

BUILDING  
PEOPLE.  
BUILDING  
COMMUNITIES.

# BUILDING PEOPLE. BUILDING COMMUNITIES.

Since its formation in 2000, CapitaLand has grown to become a leading real estate company in Asia Pacific with total real estate assets under management in excess of S\$76.8 billion as at end 2015. The Company holds leading positions along the entire real estate value chain as an investor, a developer, a manager, an operator and a fund manager. It has a balanced portfolio across integrated developments, shopping malls, serviced residences, offices and homes in both mature and growth markets, with a global presence in 146 cities across 27 countries. The Company leverages its significant scale to deliver quality products and services to its customers, and continues to attract talent and partnership to strengthen its leadership position.

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## Corporate Profile

CapitaLand is one of Asia's largest real estate companies headquartered and listed in Singapore. The company leverages its significant asset base, design and development capabilities, active capital management strategies, extensive market network and operational capabilities to develop high-quality real estate products and services. Its diversified global real estate portfolio includes integrated developments, shopping malls, serviced residences, offices and homes. Its two core markets are Singapore and China, while Indonesia, Malaysia and Vietnam have been identified as new growth markets. The company also has one of the largest real estate fund management businesses with assets located in Asia.

CapitaLand's listed real estate investment trusts are CapitaLand Mall Trust, CapitaLand Commercial Trust, Ascott Residence Trust, CapitaLand Retail China Trust and CapitaLand Malaysia Mall Trust.

### Vision

To be a leading global enterprise that enriches people and communities through high-quality real estate products and services.

### Mission

**Customers:** We create great customer value and experiences through high-quality products and services.

**People:** We develop high-performing people and teams through rewarding opportunities.

**Investors:** We deliver sustainable shareholder returns and build a strong global network of capital partners.

**Communities:** We care for and contribute to the economic, environmental and social development of communities.

### Core Values

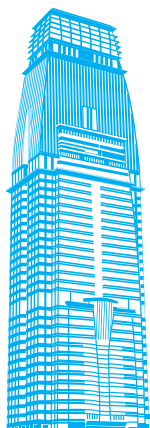
**Respect:** We believe in mutual trust and respect at all levels. This is fundamental to a high-performance culture that embraces diversity and teamwork as One CapitaLand.

**Integrity:** We embrace the highest standards of integrity. We have the courage to do what is right, and earn the trust of all our stakeholders.

**Creativity:** We constantly innovate to enhance value and stay ahead.

**Excellence:** We pursue excellence and persevere in everything we do.

## 2015 Highlights

Group Managed  
Real Estate Assets<sup>1</sup>**S\$76.8**  
billion

S\$70.6 billion in 2014

Profit Attributable  
to Shareholders**S\$1,065.7**  
million

S\$1,160.8 million in 2014

Operating  
PATMI**S\$823.6**  
million

S\$705.3 million in 2014

Significant Scale Achieved<sup>2</sup>Revenue Under  
Management**S\$8.2**  
billionTotal Home Units Constructed  
in Singapore, China and  
Vietnam (since 2000)**>72,880**Office Tenants in  
Singapore & China**>1,330**Staff Volunteer Hours  
(since 2007)**>92,000**<sup>1</sup> Refers to value of all real estate managed by CapitaLand Group entities stated at 100% of the property carrying value.<sup>2</sup> Numbers stated are for FY 2015 unless otherwise stated.<sup>3</sup> The five countries are Singapore, China, Malaysia, Japan and India.

Earnings Before  
Interest and Tax**S\$2,316.0**  
million

S\$2,436.9 million in 2014

Return  
on Equity**6.1%**

7.1% in 2014

Net Tangible Assets  
per Share**S\$4.11**

S\$3.83 in 2014

Dividend  
per Share**9.0**  
cents

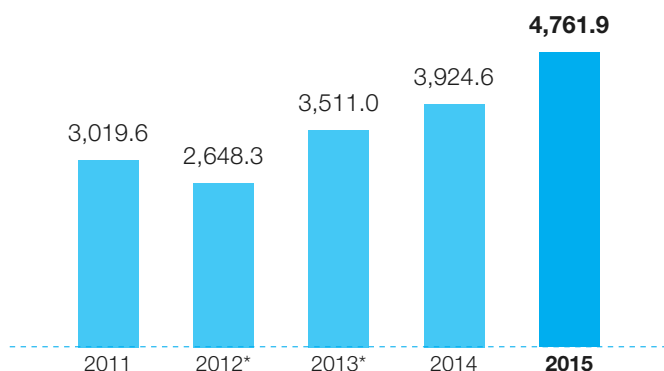
9.0 cents in 2014

Gross Turnover Sales  
by Retailers**S\$10.9**  
billionShopper Traffic  
Across 5 Countries<sup>3</sup>**~1.0**  
billionRetail Leases  
Across 5 Countries<sup>3</sup>**~15,000**CapitaLand Hope Schools  
in China and Vietnam (since 2005)**27**Unique Serviced  
Residence Customers**~900,000**

## Financial Highlights

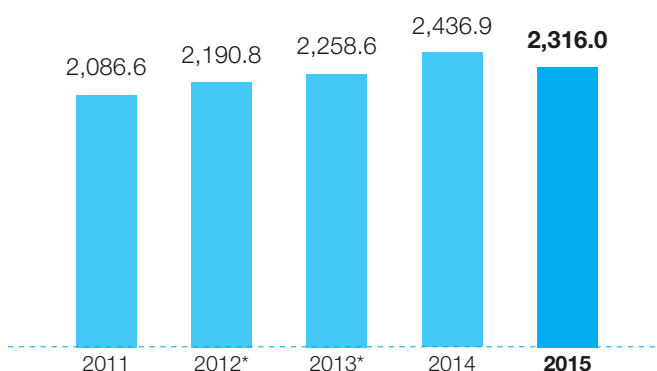
## Revenue

(S\$ million)



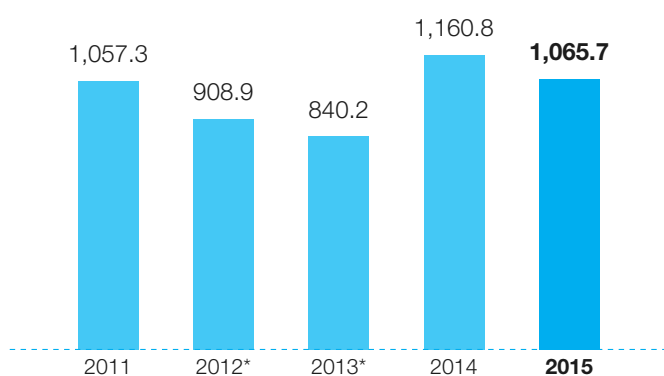
## Earnings Before Interest and Tax (EBIT)

(S\$ million)



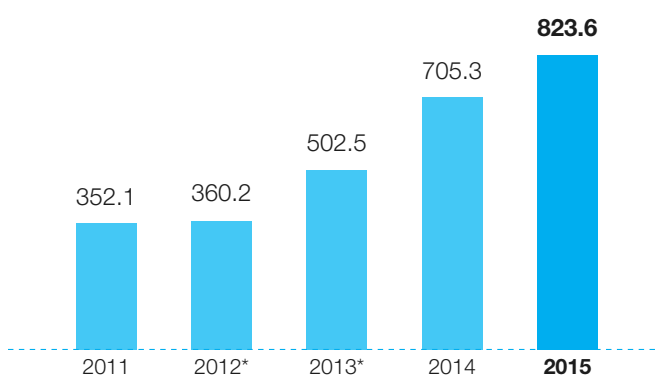
## Profit Attributable to Shareholders (PATMI)

(S\$ million)



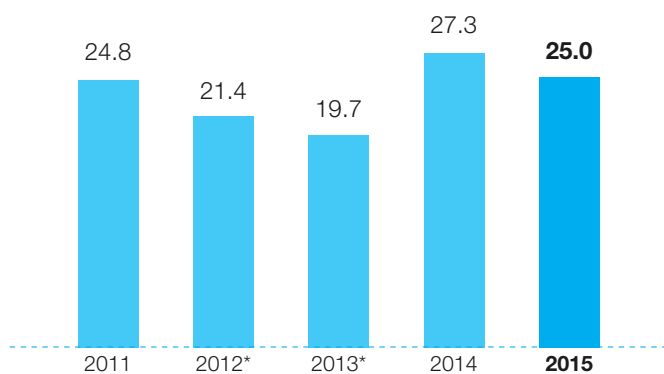
## Operating PATMI

(S\$ million)



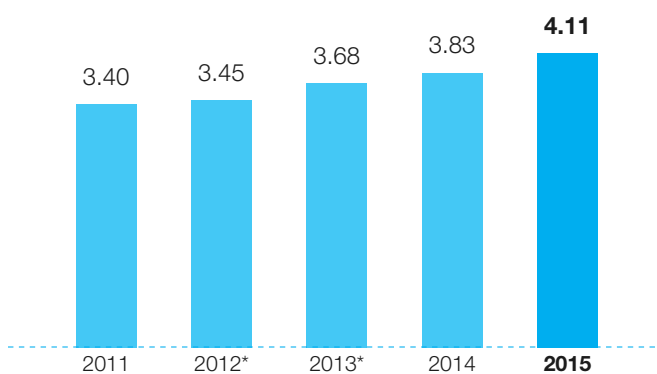
## Earnings per Share

(cents)



## Net Tangible Assets per Share

(S\$)



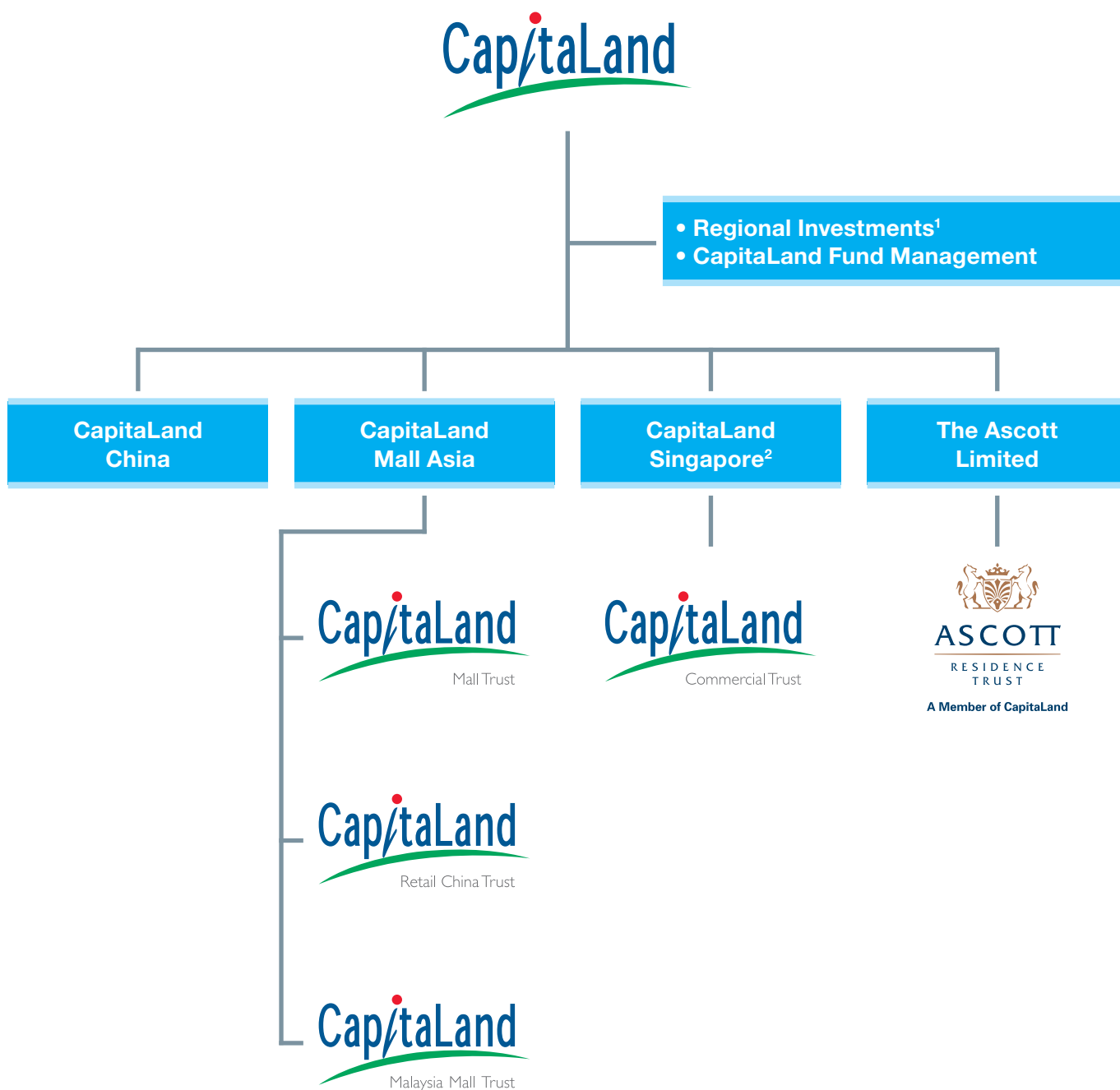
\* Comparatives for 2012 and 2013 have been restated to take into account: (i) the retrospective adjustment relating to FRS 110 *Consolidated Financial Statements* and (ii) re-presentation of Australand's results under "discontinued operation" in accordance with FRS 105 *Non-current Assets Held for Sale and Discontinued Operation*.

## 5-Year Financial Summary

|  | 2011            | 2012<br>Restated | 2013<br>Restated | 2014            | 2015            |
|--|-----------------|------------------|------------------|-----------------|-----------------|
| <b>(A) INCOME STATEMENT (\$ million)</b>           |                 |                  |                  |                 |                 |
| Revenue  | 3,019.6         | 2,648.3          | 3,511.0          | 3,924.6         | 4,761.9         |
| Earnings before interest and tax (EBIT)            | 2,086.6         | 2,190.8          | 2,258.6          | 2,436.9         | 2,316.0         |
| <b>Profit attributable to shareholders (PATMI)</b> | <b>1,057.3</b>  | <b>908.9</b>     | <b>840.2</b>     | <b>1,160.8</b>  | <b>1,065.7</b>  |
| <b>Operating PATMI</b>                             | <b>352.1</b>    | <b>360.2</b>     | <b>502.5</b>     | <b>705.3</b>    | <b>823.6</b>    |
| <b>(B) BALANCE SHEET (\$ million)</b>              |                 |                  |                  |                 |                 |
| Investment properties                              | 7,074.6         | 17,882.1         | 15,495.9         | 17,149.2        | 19,427.5        |
| Development properties for sale and stocks         | 6,905.1         | 7,510.6          | 7,382.4          | 7,673.7         | 6,936.3         |
| Associates and joint ventures                      | 10,685.0        | 11,109.5         | 12,673.2         | 12,780.9        | 12,858.1        |
| Cash and cash equivalents                          | 6,264.5         | 5,820.7          | 6,306.3          | 2,749.4         | 4,173.3         |
| Other assets                                       | 4,390.3         | 3,714.1          | 3,205.3          | 3,760.3         | 3,657.4         |
| <b>Total assets</b>                                | <b>35,319.5</b> | <b>46,037.0</b>  | <b>45,063.1</b>  | <b>44,113.5</b> | <b>47,052.6</b> |
| Equity attributable to owners of the Company       | 14,901.6        | 15,145.9         | 16,108.9         | 16,758.0        | 17,905.3        |
| Total borrowings                                   | 12,190.6        | 17,454.4         | 15,936.2         | 15,985.8        | 16,058.5        |
| Non-controlling interests and other liabilities    | 8,227.3         | 13,436.7         | 13,018.0         | 11,369.7        | 13,088.8        |
| <b>Total equities &amp; liabilities</b>            | <b>35,319.5</b> | <b>46,037.0</b>  | <b>45,063.1</b>  | <b>44,113.5</b> | <b>47,052.6</b> |
| <b>(C) FINANCIAL RATIOS</b>                        |                 |                  |                  |                 |                 |
| <b>Earnings per share (cents)</b>                  | <b>24.8</b>     | <b>21.4</b>      | <b>19.7</b>      | <b>27.3</b>     | <b>25.0</b>     |
| <b>Net tangible assets per share (\$\$)</b>        | <b>3.40</b>     | <b>3.45</b>      | <b>3.68</b>      | <b>3.83</b>     | <b>4.11</b>     |
| <b>Return on equity (%)</b>                        | <b>7.3</b>      | <b>6.1</b>       | <b>5.4</b>       | <b>7.1</b>      | <b>6.1</b>      |
| <b>Return on total assets (%)</b>                  | <b>5.9</b>      | <b>5.2</b>       | <b>4.9</b>       | <b>5.1</b>      | <b>4.4</b>      |
| <b>Debt equity ratio (net of cash) (times)</b>     | <b>0.31</b>     | <b>0.48</b>      | <b>0.39</b>      | <b>0.57</b>     | <b>0.48</b>     |
| <b>Net debt/Total assets (net of cash) (times)</b> | <b>0.20</b>     | <b>0.29</b>      | <b>0.25</b>      | <b>0.32</b>     | <b>0.28</b>     |
| <b>Interest cover (times)</b>                      | <b>5.7</b>      | <b>5.3</b>       | <b>5.7</b>       | <b>7.2</b>      | <b>6.1</b>      |
| <b>Interest service (times)</b>                    | <b>2.7</b>      | <b>3.3</b>       | <b>4.6</b>       | <b>4.6</b>      | <b>6.7</b>      |
| <b>Dividend</b>                                    |                 |                  |                  |                 |                 |
| Ordinary dividend per share (cents)                | 6.0             | 7.0              | 8.0              | 9.0             | 9.0             |
| Special dividend per share (cents)                 | 2.0             | –                | –                | –               | –               |
| Total dividend per share (cents)                   | 8.0             | 7.0              | 8.0              | 9.0             | 9.0             |
| Dividend cover (times)                             | 3.1             | 3.1              | 2.5              | 3.0             | 2.8             |

Comparatives for 2012 and 2013 have been restated to take into account: (i) the retrospective adjustment relating to FRS 110 *Consolidated Financial Statements* and (ii) re-presentation of Australand's results under "discontinued operation" in accordance with FRS 105 *Non-current Assets Held for Sale and Discontinued Operation*.

## Group Business Structure



<sup>1</sup> Include StorHub and businesses in Vietnam, Indonesia, Japan and others.

<sup>2</sup> Includes residential portfolio in Malaysia.



## Message to Shareholders



(Left) Lim Ming Yan, President & Group Chief Executive Officer, (Right) Ng Kee Choe, Chairman



**In financial year 2015, the Group grew revenue 21% to S\$4.8 billion and achieved S\$2.3 billion in earnings before interest and tax. Profit after tax and minority interests (PATMI) for the year was S\$1.1 billion, of which S\$823.6 million<sup>1</sup> or 77% was contributed by operating PATMI, reflecting the strength of our underlying businesses.**



Dear Shareholders,

On behalf of the Board and management, we would like to thank you for your continued support in 2015.

The past year saw challenging conditions in Asia across various asset classes. Economic growth in Singapore and China softened and the depreciation of the Chinese Renminbi (RMB) exacerbated volatility in the stock market. In Singapore, the residential segment continued to be weighed down by the cooling measures imposed by the authorities; and new supply of commercial and retail spaces also intensified competition among landlords to attract and retain tenants.

Against this backdrop, CapitaLand's resilient business model and cross-segmental competencies have once again enabled us to deliver a set of credible results. Under ONE CapitaLand, our four business units of CapitaLand Singapore, CapitaLand China, CapitaLand Mall Asia and The Ascott Limited were able to leverage their respective resources particularly in integrated developments and skill sets to create future value as a group.

### Delivering Steady Financial Performance

In financial year 2015, the Group grew revenue 21% to S\$4.8 billion and achieved S\$2.3 billion in earnings before interest and tax. Profit after tax and minority interests (PATMI) for the year was S\$1.1 billion, of which S\$823.6 million<sup>1</sup> or 77% was contributed by operating PATMI, reflecting the strength of our underlying businesses.

In line with CapitaLand's policy to grow core dividend on a sustainable basis, the Board is pleased to propose a final ordinary dividend of 9 Singapore cents a share for financial year 2015.

### Benefitting from a Strong and Resilient Recurring Income Model

As at 31 December 2015, the Group achieved an optimal asset mix with approximately 74% of its assets in investment properties (consisting of integrated developments, shopping malls, serviced residences and offices) while the remaining 26% was in trading properties (consisting of residential and overseas commercial strata units). The split represents the Group's current business model, which aims to enlarge the Group's recurring income stream from investment properties while tracking potential development gain from trading assets.

<sup>1</sup> Includes fair value gain of S\$170.6 million arising from the change in use of three development projects in China, The Paragon Towers 5 & 6 (S\$110.3 million), Raffles City Changning Tower 3 (S\$15.6 million) and Ascott Heng Shan Shanghai (S\$44.7 million) from construction for sale to leasing as investment properties.

## Message to Shareholders

### Adopting Proactive Capital Management

The Group ended the year in a sound financial position. We have ample financial liquidity of S\$4.2 billion in cash and S\$3.8 billion in available undrawn bank facilities, which allows us to capitalise on any opportunities that may arise. Both our interest coverage and interest service ratios kept steady at 6.1 times and 6.7 times respectively. Furthermore, our debt profile improved with net debt to equity at 0.48 times, compared to 0.57 times in 2014. Net debt to total assets also remained healthy at 0.28 times. With 70% of the Group's debt being fixed-rated, we are cushioned from any impact of further interest rate hikes.

As part of the Group's active capital management strategy, CapitaLand Limited raised S\$650 million from the debt capital markets in 2015. The proceeds were used to partially fund the concurrent repurchase of our outstanding convertible bonds due in 2016, 2018 and 2022, of which those due in 2016 and 2018 were fully redeemed. As at end 2015, our average debt maturity was extended to 3.7 years and average cost of borrowings was kept low at 3.5%.

### Fuelling Future Growth

#### Active Portfolio Reconstitution

In 2015, the Group actively reconstituted our portfolio. We recycled Bedok Mall to CapitaLand Mall Trust (CMT) for S\$783.1 million<sup>1</sup>; sold a total of approximately S\$372.8 million<sup>2</sup> worth of serviced residences and rental housing properties to Ascott Residence Trust; aligned our Japan mall portfolio (acquired the full stake in Vivit Minami-Funabashi and divested Chitose Mall) and divested our 30% stake in PWC Building. In December, CMT also divested Rivervale Mall to a third-party private equity fund for S\$195.0 million. The divestment gains from these transactions contributed to the Group's profit and enabled us to reallocate resources to assets that provide higher yield.

To maximise the full potential of our assets, CMT announced in December that Funan DigitaLife Mall would be redeveloped into an integrated development.

#### Expanding Fund Management Platform

CapitaLand is one of Asia's largest fund managers, managing 16 private equity funds and five listed real estate investment trusts (REITs) with S\$46.0 billion worth of assets under management (AUM). In July, Ascott and Qatar Investment Authority set up a US\$600 million global serviced residences joint venture (JV) to invest in serviced residences globally, with an initial focus in Asia Pacific and Europe. The Group has also set a target to form another five new funds totalling S\$8 billion to S\$10 billion by 2020. CapitaLand's strong balance sheet and stable of REITs enable us to stay invested for the long term in assets. By taking up significant sponsor stakes in the funds, we strongly align the Group's interest with our capital partners.

### Deepening Presence In Two Core Markets

Singapore and China remained the Group's core markets, making up 83% of our total assets as at end 2015.

#### Singapore

In view of the muted outlook of the residential property market, we have proactively reduced our exposure to Singapore residential since 2013 to less than 7% of the Group's total assets as at 31 December 2015. During the year, Sky Habitat, Bedok Residences and The Nassim achieved Temporary Occupation Permit and a preview was held for Marine Blue. As at end 2015, 87% of our launched residential units have been sold. On the office front, CapitaGreen officially opened in September and by year end, it had achieved a committed occupancy of 91.3%.

#### China

In 2015, the Group continued to focus on the first- and second-tier cities across five city clusters, namely Beijing/Tianjin; Shanghai/Suzhou/Hangzhou/Ningbo; Guangzhou/Shenzhen; Chengdu/Chongqing and Wuhan. As such, CapitaLand is well-positioned to capitalise on the growing trend in urbanisation and increasing domestic consumption in China.

The Group's residential sales benefited from the relaxation of property cooling measures. We sold 9,402 residential units in China and achieved a record sales value of RMB15.4 billion (S\$3.4 billion) in 2015. CapitaLand will concentrate on getting larger pieces of land for the development of residential units and integrated developments. In October, we successfully acquired the first land plot on Datansha Island, part of an urban renewal project in Guangzhou which could yield approximately two million square metres of gross floor area in the coming years.

We continue to build on our well-recognised Raffles City brand name in China with four operational developments in Shanghai, Beijing, Chengdu and Ningbo. The other four Raffles City developments under construction are being launched in phases starting from 2015. As at end 2015, Raffles City Changning opened its Office Tower 3 and achieved a committed occupancy of 82%, while Raffles City Hangzhou launched its Sky Habitat for sale. Meanwhile, construction of Raffles City Shenzhen and Raffles City Chongqing are both on-track.

#### Sharpening Competitiveness in Key Capabilities

CapitaLand's leading edge in the shopping mall business, which focuses on necessity and experiential shopping, made us resilient to the tough market conditions. We were able to deliver respectable tenants' sales growth of 1.2% and 7.3% in Singapore and China, and our shopping malls' committed occupancy remained high at 97.2% and 94.2% respectively. In 2015, the Group opened three malls, namely Tianjin International Trade Centre, CapitaMall 1818 in Wuhan and CapitaMall SKY+ in Guangzhou. Meanwhile, Suzhou Center Mall topped out in August.

<sup>1</sup> Based on agreed value of Bedok Mall of S\$780 million (inclusive of fixed assets) and other net assets of Brilliance Mall Trust of about S\$3.1 million.

<sup>2</sup> Announced on 25 June 2015. Agreed property value.

The Group continues to grow our global presence through our serviced residence arm Ascott. In June, Ascott achieved its target of 40,000 units ahead of schedule and ended the year with approximately 43,000 units across more than 270 properties. It is on track to double its portfolio to 80,000 units by 2020. Ascott also made many successful inroads into new markets. In July, the Group acquired our first property in the United States of America through Ascott Residence Trust.

### Looking Out for Opportunities in New Markets

In the direction of longer term diversification and balance, we are currently looking out for new opportunities in Vietnam and Indonesia. Particularly in Vietnam, the Group is leveraging on our 22 years of track record to expand our portfolio. In 2015, CapitaLand acquired two new plots of land in Ho Chi Minh City. Residential sales remained healthy with 1,321 units sold, and we achieved sales of about S\$226.5 million. We currently have more than 4,300 quality homes across eight residential projects in Hanoi and Ho Chi Minh City to meet the improved demand and market conditions. In addition, Ascott also manages nearly 3,000 units in 17 properties across Hanoi, Ho Chi Minh City, Hai Phong, Danang, Nha Trang and Binh Duong.

### Using Technology to Build the Future of Real Estate

To remain relevant in this digital age, the Group has proactively rolled out multiple initiatives. For example, the CAPITASTAR rewards programme in our shopping malls remained the largest of its kind in Singapore and has 2.2 million members in Singapore, China, Malaysia, Japan and India. By analysing the aggregated data collected of our members' shopping preferences, we helped our retailers improve their service and productivity. CAPITASTAR also provides a platform for us to engage our shoppers and better integrate services and products into their lifestyles.

CapitaLand became the first foreign property developer in China to collaborate with Jia.com, China's leading renovation, furnishing and home services e-platform. Home owners of selected residential projects are able to enjoy renovation packages offered by Jia.com. We are also the first property developer in China to open a virtual store on JD.com, one of the largest local B2C online retailers. Eleven of CapitaLand's properties across nine Chinese cities are available for sale through this platform.

To reach out to the growing number of Chinese travellers and create a seamless O2O (Online-to-Offline and Offline-to-Online) experience for guests, Ascott led a consortium to invest over S\$120 million in Tujia.com International, China's largest online apartment sharing platform. Ascott's more than 6,000 rooms in China are now accessible on Tujia.com, and the listing will soon be expanded to include our global portfolio. In addition, Ascott will lead a JV with Tujia to operate and franchise serviced apartments in China. This is on top of Ascott's on-going initiative with Samsung to introduce smart home features in selected Ascott properties.

### Managing Talent and Corporate Social Responsibility

The Group owes our achievement to the hard work of our dedicated staff. We strongly believe in attracting the right talent, and nurturing and retaining them. CapitaLand has always focused on developing our talent pool and this ensures we have depth in our management bench strength. Furthermore, we actively identify talent both internally and externally for future leadership succession. We strive to continue providing our staff with a positive and dynamic work environment.

To commemorate SG50, we launched the Building Communities - Setting the stage for Singapore2065 (#BuildSG2065) crowd-sourcing campaign in 2015. The public ideas sourced through the campaign also affirmed CapitaLand's view of the future – integrated and interconnected buildings and communities. In addition, the Group's philanthropic arm, CapitaLand Hope Foundation (CHF) celebrated its 10th anniversary with the year-long #100KHopeHours global volunteer initiative. Over 200,000 pledged volunteer hours within and beyond the Group were garnered and CHF donated S\$300,000 to the President's Challenge 2015. In total, CHF donated over S\$2.4 million in 2015 to support underprivileged children in their shelter, education and healthcare needs.

### Acknowledgement

Mr James Koh, who has served with distinction on the Board of CapitaLand for many years, will not be seeking re-election as Director at the upcoming Annual General Meeting. The Board and management have benefited immensely from his wise counsel and deep insights. We thank him for his invaluable contributions and wish him well in all his endeavours.

We would also like to express our appreciation to the Board members for their counsel and advice; staff for their many years of dedicated service and contributions to CapitaLand; and all our shareholders, financiers, business partners, customers and associates for their strong support and commitment.

### Moving Forward With Confidence

CapitaLand has a strong base with AUM of S\$76.8 billion and deep experience in the countries we operate in. This provides us with a robust platform to grow our position as a pre-eminent real estate group in Asia and beyond.

We will proactively advance our integrated development, shopping mall and serviced residence businesses whilst seeking out opportunities in residential developments. Our deep competencies in these businesses, coupled with our active capital management through our REITs and funds platforms, will fuel our growth. We will also continue to actively make use of technology to advance all aspects of our businesses and to enhance our relationships with our business partners, customers and all other stakeholders.

**Ng Kee Choe**

Chairman

**Lim Ming Yan**

President & Group Chief Executive Officer

23 March 2016

## Year in Brief 2015

## January

- CapitaMall Shawan in Chengdu, China, reopened after asset enhancement.
- Ascott secured contracts to manage
  - Citadines Fangshan Beijing (208 units) and Changyang World Serviced Residence Beijing (70 units) through a strategic alliance with Vanke, one of the largest property developers in China,
  - Hotel Pravo Hong Kong (92 units), and
  - Somerset Maslak Istanbul<sup>New</sup> (159 units) in Turkey

## February

- CapitaLand acquired the remaining 60% equity interest in CapitaLand Township Holdings Pte Ltd and divested its 40% equity interest in Surbana International Consultants Holdings Pte Ltd.

## March

- Over 250 CapitaLand properties in 21 countries participated in WWF Earth Hour 2015.
- Ascott secured a contract to manage Citadines Medini Nusajaya (214 units) in Malaysia.

## April

- ION Orchard in Singapore extended its retail experience with a 35-metre underground walkway named ION Orchard Link that is lined with a selection of stores on both sides. ION Orchard Link adds a second basement link from the mall to Orchard MRT station and the neighbouring developments.
- CapitaMalls Japan Fund, in which CapitaLand owns a 26.29% stake, divested Chitose Mall in Hokkaido, Japan.
- Ascott secured contracts to manage
  - Citadines Culture Village Dubai (81 units) in United Arab Emirates,
  - Citadines Regency Saigon (200 units) in Vietnam, and
  - Citadines Waterfront Kota Kinabalu<sup>New</sup> (253 units) in Malaysia.
- Ascott entered into an exclusive partnership with Samsung Asia to jointly develop smart home technologies customised for Ascott serviced residences. Ascott aims to test bed the new technologies by the first half of 2016 and roll them out globally in phases.
- CapitaLand organised a CapitaLand International Volunteer Expedition to the CapitaLand Thanh Phuoc A Primary Hope School in Long An, Vietnam.

## May

- CapitaLand ranked top with the most number of BCA Universal Design Mark Platinum Awards in BCA Awards 2015. CapitaLand was accorded the prestigious BCA Quality Excellence Award – Quality Champion for the third consecutive year.
- CapitaLand China started cooperation with Jia.com, an online renovation solution platform to offer one-stop renovation for residents.
- CapitaLand inked a contract to introduce an advanced energy-efficient district cooling system at Raffles City Chongqing.
- The mall at Tianjin International Trade Centre opened.
- Ascott welcomed the visit by Singapore President Tony Tan to its newly opened Citadines Suites Arc de Triomphe Paris (112 units) in France.
- Ascott announced its target to manage 10,000 apartment units in Europe by 2020.

## June

- CapitaGreen won “Best Tall Building in Asia and Australasia” by the Council on Tall Buildings and Urban Habitats, while d’Leedon was a finalist in the Urban Habitat Award category.
- CapitaLand Mall Asia, in partnership with CapitaLand Hope Foundation (CHF), provided a donation platform for CAPITASTAR members to donate their STAR\$® to benefit underprivileged children in Singapore through CapitaLand’s “My Schoolbag” programme.
- CapitaMall Xinduxin, CapitaLand’s first mall in Qingdao, China, held its topping out ceremony.
- CapitaLand acquired the remaining 73.71% stake in Vivit Minami-Funabashi in Tokyo, Japan, at an agreed property price of JPY7.0 billion from CapitaMalls Japan Fund. The Fund drew to a close following this disposal of its last property.
- Ascott secured contracts to manage
  - Citadines Al Ghubrah (87 units), its first Citadines Apart’hotel in Muscat in Oman,
  - Ascott Menteng Jakarta (150 units) in Indonesia,
  - Somerset Harbourview Sri Racha (193 units) and Somerset Maison Asoke Bangkok (125 units) in Thailand, and
  - Seven properties in China, including
    - ◆ Ascott Harmony City Nantong<sup>New</sup> (160 units),
    - ◆ Ascott Marina Xiamen (242 units),
    - ◆ Ascott TEDA MSD Tianjin (224 units),
    - ◆ Somerset Qianjiang Xincheng Hangzhou (218 units),
    - ◆ Somerset Harmony City Wuxi (184 units), and
    - ◆ Somerset Olympic Nanjing (204 units) and an adjacent block with 361 apartments.
- Ascott achieved its target of 40,000 apartment units globally ahead of its planned schedule of end 2015. Ascott aims to double its portfolio to 80,000 units by 2020.



## July

- CapitaLand announced the divestment of Bedok Mall in Singapore to CapitaLand Mall Trust (CMT) for S\$783.1 million.
- Office Tower 3 of Raffles City Changning in Shanghai commenced operations.
- Ascott expanded its footprint to the United States of America through the acquisition of a prime property in Times Square, New York<sup>New</sup> by Ascott Residence Trust, for US\$163.5 million (S\$220.7 million).
- Ascott entered into a joint venture with Qatar Investment Authority (QIA) to set up a US\$600 million (S\$809 million) global serviced residence fund, with an initial focus on the Asia Pacific and Europe regions.
- CapitaLand and Ascott organised the first CapitaLand International Volunteer Expedition to Chiang Rai Province in Thailand.

## August

- Suzhou Center Mall in China topped out.
- CAPITASTAR Version 2.0 launched in China, offering a digital platform to better engage our shoppers and tenants with aggregated data of members' shopping preferences.
- Ascott led a consortium to invest US\$50 million (S\$67.69 million) in Tujia.com International (Tujia), China's largest online apartment sharing platform. Ascott also formed a joint venture with Tujia with an initial capital of US\$40 million (S\$54.15 million), to operate and franchise serviced residences in China.
- Ascott's 6,000 rooms in China were listed on Alitrip, Alibaba's one-stop travel solution platform.
- CapitaLand organised an Instagram Meeting (InstaMeet) for residents and Instagrammers in conjunction with the completion party of Sky Habitat.

## September

- CapitaLand entered in a joint venture to develop 1,000 upscale homes at a prime site in District 2, Ho Chi Minh City, Vietnam at a project value of US\$150 million (S\$211 million).
- CapitaGreen opened.
- CapitaMall 1818 in Wuhan, China opened.
- Ascott secured contracts to manage
  - Citadines Punaka Yogyakarta<sup>New</sup> (308 units) in Indonesia,
  - Somerset Arcadia Miri<sup>New</sup> (200 units) in Malaysia,
  - Citadines Central Binh Duong<sup>New</sup> (200 units) in Vietnam, and
  - Citadines Han River Seoul (149 units) in South Korea.
- CapitaLand organised a CapitaLand International Volunteer Expedition to the CapitaLand Chengmagang Hope School in Hubei, China.

## October

- CapitaLand China acquired the first plot of land on Datansha Island, Guangzhou.
- CapitaLand entered into a joint venture to develop a residential project in a prime site in District 2 at Ho Chi Minh City in Vietnam at a project value of US\$55 million (S\$78 million).
- CapitaLand completed the divestment of Bedok Mall.
- Ascott secured contracts to manage
  - Citadines Cebu City<sup>New</sup> (180 units) in the Philippines,
  - Citadines North Pattaya<sup>New</sup> (300 units), Citadines Central Pattaya (150 units), Citadines Jomtien Beach Pattaya (95 units), Somerset Wong Amat Beach Pattaya (150 units) in Thailand, and
  - Somerset Norodom Phnom Penh<sup>New</sup> (105 units) in Cambodia.
- CapitaLand launched its card-less CAPITASTAR rewards programme in Penang, Malaysia.
- CapitaGreen won the Platinum award and Westgate, Singapore won Gold<sup>PLUS</sup> award at the BCA Building Information Modelling Awards.
- CapitaLand was conferred the inaugural President's Award for Volunteerism and Philanthropy (Corporate) by the President of the Republic of Singapore.
- CapitaLand's #100KHopeHours Challenge, which was launched to mark CHF's 10<sup>th</sup> anniversary and sought to promote volunteerism beyond donations, garnered over 200,000 pledged volunteer hours.

## November

- CapitaLand opened a virtual store on JD.com, and 11 properties across nine Chinese cities are available for sale through this online platform.
- CapitaLand held its maiden launch of two Vietnam properties (Vista Verde and The Vista) in Singapore.
- CHF donated about S\$600,000 worth of schoolbags to over 18,500 underprivileged children in Singapore, China, Malaysia and India.
- Ascott secured contracts to manage
  - Somerset West Point Hanoi (247 units) in Vietnam, and
  - The following properties in China
    - ◆ Ascott Beijing (162 units),
    - ◆ Citadines Gugeng Dalian (125 units),
    - ◆ Citadines Jinxiu Shanghai (142 units), and
    - ◆ Citadines Putuo Shanghai (154 units).
- Ascott-QIA serviced residence global fund acquired its maiden assets in Paris and Tokyo for US\$104 million (S\$145 million).
- The Interlace won World Building of the Year as well as Housing – Completed Buildings category at the World Architecture Festival 2015.

## December

- CapitaMall SKY+ in Guangzhou, China opened.

**Board of Directors****Ng Kee Choe**

Chairman  
Non-Executive Independent Director

**Lim Ming Yan**

President & Group Chief Executive Officer  
Executive Non-Independent Director

**James Koh Cher Siang**

Non-Executive Independent Director

**John Powell Morschel**

Non-Executive Independent Director

**Simon Claude Israel**

Non-Executive Independent Director

**Eileen Goh Yiu Kiang**

Non-Executive Independent Director

**Tan Sri Amirsham Bin A Aziz**

Non-Executive Independent Director

**Stephen Lee Ching Yen**

Non-Executive Independent Director

**Dr Philip Nalliah Pillai**

Non-Executive Independent Director

**Kee Teck Koon**

Non-Executive Independent Director

**Ng Kee Choe, 71****Chairman****Non-Executive Independent Director**

Bachelor of Science (Honours), University of Singapore

|  |                  |
|--|------------------|
| <b>Date of first appointment as a director:</b>                      | 16 April 2010    |
| <b>Date of appointment as Chairman:</b>                              | 1 May 2012       |
| <b>Date of last re-appointment as a director:</b>                    | 30 April 2015    |
| <b>Length of service as a director<br/>(as at 31 December 2015):</b> | 5 years 8 months |

**Board committees served on**

- Executive Resource and Compensation Committee (Chairman)
- Finance and Investment Committee (Chairman)
- Nominating Committee (Chairman)

**Present directorships in other listed companies**

- AusNet Services (Chairman)
- PT Bank Danamon Indonesia, Tbk (President-Commissioner)

**Present principal commitments (other than directorships in other listed companies)**

- Fullerton Financial Holdings Pte Ltd (Director)
- Tanah Merah Country Club (Chairman)
- Temasek Trust (Member of the Board of Trustees)

**Past directorships in other listed companies held over the preceding three years**

- CapitaLand Mall Asia Limited<sup>1</sup> (Chairman)
- Singapore Airport Terminal Services Limited
- Singapore Exchange Limited

**Background and working experience**

- Vice-Chairman of DBS Group Holdings Ltd (DBS)
- Retired from his executive position in DBS in July 2003 after 33 years of service

**Awards**

- The Distinguished Service Award by the Singapore National Trades Union Congress in 2013
- The Meritorious Service Medal at the Singapore National Day Awards 2012
- The Public Service Star at the Singapore National Day Awards 2001

**Lim Ming Yan, 53****President & Group Chief Executive Officer****Executive Non-Independent Director**

Bachelor of Engineering (Mechanical) and Economics (First Class Honours), University of Birmingham, UK

|  |                |
|--|----------------|
| <b>Date of first appointment as a director:</b>                      | 1 January 2013 |
| <b>Date of last re-election as a director:</b>                       | 26 April 2013  |
| <b>Length of service as a director<br/>(as at 31 December 2015):</b> | 3 years        |

**Present directorships in other listed companies**

- Ascott Residence Trust Management Limited (manager of Ascott Residence Trust) (Deputy Chairman)
- CapitaLand Commercial Trust Management Limited (manager of CapitaLand Commercial Trust) (Deputy Chairman)
- CapitaLand Mall Trust Management Limited (manager of CapitaLand Mall Trust) (Deputy Chairman)
- CapitaLand Retail China Trust Management Limited (manager of CapitaLand Retail China Trust) (Deputy Chairman)

**Present principal commitments (other than directorships in other listed companies)**

- Building and Construction Authority (Member of the Board)
- Business China (Director)
- CapitaLand China Holdings Pte Ltd (Chairman)
- CapitaLand Hope Foundation (Director)
- CapitaLand Mall Asia Limited<sup>1</sup> (Chairman)
- CapitaLand Regional Investments Limited (Chairman)
- CapitaLand Singapore Limited (Chairman)
- CTM Property Trust, Steering Committee (Chairman)
- LFIE Holding Limited (Co-Chairman)
- Shanghai YiDian Holding (Group) Company (Director)
- Singapore Tourism Board (Member of the Board)
- The Ascott Limited (Chairman)

**Past directorship in other listed company held over the preceding three years**

- Central China Real Estate Limited

**Background and working experience**

- Chief Operating Officer of CapitaLand Limited (From May 2011 to December 2012)
- CEO of The Ascott Limited (From July 2009 to February 2012)
- CEO of CapitaLand China Holdings Pte Ltd (From July 2000 to June 2009)

**Awards**

- Outstanding Chief Executive (Overseas) at the Singapore Business Awards 2006
- Magnolia Award by the Shanghai Municipal Government in 2003 and 2005

<sup>1</sup> Delisted on 22 July 2014.

<sup>1</sup> Delisted on 22 July 2014.

## Board of Directors

### James Koh Cher Siang, 70

#### Non-Executive Independent Director

Bachelor of Arts (Honours), University of Oxford, UK  
Master of Arts in Philosophy, Political Science and Economics,  
University of Oxford, UK  
Master in Public Administration, Harvard University, USA

**Date of first appointment as a director:** 1 July 2005  
**Date of last re-election as a director:** 25 April 2014  
**Length of service as a director  
(as at 31 December 2015):** 10 years 6 months

#### Board committees served on

- Audit Committee (Member)
- Finance and Investment Committee (Member)

#### Present directorship in other listed company

- United Overseas Bank Limited

#### Present principal commitments (other than directorship in other listed company)

- CapitaLand Hope Foundation (Director)
- Housing & Development Board (Chairman)
- Thye Hua Kwan Moral Charities Limited (Director)

#### Past directorships in other listed companies held over the preceding three years

- CapitaLand Mall Trust Management Limited (manager of CapitaLand Mall Trust) (Chairman)
- Pan Pacific Hotels Group Limited

#### Background and working experience

- CEO of the Inland Revenue Authority of Singapore, Commissioner of Inland Revenue and Commissioner of Charities (From 1997 to 2005)
- Permanent Secretary in the Ministries of National Development, Community Development and Education
- Served in the Ministries of Finance, National Development, Community Development, Education and the Prime Minister's Office

#### Awards

- The Meritorious Service Medal at the Singapore National Day Awards 2002
- The Public Administration Medal (Gold) by the Singapore Government in 1983

### John Powell Morschel, 72

#### Non-Executive Independent Director

Diploma in Quantity Surveying, University of New South Wales, Australia  
Fellow, Institute of Company Directors, Australia  
Fellow, Institute of Management, Australia

**Date of first appointment as a director:** 1 February 2010  
**Date of last re-election as a director:** 30 April 2015  
**Length of service as a director  
(as at 31 December 2015):** 5 years 11 months

#### Board committees served on

- Finance and Investment Committee (Member)
- Nominating Committee (Member)

#### Present principal commitments

- Gifford Communications Pty Ltd (Director)
- Tenix Group Pty Limited (Director)

#### Past directorships in other listed companies held over the preceding years

- Australia and New Zealand Banking Group Limited (Chairman and Director)
- Rinker Group Limited (Chairman and Director) (2003 – 2007)
- Rio Tinto Limited (Director) (1998 – 2005)
- Singapore Telecommunications Limited (Director) (2001 – 2010)
- Westpac Banking Corporation (Director) (1993 – 2001)

#### Background and working experience

- Executive Director, Managing Director and CEO of Lend Lease Corporation Limited
- Executive Director of Westpac Banking Corporation Limited responsible for the Australian Consumer and Small Business sectors, Information Technology and Property



**Simon Claude Israel, 62****Non-Executive Independent Director**

Diploma in Business Studies, University of the South Pacific, Fiji

**Date of first appointment as a director:** 1 July 2010

**Date of last re-election as a director:** 25 April 2014

**Length of service as a director  
(as at 31 December 2015):** 5 years 6 months

**Board committees served on**

- Executive Resource and Compensation Committee (Member)
- Finance and Investment Committee (Member)
- Nominating Committee (Member)

**Present directorships in other listed companies**

- Fonterra Co-operative Group Limited
- Singapore Telecommunications Limited (Chairman)

**Present principal commitments (other than directorships in other listed companies)**

- Lee Kuan Yew School of Public Policy (Member of the Governing Board)
- Stewardship Asia Centre Pte. Ltd. (Director)
- Westpac Asia Advisory Board (Member)

**Past directorship in other listed company held over the preceding three years**

- Asia Pacific Breweries Limited (Chairman)

**Background and working experience**

- Executive Director and President of Temasek Holdings (Private) Limited
- Chairman, Asia Pacific of the Danone Group
- President (Household & Personal Care), Asia Pacific of Sara Lee Corporation

**Awards**

- The Public Service Medal at the Singapore National Day Awards 2011
- Knight in the Legion of Honour by the French Government 2007

**Euleen Goh Yiu Kiang, 60****Non-Executive Independent Director**

Fellow, Institute of Singapore Chartered Accountants  
Associate member, Institute of Chartered Accountants in England and Wales  
Associate member, Institute of Financial Services  
Member, Chartered Institute of Taxation, UK  
Fellow, Singapore Institute of Directors

**Date of first appointment as a director:** 1 October 2011

**Date of last re-election as a director:** 30 April 2015

**Length of service as a director  
(as at 31 December 2015):** 4 years 3 months

**Board committees served on**

- Audit Committee (Chairman)
- Risk Committee (Member)

**Present directorships in other listed companies**

- DBS Group Holdings Ltd
- Royal Dutch Shell plc
- SATS Ltd

**Present principal commitments (other than directorships in other listed companies)**

- Cinnamon College, National University of Singapore (Rector)
- DBS Bank Ltd (Director)
- DBS Foundation Ltd (Chairman)
- Northlight School (Chairman, Board of Governors)
- Singapore Chinese Girls' School (Chairman)
- Singapore Health Services Pte Ltd (Director)
- Temasek Trust (Member of the Board of Trustees)

**Past directorships in other listed companies held over the preceding three years**

- Aviva plc
- Singapore Airlines Limited

**Background and working experience**

- CEO of Standard Chartered Bank, Singapore (From 2001 until March 2006)
- Various senior management positions in Standard Chartered Bank, retired in March 2006 after some 21 years with the Bank

**Awards**

- The Public Service Star at the Singapore National Day Awards 2012
- Her World Woman of the Year 2005
- The Public Service Medal at the Singapore National Day Awards 2005

## Board of Directors

### Tan Sri Amirsham Bin A Aziz, 65

#### Non-Executive Independent Director

Bachelor of Economics (Honours), University of Malaya, Malaysia  
Certified Public Accountant

**Date of first appointment as a director:** 30 July 2012  
**Date of last re-election as a director:** 30 April 2015  
**Length of service as a director (as at 31 December 2015):** 3 years 5 months

#### Board committees served on

- Audit Committee (Member)
- Risk Committee (Chairman)

#### Present directorship in other listed company

- Bursa Malaysia Berhad (Chairman)

#### Present principal commitments (other than directorship in other listed company)

- Financial Services Talent Council (Chairman)
- Malaysian Investment Development Authority (Chairman)
- Petrolim Nasional Berhad (Director)
- Pulau Indah Ventures Sdn Bhd (Director)
- RAM Holdings Berhad (Director)
- Samling Global Limited (Director)
- StarChase Motorsports Limited (Director)
- Themed Attractions Resorts & Hotels Sdn Bhd (Chairman)

#### Past directorship in other listed company held over the preceding three years

- CapitaLand Mall Asia Limited<sup>1</sup>

#### Background and working experience

- President & CEO of Malayan Banking Berhad (From 1994 to 2008)
- Minister in the Malaysian Prime Minister's Department heading the Economic Planning Unit and Department of Statistics, Malaysia (From March 2008 to April 2009)
- Chairman of the Malaysian National Economic Advisory Council (From 1 June 2009 to 31 May 2011)

#### Awards

- Global Hall of Fame by the International Association of Outsourcing Professionals 2009
- Asian Bankers Lifetime Achievement Award 2008

### Stephen Lee Ching Yen, 69

#### Non-Executive Independent Director

Master of Business Administration, Northwestern University, USA

**Date of first appointment as a director:** 1 January 2013  
**Date of last re-election as a director:** 26 April 2013  
**Length of service as a director (as at 31 December 2015):** 3 years

#### Board committees served on

- Executive Resource and Compensation Committee (Member)
- Nominating Committee (Member)

#### Present Directorships in other listed companies

- SIA Engineering Company Limited (Chairman)
- Singapore Airlines Limited (Chairman)

#### Present principal commitments (other than directorships in other listed companies)

- China National Petroleum Corporation (Director)
- Council of Presidential Advisers (Alternate Member)
- Dr Goh Keng Swee Scholarship Fund (Board Member)
- G2000 Apparel (S) Private Limited (Director)
- Great Malaysia Textile Investments Pte Ltd (Managing Director)
- Kidney Dialysis Foundation (Director)
- National Wages Council (Member)
- NTUC Enterprise Co-operative Limited (Director)
- NTUC Income Insurance Co-operative Limited (Chairman)
- NTUC-ARU (Administration & Research Unit) (Member of the Board of Trustees)
- Shanghai Commercial Bank Ltd (Director)
- Shanghai Commercial & Savings Bank Limited (Managing Director)
- Singapore Labour Foundation (Director)

#### Background and working experience

- Chairman of International Enterprise Singapore
- Chairman/Advisor of PSA International Pte Ltd
- Chairman of Singapore Business Federation
- President of Singapore National Employers Federation

#### Awards

- The Order of Nila Utama (First Class) at the Singapore National Day Awards 2015
- The Distinguished Service Award by the Singapore National Trades Union Congress in 2013
- The Distinguished Service Order at the Singapore National Day Awards 2006
- The Public Service Star at the Singapore National Day Awards 1998

<sup>1</sup> Delisted on 22 July 2014.

**Dr Philip Nalliah Pillai, 68****Non-Executive Independent Director**

Bachelor of Laws (First Class Honours), University of Singapore  
LLM (Master of Laws) & SJD (Doctor of Juridical Sciences), Harvard  
Law School, USA

Advocate & Solicitor, Singapore  
Solicitor, England & Wales

**Date of first appointment as a director:** 25 April 2014  
**Length of service as a director  
(as at 31 December 2015):** 1 year 8 months

**Board committees served on**

- Audit Committee (Member)
- Risk Committee (Member)

**Present principal commitment**

- Inland Revenue Authority of Singapore (Director)

**Background and working experience**

- Judge of the Supreme Court of Singapore  
(From June 2010 to December 2012)
- Judicial Commissioner (From October 2009 to  
June 2010)
- Member of the Legal Service Commission  
(From 2007 to 2013)
- Joint Managing Partner, Allen & Overy, Shook Lin & Bok  
JLV (From 2000 to 2008)
- Partner and Managing Partner, Shook Lin & Bok,  
Singapore (From 1986 to 2009)
- Over 23 years experience in legal practice specialised in  
corporate, corporate finance and securities law

**Award**

- The Public Service Medal at the Singapore National Day  
Awards 2003

**Kee Teck Koon, 59****Non-Executive Independent Director**

Bachelor of Arts, University of Oxford, UK  
Master of Arts, University of Oxford, UK

**Date of first appointment as a director:** 22 September 2014  
**Date of last re-election as a director:** 30 April 2015  
**Length of service as a director  
(as at 31 December 2015):** 1 year 3 months

**Board committees served on**

- Finance and Investment Committee (Member)
- Risk Committee (Member)

**Present directorship in other listed company**

- Raffles Medical Group Ltd

**Present principal commitments (other than  
directorship in other listed company)**

- Alexandra Health Fund Limited (Chairman)
- Changi Airports International Pte Ltd (Chairman)
- Mandai Safari Park Holdings Pte. Ltd. (Director)
- NTUC Enterprise Co-operative Limited (Director)
- NTUC Income Insurance Co-operative Limited  
(Deputy Chairman)
- Temasek International Advisors Pte Ltd  
(Corporate Advisor)

**Past directorships in other listed companies held  
over the preceding three years**

- CapitaLand Commercial Trust Management Limited  
(manager of CapitaLand Commercial Trust)
- CapitaLand Mall Trust Management Limited  
(manager of CapitaLand Mall Trust)

**Background and working experience**

- Retired from his executive positions in CapitaLand  
Group in July 2009 after 13 years of service

## Senior Management

**Lim Ming Yan**

President & Group Chief Executive Officer  
CapitaLand Limited

**Arthur Lang**

Group Chief Financial Officer  
CapitaLand Limited

**Tan Seng Chai**

Group Chief Corporate Officer  
CapitaLand Limited

**Ng Kok Siong**

Chief Corporate Development Officer  
CapitaLand Limited

**Wen Khai Meng**

Chief Executive Officer  
CapitaLand Singapore

**Lucas Loh**

Chief Executive Officer, CapitaLand China  
Co-ordinating Chief Executive Officer, China

**Jason Leow**

Chief Executive Officer, CapitaLand Mall Asia  
Co-ordinating Chief Executive Officer,  
Asia (excluding China)

**Lee Chee Koon**

Chief Executive Officer  
The Ascott Limited

**Lim Ming Yan**

**President & Group Chief Executive Officer  
CapitaLand Limited**

Mr Lim Ming Yan is President and Group Chief Executive Officer of CapitaLand Limited. He is a Director of CapitaLand Limited, as well as Deputy Chairman of CapitaLand Mall Trust Management Limited, CapitaLand Commercial Trust Management Limited, CapitaLand Retail China Trust Management Limited and Ascott Residence Trust Management Limited. He is also the Director of CapitaLand Hope Foundation, the Group's philanthropic arm.

Mr Lim is a board member of the Building and Construction Authority of Singapore, Director of Business China, an organisation that promotes bilingualism and biculturalism between Singapore and China, as well as board member of the Singapore Tourism Board.

Mr Lim was the Chief Operating Officer of CapitaLand from May 2011 to December 2012 and Chief Executive Officer of The Ascott Limited (Ascott) from July 2009 to February 2012. Prior to joining Ascott, Mr Lim was the Chief Executive Officer of CapitaLand China from November 2000 to June 2009, responsible for growing CapitaLand into a leading foreign real estate developer in China.

Mr Lim obtained first class honours in Mechanical Engineering and Economics from the University of Birmingham, United Kingdom in 1985. He attended the Advanced Management Program at Harvard Business School in 2002.

**Arthur Lang**

**Group Chief Financial Officer  
CapitaLand Limited**

Mr Arthur Lang is the Group Chief Financial Officer of CapitaLand Limited. In his current role, he has direct oversight of the functions of treasury, financial reporting and controls, risk management, strategic projects, tax, investor relations, private equity fund management and looks after the administrative matters of the internal audit department of CapitaLand.

Prior to joining CapitaLand, he was at Morgan Stanley having been the co-head of the Southeast Asia investment banking division and the Chief Operating Officer for the Asia Pacific investment banking division.

Mr Lang is also a board member of the Land Transport Authority of Singapore, Tiger Airways Holdings Limited, the National Kidney Foundation and the Advisory Board of the Lee Kong Chian School of Business, Singapore Management University. He has also been appointed as a member of CNBC's Global CFO Council.

Mr Lang received the Best CFO of the Year Award for listed companies with market capitalisation of S\$1 billion and above at the Singapore Corporate Awards 2015. He also received the Best Investor Relations by a CFO award by IR Magazine in 2012, and was also placed second (sell-side) and third (sell-side) for Asia's Best CFO (Property) in the Institutional Investor All-Asia Executive Team rankings in 2013 and 2015 respectively.

Mr Lang has a Master of Business Administration from the Harvard Business School and a BA in Economics (*magna cum laude*) from Harvard University.



## Senior Management

### Tan Seng Chai

**Group Chief Corporate Officer**  
**CapitaLand Limited**

Mr Tan Seng Chai is Group Chief Corporate Officer of CapitaLand Limited. Prior to this, he was Deputy Chief Corporate Officer and Chief Human Resource Officer of CapitaLand Limited.

Mr Tan oversees the Group's corporate functions including Human Resource and Administration, Group Communications, Group Legal, Company Secretariat & Compliance and Corporate Security. Mr Tan is also the Executive Director of CapitaLand Hope Foundation, the philanthropic arm of CapitaLand.

Prior to joining the Group in February 2008, Mr Tan was with Chartered Semiconductor Manufacturing Ltd, Singapore (Chartered) for 12 years. He held key positions in the company including heading its worldwide human resource organisation as well as overseeing key project implementation and strategic investment activities.

An engineer by training, Mr Tan started his career with National Semiconductor Manufacturer Singapore Pte Ltd as a Process Engineer and subsequently became the company's Human Resource Manager. He continued his career progression to head the human resource function at Creative Technology Ltd, Singapore before joining Chartered.

Mr Tan holds an honours degree in Civil & Structural Engineering and a Master of Science degree in Industrial & System Engineering from the National University of Singapore.

### Ng Kok Siong

**Chief Corporate Development Officer**  
**CapitaLand Limited**

Mr Ng Kok Siong is the Chief Corporate Development Officer of CapitaLand Limited. In this role, he is entrusted with developing corporate systems and processes to drive efficiency and productivity. Mr Ng will provide leadership to strategy and corporate planning as well as business technology and information systems to achieve greater organisational effectiveness.

He currently serves as a Director and Audit Committee member of two REITs; CapitaLand Retail China Trust Management Limited (the manager of CapitaLand Retail China Trust listed on SGX-ST) and CapitaLand Malaysia Mall REIT Management Sdn. Bhd. (the manager of CapitaLand Malaysia Mall Trust listed on Bursa Malaysia).

Since joining CapitaLand Group in 2005, Mr Ng held various business development and finance positions, including Senior Vice President of CapitaLand Eurasia and Senior Vice President, Strategic Finance. Mr Ng was the Chief Financial Officer of CapitaMalls Asia Limited<sup>1</sup> (CMA), a role he relinquished subsequent to the privatisation of CMA.

Prior to joining CapitaLand, Mr Ng held various positions in planning and appraisal, information systems, finance and investment management in Exxon Mobil and Royal Dutch Shell across Asia Pacific and Europe.

Mr Ng graduated with a Degree of Bachelor of Accountancy (Honours) from Nanyang Technological University of Singapore and attended the Tuck Executive Program in Dartmouth College.

### Wen Khai Meng

**Chief Executive Officer**  
**CapitaLand Singapore**

Mr Wen Khai Meng is the Chief Executive Officer of CapitaLand Singapore. He is also a non-executive director of CapitaLand Commercial Trust Management Limited.

Prior to this, Mr Wen has held several senior appointments within the Group including Chief Investment Officer of CapitaLand Limited, Chief Executive Officer of CapitaLand Commercial Limited and Chief Executive Officer of CapitaLand Financial Limited. He was also a non-executive director of Ascott Residence Trust Management Limited.

Before joining the Group, Mr Wen was with the Urban Redevelopment Authority (URA) for seven years. He was Director (Corporate Development) and Deputy Director (Land Administration). Prior to that, he was with the Ministry of National Development, Singapore, as Deputy Director (Infrastructure) for four years.

Mr Wen holds a Master of Business Administration and a Master of Science in Construction Engineering as well as a Bachelor of Engineering (First Class Honours).

<sup>1</sup> Subsequently renamed as CapitaLand Mall Asia Limited.

**Lucas Loh****Chief Executive Officer, CapitaLand China  
Co-ordinating Chief Executive Officer, China**

Mr Lucas Loh is the Chief Executive Officer of CapitaLand China. Mr Loh joined CapitaLand Group in September 2001 and has been based in China since August 2004. Prior to his appointment as Chief Executive Officer, he was the Deputy Chief Executive Officer cum Chief Investment Officer as well as Regional General Manager for South China, CapitaLand China. He also held several appointments within the Group, including Managing Director for China of The Ascott Limited.

During his term with Ascott from August 2004 to July 2007, Mr Loh successfully led the company to win top spot in China's prestigious 'Top 100 Serviced Residences' Ranking' for two consecutive years and grew its business from eight to 22 properties across 10 cities in China. In 2007, he joined CapitaLand China and was instrumental in growing its residential and integrated development businesses in South China. He was also responsible for the company's real estate financial business, including the Raffles City China Fund and CapitaLand China Development Fund with a fund size totaling US\$2.3 billion.

Mr Loh started his career in real estate in 1991. Prior to joining CapitaLand, Mr Loh was the Associate Director for Private Equity Investment at Temasek Holdings, leading its private equity investment business in the Asia Pacific region.

Mr Loh obtained a Bachelor of Science in Estate Management from the National University of Singapore. He also holds a Master of Business Administration from Oklahoma City University and attended the Advanced Management Program at Harvard Business School in 2013.

**Jason Leow****Chief Executive Officer, CapitaLand Mall Asia  
Co-ordinating Chief Executive Officer, Asia  
(excluding China)**

Mr Jason Leow is the Chief Executive Officer of CapitaLand Mall Asia Limited (CMA).

Prior to this appointment, Mr Leow was the CEO of CapitaLand China from 2009 to 2014. He led the China teams in streamlining as well as growing the residential and integrated development businesses, including the development and operations of the eight Raffles City projects in China. Mr Leow started his career with the CapitaLand Group in 1994 and was based in China from 2001 to 2014.

Mr Leow is a Chartered Accountant of Singapore and a member of the Institute of Singapore Chartered Accountants. He obtained an Executive Master in Business Administration from Fudan University and in 2007, attended the Advanced Management Program at Harvard Business School.

**Lee Chee Koon****Chief Executive Officer  
The Ascott Limited**

Mr Lee Chee Koon is the Chief Executive Officer of The Ascott Limited, the world's largest international serviced residence owner-operator.

Prior to this, Mr Lee was appointed as Ascott's Deputy Chief Executive Officer in February 2012, assisting the Chief Executive Officer in strategic planning and investment of the serviced residence business. He was concurrently Ascott's Managing Director for North Asia, responsible for driving the company's investment and operations in China, Japan and Korea.

Before Mr Lee joined Ascott in July 2009 as Managing Director for China, he was the Vice President in the Office of the President at CapitaLand. Prior to joining CapitaLand in February 2007, Mr Lee was with the Administrative Service in the Singapore Civil Service serving in various capacities with the Ministry of Trade and Industry, Ministry of Finance and Monetary Authority of Singapore.

Mr Lee obtained a first class honours degree in Mechanical Engineering from the National University of Singapore in 1999. He also holds a Master of Science degree in Mechanical Engineering from Imperial College London, United Kingdom.

## Corporate Governance Report

CapitaLand Limited (the Company, and together with its subsidiaries, the Group) aspires to the highest standards of corporate governance. The Company is committed to ongoing improvement in corporate governance. It has developed and, on an ongoing basis, maintains sound and transparent policies and practices to meet the specific business needs of the Group and to provide a firm foundation for a trusted and respected business enterprise. The Company remains focused on complying with the substance and spirit of the principles of the Code of Corporate Governance 2012 (the Code) while achieving operational excellence and delivering the Group's long-term strategic objectives. The Board of Directors (the Board) is responsible for the Company's corporate governance standards and policies, underscoring their importance to the Group.

The Company has received accolades from the investment community for excellence in corporate governance. More details can be found in the Awards & Accolades section on pages 56 to 60 of this Annual Report.

This corporate governance report (Report) sets out the corporate governance practices for the financial year 2015 (FY 2015) with reference to the Code. Where there are deviations from the principles and guidelines of the Code, an explanation has been provided within this Report.

### (A) BOARD MATTERS

#### The Board's Conduct of Affairs

##### Principle 1:

**Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.**

The Board comprises 10 Directors, of which nine are non-executive independent Directors. The President & Group Chief Executive Officer (P&GCEO), who is an executive Director, is the only non-independent Director. This exceeds the requirements in the Code.

The Board has diversity of skills and knowledge, educational background, ethnicity and gender. Each Director brings to the Board skills, experience, insights and sound judgement which, together with his or her strategic networking relationships, serve to further the interests of the Group. The Board oversees the strategic direction, performance and affairs of the Company and is collectively responsible for the long-term success of the Company.

The Board appoints the P&GCEO; the P&GCEO is responsible for developing and implementing the Group's strategic plans approved by the Board. He is also responsible for developing and managing the Group's business.

The Board has adopted a Board Charter setting forth the duties and responsibilities of the Board. These include approving the Group's broad policies, strategies, objectives, annual budgets, major funding, including capital management proposals, investments and divestments.

The Board has reserved authority to approve certain matters and these include:

- (a) material acquisitions, investments, disposals and divestments;
- (b) share issuances, dividends and other returns to shareholders;
- (c) approving the targets for and assessing the performance of the P&GCEO and determining the compensation package for the P&GCEO; and
- (d) matters which involve a conflict of interest for a controlling shareholder or a Director.

The Board has established various Board Committees to assist it in the discharge of its functions. These Board Committees are the Audit Committee (AC), the Executive Resource and Compensation Committee (ERCC), the Finance and Investment Committee (FIC), the Nominating Committee (NC) and the Risk Committee (RC). The compositions of the various Board Committees are set out on the inside-back cover of this Annual Report. P&GCEO attends all Board Committee meetings on an ex-officio basis.



Each of these Board Committees operates under delegated authority from the Board with the Board retaining overall oversight. The Board may form other Board Committees as dictated by business imperatives. Membership of the various Board Committees is managed to ensure an equitable distribution of responsibilities among Board members, to maximise the effectiveness of the Board and to foster active participation and contribution from Board members. Diversity of experience and appropriate skills are considered in determining the composition of the respective Board Committees.

The Board regularly undertakes a review of its Board Committees structure, their membership and terms of reference to ensure that the Board continues to be effective. The last review took place in 2015 and the review resulted in the Finance and Budget Committee merging with the Investment Committee to form the FIC as the remits of the previous two committees covered inter-related matters of budget, finance, capital management and investments. The review also resulted in the dissolution of the Corporate Disclosure Committee because references of corporate disclosure matters to the committee for approval were limited as Management is responsible for disclosure matters generally. Disclosure of material matters such as financial results are referred to the Board for approval.

The Board has adopted a set of internal controls which establishes approval limits for capital expenditure, investments, divestments, bank borrowings and issuance of shares as well as debt and equity-linked instruments. Apart from matters that specifically require the Board's approval, the Board delegates authority for transactions below those limits to Board Committees and Management. Approval sub-limits are also provided at Management level to optimise operational efficiency.

The Board meets at least once every quarter, and as required by business imperatives. Prior to the start of each Board meeting, the non-executive Directors meet without the presence of Management. Where exigencies prevent a Director from attending a Board meeting in person, the Constitution of the Company (Constitution) permits the Director to participate via teleconferencing or video conferencing. The Board and Board Committees may also make decisions by way of resolutions in writing.

A total of five Board meetings were held in FY 2015. This included an annual offsite meeting with Senior Management to review and plan the Group's longer term strategy and prospects. A table showing the attendance record of the Directors at meetings of Board and Board Committees during FY 2015 is set out on page 41 of this Annual Report. The Company believes in the manifest contributions of its Directors beyond attendance at formal Board and Board Committees meetings. To judge a Director's contribution based on his or her attendance at formal meetings alone would not do justice to his or her overall contributions, which include being accessible to Management for guidance or exchange of views outside the formal environment of Board and Board Committees meetings.

