Financial Transformation
Building Value Through Capital Management
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October 2010
Disclaimer

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.
**Post merger position in 2000**

<table>
<thead>
<tr>
<th>Category</th>
<th>FY 2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weak profitability</td>
<td>(Net Loss)</td>
</tr>
<tr>
<td></td>
<td>(S$287m)</td>
</tr>
<tr>
<td>Low returns on capital</td>
<td>ROE</td>
</tr>
<tr>
<td></td>
<td>(4.2%)</td>
</tr>
<tr>
<td>Singapore centric</td>
<td>Proportion of Overseas Assets</td>
</tr>
<tr>
<td></td>
<td>25%</td>
</tr>
<tr>
<td>High Borrowings</td>
<td>Debt / Equity</td>
</tr>
<tr>
<td></td>
<td>0.92x</td>
</tr>
<tr>
<td>Low Cash</td>
<td>Cash</td>
</tr>
<tr>
<td></td>
<td>S$879m</td>
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</tbody>
</table>
A decade of transformation
Some key thrusts

- **Build People**
  - Nurture & Grow Talent
- **Focus**
  - Real Estate: The Entire Value Chain
- **Balance**
  - Sector and Geographic Portfolio Mix
- **Scale**
  - Size is a Competitive Strength in RE
- **Multi-Local**
  - Expand Overseas, but Localise

**Proactive Capital Management**
- Capital Productivity
- Embrace Global Capital Market trends
Real Estate Industry Context

• Capital Intensive
  Need a lot of $$$

• Not liquid
  Need holding power, & funding liquidity

• Cyclical
  Need timing, conviction, & financial flexibility
History of RE industry:

Those companies that have faced severe difficulties in the past generally:

NOT because of business problems…

…but because of problems with gearing or capital management.
Key Principle: Aggressive yet Disciplined

We are aggressive in building our business.

Yet disciplined and conservative with our balance sheet & capital management.

Take Business Risk.
Minimize Liquidity Risk.
Shareholder Value: Both Sides of the Coin

Land / Real Estate
- High Quality Real Estate
  (RE Value Chain)

Capital
- Pro-Active Capital Mgmt
  (Financial Discipline)
A Trusted Intermediary

Adding Value across the entire RE Value Chain,

and matching the Right Capital with the Right Real Estate
Sustainable Returns

• Achieve good returns for shareholders

• Building a strong and lasting company
...thus, a few key objectives:

• How can we make our assets work harder?

• How to maintain flexibility and safety?
Our track record:

• Capital Recycling Discipline

• Pro-active Capital Management to generate safety and Financial Flexibility… ...or “Option Value”

• Enables us to be nimble, quick to adjust and take advantage of market environment and different opportunities
Creating Shareholder Value

begins with

Creating Real Estate Value
Creating Value from Real Estate

- Land Purchase
- Approvals
- Construction
- Leasing
- Operating
- Investment

- Market Risk
- Liquidity Risk
- Completion Risk
- Funding
- Design & Approvals

REAL ESTATE ASSET VALUE

VALUE CREATION

HIGHER VALUE CREATION
Capital recycling increases capital productivity

REAL ESTATE ASSET VALUE

Market
Liquidity
Completion
Funding
Design & Approval

CASH

Land Purchase Approvals Construction Sale

Sell to Mkt or Offer to REITs

CMT
CCT
CRCT
CMMT
ART
QCT
15 PE Funds

HIGHER VALUE CREATION

SELL TO MKT OR OFFER TO REITS

15 PE FUNDS

CASH
CapitaLand has been a pioneer of SREITs

- Most tax efficient vehicle to hold investment properties
- Focused strategies in specific sectors and geographies
- Transforms chunky assets into small bite sizes – “Liquid Real Estate”
- Unlocks capital for CapitaLand to re-invest into development work

6 sponsored REITs with an aggregate market capitalization of S$30bn
Total Returns* achieved by our S-REITs

- **CapitaMall Trust**
  - Listed: Jul 2002
  - Total Return*: 400%

- **CapitaCommercial Trust**
  - Listed: May 2004
  - Total Return*: 136%

- **CapitaRetail China Trust**
  - Listed: Dec 2006
  - Total Return*: 41%

- **Ascott Residence Trust**
  - Listed: Mar 2006
  - Total Return*: 40%

*Source: Bloomberg
(Total Returns measures the both capital gains and dividend distributed (assuming dividends are reinvested in the security)
Different strokes, for Different folks!

