Achieved S$1.02 Billion Profit – A Record for Listed Singapore Real Estate Companies

Exceeded S$14.3 Billion of REIT and Fund Assets

Created More Than S$17 Billion of Value for Shareholders of CapitaLand Group Listed Entities

Attained 19% Annual Growth Rate in Total Shareholder Returns Since Inception

Expanded to More Than 90 Cities in Over 20 Countries

capitalise

CapitaLand Limited Annual Report to Shareholders 2006

CapitaLand

While
others look,

CapitaLand sees beyond.

CapitaLand thinks like an entrepreneur,
using its core strengths to great advantage.

enter

enterprising

We do not merely enter a market but strive
to be enterprising in the markets we enter.

share

shareholders

We're concerned not just with share prices, but share the concerns of our shareholders and stakeholders too.

man

manage

It’s not how many people we put to man the project,
but how we effectively manage the business.

land

CapitaLand

We have turned land into a form of capital.

CapitaLand capitalises on its considerable real estate asset base to chalk up another sterling year, with a host of activities that bespeaks a spirit of innovation, creativity, and most of all, entrepreneurship.

Corporate Profile

CapitaLand is one of the largest listed real estate companies in Asia. Headquartered in Singapore, the multinational company's core businesses in real estate, hospitality and real estate financial services are focused in gateway cities in Asia Pacific, Europe and the Middle East.

The company's real estate and hospitality portfolio spans more than 90 cities in over 20 countries. CapitaLand also leverages on its significant real estate asset base and market knowledge to develop real estate financial products and services in Singapore and the region.

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

CONTENTS

VISION 2010

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

Ranked among 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.

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

MISSION

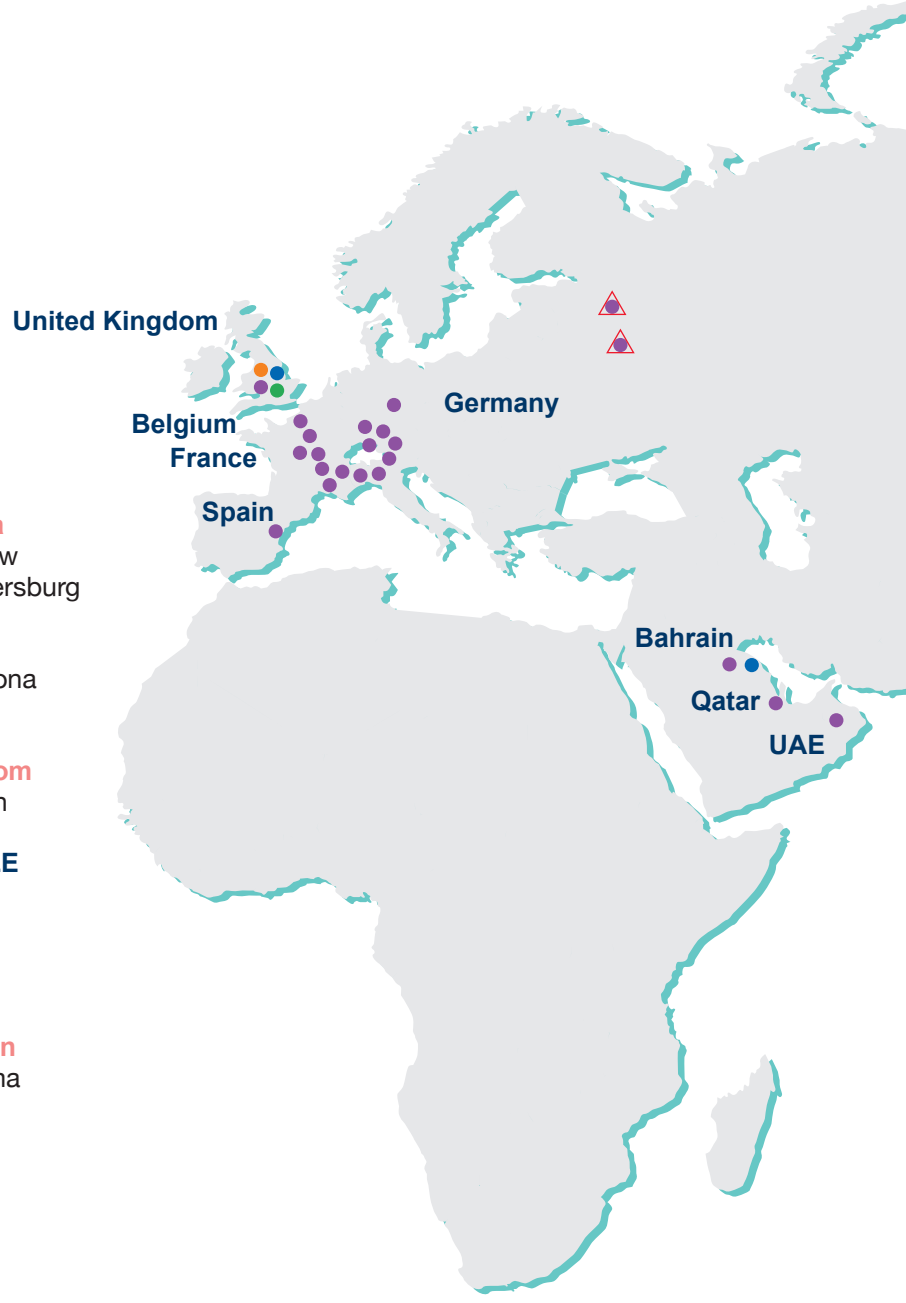
To build a world-class real estate company with international presence that:
Creates sustainable shareholder value. Delivers quality products and services.
Attracts and develops quality human capital.

CREDO

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

Our Reach

Presence in more than 90 cities in over 20 countries



Global Presence

ASIA PACIFIC

Australia
Brisbane
Hobart
Melbourne
Perth
Sydney

China
Anyang
Beijing
Changsha
Chengdu
Chongqing
Dalian
Deyang
Dongguan
Foshan
Guangzhou
Hangzhou
Hong Kong
Huhehaote
Huizhou
Kunshan
Macau
Maoming
Mianyang
Nanchang
Ningbo
Quanzhou
Shanghai
Shenzhen
Suzhou
Tianjin
Weifang
Wuhan
Wuhu
Xi'an
Xinxiang
Yangzhou
Yibin
Yiyang
Zhangzhou
Zhanjiang
Zhaoqing
Zhengzhou
Zibo

India
Bangalore
Chennai
Hyderabad
Mumbai

Indonesia
Jakarta
Surabaya

Japan
Fukuoka
Hiroshima
Hokkaido
Kobe
Kyoto
Nagoya
Nishinomiya
Osaka
Saga
Tokyo

Malaysia
Johor
Kuala Lumpur
Kuching
Penang

New Zealand
Auckland

Philippines
Manila

Singapore

South Korea
Seoul

Thailand
Bangkok
Pattaya

Vietnam
Hanoi
Ho Chi Minh City

EUROPE

Belgium
Brussels

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

Germany
Berlin

Russia
Moscow
St Petersburg

Spain
Barcelona

United Kingdom
London

MIDDLE EAST

UAE
Dubai

Bahrain
Manama

Qatar
Doha


Russia
China
South Korea
Japan
India
Thailand
Malaysia
SINGAPORE
Indonesia
Philippines
Vietnam
Australia
New Zealand
Residential
Commercial
Retail
Financial Services
Serviced Residences
Integrated Leisure, Entertainment and Conventions
Future Presence

(From left)
Mr Liew Mun Leong
Group President and CEO
Dr Hu Tsu Tau
Chairman

Letter to Shareholders

OVERVIEW

In 2006, the Group achieved a record profit after tax and minority interests (PATMI) of S$1.02 billion, which represents a 35.6% increase over 2005's profit of S$750.5 million. What is more spectacular about 2006's profit is that it was achieved despite the absence of gains from strategic divestments. In 2005, divestment gains from the sale of hotel business and property services amounted to S$424.8 million.

Scotts HighPark, Singapore (Expected TOP: 2009)

In 2006, our core business units – residential, commercial and integrated development, retail, financial and serviced residences – recorded strong financial results, while at the same time invested in long-term projects, penetrated new areas of business, and forged partnerships for sustainable growth.

The Directors are pleased to propose a first and final dividend of 12 cents per share comprising an ordinary dividend of 7 cents and a special dividend of 5 cents for the financial year ended 31 December 2006.

Creating Shareholder Value

For our shareholders, CapitaLand Limited generated total shareholder returns of S$8.8 billion in 2006, representing a total return of 87% for the year. Since its formation in 2000, CapitaLand Group has created a total value of S$17.5 billion for its shareholders.

During the year, the Group was active in its capital management. Our ownership interest in Hotel Inter-Continental was sold for a gain of S$44.1 million. The Ascott Group divested Ascott Mayfair, resulting in a gain of S$52.8 million. Raffles Holdings was delisted with additional payouts to its shareholders. The Raffles City transaction in Singapore was effectively and efficiently managed such that we extracted strong financial and strategic benefits for all entities involved. The transaction also positioned the Group's listed businesses namely, CapitaCommercial Trust and CapitaMall Trust, for future growth. CapitaLand issued a S$430 million 10-year convertible bond, our second convertible bond since 2002. The financial publication, IFR Asia, recognised it as "Singapore's Equity Deal of the Year" for both the 10-year period which is the longest tenure in Asia (ex-Japan), and the highest conversion premium by a real estate company in the region.

Pioneering and Setting the Pace

In 2006, our core business units – residential, commercial and integrated development, retail, financial and serviced residences – recorded strong financial results, and at the same time invested in long-term projects, penetrated new areas of business, and forged partnerships for sustainable growth.

Freshwater Place, Melbourne

Residential

In Singapore, we sold over 950 homes worth S$1.23 billion, averaging S$1.29 million per unit. We broke new ground in designing and building homes. We led the market with the creation of distinctive garden homes. We introduced the 'Penthouse Series' apartments which were designed as high-rise tropical 'black and white' bungalows with huge verandas. In addition, we created a series of high-mid end apartments that feature flexible layouts to cater to the evolving lifestyles of today's multi-generation families.

Scotts HighPark, The Metropolitan Condominium and the final phase of RiverGate were each pitched at different market segments. The Orchard Residences, a super-luxury residential development at Orchard Turn which is a joint venture project between CapitaLand and Hong Kong's Sun Hung Kai Properties Limited, will be completed in late 2009. Meanwhile, we stepped up efforts to augment our landbank in this high-end segment, one example being the acquisition of the Silver Tower site, given the growth opportunities in this sector. Looking ahead, we will expand our landbank to include the high-mid sector to cater to professionals and their families.

In China, we expanded our presence through acquisitions, partnerships and organic growth. We acquired a 20% stake in Hong Kong-listed Lai Fung Holdings, which has about one million sq m of landbank, mainly in Shanghai and the Pearl River Delta. We entered into partnerships that will enable us to move quickly into China's second-tier cities to meet increased demand for local housing. For western China, we formed a 50-50 joint venture with Chengdu Zhixin Industrial Co., a leading developer in the Sichuan Province. We also took a 29.75% stake in Central China Holdings Group, an established developer operating in 16 out of 18 cities in Central China's Henan Province. In addition, we continued to expand from Shanghai into Hangzhou, and from Guangzhou into Foshan. We also added two residential development projects to our Beijing portfolio. Since 1994, we have completed more than 8,000 homes across China and currently have a pipeline to build about 35,000 homes together with our partners.

Our listed Australian subsidiary, Australand, remains a key contributor to our business. It reported a 21% increase in earnings in 2006. Australand continued its strategy to transform from a development company into a diversified property group with a significant proportion of its income from its property trusts. It sold its residential property management business unit, as well as a portfolio of 11 industrial facilities as part of its strategy to recycle its capital

Raffles City Bahrain (Target Completion: 2010)

effectively. Australand has commenced construction of the second stage of the office component within its A$1 billion Freshwater Place development in Melbourne.

In Vietnam's Ho Chi Minh City, we signed a joint venture agreement with South Saigon Development Corporation (SADECO), a state-owned enterprise, to jointly develop 600 homes near the Phu My Hung Urban Area. Separately, we also received the foreign investment certificate to jointly build approximately 1,000 homes with two other local partners. In Thailand, we continued to make strides through our joint venture with T.C.C. Land, which is part of the T.C.C. Group, one of the largest conglomerates in Thailand. In India, we partnered the Runwal Group, an established Mumbai-based developer, and will develop over 500 apartment units in Mumbai. In Malaysia, we have a presence through our listed associated company United Malayan Land (UM Land).

Commercial and Integrated Development

Our expertise in developing landmark integrated developments in Singapore and overseas has attracted international recognition, and we have exported this to cities like Beijing, Chengdu and Bahrain. In Beijing, our commercial buildings are Raffles City Beijing, a mixed development that comprises a high-rise apartment block, office tower and retail podium, and Capital Tower Beijing, which is CapitaLand's flagship office building in China. In Chengdu, we will be building Raffles City Chengdu, a mixed development with office, hotel and retail space. In Bahrain, we were invited to develop a prime waterfront integrated development, Raffles City Bahrain, by Bahrain-based Arcapita Group, which is our partner for some of our projects in Japan. In addition, we structured the Raffles City Bahrain Fund, the first equity *Sukuk* of its kind for a real estate project and CapitaLand's second Shariah-compliant real estate product.

A strategic thrust for CapitaLand is to extend the Raffles City brand to landmark integrated developments in key gateway cities in Asia and the Gulf Co-operation Council region. To date, we have five existing or planned Raffles City branded developments in Singapore, Shanghai, Beijing, Chengdu and Bahrain. We plan to have 10 Raffles City properties around the world.

In Singapore, CapitaCommercial Trust and CapitaMall Trust acquired Raffles City for over S$2 billion, a deal which was the largest investment transaction in 2006. The transaction brought together the best office

Macao Studio City, Macau (Target Completion for Phase One: 2009)

and retail mall managers to manage Singapore's most prime mixed development property. It also enabled us to extract strong financial gains, and enabled the two listed trusts to grow their asset size. We refurbished our commercial properties such as Market Street Car Park and Golden Shoe Car Park into modern destination hubs with retail, food and beverage outlets and parking facilities.

In Malaysia, we partnered YNH Property, a property firm listed on the Malaysian stock exchange, to jointly develop an office tower-cum-retail centre in Kuala Lumpur's Golden Triangle. We also went into a joint venture with Malaysian Resources Commercial Bhd and Quill Group of Companies to build an integrated development comprising residential, serviced apartment and ancillary retail components in KL Sentral, the nation's central transport hub.

Integrated Leisure, Entertainment and Conventions

In 2006, we created a new business unit, Integrated Leisure, Entertainment and Conventions (ILEC), to harness our experience, partner relationships and intellectual capital that were garnered in the course of bidding for Singapore's Marina Bay and Sentosa integrated resorts. We failed to secure the Singapore integrated resorts bids but were successful in acquiring a strategic 20% stake in Macao Studio City. It is Asia's first leisure resort property combining theatre, television and film production facilities, and retail, with gaming, entertainment and world-class hotels. Macao Studio City, located on a prime site along the Cotai area in Macau, is our first foray into this business. It will be developed together with our partners, Hong Kong-listed eSun Holdings, one of Asia's leading media and entertainment companies, and New Cotai LLC, a consortium of US-based investors. We intend to increase our ILEC business significantly in the coming years.

Financial Services

Over the years, we have built not only a reputation as a partner of choice for global funds but also a reputation for pushing the boundaries when setting up private funds. To date, we have 10 private funds and five Real Estate Investment Trusts (REITs) with assets under management of over S$14 billion, exceeding our previous target of S$13 billion. Our partners include leading institutional investors such as insurance companies, pension funds and corporations.

In 2006, we set up the US$600 million CapitaRetail China Development Fund, and the US$425 million CapitaRetail China Incubator Fund. We also launched

CapitaRetail SZITIC Jin Niu Mall, Chengdu

the US$250 million Malaysia Commercial Development Fund (MCDF) with Malaysia's largest banking group, Maybank Group. MCDF will be one of Malaysia's largest private real estate funds, with an expected gross development value of US$1 billion.

Our involvement in Shariah-compliant funds signals our intention to tap into the global Islamic finance market, which we have identified as an important source of international funds for the CapitaLand Group. We aim to participate in the heightened global demand for new Islamic financial products, which has a total market size predicted to potentially exceed US$1 trillion within the next decade.

In Japan, we signed an agreement with SAMTY to expand our real estate and capital management business, and to grow the asset pipeline for our Japan property funds. CapitaRetail Japan Fund acquired its fifth mall in Hokkaido while ARC-CapitaLand Residences Japan, a Shariah-compliant property vehicle, acquired five properties. We expect to treble our portfolio in Japan over the next three years.

Real Estate Investment Trusts

We pioneered the Real Estate Investment Trust (REIT) market in 2002 in Singapore, and continued to set the pace in 2006. We launched three REITs: Ascott Residence Trust (ART), the world's first pan-Asian serviced residence REIT; CapitaRetail China Trust (CRCT), Singapore's first pure-play China retail REIT; and the Quill Capita Trust (QCT) in Malaysia, our fifth REIT and our first REIT initial public offering outside of Singapore.

On the first day of trading, ART closed 69% higher than the preferential offer share price of S$0.68 per unit; CRCT closed 59% higher than its offer price of S$1.13 per unit; and Malaysia's QCT closed 17% higher than its retail offer price of RM0.84 per unit.

An enterprising aspect of all our REITs is ensuring a ready pipeline of yield-accretive assets to support sustainable distribution growth. Our plan is to have 10 listed REITs in Singapore and abroad.

Retail

We are one of the largest retail mall owners and operators in Asia and our portfolio continues to grow. We have been recognised for changing the retail landscape in Asia, with creative layout, better connectivity, interesting formats, nice ambience and a good tenant mix. To date, we are managing

55 malls spread across Singapore, China, India, Japan and Malaysia.

In Singapore, we are the largest owner and manager of malls. We are the retail development and property manager of VivoCity, Singapore's largest retail mall. We re-launched Clarke Quay as a premier 'must-see' tourist destination with world-class food and beverage outlets, entertainment and lifestyle riverfront precinct after an S$85 million refurbishment. To date, we own and/or manage 16 retail malls in Singapore and are looking to expand our portfolio further through strategic acquisitions. Orchard Turn, envisaged as an iconic retail destination in Asia, will provide shoppers with an engaging multi-sensory retail and entertainment experience that will redefine shopping on Orchard Road.

In China, we worked with partners like Shenzhen International Trust & Investment Co., Ltd (SZITIC), Wal-Mart, Beijing Hualian and Carrefour to realise our integrated retail mall business strategy of investing, managing and listing funds. We recently signed Memorandums of Understanding to acquire over 35 retail malls in various provinces across China, which will increase the number of retail malls we own or manage to over 70 malls. These agreements will also double our retail gross rentable area managed to over 3.2 million sq m in China.

In India, we partnered the largest listed retailer, Pantaloon Retail (India) Ltd. We are committed to invest up to US$75 million in Pantaloon's retail property fund, and established a 50-50 joint venture for retail and fund management businesses in the country. It is envisaged that our tie-up with Pantaloon will allow us to manage a portfolio of close to 50 quality retail malls located in key and secondary cities in the country within the next two to three years.

Serviced Residences

CapitaLand's serviced residence arm, The Ascott Group, is the largest international serviced residence owner-operator outside the US. Ascott has grown its global portfolio from 15,500 serviced residence units in 2005 to 18,500 units as at end-2006. It will continue to expand its presence in existing markets and take advantage of growth opportunities in new frontiers, including emerging markets like Russia and the Gulf Co-operation Council states to achieve its target of 25,000 units.

During the year, Ascott entered new markets such as India, Bahrain and Qatar. Ascott signed a master development agreement (MDA) with The Rattha Group, an Indian company in the field of exports, infrastructure development and leasing, to acquire and develop seven properties in four southern states in India by 2010. In the Gulf Co-operation Council region, Ascott signed an MDA with the Bahrain-based Addax Investment Bank to launch at least 15 serviced residences across the Middle East and North Africa.

Ascott also expanded its presence in Greater China, which includes Hong Kong, to over 3,600 units in 19 properties. Ascott enlarged its presence in Thailand through its joint venture with Thailand's Thakral family. In Japan, it continued to have a strong ongoing partnership with Mitsubishi Estate Co., Ltd, one of Japan's largest real estate developers.

Closer home, Ascott acquired the landmark Asia Insurance Building to transform it into its flagship property in Singapore, to be named Ascott Singapore Raffles Place. It also successfully launched Ascott Residence Trust to unlock significant shareholder value. Ascott's global portfolio of three internationally recognised brands – Ascott, Somerset and Citadines – spans 46 cities across 20 countries as at end-2006.

Looking Ahead: 2007 and Beyond

Looking ahead, we are confident that our initiatives and programmes will position us to ride the many opportunities arising from Asia's economic growth, urbanisation and growing affluence. We have a strong balance sheet and a management team with proven execution capabilities. We remain focused on our 2010 vision to be a world-class, entrepreneurial, prosperous and lasting company, ranked among the top five real estate companies in Asia, and a leader in innovative real estate products and services.

Singapore is experiencing a dramatic transformation in the private residential, office, retail, entertainment and hospitality property segments. The same positive macro drivers are also seen in the region. Our successful multi-local growth strategies in Singapore, China and Australia will be replicated in other gateway cities. Moreover, we will capitalise on our strong brand position in many Asian

Looking ahead, we are confident that our initiatives and programmes will position us to ride the many opportunities arising from Asia's economic growth, urbanisation and growing affluence. We have a strong balance sheet and a management team with proven execution capabilities.

The Group-level Corporate Social Responsibility (CSR) unit was set up to reiterate our commitment as a responsible developer to our stakeholders, and is a department that administers the CapitaLand Hope Foundation, spearheads CSR initiatives, and champions group-wide environmental consciousness.

countries and cities, and will explore opportunities in emerging markets and oil-rich countries like Russia, Kazakhstan and the Gulf Co-operation Council states.

The Asian REIT market (including Japan) is expected to grow from US$43.7 billion to more than US$400 billion in the next two decades. We can capitalise on this and grow our REIT portfolio as we have pole position in the REIT market and are well-regarded as a partner of choice in the region. We envisage our assets under management, which includes REITs and private funds, to reach S$18 billion by 2007.

We will continue to expand our retail mall footprint in Singapore and abroad. More importantly, we will continually create and refresh our malls to be living, vibrant and integrated communities for shoppers and tenants. In the commercial sector, we see tremendous growth potential for the integrated leisure, entertainment and conventions business. There will be more projects like Macao Studio City to cater to the region's growing leisure, lifestyle and entertainment needs.

To hone our competitive edge and stay ahead of the competition, we initiated three major corporate development programmes: ICE, CLIMB and CSR. The ICE movement, an acronym for Innovation, Creativity and Entrepreneurship, is a programme aimed at injecting these qualities into our corporate DNA to empower all staff to compete in the global arena. CLIMB stands for CapitaLand Institute of Management and Business and is an in-house institute created to cater to our employees' learning needs, ensure international management and business training, as well as to align staff to the Group's core values.

Emphasising Social Responsibility

The Group-level Corporate Social Responsibility (CSR) unit was set up to reiterate our commitment as a responsible developer to our stakeholders, and is a department that administers the CapitaLand Hope Foundation, spearheads CSR initiatives, and champions Group-wide environmental consciousness. A Green Committee, comprising representatives across different business units, was established to spearhead all environment initiatives within the Group. One key project is to ensure that CapitaLand buildings are eco-friendly.

2006 has been a highly successful year because of the strong and confident guiding hands of a very distinguished Board of Directors. We want to acknowledge the invaluable contributions from outgoing Board Director Mr Andrew Buxton. At the same time, we welcome Professor Kenneth Courtis to our Board, and look forward to his guidance in the years ahead.

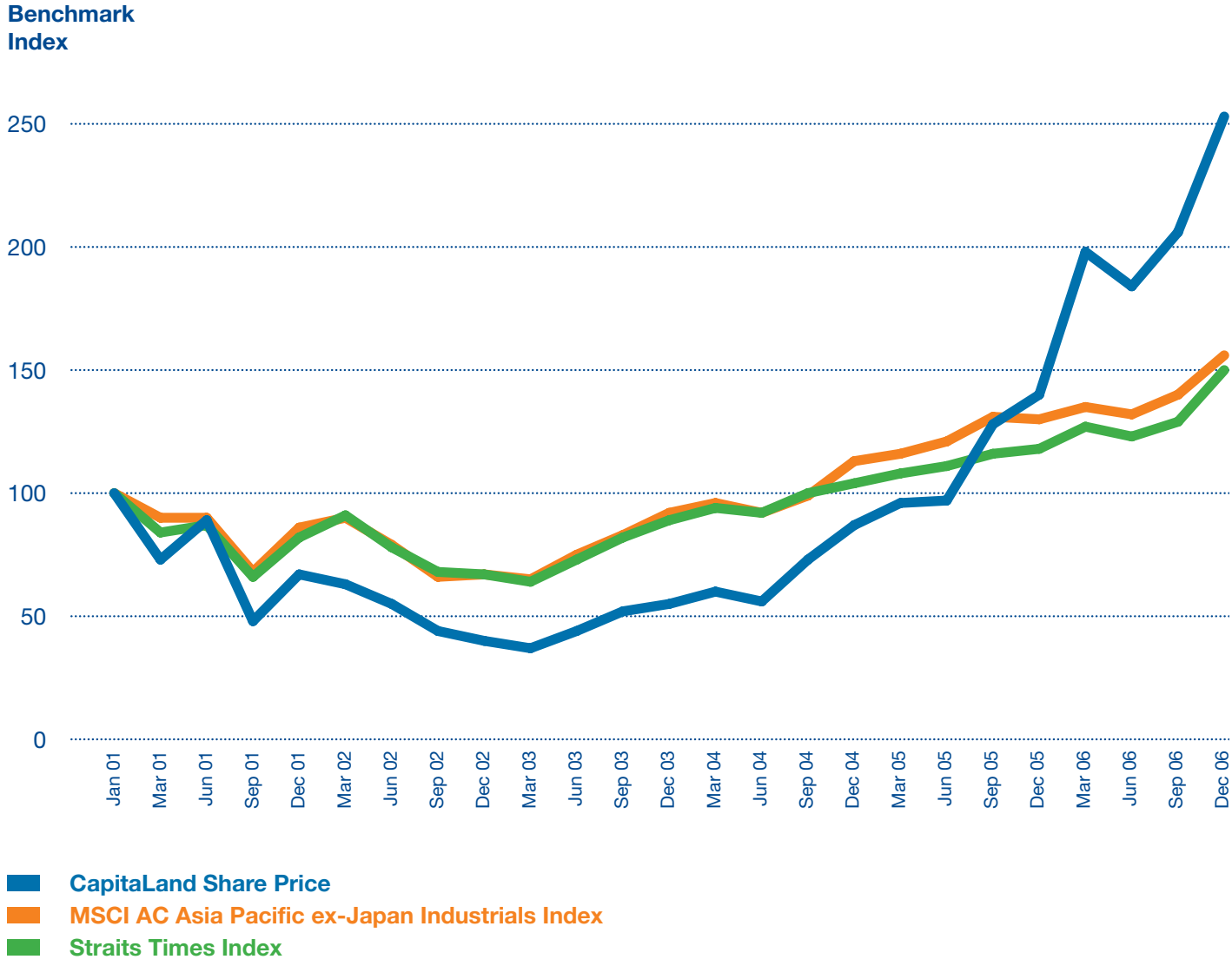
To all staff, shareholders, business partners and associates, on behalf of the management and Board of Directors, we thank you all for your continued commitment and support of the CapitaLand Group.

Dr Hu Tsu Tau
Chairman

Liew Mun Leong
President and CEO

28 February 2007

6-Year Share Price Performance



Financial Highlights

Record Profits, Higher Returns

DATE 0 9 0 1 0 7
D D M M Y Y

PAY CASH

OR BEARER

SINGAPORE DOLLARS

EIGHTEEN BILLION EXACTLY

MARKET CAPITALISATION

S$ 18,000,000,000.00

BUILDING FOR PEOPLE TO BUILD PEOPLE

CapitaLand

Cheque No. 168168168168 Bank/Branch No. 181818181818 Account No. 168168168168

- Profit Attributable to Shareholders: S$1.02 billion — Up 36%
- Earnings Per Share: 36.8 cents — Up 30%
- Earnings Before Interest and Tax (EBIT): S$1.82 billion — Up 112%
- Return on Shareholders' Funds: 14.5% — Up 16%
- Shareholders' Funds: S$7.4 billion — Up 11%
- Total Assets: S$20.6 billion — Up 14%
- Assets Under Management: S$14.3 billion — Up 68%

Financial Calendar

Financial year ended 31 December 2006

Announcement of First Quarter Results	10 May 2006
Announcement of Half-year Results	3 August 2006
Announcement of Third Quarter Results	9 November 2006
Announcement of Full-year Results	14 February 2007
Annual General Meeting	27 April 2007
Books Closure Dates	14 May 2007 to 16 May 2007 (both dates inclusive)
Proposed Payment of 2006 Final Dividend and Special Dividend	28 May 2007

Financial year ending 31 December 2007

Proposed Announcement of First Quarter Results	April 2007
Proposed Announcement of Half-year Results	July 2007
Proposed Announcement of Third Quarter Results	October 2007
Proposed Announcement of Full-year Results	February 2008












(First row from left) **Dr Hu Tsu Tau** *Chairman* **Mr Hsuan Owyang** *Deputy Chairman* **Mr Liew Mun Leong** *President and Chief Executive Officer*

in order of date of appointment:

(Second row from left) **Mr Lim Chin Beng** *Director* **Mr Jackson Peter Tai** *Director* **Mr Peter Seah Lim Huat** *Director*

(Third row from left) **Mr Richard Edward Hale** *Director* **Professor Robert Henry Edelstein** *Director* **Dr Victor Fung Kwok King** *Director*

(Fourth row from left) **Mr James Koh Cher Siang** *Director* **Mrs Arfat Pannir Selvam** *Director* **Professor Kenneth Stuart Courtis** *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 28 April 2006. He is also Chairman of CapitaLand's Investment Committee.

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

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

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

Mr Hsuan Owyang
Deputy Chairman

Mr Hsuan Owyang, a Non-Executive Independent Director, joined the CapitaLand Board on 20 November 2000 and was elected Deputy Chairman on the same day. He was last re-appointed as Director at CapitaLand's Annual General Meeting on 28 April 2006.

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

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

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

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

Mr Liew Mun Leong
President and Chief Executive Officer

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

Mr Liew is Chairman of CapitaLand Residential Limited, CapitaLand Commercial and Integrated Development Limited and CapitaLand Retail Limited. He is Deputy Chairman of CapitaLand Financial Limited, The Ascott Group Limited (a subsidiary of CapitaLand listed on the SGX-ST) as well as the Deputy Chairman of CapitaMall Trust Management Limited (the manager of CapitaMall Trust, the first real estate investment trust listed on SGX-ST), CapitaCommercial Trust Management Limited (the manager of CapitaCommercial Trust listed on SGX-ST), CapitaRetail China Trust Management Limited (the manager of CapitaRetail China Trust listed on SGX-ST) and Ascott Residence Trust Management Limited (the manager of Ascott Residence Trust listed on SGX-ST).

He is also a Director of CapitaLand Hope Foundation, the Group's philanthropic entity.

Mr Liew has more than 30 years of experience in construction and real estate in Singapore and overseas. He has participated in a number of public sector infrastructural development projects in Singapore, including the development and construction of Changi International Airport. For five years, he was CEO of Singapore Institute of Standards and Industrial Research (SISIR), a statutory board responsible for national standards and industrial research and development to support the manufacturing industry in Singapore. Later, he headed a regional public listed engineering and construction company, headquartered in Singapore.

Mr Liew was elected the President of International Organisation for Standarisation (ISO) from 1997 to 1998. In 2006, he was named Outstanding CEO of the Year in the Singapore Business Awards. He currently chairs the Civil Aviation Authority of Singapore (CAAS).

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

Mr Lim Chin Beng
Director

Mr Lim Chin Beng, a Non-Executive Independent Director, joined the CapitaLand Board on 23 February 1998 and was last re-appointed as Director at CapitaLand's Annual General Meeting on 28 April 2006. Mr Lim is also the Chairman of CapitaLand's Executive Resource and Compensation Committee and Nominating Committee.

Currently, Mr Lim is the Chairman of The Ascott Group Limited, CapitaLand Hope Foundation and Singapore Airshow Pte Ltd. He sits on the Boards of StarHub Ltd (listed on SGX-ST) and Pontiac Land Pte Ltd. Mr Lim is also Chairman of Pontiac Land's Audit Committee and a Member of the Public Service Commission.

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 the Chairman of Singapore Tourism Board from 1985 to 1989. Between 1991 to 1997, Mr Lim was Singapore's Ambassador to Japan.

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

Mr 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 28 April 2006. In addition, Mr Jackson Tai is a Member of CapitaLand's Investment Committee and Finance and Budget Committee.

Currently, Mr Tai is Vice Chairman and Chief Executive Officer of DBS Group Holdings (listed on SGX-ST) and DBS Bank, and also Chairman of the DBS Group Holdings' Management Committee. He is a Member of Bloomberg Asia-Pacific's Advisory Board.

Prior to joining DBS Bank, Mr Tai was a Managing Director of J P Morgan & Co's Investment Banking Division. Mr Tai was previously a Director of Singapore Telecommunications Limited and Jones Lang LaSalle.

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

Mr Peter Seah Lim Huat
Director

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

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

Mr Peter Seah is a Director of Chartered Semiconductor Manufacturing Ltd, STATS ChipPAC Ltd and Starhub Ltd (all listed on SGX-ST) as well as Asia Financial Holdings

Pte Ltd, EDB Investments Pte Ltd and Siam Commercial Bank Public Company Limited. He sits on the Boards of Government of Singapore Investment Corporation Pte Ltd and GIC Special Investments Private Limited, and is a Member of Defence Science and Technology Agency. He is also the Honorary Treasurer of the Singapore Business Federation Council and Vice President of Singapore Chinese Chamber of Commerce & Industry.

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

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

Mr Richard Edward Hale
Director

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

Mr Hale sits on the Board of The Ascott Group Limited and is Chairman and Member of its Nominating Committee and Executive Resource and Compensation Committee, respectively. He is also the Chairman of CapitaCommercial Trust Management Limited.

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

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

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

Professor Robert Henry Edelstein
Director

Professor Robert Edelstein, a Non-Executive Independent Director, joined the CapitaLand Board on 5 May 2005, and was re-elected as Director at CapitaLand's Annual General meeting on 28 April 2006.

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

Professor Edelstein is currently Professor and Co-Chairman of the Fisher Center for Real Estate and Urban Economics. He joined the University of California in 1985. He also serves on the editorial boards of Journal of Housing Economics, International Real Estate Review, Journal of Property Research & the Journal of Real Estate Research.

He has been President of the American Real Estate & Urban Economics Association and has served on the Board of Directors of the American Real Estate & Urban Economics Association. He is a member of the Board of Directors for the Asian Real Estate Society.

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

Dr Victor Fung Kwok King
Director

Dr Victor Fung, a Non-Executive Independent Director, joined the CapitaLand Board on 5 May 2005, and was re-elected as Director at CapitaLand's Annual General Meeting on 28 April 2006. He was previously a Member of CapitaLand's International Advisory Panel.

Dr Fung is presently the Group Chairman of the Li & Fung Group of companies. He is Vice-Chairman of the International Chamber of Commerce from January 2007. He is also Chairman of the Greater Pearl River Delta Business Council, the Hong Kong Airport Authority, Hong Kong University Council and the Hong Kong – Japan Business Co-operation Committee. 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, PCCW Ltd, Orient Overseas (International) Ltd, and Sun Hung Kai Properties Ltd in Hong Kong, and the Baosteel Group Corporation in the People's Republic of China.

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

Mr James Koh Cher Siang
Director

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

Mr Koh is presently the Chairman of Singapore Deposit Insurance Corporation Limited and Deputy Chairman of Housing & Development Board and National Kidney Foundation. He sits on the Boards of Singapore Airlines Limited, United Overseas Land Ltd and Hotel Plaza Limited, companies listed on the SGX-ST. He is also a Director of CapitaLand Hope Foundation and 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 of National Development, (the then) Ministry of Community Development, and Ministry of Education. Mr Koh has substantial experience in public administration having served in the Ministries of Finance, National Development, Community Development, Education and the Prime Minister's Office. He was awarded the Public Administration Medal (Gold) in 1983 and the Meritorious Service Medal in 2002.

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

Mrs Arfat Pannir Selvam
Director

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

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

Mrs Selvam is currently on the Boards of the Accounting and Corporate Regulatory Authority (ACRA) and Singapore Health Services Pte Ltd. She was also a Member of the Senate of the Academy of Law and the Board of Legal Education. Mrs Selvam served as President of the Law Society of Singapore in 2003.

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

Professor Kenneth Stuart Courtis
Director

Professor Kenneth Courtis, a Non-Executive Independent Director, joined the CapitaLand Board on 14 February 2007. He is a Member of CapitaLand's International Advisory Panel.

Professor Courtis is the Founding Chairman of Next Capital Partners. He was the former Managing Director and Vice Chairman of Goldman Sachs Asia, and the former Managing Director, Chief Economist and Strategist of Deutsche Bank Group Asia. He was also a Director of CNOOC Ltd, Hong Kong.

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 centered 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 earned a Master of Business Administration from INSEAD (the European Institute of Business Administration), and received a Doctorate with honours and high distinction, from l'Institut d'Etudes Politiques, Paris.

Corporate Directory

Board of Directors

Dr Hu Tsu Tau
Chairman

Hsuan Owyang
Deputy Chairman

Liew Mun Leong
President and CEO

in order of date of appointment:

Lim Chin Beng
Jackson Peter Tai
Peter Seah Lim Huat
Richard Edward Hale
Professor Robert Henry Edelstein
Dr Victor Fung Kwok King
James Koh Cher Siang
Arfat Pannir Selvam
Professor Kenneth Stuart Courtis
(from 14 February 2007)

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)*
Hsuan Owyang *(Deputy Chairman)*
Liew Mun Leong
Jackson Peter Tai
Olivier Lim Tse Ghow

Executive Resource and Compensation Committee

Lim Chin Beng *(Chairman)*
Hsuan Owyang
Peter Seah Lim Huat

Nominating Committee

Lim Chin Beng *(Chairman)*
Hsuan Owyang
Liew Mun Leong
Peter Seah Lim Huat
Arfat Pannir Selvam

Finance and Budget Committee

Hsuan Owyang *(Chairman)*
Liew Mun Leong
Jackson Peter Tai
Olivier Lim Tse Ghow

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

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
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
- Bank of Tokyo-Mitsubishi UFJ, Ltd
- BNP Paribas
- Calyon
- Citibank N.A.
- Commonwealth Bank of Australia
- DBS Bank Ltd
- Hang Seng Bank Limited
- 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 Hongkong and Shanghai Banking Corporation Limited
- The Royal Bank of Scotland plc
- United Overseas Bank Limited
- Westpac Banking Corporation

International Advisory Panel

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

The IAP is chaired by Mr Philip Yeo and has eight members, comprising industry leaders and chief executives of global corporations from Asia, Europe and the US.

The members of the CapitaLand IAP are:

Mr Philip Yeo
Chairman
Agency for Science, Technology and Research

Sir Alan Cockshaw
Chairman
Cibitas Investments Limited
HPR Holdings Limited

Prof Kenneth Courtis
Former Managing Director and Vice Chairman
Goldman Sachs Asia
Former Managing Director, Chief Economist and Strategist
Deutsche Bank Group Asia

Mr Jan D. Doets
Consultant
J. D. Doets Consult B.V.

Dr Fu Yu Ning
Director and President
China Merchants Group Limited

Mr Aman Mehta
Chief Executive Officer (Retired)
The Hongkong and Shanghai Banking Corporation

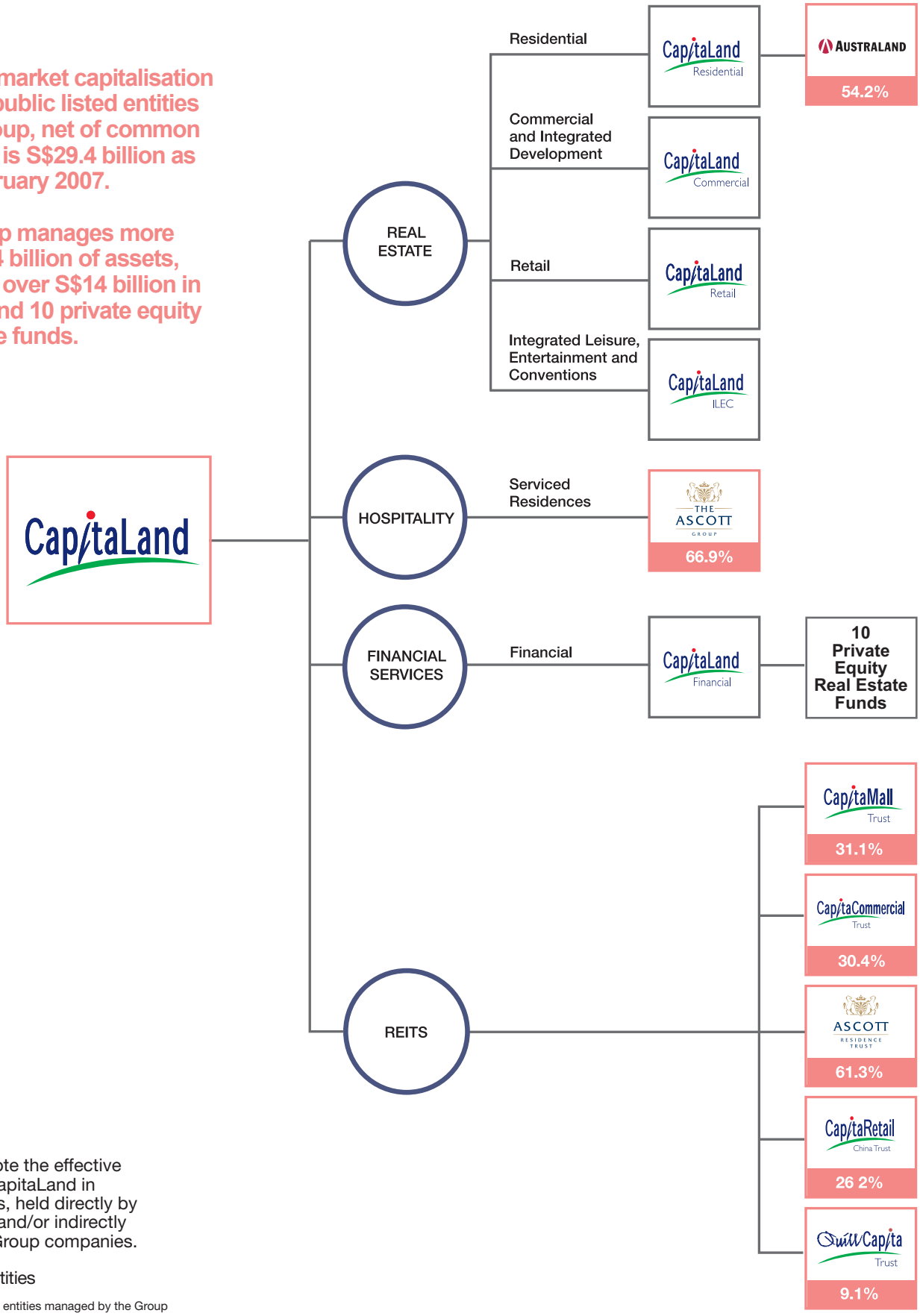
Tan Sri Dr Ahmad Tajuddin Bin Ali
Chairman
Zelan Berhad

Ms Marjorie Yang
Chairman
Esquel Group

Group Businesses

The total market capitalisation of the 8* public listed entities in the Group, net of common holdings, is S$29.4 billion as at 28 February 2007.

The Group manages more than S$34 billion of assets, including over S$14 billion in 5 REITs and 10 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

Council of CEOs

CORPORATE OFFICE

Mr Liew Mun Leong
President and CEO, CapitaLand Group

Mr Liew Mun Leong is President and CEO of CapitaLand Group. Concurrently, he is Chairman of CapitaLand Residential Limited, CapitaLand Commercial and Integrated Development Limited and CapitaLand Retail Limited. He is Deputy Chairman of CapitaLand Financial Limited, The Ascott Group Limited, as well as the Deputy Chairman for CapitaMall Trust Management Limited, CapitaCommercial Trust Management Limited, CapitaRetail China Trust Management Limited and Ascott Residence Trust Management Limited. He is also a Director of CapitaLand Hope Foundation. Mr Liew also chairs the Civil Aviation Authority of Singapore (CAAS).

Mr Liew graduated from the University of Singapore with a Civil Engineering degree in 1970 and is a registered professional civil engineer. In 2006, he was named Outstanding CEO of the Year in the Singapore Business Awards.

Mr Kee Teck Koon
Chief Investment Officer, CapitaLand Limited

Mr Kee Teck Koon is the Chief Investment Officer of CapitaLand Limited. Concurrently, he is the Deputy Chairman of CapitaLand Commercial and Integrated Development Limited, CapitaLand Retail Limited and CapitaLand Financial Limited. He is also a Director of CapitaMall Trust Management Limited, CapitaCommercial Trust Management Limited, CapitaRetail China Trust Management Limited and The Ascott Group Limited.

Prior to this, Mr Kee led various strategic business units within the Group, including CapitaLand Commercial Limited, CapitaLand Financial Limited and The Ascott Group Limited.

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

Mr Tham Kui Seng
Chief Corporate Officer, CapitaLand Limited

Mr Tham Kui Seng is the Chief Corporate Officer of CapitaLand Limited. He is also Chairman of Australand.

He was formerly the CEO of CapitaLand Residential Limited.

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

Mr Olivier Lim
Chief Financial Officer, CapitaLand Limited

Mr Olivier Lim is the Chief Financial Officer of CapitaLand Limited. He is also a Director of CapitaMall Trust Management Limited, CapitaCommercial Trust Management Limited and CapitaRetail China Trust Management Limited, and an Alternate 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 17 years of work experience in diverse areas including corporate banking, investment banking and real estate financial products.

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

Ms Jennie Chua
Chief Strategic Relations Officer, CapitaLand Limited

Ms Jennie Chua is the Chief Strategic Relations Officer of CapitaLand Limited. She is also a Director of The Ascott Group Limited. Ms Chua was President and CEO of Raffles Holdings Limited, till January 2007.

She is Chairman of the Community Chest, Singapore Film Commission, International Advisory Council For Tourism, Tourism Industry Skills & Training Council and Sentosa Cove. She also serves on the Boards of several companies, statutory boards and government committees, both local and international. She was appointed Justice of the Peace in September 2005, and Non-Resident Ambassador to The Slovak Republic in February 2007.

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

Council of CEOs

RESIDENTIAL

Mr Lui Chong Chee
CEO, CapitaLand Residential Limited

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

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

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

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

Mr Brendan Crotty
Managing Director, Australand

Mr Brendan Crotty is the Managing Director of Australand. He joined the company in 1977 where he held a number of management positions. Prior to this, Mr Crotty held senior positions in a property development company and was a partner in a professional firm of surveyors, town planners and civil engineers.

Mr Crotty holds tertiary qualifications in surveying, town planning and business administration, and has attended courses at IMEDE and the Stanford Business School. He is a Fellow of the Australian Property Institute and the Australian Institute of Company Directors, and also a Member of the Planning Institute of Australia.

Mr Lim Ming Yan
CEO, CapitaLand China Holdings Pte Ltd;
CEO, CapitaLand Financial Limited (Real Estate Capital Management-China Development)

Mr Lim Ming Yan is the CEO of CapitaLand China Holdings Pte Ltd and CEO of CapitaLand Financial Limited (Real Estate Capital Management-China Development), responsible for the Group's real estate development, investment, and financial operations in China. He was awarded the Magnolia Award by the Shanghai Municipal Government in 2003 and 2005. He was also named Outstanding Chief Executive (Overseas) at the Singapore Business Awards 2007.

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

Mr Chen Lian Pang
CEO, Southeast Asia, CapitaLand Residential Limited;
CEO and Managing Director, T.C.C. Capital Land Limited

Mr Chen Lian Pang is the CEO of Southeast Asia for CapitaLand Residential Limited, responsible for the company's operations in Thailand, Vietnam and Malaysia. He is concurrently CEO and Managing Director of T.C.C. Capital Land Limited, CapitaLand's joint venture company with T.C.C Land in Thailand. He has more than 20 years of construction and real estate experience in both Singapore and overseas.

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

COMMERCIAL AND INTEGRATED DEVELOPMENT

Mr Martin Tan

CEO, CapitaLand Commercial and Integrated Development Limited;
CEO, CapitaLand Financial Limited (Real Estate Capital Management-Commercial and Integrated Development)

Mr Martin Tan is the CEO of CapitaLand Commercial and Integrated Development Limited and CapitaLand Financial Limited (Real Estate Capital Management-Commercial and Integrated Development). He is also a Director of CapitaCommercial Trust Management Limited and Quill Capita Management Sdn Bhd.

Mr Tan was formerly the CEO of CapitaCommercial Trust Management Limited.

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

Mr David Tan

CEO, CapitaCommercial Trust Management Limited

Mr David Tan is the CEO of CapitaCommercial Trust Management Limited, which manages CapitaCommercial Trust, the first and largest commercial REIT by total assets under management and market capitalisation (as at 31 December 2006) in Singapore. He is also the Deputy CEO of CapitaLand Commercial and Integrated Development Limited.

Prior to this, Mr Tan was Senior Vice President and Head of Listings at Singapore Exchange Limited.

Mr Tan holds a Master of Law from the University of Cambridge, UK.

RETAIL

Mr Pua Seck Guan

CEO, CapitaLand Retail Limited;
CEO, CapitaLand Financial Limited (Real Estate Capital Management-Retail);
CEO, CapitaMall Trust Management Limited

Mr Pua Seck Guan is the CEO of CapitaLand Retail Limited and CapitaLand Financial Limited (Real Estate Capital Management-Retail). Concurrently, he is the CEO of CapitaMall Trust Management Limited, which manages CapitaMall Trust, the first and largest listed REIT by market capitalisation and asset size (as at 31 December 2006) in Singapore. Mr Pua is also a Director of CapitaRetail China Trust Management Limited.

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

Mr Lim Beng Chee

CEO, CapitaRetail China Trust Management Limited;
Chief Investment Officer, CapitaLand Retail Limited

Mr Lim Beng Chee is the CEO of CapitaRetail China Trust Management Limited, which manages CapitaRetail China Trust, the first pure-play China retail REIT listed in Singapore. Concurrently, Mr Lim is the Chief Investment Officer of CapitaLand Retail Limited.

Prior to this, Mr Lim was the Deputy CEO of CapitaMall Trust Management Limited.

