Leading Franchise, Robust Balance Sheet

May 2009
This presentation may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, availability of real estate properties, competition from other companies and venues for the sale/distribution of goods and services, shifts in customer demands, customers and partners, changes in operating expenses, including employee wages, benefits and training, governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward looking statements, which are based on current view of management on future events.
Contents

• Understanding CapitaLand
  – Strategic Principles
  – Transformation

• Overview
  – Corporate Structure
  – Franchise & Financial Strength
  – Business Model

• Delivering Quality Real Estate
Understanding CapitaLand

A corporate culture that focuses on:

- People
- Alignment of Corporate Culture & Strategy
- Passion for Quality Real Estate
- Shareholder Return Focus
- Capital Management
- Business Model
- Bias for Action
- Execution Discipline
The old cliché…

What are the 3 key things to focus on in Real Estate?

Location. Location. Location.
Important, but not the FIRST thing.

Location. Location. Location.
For CapitaLand it’s:

**People. People. People.**

- Strategy.
- Location. Quality.
- Execution Discipline.
Committed to “Building People”

• **Strong Organisational Alignment & Resonance**
  – Through Communication & Culture

• **Graduate Development Programme**
  – Young. Smart. Hunger to Experience & Learn on the job.

• **“CLIMB”**
  – *CapitaLand Institute for Management and Business*

• **Internal Transfers**
  – 2 year “rule”: Keep fresh. Keep the best.

• **Mid Career Hires**
  – Various Disciplines

• **RE100**
  – 100 hours Real Estate Conversion Course
Real Estate is a Capital Intensive Industry

Large Capital Requirements.
Lumpy & Illiquid Assets.
Cyclical.

Capital Management is a Critical Strategic Component of Execution
Real Estate is a Capital Intensive Industry

Most RE franchise failures have been failures of Capital Management, NOT Business

Grow Aggressively - But Protect the Downside.
Capital Management is **NOT** Treasury Management

It includes many aspects:

- Asset Liquidity*
- Asset Returns
- Capital Allocation*
- Capital Recycling
- Capital Structure
- Sources of Capital
- Matching Capital with Assets
- Risk Management Process*
- Business Model Design
- Financial Flexibility*
- Entity Structure
- Sector Focus*
- Setting of KPI’s*
- Tax Planning
- Strategic Investor Relations*
- Reputation in the Capital Markets
Focus on TSR* - implications for Capital Management

\[ \text{ROE} = \text{ROTA} + \text{Capital Mgmt} \]

- Drives TSR
- DECENTRALISED Operating Performance
- CENTRALISED Capital Mgmt & Policy

*TSR = Total Shareholder Returns*
Liquidity

- **Invisible but critical**
  - Like oxygen.
  - Only realise importance when you don’t have it.

- **Crisis shows liquidity was mispriced**
  - Forgotten relationship between price and liquidity

- **Liquidity is not just cash and undrawn facilities**
  - Asset liquidity
  - “Invisible” capacity of credit markets
  - Reputation in capital markets
Another common saying...

Buy Low.    Sell High.
In practice you need to do the reverse...

Sell High.  Buy Low.
RE Businesses “Make” Money in a Downturn

Sell High.  Buy Low.

All can prosper in an up-cycle. Few can buy in a downturn.

Don’t miss the window of liquidity in the Real Estate up-cycle… otherwise you don’t have the capacity to plant future “seeds” of profit.
People First.
In Summary

Passionate about Real Estate.
Unemotional about Assets.
Aggressive in Business.
Conservative in Capital Management.
3 Certainties: Death, Taxes & The Real Estate Cycle.
Liquidity is Invisible, but Critical.

Financial Flexibility is a Strategic Advantage
In Summary

Build and Protect Reputation.