FOCUS: Development Risk
Development Profit, Lower Yield

CapitaLand

FOCUS: Stabilised Properties
Low Development Risk, Higher Yield

CapitaMalls Asia

CCT
QCT
ART
CMT
CRCT
CMMT

Australand
The benefits of CL sponsored REITs

• Strong sponsor creates opportunities for organic pipeline for growth and market deal flow.

• Sharing of expertise and deep knowledge of markets

• CapitaLand retains significant Sponsor stake to ensure alignment & participation in growth of the REITs
Proactive Capital Management, Capital Recycling, REITs and Funds have given us a Capital Efficient way to expand.
Market Capitalisation S$ million

Jan 2002
CapitaLand
$4,807

ALZ
$925
63%

TAG
$472
70%

Raffles
$874
60%

Total = $7.1 bn
Net common holdings = $5.6 bn
CapitaLand

$17,557

(Market Cap)

1 Oct 2010

CMT

$6,113

CMA

$8,118

CRCT

$774

CMMT

$590

ALZ

$1,949

ART

$756

QCT

$164

Market Capitalisation $S$ million

Total = $S$39.2 bn

Net common holdings = $S$28.8 bn
Building a strong and lasting company
Diversify Sources of Funding – Grow the Orchard Don’t Squeeze the Orange

- Use appropriate source
- Pay attention to market “Rhythm”
- Be aware of invisible capacity
- Extend debt maturities
- Nurture each source of capital
- Maintain good reputation
- Investor relations with all investors
## Strength in Diversity - Sources of Funding

<table>
<thead>
<tr>
<th>Source</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bond Issues</td>
<td>Raised over S$5.5bn of Convertible Bonds and over S$3bn of Bonds since 2002</td>
</tr>
<tr>
<td>Private Equity / REITS</td>
<td>2\textsuperscript{nd} largest RE fund manager with total Assets Under Management of S$26.6bn</td>
</tr>
<tr>
<td>Rights Issues</td>
<td>5 equity issues in ‘08/’09 raised ~ S$5 bn (CapitaLand, CMT, CCT &amp; Australand)</td>
</tr>
<tr>
<td>IPO</td>
<td>Listed CapitaMalls Asia in 2009, raising S$2.8bn</td>
</tr>
</tbody>
</table>
Capital Management milestones in past 12 months

- S$1.2b 7-year CB issued last year was the largest in Asia in 2009
- Recycled S$2.8bn capital via CMA IPO – largest Singapore IPO in 16 years
- Re-invested in China by acquiring OODL business
  – largest M&A deal ever by a real estate company in Singapore
- CMA recycled capital in Malaysia via the CMMT IPO
- CMA also recycled capital via the sale of Clarke Quay to CMT
- CMT successfully launched the S-REIT market’s first ever Euro MTN deal
  – US$500m “benchmark” deal.
- CCT divested 2 office buildings in ongoing efforts to reconstitute portfolio.
Aggressive Growth, Disciplined Financial Management

- Low gearing of 0.28x and healthy cash reserves of S$4.9b
- Capacity to seek strategic investments
- Remain disciplined in our investment management

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1 Dividend & distributions totaled S$3.2b since merger in Nov 2000. Rights issue of S$1.8bn in 1Q09.

CapitaLand Presentation *October 2010*
Where are we now?
### Achievement in 10 years

<table>
<thead>
<tr>
<th>Category</th>
<th>FY 2000</th>
<th>1H 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Record 4 yrs of profits above S$1bn</td>
<td>(S$287m)</td>
<td>S$592m</td>
</tr>
<tr>
<td>Productive return of capital</td>
<td>(4.2%)</td>
<td>8.8%*</td>
</tr>
<tr>
<td>Geographically diversified</td>
<td>25%</td>
<td>65%</td>
</tr>
<tr>
<td>Strong financials</td>
<td>0.92x</td>
<td>0.28x</td>
</tr>
<tr>
<td>Cash to tap on opportunities</td>
<td>S$0.9bn</td>
<td>S$4.9bn</td>
</tr>
</tbody>
</table>

*Straight annualization*
Track Record: 2000 - 2009

Total Net Profit: S$7.0bn

Total distribution to shareholders: S$3.2bn

Total Shareholder Return: S$11.9bn, up 172%
CapitaLand outperforms the Index

Total Return: 172% (S$11.9bn) since inception

Benchmark Index Nov 2000 = 100

CapitaLand

Straits Times Index

Source: Bloomberg
Ready for the next decade
Thank you