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, UK.

Council of CEOs

INTEGRATED LEISURE, ENTERTAINMENT AND CONVENTIONS (ILEC)

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

Mr Wong Heang Fine is the CEO of CapitaLand ILEC Pte. Ltd.

Prior to this, Mr Wong was President and CEO of SembCorp Engineers and Constructors, the largest engineering and construction company in Southeast Asia.

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

FINANCIAL

Mr Wen Khai Meng
CEO, CapitaLand Financial Limited

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

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

Mr Chan Say Yeong
CEO, Quill Capita Management Sdn Bhd

Mr Chan Say Yeong is the CEO of Quill Capita Management Sdn Bhd, which manages Quill Capita Trust, CapitaLand's first overseas-listed REIT.

Prior to this, he was a Managing Director of CapitaLand Financial Limited and based in Malaysia.

Mr Chan holds a Bachelor of Accountancy from the National University of Singapore.

SERVICED RESIDENCES

Mr Cameron Ong
Managing Director and CEO, The Ascott Group Limited

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

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

Mr Chong Kee Hiong
CEO, Ascott Residence Trust Management Limited

Mr Chong Kee Hiong is the CEO of Ascott Residence Trust Management Limited, the manager of Ascott Residence Trust, the world's first pan-Asian serviced residence REIT. He is also the Deputy CEO (Finance & Investment) of The Ascott Group Limited.

Prior to this, he was the Chief Financial Officer of Raffles Holdings Limited.

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

Corporate Office

Liew Mun Leong
President and CEO

Kee Teck Koon
Chief Investment Officer

Tham Kui Seng
Chief Corporate Officer

Olivier Lim
Chief Financial Officer

Jennie Chua
Chief Strategic Relations Officer

Lai Choon Hung
Deputy Chief Corporate Officer

In alphabetical order according to family name as indicated in colour:

Boaz Boon
Senior Vice President
Research

Monica Chia
Senior Vice President
Internal Audit

Anna Choo
Senior Vice President
Treasury

Belinda Gan
Group Financial Controller

Hubert Ladstatter
Senior Vice President
Risk Assessment

Rita Lau
Senior Vice President
Corporate Planning

Sylvia Lee
Senior Vice President
Human Resource

Low Sai Choy
Senior Vice President
Legal/Company Secretary

Basskaran Nair
Senior Vice President
Corporate Communications

Lynda Wee
Senior Vice President and Principal
CapitaLand Institute of Management and Business

Harold Woo
Senior Vice President
Investor Relations

In alphabetical order according to family name as indicated in colour:

Baey Yam Keng
Vice President
Corporate Marketing
Corporate Social Responsibility

Chye Moi June
Head
Group Tax

Lim Soo Gee
Vice President
Security Management

Jeremy Soh
Vice President
InfoNet

Corporate Governance

Overview

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

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

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

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

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

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

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

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

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

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

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

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

Corporate Governance

Report for the period 1 January to 31 December 2006

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 policies and practices to meet its specific business needs and to provide a solid foundation for a trusted and respected business enterprise. We remain focused on the substance and spirit of the Principles of the Code while achieving operational excellence and delivering on the Group's long term strategic objectives.

This Report on our corporate governance arrangements for financial year 2006 ("Report") discusses our application of good governance principles in building a company committed to integrity, excellence and its people. The application is underpinned by sound systems of internal controls and accountability, which will help to promote and drive long term sustainable growth and shareholder value.

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

(A) BOARD MATTERS

Principle 1: Board's Conduct of 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. Together and individually, in the course of deliberations, the directors are obliged to act in good faith and consider at all times the interests of the Company.

The key roles of our Board are to:

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

The Board currently comprises 12 directors, of whom 11 are non-executive directors. They are business leaders and professionals with governmental, financial, banking, tax, trading, real estate, transport and legal background. Profiles of the directors are found on page 27 of this Report.

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

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

The Board meets regularly to review the key activities and business strategies of the Group, at least once every quarter, and as required by business imperatives. The Board deliberates on strategic policies of the Group, including significant acquisitions and divestments, approving the annual budget, reviewing the performance of the Group's businesses, and approving the release of the quarterly, half-yearly and full-year results. The Audit Committee is delegated the authority by the Board to review such results. A total of five Board meetings was held in 2006.

A matrix of the Board members' participation in the various Board committees is set out on page 49 of this Report. This reflects each Board member's additional responsibilities and special focus on the respective Board committees.

We believe in the manifest contribution of our directors beyond attendance at formal Board and Board committee meetings. CapitaLand's directors who are all professionals with diverse experience are able to provide proper guidance on the strategic direction of the Group's businesses. To judge a director's contribution based on his attendance at formal meetings alone would not do justice to his overall contribution, which includes being accessible to Management for guidance or exchange of views outside the formal environment of Board meetings. Each director brings experience and objective perspective which, together with strategic networking relationships, serve to further the interests of the Group.

The Board has adopted a set of internal controls which sets out approval limits for capital expenditure, investments and divestments, bank borrowings and 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 provided with a formal letter setting out the director's duties and obligations. Directors are also provided with relevant information on the Company's policies and procedures relating to corporate conduct and governance including disclosure of interests in securities, prohibitions on dealings in the Company's securities, restrictions on disclosure of price sensitive information and the disclosure of interests relating to certain property transactions.

Principle 2: Board Composition and Guidance

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

This composition of the Board enables Management to benefit from their external, diverse and objective perspective on issues brought before the Board. It also enables the Board to interact and work with Management through a robust exchange of ideas and views to help shape the strategic process. This, together with a clear separation of the role of the Chairman and the CEO, provides a healthy professional relationship between the Board and Management with clarity of roles, broad overview and robust deliberation on the business activities of the Group.

The Nominating Committee considers Mr Jackson Peter Tai as an independent non-executive director notwithstanding his relationship with the Company in respect of Guidance Note 2.1(d) of the Code. Mr Tai is the Chief Executive Officer of DBS Bank which has rendered professional services to the Group in fees aggregating more than $200,000 in the Year 2006. He is regarded by the Nominating Commitee as an independent director as he is able to exercise strong independent judgment in his deliberations in the interests of the Company. He maintains a high standard of conduct, care and duty, and observes the ethical standards of his profession, and is most conscious of the need to disclose any conflict of interests arising from his other engagements.

The Board is supported by Board committees to provide independent supervision of Management. These Board committees are the Audit Committee ("AC"), Executive Resource and Compensation Committee ("ERCC"), Finance and Budget Committee ("FBC"), Investment Committee ("IC"), Corporate Disclosure Committee ("CDC"), Nominating Committee ("NC") and Risk Committee ("RC"). The AC, ERCC and RC are made up of independent or non-executive directors. Other committees may be formed as dictated by business imperatives.

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

Principle 3: Chairman and Chief Executive Officer

The roles and responsibilities between the Chairman and the President and CEO are held by separate individuals. The non-executive Chairman, Dr Hu Tsu Tau, is responsible for the Board and 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 regular Board meetings as and when required, 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 compliance with corporate governance guidelines.

Principle 4: Board Membership

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

The NC comprises Mr Lim Chin Beng as the Chairman (appointed as Chairman on 9 October 2006), Mr Hsuan Owyang, Mr Liew Mun Leong, Mr Peter Seah Lim Huat and Mrs Arfat Selvam (appointed on 9 October 2006).

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. These include the identification of suitable candidates for appointments in the Group. Such candidates should be able to value add to Management through their contributions in the relevant strategic business areas and in the constitution of strong and diverse boards. In particular, the NC reviews and recommends:

- Candidates to be 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").

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

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

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

A more important consideration is that the Board, through the NC, had ensured from the outset the requisite blend of background, experience and knowledge in technology, business, finance and management skills critical to the Group's businesses. It has from the outset ensured that each director with his special contribution brings to the Board an independent and

objective perspective to enable balanced and well-considered decisions to be made.

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

Principle 6: Access to Information

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

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

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

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

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

(B) REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies

Principle 8: Level and Mix of Remuneration

Principle 9: Disclosure on Remuneration

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

The ERCC members comprise Mr Lim Chin Beng as the Chairman (appointed as Chairman on 9 October 2006), Mr Hsuan Owyang and Mr Peter Seah Lim Huat.

All the members of the ERCC are non-executive directors with 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 aim is to build capable and committed management teams, through competitive compensation, focused management, and progressive policies which can attract, motivate and retain a pool of talented executives to meet the current and future growth of the Company.

Specifically, the ERCC will:

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

The ERCC conducts, on an annual basis, a succession planning review of

the President and CEO and selected key positions in the Company. Potential internal and external candidates for succession are reviewed in the light of immediate, medium term and longer term needs.

The ERCC has access to expert professional advice on human resource matters whenever there is a need to consult externally. In its deliberations, the ERCC takes into consideration industry practices and norms in compensation. The President and CEO is not present during the discussions relating to his own compensation and terms and conditions of service, and the review of his performance. The President and CEO will be in attendance when the ERCC discusses policies and compensation of his senior team and key staff, as well as major compensation and incentive policies such as share options, performance share plan and restricted stock plan framework for bonus, staff salary and other incentive schemes. Two meetings of the ERCC were held in 2006.

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

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

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

We have shown a Group-wide cross-section of executives' remuneration by number of employees from S$500,000 upwards in bands of S$250,000 in the Other Information Section, in lieu of naming the top five key executives who are not also directors of the Company. This gives a macro perspective of the remuneration pattern in the Group, while maintaining confidentiality of staff remuneration matters. In view of the numbers involved, it is not practicable to give a breakdown of each individual's remuneration.

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

Details of the employee share schemes are given in the Directors' Report on Page 136.

(C) ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

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

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

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

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

Principle 11: Audit Committee

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

The AC consists of three directors. Mr Richard Edward Hale, Chairman of the AC, is an independent director. The other members of the AC are

independent directors, Mr James Koh Cher Siang and Mrs Arfat Selvam (appointed on 2 January 2006). 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, half-yearly and annual financial statements and the appointment and re-appointment of auditors before recommending them to the Board for approval. The AC also approves the compensation of the external auditors, as well as considers the nature and extent of non-audit services and their potential impact on the independence and objectivity of the external auditors. The AC also reviews arrangements by which staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and pursuant to this, AC has introduced a Whistle Blowing Policy where staff may raise improprieties to the AC Chairman.

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 2006. 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

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

The AC's responsibilities in the Group's internal controls are complemented by the work of the FBC, which inter alia reviews the Group Finance Manual, and the RC which oversees various aspects of controls and risk management of the Group. The activities of these committees are set out on page 47 of this Report. Based on the review of these committees, the Board, through the AC, is satisfied that there are adequate internal controls in place within the Group.

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

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

The Standards set by the IIA cover requirements on:

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

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

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

(D) COMMUNICATION WITH SHAREHOLDERS

Principle 14: Communication with Shareholders

Principle 15: Greater Shareholder Participation

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

CapitaLand's quarterly results for the 2006 financial year were all released on a timely basis, within 45 days of the end of the relevant quarter.

CapitaLand has won the "Most Transparent Property Company" given by the Securities Investors Association of Singapore ("SIAS") for six consecutive years from 2001 – 2006.

We continue, on a timely and consistent basis, to keep stakeholders and analysts informed of our corporate activities in Singapore and around the world. We communicate on an immediate basis as required under the 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 half-year 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 made 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 the past year, Senior Management conducted over 478 meetings with institutional investors. Management also participated in investor conferences in New York, Chicago, Denver, San Francisco, Los Angeles, Frankfurt, Amsterdam, London, Edinburgh and Hong Kong besides Singapore. In addition, CapitaLand pursues opportunities to keep its retail shareholders informed through the business media, website postings and other publicity channels.

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

BOARD COMMITTEES

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

Investment Committee

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

Since 2000, the Board had approved the Delegation of Authority to the various SBU Boards and raised the investment approval limits. Apart from convening five formal meetings of the IC in 2006, the views of the IC and Board were actively sought by the SBUs, and the approval of the IC obtained where appropriate.

Finance and Budget Committee

The FBC is chaired by Mr Hsuan Owyang and comprises Mr Liew Mun Leong, Mr Jackson Peter Tai and Mr Olivier Lim Tse Ghow, the Group Chief Financial Officer.

In 2006, the FBC met two 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 (appointed on 2 January 2006) as members. There were four meetings of the RC held in 2006.

The committee's role and functions are to:

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

Corporate Disclosure Committee

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

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

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 the period of two weeks before and up to the time of announcement of the results (quarterly, half-yearly and full-year).

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.

BOARD COMPOSITION AND COMMITTEES

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

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

Note

1 *Appointed as Chairman of Executive Resource and Compensation Committee and Nominating Committee on 9 October 2006.*

2 *Appointed as Director and Member of Audit Committee, Corporate Disclosure Committee and Risk Committee on 2 January 2006, and as Member of Nominating Committee on 9 October 2006.*

Risk Assessment and Management

CapitaLand's risk management process is not about risk minimisation but rather, risk optimisation or, taking the right amount of risk with the right return.

Even before CapitaLand was incorporated, its predecessors had already established some risk management methodologies and policies in the mid '90s. However, a comprehensive risk management framework was only rolled out Group-wide with the formation of CapitaLand in 2000. Supervision is provided by the three-member Risk Committee (RC), which was established in 2002. In 2006, it was chaired by independent board directors, Mr James Koh Cher Siang, Mr Richard Edward Hale, and Mrs Arfat Selvam, together with the Group President and CEO Mr Liew Mun Leong, and members of CapitaLand's senior management team. This group is assisted by an independent unit called the Risk Assessment Group (RAG).

The Risk Committee, the Group President and CEO, and senior management members meet on a quarterly basis to review the type and level of risks pertaining to the Group's portfolio of assets and liabilities.

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.

One of the reporting tools used is a generic Value-at-Risk (VaR) model that is a comprehensive risk measurement tool adapted from the banking world to measure the potential value deterioration of the Group's individual exposures based on a historical simulation method.

This is supplemented by stress testing and scenario analysis based on expert judgments on possible future event risks by risk and research experts. In addition, because of CapitaLand's global footprint, RAG has established a risk-adjusted system of determining country limits to aid management in their capital allocation strategy and manage country-transfer risk. This is based on the sovereign risk ratings by Moody's and Standard & Poor's for these countries.

RAG also employs a state-of-the-art comprehensive risk monitoring and measuring system for all contingent obligations undertaken by the Group. A contingent obligation risk registry has been set up where all contingent obligations arising from our treasury activities, commercial business dealings and legal suits against the Group are captured and updated on a regular basis. All these obligations are then objectively evaluated and subsequently priced according to established pricing tools like Monte Carlo Simulation, Binomial Tree Models simulation techniques, and based on independent expert opinions. A summary report is presented to the Risk Committee on a quarterly basis.

At the individual project level, all investment proposals above a stipulated value have to undergo an independent and comprehensive risk evaluation by RAG. Specific value drivers and all the potential risks for each proposal are identified and benchmarked in detail against objective market parameters and historical projects undertaken by the Group. Project improvement

structures to mitigate the risks are identified so as to systematically improve the risk-return profile.
To ensure that the potential returns commensurate with the risks undertaken, risk-adjusted target returns have been developed for the countries and business areas where the Group is active. This will ensure that every investment undertaken will create value for the shareholders on a risk-adjusted basis. A risk evaluation report is prepared and submitted to the respective business development team and senior management.

As a new initiative in 2006, RAG pioneered the concept of front loading the risk management process to front-office operations. Front loading of risk processes and controls aims to instill a risk awareness culture in the business development teams and equip them with the necessary skills and techniques to better manage the investment risks at the inception stage of the deal. This is to ensure that efficiency and optimisation of the overall risk-return relationship is achieved in every investment project.

In addition, a process has been institutionalised to allow RAG to share and pass on experiences learned from previous proposals. This is done through regular workshops where RAG presents to all business units the investment risk analysis, best practices, and lessons learned from past investment proposals.

CapitaLand's risk management process is not about risk minimisation but rather, risk optimisation or, taking the right amount of risk with the right return. With the help of established statistical risk analytical tools and existing real estate know-how, RAG is able to unbundle, price and package different property-related deal structures and securities so as to achieve a risk-optimal return structure for all transactions.

RAG has also adopted the Group's new Innovation, Creativity and Entrepreneurship (ICE) culture. This will allow RAG to break new ground in supporting business generation through the application of new financial risk management concepts and methods to the real estate industry.

RAG ensures that all levels of the organisation are clear about the risk-taking processes, are clearly accountable for reviewing the risks proactively and have a structured framework to communicate the risks across the decision-making chain. The result of the entire process is improved risk governance and increased shareholder value.

Innovation, Creativity, Entrepreneurship

ICE programmes tap on the creative energies, innovative spirit and enterprising mindset of all staff

CapitaLand believes that innovation, creativity and corporate entrepreneurship have played a critical role in its success so far and will become even more important in the future as the speed of change and competitiveness in the market place intensify.

CapitaLand firmly believes that innovation, creativity and corporate entrepreneurship have played critical roles in its success and will become even more important in the future as the speed of change and competitiveness in the market place intensify. To encourage greater creativity and corporate entrepreneurship within the organisation, CapitaLand launched its "ICE" (Innovation, Creativity and Entrepreneurship) programme in November 2006. The aim of ICE is to tap on the creative energies, innovative spirit and enterprising mindsets of all staff. This is a Group-wide initiative.

Two key elements of the ICE initiative are "ICE Camp" and "ICEberg". ICE Camp is a residential programme designed to equip employees with the tools to create and assess opportunities. The objective of ICEberg is to encourage all CapitaLand employees to bring forth their ideas, big or small, by providing a channel for new ideas, and incentives to submit them. High-potential suggestions will be implemented, helping CapitaLand to increase the lead between itself and its competitors.

Investor & Media Relations

CapitaLand's Investor Relations department works closely with the Corporate Communications department to proactively keep all stakeholders – shareholders, investors, analysts, fund managers and the media – informed and updated about the company. This is one of the many best practice standards we adopt in corporate governance and good disclosure.

We engaged local and foreign investment professionals through face-to-face meetings, conference calls and roadshows. One-to-one update sessions were also held with visiting institutional investors.

Communication with the media continued to be two-way, open and timely. This was carried out through various platforms, including press briefings and conferences, interviews, events, corporate press materials and direct pitching of story ideas to individual journalists. The Singapore media and analysts were invited to cover stories on our overseas projects and events on-site, while media from China were hosted to familiarisation trips to the Group's properties in Singapore and abroad.

We continued to engage the investment and media communities, in parallel with the Group's continued efforts to venture into new markets and businesses, and expand and diversify its overseas footprint. We met a total of 478 institutional investors last year. We adopted a proactive media engagement approach, and garnered much positive media and analysts' coverage. The volume of media coverage has more than quadrupled over the last five years and international media coverage grew throughout 2006.

News and announcements were posted on our user-friendly corporate website www.capitaland.com.sg for easy accessibility by investors, business media and members of the public.

The Group's result announcements were simultaneously webcast real-time on its corporate website, which also contains frequent updates of CapitaLand's corporate calendar, stock quotes, and news releases.

Going forward, we will strive, on a timely and consistent basis, to keep all stakeholders and analysts informed of our corporate activities in Singapore and overseas.

We adopted a proactive media engagement approach, and garnered much positive media and analysts' coverage. The volume of media coverage has more than quadrupled over the last five years and international media coverage grew throughout 2006.

2006 Investor Relations Calendar

1st Quarter 2006

- Webcast – 2005 Full Year Financial Results Announcement and Media & Analysts' Briefing
- Post-results Investor Luncheon (CIMB)
- Release of Annual Report 2005
- DBSV Corporate Day (Singapore)
- Macquarie Singapore Corporate Day (USA)
- UBS Non-Deal Roadshow (Amsterdam)

2nd Quarter 2006

- Annual General Meeting
- Macquarie Australian Conference (Sydney)
- Release of 1Q 2006 Results
- Co-operative Agreement between CapitaLand and Bahrain Bay Development-Signing and Media & Analysts' Briefing

3rd Quarter 2006

- Nomura Asia Equity Forum (Singapore)
- Webcast – 2006 Half Year Financial Results Announcement and Media & Analysts' Briefing
- Macquarie Non-Deal Roadshow (United Kingdom)
- CLSA Investors' Forum (Hong Kong)
- JP Morgan 11th Annual Asia Pacific Equity Conference (New York)

4th Quarter 2006

- Hosted site visits to Beijing, Shanghai and Chengdu for analysts
- Release of 3Q 2006 Results

Human Resource

CLIMB, the Group's corporate learning institute, organises training programmes to promote professional and personal development among staff

CapitaLand is committed to harness the best talent, develop capabilities, recognise performance, promote entrepreneurship and encourage employees to adopt a work-life balance.

Harnessing Global Talent

Human resource management is a cornerstone to CapitaLand's strategy to move forward in today's highly competitive and globalised world. A creative and innovative workforce helps the Group to achieve and grow, and maintain a competitive edge. Towards this end, CapitaLand is committed to harness the best talent, develop capabilities, recognise performance, promote entrepreneurship and encourage employees to adopt a work-life balance. To nurture its talent pool, CapitaLand frequently sponsors its employees on self-improvement courses to expand their range of competencies. Employees are also given opportunities to share with, and learn from, their colleagues by participating in the in-house CapitaLand Management Programme (CMP). The two-day programme, where individuals get together for sharing sessions on corporate experiences, management philosophy as well as CapitaLand's core values, is an ideal platform for colleagues across the various business units to bond. The Group rolled out the Advanced CMP, which is targeted at senior management, in 2006. Unlike the CMP, participants of the Advanced CMP meet to exchange their views on issues with a focus on strategy, vision and leadership.

Senior management with leadership potential are also given the opportunity to attend executive development programmes at renowned institutions to sharpen their management, leadership and business skills. In addition, offsite management retreats are held biannually for management to discuss strategic and business issues in a relaxed setting.

In its ongoing effort to nurture young talents, the Group started the

Graduate Development Programme in 2005. The programme prepares high-potential young graduates for future leadership positions through a series of attachments, in Singapore and abroad, to get a grasp of the operations of the business units. Besides local tertiary scholarships for promising young talents, there is a comprehensive internship programme for interested students to take up a short stint with the company. All these programmes are implemented with the intention to start CapitaLand's talent development early.

In 2006, the Group rationalised its maternity leave policy to adopt a Group-wide policy, for Singaporeans and non-Singaporeans alike, and introduced a total-wellness programme to help staff better manage their health and to promote a quality lifestyle.

Group President and CEO Mr Liew Mun Leong continues with his firm commitment to reach out to staff by conducting quarterly employee communication sessions. During these staff communication sessions, he not only disseminates the company results and articulates key business strategic thrusts, but also answers a range of questions posed by the staff. He frequently meets with employees from the business units in one-to-one sessions or in small groups. He also communicates with them through regular emails.

The Group is also replacing the Share Option Plan with Performance-based Restricted Stock Plan, effective in 2007. This is a continued effort to better align employee and shareholder interest and to reward employees for delivering value to shareholders. Making staff shareholders forms part of the overall remuneration package to attract, motivate and retain talent.

CapitaLand Institute of Management and Business

One important initiative started by CapitaLand in July 2006 is the CapitaLand Institute of Management and Business (CLIMB), an internal corporate learning institute established for CapitaLand employees to promote continuous professional and personal development. CLIMB will support the Group's talent development to realise its vision of being a world-class entrepreneurial, prosperous and lasting real estate company, one that is led by people with core values respected by the business and social community. CLIMB aims to instill in all employees CapitaLand's core values so as to forge a unifying culture and direction; help employees excel by equipping them with the right knowledge, skills and attitudes so as to make distinguished contributions to our businesses and the community; and develop business leaders to shape the future.

The curriculum at CLIMB comprises three levels. The base level, *CapitaLand Values,* serves to imbue employees with the core values, mission and vision of CapitaLand. Some of the programmes conducted include orientation camps.

The second level, *CapitaLand Business*, equips employees with an understanding of the real estate industry and the businesses of CapitaLand, including programmes such as Green 101 and ICE Camp. The former creates an awareness of the whys and hows of becoming more environment-friendly and the latter encourages a culture of innovation, creativity and entrepreneurship.

The third level, *Core Competencies*, refers to the critical workplace competencies expected from all employees at CapitaLand. A total of 16 programmes to develop competencies on communication, thinking, building winning teams, conducting performance appraisal, etc were conducted.

Looking ahead, CLIMB plans to design and conduct flagship programmes for employees by collaborating with renowned institutions. To create a conducive learning environment, a learning facility complete with a resource library and rooms for seminars and learning activities will be set up.

Corporate Social Responsibility

(From left) CapitaLand management presenting gifts to Lancang CapitaLand Hope School students; CapitaLand volunteers manning their stall at the CapitaLand Charity Bazaar

CapitaLand strives to be an environmentally-sustainable real estate developer, and aims to be at the forefront of the industry in terms of green buildings and environmental awareness.

CapitaLand is committed to be a good corporate citizen, not only in Singapore, but also in the overseas communities where it operates. It is one of the first Singapore companies to formalise a Corporate Social Responsibility (CSR) Division to spearhead CSR policies and practices within the Group.

Environment

CapitaLand strives to be an environmentally-sustainable real estate developer, and aims to be at the forefront of the industry in terms of green buildings and environmental awareness. A Green Committee, comprising representatives from different business units, was established to spearhead environmental initiatives across the Group. In 2006, CapitaLand was the key partner for the Eco-Products International Fair in Singapore, which was aimed at creating awareness on the value of eco-products. CapitaLand's buildings have won various awards for its environmental design and innovations.

The Group will step up its green programme, institute internal green building guidelines, and collaborate with educational institutions and government agencies to produce new environmental innovations and standards.

Corporate Philanthropy

Building for the Future: Children

To fulfill CapitaLand's credo of "Building People" and not just offices, homes, retail malls, serviced residences and integrated developments, CapitaLand Hope Foundation, the Group's charity arm, focuses on creating a better future for underprivileged children through programmes to build schools, hospitals and homes.

In Singapore, CapitaLand supported children's charities like the Rainbow Centre (Margaret Drive Special School), Club Rainbow, and the Spastic Children's Association of Singapore. CapitaLand also contributed to The Haven and Gracehaven Children's Homes by matching The Salvation Army's Christmas kettling efforts at eight CapitaLand malls. CapitaLand supported the MILK (Mainly I Love Kids) programme by paying for the school-related expenses of needy autistic children.

CapitaLand became one of the first private organisations to tie up with the Singapore Ministry of Community Development, Youth and Sports, and the National Volunteer and Philanthropy Centre under the ComCare Connection Programme, to provide social

programmes to help volunteer welfare organisations. CapitaLand worked with the staff and children of Canossaville Children's Home to come up with two unique gifts for fund-raising: beaded accessories hand-made by the children, and "Canossaville Teddy Bears", which were donated teddy bears clad in apparel designed and sewn by volunteers.

The Group also promoted fund-raising and awareness programmes for charities like Children's Aid Society, Handicap Welfare Association, Kwong Wai Shiu Hospital, Yellow Ribbon Fund and Viriya Community Services.

Volunteerism

CapitaLand organised company-wide charity projects to engage the staff and their family members. Such activities included the Charity Bazaar where items sold included accessories made by the Canossaville Children's Home. Individual stalls were manned by both staff and their family members. CapitaLand continued to be a strong supporter of the SGX Bull Run with 50 employees signing up for the race to raise funds for the underprivileged.

CapitaLand actively engaged its tenants, residents and shoppers to participate in various charitable fund-raising activities, awareness campaigns, parties for the beneficiaries, and visits to charities, both in Singapore and overseas.

Beyond Singapore

The Group's commitment to the underprivileged also extends abroad.

In China, CapitaLand continued to support the government's initiative to help children in rural areas receive elementary education by funding the third CapitaLand Hope School in Honghe County. CapitaLand sponsored computer laboratories in its CapitaLand Hope Schools in Lancang County and Cuiyun District, Yunnan Province, and offered two scholarships per school for outstanding students to study in Singapore's Temasek Polytechnic.

CapitaLand also supported Sun Village, a home for orphans and underprivileged children, the Zhiguang School, a home for intellectually disabled children, in Beijing, and donated RMB100,000 to the Ningbo Jiangbei District Charity Federation to help needy students.

In Australia, Australand supported the Property Industry Foundation's efforts to help homeless children and children at risk and the Oxfam Trailwalker Sydney, aimed at overcoming poverty. Australand also supported medical research.

In Indonesia, Ascott staff and residents raised about US$27,000 for the Jogyakarta earthquake survivors, and the staff aided in the rebuilding of public facilities.

Ascott staff and residents brought gifts and Christmas cheer to the Salvation Army Children's Home in Malaysia and the Holy Family Child Care Adoption Center in South Korea.

In the Philippines, Ascott continued to partner Gawad Kalinga and raised US$12,000 to build 12 homes for underprivileged children and their families. Staff also helped out with the actual construction. Ascott staff and residents launched the Leyte Landslide and Typhoon Mileno Donation Drive to collect cash and necessities.

In Vietnam, Ascott staff presented gifts and cash donations to young orphans and the elderly at the Center 3 welfare home.

In the Bahamas, CapitaLand contributed to The Butch Kerzner Memorial Fund to improve playgrounds and other sports facilities in public schools.

Community

Education

As education is the key to a better future for all, CapitaLand contributed generously to the Lee Kuan Yew School of Public Policy (LKY SPP). CapitaLand also sponsored two overseas students under the CapitaLand LKY SPP Scholarship for the Master in Public Administration programme. This forms part of CapitaLand's support for the Asian community to develop talents who would play a significant role in the transformation of their economies.

CapitaLand also extended awards and bursaries to outstanding tertiary students in disciplines of nursing, real estate, retail management and hospitality.

Cultural Exchange

CapitaLand believes in promoting a healthy cultural exchange between Singapore and overseas communities in which it is active. CapitaLand sponsored the overseas debut in Singapore of the highly acclaimed "Jinsha" (Immortality) musical from China, which is named after a popular Chengdu heritage site.

CapitaLand will enhance the Group's commitment as a socially responsible global corporate citizen, to contribute to the societies that it operates in, and to promote a sustainable environment for future generations.

InfoNet

We are constantly upgrading our IT security capability to ensure that our IT working environment is protected against malicious hackers and unauthorised users.

The Group implemented various Information Technology initiatives in 2006 to enhance business processes, create a safer IT environment and better support the activities of business units.

We embarked on a global, Group-wide initiative to replace our current financial system, and other accounting packages used by the overseas offices, with the SAP Financial System. The enhancement will allow the Group to streamline the various Strategic Business Units' (SBUs) financial process flows, and enable more timely and accurate access to financial data and reports that are needed for business decisions.

The requirements definition, system and vendor evaluation, and selection for the SAP implementation exercise, were done in the last quarter of 2005. Information Technology and Finance staff from all SBUs teamed up to form a project task force to work with the SAP consultants, and facilitate Group-wide implementation. The implementation process took the whole of last year, starting with a pilot run of two companies that had gone 'live' in March 2006. We have since successfully implemented it for 162 companies in 2006, and implementation activities have been planned for the remaining local and overseas companies, to be carried out in 2007 and 2008.

In 2006, we also enhanced the IT infrastructure and security to ensure that business information that is exchanged, and used, among staff, business partners and customers, are safe and reliable.

The installation of a secured Wide Area Network (WAN) for all overseas offices to connect to CapitaLand's Singapore Data Centre was started in 2006 and is currently being implemented. This will allow all overseas offices to seamlessly access all resources, i.e., system and data, that currently only Singapore offices can access, without worrying about network performance or security.

We also developed, in-house, an Asset Management and Operation System (AMOS), and it has greatly improved the work efficiency and effectiveness of our Retail and Commercial and Integrated Development business units. The system was enhanced to further automate most processes, as well as interface with the new SAP Financial System. This system is also designed for overseas use, and has been deployed in China, Malaysia and India.

A new Facility Management System has also been implemented using Personal Digital Assistant (PDA)/ PocketPC and wireless technology. This system allows the technician/ engineer to receive work schedules and defect/maintenance updates on his PDA and improves the facility management and operation workflow for CapitaLand's retail malls and office buildings.

Year in Brief

Mixed development at Kensington High Street, London

January

- Ascott secures its second Citadines serviced residence in Thailand – Citadines Bangkok Sukhumvit 23, as part of its joint venture agreement with Thailand's Thakral family to secure five Citadines properties in the Thai capital by 2010.

February

- CapitaLand enters into a joint venture agreement to acquire and develop a 23,000 sq m site in An Phu Ward, Ho Chi Minh City. The joint venture company plans to build about 1,000 apartments on the site.
- CapitaLand enters into a joint venture with Runwal Group to develop a residential project in Ghatkopar, Mumbai. The joint venture company will develop 590 apartments, as part of a mixed-use development to be built on the 80,874 sq m site.
- CapitaLand, through a joint venture vehicle in partnership with Hotel Properties and Genting International, acquires long leasehold interests in mixed development 99-121 Kensington High Street and office property 1 Derry Street; and a freehold interest in residential property 25 Kensington Square, in London.


CapitaCommercial Trust
CapitaMall Trust
Raffles City

- MGM MIRAGE and CapitaLand appoint world-renowned architects Kohn Pederson Fox Associates PC (KPF) as principal architect on the international design team for their joint Marina Bay Integrated Resort (IR) bid.

March

- CapitaLand launches the 'CapitaCard' – two all-encompassing, loyalty-cum-payment cards that let card members save, while they spend at 1,500 retail and food and beverage outlets at 12 CapitaLand retail malls in Singapore.

- CapitaLand enters into a subscription agreement for a 20% stake in Hong Kong-listed Lai Fung Holdings, which has approximately one million sq m of landbank, mainly in Shanghai and the Pearl River Delta.

- Australand Finance Limited, a wholly-owned subsidiary of Australand, issues five-year notes under a A$267.5 million commercial mortgage-backed securitisation issue.

- CapitaLand Residential issues US$ floating rate notes through a special purpose vehicle Faramir Investment Corporation. The securitisation, which raises US$332.7 million, is backed by sales receivables from two properties – Citylights and Varsity Park Condominium.

Ascott Beijing (part of Ascott Residence Trust's portfolio)

- MGM MIRAGE and CapitaLand submit a bid proposal for the Marina Bay IR to the Singapore Government.

- Raffles Holdings' 45% associated company, Tincel Properties (Private) Limited, enters into a conditional agreement with CapitaCommercial Trust (CCT) for the acquisition of Raffles City for over S$2 billion. Concurrently, CCT also enters into a collaborative agreement with CapitaMall Trust (CMT) to establish a joint ownership vehicle for the purpose of completing the transaction. CCT and CMT will respectively hold an interest of 60% and 40% in the vehicle.

- Ascott divests its last non-core asset in Singapore, Liang Court Shopping Centre, for S$175 million. This divestment is part of Ascott's strategy to focus on its core business in the serviced residence industry.

- Ascott lists the world's first pan-Asian serviced residence real estate investment trust, Ascott Residence Trust (ART), on the Singapore Exchange. ART's initial portfolio of S$856 million comprises 12 properties in seven pan-Asian gateway cities in China, Indonesia, Singapore, the Philippines and Vietnam.

Raffles City, Singapore

Year in Brief

Ascott Mayfair, London

April

- CapitaLand forms a joint venture with India's largest listed retailer, Pantaloon Retail (India) Ltd. It concurrently commits to invest up to US$75 million in Pantaloon's retail property fund and establishes a 50-50 joint venture for retail and fund management businesses in India.
- Ascott secures four contracts in China with investments totalling close to US$50 million (RMB400 million), adding two new cities, Xi'an and Hong Kong, to its footprint in China. These four contracts bring Ascott's cumulative investment in China for the last 10 years to about US$409 million (RMB3,272 million).
- Ascott signs a master development agreement (MDA) with Addax Investment Bank to launch at least 15 serviced residences to be managed by Ascott across the Middle East and North Africa.

May

- CapitaLand signs a Memorandum of Understanding (MOU) with Bahrain Bay Development B.S.C.(c) to acquire and develop a prime integrated development site located in a new waterfront district, Bahrain Bay, in Bahrain's capital, Manama. This 43,000 sq m site, comprising residential, serviced apartment, retail and food and beverage components, is CapitaLand's first investment in Bahrain.

Xihuan Plaza
Retail Mall, Beijing

- CapitaLand's joint venture with Sun Hung Kai Properties Limited secures S$1.56 billion syndicated credit facilities for the financing of the Orchard Turn retail-cum-residential project. This is the largest S$ syndicated financing ever done in Singapore, and twice the size of the largest successful syndicated real estate financing done in Singapore.

- Ascott secures its third and fourth Citadines serviced residences in Bangkok – Citadines Bangkok Sukhumvit 8 and Citadines Bangkok Sukhumvit 11, as part of its joint venture with Thailand's Thakral family.

- Ascott divests Ascott Mayfair in London for a total cash consideration of £65.8 million (approximately S$192.5 million), at a significant EBITDA multiple of 49 times. Ascott continues to manage the property after the divestment.

- CapitaLand secures its first residential site in Hangzhou Province in a government land tender. The company will build about 1,000 apartments on the 59,622 sq m site in Gongshu District.

- CapitaLand signs a purchase agreement to acquire Xihuan Plaza Retail Mall in Beijing for about RMB1.32 billion (S$260.3 million). The mall, when stabilised, will constitute the pipeline of assets for the proposed China retail REIT.

- CapitaLand enters into an agreement with Chengdu Zhixin Industrial Co., Ltd to form a 50-50 joint venture, CapitaLand Zhixin. The joint venture will undertake development activities in the Sichuan Province.

Beau Monde,
Guangzhou

- Australand announces plans to commence construction of a new 22-storey, 30,000 sq m office tower under the second stage of the commercial office component of its A$1 billion Freshwater Place development at Melbourne's Southbank.

June

- CapitaLand establishes the CapitaRetail China Development Fund and the CapitaRetail China Incubator Fund, which together have a fund size of over US$1 billion (S$1.6 billion). The move is part of its overall integrated retail mall business strategy in China, where the funds will form a secured pipeline of assets for the proposed China retail REIT.
- CapitaLand starts private previews of its highly anticipated boutique development – Scotts HighPark. The freehold condominium, located at Scotts Road in Singapore, has 73 luxurious homes.

July

- Kerzner International and CapitaLand appoint world-celebrated architect Frank O. Gehry as principal architect and designer for their joint Sentosa IR bid in Singapore.

Somerset Jadaf, Dubai

- Ascott acquires two properties, the landmark Asia Insurance Building and Hotel Asia, as part of the Group's expansion drive in Singapore. Ascott also secures a contract to manage a property to be named Citadines Singapore Mount Sophia.

- CapitaLand signs agreements to invest in two development projects in Beijing's prime Chaoyang District. The first is the partially completed Huazhan International Business Mansion and the second is a residential site along the city's Chaoyang Road. The two projects will yield a total of 1,100 apartments.

- CapitaLand launches the first phase of its 386-unit Beau Monde condominium, located in Tianhe District, Guangzhou.

- Ascott officially opens its first serviced residence in the Gulf Region – Somerset Jadaf, Dubai. The property is in a prime location in Jadaf area, a 15-minute drive from Dubai International Airport and it is close to the central business district and the Dubai World Trade Centre.

- ART makes its first acquisition, Somerset Olympic Tower, in the business district of Tianjin, China for an enterprise value of US$47.25 million (S$75.6 million).

- Orchard Turn Holdings, the 50:50 joint venture company between CapitaLand and Sun Hung Kai Properties Limited, awards Penta-Ocean Construction Co., Ltd, a leading construction company from Japan, a S$478 million contract for the design and construction of the Orchard Turn Development.

August

- Ascott signs head of agreements to acquire two properties in China – Somerset ZhongGuanCun, Beijing and Somerset Youyi, Tianjin – for S$151.4 million (RMB768.7 million).

- CapitaLand sells its effective stake of 44.6% in Inter-Continental Hotel, Singapore, for a consideration of S$231.06 million, yielding a net gain of S$40.51 million.

- CapitaLand, together with joint venture partner Hwa Hong Corporation, launches the final block of the RiverGate residential development and achieves a record price of S$1,700 psf compared to surrounding developments along the Singapore River.

- CapitaLand achieves a sales price of over S$2,000 psf during private previews for its 73-unit luxury development Scotts HighPark. This sets a benchmark price for both the Scotts Road and Newton areas in Singapore.

- Ascott enters India by signing an MDA with The Rattha Group to acquire and develop seven properties in four southern Indian states by 2010 at a joint total estimated investment of US$220 million. As part of the MDA, the two companies also sign a joint venture agreement to acquire its first serviced residence in Chennai – Somerset Greenways, Chennai.

September

- Raffles Holdings' 45% associated company, Tincel Properties (Private) Limited, completes the sale of Raffles City to CCT and CMT for over S$2 billion. Raffles Holdings distributes the proceeds from the sale to shareholders by way of capital distribution and a special dividend.

- Ascott signs a conditional sale and purchase agreement to divest its 40% stake in Somerset Roppongi, Tokyo, to ART. The acquisition is ART's first in Japan, and makes it the first Singapore REIT to invest in Japan.

- ARC-CapitaLand Residences Japan, a Shariah-compliant property vehicle jointly owned by CapitaLand and affiliates of Arcapita Bank B.S.C.(c), acquires five more properties in Japan, including three in Kansai worth about JPY3.8 billion (S$51 million).

- ART's placement of 44 million new units to institutional investors is 1.5 times subscribed with gross proceeds of S$48.4 million. The successful placement broadens ART's investor base to include more quality institutional investors and improves the free float of the trust.

- CapitaLand signs an MOU with South Saigon Development Corporation to jointly develop a residential site near the Phu My Hung Urban Area in Ho Chi Minh City.

- CapitaLand and its joint venture partners receive the foreign investment certificate for its residential development in An Phu Ward, Ho Chi Minh City.

- CapitaLand acquires Silver Tower, located in the heart of Singapore's Orchard Road, through a collective sale. The site will be redeveloped into a luxury condominium with about 100 apartments.

- Australand sells its residential property management business unit. The business unit managed over 1,200 residential units in Sydney and Melbourne developed and sold by Australand over the last five years.

Orchard Turn Retail and Residential Development, Singapore
(Retail – Target Completion: 2008;
Residential – Target TOP: 2010)

Year in Brief

The Metropolitan Condominium, Singapore

- CapitaRetail Japan Fund, a private retail property fund sponsored by CapitaLand, acquires its fifth asset, Ito-Yokado Eniwa, a shopping mall located in Eniwa City, Hokkaido for approximately JPY4.2 billion (S$56.4 million).

October

- CapitaLand issues S$430 million of convertible bonds due 2016. The bonds have a 10-year maturity – the longest maturity ever seen in an Asian convertible bond. The bonds also carry the highest conversion premium (42.8%) by a real estate group in Asia (excluding Japan).
- CapitaLand acquires a residential site in Foshan City, Guangdong Province. CapitaLand plans to build approximately 470 apartments targeted at the high-end segment of the market on the site.
- Kerzner International and CapitaLand submit a bid proposal worth S$5.28 billion for the Sentosa IR, unveiling the much-anticipated Atlantis Sentosa.
- CapitaLand acquires a 29.75% stake in Central China Holdings Group, a leading Henan developer, marking CapitaLand's maiden entry into the central China residential market.
- Joint venture partners CapitaLand and Sun Hung Kai Properties Limited hold groundbreaking ceremony for the Orchard Turn development, and unveil an iconic architectural and experiential concept which will redefine residential living and shopping in Orchard Road.

November

- CapitaLand acquires a second residential site in Foshan City, Guangdong Province. An estimated 1,000 units, comprising low-rise apartments, townhouses and semi-detached homes, will be built on the site.
- CapitaLand, together with joint venture partner Lippo Group International, launches The Metropolitan Condominium to strong buyer response. The 382-unit development is located near Tanglin, next to the Redhill MRT station in Singapore.
- CapitaLand acquires its first commercial site in Chengdu City, Sichuan Province. CapitaLand plans to build a Raffles City on the site – its third such development in China. The complex will comprise Grade A offices, a retail mall and a five-star hotel or serviced residence.

- ART enters into a sale and purchase agreement with Ayala Hotels Inc. and Ocmador Philippines BV to purchase their respective 60% and 40% stakes in Oakwood Premier Ayala Center in Makati City. The serviced residence will be named Ascott Makati, the first Ascott branded serviced residence in Manila.

- Ascott enters Bahrain and Qatar by signing management contracts with MENA Serviced Residence Holding BSC (C) for two serviced residences. The contracts are part of Ascott's MDA with Addax Investment Bank signed in April to launch at least 15 serviced residences across the Middle East and North Africa.

- Following CapitaLand's proposal for the voluntary delisting of Raffles Holdings from the Singapore Exchange and the subsequent approval by the shareholders of Raffles Holdings, Raffles Holdings' last day of trading on the Singapore Exchange is 27 November 2006.

- Australand sells a portfolio of 11 industrial facilities comprising six properties in Melbourne, three in Adelaide and two in Brisbane. The properties have all been developed by Australand within the last four years.

Ascott Makati

December

- Ascott forms a joint venture with Hoabinh Co., Ltd to acquire a serviced residence in Hanoi's prime Cau Giay District, which will be named Somerset Hoa Binh, Hanoi. With this acquisition, Ascott's portfolio in Vietnam stands at about 800 units in five properties.

- Ascott builds a strong foothold in India by securing its second and third properties there – Somerset Whitefield, Bangalore and Citadines Chennai Boulevard, as part of its MDA signed with The Rattha Group in August 2006. Totalling 450 units, the two serviced residences bring Ascott's portfolio in India to 660 units.

- CapitaLand signs a joint venture agreement with the South Saigon Development Corporation to develop its second residential project in Vietnam, following an MOU signed earlier this year. The partners plan to develop 600 homes on the 21,200 sq m site next to the Phu My Hung Urban Area in Ho Chi Minh City.

Year in Brief

Listing of CapitaRetail China Trust, Singapore

- CapitaLand secures its third residential site in Foshan City in Guangdong Province in a government land tender. About 500 homes will be built on the 25,189 sq m site.

- CapitaRetail China Trust (CRCT) is listed on the Singapore Exchange. The institutional tranche and the retail offering were 196 times and 39 times subscribed respectively. CRCT's initial portfolio, valued at approximately S$690 million, comprises seven retail malls that are strategically located in five cities across China.

- CapitaLand launches the Quill Capita Trust (QCT) in Malaysia with the Quill Group. QCT is CapitaLand's fifth REIT and the first to be listed outside of Singapore. CapitaLand offers CCT its 30% sponsorship stake in QCT which CCT later accepts.

- QCT closes its retail offering with 7.6 times demand while the institutional tranche is 12.4 times subscribed. QCT will make its debut on the Main Board of the Bursa Malaysia Securities Berhad in January 2007.

- CapitaLand sets up CapitaLand's second Shariah-compliant real estate fund and the first equity *Sukuk* of its kind for a real estate project. The Raffles City Bahrain Fund will invest in a prime water-front integrated development, Raffles City Bahrain, in Manama, Bahrain's capital city.

- CapitaLand re-launches Clarke Quay as the premier food and beverage, entertainment and lifestyle riverfront precinct in Singapore, following a S$85 million refurbishment.

- ART enters Australia through the acquisition of Shoan Heights Serviced Apartment in Melbourne. The five-storey freehold property, to be rebranded as Somerset Gordon Heights, Melbourne, is located in Melbourne's Central Business District and will be managed by Ascott International Management (Australia).

Official re-launch of Clarke Quay, Singapore

- ART expands its portfolio in Vietnam with the acquisition of an effective 26.8% stake in the 172-unit Somerset Chancellor Court, Ho Chi Minh City.

- CapitaLand, together with the Maybank Group, launches the Malaysia Commercial Development Fund (MCDF) with a target fund size of US$250 million. MCDF will be CapitaLand's first and one of the largest private real estate funds in Malaysia with a gross development value of US$1 billion. MCDF will have a seed investment, One Mont' Kiara, a mixed development comprising two office towers, a retail podium and car parks, in the Mont' Kiara area. Separately, CapitaLand will also acquire two development projects which will form the acquisition pipeline for injection into the MCDF.

- CapitaLand signs an MOU to jointly develop a landmark office tower-cum-retail centre on a prime freehold site in Kuala Lumpur's Golden Triangle.

- CapitaLand forms a joint venture company with Malaysian Resources Corporation Berhad and Quill Group of Companies to build an integrated development comprising residential, serviced apartments and ancillary retail components, in KL Sentral, an exclusive urban centre built around Malaysia's central transport hub.

- CapitaLand's joint venture company, Sichuan CapitaLand Zhixin, secures its first residential site in Chengdu City, Sichuan Province. Approximately 1,600 homes comprising low-rise garden apartments and terrace houses will be built on the 202,361 sq m site.

- CapitaLand acquires a 5.45% stake in leading Kansai residential developer SAMTY Co., Ltd, for JPY1.67 billion (S$22.1 million) to expand its real estate and capital management business in Japan. SAMTY will also provide a pipeline of properties for the real estate funds operated by CapitaLand.