Quality Real Estate.
Trusted Custodian of Capital.
Transformation 2000-2008
## 2000 to 2008: Business Transformation

<table>
<thead>
<tr>
<th>Metric</th>
<th>2000</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue Under Management</td>
<td>S$2.9b</td>
<td>S$5.9b</td>
</tr>
<tr>
<td>Overseas EBIT Contribution</td>
<td>23% = S$173m</td>
<td>60% = S$1,323m</td>
</tr>
<tr>
<td>No. of Cities</td>
<td>33</td>
<td>123</td>
</tr>
<tr>
<td>Listed REITs &amp; RE Funds</td>
<td>1</td>
<td>22</td>
</tr>
<tr>
<td>Assets Under Management</td>
<td>S$265m</td>
<td>S$25.9b</td>
</tr>
<tr>
<td>No. of Retail Malls (Optg+Pipeline)</td>
<td>7 (7+0)</td>
<td>95 (54+41)</td>
</tr>
<tr>
<td>Units of Serviced Residences</td>
<td>about 6,000</td>
<td>about 25,000</td>
</tr>
</tbody>
</table>
### 2000 to 2008: Financial Strength

<table>
<thead>
<tr>
<th>Metric</th>
<th>2000</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBIT</td>
<td>S$754m</td>
<td>S$2,214m</td>
</tr>
<tr>
<td>PATMI</td>
<td>-S$287m</td>
<td>S$1,260m</td>
</tr>
<tr>
<td>ROE</td>
<td>1.5%</td>
<td>12.2%</td>
</tr>
<tr>
<td>Cash</td>
<td>S$879m</td>
<td>S$4.2b</td>
</tr>
<tr>
<td>Net Debt / Equity</td>
<td>0.92x</td>
<td>0.47x</td>
</tr>
<tr>
<td>Interest Cover Ratio</td>
<td>1.8</td>
<td>5.0</td>
</tr>
</tbody>
</table>

Total Profits After Tax and Minorities (2000 to 2008) = S$5.9 billion
A Multi-National Footprint

About 120 cities in over 20 countries, across Asia Pacific, Europe & the Gulf Cooperation Council (GCC) countries
• Launch RE Financial Services (CFL)
  – Journey of gaining expertise in broad Capital Markets

• Re-launch first S-REIT (CapitaMall Trust)
  – Lesson of perseverance & execution discipline

• Spin-off CCT
  – 2 REITs to make a trendline…(now 5 REITs)

• Exit Hotel Business
  – Non-emotional. Signaled seriousness.
  – Unlock capital for:
Key Decisions in Transformation...pg 2

• Focused Growth: Re-allocation of Capital
  – Fund Management
  – China Platform
  – Asian Retail Mall Platform
  – Global Serviced Residences
Key Decisions in Transformation...pg 3

• 2 Principles of Pre-emptive Capital Management
  – Raise capital when you don’t need it.
  – Don’t squeeze the Orange. Grow the Orchard.

  – Develop good reputation / track record in Capital Markets
  – S$2.7bn of cheap Convertible Bonds issuance
  – Divestment of bulk of office portfolio at peak
  – De-lever and high cash at cycle peak.

• Pre-emptive Rights Issue
  • Emphatically strong B/S.
  • Very liquid stock.
Corporate Structure - Multi-Sector Skill Sets

- Strong core skill sets in real estate development and management across the residential, commercial, retail and serviced residences segments
- Value added financial services arm

<table>
<thead>
<tr>
<th>Australia</th>
<th>Residential S’pore</th>
<th>China</th>
<th>Retail</th>
<th>Commercial</th>
<th>ILEC</th>
</tr>
</thead>
<tbody>
<tr>
<td>59.3%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

- **Other Listed Entities**
- * Integrated, Leisure, Entertainment & Conventions
- **CL completed compulsory acquisition of The Ascott Group on 28 April 2008**
Complete Real Estate Value Chain

- Investor
- Developer
- Manager
- Operator
- Financial Advisor
- Fund Manager

Flow:
- Investor → Fund Manager
- Fund Manager → Financial Advisor
- Financial Advisor → Operator
- Operator → Manager
- Manager → Developer
- Developer → Investor

Fees:
- DPU
- Project Mgmt Fee
- Asset Mgmt Fee
- Property Mgmt Fee
- Advisory Fee
- Fund Mgmt/ Acquisition Fee