The Company provides suitable training for Directors. Upon appointment, each Director is provided with a formal letter of appointment and a copy of Directors' Manual (which includes information on a broad range of matters relating to the role and responsibilities of a director). All Directors on appointment also undergo an induction programme to familiarise themselves with matters relating to the Company's business activities, its strategic directions and policies, the regulatory environment in which the Group operates and the Company's corporate governance practices. Following their appointment, Directors are provided with opportunities for continuing education in areas such as directors' duties and responsibilities, changes to regulations and accounting standards and industry-related matters, so as to be updated on matters that affect or may enhance their performance as Directors or Board Committee members.

## Board Composition and Guidance

### Principle 2:

**There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision-making.**

The Board, through the NC, reviews from time to time the size and composition of the Board, with a view to ensuring that the size of the Board is appropriate in facilitating effective decision-making taking into account the scope and nature of the Group's operations, and that the Board has a strong independent element.

The Board presently comprises 10 Directors, of which nine are non-executive independent Directors. The Chairman of the Board is a non-executive independent Director. Profiles of the Directors are provided on pages 12 to 17 of this Annual Report.

## Corporate Governance Report

The Board, taking into account the views of the NC, assesses the independence of each Director in accordance with the guidance in the Code. An independent director is one who has no relationship with the Company, its related corporations, its shareholders who hold 10% or more of the voting shares of the Company or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of his or her independent business judgement. The non-executive Directors had provided declarations of their independence, which have been deliberated upon by the NC and the Board. The Board has also examined the different relationships identified by the Code that might impair the Directors' independence and objectivity.

Mr Ng Kee Choe and Ms Euleen Goh serve as members on the Board of Trustees of Temasek Trust. Temasek Trust is the philanthropic arm of Temasek Holdings (Private) Limited (Temasek), which is the controlling shareholder of the Company. Temasek Trust is a not-for-profit organisation that independently oversees the management and disbursement of Temasek's endowments and gifts. Mr Ng and Ms Goh's roles as members of the Board of Trustees are non-executive in nature and they are not involved in the day-to-day conduct of the business of Temasek Trust. They also do not represent Temasek on the Board of the Company and they are not accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of Temasek in relation to the corporate affairs of the Company.

Ms Euleen Goh is also a non-executive director of DBS Bank Ltd. (DBS Bank) and Mr James Koh is a non-executive director of United Overseas Bank Limited (UOB Bank). The Board notes that both roles are non-executive in nature and both Ms Goh and Mr Koh are not involved in the business operations of the respective banks. The Board considers that the payments made to DBS Bank and UOB Bank were not significant compared with the revenues of the respective banks, or the overall payments made by the Group to its banks, in FY 2015. In addition, the services provided by DBS Bank and UOB Bank were financial transactions carried out in the ordinary course of their respective businesses and on normal commercial terms and at arm's length. Further, the services were not material in the context of all financial and other related services that the Group had received from its banks in FY 2015.

Mr Stephen Lee served as a senior international adviser of Temasek International Advisors Pte Ltd (TIA), a subsidiary of Temasek, from the start of FY 2015 until 31 August 2015. In that role, Mr Lee provided corporate advisory services to Temasek in relation to proposed investments or projects of Temasek which were non-real estate business in nature. That role did not pose any issues of conflict of interests for Mr Lee. Similar to the assessment made in respect of Mr Ng and Ms Goh's roles in the Board of Trustees of Temasek Trust, Mr Lee's role in TIA was non-executive and advisory in nature, and he was not involved in the day-to-day conduct of the business of TIA. He also does not represent Temasek on the Board and is not accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of Temasek in acting as a Director of the Company.

Mr Kee Teck Koon holds the position of corporate advisor at TIA. In this role, Mr Kee provides corporate advisory services to Temasek in relation to proposed investments or projects of Temasek which are non-real estate business in nature. This role does not pose any issues of conflict of interests for Mr Kee. Similarly, Mr Kee's role in TIA is non-executive and advisory in nature, and he is not involved in the day-to-day conduct of the business of TIA. He also does not represent Temasek on the Board and is not accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of Temasek in acting as a Director of the Company.

Mr Lee is also the non-executive chairman of Singapore Airlines Limited (SIA) and Mr Israel, the non-executive chairman of Singapore Telecommunications Limited (Singtel). The flight and telecommunication services provided to the Group by SIA and Singtel respectively were in the ordinary course of businesses of SIA and Singtel and the payments made by the Group were not material relative to their respective revenues.

The Board has also considered whether each of Mr Ng, Mr Israel, Ms Goh, Mr Koh, Mr Lee and Mr Kee had demonstrated independence of character and judgement in the discharge of his or her responsibilities as a Director of the Company in FY 2015, and is satisfied that each of Mr Ng, Mr Israel, Ms Goh, Mr Koh, Mr Lee and Mr Kee had acted with independent judgement. Each of them had also recused himself or herself from participating in any board deliberation on any transactions that might potentially give rise to a conflict of interest. The Board therefore considers that the relationships and circumstances set out above did not impair their independence and objectivity.

The Board has also considered whether each of Mr John Morschel, Tan Sri Amirsham A Aziz and Dr Philip Pillai had demonstrated independence of character and judgement in the discharge of his responsibilities as a Director in FY 2015. Dr Pillai is also a non-executive member of the Inland Revenue Authority of Singapore, a statutory board which functions as the tax collecting agent of Singapore. This role generates no conflict of interest in respect of his role as a Director of the Company. The Board is satisfied that each of Mr Morschel, Tan Sri Amirsham and Dr Pillai had acted with independent judgement.

Mr Koh has served on the Board for more than 11 years and the Code recommends that the independence of any director who has served beyond nine years be subject to rigorous review. The Board has reviewed and determined that Mr Koh had continuously demonstrated independence in character and judgement in the discharge of his responsibilities as a Director of the Company during FY 2015. He had been forthcoming in expressing his individual viewpoints, remained active in his debate over issues concerning the Group, and was objective in his scrutiny of and challenges to Management. He had actively sought clarification and amplification of board affairs as necessary, including through direct access to the Group's employees and external advisors.

On the bases of the declarations of independence provided by the Directors and the guidance in the Code, the Board has determined that Mr Lim Ming Yan, the Company's P&GCEO, is the only non-independent Director and all other members of the Board are independent directors as defined under the Code. Each member of the NC and Board had recused himself or herself from the NC and the Board's deliberations respectively on his or her own independence.

At all times, the Directors are collectively and individually obliged to act honestly and with diligence, and in the best interests of the Company. In the event of a conflict of interest situation arising in respect of a matter under consideration by the Board, the Director concerned also complies with disclosure obligations and recuses himself or herself from participating in the Board's deliberation on the matter.

## Chairman and Chief Executive Officer

### Principle 3:

**There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.**

To maintain an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making, the roles and responsibilities of the Chairman and the P&GCEO are held by separate individuals.

The non-executive independent Chairman, Mr Ng Kee Choe, is responsible for leading the Board and ensuring that the Board is effective in all aspects of its role. The P&GCEO, Mr Lim Ming Yan, has full executive responsibilities over the business directions and operational decisions of the Group, and is responsible for making strategic proposals, implementing the approved strategies and policies and conducting the Group's business.

The Chairman is responsible for leadership of the Board and for creating the conditions for the overall effectiveness of the Board, Board Committees and individual Directors. This includes setting the agenda of the Board in consultation with the P&GCEO and promoting constructive engagement among the Directors as well as between the Board and the P&GCEO on strategic issues. The Chairman plays a significant leadership role by providing clear oversight, direction, advice and guidance to the P&GCEO on strategies. He also engages with other members of the senior leadership regularly.

The Chairman and the P&GCEO are not immediate family members. The separation of the roles of the Chairman and the P&GCEO and the resulting clarity of roles provide a healthy professional relationship between the Board and Management, and facilitate robust deliberations on the Group's business activities and the exchange of ideas and views to help shape the strategic process.

## Corporate Governance Report

### Board Membership

#### Principle 4:

**There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.**

The Board has established the NC, which makes recommendations to the Board on all appointments to the Board and Board Committees. The NC seeks to ensure that the composition of the Board provides an appropriate balance and diversity of skills, experience, gender and knowledge of the industry, and that the Directors, as a group, have the necessary core competencies relevant to the Group's business.

All the NC members, including the Chairman of the NC, are non-executive independent Directors.

The NC is guided by its terms of reference, in particular, the NC:

- (a) recommends candidates for appointment to the Company's Board and Board Committees;
- (b) makes recommendations to the Board on the succession plans for Directors and the appointment of and succession plan for the P&GCEO;
- (c) reviews and recommends the development of a process for evaluation of the performance of the Board, Board Committees and Directors;
- (d) reviews and recommends the training and professional development programmes for the Board;
- (e) considers annually, and as and when circumstances require, if a Director is independent, and provides its views to the Board for consideration; and
- (f) reviews and decides if a Director is able to and has been adequately carrying out his or her duties as a Director, taking into consideration the Director's number of listed company board representations and other principal commitments.

The NC carries out a proactive review of the Board composition at least annually as well as on each occasion that an existing non-executive Director gives notice of his or her intention to retire or resign. This is to assess the collective skills of non-executive Directors represented on the Board to determine whether the Board, as a whole, has the skills required to achieve the Group's strategic and operational objectives. The outcome of that assessment will be reported to the Board. In carrying out this review, the NC will take into account that the Board composition should reflect balance in matters such as skills representation, tenure, experience, age spread and diversity (including gender diversity). The NC also identifies suitable candidates for appointment to the Board. External consultants may be retained from time to time to access a wide base of potential non-executive Directors. Those considered will be assessed against a range of criteria including background, experience, professional skills and personal qualities including integrity and reputation as well as expected contributions to the highest standards of corporate governance. The NC and the Board will also consider whether a candidate's skills and experience will complement the existing Board, and whether the candidate has sufficient time available to commit to his or her responsibilities as a Director.

The current Board comprises individuals who are business leaders and professionals with financial, banking, real estate, legal, investment and accounting backgrounds. The varied backgrounds of the Directors enable Management to benefit from their respective expertise and diverse background. The Board also considers gender as an important aspect of diversity alongside factors such as the age, ethnicity and educational background of its members, as it believes that diversity in the Board's composition contributes to the quality of its decision making. The Company will continue to consider the merits of the candidates in its Board renewal process and believes that doing so will meet its aim of achieving diversity of perspectives as described above.

Election of Board members is the prerogative and right of shareholders. The Constitution requires one-third of its Directors (prioritised by length of service since the previous re-election or appointment and who are not otherwise required to retire) to retire and subject themselves to re-election by shareholders at every annual general meeting (AGM) (one-third rotation rule). In addition, any newly appointed Director (whether as an additional Director or to fill a casual vacancy) will submit himself or herself for retirement and re-election at the AGM immediately following his or her appointment. Thereafter, he or she will be subject to the one-third rotation rule.

With regard to the re-appointment/re-election of existing Directors each year, the NC advises the Board on those Directors who are retiring or due for consideration to retire in accordance with the provisions of the Constitution and the Companies Act. The NC makes recommendations to the Board as to whether the Board should support the re-appointment/re-election of a Director who is retiring. In making recommendations, the NC will undertake a process of review of the retiring

non-executive Director's performance during the period in which the non-executive Director has been a member of the Board. Each member of the NC will recuse himself or herself from deliberations on his or her own re-appointment/re-election. Shareholders are provided with relevant information on the candidates for election or re-election.

The P&GCEO, as a Board member, is also subject to the one-third rotation rule. His role as P&GCEO is separate from his position as a Board member, and does not affect the ability of shareholders to exercise their right to select all Board members.

On the issue of Board renewal, the Company believes that Board renewal is a necessary and continual process, for good governance and ensuring that the Board has the skills, expertise and experience which are relevant to the evolving needs of the Group's business; renewal or replacement of a Director therefore does not necessarily reflect his performance or contributions to date. The Board has established the guideline that a non-executive Director will serve a maximum of two three-year terms, and any extension of term will be individually considered by the NC which will make its recommendation to the Board.

Guideline 4.4 of the Code recommends that the Board should determine the maximum number of listed company board representations which any director may hold, and disclose this in the annual report. The Board is of the view that the limit on the number of listed company directorships that an individual may hold should be considered on a case-by-case basis, as a person's available time and attention may be affected by many different factors such as whether he or she is in full-time employment and his or her other responsibilities. A director with multiple directorships is expected to ensure that sufficient attention can be and is given to the affairs of the Group. The Board believes that each Director is best placed to determine and ensure that he or she is able to devote sufficient time and attention to discharge his or her duties and responsibilities as a director of the Company, bearing in mind his or her other commitments. In considering the nomination of any individual for appointment or re-election, the NC will take into account, among other things, the competing time commitments faced by any such individual with multiple Board memberships as well as his or her other principal commitments. All Directors had confirmed that notwithstanding the number of their individual listed company board representations and other principal commitments which each of them held, they were able to devote sufficient time and attention to the affairs of the Company. The Board also notes that, as at the date of this Report, none of the independent Directors serves on more than four listed company boards. Taking into account also the attendance record of the Directors at meetings of Board and Board Committees during FY 2015 (set out on page 41 of this Annual Report), the Board is of the view that the current commitments of each of its Directors are reasonable and each of the Directors is able to and has been adequately carrying out his or her duties.

## Board Performance

### Principle 5:

**There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.**

The Company believes that Board performance is ultimately reflected in the long-term performance of the Group.

The Board, through the NC, strives to ensure that there is an optimal blend in the Board of background, experience and knowledge in business, finance and management skills critical to the Group's business, and that each Director can bring to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made in the interests of the Group. Contributions by an individual Board member can also take other forms, including providing objective perspectives on issues, facilitating business opportunities and strategic relationships, and accessibility to Management outside of the formal environment of Board and/or Board Committees meetings. The contributions and performance of each Director were assessed by the NC as part of its periodic reviews of the compositions of the Board and the Board Committees.

Each year, the NC undertakes a process to evaluate the effectiveness of the Board as a whole and the Board Committees. An external consultant was engaged to facilitate the evaluation process for the Board's performance in FY 2015. The consultant is independent of and is not related to the Company or any of its Directors. As part of the process, questionnaires were sent by the consultant to the Directors and Management and the findings were evaluated by the consultant and reported, together with the recommendations of the consultant, to the Chairman of the Board (also Chairman of the NC). The evaluation categories covered in the survey questionnaire included Board composition, information management, Board processes, corporate integrity and social responsibility, managing company's performance, strategy review, Board Committees effectiveness, P&GCEO performance and succession planning, Director development and management, and managing risk and adversity. The findings and the recommendations of the consultant were deliberated upon by the Board.

The Board was also able to assess the Board Committees through their regular reports to the Board on their activities. In respect of individual Directors, formal evaluation would be done by the NC as and when a Director was due for retirement by rotation.

## Corporate Governance Report

### Access to Information

#### Principle 6:

**In order to fulfill their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.**

The Company recognises the importance of providing the Board with relevant information on a timely basis prior to Board meetings and on an ongoing basis, to enable the Directors to make informed decisions to discharge their duties and responsibilities. Reports on the Group's performance are also provided to the Board on a regular basis.

The Board meets regularly and Board meetings, in general, last up to a full day. At each Board meeting, the Chairperson of each Board Committee provides an update on the significant matters discussed at the Board Committee meetings, the P&GCEO provides updates on the Group's business and operations and the Group Chief Financial Officer (GCFO) presents the financial performance. Presentations in relation to specific business areas are also made by senior executives and external consultants or experts; this allows the Board to develop a good understanding of the progress of the Group's business as well as the issues and challenges facing the Group and also promotes active engagement with the key executives of the Group.

As a general rule, Board papers are sent to Board members at least five working days prior to each Board meeting, to allow the members of the Board to prepare for the Board meetings and to enable discussions to focus on any questions that they may have.

In line with the Company's commitment to limit paper wastage and reduce its carbon footprint, the Company no longer provides printed copies of Board papers and Directors are instead provided with tablet devices to enable them to access and read Board and Board Committees papers prior to and at meetings. This initiative also enhances information security as the papers are downloaded to the tablet devices through an encrypted channel.

In addition to providing complete, adequate and timely information to the Board on Board affairs and issues requiring the Board's decision, Management also provides ongoing reports relating to the operational and financial performance of the Company, such as monthly management reports.

Where appropriate, informal meetings are also held for Management to brief Directors on prospective deals and potential developments in the early stages before formal Board approval is sought.

The Board has separate and independent access to Management including the Company Secretary at all times. The Company Secretary attends to corporate secretarial administration matters and is the corporate governance advisor on corporate matters to the Board and Management. The Company Secretary attends all Board meetings. The Board, whether as individual Director or as a group, is also entitled to have access to independent professional advice where required, at the Company's expense.

The Board sets aside time at each scheduled meeting to meet without the presence of Management; the AC also meets the internal and external auditors separately at least once a year without the presence of the P&GCEO and Management and also has unfettered access to any information that it may require.

### (B) REMUNERATION MATTERS

#### Procedures for Developing Remuneration Policies

##### Principle 7:

**There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.**

#### Level and Mix of Remuneration

##### Principle 8:

**The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.**



## Disclosure on Remuneration

### Principle 9:

**Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.**

The Board has established the ERCC to oversee executive compensation and development in the Company. The ERCC sets appropriate remuneration policies and designs competitive compensation packages with a focus on long term sustainability of business and long term shareholders' return.

The ERCC also aims to build capable and committed management teams through competitive compensation and progressive policies which are aligned to the long-term interests and risk policies of the Group, and which can attract, motivate and retain a pool of talented executives to drive the growth of the Company. The ERCC thus plays a crucial role in helping to ensure that the Company is able to attract, motivate and retain the best talents to drive the Group's business forward.

All the ERCC members, including the Chairman of the ERCC, are non-executive independent Directors.

The ERCC is guided by its terms of reference, in particular, the ERCC recommends to the Board for approval a general framework of remuneration for the non-executive Directors and key management personnel of the Group, and recommends to the Board for approval the specific remuneration package for each key management personnel. The ERCC also recommends to the Board for endorsement the specific remuneration package for each Director.

The ERCC conducts, on an annual basis, the evaluation of the P&GCEO's performance and a succession planning review of the P&GCEO and key management positions in the Group and presents its findings and recommendations to the Board. Potential candidates for leadership succession are reviewed for their readiness in the immediate, medium and longer term.

### Remuneration policy for key management personnel

The principles governing the Company's key management personnel remuneration policy are as follows:

#### Business Alignment

- Build sustainable value creation and drive wealth-addition to align with longer term shareholder interests
- Provide sound, structured funding to ensure affordability and cost-effectiveness in line with performance goals
- Enhance retention of key talents to build strong organisational capabilities

#### Motivate Right Behaviour

- Pay for performance – align, differentiate and balance rewards according to multiple dimensions of performance
- Strengthen line-of-sight linking rewards and performance goals
- Foster group-wide interests to recognise the interdependence of the various business units and drive superior outcomes

#### Fair & Appropriate

- Ensure competitive remuneration relative to the appropriate external talent markets
- Manage internal equity such that remuneration systems are viewed as fair across the Group
- Significant and appropriate portion of pay-at-risk, taking into account risk policies of the Group, symmetrical with risk outcomes and sensitive to the risk time horizon

#### Effective Implementation

- Maintain rigorous corporate governance standards
- Exercise appropriate flexibility to meet strategic business needs and practical implementation considerations
- Facilitate employee understanding to maximise the value of the remuneration programmes

## Corporate Governance Report

The Board sets the remuneration policies in line with the Company's business strategy and approves the executive compensation framework based on the key principle of linking pay to performance. The Board has access to independent remuneration consultants to advise as required.

In FY 2015, the ERCC appointed an independent remuneration consultant, Mercer (Singapore) Pte Ltd, to provide professional advice on board and executive remuneration. The consultant is not related to the Company or any of its Directors. In its deliberations, the ERCC also took into consideration industry practices and norms in compensation.

### Executive Remuneration for Key Management Personnel

Remuneration for key management personnel comprises a fixed component, a variable cash component, a share-based component and market-related benefits:

#### A. Fixed Component:

The fixed component comprises the base salary, fixed allowances and compulsory employer contribution to an employee's Central Provident Fund.

#### B. Variable Cash Component:

The variable cash component comprises the Balanced Scorecard Bonus Plan (BSBP) and Economic Value-Added (EVA)-based Incentive Plan (EBIP).

##### Balance Scorecard Bonus Plan

The BSBP is linked to the achievement of annual performance targets for each key management personnel as agreed at the beginning of the financial year with the Board and/or the P&GCEO, as the case may be.

Under the Balanced Scorecard framework, the Group's strategy and goals are translated to performance outcomes comprising both quantitative and qualitative targets in the dimensions of *Financial, Execution, Growth and People*; these are cascaded down throughout the organisation, thereby creating alignment across the Group.

After the close of the year, the ERCC reviews the Group's achievements against the targets set in the balanced scorecard, determines the overall performance taking into consideration qualitative factors such as the business environment, regulatory landscape and industry trends, and approves of a bonus pool that is commensurate with the performance achieved.

In determining the payout quantum for each key management personnel under the plan, the ERCC considers overall business performance, individual performance as well as affordability.

##### Economic Value-Added -based Incentive Plan

The EBIP is based on sharing a portion of the economic value added with employees, which varies according to the actual achievement of residual economic profit.

The EBIP rewards for sustainable shareholder value creation over the medium term achieved by growing profits, deploying capital efficiently and managing the risk profile and risk time horizon of a real estate business.

Under this plan, the bonus declared to each EBIP participant for the current year is added to the participant's balance carried forward from the previous year, upon which one-third of the resulting total amount is paid out in cash, with the remaining two-thirds to be carried forward to the following year. Amounts in each participant's EBIP account are at risk because a significant reduction in EVA in any year may result in retraction (performance clawback) of the EBIP bonus declared in preceding years. The EBIP encourages key management personnel to work for sustained EVA generation and to take actions that are aligned with the longer term interests of shareholders.

In determining the EBIP bonus declared to each participant, the ERCC considers the overall business performance, individual performance and relevant market remuneration benchmarks.

Based on the ERCC's assessment that the actual performance of the Group in FY 2015 has not met the pre-determined EVA targets, the resulting bonus declared and paid out under the EBIP has been adjusted accordingly to reflect the performance level.



### C. Share-based Components:

Share awards were granted in FY 2015 pursuant to the CapitaLand Performance Share Plan 2010 (PSP) and the CapitaLand Restricted Share Plan 2010 (RSP) (together, the Share Plans), approved and adopted by the shareholders of the Company at the Extraordinary General Meeting held on 16 April 2010.

For FY 2015, the total number of shares in the awards granted under the Share Plans did not exceed the yearly limit of 1% of the total number of issued shares (excluding treasury shares). The obligation to deliver the shares is expected to be satisfied out of treasury shares.

Details of the Share Plans as well as awards granted under the Share Plans are given in the Share Plans section of the Directors' Statement on pages 99 to 103 and the Equity Compensation Benefits section of the Notes to the FY 2015 Financial Statements on pages 171 to 175.

#### CapitaLand Performance Share Plan 2010

During FY 2015, the ERCC granted awards which are conditional on targets set for a performance period, currently prescribed to be a three-year performance period. A specified number of shares will only be released to the recipient at the end of the qualifying performance period, provided that minimally the threshold targets are achieved. An initial number of shares (baseline award) is allocated according to the following performance conditions:

- Absolute Total Shareholder Return of the Group measured as a multiple of Cost of Equity;
- Relative Total Shareholder Return of the Group measured as percentile ranking of the Group's Total Shareholder Return against those of a peer group comprising public-listed companies of comparable scale, scope and business mix in Singapore, Hong Kong and China; and
- Return on Equity of the Group at the end of the performance period.

The above performance measures have been selected as key measurements of wealth creation for shareholders. The final number of shares to be released will depend on the achievement of pre-determined targets over the three-year performance period. No share will be released if the threshold targets are not met at the end of the performance period. On the other hand, if superior targets are met, more shares than the baseline award can be released. For awards granted in 2012 and 2013, the maximum is 175% of the baseline award. For awards granted in 2014 and 2015, the maximum is 170% and 200% of the respective year's baseline awards. Recipients will receive fully paid shares at no cost.

Based on the ERCC's assessment that the performance achieved by the Group has not met the pre-determined performance targets for share awards based on the performance period from the financial year ended 31 December 2013 to FY 2015, no share has been released.

#### CapitaLand Restricted Share Plan 2010

During FY 2015, the ERCC granted awards which are conditional on targets set for a performance period, currently prescribed to be a one-year performance period. A specified number of shares will only be released to the recipients at the end of the qualifying performance period, provided that minimally the threshold targets are achieved. An initial number of shares (baseline award) is allocated according to the following performance conditions:

- Operating Earnings Before Interest and Tax of the Group; and
- Operating Return on Equity of the Group.

The above performance measures have been selected as they are the key drivers of business performance and are aligned to shareholder value. The final number of shares to be released will depend on the achievement of pre-determined targets at the end of the one-year performance period and the release will be over a vesting period of three years. No share will be released if the threshold targets are not met at the end of the performance period. On the other hand, if superior targets are met, more shares than the baseline award can be delivered up to a maximum of 150% of the baseline award. Recipients can receive fully paid shares or, by exception, their equivalent cash value or combinations thereof, at no cost.

Based on the ERCC's assessment that the performance achieved by the Group has met the pre-determined performance targets for share awards based on the performance period FY 2015, the resulting number of shares released has been adjusted accordingly to reflect the performance level.

## Corporate Governance Report

To further promote the alignment of Management's interests with that of shareholders, the ERCC has approved share ownership guidelines for Senior Management to instill stronger identification by senior executives with the longer term performance and growth of the Group. Under these guidelines, Senior Management participants are required to retain a prescribed proportion of the Company's shares received under the Share Plans.

### D. Market-related Benefits:

The benefits provided are comparable with local market practices.

The Code requires an issuer to disclose the names and remuneration of at least the top five key management personnel (who are not also Directors or the P&GCEO) of the Company. Besides the P&GCEO who is an executive Director, the Company considers the heads of the corporate functions to be the key management personnel and accordingly the GCFO Mr Arthur Lang Tao Yih, the Group Chief Corporate Officer Mr Tan Seng Chai, and the Chief Corporate Development Officer Mr Ng Kok Siong were its key management personnel for FY 2015. The remuneration of the Chief Executive Officers of the Company's unlisted subsidiaries is not disclosed as the Board believes that such disclosure would be disadvantageous to the Group's business interest, given the highly competitive conditions in the real estate industry where poaching of executives is commonplace; any poaching is likely to result in a ratcheting up of the remuneration which is not in the interest of the Company.

The details of the remuneration for the P&GCEO are provided in the Directors' Remuneration section on page 42 of this Annual Report. The details of the other key management personnel remuneration in bands of S\$250,000 and a breakdown in percentage terms are provided in the Key Management Personnel's Remuneration section on page 43 of this Annual Report.

The ERCC seeks to ensure that remuneration paid to the P&GCEO and key management personnel is strongly linked to the achievement of business and individual performance targets. The performance targets endorsed by the ERCC and approved by the Board are set at realistic yet stretched levels each year to motivate a high degree of business performance with emphasis on both short-term and longer-term quantifiable objectives. A pay-for-performance alignment study was conducted by the appointed independent remuneration consultant and reviewed by the ERCC; the findings indicate that there has been adequate pay-for-performance alignment for the Group in both absolute and relative terms against a peer group of large listed companies over a multi-year period.

For FY 2015, there were no termination, retirement or post-employment benefits granted to Directors, the P&GCEO and key management personnel. There was also no special retirement plan, 'golden parachute' or special severance package for the key management personnel.

There were no employees of the Group who were immediate family members of a Director or the P&GCEO during FY 2015. "Immediate family member" refers to the spouse, child, adopted child, step-child, sibling or parent of the individual.

### Non-Executive Director Remuneration

Non-executive Directors have remuneration packages consisting of Directors' fees and attendance fees. The Directors' compensation 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.

The remuneration framework for the non-executive Directors remains unchanged from that for the year ended 31 December 2014 (FY 2014), save for the revised fee of S\$30,000 (compared to S\$25,000 for FY 2014) for each non-executive Director in the AC and the FIC, the latter being formed by the merger of the Investment Committee and the Finance & Budget Committee.

The fee structure for non-executive Directors for FY 2015 is as follows:

|  | S\$                  |
|--|----------------------|
| <b>Basic Retainer Fee</b>  |                      |
| Board Chairman   | 750,000 <sup>1</sup> |
| Director   | 78,000               |
| <b>Fee for appointment to Audit Committee and Finance &amp; Investment Committee</b>   |                      |
| Committee Chairman   | 60,000               |
| Committee member   | 30,000               |
| <b>Fee for appointment to Executive Resource &amp; Compensation Committee and Risk Committee</b>   |                      |
| Committee Chairman   | 35,000               |
| Committee member   | 22,000               |
| <b>Fee for appointment to any other Board Committee</b>  |                      |
| Committee Chairman   | 28,000               |
| Committee member   | 20,000               |
| <b>Attendance fee for Board/Board Committee meetings (per meeting)</b>   |                      |
| <b>(a) Attendance in person</b>  |                      |
| <b>Board meeting</b>   |                      |
| Local  | 4,000                |
| Overseas   | 7,000                |
| <b>Board Committee meeting</b>   |                      |
| Local  | 2,200                |
| Overseas   | 7,000                |
| <b>(b) Attendance via conference telephone or similar communication equipment</b>  |                      |
| Local and Overseas   | 1,700                |
| <b>Attendance fee in person or otherwise for project committee meetings/verification meetings/other meetings where attendance of Directors is required (per meeting)</b> |                      |
| Local and Overseas   | 1,000                |

<sup>1</sup> The fee is all-inclusive and there will be no separate board retainer fee, committee fee or attendance fee for the Chairman.

Directors' fees of the non-executive Directors (including the Chairman) will be paid as to about 70% in cash and about 30% in the form of share awards under the RSP, save in the case of a Director who is retiring from the Board at the conclusion of the AGM and a Director who has retired from the Board at the conclusion of the last AGM. These Directors will receive all of their Directors' fees in cash. The awards consist of the grant of fully paid shares, with no performance conditions attached and no vesting periods imposed. In order to encourage the alignment of the interests of the non-executive Directors with the interests of shareholders, a non-executive Director is required to hold shares in the Company worth at least one year of his or her basic retainer fee or the total number of shares awarded under the above policy, whichever is lower, at all times during his or her Board tenure. For the Chairman, the shares are required to be held for at least two years from the date of award, and the two-year moratorium shall continue to apply in the event of retirement. Details of the Directors' remuneration are provided in the Directors' Remuneration section on page 42 of this Annual Report. The P&GCEO as Executive Director does not receive Director's fees. The Directors' fees will only be paid upon approval by the shareholders at the AGM.

## Corporate Governance Report

### Compensation Risk Assessment

Under the Code, the compensation system shall take into account the risk policies of the Group, and be symmetrical with risk outcomes and sensitive to the time horizon of risks. The ERCC has conducted a Compensation Risk Assessment to review the various compensation risks that may arise as well as the mitigating policies to better manage risk exposures identified. The ERCC is satisfied that there is adequate risk mitigation features in the Group's compensation system, such as the use of malus, deferral and clawback features in the Share Plans and EBIP. The ERCC will continue to undertake periodic reviews of compensation-related risks.

### (C) ACCOUNTABILITY AND AUDIT

#### Accountability

##### Principle 10:

**The Board should present a balanced and understandable assessment of the company's performance, position and prospects.**

The Company provides shareholders with quarterly and annual financial statements. In presenting the annual and quarterly financial statements to shareholders, the Board aims to provide shareholders with a balanced, clear and understandable assessment of the Company and the Group's performance, position and prospects. In order to achieve this, Management provides the Board with management accounts on a monthly basis and such explanation and information as any Director may require, to enable the Directors to keep abreast, and make a balanced and informed assessment, of the Group's financial performance, position and prospects.

The Company believes in conducting itself in ways that seek to deliver maximum sustainable value to its shareholders. Best practices are promoted as a means to build an excellent business for its shareholders and the Company is accountable to shareholders for its performance. Prompt fulfilment of statutory reporting requirements is but one way to maintaining shareholders' confidence and trust in the capability and integrity of the Company.

### Risk Management and Internal Controls

#### Principle 11:

**The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.**

The Company has in place an adequate and effective system of internal controls addressing material financial, operational, compliance and information technology risks to safeguard shareholders' interests and the Group's assets.

The Board has overall responsibility for the governance of risk and oversees Management in the design, implementation and monitoring of the risk management and internal controls system. The RC assists the Board in carrying out the Board's responsibility of overseeing the Company's risk management framework and policies.

All the RC members, including the Chairman of the RC, are non-executive independent Directors.

The RC is guided by its terms of reference, in particular, the RC:

- (a) makes recommendations to the Board on risk appetite and associated risk parameters including risk limits;
- (b) reviews and assesses compliance with and the adequacy of the risk management framework, policies and strategies to identify, measure, manage and report risks;
- (c) oversees Management in the formulation, updating and maintenance of an adequate and effective risk management framework, policies and strategies for managing risks that are consistent with the Company's approved risk appetite and parameters, and reports to the Board on its decisions on any material matters concerning the aforementioned;
- (d) makes the necessary recommendations to the AC and the Board such that an opinion and comment regarding the adequacy and effectiveness of the risk management and internal controls system can be made by the Board in the Annual Report of the Company in accordance with the Listing Manual of the Singapore Exchange Securities Trading Limited (Listing Manual) and the Code; and

- (e) considers and advises on risk matters referred to it by Management or the Board including reviewing and reporting to the Board on any material breaches of approved risk limits, any material non-compliance with the approved framework and policies and the adequacy of any proposed action.

The Group adopts an Enterprise Risk Management (ERM) Framework which sets out the required environmental and organisational components for managing risk in an integrated, systematic and consistent manner. The ERM Framework and related policies are reviewed annually. A team comprising the P&GCEO and other key management personnel is responsible for directing and monitoring the development, implementation and practice of ERM across the Group.

The Group consistently seeks to improve and strengthen its ERM Framework. As part of the ERM Framework, Management, among other things, undertakes and performs a Risk and Control Self-Assessment (RCSA) process. As a result of the RCSA process, the Group produces and maintains a risk register which identifies the material risks it faces and the corresponding internal controls it has in place to manage or mitigate those risks. The material risks are reviewed annually by the RC, the AC and the Board. The RC also reviews the approach of identifying and assessing risks and internal controls in the risk register. The system of risk management and internal controls is reviewed and, where appropriate, refined regularly by Management, the RC, the AC and the Board. Where relevant, reference is made to the best practices and guidance in the Risk Governance Guidance for Listed Boards issued by the Corporate Governance Council.

The Group has established an approach on how risk appetite is defined, monitored and reviewed across the Group. Approved by the Board, the Group Risk Appetite Statement (RAS), incorporating the risk limits, addresses the management of material risks faced by the Group. Alignment of the Group's risk profile to the Group RAS is achieved through various communication and monitoring mechanisms (including key performance indicators set for Management) put in place across the Group.

More information on the Group's ERM Framework can be found in the Enterprise Risk Management section on pages 50 to 52 of this Annual Report.

Internal and external auditors conduct audits that involve testing the effectiveness of the material internal controls in the Group addressing financial, operational, compliance and information technology risks. This includes testing, where practical, material internal controls in areas managed by external service providers. Any material non-compliance or lapses in internal controls together with corrective measures recommended by the internal and external auditors are reported to and reviewed by the AC. The adequacy and effectiveness of the measures taken by Management in response to the recommendations made by the internal and external auditors are also reviewed by the AC.

The Board has received assurance from the P&GCEO and the GCFO that:

- (a) the financial records of the Group have been properly maintained and the financial statements for FY 2015 give a true and fair view of the Group's operations and finances; and
- (b) the system of risk management and internal controls in place within the Group is adequate and effective in addressing the material risks faced by the Group in its current business environment including material financial, operational, compliance and information technology risks. The P&GCEO and the GCFO have obtained similar assurance from the respective businesses and corporate executive heads in the Group.

In addition, in FY 2015, the Board has received quarterly certification by Management on the integrity of financial reporting and the Board has provided a negative assurance confirmation to shareholders as required by the Listing Manual.

Based on the ERM Framework established and the reviews conducted by Management and both the internal and external auditors, as well as the assurance from the P&GCEO and the GCFO, the Board concurs with the recommendation of the AC and RC and is of the opinion that the Group's system of risk management and internal controls addressing material financial, operational, compliance and information technology risks is adequate and effective to meet the needs of the Group in its current business environment as at 31 December 2015.

The Board notes that the system of risk management and internal controls established by Management provides reasonable assurance that the Group, as it strives to achieve its business objectives, will not be significantly affected by any event that can be reasonably foreseen or anticipated. However, the Board also notes that no system of risk management and internal controls can provide absolute assurance in this regard, or absolute assurance against poor judgement in decision making, human error, losses, fraud or other irregularities.

## Corporate Governance Report

### Audit Committee

#### Principle 12:

**The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.**

All the members of the AC, including the Chairman of the AC, are non-executive independent Directors. The members bring with them invaluable recent and relevant managerial and professional expertise in accounting and related financial management domains.

The AC has explicit authority to investigate any matter within its terms of reference. Management is required to provide the fullest co-operation in providing information and resources, and in implementing or carrying out all requests made by the AC. The AC has direct access to the internal and external auditors and full discretion to invite any Director or executive officer to attend its meetings. Similarly, both the internal and external auditors are given unrestricted access to the AC.

The AC is guided by its terms of reference. In particular, the AC:

- (a) reviews the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance;
- (b) in conjunction with the assessment by the RC, assesses the adequacy and effectiveness of the internal controls (including material financial, operational, compliance and information technology controls) and risk management system;
- (c) reviews the effectiveness of the Company's internal audit function;
- (d) reviews the scope and results of the external audit, independence and objectivity of the external auditors;
- (e) makes recommendations to the Board on the proposals to the shareholders relating to the appointment, re-appointment and removal of the external auditors, and approving the remuneration of the external auditors;
- (f) reviews and approves processes to regulate interested person transactions and to ensure compliance with the applicable regulations, in particular, the requirement that the transactions are on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders; and
- (g) reviews the policy and arrangements by which employees of the Company and any other persons may, in confidence, report suspected fraud or irregularity or suspected infringement of any laws or regulations or rules, or raise concerns about possible improprieties in matters of financial reporting or other matters, with a view to ensuring that arrangements are in place for such concerns to be raised and independently investigated, and for appropriate follow-up action to be taken.

During FY 2015, the Company conducted a Request for Proposal for the appointment of auditors for financial year ending 31 December 2016 (FY 2016). The AC reviewed proposals from several reputable audit firms, including the incumbent auditors, and made a recommendation to the Board that the incumbent auditors be nominated for re-appointment as the statutory auditors of the Group for FY 2016 at the forthcoming AGM. In making this recommendation, the AC considered and was satisfied with the independence and audit quality of the incumbent auditors. The Board has accepted the recommendation.

In order to maintain the independence of the external auditors, the Company has developed policies regarding the types of non-audit services that the external auditors can provide to the Group and the related approval processes. The AC has reviewed the nature and extent of non-audit services provided by the external auditors during FY 2015 and the fees paid for such services. The AC is satisfied that the independence of the external auditors has not been impaired by the provision of those services. The external auditors have also provided confirmation of their independence to the AC. The total audit and non-audit fees for FY 2015 were S\$6,962,000 and S\$447,000, respectively.

In FY 2015, the AC also met with the internal and external auditors, without Management's presence, to discuss the reasonableness of the financial reporting process, the system of internal controls, and the significant comments and recommendations by the auditors. Where relevant, the AC makes reference to the best practices and guidance in the Guidebook for Audit Committee in Singapore and the practice directions issued from time to time in relation to Financial Reporting Surveillance Programme administered by the Accounting and Corporate Regulatory Authority of Singapore.

Changes to accounting standards and accounting issues which have a direct impact on the financial statements were reported to and discussed with the AC at its meetings. Directors are also invited to attend relevant seminars on changes to accounting standards and issues by leading accounting firms

The Company confirms that it has complied with Rules 712, 715 and 716 of the Listing Manual.



## Internal Audit

### Principle 13:

**The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.**

The Company has an Internal Audit Department (CL IA) which reports directly to the AC and administratively to the GCFO. CL IA plans its internal audit schedules in consultation with, but independently of, Management and its plan is submitted to the AC for approval prior to the beginning of each year. The AC also meets with CL IA at least once a year without the presence of Management. CL IA has unfettered access to the Group's documents, records, properties and employees, including access to the AC.

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

To ensure that internal audits are performed by competent professionals, CL IA recruits and employs suitably qualified professional staff with the requisite skill sets and experience. For instance, CL IA staff who are 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.

CL IA identifies and provides training and development opportunities for its staff to ensure their technical knowledge and skill sets remain current and relevant.

## (D) SHAREHOLDER RIGHTS AND RESPONSIBILITIES

### Shareholder Rights

#### Principle 14:

**Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.**

The Company is committed to treating all its shareholders fairly and equitably. All shareholders enjoy specific rights under the Constitution and the relevant laws and regulations. These rights include, among other things, the right to participate in profit distributions. They are also entitled to attend general meetings and are accorded the opportunity to participate effectively and vote at general meetings.

### Communication with Shareholders

#### Principle 15:

**Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.**

The Company is committed to keeping all its shareholders and other stakeholders and analysts informed of the performance and changes in the Group or its business which would be likely to materially affect the price or value of the Company's shares, on a timely and consistent basis, so as to assist shareholders and investors in their investment decisions.

The Company has in place an Investor Relations department and a Group Communications department which facilitate effective communication with the Company's shareholders, analysts, fund managers and the media.

The Company actively engages with its shareholders and has put in place an Investor Relations Policy (Policy) to promote regular, effective and fair communications with its shareholders. The Policy is uploaded on the Group's website at [www.capitaland.com](http://www.capitaland.com).

The Group has a formal policy on corporate disclosure controls and procedures to ensure that the Company complies with its disclosure obligations under the Listing Manual.

More information on the Company's investor and media relations with shareholders can be found in the Investor & Media Relations section on pages 53 to 54 of this Annual Report.

## Corporate Governance Report

The Company has a policy on the payment of dividends. Barring unforeseen circumstances, the Company's policy is to declare a dividend of at least 30% of the annual profit after tax and non-controlling interests excluding unrealised revaluation gains or losses as well as impairment charges or write backs.

### Conduct of Shareholder Meetings

#### Principle 16:

**Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.**

The Company supports the principle of encouraging shareholder participation and voting at general meetings. Shareholders receive a CDROM containing the annual report (printed copies are available upon request) and notice of the general meeting. Notices of the general meetings are also advertised in the press and issued on SGXNet.

At general meetings, shareholders are encouraged to communicate their views and discuss with the Board and Management matters affecting the Company. All Directors (including the Chairpersons of the respective Board Committees), Management and the external auditors, would usually be present at general meetings to address any queries that the shareholders may have.

To safeguard shareholder interests and rights, a separate resolution is proposed for each substantially separate issue at general meetings. To ensure transparency in the voting process and better reflect shareholders' interest, the Company conducts electronic poll voting for all the resolutions proposed at the general meetings. Voting and vote tabulation procedures are disclosed at the general meetings. Votes cast, for or against and the respective percentages, on each resolution are tallied and displayed 'live on-screen' to shareholders immediately at the general meetings. The total number of votes cast for or against the resolutions and the respective percentages are also announced on SGXNet after the general meetings. Voting in absentia and by email, which are currently not permitted, may only be possible following careful study to ensure that the integrity of information and authentication of the identity of shareholders through the web are not compromised, and legislative changes are effected to recognise remote voting.

Minutes of the general meetings are taken and are available to shareholders for their inspection upon request. Since 2015, minutes of the annual general meetings are also uploaded on the Company's website at [www.capitaland.com](http://www.capitaland.com).

Shareholders also have the opportunity to communicate their views and discuss with the Board and Management matters affecting the Company after the general meetings.

### (E) ADDITIONAL INFORMATION

#### Additional Committees

Apart from the AC, ERCC, NC and RC, the Company has also established the FIC. All the members of the FIC, including the Chairman of the FIC, are non-executive independent Directors.

The FIC is guided by its terms of reference, in particular, the FIC reviews proposals on and, where it considers appropriate, approves proposals on investments, divestments, credit, budget variance and awards of contracts for development expenditure, within the authorities/limits approved from time to time by the Board. The FIC also undertakes the following responsibilities:

- (a) reviews the Group's annual budget or financial policies. The annual budget, after being endorsed by the FIC, is subject to approval by the Board;
- (b) reviews the Group's full year forecast and three-year outlook (if any); and
- (c) reviews the Group Finance Manual which contains policies, procedures and guidelines such as financial authority limits, capital and liquidity management, interest rate and foreign exchange management. The Group Finance Manual and any updates, after being endorsed by the FIC, is subject to approval by the Board.



## Dealings in Securities

The Company has devised and adopted a securities dealing policy for the Group's officers and employees which applies the best practice recommendations in the Listing Manual. To this end, the Company has issued guidelines to its Directors and employees in the Group which set out prohibitions against dealings in the Company's securities (i) while in possession of material unpublished price-sensitive information, (ii) during the two weeks immediately preceding, and up to the time of the announcement of the Company's financial statements for each of the first three quarters of its financial year and, (iii) during the one month immediately preceding, and up to the time of the announcement of the Company's financial statements for the full financial year. Prior to the commencement of each relevant period, an email would be sent out to all Directors and employees of the Group to inform them of the duration of the period.

Directors and employees of the Group are also prohibited from dealing in securities of the Company and/or other relevant listed entities in the Group if they are in possession of unpublished price-sensitive information of the Company and/or these other listed entities by virtue of their status as Directors and/or employees. As and when appropriate, they would be issued an advisory to refrain from dealing in the relevant securities.

Under the policy, Directors and employees are also discouraged to trade on short-term or speculative considerations. They are also prohibited from using any information with respect to other companies or entities obtained in the course of their employment in connection with securities transactions of such companies or entities.

## Code of Business Conduct

The Company adheres to an ethics and code of business conduct policy which deals with issues such as confidentiality, conduct and work discipline, corporate gifts and concessionary offers. Clear policies and guidelines on how to handle workplace harassment and grievances are also in place.

The policies and guidelines are published on the Company's Intranet, which is accessible by all employees.

The policies the Company has implemented aim to help to detect and prevent occupational fraud in mainly three ways.

First, the Company offers fair compensation packages, based on practices of pay-for-performance and promotion based on merit to its employees. The Company also provides various healthcare subsidies and financial assistance schemes to alleviate the common financial pressures its employees face.

Second, clearly documented policies and work procedures incorporate internal controls which ensure that adequate checks and balances are in place. Periodic audits are also conducted to evaluate the efficacy of these internal controls.

Finally, the Company seeks to build and maintain the right organisational culture through its core values, educating its employees on good business conduct and ethical values.

## Bribery and Corruption Prevention Policy

The Company adopts a strong stance against bribery and corruption. In addition to clear guidelines and procedures for the giving and receipt of corporate gifts and concessionary offers, all employees of the Group are required to make a declaration on an annual basis where they pledge to uphold the Company's core values and not to engage in any corrupt or unethical practices. This serves as a reminder to all employees to maintain the highest standards of integrity in their work and business dealings. The Company's stance against bribery and corruption is also reiterated by Management during its regular staff communication sessions.

The Company's zero tolerance policy towards bribery and corruption extends to its business dealings with third-parties. Pursuant to this policy, the Company requires that certain agreements of the Group incorporate anti-bribery and anti-corruption provisions.

## Whistle-Blowing Policy

A whistle-blowing policy and other procedures are put in place to provide the Group's employees and parties who have dealings with the Group with well defined, accessible and trusted channels to report suspected fraud, corruption, dishonest practices or other improprieties in the workplace, and for the independent investigation of any reported incidents and appropriate follow up action. The objective of the whistle-blowing policy is to encourage the reporting of such matters – that employees or external parties making any reports in good faith will be able to do so with the confidence that they will be treated fairly and, to the extent possible, be protected from reprisal.

## Corporate Governance Report

## Composition Of Board And Board Committees In 2015

| Board Members                          | Audit Committee | Corporate Disclosure Committee <sup>1</sup> | Executive Resource and Compensation Committee | Finance and Budget Committee <sup>2</sup> | Investment Committee <sup>2</sup> | Finance and Investment Committee <sup>2</sup> | Nominating Committee | Risk Committee |
|--|-----------------|---|---|---|-----------------------------------|---|----------------------|----------------|
| Ng Kee Choe <sup>3</sup>               |                 |   | C   | M   | C                                 | C   | C                    |                |
| Peter Seah Lim Huat <sup>4</sup>       |                 |   | M   | C   |                                   |   | C                    |                |
| Lim Ming Yan <sup>5</sup>              |                 | M   |   | M   | M                                 |   |                      |                |
| James Koh Cher Siang <sup>6</sup>      | M               | C   |   |   | M                                 | M   |                      |                |
| John Powell Morschel <sup>7</sup>      |                 |   |   |   | M                                 | M   | M                    |                |
| Simon Claude Israel <sup>8</sup>       |                 |   | M   |   | M                                 | M   | M                    |                |
| Euleen Goh Yiu Kiang                   | C               |   |   |   |                                   |   |                      | M              |
| Tan Sri Amirsham Bin A Aziz            | M               |   |   |   |                                   |   |                      | C              |
| Stephen Lee Ching Yen <sup>9</sup>     |                 |   | M   |   |                                   |   | M                    | M              |
| Dr Philip Nalliah Pillai <sup>10</sup> | M               | M   |   |   |                                   |   |                      | M              |
| Kee Teck Koon <sup>11</sup>            |                 |   |   |   |                                   | M   |                      | M              |

Denotes:

C – Chairman

M – Member

Notes:

<sup>1</sup> Dissolved on 4 May 2015.<sup>2</sup> Consolidation of the Finance and Budget Committee and the Investment Committee into the Finance and Investment Committee on 4 May 2015.<sup>3</sup> Stepped down as Chairman of the Investment Committee and a Member of the Finance and Budget Committee; and appointed as Chairman of the Finance and Investment Committee on 4 May 2015.<sup>4</sup> Stepped down as a Director; Chairman of the Nominating Committee and the Finance and Budget Committee; and a Member of the Executive Resource and Compensation Committee at the Annual General Meeting on 30 April 2015.<sup>5</sup> Stepped down as a Member of the Corporate Disclosure Committee, the Finance and Budget Committee and the Investment Committee on 4 May 2015.<sup>6</sup> Stepped down as Chairman of the Corporate Disclosure Committee and a Member of the Investment Committee; and appointed as a Member of the Finance and Investment Committee on 4 May 2015.<sup>7</sup> Stepped down as a Member of the Investment Committee and appointed as a Member of the Finance and Investment Committee on 4 May 2015.<sup>8</sup> Stepped down as a Member of the Investment Committee and appointed as a Member of the Finance and Investment Committee on 4 May 2015.<sup>9</sup> Stepped down as a Member of the Risk Committee and appointed as a Member of the Nominating Committee on 4 May 2015.<sup>10</sup> Stepped down as a Member of the Corporate Disclosure Committee and appointed as a Member of the Risk Committee on 4 May 2015.<sup>11</sup> Appointed as a Member of the Finance and Investment Committee on 4 May 2015.

## Attendance Record of Meetings of The Board and Board Committees in 2015

|                                       | Board         | Audit Committee | Executive Resource and Compensation Committee | Finance and Budget Committee <sup>1</sup> | Investment Committee <sup>1</sup> | Finance and Investment Committee <sup>1</sup> | Nominating Committee | Risk Committee |
|---------------------------------------|---------------|-----------------|---|---|-----------------------------------|---|----------------------|----------------|
| <b>No. of Meetings Held</b>           | 5             | 5               | 6   | 1   | 1                                 | 5   | 2                    | 3              |
| <b>Board Members</b>                  |               |                 |   |   |                                   |   |                      |                |
| Ng Kee Choe <sup>2</sup>              | 5<br>out of 5 | –               | 6<br>out of 6                                 | 1<br>out of 1                             | 1<br>out of 1                     | 5<br>out of 5                                 | 2<br>out of 2        | –              |
| Peter Seah Lim Huat <sup>3</sup>      | 1<br>out of 1 | –               | 3<br>out of 3                                 | 1<br>out of 1                             | –                                 | –   | 1<br>out of 1        | –              |
| Lim Ming Yan <sup>4</sup>             | 5<br>out of 5 | –               | –   | 1<br>out of 1                             | 1<br>out of 1                     | –   | –                    | –              |
| James Koh Cher Siang <sup>5</sup>     | 5<br>out of 5 | 5<br>out of 5   | –   | –   | 1<br>out of 1                     | 5<br>out of 5                                 | –                    | –              |
| John Powell Morschel <sup>6</sup>     | 5<br>out of 5 | –               | –   | –   | 1<br>out of 1                     | 5<br>out of 5                                 | 2<br>out of 2        | –              |
| Simon Claude Israel <sup>7</sup>      | 5<br>out of 5 | –               | 6<br>out of 6                                 | –   | 1<br>out of 1                     | 5<br>out of 5                                 | 2<br>out of 2        | –              |
| Euleen Goh Yiu Kiang                  | 5<br>out of 5 | 5<br>out of 5   | –   | –   | –                                 | –   | –                    | 3<br>out of 3  |
| Tan Sri Amirsham Bin A Aziz           | 5<br>out of 5 | 5<br>out of 5   | –   | –   | –                                 | –   | –                    | 3<br>out of 3  |
| Stephen Lee Ching Yen <sup>8</sup>    | 5<br>out of 5 | –               | 6<br>out of 6                                 | –   | –                                 | –   | 1<br>out of 1        | 2<br>out of 2  |
| Dr Philip Nalliah Pillai <sup>9</sup> | 5<br>out of 5 | 4<br>out of 5   | –   | –   | –                                 | –   | –                    | 1<br>out of 1  |
| Kee Teck Koon <sup>10</sup>           | 5<br>out of 5 | –               | –   | –   | –                                 | 5<br>out of 5                                 | –                    | 3<br>out of 3  |

### Notes:

- <sup>1</sup> Consolidation of the Finance and Budget Committee and the Investment Committee into the Finance and Investment Committee on 4 May 2015.
- <sup>2</sup> Stepped down as Chairman of the Investment Committee and a Member of the Finance and Budget Committee; and appointed as Chairman of the Finance and Investment Committee on 4 May 2015.
- <sup>3</sup> Stepped down as a Director; Chairman of the Nominating Committee and the Finance and Budget Committee; and a Member of the Executive Resource and Compensation Committee at the Annual General Meeting on 30 April 2015.
- <sup>4</sup> Stepped down as a Member of the Corporate Disclosure Committee, Finance and Budget Committee and the Investment Committee on 4 May 2015. Will attend all Board committees meetings on ex-officio basis.
- <sup>5</sup> Stepped down as Chairman of the Corporate Disclosure Committee and a Member of the Investment Committee; and appointed as a Member of the Finance and Investment Committee on 4 May 2015.
- <sup>6</sup> Stepped down as a Member of the Investment Committee and appointed as a Member of the Finance and Investment Committee on 4 May 2015.
- <sup>7</sup> Stepped down as a Member of the Investment Committee and appointed as a Member of the Finance and Investment Committee on 4 May 2015.
- <sup>8</sup> Stepped down as a Member of the Risk Committee and appointed as a Member of the Nominating Committee on 4 May 2015.
- <sup>9</sup> Stepped down as a Member of the Corporate Disclosure Committee and appointed as a Member of the Risk Committee on 4 May 2015.
- <sup>10</sup> Appointed as a Member of the Finance and Investment Committee on 4 May 2015.

## Corporate Governance Report

## Directors' Remuneration Table for the Financial Year Ended 31 December 2015

| Directors of the Company           | Salary inclusive of AWS and employer's CPF<br>\$ | Bonus and other benefits inclusive of employer's CPF¹<br>\$ | Awards of shares²<br>\$ | Directors' fees³     |                        | Total<br>\$  |
|------------------------------------|--|---|-------------------------|----------------------|------------------------|--------------|
|                                    |  |   |                         | Cash Component<br>\$ | Shares component<br>\$ |              |
| Payable by Company:                |  |   |                         |                      |                        |              |
| Executive Director                 |  |   |                         |                      |                        |              |
| Lim Ming Yan                       | 1,151,250.00                                     | 2,236,514.77  | 1,172,425.47            | –                    | –                      | 4,560,190.24 |
| Sub-Total 1                        | 1,151,250.00                                     | 2,236,514.77  | 1,172,425.47            | –                    | –                      | 4,560,190.24 |
| Non-Executive Directors            |  |   |                         |                      |                        |              |
| Ng Kee Choe                        | –  | –   | –                       | 525,000.00           | 225,000.00             | 750,000.00   |
| Peter Seah Lim Huat³               | –  | –   | –                       | 85,687.00            | –                      | 85,687.00    |
| James Koh Cher Siang³              | –  | –   | –                       | 191,636.00           | –                      | 191,636.00   |
| John Powell Morschel               | –  | –   | –                       | 127,330.00           | 54,570.00              | 181,900.00   |
| Simon Claude Israel                | –  | –   | –                       | 140,560.00           | 60,240.00              | 200,800.00   |
| Euleen Goh Yiu Kiang               | –  | –   | –                       | 138,320.00           | 59,280.00              | 197,600.00   |
| Tan Sri Amirsham Bin A Aziz        | –  | –   | –                       | 163,800.00           | 70,200.00              | 234,000.00   |
| Stephen Lee Ching Yen              | –  | –   | –                       | 112,332.50           | 48,142.50              | 160,475.00   |
| Dr Philip Nalliah Pillai           | –  | –   | –                       | 112,228.90           | 48,098.10              | 160,327.00   |
| Kee Teck Koon                      | –  | –   | –                       | 110,243.70           | 47,247.30              | 157,491.00   |
|                                    |  |   |                         | 1,707,138.10         | 612,777.90             | 2,319,916.00 |
| Sub-Total 2                        | –  | –   | –                       | 2,319,916.00         |                        | 2,319,916.00 |
| Total for Directors of the Company | 1,151,250.00                                     | 2,236,514.77  | 1,172,425.47            | 2,319,916.00         |                        | 6,880,106.24 |

<sup>1</sup> The amounts disclosed include bonuses earned under the EBIP and the other incentive plans which have been accrued for in FY 2015. Under the EBIP, EVA bonus declared during the year is added to the bonus account and one-third of the accumulated balance in the bonus account will be paid out in cash annually with the remaining two-thirds to be carried forward to the following year; any negative EVA bonus declared will result in an offset against the current EVA bonus balance.

<sup>2</sup> For FY 2015, contingent awards of shares under the Share Plans were granted to Mr Lim Ming Yan. The final number of shares to be released under these awards will depend on the achievement of pre-determined targets over the respective performance periods and vesting periods under the Share Plans. The share awards disclosed are based on the fair value of the shares comprised in the contingent awards at the time of grant. There was no contingent award of RSP or PSP to the other Directors.

<sup>3</sup> If approved, the aggregate amount of Directors' fees of S\$2,319,916 will be paid as to S\$1,707,138.10 in cash, and S\$612,777.90 in the form of share awards under the RSP with any residual balance to be paid in cash. Directors' fees of the non-executive Directors (including the Chairman) will be paid as to about 70% in cash and about 30% in the form of share awards under the RSP, save in the case of Mr James Koh Cher Siang (who is retiring from the Board at the conclusion of the AGM), and Mr Peter Seah Lim Huat (who has retired from the Board on 30 April 2015), both of whom will receive all of their Directors' fees in cash. The actual number of shares to be awarded will be based on the volume-weighted average price of a share of the Company on the SGX-ST over the 14 trading days from (and including) the ex-dividend date following the AGM. The actual number of shares to be awarded will be rounded down to the nearest share, and any residual balance settled in cash. The awards will consist of the grant of fully paid shares, with no performance conditions attached and no vesting periods imposed, although a share retention policy applies. The Directors' fees will only be paid upon approval by shareholders at the AGM.

### Key Executives' Remuneration Table for the Financial Year Ended 31 December 2015

| Total Remuneration Bands                  | Salary inclusive of AWS and employer's CPF | Bonus and other benefits inclusive of employer's CPF <sup>1</sup> | Award of Shares <sup>2</sup> | Total |
|---|--|---|------------------------------|-------|
| <b>Above S\$4,500,000 to S\$4,750,000</b> |  |   |                              |       |
| Lim Ming Yan                              | 25%  | 49%   | 26%                          | 100%  |
| <b>Above S\$2,250,000 to S\$2,500,000</b> |  |   |                              |       |
| Arthur Lang Tao Yih                       | 32%  | 45%   | 23%                          | 100%  |
| <b>Above S\$1,750,000 to S\$2,000,000</b> |  |   |                              |       |
| Tan Seng Chai                             | 35%  | 40%   | 25%                          | 100%  |
| <b>Above S\$1,500,000 to S\$1,750,000</b> |  |   |                              |       |
| Ng Kok Siong                              | 35%  | 38%   | 27%                          | 100%  |
| <b>Total</b>                              |  | <b>S\$10,275,458</b>  |                              |       |

<sup>1</sup> The amounts disclosed include bonuses earned under the EBIP and the other incentive plans which have been accrued for in FY 2015. Under the EBIP, EVA bonus declared during the year is added to the bonus account and one-third of the accumulated balance in the bonus account will be paid out in cash annually with the remaining two-thirds to be carried forward to the following year; any negative EVA bonus declared will result in an offset against the current EVA bonus balance.

<sup>2</sup> The share awards are based on the fair value of the shares comprised in the contingent awards under the CapitaLand Restricted Share Plan 2010 ("RSP") and the CapitaLand Performance Share Plan 2010 ("PSP") at the time of grant. The final number of shares released under the contingent awards of shares for RSP and PSP will depend on the achievement of pre-determined targets and subject to the respective vesting period under RSP and PSP.

## Corporate Governance Report

## CODE OF CORPORATE GOVERNANCE 2012

## Guidelines for Disclosure

| Guideline | Questions   | How has the Company complied?   |
|-----------|---|---|
| General   | <p>(a) Has the Company complied with all the principles and guidelines of the Code?<br/>If not, please state the specific deviations and the alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code.</p> <p>(b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines in the Code?</p> | <p>Yes.<br/>Where there are deviations from the principles and guidelines of the Code, an explanation has been provided in this Report.</p> <p>N.A.</p> |

## Board Responsibility

|               |  |  |
|---------------|--|--|
| Guideline 1.5 | What are the types of material transactions which require approval from the Board? | <p>The specific matters which are reserved for the Board's approval include:</p> <p>(a) material acquisitions, investments, disposals and divestments;</p> <p>(b) share issuances, dividends and other returns to shareholders;</p> <p>(c) approving the targets for and assessing the performance of the P&amp;GCEO and determining the compensation package for the P&amp;GCEO; and</p> <p>(d) matters which involve a conflict of interest for a controlling shareholder or a Director.</p> |
|---------------|--|--|

## Members of the Board

|               |   |  |
|---------------|---|--|
| Guideline 2.6 | <p>(a) What is the Board's policy with regard to diversity in identifying director nominees?</p> <p>(b) Please state whether the current composition of the Board provides diversity on each of the following – skills, experience, gender and knowledge of the Company, and elaborate with numerical data where appropriate.</p> <p>(c) What steps has the Board taken to achieve the balance and diversity necessary to maximise its effectiveness?</p> | <p>The Board has established the NC, which makes recommendations to the Board on all appointments to the Board and Board Committees. The NC carries out a proactive review of the Board composition at least annually as well as on each occasion that an existing non-executive Director gives notice of his or her intention to retire or resign. This is to assess the collective skills of non-executive Directors represented on the Board to determine whether the Board, as a whole, has the skills required to achieve the Group's strategic and operational objectives.</p> <p>The NC also identifies suitable candidates for appointment to the Board. External consultants may be retained from time to time to access a wide base of potential non-executive Directors. Those considered will be assessed against a range of criteria including background, experience, professional skills and personal qualities including integrity and reputation as well as expected contributions to the highest standards of corporate governance. The NC and the Board will also consider whether a candidate's skills and experience will complement the existing Board, and whether the candidate has sufficient time available to commit to his or her responsibilities as a Director.</p> <p>The current Board comprises individuals who are business leaders and professionals with financial, banking, real estate, legal, investment and accounting backgrounds. The varied backgrounds of the Directors enable Management to benefit from their respective expertise and diverse background. The Board also considers gender as an important aspect of diversity alongside factors such as the age, ethnicity and educational background of its members, as it believes that diversity in the Board's composition contributes to the quality of its decision making. The Company will continue to consider the merits of the candidates in its Board renewal process and believes that doing so will meet its aim of achieving diversity of perspectives as described above.</p> |
|---------------|---|--|



| Guideline                   | Questions  | How has the Company complied?   |
|-----------------------------|--|---|
| <b>Members of the Board</b> |  |   |
| Guideline 4.6               | Please describe the board nomination process for the Company in the last financial year for (i) selecting and appointing new directors and (ii) re-electing incumbent directors.   | With regard to the re-appointment/re-election of existing Directors each year, the NC advises the Board on those Directors who are retiring or due for consideration to retire in accordance with the provisions of the Constitution and the Companies Act. The NC makes recommendations to the Board as to whether the Board should support the re-appointment/re-election of a Director who is retiring. In making recommendations, the NC will undertake a process of review of the retiring non-executive Director's performance during the period in which the non-executive Director has been a member of the Board.  |
| Guideline 1.6               | <p>(a) Are new directors given formal training? If not, please explain why.</p> <p>(b) What are the types of information and training provided to (i) new directors and (ii) existing directors to keep them up-to-date?</p>   | <p>Yes. Upon appointment, each Director is provided with a formal letter of appointment and a copy of Directors' Manual (which includes information on a broad range of matters relating to the role and responsibilities of a Director). All Directors on appointment also undergo an induction programme to familiarise themselves with matters relating to the Company's business activities, its strategic directions and policies, the regulatory environment in which the Group operates and the Company's corporate governance practices.</p> <p>Following their appointment, Directors are provided with opportunities for continuing education in areas such as Directors' duties and responsibilities, changes to regulations and accounting standards and industry-related matters, so as to be updated on matters that affect or may enhance their performance as Directors or Board Committee members.</p>   |
| Guideline 4.4               | <p>(a) What is the maximum number of listed company board representations that the Company has prescribed for its directors? What are the reasons for this number?</p> <p>(b) If a maximum number has not been determined, what are the reasons?</p> <p>(c) What are the specific considerations in deciding on the capacity of directors?</p> | <p>The Board does not prescribe any maximum number of listed company board representations.</p> <p>The Board is of the view that the limit on the number of listed company directorships that an individual may hold should be considered on a case-by-case basis, as a person's available time and attention may be affected by many different factors such as whether he or she is in full-time employment and his or her other responsibilities. A Director with multiple directorships is expected to ensure that sufficient attention can be and is given to the affairs of the Group. The Board believes that each Director is best placed to determine and ensure that he or she is able to devote sufficient time and attention to discharge his or her duties and responsibilities as a director of the Company, bearing in mind his or her other commitments. In considering the nomination of any individual for appointment or re-election, the NC will take into account, among other things, the competing time commitments faced by any such individual with multiple Board memberships as well as his or her other principal commitments.</p> |
| <b>Board Evaluation</b>     |  |   |
| Guideline 5.1               | <p>(a) What was the process upon which the Board reached the conclusion on its performance for the financial year?</p> <p>(b) Has the Board met its performance objectives?</p>  | <p>The Company believes that Board performance is ultimately reflected in the long-term performance of the Group.</p> <p>Contributions by an individual Board member can also take other forms, including providing objective perspectives on issues, facilitating business opportunities and strategic relationships, and accessibility to Management outside of the formal environment of Board and/or Board Committee meetings.</p> <p>Each year, the NC undertakes a process to evaluate the effectiveness of the Board as a whole and the Board Committees. An external consultant was engaged to facilitate the evaluation process for the Board's performance in FY 2015. As part of the process, questionnaires were sent by the consultant to the Directors and Senior Management and the findings were evaluated by the consultant and reported, together with the recommendations of the consultant, to the Chairman of the Board (also Chairman of the NC).</p>   |

## Corporate Governance Report

| Guideline                         | Questions  | How has the Company complied?  |
|-----------------------------------|--|--|
| <b>Independence of Directors</b>  |  |  |
| Guideline 2.1                     | Does the Company comply with the guideline on the proportion of independent directors on the Board? If not, please state the reasons for the deviation and the remedial action taken by the Company.   | Yes. Out of a total of 10 Directors, nine are independent Directors.   |
| Guideline 2.3                     | <p>(a) Is there any director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent? If so, please identify the director and specify the nature of such relationship.</p> <p>(b) What are the Board's reasons for considering him independent? Please provide a detailed explanation.</p> | Yes, please refer to pages 24 to 25 for more information on the determination process.   |
| Guideline 2.4                     | Has any independent director served on the Board for more than nine years from the date of his first appointment? If so, please identify the director and set out the Board's reasons for considering him independent.   | Yes. Mr James Koh, an independent Director, has served on the Board for more than 11 years. The Board has reviewed and determined that Mr Koh had continuously demonstrated independence in character and judgement in the discharge of his responsibilities as a Director of the Company during FY 2015. He had been forthcoming in expressing his individual viewpoints, active in his debate over issues concerning the Group, and objective in his scrutiny of and challenges to Management. He had actively sought clarification and amplification of board affairs as necessary, including through direct access to the Group's employees and external advisors. |
| <b>Disclosure on Remuneration</b> |  |  |
| Guideline 9.2                     | Has the Company disclosed each director's and the CEO's remuneration as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?  | Yes.   |

| Guideline                         | Questions   | How has the Company complied?  |
|-----------------------------------|---|--|
| <b>Disclosure on Remuneration</b> |   |  |
| Guideline 9.3                     | <p>(a) Has the Company disclosed each key management personnel's remuneration, in bands of S\$250,000 or in more detail, as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?</p> <p>(b) Please disclose the aggregate remuneration paid to the top five key management personnel (who are not directors or the CEO).</p> | <p>The Company considers the heads of corporate functions to be its key management personnel and for FY 2015, there were only three such heads. Their remuneration, in bands of S\$250,000 has been disclosed.</p> <p>The remuneration of the Chief Executive Officers of the Company's unlisted subsidiaries is not disclosed as the Board believes that such disclosure would be disadvantageous to the Group's business interest, given the highly competitive conditions in the real estate industry where poaching of executives is commonplace; any poaching is likely to result in a ratcheting up of the remuneration which is not in the interest of the Company.</p> <p>The aggregate remuneration paid to the aforesaid key management personnel is S\$5,715,268.</p>   |
| Guideline 9.4                     | Is there any employee who is an immediate family member of a director or the CEO, and whose remuneration exceeds S\$50,000 during the year? If so, please identify the employee and specify the relationship with the relevant director or the CEO.   | No.  |
| Guideline 9.6                     | <p>(a) Please describe how the remuneration received by executive directors and key management personnel has been determined by the performance criteria.</p> <p>(b) What were the performance conditions used to determine their entitlement under the short-term and long-term incentive schemes?</p> <p>(c) Were all of these performance conditions met? If not, what were the reasons?</p>   | <p>The remuneration paid to the P&amp;GCEO and key management personnel is strongly linked to the achievement of business and individual performance targets.</p> <p>Remuneration for key management personnel comprises a fixed component, a variable cash component, a share-based component and market-related benefits.</p> <p>The variable cash component refers to short-term incentives which are based on financial and non-financial performance targets in the dimensions of <i>Financial</i>, <i>Execution</i>, <i>Growth</i> and <i>People</i>.</p> <p>The share-based component refers to long-term incentives which are the grant of share awards under the Share Plans. Shares will only be released on the achievement of financial and shareholder return targets.</p> <p>Overall, the performance targets were met, with the exception of shareholder return targets which were affected by adverse share price movements.</p> |

## Corporate Governance Report

| Guideline                                    | Questions  | How has the Company complied?  |
|--|--|--|
| <b>Risk Management and Internal Controls</b> |  |  |
| Guideline 6.1                                | What types of information does the Company provide to independent directors to enable them to understand its business, the business and financial environment as well as the risks faced by the Company? How frequently is the information provided?   | <p>In addition to providing Board meeting materials, generally at least five working days prior to each Board meeting, to allow the members to prepare for the Board meetings and to enable discussions to focus on any questions that the Directors may have, the Chairperson of each Board Committee provides an update on the significant matters discussed at the Board Committee meetings, the P&amp;GCEO updates on the Group's business and operations and the GCFO presents the financial performance, presentations are made by senior executives and external consultants or experts relating to specific business areas; this allows the Board to develop a good understanding of the progress of the Group's business as well as the issues and challenges facing the Group and also promotes active engagement with the key executives of the Group.</p> <p>The Board has separate and independent access to Management at all times. The Board, whether as individual Director or as a group, is also entitled to have access to independent professional advice where required, at the Company's expense.</p> <p>Directors are also provided with opportunities for continuing education in areas such as Directors' duties and responsibilities, changes to regulations and accounting standards and industry-related matters, so as to be updated on matters that affect or may enhance their performance as Directors or Board Committee members.</p>  |
| Guideline 13.1                               | Does the Company have an internal audit function? If not, please explain why.  | Yes  |
| Guideline 11.3                               | <p>(a) In relation to the major risks faced by the Company, including financial, operational, compliance, information technology and sustainability, please state the bases for the Board's view on the adequacy and effectiveness of the Company's internal controls and risk management system.</p> <p>(b) In respect of the past 12 months, has the Board received assurance from the CEO and the CFO as well as the internal auditor that:</p> <p>(i) the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and (ii) the Company's risk management and internal control systems are effective? If not, how does the Board assure itself of points (i) and (ii) above?</p> | <p>The Company has in place an adequate and effective system of internal controls addressing material financial, operational, compliance and information technology risks to safeguard shareholders' interests and the Group's assets.</p> <p>The Group adopts an ERM Framework which sets out the required environmental and organisational components for managing risk in an integrated, systematic and consistent manner. The ERM Framework and related policies are reviewed annually. A team comprising the P&amp;GCEO and other key management personnel is responsible for directing and monitoring the development, implementation and practice of ERM across the Group.</p> <p>As part of the ERM framework, Management, among other things, undertakes and performs a RCSA process. As a result of this process, the Group produces and maintains a risk register which identifies the material risks it faces and the corresponding internal controls it has in place to manage and mitigate those risks.</p> <p>More information on the Group's ERM Framework can be found in the Enterprise Risk Management section on pages 50 to 52 of this Annual Report.</p> <p>Internal and external auditors conduct audits that involve testing the effectiveness of the material internal controls in the Group addressing financial, operational, compliance and information technology risks. Any material non-compliance or lapses in internal controls together with corrective measures recommended by internal and external auditors are reported to and reviewed by the AC. The adequacy and effectiveness of the measures taken by Management in response to the recommendations made by the internal and external auditors are also reviewed by the AC.</p> <p>The Board has received the requisite assurance from the P&amp;GCEO and the GCFO.</p> |

| Guideline                                    | Questions  | How has the Company complied?   |
|--|--|---|
| <b>Risk Management and Internal Controls</b> |  |   |
| Guideline 12.6                               | <p>(a) Please provide a breakdown of the fees paid in total to the external auditors for audit and non-audit services for the financial year.</p> <p>(b) If the external auditors have supplied a substantial volume of non-audit services to the Company, please state the bases for the Audit Committee's view on the independence of the external auditors.</p>   | <p>Total audit fees for FY 2015<br/>- S\$6,962,000</p> <p>Total non-audit fees for FY 2015<br/>- S\$447,000</p> <p>Please refer to Page 181 of this Annual Report for more details.</p> <p>In order to maintain the independence of the external auditors, the Company has developed policies regarding the types of non-audit services that the external auditors can provide to the Group and the related approval processes. The AC has reviewed the nature and extent of non-audit services provided by the external auditors during FY 2015 and the fees paid for such services. The AC is satisfied that the independence of the external auditors has not been impaired by the provision of those services. The external auditors have also provided confirmation of their independence to the AC.</p> |
| <b>Communication with Shareholders</b>       |  |   |
| Guideline 15.4                               | <p>(a) Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors?</p> <p>(b) Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role?</p> <p>(c) How does the Company keep shareholders informed of corporate developments, apart from SGXNET announcements and the annual report?</p> | <p>Yes, the Company is committed to keeping all its shareholders and other stakeholders and analysts informed of its performance and changes in the Group or its business which would be likely to materially affect the price or value of the Company's shares, on a timely and consistent basis, so as to assist shareholders and investors in their investment decisions.</p> <p>The Company has in place an Investor Relations department and a Group Communications department which facilitate effective communication with the Company's shareholders, analysts, fund managers and the media.</p> <p>More information on the Company's investor and media relations with shareholders can be found in the Investor &amp; Media Relations section on pages 53 to 54 of this Annual Report.</p>          |
| Guideline 15.5                               | If the Company is not paying any dividends for the financial year, please explain why.   | N.A.  |

## Enterprise Risk Management

Risk management is an integral part of CapitaLand's business at both the strategic and operational levels. A proactive approach towards risk management supports the attainment of the Group's business objective and corporate strategy of ONE CapitaLand, thereby creating and preserving value.