Awards & Accolades 2006

Corporate Awards

CapitaLand

- Outstanding CEO of the Year, Singapore Business Awards
- Most Transparent Company Award (Property Category), Securities Investors Association (Singapore) (SIAS)
- Best Managed Company (Large Cap)-Singapore, Asiamoney
- Commonwealth Bank of Australia Business Alliance Award, Austcham-Austrade Business Awards 2006
- Singapore Equity Deal of the Year (S$430 million 10-year Convertible Bond), IFR Asia
- 2nd position, Top 10 Companies Ranked by Market (Oceania), The Singapore International 100 Ranking 2006, IE Singapore
- 3rd position, Top 10 Companies Ranked by Market (North Asia), The Singapore International 100 Ranking 2006, IE Singapore

CapitaMall Trust

- Most Transparent Company Award (REITs Category), SIAS
- Best Investor Relations by a CEO or Chairman (Small or Mid-Cap), IR Magazine SEA Awards
- Highly Commended, Best Annual Report or Other Corporate Literature (Small or Mid-Cap), IR Magazine SEA Awards

CapitaCommercial Trust

- Runner-up, Most Transparent Company Award (REITs Category), SIAS
- Ranked 3rd out of more than 500 companies, Business Times Corporate Transparency Index 2006

CapitaRetail China Trust

- Best REIT deal for Asia Pacific in 2006, FinanceAsia

T.C.C. Capital Land

- Best Developer, Thailand Property Awards 2006, The Thailand Property Report

The Ascott Group

- 2006 Good Practices in Corporate Reporting, PricewaterhouseCoopers
- 1st position, Top 100 Serviced Apartments Award, World Executive Weekly Magazine, Wall Street Post, China Real Estate Federation, World Real Estate
- Best Serviced Residence Brand and Best Serviced Residence, Business Traveller Asia-Pacific magazine
- Best Serviced Residence Operator, TTG Travel Awards
- Korea Herald Readers' Best Brand Award 2006 – Worldwide Serviced Residence, Korea Herald
- 2006 Korea Top Brand Award – Global Serviced Residence, Seoul Economy
- 2006 Best Company: Best Serviced Residence – Customer Satisfaction Management, Herald Business (Korea)
- Best Serviced Residence Brand, Lifestyle + Travel Magazine (Thailand)
- Best Serviced Residence, Travel Weekly China
- 2006 Triple A Country Award (Best Deal in Singapore), The Asset
- Innovative Capital Venture Award, China Hotel Investment Summit

Raffles Holdings

- Most Transparent Company Award (Hotel Category), SIAS

Commercial/ Retail Projects

Capital Tower Beijing

- China Architectural Design Award, Ministry of Construction, China

Clarke Quay

- ASEAN Energy Efficient Building Award (Tropical Design), The ASEAN Centre for Energy

One George Street

- Honourable Mention, SIA Facade Award, Singapore Institute of Architects (SIA)
- Winner, Retail Development over 20,000 sm, Estates Gazette Retail & Future Project Awards, MAPIC 2006

Integrated Developments

SINGAPORE

Orchard Turn

- Winner, Best Architectural Entry, Estates Gazette Retail & Future Project Awards, MAPIC 2006

CHINA

Raffles City Beijing

- Green Building Award, Ministry of Construction, China

Residential Projects

SINGAPORE

Belmond Green

- Merit, Construction Excellence Award, Building and Construction Authority (BCA)

Glentrees

- Best Development (Singapore) Category, International Property Award 2006
- SIA Design Awards (Residential Projects)
- ULI 2006 Awards for Excellence: Asia Pacific, Urban Land Institute
- Gold Award for High Density Housing, SILA Professional Design Awards 2006, Singapore Institute of Landscape Architects (SILA)

RiverGate

- Green Mark Gold Plus Award, BCA

Tanamera Crest

- Construction Excellence Award, BCA
- Merit Award for High Density Housing, SILA Professional Design Awards 2006, SILA

Varsity Park Condominium

- Green Mark Gold Award, BCA

CHINA

Beijing Orchid Garden

- Gold Award, China's Best International Villa, 3rd Chinese Villa Festival

La Forêt

- Innovative Design Award, Small- to Mid-sized Residential Apartments, Ministry of Construction, China

THAILAND

Athenee Residence

- Best Condo Development, Thailand Property Awards 2006, The Thailand Property Report

AUSTRALIA

Baltusrol

- Urban Development Institute of Australia (UDIA) National Awards for Excellence for Medium Density Development

Cable Park

- UDIA Award for Excellence, Environmental Excellence, UDIA

Discovery Point

- NSW Urban Taskforce – Residential Development
- HIA Best Apartment Project over 10 storeys, Housing Industry Association

Freshwater Place-Southbank Vic

- API President's Award, Australian Property Institute

Seagreen

- MBA Environmental Management, Medium Density, Master Builder's Association

The Maltings

- UDIA National Medium Density Project Award

Serviced Residences

Ascott Auckland Metropolis

- New Zealand's Leading Hotel, World Travel Awards
- Australasia's Leading Hotel, World Travel Awards

Ascott Jakarta

- Indonesia Product and Service Excellence Award, World Achievement Association and International Professional Organisation

Somerset Bencoolen

- Silver Award (Commercial & Industrial), SILA Professional Design Awards 2006, SILA

Somerset Chancellor Court

- Best Service in Serviced Apartments – Ho Chi Minh City, Guide Awards 2006, Vietnam Economic Times (VET)

Somerset Grand Hanoi

- Best Service in Serviced Apartments – Hanoi, Guide Awards 2006, VET

Somerset Ho Chi Minh City

- Excellent Service in Serviced Apartments, Guide Awards 2006, VET

CapitaLand Residential





(First row from left)
Mr Lui Chong Chee *CEO, CapitaLand Residential Limited* **Ms Patricia Chia** *CEO, CapitaLand Residential Singapore Pte Ltd*
Mr Brendan Crotty *Managing Director, Australand*
(Second row from left)
Mr Lim Ming Yan *CEO, CapitaLand China Holdings Pte Ltd*
Mr Chen Lian Pang *CEO, Southeast Asia, CapitaLand Residential Limited; CEO, T.C.C. Capital Land Limited*

"We see two tiers evolving in the high-end market, with a few 'limited edition' projects categorised as 'super-luxury'. Going forward, CapitaLand has a Singapore landbank to cater to a spectrum of homebuyers across the super-luxury, high and high-mid segments of the market."

Ms Patricia Chia
CEO, CapitaLand Residential Singapore Pte Ltd

In 2006, CapitaLand Residential (CRL) maintained its leadership position with continued product innovation to build a series of premier homes tailored for the lifestyle of its homebuyers. CapitaLand created well-designed homes that offer lasting value for homebuyers across the key markets of Singapore, Australia, and China. During the year, it continued to tap into opportunities in the high-growth Asian markets including Thailand, Vietnam, India and Malaysia.

Singapore

Luxury homes led the way in the Singapore residential market recovery during the year. High-end projects witnessed consistently high volume of sales and price increases. With strong economic recovery and positive buyer sentiments, mid-end developments that are well-located and well-designed also saw strong buyer response.

CapitaLand achieved a stellar performance in Singapore, selling about 950 homes during the year to achieve more than S$1.2 billion in gross sales. The average value per unit was S$1.29 million compared to S$1.24 million in 2005. The company created a new generation of 'Penthouse Series' homes at Scotts HighPark, a boutique development marketed exclusively through private previews. In the third-quarter of the year, it launched The Metropolitan Condominium, a mid-end development that featured flexible unit layouts tailored for today's

The Botanic on Lloyd, Singapore

"We continue to be a dominant real estate player in our key markets of Singapore, Australia and China, leading with homes of distinction. We achieved a stellar performance during the year and we extended our growth platforms to other Asian cities in Thailand, Vietnam, India and Malaysia. Looking ahead, we seek to expand our scale of operations to tap into the growth opportunities in these new markets."

Mr Lui Chong Chee
CEO, CapitaLand Residential Limited

Freshwater Place, Melbourne

"The strong result reflects the emphasis that Australand has placed on growing its non-residential property income. Looking ahead, the group expects to form a series of wholesale property funds over the next three to five years, similar to the Wholesale Property Trusts set up between 2000 and 2004."

Mr Brendan Crotty
Managing Director, Australand

multi-generation families. Buyer response was overwhelming, with many people queueing days ahead of the launch to get their choice units. With the release of the final phase of RiverGate, CapitaLand achieved a record price for residential developments in the Singapore River area.

During the year, the company acquired the prime Silver Tower site in the Orchard Road District for redevelopment. The project will be ready for launch in 2007. Construction works also commenced during the year to build super-luxury apartments at The Orchard Residences.

Looking ahead, CapitaLand expects the pricing gap to widen between high-end properties and other developments. It sees a two-tier market emerging within the high-end segment. A few 'limited edition' developments, categorised as 'super-luxury', will distinguish themselves from other high-end projects with their excellent design and prime location to command a greater price premium. In early 2007, CapitaLand acquired the Gillman Heights Condominium in a collective sale, thereby adding to its landbank to cater to a spectrum of buyers across the super-luxury, high and high-mid segments of the market.

Australia

Australand, CapitaLand's subsidiary in Australia, continued to perform strongly through the year to achieve its 10th consecutive year of record profits. A sharp improvement in net income from Investment Property, together with a higher contribution from the Commercial & Industrial Division, offset a previously foreshadowed dip in Residential profit.

La Forêt, Beijing

During the year, the group sold its residential property management business unit, as well as a portfolio of 11 industrial facilities as part of its strategy to effectively recycle capital. Australand has also commenced construction on the second stage of the successful commercial office component of its A$1 billion Freshwater Place development at Melbourne's Southbank. The Stage II Tower will join the original commercial tower, as well as the Freshwater Place residential tower in the Freshwater Place precinct.

Going forward, Australand remains committed to its strategy to become a diversified property group where a significant proportion of its income will come from property trusts. It will form a series of wholesale property funds from 2007 onwards, in line with the arrangements that Australand put in place with the five Wholesale Property Trusts that it established between 2000 and 2004.

China

In 2006, the broad residential market grew at a steady pace, underpinned by strong economic growth, rising affordability and rapid urbanisation. New measures were introduced by the China government to further promote healthy development of the real estate market in the long term.

CapitaLand scaled up its presence and consolidated its leadership position among foreign developers in China. Through acquisitions, partnerships and organic growth, the company expanded its operations in the key gateway cities and extended its footprint into the high-growth central and western regions of China.

"In 2006, we formed strategic partnerships with two leading local companies which enabled us to expand rapidly into the high-growth central and western regions of China. These partnerships, together with other site acquisitions, have given us a pipeline to build about 35,000 homes, together with our partners."

Mr Lim Ming Yan
CEO, CapitaLand China Holdings Pte Ltd

CapitaLand subscribed for a stake in Lai Fung Holdings, a Hong Kong-listed company with a landbank that is in primarily Shanghai and the Pearl River Delta region. The company also formed partnerships with Sichuan developer Chengdu Zhixin Industrial Co. and Henan developer Central China Holdings to build homes in China's second-tier cities to meet the increased local demand. In addition, CapitaLand continued to grow its existing operations in the Yangtze River Delta, Bohai Economic Rim and Pearl River Delta regions. The company acquired two residential development projects in Beijing, and extended its reach from Shanghai into Hangzhou, and from Guangzhou into Foshan with the acquisition of new sites for development. CapitaLand has a current pipeline to build about 35,000 homes in China together with its partners.

Vietnam

Due to rapid urbanisation and rising affluence, there is strong demand for quality housing in Vietnam, especially in the key cities of Ho Chi Minh City and Hanoi. In 2006, CapitaLand signed a joint venture agreement with South Saigon Development Corporation to jointly develop 600 homes near the Phu My Hung Urban Area in Ho Chi Minh City. Separately, the company received the foreign investment certificate to build approximately 1,000 homes in An Phu Ward in Ho Chi Minh City, together with two local partners.

Thailand

CapitaLand continued to expand its footprint in Thailand through its joint venture company, T.C.C. Capital Land. The company launched The Emporio Place and Villa Ratchatewi. The Emporio Place is a deluxe 361-unit condominium at Sukhumvit 24 while the Villa Ratchatewi project on Phayathai Road has 603 units in a 44-storey residential tower, and a 22-storey serviced apartment wing. Both The Emporio Place and Villa Rachatewi were very well-received, given their prime location in the heart of Bangkok city. To support its long-term growth plans, T.C.C. Capital Land acquired four new development sites during the year: two prime residential sites in Bangkok, and two scenic beachfront sites – one in Pattaya and the other in Krabi.

India

India is one of the key rising markets in Asia that CapitaLand has successfully tapped into. In February 2006, CapitaLand and Mumbai-based Runwal Group entered into a joint venture to develop a 590-unit residential project in Ghatkopar, Mumbai. The project is part of a mixed-use development. The first phase of the residential development was launched in early 2007 to strong buyer response.

Malaysia

CRL has a presence in Malaysia through its listed associated company, United Malayan Land, which has several developments in Johor, Selangor and Kuala Lumpur.

Looking Ahead

Looking ahead, CRL's operations in the key markets will continue to be strong business contributors, underpinned by the strong property recovery in Singapore, a focused strategy in Australia and the expansion into the second-tier growth cities in China. At the same time, it will strengthen its presence in the other high-growth Asian markets which would serve as its next platform of growth.

"With the benefit of a strong local partner, we continue to see brisk home sales in Thailand. We are confident that our properties in other new markets will be similarly well-received, underpinned by a confluence of positive factors."

Mr Chen Lian Pang
CEO, Southeast Asia, CapitaLand Residential Limited; CEO, T.C.C. Capital Land Limited

Scotts HighPark, Singapore

CapitaLand broke new ground on the design frontier with the introduction of a new generation of apartments called the 'Penthouse Series' at its Scotts HighPark condominium in Singapore.

The freehold development has 73 luxurious homes, of which over 30 of them belong to the 'Penthouse Series'. This series comprises single-level and duplex apartments, overlooking the lush greenery of Goodwood Hill.

Homebuyers looking for a definitive lifestyle are attracted to these luxurious apartments, which are reminiscent of high-rise tropical 'black and white' bungalows. The apartments enjoy generous verandas that stretch across the full frontage of the units, extending the interior space and creating an expansive living area. The duplexes in this series come with private Jacuzzis on the verandas. On the top floor of this residential tower is a super luxurious penthouse with five bedrooms and generous roof terraces.

CapitaLand also offers customisation at Scotts HighPark to tailor each apartment to suit the homebuyer's lifestyle. Buyers may request, depending on the unit type, to build a swimming pool or convert a bedroom into a large entertainment area.

The 'Penthouse Series' apartments are fully sold, and CapitaLand plans to launch the second tower which has two- and three-bedroom apartments in 2007.

CapitaLand Commercial and Integrated Development

Mr Martin Tan
CEO, CapitaLand Commercial and Integrated Development Limited

"The Singapore office market is poised for further growth. As the biggest player in the local office market with a first class portfolio in the CBD, we are well-positioned to capitalise on this growth. We will also export our integrated development expertise by growing our Raffles City brand name in key Chinese cities and new markets like Bahrain and the GCC region."

Mr Martin Tan
CEO, CapitaLand Commercial and Integrated Development Limited

CapitaLand Commercial and Integrated Development Limited (CCID) focuses on offices and integrated developments both in Singapore and overseas. Today, CCID has close to 13 million sq ft of lettable area under management. In Singapore, CCID is a leading landlord and manager of commercial space with about 7.8 million sq ft of net lettable area of which about 5 million sq ft are in the Singapore Downtown Core alone. CCID's overseas portfolio extends to gateway cities in China, Hong Kong, Malaysia, Bahrain and the United Kingdom with more than 5.1 million sq ft of lettable area. CCID's total assets under ownership/ management are worth about S$10 billion, making it a significant Asian real estate player for commercial and integrated development projects.

In 2006, the Group continued to distinguish itself by its portfolio of quality projects; its capacity to capitalise on its core competencies to develop landmark integrated developments and office buildings; and track record of successful projects through its participation in funds and joint ventures. Currently, CCID has prime office properties in Singapore like Capital Tower, 6 Battery Road and Raffles City, which are owned by CapitaCommercial Trust (CCT). Its other properties include Raffles City in Shanghai, Capital Tower in Beijing, AIG Tower in Hong Kong, High Street Kensington in London and Temasek Tower in Singapore. Last year, the Group won a tender to develop a Raffles City in Chengdu. It was also invited to develop a prime waterfront integrated development in Bahrain's capital city, Manama. Named Raffles City Bahrain, it will be one of the focal points within Bahrain Bay, which is Manama's new premium residential, entertainment and business district.

Singapore

Given the optimistic economic outlook, the Singapore office rental market will continue to rise, underpinned by tightening supply and active occupier demand for good quality office space. CB Richard Ellis reported that as at end-2006, average prime rents in Singapore rose 50.2% in the year to S$7.81 psf per month, while rent for Grade A offices gained 53.1% to an average S$8.73 psf per month.

One George Street, Singapore


CapitaLand

CCID, with its prime portfolio of office properties in the core Central Business District (CBD) area, will benefit from this tight supply and strong demand. As at end-2006, about 96% of CapitaLand's office space in Singapore were leased, compared to approximately 91% in 2005. CapitaLand's high-tech industrial complexes in Singapore also performed better with 87% of space leased, compared to 81% in 2005.

From the investment perspective, Singapore's office property sector registered one of the world's highest year-on-year increases in investments. Singapore's S$4.8 billion in office investment sales in 2006 was about 150% more than the S$1.9 billion in 2005. The largest commercial transaction for the year was the acquisition of Raffles City. CapitaCommercial Trust (CCT) and CapitaMall Trust (CMT) jointly acquired the property for a total purchase consideration of S$2.166 billion, making it the largest investment deal in Singapore and the second largest in Asia in 2006. Given these activities, Singapore was billed as one of the top 10 most active office property markets in the world in 2006.

In 2006, CCID continued with the redevelopment of Selegie Complex. Renamed Wilkie Edge, it is an integrated development comprising retail space, offices, SOHO and serviced apartments. Situated near the arts, culture, learning and entertainment hub, Wilkie Edge will appeal to the young and trendy, the creative community, residents and working professionals. Retail leasing has commenced and construction is expected to be completed in mid-2008.

Both CCT's Market Street Car Park and Golden Shoe Car Park have undergone refurbishment works in 2006 to transform them into modern destination hubs with retail, food and beverage outlets, convenience stores and parking facilities. Raffles City is also undergoing a repositioning exercise. Asset enhancement initiatives and plans are being evaluated to enlarge the retail offering to maximise the value of the property.

China

In 2006, CCID continued to position itself for growth opportunities in the region. China's various measures to cool the market will be felt in 2007, but nonetheless, the commercial property sector will be positive as it will be underpinned by sustained demand for good quality office space. In 2007, with new and existing financial institutions looking to expand their presence after China's banking sector deregulation at end-2006, CCID expects office vacancy to decrease and the office rental market to continue to improve.

Capital Tower Beijing, completed in June 2006, is a prime office development located in Beijing's CBD. This Grade A office building has a gross floor area of about 107,000 sq m. Its top five international tenants are Computer Associates, Black and Veatch, Kraft, Accenture and Hachette Advertising. In 2006, CCID acquired Red Diamond Plaza, which is located in Beijing's Zhongguancun Software Park. The Grade A office building is currently fully leased to IBM China.

The landmark Raffles City Shanghai will soon be augmented by another Raffles City in Beijing. Located at the southwest corner of Dongzhimen, Raffles City Beijing is close to the Second Embassy district and is also near offices, retail malls, hotels and cultural centres. It will comprise a mix of high-quality, high-rise apartments and Grade A office and retail spaces. Raffles City Beijing is targeted for completion by 2008.

Also slated for development is Raffles City Chengdu, which is located in the heart of Chengdu's bustling city centre. This iconic commercial development will comprise Grade A offices, a retail mall and a five-star hotel or serviced residences when completed by 2010. Looking ahead, the Group expects to expand the Raffles City brand of prime integrated development properties to more key gateway cities in China.

In Hong Kong, rents for quality space in Central continue to increase due to tightening supply. Vacancy rates in Central fell to 2.2% in 2006, down from 2005's 5.7%. AIG Tower, located in the prime business district of Central, was fully occupied within a year from the receipt of its occupation permit in April 2005.

Malaysia

The Malaysian real estate market is undergoing a stage of rapid growth following a healthy economic performance over the past few years. Based on the 9th Malaysian Plan, Federal Territory, which comprises Kuala Lumpur, Putrajaya and Labuan, received the highest development allocations of RM31 billion. Kuala Lumpur, being the focal point of the services sector in Malaysia, is expected to benefit from the development plans intended to enhance the services sector.

In 2006, CCID expanded its presence in Kuala Lumpur by embarking on a series of four investments/acquisitions.

First, it took a 40% stake in a joint venture with the Quill Group to develop a prime office building on Lot J in KL Sentral. KL Sentral, the nation's central transport hub,

Capital Tower Beijing

is a 72-acre integrated community offering global connectivity, excellent investment opportunities, business convenience and an international lifestyle.

Next, CCID announced its involvement in One Mont' Kiara, a mixed development comprising two office towers, a retail podium and car parks located in the Mont' Kiara area.

A Memorandum of Understanding was also signed with YNH Property Bhd to build a Grade A office tower-cum-retail development on a 131,000 sq ft site in Kuala Lumpur's Golden Triangle, the heart of the Central Business District. CCID will have a 40% stake in this site located at Jalan Sultan Ismail.

Additionally, CCID took a 39% stake in a joint venture company to sign an agreement to acquire and develop a second site in KL Sentral, Lot D, to build residential and serviced apartments with ancillary retail amenities. The other partners are Malaysian Resources Corporation Berhad (51%) and Quill Group (10%).

One Mont' Kiara was later injected into the Malaysia Commercial Development Fund (MCDF) as a seed investment. The Lot D at KL Sentral and Jalan Sultan Ismail projects are also slated for injection into the fund in due course.

The MCDF projects, where appropriate, and the prime office building in Lot J at KL Sentral, will eventually form a potential pipeline of completed commercial developments for our new Malaysian REIT Quill Capita Trust (QCT), which was listed on 8 January 2007.

The Gulf Co-operation Council Region

Moving beyond the region, CCID made its first venture in the Gulf Co-operation Council (GCC) region, an economic alliance made up of six states, namely, the United Arab Emirates, Bahrain, Saudi Arabia, Oman, Qatar and Kuwait with a major investment in Bahrain in December 2006.

CapitaLand extended the Raffles City brand to this project by naming it Raffles City Bahrain, given the landmark status of the project and its strategic location in the city. Raffles City Bahrain is part of a larger development known as Bahrain Bay, a multi-billion dollar project located on a reclaimed island which will be connected by two bridges that form an inner harbour off the northeast coast of Manama. Raffles City Bahrain will cost about US$800 million to construct and, when completed in 2010, will comprise about 288,000 sq m of built-up area for residential, serviced apartments, retail and food and beverage facilities.

This venture allowed the Group to achieve its triple targets: having a maiden investment in the GCC region; growing its Shariah-compliant assets under management; and adding to the footprint of the Raffles City brand. It will continue to explore more opportunities for landmark integrated development sites in the GCC to export its expertise and grow the Raffles City brand further. The Group will look into growing its presence in other GCC states, going forward.

United Kingdom

The Central London office market has been performing exceptionally well, given the strong performance in the economy over 2006, especially in the financial sector, which has translated into increased take-up for office space. In early 2006, CCID invested in its first West End commercial property, taking a one-third stake in the acquisition of the iconic and landmark Derry and Toms Building at Kensington High Street, Central London. This comprises a mixed development at Kensington High Street, an office building at Derry Street and a residential building at Kensington Square.

During 2006, prime yields for West End properties have compressed significantly, closing the year at about 4%. This has resulted in a 15% increase in the value of CCID's Kensington High Street property over the year. The value of the property is expected to increase further in 2007 with the agreement for lease of 10,000 sq m to Sony BMG.

Moving Ahead

Looking ahead, CCID will continue to look for more opportunities to expand its integrated real estate and capital management business and export CCID expertise overseas to tap the region's growth potential, especially in the GCC region, China, Malaysia and Indo-China. For example, it set up a new office in Bahrain in 2006 to explore the tremendous opportunities available in the GCC region and to facilitate its expansion there. CCID's business partners acknowledge its ability to design, develop and deliver complex mixed-development projects. It has a track record for on-time delivery, cost efficiency and construction quality and it has garnered numerous awards for design, architectural conservation, and energy efficiency and construction excellence.

CCID will also make conscious efforts to adopt green features when building or upgrading its commercial projects. The benefits of having environmentally-friendly features incorporated in its buildings are lower energy consumption and a healthier indoor work environment for its tenants. Some of CCID's properties like AIG Tower in Hong Kong, and Capital Tower and One George Street in Singapore, have won awards for their environmentally-friendly design and features. CCID aims to achieve green mark certifications and other environmental best practice awards for all its commercial projects in the future.

Raffles City Bahrain

Target Completion: 2010

Many Singaporeans identify with Raffles City in Singapore. It is a landmark development that is strategically located and its integrated components – retail, office, hotel, and conventions facilities – attract a high and repeated volume of visitors and users. The Group aims to export the Raffles City formula and let its brand name resonate overseas. Towards this end, in 2006, the Group took steps to extend the Raffles City brand name to Manama in Bahrain, and Chengdu in China. With the latest additions, the brand will be in five locations – Singapore, Shanghai, Beijing, Chengdu and Manama. CapitaLand plans to grow the Raffles City footprint globally and double the number of Raffles City developments from five to 10.

Raffles City Bahrain is CapitaLand's first major mixed development in the GCC region and is poised to be a magnet for tourists from Saudi Arabia, Kuwait, Qatar, UAE and Oman. Internationally-acclaimed architect, Rafael Vinoly, will design this prestigious development. Its design has been conceived as a series of concentric 'waves', inspired by the intrinsic geometry and spectacular views of the bay and the sea. The waterfront integrated development, which overlooks the stunning skyline of Manama, also boasts a promenade which features a floating pavilion and a central plaza dotted with gourmet outlets and signature restaurants. Complementing the spectacular waterfront views will be lush greenery, fountains and water features. The development will have a limited collection of exclusive sky villas, over 400 high-rise luxurious apartments, well-appointed serviced apartments, as well as a unique retail concept that has a modern interpretation of the *souks,* the traditional Arabic market place. The development is slated to be completed by 2010.

CapitaLand Retail

Mr Pua Seck Guan
CEO, CapitaLand Retail Limited

"Over the years, we have achieved significant scale, established a strong integrated retail mall business platform and have also gained a proven track record in accessing competitive international capital. These will give us the competitive edge to further our expansion, thus strengthening our position as one of the leading retail mall owners/ managers in Asia."

Mr Pua Seck Guan
CEO, CapitaLand Retail Limited

CapitaLand Retail Limited (CRTL) is the retail property business unit of the CapitaLand Group and one of Asia's biggest mall owners and managers. It has a portfolio of more than 92* malls in Singapore, China, India, Japan and Malaysia, comprising a total of over 42.3 million sq ft of Net Lettable Area (NLA). Formed in 2004, CRTL is also the largest retail mall owner and manager in Singapore with 16 malls, comprising a total of over 5.3 million sq ft of net lettable space.

CRTL continually stays ahead of the curve through innovation and the introduction of creative and novel retail concepts, to transform malls from functional property space into living, powerful social magnets that attract shoppers and tenants. It focuses on improving existing property yields through asset enhancement and active property management. CRTL leverages on its successful business model to collaborate with local and foreign partners, and grow its regional footprint.

2006 was another landmark year for CRTL, as its milestone projects put it on the regional retail mall business map and helped it redefine the retail landscape here and abroad.

Singapore

Domestic demand was at its most positive in recent years, underpinned by Singapore's economic growth and improvement in the job market. Nevertheless, Singapore still remains "under-shopped" compared to regional destinations like Hong Kong and Japan, as well as other developed markets like Australia and the US. However, government efforts to double tourism arrivals to 17 million and triple tourism receipts to S$30 billion by 2015 should boost retail spending. Therefore, the retail sector growth potential is huge and it is expected to outperform other property sectors over the long term.

In 2006, one of CRTL's mega projects was the S$85-million transformation and re-launch of Clarke Quay, which turned it into Singapore's premier lifestyle riverfront precinct, a must-see tourist destination with world-class food and beverage outlets and entertainment. Clarke Quay's successful rejuvenation is a strong testament to CRTL's retail expertise in not only developing and managing malls, but also pushing the boundaries of ambience and panache. CRTL also continued to rejuvenate its suburban malls like IMM, Tampines Mall

** This number includes those covered under the 15 January 07 MOU signed between CapitaRetail China Development Fund and various Chinese parties to acquire over 35 retail malls located in major provinces and cities.*

Clarke Quay, Singapore


VIVO
city

Wangjing Mall, Beijing

and Junction 8 to ensure that they remain relevant to consumers and shoppers. In addition to its portfolio of 15 retail malls, CRTL also manages VivoCity, Singapore's largest retail mall, and contributed to its huge success – within two months of its soft launch, VivoCity had welcomed more than 8.16 million visitors. Orchard Turn development, an iconic retail-cum-residential project, is set to redefine shopping in the core Orchard Road area when it is ready by end-2008.

China

CRTL blazed a trail with its strong retail presence across China. CRTL's China properties include the newly-acquired Xihuan Plaza Retail Mall at Xizhimen in Beijing and Raffles City Shanghai, which was rated by a local weekly there as the best retail mall in Shanghai. CRTL also owns and manages another 32 retail malls across China, some of which are anchored by Wal-Mart, the world's largest retailer, and Beijing Hualian Group, the sixth largest Chinese retailer.

CRTL now enjoys a unique position in the Asian retail mall business, bringing Singapore brands to China and introducing Chinese retail brands across cities in China where it operates its malls, besides marketing these Chinese brands overseas.

In 2006, as part of its integrated China retail mall business strategy, CRTL established the CapitaRetail China Development Fund and the CapitaRetail China Incubator Fund, which together amount to over US$1 billion. The US$600 million CapitaRetail China Development Fund will invest in retail mall development projects in China. The US$425 million CapitaRetail China Incubator Fund will warehouse retail properties with the potential to generate quality income after repositioning of the property, enhancing the asset or on completion of leasing activities. One key outcome of this integrated strategy is the listing of CapitaLand's first pure-play China retail REIT, the S$690 million CapitaRetail China Trust, on 8 December 2006.

India

India is the world's fourth largest economy and is expected to rank third by 2010, just behind the US and China. It has a booming middle class and a growing urban population. On the micro-economic front, retail is amongst

VivoCity, Singapore

Market City, Mumbai (Target Completion: 2009)

the fastest growing sectors in the country, with organised retail expected to grow 400% from US$7 billion to over US$30 billion by 2010.

CRTL is well-positioned to capitalise on these positive economic and market trends and replicate the China model in India. In 2006, it went into a joint venture with Pantaloon Retail (India) Ltd, India's largest listed retailer. Under the agreement, CRTL will manage a portfolio of about 50 malls across 30 cities and 14 states within the next two to three years, yielding a potential GFA of over 15 million sq ft. It will also explore the creation of private retail property funds or retail REITs together with Pantaloon to capture the tremendous growth in the India retail real estate market. In addition, CRTL made the commitment to invest up to US$75 million in the Horizon Fund, which is Pantaloon's retail property fund. The Horizon Fund has already identified four potential investments in Mumbai, Chennai, Bangalore and Kolkata that have an approximate total retail GFA of 4.1 million sq ft and an estimated total asset value of US$330 million. These properties are targeted to be completed by 2008-2009.

Japan

Japan remains a key and long-term retail property market, and CRTL will continue to actively pursue acquisition opportunities to further upscale its presence there. In Japan, CapitaLand Retail owns five retail malls, including the 185,000 sq ft Ito-Yokado Eniwa mall in Eniwa City, Hokkaido, acquired in 2006 through its CapitaRetail Japan Fund. Ito-Yokado is the biggest retail group in Japan. The CapitaRetail Japan Fund, which has a fund size of approximately JPY45.2 billion, has a target portfolio size of JPY150 billion.

Going Forward

Going forward, CRTL will continue with its aggressive acquisition programme, especially in China. It will invest in choice sites and properties in multi-tiered cities, grow its landbank, and develop prime properties. The yields of CRTL's existing properties will be enhanced through asset enhancements, active property management, and the introduction of novel retail concepts.

Indeed, CRTL has redefined the concept of retail mall business and changed each of its malls into a living, vibrant and integrated community where shoppers, tenants, and many different demographic groups congregate and interact. CRTL's malls are host to many kinds of activities that make shopping a holistic experience. Looking ahead, CRTL will continue to improve on the hardware, and will increasingly introduce 'software' in all its malls – special events, activities and functions – to continue to add value to the lives of those who visit its malls.

Xinwu Mall, Wuhu

CapitaRetail China Trust (CRCT), Singapore's first pure-play China retail REIT, was listed on the Singapore Exchange on 8 December 2006. The trust, which received an overwhelming 196 times subscription rate for the institutional tranche – amongst the highest ever registered in Singapore's stock market history – has an initial portfolio of seven retail malls located in five cities across China. The quality geographically diversified portfolio, valued at approximately S$690 million as at 30 September 2006, is anchored by major international and domestic retailers, such as Wal-Mart, Carrefour and the Beijing Hualian Group.

In January 2007, it was announced that CapitaRetail China Development Fund (CRCDF), whose assets form the pipeline for CRCT, jointly acquired six retail malls with SZITIC Commercial Property Co., Ltd. At the same time, as part of its asset productivity strategy to systematically grow CRCDF, CapitaLand injected its equity stake in 14 retail malls into CRCDF. Plans are underway for CapitaLand to inject a further five retail malls into CRCDF, which brings the total pipeline of assets under CRCDF accessible by CRCT to 25, taking it a step closer to fulfilling its goals of tripling its initial portfolio size to S$3 billion by 2009 and increasing its presence to more than 24 cities in China.

On its debut, CRCT registered a 59% increase over the Offering Price of S$1.13. As at 28 February 2007, the share price was S$2.95, translating into an increase of 161% over the Offer Price.

CapitaLand Integrated Leisure, Entertainment and Conventions

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

"Asia's growing economy has thrown up tremendous opportunities for CapitaLand in the leisure, entertainment and conventions sector. We are very excited about the prospects of large scale, world-class integrated resort developments like Macao Studio City. It is an excellent example of how we participate in the region's tourism boom. At the same time, we aim to use such iconic integrated projects to create new opportunities for the Group's other business units."

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

CapitaLand Integrated Leisure, Entertainment and Conventions (ILEC) is a new business unit set up to develop integrated developments incorporating leisure, entertainment and conventions as their key themes. ILEC will leverage on the Group's real estate competencies, partner relationships and intellectual capital to construct integrated resorts with exceptional design and development concepts.

Asia is fast gaining popularity among resort and gaming developers. Currently, Macau stands out in Asia as a gaming destination. Macau's gaming revenues soared to almost US$6.9 billion in 2006, surpassing Las Vegas Strip's US$6.69 billion to become the world's top gaming destination. Macau's growth is being driven by continued increases in tourism, with visitor arrivals at a record 22 million in 2006 – up 17% from 2005 – of which more than half were mainland China arrivals. In addition, as the world becomes increasingly affluent, and especially with many consumers in Asia seeking a dynamic tourism experience, demand for integrated resorts will be on the rise.

Against this positive backdrop, ILEC can steadily build up its knowledge through collaborations with industry experts. Using the Group's property development competencies as leverage, ILEC is able to contribute its best creative ideas and resources to partners who already possess experience in resort development and management.

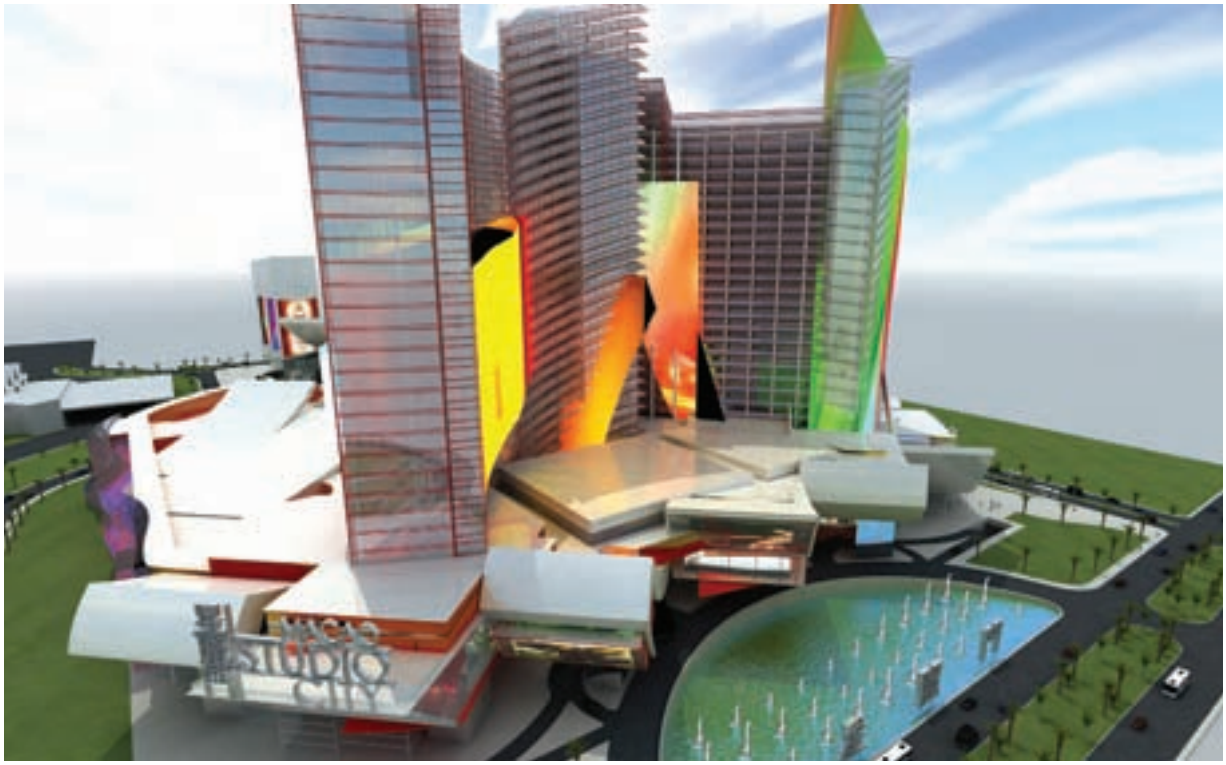
In 2006, ILEC partnered two international resort developers, MGM MIRAGE and Kerzner International, to separately submit proposals for integrated resorts to be built at Marina Bayfront and on Sentosa Island respectively. Although ILEC did not win the bids, the many lessons learnt and the domain knowledge gathered during the two bid preparations enabled it to take a strategic 20% stake in Macao Studio City. This is CapitaLand's first investment in Macau. Billed as Asia's first leisure resort property combining theatre, television and film production facilities, and retail, with gaming, entertainment and world-class hotels, Macao Studio City is located in a prime location at Cotai in Macau. The project will be developed on a 35-acre site located next to the new Lotus Bridge immigration checkpoint, linking the development directly to Zhuhai, China.

As the development of large-scale integrated resorts require not only long-term capital commitments but also strong domain knowledge, ILEC will only select financially strong partners with proven track records in developing these integrated resorts.

Going forward, ILEC will be looking beyond local boundaries to strengthen and scale up its expertise in this business, learning from its partners from previous alliances, as well as from other top industry players.

ILEC will continue to look at China, India, other Asian countries and beyond to expand. One distinctive feature of ILEC's future projects will be its ability to integrate the other business units such as residential, retail, and serviced residences, into its development plans. ILEC will serve as a "pathfinder" for the Group and lead the way to create additional real estate opportunities for the Group.

Macao Studio City, Macau



Target Completion for Phase One: 2009

Macao Studio City (MSC) is located in a part of Macau that is dubbed Cotai after the two small islands it straddles – Coloane and Taipa. Economists believe that within the next four years, this plot in the heart of 'Asia's Las Vegas' will be the powerhouse driving the world's biggest gaming destination. MSC is jointly developed by CapitaLand (20%), eSun Holdings (40%) and New Cotai LLC (40%). eSun Holdings is a Hong Kong-listed media and entertainment company and an associated company of Hong Kong-listed hotel and property developer Lai Sun Development and Singapore-listed Media Asia Entertainment Group.

Designed by Las Vegas-based entertainment and casino design expert Paul Steelman, MSC will have a total gross floor area of about 6 million sq ft when fully completed. MSC will also have some of the most comprehensive and extensive entertainment components in Macau, including a 2,300-seat theatre, a 4,700-person capacity arena/MICE centre, stand-alone state-of-the-art TV and film production facilities and a 1.4 million sq ft Studio Retail™ complex to be created in partnership with Taubman Centers, Inc. Studio Retail™ will integrate live-audience taped lifestyle and fashion programming throughout the retail environment, re-interpreting the Asian shopping experience. There will also be 500,000 sq ft of gaming facilities with over 400 gaming tables.

MSC will be a mega resort with more than 2,910 hotel rooms and over 540 serviced apartments. In phase one alone, world-renowned hotel brands like Marriott and Ritz Carlton, and the founder of China Clubs and Shanghai Tang, David Tang, are anticipated to partner MSC to create 2,000 luxurious guest rooms and suites.

CapitaLand Financial




(From left)
Mr Wen Khai Meng *CEO, CapitaLand Financial Limited* **Mr Pua Seck Guan** *CEO, CapitaLand Financial Limited (Real Estate Capital Management-Retail); CEO, CapitaMall Trust Management Limited* **Mr Martin Tan** *CEO, CapitaLand Financial Limited (Real Estate Capital Management-Commercial and Integrated Development)* **Mr Lim Ming Yan** *CEO, CapitaLand Financial Limited (Real Estate Capital Management-China Development)*

"With the huge increase in demand for Asian real estate funds, our financial services business is poised to substantially increase its assets under management. We will endeavour to maintain our position as one of Asia's leading real estate fund managers by leveraging on the Group's real estate domain knowledge and pan-Asia presence."

Mr Wen Khai Meng
CEO, CapitaLand Financial Limited

CapitaLand Financial Limited (CFL) is the real estate fund management and financial advisory services arm of CapitaLand Group. CFL's in-house capabilities include real estate capital management, structured finance and advisory services. Its strength lies in its ability to leverage on CapitaLand's real estate delivery capabilities and international footprint to provide a comprehensive range of real estate investment products, from private to listed funds to structured financial products. CFL is able to harness this competitive edge to be a market leader despite a short history since its formation in 2002. To date, CFL has advised on transactions worth over S$14 billion. It currently manages 10 private equity funds and four real estate investment trusts (REITs) with assets under management (AUM) in excess of S$13 billion as at 31 January 2007. The four REITs are CapitaMall Trust (CMT), CapitaCommercial Trust (CCT), CapitaRetail China Trust (CRCT), and Quill Capita Trust (QCT). QCT is the Group's first REIT initial public offering outside of Singapore, and was listed in Malaysia on 8 January 2007.

CFL's investors and partners in the various property funds include global and regional insurance companies, pension funds and large corporations.

Singapore

In Singapore, CFL advised on the establishment of the Ascott Residence Trust (ART), the world's first pan-Asian serviced residence REIT, and CRCT, the first pure-play China retail REIT. On the first day of trading, ART closed 69% higher than its preferential offer price of S$0.68 per unit while CRCT closed 59% higher than its offer price of S$1.13 per unit, reflecting the market's confidence in CapitaLand's fund management capabilities.

CFL played an advisory role in the acquisition of the landmark Raffles City by CCT and CMT. At a total purchase consideration of S$2.166 billion, this was the largest real estate investment transaction in Singapore and the second largest in Asia for 2006. The equity fund-raising

Raffles City, Singapore


Raffles City


DHL

exercises by both CCT and CMT were extremely well received. The private placements were well subscribed and the Automated Teller Machine (ATM) offers were fully subscribed within the first hour of opening. In addition, CCT's equity fund-raising of S$803.2 million was the largest Singapore REIT offering to date. A Commercial Mortgage-Backed Securities (CMBS) of S$866.0 million, which was Asia's (excluding Japan) largest CMBS offering since 2000, was issued to fund the acquisition.

China

In 2006, the US$600 million CapitaRetail China Development Fund, and the US$425 million CapitaRetail China Incubator Fund were established to invest in new retail development projects, and to warehouse and capitalise on underperforming retail malls, respectively. Both funds also serve to provide a strong proprietary pipeline of quality retail malls for CRCT.

Malaysia

CFL was involved in the listing of QCT on the Bursa Malaysia on 8 January 2007. QCT is focused on investing in commercial properties located in Malaysia. It has an initial portfolio of four commercial properties valued at RM280 million. QCT closed 17% higher than its retail offer price of 84 sen on its first day of trading, reflecting strong investor demand.

In addition, CFL launched the US$250 million Malaysia Commercial Development Fund (MCDF) with Malaysia's largest banking group, Maybank Group. This will be one of Malaysia's largest property funds, with expected gross development value of US$1 billion. Where appropriate, MCDF projects will form a pipeline of commercial properties to be acquired by QCT.

CFL is the manager of the Mezzo Capital Fund which has been fully invested in several prime residential condominiums in Kuala Lumpur. This included Hampshire Residences in the KLCC area, Kiaraville and Tiffani by i-ZEN, both located in the prestigious district Mont' Kiara, and Zehn Bukit Pantai which is located in Bangsar.

India

During the year, CapitaLand committed to invest up to US$75 million in the Horizon Fund, an international fund sponsored by India's largest retailer Pantaloon Retail (India) Ltd, which will invest predominantly in retail real estate developments in India. The Horizon Fund has an initial closing of US$263 million and a target fund size of US$350 million. There are plans between CapitaLand and Pantaloon to create retail funds or REITs within the next few years to capture the tremendous growth in the India retail real estate market.

Japan

In 2006, the CapitaRetail Japan Fund (CRJ Fund) acquired its fifth mall in Hokkaido for over JPY4 billion. The Fund's asset size grew to JPY45.2 billion with the purchase. CRJ Fund's mandate is to invest in Japanese retail assets that have a secured and steady income stream, and with potential for asset enhancement.

The ARC-CapitaLand Residences Japan venture, a Shariah-compliant property vehicle jointly owned by CapitaLand and affiliates of Bahrain-based Arcapita Bank B.S.C. (c) (Arcapita), acquired five rental apartment buildings worth about JPY7.5 billion in 2006. The joint venture also secured commitments

"2006 has been a spectacular year for CMT. As we further strengthen our position as the largest REIT by asset size and market capitalisation in Singapore, it remains imperative for us to proactively manage our quality portfolio to deliver stable distributions and sustainable total returns to unitholders."

Mr Pua Seck Guan
CEO, CapitaMall Trust Management Limited

"The Raffles City acquisition, with CMT, was a major milestone and a huge success for CCT. It was the largest real estate acquisition in Singapore and the second largest in Asia for 2006, reinforcing CCT's position as the dominant commercial REIT in Singapore. Looking ahead, we will continue to be proactive in our asset management efforts and make accretive acquisitions to grow our portfolio of quality properties."

Mr David Tan
CEO, CapitaCommercial Trust Management Limited

(Top) Qibao Mall, Shanghai;
(Bottom) Quill Building 1 (DHL 1), Kuala Lumpur

on 11 rental apartment buildings worth about JPY11.6 billion. With a total commitment of JPY28 billion comprising 21 properties with 1,754 units, the joint venture had almost reached its initial target size of JPY30 billion. Hence it was decided to expand its target portfolio size to JPY42 billion. Set up in 2005, the joint venture invests in a portfolio of income-producing rental apartment buildings in Japan's key cities.

CapitaLand acquired a 5.45% stake in SAMTY Co., Ltd (SAMTY), one of the leading residential developers in the Kansai region, for JPY1.67 billion. Concurrently, CapitaLand also entered a joint investment business agreement with SAMTY to further business cooperation between both parties. Under the agreement, SAMTY will provide a pipeline of properties for the real estate funds managed by CapitaLand. This includes the first right of refusal to acquire joint development properties as well as the first right of negotiation to acquire some JPY20 billion of properties per annum developed by SAMTY.

Gulf Co-operation Council Region

In December 2006, CFL launched Raffles City Bahrain Fund, the first equity *Sukuk* of its kind for a real estate project and CapitaLand's second Shariah-compliant real estate product. Named Raffles City Bahrain Fund, it will invest in Raffles City Bahrain, a prime waterfront integrated development at Bahrain Bay in Manama, Bahrain's capital city. CapitaLand intends to hold between 20% to 30% interest in the fund.

Moving Ahead

Moving ahead, CFL targets to increase its AUM to over S$18 billion by end-2007. It will grow its existing REITs and private equity funds through proactive asset enhancement and competitive acquisitions, while originating new ones in new markets and real estate sectors to meet fresh investor demands. In particular, the combined market capitalisation of Asian REITs is expected to grow from US$43.7 bilion to above US$400 billion in the next two decades. CapitaLand aims to double its number of REITs from five (including ART) to 10 over time. CFL also plans to introduce more Shariah-compliant products and funds to meet the demands of Islamic investors globally.

"CRCT sets the standards for quality cross border REIT listings in Singapore. The 196 times subscription from international institutional investors and 39 times subscription from local retail investors demonstrate their confidence in our retail execution capabilities, and the strong retail growth potential in China. We will continue to leverage on our multi-pronged strategy to deliver stable and growing distributions to unitholders."

Mr Lim Beng Chee
CEO, CapitaRetail China Trust Management Limited

"QCT received strong endorsement from both retail and institutional investors. It closed 17% higher than its retail offer price of 84 sen per unit on the first day of trading on 8 January 2007. We will continue to look out for yield accretive acquisitions and asset enhancement initiatives to grow the value of our portfolio rapidly."

Mr Chan Say Yeong
CEO, Quill Capita Management Sdn Bhd

Bahrain Bay, Manama

Islamic Finance is estimated to be worth some US$400 billion. Buoyed by persistent high oil prices, it is growing at a fast pace and has a total potential size of more than US$1 trillion. This huge liquidity has underpinned a growing real estate market, especially in the Gulf Co-operation Council (GCC) region. At the same time, investors from amongst them are increasingly diversifying into Asia real estate investments. It is against such a backdrop that CapitaLand has set up a business unit called CapitaLand Amanah Pte Ltd to grow its Shariah-compliant real estate financial business in Asia and also in the GCC region. Wholly-owned by CapitaLand Financial Limited, CapitaLand Amanah will originate, structure and manage real estate products and funds to meet the demands of institutional investors and high net-worth individuals who are looking for Asia- or GCC-based real estate investment opportunities that are Shariah-compliant.

The Ascott Group

(Left to right)
Mr Cameron Ong
Managing Director and CEO, The Ascott Group Limited

Mr Chong Kee Hiong
CEO, Ascott Residence Trust Management Limited

"The Ascott Group's 2006 net profit hit a record high of S$151.3 million, more than 3.6 times the net profit of S$41.9 million registered in 2005. The launch of ART also unlocked greater value for our shareholders, giving Ascott a unique competitive edge that no other serviced residence operator currently has. To ensure its international pole position as the largest serviced residence company outside the US, the group will chart growth opportunities in new frontiers, including emerging markets like Russia and the GCC countries."

Mr Cameron Ong
Managing Director and CEO, The Ascott Group Limited

In 2006, CapitaLand's serviced residence arm, The Ascott Group, continued to reinforce its position as a global leader by further expanding its global portfolio from 15,500 serviced residence units last year to 18,500 units in 46 cities in 20 countries across Asia Pacific, Europe and the Gulf Co-operation Council (GCC) region. During the year, the group launched Ascott Residence Trust (ART), an innovative REIT that unlocked and created shareholder value, effectively transformed its business model, and positioned the group for a higher level of growth and expansion.

The group announced acquisitions in China, Hong Kong, India, Singapore, Thailand and Vietnam with a total investment of over S$600 million. These acquisitions, together with Ascott's portfolio of operating properties, will form the pipeline of assets for potential injection into ART. In recognition of its successful creation of ART, Ascott was awarded the 2006 Triple A Country Award for Best Deal in Singapore by The Asset magazine, the largest circulated finance publication for Asian issuers.

The group ended the year with a record profit of S$151.3 million, more than 3.6 times the net profit of S$41.9 million registered in 2005. This is the highest since the establishment of the group in 2000.

Growing Global Presence

Ascott further strengthened its foothold in existing markets. Five new properties opened in Beijing, Dubai, Jakarta, Kuala Lumpur and Shanghai. In China, Ascott also secured new properties in Beijing, Suzhou, Tianjin, Xi'an as well as Hong Kong. Ascott adopts the strategy of using key cities as springboards into high-potential secondary cities and is poised to triple its China portfolio to 10,000 serviced residence units.