Profits:
- Development Profits
Business Model Focuses on Capital Productivity

[Diagram showing stages of real estate development and corresponding risks and value added.]
Capital Management Framework
Trusted Intermediary – Matching Capital & Risk

Investors → CapitaLand Franchise → RE Assets

Shareholders → CapitaLand → Real Estate Investments
Capital Management Framework
Trusted Intermediary – Matching Capital & Risk

Investors

Shareholders → CapitaLand → Corporate JV’s → RE Projects & Assets

JV Partners

CapitaLand Franchise

RE Assets

Real Estate Investments
A few points:

- **Capital Recycling**
  - The dirty little secret: ALL RE businesses must recycle capital
  - Strongly articulated & executed by the Group

- **REITs**
  - Alive and well
  - Still most tax-efficient way to own stable Real Estate
  - First cyclical downturn, part of S-REITs “growing up”
  - Reduced systemic risk for Singapore
  - Sponsored REIT model has strengths
Strong Position Heading into the Downturn

- Net Debt
- Cash
- Equity

Year:
- 2000
- 2001
- 2002
- 2003
- 2004
- 2005
- 2006
- 2007
- 2008
- 1Q09

S$ billion:
- 0
- 2
- 4
- 6
- 8
- 10
- 12
- 14
- 16
Financial Flexibility now a Strategic Differentiator

- Rights Issue raised S$1.8 billion in 1Q09
- Positioned to take advantage of unique market opportunities ahead

In current environment, competitive positioning can be assessed along 2 axes:

Business Franchise & Financial Flexibility

Growth and strategic initiatives constrained

Strong Franchise

High Financial Flexibility

Serious survival challenges

Core business likely to hamper growth

+ FINANCIAL FLEXIBILITY

Preferred Quadrant

CapitaLand Presentation *May 2009*
Enhanced Financial Strength after Rights Issue

**Improved Gearing**
- FY04: 0.71
- FY05: 0.50
- FY06: 0.58
- FY07: 0.47
- FY08: 0.47
- 1Q09: 0.32

**Strong Liquidity**
- FY04: $1.9 billion
- FY05: $2.1 billion
- FY06: $2.7 billion
- FY07: $4.4 billion
- FY08: $4.2 billion
- 1Q09: $5.5 billion
Positioned for Next Phase of Growth

- **Continue to focus on core markets**
  - Singapore; China; Australia

- **Extend leadership position in core businesses**
  - Residential, commercial, retail, serviced residences, integrated developments and real estate financial services

- **Further enhance financial flexibility**
  - Environment presents unique opportunity to extend market leadership
  - Take advantage of market opportunities

- **Leverage on financial services expertise**
  - Capitalise on dislocation and distressed situation in real estate markets

- **Improve efficiency and build human capital**
  - Review operational & administrative costs and nurture human capital
8 Year Journey to Leading Franchise

Market Leadership

Geographical Footprint

Financial Strengths

Leverage on Winning Competencies

Seize Opportunities

In Asia
- One of Asia’s LARGEST Real Estate Companies

In China
- LEADING Foreign Real Estate Developer In China
- LARGEST Retail Mail Owner/Manager In Asia
- LARGEST International Serviced Residence Owner-Operator

Shopping Malls

Serviced Residences

REITS/PE Funds
- LEADING Asia-Based RE Fund & REIT Manager

About 120 Cities in Over 20 Countries

Strong Liquidity

Low Leverage

Complete Real Estate Value Chain
We are an investor, developer, operator, manager, and financial adviser, in a complete value-chain proposition

Growth in Asia

Strategic Partnerships

Undervalued Quality Assets

CapitaLand Presentation *May 2009*
Delivering Quality Real Estate
Scotts HighPark, Singapore
RiverGate, Singapore
The Vista, Ho Chi Minh City
Wilkie Edge, Singapore
One George Street, Singapore
The Orchard Residency, Mumbai
Raffles City Chengdu
Raffles City Hangzhou
Integrated Civic, Cultural, Retail & Entertainment Hub @ Vista Xchange, one-north, Singapore
ION Orchard, Singapore
Thank You