The Group recognises that risk management is just as much about opportunities as it is about threats. To capitalise on opportunities, the Group has to take measured risks. Therefore, risk management is not about pursuing risk minimisation as a goal, but rather optimising the risk-reward relationship within known and agreed risk appetite levels. The Group therefore takes risks in a prudent manner for justifiable business reasons.

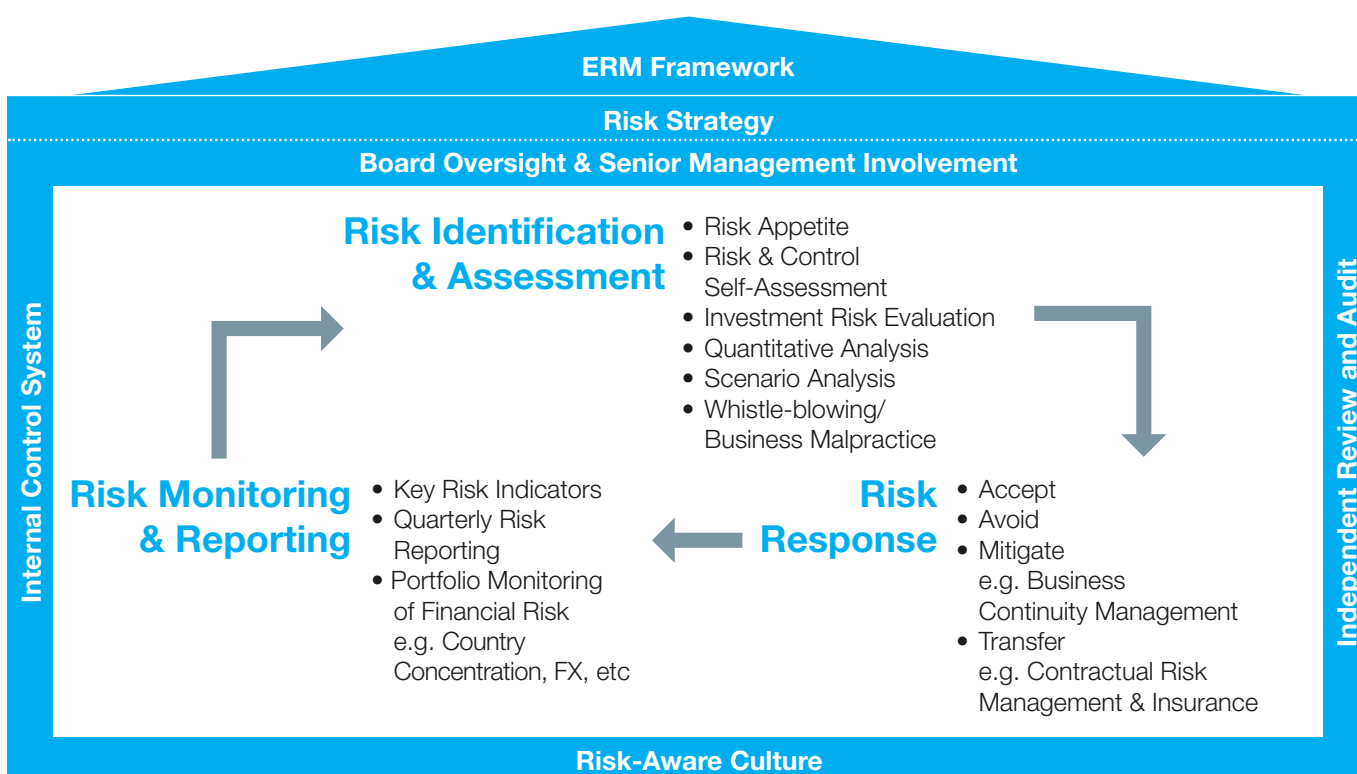
The Board of Directors is responsible for the governance of risk across the Group. The responsibilities include determining the Group's risk appetite, overseeing the Group's Enterprise Risk Management (ERM) Framework, regularly reviewing the Group's risk profile, material risks and mitigation strategies, and ensuring the effectiveness of risk management policies and procedures. For these purposes, it is assisted by the Risk Committee (RC), established in 2002, to provide dedicated oversight of risk management at the Board level.

The RC currently comprises four independent Board members and meets on a regular basis. The meetings are attended by the President & Group CEO as well as other key management staff. The RC is assisted by the Risk Assessment Group (RAG), a dedicated and independent in-house unit comprising highly specialised and professional members with vast and diverse experiences in financial, operational and enterprise risk management.

The Board has approved the Group's risk appetite, which determines the nature and extent of material risks that the Group is willing to take to achieve its strategic and business objectives. The Group's Risk Appetite Statement (RAS) is expressed via formal, high-level and overarching statements and incorporates accompanying risk limits which determine specific risk boundaries established at an operational level. Having considered key stakeholders' interests, the RAS sets out explicit, forward-looking views of the Group's desired risk profile and is aligned to the Group's strategy and business plans.

A team comprising the President & Group CEO and other key management personnel is responsible for directing and monitoring the development, implementation and practice of ERM across the Group. Operationally, a network of risk champions from the different Strategic Business Units (SBUs) and corporate functions, as well as various specialist support functions, are tasked to develop, implement and monitor risk management policies, methodologies and procedures in their respective areas.

## Enterprise Risk Management Framework





The Group's ERM Framework sets out the required environmental and organisational components which enable the Group to manage risks in an integrated, systematic and consistent manner. The ERM Framework and related risk management policies are reviewed annually and periodically validated by external ERM consultants.

A robust internal control system and an effective, independent review and audit process are the twin pillars that underpin the Group's ERM Framework. While the line management is responsible for the design and implementation of effective internal controls using a risk-based approach, the Internal Audit function reviews such design and implementation to provide reasonable assurance to the Audit Committee (AC) on the adequacy and effectiveness of the internal control system.

Annually, the RAG facilitates and coordinates the Group-wide Risk and Control Self-Assessment (RCSA) exercise that requires business and corporate executive leaders to proactively identify, assess and document material risks as well as the corresponding key controls and mitigating measures needed to address them. Material risks and their associated controls are consolidated and reviewed at the Group level before they are presented to the RC, AC and the Board.

Awareness of and preparedness for potential risks affecting its business continuity help CapitaLand minimise the impact of disruption to its business operations. The Group has a Business Continuity Management Policy to guide the business units in the implementation of business continuity plans. The Information Technology (IT) team has also formulated a disaster recovery strategy, which it reviews and tests annually.

CapitaLand believes that having the right risk culture and people with the right attitude, values and knowledge are fundamental to the Group's success. Therefore, the RAG continues to proactively enhance risk management knowledge within the Group to promote a culture of risk awareness by conducting survey and regular workshops for all levels and functions.

### Managing Material Risks

CapitaLand undertakes an iterative and comprehensive approach in identifying, managing, monitoring and reporting material risks across the Group. Such material risks include:

#### Competition Risk

The Group faces keen competition from established players and new market entrants in the real estate industry. It adopts a relentless approach towards strengthening its competitiveness through high-quality products and services, product differentiation, pricing, asset enhancement initiatives and branding. The Group also promotes tenant and customer loyalty through customer-centric initiatives and shopper loyalty programmes. A team of in-house experts provides regular analysis on market trends. Regular innovation workshops are conducted to brainstorm ideas to anticipate as well as to react to these trends.

#### Economic Risk

CapitaLand is exposed to developments in major economies and key financial and property markets. These developments may reduce revenue, increase costs and result in downward revaluation of our assets. Market illiquidity during a financial crisis makes asset divestment challenging and this can affect CapitaLand's investment and strategic objectives. The Group manages this by adopting a disciplined approach towards financial management, having a diversified portfolio across geographies with established Board-approved country concentration limits, and focusing on cities where the Group has operational scale and where underlying economic fundamentals are more robust. A team of in-house experts monitors the macro-economic environment and advises senior management and the SBUs on future macro-economic trends and their implications on the property markets. Scenario analysis is performed to calculate potential value deteriorations by applying an in-house developed Value-at-Risk (VaR) model.

#### Environmental, Health & Safety Risk

CapitaLand recognises the importance of having an Environmental, Health and Safety (EHS) Management System to manage EHS risks faced in its development projects and global operations. Its EHS Management System is externally audited and has achieved ISO 14001 and BS OHSAS 18001 certification across 15 countries.

## Enterprise Risk Management

### Financial Risk

Given the Group's diversified global business, CapitaLand is exposed to financial risks including liquidity, foreign currency and interest rate risks. The Group measures and evaluates these financial risks using established statistical risk management models (e.g. VaR, stress testing and scenario analysis). It continues to focus on instilling financial discipline, deploying capital to earn the best risk-adjusted returns and maintaining a strong balance sheet to invest in suitable opportunities. For more information on the Group's Financial Risk Management, please refer to the Financial Risk Management section on Pg 192 of this Annual Report.

### Fraud & Corruption Risk

CapitaLand is committed to the highest standards of integrity as it is one of its core values, and has no tolerance for any fraud, corruption or bribery in the conduct of its business activities. Consistent with this commitment, the Group has put in place an employee code of conduct and an anti-corruption policy. The anti-corruption policy is designed to reiterate the tone from the top and sets out CapitaLand's Global Principles on Ethical Business Conduct. Every year, employees sign the CapitaLand Pledge to renew their commitment to uphold the Group's core values. It also has a whistle-blowing policy to encourage the reporting of suspected misconduct by establishing a clearly defined process through which such reports can be made in confidence and without fear of reprisal.

### Human Capital Risk

Competition for talent within the real estate industry remains intense. The Group has a competitive remuneration framework designed to attract, motivate and retain talent, as well as foster a performance-oriented culture. The Group seeks to build a continuing leadership pipeline and strong management bench-strength through an annual talent review, where succession plans for key management positions are reviewed and high-potential employees are identified for leadership development.

### Information Technology (IT) Risk

CapitaLand has put in place policies and procedures to manage IT risks. Group-wide policies and procedures govern IT security, access controls and data security. Disaster recovery testing is conducted regularly to validate the system continuity plan put in place. In addition, network penetration testing is also conducted regularly to check for potential security gaps.

### Investment & Divestment Risk

At the project level, independent risk evaluation (for projects above a stipulated investment value threshold) is conducted by the RAG to ensure that all material risks are identified and quantified. The risks of each proposal are highlighted and

all parameters are benchmarked against objective market indicators and historical projects undertaken by the Group. If necessary, mitigating measures are proposed. To ensure that the potential returns of new investments are commensurate with the risks undertaken, the weighted average cost of capital and hurdle rates for various countries and business units are computed and adopted as investment benchmarks. They are reviewed annually and, where necessary, adjustments are made to reflect corresponding changes in business risk and capital costs of investments. This seeks to ensure that CapitaLand's investment portfolios will create value for its stakeholders on a risk-adjusted basis. Projects under development are tracked for progress update and monitored for investment performance.

### Political & Policy Risk

Given the geographic diversity of its business, CapitaLand is exposed to different levels of political and policy risks such as political leadership uncertainty, inconsistency in public policies, social unrest, change in property regulations etc. Such risks may threaten the economic and socio-political environment which may, in turn, affect the financial viability of the Group's investments. To mitigate these risks, overseas operations are managed by experienced managers and teams who are familiar with the local conditions and cultures. Regular scenario analysis is performed to study the impact of adverse changes on investments and exposures in all markets, and to evaluate profit and loss potential.

### Project Management Risk

To control project management risk, the Group adopts a rigorous project management process to ensure that project cost, quality and time objectives are met. There are stringent pre-qualification procedures to appoint well-qualified vendors for projects, where key criteria such as vendors' track records and financial performance are assessed. Regular site visits are conducted to closely monitor the progress of projects, to manage potential risks of delays, poor workmanship and cost overruns. In-house teams comprising experienced technical staff provide guidance and independent audit checks on quality of architectural design, mechanical and engineering detailing, and safety.

### Regulatory & Compliance Risk

CapitaLand has global operations and is subject to the local laws and regulations of the markets it operates in. These include applicable listing, data privacy and anti-corruption laws and regulations. The Group has in place a framework that proactively identifies applicable laws and regulatory obligations, and embeds compliance into the day-to-day operations across the SBUs.

## Investor & Media Relations

Conveying timely, full, accurate and credible information to our shareholders, investors, analysts and the media is important to CapitaLand. This is done through announcements on SGXNET, the CapitaLand website ([www.capitaland.com](http://www.capitaland.com)) and other communication channels. Underlying CapitaLand's investor and analyst communications is its Shareholders' Communications and Investor Relations (IR) policy which is available at <http://investor.capitaland.com>.

The IR team maintains regular interaction with shareholders through the Annual General Meeting (AGM), biannual media and analyst results briefings as well as meetings and conferences with investors and analysts, roadshows and site visits. CapitaLand also organises CapitaLand Investors' Day events for equity and debt investors.

The Group Communications team engages the media regularly through official announcements and news releases, media and analyst briefings, interviews with senior management and many networking events. The team also works very closely with the media in our efforts to profile CapitaLand's management and corporate developments of the various business units, as well as our sustainability and corporate social responsibility initiatives.

In 2015, CapitaLand met with 697 investors, fund managers and analysts and facilitated 43 site visits to our projects and developments in Singapore, Japan and China. CapitaLand hosted two CapitaLand Investors' Day events in May and September. CapitaLand also participated in conferences and non-deal roadshows in Hong Kong, Singapore, Japan and USA.

In November 2015, six media and 13 analysts participated in CapitaLand's annual familiarisation trip to China.

The participants took a close-up look at CapitaLand's existing and upcoming projects in

- Shanghai (LuOne, Raffles City Changning and Ascott Heng Shan Shanghai),
- Hangzhou (Raffles City Hangzhou and Riverfront Mansion), and
- Suzhou (Suzhou Center Mall and Ascott Midtown Suzhou).

During the trip, CapitaLand senior management and regional managers presented CapitaLand's roadmap for the China market. The participants gained insights into these projects and local market conditions through interaction with our staff in these cities.

CapitaLand is honoured to have received numerous prestigious awards in 2015, including

- the Hall of Fame of the Most Transparent Company Award at the 16<sup>th</sup> Singapore Investors Association (Singapore) (SIAS) Investors' Choice Awards,
- Best Overall, Mixed-Use and Retail Developer (Singapore) at the Euromoney Real Estate Awards 2015,
- Most Honored Company in Singapore in the 2015 All-Asia Executive Team Rankings by Institutional Investor, and
- Best Investor Relations by Sector (Real Estate) at the IR Magazine Awards & Conference – South East Asia 2015.

Mr Arthur Lang, CapitaLand's Group Chief Financial Officer, was awarded the Best Chief Financial Officer (Companies with S\$1 billion and above in market capitalisation) at the Singapore Corporate Awards 2015 and ranked third Best Chief Financial Officer (Property) by Institutional Investor. Ms Chang Rui Hua, CapitaLand's Head of Investor Relations, won the Best Investor Relations Officer Award at IR Magazine Awards & Conference South East Asia 2015.

CapitaLand paid a dividend of 9 cents in 2015. Total Shareholders' Return<sup>1</sup> for the year was 3.9%.

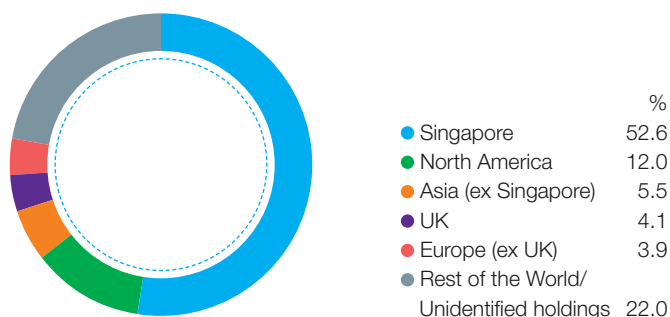


CapitaLand Familiarisation Trip for Media & Analysts to Shanghai, Suzhou and Hangzhou in 2015

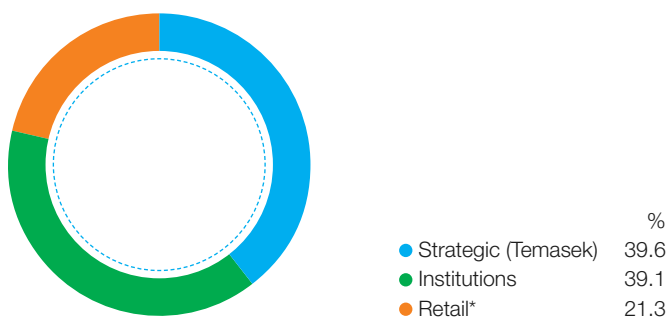
<sup>1</sup> Total return of a share to an investor (i.e. change in share price between beginning and end of the year plus dividend).

## Investor &amp; Media Relations

## Shareholder Base by Geographic Distribution



## Shareholder Base by Investor Type



\* Including shares held by brokers and undisclosed holdings.

## 2015 Investor Relations Calendar

| 1 <sup>st</sup> Quarter |  | Venue     |
|-------------------------|--|-----------|
|                         | FY 2014 Financial Results Briefing to Media & Analyst (live webcast)           | Singapore |
|                         | Post FY 2014 Results hosted by JP Morgan                                       | Singapore |
|                         | Non-Deal Roadshow hosted by UBS  | Hong Kong |
|                         | Credit Suisse 18 <sup>th</sup> Asian Investment Conference / Non-Deal Roadshow | Hong Kong |

| 2 <sup>nd</sup> Quarter |  | Venue     |
|-------------------------|--|-----------|
|                         | J.P Morgan Asia Pacific Real Estate Conference   | Singapore |
|                         | Non-Deal Roadshow with Nomura Securities for Equity & Debt Investors                       | Japan     |
|                         | Post 1Q 2015 Results Investor Meeting hosted by Morgan Stanley                             | Singapore |
|                         | 4 <sup>th</sup> SIAS Singapore Investment Week – “CapitaLand – Positioning for the Future” | Singapore |
|                         | CapitaLand Investors’ Day 2015 – “Differentiating For The Future”                          | Singapore |
|                         | dbAccess Asia Conference   | Singapore |
|                         | Non-Deal Roadshow hosted by Citi   | USA       |

| 3 <sup>rd</sup> Quarter |  | Venue     |
|-------------------------|--|-----------|
|                         | DBS Vickers Securities - The Pulse of Asia Conference                | Singapore |
|                         | 1H 2015 Financial Results Briefing to Media & Analyst (live webcast) | Singapore |
|                         | 1H Analyst and Media Briefing  | Singapore |
|                         | 1H Post-Results Tea hosted by BoAML                                  | Singapore |
|                         | Macquarie ASEAN Conference   | Singapore |
|                         | UBS ASEAN Conference   | Singapore |
|                         | CapitaLand Debt Investors’ Day                                       | Singapore |
|                         | 22 <sup>nd</sup> CLSA Investors’ Forum                               | Hong Kong |

| 4 <sup>th</sup> Quarter |   | Venue     |
|-------------------------|---|-----------|
|                         | Post 3Q 2015 Results Tea hosted by Macquarie Capital Securities | Singapore |
|                         | CapitaLand Familiarisation Trip for Media & Analysts            | China     |
|                         | Morgan Stanley’s 14 <sup>th</sup> Annual Asia Pacific Summit    | Singapore |

## Financial Calendar

### Financial Year Ended 31 December 2015

|                                       |   |
|---------------------------------------|---|
| <b>30 April 2015</b>                  | Announcement of First Quarter Results             |
| <b>5 August 2015</b>                  | Announcement of Second Quarter Results            |
| <b>4 November 2015</b>                | Announcement of Third Quarter Results             |
| <b>17 February 2016</b>               | Announcement of Full Year Results                 |
| <b>18 April 2016</b>                  | Annual General Meeting                            |
| <b>5.00 p.m. on<br/>27 April 2016</b> | Books Closing (Record Date)                       |
| <b>28 April 2016</b>                  | Books Closure                                     |
| <b>9 May 2016</b>                     | Proposed Payment of 2015 First and Final Dividend |

### Financial Year Ending 31 December 2016

|                      |   |
|----------------------|---|
| <b>April 2016</b>    | Proposed Announcement of First Quarter Results  |
| <b>August 2016</b>   | Proposed Announcement of Second Quarter Results |
| <b>November 2016</b> | Proposed Announcement of Third Quarter Results  |
| <b>February 2017</b> | Proposed Announcement of Full Year Results      |



## Awards & Accolades

### Corporate Awards

#### CapitaLand Limited

##### Business Excellence

##### Alpha Southeast Asia Corporate Institutional Investor Awards 2015

Most Consistent Dividend Policy (3<sup>rd</sup> Ranking)

##### Euromoney Real Estate Awards 2015

Best Overall Developer (Singapore)  
Best Mixed-Use Developer (Singapore)  
Best Retail Developer (Singapore)

##### Institutional Investor The 2015 All-Asia Executive Team

Top-ranked company in Singapore  
Best CFO (Property)  
*Group CFO Mr Arthur Lang* (Sell side 3<sup>rd</sup> ranking)

##### IR Magazine Awards - South East Asia 2015

Global Top 50 2015 (Investor Relations)  
Best Investor Relations in Sector (Real Estate)  
Best IR Officer (Large Cap)  
*Head of Investor Relations, Ms Chang Rui Hua*  
Lifetime Achievement  
*Senior Advisor, Investor and Partner Relations, Mr Harold Woo*

##### Securities Investors Association Singapore Investors' Choice Awards 2015

Hall of Fame (Most Transparent Company)

##### Singapore Corporate Awards 2015

Best Chief Financial Officer (Companies with \$1 billion and above in market capitalisation)  
*Group CFO Mr Arthur Lang*

##### Singapore Media Awards 2015

Strongest Brand Award

##### World Finance Corporate Governance Awards 2015 (Singapore)

#### Sustainability

##### Channel NewsAsia Sustainability Ranking 2015

##### Corporate Knight Global 100 Most Sustainable Corporations in the World 2015

##### Dow Jones Sustainability Asia Pacific Index 2015

##### Dow Jones Sustainability World Index 2015

### FTSE4Good Index Series

### MSCI Global Sustainability Indexes 2015

#### President's Volunteerism and Philanthropy Awards 2015

President's Award for Volunteerism and Philanthropy (Corporate) 2015

#### Regional Sector Leader for Asia, Diversified, 2015 Global Real Estate Sustainability Benchmark Report

#### RobecoSAM The Sustainability Yearbook 2015

#### STOXX® Global ESG Leaders Indices 2015/2016

#### CapitaLand China

#### China Commercial Real Estate Value List (by The Economic Observer) 2015

Excellent Enterprise

#### China Green Real Estate Developer 2015

China Green Real Estate Developer Top 10 (Residential Category)

#### China Top 100 Real Estate Enterprises

Foreign Real Estate Enterprise Excellence Award

#### Council of Asian Shopping Center Conference 2015 & the 13<sup>th</sup> Annual Conference of Mall China International Symposium 2015

Commercial Assets Management Gold Award (China Shopping Center Industry)

#### Guangzhou Real Estate Expo 2015

Transparent Company Award

#### Leading Experiential Commercial Real Estate Award 2015

Leading China Experiential Commercial Real Estate Company

#### The 2015 session of China Commercial Real Estate Development Summit Forum

China's Most Influential Commercial Real Estate Developer



**CapitaLand Mall Asia****Shanghai Council of Shopping Centres Awards 2015  
(Shanghai Shopping Malls)**

Contributions to the City Award  
Leading Enterprise Award

**CapitaLand Vietnam****Vietnam Economic Times Golden Dragon Awards 2015****Vietnam Property Awards 2015**

Best Developer (Highly commended)  
Special Recognition for CSR

**The Ascott Limited****Business Traveller Asia-Pacific Awards 2015**

Best Serviced Residence Brand in Asia-Pacific  
*Ascott The Residence*

**Business Traveller China Awards 2015**

Best Serviced Residence Brand in China  
*Ascott The Residence*

**Business Traveller Middle East 2015**

Best Serviced Residence Company in the Middle East  
*The Ascott Limited*

**Business Traveller UK Awards 2015**

Best Serviced Apartment Company  
*Ascott The Residence* – 1<sup>st</sup>  
*Citadines Apart'hotel* – 2<sup>nd</sup>

**China Hotel Starlight Awards 2015**

Best Serviced Residence Operator of China  
*Ascott China*

**China Travel Awards by <Travel + Leisure> 2015**

Best Recommended Serviced Apartment Operator  
*Ascott China*

**DestinAsian Readers' Choice Awards 2015**

Best Serviced Residence Brand  
*Ascott The Residence*

**Golden-Pillow Award of China Hotels**

China's Most Popular Serviced Residence Brand  
*Ascott The Residence*

**Shanghai Times Awards**

Best Serviced Apartment Operator in China  
*Ascott China*

**The Guide Magazine Guide Awards 2014-2015**

Excellent Performance  
*Somerset Serviced Residence, Vietnam*

**TTG China Travel Awards 2015**

Best Serviced Residence Operator of China  
*Ascott China*

**Vietnam Economic Times Magazine Golden Dragon Award**

Best Serviced Residence  
*The Ascott Limited*

**World Travel Awards 2015**

Germany's Leading Serviced Apartment Brand  
*Citadines Apart'hotel*  
Hong Kong's Leading Serviced Apartment Brand  
*The Ascott Limited*  
Philippines' Leading Serviced Apartment Brand  
*Ascott The Residence*  
Singapore's Leading Serviced Apartment Brand  
*Ascott The Residence*  
Vietnam's Leading Serviced Apartment Brand  
*Somerset Serviced Residence*

**"Travel+" China Travel Awards 2015**

Best International Serviced Apartment Operator  
*Ascott China*

**Ascott Residence Trust****World Finance Real Estate Awards 2015**

Best REIT, Asia

**CapitaLand Commercial Trust****FinanceAsia's 15<sup>th</sup> Annual "Asia's Best Managed Companies"**

Top 5 Singapore Large-cap Companies in the categories of  
- Best Corporate Governance  
- Best Investor Relations

**FTSE4Good Index Series****CapitaLand Mall Trust****FTSE4Good Index Series****Securities Investors Association Singapore Investors' Choice Awards (REITs & Business Trusts Category)**

Most Transparent Company (Runner-Up)  
Singapore Corporate Governance Award (Winner)

**Singapore Corporate Awards 2015 (REITs & Business Trusts Category)**

Best Annual Report (Bronze Award)  
Best Investor Relations (Silver Award)

## Awards & Accolades

### Product Excellence

#### Commercial

##### Singapore

##### **Building and Construction Authority, Singapore**

Building Information Modelling Platinum Award  
(Project Category)

*CapitaGreen*

Green Mark Gold<sup>PLUS</sup>

*One George Street*

Green Mark Platinum

*Twenty Anson, Six Battery Road*

##### **Council on Tall Buildings and Urban Habitat**

Best Tall Building (Asia & Australasia)

*CapitaGreen*

##### **MIPI Asia Awards**

Best Office & Business Development – Bronze Award

*CapitaGreen*

#### Integrated Developments

##### Singapore

##### **Building and Construction Authority, Singapore**

Universal Design Mark Gold (Design)

*Ascott Orchard Singapore and Cairnhill Nine*

Universal Design Mark Platinum

*Westgate and Westgate Tower*

##### **Workplace Safety and Health Awards**

Safety and Health Award Recognition for Projects

*Ascott Orchard Singapore and Cairnhill Nine*

#### China

##### **China Commercial Real Estate Value List (by The Economic Observer) 2015**

Project of Operational Excellence

*Raffles City Beijing*

##### **China Construction Industry Association**

Luban Prize for China Construction Projects in 2014-2015

*Raffles City Chengdu*

##### **FIABCI World Prix d'Excellence Awards**

International FIABCI Prix d'Excellence Gold Award  
(Retail Category)

*Raffles City Chengdu*

##### **2015 Business Leader Awards by SCOL.COM.CN**

2015 Trending Leader Award

*Raffles City Chengdu*

2015 Micro Leader Award

*Raffles City Chengdu*

#### Residential

##### Singapore

##### **Asia Pacific Property Awards**

Best Condonium, Singapore

*Sky Habitat*

##### **Building and Construction Authority, Singapore**

Universal Design Mark Platinum

*d'Leedon*

Design and Engineering Safety Excellence Award

*d'Leedon*

Construction Excellence

*The Interlace*

##### **Council on Tall Buildings and Urban Habitat**

Finalist in the Urban Habitat Award category

*d'Leedon*

##### **FIABCI World Prix d'Excellence Awards**

World Silver Winner, Residential (High Rise)

*The Interlace*

##### **National Parks Board Skyrise Greenery Awards**

Excellence Award, Residential (Multi-Units)

*The Interlace*

##### **Workplace and Safety Health Awards**

Workplace and Safety Health Developer Award

*CapitaLand Singapore (Residential)*

Safety and Health Award Recognition for Projects

*Bedok Residences, d'Leedon*

##### **World Architecture Festival**

World Building of the Year

*The Interlace*

Winner of Housing – Completed Building Category

*The Interlace*

#### China

##### **Fang.com**

2015 Beijing Quality Residential Building

*Vermont Hills*

##### **Guangzhou Real Estate Expo 2015**

Guangzhou Livable Residential Building

*Dolce Vista*

Guangzhou Most Investment Worthy Residential Building

*Vista Garden*

**Vietnam****Asia Pacific Property Awards 2015 – 2016**

Best Condominium – Vietnam

*Vista Verde***Vietnam Property Awards 2015**

Best Landscape Architectural Design

*Vista Verde (Winner)*

Best Residential Architectural Design and Best Residential Interior Design

*Vista Verde (High Commended)***Shopping Malls****Singapore****AsiaOne People's Choice Award**

Best City Shopping Centre

*ION Orchard*

Best City Shopping Centre (Top 3)

*Bugis Junction, Plaza Singapura***Building and Construction Authority Building Information Modelling (BIM) Awards**Best Project Gold<sup>PLUS</sup> Award*Westgate***Building and Construction Authority of Singapore**

Green Mark Gold Award

*The Atrium@Orchard***FIABCI World Prix d'Excellence Award**

FIABCI Prix d'Excellence SG50 Award

*ION Orchard***National Arts Council Patron of the Arts Awards**

Patron of the Arts Award

*ION Orchard***National Parks Board Skyrise Greenery Awards**

Outstanding Award

*Westgate***Singapore Landscape Architecture Awards 2015**

Best Commercial Building Gold Award

*Westgate***China****Baiyun District of Guangzhou Awards 2015**

Major Taxpayer

*CapitaMall SKY+, Guangzhou***Building and Construction Authority of Singapore**

Green Mark Gold (Provisional) Award

*CapitaMall Xinduxin, Qingdao**CapitaMall Westgate, Wuhan*

Green Mark Certified (Provisional)

*Tianfu Life (residential component of CapitaMall Tianfu), Chengdu*

Green Mark Certified

*CapitaMall Xuefu, Harbin***China Chain Store & Franchise Association Shopping Mall Awards 2015**

Best Regional Shopping Mall Award

*CapitaMall Xizhimen, Beijing***Guandian Business Conference 2015**

Best Commercial Project

*CapitaMall SKY+, Guangzhou***Ministry of Housing and Urban-Rural Development**

Green Building Design Label One Star Award

*CapitaMall Minzhongleyuan, Wuhan***Retail & Leisure International Awards**

Most Innovative Retail and Leisure Concept

(Highly Commended)

*CapitaMall Tianfu, Chengdu*

Shopping Centre Renovation (Highly Commended)

*CapitaMall Jinniu, Chengdu***Shanghai Council of Shopping Centres Awards 2015**

Shanghai Shopping Malls Innovation Award

*Raffles City Shanghai**Hongkou Plaza, Shanghai***Japan****CASBEE (Comprehensive Assessment System for Built Environment Efficiency) Award**

'A' Award (Retail Category)

*Olinas Mall, Tokyo***Malaysia****Building and Construction Authority of Singapore**

Green Mark Gold Award

*East Coast Mall, Kuantan*

## Awards & Accolades

### Serviced Residences

#### Singapore

##### World Travel Awards 2015

Singapore's Leading Serviced Apartments  
*Ascott Raffles Place Singapore*

#### Bahrain

##### Business Destinations Travel Awards 2015

Best Serviced Apartment Provider in Bahrain  
*Somerset Al Fateh Bahrain*

#### Belgium

##### World Travel Awards 2015

Belgium's Leading Serviced Apartments  
*Citadines Sainte-Catherine Brussels*

#### China

##### Business Traveller China Awards 2015

Best Serviced Residence in China  
*Ascott Huai Hai Road Shanghai*

##### Golden-Pillow Award of China Hotels 2015

China's Best Serviced Residence  
*Ascott Midtown Suzhou, Somerset Wusheng Wuhan*

##### TripAdvisor Travellers' Choice Awards 2015

Top 25 Hotels for Families – China  
*Citadines Central Xi'an – 19<sup>th</sup>*

#### France

##### TripAdvisor Travellers' Choice Awards 2015

Top 25 Hotels for Families – France  
*Citadines Saint-Germain-des-Prés Paris – 10<sup>th</sup>*  
Top 25 Luxury Hotels – France  
*Citadines Suites Louvre Paris – 17<sup>th</sup>*

##### World Travel Awards 2015

France's Leading Serviced Apartments  
*Citadines Suites Louvre Paris*

#### Georgia

##### TripAdvisor Travellers' Choice Awards 2015

Top 10 Hotels – Georgia  
*Citadines Freedom Square Tbilisi – 10<sup>th</sup>*

#### Germany

##### World Travel Awards 2015

Germany's Leading Serviced Apartments  
*Citadines Michel Hamburg*

#### India

##### India Hospitality Awards South & West 2015

Best Serviced Residence Award  
*Somerset Greenways Chennai*

### Luxury Travel Guide 2015

Luxury Apartments of the Year (India)  
*Somerset Greenways Chennai*

#### Japan

##### TripAdvisor Travellers' Choice Awards 2015

Top 25 Hotels for Romance – Japan  
*Citadines Karasuma-Gojo Kyoto – 6<sup>th</sup>*,  
*Citadines Shinjuku Tokyo – 11<sup>th</sup>*  
Top 25 Hotels – Japan  
*Citadines Karasuma-Gojo Kyoto – 17<sup>th</sup>*

#### Malaysia

##### TripAdvisor Travellers' Choice Awards 2015

Top 10 Hotels for Families – Malaysia  
*Ascott Kuala Lumpur – 8<sup>th</sup>*  
Top 25 Hotels – Malaysia  
*Somerset Ampang Kuala Lumpur – 21<sup>st</sup>*

#### Philippines

##### Philippines Property Awards 2015

Best Hotel Architectural Design Award  
*Ascott Bonifacio Global City Manila*  
Best Hotel Architectural Design Award, Highly Commended  
*Citadines Salcedo Makati & Somerset Alabang Makati*  
Best Hotel Interior Design Award, Highly Commended  
*Ascott Bonifacio Global City Manila*  
Best Hotel Development  
*Ascott Bonifacio Global City Manila*

##### World Travel Awards 2015

Philippines' Leading Serviced Apartments  
*Ascott Makati*

#### Spain

##### World Travel Awards 2015

Spain's Leading Serviced Apartments  
*Citadines Ramblas Barcelona*

#### Thailand

##### World Travel Awards 2015

Thailand's Leading Serviced Apartments  
*Ascott Sathorn Bangkok*

#### Vietnam

##### TripAdvisor Travellers' Choice Awards 2015

Top 10 Hotels for Families – Vietnam  
*Somerset Grand Hanoi - 4<sup>th</sup>, Somerset Ho Chi Minh City – 7<sup>th</sup>*

##### World Travel Awards 2015

Vietnam's Leading Serviced Apartments  
*Somerset Vista Ho Chi Minh City*

## Sustainability Management

### Sustainability Commitment

CapitaLand's sustainability strategy is aligned with its credo of 'Building People. Building Communities.'. CapitaLand is committed to improving the economic and social well-being of its stakeholders through the execution of development projects and management of its operations. In a rapidly changing business landscape, it actively embraces innovation to ensure commercial viability without compromising the environment for future generations.

CapitaLand upholds high standards of corporate governance and transparency to safeguard shareholders' interests. It has in place an adequate and effective Enterprise Risk Management framework to enhance its business resilience and agility. CapitaLand's proactive approach towards environmental, health and safety management, which incorporates universal design into its developments, ensures that its properties are future-proof and sustainable. Policies and guidelines are put in place to ensure the efficient use of energy, water and other resources.

CapitaLand's integrated human capital strategy aims to recruit, develop and motivate employees to drive growth for the Group. Community development is an important component of CapitaLand's commitment to sustainability. It focuses on providing support to enhance the lives of underprivileged children through corporate philanthropy and employee volunteerism.

CapitaLand was one of the first companies in Singapore to voluntarily publish its Sustainability Reports, before the Singapore Exchange published its Sustainability Reporting Guidelines. For more details of CapitaLand's sustainability

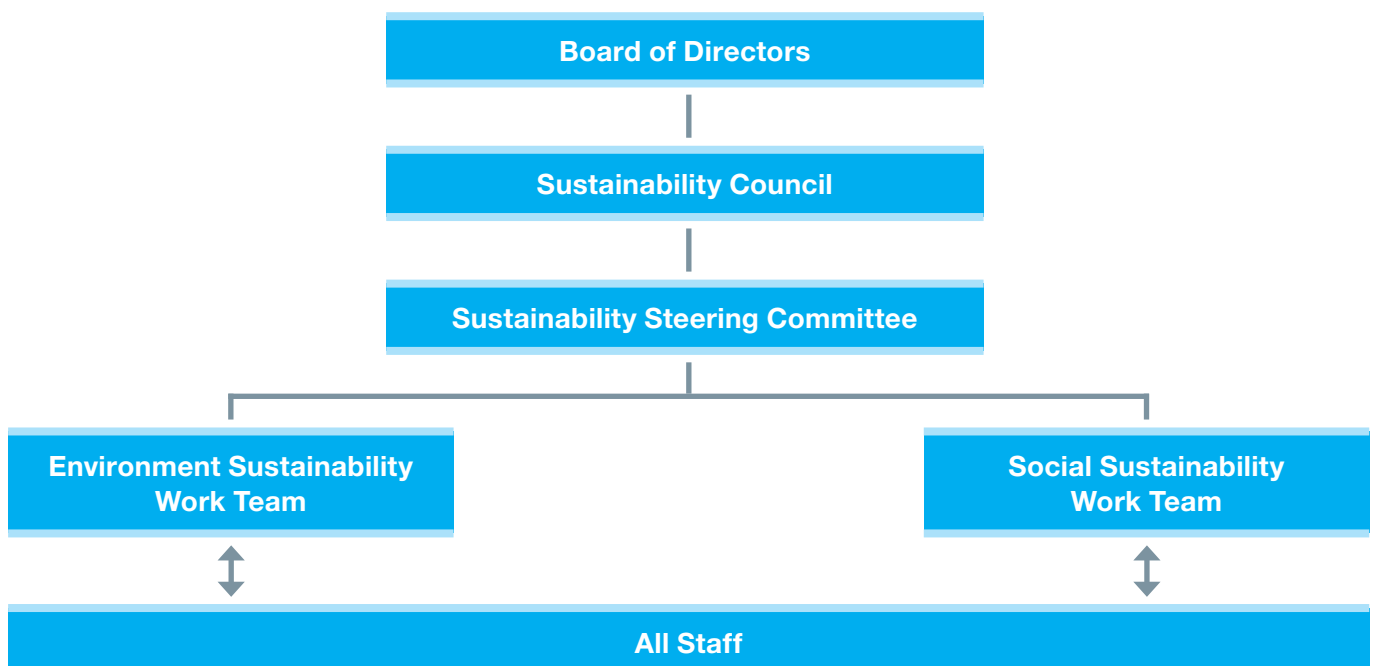
management and performance, please refer to the upcoming CapitaLand Limited Global Sustainability Report 2015. This report will be based on the Global Reporting Initiative (GRI) Global 4 Sustainability Reporting Guidelines and externally assessed to the AA1000 Assurance Standard. It will cover CapitaLand's global portfolio including its listed real estate investment trusts, CapitaLand Mall Trust, CapitaLand Commercial Trust, Ascott Residence Trust, CapitaLand Retail China Trust and CapitaLand Malaysia Mall Trust.

CapitaLand is a signatory to the United Nations Global Compact and its Global Sustainability Report will serve as its Communication on Progress (COP), which will be made available at [www.unglobalcompact.org](http://www.unglobalcompact.org) when published.

For its efforts, CapitaLand is listed in the Global 100 Most Sustainable Corporations in the World, Sustainability Yearbook, Dow Jones Sustainability World Index and Asia Pacific Index, Global Real Estate Sustainability Benchmark (Regional Sector Leader for Asia, Diversified), FTSE4Good Index Series, MSCI Global Sustainability Indexes, STOXX® Global ESG Leaders Indices and Channel NewsAsia Sustainability Ranking.

### Top Management Commitment and Staff Involvement

CapitaLand's sustainability management comes under the purview of its Sustainability Council, comprising members of CapitaLand's top management. It is supported by a Sustainability Steering Committee which oversees two work teams to ensure the Group's continued progress and improvement in the areas of environment, social and governance (ESG). The Sustainability Steering Committee and work teams comprise representatives from all business units.



## Sustainability Management

## CapitaDNA (Vision, Mission, Credo and Core Values)

| Stakeholders  |   |  |  |
|---|---|--|--|
| <b>People</b><br>(staff)  | <b>Investors</b><br>(including business partners) | <b>Customers</b><br>(tenants, shoppers, home owners, residents)                        | <b>Communities</b><br>(suppliers/contractors, government agencies/ NGOs, environment, community) |
| <b>Respect and Integrity</b> at all levels                              |   |  |  |
| <b>Creativity</b> to enhance value and pursue <b>Excellence</b>         |   |  |  |
| Develop a high performance culture that embraces diversity and teamwork | Deliver sustainable shareholder returns           | Create great customer value and experiences through high-quality products and services | Contribute positively to the economic, environmental and social development of communities       |

CapitaLand has a regular review, assessment and feedback process in relation to ESG topics. Key to this is an annual Group-wide Risk and Control Self-Assessment exercise which entails the identification, assessment and documentation of material risks and corresponding internal controls. Such material risks include fraud and corruption risk, environmental risk, health and safety risk and human capital risks which are ESG-relevant. Other existing channels for feedback to ensure relevance of issues include:

|                    |  |
|--------------------|--|
| <b>Environment</b> | <ul style="list-style-type: none"> <li>Regular dialogue/feedback sessions with government agencies (e.g. Building and Construction Authority, National Environment Agency)</li> <li>Active participation in Singapore Green Building Council</li> </ul>  |
| <b>Social</b>      | <ul style="list-style-type: none"> <li>Regular dialogue with government agencies and unions</li> <li>Active participation in Singapore Workplace Safety and Health Council</li> <li>Regular employee engagement survey</li> </ul>  |
| <b>Governance</b>  | <ul style="list-style-type: none"> <li>Engagement with Securities Investors Association (Singapore) (SIAS) for its annual Corporate Governance Conference</li> <li>Participation in Real Estate Investment Trust Association of Singapore (REITAS) and Investor Relations Professionals Association (IRPAS)</li> </ul> |

**Materiality**

Through regular stakeholder engagement, CapitaLand identifies and reviews material issues that are most relevant and significant to the Group and its stakeholders. For CapitaLand, priorities are ranked based on the likelihood and potential impact of issues affecting business continuity and development. For external stakeholders, priority is given to issues important to society and applicable to CapitaLand.

**Employees**

CapitaLand actively engages its employees through various avenues, including regular communication sessions held by senior management, for effective flow of information and alignment of business goals and objectives across all levels of workforce. In 2015, more than 90% of employees participated in the Group's third Employee Engagement Survey (EES). An independent consultancy firm was appointed to administer the survey and to ensure confidentiality in soliciting honest responses from the staff. The survey findings are being analysed.

**Customers**

CapitaLand conducts regular resident satisfaction surveys in all its serviced residences and tenant surveys at its shopping malls and office buildings. The feedback obtained is reviewed and relevant follow-up actions are taken to improve serviced residents' experience and improve service levels to tenants.

**Supply Chain Management**

CapitaLand proactively engages contractors and suppliers on areas relating to quality of work and commitment to environment, health and safety (EHS). For more information, please refer to the EHS sub-section. CapitaLand also adopts a strong stance against bribery and corruption. Third-party service providers and contractors can provide feedback, via a dedicated email address, in addition to the regular feedback channels.



For stakeholder engagement pertaining to investors and media, please refer to the section on Investor and Media Relations.

### Human Capital

CapitaLand has an integrated human capital strategy to recruit, develop and motivate employees. In 2015, about 95% of the workforce attended at least one learning event, and the average number of training hours completed by each employee for the year was more than 55 hours. The learning events include personal development courses and certified training programmes to equip employees with the necessary skills for better performance.

As a global enterprise, CapitaLand embraces diversity in various aspects including nationality, culture and language. As at 31 December 2015, the Group employs a workforce of more than 80 nationalities.

CapitaLand recognises that a positive work environment is essential to attract, motivate and retain talent. A total well-being programme has been put in place to promote personal development, healthy living and work-life harmony. Initiatives include a flexible medical and benefits plan, flexible work arrangements and employee engagement initiatives.

### Community Development

CapitaLand recognises that the long-term success of the company is closely intertwined with the health and prosperity of the communities in which it operates. CapitaLand Hope Foundation (CHF), its philanthropic arm, was established in 2005. A registered charity in Singapore, CHF strongly believes in the importance of first investing in the fundamental needs of education, healthcare and shelter of underprivileged children to relieve them of hardship and help them to eventually break the poverty cycle. Every year, CapitaLand allocates up to 0.5% of its net profit to CHF and also provides pro bono administrative support through its various functional departments within the company. In 2015, CHF donated more than S\$2.4 million in cash. Since inception, CHF has donated over S\$25 million in cash to support programmes for underprivileged children in the communities that CapitaLand operates in.

In 2015, CapitaLand also contributed over S\$0.8 million towards other community development initiatives.

CapitaLand is a strong advocate of volunteerism and formalised three days of Volunteer Service Leave for its staff. In 2015, about 1,600 staff in CapitaLand properties volunteered more than 17,300 hours during working hours to participate in various volunteer activities in Asia and beyond.

Based on CHF's post-volunteer surveys, more than 90% of staff volunteers feel proud working in CapitaLand, and enjoy working in a company with a positive and vibrant corporate culture. For more information on CHF, please visit [www.capitalandhopefoundation.com](http://www.capitalandhopefoundation.com)

### Environment, Health and Safety (EHS)

CapitaLand is committed to protecting the environment and upholding the occupational health and safety of its employees. The CapitaLand EHS Management System is externally audited to achieve ISO 14001 and OHSAS 18001 certification across 15 countries. The CapitaLand EHS Policy can be found on [www.capitaland.com/sustainability/environment](http://www.capitaland.com/sustainability/environment)

The Group incorporated EHS key performance indicators linked to the remuneration of all staff, as well as top management. These include:

- **Green Ratings:** In 2015, CapitaLand achieved 26 green ratings.
- **Energy and Water Usage Reduction:** For the first nine months of 2015, the reduction in energy usage in KWh/m<sup>2</sup> was 16% and the reduction in water usage in m<sup>3</sup>/m<sup>2</sup> was 23% from the 2008 baseline. For the first nine months of 2015, the reduction in carbon intensity (kg/m<sup>2</sup>) was 20% from the 2008 baseline. Using a 'Business as Usual' approach, it is estimated that CapitaLand avoided cost of more than S\$89 million for utilities since 2009. CapitaLand will continue to implement energy and water conservation measures to ensure efficient operations and minimise resource wastage.
- **Universal Design:** In 2015, CapitaLand achieved three Universal Design Mark Awards for its projects in Singapore.
- **Certified Contractors:** In 2015, nine main contractors appointed were both ISO 14001 and OHSAS 18001 certified, and one main contractor will engage an external auditor to conduct EHS legal compliance audit.
- **Zero Fatality/Permanent Disability:** In 2015, no CapitaLand staff met with work-related fatality or permanent injury.
- **Stakeholder engagement:** More than 250 CapitaLand properties across Asia and Europe participated in the WWF Earth Hour initiative.

CapitaLand participates in the Carbon Disclosure Project and its footprint is calculated in accordance with the Greenhouse Gas Protocol, developed by World Resources Institute and World Business Council for Sustainable Development which set the global standard on how to measure, manage and report greenhouse gas emissions.

<sup>1</sup> The assumption is that energy and water consumption in subsequent years will continue at 2008 levels (base year) unless energy and water efficiency measures are adopted.

## Global Presence

### Asia Pacific

#### Australia

Hobart  
Melbourne  
Perth  
Sydney

#### Cambodia

Phnom Penh

#### China

Anyang  
Beijing  
Changsha  
Chengdu  
Chifeng  
Chongqing  
Dalian  
Deyang  
Dongguan  
Duolun  
Foshan  
Guanyuan  
Guangzhou  
Hangzhou  
Harbin  
Hefei  
Hong Kong  
Honghezhou  
Hotan

#### Huanggang

Huhhot  
Huzhou  
Jingmen  
Kunshan  
Lechang  
Leshan  
Lishui  
Macau  
Macheng  
Maoming  
Mianyang  
Mianzhu  
Nanchang  
Nanjing  
Nantong  
Ningbo  
Pu'er  
Qingdao  
Qingyuan  
Quanzhou  
Rizhao  
Shanghai  
Shangluo  
Shenyang  
Shenzhen  
Suzhou  
Taiyuan  
Tianjin

#### Weifang

Wuhan  
Wuhu  
Wuxi  
Xiamen  
Xi'an  
Xinxiang  
Xuzhou  
Yangzhou  
Yibin  
Yinchuan  
Yiyang  
Zhanjiang  
Zhangzhou  
Zhaoqing  
Zhengzhou  
Zibo  
Zigong

#### India

Ahmedabad  
Bangalore  
Chennai  
Cochin  
Gurgaon  
Hyderabad  
Jalandhar  
Mangalore  
Mumbai

#### Mysore

Nagpur  
Udaipur

#### Indonesia

Bali  
Jakarta  
Yogyakarta  
Surabaya

#### Japan

Fukuoka  
Hiroshima  
Kobe  
Kyoto  
Nagoya  
Osaka  
Sapporo  
Tokyo

#### Laos

Vientiane

#### Malaysia

Cyberjaya  
Nusajaya  
Kota Kinabalu  
Kuala Lumpur  
Kuantan

- Integrated Developments
- Shopping Malls
- Serviced Residences
- Offices
- Homes
- Fund Management
- Raffles City Developments
- Schools

 United States of America

### Countries

27

### Cities

146

## Europe

Kuching  
Miri  
Penang  
Petaling Jaya

### Myanmar

Yangon

### Philippines

Cebu  
Manila

### Singapore

### South Korea

Busan  
Seoul

### Thailand

Bangkok  
Pattaya  
Sri Racha

### Vietnam

Danang  
Hai Phong  
Hanoi  
Ho Chi Minh City

### Belgium

Brussels

### France

Cannes  
Ferney-Voltaire  
Grenoble  
Lille  
Lyon  
Marseille  
Montpellier  
Paris

Strasbourg  
Toulouse

### Georgia

Tbilisi

### Germany

Berlin  
Frankfurt  
Hamburg  
Munich

### Spain

Barcelona

### United Kingdom

London

## Gulf Cooperation Council Countries and Others

### Bahrain

Manama

### Oman

Muscat  
Sohar

### Qatar

Doha

### Saudi Arabia

Jeddah  
Riyadh

### Turkey

Istanbul

### United Arab Emirates

Abu Dhabi  
Dubai

## America

### United States of America

New York



## Performance Overview

CapitaLand Group achieved a profit after tax and non-controlling interests (PATMI) of S\$1.1 billion for the full year ended 2015 (FY 2015), underpinned by the recurring income from its portfolio of investment properties and contribution from development projects in China. This is 8.2% lower than FY 2014 PATMI of S\$1.2 billion which was boosted by a one-off gain of S\$123.5 million from the sale of Westgate Tower. The Group's operating PATMI grew 16.8% to S\$823.6 million primarily due to the higher recurring income from the shopping mall and serviced residence businesses as well as the gains on change in use of development properties for sale to investment properties.

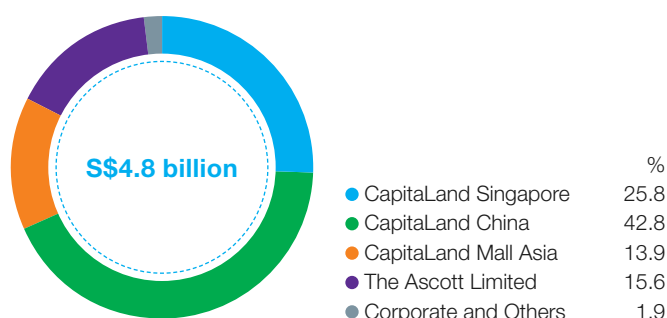
### Revenue

The Group's revenue increased 21.3% to S\$4.8 billion in FY 2015, driven mainly by our development projects in China as well as higher contribution from the serviced residence business, partially offset by the absence of contribution from

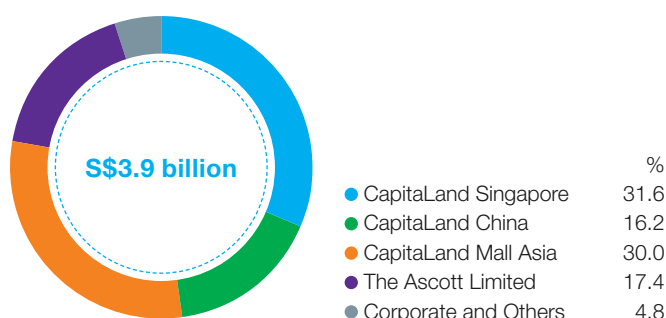
the sale of Westgate Tower and lower revenue recognition from our Vietnam development projects. The higher revenue from China was attributable to higher number of residential units handed over to buyers and consolidation of CapitaLand Township's revenue with effect from March 2015, as well as fair value gains arising from change in use of The Paragon (Tower 5 and 6) and Ascott Heng Shan, both located in Shanghai.

Geographically, the Group's core markets of Singapore and China contributed about S\$3.9 billion or 81.8% of the Group's revenue. In terms of revenue contribution by business type, the Group's trading properties in Singapore, China and Vietnam accounted for S\$2.7 billion or 56.3% of the total revenue, driven by higher handover from development projects in China as mentioned above, while the rental and related income from the investment properties portfolio accounted for S\$1.5 billion or 30.5% of the total revenue.

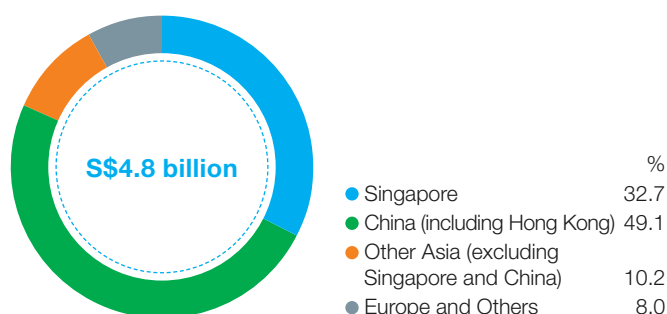
### 2015 Revenue by Strategic Business Unit



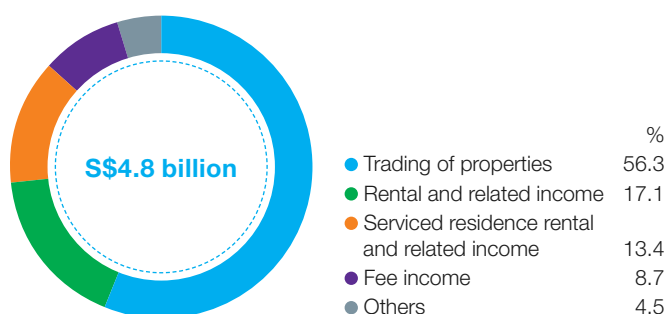
### 2014 Revenue by Strategic Business Unit



### 2015 Revenue by Geographical Location



### 2015 Revenue by Business Type



### Earnings Before Interest and Tax (EBIT) Analysis

The Group achieved EBIT of S\$2.3 billion in FY 2015, which was 5.0% lower than FY 2014's EBIT of S\$2.4 billion.

The details of the Group's EBIT are as follows:

|  | FY 2015        |            | FY 2014        |            |
|--|----------------|------------|----------------|------------|
|  | S\$ million    | %          | S\$ million    | %          |
| Operating profits                      | 1,841.0        | 80         | 1,716.4        | 71         |
| Revaluation gains                      | 632.9          | 27         | 904.5          | 37         |
| Portfolio gains/(losses)               | 27.2           | 1          | (17.7)         | (1)        |
| Impairments                            | (185.1)        | (8)        | (166.3)        | (7)        |
| <b>EBIT from continuing operations</b> | <b>2,316.0</b> | <b>100</b> | <b>2,436.9</b> | <b>100</b> |

Operating profits in FY 2015 were higher by 7.3% at S\$1.8 billion; driven by gains on the change in use of development properties for sale to investment properties, improved performance from the shopping mall and serviced residence businesses as well as a gain on repurchase of convertible bonds. The increase was partially offset by lower residential margins arising from different product mix, absence of contribution from the sale of Westgate Tower and a forfeiture deposit arising from an abortive deal in Vietnam.

In terms of revaluation gains, the Group recorded a net fair value gain of S\$632.9 million at the EBIT level as compared to S\$904.5 million in FY 2014. The decrease in fair value gains from investment properties were mainly from Singapore, China and Malaysia, but this was partially mitigated by higher fair value gains from investment properties in Japan, Vietnam, Australia, Europe and The United States of America.

At the EBIT level, the Group recognised a net portfolio gain of S\$27.2 million as compared to a loss of S\$17.7 million in FY 2014. The gains in FY 2015 arose mainly from divestment of a mall in Singapore and a serviced residence property in the Philippines as well as realisation of foreign currency translation reserve of CapitaLand China Development Fund Pte. Ltd. (CCDF), partially offset by loss on the dilution of CCT's interest in MRCB-Quill REIT.

The Group has made a net provision for impairment and foreseeable losses totalling S\$185.1 million in FY 2015, mainly in respect of the residential projects in Singapore and China due to project specific challenges.

Singapore and China markets remain the key contributors to EBIT, accounting for 79.0% of total EBIT (FY 2014: 83.5%). Singapore EBIT was S\$920.0 million or 39.7% while China EBIT was S\$910.3 million or 39.3% of total EBIT. In terms of EBIT contribution by asset classes, approximately 77.4% of the Group's EBIT came from its investment properties portfolio which is recurring in nature. In addition, approximately 52.9% of the Group's earnings before interest, tax, depreciation and amortisation (EBITDA) were from developed markets in Singapore, Europe, United States of America, Australia, Japan, Korea and Hong Kong.

EBIT contribution from CapitaLand Singapore was 38.2% lower at S\$496.4 million in FY 2015 mainly due to the absence of profit contribution from the sale of Westgate Tower, lower revaluation gain recognised in respect of CapitaGreen which obtained Temporary Occupation Permit in FY 2014, higher provision for foreseeable losses, lower operating EBIT as well as the dilution loss of CCT's interest in MRCB-Quill REIT.

In line with the higher revenue, CapitaLand China registered a 62.4% increase in EBIT at S\$664.6 million in FY 2015. CL China's EBIT was also boosted by higher fair value gains from revaluation of properties, partially offset by higher provision for foreseeable losses for development projects as well as the absence of reversal of costs accruals upon finalisation of a project in FY 2014.

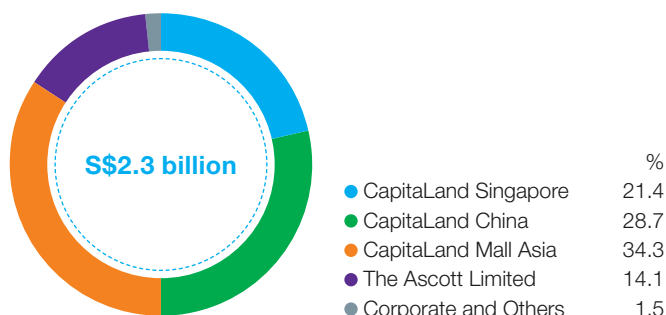
CapitaLand Mall Asia's EBIT in FY 2015 was S\$794.3 million which was 16.0% lower than FY 2014's EBIT of S\$945.2 million. The decline was largely due to the absence of profit recognition for the sale of Westgate Tower and lower revaluation gains on investment properties; partially mitigated by higher contribution from Westgate mall in Singapore and malls in China, as well as share of CapitaLand Mall Trust's gain from the divestment of Rivervale Mall.

EBIT from Ascott was S\$326.0 million, which was 9.6% higher than FY 2014. This was mainly attributable to contribution from newly acquired or opened properties, higher fee income and portfolio gains, partially offset by lower fair value gains from the revaluation of investment properties.

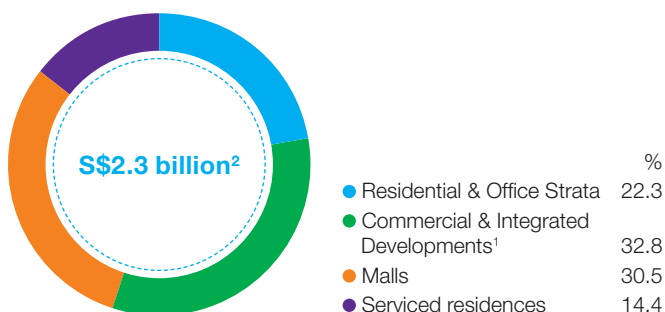
Corporate and Others EBIT in FY 2015 was higher due to the lower impairment charges, a gain on repurchase of convertible bonds and portfolio gains as compared to a loss in FY 2014. The increase was partially offset by the lower revenue and absence of receipt of a forfeiture deposit arising from an abortive deal in Vietnam.