In Thailand, Ascott secured its second, third and fourth Citadines properties in Bangkok, as part of Ascott's joint venture with Thailand's Thakral family to launch five Citadines in the city by 2010. These properties are strategically located in Bangkok's thriving Sukhumvit area, a key business and entertainment district.

Even as the group enhanced its global presence, it also continued to strengthen its foothold in its home base, Singapore. It announced three new properties – Ascott Singapore

Ascott Beijing


ASCOTT

Citadines Paris Louvre

Somerset Gordon Place, Melbourne

Raffles Place, Citadines Singapore Scotts and Citadines Singapore Mount Sophia.

Besides bolstering its presence in existing markets including China, the Philippines, Singapore, Thailand and Vietnam, Ascott also made inroads into new cities with high potential demand for international-class serviced residences. These include Hong Kong, Xi'an in Northern China, Bangalore and Chennai in India, Doha in Qatar, and Manama City in Bahrain.

To build a strong, long-term presence in key new-growth markets, Ascott signed a master development agreement (MDA) with Addax Investment Bank in April to launch at least 15 serviced residences across the Middle East and North Africa, to be managed by Ascott. Two properties in Bahrain and Qatar have been secured under this arrangement. Another MDA was signed with India's The Rattha Group in August to acquire and develop seven properties in four southern Indian states by 2010 at a joint estimated investment of US$220 million. As at end-2006, two properties in Chennai and one in Bangalore have been secured.

Growth Strategy

During the year, Ascott maintained its focus on an 'asset light, asset right' strategy. Ascott re-allocated capital through the divestments of mature assets and re-invested the funds into higher-yield assets. The group's investments and properties were divested at a total value of more than S$1 billion. The divestments yielded cash proceeds of more than S$650 million; this was substantially re-invested to add over 2,400 serviced residence units to the group's portfolio. On brand management, Ascott completed an exercise to sharpen the differentiation among its three brands – Ascott, Somerset and Citadines. In particular, the European Citadines brand was refined and adapted for launch in Asia as part of its pan-Asian marketing and branding campaign to bring Citadines to the region.

Looking Ahead

Moving forward, Ascott is poised to achieve its global target of 25,000 serviced residence units. At least 13 new properties across Bahrain, China, Qatar, Singapore, Thailand and Vietnam are slated to open in 2007. Ascott will continue to fortify its presence in Asia Pacific and Europe, build a strong foothold in key high-growth markets in the GCC region, as well as seek new emerging markets to enlarge its global footprint. In February 2007, Ascott announced its entry into the emerging market of Russia with Amtel Properties Development. Both partners will jointly set up an initial fund of US$100 million and build on this fund to secure 1,000 serviced residence units in Russia.

"ART's strong performance this first year clearly demonstrates investors' interest in this new asset class. Going forward, ART will continue to acquire more serviced residence assets from Ascott and third-party owners. We expect our target portfolio value to be about S$2 billion by end-2008."

Mr Chong Kee Hiong
CEO, Ascott Residence Trust Management Limited

(Clockwise from left) Somerset Olympic Tower, Tianjin; Ascott Makati; Somerset Liang Court, Singapore

In March 2006, Ascott launched Ascott Residence Trust (ART), the world's first pan-Asian serviced residence REIT. ART was launched with an initial portfolio valued at S$856 million, comprising 12 serviced residences in China, Indonesia, Singapore, the Philippines and Vietnam.

Units of ART were offered exclusively to existing shareholders of Ascott at a preferential offering sale price of S$0.68 per unit. On its debut on 31 March 2006, ART closed at S$1.15 a unit, 69% higher than the preferential offering sale price.

On 19 September 2006, ART issued 44 million new units at S$1.10 per unit in its first equity fund raising exercise to fund the acquisitions of Somerset Olympic Tower, Tianjin and Somerset Roppongi, Tokyo. The overnight placement was received positively, demonstrating investors' confidence in ART's ability to execute its strategy of increasing portfolio size and geographical diversification.

ART has announced the acquisition of five serviced residence properties in Australia, China, Japan, the Philippines and Vietnam within nine months of its listing. As at 31 December 2006, ART's portfolio, including completed acquisitions, comprised 14 properties in six countries with a total portfolio value of S$927 million.

ART has clearly demonstrated its ability to execute the growth strategies articulated at the time of listing. It has acquired assets owned by Ascott, assets managed but not owned by Ascott, as well as assets managed and owned by third parties.

ART's share price closed at a high of S$1.60 at year-end and its market capitalisation also grew significantly in the year to reach S$800 million, an increase of 158% since its listing in March. ART's annualised distribution per unit (DPU) was 6.37 cents, exceeding the forecast DPU set out in its prospectus by 4%. Unitholders who held ART units from listing would have enjoyed a strong total return of 139% over 2006, comprising capital appreciation of 135% and an annualised distribution yield of 4%.

Raffles Holdings

Ms Jennie Chua
President and CEO,
Raffles Holdings Limited

"In July 2005, the group made a strategic decision to divest its entire hotel business to Colony HR Acquisitions, LLC, an affiliate of Colony Capital, LLC, for an enterprise value of S$1.72 billion and achieved a gain of S$643.4 million. This disposal created and unlocked significant value for shareholders."

Ms Jennie Chua
President and CEO,
Raffles Holdings Limited

Looking Back

Raffles Holdings Limited was incepted in 1995 as an investment holding company for its hotel and resort investments. History could be traced back to 1979 when a consortium developed the Raffles City Complex, comprising Raffles City Convention Centre, the Raffles City Tower, Raffles City Shopping Centre, and two hotel properties. The project was completed in 1986.

In 1989, Raffles International, a subsidiary of Raffles Holdings Limited, successfully restored and redeveloped the grand historic Raffles Hotel, which is today an important landmark of Singapore. By the time it was listed on the mainboard of the Singapore Stock Exchange in December 1999, the group was recognised as Singapore's leading luxury hotels and resorts owner with 2,626 deluxe hotel rooms and suites in Singapore, and 3,238 rooms worldwide.

Under the strong leadership of its directors and management, the hotel business grew rapidly and by 2005, the group had a collection of 39 hotels, of which 31 were in operation. Of these 39 hotels, 14 were majority-owned or leased.

Creating and Unlocking Shareholders' Value

In July 2005, the group made a strategic decision to divest its entire hotel business to Colony HR Acquisitions, LLC, an affiliate of Colony Capital, LLC, for an enterprise value of S$1.72 billion and achieved a gain of S$643.4 million. This disposal created and unlocked significant value for shareholders.

After the sale of the hotel business, the remaining business of the group was its 45% interest in its associated company, Tincel Properties (Private) Limited ("TPPL"), which owned the Raffles City Complex and the contract to manage the complex.

In September 2006, the group further enhanced and unlocked shareholders' value when TPPL sold the Raffles City Complex to CapitaCommercial Trust and CapitaMall Trust at a property purchase price of S$2.085 billion. As a result of the sale, the group's share of results of TPPL for 2006 increased significantly to S$483.6 million, more than 10 times over financial year 2005.

The group achieved a PATMI from Continuing Operations of S$500.4 million in financial year 2006, an improvement of more than 14 times over financial year 2005. This was

Raffles City, Singapore

mainly due to the increase in share of results of TPPL as well as higher interest income earned.

In October 2006, Raffles Holdings returned substantially all its cash to shareholders via the payment of a special interim dividend of S$0.33 per share and a capital reduction of S$0.37 per share. The total cash distributed amounted to S$1.5 billion.

Delisting

Following the strategic disposals of the hotel business and the Raffles City Complex, and the cash distribution, the group no longer had any material assets or businesses. Raffles Holdings was voluntarily delisted from the official list of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 13 December 2006.

Performance Review

PERFORMANCE OVERVIEW

In 2006, the Group achieved significant milestones in its consistent corporate strategy of:

(i) remaining focused on the real estate value chain;

(ii) achieving balance by diversifying overseas into new markets, across multiple sectors and generating a variety of income streams; and

(iii) building greater scale to increase its competitive advantage.

During the year, the Group expanded its overseas footprint in China (including Macau), Vietnam, Japan and India by way of direct acquisitions and new partnerships. It also explored potential new markets in Russia and the Gulf Co-operation Council states.

The significant expansion initiatives in 2006 for future growth were made without affecting profitability as evidenced by the record full-year 2006's PATMI of S$1.018 billion. This is the Group's third consecutive year of record profit. The strong results were underpinned by significant EBIT growth in every one of the Group's strategic business units (SBU).

The record 2006 performance was especially significant in that it was achieved despite the absence of gains arising from the strategic divestments of the Group's hotel business and property services, which boosted the full year results in 2005 by S$424.8 million. Excluding these gains in 2005, the year-on-year growth was even more impressive.

Revenue

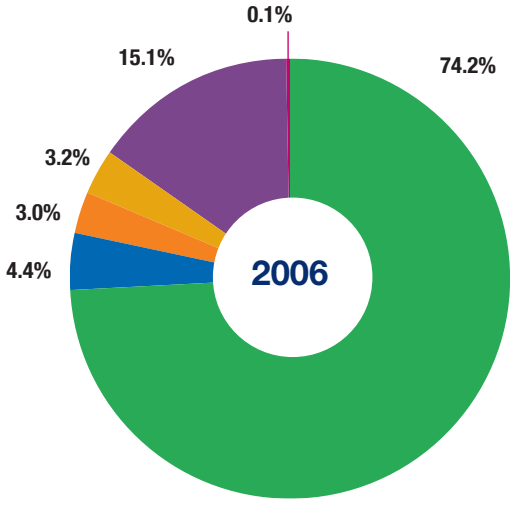
Revenue for full year 2006 at S$3,147.7 million was 18.1% lower than the previous year. This decrease arose because revenue in 2005 was boosted by our business in Australia, which recognised one-off sales of certain properties to Australand Wholesale Property Trust No. 4. Overall, this relative decrease was partially cushioned by a higher contribution from the serviced residences operations, higher fund management fees and, in China, better residential sales and revenue from the retail malls in 2006.

Our residential business continues to be a key component of our business strategy. Approximately 74.2% of the Group's revenue in 2006 was contributed by the Residential (CRL) SBU. During the year, we expanded our hospitality business through The Ascott Group Limited (Ascott) and Ascott Residence Trust (ART). Revenue from the Serviced Residences SBU contributed 15.1% of the total, up from 11.5% in 2005. Commercial and Integrated Development (CCID) SBU contributed 4.4% while Retail (CRTL) SBU registered a higher contribution of 3.0%, compared to 1.3% in the previous year. CapitaLand Financial's (CFL) SBU contribution to total revenue has also grown, accounting for 3.2% to the Group's revenue, a marked increase from the 1.8% in the previous year. This growth is a result of our committed strategy to increase our fee-based income by increasing the assets under management.

In terms of geographic spread, revenue from overseas operations remained strong, accounting for 71.2% of the Group's total revenue. The major overseas contributors to the Group's revenue were Australia and New Zealand (39.6%), China (20.2%) and Europe (8.0%). Revenue from Australia was derived from our listed subsidiary, Australand, as well as from Ascott's Oakford chain of service apartments. Contributions from China came mainly from the robust residential sales in Shanghai as well as the consolidation of revenue from Raffles City in Shanghai. Revenue in Europe was mainly contributed by the Citadines chain of serviced residences under Ascott.

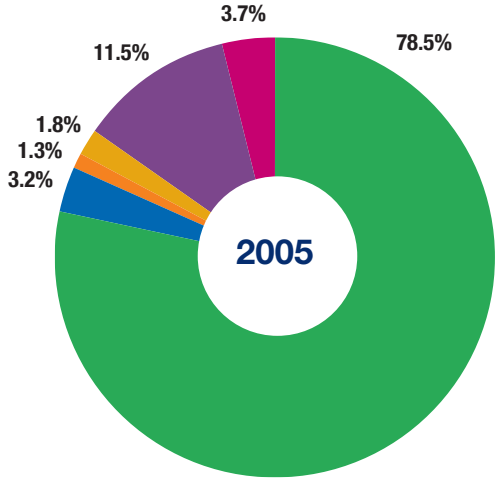
2006 Revenue by SBU

Total: S$3.1 billion



2005 Revenue by SBU

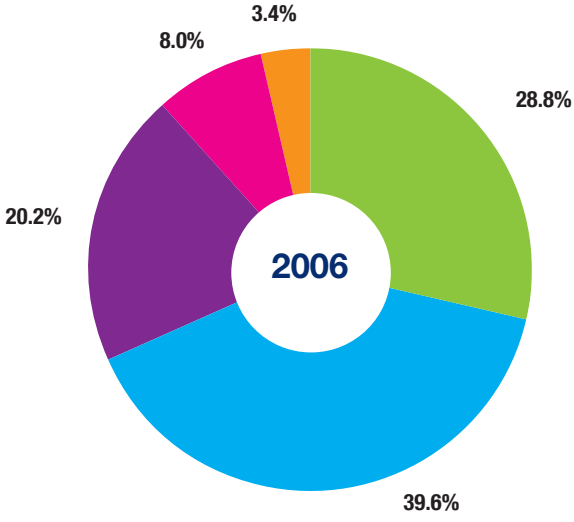
Total: S$3.8 billion



- Residential
- Commercial and Integrated Development
- Retail
- Financial Services
- The Ascott Group and ART
- RHL Group and RCH

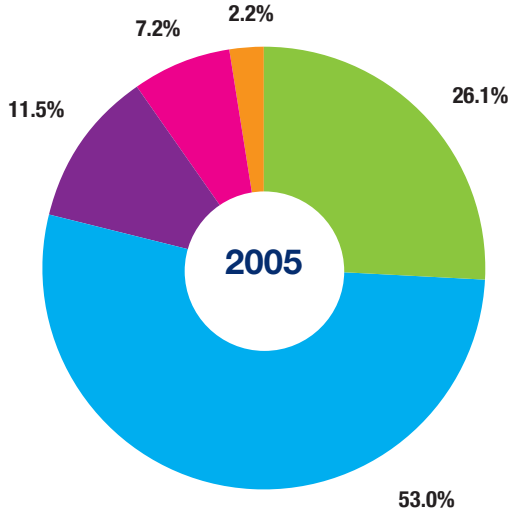
2006 Revenue by Geographical Location

Total: S$3.1 billion



2005 Revenue by Geographical Location

Total: S$3.8 billion



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

Earnings Analysis

Group earnings before interest and tax (EBIT) were S$1.822 billion, an increase of 111.8% over 2005. All SBUs of the Group achieved higher EBIT across the board in full year 2006. The higher EBIT was largely attributable to the following: the write-back of revaluation deficits previously charged to the profit and loss account in respect of our Singapore properties which saw higher year-end valuations this year, higher portfolio gains, recognition of S$77.0 million negative goodwill and higher fee-based and interest income, as well as better operating margins from the Singapore residential operations.

CRL's EBIT for full-year 2006 of S$692.2 million was 40.6% higher than last year. This was primarily due to higher contributions from the residential operations in Singapore and China, and the recognition of S$77.0 million negative goodwill arising from the acquisition of a 20% stake in Lai Fung Holdings Limited.

CCID's EBIT for full-year 2006 was S$372.4 million or S$347.7 million higher than full-year 2005, mainly attributable to the write-back of revaluation deficits of investment properties previously charged to the profit and loss account. The higher valuations of properties were a result of higher rentals and occupancies which were very much driven by our pro-active enhancement as well as the increasing office demand. Excluding the write-back of revaluation deficits, EBIT for full-year 2006 was S$151.7 million compared to S$137.9 million in 2005, mainly due to higher rentals from the office properties, higher divestment gains from the sale of Shanghai Xin Mao Property Development Co., Ltd and the sale of office space in Springleaf Tower.

In line with its higher revenue, CRTL's EBIT for full-year 2006 was also higher by 59.8% compared with 2005. The increases were mainly attributable to the gains from the divestment of certain China retail malls to the CapitaRetail China Trust and two private equity funds, revaluation surplus of Singapore properties as well as higher contributions from associated companies and overseas investments. These increases were partially offset by higher operating costs due to business expansions, in particular, China.

CFL's EBIT for full-year 2006 of S$61.6 million represented a 15.6% increase over full-year 2005. This increase was mainly attributable to higher fund management and acquisition fees, gains from the disposal of investments, higher dividend income, higher share of results from associates and the absence of one-off impairment charge on an investment.

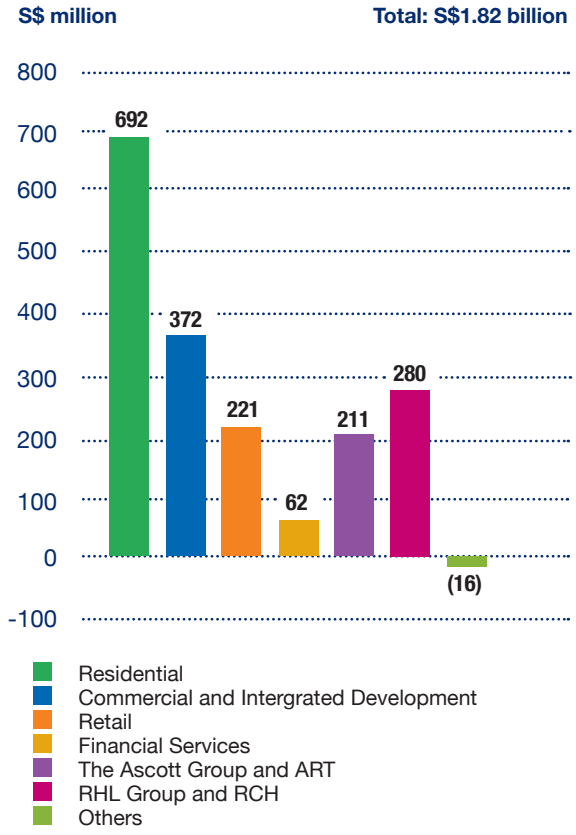
The Serviced Residences SBU comprising Ascott and ART achieved total EBIT for full-year 2006 of S$210.4 million. This was an increase of 73.4% over that of 2005. The EBIT growth was achieved through optimising operational efficiency and sustaining operational excellence on the back of an improving global economic environment. It was also boosted by the gain from the sale of The Ascott Mayfair in United Kingdom in August 2006. This increase was partially offset by the transaction costs relating to the establishment of ART as well as impairments and provisions made during the year in respect of the non-core assets in Malaysia and one of the acquisitions in Australia.

Raffles Holdings Group's (RHL) full-year 2006 EBIT also improved significantly by 358.7% to S$280.0 million, mainly attributable to the higher share of an associate's profit arising from the sale of Raffles City Singapore, which was completed on 1 September 2006, as well as higher interest income.

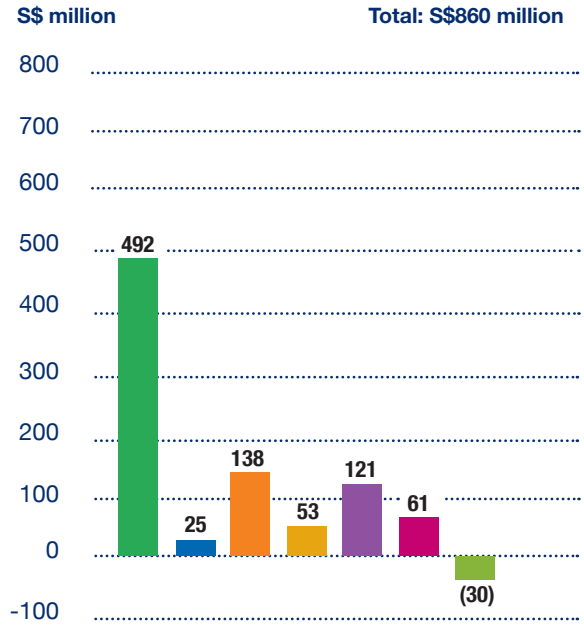
Following the sale of Raffles City Singapore, RHL obtained its shareholders' approval on 17 November 2006 to delist RHL from the official list of the Singapore Exchange Securities Trading Limited. In conjunction with the delisting proposal, CapitaLand also proposed an exit offer (Exit Offer) by way of a conditional cash offer of S$0.06 per share to acquire the issued shares in the capital of RHL not already held by it.

On 4 December 2006, CapitaLand received acceptances totalling 97.19% in respect of its Exit Offer and was therefore entitled to exercise the right to compulsorily acquire all the shares of remaining RHL shareholders. The compulsory acquisition was completed on 20 January 2007, after which RHL became a wholly-owned subsidiary of the Group. RHL was delisted from the official list of the Singapore Exchange Securities Trading Limited on 13 December 2006.

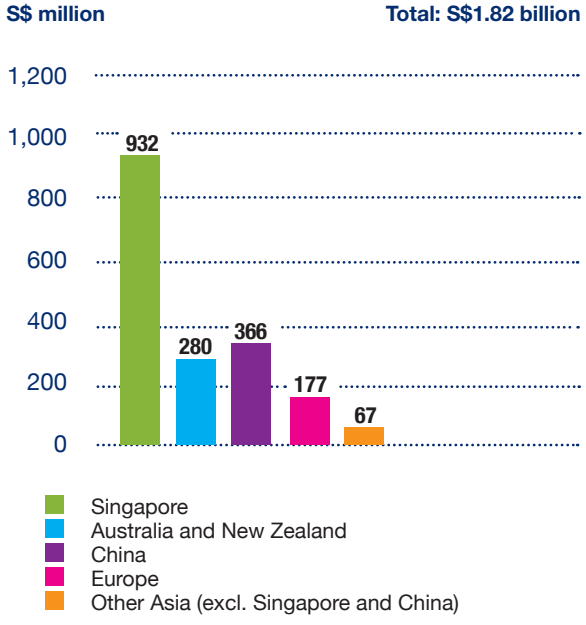
2006 EBIT by SBU



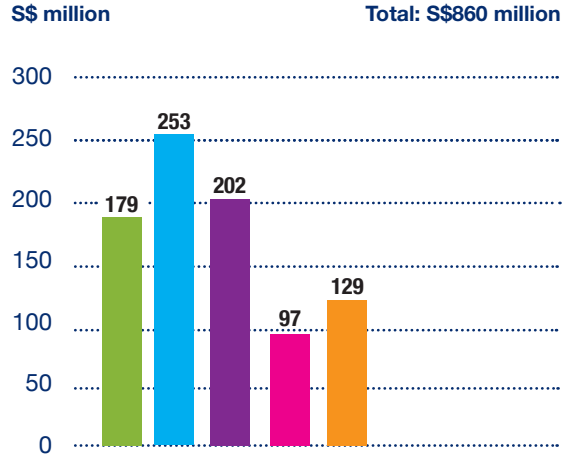
2005 EBIT by SBU



2006 EBIT by Geographical Location



2005 EBIT by Geographical Location



Dividends

CapitaLand's Board of Directors proposed a first and final dividend of 7.00 cents per share (of which up to 3.97 cents per share will be franked dividend, less tax at 18% and the balance will be one-tier dividend) and a special one-tier dividend of 5.00 cents per share, amounting to a net dividend of S$313,638,175 based on the number of issued shares as at 31 December 2006. The franked dividend of 3.97 cents per share is estimated based on the number of issued shares as at 31 December 2006 as well as the availability of Section 44 credit balance, which is subject to finalisation by the Inland Revenue Authority of Singapore. The exact composition between the franked and one-tier dividend is dependent on the finalised Section 44 credit balance and the number of issued shares of the Company as at the Books Closure Date. The dividends are subject to the shareholders' approval at the forthcoming Annual General Meeting of the Company.

For the previous financial year 2005, a first and final dividend of 6.00 cents per share and a special dividend of 12.00 cents per share, less tax at 20% was approved and paid. The said dividend of S$399,088,787 was paid in May 2006.

Assets

The Group's total assets as at end-2006 were S$20.6 billion, up from S$18.2 billion in 2005. The increase of S$2.4 billion was mainly attributed to new investments and the consolidation of Hua Qing Holdings Pte Ltd and its subsidiary following the acquisition of an additional stake during the year. The increase was partially offset by the disposals of some investment properties as well as the divestment of Raffles City Singapore. Overseas assets made up 57.8% of the Group's total assets, up from 55.1% a year ago. This is the outcome of our concerted efforts to diversify and expand in the higher growth Asian countries and other new markets.

Borrowings

The Group's net debt stood at S$5.4 billion as at 31 December 2006 compared to S$4.6 billion in 2005. The higher debt was a result of more foreign currency loan drawn-downs to finance new overseas investment projects. The debt-equity ratio was 0.57 as at 31 December 2006 compared to 0.50 at end-2005.

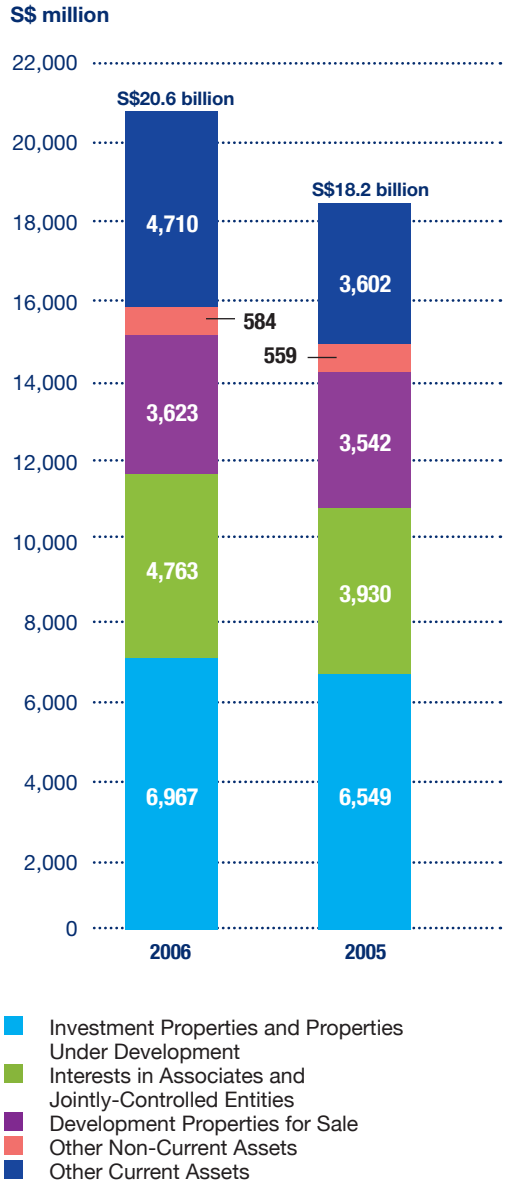
Shareholders' Equity

The issued and paid-up ordinary share capital of the Company as at end-2006 was S$4.3 billion comprising 2.8 billion shares. This was an increase of S$1.6 billion from end-2005 mainly due to the issue of performance shares and the exercise of share options during the year, as well as the transfer of share premium and capital redemption reserve to share capital, following the changes in Companies (Amendment) Act 2005 which abolished the concept of par value with effect from 30 January 2006.

The Group's total reserves decreased by S$812 million to S$3.1 billion. This decrease was largely attributable to the transfer of share premium and capital redemption reserve to share capital as mentioned above, and the payment of full-year 2005 dividends of S$399.1 million in May 2006. These were partially offset by the S$1.018 billion net profit recorded for the year under review, higher fair value of investment properties, share of associates' revaluation surpluses, and higher equity compensation reserve.

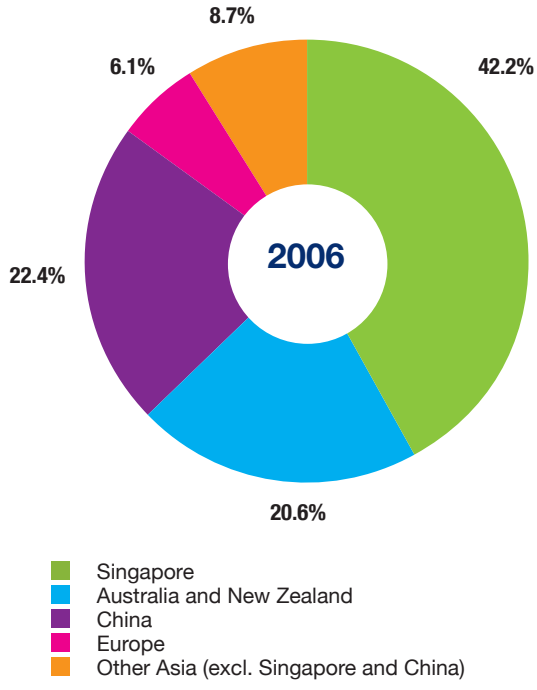
The shareholders' fund as at end-2006 was S$7.4 billion compared to S$6.7 billion in 2005. As at 31 December 2006, the Group's net tangible assets increased 10% to S$2.65 per share from S$2.41 a year ago.

Total Assets by Category



2006 Total Assets by Geographical Location

Total: S$20.6 billion



Treasury Highlights

	2006	2005
Bank Facilities And Available Funds		
Total bank facilities available (S$m)	6,833	6,680
Amount utilised for loans (S$m)	5,491	4,705
Available and unutilised (S$m)	1,342	1,975
Cash and fixed deposit balances (S$m)	2,685	2,111
Total unutilised facilities and funds available for use (S$m)	4,027	4,086
Debt Securities Capacity		
Total debt securities capacity (S$m)	7,097	6,713
Debt securities issue (net of debt securities purchased) (S$m)	2,639	1,959
Unused debt securities capacity (S$m)	4,458	4,754
Interest Cover Ratio		
Earnings before net interest, tax, depreciation and amortisation (S$m)	1,771	1,583
Net interest expense (S$m)	182	172
Interest cover ratio (times)	9.75	9.19
Interest Service Ratio		
Operating cash surplus before interest and tax (S$m)	2,063	1,928
Net interest paid (S$m)	230	226
Interest service ratio (times)	8.97	8.53
Secured Debt Ratio		
Total secured debt (S$m)	3,135	2,709
Percentage of secured debt	39%	41%
Debt Equity Ratio		
Total debt (S$m)	8,130	6,664
Cash and fixed deposit balances (S$m)	2,685	2,111
Net debt (S$m)	5,445	4,553
Total equity (S$m)	9,513	9,028
Debt equity ratio (net of cash and fixed deposit balances) (times)	0.57	0.50

Management and Sources of Funding

The Group strives to maintain a prudent financial structure. Its main sources of operating cashflows came from residential sales, commercial office rental and management fee income. As part of the Group's financial management, it monitors closely its cashflow position, debt maturity profile and overall liquidity position. To ensure that it has adequate resources to support its funding, 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's financial capacity further strengthened during the year. At the close of the year, gearing was maintained at a comfortable level of 0.57 compared to 0.50 as at end-2005. The Group's aggregate cash and fixed deposits balance grew by 27% to S$2.69 billion. Part of the cash reserves would be utilised to repay some of the debts that are maturing in 2007.

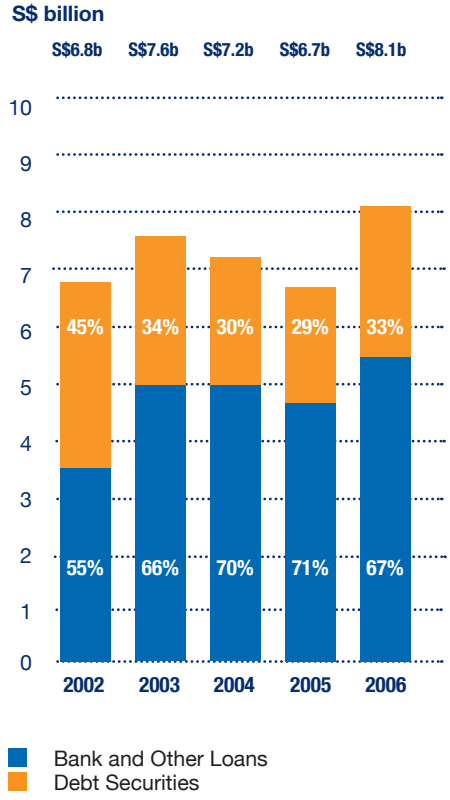
The overall net debt increased by S$900 million to S$5.45 billion for year ended 2006. The increase in debt was mainly due to borrowings raised to fund the various acquisitions of interests in retail malls in China through its joint venture with Beijing Hualian Group and Shenzhen International Trust & Investment Co., Ltd and its 20% stake in Lai Fung Holdings Limited, a Hong Kong-listed company that has substantial landbank mainly in Shanghai and the Pearl River Delta. The higher debt was partially offset by higher cash reserves recorded by our subsidiary, The Ascott Group Limited, as a result of proceeds received from its divestment of The Ascott Mayfair, a serviced residence property in London.

The finance cost for the Group was S$328 million for financial year ended 2006. This was 19% higher compared to S$275 million in 2005. The higher finance cost was due to higher average cost of borrowings incurred for foreign currency loans taken up during the year.

Sources of Funding

As at end-2006, 33% of the Group's total debt was funded by capital market bond issuances and the balance 67% was funded by bank borrowings from financial institutions. The higher percentage of debt raised from capital markets was due to the issuance of the S$430 million 10-year convertible bond in November 2006 and approximately S$380 million debt securities was issued via the medium-term note programme. During the year, funding from bank sources increased to about S$800 million and these loans were mainly raised to fund the acquisitions of investments in China.

Sources of Funding



Commitment of Funding

As at 31 December 2006, about 90% of the Group's loan portfolio was raised on committed funding basis. The balance 10% was funded by a portfolio of relatively cheaper and flexible uncommitted short-term facilities. On balance, the Group 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, committed financing was secured whenever possible to support its ongoing investments. This was carefully balanced with some portion of its loan portfolio funded by short-term lines which allowed the Group to optimise the overall cost of funding, facilitate repayment of its debts from divestment or sales proceeds and yet assured the Group with sufficient credit resources to support its operations.

Maturity Profile

	S$ billion	% of Debt
Due within 1 year *	1.80	22
Between 1 & 2 years	1.51	19
Between 2 & 3 years	1.20	15
Between 3 & 4 years	0.94	12
Between 4 & 5 years	1.58	19
After 5 years	1.10	13

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

The Group had built up sufficient credit capacity and cash resources that enabled it to meet its short-term debt obligations, support its immediate refinancing needs and effectively react to opportunistic investments. Additionally, the Group constantly rebalances its loan profile so as to ensure that its refinancing requirements are prudently spread out. This allows the Group to secure competitive sources of funding at the right windows. In reviewing the maturity profile of its loan portfolio, the Group also took into account any divestment or investment plans.

Available Lines by Nationality of Banks as at 31 December 2006

The Group continues to maintain an extensive and active relationship with a network of more than 40 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 extending its growth and presence in various parts of its growth plans.

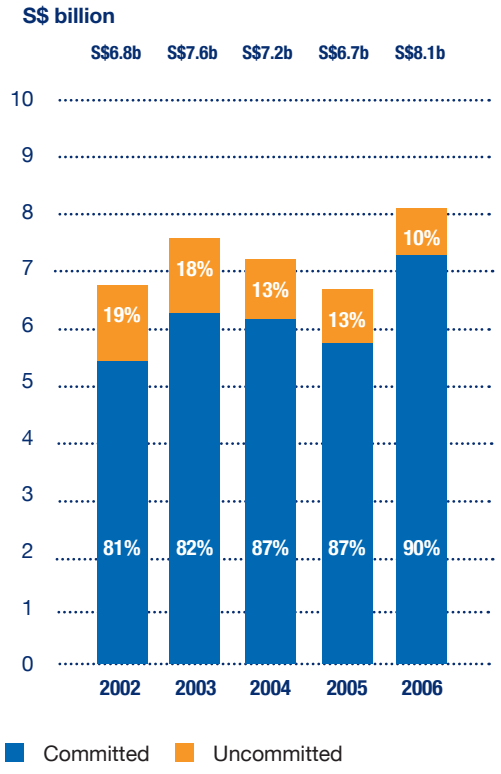
Interest Rate Profile

The Group manages its finance cost by maintaining a prudent mix of fixed and floating rate borrowings. As at 31 December 2006, the fixed rate borrowings constituted 74% of the portfolio and the balance 26% 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 an unexpected rise in interest rates. On balance, to capitalise on the low interest rate 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 period of its investment portfolio, timing of planned divestments and operating cashflow generated from progress payment collections from its residential receivables.

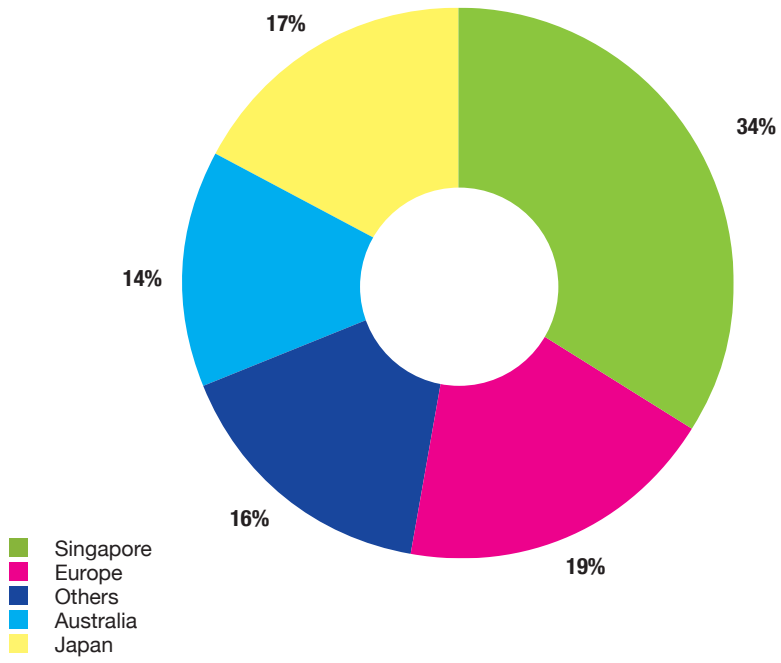
Interest Cover Ratio ("ICR") and Interest Service Ratio ("ISR")

The ICR and ISR was 9.75 and 8.97 respectively. The strong ICR ratio was mainly due to better operating margins from the Singapore residential operations, stronger fee-based and interest income, higher portfolio gains and a write-back of revaluation deficits in 2006. The strong cashflow from operations boosted the ISR to 8.97 compared to 8.53 in the previous year.

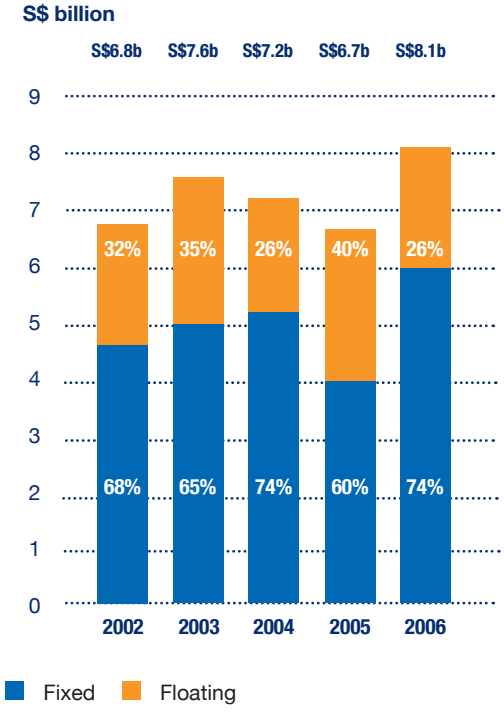
Commitment of Funding



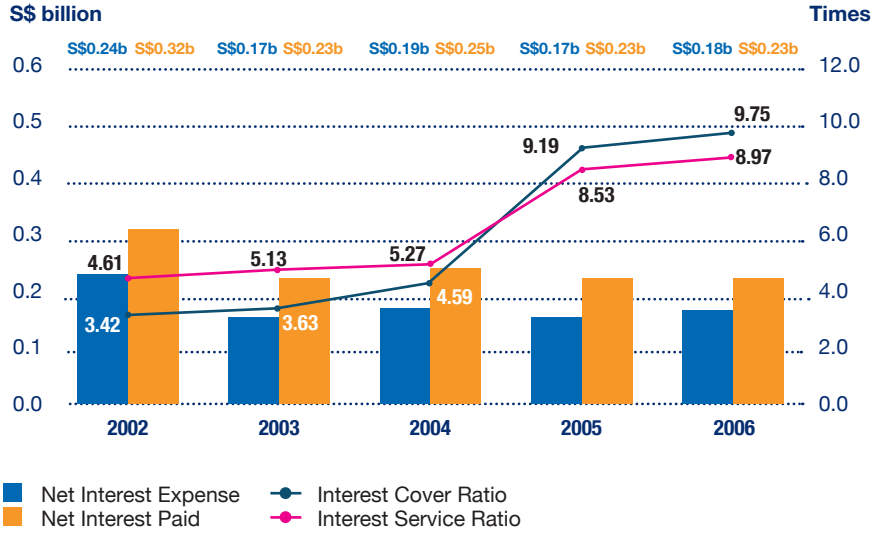
Available Lines by Nationality of Banks as at 31 December 2006



Analysis of Fixed and Floating Rate Loans



Interest Cover Ratio and Interest Service Ratio



Economic Value Added Statements

	Note	2006 S$ million	2005 S$ million
Continuing and Discontinued Operations			
Net Operating Profit Before Tax		**919.3**	1,213.9
Adjust for:			
Share of results of associates, jointly-controlled entities and partnership		**601.6**	123.2
Interest expense		**343.1**	280.3
Others		**9.1**	108.2
Adjusted Profit Before Interest and Tax		**1,873.1**	1,725.6
Cash operating taxes	1	**(214.5)**	(232.3)
Net Operating Profit After Tax (NOPAT)		**1,658.6**	1,493.3
Average capital employed	2	**16,525.0**	15,532.6
Weighted average cost of capital (%)	3	**5.6**	6.1
Capital Charge (CC)		**925.4**	947.5
Economic Value Added (EVA) [NOPAT – CC]		**733.2**	545.8
Minority interests		**(106.6)**	(220.7)
Group EVA attributable to Equity Holders of the Company		**626.6**	325.1

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 amortised and present value of operating leases.

Major Capital Components:	**S$ million**
Borrowings	7,134.1
Equity	9,170.2
Others	220.7
Total	16,525.0

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% (2005: 6.0%) per annum;
(ii) Risk-free rate of 3.31% (2005: 2.62%) per annum based on yield-to-maturity of Singapore Government 10-year Bonds;
(iii) Ungeared beta ranging from 0.50 to 0.63 (2005: 0.50 to 0.80) based on the risk categorisation of CapitaLand's strategic business units; and
(iv) Cost of Debt rate at 3.29% (2005: 3.03%) per annum using 5-year Singapore Dollar Swap Offer rate plus 60 basis points (2005: 75 basis points).

Value Added Statements

	2006 S$ million	2005 S$ million
Continuing and Discontinued Operations		
Value Added From:		
Revenue earned	**3,147.7**	4,303.8
Less bought in materials and services	**(2,062.4)**	(3,206.4)
Gross Value Added	**1,085.3**	1,097.4
Share of results of associates, jointly-controlled entities and partnership	**601.6**	123.2
Exchange gains (net)	**28.1**	9.4
Other operating income (net)	**571.0**	1,024.4
	1,200.7	1,157.0
Total Value Added	**2,286.0**	2,254.4
Distribution to:		
Employees in wages, salaries and benefits	**387.2**	542.5
Government in taxes and levies	**297.9**	198.9
Providers of capital in:		
– Net interest on borrowings	**264.5**	278.3
– Dividends to shareholders	**399.1**	126.5
	1,348.7	1,146.2
Balance Retained in the Business:		
Depreciation and amortisation	**34.7**	63.9
Retained profits net of dividends to equity holders of the Company	**618.9**	624.0
Minority interests	**272.6**	425.1
	926.2	1,113.0
Non-production Costs and Income:		
Allowance for doubtful receivables	**11.1**	(4.8)
Total Distribution	**2,286.0**	2,254.4
Productivity Analyses:		
Value added per employee (S$'000) #	**189**	121
Value added per dollar of employment cost (S$)	**2.80**	2.02
Value added per dollar investment in property, plant and equipment (S$)	**2.46**	0.70

Based on average headcount in 2006 of 5,749 (2005: 9,055).

