Positioning CapitaLand’s Financials For Growth

Arthur Lang, Group CFO

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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.
Overview

Sustainable ROE With A Robust Capital Structure

Balance Sheet And Capital Management

PATMI Considerations

Counter-Cyclical Investing
Balance Sheet And Capital Management: Initial Thoughts

- Diversify debt sources, maturities, and currencies
- Make capital more efficient and "flexible"
- Optimise finance costs
- Monitor total group debt

- Sustainable Capital Structure
- An implied "A-area" rating company
# PATMI Considerations: Some Initial Thoughts

<table>
<thead>
<tr>
<th>ROE</th>
<th>PATMI Composition</th>
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<tbody>
<tr>
<td>- Focus on long-term, 3 year rolling ROE</td>
<td>- Profitability largely from business fundamentals and operations (realised vs</td>
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<tr>
<td>- Comparable to peers</td>
<td>unrealised PATMI)</td>
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<tr>
<td>- Meets, or exceeds, investor expectations</td>
<td>- One-off cost cutting efforts help, but only in the short term</td>
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<td></td>
<td>- Stable income stream helps to buffer any volatility (trading vs. non-trading)</td>
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Our Performance - PATMI & ROE


* Restated due to change in accounting policy and adoption of new accounting standards
Historical PATMI Composition


- Expected To Increase Contribution From Operating Profits

<table>
<thead>
<tr>
<th>Year</th>
<th>Operating Profits</th>
<th>Portfolio gains</th>
<th>Revaluations/Impairments</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2007</td>
<td>9%</td>
<td>73%</td>
<td>17%</td>
</tr>
<tr>
<td>FY 2008</td>
<td>28%</td>
<td>50%</td>
<td>22%</td>
</tr>
<tr>
<td>FY 2009</td>
<td>62%</td>
<td>93%</td>
<td>5%</td>
</tr>
<tr>
<td>FY 2010*</td>
<td>50%</td>
<td>30%</td>
<td>20%</td>
</tr>
<tr>
<td>FY 2011</td>
<td>33%</td>
<td>46%</td>
<td>21%</td>
</tr>
<tr>
<td>FY 2012</td>
<td>40%</td>
<td>39%</td>
<td>21%</td>
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Counter- Cyclical Investing: Some Initial Thoughts

- Growth cannot stop
- Strategic overlay in investing
- Long gestation period for properties under development (PUDs VS. IP)
- Continue to invest even during market downturn
Factors for Consideration

**Project Returns**
- Project must generate high enough IRRs to meet hurdle rate and hence achieve target ROE

**Hurdle Rate**
- Must be realistic
- Not too high…
  - reduce competitiveness
- Not too low…
  - ROE targets

**Strategic Overlay**
- Reflects Group’s strategy
- Senior management decision to invest counter-cyclically

Framework To Support Management’s Ultimate Investment Decision & Strategic Direction
Summary

- Increased cash “fluidity” and diversified debt give more visibility for lower cash buffer and increased capital allocation to profitable projects
- Operating profits to have a higher contribution of PATMI
- Good mix of PUD with IP ensure steady pipeline for future growth
- Maintain a sustainable and flexible capital structure

Positioning CapitaLand For Growth
Thank You