## Performance Overview

### 2015 EBIT by SBU



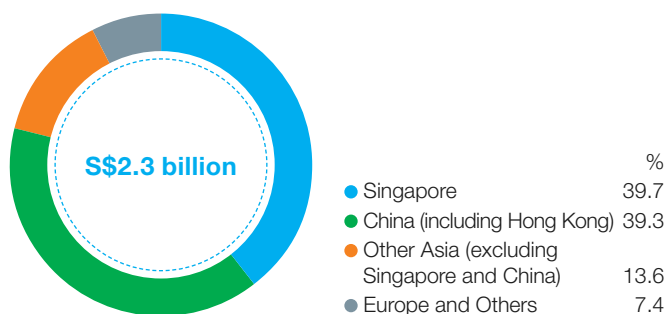
### 2015 EBIT by Asset Class



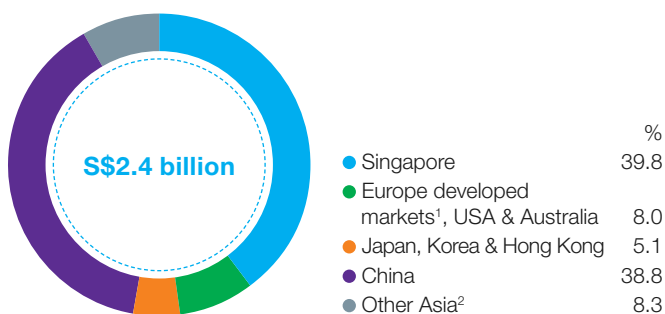
<sup>1</sup> Excluding residential component.

<sup>2</sup> Excludes others loss of \$27.5 million relating to corporate and unallocated costs which was not reflected in the chart.

### 2015 EBIT by Geographical Location



### 2015 EBITDA by Geographical Location



<sup>1</sup> Include UK, France, Germany, Spain and Belgium.

<sup>2</sup> Exclude Singapore, China, Japan, Korea and Hong Kong.

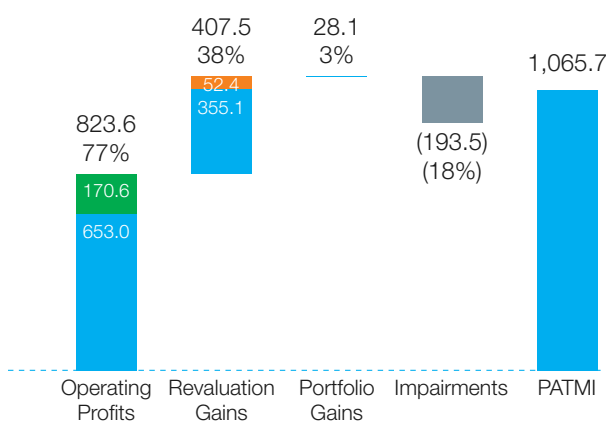
### PATMI Analysis

Overall, the Group achieved a PATMI of S\$1.1 billion in FY 2015, which was 8.2% lower than FY 2014 PATMI of S\$1.2 billion. Excluding revaluation gains and impairments as well as portfolio gains, the operating PATMI of S\$823.6 million was 16.8% higher than FY 2014, primarily due to higher recurring income from the shopping mall and serviced residence businesses as well as gains on the change in use of development properties for sale to investment properties. Operating PATMI accounted for 77.3% of total PATMI in FY 2015, reflecting the strength of the Group's underlying businesses.

The analysis of the Group's PATMI is shown as follows:

### FY 2015 PATMI

(S\$ million)



■ Fair value gain arising from change in use

■ Realised revaluations¹

<sup>1</sup> Realised revaluation gains relate to divestments of serviced residences and Bedok Mall.



## Dividends

The Board of Directors is pleased to propose a core dividend of 9.0 cents per share in respect of the financial year ended 31 December 2015 (2014: 9.0 cents per share). This amounts to a payout of approximately S\$382.3 million, which is 35.9% of PATMI, based on the number of issued shares (excluding 26,345,157 treasury shares) as at 31 December 2015. The dividends are subject to the shareholders' approval at the forthcoming Annual General Meeting of the Company.

For FY 2014, a first and final dividend of 9.0 cents per share was approved and paid. The said dividends of S\$384.1 million were paid in May 2015.

## Assets

The Group's total assets as at 31 December 2015 were S\$47.1 billion, of which Singapore and China assets accounted for approximately 83.1% of the Group's total assets. As compared to 31 December 2014, the total assets increased by S\$2.9 billion or 6.7% in FY 2015 mainly due to the consolidation of CapitaLand Township and CCDF following the completion of acquisition of remaining interests in both entities, as well as increase in cash and cash equivalents. The increase was partially offset by the sale and completion of several residential projects in Singapore and China.

On an effective stake basis, the Group's total assets were S\$34.9 billion as at 31 December 2015, of which 70.2% relate to investment properties portfolio which contribute to recurring income.

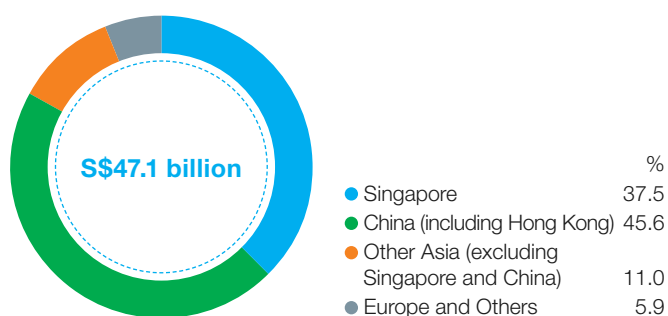
The Group continues to grow its assets under management, and as at 31 December 2015, the Group managed S\$76.8 billion\* of real estate assets, 8.8% higher than FY 2014, which firmly strengthens its position as one of Asia's largest real estate companies.

## Shareholders' Equity

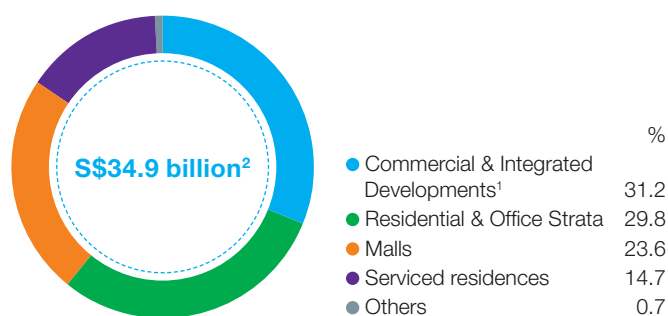
As at 31 December 2015, issued and paid-up ordinary share capital (excluding treasury shares) of the Company comprised 4.2 billion shares at S\$6.3 billion. The Group's total reserves increased from S\$10.5 billion in December 2014 to S\$11.6 billion in December 2015. This increase was mainly contributed by the S\$1.1 billion net profit for the year and exchange gains arising from the translation of foreign operations, partially offset by payment of the 2014 dividends during the year.

As a result of the increase in total reserves, the shareholders' funds rose to S\$17.9 billion as at end 2015 compared to S\$16.8 billion in 2014. Accordingly, the Group's net tangible assets per share also increased from S\$3.83 in 2014 to S\$4.11 as at 31 December 2015.

### 2015 Total Assets by Geographical Location



### 2015 Total Assets by Effective Stake



<sup>1</sup> Excluding residential component.

<sup>2</sup> Excluding treasury cash.

\* This refers to the value of all real estate managed by CapitaLand group entities stated at 100% of the property carrying value.

## Performance Overview

### Treasury Highlights

|   | 2015   | 2014   |
|---|--------|--------|
| <b>Bank Facilities And Available Funds (S\$ million)</b>                      |        |        |
| Bank facilities available   | 14,089 | 13,202 |
| Amount utilised for loans   | 8,535  | 8,211  |
| Available and unutilised  | 5,554  | 4,991  |
| Cash and cash equivalents   | 4,173  | 2,749  |
| Unutilised facilities and funds available for use                             | 9,727  | 7,740  |
| <b>Debt Securities Capacity (S\$ million)</b>                                 |        |        |
| Debt securities capacity  | 17,139 | 15,697 |
| Debt securities issued (net of debt securities purchased)                     | 7,523  | 7,775  |
| Unutilised debt securities capacity   | 9,616  | 7,922  |
| <b>Leverage Ratios (S\$ million)</b>  |        |        |
| Gross debt  | 16,058 | 15,986 |
| Cash and cash equivalents   | 4,173  | 2,749  |
| Net debt  | 11,885 | 13,237 |
| Equity  | 24,938 | 23,219 |
| Net debt equity ratio (times)   | 0.48   | 0.57   |
| Total assets (net of cash)  | 42,879 | 41,364 |
| Net debt/Total assets (net of cash) (times)                                   | 0.28   | 0.32   |
| <b>Secured Debt Ratio (S\$ million)</b>                                       |        |        |
| Secured debt  | 5,940  | 5,849  |
| Percentage of secured debt  | 37%    | 37%    |
| <b>Interest Cover Ratio (S\$ million)</b>                                     |        |        |
| Earnings before net interest, tax, depreciation and amortisation <sup>1</sup> | 2,566  | 2,739  |
| Net interest expense  | 422    | 382    |
| Interest cover ratio (times)  | 6.1    | 7.2    |
| <b>Interest Service Ratio (S\$ million)</b>                                   |        |        |
| Operating cashflow before interest and tax                                    | 3,135  | 2,038  |
| Net interest paid   | 470    | 443    |
| Interest service ratio (times)  | 6.7    | 4.6    |

<sup>1</sup> Exclude share of taxes from associates and joint ventures, include profit from discontinued operation.

## Overview

The Group maintains a prudent capital structure and actively reviews its cashflows, debt maturity profile and overall liquidity position on an ongoing basis. The main sources of the Group's operating cashflows are derived from residential sales, fees and rental income from our investment properties and serviced residence business. To support its funding requirements, investment needs and growth plans, the Group actively diversifies its funding sources by putting in place a combination of bank facilities and capital market programmes.

The Group's total gross debt of S\$16.1 billion was marginally higher as compared to S\$16.0 billion last year. Net debt as at 31 December 2015 was S\$11.9 billion as compared to S\$13.2 billion as at 31 December 2014. The lower net debt was mainly due to the increase in cash and cash equivalents backed by higher sales collection from development projects in China.

Finance costs for the Group were S\$477.3 million for the year ended 2015. This was about 9% higher compared to S\$439.5 million last year. Finance costs were higher mainly due to the increase in the level of borrowings coupled with a slight increase in the average interest rate in 2015.

## Sources of Funding

As at year end, 53% of the Group's total debt was funded by bank borrowings and the balance 47% was raised through capital market issuances. The Group continues to seek diversified and balanced sources of funding to ensure financial flexibility and mitigate concentration risk.

## Available Lines by Nationality Of Banks

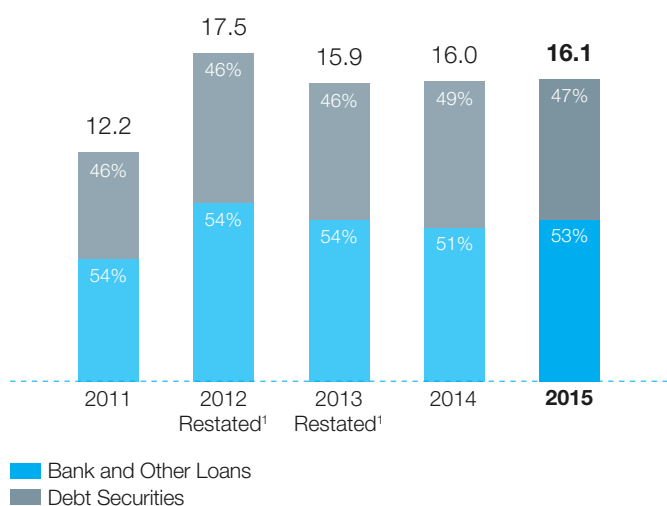
The Group has built up an extensive and active relationship with a network of more than 30 banks of various nationalities. Diversity has allowed the Group to tap on the strengths and support from the financial institutions in pursuing its strategic growth and presence globally, thus enhancing its competitiveness in core markets and enabling the Group to develop other markets where appropriate.

As part of its financial discipline, the Group constantly reviews its portfolio to ensure that a prudent portion of committed funding is put in place to match the investments' planned holding periods. Amidst the volatile global economic climate, committed financing is secured whenever possible to ensure that the Group has sufficient financial capacity and certainty of funding to support its operations, investments and future growth plans.

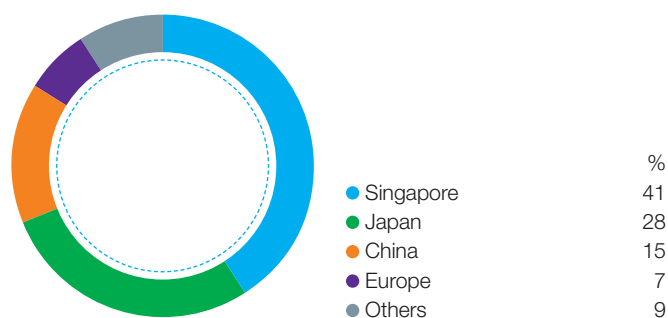
As at end 2015, the Group is able to achieve 99% of its funding from committed facilities. The balance 1% was funded by flexible uncommitted short term facilities.

## Sources of Funding

(S\$ billion)



## Available Lines by Nationality of Banks



<sup>1</sup> Comparatives for 2012 and 2013 have been restated to take into account the retrospective adjustment relating to FRS 110 Consolidated Financial Statements.

## Performance Overview

### Maturity Profile

The Group has proactively built up sufficient cash reserves and credit lines to meet its short term debt obligations, support its refinancing needs and pursue opportunistic investments. The Group maintains a healthy balance sheet and has unutilised bank facilities of about S\$5.6 billion. To ensure financial discipline, the Group constantly reviews its loan profile so as to mitigate any refinancing risks, avoid concentration and extend its maturity profile where possible. In reviewing the maturity profile of its loan portfolio, the Group also took into account any divestment or investment plans, interest rate outlook and the prevailing credit market conditions.

### Interest Rate Profile

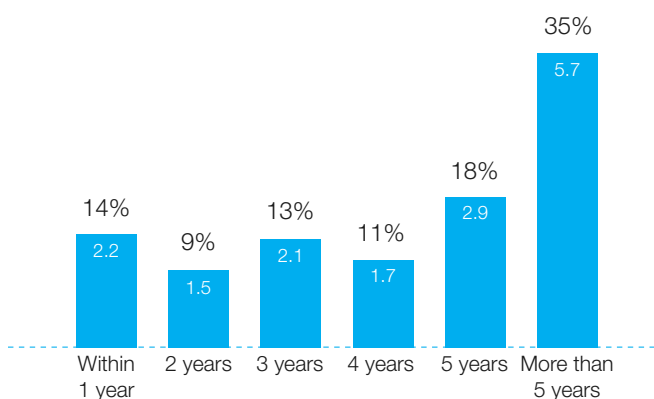
The Group manages its finance costs by maintaining a prudent mix of fixed and floating rate borrowings. As at 31 December 2015, the fixed rate borrowings constituted 70% of the portfolio and the balance 30% were on floating rate basis. As finance costs formed an integral component of the Group's operating costs, a higher percentage in fixed rate funding would offer protection against unexpected rises in interest rates. In managing the interest rate profile, the Group takes into account the interest rate outlook of its loan portfolio, holding periods of its investment portfolio, certainty of its planned divestments and operating cashflow generated from its various business units.

### Interest Cover Ratio and Interest Service Ratio

The Interest Cover Ratio ("ICR") and Interest Service Ratio ("ISR") was 6.1 and 6.7 respectively. ICR was lower at 6.1 compared to 7.2 last year, primarily due to lower earnings before net interest, tax, depreciation and amortisation as a result of lower fair value gains on revaluation of properties and higher provision for impairment and foreseeable losses which was partially mitigated by better operating performance and divestment gains. ISR was higher at 6.7 compared to 4.6 last year due to higher cashflows generated from development projects and operations.

### Debt Maturity Profile

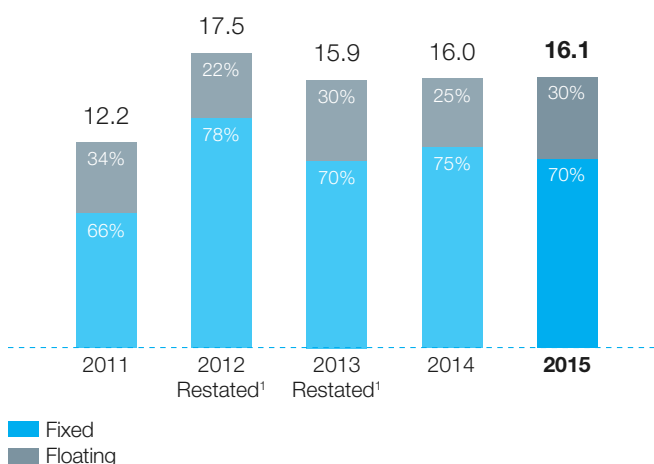
(S\$ billion)



Note: Convertible Bonds are reflected as held till final maturity.

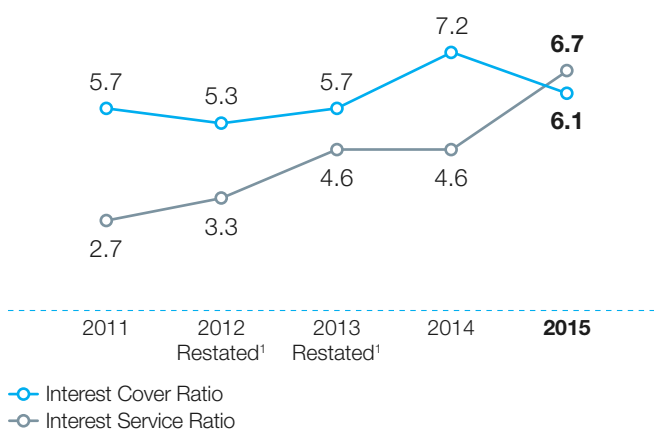
### Interest Rate Profile

(S\$ billion)



### Interest Cover Ratio and Interest Service Ratio

(times)



<sup>1</sup> Comparatives for 2012 and 2013 have been restated to take into account the retrospective adjustment relating to FRS 110 Consolidated Financial Statements.

## CapitaLand Singapore

# One of the leading developers, managers and owners of integrated developments, offices and homes in Singapore

Singapore's residential market recorded sales of 7,440 new private homes in 2015 (2014: 7,316 units). The impact of the property cooling measures continued to weigh down the private residential market. Nonetheless, the long-term outlook remains positive as government policies to promote population and economic growth will continue to support demand for housing.

Singapore's Central Business District (CBD) Core office occupancy rate declined marginally to 95.1% as at end 2015 (2014: 95.7%). Average monthly Grade A office market rent was \$10.40 psf as at 31 December 2015 (2014: S\$11.20 psf). With the impending completion of above-normal new supply in 2016, office market rents will continue to face downward pressure.

### Delivering Quality Homes

In 2015, CapitaLand sold 244 residential units (2014: 278 units) with a total sales value of S\$559 million (2014: S\$561 million). During the year, CapitaLand completed the construction of Bedok Residences, Sky Habitat and The Nassim.

CapitaLand's residential projects garnered several prestigious local and international accolades during the year. Notably, The Interlace at Depot Road was named World Building of the Year and the winner in the Housing (Completed Buildings) category at the World Architecture Festival, the Oscars of the architecture world. Meanwhile, d'Leedon located in the prime District 10 won the top accolade of Universal Design Mark Platinum at the Building and Construction Authority Awards 2015.

CapitaLand's commitment to architectural excellence is gaining traction on social media, with its developments garnering some of the highest posts online. In August 2015, CapitaLand celebrated the completion of Sky Habitat by organising the first Instagram Meeting (InstaMeet) by a real estate developer in Singapore. The event saw a large

turnout of about 1,200 participants with about 600 photos posted on Instagram under the hashtag #skyhabitatparty that gathered about 18,000 likes within five hours.

Marine Blue, Sky Vue and Cairnhill Nine (the residential tower within the integrated development at Cairnhill Road, which also comprises Ascott Orchard Singapore) are expected to be completed in 2016. Cairnhill Nine, The Nassim and Victoria Park Villas at Coronation Road will be launch-ready in 2016.

### Resilient Office Portfolio

CapitaLand's portfolio of commercial properties held through CapitaLand Commercial Trust (CCT) reported a stable committed occupancy rate of 97.1% as at 31 December 2015 (2014: 96.8%). This was achieved through proactive asset management to spread out the lease expiry profile and signing lease renewals ahead of expiry. Tenant retention rate for the year was 83% (2014: 86%).

Average monthly rental for CCT's office portfolio was S\$8.90 psf as at December 2015 (2014: S\$8.61), attributable to higher signing rents compared to expired rents for office leases due during the year.

CapitaGreen, the joint venture development by CapitaLand, CCT and Mitsubishi Estate Asia, officially opened on 9 September 2015. The 40-storey Grade A office building in Singapore's CBD achieved a committed occupancy rate of 91.3% as at 31 December 2015 (2014: 69.3%). CapitaGreen was conferred "2015 Best Tall Building Award for Asia & Australasia" by the Council on Tall Buildings and Urban Habitat in recognition of its extraordinary contributions to the advancement of tall buildings and the urban environment. Meanwhile, the asset enhancement initiative at Capital Tower was completed in December 2015.

## CapitaLand China

# A leading foreign real estate developer in China

CapitaLand has made a mark in the Chinese market with its innovative real estate concepts, products and services. In 2015, it continued to invest in well-located sites and projects to grow its portfolio and drive its integrated development strategy in the five core city clusters, namely, Shanghai/Hangzhou/Suzhou/Ningbo, Beijing/Tianjin, Guangzhou/Shenzhen, Chengdu/Chongqing and Wuhan.

### Achieving Record-breaking Residential Sales

In 2015, CapitaLand China sold 9,402 residential units (2014: 4,961 units) with a total sales value of RMB15.4 billion (~S\$3.4 billion) (2014: RMB7.6 billion), which doubled that of last year and broke the record since CapitaLand entered China in 1994. The sales were mainly from The Paragon and Lotus Mansion in Shanghai, Riverfront in Hangzhou, The Metropolis in Kunshan, Dolce Vita in Guangzhou, ONE iPARK in Shenzhen, Century Park in Chengdu and La Botanica in Xi'an.

### Deepening Presence in Gateway Cities

During the year, CapitaLand continued to expand its scale in the top tier cities of China.

In South China, CapitaLand is working with the government in the urban renewal project at Datansha, an island on the Pearl River which flows through downtown Guangzhou. CapitaLand has acquired the first plot of land in the project in October 2015 and would develop it into a residential project. CapitaLand plans to launch the project in 2017.

In East China, Office Tower 3 of Raffles City Changning in Shanghai has commenced operations in 3Q 2015 and achieved a committed occupancy of 82% as at end 2015. Raffles City Hangzhou has also launched Sky Habitat in end November 2015, while its strata-office was launched for sale in December 2014. In the up and coming western region, the iconic Raffles City Chongqing has commenced construction of its basement.

In 2015, CapitaLand acquired the remaining 60% equity interest in CapitaLand Township. The full ownership of CapitaLand Township will allow CapitaLand to integrate the township development business into CapitaLand China for the Group to enjoy full synergies and cost savings in its development business.

### Expanding Online to Offline (O2O) Initiatives

CapitaLand China accelerated its O2O initiatives in 2015. In May, CapitaLand became the first foreign property developer to collaborate with Jia.com, China's leading online renovation solution platform. Home owners of our New Horizon project in Shanghai and Summit Era in Ningbo were able to enjoy standard or customised renovation packages offered by Jia.com. In November, CapitaLand became the first property developer to open a virtual store on JD.com, one of the largest B2C online retailers in China. Eleven of CapitaLand's properties across nine Chinese cities were available for sales through this platform.

### Looking Ahead

CapitaLand remains committed to grow its business in China. China's 13<sup>th</sup> Five Year Plan announced in October 2015 has set a target to achieve an average 6.5% growth of its gross domestic product over the next five years. CapitaLand will leverage its real estate expertise accumulated through 21 years of experience in China to offer quality real estate products to the Chinese consumers.



Raffles City Changning, Shanghai, China



## CapitaLand Mall Asia

# One of Asia's largest mall developers, owners and managers by total property value and geographic reach

As at 31 December 2015, CapitaLand owns and manages 104 shopping malls across 54 cities in Singapore, China, Malaysia, Japan and India, with a total property value of approximately S\$41.2 billion and total gross floor area (GFA) of approximately 100.0 million square feet. Of these, 88 malls (2014: 86) are operational while 16 (2014: 19) are under development.

CapitaLand's malls continued to perform well in its core markets of Singapore and China, posting increases in net property income, tenants' sales and shopper traffic.

### Strengthening Leadership in Singapore

In Singapore, CapitaLand Mall Trust (CMT) strengthened its position as Singapore's largest real estate investment trust (REIT) with the acquisition of Bedok Mall from CapitaLand for S\$783.1 million. In addition, to tap on Funan Digitalife Mall's prime location, CMT will be redeveloping the shopping mall into an integrated development that is set to play a big part in the rejuvenation of the Civic District. Further, in a move that unlocked value for its unitholders, CMT divested Rivervale Mall to a private equity fund for S\$190.5 million and realised a gain of about S\$72.7 million.

CapitaLand continued to improve its retail offerings to ensure its malls remain relevant and attractive. In 2015, ION Orchard added a 35-metre underground walkway flanked by stores on its two sides. Named ION Orchard Link, it serves as an extension of ION Orchard's shopping experience and provides shoppers with a second underground link to access the mall.

Two other CapitaLand malls in Singapore completed asset enhancement initiatives in the year. Tampines Mall now provides an improved shopping experience with a new education hub on Level 5 that houses well-known education retailers, a new covered linkway to the Mass Rapid Transit (MRT) station and a refreshed mall façade. Clarke Quay introduced new F&B choices after completing its reconfiguration works at Block A.

Clarke Quay is currently carrying out additional works at Block E as it prepares to welcome more exciting entertainment and F&B tenants, including Zouk – one of the world's top dance clubs. Plaza Singapura has also embarked on interior rejuvenation works to enhance the shopping experience and reinforce its position as the destination mall for families and friends, centrally located on Orchard Road.

### Executing Proactive Asset Management Overseas

In China, CapitaLand opened three new malls in three cities, namely Tianjin International Trade Centre, CapitaMall 1818 in Wuhan and CapitaMall SKY+ in Guangzhou. All three malls opened with healthy committed occupancy rates.

In Malaysia, CapitaLand Malaysia Mall Trust (CMMT) acquired Tropicana City Mall and Tropicana City Office Tower in Petaling Jaya for RM540 million, bringing the total number of malls in its portfolio to five. The addition of this quality asset has strengthened CMMT's network in Malaysia and provides it with greater income diversification. Over in Kuantan, CMMT unveiled the new look of East Coast Mall following the completion of a RM60 million asset enhancement initiative that built on the mall's popularity as a trendy lifestyle destination.

In Japan, CapitaMalls Japan Fund, in which CapitaLand owns a 26.29% stake, divested Chitose Mall in Hokkaido, Japan. Subsequently, CapitaLand acquired the remaining 73.71% stake in Vivit Minami-Funabashi in Tokyo at an agreed property price of JPY7 billion from CapitaMalls Japan Fund. The Fund drew to a close following this disposal of its last property. CapitaLand now has a portfolio of five shopping malls in three cities in Japan. These are Olinas Mall, Vivit Minami-Funabashi and La Park Mizue in Tokyo; Izumiya Hirakata in Osaka; and Coop Kobe Nishinomiya-Higashi in Hyogo.

### Looking Ahead

CapitaLand will focus on optimising its portfolio and deepening its presence in key gateway cities to capitalise on Asia's consumption growth. CapitaLand will continue to innovate and enhance its competitive edge by embracing technology for productivity gains as well as to deliver a new customer experience, enabling shoppers to enjoy retail in a technology-enabled environment.

## The world's largest international serviced residence owner-operator

Ascott has a portfolio of quality serviced residences which it manages and enhances through its operations and award-winning brands across 95 cities in 27 countries.

### Cementing Ascott's Position as the World's Largest Serviced Residence Owner-Operator

The year ended with Ascott owning and managing about 43,000 units in 277 properties across 95 cities in Asia Pacific, Europe, the Gulf region and the Americas, surpassing its original target of 40,000 apartment units globally. This cements its position as the world's largest international serviced residence owner and operator.

In 2015, Ascott added close to 6,700 units to its global network, representing a 37% increase from the number of units added in 2014. Ascott's hospitality management and service fee income grew by 14% year-on-year to reach S\$152 million in 2015 (2014: S\$133 million). Overall, on a same store basis, Revenue Per Available Unit grew 1% to S\$124 in 2015 (2014: \$123).

In addition to deepening its presence in key cities in Asia Pacific, Europe and the Gulf region, Ascott also successfully made its maiden investment in the United States of America through the acquisition of a prime property located in Times Square in Midtown Manhattan, New York by Ascott Residence Trust (Ascott Reit) for S\$220.7 million.

As part of its capital recycling strategy, Ascott unlocked value through the divestment of three serviced residence properties in Australia and Japan and a portfolio of rental housing properties in Japan worth a total of S\$372.8 million to Ascott Reit.

### Forging Strategic Collaborations and Strengthening Capabilities

As part of its global expansion plans, Ascott entered into a joint venture with blue chip capital partner Qatar Investment Authority, to set up a US\$600 million global serviced residence fund – Ascott's largest private equity fund to date. To date, the fund has already announced the acquisition of two prime properties in the heart of Paris and Tokyo for a total of US\$137 million (S\$191 million), demonstrating Ascott's strong capabilities in deal sourcing and execution.

To capitalise on the growing sharing economy, Ascott led a consortium to invest over S\$120 million in Tujia.com International (Tujia), China's largest online apartment sharing platform. Ascott's three internationally recognised brands of serviced residences – Ascott, Citadines and Somerset – have since been made available on Tujia's online platform, successfully expanding their reach to more guests in China and beyond. As part of the collaboration, Ascott has formed a majority joint venture for the offline business with Tujia. This will help to further build scale and accelerate Ascott's footprint expansion in China.

In addition, Ascott partnered Samsung Electronics (Samsung) to jointly develop Internet of Things-ready smart solutions customised for its serviced residences, making it the first global serviced residence company to embrace smart home technologies. Ascott has since worked with Samsung to conduct initial studies and a joint innovation workshop, and will test-bed new solutions at selected serviced apartments by 1H 2016.

### Implementing Proactive Asset Management

Ascott continued its Asset Enhancement Initiatives (AEI) to reposition and upgrade its products to drive organic operational growth. Since 2013, more than S\$125 million has been invested to refurbish various properties in Asia and Europe. The results are positive as refurbished properties have achieved a higher Average Daily Rate (ADR). For instance, the ADR for refurbished apartment units at Somerset Xu Hui Shanghai was lifted by 35%.

### Looking Ahead

As a global serviced residence leader, Ascott will continue to accelerate its growth through investments, management contracts, strategic alliances and franchises, to achieve the new target of 80,000 units globally by 2020. Ascott remains on track to achieve a robust return on equity through additional fee income contribution from the properties that will be opening over the next few years as well as through its joint venture and fund management platform. Furthermore, Ascott remains focused on developing new capabilities that would provide the competitive edge in the medium- to long-term so as to grow from strength to strength.

## Regional Investments

# Expanding CapitaLand's regional presence through key real estate investments

### Vietnam

Vietnam is CapitaLand's third largest market in Southeast Asia and one of the fastest growing countries in the region. In the residential sector, CapitaLand Vietnam has a portfolio of about 8,000 quality homes, with eight residential projects across the cities of Ho Chi Minh City and Hanoi.

In 2015, CapitaLand Vietnam launched two towers in Vista Verde (Ho Chi Minh City) and two new residential development projects, namely The Krista (Ho Chi Minh City) and Seasons Avenue (Hanoi). The launches were well-received by the market. In total, CapitaLand Vietnam achieved sales of 1,321 apartment units in 2015 (2014: 1,125 units) with a sales value of S\$226.5 million (2014: S\$151.5 million), making it the second consecutive year that Vietnam's annual residential sales have surpassed 1,000 units.

In response to legislative changes allowing foreign ownership of real estate in Vietnam, CapitaLand Vietnam successfully marketed its projects Vista Verde and The Vista to foreign investors, receiving positive response at its maiden launch in Singapore.



Vista Verde, Ho Chi Minh City, Vietnam

In addition, CapitaLand Vietnam also secured two investment deals in Ho Chi Minh City in 2015. Both sites are strategically located in District 2 in Ho Chi Minh City, increasing CapitaLand Vietnam's project pipeline for future growth.

CapitaLand Vietnam will continue to leverage its robust development capabilities, deep operating expertise and wide business network to fuel growth via suitable investments and management opportunities in Vietnam.

### Indonesia

In November 2014, CapitaLand entered into a joint venture to develop its first integrated development in Indonesia. The project is located at Jakarta's central business district and comprises 3 towers with office, residential, serviced residences and supporting retail component. In 2015, necessary approvals for the land were obtained and significant progress in submission for project approvals was made. The project is on track for construction in 2016. Going forward, CapitaLand will continue to leverage its expertise in integrated developments, shopping malls, serviced residences, office and homes to actively pursue growth opportunities in Indonesia.

### StorHub

StorHub is the largest self-storage operator in Singapore with 11 facilities which span over 128,000 sqm in GFA. Its operations in China, with a total GFA of 11,349 sqm across two facilities, have improved significantly. Coupled with better marketing efforts, especially through the use of social media, overall occupancy in both Singapore and Shanghai have grown by 6.5% y-o-y.

In 2015, StorHub opened its first self-storage facility at Sungei Wang Plaza, an established landmark in Kuala Lumpur (KL) City Centre. The central location provides an ideal launch pad for StorHub to introduce the convenience of affordable self-storage services to the KL market. The official opening attracted mainstream media to the event, featuring StorHub as a lifestyle enabler.

## CapitaLand Fund Management

### A leading real estate fund manager in Asia

CapitaLand manages a total of 16 non-listed real estate vehicles and five listed real estate investment trusts (REITs) with an aggregate Assets Under Management (AUM) of S\$46.0 billion.

The majority of the assets managed are located in CapitaLand's core markets of Singapore (36.7%) and China (49.3%). CapitaLand is one of the highest-ranked Asian players by real estate assets managed globally based on both the ANREV/INREV/NCREIF Fund Manager Survey<sup>1</sup> and the IPE Real Estate Top 100 Investment Management Survey<sup>2</sup> conducted in 2015.

CapitaLand has a dedicated fund management unit that works with the Group's business units in the origination, structuring and raising of private funding from global capital partners. As a real estate developer-operator-owner with multi-sector expertise and deep local knowledge of the overseas markets it operates in, CapitaLand is able to structure and customise a diverse variety of investment options for its capital partners. The Group has a respectable stable of global capital partners that include sovereign wealth funds, pension funds and insurance companies. Non-listed real estate vehicles range from private equity funds, club deals, to joint ventures, where CapitaLand has a meaningful co-investment stake that aligns the Group's interest with that of its capital partners.

Through its non-listed real estate vehicles and listed REITs, CapitaLand is able to diversify its funding sources while expanding its AUM. The fee income generated from managing

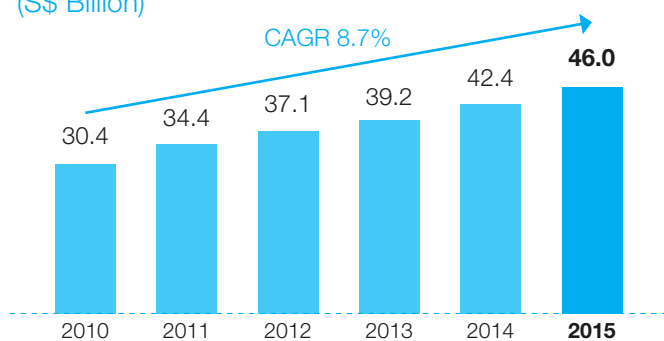
such vehicles and assets also enhances the Group's overall return on equity.

The non-listed real estate vehicles managed by CapitaLand are typically invested in development and value-added plays which aim to generate higher risk-adjusted returns and capital appreciation for CapitaLand and its capital partners. Once the assets in these non-listed real estate vehicles have matured into core assets and generate stable yields, there is the available option of recycling these stabilised assets into the listed REITs.

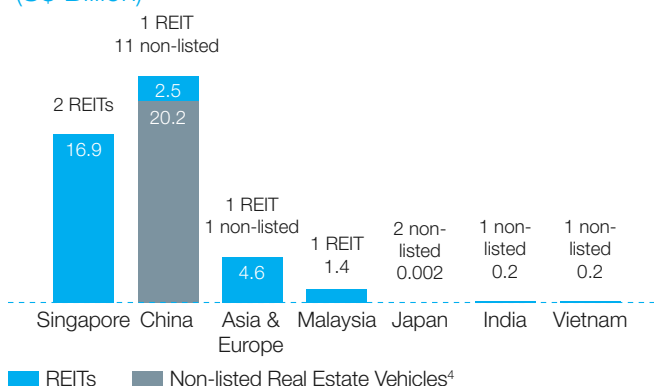
Through this capital recycling process, CapitaLand is able to realise some investment returns and match the right capital pricing with the appropriate real estate exposure across a wide risk-reward spectrum. Capital can be redeployed into new higher-yielding opportunities, while a significant stream of stable income can be retained through its equity interests in these listed REITs.

Fund management and capital partnership remain the cornerstone of CapitaLand's business model. In 2015, CapitaLand, through Ascott, entered into a joint venture with Qatar Investment Authority to set up a US\$600 million (approximately S\$809 million) serviced residence fund. With a target to launch six new funds with total AUM of up to S\$10 billion by 2020, this joint venture is part of CapitaLand's efforts to further grow its fund management business. CapitaLand will also continue to focus on building relationships with capital partners to ensure a robust pool of alternative funding sources to support the Group's growth.

**Total Assets Under Management (AUM)<sup>3</sup>**  
(S\$ Billion)



**FY 2015 AUM Breakdown - By Geography**  
(S\$ Billion)



<sup>1</sup> The ANREV/INREV/NCREIF Fund Manager Survey 2015 explores total real estate assets under management of all real estate fund management companies. ANREV refers to the Asian Association for Investors in Non-Listed Real Estate Vehicles. INREV refers to the European Association for Investors in Non-Listed Real Estate Vehicles. NCREIF refers to National Council of Real Estate Investment Fiduciaries in the United States.

<sup>2</sup> The Investment Pension Europe (IPE) Real Estate Top 100 Investment Management Survey provides a snapshot of an evolving global industry which tracks the largest 100 real estate managers by assets under management.

<sup>3</sup> Denotes total assets of REITs and non-listed real estate vehicles.

<sup>4</sup> Includes private equity fund, club deals and JVs with capital partners.

## Integrated Developments

(as at 31 December 2015)

| City         | Property   | Effective Stake (%) | GFA (sqm) | Tenure (Years) | Tenure Expiry                             |
|--------------|--|---------------------|-----------|----------------|---|
| <b>CHINA</b> |  |                     |           |                |   |
| Beijing      | Raffles City Beijing<br><i>Retail: 36%, Office: 37%,<br/>Serviced Residence: 27%</i>                                 | 55.0                | 110,997   | Leasehold      | 2046<br>Retail<br>2056<br>Integrated Use  |
| Chengdu      | CapitaMall Tianfu<br><i>Retail: 72%, Office: 10%,<br/>Strata Sales: 18%</i>  | 50.0                | 197,326   | Leasehold      | 2048                                      |
|              | Raffles City Chengdu<br><i>Retail: 35%, Office: 30%,<br/>Serviced Residence: 23%,<br/>Strata Sales: 12%</i>          | 55.0                | 238,438   | Leasehold      | 2046                                      |
| Chongqing    | Raffles City Chongqing<br><i>Retail: 29%, Office: 10%,<br/>Serviced Residence/ Hotel: 11%,<br/>Strata Sales: 50%</i> | 62.5 <sup>A</sup>   | 817,000   | Leasehold      | 2052<br>Commercial<br>2082<br>Residential |
| Hangzhou     | Raffles City Hangzhou<br><i>Retail: 39%, Office: 12%,<br/>Serviced Residence/ Hotel: 26%,<br/>Strata Sales: 23%</i>  | 55.0 <sup>A</sup>   | 301,707   | Leasehold      | 2049                                      |
| Ningbo       | Raffles City Ningbo<br><i>Retail: 51%, Office: 30%,<br/>Strata Sales: 19%</i>  | 55.0                | 101,405   | Leasehold      | 2047                                      |
| Shanghai     | Capital Tower Shanghai<br><i>Retail: 2%, Office: 66%,<br/>Serviced Residence: 32%</i>                                | 99.0 <sup>B</sup>   | 66,160    | Leasehold      | 2056                                      |
|              | Hanzhonglu Commercial<br>(Plot 95)<br><i>Retail: 25%, Office: 75%</i>  | 70.0 <sup>A</sup>   | 59,389    | Leasehold      | 2052<br>Retail<br>2062<br>Office          |
|              | Hongkou Plaza<br><i>Retail: 72%, Office: 28%</i>   | 72.5                | 205,119   | Leasehold      | 2057                                      |
|              | LuOne<br><i>Retail: 65%, Office: 35%</i>   | 33.0 <sup>A</sup>   | 131,303   | Leasehold      | 2056                                      |
|              | Minhang Plaza<br><i>Retail: 60%, Office: 40%</i>   | 65.0                | 146,843   | Leasehold      | 2053                                      |
|              | Raffles City Changning<br><i>Retail: 48%, Office: 52%</i>  | 42.8 <sup>A</sup>   | 256,167   | Leasehold      | 2055                                      |
|              | Raffles City Shanghai<br><i>Retail: 34%, Office: 66%</i>   | 30.7                | 139,593   | Leasehold      | 2045                                      |
| Shenzhen     | ONE iPark<br><i>Strata Sales: 100%</i>   | 73.0 <sup>A</sup>   | 74,221    | Leasehold      | 2056                                      |
|              | Raffles City Shenzhen<br><i>Retail: 51%, Office: 27%,<br/>Serviced Residence: 22%</i>                                | 73.0 <sup>A</sup>   | 121,831   | Leasehold      | 2056                                      |
| Suzhou       | Suzhou Center Mall &<br>Suzhou Center Office<br><i>Retail: 81%, Office: 19%</i>                                      | 50.0 <sup>A</sup>   | 364,469   | Leasehold      | 2051                                      |

## Integrated Developments

(as at 31 December 2015)

| City             | Property  | Effective Stake (%) | GFA (sqm) | Tenure (Years) | Tenure Expiry |
|------------------|---|---------------------|-----------|----------------|---------------|
| CHINA            |   |                     |           |                |               |
| Tianjin          | Tianjin International Trade Centre<br><i>Retail: 18%, Office: 22%,<br/>Strata Sales: 60%</i>                                  | 100.0               | 188,670   | Leasehold      | 2057          |
| Wuhan            | CapitaMall Wusheng<br><i>Retail: 71%,<br/>Serviced Residence: 29%</i>   | 45.0                | 112,769   | Leasehold      | 2044          |
|                  | CapitaMall Westgate<br>(f.k.a Gutian Integrated Development)<br><i>Retail: 65%, Office: 24%,<br/>Strata Sales: 11%</i>        | 100.0 <sup>A</sup>  | 243,621   | Leasehold      | 2052          |
| Xi'an            | CapitaMall Xindicheng<br><i>Retail: 40%, Office: 39%,<br/>Serviced Residence: 14%,<br/>Strata Sales: 7%</i>                   | 45.0                | 152,199   | Leasehold      | 2043          |
| CHINA TOTAL      |   |                     | 4,029,227 |                |               |
| INDONESIA        |   |                     |           |                |               |
| Jakarta          | Site in Central Jakarta   | 50.0 <sup>1</sup>   | 40,000    |                | –             |
| INDONESIA TOTAL  |   |                     | 40,000    |                |               |
| MALAYSIA         |   |                     |           |                |               |
| Petaling Jaya    | Tropicana City Mall and<br>Tropicana City Office Tower<br><i>Retail: 83%, Office: 17%</i>                                     | 36.5 <sup>1</sup>   | 71,452    | Freehold       | –             |
| MALAYSIA TOTAL   |   |                     | 71,452    |                |               |
| SINGAPORE        |   |                     |           |                |               |
| Singapore        | Raffles City Singapore<br><i>Net Lettable Area<br/>- Office: 381,000 sq ft<br/>- Retail: 423,000 sq ft<br/>and two hotels</i> | 30.8 <sup>2,3</sup> | 320,490   | 99             | 2078          |
|                  | Ascott Orchard Singapore and<br>Cairnhill Nine<br><i>Hotel: 40%, Residential: 60%</i>   | 100.0 <sup>A</sup>  | 46,611    | 99             | 2113          |
| SINGAPORE TOTAL  |   |                     | 367,101   |                |               |
| VIETNAM          |   |                     |           |                |               |
| Ho Chi Minh City | The Vista<br><i>Retail: 6%, Office: 7%,<br/>Serviced Residence/ Hotel: 9%,<br/>Strata Sales: 78%</i>                          | 80.0                | 190,074   | Freehold*      | –             |
| VIETNAM TOTAL    |   |                     | 190,074   |                |               |
| GRAND TOTAL      |   |                     | 4,697,854 |                |               |



## Shopping Malls

(as at 31 December 2015)

| City         | Property                    | Effective Stake (%) | GFA (sqm)            | Tenure (Years) | Tenure Expiry   |
|--------------|-----------------------------|---------------------|----------------------|----------------|---|
| <b>CHINA</b> |                             |                     |                      |                |   |
| Anyang       | CapitaMall Beiguan          | 45.0                | 36,922               | Leasehold      | 2046  |
| Beijing      | CapitaMall Anzhen           | 27.7 <sup>4</sup>   | 43,443               | Leasehold      | 2034/2042   |
|              | CapitaMall Crystal          | 45.0                | 72,422<br>Commercial | Leasehold      | 2043<br>Commercial<br>2053<br>Underground<br>Car Park |
|              | CapitaMall Cuiwei           | 45.0                | 56,141<br>Commercial | Leasehold      | 2046<br>Commercial<br>2056<br>Underground<br>Car Park |
|              | CapitaMall Grand Canyon     | 27.7 <sup>4</sup>   | 69,967               | Leasehold      | 2044  |
|              | CapitaMall Shuangjing       | 27.7 <sup>4</sup>   | 49,463               | Leasehold      | 2042  |
|              | CapitaMall Taiyanggong      | 45.0                | 83,693               | Leasehold      | 2044  |
|              | CapitaMall Tiangongyuan     | 100.0 <sup>A</sup>  | 140,708              | Leasehold      | 2051  |
|              | CapitaMall Wangjing         | 27.7 <sup>4</sup>   | 68,010<br>Commercial | Leasehold      | 2043<br>Commercial<br>2053<br>Underground<br>Car Park |
|              | CapitaMall Xizhimen         | 27.7 <sup>4</sup>   | 83,075<br>Commercial | Leasehold      | 2044<br>Commercial<br>2054<br>Integrated Use          |
| Changsha     | CapitaMall Yuhuating        | 73.1                | 62,080               | Leasehold      | 2044  |
| Chengdu      | CapitaMall Jinniu           | 45.0                | 57,884               | Leasehold      | 2044  |
|              | CapitaMall Jinniu (Phase 2) | 45.0                | 94,085               | Leasehold      | 2044  |
|              | CapitaMall Meilicheng       | 50.0                | 61,182               | Leasehold      | 2044  |
|              | CapitaMall Shawan           | 30.0                | 38,612<br>Commercial | Leasehold      | 2046<br>Commercial<br>2076<br>Underground<br>Car Park |
| Chongqing    | CapitaMall Jiulongpo        | 73.1                | 43,167               | Leasehold      | 2042  |
|              | CapitaMall Shapingba        | 30.0                | 41,877               | Leasehold      | 2023<br>Master Lease                                  |
| Dalian       | CapitaMall Peace Plaza      | 30.0                | 157,576              | Leasehold      | 2035  |
| Deyang       | CapitaMall Deyang           | 45.0                | 41,400               | Leasehold      | 2045  |
| Dongguan     | CapitaMall Dongguan         | 45.0                | 44,489               | Leasehold      | 2055  |
| Foshan       | CapitaMall Guicheng         | 73.1                | 49,115               | Leasehold      | 2044  |
| Guangzhou    | CapitaMall SKY+             | 100.0               | 87,404               | Leasehold      | 2051  |
| Harbin       | CapitaMall Aidemengdun      | 45.0                | 43,851               | Leasehold      | 2042  |
|              | CapitaMall Xuefu            | 45.0                | 104,000              | Leasehold      | 2045  |
| Huhot        | CapitaMall Saihan           | 27.7 <sup>4</sup>   | 41,938               | Leasehold      | 2041  |
| Kunshan      | CapitaMall Kunshan          | 45.0                | 39,595               | Leasehold      | 2045  |

## Shopping Malls

(as at 31 December 2015)

| City        | Property  | Effective Stake (%) | GFA (sqm) | Tenure (Years) | Tenure Expiry  |
|-------------|---|---------------------|-----------|----------------|--|
| CHINA       |   |                     |           |                |  |
| Maoming     | CapitaMall Maoming  | 73.1                | 37,882    | Leasehold      | 2044   |
| Mianyang    | CapitaMall Fucheng  | 45.0                | 46,803    | Leasehold      | 2044   |
|             | CapitaMall Fucheng (Phase 2)                              | 45.0                | 42,111    | Leasehold      | 2047   |
| Nanchang    | CapitaMall Chengnanyuan                                   | 45.0                | 45,607    | Leasehold      | 2045   |
| Qingdao     | CapitaMall Xinduxin                                       | 50.0 <sup>A</sup>   | 104,034   | Leasehold      | 2051/ 2052   |
| Quanzhou    | CapitaMall Quanzhou                                       | 45.0                | 43,096    | Leasehold      | 2045   |
| Rizhao      | CapitaMall Rizhao   | 30.0                | 70,898    | Leasehold      | 2043   |
| Shanghai    | CapitaMall Qibao  | 27.7 <sup>4</sup>   | 72,729    | Leasehold      | 2024<br>Master Lease   |
| Tianjin     | CapitaMall TianjinOne                                     | 30.0                | 59,305    | Leasehold      | 2054   |
| Weifang     | CapitaMall Weifang  | 45.0                | 48,946    | Leasehold      | 2044   |
| Wuhan       | CapitaMall 1818   | 50.0                | 70,683    | Leasehold      | 2052   |
|             | CapitaMall Minzhongleyuan                                 | 27.7 <sup>4</sup>   | 37,472    | Leasehold      | 2044<br>Conserved Building: Master Lease<br><br>2045<br>Annex Building |
| Wuhu        | CapitaMall Wuhu   | 36.2 <sup>4</sup>   | 45,634    | Leasehold      | 2044   |
| Yangzhou    | CapitaMall Yangzhou                                       | 45.0                | 52,536    | Leasehold      | 2039/ 2045   |
| Yibin       | CapitaMall Nan'an   | 45.0                | 37,524    | Leasehold      | 2045   |
| Yiyang      | CapitaMall Taohualun                                      | 45.0                | 34,895    | Leasehold      | 2045   |
| Zhangzhou   | CapitaMall Zhangzhou                                      | 73.1                | 42,725    | Leasehold      | 2043   |
| Zhanjiang   | CapitaMall Zhanjiang                                      | 45.0                | 47,266    | Leasehold      | 2044   |
| Zhaoqing    | CapitaMall Zhaoqing                                       | 45.0                | 44,840    | Leasehold      | 2055   |
| Zhengzhou   | CapitaMall Erqi   | 27.7 <sup>4</sup>   | 92,356    | Leasehold      | 2042   |
|             | CapitaMall Jinshui  | 30.0                | 55,451    | Leasehold      | 2045   |
| Zibo        | CapitaMall Zibo   | 45.0                | 41,994    | Leasehold      | 2045   |
| Xinxiang    | CapitaMall Hongqi   | 45.0                | 38,345    | Leasehold      | 2045   |
| CHINA TOTAL |   |                     | 2,925,231 |                |  |
| INDIA       |   |                     |           |                |  |
| Bangalore   | Mall in Graphite India                                    | 22.3 <sup>A</sup>   | 97,732    | Freehold       | –  |
|             | The Forum Neighbourhood Mall (f.k.a The Forum Value Mall) | 22.7                | 46,983    | Freehold       | –  |
| Cochin      | Mall in Cochin  | 5.9 <sup>5,A</sup>  | 98,854    | Freehold       | –  |
| Hyderabad   | The Forum Sujana Mall                                     | 11.1                | 80,387    | Freehold       | –  |
| Jalandhar   | Mall in Jalandhar   | 29.5 <sup>A</sup>   | 57,043    | Freehold       | –  |
| Mysore      | Mall in Mysore  | 22.3 <sup>A</sup>   | 33,417    | Freehold       | –  |
| Nagpur      | Mall in Nagpur  | 29.5 <sup>A</sup>   | 94,761    | Freehold       | –  |
| Udaipur     | The Celebration Mall Udaipur                              | 45.5                | 36,398    | 99             | 2103   |
| Mangalore   | The Forum Fiza Mall                                       | 15.1                | 63,814    | Freehold       | –  |
| INDIA TOTAL |   |                     | 609,389   |                |  |

| City            | Property  | Effective Stake (%) | GFA (sqm) | Tenure (Years) | Tenure Expiry |
|-----------------|---|---------------------|-----------|----------------|---------------|
| JAPAN           |   |                     |           |                |               |
| Hyogo           | Coop Kobe Nishinomiya-Higashi   | 100.0               | 7,970     | Freehold       | –             |
| Osaka           | Izumiya Hirakata  | 100.0               | 20,044    | Freehold       | –             |
| Tokyo           | La Park Mizue   | 100.0               | 18,914    | Freehold       | –             |
|                 | Olinas Mall   | 100.0               | 54,146    | Freehold       | –             |
|                 | Vivit Minami-Funabashi  | 100.0               | 69,444    | Freehold       | –             |
| JAPAN TOTAL     |   |                     | 170,518   |                |               |
| MALAYSIA        |   |                     |           |                |               |
| Kuala Lumpur    | Sungei Wang Plaza<br>(approximately 61.9% of aggregate retail floor area and 100% of car park bays) | 36.5 <sup>1</sup>   | 47,483    | Freehold       | –             |
| Kuantan         | East Coast Mall   | 36.5 <sup>1</sup>   | 70,784    | 99             | 2106          |
| Penang          | Gurney Plaza  | 36.5 <sup>1</sup>   | 114,200   | Freehold       | –             |
|                 | Queensbay Mall<br>(approximately 91.8% of aggregate retail floor area and 100% of car park bays)    | 100.0               | 86,115    | Freehold       | –             |
| Selangor        | Melawati Mall   | 50.0 <sup>A</sup>   | 87,793    | Freehold       | –             |
|                 | The Mines   | 36.5 <sup>1</sup>   | 116,787   | 99             | 2091          |
| MALAYSIA TOTAL  |   |                     | 523,162   |                |               |
| SINGAPORE       |   |                     |           |                |               |
| Singapore       | Bedok Mall  | 29.3 <sup>3</sup>   | 30,507    | 99             | 2110          |
|                 | Bugis Junction  | 29.3 <sup>3</sup>   | 53,656    | 99             | 2089          |
|                 | Bugis+  | 29.3 <sup>3</sup>   | 29,733    | 60             | 2065          |
|                 | Bukit Panjang Plaza   | 29.3 <sup>3</sup>   | 22,998    | 99             | 2093          |
|                 | Clarke Quay   | 29.3 <sup>3</sup>   | 33,975    | 99             | 2089          |
|                 | Funan DigitaLife Mall   | 29.3 <sup>3</sup>   | 44,788    | 99             | 2078          |
|                 | IMM Building  | 29.3 <sup>3</sup>   | 132,527   | 60             | 2049          |
|                 | JCube   | 29.3 <sup>3</sup>   | 29,426    | 99             | 2090          |
|                 | Jewel Changi Airport  | 49.0 <sup>A</sup>   | 134,000   | 60             | 2073          |
|                 | Junction 8  | 29.3 <sup>3</sup>   | 34,973    | 99             | 2090          |
|                 | Lot One Shoppers' Mall  | 29.3 <sup>3</sup>   | 30,301    | 99             | 2092          |
|                 | Plaza Singapura   | 29.3 <sup>3</sup>   | 70,331    | Freehold       | –             |
|                 | Sembawang Shopping Centre   | 29.3 <sup>3</sup>   | 19,146    | 999            | 2884          |
|                 | Tampines Mall   | 29.3 <sup>3</sup>   | 46,970    | 99             | 2091          |
|                 | The Atrium@Orchard  | 29.3 <sup>3</sup>   | 53,582    | 99             | 2107          |
|                 | The Star Vista  | 100.0               | 24,000    | 60             | 2067          |
|                 | Westgate  | 78.8 <sup>3</sup>   | 55,178    | 99             | 2110          |
|                 | ION Orchard   | 50.0 <sup>6</sup>   | 87,727    | 99             | 2105          |
|                 | ION Orchard Link  | 50.0 <sup>6</sup>   | 450       | 99             | 2105          |
| SINGAPORE TOTAL |   |                     | 934,268   |                |               |
| GRAND TOTAL     |   |                     | 5,162,568 |                |               |

## Serviced Residences

(as at 31 December 2015)

| City            | Property                                | Effective Stake (%) | No. of Units       | Tenure (Years)    | Tenure Expiry       |
|-----------------|---|---------------------|--------------------|-------------------|---------------------|
| AUSTRALIA       |   |                     |                    |                   |                     |
| Melbourne       | Citadines on Bourke Melbourne           | 46.2 <sup>7</sup>   | 380                | Freehold          | –                   |
|                 | Somerset on Elizabeth Melbourne         | 100.0               | 34                 | Freehold          | –                   |
| Perth           | Citadines St Georges Terrace Perth      | 46.2 <sup>7</sup>   | 85                 | Freehold          | –                   |
| Sydney          | Quest Campbelltown                      | 46.2 <sup>7</sup>   | 81                 | Freehold          | –                   |
|                 | Quest Mascot                            | 46.2 <sup>7</sup>   | 91                 | Freehold          | –                   |
|                 | Quest Sydney Olympic Park               | 46.2 <sup>7</sup>   | 140                | 99                | 2111                |
| AUSTRALIA TOTAL |   |                     | 811                |                   |                     |
|                 |   |                     |                    |                   |                     |
| BELGIUM         |   |                     |                    |                   |                     |
| Brussels        | Citadines Sainte-Catherine Brussels     | 46.2 <sup>7</sup>   | 169                | Freehold          | –                   |
|                 | Citadines Toison d'Or Brussels          | 46.2 <sup>7</sup>   | 154                | Freehold          | –                   |
| BELGIUM TOTAL   |   |                     | 323                |                   |                     |
|                 |   |                     |                    |                   |                     |
| CHINA           |   |                     |                    |                   |                     |
| Beijing         | Somerset ZhongGuanCun Beijing           | 100.0               |                    | 40<br>Retail      | 2042<br>Retail      |
|                 |   |                     |                    | 50<br>Commercial  | 2052<br>Commercial  |
|                 |   |                     | 154<br>Residential | 70<br>Residential | 2072<br>Residential |
|                 | Fortune Garden Apartments               | 46.2 <sup>8</sup>   | 67                 | 70                | 2068                |
| Chengdu         | Somerset Riverview Chengdu              | 36.1                | 200                | 50                | 2049                |
| Chongqing       | Somerset JieFangBei Chongqing           | 36.1                | 157                | 40                | 2037                |
| Dalian          | Somerset Grand Central Dalian           | 46.2 <sup>7</sup>   | 195                | 50                | 2056                |
| Guangzhou       | Ascott Guangzhou                        | 46.2 <sup>7</sup>   | 207                | 70                | 2074                |
| Hong Kong       | CHI 138                                 | 100.0               | 52                 | 999               | –                   |
|                 | The Mercer, Hong Kong                   | 100.0               | 55                 | 999               | –                   |
| Shanghai        | Ascott Heng Shan Shanghai               | 100.0               | 90                 | 50                | 2054                |
|                 | Citadines Biyun Shanghai                | 46.2 <sup>7</sup>   | 180                | 70                | 2064                |
|                 | Somerset Xu Hui Shanghai                | 46.2 <sup>7</sup>   | 168                | 70                | 2066                |
|                 | The Paragon Towers 5 & 6                | 99.0                | 105                | 70                | 2072                |
| Shenyang        | Somerset Heping Shenyang                | 46.2 <sup>7</sup>   | 270                | 40                | 2046                |
| Suzhou          | Citadines Xinghai Suzhou                | 46.2 <sup>7</sup>   | 167                | 70                | 2066                |
| Tianjin         | Somerset International Building Tianjin | 36.1                | 108                | 50                | 2044                |
|                 | Somerset Olympic Tower Property Tianjin | 46.2 <sup>7</sup>   | 185                | 70                | 2062                |
|                 | Somerset Youyi Tianjin                  | 36.1                | 240                | 50                | 2052                |
| Wuhan           | Citadines Zhuankou Wuhan                | 46.2 <sup>7</sup>   | 249                | 40                | 2043                |
| Xi'an           | Citadines Central Xi'an                 | 36.1                |                    | 40<br>Commercial  | 2036<br>Commercial  |
|                 |   |                     | 148<br>Residential | 70<br>Residential | 2066<br>Residential |
|                 | Citadines Gaoxin Xi'an                  | 46.2 <sup>7</sup>   | 251                | 50                | 2056                |
| CHINA TOTAL     |   |                     | 3,248              |                   |                     |

| City            | Property                               | Effective Stake (%) | No. of Units | Tenure (Years) | Tenure Expiry |
|-----------------|--|---------------------|--------------|----------------|---------------|
| FRANCE          |  |                     |              |                |               |
| Cannes          | Citadines Croisette Cannes             | 46.2 <sup>7</sup>   | 58           | Freehold       | –             |
| Grenoble        | Citadines City Centre Grenoble         | 46.2 <sup>7</sup>   | 106          | Freehold       | –             |
| Lille           | Citadines City Centre Lille            | 46.2 <sup>7</sup>   | 101          | Freehold       | –             |
| Lyon            | Citadines Presqu'île Lyon              | 46.2 <sup>7</sup>   | 116          | Freehold       | –             |
| Marseille       | Citadines Castellane Marseille         | 46.2 <sup>7</sup>   | 97           | Freehold       | –             |
|                 | Citadines Prado Chanut Marseille       | 46.2 <sup>7</sup>   | 77           | Freehold       | –             |
| Montpellier     | Citadines Antigone Montpellier         | 46.2 <sup>7</sup>   | 122          | Freehold       | –             |
| Paris           | Citadines Austerlitz Paris             | 46.2 <sup>7</sup>   | 50           | Freehold       | –             |
|                 | Citadines Didot Montparnasse Paris     | 46.2 <sup>7</sup>   | 80           | Freehold       | –             |
|                 | Citadines Les Halles Paris             | 46.2 <sup>7</sup>   | 189          | Freehold       | –             |
|                 | Citadines Maine Montparnasse Paris     | 46.2 <sup>7</sup>   | 67           | Freehold       | –             |
|                 | Citadines Montmartre Paris             | 46.2 <sup>7</sup>   | 111          | Freehold       | –             |
|                 | Citadines Place d'Italie Paris         | 46.2 <sup>7</sup>   | 169          | Freehold       | –             |
|                 | Citadines République Paris             | 46.2 <sup>7</sup>   | 76           | Freehold       | –             |
|                 | Citadines Suites Arc de Triomphe Paris | 100.0               | 112          | Freehold       | –             |
|                 | Citadines Suites Louvre Paris          | 46.2 <sup>7</sup>   | 51           | Freehold       | –             |
|                 | Citadines Tour Eiffel Paris            | 46.2 <sup>7</sup>   | 104          | Freehold       | –             |
|                 | Citadines Trocadéro Paris              | 46.2 <sup>7</sup>   | 97           | Freehold       | –             |
| FRANCE TOTAL    |  |                     | 1,783        |                |               |
| GERMANY         |  |                     |              |                |               |
| Berlin          | Citadines Kurfürstendamm Berlin        | 46.2 <sup>7</sup>   | 117          | Freehold       | –             |
| Frankfurt       | Citadines City Centre Frankfurt        | 99.0                | 165          | Freehold       | –             |
| Hamburg         | Citadines Michel Hamburg               | 99.0                | 127          | 99             | 2109          |
|                 | Madison Hamburg                        | 46.2 <sup>7</sup>   | 166          | Freehold       | –             |
| Munich          | Citadines Arnulfpark Munich            | 45.8 <sup>7</sup>   | 146          | Freehold       | –             |
| GERMANY TOTAL   |  |                     | 721          |                |               |
| INDIA           |  |                     |              |                |               |
| Ahmedabad       | Citadines Parimal Garden Ahmedabad     | 100.0 <sup>A</sup>  | 225          | Freehold       | –             |
| Bangalore       | Citadines Galleria Bangalore           | 50.0 <sup>A</sup>   | 203          | Freehold       | –             |
| Chennai         | Citadines OMR Gateway Chennai          | 100.0 <sup>A</sup>  | 269          | Freehold       | –             |
|                 | Somerset Greenways Chennai             | 51.0                | 187          | Freehold       | –             |
| Hyderabad       | Citadines Hitec City Hyderabad         | 100.0 <sup>A</sup>  | 160          | Freehold       | –             |
| INDIA TOTAL     |  |                     | 1,044        |                |               |
| INDONESIA       |  |                     |              |                |               |
| Jakarta         | Ascott Jakarta                         | 45.8 <sup>7</sup>   | 204          | 26             | 2024          |
|                 | Ascott Kuningan Jakarta                | 100.0               | 185          | 30             | 2027          |
|                 | Somerset Grand Citra Jakarta           | 26.6 <sup>7</sup>   | 204          | 30             | 2024          |
| INDONESIA TOTAL |  |                     | 593          |                |               |

## Serviced Residences

(as at 31 December 2015)

| City               | Property                               | Effective Stake (%) | No. of Units | Tenure (Years) | Tenure Expiry |
|--------------------|--|---------------------|--------------|----------------|---------------|
| <b>JAPAN</b>       |  |                     |              |                |               |
| Fukuoka            | Actus Hakata V-Tower                   | 46.2 <sup>7,9</sup> | 296          | Freehold       | —             |
|                    | Infini Garden                          | 46.2 <sup>7,9</sup> | 389          | Freehold       | —             |
| Hiroshima          | Gravis Court Kakomachi                 | 46.2 <sup>7,9</sup> | 63           | Freehold       | —             |
|                    | Gravis Court Kokutaiji                 | 46.2 <sup>7,9</sup> | 48           | Freehold       | —             |
|                    | Gravis Court Nishiharaekimae           | 46.2 <sup>7,9</sup> | 29           | Freehold       | —             |
| Kobe               | S-Residence Shukugawa                  | 88.9 <sup>9</sup>   | 33           | Freehold       | —             |
| Kyoto              | Citadines Karasuma-Gojo Kyoto          | 46.2 <sup>7</sup>   | 124          | Freehold       | —             |
|                    | Kasahokomachi                          | 88.9 <sup>9</sup>   | 190          | Freehold       | —             |
| Nagoya             | Marunouchi Central Heights             | 88.9 <sup>9</sup>   | 30           | Freehold       | —             |
| Osaka              | S-Residence Fukushima Luxe             | 46.2 <sup>7,9</sup> | 178          | Freehold       | —             |
|                    | S-Residence Gakuenzaka                 | 88.9 <sup>9</sup>   | 58           | Freehold       | —             |
|                    | S-Residence Hommachi Marks             | 46.2 <sup>7,9</sup> | 110          | Freehold       | —             |
|                    | S-Residence Midoribashi Serio          | 46.2 <sup>7,9</sup> | 98           | Freehold       | —             |
|                    | S-Residence Namba Viale                | 88.9 <sup>9</sup>   | 116          | Freehold       | —             |
|                    | S-Residence Tanimachi 9 chome          | 46.2 <sup>7,9</sup> | 102          | Freehold       | —             |
| Sapporo            | Big Palace Kita 14jo                   | 46.2 <sup>7,9</sup> | 140          | Freehold       | —             |
| Tokyo              | Asyl Court Nakano Sakaue Tokyo         | 46.2 <sup>7,9</sup> | 62           | Freehold       | —             |
|                    | Citadines Central Shinjuku Tokyo       | 46.2 <sup>7</sup>   | 206          | Freehold       | —             |
|                    | Citadines Shinjuku Tokyo               | 46.2 <sup>7</sup>   | 160          | Freehold       | —             |
|                    | Gala Hachimanyama I Tokyo              | 46.2 <sup>7,9</sup> | 76           | Freehold       | —             |
|                    | Gala Hachimanyama II Tokyo             | 46.2 <sup>7,9</sup> | 16           | Freehold       | —             |
|                    | Joy City Koishikawa Shokubutsuen Tokyo | 46.2 <sup>7,9</sup> | 36           | Freehold       | —             |
|                    | Joy City Kuramae Tokyo                 | 46.2 <sup>7,9</sup> | 60           | Freehold       | —             |
|                    | Roppongi Residences Tokyo              | 46.2 <sup>7,9</sup> | 64           | Freehold       | —             |
|                    | Somerset Azabu East Tokyo              | 46.2 <sup>7</sup>   | 79           | Freehold       | —             |
|                    | Somerset Shinagawa Tokyo               | 50.0                | 50           | Freehold       | —             |
|                    | Zesty Akebonobashi Tokyo               | 46.2 <sup>7,9</sup> | 12           | Freehold       | —             |
|                    | Zesty Gotokuji Tokyo                   | 46.2 <sup>7,9</sup> | 15           | Freehold       | —             |
|                    | Zesty Higashi Shinjuku Tokyo           | 46.2 <sup>7,9</sup> | 19           | Freehold       | —             |
|                    | Zesty Kagurazaka I Tokyo               | 46.2 <sup>7,9</sup> | 20           | Freehold       | —             |
|                    | Zesty Kagurazaka II Tokyo              | 46.2 <sup>7,9</sup> | 20           | Freehold       | —             |
|                    | Zesty Kasugacho Tokyo                  | 46.2 <sup>7,9</sup> | 32           | Freehold       | —             |
|                    | Zesty Koishikawa Tokyo                 | 46.2 <sup>7,9</sup> | 15           | Freehold       | —             |
|                    | Zesty Komazawa Daigaku II Tokyo        | 46.2 <sup>7,9</sup> | 29           | Freehold       | —             |
|                    | Zesty Nishi Shinjuku III Tokyo         | 46.2 <sup>7,9</sup> | 29           | Freehold       | —             |
|                    | Zesty Sakura Shinmachi Tokyo           | 46.2 <sup>7,9</sup> | 17           | Freehold       | —             |
|                    | Zesty Shin Ekoda Tokyo                 | 46.2 <sup>7,9</sup> | 18           | Freehold       | —             |
|                    | Zesty Shoin Jinja II Tokyo             | 46.2 <sup>7,9</sup> | 17           | Freehold       | —             |
|                    | Zesty Shoin Jinja Tokyo                | 46.2 <sup>7,9</sup> | 16           | Freehold       | —             |
| <b>JAPAN TOTAL</b> |  |                     | <b>3,072</b> |                |               |



| City                 | Property                                  | Effective Stake (%) | No. of Units | Tenure (Years) | Tenure Expiry |
|----------------------|---|---------------------|--------------|----------------|---------------|
| MALAYSIA             |   |                     |              |                |               |
| Kuala Lumpur         | Ascott Kuala Lumpur                       | 50.0                | 221          | Freehold       | –             |
|                      | Somerset Ampang Kuala Lumpur              | 46.2 <sup>7</sup>   | 205          | Freehold       | –             |
| MALAYSIA TOTAL       |   |                     | 426          |                |               |
| PHILIPPINES          |   |                     |              |                |               |
| Makati               | Ascott Makati                             | 46.2 <sup>7</sup>   | 362          | 48             | 2044          |
|                      | Somerset Millennium Makati                | 29.1 <sup>7</sup>   | 132          | Freehold       | –             |
| PHILIPPINES TOTAL    |   |                     | 494          |                |               |
| SINGAPORE            |   |                     |              |                |               |
| Singapore            | Ascott Raffles Place Singapore            | 46.2 <sup>7</sup>   | 146          | 999            | –             |
|                      | Citadines Mount Sophia Property Singapore | 46.2 <sup>7</sup>   | 154          | 96             | 2105          |
|                      | Somerset Liang Court Property Singapore   | 46.2 <sup>7</sup>   | 197          | 97             | 2077          |
| SINGAPORE TOTAL      |   |                     | 497          |                |               |
| SPAIN                |   |                     |              |                |               |
| Barcelona            | Citadines Ramblas Barcelona               | 46.2 <sup>7</sup>   | 131          | Freehold       | –             |
| SPAIN TOTAL          |   |                     | 131          |                |               |
| THAILAND             |   |                     |              |                |               |
| Bangkok              | Ascott Sathorn Bangkok                    | 40.0                | 177          | 50             | 2054          |
|                      | Citadines Sukhumvit 11 Bangkok            | 49.0                | 127          | Freehold       | –             |
|                      | Citadines Sukhumvit 16 Bangkok            | 49.0                | 79           | Freehold       | –             |
|                      | Citadines Sukhumvit 23 Bangkok            | 49.0                | 138          | Freehold       | –             |
|                      | Citadines Sukhumvit 8 Bangkok             | 49.0                | 130          | Freehold       | –             |
| THAILAND TOTAL       |   |                     | 651          |                |               |
| UNITED KINGDOM       |   |                     |              |                |               |
| London               | Citadines Barbican London                 | 46.2 <sup>7</sup>   | 129          | Freehold       | –             |
|                      | Citadines Holborn-Covent Garden London    | 46.2 <sup>7</sup>   | 192          | Freehold       | –             |
|                      | Citadines South Kensington London         | 46.2 <sup>7</sup>   | 92           | Freehold       | –             |
|                      | Citadines Trafalgar Square London         | 46.2 <sup>7</sup>   | 187          | Freehold       | –             |
|                      | The Cavendish London                      | 100.0               | 230          | 150            | 2158          |
| UNITED KINGDOM TOTAL |   |                     | 830          |                |               |