Portfolio Details
as at 31 December 2006

RESIDENTIAL ASSETS

Name	Location	Year	*	Holding Company	Effective Stake (%)	Total No. of Units	Tenure (Years)
SINGAPORE							
Private Condominiums							
Belmond Green	Balmoral Road	2004	C	CRL Realty Pte Ltd	100	211	Freehold
Casabella	Duchess Avenue	2005	C	CRL Realty Pte Ltd	100	82	Freehold
Citylights	Jellicoe Road	2005	S	CRL Realty Pte Ltd	100	600	99
Glentrees	Mount Sinai Lane	2005	C	Leonie Court Pte Ltd	100	176	999
Palm Grove	off Upper Serangoon Road	2002	C	Leonie Court Pte Ltd	100	111	999
Palm Haven	off Upper Serangoon Road	2002	C	CRL Realty Pte Ltd	100	48	999
RiverEdge	Sampan Place	2005	S	Riveredge Development Pte Ltd	45	135	99
RiverGate	Martin Road	2005	S	Riverwalk Promenade Pte Ltd	50	545	Freehold
Scotts HighPark	Scotts Road	2006	S	Leonie Court Pte Ltd	100	73	Freehold
SunHaven	Upper Changi Road East	2002	C	CRL Realty Pte Ltd	100	295	Freehold
SunGlade	Upper Serangoon Road	2003	C	CRL Realty Pte Ltd	100	475	99
Tanglin Residences	off Tanglin Road	2005	C	Leonie Court Pte Ltd	100	43	Freehold
The Botanic on Lloyd	near Orchard Road	2006	C	CRL Realty Pte Ltd	100	66	Freehold
The Imperial	off Oxley Rise	2006	C	Leonie Court Pte Ltd	100	187	Freehold
The Metropolitan Condominium	near Tanglin Road	2006	S	Tanglin Residential Pte Ltd	50	382	99
The Waterina	Guillemard Road	2005	C	CRL Realty Pte Ltd	100	398	Freehold
Varsity Park Condominium	West Coast Road	2005	S	CRL Realty Pte Ltd	100	530	99
Visioncrest	Penang Road	2003	S	Winpeak Investment Pte Ltd	25	265	Freehold

Name	Location	Year	*	Holding Company	Effective Stake (%)	Total Potential GFA (sqm)	Tenure (Years)
SINGAPORE							
Future Projects							
Site at Cairnhill Road	near Orchard Road	2006	A	CRL Realty Pte Ltd	100	14,890	Freehold
Site at Jalan Mutiara	near Grange Road	2005	A	CRL Realty Pte Ltd	100	24,413	Freehold
Site at Meyer Road	Meyer Road	1999	A	CRL Realty Pte Ltd	100	52,488	Freehold
Site at Nassim Hill	near Orchard Road	1999	A	CRL Realty Pte Ltd	100	15,942	Freehold
Sites at Tong Watt Road	off River Valley Road	2000	A	Leonie Court Pte Ltd	100	25,967	999
Site at West Coast Park	West Coast Park	2003	A	Leonie Court Pte Ltd	50	60,555	956
Site at Yio Chu Kang Road	Yio Chu Kang Road	2000	A	CRL Realty Pte Ltd	100	19,330	Freehold

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

RESIDENTIAL ASSETS

Name	Location	Year	*	Holding Company	Effective Stake (%)	Gross Floor Area (sqm)	Total No. of Units	Tenure (Years)
CHINA								
La Forêt	Chaoyang District, Beijing	2004	S	Beijing Xinkai Real Estate Development Co., Ltd	86.7	275,207	1,807	70
Beijing Orchid Garden	Chaoyang District, Beijing	2006	C	Beijing Orchid Garden Real Estate Development Co., Ltd	80.1	77,419	247	70
Oasis Riviera	Changning District, Shanghai	2003	S	Shanghai Ning Xin Real Estate Development Co., Ltd	70.9	270,000	1,926	70
Parc Trésor	Baoshan District, Shanghai	2005	S	Shanghai Xinshu Property Development Co., Ltd	100	84,680	700 (estimated)	70
Westwood Green	Minhang District, Shanghai	2005	S	Shanghai Aoshun Property Co., Ltd	86.7	108,339	426	70
Beau Monde	Tianhe District, Guangzhou	2005	S	Guangzhou Hai Yi Property Development Co., Ltd	86.7	79,450	386	70
Hong Kong Parkview Blk 15	Hong Kong Repulse Bay	1999	A	Central Hill Limited	75	–	2	75+75
Future Projects								
Site at Jingmian	Chaoyang District, Beijing	2006	A	Beijing Heng Shi Tong Fang Real Estate Development Co., Ltd	30	105,000	946 (estimated)	70
Site at Madian	Chaoyang District, Beijing	2006	A	CapitaLand (China) Investment Company Co., Ltd	100	30,130	150 (estimated)	70
Site at Xiao Guan Bei Li	Chaoyang District, Beijing	2002	A	Beijing Ruihua Real Estate Development Co., Ltd	62	209,000	1,450 (estimated)	70
Site at Deng Yun Road	Gongshu District, Hangzhou	2006	A	CapitaLand Xinyun (Hangzhou) Real Estate Development Co., Ltd	50	129,084	1,000 (estimated)	70
Site at Jin Sha Zhou	Baiyun District, Guangzhou	2005	A	Guangzhou Beautiwin Real Estate Development Co., Ltd	60	356,623 (estimated)	3,000 (estimated)	70
Site at Dong Ping Road	Chancheng District, Foshan	2006	A	Foshan Xin Fo Chen Real Estate Development Co., Ltd	100	163,851	1,000 (estimated)	70
Site at Fenjiang Road	Chancheng District, Foshan	2006	A	CapitaLand (China) Investment Co., Ltd	100	46,454	500 (estimated)	70
Site at Kui Qi Road	Chancheng District, Foshan	2006	A	Foshan Xin Kai Real Estate Development Co., Ltd	100	79,998	470 (estimated)	70
Site at Wenjiang – 232	Wenjiang District, Chengdu	2006	A	Sichuan CapitaLand Zhixin Co., Ltd	50	232,141	970 (estimated)	70
Site at Wenjiang – 303	Wenjiang District, Chengdu	2006	A	Sichuan CapitaLand Zhixin Co., Ltd	50	242,832	1,600 (estimated)	70

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

RESIDENTIAL ASSETS

Name	Location	Year	*	Holding Company	Effective Stake (%)	Gross Floor Area (sqm)	Total No. of Units	Tenure (Years)
INDIA								
Site at Ghatkopar	Mumbai	2006	A	Lonsvale Pte Ltd	49	50,000	590	Freehold
THAILAND								
Athenee Residence	Bangkok	2004	S	T.C.C. Capital Land Limited	40	70,000	219	Freehold
Royal Residences	Bangkok	2005	S	T.C.C. Capital Land Limited	40	45,000	79	Freehold
The Empire Place	Bangkok	2005	S	T.C.C. Capital Land Limited	40	87,000	493	Freehold
The Emporio Place	Bangkok	2005	A	T.C.C. Capital Land Limited	40	70,000	361	Freehold
Villa Rachakru	Bangkok	2005	S	T.C.C. Capital Land Limited	40	6,959	69	Freehold
Villa Rachatewi	Bangkok	2006	S	T.C.C. Capital Land Limited	40	70,000	603	Freehold
Site at Krung Thonburi	Bangkok	2006	A	T.C.C. Capital Land Limited	40	47,219	552 (estimated)	Freehold
Site at North Park	Bangkok	2006	A	T.C.C. Capital Land Limited	40	44,337	133 (estimated)	Freehold
Site at Tup Kaek	Krabi	2006	A	T.C.C. Capital Land Limited	40	10,076	47 (estimated)	Freehold
Site at Jomtien	Pattaya	2006	A	T.C.C. Capital Land Limited	40	40,922	166 (estimated)	Freehold
VIETNAM								
Site at An Phu Ward	Ho Chi Minh City	2006	A	CapitaLand (Vietnam) Holdings Pte Ltd	80	129,700	1,000 (estimated)	50
Site at Tan Phong Ward	Ho Chi Minh City	2006	A	CapitaLand (Vietnam) Holdings Pte Ltd	70	90,000	600 (estimated)	50

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

COMMERCIAL AND RETAIL ASSETS

Name	Location	Year	*	Holding Company	Effective Stake (%)	Total NLA (sqm)	Tenure (Years)	Total Book Value as at 31 Dec 06 (S$'000)
SINGAPORE								
Office								
Bugis Village	Queen Street/Rochor Road/Victoria Street	1989	A	CapitaCommercial Trust	30.3	10,956	99	^
Caltex House	Raffles Place	2000	A	Savu Properties Ltd	55	24,362	99	^
Capital Tower	Robinson Road	2000	C	CapitaCommercial Trust	30.3	68,887	99	^
Hitachi Tower	Collyer Quay	2000	A	Savu Investments Ltd	50	25,972	999	^
HSBC Building	Collyer Quay	2005	A	CapitaCommercial Trust	30.3	18,624	999	^
1 George Street	George Street	2004	C	George Street Pte Ltd	50	41,621	99	^
PWC Building	Cross Street	2000	C	DBS China Square Limited	30	33,080	99	^
Site and building leased to Raffles Hospital	North Bridge Road	2001	C	CapitaLand-Raffles Properties Pte Ltd	50	380 beds	99	^
Robinson Point	Robinson Road	1997	C	CapitaCommercial Trust	30.3	12,369	Freehold	^
Samsung Hub – 1st storey and 8th to 15th storeys	Church Street	2005	C	China Square Holdings Pte Ltd	100	10,233	999	110,800
6 Battery Road	Battery Road	1989	A	CapitaCommercial Trust	30.3	46,072	999	^
Starhub Centre	Cuppage Road	1998	C	CapitaCommercial Trust	30.3	25,982	99	^
Temasek Tower	Shenton Way	1995	A	Temasek Tower Limited	90	62,364	99	^
The Adelphi	Coleman Street	1988	A	Adelphi Property Pte Ltd	50	16,543	999	^
Carpark								
Golden Shoe Car Park	Market Street	1989	A	CapitaCommercial Trust	30.3	4,002	99	^
Market Street Car Park	Market Street	1989	A	CapitaCommercial Trust	30.3	1,970	99	^
Retail								
Bugis Junction	Victoria Street	2005	A	CapitaMall Trust	31.1	38,497	99	^
Bukit Panjang Plaza	Jelebu Road	2003	A	CapitaRetail BPP Trust	8.4	13,977	99	^
Clarke Quay	River Valley Road	1993	C	Clarke Quay Pte Ltd	100	24,362	99	252,611
Funan DigitaLife Mall	North Bridge Road	1984	C	CapitaMall Trust	31.1	27,146	99	^
Hougang Plaza	Hougang Central	2005	A	CapitaMall Trust	31.1	6,512	99	^
IMM Building	Jurong East	2003	A	CapitaMall Trust	31.1	86,422	30 + 30	^
Junction 8	Bishan	1993	C	CapitaMall Trust	31.1	22,816	99	^
Jurong Entertainment Centre	Jurong East	2005	A	CapitaMall Trust	31.1	10,339	99	^

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

COMMERCIAL AND RETAIL ASSETS

Name	Location	Year	*	Holding Company	Effective Stake (%)	Total NLA (sqm)	Tenure (Years)	Total Book Value as at 31 Dec 06 (S$'000)
SINGAPORE *(cont'd)*								
Retail *(cont'd)*								
Lot 1 Shoppers' Mall	Choa Chu Kang	2003	A	CapitaRetail Lot One Trust	8.4	18,909	99	^
Plaza Singapura	Orchard Road	1974	C	CapitaMall Trust	31.1	46,234	Freehold	^
Rivervale Mall	Rivervale Crescent	2003	A	CapitaRetail Rivervale Trust	8.4	7,575	99	^
Sembawang Shopping Centre	Sembawang	2005	A	CapitaMall Trust	31.1	9,024	999	^
Tampines Mall	Tampines Central	1995	C	CapitaMall Trust	31.1	30,081	99	^
Mixed Development								
Site at Orchard Turn	Orchard Road	2005	A	Orchard Turn Retail Investment Pte Ltd Orchard Turn Residential Development Pte Ltd	50	125,726 (GFA)	99	n/a
Raffles City	North Bridge Road/ Stamford Road/ Bras Basah Road	2006	A	RCS Trust	30.6	67,997 (retail & office and 2,032 hotel	99	^
Wilkie Edge **	Selegie Road	1995	A	CapitaLand Selegie Private Limited	100	29,812	99	87,297
Industrial								
Technopark @Chai Chee	Chai Chee Road	1982	A	Wan Tien Realty (Pte) Ltd	100	105,850	60	200,000
Corporation Place	Corporation Road	1993	C	Corporation Place Ltd	75	58,193	60	^
Kallang Avenue Industrial Centre	Kallang Avenue	1989	A	KAIC Pte Ltd	100	10,271	99	19,300
Kallang Bahru Complex	Kallang Avenue	1989	A	KBC Pte Ltd	100	15,784	99	29,000

^ *Total book value of non wholly-owned Singapore commercial and retail properties: S$11.27 billion*

CHINA								
Office								
Capital Tower Beijing	Chaoyang District, Beijing	2005	A	Beijing Xin Jin Cheng Property Management Co., Ltd	100	107,627 (GFA)	50	435,336
Red Diamond Plaza	Haidian District, Beijing	2006	A	Beijing Red Diamond Science & Technology Development Co., Ltd	100	22,667 (GFA)	50	34,550
Site at Wenjiang – 110	Wenjiang District, Chengdu	2006	A	Sichuan CapitaLand Zhixin Co., Ltd	50	73,647	40	n/a

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

COMMERCIAL AND RETAIL ASSETS

Name	Location	Year	*	Holding Company	Effective Stake (%)	Total NLA (sqm)	Expiry of Land Tenure (Year)	Total Book Value as at 31 Dec 06 (S$'000)
CHINA *(cont'd)*								
Retail								
Anzhen Mall	Chaoyang District, Beijing	1994	C	CapitaRetail China Trust	26.2	43,442 (GFA)	2034/ 2042	^^
Jinyu Mall	Saihan District, Huhehaote	2002	C	CapitaRetail China Trust	26.2	41,938 (GFA)	2041/ 2041	^^
Jiulong Mall	Chaoyang District, Beijing	2003	C	CapitaRetail China Trust	26.2	49,526 (GFA)	2042	^^
Qibao Mall	Min Hang District, Shanghai	2003	C	CapitaRetail China Trust	26.2	83,986 (GFA)	2043	^^
Wangjing Mall	Chaoyang District, Beijing	2006	C	CapitaRetail China Trust	26.2	82,634 (GFA)	2043/ 2053	^^
Xinwu Mall	Xinwu District, Wuhu	2005	C	CapitaRetail China Trust	13.4	59,624 (GFA)	2044	^^
Zhengzhou Mall	Er Qi District, Zhengzhou	1992	C	CapitaRetail China Trust	26.2	92,356 (GFA)	2042	^^

Name	Location	Year	*	Holding Company	Effective Stake (%)	Total NLA (sqm)	Tenure (Years)	Total Book Value as at 31 Dec 06 (S$'000)
CHINA *(cont'd)*								
Retail								
Chengnanyuan Mall	Donghu District, Nanchang	2006	C	Nanchang SZITIC Commercial Property Co., Ltd	29.3	37,546	40	^^
Gaoxin Mall	Gaoxin District, Weifang	2005	C	Weifang SZITIC Commercial Property Co., Ltd	29.3	33,913	40	^^
Guicheng Mall	Nanhai District, Foshan	2006	C	Foshan City Nanhai SZITIC Commercial Property Co., Ltd	51	33,953	40	^^
Jiangbin Mall	Licheng District, Quanzhou	2006	C	Quanzhou SZITIC Commercial Property Co., Ltd	29.3	27,533	40	^^
Jinniu Mall	Jinniu District, Chengdu	2006	C	SZITIC (Chengdu) Commercial Property Co., Ltd	29.3	44,060	40	^^
Jiulongpo Mall	Jiulongpo District, Chongqing	2005	C	Chongqing Zhongshan Huihua Investment Co., Ltd	51	37,590	40	^^
Maonan Mall	Xiyue South Road, Maoming	2006	C	Maoming City SZITIC Commercial Property Co., Ltd	51	25,854	40	^^
Xiangcheng Mall	Xiangcheng District, Zhangzhou	2006	C	Zhangzhou SZITIC Commercial Property Co., Ltd	51	31,437	40	^^

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

COMMERCIAL AND RETAIL ASSETS

Name	Location	Year	*	Holding Company	Effective Stake (%)	Total NLA (sqm)	Tenure (Years)	Total Book Value as at 31 Dec 06 (S$'000)
CHINA *(cont'd)*								
Retail *(cont'd)*								
Xihuan Retail Plaza (Phase 1)	Xizhimen, Xicheng District, Beijing	2006	A	CapitaRetail China Investments (B) Beta Pte Ltd	30	72,909 (GFA)	40	^^
Yuhuating Mall	Shaoshan Road Central, Changsha	2005	C	Hunan SZITIC Commercial Property Development Co., Ltd	51	46,117	40	^^
Anyang Mall (under construction)	Beiguan District, Anyang	2006	A	Anyang SZITIC Commercial Property Co., Ltd	29.3	32,199 (GFA)	40	^^
Deyang Mall (under construction)	Junction of East Changjiang Road and North Tianshan Road, Deyang	2006	A	Deyang SZITIC Commercial Property Co., Ltd	29.3	44,488 (GFA)	40	^^
Dongguan Mall (under construction)	Nancheng District, Dongguan	2006	A	Dongguan City SZITIC Commercial Property Co., Ltd	29.3	43,740 (GFA)	50	^^
Foshan Mall (under construction)	Chancheng District, Foshan	2006	A	Foshan City SZITIC Commercial Property Co., Ltd	29.3	88,771	30 (commercial) 40 (office,carpark)	^^
Fucheng Mall (under construction)	Fucheng District, Mianyang	2005	A	Mianyang SZITIC Commercial Property Co., Ltd	29.3	58,481 (GFA)	40	^^
Huizhou Mall (under construction)	Huiyang District, Huizhou	2006	A	Huizhou City SZITIC Commercial Property Co., Ltd	29.3	36,090 (GFA)	40	^^
Nanan Mall (under construction)	Cuiping District, Yibin	2006	A	Yibin SZITIC Commercial Property Co., Ltd	29.3	39,185 (GFA)	40	^^
Shunde Mall (under construction)	Shunde District, Foshan	2006	A	Foshan City Shunde SZITIC Commercial Property Co., Ltd	29.3	69,355 (GFA)	40	^^
Wal-Mart China Headquarters (Phase 2 under construction)	Futian District, Shenzhen	2006	A	CapitaRetail Qiaoxiang (Shenzhen) Co., Ltd	22.5	205,495 (GFA)	40	^^
Xinxiang Mall (under construction)	Hongqi District, Xinxiang	2006	A	Xinxiang SZITIC Commercial Property Co., Ltd	29.3	38,368 (GFA)	40	^^
Yangzhou Mall (under construction)	Junction of Yangzijiang North Road and Siwangting Road, Yangzhou	2006	A	Yangzhou SZITIC Commercial Property Co., Ltd	29.3	52,734 (GFA)	40	^^

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

COMMERCIAL AND RETAIL ASSETS

Name	Location	Year	*	Holding Company	Effective Stake (%)	Total NLA (sqm)	Tenure (Years)	Total Book Value as at 31 Dec 06 (S$'000)
CHINA *(cont'd)*								
Retail *(cont'd)*								
Yiyang Mall (under construction)	Heshan District, Yiyang	2006	A	Yiyang SZITIC Commercial Property Co., Ltd	29.3	33,551 (GFA)	40	^^
Yushan Mall (under construction)	Yushan Town, Kunshan	2006	A	Kunshan SZITIC Commercial Property Co., Ltd	29.3	45,021 (GFA)	40	^^
Zhanjiang Mall (under construction)	Chikan District, Zhanjiang	2006	A	Zhanjiang City SZITIC Commercial Property Co., Ltd	29.3	48,245 (GFA)	40	^^
Zhaoqing Mall (under construction)	Duanzhou District, Zhaoqing	2006	A	Zhaoqing SZITIC Commercial Property Co., Ltd	29.3	43,140 (GFA)	40	^^
Zibo Mall (under construction)	Zhangdian District, Zibo	2006	A	Zibo SZITIC Commercial Property Co., Ltd	29.3	41,871 (GFA)	40	^^
Mixed Development								
Huiteng Metropolis	Huicheng Commercial City, Xiamen	1998	C	Xiamen Huiteng Properties Co., Ltd	50	26,550 (GFA)	50	^^
Raffles City Beijing	Dongcheng District, Beijing	2005	A	Beijing Xin Jie Real Estate Development Co., Ltd	86.7	145,928 (GFA)	50 (general) 40 (retail)	^^
Raffles City Chengdu	Wuhou District, Chengdu	2006	A	Chengdu Raffles Industry Co., Ltd	100	195,431 (GFA)	40	53,428
Raffles City Shanghai	Huangpu District, Shanghai	2003	C	Shanghai Hua Qing Real Estate Devt Co., Ltd	55.9	165,171 (GFA)	50	^^
Summit Residences (Ningbo)	Jiangbei District, Ningbo	2005	A	CapitaLand China Development Fund Pte Ltd	50	157,000 (GFA residential) 76,100 (GFA office/retail)	70 (residential) 40 (office/retail)	^^
HONG KONG								
Office								
AIG Tower	Central	2005	C	Bayshore Development Group Ltd	45	38,929 (GFA)	999	^^
Industrial								
Corporation Park	Sha Tin	1996	C	Sea Dragon Ltd	30	40,099 (GFA)	54	^^

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

COMMERCIAL AND RETAIL ASSETS

Name	Location	Year	*	Holding Company	Effective Stake (%)	Total NLA (sqm)	Tenure (Years)	Total Book Value as at 31 Dec 06 (S$'000)
JAPAN								
Ito-Yokado Chitose	Chitose, Hokkaido	2005	A	CapitaRetail IYC Tokutei Mokuteki Kaisha	22.7	26,338	Freehold	^^
Ito-Yokado Eniwa	Eniwa, Hokkaido	2006	A	CapitaRetail IYE Tokutei Mokuteki Kaisha	22.7	12,469	Freehold	^^
La Park Mizue	Mizue, Edogawa-Ku, Tokyo	2003	A	CapitaRetail LPM Tokutei Mokuteki Kaisha	22.7	18,380	Freehold	^^
Izumiya Hirakata	Hirakata-shi, Osaka	2005	A	CapitaRetail IH Tokutei Mokuteki Kaisha	22.7	24,097 (GFA)	Freehold	^^
ViVit SQUARE	Funabashi-shi, Chiba	2005	A	CapitaRetail VS Tokutei Mokuteki Kaisha	22.7	50,497	Freehold	^^
MALAYSIA								
Office								
Menara Citibank	Jalan Ampang, Kuala Lumpur	1994	A	Inverfin Sdn Bhd	30	69,259	Freehold	^^
Wisma Technip	Jalan Tun Razak, Kuala Lumpur	2006	A	Aragorn ABS Bhd	30.3	21,386	Freehold	^^
UNITED KINGDOM								
Office								
1 Derry Street	Central London	2006	A	828 Pte Ltd	33.3	2,991	77	^^
Mixed Development								
99-121 Kensington High Street	Central London	2006	A	818 Pte Ltd	33.3	33,437	77	^^
Residential								
25 Kensington Square	Central London	2006	A	838 Pte Ltd	33.3	330	Freehold	^^

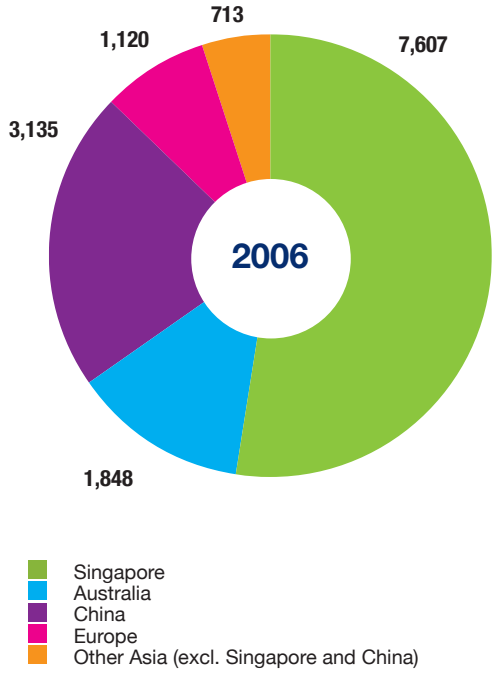
* *A: Year of Acquisition S: Start of Construction C: Completion*
^^ *Total book value of non wholly-owned Singapore overseas commercial and retail properties: S$4.99 billion*

Portfolio Analysis

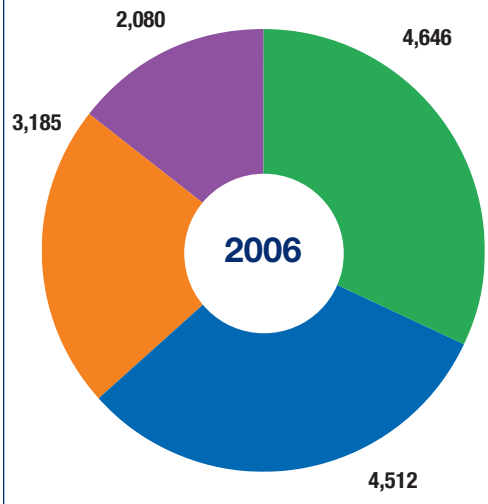
The Group's property portfolio, as at 31 December 2006, comprised development properties, investment properties and serviced residences owned by subsidiaries, associated and joint venture companies.

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

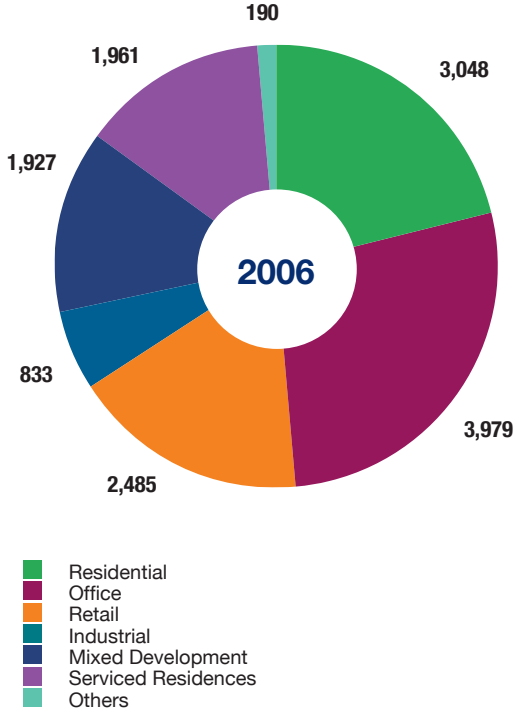
Property Value by Region (S$m)



Property Value by SBU (S$m)



Property Value by Sector (S$m)



5-Year Financial Summary

	2002	2003	2004 (2)	2005 (2)	2006
(A) INCOME STATEMENTS (S$ million)					
Revenue by Activity					
Rental and related income	687.2	223.9	365.1	207.8	**309.5**
Trading of properties	1,769.3	2,565.4	2,315.2	2,924.0	**2,159.7**
Serviced residences operations	153.0	151.2	202.1	389.8	**434.5**
Hotel operations	549.4	576.2	–	–	**–**
Property services	118.9	123.8	–	–	**–**
Others	35.5	61.2	331.7	383.8	**282.0**
Inter-segment elimination	(51.6)	(50.8)	(35.0)	(59.8)	**(38.0)**
Total	3,261.7	3,650.9	3,179.1	3,845.6	**3,147.7**
Earnings Before Interest and Tax (EBIT) by Activity					
Rental and related income	411.8	103.6	216.8	185.4	**844.1**
Trading of properties	289.7	367.2	452.5	554.6	**583.3**
Serviced residences operations	22.8	25.6	51.0	97.4	**156.3**
Hotel operations	23.4	25.0	–	–	**–**
Property services	9.0	8.7	–	–	**–**
Others	(5.1)	44.5	92.1	22.9	**238.3**
Total	751.6	574.6	812.4	860.3	**1,822.0**
Net Profit attributable to Equity Holders of the Company	280.0	102.6	305.7	750.5	**1,018.0**
(B) BALANCE SHEETS (S$ million)					
Investment Properties and Properties Under Development	6,464.2	6,739.8	4,401.6	6,548.9	**6,967.4**
Development Properties for Sale	3,409.5	3,876.3	4,283.0	3,542.5	**3,622.7**
Associates, Jointly-Controlled Entities and Partnership	2,767.5	3,060.9	3,755.9	3,928.7	**4,762.8**
Other Assets	3,831.4	4,197.8	4,795.3	4,163.0	**5,294.2**
Total Assets	16,472.6	17,874.8	17,235.8	18,183.1	**20,647.1**
Shareholders' Funds	6,061.2	6,065.2	5,355.8	6,657.7	**7,400.1**
Total Borrowings	6,777.2	7,631.1	7,196.8	6,611.9	**8,129.8**
Minority Interests and Other Liabilities	3,634.2	4,178.5	4,683.2	4,913.5	**5,117.2**
Total Equity and Liabilities	16,472.6	17,874.8	17,235.8	18,183.1	**20,647.1**
(C) FINANCIAL RATIOS					
Earnings Per Share (cents)	11.1	4.1	12.1	28.3	**36.8**
Return on Shareholders' Funds (%)	4.6	1.7	5.4	12.5	**14.5**
Return on Total Assets (%)	3.9	2.6	4.2	8.2	**8.8**
Dividend					
First and final dividend (cents)	5.0	4.0	5.0	6.0	**7.0**
Special dividend (cents)	-	-	1.0	12.0	**5.0**
Total dividend per ordinary share (cents)	5.0	4.0	6.0	18.0	**12.0**
Dividend cover (times)	2.9	1.3	2.6	1.9	**3.2**
Net Tangible Assets per share (S$)	2.40	2.39	2.10	2.41	**2.65**
Debt Equity Ratio (net of cash) (times)	0.72	0.77	0.71	0.50	**0.57**
Interest Cover (times)	3.42	3.63	4.59	9.19	**9.75**

Note:

(1) For changes in accounting policies, new and/or revised accounting standards adopted, as well as changes in the presentation of financial statements for the respective financial year under review, only the comparative figures for the previous year were restated to conform with requirements arising from the said changes or adoption.

(2) On 12 May 2005 and 30 September 2005, the Group completed the sale of shares in PREMAS International Limited and the sale of Raffles Holdings Limited's hotel business ("discontinued operations") respectively. Accordingly, the discontinued operations of PREMAS and the hotel business had been disclosed as a single amount on the face of the income statement. As such, revenue and EBIT for 2004 and 2005 disclosed above excluded the contributions from discontinued operations.

Statutory Accounts

CONTENTS

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 2006.

Directors

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

Dr Hu Tsu Tau
Hsuan Owyang
Liew Mun Leong
Professor Kenneth Stuart Courtis (appointed on 14 February 2007)
Professor Robert Henry Edelstein
Dr Victor Fung Kwok King
Richard Edward Hale
James Koh Cher Siang
Lim Chin Beng
Peter Seah Lim Huat
Arfat Pannir Selvam
Jackson Peter Tai

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 share options of the Company or of related corporations either at the beginning of the financial year (or date of appointment, if later) or at the end of the financial year.

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

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

	Holdings in the name of the director, spouse and/or infant children	
	At beginning of the year/ date of appointment	At end of the year
The Company		
Ordinary shares		
Hsuan Owyang	100,000	120,000
Liew Mun Leong	1,400,000	1,458,000
Andrew Robert Fowell Buxton^	212,650	172,650
Richard Edward Hale	53,850	321,420
James Koh Cher Siang	6,250	6,250
Lim Chin Beng	–	538,400
Peter Seah Lim Huat	321,800	234,300
Jackson Peter Tai	50,000	50,000
Options to subscribe for ordinary shares exercisable from 13/06/2001 to 11/06/2010 at an exercise price of $1.78* per share		
Liew Mun Leong	1,077,000	1,077,000
Options to subscribe for ordinary shares exercisable from 19/06/2002 to 18/06/2006 at an exercise price of $1.89* per share		
Hsuan Owyang	220,000	–
Andrew Robert Fowell Buxton^	10,000	–
Richard Edward Hale	30,000	–
Lim Chin Beng	120,000	–
Jackson Peter Tai	170,000	–
Options to subscribe for ordinary shares exercisable from 19/06/2002 to 18/06/2011 at an exercise price of $1.72* per share		
Liew Mun Leong	800,000	800,000
Options to subscribe for ordinary shares exercisable from 11/05/2003 to 10/05/2007 at an exercise price of $1.19* per share		
Hsuan Owyang	150,000	150,000
Andrew Robert Fowell Buxton^	20,000	–
Richard Edward Hale	15,000	3,750
Lim Chin Beng	90,000	–
Peter Seah Lim Huat	45,000	22,500
Jackson Peter Tai	100,000	100,000

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

	Holdings in the name of the director, spouse and/or infant children	
	At beginning of the year/ date of appointment	At end of the year
The Company (cont'd)		
Options to subscribe for ordinary shares exercisable from 11/05/2003 to 10/05/2012 at an exercise price of $1.06* per share		
Liew Mun Leong	400,000	200,000
Options to subscribe for ordinary shares exercisable from 01/03/2004 to 28/02/2008 at an exercise price of $0.87* per share		
Hsuan Owyang	198,000	198,000
Liew Mun Leong *(exercisable from 01/03/2004 to 28/02/2013)*	504,000	252,000
Richard Edward Hale	166,320	–
Lim Chin Beng	158,400	–
Jackson Peter Tai	118,800	118,800
Options to subscribe for ordinary shares exercisable from 28/02/2005 to 27/02/2009 at an exercise price of $1.20* per share		
Hsuan Owyang	170,000	170,000
Richard Edward Hale	120,000	60,000
Lim Chin Beng	130,000	–
Peter Seah Lim Huat	45,000	–
Jackson Peter Tai	90,000	90,000
Options to subscribe for ordinary shares exercisable from 28/02/2005 to 27/02/2014 at an exercise price of $1.07* per share		
Liew Mun Leong	600,000	400,000
Options to subscribe for ordinary shares exercisable from 26/02/2006 to 25/02/2010 at an exercise price of $2.31* per share		
Dr Hu Tsu Tau	120,000	120,000
Hsuan Owyang	150,000	150,000
Andrew Robert Fowell Buxton^	60,000	30,000
Richard Edward Hale	95,000	95,000
Lim Chin Beng	80,000	40,000
Peter Seah Lim Huat	90,000	45,000
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 $2.30* per share		
Liew Mun Leong	800,000	800,000

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

	Holdings in the name of the director, spouse and/or infant children	
	At beginning of the year/ date of appointment	At end of the year
The Company (cont'd)		
Options to subscribe for ordinary shares exercisable from 25/02/2007 to 24/02/2011 at an exercise price of $3.80* per share		
Dr Hu Tsu Tau	–	120,000
Hsuan Owyang	–	155,000
Andrew Robert Fowell Buxton^	–	60,000
Professor Robert Henry Edelstein	–	50,000
Richard Edward Hale	–	95,000
James Koh Cher Siang	–	100,000
Lim Chin Beng	–	80,000
Peter Seah Lim Huat	–	90,000
Arfat Pannir Selvam	–	80,000
Jackson Peter Tai	–	70,000
Options to subscribe for ordinary shares exercisable from 25/02/2007 to 24/02/2016 at an exercise price of $3.78* per share		
Liew Mun Leong	–	800,000
Conditional award of performance shares to be delivered after 2005		
Liew Mun Leong (468,000 performance shares)	0 to 936,000#	–π
π *During the financial year, 656,000 performance shares were released under the 2003 award to Liew Mun Leong.*		
Conditional award of performance shares to be delivered after 2006		
Liew Mun Leong (483,350* performance shares)	0 to 936,000#	0 to 966,700#
Conditional award of performance shares to be delivered after 2007		
Liew Mun Leong (415,440* performance shares)	0 to 800,000#	0 to 830,880#
Conditional award of performance shares to be delivered after 2008		
Liew Mun Leong (412,280* performance shares)	–	0 to 824,560#
Related Corporations		
Raffles Holdings Limited@		
Ordinary shares		
Hsuan Owyang	5,000	–
Liew Mun Leong	358,900	–
Richard Edward Hale	5,000	–
James Koh Cher Siang	4,000	–
Options to subscribe for ordinary shares exercisable from 09/07/2004 to 08/07/2013 at an exercise price of $0.32 per share@		
Liew Mun Leong	69,360	–

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

	Holdings in the name of the director, spouse and/or infant children	
	At beginning of the year/ date of appointment	At end of the year
Related Corporations (cont'd)		
Raffles Holdings Limited[@] (cont'd)		
Options to subscribe for ordinary shares exercisable from 01/03/2005 to 28/02/2014 at an exercise price of $0.32 per share[@]		
Liew Mun Leong	155,038	–
Options to subscribe for ordinary shares exercisable from 19/02/2006 to 18/02/2015 at an exercise price of $0.32 per share[@]		
Liew Mun Leong	165,100	–
The Ascott Group Limited		
Ordinary shares		
Liew Mun Leong	362,500	452,500
Richard Edward Hale	100,000	562,500
Lim Chin Beng	200,000	950,000
Peter Seah Lim Huat	–	74,000
Options to subscribe for ordinary shares exercisable from 30/06/2002 to 29/06/2006 at an exercise price of $0.192 [+] ***per share***		
Liew Mun Leong *(exercisable from 30/06/2002 to 29/06/2011)*	30,000	–
Richard Edward Hale	150,000	–
Lim Chin Beng	200,000	–
Options to subscribe for ordinary shares exercisable from 05/05/2003 to 04/05/2007 at an exercise price of $0.224 [+] ***per share***		
Liew Mun Leong *(exercisable from 05/05/2003 to 04/05/2012)*	60,000	30,000
Richard Edward Hale	150,000	37,500
Lim Chin Beng	200,000	–
Peter Seah Lim Huat *(exercisable from 05/05/2003 to 30/12/2006)*	12,000	–
Options to subscribe for ordinary shares exercisable from 10/05/2004 to 09/05/2008 at an exercise price of $0.192 [+] ***per share***		
Liew Mun Leong *(exercisable from 10/05/2004 to 09/05/2013)*	90,000	60,000
Richard Edward Hale	150,000	–
Lim Chin Beng	200,000	–
Peter Seah Lim Huat *(exercisable from 10/05/2004 to 30/12/2006)*	30,000	–

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

	Holdings in the name of the director, spouse and/or infant children	
	At beginning of the year/ date of appointment	At end of the year
Related Corporations (cont'd)		
The Ascott Group Limited (cont'd)		
Options to subscribe for ordinary shares exercisable from 01/03/2005 to 28/02/2009 at an exercise price of $0.284+ per share		
Liew Mun Leong *(exercisable from 01/03/2005 to 28/02/2014)*	97,500	97,500
Richard Edward Hale	100,000	50,000
Lim Chin Beng	100,000	–
Peter Seah Lim Huat *(exercisable from 31/12/2004 to 30/12/2006)*	32,000	–
Options to subscribe for ordinary shares exercisable from 05/03/2006 to 04/03/2010 at an exercise price of $0.349+ per share		
Liew Mun Leong *(exercisable from 05/03/2006 to 04/03/2015)*	130,000	130,000
Richard Edward Hale	100,000	100,000
Lim Chin Beng	100,000	50,000
Options to subscribe for ordinary shares exercisable from 25/02/2007 to 24/02/2011 at an exercise price of $0.680+ per share		
Liew Mun Leong *(exercisable from 25/02/2007 to 24/02/2016)*	–	200,000
Richard Edward Hale	–	160,000
Lim Chin Beng	–	150,000

Footnotes:

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

@ *Raffles Holdings Limited ("RHL") has been delisted from the official list of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 13 December 2006 pursuant to Rule 1306 of the SGX-ST Listing Manual. Pursuant to Rule 8.1 of the RHL Share Option Plan, the Company is entitled to exercise its right of compulsory acquisition. Accordingly, the above options were exercisable up to 20 January 2007 and had since lapsed.*

* *On 9 May 2006, adjustments were made to the exercise prices of unexercised share options and number of performance shares under conditional award in accordance to the rules of the CapitaLand Share Option Plan and the CapitaLand Performance Share Plan arising from the payment of special dividend of $0.01 and $0.12 per issued ordinary share in respect of the financial year ended 31 December 2004 and 31 December 2005 respectively.*

+ *During the financial year, adjustments were made to the exercise prices of unexercised share options in accordance to the rules of the Ascott Share Option Plan pursuant to the Preferential Offering of units in Ascott Residence Trust approved by the shareholders of The Ascott Group Limited at its Extraordinary General Meeting held on 13 February 2006.*

^ *Mr Andrew Robert Fowell Buxton resigned as director of the Company on 14 February 2007.*

Directors' Interests in Shares or Debentures (cont'd)
Mr Hsuan Owyang's shareholding in the Company has changed from 120,000 as at 31 December 2006 to 70,000 as at 21 January 2007. Save as disclosed above, there was no change in any of the above-mentioned directors' interests in the Company and its related corporations between the end of the financial year and 21 January 2007.

Directors' Interests in Contracts
During the financial year, the directors' interests in contracts relate to the purchase of three residential units in one of the Group's projects in China by a director of the Company and his family members.

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.

Share Plans

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

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 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
Mr Peter Seah Lim Huat

The Share Option Plan is the basic share incentive scheme which is more widely applied across the Group whereas the Performance Share Plan and the Restricted Stock Plan apply only to key executives. The 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 as set out below.

Under the Performance Share Plan, awards are granted to eligible participants. Awards represent the right of a participant to receive fully paid shares, their equivalent cash value or combinations thereof, free of charge, upon the 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 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) CapitaLand Share Option Plan, Performance Share Plan and Restricted Stock Plan 2000 (cont'd)

The principal terms of the Share Plans are:

- **Plans Size and Duration**

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

  The Share Plans shall continue in force at the discretion of the 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 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 Associates (over which the Company has operational control) who have attained the age of 21 years and hold such rank as may be designated by the 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 the 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 (including those Parent Group Executives and Non-Executive Directors of the Parent Group who meet the foregoing age and rank criteria and whose services have been seconded to a company within the Group and who shall be regarded as Group Executives for the purposes of the Performance Share Plan and the Restricted Stock Plan);

Share Plans (cont'd)

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

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

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

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

- **Subscription Price**
  The subscription 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 which is equal to the volume-weighted average price for the Company shares on the SGX-ST over the three consecutive Trading Days immediately preceding the date of grant of that option (the "Market Price"), or such higher price as may be determined by the 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.

Share Plans (cont'd)

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

- **Grant of Options**

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

(b) Share Options Granted

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

Option Category	Number of Holders	Exercise Period	Exercise Price (per share) $	Number of Shares under Option
The Company				
Non-Executive Directors	20	25/02/2007 to 24/02/2011	3.80	1,160,000
Group Executives	7	01/05/2006 to 02/05/2008	3.83	18,000
(including 1 Executive Director)	852	25/02/2007 to 24/02/2016	3.78	18,994,000
	1	14/03/2007 to 13/03/2016	3.95	200,000
	1	04/04/2007 to 03/04/2016	4.54	20,000
	1	20/06/2007 to 19/06/2016	4.26	200,000
	117	02/09/2007 to 01/09/2016	4.72	1,629,000
Total				**22,221,000**

Share Plans (cont'd)

(b) Share Options Granted (cont'd)

Option Category	Number of Holders	Exercise Period	Exercise Price (per share) $	Number of Shares under Option
Raffles Holdings Limited				
Non-Executive Directors	6	25/02/2007 to 24/02/2011	0.73	630,000
Group Executives (including 1 Executive Director)	19	25/02/2007 to 24/02/2016	0.73	2,086,400
Associated Company Executives	39	25/02/2007 to 24/02/2011	0.73	580,800
Parent Group Executives	89	25/02/2007 to 24/02/2016	0.73	1,134,000
Total				**4,431,200**

The above share options were cancelled during the year.

The Ascott Group Limited				
Non-Executive Directors	7	25/02/2007 to 24/02/2011	0.680	950,000
Group Executives (including 1 Executive Director)	416	25/02/2007 to 24/02/2016	0.680	12,007,000
	27	02/09/2007 to 01/09/2016	1.022	1,169,000
Parent Group Executives	78	25/02/2007 to 24/02/2016	0.680	1,090,000
Total				**15,216,000**

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

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

Share Plans (cont'd)

(b) Share Options Granted (cont'd)

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

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

(c) Share Options Exercised

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

Name of Company	Exercise Price (per share) $	Number of Shares Issued
CapitaLand Limited	0.87 to 3.83	25,397,307
Raffles Holdings Limited	0.32	14,783,252
The Ascott Group Limited	0.192 to 0.493	19,297,550
Australand Holdings Limited	A$1.57	791,400

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

(d) Unissued Shares under Option

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

Option Category	Number of Holders	Expiry Date	Exercise Price (per share) $	Number of Unissued Shares under Option
The Company				
Non-Executive Directors	20	10/05/2007	1.19	716,250
(including Non-Executive Directors of	8	28/02/2008	0.87	528,000
subsidiaries and former directors)	4	13/12/2008	1.20	100,000
	5	13/12/2008	2.31	55,000
	12	27/02/2009	1.20	640,000
	24	25/02/2010	2.31	1,100,000
	20	24/02/2011	3.80	1,160,000
				4,299,250

Share Plans (cont'd)

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

Option Category	Number of Holders	Expiry Date	Exercise Price (per share) $	Number of Unissued Shares under Option
The Company (cont'd)				
Group Executives	7	11/05/2007	1.78	10,773
	1	11/05/2007	1.75	1,000
	30	11/05/2007	1.72	66,842
	16	11/05/2007	1.06	24,178
	17	11/05/2007	0.87	37,494
	15	11/05/2007	1.07	50,890
	1	11/05/2007	1.42	700
	97	11/05/2007	2.32	179,982
	1	30/09/2007	1.75	24,000
	1	30/09/2007	1.72	40,000
	3	30/09/2007	1.06	41,612
	4	30/09/2007	0.87	97,650
	5	30/09/2007	1.07	98,425
	5	30/09/2007	2.32	109,000
	1	02/05/2008	1.06	250
	1	02/05/2008	1.07	10
	1	02/05/2008	2.32	1,000
	3	02/05/2008	3.83	10,000
	3	12/04/2010	1.66	456,000
	64	11/06/2010	1.78	2,287,749
	28	03/08/2010	1.75	180,455
	84	18/06/2011	1.72	2,027,332
	217	10/05/2012	1.06	1,819,207
	397	28/02/2013	0.87	5,325,507
	1	24/04/2013	0.87	99,200
	22	29/08/2013	0.87	176,350
	1	22/09/2013	0.87	26,500
	419	27/02/2014	1.07	7,417,762
	1	18/03/2014	1.01	30,000
	34	27/08/2014	1.42	238,500
	1	24/01/2015	2.00	80,000
	554	25/02/2015	2.30	11,841,440
	62	26/08/2015	2.74	544,750
	801	24/02/2016	3.78	18,117,000
	1	13/03/2016	3.95	200,000
	1	19/06/2016	4.26	200,000
	114	01/09/2016	4.72	1,594,000
				53,455,558
Total				**57,754,808**

Share Plans (cont'd)

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

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

Participants	Options granted during the year	Aggregate options granted since the commencement of the Share Option Plan	Aggregate options exercised	Aggregate options lapsed/ cancelled	Aggregate outstanding options
Directors of the Company					
Dr Hu Tsu Tau	120,000	240,000	–	–	240,000
Hsuan Owyang	155,000	1,143,000	(320,000)	–	823,000
Liew Mun Leong	800,000	6,135,000	(1,806,000)	–	4,329,000
Andrew Robert Fowell Buxton^	60,000	306,650	(216,650)	–	90,000
Professor Robert Henry Edelstein	50,000	50,000	–	–	50,000
Richard Edward Hale	95,000	575,170	(321,420)	–	253,750
James Koh Cher Siang	100,000	100,000	–	–	100,000
Lim Chin Beng	80,000	798,410	(678,410)	–	120,000
Peter Seah Lim Huat	90,000	478,800	(321,300)	–	157,500
Arfat Pannir Selvam	80,000	80,000	–	–	80,000
Jackson Peter Tai	70,000	688,800	–	(220,000)	468,800
	1,700,000	10,595,830	(3,663,780)	(220,000)	6,712,050
Non-Executive Directors of subsidiaries (including former directors of the Company)	260,000	7,626,210	(5,200,560)	(509,450)	1,916,200
Group Executives (excluding Liew Mun Leong)	20,261,000	134,883,673	(55,632,629)	(30,124,486)	49,126,558
Parent Group Executives and others	–	2,662,482	(2,232,834)	(429,648)	–
Total	**22,221,000**	**155,768,195**	**(66,729,803)**	**(31,283,584)**	**57,754,808**

^ *Mr Andrew Robert Fowell Buxton resigned as director of the Company on 14 February 2007.*

Share Plans (cont'd)

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

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

Option Category	Number of Holders	Expiry Date	Exercise Price (per share) $	Number of Unissued Shares under Option
Raffles Holdings Limited				
Group Executives	2	20/01/2007	0.32	3,264
	27	20/01/2007	0.32	130,392
	28	20/01/2007	0.32	50,962
	23	20/01/2007	0.32	60,478
	30	20/01/2007	0.32	63,156
				308,252
Parent Group Executives	1	20/01/2007	0.32	8,160
	4	20/01/2007	0.32	9,595
	8	20/01/2007	0.32	21,271
	12	20/01/2007	0.32	8,005
				47,031
Associated Company Executives	115	20/01/2007	0.32	167,307
	146	20/01/2007	0.32	176,748
	1	20/01/2007	0.32	1,632
	116	20/01/2007	0.32	157,631
	211	20/01/2007	0.32	211,094
	1	20/01/2007	0.32	251
				714,663
Total				**1,069,946**

Pursuant to Rule 8.1 of the Raffles Holdings Limited Share Option Plan, the Company is entitled to exercise its right of compulsory acquisition. Accordingly, the above options were exercisable up to 20 January 2007 and had since lapsed.

Share Plans (cont'd)

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

Option Category	Number of Holders	Expiry Date	Exercise Price (per share) $	Number of Unissued Shares under Option
The Ascott Group Limited				
Non-Executive Directors	5	04/05/2007	0.224	100,000
	6	28/02/2009	0.284	220,000
	6	04/03/2010	0.349	435,000
	7	24/02/2011	0.680	950,000
				1,705,000
Group Executives and Parent Group Executives	2	11/05/2007	0.241	17,000
	3	11/05/2007	0.192	16,500
	2	11/05/2007	0.224	11,000
	1	11/05/2007	0.284	5,000
	3	11/05/2007	0.349	6,000
	1	30/09/2007	0.224	10,000
	3	30/09/2007	0.192	26,000
	3	30/09/2007	0.284	18,000
	3	30/09/2007	0.349	8,000
	166	20/12/2010	0.241	685,000
	266	29/06/2011	0.192	334,750
	269	04/05/2012	0.224	2,754,000
	234	09/05/2013	0.192	3,308,000
	225	28/02/2014	0.284	3,415,250
	34	01/09/2015	0.399	1,057,750
	286	04/03/2015	0.349	5,832,250
	27	01/09/2016	1.022	1,169,000
	440	24/02/2016	0.680	11,072,000
				29,745,500
Total				**31,450,500**
Australand Holdings Limited				
Directors	5	13/03/2011	A$1.57	137,500
Employees	35	13/03/2011	A$1.57	926,750
Total				**1,064,250**

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

Share Plans (cont'd)

(e) Awards under the CapitaLand Performance Share Plan and the Ascott Performance Share Plan

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

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

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

The Company	Balance as at 1 January 2006		Performance Shares conditionally granted/adjusted* during the year		Performance Shares released** during the year		Performance Shares lapsed/ cancelled during the year		Balance as at 31 December 2006	
Conditional Award	No. of holders	No. of shares	No. of holders	No. of shares	No. of holders	No. of shares	No. of holders	No. of shares	No. of holders	No. of shares
2003 award	15	2,527,200	1	100,000	15	(2,527,200)	–	–	1	100,000
2004 award	15	2,492,100	14	181,953	–	–	2	(214,438)	13	2,459,615
2005 award	49	2,975,000	47	216,286	–	–	4	(179,343)	45	3,011,943
2006 award	–	–	60	3,540,083	–	–	3	(107,840)	57	3,432,243
Total		**7,994,300**		**4,038,322**		**(2,527,200)**		**(501,621)**		**9,003,801**

* *During the financial year, adjustments were made to the conditional awards of unvested performance shares in accordance to the rules of the CapitaLand Performance Share Plan arising from the payment of special dividend of $0.01 and $0.12 per issued ordinary share in respect of the financial year ended 31 December 2004 and 31 December 2005 respectively. The Company granted 81,953, 116,286 and 105,083 performance shares under the 2004, 2005 and 2006 awards respectively to compensate for the decline in values of the said performance shares.*

** *The release of 2003 award of 2,527,200 (2005: 1,817,400) performance shares during the financial year resulted in 3,446,000 (2005: 1,535,000) shares being issued.*

Share Plans (cont'd)

(e) Awards under the CapitaLand Performance Share Plan and the Ascott Performance Share Plan (cont'd)

The Ascott Group Limited	Balance as at 1 January 2006		Performance Shares conditionally granted/adjusted^ during the year		Performance Shares released^^ during the year		Performance Shares lapsed/ cancelled during the year		Balance as at 31 December 2006	
Conditional Award	**No. of holders**	**No. of shares**	**No. of holders**	**No. of shares**	**No. of holders**	**No. of shares**	**No. of holders**	**No. of shares**	**No. of holders**	**No. of shares**
2003 award	2	572,223	–	–	2	(572,223)	–	–	–	–
2004 award	3	1,200,000	3	176,400	–	–	–	–	3	1,376,400
2005 award	9	2,310,000	9	353,430	–	–	–	–	9	2,663,430
2006 award	–	–	16	3,043,800	–	–	–	–	16	3,043,800
Total		**4,082,223**		**3,573,630**		**(572,223)**		**–**		**7,083,630**

^ *During the financial year, adjustments were made to the outstanding conditional performance shares awarded under the Ascott Performance Share Plan following the Preferential Offering of units in Ascott Residence Trust approved by the shareholders of The Ascott Group Limited ("TAG") at its Extraordinary General Meeting held on 13 February 2006. TAG granted 176,400 and 353,430 performance shares under the 2004 and 2005 awards respectively to compensate for the decline in values of the said performance shares.*

^^ *The release of 2003 award of 527,223 (2005: 219,000) performance shares during the financial year resulted in 707,000 (2005: 219,000) shares being issued.*

(f) Awards under the CapitaLand Restricted Stock Plan and the Ascott Restricted Stock Plan

As at 31 December 2006, no award has been granted since the inception of the restricted stock plans of the above-mentioned companies.

Audit Committee

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

The Audit Committee performs the functions specified by Section 201B of the Companies Act, Chapter 50, the Listing Manual of the SGX-ST, and the Code of Corporate Governance.

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

- the reliability and integrity of financial statements;
- impact of new, revised or proposed changes in accounting policies or regulatory requirements on the financial statements;
- compliance with laws and regulations, particularly those of the Companies Act, Chapter 50, and the Listing Manual of the SGX-ST;
- the appropriateness of quarterly and full year announcements and reports;

Audit Committee (cont'd)

- 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 met four times in 2006. Specific functions performed during the year included reviewing the scope of work and strategies of both the internal and external auditors, and the results arising therefrom, including their evaluation of the system of internal controls. The Audit Committee also reviewed the assistance given by the Company's officers to the auditors. The financial statements of the Group and the Company were reviewed by the Audit Committee prior to the submission to the directors of the Company for adoption. The Audit Committee also met with the external and internal auditors, without the presence of management, to discuss issues of concern to them.

The Audit Committee has, in accordance with Chapter 9 of the Listing Manual of the SGX-ST, reviewed the requirements for approval and disclosure of interested person transactions, reviewed the procedures set up 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 and its member firms and was satisfied that they did not affect their independence as external auditors of the Company.

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

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

On behalf of the Board of Directors

Dr Hu Tsu Tau
Director

Liew Mun Leong
Director

Singapore
28 February 2007

Statement by Directors

In our opinion:

(a) the financial statements set out on pages 152 to 243 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 2006 and of the results and changes in equity of the Group and of the Company and of the cash flows of the Group for the year ended on that date; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

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

On behalf of the Board of Directors

Dr Hu Tsu Tau
Director

Liew Mun Leong
Director

Singapore
28 February 2007

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 2006, the income statements and statements of changes in equity of the Group and the Company and the cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 152 to 243.

