Executive Officer for the Group's performance in 2007 was S\$20.52 million. The Group had achieved a record performance that year with profit after tax and minority interests of S\$2.8 billion. Under the bonus plan for the Group Chief Executive Officer and key management, bonuses awarded are paid out progressively during their service with the Group. The CapitaLand Group's bonus plan is reviewed regularly to ensure that the measures remain relevant and the targets are in line with market expectations. The final formula and the computed bonus amounts based on the formula are approved by the Executive Resource and Compensation Committee comprising three non-executive directors, the majority of whom are independent. The EVA computations, based on the approved EVA policies, are also verified by the Group's external auditors.

² Please see footnote (2) in the previous page on the features and working of the bonus plan for the Group Chief Executive Officer and key management.

³ The directors' fees were approved by the shareholders and had since been paid.

⁴ Mr Andrew Robert Fowell Buxton resigned as a director of the Company on 14 February 2007.

(c) Number of Directors of CapitaLand Limited in Remuneration Bands:

Remuneration Bands	2008	2007
\$500,000 and above	1	1
\$250,000 to \$499,999	0	0
Below \$250,000	11	12
Total	12	13

2. 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:

The Group	2008 \$'000
Transactions for the Sale of Goods and Services:	
Associates of Temasek Holdings (Private) Limited	717
Singapore Airlines Limited and its associates	6,804
Transactions for the Purchase of Goods and Services:	
Associates of Temasek Holdings (Private) Limited	894
Associates of SembCorp Industries Ltd	104
Shareholder's Loan to an Investee Company:	
Associate of Dr Victor Fung Kwok King	1,782
Interest payable in relation to the subscription of 3-year fixed rate notes issued by an indirect subsidiary of the Company under a multicurrency medium term notes programme:	
Liew Mun Leong	141
Professional advisory fees:	
Professor Kenneth Stuart Courtis	137

3. EXECUTIVES' REMUNERATION

Remuneration Data (for employees earning \$500,000 and above) for financial year ended 31 December 2008:

Total Compensation Bands	Total No. of Employees
\$500,000 to \$749,999	15
\$750,000 to \$999,999	3
\$1,000,000 to \$1,249,999	5
\$1,250,000 to \$1,499,999	3
\$1,500,000 to \$1,749,999	1
\$1,750,000 to \$1,999,999	3
\$2,000,000 to \$2,249,999	2
\$2,250,000 to \$2,499,999	2
\$2,500,000 to \$2,749,999	—
\$2,750,000 to \$2,999,999	—
≥ \$3,000,000	1
Total	35

Note 1: The above executives' remuneration data pertains only to the Group's employees in Singapore and those who are posted overseas. It does not include the remuneration data of the employees of listed subsidiaries and overseas subsidiaries.

Note 2: Total compensation comprises salary, annual wage supplement, bonus and other benefits in kind.

Shareholding Statistics

As at 25 February 2009

SHARE CAPITAL FULLY PAID

S\$4,396,766,063.0105 (comprising 2,823,889,613 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	39.68
2	DBS Nominees (Private) Limited	643,251,579	22.78
3	Citibank Nominees Singapore Pte Ltd	234,710,469	8.31
4	DBSN Services Pte. Ltd.	144,791,819	5.13
5	HSBC (Singapore) Nominees Pte Ltd	112,105,671	3.97
6	United Overseas Bank Nominees (Private) Limited	73,852,626	2.62
7	Raffles Nominees (Pte.) Limited	64,653,268	2.29
8	DB Nominees (Singapore) Pte Ltd	43,522,185	1.54
9	Lee Pineapple Company (Pte) Limited	10,000,000	0.35
10	Paramount Assets Investments Pte. Ltd.	10,000,000	0.35
11	Merrill Lynch (Singapore) Pte. Ltd.	9,787,842	0.35
12	Pei Hwa Foundation Limited	8,013,557	0.28
13	OCBC Nominees Singapore Private Limited	7,954,865	0.28
14	Macquarie Capital Securities (Singapore) Pte. Limited	7,245,780	0.26
15	TM Asia Life Singapore Ltd – PAR Fund	5,773,000	0.20
16	OCBC Securities Private Limited	5,636,296	0.20
17	BNP Paribas Nominees Singapore Pte Ltd	5,011,787	0.18
18	Phillip Securities Pte Ltd	5,001,227	0.18
19	UOB Kay Hian Private Limited	3,679,491	0.13
20	Morgan Stanley Asia (Singapore) Securities Pte Ltd	3,569,927	0.13
	Total	2,519,030,816	89.20

SUBSTANTIAL SHAREHOLDERS

As shown in the Register of Substantial Shareholders as at 25 February 2009

Substantial Shareholders	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	47,811,384 ¹
Janus Capital Management LLC	178,065,100	–

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 47,811,384 ordinary shares in which Temasek's subsidiaries and associated companies have or are deemed to have an interest. 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	3,097	6.86	607,102	0.02
1,000–10,000	37,333	82.72	125,449,219	4.44
10,001–1,000,000	4,673	10.36	162,160,206	5.74
1,000,001 and above	28	0.06	2,535,673,086	89.80
Total	45,131	100.00	2,823,889,613	100.00

Approximately 52.23% 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 is complied with.