## Serviced Residences

(as at 31 December 2015)

| City           | Property                                   | Effective Stake (%) | No. of Units | Tenure (Years) | Tenure Expiry |
|----------------|--|---------------------|--------------|----------------|---------------|
| USA            |  |                     |              |                |               |
| New York       | Element New York Time Square West          | 46.2 <sup>7</sup>   | 411          | 99             | 2112          |
| USA            |  |                     | 411          |                |               |
| VIETNAM        |  |                     |              |                |               |
| Hai Phong City | Somerset Central TD Hai Phong City         | 90.0                | 132          | 65             | 2076          |
| Hanoi          | Somerset Grand Hanoi                       | 35.1 <sup>7</sup>   | 185          | 45             | 2038          |
|                | Somerset Hoa Binh Hanoi                    | 41.6 <sup>7</sup>   | 206          | 36             | 2042          |
|                | Somerset West Lake Hanoi                   | 32.4 <sup>7</sup>   | 90           | 49             | 2041          |
| Ho Chi Minh    | Somerset Chancellor Court Ho Chi Minh City | 31.0 <sup>7</sup>   | 172          | 48             | 2041          |
|                | Somerset Ho Chi Minh City                  | 31.1 <sup>7</sup>   | 165          | 45             | 2039          |
| VIETNAM TOTAL  |  |                     | 950          |                |               |
| GRAND TOTAL    |  |                     | 15,985       |                |               |

## Commercial

(as at 31 December 2015)

| City            | Property             | Effective Stake (%)  | NLA (sqm) | Tenure (Years) | Tenure Expiry |
|-----------------|----------------------|----------------------|-----------|----------------|---------------|
| CHINA           |                      |                      |           |                |               |
| Shanghai        | Innov Tower          | 100.0                | 40,445    | 50             | 2054          |
| CHINA TOTAL     |                      |                      | 40,445    |                |               |
|                 |                      |                      |           |                |               |
| JAPAN           |                      |                      |           |                |               |
| Tokyo           | Shinjuku Front Tower | 20.0                 | 57,568    | Freehold       | –             |
| JAPAN TOTAL     |                      |                      | 57,568    |                |               |
|                 |                      |                      |           |                |               |
| SINGAPORE       |                      |                      |           |                |               |
| Singapore       | Bugis Village        | 31.9 <sup>2</sup>    | 11,254    | 99             | 2088          |
|                 | CapitaGreen          | 62.8 <sup>2,10</sup> | 65,428    | 99             | 2073          |
|                 | Capital Tower        | 31.9 <sup>2</sup>    | 68,964    | 99             | 2094          |
|                 | Golden Shoe Car Park | 31.9 <sup>2</sup>    | 4,333     | 99             | 2081          |
|                 | HSBC Building        | 31.9 <sup>2</sup>    | 18,624    | 999            | –             |
|                 | One George Street    | 31.9 <sup>2</sup>    | 41,564    | 99             | 2102          |
|                 | Six Battery Road     | 31.9 <sup>2</sup>    | 45,911    | 999            | –             |
|                 | Twenty Anson         | 31.9 <sup>2</sup>    | 19,117    | 99             | 2106          |
|                 | Wilkie Edge          | 31.9 <sup>2</sup>    | 14,357    | 99             | 2105          |
| SINGAPORE TOTAL |                      |                      | 289,552   |                |               |
| GRAND TOTAL     |                      |                      | 387,565   |                |               |

## Self Storage

(as at 31 December 2015)

| City            | Property                  | Effective Stake (%) | GFA (sqm) | Tenure (Years) | Tenure Expiry      |
|-----------------|---------------------------|---------------------|-----------|----------------|--------------------|
| CHINA           |                           |                     |           |                |                    |
| Guangzhou       | 133, Jing Xi Road         | 100.0               | 1,042     | 40             | 2040<br>Commercial |
|                 |                           |                     |           |                | 2050<br>Office     |
| Shanghai        | 1, Huang Xing Road        | 100.0               | 7,353     | 50             | 2043               |
| CHINA TOTAL     |                           |                     | 11,349    |                |                    |
| SINGAPORE       |                           |                     |           |                |                    |
| Singapore       | 111 Defu Lane 10          | 100.0               | 7,388     | 30+30          | 2050               |
|                 | 14 Woodlands Loop         | 100.0               | 13,037    | 30+30          | 2055               |
|                 | 15 Changi South Street 1  | 100.0               | 5,267     | 30             | 2029               |
|                 | 25A Changi South Street 1 | 100.0               | 5,982     | 30             | 2032               |
|                 | 31 Admiralty Road         | 100.0               | 12,746    | 60             | 2037               |
|                 | 37 Tampines Street 92     | 100.0               | 11,300    | 30+30          | 2054               |
|                 | 5 Bukit Batok Street 22   | 100.0               | 7,088     | 30+30          | 2051               |
|                 | 615 Lorong 4 Toa Payoh    | 100.0               | 21,764    | 60             | 2029               |
|                 | 743 Lorong 5 Toa Payoh    | 100.0               | 10,269    | 60             | 2033               |
| SINGAPORE TOTAL |                           |                     | 94,841    |                |                    |
| GRAND TOTAL     |                           |                     | 106,190   |                |                    |

## Residential

(as at 31 December 2015)

| City         | Property                           | District           | Effective Stake (%) | GFA (sqm)              | No. of Units         | Tenure (Years)    | Tenure Expiry       |
|--------------|------------------------------------|--------------------|---------------------|------------------------|----------------------|-------------------|---------------------|
| <b>CHINA</b> |                                    |                    |                     |                        |                      |                   |                     |
| Beijing      | Beaufort (Phase 4)                 | Chaoyang District  | 100.0 <sup>A</sup>  | 5,880<br>Residential   | 40<br>Residential    | 70<br>Residential | 2074<br>Residential |
|              | Vermont Hills (Phase 1)            | Changping District | 80.0 <sup>A</sup>   | 2,396<br>Commercial    |                      | 40<br>Commercial  | 2044<br>Commercial  |
|              |                                    |                    |                     | 50,700<br>Residential  | 88<br>Residential    | 70<br>Residential | 2074<br>Residential |
|              | Vermont Hills (Phase 2 to 6)       | Changping District | 80.0 <sup>B</sup>   | 1,200<br>Commercial    |                      | 40<br>Commercial  | 2044<br>Commercial  |
|              |                                    |                    |                     | 338,425<br>Residential | 1,082<br>Residential | 70<br>Residential | 2074<br>Residential |
| Chengdu      | Century Park - East Site           | Hi-Tech District   | 60.0 <sup>B</sup>   | 13,000<br>Commercial   |                      | 40<br>Commercial  | 2050<br>Commercial  |
|              |                                    |                    |                     | 223,655<br>Residential | 1,922<br>Residential | 70<br>Residential | 2080<br>Residential |
|              | Century Park - West Site (Phase 1) | Hi-Tech District   | 60.0 <sup>A</sup>   | 6,392<br>Commercial    |                      | 40<br>Commercial  | 2050<br>Commercial  |
|              |                                    |                    |                     | 55,638<br>Residential  | 587<br>Residential   | 70<br>Residential | 2080<br>Residential |

## Residential

(as at 31 December 2015)

| City      | Property                           | District            | Effective Stake (%) | GFA (sqm)              | No. of Units         | Tenure (Years)    | Tenure Expiry       |
|-----------|------------------------------------|---------------------|---------------------|------------------------|----------------------|-------------------|---------------------|
| CHINA     |                                    |                     |                     |                        |                      |                   |                     |
| Chengdu   | Century Park - West Site (Phase 2) | Hi-Tech District    | 60.0 <sup>A</sup>   | 6,857<br>Commercial    | 1,416<br>Residential | 40<br>Commercial  | 2050<br>Commercial  |
|           |                                    |                     |                     | 138,305<br>Residential |                      | 70<br>Residential | 2080<br>Residential |
|           | Parc Botanica (Phase 1)            | Longquanyi District | 56.0                | 28,593<br>Commercial   | 1,700<br>Residential | 40<br>Commercial  | 2052<br>Commercial  |
|           |                                    |                     |                     | 149,147<br>Residential |                      | 70<br>Residential | 2082<br>Residential |
|           | Parc Botanica (Phase 2)            | Longquanyi District | 56.0 <sup>A</sup>   | 9,137<br>Commercial    | 1,895<br>Residential | 40<br>Commercial  | 2052<br>Commercial  |
|           |                                    |                     |                     | 175,839<br>Residential |                      | 70<br>Residential | 2082<br>Residential |
|           | The Botanica (Phase 2 & 4)         | Jinjiang District   | 15.3                | 3,891<br>Commercial    | 2,504<br>Residential | 40<br>Commercial  | 2043<br>Commercial  |
|           |                                    |                     |                     | 274,606<br>Residential |                      | 70<br>Residential | 2073<br>Residential |
|           | The Botanica (Phase 8)             | Jinjiang District   | 15.3 <sup>A</sup>   | 44,256<br>Commercial   |                      | 40<br>Commercial  | 2043<br>Commercial  |
|           | The Loft (Phase 1 and 2)           | Qingyang District   | 100.0               | 1,466<br>Commercial    | 4,446<br>Residential | 40<br>Commercial  | 2047<br>Commercial  |
|           |                                    |                     |                     | 458,470<br>Residential |                      | 70<br>Residential | 2077<br>Residential |
| Foshan    | Beau Residences                    | Chancheng District  | 100.0               | 1,296<br>Commercial    | 648<br>Residential   | 40<br>Commercial  | 2047<br>Commercial  |
|           |                                    |                     |                     | 47,086<br>Residential  |                      | 70<br>Residential | 2077<br>Residential |
|           | La Cité                            | Chancheng District  | 100.0               | 8,855<br>Commercial    | 879<br>Residential   | 40<br>Commercial  | 2046<br>Commercial  |
|           |                                    |                     |                     | 72,276<br>Residential  |                      | 70<br>Residential | 2076<br>Residential |
|           | Riverside Ville                    | Chancheng District  | 100.0               | 9,367<br>Commercial    | 758<br>Residential   | 40<br>Commercial  | 2047<br>Commercial  |
|           |                                    |                     |                     | 110,573<br>Residential |                      | 70<br>Residential | 2077<br>Residential |
| Guangzhou | Città di Mare (Phase 1)            | Panyu District      | 45.0 <sup>A</sup>   | 5,150<br>Commercial    | 1,067<br>Residential | 40<br>Commercial  | 2037<br>Commercial  |
|           |                                    |                     |                     | 148,177<br>Residential |                      | 70<br>Residential | 2067<br>Residential |
|           | Città di Mare (Phase 2 to 5)       | Panyu District      | 45.0 <sup>B</sup>   | 1,373<br>Commercial    | 3,195<br>Residential | 40<br>Commercial  | 2037<br>Commercial  |
|           |                                    |                     |                     | 468,357<br>Residential |                      | 70<br>Residential | 2067<br>Residential |
|           | Dolce Vita (Phase 1 to 3)          | Baiyun District     | 47.5                | 165,524<br>Residential | 1,411<br>Residential | 70<br>Residential | 2078<br>Residential |
|           | Dolce Vita (Phase 2 & 3)           | Baiyun District     | 47.5                | 5,420<br>Commercial    |                      | 40<br>Commercial  | 2048<br>Commercial  |
|           | Dolce Vita (Phase 4)               | Baiyun District     | 47.5 <sup>A</sup>   | 28,351<br>Residential  | 124<br>Residential   | 70<br>Residential | 2078<br>Residential |
|           | Dolce Vita (Phase 5)               | Baiyun District     | 47.5 <sup>A</sup>   | 154,684<br>Residential | 1,261<br>Residential | 70<br>Residential | 2078<br>Residential |
|           | LFIE (PYD)                         | Panyu District      | 45.0 <sup>B</sup>   | 486,794<br>Residential | 4,288<br>Residential | 70<br>Residential | 2065<br>Residential |

| City      | Property                          | District          | Effective Stake (%) | GFA (sqm)              | No. of Units         | Tenure (Years)    | Tenure Expiry       |
|-----------|-----------------------------------|-------------------|---------------------|------------------------|----------------------|-------------------|---------------------|
| CHINA     |                                   |                   |                     |                        |                      |                   |                     |
| Guangzhou | Project Datansha (Phase 1A)       | Liwan District    | 80.0 <sup>B</sup>   | 95,437<br>Residential  | 922<br>Residential   | 70<br>Residential | 2085<br>Residential |
|           | Vista Garden                      | Nansha District   | 100.0 <sup>A</sup>  | 22,657<br>Commercial   |                      | 40<br>Commercial  | 2052<br>Commercial  |
|           |                                   |                   |                     | 167,733<br>Residential | 1,939<br>Residential | 70<br>Residential | 2082<br>Residential |
| Hangzhou  | Imperial Bay                      | Gongshu District  | 100.0               | 799<br>Commercial      |                      | 40<br>Commercial  | 2046<br>Commercial  |
|           |                                   |                   |                     | 83,179<br>Residential  | 462<br>Residential   | 70<br>Residential | 2076<br>Residential |
|           | Riverfront                        | Gongshu District  | 100.0 <sup>A</sup>  | 468<br>Commercial      |                      | 40<br>Commercial  | 2052<br>Commercial  |
|           |                                   |                   |                     | 69,648<br>Residential  | 686<br>Residential   | 70<br>Residential | 2082<br>Residential |
|           |                                   |                   |                     |                        |                      |                   |                     |
| Kunshan   | The Metropolis (Phase 1)          | Huaqiao District  | 70.0                | 166,220<br>Residential | 1,542<br>Residential | 70<br>Residential | 2074<br>Residential |
|           | The Metropolis (Phase 2)          | Huaqiao District  | 70.0 <sup>A</sup>   | 3,112<br>Commercial    |                      | 40<br>Commercial  | 2044<br>Commercial  |
|           |                                   |                   |                     | 99,350<br>Residential  | 979<br>Residential   | 70<br>Residential | 2074<br>Residential |
|           | The Metropolis (Phase 3 to 4 & 6) | Huaqiao District  | 70.0 <sup>B</sup>   | 71,010<br>Commercial   |                      | 40<br>Commercial  | 2044<br>Commercial  |
|           | The Metropolis (Phase 3 to 4)     | Huaqiao District  | 70.0 <sup>B</sup>   | 172,098<br>Residential | 1,593<br>Residential | 70<br>Residential | 2074<br>Residential |
|           | The Metropolis (Phase 5)          | Huaqiao District  | 70.0                | 504<br>Commercial      |                      | 40<br>Commercial  | 2044<br>Commercial  |
|           |                                   |                   |                     | 51,945<br>Residential  | 543<br>Residential   | 70<br>Residential | 2074<br>Residential |
|           | The Metropolis (Phase 6)          | Huaqiao District  | 70.0 <sup>A</sup>   | 85,267<br>Residential  | 1,120<br>Residential | 70<br>Residential | 2074<br>Residential |
| Ningbo    | Summit Era (Phase 1)              | Jiangbei District | 100.0 <sup>A</sup>  | 2,585<br>Commercial    |                      | 40<br>Commercial  | 2054<br>Commercial  |
|           |                                   |                   |                     | 42,595<br>Residential  | 415<br>Residential   | 70<br>Residential | 2084<br>Residential |
|           | Summit Era (Phase 2)              | Jiangbei District | 100.0 <sup>A</sup>  | 74,678<br>Residential  | 670<br>Residential   | 70<br>Residential | 2084<br>Residential |
|           | Summit Residences (Plot 1)        | Jiangbei District | 100.0               | 10,147<br>Residential  | 38<br>Residential    | 70<br>Residential | 2075<br>Residential |
| Shanghai  | Hanzhonglu Residential (Plot 92)  | Jingan District   | 70.0 <sup>B</sup>   | 2,626<br>Commercial    |                      | 40<br>Commercial  | 2044<br>Commercial  |
|           |                                   |                   |                     | 26,912<br>Residential  | 138<br>Residential   | 70<br>Residential | 2074<br>Residential |
|           | Lotus Mansion                     | Pudong District   | 80.0                | 274<br>Commercial      |                      | 40<br>Commercial  | 2048<br>Commercial  |
|           |                                   |                   |                     | 49,192<br>Residential  | 398<br>Residential   | 70<br>Residential | 2078<br>Residential |
|           | New Horizon (Phase 1)             | Pudong District   | 95.0                | 357<br>Commercial      |                      | 70<br>Commercial  | 2082<br>Commercial  |
|           |                                   |                   |                     | 82,697<br>Residential  | 970<br>Residential   | 70<br>Residential | 2082<br>Residential |

## Residential

(as at 31 December 2015)

| City     | Property  | District         | Effective Stake (%) | GFA (sqm)              | No. of Units         | Tenure (Years)    | Tenure Expiry               |
|----------|---|------------------|---------------------|------------------------|----------------------|-------------------|-----------------------------|
| CHINA    |   |                  |                     |                        |                      |                   |                             |
| Shanghai | New Horizon (Phase 2)   | Pudong District  | 95.0 <sup>A</sup>   | 14,700<br>Commercial   |                      | 40<br>Commercial  | 2053<br>Commercial          |
|          |   |                  |                     | 67,122<br>Residential  | 733<br>Residential   | 70<br>Residential | 2083<br>Residential         |
|          | The Paragon   | Huangpu District | 99.0                | 3,270<br>Commercial    |                      | 70<br>Commercial  | 2072<br>Commercial          |
|          |   |                  |                     | 45,893<br>Residential  | 178<br>Residential   | 70<br>Residential | 2072<br>Residential         |
|          | The Pinnacle  | Pudong District  | 80.0                | 270<br>Commercial      |                      | 40<br>Commercial  | 2048<br>Commercial          |
|          |   |                  |                     | 52,844<br>Residential  | 539<br>Residential   | 70<br>Residential | 2078<br>Residential         |
| Shenyang | Lake Botanica (Phase 2 to 3)  | Yuhong District  | 60.0                | 3,885<br>Commercial    |                      | 40<br>Commercial  | 2047<br>Commercial          |
|          |   |                  |                     | 283,541<br>Residential | 3,456<br>Residential | 50<br>Residential | 2057<br>Residential         |
|          | Lake Botanica (Phase 4)   | Yuhong District  | 60.0 <sup>A</sup>   | 4,038<br>Commercial    |                      | 40<br>Commercial  | 2047<br>Commercial          |
|          |   |                  |                     | 137,458<br>Residential | 1,472<br>Residential | 50<br>Residential | 2057<br>Residential         |
|          | Lake Botanica (Phase 5 to 8)  | Yuhong District  | 60.0 <sup>B</sup>   | 45,351<br>Commercial   |                      | 40<br>Commercial  | 2046 to 2047<br>Commercial  |
|          |   |                  |                     | 258,937<br>Residential | 3,045<br>Residential | 50<br>Residential | 2056 to 2057<br>Residential |
| Wuhan    | The Lakeside (Phase 1)  | Caidian District | 100.0               | 3,707<br>Commercial    |                      | 70<br>Commercial  | 2080<br>Commercial          |
|          |   |                  |                     | 89,144<br>Residential  | 1,040<br>Residential | 70<br>Residential | 2080<br>Residential         |
|          | The Lakeside (Phase 2)  | Caidian District | 100.0 <sup>B</sup>  | 127,174<br>Residential | 1,464<br>Residential | 70<br>Residential | 2080<br>Residential         |
| Wuxi     | Central Park City (Phase 1)   | Binhu District   | 15.0                | 3,415<br>Commercial    |                      | 40<br>Commercial  | 2046<br>Commercial          |
|          |   |                  |                     | 180,021<br>Residential | 1,448<br>Residential | 70<br>Residential | 2076<br>Residential         |
|          | Central Park City (Phase 3)   | Binhu District   | 15.0 <sup>A</sup>   | 1,980<br>Commercial    |                      | 40<br>Commercial  | 2046<br>Commercial          |
|          |   |                  |                     | 158,207<br>Residential | 1,484<br>Residential | 70<br>Residential | 2076<br>Residential         |
|          | Central Park City (Phase 4)   | Binhu District   | 15.0 <sup>B</sup>   | 52,472<br>Commercial   |                      | 40<br>Commercial  | 2046<br>Commercial          |
|          |   |                  |                     | 77,458<br>Residential  | 780<br>Residential   | 70<br>Residential | 2076<br>Residential         |
| Xi'an    | La Botanica (Phase 1A - 2R1, Phase 1B - 2R7, Phase 2A - 2R8, Phase 3A - 3R3, Phase 5 - 2R6) | Baqiao District  | 38.0                | 799,047<br>Residential | 7,639<br>Residential | 70<br>Residential | 2076<br>Residential         |
|          | La Botanica (Phase 1A - 2R1, Phase 3A - 3R3)  | Baqiao District  | 38.0                | 6,306<br>Commercial    |                      | 40<br>Commercial  | 2046<br>Commercial          |



| City           | Property   | District           | Effective Stake (%) | GFA (sqm)           | No. of Units       | Tenure (Years) | Tenure Expiry            |
|----------------|--|--------------------|---------------------|---------------------|--------------------|----------------|--------------------------|
| CHINA          |  |                    |                     |                     |                    |                |                          |
| Xi'an          | La Botanica (Phase 4 - 4R1)  | Baqiao District    | 38.0 <sup>A</sup>   | 5,018 Commercial    |                    | 40 Commercial  | 2048 Commercial          |
|                |  |                    |                     | 152,286 Residential | 1,997 Residential  | 70 Residential | 2078 Residential         |
|                | La Botanica (Phase 6 - 2R2)  | Baqiao District    | 38.0 <sup>A</sup>   | 2,801 Commercial    |                    | 40 Commercial  | 2046 Commercial          |
|                |  |                    |                     | 228,480 Residential | 2,692 Residential  | 70 Residential | 2076 Residential         |
|                | La Botanica (Phase 7 - 2R4)  | Baqiao District    | 38.0 <sup>A</sup>   | 5,540 Commercial    |                    | 40 Commercial  | 2046 Commercial          |
|                |  |                    |                     | 154,354 Residential | 1,619 Residential  | 70 Residential | 2076 Residential         |
|                | La Botanica (Phase 8A/B - 3R1, Phase 10A/B/C - 1R1 to 1R3, Phase 11A/B - 2R5, Phase 12 - 4R2, Phase 13 - 3R2 and Phase 14 - 3R4) | Baqiao District    | 38.0 <sup>B</sup>   | 1,370,712           | 13,886 Residential | 70 Residential | 2076 to 2078 Residential |
|                | La Botanica (Phase 9 - 4M1, Phase 10A/B/C - 1R1 to 1R3, Phase 11A/B -2R5, Phase 12 - 4R2, Phase 13 - 3R2, Phase 14 - 3R4)        | Baqiao District    | 38.0 <sup>B</sup>   | 212,439 Commercial  |                    | 40 Commercial  | 2046 to 2048 Commercial  |
| CHINA TOTAL    |  |                    |                     | 9,630,496           | 85,198             |                |                          |
| JAPAN          |  |                    |                     |                     |                    |                |                          |
| Tokyo          | The Parkhouse Nishi Azabu  | Minato Ward        | 20.0                | 23,825              | 190                | Freehold       | –                        |
| JAPAN TOTAL    |  |                    |                     | 23,825              | 190                |                |                          |
| MALAYSIA       |  |                    |                     |                     |                    |                |                          |
| Kuala Lumpur   | GenKL  | Kuchai Lama        | 50.0 <sup>A</sup>   | 62,000              | 332                | Freehold       | –                        |
| MALAYSIA TOTAL |  |                    |                     | 62,000              | 332                |                |                          |
| SINGAPORE      |  |                    |                     |                     |                    |                |                          |
| Singapore      | Bedok Residences   | Bedok North Drive  | 100.0               | 58,570              | 583                | 99             | 2110 Residential         |
|                | d'Leedon   | Leedon Heights     | 35.0                | 218,519             | 1,715              | 99             | 2109 Residential         |
|                | Marine Blue  | Marine Parade Road | 100.0 <sup>A</sup>  | 9,986               | 124                | Freehold       | –                        |
|                | Site at Yio Chu Kang Road  | Yio Chu Kang Road  | 100.0 <sup>B</sup>  | 19,330              | 80                 | Freehold       | –                        |
|                | Sky Habitat  | Bishan Street 15   | 65.0                | 58,786              | 509                | 99             | 2110 Residential         |
|                | Sky Vue  | Bishan Street 15   | 75.0 <sup>A</sup>   | 55,016              | 694                | 99             | 2112 Residential         |
|                | The Interlace  | Depot Road         | 60.0                | 169,600             | 1,040              | 99             | 2108 Residential         |

## Residential

(as at 31 December 2015)

| City             | Property                     | District            | Effective Stake (%) | GFA (sqm)  | No. of Units | Tenure (Years) | Tenure Expiry    |
|------------------|------------------------------|---------------------|---------------------|------------|--------------|----------------|------------------|
| SINGAPORE        |                              |                     |                     |            |              |                |                  |
| Singapore        | The Nassim                   | Nassim Hill         | 100.0               | 15,942     | 55           | Freehold       | –                |
|                  | The Orchard Residences       | Orchard Road        | 50.0                | 38,243     | 175          | 99             | 2105 Residential |
|                  | The Wharf Residence          | Tong Watt Road      | 100.0               | 27,168     | 186          | 999            | –                |
|                  | Urban Resort Condominium     | Cairnhill Road      | 100.0               | 14,890     | 64           | Freehold       | –                |
|                  | Victoria Park Villas         | Victoria Park Grove | 100.0 <sup>A</sup>  | 35,318     | 109          | 99             | 2112 Residential |
| SINGAPORE TOTAL  |                              |                     |                     | 721,368    | 5,334        |                |                  |
|                  |                              |                     |                     |            |              |                |                  |
| VIETNAM          |                              |                     |                     |            |              |                |                  |
| Hanoi            | Mulberry Lane                | Ha Dong District    | 70.0                | 235,853    | 1,478        | Freehold*      | –                |
|                  | Seasons Avenue               | Ha Dong District    | 35.0 <sup>A</sup>   | 196,787    | 1,300        | Freehold*      | –                |
| Ho Chi Minh City | PARCSpring (Phase 1)         | District 2          | 47.5                | 38,597     | 402          | Freehold*      | –                |
|                  | PARCSpring (Phase 2: Krista) | District 2          | 47.5 <sup>A</sup>   | 41,865     | 344          | Freehold*      | –                |
|                  | PARCSPring (Phase 3)         | District 2          | 47.5 <sup>A</sup>   | 13,313     | 128          | Freehold*      | –                |
|                  | Safari                       | District 2          | 80.0 <sup>B</sup>   | 200,000    | 1,131        | Freehold*      | –                |
|                  | Sparkle                      | Binh Chanh District | 65.0 <sup>B</sup>   | 75,000     | 849          | Freehold*      | –                |
|                  | Vista Verde (Phase A)        | District 2          | 30.0 <sup>A</sup>   | 196,916    | 1,152        | Freehold*      | –                |
|                  | Vista Verde (Phases S and L) | District 2          | 30.0 <sup>B</sup>   | 40,000     | 78           | Freehold*      | –                |
| VIETNAM TOTAL    |                              |                     |                     | 1,038,331  | 6,862        |                |                  |
| GRAND TOTAL      |                              |                     |                     | 11,476,040 | 65,601       |                |                  |

<sup>A</sup> Under Development<sup>B</sup> Future Development<sup>1</sup> Held Through CapitaLand Malaysia Mall Trust.<sup>2</sup> Held Through CapitaLand Commercial Trust.<sup>3</sup> Held Through CapitaLand Mall Trust.<sup>4</sup> Held Through CapitaLand Retail China Trust.<sup>5</sup> Mall in Cochin is held through a combination of equity and debentures.<sup>6</sup> ION Orchard and ION Orchard Link are part of the same project.<sup>7</sup> Held Through Ascott Residence Trust.<sup>8</sup> Ascott Reit has commenced the strata sale of its 81 units Fortune Garden Apartments (formerly known as Somerset Grand Fortune Garden Property Beijing) as announced in October 2013.<sup>9</sup> Japan Corporate Leasing.<sup>10</sup> Includes direct stake and indirect stake held through CapitaLand Commercial Trust.

\* 50-year leasehold applicable to foreigners

~ For China malls, GFA excludes Carpark area

## Statutory Accounts

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## Directors' Statement

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 2015.

In our opinion:

- (a) the financial statements set out on pages 110 to 222 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and the financial performance, changes in equity of the Group and of the Company, and the cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; 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.

### Directors

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

Ng Kee Choe  
Lim Ming Yan  
James Koh Cher Siang  
John Powell Morschel  
Simon Claude Israel  
Euleen Goh Yiu Kiang  
Tan Sri Amirsham Bin A Aziz  
Stephen Lee Ching Yen  
Dr Philip Nalliah Pillai  
Kee Teck Koon

### Directors' Interests in Shares or Debentures

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

|                             | Holdings in the name of the director,<br>spouse and/or infant children |                       |
|-----------------------------|--|-----------------------|
|                             | At beginning<br>of the year  | At end<br>of the year |
| <b>The Company</b>          |  |                       |
| <b>Ordinary shares</b>      |  |                       |
| Ng Kee Choe                 | 84,654   | 147,679               |
| Lim Ming Yan                | 1,414,187  | 1,616,748             |
| James Koh Cher Siang        | 319,411  | 336,685               |
| John Powell Morschel        | 56,427   | 71,452                |
| Simon Claude Israel         | 105,720  | 122,241               |
| Euleen Goh Yiu Kiang        | 44,227   | 61,731                |
| Tan Sri Amirsham Bin A Aziz | 28,697   | 47,880                |
| Stephen Lee Ching Yen       | 16,297   | 30,254                |
| Dr Philip Nalliah Pillai    | –  | 9,365                 |
| Kee Teck Koon               | –  | 3,219                 |

## Directors' Statement

### Directors' Interests in Shares or Debentures (continued)

|  |                  | Holdings in the name of the director,<br>spouse and/or infant children |                           |
|--|------------------|--|---------------------------|
|  |                  | At beginning<br>of the year  | At end<br>of the year     |
| <b>The Company (continued)</b>   |                  |  |                           |
| <b>Contingent award of Performance shares<sup>1</sup> to be delivered after 2014</b>     |                  |  |                           |
| Lim Ming Yan   | (144,000 shares) | 0 to 252,000 <sup>3</sup>  | — <sup>1</sup>            |
| <sup>1</sup> During the year, 36,288 shares were released under the 2012 award           |                  |  |                           |
| <b>Contingent award of Performance shares<sup>1</sup> to be delivered after 2015</b>     |                  |  |                           |
| Lim Ming Yan   | (359,000 shares) | 0 to 628,250 <sup>3</sup>  | 0 to 628,250 <sup>3</sup> |
| <b>Contingent award of Performance shares<sup>1</sup> to be delivered after 2016</b>     |                  |  |                           |
| Lim Ming Yan   | (388,421 shares) | 0 to 660,316 <sup>3</sup>  | 0 to 660,316 <sup>3</sup> |
| <b>Contingent award of Performance shares<sup>1</sup> to be delivered after 2017</b>     |                  |  |                           |
| Lim Ming Yan   | (323,873 shares) | —  | 0 to 647,746 <sup>3</sup> |
| <b>Unvested Restricted shares<sup>2</sup> to be delivered after 2012</b>                 |                  |  |                           |
| Lim Ming Yan   |                  | 42,278 <sup>5</sup>  | —                         |
| <b>Unvested Restricted shares<sup>2</sup> to be delivered after 2013</b>                 |                  |  |                           |
| Lim Ming Yan   |                  | 110,320 <sup>6</sup>   | 55,160 <sup>5</sup>       |
| <b>Unvested Restricted shares<sup>2</sup> to be delivered after 2014</b>                 |                  |  |                           |
| Lim Ming Yan   |                  | 0 to 320,000 <sup>4</sup>  | 137,671 <sup>6</sup>      |
| <b>Contingent award of Restricted shares<sup>2</sup> to be delivered after 2015</b>      |                  |  |                           |
| Lim Ming Yan   | (169,472 shares) | —  | 0 to 254,208 <sup>4</sup> |
| <b>Contingent award of Restricted shares<sup>2</sup> to be delivered on 1 March 2016</b> |                  |  |                           |
| Lim Ming Yan   |                  | 131,578 <sup>7</sup>   | 131,578 <sup>7</sup>      |
| <b>\$1.2 billion convertible bonds 2.875% due 2016</b>                                   |                  |  |                           |
| Lim Ming Yan   |                  | \$1,000,000  | — <sup>8</sup>            |
| <b>Related Corporations</b>  |                  |  |                           |
| <b>CapitaLand Treasury Limited</b>   |                  |  |                           |
| <b>\$350 million 4.30% Fixed Rate Notes due 2020</b>                                     |                  |  |                           |
| Euleen Goh Yiu Kiang   |                  | \$250,000  | \$250,000                 |
| <b>CapitaMalls Asia Treasury Limited</b>   |                  |  |                           |
| <b>\$350 million 3.95% Fixed Rate Notes due 2017</b>                                     |                  |  |                           |
| Kee Teck Koon  |                  | \$500,000  | \$500,000                 |
| <b>The Ascott Capital Pte Ltd</b>  |                  |  |                           |
| <b>\$300 million 3.78% Fixed Rate Notes due 2019</b>                                     |                  |  |                           |
| Kee Teck Koon  |                  | \$250,000  | \$250,000                 |

## Directors' Statement

### Directors' Interests in Shares or Debentures (continued)

#### Footnotes:

- <sup>1</sup> Performance shares are shares under awards pursuant to the CapitaLand Performance Share Plan 2010.
- <sup>2</sup> Restricted shares are shares under awards pursuant to the CapitaLand Restricted Share Plan 2010.
- <sup>3</sup> The final number of shares to be released will depend on the achievement of pre-determined targets over a three-year performance period. No share will be released if the threshold targets are not met at the end of the performance period. On the other hand, if superior targets are met, more shares than the baseline award could be released. For awards granted in 2012 and 2013, the maximum is 175% of the baseline award. For awards granted in 2014 and 2015, the maximum is 170% and 200% of the baseline award respectively.
- <sup>4</sup> The final number of shares to be released will depend on the achievement of pre-determined targets at the end of a one-year performance period and the release will be over a vesting period of three years. No share will be released if the threshold targets are not met at the end of the performance period. On the other hand, if superior targets are met, more shares than the baseline award could be delivered up to a maximum of 150% of the baseline award. For awards granted from 2014, an additional number of shares of a total value equal to the value of the accumulated dividends which are declared during each of the vesting periods and deemed forgone due to the vesting mechanism of the CapitaLand Restricted Share Plan 2010, will also be released on the final vesting.
- <sup>5</sup> Being the unvested one-third of the award.
- <sup>6</sup> Being the unvested two-thirds of the award.
- <sup>7</sup> The one-off Strategic Transformational Incentive awards are awarded in the form of time-based restricted shares and with 100% vesting on 1 March 2016. On the vesting, an additional number of shares of a total value equal to the value of the accumulated dividends which are declared during each of the vesting periods and deemed forgone due to the vesting mechanism of the CapitaLand Restricted Share Plan 2010, will also be released.
- <sup>8</sup> During the financial year, Mr Lim Ming Yan validly tendered \$1,000,000 aggregate principal amount of the \$1.2 billion convertible bonds 2.875% due 2016 which was accepted by the Company pursuant to its invitation to tender for repurchase for cash.

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, debentures or options of the Company or of related corporations either at the beginning of the financial year or at the end of the financial year.

There was no change in any of the above-mentioned directors' interests in the Company between the end of the financial year and 21 January 2016.

### 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 statement, 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' Statement

### Share Plans - CapitaLand Share Option Plan, Performance Share Plan 2010 and Restricted Share Plan 2010

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 members at the date of this statement are Mr Ng Kee Choe (Chairman), Mr Simon Claude Israel and Mr Stephen Lee Ching Yen.

The CapitaLand Performance Share Plan 2010 (PSP 2010) and CapitaLand Restricted Share Plan 2010 (RSP 2010) were approved by the members of the Company at the Extraordinary General Meeting held on 16 April 2010. The duration of each share plan is 10 years commencing on 16 April 2010. The Company did not extend the duration of, or replace, the existing CapitaLand Share Option Plan (ESOP) which expired on 16 November 2010. All share options granted under the ESOP prior to its termination will continue to be valid and be subject to the terms and conditions of the plans.

The ERCC has instituted a set of share ownership guidelines for senior management who receives shares under the PSP 2010 and the RSP 2010. Under these guidelines, members of the senior management team are required to retain a portion of the total number of CapitaLand shares received under the PSP 2010 and the RSP 2010, which varies according to their respective job grades and base salaries.

The total number of new shares which may be allotted, issued and/or delivered pursuant to awards granted under the PSP 2010 and the RSP 2010 on any date, when aggregated with existing shares (including treasury shares and cash equivalents) delivered and/or to be delivered, pursuant to the PSP 2010, the RSP 2010 and all shares, options or awards granted under any other share schemes of the Company then in force, shall not exceed 8% of the total number of issued shares (excluding treasury shares) from time to time.

Details of options exercised and awards granted under each Share Plan are provided in the following sections.

#### (a) CapitaLand Share Option Plan - Options Exercised

The Company ceased to grant options under the ESOP since 2007. During the financial year, there were new ordinary shares issued for cash in the capital of the Company pursuant to the exercise of options granted:

| Name of company    | Exercise price<br>(per share) | Number of shares issued |
|--------------------|-------------------------------|-------------------------|
| CapitaLand Limited | \$1.72 to \$3.18              | 1,629,476               |

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.

**Directors' Statement****Share Plans - CapitaLand Share Option Plan, Performance Share Plan 2010 and Restricted Share Plan 2010**  
(continued)**(b) CapitaLand Share Option Plan - Unissued Shares under Options**

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

|                    | <b>Number of holders</b> | <b>Expiry date</b> | <b>Exercise price (per share) \$</b> | <b>Number of unissued shares under options</b> |
|--------------------|--------------------------|--------------------|--------------------------------------|--|
| <b>The Company</b> |                          |                    |                                      |  |
| Group executives   | 243                      | 24/02/2016         | 3.18                                 | 3,398,498                                      |
|                    | 35                       | 01/09/2016         | 4.09                                 | 423,042  |
| <b>Total</b>       |                          |                    |                                      | <b>3,821,540</b>                               |

The aggregate number of options granted since the commencement of the ESOP to the end of the financial year is as follows:

| <b>Participants</b>   | <b>Aggregate options granted since the commencement of the ESOP</b> | <b>Aggregate options exercised</b> | <b>Aggregate options lapsed/cancelled</b> | <b>Aggregate options outstanding</b> |
|---|---|------------------------------------|---|--------------------------------------|
| Directors of the Company  | 1,871,838   | (1,871,838)                        | –   | –                                    |
| Former directors of the Company/<br>Non-executive directors of subsidiaries | 18,489,070  | (17,732,660)                       | (756,410)                                 | –                                    |
| Group executives (excluding Lim Ming Yan)                                   | 136,418,917   | (97,102,738)                       | (35,494,639)                              | 3,821,540                            |
| Parent group executives and others  | 2,662,482   | (2,232,834)                        | (429,648)                                 | –                                    |
| <b>Total</b>  | <b>159,442,307</b>  | <b>(118,940,070)</b>               | <b>(36,680,697)</b>                       | <b>3,821,540</b>                     |

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

## Directors' Statement

### Share Plans - CapitaLand Share Option Plan, Performance Share Plan 2010 and Restricted Share Plan 2010

(continued)

#### (c) Awards under the CapitaLand Performance Share Plan 2010

Under the PSP 2010, the awards granted are conditional on performance targets set based on medium-term corporate objectives. 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).

The ERCC grants an initial number of shares (baseline award) which are conditional on targets set for a performance period, currently prescribed to be a three-year performance period. A specified number of 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 shares to be released will depend on the achievement of pre-determined targets over a three-year performance period. No share will be released if the threshold targets are not met at the end of the performance period. Conversely, if superior targets are met, more shares than the baseline award could be released.

For grants made in 2012 to 2014, the performance conditions and number of shares to be released subject to the achievement of performance targets are as follows:

| Performance conditions   | Final number of shares to be released |                              |
|--|---------------------------------------|------------------------------|
|  | 2012 and 2013 grants                  | 2014 grant                   |
| 1. Group's absolute total shareholder return measured as a multiple of cost of equity  | 0% to 175% of baseline award          | 0% to 170% of baseline award |
| 2. Group's relative total shareholder return measured as the outperformance against the MSCI Asia Pacific ex-Japan Real Estate Index |                                       |                              |

For grants made in 2015, the performance conditions and number of shares to be released subject to the achievement of performance targets are as follows:

| Performance conditions  | Final number of shares to be released |
|---|---------------------------------------|
| 1. Group's absolute total shareholder return measured as a multiple of cost of equity           |                                       |
| 2. Group's relative total shareholder return ranking against a peer group of selected companies | 0% to 200% of baseline award          |
| 3. Group's return on equity to be achieved in 2017  |                                       |

Details of the movement in the awards of the Company during the year were as follows:

| Year of Award | Balance as at 1 January 2015 |               | Movements during the year |               |                      | Balance as at 31 December 2015 |               |
|---------------|------------------------------|---------------|---------------------------|---------------|----------------------|--------------------------------|---------------|
|               |                              |               | Granted                   | Released      | Lapsed/<br>Cancelled |                                |               |
|               | No. of holders               | No. of shares | No. of shares             | No. of shares | No. of shares        | No. of holders                 | No. of shares |
| 2012          | 75                           | 2,744,644     | –                         | (619,831)     | (2,124,813)          | –                              | –             |
| 2013          | 79                           | 3,475,634     | –                         | –             | (485,664)            | 65                             | 2,989,970     |
| 2014          | 88                           | 4,413,686     | –                         | –             | (716,266)            | 72                             | 3,697,420     |
| 2015          | –                            | –             | 3,372,984                 | –             | (29,256)             | 80                             | 3,343,728     |
|               |                              | 10,633,964    | 3,372,984                 | (619,831)     | (3,355,999)          |                                | 10,031,118    |

## Directors' Statement

### Share Plans - CapitaLand Share Option Plan, Performance Share Plan 2010 and Restricted Share Plan 2010

(continued)

#### (d) Awards under the CapitaLand Restricted Share Plan 2010

Under the RSP 2010, awards granted to eligible participants 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). In addition, the RSP 2010 also enables grants of fully paid shares to be made to non-executive directors as part of their remuneration in respect of their office as such in lieu of cash.

The ERCC grants an initial number of shares (baseline award) which are conditional on targets set for a performance period, currently prescribed to be a one-year performance period. A specified number of 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 shares to be released will depend on the achievement of pre-determined targets at the end of a one-year performance period. No share will be released if the threshold targets are not met at the end of the performance period. On the other hand, if superior targets are met, more shares than the baseline award could be released. Once the final number of shares has been determined, it will be released over a vesting period of three years. Recipients can receive fully paid shares, their equivalent cash value or combinations thereof, at no cost.

For grants made in 2012 and 2013, the performance conditions and number of shares to be released subject to the achievement of performance targets are as follows:

| Performance conditions                      | Final number of shares to be released |
|---|---------------------------------------|
| 1. Group's earnings before interest and tax | 0% to 150% of baseline award          |
| 2. Group's return on total assets           |                                       |

For grants made in 2014 and 2015, the performance conditions and number of shares to be released subject to the achievement of performance targets are as follows:

| Performance conditions                                | Final number of shares to be released   |
|---|---|
|   | 0% to 150% of baseline award  |
| 1. Group's operating earnings before interest and tax | An additional number of shares of a total value equal to the value of the accumulated dividends declared during each of the vesting periods and deemed forgone due to the vesting mechanism, will also be released upon the final vesting |
| 2. Group's operating return on equity                 |   |

Details of the movement in the awards of the Company during the year were as follows:

| Year of Award | Movements during the year    |               |            |                       |                      | Balance as at    |               |
|---------------|------------------------------|---------------|------------|-----------------------|----------------------|------------------|---------------|
|               | Balance as at 1 January 2015 |               | Granted    | Released <sup>+</sup> | Lapsed/<br>Cancelled | 31 December 2015 |               |
|               | No. of holders               | No. of shares |            |                       |                      | No. of holders   | No. of shares |
| 2012          | 528                          | 2,170,626     | –          | (2,139,606)           | (31,020)             | –                | –             |
| 2013          | 625                          | 4,199,194     | –          | (1,707,353)           | (172,510)            | 567              | 2,319,331     |
| 2014          | 1,498                        | 10,853,678    | 253,485    | (3,356,331)           | (1,422,582)          | 1,295            | 6,328,250     |
| 2015          | –                            | –             | 9,878,413  | (175,073)             | (496,642)            | 1,573            | 9,206,698     |
|               |                              | 17,223,498    | 10,131,898 | (7,378,363)           | (2,122,754)          |                  | 17,854,279    |

<sup>+</sup> The number of shares released during the year was 7,378,363, of which 461,032 were cash-settled.

## Directors' Statement

### Share Plans - CapitaLand Share Option Plan, Performance Share Plan 2010 and Restricted Share Plan 2010 (continued)

#### (d) Awards under the CapitaLand Restricted Share Plan 2010 (continued)

As at 31 December 2015, the number of shares in awards granted under the RSP 2010 was as follows:

|  | Equity-<br>settled | Cash-<br>settled | Total      |
|--|--------------------|------------------|------------|
| Final number of shares has not been determined (baseline award) <sup>#</sup> | 8,115,581          | 1,091,117        | 9,206,698  |
| Final number of shares determined but not released                           | 8,030,749          | 616,832          | 8,647,581  |
|  | 16,146,330         | 1,707,949        | 17,854,279 |

<sup>#</sup> The final number of shares released could range from 0% to 150% of the baseline award.

#### Audit Committee

The Audit Committee members at the date of this statement are Ms Euleen Goh Yiu Kiang (Chairman), Mr James Koh Cher Chiang, Tan Sri Amirsham Bin A Aziz and Dr Philip Nalliah Pillai.

The Audit Committee shall discharge its duties in accordance with the Companies Act (Chapter 50) and the Listing Manual of the SGX-ST. The Audit Committee shall also be guided by the Code of Corporate Governance (2 May 2012) and the Guidebook for Audit Committee in Singapore (Second Edition), and any such codes or regulations as may be applicable from time to time.

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 the financial statements;
- the impact of new, revised or proposed changes in accounting policies or regulatory requirements on the financial statements;
- the compliance with laws and regulations, particularly those of the Act and the Listing Manual of the SGX-ST;
- the appropriateness of quarterly and full year announcements and reports;
- in conjunction with the assessment by the Risk Committee, assesses the adequacy and effectiveness of the internal control (including financial, operational, compliance and information technology controls) and risk management systems established by management to manage risks;
- 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;
- the findings of internal investigation, if any;
- the processes put in place to manage any material conflicts of interest within the Group; and
- all conflicts of interest matters referred to it.

## Directors' Statement

### Audit Committee (continued)

The Audit Committee also reviews the policy and arrangements by which employees of the Company and any other persons may, in confidence, report suspected fraud or irregularity or suspected infringement of any laws or regulations or rules or, raise concerns about possible improprieties in matters of financial reporting or other matters, with a view to ensuring that arrangements are in place for such concerns to be raised and independently investigated and for appropriate follow-up action to be taken. Where the Audit Committee becomes aware of any improprieties, the Audit Committee shall discuss such matter with the external auditors and, at an appropriate time, report the matter to the Board. Where appropriate, the Audit Committee shall also commission internal investigations into such matters. Pursuant to this, the Audit Committee has introduced a whistle blowing policy where employees may raise improprieties to the Audit Committee Chairman in good faith, with the confidence that employees making such reports will be treated fairly and be protected from reprisal.

The Audit Committee met 5 times in 2015. 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 Board of Directors of the Company for adoption. The Audit Committee also met with the internal and external auditors, without the presence of management, to discuss any issues of concern with 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 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 LLP 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 LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

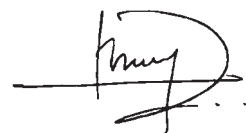
### Auditors

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

On behalf of the Board of Directors



**Ng Kee Choe**  
Director



**Lim Ming Yan**  
Director



# Independent Auditors' Report

To the members of CapitaLand Limited

## Opinion

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 2015, the income statements, statements of comprehensive income and statements of changes in equity of the Group and the Company and the statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, as set out on pages 110 to 222.

In our opinion, the accompanying consolidated financial statements of the Group and the balance sheet, income statement, statement of comprehensive income and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 and the Singapore Financial Reporting Standards (FRSs) to give a true and fair view of the financial position of the Group and the Company as at 31 December 2015 and the financial performance and changes in equity of the Group and the Company, and the cash flows of the Group for the year ended on that date.

## Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## Valuation of development properties for sale

(Refer to Note 11 to the financial statements)

### Risk:

The Group has significant residential development properties held for sale in its core markets – Singapore and China. Development properties for sale are stated at the lower of their cost and their net realisable values. The determination of the estimated net realisable value of these development properties is critically dependent upon the Group's expectations of future selling prices.

Weak demand and the consequential oversupply of residential units, arising from government policies in Singapore and a slowdown in economic activity in China, might exert downward pressure on transaction volumes and residential property prices in both of these core markets. This could lead to future trends in these markets departing from known trends based on past experience. There is therefore a risk that the estimates of net realisable values exceed future selling prices, resulting in more losses when properties are sold.

### Our response:

We challenged the Group's forecast selling prices by comparing the forecast selling price to, where available, recently transacted prices and prices of comparable properties located in the same vicinity as the development project. We focused our work on development projects with slower-than-expected sales or with low or negative margins. For projects which are expected to sell below cost, we checked the computations of the foreseeable losses. We also considered the adequacy of the disclosures in respect of the allowance for foreseeable losses presented in the financial statements for these development properties.

### Our findings:

In making its estimates of future selling prices, the Group takes into account macroeconomic and real estate price trend information. Senior management has applied its knowledge of the business in its regular review of these estimates.

We found that cautious estimates were made in the determination of net realisable values and allowance for foreseeable losses. We also found the disclosures to be appropriate in describing the allowance for foreseeable losses made for development properties held for sale.

## Independent Auditors' Report

To the members of CapitaLand Limited

### Valuation of investment properties

(Refer to Note 5 and 34 to the financial statements)

#### Risk:

The Group owns a portfolio of investment properties comprising commercial properties, shopping malls, serviced residences and integrated development projects, located primarily in Singapore, China and Europe. Investment properties represent the single largest category of assets on the balance sheet, at \$19.4 billion as at 31 December 2015.

These investment properties are stated at their fair values based on independent external valuations.

The valuation process involves significant judgement in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied. The valuations are highly sensitive to key assumptions applied in deriving at the capitalisation, discount and terminal yield rates i.e. a small change in the assumptions can have a significant impact to the valuation.

#### Our response:

We assessed the Group's processes for the selection of the external valuers, the determination of the scope of work of the valuers, and the review and acceptance of the valuations reported by the external valuers.

We evaluated the qualifications and competence of the external valuers. We also read the terms of engagement of the valuers with the Group to determine whether there were any matters that might have affected their objectivity or limited the scope of their work.

We considered the valuation methodologies used against those applied by other valuers for similar property types. We also considered other alternative valuation methods. We tested the integrity of inputs of the projected cash flows used in the valuation to supporting leases and other documents. We challenged the capitalisation, discount and terminal yield rates used in the valuation by comparing them against historical rates and available industry data, taking into consideration comparability and market factors. Where the rates were outside the expected range, we undertook further procedures to understand the effect of additional factors and, when necessary, held further discussions with the valuers.

We also considered the adequacy of the descriptions in the financial statements, in describing the inherent degree of subjectivity and key assumptions in the estimates. This includes the relationships between the key unobservable inputs and fair values, in conveying the uncertainties.

#### Our findings:

The Group has a structured process in appointing and instructing valuers, and in reviewing, challenging and accepting their valuations. The valuers are members of generally-recognised professional bodies for valuers and have considered their own independence in carrying out their work. The valuation methodologies used are in line with generally accepted market practices and the key assumptions used are within the range of market data.

The approach to the methodologies and in deriving the assumptions in the valuations is supported by market practices and data and the disclosures in the financial statements are appropriate.

## Independent Auditors' Report

To the members of CapitaLand Limited

### Accounting for business combinations

(Refer to Note 32 to the financial statements)

#### Risk:

The Group makes acquisitions as part of its business strategy. Such transactions can be complex and judgement is involved in determining whether each transaction is a business combination or the acquisition of an asset, with different accounting treatment applicable. In accounting for a business combination, there is also judgement and inherent uncertainty in the estimation used in allocating the overall purchase price to the different assets and liabilities that make up the acquisition.

#### Our response:

We assessed the Group's processes for the review and the determination of the accounting for business combination. We also challenged the accounting of significant acquisitions by examining legal and contractual documents to determine whether each acquisition is a business combination or the acquisition of an asset.

We read the reports and checked the computations to allocate the purchase price to the different assets and liabilities acquired in significant business combinations during the year. We compared the methodologies and key assumptions used in deriving the allocated values to generally accepted market practices and market data. We also considered the adequacy of disclosure for significant business combinations.

#### Our findings:

The Group has control processes in place to ensure that acquisitions are identified and recorded and relevant accounting treatments are applied for business combinations and asset purchases.

The judgement applied by the Group in determining whether significant acquisitions are business combinations or acquisitions of asset was balanced. Estimates used in allocating the purchase price to assets and liabilities acquired in significant business combinations were fair. We also found the disclosures of significant business combinations to be appropriate.

### Accounting for investments in REITs

(Refer to Note 6 and 7 to the financial statements)

#### Risk:

The Group's capital management strategy involves the holding of a number of listed real estate investment trusts (REITs), which are managed by the Group. The Group holds differing levels of equity stakes in these REITs.

The accounting treatment for the investments in REITs is dependent on the Group's relationship with the REITs. The determination of the Group's relationship with these REITs is the result of a critical accounting judgement on many factors principally, the extent of its voting stakeholding, the relationship with other stakeholders, the constitutional arrangements for the trust, its manager and its trustee, and the extent to which the Group's equity stake increases when management fees are paid in additional trust units. REITs that are determined to be subsidiaries are consolidated into the Group's financial statements, whereas REITs that are determined to be associates are equity-accounted for. An inappropriate classification can have a material effect on the financial statements.

#### Our response:

We assessed the Group's processes for the review and the determination of the accounting for its investments in REITs. We examined the legal documents and business arrangements relating to the constitution of the REITs, decision-making over their activities and operations of the manager. We also considered the economic stakes of the Group held through ownership interests in the REITs and the management fee arrangements; and the disclosure of the assessment of the relationships with the REITs.

#### Our findings:

The Group has processes in place to periodically review and re-assess its relationship with the REITs it manages and whether previously-applied accounting treatments remain appropriate.

The judgements exercised by the Group in these processes reflect realistic assessments of its relationship with the REITs. The disclosures on the basis of accounting for the Group's interests in these REITs are appropriate.

## Independent Auditors' Report

To the members of CapitaLand Limited

### Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

### Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

## Independent Auditors' Report

To the members of CapitaLand Limited

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is Lee Sze Yeng.



#### KPMG LLP

Public Accountants and  
Chartered Accountants

#### Singapore

29 February 2016

## Balance Sheets

As at 31 December 2015

|   |             | <b>The Group</b>                       |  | <b>The Company</b>                     |  |
|---|-------------|--|--|--|--|
|   | <b>Note</b> | <b>31 December<br/>2015<br/>\$'000</b> | <b>31 December<br/>2014<br/>\$'000</b> | <b>31 December<br/>2015<br/>\$'000</b> | <b>31 December<br/>2014<br/>\$'000</b> |
| <b>Non-current assets</b>                           |             |  |  |  |  |
| Property, plant and equipment                       | 3           | 808,331                                | 1,047,356                              | 14,391                                 | 17,646                                 |
| Intangible assets                                   | 4           | 461,058                                | 462,970                                | 147                                    | 147                                    |
| Investment properties                               | 5           | 19,427,532                             | 17,149,198                             | –                                      | –                                      |
| Subsidiaries  | 6           | –                                      | –                                      | 12,944,900                             | 12,806,301                             |
| Associates  | 7           | 8,174,943                              | 8,789,699                              | –                                      | –                                      |
| Joint ventures                                      | 8           | 4,683,185                              | 3,991,161                              | –                                      | –                                      |
| Deferred tax assets                                 | 9           | 172,279                                | 83,526                                 | 731                                    | 1,370                                  |
| Other non-current assets                            | 10(a)       | 698,738                                | 1,009,373                              | –                                      | –                                      |
|   |             | 34,426,066                             | 32,533,283                             | 12,960,169                             | 12,825,464                             |
| <b>Current assets</b>                               |             |  |  |  |  |
| Development properties for sale and stocks          | 11          | 6,936,309                              | 7,673,651                              | –                                      | –                                      |
| Trade and other receivables                         | 12          | 1,424,438                              | 963,445                                | 398,489                                | 341,427                                |
| Other current assets                                | 10(b)       | 8,292                                  | 2,309                                  | –                                      | –                                      |
| Assets held for sale                                | 15          | 84,207                                 | 191,403                                | –                                      | –                                      |
| Cash and cash equivalents                           | 16          | 4,173,281                              | 2,749,397                              | 9,249                                  | 10,753                                 |
|   |             | 12,626,527                             | 11,580,205                             | 407,738                                | 352,180                                |
| <b>Less: current liabilities</b>                    |             |  |  |  |  |
| Trade and other payables                            | 17          | 4,063,476                              | 3,069,874                              | 199,300                                | 53,945                                 |
| Short term bank borrowings                          | 19          | 1,762,483                              | 3,041,494                              | –                                      | –                                      |
| Current portion of debt securities                  | 20          | 483,887                                | 427,665                                | 184,250                                | 7,669                                  |
| Current tax payable                                 |             | 620,472                                | 463,012                                | 2,634                                  | 8,459                                  |
|   |             | 6,930,318                              | 7,002,045                              | 386,184                                | 70,073                                 |
| <b>Net current assets</b>                           |             | 5,696,209                              | 4,578,160                              | 21,554                                 | 282,107                                |
| <b>Less: non-current liabilities</b>                |             |  |  |  |  |
| Long term bank borrowings                           | 19          | 6,772,452                              | 5,169,172                              | –                                      | –                                      |
| Debt securities                                     | 20          | 7,039,658                              | 7,347,487                              | 2,704,520                              | 3,226,447                              |
| Deferred tax liabilities                            | 9           | 784,702                                | 730,993                                | 13,883                                 | 20,117                                 |
| Other non-current liabilities                       | 21          | 587,801                                | 655,260                                | 9,623                                  | 10,171                                 |
|   |             | 15,184,613                             | 13,902,912                             | 2,728,026                              | 3,256,735                              |
| <b>Net assets</b>                                   |             | 24,937,662                             | 23,208,531                             | 10,253,697                             | 9,850,836                              |
| <b>Representing:</b>                                |             |  |  |  |  |
| Share capital                                       | 23          | 6,309,289                              | 6,304,146                              | 6,309,289                              | 6,304,146                              |
| Revenue reserves                                    |             | 10,305,191                             | 9,616,503                              | 3,817,479                              | 3,250,086                              |
| Other reserves                                      | 24          | 1,290,826                              | 837,353                                | 126,929                                | 296,604                                |
| <b>Equity attributable to owners of the Company</b> |             | 17,905,306                             | 16,758,002                             | 10,253,697                             | 9,850,836                              |
| <b>Non-controlling interests</b>                    |             | 7,032,356                              | 6,450,529                              | –                                      | –                                      |
| <b>Total equity</b>                                 |             | 24,937,662                             | 23,208,531                             | 10,253,697                             | 9,850,836                              |

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



# Income Statements

Year ended 31 December 2015

|   |       | The Group      |                | The Company    |                |
|---|-------|----------------|----------------|----------------|----------------|
|   | Note  | 2015<br>\$'000 | 2014<br>\$'000 | 2015<br>\$'000 | 2014<br>\$'000 |
| <b>Continuing operations</b>                          |       |                |                |                |                |
| <b>Revenue</b>  | 26    | 4,761,854      | 3,924,598      | 965,375        | 678,987        |
| Cost of sales   |       | (3,286,837)    | (2,542,557)    | –              | –              |
| Gross profit  |       | 1,475,017      | 1,382,041      | 965,375        | 678,987        |
| Other operating income                                | 27(a) | 545,816        | 598,139        | 130,107        | 166,782        |
| Administrative expenses                               |       | (401,963)      | (411,983)      | (115,988)      | (112,292)      |
| Other operating expenses                              |       | (28,863)       | (101,192)      | (8,436)        | (28,731)       |
| <b>Profit from operations</b>                         |       | 1,590,007      | 1,467,005      | 971,058        | 704,746        |
| <b>Finance costs</b>                                  | 27(d) | (477,267)      | (439,473)      | (107,285)      | (125,706)      |
| <b>Share of results (net of tax) of:</b>              |       |                |                |                |                |
| - associates  |       | 462,276        | 626,828        | –              | –              |
| - joint ventures                                      |       | 263,743        | 343,107        | –              | –              |
|   |       | 726,019        | 969,935        | –              | –              |
| <b>Profit before tax</b>                              | 27    | 1,838,759      | 1,997,467      | 863,773        | 579,040        |
| <b>Tax expense</b>                                    | 28    | (343,503)      | (266,908)      | 13,968         | 6,062          |
| <b>Profit for the year from continuing operations</b> |       | 1,495,256      | 1,730,559      | 877,741        | 585,102        |
| <b>Discontinued operation</b>                         |       |                |                |                |                |
| Profit from discontinued operation, net of tax        | 39    | –              | 29,134         | –              | –              |
| <b>Profit for the year</b>                            |       | 1,495,256      | 1,759,693      | 877,741        | 585,102        |
| <b>Attributable to:</b>                               |       |                |                |                |                |
| <b>Owners of the Company</b>                          |       |                |                |                |                |
| - continuing operations                               |       | 1,065,650      | 1,131,714      | 877,741        | 585,102        |
| - discontinued operation                              |       | –              | 29,134         | –              | –              |
|   |       | 1,065,650      | 1,160,848      | 877,741        | 585,102        |
| <b>Non-controlling interests</b>                      |       | 429,606        | 598,845        | –              | –              |
| <b>Profit for the year</b>                            |       | 1,495,256      | 1,759,693      | 877,741        | 585,102        |
| <b>Basic earnings per share (cents) from:</b>         |       |                |                |                |                |
| - continuing operations                               | 29    | 25.0           | 26.6           |                |                |
| - discontinued operation                              | 29    | –              | 0.7            |                |                |
| <b>Total</b>  |       | 25.0           | 27.3           |                |                |
| <b>Diluted earnings per share (cents) from:</b>       |       |                |                |                |                |
| - continuing operations                               | 29    | 23.7           | 25.3           |                |                |
| - discontinued operation                              | 29    | –              | 0.6            |                |                |
| <b>Total</b>  |       | 23.7           | 25.9           |                |                |

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

**Statements of Comprehensive Income**

Year ended 31 December 2015

|   | Note | The Group      |                | The Company    |                |
|---|------|----------------|----------------|----------------|----------------|
|   |      | 2015<br>\$'000 | 2014<br>\$'000 | 2015<br>\$'000 | 2014<br>\$'000 |
| Profit for the year   |      | 1,495,256      | 1,759,693      | 877,741        | 585,102        |
| <b>Other comprehensive income:</b>  |      |                |                |                |                |
| <b>Items that may be reclassified</b>   |      |                |                |                |                |
| <b>subsequently to profit or loss</b>   |      |                |                |                |                |
| Exchange differences arising from translation of foreign operations and foreign currency loans forming part of net investment in foreign operations |      | 643,935        | 359,665        | –              | –              |
| Change in fair value of available-for-sale investments  |      | (8,567)        | 719            | –              | –              |
| Effective portion of change in fair value of cash flow hedges   |      | 32,784         | 45,072         | –              | –              |
| Share of other comprehensive income of associates and joint ventures  |      | (75,911)       | 91,925         | –              | –              |
| <b>Total other comprehensive income for the year, net of tax</b>  | 25   | 592,241        | 497,381        | –              | –              |
| <b>Total comprehensive income for the year</b>  |      | 2,087,497      | 2,257,074      | 877,741        | 585,102        |
| <b>Attributable to:</b>   |      |                |                |                |                |
| <b>Owners of the Company</b>  |      | 1,657,736      | 1,642,138      | 877,741        | 585,102        |
| <b>Non-controlling interests</b>  |      | 429,761        | 614,936        | –              | –              |
| <b>Total comprehensive income for the year</b>  |      | 2,087,497      | 2,257,074      | 877,741        | 585,102        |