Directors' responsibility for the financial statements

The Company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Companies Act, Chapter 50 ("the Act") and Singapore Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and 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 the directors, 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 2006 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
Certified Public Accountants

Singapore
28 February 2007

Balance Sheets

As at 31 December 2006

	Note	The Group 2006 $'000	The Group 2005 $'000	The Company 2006 $'000	The Company 2005 $'000
Non-Current Assets					
Property, Plant and Equipment	3	**182,044**	201,465	**1,761**	1,588
Intangible Assets	4	**38,757**	33,651	**–**	–
Investment Properties	5	**6,553,643**	5,914,905	**–**	–
Properties Under Development	6	**413,734**	634,004	**–**	–
Interests in Subsidiaries	7	**–**	–	**2,895,750**	3,773,558
Interests in Associates	8(a)	**3,163,011**	2,751,475	**–**	–
Interests in Jointly-Controlled Entities	9(a)	**1,599,762**	1,178,938	**–**	–
Financial Assets	10	**327,419**	276,253	**–**	–
Deferred Tax Assets	33	**30,818**	39,084	**–**	3,955
Other Non-Current Assets	11	**5,011**	8,537	**231**	256
		12,314,199	11,038,312	**2,897,742**	3,779,357
Current Assets					
Development Properties for Sale	12	**3,622,665**	3,542,494	**–**	–
Consumable Stock		**806**	1,085	**–**	–
Trade and Other Receivables	13	**2,024,538**	1,417,790	**1,544,600**	1,101,118
Financial Assets	10	**–**	72,095	**–**	–
Cash and Cash Equivalents	17	**2,684,851**	2,111,277	**1,477,510**	987,736
		8,332,860	7,144,741	**3,022,110**	2,088,854
Less: Current Liabilities					
Bank Overdrafts	17	**–**	6,262	**–**	–
Trade and Other Payables	18	**1,862,377**	2,005,739	**472,861**	206,882
Short Term Bank Borrowings	24	**1,523,160**	1,699,949	**174,439**	553,235
Current Portion of Debt Securities	25	**270,230**	677,633	**34,500**	139,500
Current Portion of Finance Leases	26	**3,594**	3,448	**–**	–
Current Tax Payable		**316,827**	237,664	**6,980**	–
		3,976,188	4,630,695	**688,780**	899,617
Net Current Assets		**4,356,672**	2,514,046	**2,333,330**	1,189,237
Less: Non-Current Liabilities					
Long Term Bank Borrowings	24	**3,919,357**	2,946,266	**–**	–
Debt Securities	25	**2,368,802**	1,281,745	**461,679**	125,500
Finance Leases	26	**44,685**	48,683	**–**	–
Deferred Tax Liabilities	33	**187,533**	74,230	**11,572**	–
Deferred Income	27	**64,888**	30,959	**–**	–
Other Non-Current Liabilities	22	**572,856**	142,107	**23,400**	149,597
		7,158,121	4,523,990	**496,651**	275,097
Net Assets		**9,512,750**	9,028,368	**4,734,421**	4,693,497
Representing:					
Share Capital	29	**4,304,907**	2,750,503	**4,304,907**	2,750,503
Reserves	30	**3,095,239**	3,907,207	**429,514**	1,942,994
Equity attributable to Equity Holders of the Company		**7,400,146**	6,657,710	**4,734,421**	4,693,497
Minority Interests		**2,112,604**	2,370,658	**–**	–
Total Equity		**9,512,750**	9,028,368	**4,734,421**	4,693,497

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

Income Statements

Year ended 31 December 2006

	Note	The Group 2006 $'000	The Group 2005 $'000	The Company 2006 $'000	The Company 2005 $'000
Continuing operations					
Revenue	31	**3,147,725**	3,845,637	**363,473**	248,030
Cost of sales		**(2,234,385)**	(3,036,173)	**–**	–
Gross profit		**913,340**	809,464	**363,473**	248,030
Other operating income		**558,795**	361,655	**107,103**	94,414
Administrative expenses		**(342,021)**	(390,295)	**(32,890)**	(38,607)
Other operating expenses		**90,333**	(43,632)	**(3,906)**	5,444
Profit from continuing operations		**1,220,447**	737,192	**433,780**	309,281
Finance costs		**(327,995)**	(274,581)	**(39,897)**	(55,041)
Share of results of:					
– associates		**462,445**	108,905	**–**	–
– jointly-controlled entities		**139,152**	14,293	**–**	–
– partnership		**–**	(114)	**–**	–
		601,597	123,084	**–**	–
Profit before taxation from continuing operations	32	**1,494,049**	585,695	**393,883**	254,240
Taxation		**(230,354)**	(152,020)	**(41,217)**	(9,132)
Profit after taxation from continuing operations		**1,263,695**	433,675	**352,666**	245,108
Discontinued operations					
Profit after taxation from discontinued operations	35	**26,894**	741,963	**–**	–
Profit for the year		**1,290,589**	1,175,638	**352,666**	245,108
Attributable to:					
Equity holders of the Company		**1,017,985**	750,510	**352,666**	245,108
Minority interests		**272,604**	425,128	**–**	–
Profit for the year		**1,290,589**	1,175,638	**352,666**	245,108
Basic earnings per share (cents) from:					
– continuing operations		**36.2**	11.6		
– discontinued operations		**0.6**	16.7		
Total	34	**36.8**	28.3		
Fully diluted earnings per share (cents) from:					
– continuing operations		**35.6**	11.6		
– discontinued operations		**0.6**	16.5		
Total	34	**36.2**	28.1		

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

Statements of Changes in Equity

Year ended 31 December 2006

The Group	Share Capital $'000	Share Premium $'000	Revaluation Reserve $'000	Accumulated Profits $'000	Other Reserves $'000	Total $'000	Minority Interests $'000	Total Equity $'000
At 1 January 2005	**2,524,795**	**2,544,823**	**55,568**	**107,353**	**102,658**	**5,335,197**	**2,051,565**	**7,386,762**
Net (deficit)/surplus on revaluation of investment properties	–	–	(31,455)	–	–	(31,455)	40,796	9,341
Share of associates' and jointly-controlled entities' revaluation surplus	–	–	183,031	–	–	183,031	–	183,031
Net deficit on revaluation transferred to income statement	–	–	32,192	–	–	32,192	–	32,192
Realisation of revaluation reserve transferred to income statement	–	–	7,585	–	–	7,585	–	7,585
Exchange differences arising from consolidation of foreign operations and translation of foreign currency loans	–	–	–	–	28,587	28,587	222	28,809
Realisation of foreign exchange reserve transferred to income statement	–	–	–	–	(43,761)	(43,761)	–	(43,761)
Change in fair value of available-for-sale investments	–	–	–	–	62,902	62,902	–	62,902
Effective portion of changes in fair value of cash flow hedges	–	–	–	–	21,100	21,100	–	21,100
Net gains recognised directly in equity	–	–	191,353	–	68,828	260,181	41,018	301,199
Profit for the year	–	–	–	750,510	–	750,510	425,128	1,175,638
Total recognised gains for the year	–	–	191,353	750,510	68,828	1,010,691	466,146	1,476,837
Balance carried down	**2,524,795**	**2,544,823**	**246,921**	**857,863**	**171,486**	**6,345,888**	**2,517,711**	**8,863,599**

The Group	Share Capital $'000	Share Premium $'000	Revaluation Reserve $'000	Accumulated Profits $'000	Other Reserves $'000	Total $'000	Minority Interests $'000	Total Equity $'000
Balance brought forward	**2,524,795**	**2,544,823**	**246,921**	**857,863**	**171,486**	**6,345,888**	**2,517,711**	**8,863,599**
Dividends paid	–	–	–	(126,526)	–	(126,526)	–	(126,526)
Issue of shares under share option and performance share plans	35,422	16,081	–	–	(1,535)	49,968	–	49,968
Conversion of convertible bonds	190,286	219,343	–	–	(30,381)	379,248	–	379,248
Cost of share-based payment	–	–	–	–	17,517	17,517	1,369	18,886
Capital contribution from minority interests (net)	–	–	–	–	–	–	314,630	314,630
Effects of acquisition/ disposals/dilution and liquidation of subsidiaries	–	–	–	–	–	–	28,089	28,089
Dividends paid to minority interests	–	–	–	–	–	–	(497,179)	(497,179)
Others	–	–	–	(898)	(7,487)	(8,385)	6,038	(2,347)
At 31 December 2005	**2,750,503**	**2,780,247**	**246,921**	**730,439**	**149,600**	**6,657,710**	**2,370,658**	**9,028,368**

Statements of Changes in Equity

Year ended 31 December 2006

The Group	Share Capital $'000	Share Premium $'000	Revaluation Reserve $'000	Accumulated Profits $'000	Other Reserves $'000	Total $'000	Minority Interests $'000	Total Equity $'000
At 1 January 2006	**2,750,503**	**2,780,247**	**246,921**	**730,439**	**149,600**	**6,657,710**	**2,370,658**	**9,028,368**
Net surplus on revaluation of investment properties	–	–	102,429	–	–	102,429	18,046	120,475
Share of associates' and jointly-controlled entities' revaluation surplus	–	–	325,734	–	–	325,734	–	325,734
Net revaluation surplus transferred to income statement	–	–	(308,099)	–	–	(308,099)	–	(308,099)
Realisation of revaluation reserve transferred to income statement	–	–	(77,942)	–	–	(77,942)	–	(77,942)
Exchange differences arising from consolidation of foreign operations and translation of foreign currency loans	–	–	–	–	(58,726)	(58,726)	(29,392)	(88,118)
Change in fair value of available-for-sale investments	–	–	–	–	30,381	30,381	–	30,381
Effective portion of change in fair value of cash flow hedges	–	–	–	–	7,927	7,927	11,114	19,041
Realisation of available-for-sale reserve transferred to income statement	–	–	–	–	(5,384)	(5,384)	–	(5,384)
Realisation of hedging reserve transferred to income statement	–	–	–	–	(1,203)	(1,203)	(665)	(1,868)
Realisation of foreign exchange reserve transferred to income statement	–	–	–	–	3,247	3,247	–	3,247
Net gains/(losses) recognised directly in equity	–	–	42,122	–	(23,758)	18,364	(897)	17,467
Profit for the year	–	–	–	1,017,985	–	1,017,985	272,604	1,290,589
Total recognised gains/(losses) for the year	–	–	42,122	1,017,985	(23,758)	1,036,349	271,707	1,308,056
Balance carried down	**2,750,503**	**2,780,247**	**289,043**	**1,748,424**	**125,842**	**7,694,059**	**2,642,365**	**10,336,424**

The Group	Share Capital $'000	Share Premium $'000	Revaluation Reserve $'000	Accumulated Profits $'000	Other Reserves $'000	Total $'000	Minority Interests $'000	Total Equity $'000
Balance brought forward	**2,750,503**	**2,780,247**	**289,043**	**1,748,424**	**125,842**	**7,694,059**	**2,642,365**	**10,336,424**
Dividends paid	–	–	–	(399,089)	–	(399,089)	–	(399,089)
Transfer to share capital and capital reserve	1,512,328	(2,780,247)	–	–	1,267,919	–	–	–
Issue of shares under share option and performance share plans	42,076	–	–	–	(2,909)	39,167	–	39,167
Equity portion of convertible bonds	–	–	–	–	41,831	41,831	–	41,831
Cost of share-based payment	–	–	–	–	24,641	24,641	1,534	26,175
Return of capital to minority interests (net)	–	–	–	–	–	–	(42,738)	(42,738)
Effects of acquisition/ disposals/dilution and liquidation of subsidiaries	–	–	–	–	–	–	(23,939)	(23,939)
Dividends paid to minority interests	–	–	–	–	–	–	(460,465)	(460,465)
Others	–	–	–	(1,179)	716	(463)	(4,153)	(4,616)
At 31 December 2006	**4,304,907**	**–**	**289,043**	**1,348,156**	**1,458,040**	**7,400,146**	**2,112,604**	**9,512,750**

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

Statements of Changes in Equity

Year ended 31 December 2006

The Company	Share Capital $'000	Share Premium $'000	Capital Reserve $'000	Accumulated Profits $'000	Equity Compensation Reserve $'000	Capital Redemption Reserve $'000	Total Equity $'000
At 1 January 2005	**2,524,795**	**1,276,591**	**30,381**	**293,044**	**7,776**	**313**	**4,132,900**
Profit for the year	–	–	–	245,108	–	–	245,108
Total recognised gains for the year	–	–	–	245,108	–	–	245,108
Dividends paid	–	–	–	(126,526)	–	–	(126,526)
Issue of shares under share option and performance share plans	35,422	16,081	–	–	(1,535)	–	49,968
Conversion of convertible bonds	190,286	219,343	(30,381)	–	–	–	379,248
Cost of share-based payment	–	–	–	–	12,799	–	12,799
Transfer between reserves	–	–	–	(401)	401	–	–
At 31 December 2005	**2,750,503**	**1,512,015**	**–**	**411,225**	**19,441**	**313**	**4,693,497**
At 1 January 2006	**2,750,503**	**1,512,015**	**–**	**411,225**	**19,441**	**313**	**4,693,497**
Profit for the year	–	–	–	352,666	–	–	352,666
Total recognised gains for the year	–	–	–	352,666	–	–	352,666
Dividends paid	–	–	–	(399,089)	–	–	(399,089)
Transfer to share capital	1,512,328	(1,512,015)	–	–	–	(313)	–
Issue of shares under share option and performance share plans	42,076	–	–	–	(2,909)	–	39,167
Equity portion of convertible bonds	–	–	41,831	–	–	–	41,831
Cost of share-based payment	–	–	–	–	6,349	–	6,349
Transfer between reserves	–	–	–	(1,449)	1,449	–	–
At 31 December 2006	**4,304,907**	**–**	**41,831**	**363,353**	**24,330**	**–**	**4,734,421**

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

Consolidated Statement of Cash Flows Year ended 31 December 2006

	2006 $'000	2005 $'000
Operating activities		
Profit after taxation from continuing operations	**1,263,695**	433,675
Profit after taxation from discontinued operations	**26,894**	741,963
	1,290,589	1,175,638
Adjustments for:		
Amortisation and impairment of intangible assets	**4,754**	1,102
Negative goodwill on acquisition	**(77,000)**	(820)
(Write back)/Allowance for:		
– foreseeable losses on development properties for sale	**(54,532)**	(36,805)
– loans to associates	**8,584**	–
– non-current financial assets	**1,670**	4,130
Share-based expenses	**24,758**	19,374
Changes in fair value of financial derivatives and assets	**1,242**	(29,998)
Depreciation of property, plant and equipment	**34,294**	71,781
Loss/(Gain) on disposal/write off of property, plant and equipment	**2,800**	(23,635)
Gain on disposal of investment properties	**(222,094)**	(13,141)
(Write back)/Write down in value of investment properties	**(113,037)**	33,074
Gain on disposal of non-current financial assets	**(18,899)**	(2,101)
Gain on disposal/dilution of subsidiaries and associates	**(128,451)**	(812,218)
Share of results of associates, jointly-controlled entities and partnership	**(601,597)**	(123,180)
Accretion of deferred income	**(4,678)**	(4,913)
Reversal of provision for obligation no longer required	**–**	(11,140)
Interest expense	**327,995**	280,274
Interest income	**(146,340)**	(108,099)
Tax expense	**230,354**	161,419
	(730,177)	(594,896)
Operating profit before working capital changes	**560,412**	580,742
Decrease/(Increase) in working capital:		
Inventories, trade and other receivables	**91,444**	(46,334)
Development properties for sale	**38,673**	683,575
Trade and other payables	**169,744**	45,616
Amount due to related corporations	**–**	(3,232)
Financial assets	**45,531**	(44,224)
Changes in working capital	**345,392**	635,401
Cash generated from operations	**905,804**	1,216,143
Income tax paid	**(84,525)**	(86,255)
Customer deposits and other non-current payables received	**330**	6,943
Net cash generated from operating activities carried down	**821,609**	1,136,831

Consolidated Statement of Cash Flows

Year ended 31 December 2006

	Note	2006 $'000	2005 $'000
Net cash generated from operating activities brought forward		**821,609**	1,136,831
Investing activities			
Proceeds from disposal of property, plant and equipment		**13,792**	173,767
Purchase of property, plant and equipment		**(63,512)**	(77,503)
Increase in associates and jointly-controlled entities		**(1,635,205)**	(302,644)
Decrease in associates and jointly-controlled entities		**802,503**	231,803
Increase in amounts owing by investee companies and other non-current receivables		**(393)**	(5,252)
Deposits paid for new investments		**(28,172)**	(184,368)
Acquisition of investment properties and properties under development		**(1,595,964)**	(1,042,486)
Proceeds from disposal of investment properties		**584,620**	101,922
Acquisition of non-current financial assets		**(8,172)**	(151,892)
Dividends received from associates and jointly-controlled entities		**656,019**	161,470
Acquisition of remaining interest in a subsidiary		**(49,549)**	(21,315)
Acquisition and disposal of subsidiaries (net)	37	**403,475**	1,182,480
Interest income received		**145,719**	96,981
Settlement of derivatives		**–**	(15,849)
Net cash (used in)/generated from investing activities		**(774,839)**	147,114
Financing activities			
Proceeds from issue of shares under share option plan		**39,167**	49,968
(Repayment of)/Proceeds from loans from minority interests		**(88)**	36,448
(Return of capital to)/Contribution from minority interests		**(42,738)**	314,630
Proceeds from/(Repayment of) sales of future receivables		**156,941**	(277,640)
Proceeds from bank borrowings		**3,450,696**	2,332,441
Repayment of bank borrowings		**(2,879,187)**	(2,835,406)
Proceeds from debt securities		**1,839,418**	540,133
Repayment of debt securities		**(772,115)**	(299,548)
Repayment of finance lease payables		**(3,419)**	(3,447)
Dividends paid to minority interests		**(460,465)**	(497,179)
Dividends paid to shareholders		**(399,089)**	(126,526)
Interest expense paid		**(382,177)**	(319,902)
Net cash generated from/(used in) financing activities		**546,944**	(1,086,028)
Net increase in Cash and Cash Equivalents		**593,714**	197,917
Cash and Cash Equivalents at beginning of the year		**2,105,015**	1,904,831
Effect of exchange rate changes on cash balances held in foreign currencies		**(13,878)**	2,267
Cash and Cash Equivalents at end of the year	17	**2,684,851**	2,105,015

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 28 February 2007.

1 Domicile and Activities

CapitaLand Limited ("the Company") is incorporated in the Republic of Singapore and has its registered office at 168 Robinson Road, #30-01 Capital Tower, Singapore 068912.

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

The principal activities of the significant subsidiaries are set out in note 42 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, jointly-controlled entities and partnership.

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 for the following assets and liabilities: investment properties, certain financial assets and financial liabilities and non-current assets held for sale, the basis of measurement of which are indicated in the accounting policies set out 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 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:

2 Summary of Significant Accounting Policies (cont'd)

(a) Basis of preparation (cont'd)

Note 3	–	measurement of recoverable amounts of property, plant and equipment
Note 4	–	assumptions of recoverable amounts relating to goodwill impairment
Note 22	–	measurement of provisions
Note 28	–	measurement of share-based payments
Note 37(b)	–	valuation of assets, liabilities and contingent liabilities acquired in business combinations
Note 38	–	valuation of financial instruments

Accounting policy relating to financial guarantees (described in note 2(g)(iv)) was changed during the year arising from the adoption of Amendments to FRS39 *Financial Instruments: Recognition and Measurement – Financial Guarantee Contracts.* The adoption of this new policy did not have any material impact on the financial statements.

Except for the above changes, the accounting policies set out below have been applied consistently by the Group and have been applied consistently to all periods presented in these 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 accounting policy 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 are accounted for under the pooling of interests method, the classification and accounting treatment of these business combinations have not been reconsidered or restated in preparing the Group's financial statements.

Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company 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.

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. 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

2 Summary of Significant Accounting Policies (cont'd)

(b) Consolidation (cont'd)

income and expenses 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.

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 equity accounted investees 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 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 on retranslation are recognised in the income statement, except for differences arising on 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 accounting policy 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 on 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.

2 Summary of Significant Accounting Policies (cont'd)

(c) Foreign currencies (cont'd)

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 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.

(d) Property, plant and equipment

Freehold land and property under construction are not depreciated. 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.

Depreciation is provided on a straight-line basis over the estimated useful lives of each component of property, plant and equipment as follows:

Leasehold hotel land and buildings	remaining lease period ranging from 38 to 99 years
Other leasehold land and buildings	remaining lease period ranging from 6 to 32 years
Freehold buildings	20 to 50 years
Hospitality plant, machinery, improvements, furniture, fittings and equipment	1 to 15 years
Other plant, machinery and improvements	3 to 10 years
Other furniture, fittings and equipment	2 to 5 years
Motor vehicles	5 years

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

The assets' residual values, 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.

2 Summary of Significant Accounting Policies (cont'd)

(e) Intangible assets (cont'd)

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

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 not more than 20 years. On 1 January 2004, the Group discontinued the amortisation of goodwill. The remaining goodwill balance is subject to testing for impairment (see accounting policy 2(j)). Negative goodwill was derecognised by crediting accumulated profits on 1 January 2004.

Acquisitions 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 interests

Goodwill arising on 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 infinite useful lives are not amortised and are measured at cost less impairment losses.

(f) Investment properties and investment properties under development

(i) *Investment properties*

Investment properties, which are not held with the intention of sale in the ordinary course of business, are stated at fair value. The fair value is determined by the directors on an annual basis based on internal valuation or independent professional valuation. Independent professional valuation is made at least once every 3 years. Any increase in value is credited to the revaluation reserve unless it offsets a previous decrease in value recognised in the income statement. A decrease in value is recognised in the income statement where it exceeds the increase previously recognised in the revaluation reserve.

When an investment property is disposed off, the resulting gain or loss recognised in the income statement is the difference between net disposal proceeds and the carrying amount of the property. Any amount in the revaluation reserve that relates to the property is transferred to the income statement in calculating the gain or loss on disposal.

2 Summary of Significant Accounting Policies (cont'd)

(f) Investment properties and investment properties under development (cont'd)

(ii) *Major retrofitting or redevelopment*

Investment properties undergoing or awaiting major retrofitting or redevelopment are stated at fair value immediately prior to the commencement of retrofitting or redevelopment. The cost of the properties including the retrofitting or redevelopment expenditure is stated at cost less impairment losses. An impairment loss is recognised in the same way as a deficit on revaluation.

Upon completion of major retrofitting or redevelopment, the amount is reclassified to investment properties. This will be stated at fair value on the basis stated in 2(f)(i) above.

(iii) *Properties under development*

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

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

(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 any directly attributable transaction costs, except for financial instruments that are measured at fair value through profit and loss. 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 that 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 cash flows statement.

2 Summary of Significant Accounting Policies (cont'd)

(g) Financial instruments (cont'd)

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.

Investments at fair value through profit or loss

An instrument is classified as at 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 at fair value through profit or loss are measured at fair value, and changes therein are recognised in the income statement.

Other

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

(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 profit or loss.

2 Summary of Significant Accounting Policies (cont'd)

(g) Financial instruments (cont'd)

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 on 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.

(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 from the bond issue are allocated separately between the liability component which represents the implied fair value of the financial liability and equity component which represents the implied fair value of the conversion rights.

(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. Election is made contract by contract, and each election is irrevocable.

Financial guarantees classified as financial liabilities

Financial guarantees are recognised initially at fair value. Subsequent to initial measurement, the financial guarantees are stated at the higher of the initial fair value less cumulative amortisation and the amount that would be recognised if they were accounted for as contingent liabilities. When financial guarantees are terminated before their original expiry date, the carrying amount of the financial guarantees is transferred to the income statement.

2 Summary of Significant Accounting Policies (cont'd)

(g) Financial instruments (cont'd)

Financial guarantees classified as insurance contracts

Financial guarantees are accounted for as insurance contracts. Provision is recognised based on the Group 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 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.

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, the reversal 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 share options are recognised as a deduction from equity.

(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.

2 Summary of Significant Accounting Policies (cont'd)

(j) Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment property, 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, 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.

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 indications 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.

2 Summary of Significant Accounting Policies (cont'd)

(k) Employee benefits (cont'd)

Long service leave

Liabilities for other employee entitlements which are not expected to be paid or settled within 12 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 payment

(i) *Share options*

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

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

The proceeds received net of any directly attributable transaction costs are credited to share capital when the options are exercised.

(ii) *Performance shares*

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

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

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

(l) Provision

A provision is recognised when the Group has a legal or constructive obligation as a result of a past event 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 from a contract are lower than the unavoidable cost of meeting the obligation 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.

2 Summary of Significant Accounting Policies (cont'd)

(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.

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 leased out under operating leases are included in investment properties and are stated at revalued amounts and not depreciated.

(n) 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 they probably 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.

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.

2 Summary of Significant Accounting Policies (cont'd)

(o) 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 risks and rewards of ownership have been transferred to the buyer through either the transfer of legal title or an equitable interest in a property. In cases where the Group is obliged to perform any significant acts after the transfer of legal title or equitable interest, revenue is recognised as the acts are performed based on the percentage of completion method, which is an allowed alternative method under Recommended Accounting Practice 11 *Pre-completion Contracts for the Sale of Development Property* ("RAP 11") issued by the Institute of Certified Public Accountants of Singapore in October 2005. Under the percentage of completion method, profit is brought into the 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.

(p) 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)

(q) Segment reporting

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

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

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

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

Segment capital expenditure is the total cost incurred during the period to acquire segment assets (property, plant and equipment and intangible assets) that are expected to be used for more than one period.

(r) Non-current assets held for sale

Non-current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets (or components of a disposal group) are remeasured in accordance with the Group's accounting policies. Thereafter, the assets (or disposal groups) are generally measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on pro-rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets and investment property, which continue to be measured under different rules in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in the income statement. Gains are not recognised in excess of any cumulative impairment loss.

(s) Discontinued operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed off or is held for sale, or is a subsidiary acquired exclusively for resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative income statement is restated as if the operation had been discontinued from the start of the comparative period.

3 Property, Plant and Equipment

The Group	Freehold land $'000	Freehold buildings $'000	Leasehold land $'000	Leasehold hotel buildings $'000	Other leasehold buildings $'000	Assets under construction $'000	Plant, machinery and improvements $'000	Motor vehicles $'000	Furniture, fittings and equipment $'000	Total $'000
Cost										
At 1 January 2005	236,466	598,151	103,483	302,423	33,632	2,925	242,762	8,428	572,869	2,101,139
Translation differences	(7,035)	(7,041)	1,349	(6,551)	2,054	(40)	(698)	39	(4,266)	(22,189)
Additions	–	100	580	586	1,091	2,796	30,678	590	41,082	77,503
Assets acquired in business combinations	–	–	–	–	–	–	–	588	15,050	15,638
Assets disposed in business combinations	(195,858)	(412,356)	(81,372)	(296,122)	409	(218)	(188,135)	(3,607)	(350,992)	(1,528,251)
Disposals	(22,864)	(134,099)	–	–	(36)	–	(3,181)	(1,013)	(26,751)	(187,944)
Written off	–	–	–	–	(438)	–	(593)	–	(524)	(1,555)
Reclassification	–	(33)	–	(336)	(969)	(3,032)	3,094	–	1,276	–
At 31 December 2005	10,709	44,722	24,040	–	35,743	2,431	83,927	5,025	247,744	454,341
At 1 January 2006	10,709	44,722	24,040	–	35,743	2,431	83,927	5,025	247,744	454,341
Translation differences	(454)	(1,721)	(2,912)	–	(3,179)	(187)	2,433	2,656	(11,587)	(14,951)
Additions	–	–	193	–	594	13,476	7,522	576	40,516	62,877
Assets acquired in business combinations	–	–	–	–	–	–	2,379	602	1,774	4,755
Assets disposed in business combinations	–	–	–	–	–	–	(21,705)	(1,470)	(3,054)	(26,229)
Disposals	–	–	–	–	(2,821)	(86)	(8,519)	(546)	(18,739)	(30,711)
Written off	–	–	–	–	–	(504)	(1,379)	–	(7,840)	(9,723)
Reclassification	–	–	–	–	–	–	(1,350)	–	1,350	–
At 31 December 2006	10,255	43,001	21,321	–	30,337	15,130	63,308	6,843	250,164	440,359

3 Property, Plant and Equipment (cont'd)

The Group	Freehold land $'000	Freehold buildings $'000	Leasehold land $'000	Leasehold hotel buildings $'000	Other leasehold buildings $'000	Assets under construction $'000	Plant, machinery and improvements $'000	Motor vehicles $'000	Furniture, fittings and equipment $'000	Total $'000
Accumulated Depreciation										
At 1 January 2005	–	54,921	9,532	83,833	29,730	–	151,097	6,974	385,428	721,515
Translation differences	–	(415)	(51)	(612)	462	–	(152)	37	(2,185)	(2,916)
Depreciation charge for the year	–	6,008	753	3,632	1,029	–	16,699	462	43,198	71,781
Assets acquired in business combinations	–	–	–	–	–	–	–	498	10,667	11,165
Assets disposed in business combinations	–	(42,115)	(10,545)	(86,853)	409	–	(121,549)	(3,485)	(244,747)	(508,885)
Disposals	–	(15,212)	–	–	(36)	–	(3,138)	(827)	(19,488)	(38,701)
Written off	–	–	–	–	(457)	–	(424)	–	(202)	(1,083)
Reclassification	–	(311)	311	–	(274)	–	275	–	(1)	–
At 31 December 2005	–	2,876	–	–	30,863	–	42,808	3,659	172,670	252,876
At 1 January 2006	–	2,876	–	–	30,863	–	42,808	3,659	172,670	252,876
Translation differences	–	(142)	–	–	(601)	–	721	61	(3,802)	(3,763)
Depreciation charge for the year	–	2,770	–	–	1,661	–	6,734	509	22,620	34,294
Assets acquired in business combinations	–	–	–	–	–	–	548	159	118	825
Assets disposed in business combinations	–	–	–	–	–	–	(1,583)	(426)	(66)	(2,075)
Disposals	–	–	–	–	(1,845)	–	(1,315)	(346)	(11,147)	(14,653)
Written off	–	–	–	–	–	–	(1,354)	–	(7,835)	(9,189)
Reclassification	–	–	–	–	–	–	(443)	–	443	–
At 31 December 2006	–	5,504	–	–	30,078	–	46,116	3,616	173,001	258,315
Carrying amount										
At 1 January 2005	236,466	543,230	93,951	218,590	3,902	2,925	91,665	1,454	187,441	1,379,624
At 31 December 2005	10,709	41,846	24,040	–	4,880	2,431	41,119	1,366	75,074	201,465
At 1 January 2006	10,709	41,846	24,040	–	4,880	2,431	41,119	1,366	75,074	201,465
At 31 December 2006	10,255	37,497	21,321	–	259	15,130	17,192	3,227	77,163	182,044

At 31 December 2006, certain property, plant and equipment with carrying value totalling approximately $9.8 million (2005: $52.1 million) were mortgaged to banks to secure credit facilities for the Group (note 24).

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 2005	3,297	4,174	794	8,265
Additions	85	813	–	898
Disposals/Written off	(2)	(71)	–	(73)
At 31 December 2005	3,380	4,916	794	9,090
At 1 January 2006	3,380	4,916	794	9,090
Additions	22	985	–	1,007
Disposals/Written off	–	(131)	–	(131)
At 31 December 2006	3,402	5,770	794	9,966
Accumulated Depreciation				
At 1 January 2005	3,114	3,215	503	6,832
Depreciation charge for the year	89	538	116	743
Disposals/Written off	(2)	(71)	–	(73)
At 31 December 2005	3,201	3,682	619	7,502
At 1 January 2006	3,201	3,682	619	7,502
Depreciation charge for the year	89	677	54	820
Disposals/Written off	–	(117)	–	(117)
At 31 December 2006	3,290	4,242	673	8,205
Carrying amount				
At 1 January 2005	183	959	291	1,433
At 31 December 2005	179	1,234	175	1,588
At 1 January 2006	179	1,234	175	1,588
At 31 December 2006	112	1,528	121	1,761

4 Intangible Assets

The Group	Goodwill on consolidation $'000	Others ^ $'000	Total $'000
Cost			
At 1 January 2005	67,556	8,606	76,162
Additions	–	696	696
Disposal of subsidiaries	(29,047)	(4,517)	(33,564)
Translation differences	(213)	(452)	(665)
At 31 December 2005	38,296	4,333	42,629
At 1 January 2006	38,296	4,333	42,629
Additions	8	15,079	15,087
Disposal of subsidiaries	(4,679)	–	(4,679)
Written off	–	(1,007)	(1,007)
Translation differences	(1,495)	(37)	(1,532)
At 31 December 2006	32,130	18,368	50,498
Accumulated amortisation and impairment loss			
At 1 January 2005	8,181	5,055	13,236
Amortisation charge for the year	–	726	726
Impairment loss	376	–	376
Disposal of subsidiaries	(3,783)	(1,365)	(5,148)
Translation differences	232	(444)	(212)
At 31 December 2005	5,006	3,972	8,978
At 1 January 2006	5,006	3,972	8,978
Amortisation charge for the year	–	346	346
Impairment loss	4,408	–	4,408
Written off	–	(1,007)	(1,007)
Translation differences	(950)	(34)	(984)
At 31 December 2006	8,464	3,277	11,741
Carrying amount			
At 1 January 2005	59,375	3,551	62,926
At 31 December 2005	33,290	361	33,651
At 1 January 2006	33,290	361	33,651
At 31 December 2006	23,666	15,091	38,757

^ Others comprised trademark, franchises, patents and licences.

4 Intangible Assets (cont'd)

Impairment testing for goodwill

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

(a) Management Companies in Europe

The recoverable amount of the management companies in Europe is determined using cash flow projections for the remaining terms of those management contracts, which range from 2 to 5 years (2005: 2 to 6 years).

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

Cash flows are projected using the estimated growth rate of 4% (2005: 4%) per annum. The growth rate used is based on historical growth and past experience and does not exceed the currently estimated long term average growth rate for the business in which the CGU operates. A pre-tax discount rate of 7% (2005: 7%) has been applied to the cash flow projections.

At 31 December 2006, the carrying value of goodwill on consolidation is approximately $23.7 million (2005: $23.9 million). The Group believes that any reasonably possible changes in the above key assumptions applied are not likely to materially cause the recoverable amount to be lower than its carrying amount.

(b) Serviced Residences in Australia

The recoverable amount of the serviced residences in Australia is determined using cash flow projections for the remaining lease terms of those leased properties, which range from 5 to 20 years (2005: 6 to 23 years).

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, which ranges from 2% to 3% (2005: 2% to 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 12% (2005: 12%) has been applied to the cash flow projections.

Based on the above assessment, an impairment loss of $4.4 million (2005: $0.4 million) was recognised in the financial year ended 31 December 2006. As at 31 December 2006, the carrying value of goodwill on consolidation is $Nil (2005: $4.7 million).

5 Investment Properties

	The Group	
	2006 $'000	2005 $'000
Freehold investment properties, at valuation	**1,129,907**	1,190,550
Leasehold investment properties, at valuation	**5,423,736**	4,724,355
	6,553,643	5,914,905

(a) Investment properties are stated at directors' valuation based on independent professional valuations carried out by the following valuers, on the basis of open market valuations:

Valuers	Valuation Date
BI Appraisals Ltd (Hong Kong)	December 2006
CB Richard Ellis	September / October / December 2006
Colliers International	October / December 2006
DTZ Debenham Tie Leung	October / November / December 2006
Henry Butcher Malaysia Sdn Bhd	December 2006
HVS International	November 2006
Icade Expertise	October 2006
Jones Lang LaSalle	October / December 2006
Knight Frank	June / December 2006
M3 Property	June / September / October 2006
Savills Property Services (Shanghai) Company Ltd	June / December 2006
Urbis JHD Valuations	June 2006
VPC Alliance (JB) Sdn Bhd	October 2006

(b) As at 31 December 2006, certain investment properties with carrying value totalling approximately $3,623.7 million (2005: $3,681.4 million) were mortgaged to banks to secure credit facilities for the Group (notes 24 and 25).

(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 16 (2005: 15) years, with an option to renew at negotiated terms.

(d) The value of investment properties of the Group held under finance leases at 31 December 2006 was $58.3 million (2005: $61.6 million).

6 Properties Under Development

	The Group	
	2006 $'000	2005 $'000
Cost	**422,181**	643,702
Less:		
Allowance for impairment losses	**(8,447)**	(9,698)
	413,734	634,004

During the financial year, interest capitalised as cost of properties under development amounted to approximately $22.7 million (2005: $8.0 million).

7 Interests in Subsidiaries

		The Company	
		2006 $'000	2005 $'000
(a)	Unquoted shares, at cost	**2,122,402**	2,557,131
	Less:		
	Allowance for impairment losses	**(49,929)**	(46,837)
		2,072,473	2,510,294
	Add:		
	Amounts owing by subsidiaries:		
	Loan accounts (interest bearing)	**823,277**	1,275,371
	Less:		
	Allowance for doubtful receivables	**–**	(12,107)
		823,277	1,263,264
		2,895,750	3,773,558

(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 42.

8 Associates

	Note	The Group 2006 $'000	2005 $'000
(a) **Interests in associates**			
Investment in associates		**2,945,355**	2,047,952
Amounts owing by associates:			
Loan accounts			
– interest free		**207,390**	310,772
– interest bearing		**10,266**	392,751
		217,656	703,523
		3,163,011	2,751,475
(b) **Amounts owing by/(to) associates:**			
Current accounts (unsecured)			
– interest free (trade)		**18,965**	3,676
– interest free (non-trade)		**430,971**	99,247
– interest bearing (non-trade)		**76,009**	98,169
		525,945	201,092
Less:			
Allowance for doubtful receivables		**(29,977)**	(22,371)
	13	**495,968**	178,721
Current accounts (non-trade and unsecured)			
– interest free		**(115,584)**	(73,980)
– interest bearing		**(900)**	–
	18	**(116,484)**	(73,980)

(c) Of the loan accounts, there are approximately $115.5 million (2005: $494.9 million) subordinated to the repayment of borrowings of certain associates.

(d) The loans to associates formed 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.

(e) Current account receivables at 31 December 2006 included $362.3 million deferred payment from the Group's divestment of subsidiaries. These receivables were fully settled in January 2007.

(f) Details of the associates are set out in note 43.

8 Associates (cont'd)

(g) The financial information of the associates is as follows:

	The Group 2006 $'000	2005 $'000
Balance sheet		
Total assets	**14,654,556**	11,735,245
Total liabilities	**6,094,255**	4,900,669
Income statement		
Revenue	**1,456,664**	1,019,865
Expenses	**(633,206)**	(820,086)
Profit after taxation	**823,458**	199,779

(h) The Group's share of the capital commitments of the associates is $188.2 million (2005: $34.9 million).

9 Jointly-Controlled Entities

	Note	The Group 2006 $'000	2005 $'000
(a) **Interests in jointly-controlled entities**			
Investment in jointly-controlled entities		**867,918**	611,349
Amounts owing by jointly-controlled entities:			
Loan accounts			
– interest free		**27,918**	292,416
– interest bearing		**703,926**	275,173
		731,844	567,589
		1,599,762	1,178,938
(b) **Amounts owing by/(to) jointly-controlled entities:**			
Current accounts (non-trade and unsecured)			
– interest free		**339,092**	68,884
– interest bearing		**147,317**	126,813
	13	**486,409**	195,697
– interest free	18	**(20,437)**	(49,000)

(c) Loan accounts included an amount of approximately $660.0 million (2005: $414.5 million) which is subordinated to the repayment of borrowings of certain jointly-controlled entities.

(d) 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.

9 Jointly-Controlled Entities (cont'd)

(e) Details of the jointly-controlled entities are set out in note 44.

(f) The Group's share of the jointly-controlled entities' results, assets and liabilities are as follows:

	The Group 2006 $'000	2005 $'000
Balance sheet		
Investment properties	**1,209,954**	1,206,937
Properties under development	**1,268,614**	309,193
Other non-current assets	**88,491**	67,249
	2,567,059	1,583,379
Current assets	**1,705,138**	497,169
Less:		
Current liabilities	**(439,310)**	(135,576)
Net current assets	**1,265,828**	361,593
	3,832,887	1,944,972
Less:		
Non-current liabilities	**(1,767,153)**	(619,337)
	2,065,734	1,325,635
Income statement		
Revenue	**329,424**	119,611
Expenses	**(176,448)**	(88,982)
Profit before taxation	**152,976**	30,629
Taxation	**(13,824)**	(16,336)
Profit after taxation	**139,152**	14,293

(g) The Group's share of the capital commitments of the jointly-controlled entities is $364.9 million (2005: $89.9 million).

10 Financial Assets

	The Group 2006 $'000	2005 $'000
(a) Non-current financial assets		
Equity securities available-for-sale	**327,419**	276,253
(b) Current financial assets		
Equity securities held for trading	**–**	72,095

11 Other Non-Current Assets

	The Group		The Company	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Club memberships	**649**	687	**147**	147
Derivative assets	**1,047**	1,157	**–**	–
Loans to staff (interest free)	**104**	270	**84**	109
Amounts owing by investee companies:				
– interest free	**–**	79	**–**	–
– interest bearing	**–**	2,087	**–**	–
Amounts owing by third parties (interest free)	**3,211**	4,257	**–**	–
	5,011	8,537	**231**	256

The balances with third parties are unsecured and have no fixed terms of repayment. However, the management of the parties involved do not intend for the amounts to be repaid within the next 12 months.

12 Development Properties for Sale

		The Group	
		2006 $'000	2005 $'000
(a)	Properties in the course of development, at cost	**4,398,650**	3,934,600
	Less:		
	Allowance for foreseeable losses	**(251,533)**	(310,776)
		4,147,117	3,623,824
	Add:		
	Attributable profit	**401,898**	114,756
		4,549,015	3,738,580
	Less:		
	Progress billings	**(1,284,346)**	(502,089)
		3,264,669	3,236,491
(b)	Completed units, at cost	**366,877**	342,374
	Less:		
	Allowance for foreseeable losses	**(8,881)**	(36,371)
		357,996	306,003
		3,622,665	3,542,494

12 Development Properties for Sale (cont'd)

(c) During the financial year, there were the following interest and securitisation costs capitalised as cost of development properties for sale:

	Note	The Group 2006 $'000	2005 $'000
Interest and securitisation costs paid and payable	32(f)	**82,332**	65,077
Less:			
Interest received and receivable from fixed deposit project accounts	32(a)	**(3,380)**	(1,911)
		78,952	63,166

(d) As at 31 December 2006, certain development properties for sale amounting to approximately $1,912.4 million (2005: $1,917.6 million) were mortgaged to banks to secure credit facilities of the Group (note 24).

(e) As at 31 December 2006, certain properties in Australia amounting to approximately A$122.6 million (2005: A$104.6 million), equivalent to $147.3 million (2005: $130.6 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 20 and 22).

(f) As at 31 December 2006, there were certain development properties for sale amounting to $431.1 million (2005: $223.2 million) whose future receivables were sold to third parties. As part of the arrangement of the sale, the Group has provided a fixed and floating charge over assets relating to the projects (including the land on which the projects are being built and the unsold units) to the third parties (note 22).

(g) If the Group had adopted the completion of construction method, the effects on the financial statements for the financial year ended 31 December 2006 would have been as follows:

	The Group Increased/(Decreased) by 2006 $'000	2005 $'000
Revenue	**(193,750)**	680,269
Profit attributable to the equity holders of the Company	**(41,711)**	69,999
Accumulated profits as at 1 January	**(42,845)**	(112,844)
Development properties for sale as at 1 January	**180,035**	338,580
Development properties for sale as at 31 December	**238,912**	180,035

13 Trade and Other Receivables

	Note	The Group 2006 $'000	The Group 2005 $'000	The Company 2006 $'000	The Company 2005 $'000
Trade receivables	14	**222,409**	169,767	**389**	396
Accrued receivables	15	**39,551**	66,962	**–**	–
Derivative assets		**28,836**	3,274	**–**	–
Deposits, prepayments and other receivables	16	**595,577**	620,541	**1,595**	20,224
Amounts owing by:					
– associates	8	**495,968**	178,721	**–**	–
– jointly-controlled entities	9	**486,409**	195,697	**–**	–
– investee companies:					
– interest free		**11,064**	–	**–**	–
– interest bearing		**192**	–	**–**	–
– related corporations	23	**–**	–	**1,542,616**	1,080,498
– minority interests (unsecured and interest free)		**144,532**	182,828	**–**	–
		2,024,538	1,417,790	**1,544,600**	1,101,118

As at 31 December 2006, certain trade receivables and other receivables amounting to approximately $87.1 million (2005: $67.5 million) and $221.7 million (2005: $186.7 million) respectively were mortgaged to banks to secure credit facilities of the Group (note 24).

14 Trade Receivables

	The Group 2006 $'000	The Group 2005 $'000	The Company 2006 $'000	The Company 2005 $'000
Trade receivables	**229,899**	178,146	**389**	396
Less:				
Allowance for doubtful receivables	**(7,490)**	(8,379)	**–**	–
	222,409	169,767	**389**	396

Trade receivables balances denominated in currencies other than the Company's functional currency comprised $91.4 million (2005: $72.2 million) of balances denominated in Australia dollars and $41.2 million (2005: $32.9 million) denominated in other foreign currencies.

15 Accrued Receivables

In accordance with the Group's accounting policy, income is recognised on the progress of the construction work for certain development properties for sale. Upon receipt of Temporary Occupation Permit, the balance of sales consideration to be billed is included as accrued receivables.

16 Deposits, Prepayments and Other Receivables

	The Group		The Company	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Deposits	**68,308**	194,898	**55**	31
Prepayments	**27,883**	51,098	**48**	262
Other receivables	**444,654**	312,440	**1,492**	506
Less:				
Allowance for doubtful receivables	**(18,658)**	(18,991)	**–**	–
	425,996	293,449	**1,492**	506
Tax recoverables	**73,390**	81,096	**–**	19,425
	595,577	620,541	**1,595**	20,224

As at 31 December 2006, deposits included an amount of $28.0 million (2005: $184.0 million) in relation to the acquisition of new investments.

Other receivables as at 31 December 2006 included an amount of A$150.5 million (2005: A$Nil), equivalent to $180.9 million (2005: $Nil), receivable from the sales of investment properties. Other receivables also included staff loans, interest receivables, deferred sales consideration and other recoverables.

17 Cash and Cash Equivalents

	The Group		The Company	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Amounts held under "Project Account Rules – 1997 Ed" withdrawals from which are restricted to payments for expenditure incurred on development projects	**30,557**	40,819	**–**	–
Fixed deposits	**2,238,069**	1,772,840	**1,476,838**	987,644
Cash at banks and in hand	**416,225**	297,618	**672**	92
	2,684,851	2,111,277	**1,477,510**	987,736
Bank overdrafts (secured)	**–**	(6,262)	**–**	–
Cash and cash equivalents in the cash flow statement	**2,684,851**	2,105,015	**1,477,510**	987,736

(a) Amounts held under "Project Account Rules – 1997 Ed" of $Nil (2005: $0.1 million) were pledged as securities for term loans (note 24).

(b) As at 31 December 2006, there was a charge over all monies from time to time standing to the credit of the project accounts amounting to $1.4 million (2005: $10.7 million) in respect of certain development properties for sale whose future receivables were sold (note 22).

18 Trade and Other Payables

	Note	The Group 2006 $'000	The Group 2005 $'000	The Company 2006 $'000	The Company 2005 $'000
Trade payables		**144,962**	91,268	**907**	217
Accrued development expenditure		**449,454**	654,087	**–**	–
Accrued purchase of investments		**125,224**	–	**–**	–
Accruals	19	**343,870**	278,391	**16,047**	50,204
Other payables	20	**395,292**	289,581	**13,505**	11
Rental and other deposits		**59,371**	119,074	**2**	2
Contract work-in-progress	21	**4,186**	1,780	**–**	–
Derivative liabilities		**7,702**	6,387	**–**	–
Provisions	22(a)	**9,545**	20,736	**–**	–
Liability for employee benefits	28	**32,903**	16,787	**21,990**	1,524
Amounts owing to:					
– associates	8	**116,484**	73,980	**–**	–
– jointly-controlled entities	9	**20,437**	49,000	**–**	–
– related corporations	23	**–**	–	**420,410**	154,924
– minority interests (unsecured)					
– interest free		**81,437**	137,353	**–**	–
– interest bearing		**71,510**	67,341	**–**	–
Proceeds from sale of future receivables	22(b)	**–**	199,974	**–**	–
		1,862,377	2,005,739	**472,861**	206,882

Trade payables balances denominated in currencies other than the Company's functional currency comprised $33.3 million (2005: $11.5 million) of balances denominated in Australia dollars, $22.3 million (2005: $19.3 million) of balances denominated in Euros and $29.7 millon (2005: $13.9 million) denominated in other foreign currencies.

19 Accruals

Accruals included accrued interest payable, accrued property, plant and equipment expenditure and accrued administrative expenses.

20 Other Payables

Other payables included the following:

(a) A$104.2 million (2005: A$46.8 million), equivalent to $125.2 million (2005: $58.4 million), owing to land vendors from certain unconditional contracts which the Group has concluded with them to purchase properties for future developments. The total acquisition cost of the properties has been included in development properties for sale and the amount payable is secured over the relevant development properties; and

(b) retention sums and amounts payable in connection with capital expenditure incurred.

21 Contract Work-in-Progress

	The Group	
	2006 $'000	2005 $'000
Cost incurred and provided for	**181,734**	207,493
Less:		
Progress payments received and receivable	**(185,920)**	(209,273)
Progress billings in excess of work-in-progress	**(4,186)**	(1,780)

22 Other Non-Current Liabilities

		The Group		The Company	
	Note	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Amounts owing to related corporations	23	**–**	–	**–**	147,000
Amounts owing to minority interests (unsecured)					
– interest free		**69,659**	5,205	**–**	–
– interest bearing		**46,199**	38,026	**–**	–
Liability for employee benefits	28	**27,385**	8,150	**23,400**	2,597
Derivative liabilities		**6,684**	2,339	**–**	–
Customer deposits and other non-current payables		**40,391**	80,687	**–**	–
Provisions	22(a)	**–**	7,700	**–**	–
Proceeds from sale of future receivables	22(b)	**382,538**	–	**–**	–
		572,856	142,107	**23,400**	149,597

The other non-current payables included an amount of A$18.4 million (2005: A$57.8 million), equivalent to $22.1 million (2005: $72.2 million), owing to land vendors on terms similar to those described in note 20(a). The amounts owing to minority interests are not expected to be repaid within the next 12 months.

22 Other Non-Current Liabilities (cont'd)

(a) Movements in provisions for income support are as follows:

	Note	The Group 2006 $'000	2005 $'000
At 1 January		**28,436**	44,572
Provision (written back)/made during the year		**(9,651)**	177
Provision utilised during the year		**(9,240)**	(16,313)
At 31 December		**9,545**	28,436
Current	18	**9,545**	20,736
Non-current		**–**	7,700
		9,545	28,436

The provisions for income support were made in conjunction with the sale of equity interests in subsidiaries with stakes in investment properties in 2001. Under the sale and purchase agreements, the Group is obligated to compensate the buyer for any shortfall in earnings over a period of 5 to 8 years from 2001.

(b) These related to the sale of future receivables in respect of certain residential projects in Singapore.