Notice of Annual General Meeting

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 Thursday, 23 April 2009 at 10.00 a.m. to transact the following business:

AS ORDINARY BUSINESS

- 1 To receive and adopt the Directors' Report and Audited Financial Statements for the year ended 31 December 2008 and the Auditors' Report thereon.
- 2 To declare a first and final 1-tier dividend of S\$0.055 per share and a special 1-tier dividend of S\$0.015 per share for the year ended 31 December 2008.
- 3 To approve Directors' fees of S\$1,137,555 for the year ended 31 December 2008. (2007: S\$1,323,900)
- 4 To re-appoint the following Directors, who are retiring 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 Lim Chin Beng
 - (iii) Mr Richard Edward Hale
- 5 To re-elect the following Directors, who are retiring 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 James Koh Cher Siang
 - (ii) Mrs Arfat Pannir Selvam
 - (iii) Professor Kenneth Stuart Courtis
- 6 To re-appoint Messrs KPMG LLP as Auditors of the Company and to authorise the Directors to fix their remuneration.
- 7 To transact such other ordinary business as may be transacted at an Annual General Meeting of the Company.

Notice of Annual General Meeting

AS SPECIAL BUSINESS

8 To consider and, if thought fit, to pass with or without any modification, the following resolutions as Ordinary Resolutions:

8A That pursuant to Section 161 of the Companies Act, Cap. 50 of Singapore, 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 total number of issued shares (excluding treasury 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 ten per cent. (10%) of the total number of issued shares (excluding treasury 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 (“SGX-ST”)) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares) shall be based on the total number of issued shares (excluding treasury 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 bonus issue, 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 SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) 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.

AS SPECIAL BUSINESS (cont'd)

8B That the Directors be and are hereby authorised to:

- (a) 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"); 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 CapitaLand 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:

- (i) the aggregate number of shares to be issued pursuant to options granted under the CapitaLand Share Option Plan and the vesting of awards granted or to be granted under the Performance Share Plan and the Restricted Stock Plan shall not exceed fifteen per cent. (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time; and
- (ii) the aggregate number of new shares under awards which may be granted pursuant to the Performance Share Plan and the Restricted Stock Plan during the period commencing from the date of this Annual General Meeting and ending on the date 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, shall not exceed two per cent. (2%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time.

By Order of the Board

Low Sai Choy

Company Secretary

Singapore

23 March 2009

Notice of Annual General Meeting

Notes:

A member of the Company entitled to attend and vote at the Meeting is entitled to appoint not more than two proxies to attend and vote instead of him. 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 office of the Company's Share Registrar, M & C Services Private Limited, 138 Robinson Road, #17-00 The Corporate Office, Singapore 068906 not less than 48 hours before the time appointed for holding the Meeting.

Additional information relating to the Notice of Annual General Meeting:

- 1 In relation to items 4(i), (ii) and (iii) under the heading "As Ordinary Business", Dr Hu Tsu Tau will, upon re-appointment, continue to serve as Chairman of the Investment Committee; Mr Lim Chin Beng will, upon re-appointment, continue to serve as Chairman of the Executive Resource and Compensation Committee and the Nominating Committee respectively; and Mr Richard Edward Hale will, upon re-appointment, continue to serve as Chairman of the Audit Committee and a Member of the Risk Committee. Dr Hu, Mr Lim and Mr Hale are considered as independent Directors.
- 2 In relation to items 5(i), (ii) and (iii) under the heading "As Ordinary Business", Mr James Koh Cher Siang will, upon re-election, continue to serve as Chairman of the Corporate Disclosure Committee and the Risk Committee and a Member of the Audit Committee respectively; Mrs Arfat Pannir Selvam will, upon re-election, continue to serve as a Member of the Audit Committee, the Corporate Disclosure Committee, the Nominating Committee, and the Risk Committee respectively; and Professor Kenneth Stuart Courtis will, upon re-election, continue to serve as a Member of the Finance and Budget Committee and the Investment Committee respectively. Mr Koh, Mrs Selvam and Professor Courtis are considered as independent Directors.
- 3 Ordinary Resolution No. 8A under the heading "As Special Business", if passed, will 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 from the date of the Annual General Meeting until the date of the next Annual General Meeting. The aggregate number of shares which the Directors may issue (including shares to be issued pursuant to convertibles) under this Resolution must not exceed fifty per cent. (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company with a sub-limit of ten per cent. (10%) for issues other than on a *pro rata* basis. For the purpose of determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares) will be calculated based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time that Ordinary Resolution No. 8A is passed, after adjusting for (a) 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 Ordinary Resolution No. 8A is passed and (b) any subsequent bonus issue, consolidation or subdivision of shares. The sub-limit of 10% for issues other than on a *pro rata* basis is below the 20% sub-limit permitted by the Listing Manual of the Singapore Exchange Securities Trading Limited. The Directors believe that the lower sub-limit of 10% would sufficiently address the Company's present need to maintain flexibility while taking into account shareholders' concerns against dilution.
- 4 Ordinary Resolution No. 8B under the heading "As Special Business", if passed, will empower the Directors to grant awards under the CapitaLand Performance Share Plan ("Performance Share Plan") and the CapitaLand Restricted Stock Plan ("Restricted Stock Plan"), and to allot and issue shares pursuant to the exercise of options outstanding under the CapitaLand Share Option Plan and/or the vesting of awards granted pursuant to the Performance Share Plan and the Restricted Stock Plan, provided that (a) the aggregate number of shares to be issued pursuant to the CapitaLand Share Option Plan, the Performance Share Plan and the Restricted Stock Plan does not exceed fifteen per cent. (15%) of the total number of shares (excluding treasury shares) in the capital of the Company from time to time, and (b) the aggregate number of new shares under awards which may be granted pursuant to the Performance Share Plan and the Restricted Stock Plan from the date of the Annual General Meeting until the date of the next Annual General Meeting shall not exceed two per cent. (2%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time.

CAPITALAND LIMITED

(Regn. No.: 198900036N)

(Incorporated in the Republic of Singapore)

Proxy Form

Annual General Meeting

IMPORTANT:

1. For investors who have used their CPF monies to buy the Company's shares, this Summary Report/Annual Report is forwarded to them at the request of their CPF Approved Nominee and is sent solely FOR THEIR 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.
3. CPF investors who wish to attend the Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

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 attend and to vote for me/us on my/our behalf and if necessary, to demand a poll, 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 Thursday, 23 April 2009 at 10.00 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 Annual General 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 Annual General Meeting.

No.	Resolutions Relating To:	For*	Against*
	ORDINARY BUSINESS		
1	Adoption of Directors' Report, Audited Financial Statements and Auditors' Report		
2	Declaration of a First and Final Dividend and a Special Dividend		
3	Approval of Directors' Fees		
4(i)	Re-appointment of Dr Hu Tsu Tau as Director		
4(ii)	Re-appointment of Mr Lim Chin Beng as Director		
4(iii)	Re-appointment of Mr Richard Edward Hale as Director		
5(i)	Re-election of Mr James Koh Cher Siang as Director		
5(ii)	Re-election of Mrs Arfat Pannir Selvam as Director		
5(iii)	Re-election of Professor Kenneth Stuart Courtis as Director		
6	Re-appointment of Auditors		
7	Any Other Business		
	SPECIAL BUSINESS		
8A	Authority for Directors to issue shares and to make or grant instruments pursuant to Section 161 of the Companies Act, Cap. 50		
8B	Authority for Directors to grant awards, and to allot and issue shares, pursuant to the CapitaLand Share Option Plan, the CapitaLand Performance Share Plan and the CapitaLand Restricted Stock Plan		

* Please indicate your vote "For" or "Against" with a "✓" within the box provided.

Dated this _____ day of _____ 2009.

Signature(s) of Member(s) / Common Seal

Total number of shares held

 **IMPORTANT: PLEASE READ NOTES TO PROXY FORM ON REVERSE PAGE**

Affix
postage
stamp

CAPITALAND LIMITED
c/o M & C Services Private Limited
138 Robinson Road
#17-00 The Corporate Office
Singapore 068906

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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 or proxies, 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 as well as shares 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 office of the Company's Share Registrar, M & C Services Private Limited, 138 Robinson Road, #17-00 The Corporate Office, Singapore 068906, 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 at least 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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Registrar

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Fax +65 6225 6157
Engagement Partner since
financial year ended
31 December 2005:
Eng Chin Chin

This Annual Report to Shareholders may contain forward looking statements that involve risks and uncertainties. Actual future performance, outcome 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 the current view of management of future events.

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