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

## Statements of Changes in Equity

Year ended 31 December 2015

|   | Attributable to owners of the Company |                            |                          |                 | Non-controlling interests<br>\$'000 | Total equity<br>\$'000 |
|---|---------------------------------------|----------------------------|--------------------------|-----------------|-------------------------------------|------------------------|
|   | Share capital<br>\$'000               | Revenue reserves<br>\$'000 | Other reserves<br>\$'000 | Total<br>\$'000 |                                     |                        |
| <b>The Group</b>  |                                       |                            |                          |                 |                                     |                        |
| <b>At 1 January 2015</b>  | 6,304,146                             | 9,616,503                  | 837,353                  | 16,758,002      | 6,450,529                           | 23,208,531             |
| <b>Total comprehensive income</b>   |                                       |                            |                          |                 |                                     |                        |
| Profit for the year   | –                                     | 1,065,650                  | –                        | 1,065,650       | 429,606                             | 1,495,256              |
| <b>Other comprehensive income</b>   |                                       |                            |                          |                 |                                     |                        |
| Exchange differences arising from translation of foreign operations and foreign currency loans forming part of net investment in foreign operations | –                                     | –                          | 649,408                  | 649,408         | (5,473)                             | 643,935                |
| Change in fair value of available-for-sale investments  | –                                     | –                          | (61)                     | (61)            | (8,506)                             | (8,567)                |
| Effective portion of change in fair value of cash flow hedges   | –                                     | –                          | 18,537                   | 18,537          | 14,247                              | 32,784                 |
| Share of other comprehensive income of associates and joint ventures  | –                                     | –                          | (75,798)                 | (75,798)        | (113)                               | (75,911)               |
| Total other comprehensive income, net of tax  | –                                     | –                          | 592,086                  | 592,086         | 155                                 | 592,241                |
| <b>Total comprehensive income</b>   | –                                     | 1,065,650                  | 592,086                  | 1,657,736       | 429,761                             | 2,087,497              |
| <b>Transactions with owners, recorded directly in equity</b>  |                                       |                            |                          |                 |                                     |                        |
| <b>Contributions by and distributions to owners</b>   |                                       |                            |                          |                 |                                     |                        |
| Issue of shares under share plans of the Company  | 5,143                                 | –                          | –                        | 5,143           | –                                   | 5,143                  |
| Purchase of treasury shares   | –                                     | –                          | (55,281)                 | (55,281)        | –                                   | (55,281)               |
| Contributions from non-controlling interests  | –                                     | –                          | –                        | –               | 85,362                              | 85,362                 |
| Issue of perpetual securities by a subsidiary   | –                                     | –                          | –                        | –               | 247,679                             | 247,679                |
| Equity portion of convertible bonds issued  | –                                     | –                          | 10,504                   | 10,504          | –                                   | 10,504                 |
| Repurchase/Redemption of convertible bonds  | –                                     | 51,037                     | (126,513)                | (75,476)        | –                                   | (75,476)               |
| Dividends paid/payable  | –                                     | (384,069)                  | –                        | (384,069)       | (325,891)                           | (709,960)              |
| Distribution attributable to perpetual securities issued by a subsidiary  | –                                     | (6,210)                    | –                        | (6,210)         | (7,156)                             | (13,366)               |
| Share-based payments  | –                                     | –                          | 32,765                   | 32,765          | 164                                 | 32,929                 |
| Reclassification of equity compensation reserve   | –                                     | 18,613                     | (18,613)                 | –               | –                                   | –                      |
| <b>Total contributions by and distributions to owners</b>   | 5,143                                 | (320,629)                  | (157,138)                | (472,624)       | 158                                 | (472,466)              |
| Changes in ownership interests in subsidiaries with a change in control   | –                                     | 14,004                     | (14,004)                 | –               | 155,887                             | 155,887                |
| Changes in ownership interests in subsidiaries with no change in control  | –                                     | (29,366)                   | 12,261                   | (17,105)        | (2,481)                             | (19,586)               |
| Share of reserves of associates and joint ventures  | –                                     | (18,296)                   | (2,318)                  | (20,614)        | –                                   | (20,614)               |
| Others  | –                                     | (22,675)                   | 22,586                   | (89)            | (1,498)                             | (1,587)                |
| <b>Total transactions with owners</b>   | 5,143                                 | (376,962)                  | (138,613)                | (510,432)       | 152,066                             | (358,366)              |
| <b>At 31 December 2015</b>  | 6,309,289                             | 10,305,191                 | 1,290,826                | 17,905,306      | 7,032,356                           | 24,937,662             |

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

# Statements of Changes in Equity

Year ended 31 December 2015

|   | Attributable to owners of the Company |                            |                          |                 | Non-controlling interests<br>\$'000 | Total equity<br>\$'000 |
|---|---------------------------------------|----------------------------|--------------------------|-----------------|-------------------------------------|------------------------|
|   | Share capital<br>\$'000               | Revenue reserves<br>\$'000 | Other reserves<br>\$'000 | Total<br>\$'000 |                                     |                        |
| <b>The Group</b>  |                                       |                            |                          |                 |                                     |                        |
| <b>At 1 January 2014</b>  | 6,302,207                             | 9,459,989                  | 346,673                  | 16,108,869      | 8,345,914                           | 24,454,783             |
| <b>Total comprehensive income</b>   |                                       |                            |                          |                 |                                     |                        |
| Profit for the year   | –                                     | 1,160,848                  | –                        | 1,160,848       | 598,845                             | 1,759,693              |
| <b>Other comprehensive income</b>   |                                       |                            |                          |                 |                                     |                        |
| Exchange differences arising from translation of foreign operations and foreign currency loans forming part of net investment in foreign operations | –                                     | –                          | 348,194                  | 348,194         | 11,471                              | 359,665                |
| Change in fair value of available-for-sale investments  | –                                     | –                          | 719                      | 719             | –                                   | 719                    |
| Effective portion of change in fair value of cash flow hedges   | –                                     | –                          | 42,377                   | 42,377          | 2,695                               | 45,072                 |
| Share of other comprehensive income of associates and joint ventures  | –                                     | –                          | 90,000                   | 90,000          | 1,925                               | 91,925                 |
| Total other comprehensive income, net of tax  | –                                     | –                          | 481,290                  | 481,290         | 16,091                              | 497,381                |
| <b>Total comprehensive income</b>   | –                                     | 1,160,848                  | 481,290                  | 1,642,138       | 614,936                             | 2,257,074              |
| <b>Transactions with owners, recorded directly in equity</b>  |                                       |                            |                          |                 |                                     |                        |
| <b>Contributions by and distributions to owners</b>   |                                       |                            |                          |                 |                                     |                        |
| Issue of shares under share plans of the Company  | 1,939                                 | –                          | –                        | 1,939           | –                                   | 1,939                  |
| Contributions from non-controlling interests  | –                                     | –                          | –                        | –               | 991                                 | 991                    |
| Issue of perpetual securities by a subsidiary   | –                                     | –                          | –                        | –               | 147,995                             | 147,995                |
| Conversion of convertible bonds   | –                                     | –                          | (2,062)                  | (2,062)         | 69,862                              | 67,800                 |
| Repurchase/Redemption of convertible bonds  | –                                     | (11,767)                   | (3,603)                  | (15,370)        | (33,115)                            | (48,485)               |
| Dividends paid/payable  | –                                     | (340,648)                  | –                        | (340,648)       | (368,002)                           | (708,650)              |
| Distribution attributable to perpetual securities issued by a subsidiary  | –                                     | (621)                      | –                        | (621)           | 621                                 | –                      |
| Share-based payments  | –                                     | –                          | 32,531                   | 32,531          | 16,566                              | 49,097                 |
| Cash settlement of share awards by a subsidiary   | –                                     | –                          | –                        | –               | (31,477)                            | (31,477)               |
| Reclassification of equity compensation reserve   | –                                     | 40,724                     | (40,724)                 | –               | –                                   | –                      |
| <b>Total contributions by and distributions to owners</b>   | 1,939                                 | (312,312)                  | (13,858)                 | (324,231)       | (196,559)                           | (520,790)              |
| Changes in ownership interests in subsidiaries with a change in control   | –                                     | 8,207                      | (8,889)                  | (682)           | 182,502                             | 181,820                |
| Changes in ownership interests in subsidiaries with no change in control  | –                                     | (647,992)                  | (28,857)                 | (676,849)       | (2,495,993)                         | (3,172,842)            |
| Share of reserves of associates and joint ventures  | –                                     | (29,360)                   | 37,651                   | 8,291           | 39                                  | 8,330                  |
| Others  | –                                     | (22,877)                   | 23,343                   | 466             | (310)                               | 156                    |
| <b>Total transactions with owners</b>   | 1,939                                 | (1,004,334)                | 9,390                    | (993,005)       | (2,510,321)                         | (3,503,326)            |
| <b>At 31 December 2014</b>  | 6,304,146                             | 9,616,503                  | 837,353                  | 16,758,002      | 6,450,529                           | 23,208,531             |

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

# Statements of Changes in Equity

Year ended 31 December 2015

|  | Attributable to owners of the Company |                            |                                  |                            |                                       |                        |
|--|---------------------------------------|----------------------------|----------------------------------|----------------------------|---------------------------------------|------------------------|
|  | Share capital<br>\$'000               | Revenue reserves<br>\$'000 | Reserve for own shares<br>\$'000 | Capital reserves<br>\$'000 | Equity compensation reserve<br>\$'000 | Total equity<br>\$'000 |
| <b>The Company</b>   |                                       |                            |                                  |                            |                                       |                        |
| <b>At 1 January 2015</b>                                     | 6,304,146                             | 3,250,086                  | (36,989)                         | 287,245                    | 46,348                                | 9,850,836              |
| <b>Total comprehensive income</b>                            |                                       |                            |                                  |                            |                                       |                        |
| Profit for the year  | –                                     | 877,741                    | –                                | –                          | –                                     | 877,741                |
| <b>Transactions with owners, recorded directly in equity</b> |                                       |                            |                                  |                            |                                       |                        |
| <b>Contributions by and distributions to owners</b>          |                                       |                            |                                  |                            |                                       |                        |
| Issue of shares under share plans of the Company             | 5,143                                 | –                          | –                                | –                          | –                                     | 5,143                  |
| Issue of treasury shares                                     | –                                     | –                          | 19,550                           | –                          | 1,287                                 | 20,837                 |
| Dividends paid   | –                                     | (384,069)                  | –                                | –                          | –                                     | (384,069)              |
| Share-based payments   | –                                     | –                          | –                                | –                          | 8,350                                 | 8,350                  |
| Purchase of treasury shares                                  | –                                     | –                          | (55,281)                         | –                          | –                                     | (55,281)               |
| Reclassification of equity compensation reserve              | –                                     | 18,613                     | –                                | –                          | (18,613)                              | –                      |
| Repurchase/Redemption of convertible bonds                   | –                                     | 55,108                     | –                                | (138,024)                  | –                                     | (82,916)               |
| Equity portion of convertible bonds issued                   | –                                     | –                          | –                                | 13,056                     | –                                     | 13,056                 |
| <b>Total transactions with owners</b>                        | 5,143                                 | (310,348)                  | (35,731)                         | (124,968)                  | (8,976)                               | (474,880)              |
| <b>At 31 December 2015</b>                                   | 6,309,289                             | 3,817,479                  | (72,720)                         | 162,277                    | 37,372                                | 10,253,697             |
| <b>At 1 January 2014</b>                                     | 6,302,207                             | 2,992,741                  | (51,691)                         | 287,245                    | 53,415                                | 9,583,917              |
| <b>Total comprehensive income</b>                            |                                       |                            |                                  |                            |                                       |                        |
| Profit for the year  | –                                     | 585,102                    | –                                | –                          | –                                     | 585,102                |
| <b>Transactions with owners, recorded directly in equity</b> |                                       |                            |                                  |                            |                                       |                        |
| <b>Contributions by and distributions to owners</b>          |                                       |                            |                                  |                            |                                       |                        |
| Issue of shares under share plans of the Company             | 1,939                                 | –                          | –                                | –                          | –                                     | 1,939                  |
| Issue of treasury shares                                     | –                                     | –                          | 14,702                           | –                          | (2,368)                               | 12,334                 |
| Dividends paid   | –                                     | (340,648)                  | –                                | –                          | –                                     | (340,648)              |
| Share-based payments   | –                                     | –                          | –                                | –                          | 8,456                                 | 8,456                  |
| Reclassification of equity compensation reserve              | –                                     | 12,891                     | –                                | –                          | (13,155)                              | (264)                  |
| <b>Total transactions with owners</b>                        | 1,939                                 | (327,757)                  | 14,702                           | –                          | (7,067)                               | (318,183)              |
| <b>At 31 December 2014</b>                                   | 6,304,146                             | 3,250,086                  | (36,989)                         | 287,245                    | 46,348                                | 9,850,836              |

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

**Consolidated Statement of Cash Flows**

Year ended 31 December 2015

|  | 2015<br>\$'000   | 2014<br>\$'000 |
|--|------------------|----------------|
| <b>Cash flows from operating activities</b>  |                  |                |
| Profit after tax   | 1,495,256        | 1,759,693      |
| Adjustments for:   |                  |                |
| Allowance for/(Writeback of):  |                  |                |
| - doubtful receivables   | 839              | (579)          |
| - foreseeable losses   | 168,260          | 82,811         |
| - impairment on interests in associates and joint ventures   | (8,223)          | 61,903         |
| - impairment on property, plant and equipment  | –                | 416            |
| Amortisation and impairment of intangible assets   | 2,699            | 4,901          |
| Depreciation of property, plant and equipment  | 73,183           | 64,620         |
| Finance costs  | 477,267          | 439,473        |
| (Gain)/Loss on repurchase of convertible bonds   | (19,783)         | 2,713          |
| Gain from bargain purchase   | (1,239)          | (12,790)       |
| Loss/(Gain) on disposal and write off of property, plant and equipment                               | 5,978            | (177)          |
| Gain on disposal of investment properties  | (10,901)         | (2,296)        |
| Interest income  | (55,634)         | (57,288)       |
| Net change in fair value of investment properties and assets held for sale                           | (409,660)        | (456,921)      |
| Fair value gain arising from change in use of development projects                                   | (207,953)        | –              |
| Net change in fair value of financial instruments  | (1,827)          | (1,356)        |
| Net loss/(gain) on disposal/liquidation/dilution of equity investments<br>and other financial assets | 18,298           | (21,690)       |
| Share of results of associates and joint ventures  | (726,019)        | (986,235)      |
| Share-based expenses   | 35,342           | 52,720         |
| Tax expense  | 343,503          | 273,133        |
|  | (315,870)        | (556,642)      |
| Operating profit before working capital changes  | 1,179,386        | 1,203,051      |
| Changes in working capital:  |                  |                |
| Trade and other receivables  | (217,780)        | 69,736         |
| Development properties for sale  | 953,195          | (149,335)      |
| Trade and other payables   | 825,833          | 118,349        |
| Restricted bank deposits   | (13,198)         | 13,153         |
|  | 1,548,050        | 51,903         |
| Cash generated from operations   | 2,727,436        | 1,254,954      |
| Income tax paid  | (260,791)        | (256,238)      |
| <b>Net cash generated from operating activities</b>  | <b>2,466,645</b> | <b>998,716</b> |

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



## Consolidated Statement of Cash Flows

Year ended 31 December 2015

|  | Note  | 2015<br>\$'000 | 2014<br>\$'000 |
|--|-------|----------------|----------------|
| <b>Cash flows from investing activities</b>  |       |                |                |
| Acquisition/Development expenditure of investment properties                                 |       | (937,252)      | (935,060)      |
| Acquisitions of subsidiaries, net of cash acquired   | 31(b) | 61,963         | (366,939)      |
| Repayment from investee companies and other receivables                                      |       | –              | 83,333         |
| Deposits placed for new investments  |       | (140,800)      | (437,644)      |
| Disposals of subsidiaries, net of cash disposed of   | 31(d) | 301,876        | 3,769          |
| Dividends received from associates and joint ventures  |       | 393,714        | 405,820        |
| Interest income received   |       | 49,893         | 34,720         |
| Repayment of loans by/(Investments in) associates and joint ventures                         |       | 304,983        | (215,101)      |
| Proceeds from disposal of investment properties and assets held for sale                     |       | 58,439         | 15,656         |
| Proceeds from disposal of property, plant and equipment                                      |       | 1,633          | 2,562          |
| Proceeds from disposal of associates, joint ventures and other financial assets              |       | 142,215        | 1,204,224      |
| Purchase of property, plant and equipment  |       | (64,018)       | (129,158)      |
| Settlement of hedging instruments  |       | (18,569)       | (5,245)        |
| <b>Net cash generated from/(used in) investing activities</b>                                |       | 154,077        | (339,063)      |
| <b>Cash flows from financing activities</b>  |       |                |                |
| Repayment of shareholder loans from non-controlling interests                                |       | (38,944)       | (58,615)       |
| Contributions from non-controlling interests   |       | 85,975         | 991            |
| Dividends paid to non-controlling interests  |       | (342,815)      | (363,998)      |
| Dividends paid to shareholders   |       | (384,068)      | (340,648)      |
| Interest expense paid  |       | (520,518)      | (477,899)      |
| Payments for acquisition of ownership interests in subsidiaries with<br>no change in control |       | (6,386)        | (3,171,269)    |
| Proceeds from issue of perpetual securities  |       | 247,226        | 148,498        |
| Proceeds from bank borrowings  |       | 4,466,575      | 3,739,098      |
| Proceeds from issue of debt securities and convertible bonds                                 |       | 1,130,672      | 712,657        |
| Proceeds from issue of shares under options  |       | 4,509          | 1,383          |
| Purchase of treasury shares  |       | (55,281)       | –              |
| Repayments of finance lease payables   |       | (2,799)        | (3,676)        |
| Repayments of bank borrowings  |       | (4,347,921)    | (3,974,957)    |
| Repayments of debt securities and convertible bonds  |       | (1,485,890)    | (444,363)      |
| Bank deposits withdrawn/(pledged) for bank facilities  |       | 36,542         | (38,782)       |
| <b>Net cash used in financing activities</b>   |       | (1,213,123)    | (4,271,580)    |
| <b>Net increase/(decrease) in cash and cash equivalents</b>                                  |       | 1,407,599      | (3,611,927)    |
| Cash and cash equivalents at beginning of the year   |       | 2,706,073      | 6,288,631      |
| Effect of exchange rate changes on cash balances held in foreign currencies                  |       | 39,629         | 29,369         |
| <b>Cash and cash equivalents at end of the year</b>  | 16    | 4,153,301      | 2,706,073      |

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 29 February 2016.

### 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 headquarters which gives direction, provides management support services and integrates the activities of its subsidiaries.

The principal activities of the significant subsidiaries are those relating to investment holding, real estate development, investment in real estate financial products and real estate assets, investment advisory and management services as well as management of serviced residences.

The consolidated financial statements relate to the Company and its subsidiaries (the Group) and the Group's interests in associates and joint ventures.

### 2 Summary of Significant Accounting Policies

#### 2.1 Basis of preparation

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (FRS).

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

These financial statements are presented in Singapore Dollars, which is the Company's functional currency. All financial information presented in Singapore Dollars have been rounded to the nearest thousand, unless otherwise stated.

The preparation of the financial statements in conformity with FRSs 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 estimates are revised and in any future periods affected.

Information about 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:

- Note 2.6, Note 5 – classification of investment properties
- Note 6, Note 7 – consolidation; whether the Group has control over an investee
- Note 9 – recognition of deferred tax assets
- Note 32 – business combinations.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 4 – measurement of recoverable amounts of goodwill
- Note 5, Note 34 – determination of fair value of investment properties
- Note 11 – estimation of the percentage of completion of the projects' attributable profits for development properties for sale and allowance for foreseeable losses

## Notes to the Financial Statements

### 2 Summary of Significant Accounting Policies (continued)

#### 2.1 Basis of preparation (continued)

- |         |   |   |
|---------|---|---|
| Note 22 | – | measurement of share-based payments   |
| Note 32 | – | determination of fair value of assets, liabilities and contingent liabilities acquired in business combinations |
| Note 34 | – | determination of fair value of financial instruments.   |

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2015. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

#### 2.2 Basis of consolidation

##### (a) Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in the profit or loss.

Any contingent consideration payable is recognised at fair value at the acquisition date and included in the consideration transferred. If the contingent consideration is classified as equity, it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in the profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the acquisition date. The measurement basis taken is elected on a transaction-by-transaction basis. All other non-controlling interests are measured at acquisition-date fair value, unless another measurement basis is required by FRSs. If the business combination is achieved in stages, the Group's previously held equity interest in the acquiree is re-measured to fair value at each acquisition date and any changes are taken to the profit or loss.

## Notes to the Financial Statements

### 2 Summary of Significant Accounting Policies (continued)

#### 2.2 Basis of consolidation (continued)

##### (b) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect these returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as transactions with owners and therefore no adjustments are made to goodwill and no gain or loss is recognised in profit or loss. Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising from the loss of control is recognised in the profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

##### (c) Associates and joint ventures

Associates are those entities in which the Group has significant influence, but not control, over their financial and operating policies of these entities. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of another entity. Joint ventures are entities over whose activities the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Associates and joint ventures are accounted for using the equity method (collectively referred to as equity-accounted investees) and are recognised initially at cost. The cost of the investments includes transaction costs. The Group's investments in equity-accounted investees include goodwill identified on acquisition, net of any accumulated impairment losses. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the equity-accounted investees, after adjustments to align the accounting policies of the equity-accounted investees 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 equity-accounted investee, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the investee's operation or has made payments on behalf of the investee.

##### (d) Joint operations

A joint operation is an arrangement in which the Group has joint control whereby the Group has rights to the assets, and obligations for the liabilities, relating to an arrangement. The Group accounts for each of its assets, liabilities and transactions, including its share of those held or incurred jointly, in relation to the joint operation.

##### (e) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and 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.

##### (f) Accounting for subsidiaries, associates and joint ventures by the Company

Investments in subsidiaries, associates and joint ventures are stated in the Company's balance sheet at cost less accumulated impairment losses.

# Notes to the Financial Statements

## 2 Summary of Significant Accounting Policies (continued)

### 2.3 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 rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate prevailing at that 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. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising from retranslation are recognised in the profit or loss, except for differences arising from the retranslation of monetary items that in substance form part of the Group's net investment in a foreign operation, available-for-sale equity instruments and financial liabilities designated as hedges of net investment in a foreign operation (note 2.8) or qualifying cash flow hedges to the extent such hedges are effective, which are recognised in other comprehensive income.

#### **Foreign operations**

The assets and liabilities of foreign operations, excluding goodwill and fair value adjustments arising on acquisitions, are translated to Singapore Dollars at exchange rates prevailing at the end of the reporting period. 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 from the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the exchange rates at the end of the reporting period.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the foreign operation is not a wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed off such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is transferred to the profit or loss as part of the gain or loss on disposal. When the Group disposes off only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes off only part of its investment in an associate or a joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is transferred to the profit or loss.

#### **Net investment in a foreign operation**

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation. These are recognised in other comprehensive income and are presented in the translation reserve in equity.

## Notes to the Financial Statements

### 2 Summary of Significant Accounting Policies (continued)

#### 2.4 Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Certain of the Group's property, plant and equipment acquired through interests in subsidiaries, are accounted for as acquisition of assets.

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset if 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 and its cost can be measured reliably. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use. Depreciation on property, plant and equipment is recognised in the profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment as follows:

|  |  |
|--|--|
| Leasehold land and buildings (excluding serviced residence properties) | Lease period ranging from 30 years to 50 years |
| Plant, machinery and improvements, furniture, fittings and equipment   | 1 to 10 years                                  |
| Motor vehicles   | 5 years  |
| Furniture, fittings and equipment                                      | 2 to 5 years                                   |

For serviced residence properties where the residual value at the end of the intended holding period is lower than the carrying amount, the difference in value is depreciated over the Group's intended holding period. The intended holding period (the period from the date of commencement of serviced residence operations to the date of expected strategic divestment of the properties) ranges from three to five years. No depreciation is recognised where the residual value is higher than the carrying amount.

Assets under construction are stated at cost and are not depreciated. Expenditure relating to assets under construction (including borrowing costs) are capitalised when incurred. Depreciation will commence when the development is completed and ready to use.

The assets' residual values, useful lives and depreciation methods are reviewed at each reporting date, and adjusted if appropriate.

#### 2.5 Intangible assets

##### (a) Goodwill

##### *Acquisition on or after 1 January 2010*

For business combinations on or after 1 January 2010, the Group measures goodwill as at acquisition date based on the fair value of the consideration transferred (including the fair value of any pre-existing equity interest in the acquiree) and the recognised amount of any non-controlling interests in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. When the amount is negative, a gain on bargain purchase is recognised in the profit or loss. Goodwill is subsequently measured at cost less accumulated impairment losses.

Goodwill arising from the acquisition of subsidiaries is included in intangible assets. Goodwill arising from the acquisition of associates and joint ventures is presented together with interests in associates and joint ventures.

##### *Acquisition up to 31 December 2009*

Prior to 1 January 2010, goodwill is measured at cost less accumulated impairment losses. Goodwill is tested for impairment as described in note 2.11. Negative goodwill is credited to the profit or loss in the period of the acquisition.

## Notes to the Financial Statements

### 2 Summary of Significant Accounting Policies (continued)

#### 2.5 Intangible assets (continued)

##### (a) Goodwill (continued)

##### **Acquisition of non-controlling interests**

From 1 January 2010, acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised. Previously, goodwill arising on the acquisition of non-controlling interests in a subsidiary has been recognised, and represented the excess of the cost of the additional investment over the carrying amount of the interest in the net assets acquired at the date of the transaction.

##### (b) Other intangible assets

Other intangible assets with finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses. These are amortised in the profit or loss on a straight-line basis over their estimated useful lives of one to 10 years, from the date on which the assets are available for use.

Other intangible assets with indefinite useful lives are not amortised and are measured at cost less accumulated impairment losses.

#### 2.6 Investment properties and investment properties under development

Investment properties are properties held either to earn rental or for capital appreciation or both. Investment properties under development are properties being constructed or developed for future use as investment properties. Certain of the Group's investment properties acquired through interests in subsidiaries, are accounted for as acquisition of assets. Investment properties and investment properties under development are initially recognised at cost, including transaction costs, and subsequently at fair value with any change therein recognised in the profit or loss. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs. The fair value is determined based on internal valuation or independent professional valuation on semi annual basis. Independent valuation is also carried out on occurrence of acquisition and on completion of construction of investment property.

When an investment property or investment property under development is disposed off, the resulting gain or loss recognised in the profit or loss is the difference between the net disposal proceed and the carrying amount of the property.

Transfers to, or from, investment properties are made where there is a change in intent and use, evidenced by:

- development with a view to sell, for a transfer from investment properties to development properties for sale;
- commencement of leasing activities for a transfer from development properties for sale to investment properties;
- commencement of owner-occupation, for a transfer from investment properties to property, plant and equipment; and
- end of owner-occupation, for a transfer from property, plant and equipment to investment properties.



## Notes to the Financial Statements

### 2 Summary of Significant Accounting Policies (continued)

#### 2.7 *Non-current assets held for sale or distribution*

Non-current assets 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 are remeasured in accordance with the applicable FRSs. Thereafter, the assets are generally measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses on initial classification as held for sale or distribution and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Intangibles assets and property, plant and equipment classified as held for sale or distribution are not amortised or depreciated. In addition, equity accounting of associates and joint ventures ceases once the investments are classified as held for sale or distribution.

#### 2.8 *Financial instruments*

##### (a) *Non-derivative financial assets*

Non-derivative financial assets comprise investments in equity and debt securities, trade and other receivables and cash and cash equivalents.

A financial asset is recognised if the Group becomes a party to the contractual provisions of the financial asset. 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 assets to another party without retaining control or transfers substantially all the risks and rewards of the assets. 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 assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### *Financial assets at fair value through profit or loss*

A financial asset is classified as fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial assets 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 profit or loss when incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein, which takes into account any dividend income, are recognised in the profit or loss.

##### *Available-for-sale financial assets*

The Group's investments in equity securities and certain debt securities are classified as available-for-sale financial assets and are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than for impairment losses (note 2.8(e)) and foreign exchange gains and losses on available-for-sale monetary items (note 2.3), are recognised directly in other comprehensive income and presented in the available-for-sale reserve in equity. When an investment is derecognised, the cumulative gain or loss in equity is reclassified to the profit or loss.

Investments in equity securities whose fair value cannot be reliably measured are measured at cost less accumulated impairment loss.

##### *Loans and receivables*

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Loans and receivables comprise cash and cash equivalents, and trade and other receivables (excluding prepayments and deposits).

## Notes to the Financial Statements

### 2 Summary of Significant Accounting Policies (continued)

#### 2.8 Financial instruments (continued)

##### (a) Non-derivative financial assets (continued)

###### Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits. For the purpose of the statement of cash flows, pledged deposits are excluded whilst bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents.

###### Non-derivative financial liabilities

The Group initially recognises debt securities issued on the date that they are originated. Financial liabilities for contingent consideration payable in a business combination are recognised at the acquisition date. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

Financial liabilities for contingent consideration payable in a business combination are initially measured at fair value. Subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial liabilities under the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest rate method.

Other financial liabilities comprise loans, borrowings, debt securities and trade and other payables.

##### (b) 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.

On initial designation of the derivative as the hedging instrument, the Group formally documents the relationship between the hedging instrument and hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, of whether the hedging instruments are expected to be highly effective in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to the hedged risk, and whether the actual results of each hedge are within a range of 80%-125%. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported profit or loss.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in the profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

## Notes to the Financial Statements

### 2 Summary of Significant Accounting Policies (continued)

#### 2.8 Financial instruments (continued)

##### (b) Derivative financial instruments and hedging activities (continued)

###### **Cash flow hedges**

Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognised directly in other comprehensive income and presented in the hedging reserve in equity to the extent that the hedge is effective. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the profit or loss.

When the hedged item is a non-financial asset, the amount accumulated in equity is retained in other comprehensive income and reclassified to profit or loss in the same period or periods during which the non-financial item affects profit or loss. In other cases as well, the amount accumulated in equity is reclassified to profit or loss in the same period that the hedged item affects profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the balance is reclassified to profit or loss.

###### **Fair value hedges**

Changes in the fair value of a derivative hedging instrument designated as a fair value hedge are recognised in the profit or loss. The hedged item is adjusted to reflect change in its fair value in respect of the risk being hedged, with any gain or loss being recognised in the profit or loss.

###### **Hedge of net investment in a foreign operation**

The Group applies hedge accounting to foreign currency differences arising between the functional currency of the foreign operation and the entity's functional currency (Singapore dollars) to certain foreign investments.

In the entity's financial statements, foreign currency differences arising from the retranslation of a financial liability designated as a hedge of a net investment in a foreign operation are recognised in the profit or loss. On consolidation, such differences are recognised directly in other comprehensive income and presented in the foreign currency translation reserve in equity, to the extent that the hedge is effective. To the extent that the hedge is ineffective, such differences are recognised in the profit or loss. When the hedged net investment is disposed off, the cumulative amount in other comprehensive income is transferred to the profit or loss.

###### **Separable embedded derivatives**

Changes in the fair value of separated embedded derivatives are recognised immediately in the profit or loss.

###### **Other non-trading derivatives**

When a derivative financial instrument is not designated in a hedge relationship that qualifies for hedge accounting, all changes in its fair value are recognised immediately in the profit or loss.

## Notes to the Financial Statements

### 2 Summary of Significant Accounting Policies (continued)

#### 2.8 Financial instruments (continued)

##### (c) 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 are allocated to the equity and liability components, with the equity component being assigned the residual amount after deducting the fair value of the liability component from the fair value of the compound financial instrument.

Subsequent to initial recognition, the liability component of convertible bonds is measured at amortised cost using the effective interest method. The equity component of convertible bonds is not re-measured. When the conversion option is exercised, its carrying amount will be transferred to the share capital. When the conversion option lapses, its carrying amount will be transferred to revenue reserve.

When a convertible bond is being repurchased before its maturity date, the purchase consideration (including directly attributable costs, net of tax effects) is allocated to the liability and equity components of the instrument at the date of transaction. Any resulting gain or loss relating to the liability component is recognised in the profit or loss. In an exchange of convertible bond, the difference between the net proceeds of new convertible bond and the carrying value of the existing convertible bond (including its equity component) is recognised in the profit or loss.

##### (d) Financial guarantees

Financial guarantee contracts are classified as financial liabilities unless the Group has previously asserted explicitly that it regards such contracts as insurance contracts and accounted for them as such.

##### *Financial guarantees classified as financial liabilities*

Such financial guarantees are recognised initially at fair value and are classified as financial liabilities. 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 profit or loss.

##### *Financial guarantees classified as insurance contracts*

These financial guarantees are accounted for as insurance contracts. Provision is recognised based on the Group's estimates of the ultimate cost of settling all claims incurred but unpaid at the end of the reporting period.

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.

##### (e) Impairment of financial assets

A financial asset not carried at fair value through profit or loss, including an interest in an associate and joint venture, is assessed at each reporting period to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has been occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Group, economic conditions that correlate with defaults or the disappearance of an active market for a security.

## Notes to the Financial Statements

### 2 Summary of Significant Accounting Policies (continued)

#### 2.8 Financial instruments (continued)

##### (e) Impairment of financial assets (continued)

All individually significant financial assets are assessed for specific impairment on an individual basis. All individually significant financial assets found not to be specifically impaired are then collectively assessed for any impairment that has incurred but not yet identified. The remaining financial assets that are not individually significant are collectively assessed for impairment by grouping together such instruments with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or lesser than that suggested by historical trends.

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. Losses are recognised in the profit or loss and reflected as an allowance account against receivables. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the available-for-sale reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in the profit or loss. Changes in impairment provision attributable to application of the effective interest method are reflected as a component of interest income.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised in the profit or loss, then the impairment loss is reversed, with the amount of the reversal recognised in the profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

An impairment loss in respect of an associate or joint venture is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with note 2.11. An impairment loss is recognised in profit or loss. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

#### 2.9 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of ordinary shares and options are recognised as a deduction from equity.

Where share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in reserve for own shares account. Where treasury shares are subsequently reissued, sold or cancelled, the consideration received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented in non-distributable capital reserve.

## Notes to the Financial Statements

### 2 Summary of Significant Accounting Policies (continued)

#### 2.10 Development properties for sale and stocks

Development properties for sale and stocks are stated at the lower of cost plus, where appropriate, a portion of the attributable profit (note 2.15), 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.

When the development properties for sale are being transferred to investment property, any difference between the fair value of the property and its previous carrying amount at the date of transfer is recognised in profit or loss.

#### 2.11 Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment properties, development properties for sale and stocks 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, the 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 related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU 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 CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGU that are expected to benefit from the synergies of the combination.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amounts of the other assets in the CGU on a *pro-rata* basis.

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 indication 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.

Goodwill that forms part of the carrying amount of an investment in an associate or a joint venture is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate or a joint venture is tested for impairment as a single asset when there is objective evidence that the investment in an associate or a joint venture may be impaired.

## Notes to the Financial Statements

### 2 Summary of Significant Accounting Policies (continued)

#### 2.12 Employee benefits

All short term employee benefits, including accumulated compensated absences, are measured on an undiscounted basis and are recognised in the period in which the employees render their services.

The Group's obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present values.

A provision is recognised for the amount expected to be paid under 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 profit or loss in the period during which the related services are rendered by employees.

#### *Share-based payments*

For equity-settled share-based payment transactions, the fair value of the services received is recognised as an expense with a corresponding increase in equity over the vesting period during which the employees become unconditionally entitled to the equity instrument. The fair value of the services received is determined by reference to the fair value of the equity instrument granted at the grant date. At each reporting date, the number of equity instruments that are expected to be vested are estimated. The impact on the revision of original estimates is recognised as an expense and as a corresponding adjustment to equity over the remaining vesting period, unless the revision to original estimates is due to market conditions. No adjustment is made if the revision or actual outcome differs from the original estimate due to market conditions.

For cash-settled share-based payment transactions, the fair value of the goods or services received is recognised as an expense with a corresponding increase in liability. The fair value of the services received is determined by reference to the fair value of the liability. Until the liability is settled, the fair value of the liability is re-measured at each reporting date and at the date of settlement, with any changes in fair value recognised for the period.

The proceeds received from the exercise of the equity instruments, net of any directly attributable transaction costs, are credited to share capital when the equity instruments are exercised.

#### 2.13 Provision

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation 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 to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations 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. Before a provision is established, the Group recognises any impairment loss on the assets associated with the contract.



## Notes to the Financial Statements

### 2 Summary of Significant Accounting Policies (continued)

#### 2.14 Leases

At inception, an arrangement that contains a lease is accounted for as such based on the terms and conditions even though the arrangement is not in the legal form of a lease.

##### *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 over 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 profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease payments made. Contingent rentals are charged to the profit or loss in the accounting period in which they are incurred.

##### *When entities within the Group are lessors of an operating lease*

Assets subject to operating leases are included in either property, plant and equipment (note 2.4) or investment properties (note 2.6).

#### 2.15 Revenue recognition

##### *Rental income*

Rental income receivable under operating leases is recognised 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 significant risks and rewards of ownership have been transferred to the purchasers. For development projects under progressive payment scheme in Singapore, whereby the legal terms in the sale contracts result in continuous transfer of work-in-progress to the purchasers, revenue is recognised based on the percentage of completion method. Under the percentage of completion method, profit is brought into profit or loss 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. For development projects under deferred payment scheme in Singapore and overseas development projects, the revenue will be recognised upon the transfer of significant risks and rewards of ownership, which generally coincides with the time the development units are delivered to the purchasers.

Revenue excludes goods and services or other sale taxes and is after deduction of any trade discounts. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of unit sold.

## Notes to the Financial Statements

### 2 Summary of Significant Accounting Policies (continued)

#### 2.15 Revenue recognition (continued)

##### **Financial advisory and management fee**

Financial advisory and management fee is recognised as and when the service is 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.

#### 2.16 Finance costs

Borrowing costs are recognised in the profit or loss 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.

#### 2.17 Tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss 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 in respect of 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:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint ventures to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

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.

## Notes to the Financial Statements

### 2 Summary of Significant Accounting Policies (continued)

#### 2.17 Tax (continued)

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

#### 2.18 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to owners of the Company and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise issued convertible bonds and share plans granted to employees.

#### 2.19 Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the Executive Management Council that makes strategic resource allocation decisions. The Council comprises the President & Group Chief Executive Officer (CEO), all CEOs of business units and key management officers of the Corporate Office.

#### 2.20 Discontinued operation

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to 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 statement of profit or loss is re-presented as if operation had been discontinued from the start of the comparative year.

## Notes to the Financial Statements

### 2 Summary of Significant Accounting Policies (continued)

#### 2.21 New standards and interpretations not adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015, and have not been applied in preparing these financial statements. In addition, Singapore-incorporated companies listed on the Singapore Exchange (SGX) will apply a new financial reporting framework identical to the International Financial Reporting Standards (IFRS) for financial year ending 31 December 2018 onwards. Singapore-incorporated companies listed on SGX will have to assess the impact of IFRS 1: *First-time adoption of IFRS when transitioning to the new reporting framework*. The Group is currently assessing the potential impact of adopting these new standards and interpretations and the new reporting framework on the financial statements of the Group and the Company.

These new standards include, among others, FRS 115 *Revenue from Contracts with Customers* and FRS 109 *Financial Instruments* which are mandatory for adoption by the Group on 1 January 2018.

- FRS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met. When effective, FRS 115 replaces existing revenue recognition guidance, including FRS 18 *Revenue*, FRS 11 *Construction Contracts*, INT FRS 113 *Customer Loyalty Programmes*, INT FRS 115 *Agreements for the Construction of Real Estate*, INT FRS 118 *Transfers of Assets from Customers* and INT FRS 31 *Revenue – Barter Transactions Involving Advertising Services*.
- FRS 109 replaces most of the existing guidance in FRS 39 *Financial Instruments: Recognition and Measurement*. It includes revised guidance on classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements.

As FRS 115 and FRS 109, when effective, will change the existing accounting standards and guidance applied by the Group and the Company in accounting for revenue and financial instruments, these standards are expected to be relevant to the Group and the Company. The Group is currently assessing the impact of FRS 115 and FRS 109 and plans to adopt the new standard on the required effective date.

## Notes to the Financial Statements

### 3 Property, Plant and Equipment

|   | Serviced<br>residence<br>properties<br>\$'000 | Other<br>leasehold<br>buildings<br>\$'000 | Plant,<br>machinery<br>and<br>improvements<br>\$'000 | Motor<br>vehicles<br>\$'000 | Furniture,<br>fittings and<br>equipment<br>\$'000 | Assets<br>under<br>construction<br>\$'000 | Total<br>\$'000 |
|---|---|---|--|-----------------------------|---|---|-----------------|
| <b>The Group</b>  |   |   |  |                             |   |   |                 |
| <b>Cost</b>   |   |   |  |                             |   |   |                 |
| At 1 January 2015   | 540,956                                       | 278,484                                   | 66,590   | 2,964                       | 419,159   | 60,166                                    | 1,368,319       |
| Translation differences                                   | 12,866  | (68)                                      | (849)  | 76                          | (6,543)   | (3,194)                                   | 2,288           |
| Additions   | 2,347   | 1,563                                     | 5,149  | 362                         | 36,505  | 18,778                                    | 64,704          |
| Acquisition of subsidiaries                               | –   | –   | –  | 723                         | 1,951   | –   | 2,674           |
| Disposal of subsidiaries                                  | –   | –   | (16)   | –                           | (960)   | (310)                                     | (1,286)         |
| Disposals/Written off                                     | (7,165)                                       | –   | (11,193)   | (572)                       | (38,386)  | (793)                                     | (58,109)        |
| Reclassification<br>from/(to) other<br>category of assets | (211,674)                                     | –   | 116  | –                           | (29,845)  | (2,247)                                   | (243,650)       |
| Reclassifications   | (893)   | 893                                       | 3,730  | –                           | 49,508  | (53,238)                                  | –               |
| At 31 December 2015                                       | 336,437                                       | 280,872                                   | 63,527   | 3,553                       | 431,389   | 19,162                                    | 1,134,940       |
| <b>Accumulated depreciation<br/>and impairment loss</b>   |   |   |  |                             |   |   |                 |
| At 1 January 2015   | 17,888  | 18,764                                    | 36,896   | 1,752                       | 245,663   | –   | 320,963         |
| Translation differences                                   | 73  | (24)                                      | (290)  | 605                         | (2,679)   | –   | (2,315)         |
| Depreciation for the year                                 | –   | 6,029                                     | 8,415  | 518                         | 58,221  | –   | 73,183          |
| Disposal of subsidiaries                                  | –   | –   | (3)  | –                           | (105)   | –   | (108)           |
| Disposals/Written off                                     | (3,282)                                       | –   | (10,896)   | (517)                       | (36,075)  | –   | (50,770)        |
| Reclassification to other<br>category of assets           | (14,344)                                      | –   | –  | –                           | –   | –   | (14,344)        |
| Reclassifications   | (335)   | 335                                       | (8)  | –                           | 8   | –   | –               |
| At 31 December 2015                                       | –   | 25,104                                    | 34,114   | 2,358                       | 265,033   | –   | 326,609         |
| <b>Carrying amounts</b>                                   |   |   |  |                             |   |   |                 |
| At 1 January 2015   | 523,068                                       | 259,720                                   | 29,694   | 1,212                       | 173,496   | 60,166                                    | 1,047,356       |
| At 31 December 2015                                       | 336,437                                       | 255,768                                   | 29,413   | 1,195                       | 166,356   | 19,162                                    | 808,331         |

## Notes to the Financial Statements

## 3 Property, Plant and Equipment (continued)

|   | Serviced<br>residence<br>properties<br>\$'000 | Other<br>leasehold<br>buildings<br>\$'000 | Plant,<br>machinery<br>and<br>improvements<br>\$'000 | Motor<br>vehicles<br>\$'000 | Furniture,<br>fittings and<br>equipment<br>\$'000 | Assets<br>under<br>construction<br>\$'000 | Total<br>\$'000 |
|---|---|---|--|-----------------------------|---|---|-----------------|
| <b>The Group</b>  |   |   |  |                             |   |   |                 |
| <b>Cost</b>   |   |   |  |                             |   |   |                 |
| At 1 January 2014   | 471,912                                       | 34,291                                    | 59,375   | 2,924                       | 374,126   | 23,795                                    | 966,423         |
| Translation differences                                   | (2,873)                                       | –   | (752)  | 22                          | (6,611)   | (754)                                     | (10,968)        |
| Additions   | 5,530   | –   | 15,235   | 94                          | 65,972  | 39,909                                    | 126,740         |
| Acquisition of subsidiaries                               | 88,002  | –   | 15   | 98                          | 6,928   | 111                                       | 95,154          |
| Disposal of subsidiaries                                  | –   | –   | (31)   | –                           | (6)   | –   | (37)            |
| Disposals/Written off                                     | (1,044)                                       | –   | (10,687)   | (174)                       | (29,319)  | (141)                                     | (41,365)        |
| Reclassification<br>from/(to) other<br>category of assets | (18,146)                                      | 244,193                                   | (26)   | –                           | 6,722   | (371)                                     | 232,372         |
| Reclassifications   | (2,425)                                       | –   | 3,461  | –                           | 1,347   | (2,383)                                   | –               |
| At 31 December 2014                                       | 540,956                                       | 278,484                                   | 66,590   | 2,964                       | 419,159   | 60,166                                    | 1,368,319       |
| <b>Accumulated depreciation<br/>and impairment loss</b>   |   |   |  |                             |   |   |                 |
| At 1 January 2014   | 15,403  | 15,383                                    | 42,368   | 1,478                       | 225,385   | –   | 300,017         |
| Translation differences                                   | 641   | –   | (1,047)  | (1)                         | (4,210)   | –   | (4,617)         |
| Depreciation for the year                                 | 2,599   | 3,381                                     | 5,726  | 435                         | 52,479  | –   | 64,620          |
| Disposal of subsidiaries                                  | –   | –   | (5)  | –                           | (1)   | –   | (6)             |
| Disposals/Written off                                     | (597)   | –   | (10,304)   | (160)                       | (27,887)  | –   | (38,948)        |
| Reclassification to other<br>category of assets           | –   | –   | –  | –                           | (103)   | –   | (103)           |
| Reclassifications   | (158)   | –   | 158  | –                           | –   | –   | –               |
| At 31 December 2014                                       | 17,888  | 18,764                                    | 36,896   | 1,752                       | 245,663   | –   | 320,963         |
| <b>Carrying amounts</b>                                   |   |   |  |                             |   |   |                 |
| At 1 January 2014   | 456,509                                       | 18,908                                    | 17,007   | 1,446                       | 148,741   | 23,795                                    | 666,406         |
| At 31 December 2014                                       | 523,068                                       | 259,720                                   | 29,694   | 1,212                       | 173,496   | 60,166                                    | 1,047,356       |

## Notes to the Financial Statements

### 3 Property, Plant and Equipment (continued)

- (a) As at 31 December 2015, certain property, plant and equipment with carrying value totalling approximately \$337.8 million (2014: \$329.3 million) were mortgaged to banks to secure credit facilities for the Group (note 19).
- (b) The Group assessed the classification of its serviced residence as property, plant and equipment or investment properties based on the level of ancillary services, length of stay, amongst other factors. During the year, the Group evaluated and reclassified two serviced residence properties to investment properties.
- (c) In 2014, the Group transferred a portion of an investment property amounting to \$251.3 million to property, plant and equipment. The amount transferred represented the area that was owner-occupied.
- (d) For serviced residence properties where the residual value at the end of the intended holding period is lower than the carrying amount, the difference in value is depreciated over the Group's intended holding period. No depreciation is recognised where the residual value is higher than the carrying amount.

Residual values of serviced residence properties at the end of the intended holding period are determined based on annual independent professional valuations using discounted cashflow method. The fair value measurement is categorised as Level 3 on the fair value hierarchy. Residual value is the estimated amount that the Group would obtain from the disposal of a property if the property is already of the age and in the condition expected at the date when the Group has the intention to dispose that property. The key assumptions used to determine the residual values of serviced residence properties include market corroborated capitalisation rate, terminal yield rate, discount rate and revenue per available unit (RevPau). In relying on valuation reports, management is satisfied that the valuation methods and estimates are reflective of current market conditions.

Details of valuation techniques and significant unobservable inputs are set out in the table below.

| Type   | Valuation method             | Key unobservable inputs  | Inter-relationship between key unobservable inputs and fair value measurement  |
|--|------------------------------|--|--|
| Serviced residence properties located in Europe and Hong Kong. | Discounted cashflow approach | <ul style="list-style-type: none"> <li>- Discount rate:<br/>2015: 7.5%<br/>(2014: 7.0% to 7.8%)</li> <li>- Terminal yield rate:<br/>2015: 4.5%<br/>(2014: 3.5% to 5.8%)</li> <li>- RevPau:<br/>2015: \$377<br/>(2014: \$274 to \$519)</li> <li>- Occupancy Rate:<br/>2015: 84.0%<br/>(2014: 74.0% to 85.0%)</li> </ul> | The estimated fair value varies inversely against the discount rate and terminal yield rate and increases with higher RevPau and higher occupancy rates. |



**Notes to the Financial Statements****3 Property, Plant and Equipment** (continued)

|   | <b>Renovations<br/>and<br/>improvements<br/>\$'000</b> | <b>Furniture,<br/>fittings<br/>and<br/>equipment<br/>\$'000</b> | <b>Motor<br/>vehicles<br/>\$'000</b> | <b>Total<br/>\$'000</b> |
|---|--|---|--------------------------------------|-------------------------|
| <b>The Company</b>                                  |  |   |                                      |                         |
| <b>Cost</b>   |  |   |                                      |                         |
| At 1 January 2015                                   | 8,515  | 41,374  | 527                                  | 50,416                  |
| Additions   | 709  | 3,258   | –                                    | 3,967                   |
| Disposals/Written off                               | (7,055)  | (1,366)   | (173)                                | (8,594)                 |
| At 31 December 2015                                 | 2,169  | 43,266  | 354                                  | 45,789                  |
| <b>Accumulated depreciation and impairment loss</b> |  |   |                                      |                         |
| At 1 January 2015                                   | 7,338  | 25,069  | 363                                  | 32,770                  |
| Depreciation for the year                           | 674  | 6,415   | 71                                   | 7,160                   |
| Disposals/Written off                               | (7,055)  | (1,304)   | (173)                                | (8,532)                 |
| At 31 December 2015                                 | 957  | 30,180  | 261                                  | 31,398                  |
| <b>Carrying amounts</b>                             |  |   |                                      |                         |
| At 1 January 2015                                   | 1,177  | 16,305  | 164                                  | 17,646                  |
| At 31 December 2015                                 | 1,212  | 13,086  | 93                                   | 14,391                  |
| <b>Cost</b>   |  |   |                                      |                         |
| At 1 January 2014                                   | 12,068   | 32,760  | 527                                  | 45,355                  |
| Additions   | 1,229  | 11,094  | –                                    | 12,323                  |
| Disposals/Written off                               | (4,782)  | (2,480)   | –                                    | (7,262)                 |
| At 31 December 2014                                 | 8,515  | 41,374  | 527                                  | 50,416                  |
| <b>Accumulated depreciation and impairment loss</b> |  |   |                                      |                         |
| At 1 January 2014                                   | 11,751   | 20,998  | 290                                  | 33,039                  |
| Depreciation for the year                           | 326  | 6,497   | 73                                   | 6,896                   |
| Disposals/Written off                               | (4,739)  | (2,426)   | –                                    | (7,165)                 |
| At 31 December 2014                                 | 7,338  | 25,069  | 363                                  | 32,770                  |
| <b>Carrying amounts</b>                             |  |   |                                      |                         |
| At 1 January 2014                                   | 317  | 11,762  | 237                                  | 12,316                  |
| At 31 December 2014                                 | 1,177  | 16,305  | 164                                  | 17,646                  |

## Notes to the Financial Statements

### 4 Intangible Assets

|   | Note       | Goodwill<br>\$'000 | Others <sup>^</sup><br>\$'000 | Total<br>\$'000 |
|---|------------|--------------------|-------------------------------|-----------------|
| <b>The Group</b>                                    |            |                    |                               |                 |
| <b>Cost</b>   |            |                    |                               |                 |
| At 1 January 2015                                   |            | 510,884            | 44,411                        | 555,295         |
| Additions   |            | –                  | 323                           | 323             |
| Disposals/Written off                               |            | –                  | (2,075)                       | (2,075)         |
| Translation differences                             |            | 2,329              | (436)                         | 1,893           |
| At 31 December 2015                                 |            | 513,213            | 42,223                        | 555,436         |
| <b>Accumulated amortisation and impairment loss</b> |            |                    |                               |                 |
| At 1 January 2015                                   |            | 63,074             | 29,251                        | 92,325          |
| Amortisation for the year                           | 27(c)(ii)  | –                  | 2,699                         | 2,699           |
| Disposals/Written off                               |            | –                  | (2,073)                       | (2,073)         |
| Translation differences                             |            | 1,639              | (212)                         | 1,427           |
| At 31 December 2015                                 |            | 64,713             | 29,665                        | 94,378          |
| <b>Carrying amounts</b>                             |            |                    |                               |                 |
| At 1 January 2015                                   |            | 447,810            | 15,160                        | 462,970         |
| At 31 December 2015                                 |            | 448,500            | 12,558                        | 461,058         |
| <b>Cost</b>   |            |                    |                               |                 |
| At 1 January 2014                                   |            | 512,063            | 44,290                        | 556,353         |
| Additions   |            | 501                | 343                           | 844             |
| Disposals/Written off                               |            | (977)              | (57)                          | (1,034)         |
| Translation differences                             |            | (703)              | (165)                         | (868)           |
| At 31 December 2014                                 |            | 510,884            | 44,411                        | 555,295         |
| <b>Accumulated amortisation and impairment loss</b> |            |                    |                               |                 |
| At 1 January 2014                                   |            | 64,688             | 24,616                        | 89,304          |
| Amortisation for the year                           | 27(c)(ii)  | –                  | 4,877                         | 4,877           |
| Impairment  | 27(c)(iii) | –                  | 24                            | 24              |
| Disposals/Written off                               |            | (977)              | (57)                          | (1,034)         |
| Translation differences                             |            | (637)              | (209)                         | (846)           |
| At 31 December 2014                                 |            | 63,074             | 29,251                        | 92,325          |
| <b>Carrying amounts</b>                             |            |                    |                               |                 |
| At 1 January 2014                                   |            | 447,375            | 19,674                        | 467,049         |
| At 31 December 2014                                 |            | 447,810            | 15,160                        | 462,970         |

<sup>^</sup> Others comprise trademarks, licences, club memberships and the unamortised yield stabilisation sum received in relation to an investment property.

## Notes to the Financial Statements

### 4 Intangible Assets (continued)

|  | <b>Goodwill<br/>\$'000</b> | <b>Others^<br/>\$'000</b> | <b>Total<br/>\$'000</b> |
|--|----------------------------|---------------------------|-------------------------|
| <b>The Company</b>                     |                            |                           |                         |
| <b>Cost and carrying amount</b>        |                            |                           |                         |
| At 1 January 2014 and 31 December 2014 | –                          | 147                       | 147                     |
| At 1 January 2015 and 31 December 2015 | –                          | 147                       | 147                     |

^ Others comprise club memberships.

### Impairment test for goodwill

The key assumptions used in the estimation of the recoverable amount are set below:

|                                       | Key assumptions      |            |                       |           |                |           | Carrying value |                |
|---------------------------------------|----------------------|------------|-----------------------|-----------|----------------|-----------|----------------|----------------|
|                                       | Capitalisation rates |            | Terminal growth rates |           | Discount rates |           |                |                |
|                                       | 2015<br>%            | 2014<br>%  | 2015<br>%             | 2014<br>% | 2015<br>%      | 2014<br>% | 2015<br>\$'000 | 2014<br>\$'000 |
| The Ascott Limited (Ascott)           | –                    | –          | 0.9                   | 2.1       | 6.1            | 7.0       | 416,706        | 416,706        |
| A serviced residence<br>in London     | –                    | –          | 3.0                   | 2.5       | 7.5            | 7.8       | 18,079         | 17,389         |
| Self-storage business<br>in Singapore | 7.3 to 7.6           | 7.3 to 8.1 | –                     | –         | –              | –         | 13,715         | 13,715         |
| At 31 December                        |                      |            |                       |           |                |           | 448,500        | 447,810        |

### Ascott and a serviced residence in London

The recoverable amounts of the CGUs are determined based on value in use calculations. The value in use calculation is a discounted cash flow model using cash flow projections based on the most recent forecasts approved by management covering three to five years. Cash flows beyond these periods are extrapolated using the estimated terminal growth rates stated in the table above. The discount rates applied are the weighted average cost of capital from the relevant business segments. The key assumptions are those relating to expected changes in average rental rates and occupancy and direct costs. The terminal growth rates used for each CGU are within management's expectation of the long term average growth rates of the respective industry and countries in which the CGUs operate.

### Self-storage business in Singapore

The recoverable amount of the CGU is based on fair value less costs of disposal, estimated using the capitalisation approach. The fair value measurement was categorised as Level 3 on the fair value hierarchy. The capitalisation approach capitalises the income stream into a present value using a single-year capitalisation rate. The capitalisation rate was based on the nature, location, tenure, tenancy profile of the property together with the prevailing property market conditions. References were made to yields derived from industrial property transactions and capitalisation rates adopted by industrial real estate investment trusts in their recent portfolio valuation.

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.

## Notes to the Financial Statements

### 5 Investment Properties

|  | Note  | The Group      |                |
|--|-------|----------------|----------------|
|  |       | 2015<br>\$'000 | 2014<br>\$'000 |
| At 1 January   |       | 17,149,198     | 15,495,934     |
| Acquisition of subsidiaries                              | 31(b) | 157,015        | 363,514        |
| Disposal of a subsidiary                                 | 31(d) | (778,822)      | –              |
| Additions  |       | 1,524,647      | 1,061,907      |
| Disposals  |       | (48,175)       | (89,175)       |
| Reclassification from development properties for sale    | (d)   | 781,544        | 232,070        |
| Reclassification from/(to) property, plant and equipment |       | 229,306        | (232,475)      |
| Changes in fair value                                    |       | 403,802        | 451,095        |
| Translation differences                                  |       | 9,017          | (133,672)      |
| At 31 December   |       | 19,427,532     | 17,149,198     |

- (a) Refer to note 34(c) for portfolio analysis of the Group's investment properties.
- (b) Investment properties, which include those in the course of development are stated at fair value based on independent professional valuations or internal valuations. The fair values are based on open market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction wherein the parties had each acted knowledgeably and without compulsion. In determining the fair value, the valuers have used valuation techniques which involve certain estimates. The key assumptions used to determine the fair value of investment properties include market-corroborated capitalisation rate, terminal yield rate and discount rate. In relying on the valuation reports, management has exercised its judgement and is satisfied that the valuation methods and estimates are reflective of current market conditions.
- The valuers have considered valuation techniques including the direct comparison method, capitalisation approach, discounted cash flows and residual method in arriving at the open market value as at the balance sheet date. The direct comparison method involves the analysis of comparable sales of similar properties and adjusting the sale prices to that reflective of the investment properties. The capitalisation approach capitalises an income stream into a present value using revenue multipliers or single-year capitalisation rates. The discounted cash flow method involves the estimation and projection of an income stream over a period and discounting the income stream with an internal rate of return to arrive at the market value. In the residual method of valuation, the total gross development costs and developer's profit are deducted from the gross development value to arrive at the residual value of land. The gross development value is the estimated value of the property assuming satisfactory completion of the development as at the date of valuation. Details of valuation methods and key assumptions used to estimate the fair values of investment properties are set out in note 34.
- (c) As at 31 December 2015, investment properties valued at \$2,129.8 million (2014: \$1,761.8 million) were under development.
- (d) During the financial year, management has assessed and reclassified two development projects in China, namely, The Paragon Tower 5 and 6 as well as Ascott Heng Shan from development properties for sale to investment properties upon the commencement of leasing activities during the year. These properties are located at prime locations in Shanghai and the Group has changed its business plans to hold these projects for long term leasing as investment properties. Arising from the change in use of these properties, fair value gains of \$208.0 million were recognised in the profit or loss as deemed sale.
- (e) As at 31 December 2015, certain investment properties with carrying value of approximately \$10,704.7 million (2014: \$9,021.5 million) were mortgaged to banks to secure credit facilities (notes 19 and 20) and under finance lease arrangements for the Group.

**Notes to the Financial Statements****5 Investment Properties** (continued)

- (f) During the financial year ended 31 December 2015, interest capitalised as cost of investment properties amounted to approximately \$43.5 million (2014: \$39.7 million) (note 27(d)).
- (g) Investment properties of the Group are held mainly for use by tenants under operating leases. Minimum lease payments receivable under non-cancellable operating leases of investment properties and not recognised in the financial statements are as follows:

|                           | <b>The Group</b> |                  |
|---------------------------|------------------|------------------|
|                           | <b>2015</b>      | <b>2014</b>      |
|                           | <b>\$'000</b>    | <b>\$'000</b>    |
| Lease rentals receivable: |                  |                  |
| Not later than 1 year     | 623,039          | 589,242          |
| Between 1 and 5 years     | 1,197,262        | 1,294,963        |
| After 5 years             | 165,514          | 180,075          |
|                           | <b>1,985,815</b> | <b>2,064,280</b> |

- (h) Contingent rents, representing income based on sales turnover achieved by tenants, amounted to \$14.6 million for the year (2014: \$15.8 million).

**6 Subsidiaries**

|                                    | <b>The Company</b> |                   |
|------------------------------------|--------------------|-------------------|
|                                    | <b>2015</b>        | <b>2014</b>       |
|                                    | <b>\$'000</b>      | <b>\$'000</b>     |
| (a) Unquoted shares, at cost       | 6,911,619          | 6,957,295         |
| Less:                              |                    |                   |
| Allowance for impairment loss      | (179,118)          | (239,064)         |
|                                    | <b>6,732,501</b>   | <b>6,718,231</b>  |
| Add:                               |                    |                   |
| Amounts due from subsidiaries:     |                    |                   |
| Loan accounts                      |                    |                   |
| - interest bearing                 | 2,786,250          | 3,101,250         |
| - interest free                    | 3,684,980          | 3,245,518         |
| Less:                              |                    |                   |
| Allowance for doubtful receivables | (258,831)          | (258,698)         |
|                                    | <b>6,212,399</b>   | <b>6,088,070</b>  |
|                                    | <b>12,944,900</b>  | <b>12,806,301</b> |

- (i) The loans to subsidiaries form part of the Company's net investment in the subsidiaries. These loans are unsecured and settlement is neither planned nor likely to occur in the foreseeable future.
- (ii) As at 31 December 2015, the effective interest rates for amounts due from subsidiaries ranged from 1.85% to 2.95% (2014: 1.85% to 2.95%) per annum.

## Notes to the Financial Statements

### 6 Subsidiaries (continued)

- (iii) Movements in allowance for impairment loss were as follows:

|   | Note       | The Company    |                |
|---|------------|----------------|----------------|
|   |            | 2015<br>\$'000 | 2014<br>\$'000 |
| At 1 January  |            | (239,064)      | (278,992)      |
| Allowance during the year                           | 27(c)(iii) | –              | (9,832)        |
| Reversal of allowance during the year               | 27(a)      | 7,382          | 49,760         |
| Allowance utilised upon liquidation of a subsidiary |            | 52,564         | –              |
| At 31 December                                      |            | (179,118)      | (239,064)      |

In 2014, impairment loss of \$9.8 million was recognised in respect of the Company's investment in a subsidiary as a result of losses incurred by the subsidiary in the underlying investment. The investment is mainly in the non-core market and the Group has taken impairment on the value of the investment in view of the deteriorating economic condition of the market. The recoverable amount for the relevant subsidiary was estimated based on the higher of the value in use calculation using cash flow projection or based on the fair value of the net assets as at balance sheet date. The fair value measurement was estimated using the net assets and categorised as Level 3 on the fair value hierarchy.

A reversal of impairment of \$7.4 million was recognised in 2015 (2014: \$49.8 million) in respect of a subsidiary as a result of an increase in the recoverable amount. The recoverable amount was determined based on fair value less costs of disposal. The fair value measurement was estimated using the net assets and categorised as Level 3 on the fair value hierarchy. The higher recoverable amount was due to better operating performance of the subsidiary as a result of the improved market conditions in the country where the subsidiary operates.

- (iv) The movements in allowances for doubtful receivables in respect of the amounts due from subsidiaries were as follows:

|   | Note  | The Company    |                |
|---|-------|----------------|----------------|
|   |       | 2015<br>\$'000 | 2014<br>\$'000 |
| At 1 January  |       | (258,698)      | (259,438)      |
| Allowance during the year                           |       | (8,429)        | (22,197)       |
| Reversal of allowance during the year               | 27(a) | 6,196          | 22,937         |
| Allowance utilised upon liquidation of a subsidiary |       | 2,100          | –              |
| At 31 December                                      |       | (258,831)      | (258,698)      |

The (allowance)/reversal of allowance for doubtful receivables was made based on estimated future cash flow recoveries.

## Notes to the Financial Statements

### 6 Subsidiaries (continued)

- (b) The significant subsidiaries directly and indirectly held by the Company, which are incorporated and conducting business in the Republic of Singapore, are as set out below:

| Name of Company  | Effective interest |                  |
|--|--------------------|------------------|
|  | 2015<br>%          | 2014<br>%        |
| CapitaLand China Holdings Pte Ltd <sup>1</sup>   | 100                | 100              |
| CapitaLand Regional Investments Limited  | 100                | 100              |
| CapitaLand China Investments Limited<br>(formerly known as <i>CapitaLand Residential Limited</i> ) | 100                | 100              |
| CapitaLand Singapore Limited   | 100                | 100              |
| CapitaLand Treasury Limited  | 100                | 100              |
| CapitaLand Mall Asia Limited<br>(formerly known as <i>CapitaMalls Asia Limited</i> )               | 100 <sup>2</sup>   | 100 <sup>2</sup> |
| Sound Investment Holdings Pte Ltd  | 100                | 100              |
| The Ascott Limited   | 100                | 100              |
| CapitaLand Financial Limited   | 100                | 100              |

All the above subsidiaries are audited by KPMG LLP Singapore.

<sup>1</sup> Indirectly held through CapitaLand China Investments Limited.

<sup>2</sup> Includes 34.7% interest indirectly held through Sound Investment Holdings Pte Ltd.

- (c) The Group assessed that it controls CapitaLand Commercial Trust (CCT), CapitaLand Mall Malaysia Trust (CMMT) and Ascott Residence Trust (ART), although the Group owns less than half of the ownership interest and voting power of CCT, CMMT and ART. The activities of CCT, CMMT and ART are managed by the Group's wholly-owned subsidiaries, namely, CapitaCommercial Trust Management Limited, CapitaMalls Malaysia REIT Management Sdn Bhd and Ascott Residence Trust Management Limited respectively (REIT Managers). REIT Managers have decision-making authority over CCT, CMMT and ART, subject to oversight by the trustee of the respective REITs. The Group's overall exposure to variable returns, both from the REIT Managers' remuneration and their interests in the REITs, is significant and any decisions made by the REIT Managers affect the Group's overall exposure.

- (d) The following subsidiaries of the Group have material NCI:

| Name of Company  | Principal place of business                       | Effective interest held by NCI |           |
|--|---|--------------------------------|-----------|
|  |   | 2015<br>%                      | 2014<br>% |
| CapitaLand Commercial Trust <sup>1</sup><br>(formerly known as <i>CapitaCommercial Trust</i> ) | Singapore   | 68.1                           | 68.3      |
| Ascott Residence Trust <sup>2</sup>  | Asia Pacific, Europe and United States of America | 53.8                           | 54.2      |

All the above subsidiaries are audited by KPMG LLP Singapore.

<sup>1</sup> Indirectly held through CapitaLand Singapore Limited.

<sup>2</sup> Indirectly held through The Ascott Limited.



## Notes to the Financial Statements

### 6 Subsidiaries (continued)

The following table summarises the financial information of each of the Group's subsidiaries with material non-controlling interests (NCI), based on their respective consolidated financial statements prepared in accordance with FRS, modified for fair value adjustments on acquisition and differences in the Group's accounting policies. The information is before inter-company eliminations with other companies in the Group.

|   | <b>CCT<br/>Group<br/>\$'000</b> | <b>ART<br/>Group<br/>\$'000</b> | <b>Other<br/>subsidiaries<br/>with<br/>individually<br/>immaterial<br/>NCI<br/>\$'000</b> | <b>Total<br/>\$'000</b> |
|---|---------------------------------|---------------------------------|---|-------------------------|
| <b>2015</b>   |                                 |                                 |   |                         |
| Revenue   | 273,219                         | 421,114                         |   |                         |
| Profit after tax  | 307,280                         | 178,990                         |   |                         |
| Other comprehensive income  | 12,665                          | 44,282                          |   |                         |
| Total comprehensive income  | 319,945                         | 223,272                         |   |                         |
| Attributable to NCI:  |                                 |                                 |   |                         |
| - Profit  | 209,319                         | 102,610                         | 117,677   | 429,606                 |
| - Total comprehensive income  | 217,946                         | 128,203                         | 83,612  | 429,761                 |
| Current assets  | 126,478                         | 354,677                         |   |                         |
| Non-current assets  | 6,466,067                       | 4,369,929                       |   |                         |
| Current liabilities   | (45,938)                        | (400,093)                       |   |                         |
| Non-current liabilities   | (1,312,471)                     | (1,655,937)                     |   |                         |
| Net assets  | 5,234,136                       | 2,668,576                       |   |                         |
| Net assets attributable to NCI  | 3,565,493                       | 1,656,052                       | 1,810,811   | 7,032,356               |
| Cash flows from:  |                                 |                                 |   |                         |
| - Operating activities  | 196,819                         | 177,493                         |   |                         |
| - Investing activities  | 63,669                          | (396,668)                       |   |                         |
| - Financing activities <sup>1</sup>   | (280,361)                       | 243,427                         |   |                         |
| Net (decrease)/increase in cash<br>and cash equivalents                         | (19,873)                        | 24,252                          |   |                         |
| <sup>1</sup> Includes dividends paid to NCI<br>and perpetual securities holders | (171,623)                       | (84,275)                        |   |                         |

**Notes to the Financial Statements****6 Subsidiaries (continued)**

|   | <b>CCT<br/>Group<br/>\$'000</b> | <b>ART<br/>Group<br/>\$'000</b> | <b>Other<br/>subsidiaries<br/>with<br/>individually<br/>immaterial<br/>NCI<br/>\$'000</b> | <b>Total<br/>\$'000</b> |
|---|---------------------------------|---------------------------------|---|-------------------------|
| <b>2014</b>   |                                 |                                 |   |                         |
| Revenue   | 262,608                         | 357,205                         |   |                         |
| Profit after tax  | 448,882                         | 130,372                         |   |                         |
| Other comprehensive income                              | 3,023                           | (7,710)                         |   |                         |
| Total comprehensive income                              | 451,905                         | 122,662                         |   |                         |
| Attributable to NCI:                                    |                                 |                                 |   |                         |
| - Profit  | 305,157                         | 74,331                          | 219,357   | 598,845                 |
| - Total comprehensive income                            | 306,412                         | 69,729                          | 238,795   | 614,936                 |
| Current assets  | 139,430                         | 316,972                         |   |                         |
| Non-current assets                                      | 6,381,629                       | 3,804,920                       |   |                         |
| Current liabilities                                     | (328,795)                       | (375,728)                       |   |                         |
| Non-current liabilities                                 | (1,038,776)                     | (1,392,928)                     |   |                         |
| Net assets  | 5,153,488                       | 2,353,236                       |   |                         |
| Net assets attributable to NCI                          | 3,519,192                       | 1,389,495                       | 1,541,842   | 6,450,529               |
| Cash flows from:  |                                 |                                 |   |                         |
| - Operating activities                                  | 188,505                         | 152,551                         |   |                         |
| - Investing activities                                  | 51,702                          | (460,624)                       |   |                         |
| - Financing activities <sup>1</sup>                     | (223,186)                       | 298,077                         |   |                         |
| Net increase/(decrease) in cash<br>and cash equivalents | 17,021                          | (9,996)                         |   |                         |
| <sup>1</sup> Includes dividends paid to NCI             | (165,316)                       | (66,513)                        |   |                         |

CCT and ART are regulated by the Monetary Authority of Singapore and are supervised by the Singapore Exchange Securities Trading Limited for compliance with the Singapore Listing Rules. Under the regulatory framework, transactions with the REITs are either subject to review by the REITs' trustees or significant transaction must be approved by a majority of votes by the remaining holders of units in the REITs at a meeting of unitholders.