	Note	The Group 2006 $'000	2005 $'000
Current	18	**–**	199,974
Non-current		**382,538**	–
		382,538	199,974

The terms of the arrangement for the sale of future receivables included:

(i) a fixed and floating charge over assets of the subsidiaries undertaking the projects (note 12);

(ii) a charge over all monies from time to time standing to the credit of the related project accounts (note 17);

(iii) an assignment of all the subsidiaries' present and future rights, title to and interest in, and all benefits accrued and accruing to the subsidiaries under the contracts for sale entered into with buyers of units of the projects which form the pool of sold future receivables; and

(iv) an assignment on all the subsidiaries' present and future rights, title to and interest in:

(a) all contracts and agreements entered into by the subsidiaries with consultants and contractors and all construction guarantees issued in favour of the subsidiaries; and

(b) all the policies and contracts of insurance taken out by the subsidiaries.

23 Amounts Owing by/(to) Related Corporations

	Note	The Company 2006 $'000	2005 $'000
Current			
Amounts owing by:			
Subsidiaries:			
– current accounts, mainly non-trade and interest bearing		**37,097**	39,830
– current loan:			
– interest free		**190,773**	716
– interest bearing		**1,315,355**	1,040,668
		1,506,128	1,041,384
Less:			
Allowance for doubtful receivables		**(609)**	(716)
		1,505,519	1,040,668
	13	**1,542,616**	1,080,498
Amounts owing (to):			
Subsidiaries:			
– current accounts, mainly non-trade and interest bearing		**(773)**	(503)
– current loan:			
– interest free		**(112,297)**	(112,302)
– interest bearing		**(307,340)**	(42,119)
	18	**(420,410)**	(154,924)
Non-current			
Amounts owing (to):			
Subsidiaries:			
– loan accounts (interest bearing)	22	**–**	(147,000)

All balances with related corporations are unsecured and repayable on demand.

24 Bank Borrowings

	The Group		The Company	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Bank borrowings				
– secured	**2,088,030**	1,841,036	**–**	–
– unsecured	**3,354,487**	2,805,179	**174,439**	553,235
	5,442,517	4,646,215	**174,439**	553,235
Repayable:				
– within 1 year	**1,523,160**	1,699,949	**174,439**	553,235
– after 1 year	**3,919,357**	2,946,266	**–**	–
	5,442,517	4,646,215	**174,439**	553,235

(i) Secured bank borrowings

	The Group	
	2006 $'000	2005 $'000
Within 1 year	**240,931**	134,885
From 1 to 2 years	**1,006,887**	1,005,681
From 2 to 5 years	**499,283**	418,918
After 5 years	**340,929**	281,552
After 1 year	**1,847,099**	1,706,151
	2,088,030	1,841,036

Details of the secured term loans as at 31 December 2006 are as follows:

(a) A subsidiary, Australand Holdings Limited ("Australand"), maintains a syndicated multi-option facility (including performance bank guarantee facility) of A$600.0 million (2005: A$600.0 million), equivalent to $721.1 million (2005: $749.0 million), which is a two-year evergreen facility subject to review annually in March. The facility is secured by fixed and floating charges over the assets of Australand.

(b) Other term loans are generally secured by:
- mortgages on the borrowing subsidiaries' property, plant and equipment, investment properties, properties under development, development properties for sale and trade receivables;
- pledge of shares of subsidiaries; and
- assignment of all rights, titles and benefits with respect to the properties.

24 Bank Borrowings (cont'd)

(ii) Unsecured bank borrowings

These comprised loans repayable:

	The Group		The Company	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Within 1 year	**1,282,229**	1,565,064	**174,439**	553,235
From 1 to 2 years	**64,519**	295,640	**–**	–
From 2 to 5 years	**1,670,585**	734,679	**–**	–
After 5 years	**337,154**	209,796	**–**	–
After 1 year	**2,072,258**	1,240,115	**–**	–
	3,354,487	2,805,179	**174,439**	553,235

25 Debt Securities

Debt securities comprised fixed rate notes, floating rate notes, hybrid rate notes and bonds issued by the Group and the Company.

	The Group		The Company	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Convertible bonds (unsecured)	**370,679**	–	**370,679**	–
Notes issued	**2,920,598**	2,633,969	**488,500**	603,500
Less:				
Notes purchased (but not cancelled)	**(652,245)**	(674,591)	**(363,000)**	(338,500)
Notes outstanding	**2,268,353**	1,959,378	**125,500**	265,000
	2,639,032	1,959,378	**496,179**	265,000
Secured notes	**998,070**	809,500	**–**	–
Unsecured notes/bonds	**1,640,962**	1,149,878	**496,179**	265,000
	2,639,032	1,959,378	**496,179**	265,000
Repayable:				
Within 1 year	**270,230**	677,633	**34,500**	139,500
From 1 to 2 years	**440,000**	45,500	**91,000**	34,500
From 2 to 5 years	**1,508,399**	1,086,548	**–**	91,000
After 5 years	**420,403**	149,697	**370,679**	–
After 1 year	**2,368,802**	1,281,745	**461,679**	125,500
	2,639,032	1,959,378	**496,179**	265,000

25 Debt Securities (cont'd)

(a) Convertible bonds (unsecured)

	Note	The Group and The Company 2006 $'000	2005 $'000
Convertible bonds, at amortised cost		**428,537**	–
Less:			
Bond discount			
At 1 January		**–**	(4,823)
Additions		**(58,910)**	–
Amount utilised upon the conversion		**–**	752
Amortisation	32(f)	**1,052**	4,071
At 31 December		**(57,858)**	–
		370,679	–

The Company issued $430.0 million principal amount of Convertible Bonds (the "Bonds") due 2016 which carry interest rate at 2.10% per annum. The Bonds are convertible by holders into new ordinary shares in the capital of the Company at the conversion price of $7.3136 at any time on or after 26 December 2006 and prior to the close of business (at the place the Convertible Bonds are deposited for conversion) on 5 November 2016. The Bonds may be redeemed, in whole or in part, at the option of the issuer at any time on or after 15 November 2011 and not less than seven business days prior to 15 November 2016 (subject to satisfaction of certain conditions). Unless previously redeemed by way of exercise of the option 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 Convertible Bonds is 15 November 2016. The redemption price is equal to the principal amount of the Convertible Bonds being redeemed.

(b) Secured debt securities

(i) A subsidiary, Australand, issued Commercial Mortgage-backed Securities ("CMBS") amounting to A$680.5 million (2005: A$413.0 million), equivalent to $817.8 million (2005: $515.5 million), maturing on 25 June 2009 and 10 March 2011. These notes are secured by a first ranking real property mortgage over specific investment properties of Australand and by a fixed and floating charge over some of the assets of Australand.

(ii) Australand has also issued Unrated Floating Rate Notes amounting to A$150.0 million (2005: A$235.5 million), equivalent to $180.3 million (2005: $294.0 million), maturing on 25 June 2009 and 10 March 2011. These notes are fully secured by a first ranking real property mortgage over specific investment properties of Australand and by a fixed and floating charge over some of the assets of Australand.

(c) Unsecured debt securities

The holders of some of the above debt securities have the option to have all or any of their notes purchased by the Group at their principal amounts on interest payment dates. Unless previously redeemed or purchased and cancelled, the debt securities are redeemable at the principal amounts on their respective maturity dates.

26 Finance Leases

The Group had obligations under finance leases that are repayable as follows:

The Group 2006	Principal $'000	Interest $'000	Payments $'000
Repayable:			
Within 1 year	3,594	2,163	5,757
From 1 year to 5 years	15,783	6,720	22,503
After 5 years	28,902	4,481	33,383
After 1 year	44,685	11,201	55,886
	48,279	13,364	61,643

2005			
Repayable:			
Within 1 year	3,448	1,796	5,244
From 1 year to 5 years	15,597	5,719	21,316
After 5 years	33,086	4,435	37,521
After 1 year	48,683	10,154	58,837
	52,131	11,950	64,081

27 Deferred Income

Deferred income represents mainly unrealised profits on project management services rendered to a jointly-controlled entity.

28 Employee Benefits

	Note	The Group 2006 $'000	The Group 2005 $'000	The Company 2006 $'000	The Company 2005 $'000
Liability for short term accumulating compensated absences		**8,970**	9,848	**153**	226
Liability for long service leave entitlement		**3,985**	3,932	**–**	–
Liability for retirement gratuity		**2,096**	1,621	**–**	–
Liability for staff incentive		**45,237**	9,536	**45,237**	3,895
		60,288	24,937	**45,390**	4,121
Current	18	**32,903**	16,787	**21,990**	1,524
Non-current	22	**27,385**	8,150	**23,400**	2,597
		60,288	24,937	**45,390**	4,121

28 Employee Benefits (cont'd)

(a) Long service leave

This liability relates principally to provision made by a foreign subsidiary in relation to employees' leave entitlement granted after certain qualifying periods based on duration of employees' services rendered.

(b) Retirement gratuity

A subsidiary of the Group operates an unfunded, defined benefit Retirement Gratuity Scheme for its senior executives. Benefit is payable based on the last drawn salary of the executive and the number of years of service with the Group, including those with certain predecessor corporations. The provision for the Retirement Gratuity Scheme as at 31 December 2006, comprises present value of obligations under the scheme of $2,096,000 (2005: $1,621,000).

(c) Staff incentive

This relates to staff incentive payable which is connected with the Group's financial performance achieved over a period of time.

(d) Equity compensation benefits

The Share Option Plan, 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 ("Committee") comprising Mr Lim Chin Beng, Mr Hsuan Owyang and Mr Peter Seah Lim Huat.

Share Option Plan

Statutory information regarding the Share Option Plan is set out below:

(i) The exercise price of the options is set either at:

- A price equal to the volume-weighted average price on the 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 Committee in its absolute discretion; or

- A discount not exceeding 20% of the Market Price in respect of that option.

(ii) The options vest between 1 year to 4 years from the grant date.

(iii) The options granted expire after 5 or 10 years from the dates of the grant.

28 Employee Benefits (cont'd)

(d) Equity compensation benefits (cont'd)

Movements in the number of share options and their related weighted average exercise prices are as follows:

	Weighted average exercise price 2006 $	No. of options 2006 ('000)	Weighted average exercise price 2005 $	No. of options 2005 ('000)
At 1 January	1.69	64,119	1.39	81,944
Granted	3.86	22,221	2.46	21,867
Forfeited/Expired	2.44	(3,188)	1.61	(5,805)
Exercised	1.56	(25,397)	1.47	(33,887)*
At 31 December	2.44	57,755	1.69	64,119
Exercisable on 31 December	1.46	14,902	1.61	25,646

* This included share options granted to staff of PREMAS International Limited and certain staff of Raffles Holdings Limited which were fully vested upon the divestments of PREMAS International and hotel business by the Company.

Options exercised in 2006 resulted in 25,397,307 (2005: 33,886,913) shares being issued at a weighted average market price of $4.72 (2005: $2.67) each. Options were exercised on a regular basis throughout the year. The weighted average share price during the year was $4.67 (2005: $2.78).

Share options outstanding at the end of the year are summarised below:

Range of Exercise Price		Options outstanding 2006 ('000)	Weighted average contractual life	Options outstanding 2005 ('000)	Weighted average contractual life
Prior to Modification	Post Modification*				
$1.00 to $1.14	$0.87 to $1.01	6,321	5.64	11,270	6.64
$1.15 to $1.20	$1.02 to $1.07	9,452	6.67	17,728	7.51
$1.21 to $1.79	$1.08 to $1.66	2,152	2.41	3,842	3.61
$1.80 to $2.34	$1.67 to $2.00	4,718	3.88	12,014	4.46
$2.35 to $2.88	$2.01 to $2.74	13,831	7.60	19,265	8.82
	$2.75 to $4.72	21,281	8.92	–	–
		57,755		64,119	

* The Company paid a special dividend of $0.01 and $0.12 on 25 May 2005 and 26 May 2006 respectively. Correspondingly, the exercise prices of the outstanding options granted under the Share Option Plan were modified to compensate for the decline in values of the said options.

Of the outstanding options as at 31 December 2006, there were 6,712,050 (2005: 7,393,120) options held by the directors of the Company. This included 4,329,000 (2005: 4,181,000) options held by Mr Liew Mun Leong, the President and Chief Executive Officer of the Company.

28 Employee Benefits (cont'd)

(d) Equity compensation benefits (cont'd)

The fair value of services received in return for stock options granted are measured by reference to the fair value of stock options granted. The estimate of the fair value of the services received is measured based on Enhanced Trinomial (Hull and White) valuation model. The fair values of share options and assumptions are set out below:

Year of grant of options	2003	2004	2005	2006
Weighted average fair value of share options and assumptions				
Fair value at measurement date	$0.26	$0.51	$0.60	**$0.95**
Share price based on volume-weighted average share price for 3 consecutive trading days prior to grant date	$1.03	$1.74	$2.46	**$4.03**
Exercise price at grant date	$1.03	$1.74	$2.46	**$4.03**
Expected volatility calculated based on 36 months adjusted closing price prior to the specific grant date	42.13%	38.47%	27.62%	**23.34%**
Risk-free interest rate based on 5/10 years zero-coupon Singapore Government bond yield on grant date for option with 5/10 years contractual life	2.41%	3.54%	3.14%	**3.48%**
Expected dividend yield based on expected dividend over 1-year volume-weighted average share price prior to grant date	3.51%	3.54%	2.67%	**1.99%**
Post-vesting forfeiture rate representing resignation after vesting period	1.87%	1.85%	1.87%	**1.90%**
Pre-vesting forfeiture rate representing resignation prior to vesting period	5.62%	5.54%	5.62%	**5.69%**
Exercise multiple which is the expected ratio of share price to exercise price based on assumed employee early exercise behaviour	1.4	1.4	1.4	**1.4**

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.

28 Employee Benefits (cont'd)

(d) Equity compensation benefits (cont'd)

The Modification Exercise in the Share Option Plan

The Company paid a special dividend of $0.01 and $0.12 per issued ordinary share in respect of the financial year ended 31 December 2004 and 31 December 2005 respectively. In accordance with the Company's Share Option Plan, when the Company declares a special dividend (whether in cash or in specie), the Committee may as it deems appropriate determine whether the number of shares which are the subject of an award to the extent not yet vested shall be adjusted. Any adjustment under this rule should be made in a way that a share option holder will not receive a benefit that a shareholder does not receive and has been confirmed in writing by the auditors to be in their opinion, fair and reasonable.

On 9 May 2006, adjustments to the terms of the unexercised share options were made (based on the respective ex-dividend dates, 6 May 2005 and 9 May 2006, and hereby also known as "modification dates") in a manner such that the share option holders will maintain parity of fair value before and on the modification date using the Equivalent Economic Value concept. The fair value of options was calculated using the Enhanced Trinomial (Hull and White) valuation model.

Exercise price of the unexercised share options were adjusted lower ranging between $0.13 and $0.26 per share option to reflect the special dividend paid. No adjustments were made to the vesting and exercise periods of the share options.

No incremental fair value of options was recognised as a result of the modification exercise and the significant inputs into the Enhanced Trinomial (Hull and White) valuation model were:

- Share price of $2.46 and $5.04, based on volume-weighted average share price for 3 consecutive trading days prior to the modification dates;
- The volatility measured at the standard deviation of expected share price returns of 26.20% and 22.35%, based on 36 months closing share price prior to the modification dates;
- Option life ranging from 0.1 year to 9.9 years;
- Risk-free interest rate ranging from 1.98% to 3.49% per annum that matches the remaining life of the option. This is based on the zero-coupon Singapore Government bond yield on modification dates for options with matching tenure contractual life;

28 Employee Benefits (cont'd)

(d) Equity compensation benefits (cont'd)

- Early exercise multiple of 1.4, which is the expected ratio of share price to exercise price based on assumed employee early exercise behaviour;

- Dividend yield of 1.96% and 1.84%, based on expected dividend over 1-year volume-weighted average share price prior to the modification dates; and

- Post-vesting forfeiture rate representing resignation after vesting period of 2% for Group executives and parent group and 0% for non-executive directors.

Performance shares

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.

Performance shares outstanding at the end of the year are summarised below:

Year of Award	2006 ('000)	2005 ('000)
At 1 January	**7,994**	6,836
Granted	**3,735**	2,975
Forfeited/Cancelled	**(501)**	(282)
Additional shares granted arising from modification*	**303**	–
Released**	**(2,527)**	(1,535)
At 31 December	**9,004**	7,994

* The Company paid a special dividend of $0.01 and $0.12 on 25 May 2005 and 26 May 2006 respectively. Correspondingly, the number of performance shares granted under the Performance Share Plan was modified to compensate for the decline in fair values of the said performance shares.

** The release of 2,527,200 (2005: 1,817,400) Conditional Awards during the financial year resulted in 3,446,000 (2005: 1,535,000) shares being issued, of which 656,000 (2005: 246,000) shares were issued to Mr Liew Mun Leong, the President and Chief Executive Officer of the Company.

28 Employee Benefits (cont'd)

The fair values of the performance 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	2003	2004	2005	2006
Weighted average fair value of performance shares and assumptions				
Weighted average fair value at measurement date	$0.84	$0.25	$2.53	**$4.71**
Expected volatility based on 36 months closing share price prior to grant date	37.80%	37.80%	27.88%	**26.52%**
MSCI AC Asia Pacific Free ex-Japan Industrial Index annualised volatility based on 36 months prior to grant date	20.14%	20.14%	16.00%	**14.48%**
Share price at grant date	$1.46	$1.46	$2.41	**$4.10**
Risk-free interest rate equal to the implied yield on zero-coupon Singapore Government Sovereign with a term equal to the length of performance period	1.68%	1.68%	2.10%	**3.02%**
Expected dividend yield of over 12 months volume-weighted share price prior to grant date	3.22%	3.22%	2.38%	**2.00%**
Correlation of return between MSCI AC Asia Pacific Free ex-Japan Industrial Index and the Company's share price measured over 36 months prior to the grant date	64.20%	64.20%	55.86%	**47.96%**

The Modification Exercise in the Performance Share Plan

The Company paid a special dividend of $0.01 and $0.12 per issued ordinary share in respect of the financial year ended 31 December 2004 and 31 December 2005 respectively. In accordance with the Company's Performance Share Plan Rules, when the Company declares a special dividend (whether in cash or in specie), the Committee may as it deems appropriate determine whether the number of shares which are the subject of an award to the extent not yet vested shall be adjusted. Any adjustment under this rule should be made in a way that a Performance Share Plan participant will not receive a benefit that a shareholder does not receive and has been confirmed in writing by the auditors to be in their opinion, fair and reasonable.

On 9 May 2006, adjustments to the terms of the unvested performance shares were made (based on the respective ex-dividend dates, 6 May 2005 and 9 May 2006, and hereby also known as "modification dates") in a manner such that the Performance Share Plan participants will maintain parity of fair value before and on the modification date using the Equivalent Economic Value concept. The fair value of performance shares was calculated using the Monte Carlo simulation model.

28 Employee Benefits (cont'd)

The number of performance shares was adjusted to reflect the special dividend paid. The adjustments resulted in additional conditional awards of 303,322 performance shares during the financial year ended 31 December 2006.

No incremental fair value of performance shares was recognised as a result of the modification exercise and the significant inputs into the Monte Carlo simulation model were:

- Share price of $2.46 and $5.04, based on volume-weighted average share price for 3 consecutive trading days prior to the modification dates;
- The volatility measured at the standard deviation of expected share price returns of 26.20% and 22.35%, based on 36 months closing share price prior to the modification dates;
- The MSCI AC Asia Pacific Free ex-Japan Industrial Index annualised volatility based on 36 months prior to the modification dates of 16.86% and 14.00%;
- Correlation of return between MSCI AC Asia Pacific Free ex-Japan Industrial Index and the Company's share price measured over 36 months prior to the modification dates of 55.20% and 41.80%;
- Risk-free interest rate ranging from 2.04% to 3.05% per annum that matches the remaining life of the award. This is based on the zero-coupon Singapore Government bond yield on modification dates for options with matching tenure contractual life; and
- Dividend yield of 1.96% and 1.84%, based on expected dividend over 1-year volume-weighted average share price prior to the modification dates.

29 Share Capital

Issued and fully paid:	The Group and The Company 2006 No. of shares ('000)	2005 No. of shares ('000)
At 1 January	**2,750,503**	2,524,795
Exercise of share options	**25,397**	33,887
Issue of performance shares	**3,446**	1,535
Conversion of convertible bonds	**–**	190,286
At 31 December	**2,779,346**	2,750,503

On the date of commencement of the Companies (Amendment) Act 2005 on 30 January 2006:

(a) the concept of authorised share capital was abolished;

(b) shares of the Company ceased to have par value; and

(c) the amount standing to the credit of the Company's share premium account and capital redemption reserve became part of the Company's share capital.

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.

At the end of the financial year, there were 57,754,808 share options (2005: 64,118,788) and a maximum of 18,007,602 performance shares (2005: 15,988,600) relating to the Company's Share Option Plan and Performance Share Plan for unissued Ordinary Shares of the Company, details of which are disclosed in note 28(c) and (d).

There were also $430 million Convertible Bonds due 2016 which are convertible by holders into 58,794,574 new Ordinary Shares in the capital of the Company at the conversion price of $7.3136 for each new Ordinary Share (subject to adjustments in certain events) (note 25(a)).

30 Reserves

	The Group		The Company	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Share premium	**–**	2,780,247	**–**	1,512,015
Revaluation reserve	**289,043**	246,921	**–**	–
Accumulated profits	**1,348,156**	730,439	**363,353**	411,225
Other reserves:				
– Capital reserve	**1,372,224**	59,038	**41,831**	–
– Equity compensation reserve	**46,220**	24,534	**24,330**	19,441
– Hedging reserve	**6,129**	(595)	**–**	–
– Available-for-sale reserve	**111,328**	86,331	**–**	–
– Capital redemption reserve	**–**	3,132	**–**	313
– Foreign currency translation reserve	**(77,861)**	(22,840)	**–**	–
	1,458,040	149,600	**66,161**	19,754
	3,095,239	3,907,207	**429,514**	1,942,994

The capital reserve comprises mainly capital gains on disposal of properties, share of associates' capital reserve, the value of the option granted to bondholders to convert their convertible bonds into ordinary shares of the Company and the share premium of a subsidiary previously acquired and accounted for under the pooling of interest method. Transaction cost of $5.3 million (2005: $Nil) incurred in relation to the issuance of convertible bonds was capitalised in capital reserves during the year.

The equity compensation reserve comprises the cumulative value of employee services received for the issue of the share options and performance shares.

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments related to hedged transactions that have not yet occurred.

The available-for-sale reserve comprises the cumulative net change in the fair value of available-for-sale investment until the investment is derecognised.

The 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.

31 Revenue

Revenue of the Group and of the Company is analysed as follows:

	The Group		The Company	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Continuing operations:				
– Trading of properties	**2,159,743**	2,923,966	**–**	–
– Rental and related income	**306,228**	205,050	**–**	–
– Fee income	**210,819**	133,761	**36,459**	29,266
– Serviced residence rental and related income	**434,456**	389,791	**–**	–
– Dividend income from subsidiaries	**–**	–	**327,014**	218,764
– Others	**36,479**	193,069	**–**	–
	3,147,725	3,845,637	**363,473**	248,030
Discontinued operations	**–**	458,171	**–**	–
	3,147,725	4,303,808	**363,473**	248,030

32 Profit Before Taxation

Profit before taxation (continuing and discontinued operations) includes the following:

		The Group		The Company	
	Note	2006 $'000	2005 $'000	2006 $'000	2005 $'000
(a) Other operating income					
Interest income					
– fixed deposits		**81,772**	39,721	**20,689**	12,463
– subsidiaries		**–**	–	**85,837**	81,504
– associates and jointly-controlled entities		**54,134**	59,353	**–**	–
– investee companies and others		**13,814**	10,936	**–**	–
– interest capitalised in development properties for sale	12(c)	**(3,380)**	(1,911)	**–**	–
		146,340	108,099	**106,526**	93,967
Dividend income from investments		**19,711**	6,863	**–**	–
Mark-to-market gain on financial assets held for trading		**7,745**	21,583	**–**	–
Gain on disposal/dilution/liquidation of subsidiaries and associates		**128,451**	812,218	**–**	17
Gain/(Loss) on disposal of financial assets		**18,899**	(2,101)	**–**	–
Gain on foreign exchange		**28,054**	9,360	**–**	52
Gain on disposal of investment properties		**222,094**	13,141	**–**	–

32 Profit Before Taxation (cont'd)

	Note	The Group 2006 $'000	The Group 2005 $'000	The Company 2006 $'000	The Company 2005 $'000
(b) Staff costs					
Wages and salaries		**335,878**	473,987	**26,219**	31,812
Contributions to defined contribution plans		**37,432**	35,267	**923**	1,003
Share-based expenses		**24,758**	19,374	**6,349**	12,799
Increase/(Decrease) in liability for short term accumulating compensated absences		**84**	939	**(72)**	193
Increase in liability for retirement gratuity		**475**	520	**–**	–
Increase in liability for long service leave entitlement		**68**	494	**–**	–
Staff benefits, training/development costs and others		**42,305**	72,759	**1,615**	1,140
		441,000	603,340	**35,034**	46,947
Less:					
Staff costs capitalised in development properties for sale		**(49,137)**	(57,760)	**–**	–
		391,863	545,580	**35,034**	46,947
(c) (i) Cost of sales					
Write back of foreseeable losses on development properties for sale		**(54,532)**	(36,805)	**–**	–
Operating lease expenses		**62,857**	64,669	**–**	–

32 Profit Before Taxation (cont'd)

	Note	The Group 2006 $'000	The Group 2005 $'000	The Company 2006 $'000	The Company 2005 $'000
(c) (ii) Administrative expenses					
Allowance for/(Write back of) doubtful receivables		**11,123**	(4,823)	**(12,376)**	(18,076)
Amortisation of intangible assets	4	**346**	726	**–**	–
Auditors' remuneration:					
– auditors of the Company		**1,916**	1,246	**202**	148
– other auditors		**3,198**	3,859	**–**	–
Non-audit fees:					
– auditors of the Company		**335**	264	**11**	14
– other auditors		**1,173**	1,432	**–**	–
Depreciation of property, plant and equipment		**34,294**	71,781	**820**	743
Impairment loss made on intangible assets		**4,408**	376	**–**	–
Negative goodwill on acquisition		**(77,000)**	(820)	**–**	–
Operating lease expenses		**15,663**	43,731	**1,586**	1,335
(iii) Other operating expenses					
Impairment/(Write back of allowance) of:					
– current financial assets		**–**	(681)	**–**	–
– non-current financial assets		**1,670**	4,130	**–**	–
Mark-to-market loss/(gain) on derivative instruments		**8,987**	(8,553)	**–**	–
Loss/(Gain) on disposal of property, plant and equipment		**2,266**	(24,126)	**–**	–
Property, plant and equipment written off		**534**	491	**42**	–
(Write back of)/Provision for income support	22(a)	**(9,651)**	177	**–**	–
Impairment of/(Write back of impairment loss for) subsidiaries		**–**	–	**3,092**	(5,475)
Write (back)/down in value of investment properties		**(113,037)**	33,074	**–**	–

(d) Remuneration of key management personnel

The key management personnel compensations are as follows:

	The Group 2006 $'000	The Group 2005 $'000	The Company 2006 $'000	The Company 2005 $'000
Short term employee benefits	**24,942**	10,626	**10,078**	4,036
Equity compensation benefits	**7,934**	4,818	**3,259**	1,513
	32,876	15,444	**13,337**	5,549

32 Profit Before Taxation (cont'd)

(e) Professional fees

Fees paid and payable to firms in which certain directors (including former directors) of the Company are members:

	The Group		The Company	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Charged to income statement	**–**	2,020	**–**	112
Included as cost of development properties for sale and property, plant and equipment	**–**	1	**–**	–

(f) Finance costs

	Note	The Group 2006 $'000	The Group 2005 $'000	The Company 2006 $'000	The Company 2005 $'000
Interest and securitisation costs paid and payable to:					
– subsidiaries		**–**	–	**12,273**	12,392
– bank loans and overdrafts		**286,002**	266,065	**13,679**	37,117
– debt securities		**121,675**	85,670	**11,309**	14,921
Convertible bonds:					
– interest expense		**1,147**	324	**1,147**	324
– amortisation of bond discount	25(a)	**1,052**	4,071	**1,052**	4,071
Mark-to-market of derivative instruments		**(5,030)**	(13,484)	**–**	(14,750)
Minority interests		**22,400**	2,984	**–**	–
Others		**5,819**	7,704	**437**	966
Total borrowing costs		**433,065**	353,334	**39,897**	55,041
Less:					
Borrowing costs capitalised in:					
– properties under development	6	**(22,738)**	(7,983)	**–**	–
– development properties for sale	12(c)	**(82,332)**	(65,077)	**–**	–
		(105,070)	(73,060)	**–**	–
		327,995	280,274	**39,897**	55,041

The finance costs have been capitalised at interest rates of 2.57% to 8.50% (2005: 1.34% to 8.50%) per annum for properties under development and development properties for sale.

33 Taxation

(a) Deferred Taxation

The Group	At 1/1/2006 $'000	Income statement $'000	Equity $'000	Acquisition/ Disposal of subsidiaries $'000	Translation differences $'000	At 31/12/2006 $'000
Deferred tax liabilities						
Accelerated tax depreciation	9,466	7,546	–	(3,896)	–	13,116
Discounts on compound financial instruments	–	(210)	11,782	–	–	11,572
Accrued income and interest receivable	3,474	869	–	(1)	–	4,342
Claw-back of capital allowances of assets in investment properties	10,906	1,014	–	(2,610)	(30)	9,280
Profits recognised on percentage of completion	11,490	(489)	–	(1)	(409)	10,591
Revaluation gains of investment properties	47,149	–	30,126	24,357	(935)	100,697
Unremitted earnings	–	47,247	–	2,002	72	49,321
Others	2,448	(1,998)	8,582	229	18	9,279
Total	84,933	53,979	50,490	20,080	(1,284)	208,198
Deferred tax assets						
Unutilised tax losses	(17,557)	(9,848)	–	1,325	(13)	(26,093)
Unutilised capital allowances	(135)	(56)	–	–	–	(191)
Provisions and expenses	(31,165)	8,897	–	2,099	742	(19,427)
Deferred income	–	(4,834)	–	–	–	(4,834)
Others	(930)	173	–	(104)	(77)	(938)
Total	(49,787)	(5,668)	–	3,320	652	(51,483)

33 Taxation (cont'd)

(a) Deferred Taxation (cont'd)

The Group	At 1/1/2005 $'000	Effects of change in accounting policy $'000	Income statement $'000	Equity $'000	Acquisition/ Disposal of subsidiaries $'000	Translation differences $'000	At 31/12/2005 $'000
Deferred tax liabilities							
Accelerated tax depreciation	15,483	–	1,358	–	(5,927)	(1,448)	9,466
Discounts on compound financial instruments	1,061	–	(1,061)	–	–	–	–
Accrued income and interest receivable	29,817	–	(26,408)	–	(500)	565	3,474
Claw-back of capital allowances of assets in investment properties	11,730	–	682	–	(1,505)	(1)	10,906
Profits recognised on percentage of completion	30,388	(24,765)	9,033	–	(3,174)	8	11,490
Revaluation gains of investment properties	22,344	–	3,049	35,480	(13,745)	21	47,149
Others	5,736	–	(3,130)	–	(801)	643	2,448
Total	116,559	(24,765)	(16,477)	35,480	(25,652)	(212)	84,933
Deferred tax assets							
Unutilised tax losses	(22,338)	–	8,975	–	(4,285)	91	(17,557)
Unutilised capital allowances	(4,776)	–	(252)	–	5,164	(271)	(135)
Provisions and expenses	(49,247)	–	20,399	–	(944)	(1,373)	(31,165)
Others	(5,096)	–	(4,828)	4,224	4,665	105	(930)
Total	(81,457)	–	24,294	4,224	4,600	(1,448)	(49,787)

The Company	At 1/1/2006 $'000	Income statement $'000	Equity $'000	At 31/12/2006 $'000
Deferred tax liabilities				
Discounts on compound financial instruments	–	(210)	11,782	11,572
Deferred tax assets				
Provisions	(3,955)	3,955	–	–

33 Taxation (cont'd)

(a) Deferred Taxation (cont'd)

The Company	At 1/1/2005 $'000	Income statement $'000	At 31/12/2005 $'000
Deferred tax liabilities			
Discounts on compound financial instruments	1,061	(1,061)	–
Deferred tax assets			
Provisions	–	(3,955)	(3,955)

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxation authority.

	The Group		The Company	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Deferred tax liabilities	**187,533**	74,230	**11,572**	–
Deferred tax assets	**(30,818)**	(39,084)	**–**	(3,955)
At 31 December	**156,715**	35,146	**11,572**	(3,955)

Deferred tax assets have not been recognised in respect of the following:

	The Group	
	2006 $'000	2005 $'000
Deductible temporary differences	**310,434**	382,322
Tax losses	**197,871**	223,250
Unutilised capital allowances	**353**	369
	508,658	605,941

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.

33 Taxation (cont'd)

(b) Tax Charge

	The Group		The Company	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Current tax expense				
– Based on current year's results	**169,211**	120,128	**23,211**	4,500
– Under provision in respect of prior years	**12,832**	33,474	**10,981**	1,122
– Group relief	**–**	–	**3,280**	8,526
	182,043	153,602	**37,472**	14,148
Deferred tax expense				
Origination and reversal of temporary differences	**48,311**	7,817	**3,745**	(5,016)
Total	**230,354**	161,419	**41,217**	9,132

Reconciliation of effective tax rate

	2006 $'000	2005 $'000
The Group		
Profit before taxation (continuing and discontinued operations)	**1,520,943**	1,337,057
Income tax using Singapore tax rate of 20%	**304,189**	267,411
Adjustments:		
Expenses not deductible for tax purposes	**88,668**	71,547
Income not subject to tax	**(207,826)**	(227,140)
Effect of unrecognised tax losses and other deductible temporary differences	**(22,693)**	(21,243)
Effect of different tax rates in foreign jurisdictions	**51,037**	41,895
Under provision in respect of prior years	**12,832**	33,474
Others	**4,147**	(4,525)
	230,354	161,419
The Company		
Profit before taxation	**393,883**	254,240
Income tax using Singapore tax rate of 20%	**78,777**	50,848
Adjustments:		
Expenses not deductible for tax purposes	**6,373**	1,968
Income not subject to tax	**(54,800)**	(44,710)
Under provision in respect of prior years	**10,981**	1,122
Consideration paid for losses transferred	**3,280**	8,526
Tax benefit received on losses arising from group relief	**(3,280)**	(8,526)
Others	**(114)**	(96)
	41,217	9,132

34 Earnings Per Share

(a) Basic earnings per share

	The Group 2006 $'000	2005 $'000
Basic earnings per share is based on:		
Net profit attributable to equity holders of the Company:		
– continuing operations	**1,002,181**	307,635
– discontinued operations	**15,804**	442,875
Net profit attributable to equity holders of the Company	**1,017,985**	750,510

	Number of shares ('000)	
Weighted average number of ordinary shares in issue during the year	2,769,447	2,653,921

(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 2006 $'000	2005 $'000
Net profit attributable to equity holders of the Company	**1,017,985**	750,510
Profit impact of assumed conversion	**1,759**	4,406
Adjusted net profit attributable to equity holders of the Company	**1,019,744**	754,916
Attributable to:		
– continuing operations	**1,003,940**	312,041
– discontinued operations	**15,804**	442,875
	1,019,744	754,916

	Number of shares ('000)	
Weighted average number of ordinary shares used in calculation of basic earnings per share	2,769,447	2,653,921
Weighted average number of unissued ordinary shares from:		
– share options	53,015	44,796
– performance shares	18,008	15,053
– convertible bonds	7,571	–
Number of ordinary shares that would have been issued at fair value	(28,613)	(22,666)
	49,981	37,183
Weighted average number of ordinary shares in issue (diluted)	2,819,428	2,691,104

35 Discontinued Operations

The discontinued operations comprised PREMAS International Limited and the hotel business of Raffles Holdings Limited which were divested in May 2005 and September 2005 respectively. The results of the discontinued operations are as follows:

	The Group	
	2006 $'000	2005 $'000
Revenue	–	458,171
Cost of sales	–	(237,388)
Gross profit	–	220,783
Other operating income	–	6,233
Administrative expenses	–	(179,807)
Other operating expenses	–	(1,952)
Profit from operations	–	45,257
Finance costs	–	(5,693)
Share of results of associates	–	96
Profit before taxation	–	39,660
Taxation	–	(9,399)
Profit after taxation before gain on sale of discontinued operations	–	30,261
Gain on sale of discontinued operations	**26,894**	711,702
Profit after taxation	**26,894**	741,963
Attributable to:		
Equity holders of the Company	**15,804**	442,875
Minority interests	**11,090**	299,088
Profit after taxation	**26,894**	741,963

The impact of the discontinued operations on the consolidated cash flow of the Group is as follows:

	The Group	
	2006 $'000	2005 $'000
Operating cash flows	–	131,008
Investing cash flows	**90,628**	1,426,366
Financing cash flows	–	(42,781)
Cash flows from discontinued operations	**90,628**	1,514,593

36 Dividends

The Company's Board of Directors proposed a first and final dividend of 7.00 cents per share (of which up to 3.97 cents per share will be franked dividend, less tax at 18% and the balance will be one-tier dividend) and a special one-tier dividend of 5.00 cents per share, amounting to a net dividend of $313,638,175 based on the number of issued shares as at 31 December 2006. The franked dividend of 3.97 cents per share is estimated based on the number of issued shares as at 31 December 2006 as well as the availability of Section 44 credit balance which is subject to finalisation by the Inland Revenue Authority of Singapore. The exact composition between the franked and one-tier dividend is dependent on the finalised Section 44 credit balance and the number of issued shares of the Company as at the Books Closure Date. The dividends are subject to the shareholders' approval at the forthcoming Annual General Meeting of the Company.

For the previous financial year 2005, a first and final dividend of 6.00 cents per share and a special dividend of 12.00 cents per share, less tax at 20% were approved and paid. The said dividends of $399,088,787 were paid in May 2006.

37 Notes to the Consolidated Statement of Cash Flows

(a) Acquisition of subsidiaries

(i) The list of significant subsidiaries acquired during the year is as follows:

Name of Subsidiary	Date Acquired	Equity Interest Acquired
Yangzhou SZITIC Commercial Property Co., Ltd.	April 2006	65.0%
Dongguan SZITIC Commercial Property Co., Ltd.	June 2006	65.0%
Foshan SZITIC Commercial Property Co., Ltd.	June 2006	65.0%
Hua Qing Holdings Pte Ltd	September 2006	8.8%
Smooth Runner Co., Limited	September 2006	100.0%

The total related acquisition costs for the above-mentioned subsidiaries and other subsidiaries acquired, which individually was not significant, in aggregate amounted to $167.8 million. From the dates of acquisitions to 31 December 2006, the above-mentioned acquisitions contributed net profit of $0.5 million to the Group's results for the year, before accounting for financing costs attributable to the acquisition. If the acquisitions had occurred on 1 January 2006, the Group's revenue for the year ended 31 December 2006 would have increased by $79.3 million and net profit would have increased by $4.2 million, before accounting for financing costs attributable to the acquisitions.

(ii) The list of significant subsidiaries acquired in 2005 is as follows:

Name of Subsidiary	Date Acquired	Equity Interest Acquired
Foshan City Nanhai SZITIC Commercial Property Co., Ltd	January 2005	51.0%
Hunan SZITIC Commercial Property Co., Ltd	February 2005	51.0%
RiverEdge Development Pte Ltd	March 2005	90.0%
CapitaLand Retail (SI) Investment Pte Ltd	April 2005	100.0%
Australand Property Trust No. 4	October 2005	49.8%
Australand Property Trust No. 5	October 2005	48.0%
Hemliner Pte Ltd	December 2005	47.6%

37 Notes to the Consolidated Statement of Cash Flows (cont'd)

(a) Acquisition of subsidiaries (cont'd):

The total related acquisition costs for the above-mentioned subsidiaries and other subsidiaries acquired, which individually was not significant, in aggregate amounted to $540.4 million. From the dates of acquisition to 31 December 2005, the above-mentioned acquisitions contributed net profit of $4.0 million to the Group's results for the year, before accounting for financing costs attributable to the acquisitions. If the acquisitions had occurred on 1 January 2005, the Group's revenue for the year ended 31 December 2005 would have increased by $79.2 million and net profit would have increased by $14.8 million, before accounting for financing costs attributable to the acquisitions.

(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
2006			
Property, plant and equipment	3,929	–	3,929
Investment properties	817,749	29,759	847,508
Other non-current assets	1,013	–	1,013
Current assets	189,101	–	189,101
Current liabilities	(153,788)	–	(153,788)
Interest bearing liabilities	(287,815)	–	(287,815)
Non-current liabilities	(184,821)	–	(184,821)
Minority interests	(74,231)	(10,416)	(84,647)
	311,137	19,343	330,480
Amounts previously accounted for as associates and jointly-controlled entities			(162,672)
Net assets acquired			167,808
Goodwill arising from acquisition			8
Purchase consideration			167,816
Less:			
Deposit paid in 2005			(13,645)
Cash of subsidiaries acquired			(36,747)
Cash outflow on acquisition of subsidiaries			117,424

37 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
2005			
Property, plant and equipment	4,473	–	4,473
Investment properties	917,109	4,025	921,134
Other non-current assets	272,940	104,571	377,511
Current assets	133,537	–	133,537
Current liabilities	(293,498)	–	(293,498)
Interest bearing liabilities	(418,794)	–	(418,794)
Minority interests	(51,055)	(51,240)	(102,295)
	564,712	57,356	622,068
Amounts previously accounted for as associates, jointly-controlled entities and financial assets			(87,598)
Net assets acquired			534,470
Negative goodwill arising from acquisition			(820)
Reserve arising from stapling			7,028
Purchase consideration			540,678
Less:			
Deposit paid in 2004			(65,978)
Cash of subsidiaries acquired			(21,310)
Cash outflow on acquisition of subsidiaries			453,390

(c) Effects of disposals

(i) During the year, the Group disposed off the following significant subsidiaries for a total consideration of $942.3 million:

Shanghai Xin Mao Property Development Co., Ltd
CapitaRetail China Developments (B) Pte Ltd
CapitaRetail China Investments (B) Pte Ltd
CapitaRetail China Investments (B) Alpha Pte Ltd
CapitaRetail China Investments (B) Beta Pte Ltd
CapitaRetail China Investments (B) Gamma Pte Ltd

The disposed subsidiaries previously contributed net losses of $3.8 million for the year ended 31 December 2005 and $4.8 million from 1 January 2006 to the respective dates of disposal.

37 Notes to the Consolidated Statement of Cash Flows (cont'd)

(c) Effects of disposals (cont'd)

(ii) In 2005, the Group disposed off the following significant subsidiaries for a total consideration of $1,816.8 million:

Shanghai Huteng Real Estate Co., Ltd
CL Moorgate Limited
CapitaLand Ningbo Commercial Holdings Pte Ltd
CapitaLand Ningbo Holdings Pte Ltd
RiverEdge Development Pte Ltd
Raffles Holdings Limited's hotel operations
PREMAS International Limited

The disposed subsidiaries previously contributed net profits of $27.5 million for the year ended 31 December 2004 and $20.4 million from 1 January 2005 to the respective dates of disposal.

(iii) The cash flow and the net assets of subsidiaries disposed are provided below:

	The Group	
	2006 $'000	2005 $'000
Property, plant and equipment	**24,154**	1,019,366
Investment properties	**1,482,858**	196,987
Other non-current assets	**9,627**	217,271
Current assets	**157,820**	572,931
Current liabilities	**(207,038)**	(426,794)
Interest bearing liabilities	**(156,725)**	(345,499)
Non-current liabilities	**(24,589)**	(44,454)
Minority interests	**(104,203)**	(45,991)
Net assets	**1,181,904**	1,143,817
Less:		
Equity interest retained as associates and jointly-controlled entities	**(335,178)**	(18,450)
Net assets disposed	**846,726**	1,125,367
Realisation of reserves	**(54,929)**	(66,024)
Deferred income	**36,563**	–
Gain on disposal of subsidiaries	**113,956**	757,440
Sale consideration	**942,316**	1,816,783
Less:		
Deferred payment	**(362,301)**	(78,800)
Amount received in 2005	**(56,144)**	–
Add:		
Deferred sale consideration received in relation to prior year's disposal of subsidiaries	**78,800**	–
Cash of subsidiaries disposed	**(81,772)**	(102,113)
Cash inflow on disposal of subsidiaries	**520,899**	1,635,870

37 Notes to the Consolidated Statement of Cash Flows (cont'd)

(d) Net effects on acquisition and disposal of subsidiaries

	The Group	
	2006 $'000	2005 $'000
Net cash inflow on acquisition/disposal of subsidiaries	**403,475**	1,182,480

38 Financial Instruments

(a) Financial risk management objectives and policies

The Group and the Company are exposed to interest rate, foreign currency, credit and liquidity risks arising from its diversified portfolio business. The Group's risk management approach seeks to minimise the potential material adverse effects from these exposures. As a whole, the Group has implemented risk management policies and guidelines which set out its tolerance of risk and its general risk management philosophy. In connection with this, the Group has established a framework and process to monitor the exposures so as to ensure appropriate measures can be implemented on a timely and effective manner.

(b) Interest rate risk

The Group's exposure to market risk for changes in interest rate environment relates mainly to its investment in financial products and debt obligations.

The investments in financial products are mainly short term in nature and they are not held or issued for trading or speculative purposes but were mainly placed in fixed deposits or short term commercial papers which yield better returns than cash at bank.

The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve certain level of protection against rate hikes. The Group also uses hedging instruments such as interest rate swaps and caps to minimise its exposure to interest rate volatility. The Group classifies these interest rate swaps and caps as cash flow hedges.

The net fair value of swaps at 31 December 2006 was $21.7 million (2005: $1.6 million) comprising assets of $30.7 million (2005: $8.9 million) and liabilities of $9.0 million (2005: $7.3 million).

(c) Foreign currency risk

The Group operates internationally and is exposed to various currencies, mainly Australia dollars, Renminbi, Euros, Hong Kong dollars, Japanese yen, Sterling pounds, Swiss francs and US dollars.

The Group maintains a natural hedge, whenever possible, by borrowing in the currency of the country in which the property or investment is located or by borrowing in currencies that match the future revenue stream to be generated from its investments.

38 Financial Instruments (cont'd)

(c) Foreign currency risk (cont'd)

The Company's subsidiaries, The Ascott Group Limited and Ascott Residence Trust, use forward exchange contracts to hedge its foreign currency risk, where feasible. They generally enter into forward exchange contracts with maturities of between 3 months and 5 years which are rolled over at maturity at market rates.

The fair value loss of the above forward exchange contracts at 31 December 2006 was $7.6 million (2005: $5.6 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 overseas investments in its foreign subsidiaries whose net assets are exposed to currency translation risk and which are held for long term investment purposes, the differences arising from such translation are recorded under the foreign currency translation reserve. These translation differences are reviewed and monitored on a regular basis.

(d) Credit risk

The Group has guidelines governing the process of granting credit as a service or product provider in its respective segments of business. Investments and financial transactions are restricted with counterparties that meet the appropriate credit criteria and 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 to its subsidiaries and related parties.

The Group has a diversified portfolio of businesses and 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, including derivative financial instruments, in the balance sheet.

(e) Liquidity risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient level of cash or cash convertible investments to meet its working capital requirement. In addition, the Group strives to maintain available banking facilities of a reasonable level to its overall debt position. As far as possible, the Group will constantly raise committed funding from both capital markets and financial institutions and prudently balance its portfolio with some short term funding so as to achieve overall cost effectiveness.

38 Financial Instruments (cont'd)

(f) Effective interest rates and repricing analysis

In respect of interest earning financial assets and interest bearing financial liabilities, the following table indicates their effective interest rates at balance sheet date and the periods in which they reprice.

		2006					2005				
The Group	Note	Effective interest rate %	Total $'000	Within 1 year $'000	1 to 5 years $'000	After 5 years $'000	Effective interest rate %	Total $'000	Within 1 year $'000	1 to 5 years $'000	After 5 years $'000
Financial assets											
Interest bearing amounts owing by:											
– associates	8	**3.05 – 6.73**	**85,375**	**54,875**	**30,500**	**–**	1.00 – 15.81	490,920	124,495	–	366,425
– jointly-controlled entities	9	**1.00 – 7.75**	**851,243**	**278,656**	**302,763**	**269,824**	1.00 – 15.00	401,986	252,115	23,434	126,437
– investee companies	11,13	**8.00**	**192**	**192**	**–**	**–**	1.00 – 7.00	2,087	2,087	–	–
Cash and cash equivalents	17	**0.33 – 8.40**	**2,268,626**	**2,268,626**	**–**	**–**	0.03 – 8.04	1,813,659	1,813,659	–	–
Total			**3,205,436**	**2,602,349**	**333,263**	**269,824**		2,708,652	2,192,356	23,434	492,862
Financial liabilities											
Bank overdrafts	17	**–**	**–**	**–**	**–**	**–**	6.19 – 6.38	6,262	6,262	–	–
Bank borrowings:											
– fixed rate	24	**1.32 – 7.50**	**746,409**	**286,447**	**459,962**	**–**	3.35 – 7.00	464,707	228,795	235,912	–
– floating rate	24	**0.50 – 7.50**	**4,696,108**	**4,586,479**	**109,629**	**–**	0.38 – 7.50	4,181,508	4,181,508	–	–
– effect of interest rate swaps		**(0.40) – 0.81**	**–**	**(1,060,113)**	**1,060,113**	**–**	(2.36) – 1.32	–	(971,124)	846,294	124,830
Debt securities:											
– fixed rate	25	**2.10 – 7.88**	**1,539,607**	**145,481**	**973,723**	**420,403**	2.10 – 7.88	1,103,952	188,000	766,255	149,697
– floating rate	25	**3.55 – 7.09**	**1,099,425**	**1,099,425**	**–**	**–**	2.06 – 6.58	855,426	855,426	–	–
– effect of interest rate swaps		**(0.51) – 0.02**	**–**	**(764,750)**	**764,750**	**–**	0.15 – 0.15	–	(460,623)	335,793	124,830
Finance leases	26	**4.52 – 7.88**	**48,279**	**46,738**	**1,541**	**–**	3.38 – 7.88	52,131	3,448	48,683	–
Interest bearing loan from:											
– minority interests	18,22	**4.16 – 8.50**	**117,709**	**117,709**	**–**	**–**	2.45 – 8.50	105,367	105,367	–	–
Total			**8,247,537**	**4,457,416**	**3,369,718**	**420,403**		6,769,353	4,137,059	2,232,937	399,357

38 Financial Instruments (cont'd)

(f) Effective interest rates and repricing analysis (cont'd)

		2006					2005				
The Company	**Note**	**Effective interest rate %**	**Total $'000**	**Within 1 year $'000**	**1 to 5 years $'000**	**After 5 years $'000**	**Effective interest rate %**	**Total $'000**	**Within 1 year $'000**	**1 to 5 years $'000**	**After 5 years $'000**
Financial assets											
Fixed deposits	17	**3.13 – 3.25**	**1,476,838**	**1,476,838**	**–**	**–**	3.00 – 3.06	987,644	987,644	–	–
Interest bearing amounts owing by subsidiaries	7,23	**1.00 – 6.10**	**2,175,729**	**1,352,452**	**823,277**	**–**	0.35 – 6.12	2,355,869	1,080,498	1,275,371	–
Total			**3,652,567**	**2,829,290**	**823,277**	**–**		3,343,513	2,068,142	1,275,371	–
Financial liabilities											
Bank borrowings:											
– fixed rate	24	**–**	**–**	**–**	**–**	**–**	4.13 – 4.25	46,202	46,202	–	–
– floating rate	24	**5.58 – 6.10**	**174,439**	**174,439**	**–**	**–**	0.38 – 6.21	507,033	507,033	–	–
Debt securities											
– fixed rate	25	**2.10 – 7.50**	**496,179**	**34,500**	**91,000**	**370,679**	2.10 – 7.50	203,000	77,500	125,500	–
– floating rate	25	**–**	**–**	**–**	**–**	**–**	2.06 – 3.46	62,000	62,000	–	–
Interest bearing amounts owing to subsidiaries	23	**1.00 – 3.19**	**308,113**	**308,113**	**–**	**–**	2.66 – 2.80	189,622	42,622	147,000	–
Total			**978,731**	**517,052**	**91,000**	**370,679**		1,007,857	735,357	272,500	–

(g) Sensitivity analysis

In managing its exposure to interest rate, foreign currency, credit and liquidity risks, the Group strives to prudently balance its portfolio so as to minimise its impact on earnings.

