For Immediate Release
3 December 2008

NEWS RELEASE

CapitaLand to reduce executive staff salaries between 3% to 20%

Group CEO to take maximum salary reduction of 20%
Steps up training and staff development

Singapore, 3 December 2008 – CapitaLand today announced a company-wide salary reduction exercise as part of total cost management measures in light of the deteriorating global financial and economic uncertainties. The salary reduction exercise will affect primarily management and executive level employees, with the reduction ranging from 3% to 20%. There will be no pay cut for non-executive staff. Mr Liew Mun Leong, President and CEO of CapitaLand Group, will bear the maximum salary reduction of 20% while junior executives will have their pay reduced by 3%. The reduction will take effect in January 2009.

Mr Liew Mun Leong, President and CEO of CapitaLand Group, said, “Management was unanimous in its decision to carry out a salary reduction exercise. We felt that the proactive measures demonstrate the Group’s disciplined capital management and prudence during these global financial and economic uncertainties. The staff understand that in bad times it is necessary to preserve jobs, conserve cash and strengthen the Group’s competitive position to benefit from future growth opportunities. I personally shared the decision with staff during our regular staff communication session, held a week ago, and the general feedback from staff is that it is better to keep our respective jobs and together ride out the present difficult situation.”

The salary reduction exercise is one of several proactive measures taken by the CapitaLand Group. In the last crisis from 2001 to 2003, CapitaLand had also implemented a salary freeze for management and staff, and management subsequently took a significant pay cut when the recessionary environment persisted. As in the past crises, there will be no retrenchment of staff, but it will continue to train its staff and review its business operations to strengthen the Group for future growth opportunities.

These measures are applicable to all our operations, including overseas operations where the proactive initiatives are appropriate within the local context. Management and staff across the Group will take all possible action to reduce discretionary spending, maximise value engineering in all our projects, coordinate business travel and increase usage of existing resources. They will continue to actively make efficient use of resources to reduce wastage, reuse resources and promote opportunities to recycle waste.

For training and staff development, CapitaLand will intensify activities in these areas by working closely with its respective unions and the Ministry of Manpower. CapitaLand will tap into the Ministry's newly launched Skills Programme for Upgrading and Resilience (SPUR) which provides clear training pathways for higher skills and career progression. The programme is a national response to help Singaporeans cope with manpower challenges as Singapore enters a period of slower economic growth and to build stronger manpower capabilities for the economic recovery. In addition, it will work closely with the Singapore Workforce Development Agency on its Workforce Skills Qualification (WSQ) training courses. As done in previous crises, by investing in staff training programmes, CapitaLand and its employees will be better prepared for the good times when the economic situation improves. CapitaLand's own training institutes – CapitaLand Institute of Management and Business (CLIMB) and Ascott Centre for Excellence (ACE) – will also be actively pursuing specialist training courses for employees.

Issued by: **CapitaLand Limited (Co. Regn.: 198900036N)**
Date: **3 December 2008**

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