- (e) Refer to note 31 on acquisition and disposal of subsidiaries.

## Notes to the Financial Statements

### 7 Associates

|     |                               | The Group      |                |
|-----|-------------------------------|----------------|----------------|
|     |                               | 2015<br>\$'000 | 2014<br>\$'000 |
| (a) | Investment in associates      | 7,855,702      | 8,059,963      |
|     | Less:                         |                |                |
|     | Allowance for impairment loss | –              | (50,514)       |
|     |                               | 7,855,702      | 8,009,449      |
|     | Add:                          |                |                |
|     | Amounts due from associates:  |                |                |
|     | Loan accounts                 |                |                |
|     | - interest free               | 240,904        | 240,530        |
|     | - interest bearing            | 78,337         | 539,720        |
|     |                               | 319,241        | 780,250        |
|     |                               | 8,174,943      | 8,789,699      |

- (i) Movements in allowance for impairment loss were as follows:

|                                       |            | The Group      |                |
|---------------------------------------|------------|----------------|----------------|
|                                       |            | 2015<br>\$'000 | 2014<br>\$'000 |
|                                       | Note       |                |                |
| At 1 January                          |            | (50,514)       | (58,563)       |
| Allowance made during the year        | 27(c)(iii) | –              | (60,103)       |
| Reversal of allowance during the year | 27(a)      | 8,223          | –              |
| Allowance utilised during the year    |            | 42,291         | 68,152         |
| At 31 December                        |            | –              | (50,514)       |

- (ii) The loans to associates form 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.
- (iii) As at 31 December 2015, the effective interest rate for the interest-bearing loan to an associate is 1.50% (2014: 1.47% to 1.50%) per annum.
- (iv) Loan accounts include an amount of approximately \$225.3 million (2014: \$331.3 million), the repayment of which is subordinated to that of the external borrowings of certain associates.

**Notes to the Financial Statements****7 Associates** (continued)

|   |             | <b>The Group</b> |               |
|---|-------------|------------------|---------------|
|   |             | <b>2015</b>      | <b>2014</b>   |
|   |             | <b>\$'000</b>    | <b>\$'000</b> |
|   | <b>Note</b> |                  |               |
| (b) Amounts due from associates:  |             |                  |               |
| Current accounts (unsecured)  |             |                  |               |
| - interest free (trade)   |             | 26,334           | 31,086        |
| - interest free (non-trade)   |             | 20,583           | 34,479        |
| - interest bearing (non-trade)  |             | 384,199          | 276,715       |
|   |             | 431,116          | 342,280       |
| Less:   |             |                  |               |
| Allowance for doubtful receivables  |             | (117)            | –             |
|   | 12          | 430,999          | 342,280       |
| (c) Amounts due to associates:  |             |                  |               |
| Current accounts (mainly non-trade and unsecured)                               |             |                  |               |
| - interest free   |             | (5,718)          | (214,004)     |
| - interest bearing  |             | (7,018)          | (132,523)     |
|   | 17          | (12,736)         | (346,527)     |
| Non-current loans (unsecured)   |             |                  |               |
| - interest bearing  | 21          | (153,976)        | (136,385)     |
| (d) The ageing of trade balances due from associates at the reporting date was: |             |                  |               |
|   |             | <b>The Group</b> |               |
|   |             | <b>2015</b>      | <b>2014</b>   |
|   |             | <b>\$'000</b>    | <b>\$'000</b> |
| Not past due  |             | 4,594            | 11,811        |
| Past due 1 – 30 days  |             | 10,776           | 2,209         |
| Past due 31 – 90 days   |             | 6,131            | 9,323         |
| More than 90 days   |             | 4,833            | 7,743         |
|   |             | 26,334           | 31,086        |

## Notes to the Financial Statements

### 7 Associates (continued)

- (e) The Group has three (2014: three) associates that are material and a number of associates that are individually immaterial to the Group. All are equity-accounted. The following are the material associates:

| Name of Company   | Nature of relationship with the Group   | Principal place of business | Effective interest |        |
|---|---|-----------------------------|--------------------|--------|
|   |   |                             | 2015 %             | 2014 % |
| CapitaLand Mall Trust <sup>1</sup> (CMT)<br>(formerly known as <i>CapitaMall Trust</i> )                  | Singapore-based REIT which invests in shopping malls in Singapore                       | Singapore                   | 29.3               | 27.7   |
| CapitaLand Retail China Trust <sup>1</sup> (CRCT)<br>(formerly known as <i>CapitaRetail China Trust</i> ) | Singapore-based REIT which invests in shopping malls in China                           | China                       | 27.7               | 26.9   |
| Raffles City China Fund Ltd <sup>2,3</sup> (RCCF)   | Private equity fund which invests in five Raffles City integrated developments in China | China                       | 55.0               | 55.0   |

All the above associates are audited by KPMG LLP Singapore.

<sup>1</sup> Indirectly held through CapitaLand Mall Asia Limited.

<sup>2</sup> Indirectly held through CapitaLand Mall Asia Limited and CapitaLand China Holdings Pte Ltd.

<sup>3</sup> Considered to be an associate as key decisions are made by an independent board which the Group does not have majority control.

In determining whether the Group has control over the REITs it manages requires management judgement. In exercising its judgement, management considers the proportion of its ownership interest and voting rights, the REIT managers' decision making authority over the REITs as well as the Group's overall exposure to variable returns, both from the REIT managers' remuneration and their interests in the REITs. Management concluded that the Group does not have sufficient interest to exert control over CMT and CRCT and the Group only has significant influence over CMT and CRCT.

The following summarises the financial information of each of the Group's material associates based on their respective consolidated financial statements prepared in accordance with FRS, modified for fair value adjustments on acquisition and differences in the Group's accounting policies. The table also includes summarised financial information for the Group's interest in immaterial associates, based on the amounts reported in the Group's consolidated financial statements.

**Notes to the Financial Statements****7 Associates** (continued)

|  | <b>CMT<br/>Group<br/>\$'000</b> | <b>CRCT<br/>Group<br/>\$'000</b> | <b>RCCF<br/>Group<br/>\$'000</b> | <b>Other<br/>individually<br/>immaterial<br/>associates<br/>\$'000</b> | <b>Total<br/>\$'000</b> |
|--|---------------------------------|----------------------------------|----------------------------------|--|-------------------------|
| <b>2015</b>  |                                 |                                  |                                  |  |                         |
| Revenue  | 669,002                         | 220,334                          | 338,043                          |  |                         |
| Profit after tax   | 579,805                         | 109,298                          | 176,644                          |  |                         |
| Other comprehensive income   | 68,482                          | 87,970                           | (160,711)                        |  |                         |
| Total comprehensive income   | 648,287                         | 197,268                          | 15,933                           |  |                         |
| Attributable to:   |                                 |                                  |                                  |  |                         |
| - NCI  | –                               | (4,235)                          | 28,358                           |  |                         |
| - Associate's shareholders   | 648,287                         | 201,503                          | (12,425)                         |  |                         |
| Current assets   | 633,102                         | 151,765                          | 834,533                          |  |                         |
| Non-current assets   | 9,722,643                       | 2,418,539                        | 5,008,436                        |  |                         |
| Current liabilities  | (203,294)                       | (260,229)                        | (608,811)                        |  |                         |
| Non-current liabilities  | (3,459,288)                     | (795,009)                        | (1,966,111)                      |  |                         |
| Net assets   | 6,693,163                       | 1,515,066                        | 3,268,047                        |  |                         |
| Attributable to:   |                                 |                                  |                                  |  |                         |
| - NCI  | –                               | 24,246                           | 475,976                          |  |                         |
| - Associate's shareholders   | 6,693,163                       | 1,490,820                        | 2,792,071                        |  |                         |
| Carrying amount of interest in<br>associate at beginning of the year | 1,716,814                       | 363,216                          | 1,415,932                        |  |                         |
| Additions during the year  | 148,952                         | 14,658                           | –                                |  |                         |
| Group's share of:  |                                 |                                  |                                  |  |                         |
| - Profit   | 159,352                         | 31,227                           | 67,800                           | 203,897  | 462,276                 |
| - Other comprehensive income   | 14,482                          | 24,043                           | (74,634)                         | (52,213)   | (88,322)                |
| - Total comprehensive income   | 173,834                         | 55,270                           | (6,834)                          | 151,684  | 373,954                 |
| Dividends received during the year                                   | (107,760)                       | (19,651)                         | –                                |  |                         |
| Translation and other adjustments                                    | –                               | –                                | 126,541                          |  |                         |
| Carrying amount of interest in<br>associate at end of the year       | 1,931,840                       | 413,493                          | 1,535,639                        | 3,974,730  | 7,855,702               |
| Fair value of effective ownership<br>interest (if listed)^           | 2,002,304                       | 348,484                          | N/A                              |  |                         |

^ Based on the quoted market price at 31 December 2015 (Level 1 in the fair value hierarchy).

## Notes to the Financial Statements

### 7 Associates (continued)

|  | <b>CMT<br/>Group<br/>\$'000</b> | <b>CRCT<br/>Group<br/>\$'000</b> | <b>RCCF<br/>Group<br/>\$'000</b> | <b>Other<br/>individually<br/>immaterial<br/>associates<br/>\$'000</b> | <b>Total<br/>\$'000</b> |
|--|---------------------------------|----------------------------------|----------------------------------|--|-------------------------|
| <b>2014</b>  |                                 |                                  |                                  |  |                         |
| Revenue  | 658,851                         | 203,262                          | 298,878                          |  |                         |
| Profit after tax   | 618,875                         | 146,355                          | 124,131                          |  |                         |
| Other comprehensive income   | 18,695                          | 58,313                           | (5,891)                          |  |                         |
| Total comprehensive income   | 637,570                         | 204,668                          | 118,240                          |  |                         |
| Attributable to:   |                                 |                                  |                                  |  |                         |
| - NCI  | –                               | 2,457                            | 38,452                           |  |                         |
| - Associate's shareholders   | 637,570                         | 202,211                          | 79,788                           |  |                         |
| Current assets   | 1,154,650                       | 99,520                           | 678,498                          |  |                         |
| Non-current assets   | 8,703,657                       | 2,258,542                        | 4,575,355                        |  |                         |
| Current liabilities  | (1,015,527)                     | (396,439)                        | (269,212)                        |  |                         |
| Non-current liabilities  | (2,560,341)                     | (583,807)                        | (1,973,541)                      |  |                         |
| Net assets   | 6,282,439                       | 1,377,816                        | 3,011,100                        |  |                         |
| Attributable to:   |                                 |                                  |                                  |  |                         |
| - NCI  | –                               | 28,078                           | 436,678                          |  |                         |
| - Associate's shareholders   | 6,282,439                       | 1,349,738                        | 2,574,422                        |  |                         |
| Carrying amount of interest in<br>associate at beginning of the year | 1,638,539                       | 303,278                          | 1,313,734                        |  |                         |
| Additions during the year  | 8,225                           | 21,337                           | 11,200                           |  |                         |
| Group's share of:  |                                 |                                  |                                  |  |                         |
| - Profit   | 165,776                         | 39,384                           | 46,681                           | 374,987  | 626,828                 |
| - Other comprehensive income   | 6,637                           | 15,692                           | (2,798)                          | 35,503   | 55,034                  |
| - Total comprehensive income   | 172,413                         | 55,076                           | 43,883                           | 410,490  | 681,862                 |
| Dividends received during the year                                   | (102,363)                       | (16,475)                         | –                                |  |                         |
| Translation and other adjustments                                    | –                               | –                                | 47,115                           |  |                         |
| Carrying amount of interest in<br>associate at end of the year       | 1,716,814                       | 363,216                          | 1,415,932                        | 4,513,487  | 8,009,449               |
| Fair value of effective ownership<br>interest (if listed)^           | 1,955,385                       | 359,900                          | N/A                              |  |                         |

^ Based on the quoted market price at 31 December 2014 (Level 1 in the fair value hierarchy).

As at 31 December 2015 and 31 December 2014, the fair value of CRCT was below the carrying amount of the Group's effective ownership interest. Management is of the view that no impairment is required as it is held for long term and its recoverable amount approximates the carrying amount.

(f) As at 31 December 2015, the Group's share of the contingent liabilities of the associates is \$898.5 million (2014: \$687.2 million).

(g) Refer to note 31 for reclassification of associates to subsidiaries on step up acquisitions.



**Notes to the Financial Statements****8 Joint Ventures**

|     |                                    | <b>The Group</b> |               |
|-----|------------------------------------|------------------|---------------|
|     |                                    | <b>2015</b>      | <b>2014</b>   |
|     |                                    | <b>\$'000</b>    | <b>\$'000</b> |
| (a) | Investment in joint ventures       | 3,931,580        | 3,411,150     |
|     | Less:                              |                  |               |
|     | Allowance for impairment loss      | (12,433)         | (12,433)      |
|     |                                    | 3,919,147        | 3,398,717     |
|     | Add:                               |                  |               |
|     | Amounts due from joint ventures:   |                  |               |
|     | Loan accounts                      |                  |               |
|     | - interest free                    | 760,851          | 583,756       |
|     | - interest bearing                 | 16,085           | 21,692        |
|     |                                    | 776,936          | 605,448       |
|     |                                    | 4,696,083        | 4,004,165     |
|     | Less:                              |                  |               |
|     | Allowance for doubtful receivables | (12,898)         | (13,004)      |
|     |                                    | 4,683,185        | 3,991,161     |

- (i) Movements in allowance for impairment loss were as follows:

|                           |             | <b>The Group</b> |               |
|---------------------------|-------------|------------------|---------------|
|                           |             | <b>2015</b>      | <b>2014</b>   |
|                           |             | <b>\$'000</b>    | <b>\$'000</b> |
|                           | <b>Note</b> |                  |               |
| At 1 January              |             | (12,433)         | (10,633)      |
| Allowance during the year | 27(c)(iii)  | –                | (1,800)       |
| At 31 December            |             | (12,433)         | (12,433)      |

- (ii) The loans to joint ventures form part of the Group's net investment in joint ventures. These loans are unsecured and settlement is neither planned nor likely to occur in the foreseeable future.
- (iii) As at 31 December 2015, the effective interest rates for the interest-bearing loans to joint ventures ranged from 5.53% to 6.50% (2014: 5.00% to 7.00%) per annum.
- (iv) Loan accounts include an amount of approximately \$480.6 million (2014: \$438.6 million), the repayment of which is subordinated to that of the external borrowings of certain joint ventures.

## Notes to the Financial Statements

### 8 Joint Ventures (continued)

|   | Note | The Group      |                |
|---|------|----------------|----------------|
|   |      | 2015<br>\$'000 | 2014<br>\$'000 |
| (b) Amounts due from joint ventures:  |      |                |                |
| Current accounts (unsecured)  |      |                |                |
| - interest free (trade)   |      | 35,859         | 41,273         |
| - interest free (non-trade)   |      | 35,380         | 2,502          |
| - interest bearing (non-trade)  |      | 75,775         | 9,450          |
|   |      | 147,014        | 53,225         |
| Less:   |      |                |                |
| Allowance for doubtful receivables  |      | (12,010)       | (11,160)       |
|   | 12   | 135,004        | 42,065         |
| Non-current loans (unsecured, interest free)  | 10   | –              | 365            |
| (c) Movements in allowance for doubtful receivables in respect of the above loans and current accounts were as follows: |      |                |                |
|   |      | The Group      |                |
|   |      | 2015<br>\$'000 | 2014<br>\$'000 |
| At 1 January  |      | (24,164)       | (22,870)       |
| Allowance during the year   |      | (923)          | (928)          |
| Translation differences   |      | 179            | (366)          |
| At 31 December  |      | (24,908)       | (24,164)       |
| (d) Amounts due to joint ventures:  |      |                |                |
| Current accounts (unsecured)  |      |                |                |
| - interest free (mainly non-trade)  |      | (6,679)        | (33,180)       |
| - interest bearing (non-trade)  |      | (208,976)      | (130,107)      |
|   | 17   | (215,655)      | (163,287)      |

**Notes to the Financial Statements****8 Joint Ventures** (continued)

(e) The ageing of trade balances due from joint ventures at the reporting date was:

|                       | <b>Gross<br/>amount<br/>2015<br/>\$'000</b> | <b>Allowance<br/>for doubtful<br/>receivables<br/>2015<br/>\$'000</b> | <b>Gross<br/>amount<br/>2014<br/>\$'000</b> | <b>Allowance<br/>for doubtful<br/>receivables<br/>2014<br/>\$'000</b> |
|-----------------------|---|---|---|---|
| <b>The Group</b>      |   |   |   |   |
| Not past due          | 13,169                                      | (328)   | 26,072                                      | (322)   |
| Past due 1 – 30 days  | 3,180                                       | (76)  | 1,178                                       | (77)  |
| Past due 31 – 90 days | 3,099                                       | (155)   | 1,217                                       | (158)   |
| More than 90 days     | 16,411                                      | (10,692)  | 12,806                                      | (9,831)   |
|                       | 35,859                                      | (11,251)  | 41,273                                      | (10,388)  |

(f) The Group has three (2014: three) joint ventures that are material and a number of joint ventures that are individually immaterial to the Group. All are equity-accounted. The following are the material joint ventures:

| <b>Name of Company</b>                          | <b>Nature of relationship<br/>with the Group</b>  | <b>Principal place<br/>of business</b> | <b>Effective interest</b> |                   |
|---|---|--|---------------------------|-------------------|
|   |   |  | <b>2015<br/>%</b>         | <b>2014<br/>%</b> |
| RCS Trust <sup>1,4</sup>                        | Special purpose trust which invests in a Raffles City integrated development in Singapore | Singapore                              | 30.8                      | 30.1              |
| Orchard Turn Holding Pte Ltd <sup>2</sup> (OTH) | Owner of an integrated development in Singapore   | Singapore                              | 50.0                      | 50.0              |
| CTM Property Trust <sup>3,4</sup> (CTM)         | Special purpose trust which invests in a Raffles City integrated development in China     | China                                  | 62.5                      | 62.5              |

All the above joint ventures are audited by KPMG LLP Singapore.

<sup>1</sup> Indirectly held through CCT and CMT.

<sup>2</sup> Indirectly held through CapitaLand Mall Asia Limited.

<sup>3</sup> Indirectly held through CapitaLand Mall Asia Limited and CapitaLand China Holdings Pte Ltd.

<sup>4</sup> Considered to be a joint venture as the Group has joint control over the relevant activities of the trust with the joint venture partner.

## Notes to the Financial Statements

### 8 Joint Ventures (continued)

The following summarises the financial information of each of the Group's material joint ventures based on their respective consolidated financial statements prepared in accordance with FRS, modified for fair value adjustments on acquisition and differences in the Group's accounting policies. The table also includes summarised financial information for the Group's interest in immaterial joint ventures, based on the amounts reported in the Group's consolidated financial statements.

|   | <b>RCS<br/>Trust<br/>\$'000</b> | <b>OTH<br/>Group<br/>\$'000</b> | <b>CTM<br/>Group<br/>\$'000</b> | <b>Other<br/>individually<br/>immaterial<br/>joint<br/>ventures<br/>\$'000</b> | <b>Total<br/>\$'000</b> |
|---|---------------------------------|---------------------------------|---------------------------------|--|-------------------------|
| <b>2015</b>   |                                 |                                 |                                 |  |                         |
| Revenue   | 234,355                         | 248,334                         | –                               |  |                         |
| Profit/(Loss) <sup>1</sup> after tax  | 135,712                         | 212,373                         | (2,381)                         |  |                         |
| Other comprehensive income  | –                               | 1,853                           | 55,185                          |  |                         |
| Total comprehensive income  | 135,712                         | 214,226                         | 52,804                          |  |                         |
| <sup>1</sup> Includes:  |                                 |                                 |                                 |  |                         |
| - depreciation and amortisation   | (205)                           | (989)                           | (185)                           |  |                         |
| - interest income   | 14                              | 388                             | 2,014                           |  |                         |
| - interest expense  | (35,031)                        | (33,727)                        | –                               |  |                         |
| - tax expense   | –                               | (25,294)                        | (160)                           |  |                         |
| Current assets <sup>2</sup>   | 18,827                          | 118,243                         | 965,782                         |  |                         |
| Non-current assets  | 3,137,077                       | 3,231,283                       | 888,927                         |  |                         |
| Current liabilities <sup>3</sup>  | (1,130,184)                     | (1,675,719)                     | (369,720)                       |  |                         |
| Non-current liabilities <sup>4</sup>  | (15,340)                        | (53,492)                        | (278,073)                       |  |                         |
| Net assets  | 2,010,380                       | 1,620,315                       | 1,206,916                       |  |                         |
| <sup>2</sup> Includes cash and cash equivalents   | 13,252                          | 82,966                          | 39,041                          |  |                         |
| <sup>3</sup> Includes current financial liabilities (excluding trade and other payables and provisions)     | (1,042,763)                     | (1,163,749)                     | (221,080)                       |  |                         |
| <sup>4</sup> Includes non-current financial liabilities (excluding trade and other payables and provisions) | –                               | (36,025)                        | (277,912)                       |  |                         |
| Carrying amount of interest in joint venture at beginning of the year                                       | 1,200,790                       | 758,544                         | 721,321                         |  |                         |
| Additions during the year   | 8,847                           | –                               | –                               |  |                         |
| Group's share of:   |                                 |                                 |                                 |  |                         |
| - Profit/(Loss)   | 81,426                          | 106,186                         | (1,488)                         | 77,619   | 263,743                 |
| - Other comprehensive income  | –                               | 927                             | 34,490                          | (23,006)   | 12,411                  |
| - Total comprehensive income  | 81,426                          | 107,113                         | 33,002                          | 54,613   | 276,154                 |
| Dividends received during the year  | (84,835)                        | (55,500)                        | –                               |  |                         |
| Carrying amount of interest in joint venture at end of the year   | 1,206,228                       | 810,157                         | 754,323                         | 1,148,439  | 3,919,147               |

**Notes to the Financial Statements****8 Joint Ventures** (continued)

|   | <b>RCS<br/>Trust<br/>\$'000</b> | <b>OTH<br/>Group<br/>\$'000</b> | <b>CTM<br/>Group<br/>\$'000</b> | <b>Other<br/>individually<br/>immaterial<br/>joint<br/>ventures<br/>\$'000</b> | <b>Total<br/>\$'000</b> |
|---|---------------------------------|---------------------------------|---------------------------------|--|-------------------------|
| <b>2014</b>   |                                 |                                 |                                 |  |                         |
| Revenue   | 232,493                         | 256,138                         | –                               |  |                         |
| Profit/(Loss) <sup>1</sup> after tax  | 194,418                         | 257,181                         | (2,672)                         |  |                         |
| Other comprehensive income  | –                               | (149)                           | 38,769                          |  |                         |
| Total comprehensive income  | 194,418                         | 257,032                         | 36,097                          |  |                         |
| <sup>1</sup> Includes:  |                                 |                                 |                                 |  |                         |
| - depreciation and amortisation   | (114)                           | (1,539)                         | (190)                           |  |                         |
| - interest income   | 9                               | 189                             | 244                             |  |                         |
| - interest expense  | (34,474)                        | (25,173)                        | –                               |  |                         |
| - tax expense   | –                               | (28,172)                        | –                               |  |                         |
| Current assets <sup>2</sup>   | 16,590                          | 100,254                         | 637,239                         |  |                         |
| Non-current assets  | 3,110,389                       | 3,138,781                       | 546,161                         |  |                         |
| Current liabilities <sup>3</sup>  | (81,574)                        | (71,559)                        | (29,287)                        |  |                         |
| Non-current liabilities <sup>4</sup>  | (1,044,089)                     | (1,650,387)                     | –                               |  |                         |
| Net assets  | 2,001,316                       | 1,517,089                       | 1,154,113                       |  |                         |
| <sup>2</sup> Includes cash and cash equivalents   | 9,163                           | 60,757                          | 66,086                          |  |                         |
| <sup>3</sup> Includes current financial liabilities<br>(excluding trade and other<br>payables and provisions)     | –                               | (28,740)                        | –                               |  |                         |
| <sup>4</sup> Includes non-current financial liabilities<br>(excluding trade and other<br>payables and provisions) | (1,026,209)                     | (1,637,287)                     | –                               |  |                         |
| Carrying amount of interest in<br>joint venture at beginning<br>of the year                                       | 1,158,713                       | 705,029                         | 647,010                         |  |                         |
| Additions during the year   | 8,663                           | –                               | 51,750                          |  |                         |
| Group's share of:   |                                 |                                 |                                 |  |                         |
| - Profit/(Loss)   | 116,651                         | 128,590                         | (1,670)                         | 99,536   | 343,107                 |
| - Other comprehensive income  | –                               | (75)                            | 24,231                          | 12,735   | 36,891                  |
| - Total comprehensive income  | 116,651                         | 128,515                         | 22,561                          | 112,271  | 379,998                 |
| Dividends received during the year  | (83,237)                        | (75,000)                        | –                               |  |                         |
| Carrying amount of interest in<br>joint venture at end of the year  | 1,200,790                       | 758,544                         | 721,321                         | 718,062  | 3,398,717               |

(g) As at 31 December 2015, the Group's share of the capital commitments of the joint ventures is \$831.3 million (2014: \$578.8 million).

(h) As at 31 December 2015, the Group's share of the contingent liabilities of the joint ventures is \$36.1 million (2014: \$15.7 million).

## Notes to the Financial Statements

### 9 Deferred Tax

The movements in the deferred tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) were as follows:

|   | At<br>1/1/2015<br>\$'000 | Recognised<br>in profit<br>or loss<br>\$'000 | Recognised<br>in equity<br>\$'000 | Acquisition<br>of<br>subsidiaries<br>\$'000 | Translation<br>differences<br>\$'000 | At<br>31/12/2015<br>\$'000 |
|---|--------------------------|--|-----------------------------------|---|--------------------------------------|----------------------------|
| <b>The Group</b>  |                          |  |                                   |   |                                      |                            |
| <b>Deferred tax liabilities</b>   |                          |  |                                   |   |                                      |                            |
| Accelerated tax depreciation  | 39,512                   | (5,653)                                      | –                                 | 3   | 902                                  | 34,764                     |
| Discounts on compound<br>financial instruments  | 20,117                   | (8,907)                                      | 2,673                             | –   | –                                    | 13,883                     |
| Accrued income and<br>interest receivable   | 5,652                    | (208)  | –                                 | 104   | 50                                   | 5,598                      |
| Profits recognised on percentage<br>of completion and fair value<br>adjustments on initial<br>recognition of development<br>properties for sale | 336,389                  | (40,680)                                     | –                                 | 5,435                                       | 14,574                               | 315,718                    |
| Fair value adjustments arising<br>from a business combination   | 19,850                   | –  | –                                 | –   | 787                                  | 20,637                     |
| Fair value changes of<br>investment properties  | 258,520                  | 61,224                                       | –                                 | –   | 3,830                                | 323,574                    |
| Unremitted earnings   | 24,948                   | 1,637  | –                                 | 8,335                                       | –                                    | 34,920                     |
| Others  | 35,699                   | (3,434)                                      | –                                 | 3,275                                       | 145                                  | 35,685                     |
| <b>Total</b>  | <b>740,687</b>           | <b>3,979</b>                                 | <b>2,673</b>                      | <b>17,152</b>                               | <b>20,288</b>                        | <b>784,779</b>             |
| <b>Deferred tax assets</b>  |                          |  |                                   |   |                                      |                            |
| Unutilised tax losses   | (8,877)                  | 6,911  | –                                 | (3,025)                                     | 136                                  | (4,855)                    |
| Provisions and expenses   | (33,772)                 | (82,951)                                     | –                                 | (4,707)                                     | (1,486)                              | (122,916)                  |
| Fair value adjustments on initial<br>recognition of development<br>properties for sale  | (14,489)                 | –  | –                                 | –   | –                                    | (14,489)                   |
| Others  | (36,082)                 | 6,521  | –                                 | –   | (535)                                | (30,096)                   |
| <b>Total</b>  | <b>(93,220)</b>          | <b>(69,519)</b>                              | <b>–</b>                          | <b>(7,732)</b>                              | <b>(1,885)</b>                       | <b>(172,356)</b>           |

**Notes to the Financial Statements****9 Deferred Tax** (continued)

|  | At<br>1/1/2014<br>\$'000 | Recognised in<br>profit<br>or loss<br>\$'000 | Acquisition of<br>subsidiaries<br>\$'000 | Translation<br>differences<br>\$'000 | At<br>31/12/2014<br>\$'000 |
|--|--------------------------|--|--|--------------------------------------|----------------------------|
| <b>The Group</b>   |                          |  |  |                                      |                            |
| <b>Deferred tax liabilities</b>  |                          |  |  |                                      |                            |
| Accelerated tax depreciation   | 32,894                   | 6,440  | –  | 178                                  | 39,512                     |
| Discounts on compound<br>financial instruments   | 27,063                   | (6,946)                                      | –  | –                                    | 20,117                     |
| Accrued income and interest receivable   | 24,130                   | (18,456)                                     | 31                                       | (53)                                 | 5,652                      |
| Profits recognised on percentage of<br>completion and fair value adjustments<br>on initial recognition of development<br>properties for sale | 330,390                  | (5,636)                                      | –  | 11,635                               | 336,389                    |
| Fair value adjustments arising from<br>a business combination  | 19,925                   | –  | –  | (75)                                 | 19,850                     |
| Fair value changes of<br>investment properties   | 225,503                  | 32,704                                       | –  | 313                                  | 258,520                    |
| Unremitted earnings  | 15,961                   | 8,338  | 649                                      | –                                    | 24,948                     |
| Others   | 15,003                   | 20,444                                       | 133                                      | 119                                  | 35,699                     |
| <b>Total</b>   | <b>690,869</b>           | <b>36,888</b>                                | <b>813</b>                               | <b>12,117</b>                        | <b>740,687</b>             |
| <b>Deferred tax assets</b>   |                          |  |  |                                      |                            |
| Unutilised tax losses  | (11,028)                 | 2,032  | –  | 119                                  | (8,877)                    |
| Provisions and expenses  | (41,268)                 | 8,068  | –  | (572)                                | (33,772)                   |
| Fair value adjustments on<br>initial recognition of development<br>properties for sale   | (14,489)                 | –  | –  | –                                    | (14,489)                   |
| Others   | (22,244)                 | (13,264)                                     | –  | (574)                                | (36,082)                   |
| <b>Total</b>   | <b>(89,029)</b>          | <b>(3,164)</b>                               | <b>–</b>                                 | <b>(1,027)</b>                       | <b>(93,220)</b>            |

|  | At<br>1/1/2014<br>\$'000 | Recognised<br>in profit<br>or loss<br>\$'000 | At<br>31/12/2014<br>\$'000 | Recognised<br>in profit<br>or loss<br>\$'000 | Recognised<br>in equity<br>\$'000 | At<br>31/12/2015<br>\$'000 |
|--|--------------------------|--|----------------------------|--|-----------------------------------|----------------------------|
| <b>The Company</b>                             |                          |  |                            |  |                                   |                            |
| <b>Deferred tax liabilities</b>                |                          |  |                            |  |                                   |                            |
| Discounts on compound<br>financial instruments | 27,063                   | (6,946)                                      | 20,117                     | (8,907)                                      | 2,673                             | 13,883                     |
| <b>Deferred tax assets</b>                     |                          |  |                            |  |                                   |                            |
| Provisions                                     | (1,495)                  | 125  | (1,370)                    | 639  | –                                 | (731)                      |



## Notes to the Financial Statements

### 9 Deferred Tax (continued)

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 following amounts, determined after appropriate offsetting, are shown on the balance sheets:

|                          | <b>The Group</b>       |                        |
|--------------------------|------------------------|------------------------|
|                          | <b>2015<br/>\$'000</b> | <b>2014<br/>\$'000</b> |
| Deferred tax liabilities | 784,702                | 730,993                |
| Deferred tax assets      | (172,279)              | (83,526)               |
|                          | <b>612,423</b>         | <b>647,467</b>         |

As at 31 December 2015, deferred tax liabilities amounting to \$6.3 million (2014: \$9.7 million) had not been recognised for taxes that would be payable on the undistributed earnings of certain subsidiaries as these earnings would not be distributed in the foreseeable future.

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. The Group has not recognised deferred tax assets in respect of the following:

|                                  | <b>2015<br/>\$'000</b> | <b>2014<br/>\$'000</b> |
|----------------------------------|------------------------|------------------------|
| Deductible temporary differences | 395,824                | 194,069                |
| Tax losses                       | 556,615                | 522,165                |
| Unutilised capital allowances    | 2,538                  | 4,507                  |
|                                  | <b>954,977</b>         | <b>720,741</b>         |

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 deductible temporary differences do not expire under current tax legislation. Tax losses arising in certain foreign tax jurisdictions that would expire in the following period are listed below:

|                       | <b>2015<br/>\$'000</b> | <b>2014<br/>\$'000</b> |
|-----------------------|------------------------|------------------------|
| <b>Expiry period</b>  |                        |                        |
| No expiry             | 678,870                | 494,833                |
| Not later than 1 year | 11,856                 | 19,634                 |
| Between 1 and 5 years | 247,081                | 188,014                |
| After 5 years         | 17,170                 | 18,260                 |
|                       | <b>954,977</b>         | <b>720,741</b>         |

**Notes to the Financial Statements****10 Other Non-current/Current Assets**

## (a) Other non-current assets

|   | Note  | The Group      |                |
|---|-------|----------------|----------------|
|   |       | 2015<br>\$'000 | 2014<br>\$'000 |
| Available-for-sale equity securities                            |       |                |                |
| - at cost   |       | 6,320          | 13,931         |
| - at fair value   | (i)   | 248,214        | 193,606        |
| Financial asset designated at fair value through profit or loss |       | 73,228         | –              |
| Derivative assets   |       | 113,739        | 57,952         |
| Amounts due from:   |       |                |                |
| - joint ventures  | 8(b)  | –              | 365            |
| - non-controlling interests                                     |       | 1,414          | 16,556         |
| Interest receivables  | (ii)  | –              | 74,688         |
| Other receivables   | (iii) | 9,969          | 27,870         |
| Deposits  | (iv)  | 245,854        | 624,405        |
|   |       | 698,738        | 1,009,373      |

(i) During the year, the Group's interest in a listed associate was diluted and there was a loss of significant influence over the associate. As a result, the investment was reclassified from associate to available-for-sale equity securities. The carrying value of the available-for-sale equity securities as at 31 December 2015 was \$41.6 million (2014: Nil).

(ii) Interest receivables as at 31 December 2014 included (i) \$62.3 million in respect of a loan to an associate. The amount was reclassified to current receivable in 2015 in accordance with its maturity date (note 14); and (ii) \$12.4 million in respect of a loan to a joint venture which was received during the year.

(iii) Other receivables as at 31 December 2014 included non-current consideration receivable of \$21.2 million relating to the sale of a piece of land in Bahrain. In 2015, the consideration receivable was reclassified to current receivable in accordance with its maturity date (note 14).

(iv) The amount relates to deposits paid for land and development costs of new acquisitions.

## (b) Other current assets

|                   | The Group      |                |
|-------------------|----------------|----------------|
|                   | 2015<br>\$'000 | 2014<br>\$'000 |
| Derivative assets | 8,292          | 2,309          |

## Notes to the Financial Statements

### 11 Development Properties for Sale and Stocks

|     |  | The Group      |                |
|-----|--|----------------|----------------|
|     |  | 2015<br>\$'000 | 2014<br>\$'000 |
| (a) | Properties under development, units for which revenue is recognised using percentage of completion method: |                |                |
|     | Costs incurred and attributable profits  | 1,905,674      | 3,412,627      |
|     | Allowance for foreseeable losses   | (207,734)      | (109,190)      |
|     |  | 1,697,940      | 3,303,437      |
|     | Progress billings  | (382,547)      | (867,944)      |
|     |  | 1,315,393      | 2,435,493      |
|     | Properties under development, units for which revenue is recognised using completion of contract method:   |                |                |
|     | Costs incurred   | 3,653,556      | 3,896,048      |
|     | Allowance for foreseeable losses   | (34,649)       | (70,602)       |
|     |  | 3,618,907      | 3,825,446      |
|     | Properties under development   | 4,934,300      | 6,260,939      |
| (b) | Completed development properties, at cost  | 2,097,965      | 1,432,370      |
|     | Allowance for foreseeable losses   | (96,514)       | (20,303)       |
|     | Completed development properties   | 2,001,451      | 1,412,067      |
| (c) | Consumable stocks  | 558            | 645            |
|     | Total development properties for sale and stocks   | 6,936,309      | 7,673,651      |

- (d) The Group adopts the percentage of completion method of revenue recognition for residential projects under progressive payment scheme in Singapore. The stage of completion is measured in accordance with the accounting policy stated in note 2.15. Significant assumptions are required in determining the stage of completion and the total estimated development costs. In making the assumptions, the Group evaluates them by relying on past experience and the work of specialists.

The Group makes allowance for foreseeable losses taking into account the Group's recent experience in estimating net realisable values of completed units and properties under development by reference to comparable properties, timing of sale launches, location of property, expected net selling prices and development expenditure. Market conditions may, however, change which may affect the future selling prices on the remaining unsold units of the development properties and accordingly, the carrying value of development properties for sale may have to be written down in future periods.

- (e) As at 31 December 2015, development properties for sale amounting to approximately \$3,804.2 million (2014: \$5,207.1 million) were mortgaged to banks to secure credit facilities of the Group (note 19).

## Notes to the Financial Statements

### 11 Development Properties for Sale and Stocks (continued)

- (f) During the financial year, the following amounts were capitalised as cost of development properties for sale:

|   | Note  | The Group      |                |
|---|-------|----------------|----------------|
|   |       | 2015<br>\$'000 | 2014<br>\$'000 |
| Staff costs   | 27(b) | 29,682         | 21,288         |
| Interest costs paid/payable   | 27(d) | 48,931         | 44,510         |
| Less:   |       |                |                |
| Interest income received/receivable from project fixed deposit accounts | 27(a) | (1,201)        | (254)          |
|   |       | 77,412         | 65,544         |

- (g) Movements in allowance for foreseeable losses in respect of development properties for sale were as follows:

|                             | Note     | The Group      |                |
|-----------------------------|----------|----------------|----------------|
|                             |          | 2015<br>\$'000 | 2014<br>\$'000 |
| At 1 January                |          | (200,095)      | (383,701)      |
| Allowance during the year   | 27(c)(i) | (168,260)      | (82,811)       |
| Utilisation during the year |          | 33,022         | 268,180        |
| Translation differences     |          | (3,564)        | (1,763)        |
| At 31 December              |          | (338,897)      | (200,095)      |

### 12 Trade and Other Receivables

|  | Note | The Group      |                | The Company    |                |
|--|------|----------------|----------------|----------------|----------------|
|  |      | 2015<br>\$'000 | 2014<br>\$'000 | 2015<br>\$'000 | 2014<br>\$'000 |
| Accrued receivables  | (a)  | 195,662        | 60,777         | –              | –              |
| Trade receivables  | 13   | 178,570        | 118,232        | –              | 53             |
| Deposits and other receivables                               | 14   | 202,292        | 135,442        | 162            | 161            |
| Amounts due from:  |      |                |                |                |                |
| - subsidiaries   | 18   | –              | –              | 397,976        | 340,665        |
| - associates   | 7(b) | 430,999        | 342,280        | –              | –              |
| - joint ventures   | 8(b) | 135,004        | 42,065         | –              | –              |
| - non-controlling interests<br>(unsecured and interest free) |      | 95,032         | 59,014         | –              | –              |
| Loans and receivables  |      | 1,237,559      | 757,810        | 398,138        | 340,879        |
| Prepayments  |      | 186,879        | 205,635        | 351            | 548            |
|  |      | 1,424,438      | 963,445        | 398,489        | 341,427        |

- (a) Accrued receivables relate to the remaining sales consideration not yet billed on completed development properties for sale.
- (b) As at 31 December 2015, certain trade and other receivables amounting to approximately \$55.6 million (2014: \$24.2 million) were mortgaged to banks to secure credit facilities of the Group (note 19).

## Notes to the Financial Statements

### 13 Trade Receivables

|                                    | Note | The Group      |                | The Company    |                |
|------------------------------------|------|----------------|----------------|----------------|----------------|
|                                    |      | 2015<br>\$'000 | 2014<br>\$'000 | 2015<br>\$'000 | 2014<br>\$'000 |
| Trade receivables                  |      | 187,348        | 129,226        | –              | 53             |
| Less:                              |      |                |                |                |                |
| Allowance for doubtful receivables |      | (8,778)        | (10,994)       | –              | –              |
|                                    | 12   | 178,570        | 118,232        | –              | 53             |

- (a) The maximum exposure to credit risk for trade receivables at the reporting date (by strategic business units) was:

|                      | The Group      |                |
|----------------------|----------------|----------------|
|                      | 2015<br>\$'000 | 2014<br>\$'000 |
| CapitaLand Singapore | 63,782         | 20,932         |
| CapitaLand China     | 5,462          | 1,890          |
| CapitaLand Mall Asia | 51,225         | 40,582         |
| Ascott               | 52,811         | 47,890         |
| Others               | 5,290          | 6,938          |
|                      | 178,570        | 118,232        |

The credit quality of trade and other receivables is assessed based on credit policies established by the Risk Committee. The Group monitors customer credit risk by grouping trade and other receivables based on their characteristics. Trade and other receivables with high credit risk will be identified and monitored by the respective strategic business units.

- (b) The ageing of trade receivables at the reporting date was:

|                       | Gross<br>amount<br>2015<br>\$'000 | Allowance<br>for doubtful<br>receivables<br>2015<br>\$'000 | Gross<br>amount<br>2014<br>\$'000 | Allowance<br>for doubtful<br>receivables<br>2014<br>\$'000 |
|-----------------------|-----------------------------------|--|-----------------------------------|--|
|                       |                                   |  |                                   |  |
| <b>The Group</b>      |                                   |  |                                   |  |
| Not past due          | 138,852                           | –  | 92,404                            | –  |
| Past due 1 – 30 days  | 21,438                            | (31)   | 15,923                            | (54)   |
| Past due 31 – 90 days | 10,325                            | (88)   | 7,058                             | (2,827)  |
| More than 90 days     | 16,733                            | (8,659)  | 13,841                            | (8,113)  |
|                       | 187,348                           | (8,778)  | 129,226                           | (10,994)   |

## Notes to the Financial Statements

### 13 Trade Receivables (continued)

(c) The movements in allowance for doubtful receivables in respect of trade receivables were as follows:

|                                       | The Group      |                |
|---------------------------------------|----------------|----------------|
|                                       | 2015<br>\$'000 | 2014<br>\$'000 |
| At 1 January                          | (10,994)       | (19,073)       |
| Allowance utilised                    | 334            | 4,492          |
| Allowance during the year             | (233)          | (1,091)        |
| Reversal of allowance during the year | 1,529          | 4,871          |
| Translation differences               | 586            | (193)          |
| At 31 December                        | (8,778)        | (10,994)       |

Based on historical default rates, the Group believes that no allowance for doubtful receivables is necessary in respect of the trade receivables, except for those balances which were impaired.

### 14 Deposits and Other Receivables

| Note                               | The Group      |                | The Company    |                |
|------------------------------------|----------------|----------------|----------------|----------------|
|                                    | 2015<br>\$'000 | 2014<br>\$'000 | 2015<br>\$'000 | 2014<br>\$'000 |
| Deposits                           | 43,129         | 21,639         | 113            | 92             |
| Other receivables                  | 170,665        | 129,268        | 49             | 69             |
| Less:                              |                |                |                |                |
| Allowance for doubtful receivables | (18,197)       | (20,907)       | –              | –              |
|                                    | 152,468        | 108,361        | 49             | 69             |
| Tax recoverable                    | 6,695          | 5,442          | –              | –              |
| 12                                 | 202,292        | 135,442        | 162            | 161            |

Other receivables as at 31 December 2015 included interest receivable of \$62.3 million in respect of a loan to an associate and consideration receivable of \$21.2 million relating to the sale of a piece of land in Bahrain (note 10). In 2014, other receivables included consideration receivable of \$46.4 million relating to the sale of a joint venture which had been fully received in 2015 (note 10).

The movements in allowance for doubtful receivables in respect of other receivables were as follows:

|                           | The Group      |                |
|---------------------------|----------------|----------------|
|                           | 2015<br>\$'000 | 2014<br>\$'000 |
| At 1 January              | (20,907)       | (18,779)       |
| Allowance utilised        | 2,436          | 66             |
| Allowance during the year | (902)          | (2,102)        |
| Translation differences   | 1,176          | (92)           |
| At 31 December            | (18,197)       | (20,907)       |

Other than disclosed above, the Group believes that no additional allowance for doubtful receivables is required in respect of the other receivables.

## Notes to the Financial Statements

### 15 Assets Held for Sale

|  | Note | The Group      |                |
|--|------|----------------|----------------|
|  |      | 2015<br>\$'000 | 2014<br>\$'000 |
| Somerset Grand Fortune Garden Property Beijing               | (a)  | 84,207         | 87,403         |
| Surbana International Consultants Holdings Pte Ltd (Surbana) | (b)  | –              | 104,000        |
|  |      | 84,207         | 191,403        |

- (a) In 2013, a subsidiary of the Group, ART, launched the strata sale of the 81 individual units in Somerset Grand Fortune Garden Property Beijing, China. In view of ART's commitment to the strata sale plan, the investment property was reclassified to assets held for sale in 2013 and will remain in assets held for sale until the completion of the strata sale.

During the current financial year, eight units (2014: six units) had been divested (Divested Units). Based on the contracted sale price, the fair value less costs to sell of these Divested Units was \$9.1 million (2014: \$5.4 million).

Independent valuation of Somerset Grand Fortune Garden Property Beijing was undertaken by an independent professional valuer. In 2015, a fair value gain of \$5.9 million (2014: \$5.8 million) was recognised in 'Other Operating Income' (note 27(a)) in the profit or loss.

- (b) On 16 February 2015, the Group entered into an agreement to dispose its 40% interest in Surbana which was previously accounted for as investment in associate. The interest in Surbana was classified as assets held for sale as at 31 December 2014 and measured at fair value less costs to sell based on the agreed selling price. The sale was completed on 3 June 2015.

The fair value measurement for assets held for sale has been categorised as a Level 3 fair value based on the inputs to the valuation techniques used (note 34).



## Notes to the Financial Statements

### 16 Cash and Cash Equivalents

| Note  | The Group      |                | The Company    |                |
|---|----------------|----------------|----------------|----------------|
|   | 2015<br>\$'000 | 2014<br>\$'000 | 2015<br>\$'000 | 2014<br>\$'000 |
| Fixed deposits  | 2,420,000      | 1,204,816      | –              | –              |
| Cash at banks and in hand                                   | 1,753,281      | 1,544,581      | 9,249          | 10,753         |
| Cash and cash equivalents                                   | 4,173,281      | 2,749,397      | 9,249          | 10,753         |
| Restricted bank deposits (a)                                | (19,980)       | (43,324)       |                |                |
| Cash and cash equivalents<br>in the statement of cash flows | 4,153,301      | 2,706,073      |                |                |

- (a) These are bank balances of certain subsidiaries pledged in relation to bankers' guarantees issued to the subsidiaries' contractors and banking facilities.
- (b) As at 31 December 2015, the Group's cash and cash equivalents of \$289.0 million (2014: \$153.6 million) were held under project accounts and withdrawals from which are restricted to payments for expenditure incurred on projects.
- (c) The Group's cash and cash equivalents are held mainly in Singapore Dollars, US Dollars, Chinese Renminbi and Japanese Yen. As at 31 December 2015, the effective interest rates for cash and cash equivalents ranged from 0% to 8.25% (2014: 0% to 9.00%) per annum.

The cash and cash equivalents are placed with banks and financial institutions which meet the appropriate credit criteria.

### 17 Trade and Other Payables

| Note                                   | The Group      |                | The Company    |                |
|--|----------------|----------------|----------------|----------------|
|  | 2015<br>\$'000 | 2014<br>\$'000 | 2015<br>\$'000 | 2014<br>\$'000 |
| Trade payables                         | 167,893        | 207,344        | 1,266          | 1,240          |
| Accruals (a)                           | 1,065,590      | 729,131        | 31,778         | 34,949         |
| Accrued development expenditure        | 912,607        | 748,376        | –              | –              |
| Progress billings                      | 1,023,081      | 386,217        | –              | –              |
| Other payables (b)                     | 410,347        | 281,492        | 1,627          | 1,325          |
| Rental and other deposits              | 90,168         | 96,626         | –              | 3              |
| Derivative liabilities                 | 4,288          | 12,129         | –              | –              |
| Liability for employee benefits        | 26,467         | 31,748         | 9,184          | 11,476         |
| Amounts due to:                        |                |                |                |                |
| - subsidiaries                         | 18             | –              | 155,445        | 4,952          |
| - associates                           | 7(c)           | 12,736         | –              | –              |
| - joint ventures                       | 8(d)           | 215,655        | –              | –              |
| Non-controlling interests (unsecured): |                |                |                |                |
| - interest free                        |                | 111,744        | –              | –              |
| - interest bearing                     |                | 22,900         | –              | –              |
|  | 4,063,476      | 3,069,874      | 199,300        | 53,945         |

- (a) Accruals included accrued interest payable, accrued expenditure for property, plant and equipment purchases and accrued administrative expenses.
- (b) Other payables included retention sums and amounts payable in connection with capital expenditure incurred.

## Notes to the Financial Statements

### 18 Amounts Due from/(to) Subsidiaries

|  |      | The Company    |                |
|--|------|----------------|----------------|
|  | Note | 2015<br>\$'000 | 2014<br>\$'000 |
| <b>Current</b>                           |      |                |                |
| Amounts due from subsidiaries:           |      |                |                |
| - current accounts, mainly trade         |      | 30,620         | 33,525         |
| - loans                                  |      |                |                |
| - interest free                          |      | 128,502        | 265,314        |
| - interest bearing                       |      | 274,380        | 77,352         |
|  |      | 402,882        | 342,666        |
| Less: Allowance for doubtful receivables |      | (35,526)       | (35,526)       |
|  |      | 367,356        | 307,140        |
|  | 12   | 397,976        | 340,665        |
| Amounts due to subsidiaries:             |      |                |                |
| - loans, interest free                   |      | (149,566)      | (4,952)        |
| - current accounts, mainly trade         |      | (5,879)        | –              |
|  | 17   | (155,445)      | (4,952)        |

Movements in allowance for doubtful receivables were as follows:

|                           | The Company    |                |
|---------------------------|----------------|----------------|
|                           | 2015<br>\$'000 | 2014<br>\$'000 |
| At 1 January              | (35,526)       | (29,119)       |
| Allowance during the year | –              | (6,407)        |
| At 31 December            | (35,526)       | (35,526)       |

All balances with subsidiaries are unsecured and repayable on demand. The interest-bearing loans due from a subsidiary bore effective interest rates ranging from 0.71% to 2.10% (2014: 0.08%) per annum.

**Notes to the Financial Statements****19 Bank Borrowings**

|                         | <b>The Group</b> |               |
|-------------------------|------------------|---------------|
|                         | <b>2015</b>      | <b>2014</b>   |
|                         | <b>\$'000</b>    | <b>\$'000</b> |
| Bank borrowings         |                  |               |
| - secured               | 5,746,244        | 5,630,733     |
| - unsecured             | 2,779,515        | 2,567,019     |
|                         | 8,525,759        | 8,197,752     |
| Finance lease (secured) | 9,176            | 12,914        |
|                         | 8,534,935        | 8,210,666     |
| Repayable:              |                  |               |
| Not later than 1 year   | 1,762,483        | 3,041,494     |
| Between 1 and 2 years   | 871,239          | 1,232,872     |
| Between 2 and 5 years   | 4,779,534        | 3,115,917     |
| After 5 years           | 1,121,679        | 820,383       |
| After 1 year            | 6,772,452        | 5,169,172     |
|                         | 8,534,935        | 8,210,666     |

- (a) The Group's borrowings are denominated mainly in Singapore Dollars, Chinese Renminbi, Japanese Yen, Euro and US Dollars. As at 31 December 2015, the effective interest rates for bank borrowings denominated in these currencies ranged from 0.93% to 5.13% (2014: 0.91% to 6.25%) per annum.
- (b) Bank borrowings are secured by the following assets, details of which are disclosed in the respective notes to the financial statements:
- (i) mortgages on the borrowing subsidiaries' property, plant and equipment, investment properties, development properties for sale, trade and other receivables and shares of certain subsidiaries of the Group; and
  - (ii) assignment of all rights, titles and benefits with respect to the properties mortgaged.

## Notes to the Financial Statements

### 20 Debt Securities

Debt securities comprise medium term notes, fixed rate notes, floating rate notes and bonds issued by the Company and subsidiaries in the Group.

|                           | The Group      |                | The Company    |                |
|---------------------------|----------------|----------------|----------------|----------------|
|                           | 2015<br>\$'000 | 2014<br>\$'000 | 2015<br>\$'000 | 2014<br>\$'000 |
| Convertible bonds         | 3,051,363      | 3,395,836      | 2,888,770      | 3,234,116      |
| Notes and bonds           | 4,472,182      | 4,379,316      | –              | –              |
|                           | 7,523,545      | 7,775,152      | 2,888,770      | 3,234,116      |
| Secured notes and bonds   | 185,131        | 204,969        | –              | –              |
| Unsecured notes and bonds | 7,338,414      | 7,570,183      | 2,888,770      | 3,234,116      |
|                           | 7,523,545      | 7,775,152      | 2,888,770      | 3,234,116      |
| Repayable:                |                |                |                |                |
| Not later than 1 year     | 483,887        | 427,665        | 184,250        | 7,669          |
| Between 1 and 2 years     | 643,043        | 941,682        | –              | 630,048        |
| Between 2 and 5 years     | 1,876,857      | 1,719,563      | 613,888        | 243,017        |
| After 5 years             | 4,519,758      | 4,686,242      | 2,090,632      | 2,353,382      |
| After 1 year              | 7,039,658      | 7,347,487      | 2,704,520      | 3,226,447      |
|                           | 7,523,545      | 7,775,152      | 2,888,770      | 3,234,116      |

- (a) The repayment schedule for convertible bonds was based on the final maturity dates.
- (b) As at 31 December 2015, the effective interest rates for debt securities ranged from 0.37% to 4.60% (2014: 0.51% to 4.60%) per annum.
- (c) Details of the outstanding convertible bonds as at 31 December 2015 are as follows:
- \$184.3 million principal amount of convertible bonds of the Company due on 15 November 2016 with interest rate at 2.10% per annum. These bonds are convertible into new ordinary shares at the conversion price of \$6.01 per share on or after 26 December 2006 and may be redeemed at the option of the Company on specified dates.
  - \$686.3 million (2014: \$1.0 billion) principal amount of convertible bonds of the Company due on 20 June 2022 with interest rate at 2.95% per annum (2.95% bonds). These bonds are convertible into new ordinary shares at the conversion price of \$11.5218 per share on or after 20 June 2008 and may be redeemed at the option of the Company or at the option of the bondholders on specified dates.
  - \$650.0 million principal amount of convertible bonds of the Company due on 19 June 2020 with interest rate at 1.85% per annum. These bonds are convertible into new ordinary shares at the conversion price of \$4.9875 (2014: \$4.9946) per share on or after 30 July 2013 and may be redeemed at the option of the Company or at the option of the bondholders on specified dates.
  - \$800.0 million principal amount of convertible bonds of the Company due on 17 October 2023 with interest rate at 1.95% per annum. These bonds are convertible into new ordinary shares at the conversion price of \$4.2014 (2014: \$4.2074) per share on or after 27 November 2013 and may be redeemed at the option of the Company or at the option of the bondholders on specified dates.

## Notes to the Financial Statements

### 20 Debt Securities (continued)

- (v) \$650.0 million principal amount of convertible bonds of the Company due on 8 June 2025 with interest rate at 2.8% per annum. These bonds are convertible into new ordinary shares at the conversion price of \$4.9700 per share on or after 19 July 2015 and may be redeemed at the option of the Company or at the option of the bondholders on specified dates.
- (vi) \$175.0 million principal amount of convertible bonds of a subsidiary due on 12 September 2017 with interest rate at 2.5% per annum. These bonds are convertible into units issued by the subsidiary at the conversion price of \$1.5409 (2014: \$1.5865) per share on or after 2 September 2017 and may be redeemed at the option of the subsidiary on specified dates.
- (d) During the year, the Company repurchased and cancelled \$1,008.3 million (2014: Nil) convertible bonds comprising:
  - (i) \$467.0 million of principal amount of convertible bonds due 2 September 2016 with interest rate at 2.875% per annum;
  - (ii) \$227.5 million of principal amount of convertible bonds due 5 March 2018 with interest rate at 3.125% per annum (3.125% bonds); and
  - (iii) \$313.8 million of principal amount of 2.95% bonds due 2022.

During the year, the Company also settled an aggregate principal amount of \$7.75 million of its 3.125% bonds upon the redemption by bondholders.

#### (e) Notes and bonds

The Group issues various notes and bonds under its issuance programs. These notes and bonds were denominated mainly in Singapore Dollars, Malaysian Ringgit, Japanese Yen, Euro and US Dollars. Saved for the secured notes and bonds below, the notes and bonds issued were unsecured.

As at 31 December 2015, the secured notes and bonds amounting to \$185.1 million (2014: \$205.0 million) were fully secured by deposits pledged and mortgages on the investment properties of the Group. Details on assets pledged are disclosed in the respective notes to the financial statements.

### 21 Other Non-Current Liabilities

|   | Note | The Group      |                | The Company    |                |
|---|------|----------------|----------------|----------------|----------------|
|   |      | 2015<br>\$'000 | 2014<br>\$'000 | 2015<br>\$'000 | 2014<br>\$'000 |
| Amounts due to non-controlling interests (unsecured): |      |                |                |                |                |
| - interest free                                       |      | 170,538        | 32,052         | —              | —              |
| - interest bearing                                    |      | 29,200         | 221,847        | —              | —              |
| Amounts due to an associate                           | 7(c) | 153,976        | 136,385        | —              | —              |
| Liability for employee benefits                       | 22   | 11,977         | 22,489         | 9,623          | 10,171         |
| Derivative liabilities                                |      | 36,351         | 56,544         | —              | —              |
| Security deposits and other non-current payables      | (a)  | 185,756        | 185,593        | —              | —              |
| Deferred income                                       |      | 3              | 350            | —              | —              |
|   |      | 587,801        | 655,260        | 9,623          | 10,171         |

- (a) Other non-current payables as at 31 December 2015 included non-current consideration payable of \$23.8 million (2014: \$53.3 million) relating to the acquisition of 60% interest in two residential sites in China in 2014. The total consideration is payable in 14 unequal instalments commencing from 2015. The amounts due within 12 months as at 31 December 2015 amounted to \$31.7 million (2014: \$35.3 million) and are included in trade and other payables (note 17).

## Notes to the Financial Statements

### 22 Employee Benefits

|  | Note | The Group      |                | The Company    |                |
|--|------|----------------|----------------|----------------|----------------|
|  |      | 2015<br>\$'000 | 2014<br>\$'000 | 2015<br>\$'000 | 2014<br>\$'000 |
| Liability for short term accumulating compensated absences |      | 11,329         | 10,618         | 2,111          | 1,681          |
| Liability for staff incentive                              | (a)  | 23,947         | 41,523         | 16,696         | 19,966         |
| Liability for cash-settled share-based payments            |      | 3,168          | 2,096          | –              | –              |
|  |      | 38,444         | 54,237         | 18,807         | 21,647         |
| Current  | 17   | 26,467         | 31,748         | 9,184          | 11,476         |
| Non-current  | 21   | 11,977         | 22,489         | 9,623          | 10,171         |
|  |      | 38,444         | 54,237         | 18,807         | 21,647         |

#### (a) Staff incentive

This relates to staff incentive which is based on the achievement of the Group's financial performance and payable over a period of time.

#### (b) Equity compensation benefits

##### *Share Plans of the Company*

The CapitaLand Performance Share Plan 2010 (PSP 2010) and CapitaLand Restricted Share Plan 2010 (RSP 2010) were approved by the members of the Company at the Extraordinary General Meeting held on 16 April 2010. The duration of each share plan is 10 years commencing on 16 April 2010. The Company did not extend the duration of, or replace, the existing CapitaLand Share Option Plan (ESOP) which expired on 16 November 2010. All share options granted under the ESOP prior to its termination will continue to be valid and be subject to the terms and conditions of the plans.

The ERCC of the Company has instituted a set of share ownership guidelines for senior management who receives shares under the CapitaLand Restricted Share Plan and CapitaLand Performance Share Plan. Under these guidelines, members of the senior management team are required to retain a portion of the total number of CapitaLand shares received under the two aforementioned share-based plans, which will vary according to their respective job grade and salary.

The details of options and awards in the Company since commencement of the Share Plans were as follows:

|  | Aggregate options/shares                |  |  | Balance as of<br>31 December<br>2015<br>No. of<br>options/<br>shares |
|--|---|--|--|--|
|  | Granted<br>No. of<br>options/<br>shares | Exercised/<br>Released<br>No. of<br>options/<br>shares | Lapsed/<br>Cancelled<br>No. of<br>options/<br>shares |  |
| CapitaLand Share Option Plan           | 159,442,307                             | (118,940,070)  | (36,680,697)   | 3,821,540  |
| CapitaLand Performance Share Plan 2000 | 34,594,651                              | (17,393,355)   | (17,201,296)   | –  |
| CapitaLand Restricted Stock Plan 2000  | 33,689,553                              | (27,125,079)   | (6,564,474)  | –  |
| CapitaLand Performance Share Plan 2010 | 19,427,250                              | (619,831)  | (8,776,301)  | 10,031,118   |
| CapitaLand Restricted Share Plan 2010  | 45,999,281                              | (19,719,634)   | (8,425,368)  | 17,854,279   |

The total number of new shares issued and/or to be issued pursuant to the 2010 Share Plans did not exceed 8% (2014: 8%) of the total number of shares (excluding treasury shares) in the capital of the Company.

**Notes to the Financial Statements****22 Employee Benefits** (continued)**(b) Equity compensation benefits** (continued)**CapitaLand Share Option Plan**

The Company ceased to grant options under the ESOP with effect from 2007. Statutory information regarding the ESOP 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 ERCC in its absolute discretion; or
  - A discount not exceeding 20% of the Market Price in respect of that option.
- (ii) The options vest between one year and four years from the grant date.
- (iii) The options granted expire after five or 10 years from the dates of the grant.

Movements in the number of outstanding options and their related weighted average exercise prices are as follows:

|                            | Weighted<br>average<br>exercise<br>price<br>2015<br>\$ | No. of<br>options<br>2015<br>('000) | Weighted<br>average<br>exercise<br>price<br>2014<br>\$ | No. of<br>options<br>2014<br>('000) |
|----------------------------|--|-------------------------------------|--|-------------------------------------|
| At 1 January               | 3.13   | 5,796                               | 2.99   | 7,168                               |
| Exercised                  | 2.77   | (1,629)                             | 1.68   | (824)                               |
| Lapsed/Cancelled           | 3.14   | (345)                               | 3.44   | (548)                               |
| At 31 December             | 3.28   | 3,822                               | 3.13   | 5,796                               |
| Exercisable on 31 December | 3.28   | 3,822                               | 3.13   | 5,796                               |

Options exercised in 2015 resulted in 1,629,476 (2014: 824,178) shares being issued at a weighted average market price of \$3.62 (2014: \$2.97) each. Options were exercised on a regular basis throughout the year. The weighted average share price during the year was \$3.29 (2014: \$3.11).

The fair value of services received in return for options granted is measured by reference to the fair value of options granted. The fair value of the options granted is measured based on Enhanced Trinomial (Hull and White) valuation model.

Options outstanding at the end of the year are summarised below:

| Range of exercise price | Options<br>outstanding<br>2015<br>('000) | Weighted<br>average<br>contractual<br>life<br>(years) | Options<br>outstanding<br>2014<br>('000) | Weighted<br>average<br>contractual<br>life<br>(years) |
|-------------------------|--|---|--|---|
| \$1.44 to \$2.16        | —  | —   | 507                                      | 0.21  |
| \$2.17 to \$4.10        | 3,822                                    | 0.21  | 5,289                                    | 1.20  |
|                         | 3,822                                    |   | 5,796                                    |   |



## Notes to the Financial Statements

### 22 Employee Benefits (continued)

#### (b) Equity compensation benefits (continued)

##### **CapitaLand Performance Share Plan 2010**

This relates to compensation costs of the Company's PSP 2010 reflecting the benefits accruing to the employees over the service period to which the performance criteria relate.

Movements in the number of shares outstanding under PSP 2010 were summarised below:

|                  | 2015<br>('000) | 2014<br>('000) |
|------------------|----------------|----------------|
| At 1 January     | 10,634         | 9,011          |
| Granted          | 3,373          | 5,677          |
| Released         | (620)          | –              |
| Lapsed/Cancelled | (3,356)        | (4,054)        |
| At 31 December   | 10,031         | 10,634         |

The final number of shares to be released will depend on the achievement of pre-determined targets over a three-year performance period. No share will be released if the threshold targets are not met at the end of the performance period. Conversely, if superior targets are met, more shares than the baseline award could be released.

| Year of grant | Final number of shares to be released |
|---------------|---------------------------------------|
| 2012 and 2013 | 0% to 175% of baseline award          |
| 2014          | 0% to 170% of baseline award          |
| 2015          | 0% to 200% of baseline award          |

Recipients can receive fully paid shares, their equivalent cash value or combinations thereof, at no cost.

The fair values of the 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 values and assumptions are set out below:

| Year of award  | 2015   | 2014   |
|--|--------|--------|
| <i>Weighted average fair value of shares and assumptions</i>   |        |        |
| Weighted average fair value at measurement date  | \$1.75 | \$2.50 |
| Expected volatility of Company's share price based on 36 months closing share price prior to grant date  | 19.95% | 33.09% |
| Average volatility of companies in the peer group based on 36 months prior to grant date   | 28.23% | –      |
| MSCI Asia Pacific ex-Japan Real Estate Index annualised volatility based on 36 months prior to grant date  | –      | 24.83% |
| Share price at grant date  | \$2.82 | \$2.91 |
| Risk-free interest rate equal to the implied yield on zero-coupon Singapore Government bond with a term equal to the length of vesting period            | 1.22%  | 0.81%  |
| Expected dividend yield over 12 months volume-weighted average share price prior to the grant date   | 2.70%  | 2.53%  |
| Initial total shareholder return (TSR) performance based on historical TSR performance of the Company and each company in the peer group                 | -9.05% | –      |
| Average correlation of Company's TSR with those companies in the peer group  | 31.48% | –      |
| Correlation of return between MSCI Asia Pacific ex-Japan Real Estate Index and the Company's share price measured over 36 months prior to the grant date | –      | 77.64% |

**Notes to the Financial Statements****22 Employee Benefits** (continued)**(b) Equity compensation benefits** (continued)**CapitaLand Restricted Share Plan 2010 – Equity-settled/Cash-settled**

This relates to compensation costs of the Company's RSP 2010 reflecting the benefits accruing to the employees over the service period to which the performance criteria relate.

Movements in the number of shares outstanding under the RSP 2010 were summarised below:

|                       | 2015<br>('000) | 2014<br>('000) |
|-----------------------|----------------|----------------|
| At 1 January          | 17,223         | 13,514         |
| Granted               | 10,132         | 12,787         |
| Released <sup>@</sup> | (7,378)        | (6,062)        |
| Lapsed/Cancelled      | (2,123)        | (3,016)        |
| At 31 December        | 17,854         | 17,223         |

<sup>@</sup> The number of shares released during the year was 7,378,363 (2014: 6,062,023), of which 461,032 (2014: 346,750) were cash-settled.

As at 31 December 2015, the number of shares in awards granted under the RSP 2010 is as follows:

|  | Equity-<br>settled<br>('000) | 2015<br>Cash-<br>settled<br>('000) | Total<br>('000) | Equity-<br>settled<br>('000) | 2014<br>Cash-<br>settled<br>('000) | Total<br>('000) |
|--|------------------------------|------------------------------------|-----------------|------------------------------|------------------------------------|-----------------|
| Final number of shares<br>has not been determined<br>(baseline award) <sup>#</sup> | 8,116                        | 1,091                              | 9,207           | 9,875                        | 978                                | 10,853          |
| Final number of shares<br>determined but not released                              | 8,030                        | 617                                | 8,647           | 6,139                        | 231                                | 6,370           |
|  | 16,146                       | 1,708                              | 17,854          | 16,014                       | 1,209                              | 17,223          |

<sup>#</sup> The final number of shares released could range from 0% to 150% of the baseline award.