As at balance sheet date, it is estimated that a one percentage point change in interest rates would affect the Group's profit before taxation by approximately $42.7 million (2005: $40.3 million).

38 Financial Instruments (cont'd)

(h) Fair values

The aggregate net fair values of financial assets and liabilities which are not carried at fair value in the balance sheet as at 31 December are represented in the following table:

The Group	Carrying amount 2006 $'000	Fair value 2006 $'000	Carrying amount 2005 $'000	Fair value 2005 $'000
Financial liabilities				
Fixed rate long term liabilities				
– secured bank loans	**344,278**	**356,374**	173,765	173,954
– unsecured bank loans	**115,684**	**115,550**	62,147	62,778
– secured debt securities	**173,055**	**173,899**	354,952	361,783
– unsecured debt securities	**1,221,071**	**1,323,810**	561,000	569,585
	1,854,088	**1,969,633**	1,151,864	1,168,100

The Company				
Fixed rate long term unsecured debt securities	**461,679**	**567,464**	125,500	134,549

The fair value quoted securities is their quoted bid price at the balance sheet date. For other financial instruments, fair value has been determined by discounting the relevant cash flows using current interest rates for similar instruments at the balance sheet date. At the balance sheet date, there are no (2005: Nil) financial instruments measured at fair value using a valuation technique that is not supported by observable market prices or rates.

The following methods and assumptions are used to estimate the fair values of the following significant classes of financial instruments:

(i) *Floating Interest Bearing Loans*
No fair value is calculated as the Group believes that the carrying amounts of floating interest bearing loans which are all repriced within six 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*
Fair value is based on quoted bid prices at the balance sheet date without any deduction for transaction costs.

38 Financial Instruments (cont'd)

(h) Fair values (cont'd)

(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 quoted market prices.

39 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 with a term of more than one year are as follows:

	The Group		The Company	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Lease payments payable:				
Within 1 year	**45,313**	45,728	**1,622**	775
From 1 to 5 years	**94,554**	134,679	**2,440**	184
After 5 years	**53,078**	138,799	**–**	–
	192,945	319,206	**4,062**	959

The Group leases out its investment properties. Non-cancellable operating lease rentals are receivable as follows:

	The Group		The Company	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Lease payments receivable:				
Within 1 year	**258,626**	219,241	**–**	–
From 1 to 5 years	**733,529**	774,468	**–**	–
After 5 years	**428,856**	910,507	**–**	–
	1,421,011	1,904,216	**–**	–

39 Commitments (cont'd)

(b) Commitments

	The Group		The Company	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Commitments in respect of:				
– capital expenditure contracted but not provided for in the financial statements	**24,872**	69,414	**–**	–
– capital expenditure authorised but not committed	**83,072**	89,441	**–**	–
Commitments in respect of:				
– development expenditure contracted but not provided for in the financial statements	**522,398**	1,210,447	**–**	–
– development expenditure authorised but not committed	**328,607**	281,676	**–**	–
– capital contribution/acquisition of associates, jointly-controlled entities and investee companies	**777,204**	140,544	**–**	–
– purchase of development properties	**360,910**	–	**–**	–
Commitments in respect of:				
– shareholders' loan committed to associates, jointly-controlled entities and investee companies	**158,503**	684,835	**–**	–
– forward foreign exchange contracts	**408,726**	462,978	**–**	–
	2,664,292	2,939,335	**–**	–

(c) As at the balance sheet date, the Group and the Company had entered into financial instruments with notional principal values as follows:

	The Group		The Company	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Interest rate caps	**305,895**	320,225	**–**	–
Interest rate swaps	**2,855,693**	2,263,782	**–**	–
Forward start interest rate swaps	**120,433**	998,640	**–**	–
Non delivery swaps	**48,090**	69,182	**–**	–
	3,330,111	3,651,829	**–**	–

The maturity dates of these financial instruments are:

	The Group		The Company	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Within 1 year	**957,077**	891,615	**–**	–
From 1 to 5 years	**1,930,733**	1,761,574	**–**	–
After 5 years	**442,301**	998,640	**–**	–
	3,330,111	3,651,829	**–**	–

40 Financial Guarantee Contracts

For financial guarantee contracts accounted for as insurance contracts, there are no terms and conditions attached to them 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 to their subsidiaries and related parties.

		The Group		The Company	
		2006 $'000	2005 $'000	2006 $'000	2005 $'000
(a)	Guarantees and undertaking issued on behalf of:				
	– subsidiaries	**–**	–	**2,476,818**	798,045
	– associates	**216,732**	229,798	**–**	–
	– jointly-controlled entities	**32,150**	14,832	**16,342**	–
		248,882	244,630	**2,493,160**	798,045

(b) A subsidiary of the Group has provided several cost overrun undertakings, interest shortfall undertakings and completion undertakings, on a joint or several basis, in respect of term loans and revolving credit facilities amounting to $931.0 million (2005: $746.0 million), granted to its associated companies and jointly-controlled entities.

(c) A stapled entity of the Group, Australand, provided rental guarantees arrangements to tenants and owners of various residential buildings, which Australand is developing or has completed development on. These arrangements require Australand to guarantee the rental income of these properties for certain periods of time. As at the date of this report, the management is of the opinion that based on the current sub-lease proposals and forecast sub-lease commitments, together with the allowances made within the development budgets for these property developments, adequate allowances have been made in the financial statements for these potential obligations.

41 Significant Related Party Transactions

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

In addition to the related party information disclosed elsewhere in the financial statements, there were the following significant related party transactions which were carried out in the normal course of business on terms agreed between the parties during the financial year:

	The Group		The Company	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Subsidiaries				
Management fee income	**–**	–	**36,459**	29,266
Rental income	**–**	–	**71**	–
IT and administrative support services	**–**	–	**243**	–
Rental expense	**–**	–	**(374)**	(264)
Other Related Corporations				
Rental income	**–**	1,253	**–**	–
Management and agency fee income	**–**	1,262	**–**	–
Management consultancy services	**–**	777	**–**	–
Purchase of air-tickets, IT related services and others	**–**	(7,778)	**–**	(722)
Rooms, food and beverage and other incidental income	**–**	6,246	**–**	–
Associates and Jointly-Controlled Entities				
Management fee income	**115,272**	85,387	**–**	–
Management consultancy services	**–**	1,500	**–**	–
Rental expense	**(3,585)**	(46,095)	**(1,212)**	(1,071)
Accounting service fee, marketing income and others	**6,201**	8,355	**(183)**	(76)
Construction and project management income	**12,680**	1,809	**–**	–
Directors and Their Associates				
Sale of residential properties	**954**	–	**–**	–

42 Subsidiaries

(a) The significant subsidiaries directly held by the Company set out below are incorporated and conducting business in the Republic of Singapore:

Subsidiaries	Principal Activities	Percentage held by the Company 2006 %	2005 %
Areca Investment Pte Ltd	Property development and investment holding	**100**	100
CapitaLand Asia Pte Ltd	Investment holding	**100**	100
CapitaLand Commercial and Integrated Development Limited	Investment holding and provision of management services	**100**	100
CapitaLand Corporate Investments Pte Ltd	Investment holding	**100**	100
CapitaLand Financial Limited	Investment holding	**100**	100
CapitaLand ILEC Pte Ltd (formerly known as CapitaLand Realty Pte Ltd)	Investment holding	**100**	100
CapitaLand Raffles Investment Pte Ltd	Investment holding	**100**	100
CapitaLand Residential Limited	Investment holding and provision of management services	**100**	100
CapitaLand Retail Limited	Investment holding	**100**	100
CapitaLand Treasury Limited	Provision of financial and treasury services to related corporations	**100**	100
Pidemco Land Singapore Pte Ltd (formerly known as Pidemco Land (Indonesia) Pte Ltd)	Investment holding	**100**	100
pFission Pte Ltd	Investment holding	**100**	100
Somerset Capital Pte Ltd	Investment holding	**100**	100
Somerset Land Pte Ltd	Investment holding and investment trading	**100**	100

42 Subsidiaries (cont'd)

(b) Other significant subsidiaries in the Group are:

Name of Company	Principal Activities	Place of Incorporation/ Business	Effective Interest held by the Group 2006 %	2005 %
(i) Jointly held by Areca Investment Pte Ltd, CapitaLand Corporate Investments Pte Ltd and Pidemco Land Singapore Pte Ltd:				
[2] Raffles Holdings Limited	Investment holding	Singapore	**97.2**	58.9
(ii) Jointly held by Areca Investment Pte Ltd, Somerset Capital Pte Ltd and Somerset Land Pte Ltd:				
The Ascott Group Limited	Investment holding, property investment and the management of commercial, residential and serviced apartments	Singapore	**67.1**	67.9
(iii) Jointly held by Somerset Capital Pte Ltd, pFission Pte Ltd and The Ascott Group Limited:				
Ascott Residence Trust	Property trust	Singapore	**61.3**	–
(iv) Directly or indirectly held by CapitaLand Residential Limited:				
Ausprop Holdings Limited	Investment holding	Singapore	**100**	100
[2] Australand ASSETS Trust	Special purpose entity for issuance of hybrid security	Australia	**54.2**	53.3
[2] Australand Holdings Limited	Property investment, development and investment holding	Australia	**54.2**	53.3
[2] Australand Property Trust	Property trust	Australia	**54.2**	53.3
[2] Australand Property Trust No. 4	Property trust	Australia	**54.2**	53.3
[2] Australand Property Trust No. 5	Property trust	Australia	**54.2**	53.3
Austvale Holdings Ltd	Investment holding	Singapore	**100**	100
[1] Beijing Xinkai Real Estate Development Co., Ltd	Property development	The People's Republic of China	**86.7**	80.0

42 **Subsidiaries** (cont'd)

(b) Other significant subsidiaries in the Group are (cont'd):

Name of Company	Principal Activities	Place of Incorporation/ Business	Effective Interest held by the Group 2006 %	2005 %
(iv) Directly or indirectly held by CapitaLand Residential Limited (cont'd)**:**				
CapitaLand China Holdings Pte Ltd	Investment holding	Singapore	**100**	100
[1] CapitaLand Management & Consulting (China) Co., Ltd	Management services	The People's Republic of China	**100**	100
CRL Realty Pte Ltd	Property development and investment holding	Singapore	**100**	100
Hua Yuan Holdings Pte Ltd	Investment holding	Singapore	**70**	70
Imperial Realty Limited	Property development	Singapore	**100**	100
Leonie Court Pte Ltd	Property development and investment holding	Singapore	**100**	100
[1] Shanghai Ning Xin Real Estate Development Co., Ltd	Property development	The People's Republic of China	**66**	71
(v) Directly or indirectly held by CapitaLand Commercial and Integrated Development Limited:				
[1] Beijing Xin Jing Cheng Property Management Co Ltd	Property investment and consultancy services	The People's Republic of China	**100**	100
Brimitty Pte Ltd	Property investment	Singapore	**100**	100
CapitaLand China Holdings (Commercial) Pte Ltd	Investment holding	Singapore	**100**	100
CapitaLand (Office) Investments Pte Ltd	Investment holding	Singapore	**100**	100
CapitaLand Investments Pte Ltd	Investment holding	Singapore	**100**	100
E-Pavilion Pte Ltd	Investment trading	Singapore	**100**	100

42 Subsidiaries (cont'd)

(b) Other significant subsidiaries in the Group are (cont'd):

Name of Company	Principal Activities	Place of Incorporation/ Business	Effective Interest held by the Group 2006 %	2005 %
(v) Directly or indirectly held by CapitaLand Commercial and Integrated Development Limited (cont'd)**:**				
[1] Hua Qing Holdings Pte Ltd	Investment holding	Singapore	**59**	50
Malachite Land Pte Ltd	Investment holding	Singapore	**100**	100
MCH Holdings Pte Ltd	Investment holding	Singapore	**100**	100
SBR Pte Ltd	Investment and fund management	Singapore	**100**	100
Temasek Tower Limited	Property investment	Singapore	**90**	90
Tmall Ltd	Property investment	Singapore	**55**	55
(vi) Directly or indirectly held by CapitaLand Retail Limited:				
Albert Complex Pte Ltd	Investment holding	Singapore	**100**	100
CapitaLand Retail (BJ) Investments Pte Ltd	Investment holding	Singapore	**100**	100
[1] CapitaLand Retail BJ1 (M) Limited	Investment holding	Mauritius	**100**	100
CapitaLand Retail (SI) Investments Pte Ltd	Investment holding	Singapore	**100**	100
CapitaLand Retail Hong Kong Investments Pte Ltd	Investment holding	Singapore	**100**	100
CapitaLand Retail China Private Limited	Property investment	Singapore	**100**	–
Clarke Quay Pte Ltd	Property investment	Singapore	**100**	100
[1] Foshan City Nanhai SZITIC Commercial Property Co., Ltd	Property investment	The People's Republic of China	**65**	65

42 Subsidiaries (cont'd)

(b) Other significant subsidiaries in the Group are (cont'd):

Name of Company	Principal Activities	Place of Incorporation/ Business	Effective Interest held by the Group 2006 %	2005 %
(vi) Directly or indirectly held by CapitaLand Retail Limited (cont'd)**:**				
[1] Hunan SZITIC Commercial Property Co., Ltd	Property investment	The People's Republic of China	**65**	51
Plaza Singapura Pte Ltd	Property investment	Singapore	**100**	100
Premier Health Services International Pte Ltd	Investment holding	Singapore	**100**	100
Pyramex Investments Pte Ltd	Investment holding	Singapore	**100**	100
Retail Crown (BVI) Limited	Property investment	British Virgin Islands	**100**	–
(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
CapitaLand Financial Services Limited	Investment holding and advisory services	Singapore	**100**	100
[1] CapitaLand Hong Kong Investment (BVI) Limited	Investment holding	British Virgin Islands	**100**	100
CapitaLand Fund Investment Private Limited	Investment in real estate financial products, real estate assets and provision of investment and advisory services	Singapore	**100**	100
CapitaLand Japan Kabushiki Kaisha	Consultancy and management services	Japan	**100**	100
CapitaCommerical Trust Management Limited	Property fund management, investment and related services	Singapore	**100**	100

42 Subsidiaries (cont'd)

(b) Other significant subsidiaries in the Group are (cont'd):

Name of Company	Principal Activities	Place of Incorporation/ Business	Effective Interest held by the Group 2006 %	2005 %
(vii) Directly or indirectly held by CapitaLand Financial Limited (cont'd)**:**				
CapitaMall Trust Management Limited	Property fund management, investment and related services	Singapore	**100**	100
CapitaLand RECM Pte Ltd	Investment holding	Singapore	**100**	100
(viii) Directly or indirectly held by The Ascott Group Limited:				
[1] Ascott Group (Jersey) Limited	Investment holding	Jersey	**67.1**	67.9
[1] EuroResidence 1 SARL	Investment holding	France	**67.1**	67.9
[1] Greenpark Investment (Guernsey) Ltd	Property investment	United Kingdom	**67.1**	67.9
[1] Hanoi Tower Center Company Limited	Construction and operating of serviced apartments and office complex	Vietnam	**–#**	51.6
[1] Hemliner Real Estate (Beijing) Co., Ltd	Rental and sale of apartment and real estate management service	The People's Republic of China	**–#**	67.9
Javana Pte Ltd	Investment holding	Singapore	**–#**	67.9
[1] Mekong-Hacota Joint Venture Company Limited	Property development and investment	Vietnam	**–#**	46.9
[1] PT Ciputra Liang Court	Property investment and management	Indonesia	**–#**	39
[1] Shanghai Xin Wei Property Development Co., Ltd	Property development and management	The People's Republic of China	**–#**	67.9
Somerset Investments Pte Ltd	Property investment and investment holding	Singapore	**67.1**	67.9

42 **Subsidiaries** (cont'd)

(b) Other significant subsidiaries in the Group are (cont'd):

Name of Company	Principal Activities	Place of Incorporation/ Business	Effective Interest held by the Group 2006 %	2005 %
(viii) Directly or indirectly held by The Ascott Group Limited (cont'd)**:**				
The Ascott Group (Europe) Pte Ltd	Investment holding	Singapore	**67.1**	67.9
The Ascott Holdings Limited	Investment holding	Singapore	**67.1**	67.9
(ix) Directly or indirectly held by Ascott Residence Trust:				
Burton Engineering Pte Ltd	Investment holding	Singapore	**61.3**	–[#]
[1] Hanoi Tower Center Company Limited	Construction and operating of serviced apartments and office complex	Vietnam	**46.9**	–[#]
[1] Hemliner Real Estate (Beijing) Co., Ltd	Rental and sale of apartment and real estate management service	The People's Republic of China	**61.3**	–[#]
Javana Pte Ltd	Investment holding	Singapore	**61.3**	–[#]
[1] Mekong-Hacota Joint Venture Company Limited	Property development and investment	Vietnam	**42.3**	–[#]
[1] PT Ciputra Liang Court	Property investment and management	Indonesia	**35.2**	–[#]
[1] Shanghai Xin Wei Property Development Co., Ltd	Property development and management	The People's Republic of China	**61.3**	–[#]

Notes:

All subsidiaries are audited by KPMG Singapore except for the following:

[1] *Audited by other member firms of KPMG International.*

[2] *Audited by PricewaterhouseCoopers, Singapore and its associated firms.*

[#] *These subsidiaries were acquired by Ascott Residence Trust during the year.*

43 Associates

Details of significant associates are as follows:

Associated Companies	Principal Activities	Place of Incorporation/ Business	Effective Interest held by the Group 2006 %	2005 %
(i) Indirectly held by CapitaLand Residential Limited:				
[3] Lai Fung Holdings Limited	Investment holding	Cayman Islands	**20**	–
(ii) Indirectly held by CapitaLand Commercial and Integrated Development Limited:				
[3] Bugis City Holdings Pte Ltd	Investment holding	Singapore	**29.5**	20.0
CapitaCommercial Trust	Property investment	Singapore	**30.4**	37.4
Savu Properties Pte Ltd	Property investment	Singapore	**50**	50
(iii) Indirectly held by CapitaLand Retail Limited:				
CapitaMall Trust	Property investment	Singapore	**31.1**	33.9
[3] Bugis City Holdings Pte Ltd	Investment holding	Singapore	**29.5**	29.5
CapitaRetail Japan Fund Private Limited	Investment holding	Singapore	**22.7**	22.7
CapitaRetail China Trust	Property investment	Singapore	**26.2**	–
CapitaRetail China Development Fund	Property investment	Singapore	**45**	–
(iv) Indirectly held by CapitaLand Financial Limited:				
[3] I. P. Property Fund Asia Limited	Investment in real estate	Guernsey	**20**	20
(v) Directly held by Raffles Holdings Limited:				
[2] Tincel Properties (Private) Limited	Real estate investment and management	Singapore	**43.7**	26.5
(vi) Indirectly held by The Ascott Group Limited:				
[1] MEC Roppongi Tokute Kokuteki	Serviced residence owner	Japan	**–#**	27.2

43 Associates (cont'd)

Details of significant associates are as follows (cont'd):

Associated Companies	Principal Activities	Place of Incorporation/ Business	Effective Interest held by the Group 2006 %	2005 %
(vii) Indirectly held by Ascott Residence Trust:				
[1] MEC Roppongi Tokute Kokuteki	Serviced residence owner	Japan	**24.5**	–[#]

Notes:

All associated companies are audited by KPMG Singapore except for the following:

[1] *Audited by other member firms of KPMG International.*

[2] *Audited by PricewaterhouseCoopers, Singapore and its associated firms.*

[3] *Audited by Ernst & Young and its associated firms.*

[#] *This associated company was acquired by Ascott Residence Trust during the year.*

44 Jointly-Controlled Entities

Details of significant jointly-controlled entities are as follows:

Jointly-Controlled Entities	Principal Activities	Place of Incorporation/ Business	Effective Interest held by the Group 2006 %	2005 %
(i) Indirectly held by the Company:				
CapitaLand-Raffles Properties Pte Ltd	Property development and investment	Singapore	**50**	50
(ii) Directly held by CapitaLand Asia Pte Ltd:				
[1] T.C.C. Capital Land Limited	Property development and investment	Thailand	**40**	40
(iii) Indirectly held by CapitaLand Residential Limited:				
Riverwalk Promenade Pte Ltd	Property development and investment	Singapore	**50**	50
(iv) Indirectly held by CapitaLand Commercial and Integrated Development Limited:				
Eureka Office Fund Pte Ltd	Investment holding	Singapore	**50**	50
[1] Grand Design Development Limited	Property investment	Hong Kong	**50**	50
Savu Investments Ltd	Property investment	Singapore	**50**	50

44 Jointly-Controlled Entities (cont'd)

Details of significant jointly-controlled entities are as follows (cont'd):

Jointly-Controlled Entities	Principal Activities	Place of Incorporation/ Business	Effective Interest Held by the Group 2006 %	2005 %
(v) Indirectly held by CapitaLand Retail Limited:				
[1] CapitaLand Hualian Management & Consulting (Shenzhen) Co., Ltd	Property management and consulting services	The People's Republic of China	**50**	50
Orchard Turn Holding Pte Ltd	Investment holding	Singapore	**50**	50

Notes:

All jointly-controlled entities are audited by KPMG Singapore except for the following:

[1] *Audited by other member firms of KPMG International.*

[2] *Audited by PricewaterhouseCoopers, Singapore and its associated firms.*

45 Segment Reporting (Group)

(a) Business Segments

	Rental and related income $'000	Trading of properties $'000	Serviced residences $'000	Fee-income and others $'000	Eliminations $'000	Total continuing operations $'000	Total discontinued operations ^ $'000	Total operations $'000
2006								
Revenue								
External revenue	306,228	2,159,743	434,456	247,298	–	3,147,725	–	3,147,725
Inter-segment revenue	3,249	–	–	34,740	(37,989)	–	–	–
Total Revenue	309,477	2,159,743	434,456	282,038	(37,989)	3,147,725	–	3,147,725
Segmental Results								
Company and subsidiaries	501,986	524,106	159,260	35,095	–	1,220,447	26,894	1,247,341
Associates	269,000	(4,174)	2,173	195,446	–	462,445	–	462,445
Jointly-controlled entities	73,095	63,380	(5,142)	7,819	–	139,152	–	139,152
Earnings before interest and taxation	844,081	583,312	156,291	238,360	–	1,822,044	26,894	1,848,938
Finance costs						(327,995)	–	(327,995)
Taxation						(230,354)	–	(230,354)
Profit for the year						**1,263,695**	**26,894**	**1,290,589**
Attributable to:								
Equity holders of the Company								**1,017,985**
Minority interests								**272,604**
Profit for the year								**1,290,589**

45 Segment Reporting (Group) (cont'd)

(a) Business Segments (cont'd)

	Rental and related income $'000	Trading of properties $'000	Serviced residences $'000	Fee-income and others $'000	Eliminations $'000	Consolidated $'000
2006						
Continuing Operations						
Significant Non-Cash Items						
– Depreciation	3,220	3,731	19,333	8,010	–	34,294
– Amortisation	–	–	346	–	–	346
– Other non-cash items +	(74,720)	(77,000)	7,087	(16,238)	–	(160,871)
Capital Expenditure ++	5,759	5,962	41,101	25,134	–	77,956

+ *The other non-cash items consist of negative goodwill on acquisition, write back in value of investment properties and share-based expenses.*

++ *The capital expenditure of the discontinued operations amounted to $Nil.*

Assets and Liabilities						
Segment assets	5,489,920	4,688,852	2,796,560	2,878,136	–	15,853,468
Investment in						
– associates	2,463,898	595,679	35,070	68,364	–	3,163,011
– jointly-controlled entities	944,004	513,912	59,465	82,381	–	1,599,762
Unallocated assets	–	–	–	–	–	30,818
Total Assets	8,897,822	5,798,443	2,891,095	3,028,881	–	20,647,059
Segment liabilities	590,301	826,134	181,540	902,146	–	2,500,121
Unallocated liabilities	–	–	–	–	–	8,634,188
Total Liabilities	590,301	826,134	181,540	902,146	–	11,134,309

45 Segment Reporting (Group) (cont'd)

(a) Business Segments (cont'd)

	Rental and related income $'000	Trading of properties $'000	Serviced residences $'000	Fee-income and others $'000	Eliminations $'000	Total continuing operations $'000	Total discontinued operations ^ $'000	Total operations $'000
2005								
Revenue								
External revenue	205,050	2,923,966	389,791	326,830	–	3,845,637	458,171	4,303,808
Inter-segment revenue	2,735	–	–	56,978	(59,713)	–	–	–
Total Revenue	207,785	2,923,966	389,791	383,808	(59,713)	3,845,637	458,171	4,303,808
Segmental Results								
Company and subsidiaries	117,804	486,299	107,056	26,033	–	737,192	756,959	1,494,151
Associates	103,640	3,461	2,828	(1,024)	–	108,905	96	109,001
Jointly-controlled entities	(36,088)	64,864	(12,485)	(1,998)	–	14,293	–	14,293
Partnership	–	–	–	(114)	–	(114)	–	(114)
Earnings before interest and taxation	185,356	554,624	97,399	22,897	–	860,276	757,055	1,617,331
Finance costs						(274,581)	(5,693)	(280,274)
Taxation						(152,020)	(9,399)	(161,419)
Profit for the year						433,675	741,963	1,175,638
Attributable to:								
Equity holders of the Company								750,510
Minority interests								425,128
Profit for the year								1,175,638

45 Segment Reporting (Group) (cont'd)

(a) Business Segments (cont'd)

	Rental and related income $'000	Trading of properties $'000	Serviced residences $'000	Fee-income and others $'000	Consolidated $'000
2005					
Continuing operations					
Significant Non-Cash Items					
– Depreciation	2,237	3,274	11,693	18,888	36,092
– Amortisation	–	–	42	–	42
– Other non-cash items +	28,415	–	(6,925)	15,781	37,271
Capital Expenditure ++	28,956	5,456	19,292	9,801	63,505

+ *The other non-cash items consist of negative goodwill on acquisition, write down in value of investment properties and share-based expenses.*

++ *The capital expenditure of the discontinued operations amounted to $14,694,000.*

Assets and Liabilities					
Segment assets	5,005,561	4,051,409	2,313,598	2,274,082	13,644,650
Investment in					
– associates	2,075,545	208,400	24,394	441,393	2,749,732
– jointly-controlled entities	598,335	422,167	77,380	81,056	1,178,938
Unallocated assets	–	–	–	–	609,733
Total Assets	7,679,441	4,681,976	2,415,372	2,796,531	18,183,053
Segment liabilities	767,562	334,149	180,494	884,354	2,166,559
Unallocated liabilities	–	–	–	–	6,988,126
Total Liabilities	767,562	334,149	180,494	884,354	9,154,685

45 Segment Reporting (Group) (cont'd)

(b) Geographical Segments

	Singapore $'000	Australia and New Zealand $'000	China $'000	Other Asia # $'000	Europe $'000	Others @ $'000	Eliminations $'000	Total continuing operations $'000	Total discontinued operations ^ $'000	Total $'000
2006										
Revenue	906,312	1,247,151	635,462	107,809	250,861	130	–	3,147,725	–	3,147,725
Earnings before interest and taxation	932,433	279,792	366,186	67,038	176,802	(207)	–	1,822,044	26,894	1,848,938
Total Assets	8,714,402	4,252,172	4,628,975	1,783,438	1,263,241	4,831	–	20,647,059	–	20,647,059
Capital Expenditure	31,949	1,980	13,346	22,217	8,456	8	–	77,956	–	77,956
2005										
Revenue	1,002,002	2,041,002	441,407	85,122	276,104	–	–	3,845,637	458,171	4,303,808
Earnings before interest and taxation	179,370	253,324	201,947	128,443	97,303	(111)	–	860,276	757,055	1,617,331
Total Assets	8,168,836	3,767,398	3,185,463	1,699,515	1,351,431	10,410	–	18,183,053	–	18,183,053
Capital Expenditure	21,251	541	28,262	582	12,869	–	–	63,505	14,694	78,199

(c) Strategic Business Units

	Retail $'000	Commercial and integrated development $'000	Financial services $'000	Residential $'000	The Ascott Group $'000	RHL Group & RCH $'000	Others and consolidation adjustments $'000	Total continuing operations $'000	Total discontinued operations ^ $'000	Total $'000
2006										
Revenue	94,614	140,804	101,222	2,354,436	478,120	4,697	(26,168)	3,147,725	–	3,147,725
Earnings before interest and taxation	221,137	372,402	61,576	692,220	210,446	279,955	(15,692)	1,822,044	26,894	1,848,938
2005										
Revenue	50,262	122,239	70,633	3,036,808	444,061	145,428	(23,794)	3,845,637	458,171	4,303,808
Earnings before interest and taxation	138,381	24,727	53,277	492,424	121,387	61,026	(30,946)	860,276	757,055	1,617,331

^ *In 2005, the discontinued operations comprised PREMAS International Limited and the hotel business of Raffles Holdings Limited which were divested in May 2005 and September 2005 respectively. The discontinued operation in 2006 related to the additional gains from the sale of hotel business.*

\# *The Group's operations in "Other Asia" include Indonesia, Hong Kong, Japan, Malaysia, Philippines, Thailand, Korea, India and Vietnam.*

@ *The Group's operations in "Others" include the United Arab Emirates, North America and Bahrain.*

46 Subsequent Event

On 20 January 2007, Raffles Holdings Limited has become an indirect wholly-owned subsidiary of the Company following the completion of the compulsory acquisition of Raffles Holdings Limited's shares.

47 New Accounting Standards and Interpretations not yet adopted

The Group has not applied the following accounting standards and interpretations that have been issued as of the balance sheet date but are not yet effective:

- FRS 40 Investment Property
- FRS 107 Financial Instruments: Disclosures and the Amendment to FRS 1 Presentation of Financial Statements: Capital Disclosures
- INT FRS 107 Applying the Restatement Approach under FRS 29 Financial Reporting in Hyperinflationary Economies
- INT FRS 108 Scope of FRS 102 Share-based Payment
- INT FRS 109 Reassessment of Embedded Derivatives
- INT FRS 110 Interim Financial Reporting and Impairment

FRS 40, which becomes mandatory for the Group's 2007 financial statements, permits investment property to be stated at either fair value or cost less accumulated depreciation and accumulated impairment losses. The Group will continue to state investment property at fair value. Under the fair value model in FRS 40, changes in fair values of investment property are required to be included in the income statement. As a result of adopting FRS 40, the Group expects to reclassify its revaluation reserve of approximately $235 million to accumulated profits on 1 January 2007.

FRS 107 and amended FRS 1, which become mandatory for the Group's 2007 financial statements, will require extensive additional disclosures with respect to the Group's financial instruments and share capital. These standards do not have any impact on the recognition and measurement of the Group's financial statements.

INT FRS 110 prohibits the reversal of an impairment loss recognised in an interim period during the financial year in respect of goodwill, an investment in an equity instrument or a financial asset carried at cost. INT FRS 110 will become mandatory for the Group's 2007 financial statements, and will apply to goodwill, investments in equity instruments, and financial assets carried at cost prospectively from the date the Group first applied the measurement criteria of FRS 36 and FRS 39 respectively (i.e. 1 January 2005). The adoption of INT FRS 110 is not expected to have a material impact on the Group's financial statements.

Other than FRS 40 and INT FRS 110, the initial application of these standards and interpretations are not expected to have any material impact on the Group's financial statements. The Group has not considered the impact of accounting standards issued after the balance sheet date.

Other Information

1. Directors' Remuneration

Number of Directors of CapitaLand Limited in Remuneration Bands:

Remuneration Bands	2006	2005
$500,000 and above	**1**	1
$250,000 to $499,999	**0**	0
Below $250,000	**11**	14
Total	**12**	15

Directors' Compensation Table for the Financial Year Ended 31 December 2006:

Directors of the Company	Salary inclusive of AWS and employer's CPF $	Bonus (paid in respect of financial year 2005) and other benefits inclusive of employer's CPF [1] $	Directors' fees inclusive of attendance fee [2] $	Total $
Payable by Company:				
Dr Hu Tsu Tau	–	–	114,700	114,700
Hsuan Owyang	–	–	149,500	149,500
Liew Mun Leong	1,093,034	4,048,206	–	5,141,240
Andrew Robert Fowell Buxton [3]	–	–	69,900	69,900
Professor Robert Henry Edelstein	–	–	67,500	67,500
Dr Victor Fung Kwok King	–	–	60,000	60,000
Richard Edward Hale	–	–	116,800	116,800
James Koh Cher Siang	–	–	119,800	119,800
Lim Chin Beng	–	–	86,274	86,274
Peter Seah Lim Huat	–	–	89,530	89,530
Arfat Pannir Selvam	–	–	116,999	116,999
Jackson Peter Tai [4]	–	–	90,000	90,000
Sub-Total 1	**1,093,034**	**4,048,206**	**1,081,003**	**6,222,243**
Payable by Subsidiaries:				
Hsuan Owyang	–	–	86,000	86,000
Andrew Robert Fowell Buxton [3]	–	–	34,103	34,103
Richard Edward Hale	–	–	90,683 [5]	90,683
Lim Chin Beng	–	–	64,000	64,000
Sub-Total 2	**–**	**–**	**274,786**	**274,786**
Total for Directors of the Company	**1,093,034**	**4,048,206**	**1,355,789**	**6,497,029**

During the year 2006, share options and conditional awards of performance shares were also granted. For details, please refer to the Directors' Report.

1. Directors' Remuneration (cont'd)

(1) *Bonuses are normally finalised, approved and paid after the financial year-end. The bonus figures shown above are on paid basis and not on accrued basis. Hence, the bonus figures shown above relate to performance for the financial year ended 31 December 2005.*

(2) *The directors' fees will only be paid upon approval by the shareholders at the forthcoming Annual General Meeting of the Company and its subsidiaries.*

(3) *Mr Andrew Robert Fowell Buxton resigned as director of the Company on 14 February 2007.*

(4) *Fees were paid to the employer company of Mr Jackson Peter Tai.*

(5) *Included back-pay of fees for financial year 2005 of $8,583.*

Directors' Compensation Table for the Financial Year Ended 31 December 2005:

Directors of the Company	Salary inclusive of AWS and employer's CPF $	Bonus (paid in respect of financial year 2004) and other benefits inclusive of employer's CPF (1) $	Directors' fees inclusive of attendance fee (2) $	Total $
Payable by Company:				
Dr Hu Tsu Tau	–	–	110,300	110,300
Hsuan Owyang	–	–	146,800	146,800
Liew Mun Leong	962,110	646,767	–	1,608,877
Andrew Robert Fowell Buxton	–	–	68,200	68,200
Professor Robert Henry Edelstein (3)	–	–	52,717	52,717
Dr Victor Fung Kwok King (3)	–	–	37,017	37,017
Richard Edward Hale	–	–	119,200	119,200
James Koh Cher Siang (3)	–	–	52,252	52,252
Lim Chin Beng	–	–	81,500	81,500
Peter Seah Lim Huat	–	–	93,300	93,300
Arfat Pannir Selvam (3)	–	–	–	–
Jackson Peter Tai (5)	–	–	99,400	99,400
Sir Alan Cockshaw (4)	–	–	27,205	27,205
Sum Soon Lim (4)	–	–	70,301	70,301
Lucien Wong Yuen Kuai (4)	–	–	114,500	114,500
Sub-Total 1	**962,110**	**646,767**	**1,072,692**	**2,681,569**
Payable by Subsidiaries:				
Hsuan Owyang	–	–	76,000	76,000
Andrew Robert Fowell Buxton	–	–	34,526	34,526
Richard Edward Hale	–	–	47,663	47,663
Lim Chin Beng	–	–	56,663	56,663
Sum Soon Lim (4)	–	–	57,000	57,000
Sub-Total 2	–	–	271,852	271,852
Total for Directors of the Company	**962,110**	**646,767**	**1,344,544**	**2,953,421**

1. Directors' Remuneration (cont'd)

During the year 2005, share options and conditional awards of performance shares were also granted. For details, please refer to the Directors' Report.

(1) *Bonuses are normally finalised, approved and paid after the financial year-end. The bonus figures shown above are on paid basis and not on accrued basis. Hence, the bonus figures shown above relate to performance for the financial year ended 31 December 2004.*

(2) *The directors' fees were approved by the shareholders and had since been paid.*

(3) *Professor Robert Henry Edelstein and Dr Victor Fung Kwok King were appointed directors of the Company on 5 May 2005. Mr James Koh Cher Siang and Mrs Arfat Pannir Selvam were appointed directors of the Company on 1 July 2005 and 2 January 2006 respectively.*

(4) *Sir Alan Cockshaw, Mr Sum Soon Lim and Mr Lucien Wong Yuen Kuai resigned as directors of the Company on 6 May 2005, 1 August 2005 and 2 January 2006 respectively.*

(5) *Fees were paid to the employer company of Mr Jackson Peter Tai.*

2. Executives' Remuneration

Remuneration Data (for employees earning $500,000 and above) for financial year ended 31 December 2006:

Total Compensation Bands	Total Number of Employees
$500,000 to $749,999	4
$750,000 to $999,999	1
$1,000,000 to $1,249,999	–
$1,250,000 to $1,499,999	4
$1,500,000 to $1,749,999	1
$1,750,000 to $1,999,999	–
$2,000,000 to $2,249,999	2
$2,250,000 to $2,499,999	1
$2,500,000 to $2,749,999	1
$2,750,000 to $2,999,999	1
> $3,000,000	2
Total	**17**

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.

3. Directors' Interests in Contracts Entered with the Group

During the year, Mr Liew Mun Leong, a director of the Company, together with two of his family members, bought three units in Beau Monde (one of the Group's projects in China) for RMB4,721,548 (approximately S$953,753). The Audit Committee had approved the said sale and the Board had also reviewed the transaction and was satisfied that the terms of the transaction were fair and reasonable, and were not prejudicial to the interests of the Company and its minority shareholders.

In addition, the following professional fees were paid or payable to certain directors (including former directors) and/or to firms in which they are members and/or have a substantial financial interest:

	The Group		The Company	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Lucien Wong Yuen Kuai [1]:				
Paid or payable to Allen & Gledhill	–	2,127	–	95
Sir Alan Cockshaw [1]:				
Paid or payable to Shawbridge Management Limited and/or Sir Alan Cockshaw	–	17	–	17
Andrew Robert Fowell Buxton [2]:				
Paid or payable to ARF Buxton Financial Consultancy and/or Andrew Robert Fowell Buxton	–	29	–	–

(1) *Sir Alan Cockshaw and Mr Lucien Wong Yuen Kuai resigned as directors of the Company on 6 May 2005 and 2 January 2006 respectively.*

(2) *Mr Andrew Robert Fowell Buxton resigned as director of the Company on 14 February 2007.*

4. Interested Person Transactions

Interested person transactions carried out during the financial year which fall under Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited are as follows:

	$'000
Transactions for the Sale of Goods and Services:	
Temasek Holdings (Private) Limited and its associates	25,782
Transactions for the Purchase of Goods and Services:	
Temasek Holdings (Private) Limited and its associates	210
Singapore Technologies Engineering Limited and its associates	198
Investment and Divestment:	
Temasek Holdings (Private) Limited and its associates	35,883
Directors and Their Associates:	
Transactions with Liew Mun Leong (Please refer to Item 3 of "Other Information" section on Directors' Interests in Contracts entered with the Group)	954

Shareholding Statistics

As At 6 March 2007

Share Capital Fully Paid

S$4,320,246,857.33 (comprising 2,790,179,477 fully paid Ordinary Shares; voting rights: one vote per share)

Twenty Largest Shareholders

As shown in the Register of Members and Depository Register

	Name	No. of Shares	%
1	Temasek Holdings (Private) Limited	1,120,469,427	40.16
2	DBS Nominees (Private) Limited	637,038,063	22.83
3	Citibank Nominees Singapore Pte Ltd	202,845,684	7.27
4	DBSN Services Pte. Ltd.	176,910,935	6.34
5	Raffles Nominees (Pte.) Limited	146,990,092	5.27
6	HSBC (Singapore) Nominees Pte Ltd	143,055,694	5.13
7	United Overseas Bank Nominees (Private) Limited	87,008,908	3.12
8	Lee Pineapple Company (Pte) Limited	30,000,000	1.08
9	DB Nominees (Singapore) Pte Ltd	11,840,052	0.42
10	Raffles Investments Limited	9,066,400	0.32
11	OCBC Nominees Singapore Private Limited	7,953,971	0.28
12	Pei Hwa Foundation Limited	7,713,557	0.28
13	Morgan Stanley Asia (Singapore) Securities Pte Ltd	5,937,869	0.21
14	Macquarie Securities (Singapore) Pte. Limited	5,378,599	0.19
15	Societe Generale Singapore Branch	4,631,014	0.17
16	Merrill Lynch (Singapore) Pte. Ltd.	4,292,141	0.15
17	BNP Paribas Nominees Singapore Pte Ltd	3,875,680	0.14
18	NTUC Fairprice Co-operative Ltd.	2,300,000	0.08
19	Royal Bank of Canada (Asia) Limited	2,173,000	0.08
20	Phillip Securities Pte Ltd	1,660,375	0.06
	Total	**2,611,141,461**	**93.58**

Substantial Shareholder

As shown in the Register of Substantial Shareholders as at 6 March 2007

Name of Substantial Shareholder	No. of ordinary shares in which substantial shareholder has a direct interest	No. of ordinary shares in which substantial shareholder is deemed to have an interest
Temasek Holdings (Private) Limited	1,120,469,427	78,143,000 [1]

Note:

[1] *By virtue of Section 7 of the Companies Act, Cap. 50 of Singapore, Temasek Holdings (Private) Limited ("Temasek") is deemed to have an interest in 78,143,000 ordinary shares in which Temasek's subsidiary 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	1,153	4.43	522,503	0.02
1,000 – 10,000	22,229	85.41	69,407,016	2.49
10,001 – 1,000,000	2,617	10.06	101,374,115	3.63
1,000,001 and above	26	0.10	2,618,875,843	93.86
Total	**26,025**	**100.00**	**2,790,179,477**	**100.00**

Approximately 56.93% 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 Friday, 27 April 2007 at 10.30 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 2006 and the Auditors' Report thereon.

2 To declare the following dividends for the year ended 31 December 2006:

(a) a first and final dividend of 7.00 cents per share, of which up to 3.97 cents will be less Singapore income tax at 18% and the balance will be 1-tier; and
(b) a special 1-tier dividend of 5.00 cents per share.

3 To approve Directors' fees of S$1,081,003 for the year ended 31 December 2006. (2005: S$1,072,692)

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 Hsuan Owyang
(iii) Mr Lim Chin Beng

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 Liew Mun Leong
(ii) Mr Richard Edward Hale
(iii) Mr Peter Seah Lim Huat

6 To re-elect Professor Kenneth Stuart Courtis, a Director, who is retiring pursuant to Article 101 of the Articles of Association of the Company and who, being eligible, offers himself for re-election.

7 To re-appoint Messrs KPMG as Auditors of the Company and to authorise the Directors to fix their remuneration.

8 To transact such other ordinary business as may be transacted at an Annual General Meeting of the Company.

AS SPECIAL BUSINESS

9 To consider and, if thought fit, to pass with or without any modification, the following resolutions as Ordinary Resolutions:

9A 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 issued shares in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a *pro rata* basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed twenty per cent. (20%) of the issued shares in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited ("SGX-ST")) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the percentage of issued shares shall be based on the number of issued shares in the capital of the Company at the time this Resolution is passed, after adjusting for:

(i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and
(ii) any subsequent consolidation or subdivision of shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the 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.

9B That the Directors be and are hereby authorised to:

(a) offer and grant options in accordance with the provisions of the CapitaLand Share Option Plan ("Share Option Plan") and/or to grant awards in accordance with the provisions of the CapitaLand Performance Share Plan ("Performance Share Plan") and/or the CapitaLand Restricted Stock Plan ("Restricted Stock Plan") (the Share Option Plan, the Performance Share Plan and the Restricted Stock Plan, together the "Share Plans"); and

(b) allot and issue from time to time such number of shares in the Company as may be required to be issued pursuant to the exercise of options under the Share Option Plan and/or such number of fully paid shares in the Company as may be required to be issued pursuant to the vesting of awards under the Performance Share Plan and/or the Restricted Stock Plan,

provided that the aggregate number of shares to be issued pursuant to the Share Plans shall not exceed fifteen per cent. (15%) of the total issued shares in the capital of the Company from time to time.

By Order of the Board

Low Sai Choy
Company Secretary

Singapore
23 March 2007

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 item 2 under the heading "As Ordinary Business", the Company intends to use, to the maximum practicable extent possible, its Section 44A credit balance for the proposed first and final dividend. **Purely for illustrative purposes**, based on the Company's Section 44A credit balance available (which is subject to finalisation by the Inland Revenue Authority of Singapore) as at 31 December 2006 and the number of issued shares in the capital of the Company as at that date, and assuming that there is no change to its Section 44A credit balance and no increase in the number of issued shares between 31 December 2006 and the books closure date (being 5 p.m. on 11 May 2007) for determining entitlements to the above dividend (the "BCD"), the proposed first and final dividend of 7.00 cents per share would comprise:

   (i) 3.97 cents per share (less tax at 18%); and

   (ii) 3.03 cents per share (one-tier).

   The exact amount of the franked and one-tier components of the first and final dividend will be announced by the Company as soon as practicable after the BCD.

2 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 Investment Committee; Mr Hsuan Owyang will, upon re-appointment, continue to serve as Chairman of Finance and Budget Committee, Deputy Chairman of Investment Committee and Member of Executive Resource and Compensation Committee and Nominating Committee; and Mr Lim Chin Beng will, upon re-appointment, continue to serve as Chairman of Executive Resource and Compensation Committee and Nominating Committee. Dr Hu, Mr Owyang and Mr Lim are considered as independent Directors.

3 In relation to items 5(i), (ii) and (iii) under the heading "As Ordinary Business", Mr Liew Mun Leong will, upon re-election, continue to serve as Member of Finance and Budget Committee, Corporate Disclosure Committee, Investment Committee and Nominating Committee; Mr Richard Edward Hale will, upon re-election, continue to serve as Chairman of Audit Committee and Member of Risk Committee; and Mr Peter Seah Lim Huat will, upon re-election, continue to serve as Member of Executive Resource and Compensation Committee and Nominating Committee. Mr Liew is the President and CEO of the Company, Mr Hale is considered as an independent Director while Mr Seah is considered a non-independent Director.

4 In relation to item 6 under the heading "As Ordinary Business", Article 101 of the Company's Articles of Association permits the Directors to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the next following Annual General Meeting, and shall then be eligible for re-election. Professor Kenneth Stuart Courtis was appointed on 14 February 2007 and is seeking re-election at the forthcoming Annual General Meeting. Professor Courtis is considered as an independent Director.

Additional information relating to the Notice of Annual General Meeting: (cont'd)

5 Ordinary Resolution No. 9A under the heading "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 issued shares in the capital of the Company with a sub-limit of twenty per cent. (20%) for issues other than on a *pro rata* basis. For the purpose of determining the aggregate number of shares that may be issued, the percentage of issued shares will be calculated based on the number of issued shares in the capital of the Company at the time that Ordinary Resolution No. 9A 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. 9A is passed and (b) any subsequent consolidation or subdivision of shares.

6 Ordinary Resolution No. 9B under the heading "Special Business", if passed, will empower the Directors to offer and grant options and/or grant awards under the CapitaLand Share Option Plan, the CapitaLand Performance Share Plan and the CapitaLand Restricted Stock Plan, and to allot and issue shares pursuant to the exercise of such options and/or vesting of such awards, provided that the aggregate number of shares to be issued does not exceed fifteen per cent. (15%) of the issued shares in the capital of the Company from time to time.

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 Friday, 27 April 2007 at 10.30 a.m., and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the 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 Hsuan Owyang as Director		
4(iii)	Re-appointment of Mr Lim Chin Beng as Director		
5(i)	Re-election of Mr Liew Mun Leong as Director		
5(ii)	Re-election of Mr Richard Edward Hale as Director		
5(iii)	Re-election of Mr Peter Seah Lim Huat as Director		
6	Re-election of Professor Kenneth Stuart Courtis as Director		
7	Re-appointment of Auditors		
8	Any Other Business		
	SPECIAL BUSINESS		
9A	Authority for Directors to issue shares and to make or grant instruments pursuant to Section 161 of the Companies Act, Cap. 50		
9B	Authority for Directors to offer and grant options and/or 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 _____ 2007.

Total number of shares held:

_____

Signature(s) of Member(s) / Common Seal

IMPORTANT: PLEASE READ NOTES TO PROXY FORM ON REVERSE PAGE

3rd fold here, glue along the dotted line and fold flap

Affix postage stamp

CapitaLand Limited
c/o M & C Services Private Limited
138 Robinson Road
#17-00 The Corporate Office
Singapore 068906

2nd fold here

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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Fax +65 6225 6157
Engagement Partner since financial year ended 31 December 2005:
Eng Chin Chin

An Epigram Design and Production

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

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