The final number of shares to be released will depend on the achievement of pre-determined targets at the end of a one-year performance period. No share will be released if the threshold targets are not met at the end of the performance period. Conversely, if superior targets are met, more shares than the baseline award could be delivered up to a maximum of 150% of the baseline award. The shares have a vesting period of two to three years. Recipient can receive fully paid shares, their equivalent cash value or combinations thereof, at no cost. From 2014, an additional number of shares of a total value equal to the value of the accumulated dividends which are declared during each of the vesting periods and deemed forgone due to the vesting mechanism of the RSP 2010, will also be released upon the final vesting.

Cash-settled awards of shares are measured at their current fair values at each balance sheet date.

## Notes to the Financial Statements

### 22 Employee Benefits (continued)

#### (b) Equity compensation benefits (continued)

##### *CapitaLand Restricted Share Plan 2010 – Equity-settled/Cash-settled (continued)*

The fair values of the shares granted to employees 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 values and assumptions are set out below:

| Year of award   | 2015           | 2014           |
|---|----------------|----------------|
| <i>Weighted average fair value of shares and assumptions</i>  |                |                |
| Weighted average fair value at measurement date   | \$3.57         | \$2.76         |
| Expected volatility based on 36 months closing share price prior to grant date  | 19.24%         | 33.09%         |
| Share price at grant date   | \$3.76         | \$2.91         |
| Risk-free interest rate equal to the implied yield on zero-coupon Singapore Government bond with a term equal to the length of vesting period | 0.96% to 1.22% | 0.30% to 0.81% |
| Expected dividend yield over 12 months volume-weighted average share price prior to the grant date  | 2.99%          | 2.53%          |

The fair value of the shares awarded to non-executive directors in 2015 was \$3.57 (2014: \$3.11) which was the volume-weighted average price of a CapitaLand share on the SGX-ST over the 14 trading days from (and including) the ex-dividend date following the date of CapitaLand's Annual General Meeting.

### 23 Share Capital

|   | The Company                        |                                    |
|---|------------------------------------|------------------------------------|
|   | 2015<br>No. of<br>shares<br>(‘000) | 2014<br>No. of<br>shares<br>(‘000) |
| <b>Issued and fully paid, with no par value</b> |                                    |                                    |
| At 1 January                                    | 4,272,514                          | 4,271,511                          |
| Issue of shares pursuant to the:                |                                    |                                    |
| - Exercise of options                           | 1,629                              | 824                                |
| - Payment of directors' fees                    | 176                                | 179                                |
| At 31 December, including treasury shares       | 4,274,319                          | 4,272,514                          |
| Less: Treasury shares                           | (26,345)                           | (13,929)                           |
| At 31 December, excluding treasury shares       | 4,247,974                          | 4,258,585                          |

- (a) The holders of ordinary shares (excluding treasury 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 (excluding treasury shares) rank equally with regard to the Company's residual assets.
- (b) At 31 December 2015, there were 3,821,540 (2014: 5,796,357) options under the ESOP, a maximum of 18,205,518 (2014: 18,388,753) shares under the PSP 2010 and 21,099,931 (2014: 21,414,631) shares under the RSP 2010, details of which are disclosed in note 22(b).

## Notes to the Financial Statements

### 23 Share Capital (continued)

- (c) As at 31 December 2015, the convertible bonds issued by the Company which remained outstanding were as follows:

| Principal amount<br>\$ million | Final maturity date<br>Year | Conversion price<br>\$ | Convertible into<br>new ordinary shares |
|--------------------------------|-----------------------------|------------------------|---|
| 184.25                         | 2016                        | 6.0100                 | 30,657,237                              |
| 650.00                         | 2020                        | 4.9875                 | 130,325,814                             |
| 650.00                         | 2025                        | 4.9700                 | 130,784,708                             |
| 686.25                         | 2022                        | 11.5218                | 59,561,006                              |
| 800.00                         | 2023                        | 4.2014                 | 190,412,719                             |

There has been no conversion of any of the above convertible bonds since the date of their respective issue.

- (d) Movements in the Company's treasury shares were as follows:

|  | The Company                        |                                    |
|--|------------------------------------|------------------------------------|
|  | 2015<br>No. of<br>shares<br>(‘000) | 2014<br>No. of<br>shares<br>(‘000) |
| At 1 January   | 13,929                             | 19,465                             |
| Purchase of treasury shares                                  | 19,778                             | –                                  |
| Treasury shares transferred pursuant to employee share plans | (7,362)                            | (5,536)                            |
| At 31 December   | 26,345                             | 13,929                             |

### Capital management

The Group's policy is to build a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Group monitors the return on capital, which the Group defines as total shareholders' equity, excluding non-controlling interests, and the level of dividends to ordinary shareholders.

The Group also monitors capital using a net debt equity ratio, which is defined as net borrowings divided by total equity (including non-controlling interests).

|                                     | The Group      |                |
|-------------------------------------|----------------|----------------|
|                                     | 2015<br>\$'000 | 2014<br>\$'000 |
| Bank borrowings and debt securities | 16,058,480     | 15,985,818     |
| Cash and cash equivalents           | (4,173,281)    | (2,749,397)    |
| Net debt                            | 11,885,199     | 13,236,421     |
| Total equity                        | 24,937,662     | 23,208,531     |
| Net debt equity ratio               | 0.48           | 0.57           |

The Group seeks to strike a balance between the higher returns that might be possible with higher level of borrowings and the liquidity and security afforded by a sound capital position.

## Notes to the Financial Statements

### 23 Share Capital (continued)

#### Capital management (continued)

In addition, the Company has a share purchase mandate as approved by its shareholders which allows the Company greater flexibility over its share capital structure with a view to improving, inter alia, its return on equity. The shares which are purchased are held as treasury shares which the Company may transfer for the purposes of or pursuant to its employee share-based incentive schemes so as to enable the Company to take advantage of tax deductions under the current taxation regime. The use of treasury shares in lieu of issuing new shares would also mitigate the dilution impact on existing shareholders.

The Group's subsidiaries in The People's Republic of China (PRC) are subject to foreign exchange rules and regulations promulgated by the PRC government which may impact how the Group manages capital. In addition, five of the Group's subsidiaries (2014: five) are required to maintain certain minimum base capital and financial resources, or shareholders' funds as they are holders of Capital Markets Services licenses registered with the Monetary Authority of Singapore or the Securities Commission Malaysia to conduct the regulated activity of Real Estate Investment Trust management. In addition, the consolidated REITs are subject to the aggregate leverage limit as defined in the Property Funds Appendix of the Code of Investment Scheme. These subsidiaries have complied with the applicable capital requirements throughout the year.

There were no changes in the Group's approach to capital management during the year.

### 24 Other Reserves

|                                      | The Group      |                | The Company    |                |
|--------------------------------------|----------------|----------------|----------------|----------------|
|                                      | 2015<br>\$'000 | 2014<br>\$'000 | 2015<br>\$'000 | 2014<br>\$'000 |
| Reserve for own shares               | (72,720)       | (36,989)       | (72,720)       | (36,989)       |
| Capital reserve                      | 357,507        | 460,967        | 162,277        | 287,245        |
| Equity compensation reserve          | 92,508         | 97,906         | 37,372         | 46,348         |
| Hedging reserve                      | 56,658         | 24,928         | –              | –              |
| Available-for-sale reserve           | 5,649          | 5,677          | –              | –              |
| Foreign currency translation reserve | 851,224        | 284,864        | –              | –              |
|                                      | 1,290,826      | 837,353        | 126,929        | 296,604        |

Reserve for own shares comprises the purchase consideration for issued shares of the Company acquired and held in treasury.

The capital reserve comprises mainly the value of the options granted to bondholders to convert their convertible bonds into ordinary shares of the Company and share of associates' and joint ventures' capital reserve.

The equity compensation reserve comprises the cumulative value of employee services received for the issue of the options and shares under the share plans of the Company (note 22(b)).

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments related to hedge transactions that have not yet affected profit or loss.

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 foreign exchange differences arising from the translation of the financial statements of foreign entities, effective portion of the hedging instrument which is used to hedge against the Group's net investment in foreign currencies as well as from the translation of foreign currency loans used to hedge or form part of the Group's net investments in foreign entities.

**Notes to the Financial Statements****25 Other Comprehensive Income**

|  | <b>2015</b>                      |                                   |                                  | <b>2014</b>                      |                                   |                                  |
|--|----------------------------------|-----------------------------------|----------------------------------|----------------------------------|-----------------------------------|----------------------------------|
|  | <b>Before<br/>tax<br/>\$'000</b> | <b>Tax<br/>expense<br/>\$'000</b> | <b>Net<br/>of tax<br/>\$'000</b> | <b>Before<br/>tax<br/>\$'000</b> | <b>Tax<br/>expense<br/>\$'000</b> | <b>Net<br/>of tax<br/>\$'000</b> |
| <b>The Group</b>   |                                  |                                   |                                  |                                  |                                   |                                  |
| Exchange differences arising from translation of foreign operations and foreign currency loans, forming part of net investment in foreign operations | 622,303                          | –                                 | 622,303                          | 324,103                          | –                                 | 324,103                          |
| Recognition of foreign exchange differences on disposal or liquidation of foreign operations in profit or loss                                       | 21,632                           | –                                 | 21,632                           | 35,562                           | –                                 | 35,562                           |
| Change in fair value of available-for-sale investments   | (8,567)                          | –                                 | (8,567)                          | 3,283                            | –                                 | 3,283                            |
| Recognition of available-for-sale reserve in profit or loss  | –                                | –                                 | –                                | (2,564)                          | –                                 | (2,564)                          |
| Effective portion of change in fair value of cash flow hedges  | 33,054                           | –                                 | 33,054                           | 44,241                           | –                                 | 44,241                           |
| Recognition of hedging reserve in profit or loss   | (270)                            | –                                 | (270)                            | 831                              | –                                 | 831                              |
| Share of other comprehensive income of associates and joint ventures   | (35,136)                         | –                                 | (35,136)                         | 91,920                           | –                                 | 91,920                           |
| Recognition of share of other comprehensive income of associates and joint ventures in profit or loss  | (40,775)                         | –                                 | (40,775)                         | 5                                | –                                 | 5                                |
|  | <b>592,241</b>                   | <b>–</b>                          | <b>592,241</b>                   | <b>497,381</b>                   | <b>–</b>                          | <b>497,381</b>                   |

**26 Revenue**

Revenue of the Group and of the Company is analysed as follows:

|  | <b>The Group</b>       |                        | <b>The Company</b>     |                        |
|--|------------------------|------------------------|------------------------|------------------------|
|  | <b>2015<br/>\$'000</b> | <b>2014<br/>\$'000</b> | <b>2015<br/>\$'000</b> | <b>2014<br/>\$'000</b> |
| Trading of properties (recognised on a percentage of completion basis) | 909,269                | 922,056                | –                      | –                      |
| Trading of properties (recognised on completion)                       | 1,769,962              | 1,280,267              | –                      | –                      |
| Rental and related income  | 815,346                | 743,988                | –                      | –                      |
| Fee income   | 415,006                | 376,714                | 82,285                 | 72,535                 |
| Serviced residence rental and related income                           | 638,669                | 597,012                | –                      | –                      |
| Dividend income from subsidiaries                                      | –                      | –                      | 883,090                | 606,452                |
| Others   | 213,602                | 4,561                  | –                      | –                      |
|  | <b>4,761,854</b>       | <b>3,924,598</b>       | <b>965,375</b>         | <b>678,987</b>         |

Included in Others for 2015 was fair value gains of \$208.0 million (2014: Nil) which arose from the change in use of development projects from construction for sale to leasing (see note 5(d)).

## Notes to the Financial Statements

### 27 Profit Before Tax

Profit before tax includes the following:

|  | Note      | The Group      |                | The Company    |                |
|--|-----------|----------------|----------------|----------------|----------------|
|  |           | 2015<br>\$'000 | 2014<br>\$'000 | 2015<br>\$'000 | 2014<br>\$'000 |
| <b>(a) Other operating income</b>  |           |                |                |                |                |
| Interest income from:  |           |                |                |                |                |
| - fixed deposits   |           | 32,369         | 29,705         | 105            | 251            |
| - subsidiaries   |           | –              | –              | 72,608         | 74,724         |
| - associates and joint ventures  |           | 19,716         | 24,175         | –              | –              |
| - investee companies and others  |           | 4,750          | 3,662          | –              | –              |
| - interest capitalised in development properties for sale                | 11(f)     | (1,201)        | (254)          | –              | –              |
|  |           | 55,634         | 57,288         | 72,713         | 74,975         |
| Dividend income  |           | 5,522          | 2,439          | –              | –              |
| Foreign exchange gain  |           | 268            | –              | –              | –              |
| Mark-to-market gain on:  |           |                |                |                |                |
| - derivative instruments   |           | –              | 1,356          | –              | –              |
| - financial asset designated as fair value through profit or loss        |           | 2,474          | –              | –              | –              |
| Net fair value gains from investment properties and assets held for sale |           | 409,660        | 456,921        | –              | –              |
| Gain on disposal/redemption of available-for-sale financial assets       |           | 2,094          | 2,964          | –              | –              |
| Gain from bargain purchase arising from acquisition of a subsidiary      | 32        | 1,239          | 12,790         | –              | –              |
| Gain on disposal of property, plant and equipment                        |           | 229            | 177            | 160            | 25             |
| Gain on disposal of investment properties                                |           | 10,901         | 2,296          | –              | –              |
| Reversal of impairment of subsidiaries                                   | 6(a)(iii) | –              | –              | 7,382          | 49,760         |
| Reversal of allowance for doubtful receivables from subsidiaries         | 6(a)(iv)  | –              | –              | 6,196          | 22,937         |
| Forfeiture deposit for an abortive deal                                  |           | –              | 26,563         | –              | –              |
| Gain on repurchase of convertible bonds                                  |           | 19,783         | –              | 27,687         | –              |
| Reversal of impairment of an associate                                   | 7(a)(i)   | 8,223          | –              | –              | –              |
| Others   |           | 29,789         | 35,345         | 15,969         | 19,085         |
|  |           | 545,816        | 598,139        | 130,107        | 166,782        |



**Notes to the Financial Statements****27 Profit Before Tax** (continued)

|  | Note    | The Group      |                | The Company    |                |
|--|---------|----------------|----------------|----------------|----------------|
|  |         | 2015<br>\$'000 | 2014<br>\$'000 | 2015<br>\$'000 | 2014<br>\$'000 |
| <b>(b) Staff costs</b>   |         |                |                |                |                |
| Wages and salaries   |         | 406,110        | 402,911        | 55,391         | 46,242         |
| Contributions to defined contribution plans                              |         | 53,520         | 50,657         | 4,607          | 3,517          |
| Share-based expenses:  |         |                |                |                |                |
| - equity-settled   |         | 32,929         | 49,454         | 8,203          | 8,456          |
| - cash-settled   |         | 2,413          | 3,266          | –              | 1              |
| Increase in liability for short term accumulating compensated absences   |         | 914            | 717            | 430            | 356            |
| Staff benefits, training/development costs and others                    |         | 72,596         | 66,103         | 4,339          | 3,910          |
|  |         | 568,482        | 573,108        | 72,970         | 62,482         |
| Less:  |         |                |                |                |                |
| Staff costs capitalised in development properties for sale               | 11(f)   | (29,682)       | (21,288)       | –              | –              |
|  |         | 538,800        | 551,820        | 72,970         | 62,482         |
| Recognised in:   |         |                |                |                |                |
| Cost of sales  | (c)(i)  | 334,425        | 341,335        | –              | –              |
| Administrative expenses  | (c)(ii) | 204,375        | 210,485        | 72,970         | 62,482         |
|  |         | 538,800        | 551,820        | 72,970         | 62,482         |
| <b>(c)(i) Cost of sales include:</b>                                     |         |                |                |                |                |
| Costs of development properties for sale                                 |         | 2,264,105      | 1,773,629      | –              | –              |
| Depreciation of property, plant and equipment                            |         | 753            | 706            | –              | –              |
| Allowance for foreseeable losses on development properties for sale      | 11(g)   | 168,260        | 82,811         | –              | –              |
| Operating expenses of investment properties that generated rental income |         | 413,127        | 339,041        | –              | –              |
| Operating lease expenses   |         | 48,480         | 50,343         | –              | –              |
| Staff costs  | (b)     | 334,425        | 341,335        | –              | –              |

## Notes to the Financial Statements

### 27 Profit Before Tax (continued)

|   | Note      | The Group      |                | The Company    |                |
|---|-----------|----------------|----------------|----------------|----------------|
|   |           | 2015<br>\$'000 | 2014<br>\$'000 | 2015<br>\$'000 | 2014<br>\$'000 |
| <b>(c)(ii) Administrative expenses include:</b>   |           |                |                |                |                |
| Reversal of allowance for doubtful trade receivables                                    |           | (1,111)        | (3,653)        | –              | –              |
| Amortisation of intangible assets   | 4         | 2,699          | 4,877          | –              | –              |
| Auditors' remuneration:   |           |                |                |                |                |
| - auditors of the Company   |           | 2,768          | 3,064          | 206            | 262            |
| - other auditors  |           | 4,194          | 4,370          | –              | –              |
| Non-audit fees:   |           |                |                |                |                |
| - auditors of the Company   |           | 134            | 266            | 18             | 13             |
| - other auditors  |           | 638            | 523            | –              | –              |
| Depreciation of property, plant and equipment   |           | 72,430         | 63,914         | 7,160          | 6,896          |
| Operating lease expenses  |           | 14,946         | 19,577         | 5,364          | 5,353          |
| Staff costs   | (b)       | 204,375        | 210,485        | 72,970         | 62,482         |
| <b>(c)(iii) Other operating expenses include:</b>                                       |           |                |                |                |                |
| Allowance for doubtful non-trade receivables  |           | 1,950          | 3,074          | 8,429          | 28,604         |
| Foreign exchange loss   |           | –              | 27,541         | –              | –              |
| Impairment of:  |           |                |                |                |                |
| - a subsidiary  | 6(a)(iii) | –              | –              | –              | 9,832          |
| - an associate  | 7(a)(i)   | –              | 60,103         | –              | –              |
| - a joint venture   | 8(a)(i)   | –              | 1,800          | –              | –              |
| Impairment and write off of property, plant and equipment                               |           | 6,587          | 836            | 7              | 64             |
| Impairment of intangible assets   | 4         | –              | 24             | –              | –              |
| Loss on repurchase of convertible bonds   |           | –              | 2,713          | –              | –              |
| Loss from change of ownership interest in subsidiaries, associates and a joint venture* |           | 20,392         | 333            | –              | –              |
| Mark-to-market loss on derivative instruments   |           | 647            | –              | –              | –              |

\* Includes re-measurement gain attributable to recognising investment retained in former associates at their fair values of \$16.7 million (2014: \$3.4 million).

**Notes to the Financial Statements****27 Profit Before Tax** (continued)

|                                   | Note  | The Group      |                | The Company    |                |
|-----------------------------------|-------|----------------|----------------|----------------|----------------|
|                                   |       | 2015<br>\$'000 | 2014<br>\$'000 | 2015<br>\$'000 | 2014<br>\$'000 |
| <b>(d) Finance costs</b>          |       |                |                |                |                |
| Interest costs paid and payable:  |       |                |                |                |                |
| - on bank loans and overdrafts    |       | 257,129        | 200,259        | –              | 271            |
| - on debt securities              |       | 151,128        | 136,553        | –              | –              |
| - to non-controlling interests    |       | 4,727          | 6,529          | –              | –              |
| Convertible bonds:                |       |                |                |                |                |
| - interest expense                |       | 80,101         | 88,420         | 75,726         | 81,772         |
| - amortisation of bond discount   |       | 32,204         | 44,191         | 30,702         | 40,799         |
| - accretion of bond premium       |       | 759            | 2,352          | 759            | 2,352          |
| Derivative financial instruments  |       | (850)          | 1,331          | –              | –              |
| Others                            |       | 44,525         | 44,054         | 98             | 512            |
| Total borrowing costs             |       | 569,723        | 523,689        | 107,285        | 125,706        |
| Less:                             |       |                |                |                |                |
| Borrowing costs capitalised in:   |       |                |                |                |                |
| - investment properties           | 5(f)  | (43,525)       | (39,706)       | –              | –              |
| - development properties for sale | 11(f) | (48,931)       | (44,510)       | –              | –              |
|                                   |       | (92,456)       | (84,216)       | –              | –              |
|                                   |       | 477,267        | 439,473        | 107,285        | 125,706        |

**28 Tax Expense**

|   |  | The Group      |                | The Company    |                |
|---|--|----------------|----------------|----------------|----------------|
|   |  | 2015<br>\$'000 | 2014<br>\$'000 | 2015<br>\$'000 | 2014<br>\$'000 |
| <b>Current tax expense</b>                          |  |                |                |                |                |
| - Based on current year's results                   |  | 388,007        | 237,584        | –              | 555            |
| - Under/(Over) provision in respect of prior years  |  | 23,655         | (2,953)        | (5,700)        | –              |
| - Group relief                                      |  | (2,619)        | (1,447)        | –              | 205            |
|   |  | 409,043        | 233,184        | (5,700)        | 760            |
| <b>Deferred tax expense</b>                         |  |                |                |                |                |
| - Origination and reversal of temporary differences |  | (34,190)       | 40,468         | (8,268)        | (6,822)        |
| - Over provision in respect of prior years          |  | (31,350)       | (6,744)        | –              | –              |
|   |  | (65,540)       | 33,724         | (8,268)        | (6,822)        |
| Total   |  | 343,503        | 266,908        | (13,968)       | (6,062)        |

## Notes to the Financial Statements

### 28 Tax Expense (continued)

#### Reconciliation of effective tax rate

|  | The Group      |                |
|--|----------------|----------------|
|  | 2015<br>\$'000 | 2014<br>\$'000 |
| <b>Continuing operations</b>   |                |                |
| Profit before tax  | 1,838,759      | 1,997,467      |
| Less: Share of results of associates and joint ventures  | (726,019)      | (969,935)      |
| Profit before share of results of associates and joint ventures,<br>tax and discontinued operation | 1,112,740      | 1,027,532      |
| Income tax using Singapore tax rate of 17% (2014: 17%)   | 189,166        | 174,680        |
| Adjustments:   |                |                |
| Expenses not deductible for tax purposes   | 158,341        | 184,120        |
| Income not subject to tax  | (184,742)      | (184,803)      |
| Effect of unrecognised tax losses and other deductible temporary differences                       | 49,427         | 20,035         |
| Effect of different tax rates in foreign jurisdictions   | 88,518         | 44,783         |
| Effect of taxable distributions from REITs   | 34,689         | 33,167         |
| Over provision in respect of prior years   | (7,695)        | (9,697)        |
| Group relief   | (2,619)        | (1,447)        |
| Withholding taxes  | 26,614         | 7,498          |
| Others   | (8,196)        | (1,428)        |
|  | 343,503        | 266,908        |

Tax expense on continuing operations for 2014 excluded the Group's tax expense on gain on sale of discontinued operation. Tax on sale of discontinued operation of \$6.2 million was included in 'profit from discontinued operation, net of tax' in the income statement (note 39).

|  | The Company    |                |
|--|----------------|----------------|
|  | 2015<br>\$'000 | 2014<br>\$'000 |
| Profit before tax                                      | 863,773        | 579,040        |
| Income tax using Singapore tax rate of 17% (2014: 17%) | 146,841        | 98,437         |
| Adjustments:   |                |                |
| Expenses not deductible for tax purposes               | 3,753          | 402            |
| Income not subject to tax                              | (156,117)      | (103,101)      |
| Effect of other deductible temporary differences       | (439)          | (1,138)        |
| Over provision in respect of prior years               | (5,700)        | –              |
| Group relief   | –              | 205            |
| Others   | (2,306)        | (867)          |
|  | (13,968)       | (6,062)        |

## Notes to the Financial Statements

## 29 Earnings Per Share

## (a) Basic earnings per share

|   | The Group                          |                                    |
|---|------------------------------------|------------------------------------|
|   | 2015<br>\$'000                     | 2014<br>\$'000                     |
| Basic earnings per share is based on:                               |                                    |                                    |
| Net profit attributable to owners of the Company from:              |                                    |                                    |
| - Continuing operations   | 1,065,650                          | 1,131,714                          |
| - Discontinued operation  | –                                  | 29,134                             |
| Net profit attributable to owners of the Company                    | 1,065,650                          | 1,160,848                          |
|   |                                    |                                    |
|   | 2015<br>No. of<br>shares<br>(‘000) | 2014<br>No. of<br>shares<br>(‘000) |
| Weighted average number of ordinary shares in issue during the year | 4,260,551                          | 4,257,286                          |

## (b) Diluted earnings per share

In calculating diluted earnings per share, the net profit attributable to owners 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                          |                                    |
|--|------------------------------------|------------------------------------|
|  | 2015<br>\$'000                     | 2014<br>\$'000                     |
| Net profit attributable to owners of the Company   | 1,065,650                          | 1,160,848                          |
| Profit impact of conversion of the potential dilutive shares                                     | 63,781                             | 68,638                             |
| Adjusted net profit attributable to owners of the Company  | 1,129,431                          | 1,229,486                          |
| Attributable to:   |                                    |                                    |
| - Continuing operations  | 1,129,431                          | 1,200,352                          |
| - Discontinued operation   | –                                  | 29,134                             |
|  | 1,129,431                          | 1,229,486                          |
|  |                                    |                                    |
|  | 2015<br>No. of<br>shares<br>(‘000) | 2014<br>No. of<br>shares<br>(‘000) |
| Adjustments for potential dilutive shares under:   |                                    |                                    |
| - CapitalLand Share Option Plan  | 113                                | 219                                |
| - CapitalLand Performance Share Plan   | 18,205                             | 18,389                             |
| - CapitalLand Restricted Share Plan  | 21,100                             | 21,414                             |
| - Convertible bonds  | 469,873                            | 450,812                            |
|  | 509,291                            | 490,834                            |
| Weighted average number of ordinary shares used in the calculation of diluted earnings per share | 4,769,842                          | 4,748,120                          |

## Notes to the Financial Statements

### 30 Dividends

The Board of Directors of the Company has proposed a tax-exempt ordinary dividend of 9.0 cents per share in respect of the financial year ended 31 December 2015. This would amount to a payout of approximately \$382.3 million based on the number of issued shares (excluding 26,345,157 treasury shares) as at 31 December 2015. The tax-exempt dividends are subject to shareholders' approval at the forthcoming Annual General Meeting of the Company.

For the financial year ended 31 December 2014, a tax-exempt ordinary dividend of 9.0 cents per share was approved at the Annual General Meeting held on 30 April 2015. The said dividends of \$384.1 million were paid in May 2015.

### 31 Notes to the Consolidated Statement of Cash Flows

#### (a) Acquisition of subsidiaries

The list of significant acquisition of subsidiaries during 2015 is as follows:

| Name of subsidiary                                       | Date acquired | Effective interest acquired |
|--|---------------|-----------------------------|
| CapitaLand Township Holdings Pte. Ltd. <sup>#</sup>      | March 2015    | 60%                         |
| CapitaRetail VS Tokutei Mokuteki Kaisha <sup>#</sup>     | June 2015     | 74%                         |
| CapitaLand China Development Fund Pte. Ltd. <sup>#</sup> | July 2015     | 63%                         |
| ARC-CapitaLand Residences Japan Private Limited          | July 2015     | 27%                         |

The list of significant acquisition of subsidiaries in 2014 is as follows:

| Name of subsidiary  | Date acquired | Effective interest acquired |
|---|---------------|-----------------------------|
| Chengdu Kai Guang Property Co., Ltd                         | April 2014    | 60%                         |
| Chengdu Hong Hu Zhan Property Co., Ltd                      | April 2014    | 60%                         |
| Excel Chinese International Limited                         | April 2014    | 100%                        |
| Wangze (Dalian) Enterprise Co., Limited                     | June 2014     | 46%                         |
| CapitaLand (Beijing) Kai Heng Holdings Pte Ltd <sup>#</sup> | July 2014     | 80%                         |

<sup>#</sup> Previously associates of the Group.

## Notes to the Financial Statements

### 31 Notes to the Consolidated Statement of Cash Flows (continued)

#### (b) Effects of acquisitions

The cash flows and net assets of subsidiaries acquired are provided below:

|   |      | Recognised values |                |
|---|------|-------------------|----------------|
|   | Note | 2015<br>\$'000    | 2014<br>\$'000 |
| <b>The Group</b>  |      |                   |                |
| Property, plant and equipment   |      | 760               | 95,154         |
| Investment properties   | 5    | 157,015           | 363,514        |
| Other non-current assets  |      | 316,267           | –              |
| Development properties for sale   |      | 607,547           | 306,509        |
| Cash and cash equivalents   |      | 377,571           | 38,731         |
| Other current assets  |      | 35,014            | 3,183          |
| Deferred tax assets   |      | 7,732             | –              |
| Current liabilities   |      | (144,721)         | (59,590)       |
| Bank borrowings   |      | (432,962)         | (34,950)       |
| Shareholder's loans   |      | –                 | (115,116)      |
| Other non-current liabilities   |      | (45,222)          | –              |
| Deferred tax liabilities  |      | (17,152)          | (813)          |
| Non-controlling interests   |      | (155,887)         | (183,116)      |
|   |      | 705,962           | 413,506        |
| Amounts previously accounted for as associates<br>and other financial assets, at fair value |      | (320,326)         | (22,176)       |
| Net assets acquired   |      | 385,636           | 391,330        |
| Gain from bargain purchase  |      | (1,239)           | (12,790)       |
| Assumption of shareholder's loans   |      | –                 | 115,116        |
| Total purchase consideration  |      | 384,397           | 493,656        |
| Less:   |      |                   |                |
| Deferred payment and other adjustments  |      | 35,211            | (87,986)       |
| Cash of subsidiaries acquired   |      | (377,571)         | (38,731)       |
| Offset by consideration for disposal of asset held for sale (note 15(b))                    |      | (104,000)         | –              |
| Cash (inflow)/outflow on acquisition of subsidiaries  |      | (61,963)          | 366,939        |

#### (c) Disposal of subsidiaries

The significant disposal of subsidiary during the year is as follow:

| Name of subsidiary     | Date disposed | Effective<br>interest disposed |
|------------------------|---------------|--------------------------------|
| Brilliance Mall Trust* | October 2015  | 100%                           |

\* The subsidiary was sold to CapitaLand Mall Trust, an associate, in which the Group has an effective interest of 29.3% as at 31 December 2015.

The disposed subsidiary previously contributed net profit of \$77.9 million from 1 January 2015 to the date of disposal.

There were no significant disposal of subsidiaries in 2014.



## Notes to the Financial Statements

### 31 Notes to the Consolidated Statement of Cash Flows (continued)

#### (d) Effects of disposals

The cash flows and net assets of subsidiaries disposed are provided below:

|  | Note | The Group      |                |
|--|------|----------------|----------------|
|  |      | 2015<br>\$'000 | 2014<br>\$'000 |
| Property, plant and equipment                              | 5    | 1,178          | 31             |
| Investment properties                                      |      | 778,822        | –              |
| Associates and joint ventures                              |      | 1,154          | 587            |
| Current assets   |      | 31,534         | 801            |
| Current liabilities  |      | (6,145)        | (3,895)        |
| Bank borrowings  |      | (319,016)      | –              |
| Other non-current liabilities                              |      | (297,136)      | –              |
| Non-controlling interests                                  |      | –              | (613)          |
| Net assets/(liabilities) disposed                          |      | 190,391        | (3,089)        |
| Realisation of reserves                                    |      | (13,206)       | (898)          |
| Gain on disposal of subsidiaries                           |      | 4,230          | 7,840          |
| Sale consideration   |      | 181,415        | 3,853          |
| Repayment of shareholders' loans                           |      | 283,962        | –              |
| Cash of subsidiaries disposed                              |      | (26,543)       | (84)           |
| Settlement by way of issuance of new units of the acquirer |      | (136,958)      | –              |
| Cash inflow on disposal of subsidiaries                    |      | 301,876        | 3,769          |

### 32 Business Combinations

Acquisitions of subsidiaries are complex in nature and can be material to the financial statements. Assessment is required to determine the most appropriate accounting treatment for the acquisitions and the potential contractual arrangements relating to the acquisitions. The acquisitions during the year listed below were accounted for as business combinations based on the assessment by management.

#### **Acquisition of CapitaLand Township Holdings Pte. Ltd.**

On 16 March 2015, the Group acquired 60% of the shares and voting interests in CapitaLand Township Holdings Pte. Ltd. (CL Township) from a related party, Arakan Investments Pte. Ltd.. As a result, the Group's equity interest in CL Township increased from 40% to 100%, obtaining control of CL Township which was previously accounted for as an associate. CL Township has five township developments in China located in Chengdu, Shenyang, Wuxi and Xi'an.

The full ownership of CL Township allows the Group to integrate the township development business into CapitaLand China. This also allows the Group to enjoy synergies and cost savings in its development business, and further strengthen the Group's leading market position in China, one of the core markets identified by the Group.

From the date of acquisition to 31 December 2015, CL Township has contributed revenue of \$168.3 million and net profit of \$4.9 million to the Group's results. If the acquisition had occurred on 1 January 2015, management estimates that the contribution to the Group's revenue and net profits from CL Township would have been \$170.2 million and \$7.7 million respectively. In determining this amount, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2015.

#### **Purchase consideration**

The consideration for the acquisition was \$240.0 million and was settled in cash. No contingent consideration or indemnification asset was recognised at the acquisition date.

A gain from bargain purchase of \$1.2 million was recognised as a result of the difference between consideration transferred and the fair value of the identifiable net assets.

## Notes to the Financial Statements

### 32 Business Combinations (continued)

The identifiable assets acquired, liabilities assumed and effect of cash flows are presented as follows:

|  | <b>2015<br/>\$'000</b> |
|--|------------------------|
| Property, plant and equipment  | 627                    |
| Investments in joint ventures  | 314,845                |
| Deferred tax asset   | 3,025                  |
| Development properties for sale                                      | 513,108                |
| Cash and cash equivalents  | 122,758                |
| Other current assets   | 17,172                 |
| Current liabilities  | (174,980)              |
| Non-current liabilities  | (237,131)              |
| Deferred tax liabilities   | (1,472)                |
| Non-controlling interests  | (155,887)              |
| Total identifiable net assets  | 402,065                |
| Less: Amount previously accounted for as an associate, at fair value | (160,826)              |
| Net assets acquired  | 241,239                |
| Gain from bargain purchase   | (1,239)                |
| Total purchase consideration   | 240,000                |
| Less: Cash and cash equivalents in subsidiary acquired               | (122,758)              |
| Net cash outflow on acquisition                                      | 117,242                |

#### **Measurement of fair value**

The valuation technique used for measuring the fair value of the material assets acquired was as follows:

| <b>Assets acquired</b>          | <b>Valuation technique</b>  |
|---------------------------------|---|
| Investments in joint ventures   | The net asset value of investment in joint ventures considers the market value of the development properties held by these entities. The development properties are valued using the residual value method which considers the value of the development project upon completion (gross development value) net of the total development cost to be incurred.   |
| Development properties for sale | The valuation of the development properties is arrived at by deducting the gross development cost and the developer's profit from the gross development value (GDV). The GDV of the development is first established by direct comparison method based on preliminary development scheme and adjusted for the differences between the development properties and the comparables to arrive at the market value of the development properties in its existing state. |

The acquisition-related costs incurred in relation to the acquisition were immaterial.

## Notes to the Financial Statements

### 32 Business Combinations (continued)

#### ***Acquisition of CapitaLand China Development Fund Pte. Ltd.***

On 30 July 2015, the Group acquired 62.5% of the redeemable preference shares (RPS) in CapitaLand China Development Fund Pte. Ltd. (CCDF). As a result, the Group's equity interest in CCDF increased from 37.5% to 100%, obtaining control of CCDF. CCDF, through its group of companies (collectively known as CCDF Group), invests in residential development projects in China.

The acquisition is part of the Group's ongoing business development and is in line with Group's strategy to further strengthen its presence in China.

From the date of acquisition to 31 December 2015, CCDF Group contributed revenue of \$59.8 million and net profit of \$0.7 million to the Group's results. If acquisition had occurred on 1 January 2015, management estimates that the contribution to the Group in terms of revenue and net loss would have been \$136.6 million and \$6.0 million respectively. In determining this amount, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2015.

#### ***Purchase consideration***

The consideration for the acquisition was \$68.4 million and was settled in cash. No contingent consideration or indemnification asset was recognised at the acquisition date.

The identifiable assets acquired, liabilities assumed and effect of cash flows are presented as follows:

|  | <b>2015</b><br><b>\$'000</b> |
|--|------------------------------|
| Property, plant and equipment  | 133                          |
| Deferred tax assets  | 4,707                        |
| Other non-current assets   | 1,422                        |
| Development properties for sale                                      | 93,186                       |
| Cash advances to shareholders  | 113,546                      |
| Cash and cash equivalents  | 216,760                      |
| Other current assets   | 142,624                      |
| Current liabilities  | (267,682)                    |
| Non-current liabilities  | (10,863)                     |
| Deferred tax liabilities   | (15,666)                     |
| Total identifiable net assets  | 278,167                      |
| Less: Amount previously accounted for as an associate, at fair value | (138,782)                    |
| Net assets acquired  | 139,385                      |
| Assumption of shareholder's loan                                     | (70,966)                     |
| Total purchase consideration   | 68,419                       |
| Less: Cash and cash equivalents in subsidiary acquired               | (216,760)                    |
| Net cash inflow on acquisition                                       | (148,341)                    |

## Notes to the Financial Statements

### 32 Business Combinations (continued)

#### **Measurement of fair value**

The valuation technique used for measuring the fair value of the material assets acquired was as follows:

| Assets acquired                 | Valuation technique  |
|---------------------------------|--|
| Development properties for sale | The fair value is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the development properties. |

The acquisition-related costs incurred in relation to the acquisition were immaterial.

In 2014, the Group had the following business combination:

#### **Acquisition of CapitaLand (Beijing) Kai Heng Holdings Pte Ltd**

On 25 July 2014, the Group acquired an additional 80% interest in CapitaLand (Beijing) Kai Heng Holdings Pte Ltd (CBKH) from its 37.5% associate, CCDF. Following the acquisition, the Group's interest in CBKH increased from 50% to 100%.

CBKH owns a 100% economic interest in Beaufort, a residential site located at Chaoyang District, Beijing held through Beijing Heng Shi Tong Fang Real Estate Development Co., Ltd., a company incorporated in The People's Republic of China, in which CBKH owns a 95.52% interest (collectively known as CBKH Group).

The acquisition is part of the Group's ongoing business development and is in line with the Group's strategy to further strengthen its presence in China.

CBKH Group contributed net profit of \$1.9 million to the Group's results from 25 July 2014 to 31 December 2014. If the acquisition had occurred on 1 January 2014, management estimates that the net profit contribution from CBKH would have been \$6.4 million. In determining this amount, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2014.

#### **Purchase consideration**

The consideration for the acquisition was \$41.4 million, which included the assignment of shareholder's loan due from CBKH Group to its previous shareholder, and was settled in cash. No contingent consideration or indemnification asset was identified at the acquisition date.

A gain on bargain purchase of \$12.8 million was recognised in profit or loss as a result of the difference between consideration transferred and the fair value of the identifiable net assets.

## Notes to the Financial Statements

### 32 Business Combinations (continued)

#### *Identifiable assets acquired and liabilities assumed*

|  | <b>2014</b><br><b>\$'000</b> |
|--|------------------------------|
| Property, plant and equipment  | 109                          |
| Development properties for sale                                      | 16,446                       |
| Cash and cash equivalents  | 18,360                       |
| Other current assets   | 137,309                      |
| Current liabilities  | (98,100)                     |
| Shareholder's loan   | (40,643)                     |
| Deferred tax liabilities   | (649)                        |
| Non-controlling interests  | (6,091)                      |
| Total identifiable net assets  | 26,741                       |
| Less: Amount previously accounted for as an associate, at fair value | (13,185)                     |
| Net assets acquired  | 13,556                       |
| Gain from bargain purchase   | (12,790)                     |
| Assumption of shareholder's loan                                     | 40,643                       |
| Total purchase consideration   | 41,409                       |

#### *Effects of cash flows of the Group*

|  | <b>2014</b><br><b>\$'000</b> |
|--|------------------------------|
| Cash consideration paid                                | 766                          |
| Assumption of shareholder's loan                       | 40,643                       |
| Purchase consideration                                 | 41,409                       |
| Less: Cash and cash equivalents in subsidiary acquired | (18,360)                     |
| Net cash outflow on acquisition                        | 23,049                       |

#### *Measurement of fair value*

The valuation technique used for measuring the fair value of the material assets acquired was as follows:

| Assets acquired                 | Valuation technique  |
|---------------------------------|--|
| Development properties for sale | The valuation of the land is arrived at by deducting the gross development cost and the developer's profit from the GDV. The GDV of land is first established by direct comparison method based on preliminary development scheme and adjusted for the differences between the property and the comparables to arrive at the market value of the land in its existing state. |

The acquisition-related costs incurred in relation to the acquisition were immaterial.

## Notes to the Financial Statements

### 33 Financial Risk Management

#### (a) Financial risk management objectives and policies

The Group and the Company are exposed to market risk (including interest rate, foreign currency and price risks), credit risk and liquidity risk arising from its diversified business. The Group's risk management approach seeks to minimise the potential material adverse effects from these exposures. The Group uses financial instruments such as currency forwards, interest rate swaps and cross currency swaps as well as foreign currency borrowings to hedge certain financial risk exposures.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established the Risk Committee to strengthen its risk management processes and framework. The Risk Committee is assisted by an independent unit called the Risk Assessment Group (RAG). 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 risks and currency risks.

#### (b) Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will have on the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

##### (i) 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 short term in nature and they are not held for trading or speculative purposes. The financial products mainly comprise fixed deposits 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 to minimise its exposure to interest rate volatility. The Group classifies these interest rate swaps as cash flow hedges.

The fair value loss of interest rate swaps as at 31 December 2015 was \$3.4 million (2014: \$18.0 million) comprising derivative assets of \$5.8 million (2014: \$1.9 million) and derivative liabilities of \$9.2 million (2014: \$19.9 million).

##### *Sensitivity analysis*

For variable rate financial liabilities and interest rate derivative instruments used for hedging, it is estimated that an increase of 100 basis point in interest rate at the reporting date would lead to a reduction in the Group's profit before tax (and revenue reserves) by approximately \$48.6 million (2014: \$40.7 million). A decrease in 100 basis point in interest rate would have an equal but opposite effect. This analysis assumes that all other variables, in particular foreign currency rates, remain constant, and has not taken into account the effects of qualifying borrowing costs allowed for capitalisation, the associated tax effects and share of non-controlling interests.

## Notes to the Financial Statements

### 33 Financial Risk Management (continued)

#### (b) Market risk (continued)

##### (ii) Equity price risk

As at 31 December 2015, the Group has available-for-sale investments in equity securities and is exposed to equity price risk. The securities are listed in Malaysia.

The Group does not have significant exposure to equity price risk as at 31 December 2014.

##### *Sensitive analysis*

It is estimated that if the prices for equity securities listed in Malaysia increase by five percentage point with all other variables including tax rate being held constant, the Group's available-for-sale reserves would increase by approximately \$2.1 million. A decrease in five percentage point will have an equal but opposite effect.

##### (iii) Foreign currency risk

The Group operates internationally and is exposed to various currencies, mainly Chinese Renminbi, Euro, Hong Kong Dollars, Japanese Yen, Malaysian Ringgit, Sterling Pounds and US Dollars.

The Group maintains a natural hedge, whenever possible, by borrowing in the currency of the country in which its property or investment is located or by borrowing in currencies that match the future revenue stream to be generated from its investments.

As at the reporting date, the Group uses certain foreign currency denominated borrowings, which include bank loans and medium term notes, and cross currency interest rate swaps to hedge against the currency risk arising from the Group's net investments in certain subsidiaries in Europe and Japan. The carrying amount of these Euro, Sterling Pound and Japanese Yen denominated borrowings as at 31 December 2015 was \$724.0 million (2014: \$648.1 million) and the fair value of the borrowings was \$727.4 million (2014: \$648.8 million).

The Group uses forward exchange contracts or foreign currency loans to hedge its foreign currency risk, where feasible. It generally enters into forward exchange contracts with maturities ranging between three months and one year which are rolled over at market rates at maturity or foreign currency loans which match the Group's investment in the foreign subsidiaries. The Group also enters into cross currency swaps to hedge the foreign exchange risk of its loans denominated in a foreign currency.

The net fair value gain of the forward exchange and cross currency swap contracts as at 31 December 2015 was \$84.7 million (2014: \$9.6 million), comprising derivative assets of \$116.2 million (2014: \$58.4 million) and derivative liabilities of \$31.5 million (2014: \$48.8 million).

Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.



**Notes to the Financial Statements****33 Financial Risk Management** (continued)**(b) Market risk** (continued)**(iii) Foreign currency risk** (continued)

The Group's and the Company's exposure to foreign currencies as at 31 December 2015 and 31 December 2014 were as follows:

|   | Singapore<br>Dollars<br>\$'000 | US<br>Dollars<br>\$'000 | Australian<br>Dollars<br>\$'000 | Chinese<br>Renminbi<br>\$'000 | Hong<br>Kong<br>Dollars<br>\$'000 | Japanese<br>Yen<br>\$'000 | Euro<br>\$'000 | Malaysian<br>Ringgit<br>\$'000 | Others <sup>#</sup><br>\$'000 | Total<br>\$'000 |
|---|--------------------------------|-------------------------|---------------------------------|-------------------------------|-----------------------------------|---------------------------|----------------|--------------------------------|-------------------------------|-----------------|
| <b>The Group</b>  |                                |                         |                                 |                               |                                   |                           |                |                                |                               |                 |
| <b>2015</b>   |                                |                         |                                 |                               |                                   |                           |                |                                |                               |                 |
| Other financial assets  | 6,321                          | 74,376                  | –                               | –                             | 1,718                             | 203,727                   | –              | 41,621                         | –                             | 327,763         |
| Trade and other<br>receivables  | 638,033                        | 141,584                 | 19,695                          | 450,022                       | 17,791                            | 123,525                   | 175,790        | 69,938                         | 223,758                       | 1,860,136       |
| Cash and cash<br>equivalents  | 1,526,547                      | 125,732                 | 12,260                          | 2,094,608                     | 2,064                             | 182,368                   | 45,869         | 83,380                         | 100,453                       | 4,173,281       |
| Borrowings  | (10,130,981)                   | (1,062,979)             | (472)                           | (1,619,975)                   | (219,403)                         | (1,637,599)               | (510,209)      | (495,991)                      | (380,871)                     | (16,058,480)    |
| Trade and<br>other payables   | (1,258,039)                    | (92,338)                | (9,316)                         | (2,300,830)                   | (3,598)                           | (82,389)                  | (58,248)       | (68,293)                       | (86,228)                      | (3,959,279)     |
| Gross currency<br>exposure  | (9,218,119)                    | (813,625)               | 22,167                          | (1,376,175)                   | (201,428)                         | (1,210,368)               | (346,798)      | (369,345)                      | (142,888)                     | (13,656,579)    |
| Add/Less:   |                                |                         |                                 |                               |                                   |                           |                |                                |                               |                 |
| Net financial<br>liabilities/(assets)<br>denominated<br>in the respective<br>entities' functional<br>currencies | 9,123,729                      | 91,112                  | (11,770)                        | 1,085,082                     | 219,424                           | 754,868                   | 2,079          | 470,929                        | 190,294                       | 11,925,747      |
| Add:  |                                |                         |                                 |                               |                                   |                           |                |                                |                               |                 |
| Loans designated<br>for net investment<br>hedge   | –                              | –                       | –                               | –                             | –                                 | 183,159                   | 483,587        | –                              | 60,276                        | 727,022         |
| Add:  |                                |                         |                                 |                               |                                   |                           |                |                                |                               |                 |
| Cross currency swaps/<br>foreign exchange<br>forward contracts  | –                              | 565,420                 | –                               | –                             | –                                 | 286,599                   | –              | –                              | –                             | 852,019         |
| Less:   |                                |                         |                                 |                               |                                   |                           |                |                                |                               |                 |
| Available-for-sale<br>financial assets  | –                              | (1,148)                 | –                               | –                             | (1,718)                           | –                         | –              | (41,639)                       | –                             | (44,505)        |
| Net currency exposure   | (94,390)                       | (158,241)               | 10,397                          | (291,093)                     | 16,278                            | 14,258                    | 138,868        | 59,945                         | 107,682                       | (196,296)       |

<sup>#</sup> Others include mainly United Arab Emirates Dirham, Sterling Pound, Thai Baht, Indian Rupee and Vietnamese Dong.

## Notes to the Financial Statements

### 33 Financial Risk Management (continued)

#### (b) Market risk (continued)

##### (iii) Foreign currency risk (continued)

|   | Singapore<br>Dollars<br>\$'000 | US<br>Dollars<br>\$'000 | Australian<br>Dollars<br>\$'000 | Chinese<br>Renminbi<br>\$'000 | Hong<br>Kong<br>Dollars<br>\$'000 | Japanese<br>Yen<br>\$'000 | Euro<br>\$'000 | Malaysian<br>Ringgit<br>\$'000 | Others <sup>#</sup><br>\$'000 | Total<br>\$'000 |
|---|--------------------------------|-------------------------|---------------------------------|-------------------------------|-----------------------------------|---------------------------|----------------|--------------------------------|-------------------------------|-----------------|
| <b>The Group</b>  |                                |                         |                                 |                               |                                   |                           |                |                                |                               |                 |
| <b>2014</b>   |                                |                         |                                 |                               |                                   |                           |                |                                |                               |                 |
| Other financial assets  | 13,931                         | –                       | –                               | –                             | 1,510                             | 192,096                   | –              | –                              | –                             | 207,537         |
| Trade and other<br>receivables  | 346,413                        | 112,202                 | 17,539                          | 361,298                       | 6,539                             | 241,618                   | 179,790        | 86,620                         | 232,620                       | 1,584,639       |
| Cash and cash<br>equivalents  | 1,087,218                      | 173,355                 | 5,216                           | 1,099,185                     | 2,926                             | 140,957                   | 45,162         | 84,921                         | 110,457                       | 2,749,397       |
| Borrowings  | (11,277,973)                   | (760,810)               | (1,450)                         | (1,078,782)                   | (157,041)                         | (1,333,429)               | (540,147)      | (452,637)                      | (383,549)                     | (15,985,818)    |
| Trade and other<br>payables   | (1,379,063)                    | (364,179)               | (11,961)                        | (1,549,108)                   | (16,171)                          | (52,864)                  | (64,021)       | (75,722)                       | (85,607)                      | (3,598,696)     |
| Gross currency<br>exposure  | (11,209,474)                   | (839,432)               | 9,344                           | (1,167,407)                   | (162,237)                         | (811,622)                 | (379,216)      | (356,818)                      | (126,079)                     | (15,042,941)    |
| Add/Less:   |                                |                         |                                 |                               |                                   |                           |                |                                |                               |                 |
| Net financial<br>liabilities/(assets)<br>denominated<br>in the respective<br>entities' functional<br>currencies | 11,157,928                     | 90,462                  | (4,315)                         | 1,142,279                     | 155,830                           | 533,686                   | 37,435         | 436,905                        | 157,916                       | 13,708,126      |
| Add:  |                                |                         |                                 |                               |                                   |                           |                |                                |                               |                 |
| Loans designated<br>for net investment<br>hedge   | –                              | –                       | –                               | –                             | –                                 | 90,775                    | 507,737        | –                              | 53,068                        | 651,580         |
| Add:  |                                |                         |                                 |                               |                                   |                           |                |                                |                               |                 |
| Cross currency swaps/<br>foreign exchange<br>forward contracts  | –                              | 495,183                 | –                               | –                             | –                                 | 179,952                   | –              | 375                            | –                             | 675,510         |
| Less:   |                                |                         |                                 |                               |                                   |                           |                |                                |                               |                 |
| Available-for-sale<br>financial assets  | –                              | –                       | –                               | –                             | (1,510)                           | –                         | –              | –                              | –                             | (1,510)         |
| Net currency exposure   | (51,546)                       | (253,787)               | 5,029                           | (25,128)                      | (7,917)                           | (7,209)                   | 165,956        | 80,462                         | 84,905                        | (9,235)         |

<sup>#</sup> Others include mainly United Arab Emirates Dirham, Sterling Pound, Thai Baht, Indian Rupee and Vietnamese Dong.

|                             | US<br>Dollars<br>\$'000 | Total<br>Foreign<br>Currency<br>\$'000 |
|-----------------------------|-------------------------|--|
| <b>The Company</b>          |                         |  |
| <b>2015</b>                 |                         |  |
| Cash and cash equivalents   | 16                      | 16                                     |
| Trade and other receivables | 26                      | 26                                     |
| Currency exposure           | 42                      | 42                                     |
| <b>2014</b>                 |                         |  |
| Cash and cash equivalents   | 174                     | 174                                    |
| Trade and other receivables | 6                       | 6                                      |
| Currency exposure           | 180                     | 180                                    |

## Notes to the Financial Statements

### 33 Financial Risk Management (continued)

#### (b) Market risk (continued)

##### (iii) Foreign currency risk (continued)

###### *Sensitivity analysis*

It is estimated that a five percentage point strengthening in foreign currencies against the respective functional currencies of the Group would decrease the Group's profit before tax by approximately \$9.8 million (2014: \$0.5 million) and increase the Group's other components of equity by approximately \$2.2 million (2014: \$0.1 million). A five percentage point weakening in foreign currencies against the Singapore Dollar would have an equal but opposite effect. The Group's outstanding forward exchange contracts and cross currency swaps have been included in this calculation. The analysis assumed that all other variables, in particular interest rates, remain constant and does not take into account the translation related risk, associated tax effects and share of non-controlling interests.

There was no significant exposure to foreign currencies for the Company as at 31 December 2015 and 31 December 2014.

#### (c) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. For trade receivables, the Group has guidelines governing the process of granting credit as a service or product provider in its respective segments of business. Trade and other receivables relate mainly to the Group's customers who bought its residential units and tenants from its commercial buildings, shopping malls and serviced residences. Investments and financial transactions are restricted to counterparties that meet the appropriate credit criteria.

The principal risk to which the Group and the Company is exposed to in respect of financial guarantee contracts is credit risk in connection with the guarantee contracts they have issued. To mitigate the risk, management continually monitors the risk and has established processes including performing credit evaluations of the parties it is providing the guarantee on behalf of. Guarantees are only given for the benefit of its subsidiaries and related parties. The maximum exposure to credit risk in respect of these financial guarantees at the balance sheet date is disclosed in note 36.

The Group has a diversified portfolio of businesses and as at balance sheet date, there was 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 in the balance sheet, including derivative financial instruments as well as any irrevocable loan undertaking to associates and joint ventures.

#### (d) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. 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 at 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.

## Notes to the Financial Statements

### 33 Financial Risk Management (continued)

#### (d) Liquidity risk (continued)

The following are the expected contractual undiscounted cash flows of financial liabilities and derivative financial instruments, including interest payments and excluding the impact of netting agreements:

|   | Carrying<br>amount<br>\$'000 | Contractual cash flows |                                       |                                       |                            |
|---|------------------------------|------------------------|---------------------------------------|---------------------------------------|----------------------------|
|   |                              | Total<br>\$'000        | Not later<br>than<br>1 year<br>\$'000 | Between<br>1 and 5<br>years<br>\$'000 | After<br>5 years<br>\$'000 |
| <b>The Group</b>  |                              |                        |                                       |                                       |                            |
| <b>2015</b>   |                              |                        |                                       |                                       |                            |
| <b>Financial liabilities,<br/>at amortised cost</b>                     |                              |                        |                                       |                                       |                            |
| Bank borrowings   | (8,534,935)                  | (9,392,927)            | (1,984,306)                           | (6,200,297)                           | (1,208,324)                |
| Debt securities   | (7,523,545)                  | (8,930,707)            | (664,936)                             | (3,330,162)                           | (4,935,609)                |
| Trade and other payables <sup>#</sup>                                   | (3,464,049)                  | (3,444,557)            | (2,945,405)                           | (431,632)                             | (67,520)                   |
|   | (19,522,529)                 | (21,768,191)           | (5,594,647)                           | (9,962,091)                           | (6,211,453)                |
| <b>Derivative financial<br/>assets/(liabilities),<br/>at fair value</b> |                              |                        |                                       |                                       |                            |
| Interest rate swap (net-settled)  |                              |                        |                                       |                                       |                            |
| - assets  | 5,800                        | 6,355                  | 1,010                                 | 5,345                                 | –                          |
| - liabilities   | (9,188)                      | (12,763)               | (6,264)                               | (5,957)                               | (542)                      |
| Forward foreign exchange<br>contracts (net-settled)                     |                              |                        |                                       |                                       |                            |
| - assets  | 4,823                        | 4,823                  | 4,823                                 | –                                     | –                          |
| - liabilities   | (2,526)                      | (2,526)                | (2,526)                               | –                                     | –                          |
| Forward foreign exchange<br>contracts (gross-settled)                   |                              |                        |                                       |                                       |                            |
| - outflow   | 49                           | (4,937)                | (4,937)                               | –                                     | –                          |
| - inflow  |                              | 4,986                  | 4,986                                 | –                                     | –                          |
| Forward foreign exchange<br>contracts (gross-settled)                   |                              |                        |                                       |                                       |                            |
| - outflow   | (8)                          | (4,118)                | (4,118)                               | –                                     | –                          |
| - inflow  |                              | 4,200                  | 4,200                                 | –                                     | –                          |
| Cross currency swaps<br>(gross-settled)                                 |                              |                        |                                       |                                       |                            |
| - outflow   | 111,359                      | (338,956)              | (23,770)                              | (94,929)                              | (220,257)                  |
| - inflow  |                              | 339,745                | 22,509                                | 95,064                                | 222,172                    |
| Cross currency swaps<br>(gross-settled)                                 |                              |                        |                                       |                                       |                            |
| - outflow   | (28,917)                     | (393,499)              | (8,053)                               | (176,130)                             | (209,316)                  |
| - inflow  |                              | 379,350                | 9,904                                 | 184,501                               | 184,945                    |
|   | 81,392                       | (17,340)               | (2,236)                               | 7,894                                 | (22,998)                   |
|   | (19,441,137)                 | (21,785,531)           | (5,596,883)                           | (9,954,197)                           | (6,234,451)                |

<sup>#</sup> Excludes quasi-equity loans, progress billings and liability for employee benefits.

## Notes to the Financial Statements

## 33 Financial Risk Management (continued)

## (d) Liquidity risk (continued)

|   | Carrying<br>amount<br>\$'000 | Contractual cash flows |                                       |                                       |                            |
|---|------------------------------|------------------------|---------------------------------------|---------------------------------------|----------------------------|
|   |                              | Total<br>\$'000        | Not later<br>than<br>1 year<br>\$'000 | Between<br>1 and 5<br>years<br>\$'000 | After<br>5 years<br>\$'000 |
| <b>The Group</b>  |                              |                        |                                       |                                       |                            |
| <b>2014</b>   |                              |                        |                                       |                                       |                            |
| <b>Financial liabilities,<br/>at amortised cost</b>                     |                              |                        |                                       |                                       |                            |
| Bank borrowings   | (8,210,666)                  | (8,727,770)            | (3,193,818)                           | (4,662,631)                           | (871,321)                  |
| Debt securities   | (7,775,152)                  | (9,284,765)            | (614,675)                             | (3,476,246)                           | (5,193,844)                |
| Trade and other payables <sup>#</sup>                                   | (3,161,678)                  | (3,204,955)            | (2,623,763)                           | (536,871)                             | (44,321)                   |
|   | (19,147,496)                 | (21,217,490)           | (6,432,256)                           | (8,675,748)                           | (6,109,486)                |
| <b>Derivative financial<br/>assets/(liabilities),<br/>at fair value</b> |                              |                        |                                       |                                       |                            |
| Interest rate swap (net-settled)  |                              |                        |                                       |                                       |                            |
| - assets  | 1,852                        | 4,859                  | 2,045                                 | 2,814                                 | –                          |
| - liabilities   | (19,876)                     | (26,336)               | (14,700)                              | (11,208)                              | (428)                      |
| Forward foreign exchange<br>contracts (net-settled)                     |                              |                        |                                       |                                       |                            |
| - assets  | 1,603                        | 1,603                  | 1,603                                 | –                                     | –                          |
| - liabilities   | (7,538)                      | (7,538)                | (7,538)                               | –                                     | –                          |
| Forward foreign exchange<br>contracts (gross-settled)                   | 318                          |                        |                                       |                                       |                            |
| - outflow   |                              | (10,327)               | (10,327)                              | –                                     | –                          |
| - inflow  |                              | 10,645                 | 10,645                                | –                                     | –                          |
| Forward foreign exchange<br>contracts (gross-settled)                   | (961)                        |                        |                                       |                                       |                            |
| - outflow   |                              | (48,834)               | (48,834)                              | –                                     | –                          |
| - inflow  |                              | 47,873                 | 47,873                                | –                                     | –                          |
| Cross currency swaps<br>(gross-settled)                                 | 56,488                       |                        |                                       |                                       |                            |
| - outflow   |                              | (630,744)              | (13,248)                              | (73,876)                              | (543,620)                  |
| - inflow  |                              | 651,733                | 15,241                                | 84,738                                | 551,754                    |
| Cross currency swaps<br>(gross-settled)                                 | (40,298)                     |                        |                                       |                                       |                            |
| - outflow   |                              | (259,667)              | (6,495)                               | (174,116)                             | (79,056)                   |
| - inflow  |                              | 233,190                | 1,855                                 | 155,684                               | 75,651                     |
|   | (8,412)                      | (33,543)               | (21,880)                              | (15,964)                              | 4,301                      |
|   | (19,155,908)                 | (21,251,033)           | (6,454,136)                           | (8,691,712)                           | (6,105,185)                |

<sup>#</sup> Excludes quasi-equity loans, progress billings and liability for employee benefits.

## Notes to the Financial Statements

### 33 Financial Risk Management (continued)

#### (d) Liquidity risk (continued)

|   | Carrying<br>amount<br>\$'000 | Contractual cash flows |                                       |                                       |                            |
|---|------------------------------|------------------------|---------------------------------------|---------------------------------------|----------------------------|
|   |                              | Total<br>\$'000        | Not later<br>than<br>1 year<br>\$'000 | Between<br>1 and 5<br>years<br>\$'000 | After<br>5 years<br>\$'000 |
| <b>The Company</b>                                  |                              |                        |                                       |                                       |                            |
| <b>2015</b>   |                              |                        |                                       |                                       |                            |
| <b>Financial liabilities,<br/>at amortised cost</b> |                              |                        |                                       |                                       |                            |
| Debt securities                                     | (2,888,770)                  | (3,452,087)            | (248,343)                             | (908,430)                             | (2,295,314)                |
| Trade and other payables <sup>#</sup>               | (190,116)                    | (190,116)              | (190,116)                             | –                                     | –                          |
|   | (3,078,886)                  | (3,642,203)            | (438,459)                             | (908,430)                             | (2,295,314)                |
| <b>2014</b>   |                              |                        |                                       |                                       |                            |
| <b>Financial liabilities,<br/>at amortised cost</b> |                              |                        |                                       |                                       |                            |
| Debt securities                                     | (3,234,116)                  | (3,835,514)            | (77,983)                              | (1,165,269)                           | (2,592,262)                |
| Trade and other payables <sup>#</sup>               | (42,469)                     | (42,469)               | (42,469)                              | –                                     | –                          |
|   | (3,276,585)                  | (3,877,983)            | (120,452)                             | (1,165,269)                           | (2,592,262)                |

<sup>#</sup> Excludes liability for employee benefits.

The following table indicates the periods in which the cash flows associated with derivatives that are cash flow hedges are expected to occur and affect the profit or loss:

|                                    | Carrying<br>amount<br>\$'000 | Contractual cash flows |                                       |                                       |                            |
|------------------------------------|------------------------------|------------------------|---------------------------------------|---------------------------------------|----------------------------|
|                                    |                              | Total<br>\$'000        | Not later<br>than<br>1 year<br>\$'000 | Between<br>1 and 5<br>years<br>\$'000 | After<br>5 years<br>\$'000 |
| <b>The Group</b>                   |                              |                        |                                       |                                       |                            |
| <b>2015</b>                        |                              |                        |                                       |                                       |                            |
| Interest rate swaps                |                              |                        |                                       |                                       |                            |
| - assets                           | 5,800                        | 6,355                  | 1,010                                 | 5,345                                 | –                          |
| - liabilities                      | (9,188)                      | (12,763)               | (6,264)                               | (5,957)                               | (542)                      |
| Forward foreign exchange contracts |                              |                        |                                       |                                       |                            |
| - assets                           | 49                           | 49                     | 49                                    | –                                     | –                          |
| - liabilities                      | (8)                          | 82                     | 82                                    | –                                     | –                          |
| Cross currency swaps               |                              |                        |                                       |                                       |                            |
| - assets                           | 111,359                      | 789                    | (1,261)                               | 135                                   | 1,915                      |
| - liabilities                      | (28,917)                     | (14,149)               | 1,851                                 | 8,371                                 | (24,371)                   |
|                                    | 79,095                       | (19,637)               | (4,533)                               | 7,894                                 | (22,998)                   |

**Notes to the Financial Statements****33 Financial Risk Management** (continued)**(d) Liquidity risk** (continued)

|                                    | Carrying<br>amount<br>\$'000 | Contractual cash flows |                                       |                                       |                            |
|------------------------------------|------------------------------|------------------------|---------------------------------------|---------------------------------------|----------------------------|
|                                    |                              | Total<br>\$'000        | Not later<br>than<br>1 year<br>\$'000 | Between<br>1 and 5<br>years<br>\$'000 | After<br>5 years<br>\$'000 |
| <b>The Group</b>                   |                              |                        |                                       |                                       |                            |
| <b>2014</b>                        |                              |                        |                                       |                                       |                            |
| Interest rate swaps                |                              |                        |                                       |                                       |                            |
| - assets                           | 1,852                        | 4,859                  | 2,045                                 | 2,814                                 | –                          |
| - liabilities                      | (19,876)                     | (26,336)               | (14,700)                              | (11,208)                              | (428)                      |
| Forward foreign exchange contracts |                              |                        |                                       |                                       |                            |
| - assets                           | 9                            | 9                      | 9                                     | –                                     | –                          |
| - liabilities                      | (319)                        | (319)                  | (319)                                 | –                                     | –                          |
| Cross currency swaps               |                              |                        |                                       |                                       |                            |
| - assets                           | 56,488                       | 20,989                 | 1,993                                 | 10,862                                | 8,134                      |
| - liabilities                      | (40,298)                     | (26,477)               | (4,640)                               | (18,432)                              | (3,405)                    |
|                                    | (2,144)                      | (27,275)               | (15,612)                              | (15,964)                              | 4,301                      |

**(e) Offsetting financial assets and financial liabilities**

The disclosures set out in the tables below include financial assets and financial liabilities that:

- are offset in the Group's and the Company's balance sheets; or
- are subject to an enforceable master netting arrangement, irrespective of whether they are offset in the balance sheets.

Financial instruments such as trade receivables and trade payables are not disclosed in the tables below unless they are offset in the balance sheets.

The Group's derivative transactions that are not transacted through an exchange, are governed by the International Swaps and Derivatives Association (ISDA) Master Netting Agreements. In general, under such agreements, the amounts due on a single day in respect of all transactions outstanding in the same currency are aggregated into a single net amount and settled between the counterparties. In certain circumstances, for example when a credit event such as a default occurs, all outstanding transactions under the agreement are terminated, the termination value is assessed and set off into a single net amount to be settled.



## Notes to the Financial Statements

### 33 Financial Risk Management (continued)

#### (d) Liquidity risk (continued)

The above ISDA agreements do not meet the criteria for offsetting in the balance sheets as a right of set-off of recognised amounts is enforceable only following an event of default, insolvency or bankruptcy of the Group or the counterparties. In addition, the Group and its counterparties do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

|                                       |   | Gross<br>amount of<br>recognised<br>financial<br>assets/<br>(liabilities)<br>offset<br>in the<br>balance<br>sheet | Net<br>amount of<br>financial<br>assets/<br>(liabilities)<br>presented<br>in the<br>balance<br>sheet | Related<br>amount<br>not offset<br>in the<br>balance<br>sheet | Net<br>amount |
|---------------------------------------|---|---|--|---|---------------|
| Note                                  | Gross<br>amount of<br>recognised<br>financial<br>assets/<br>(liabilities)<br>\$'000 | \$'000  | \$'000   | \$'000  | \$'000        |
| <b>The Group</b>                      |   |   |  |   |               |
| <b>2015</b>                           |   |   |  |   |               |
| <b>Types of financial assets</b>      |   |   |  |   |               |
| Interest rate swaps                   | 5,800   | –   | 5,800  | (1,285)   | 4,515         |
| Forward foreign exchange<br>contracts | 4,872   | –   | 4,872  | (1,195)   | 3,677         |
| Cross currency swaps                  | 111,359   | –   | 111,359  | (5,611)   | 105,748       |
| 10(a), 10(b)                          | 122,031   | –   | 122,031  | (8,091)   | 113,940       |
| <b>Types of financial liabilities</b> |   |   |  |   |               |
| Interest rate swaps                   | (9,188)   | –   | (9,188)  | –   | (9,188)       |
| Forward foreign exchange<br>contracts | (2,534)   | –   | (2,534)  | 1,195   | (1,339)       |
| Cross currency swaps                  | (28,917)  | –   | (28,917)   | 6,896   | (22,021)      |
| 17, 21                                | (40,639)  | –   | (40,639)   | 8,091   | (32,548)      |
| <b>2014</b>                           |   |   |  |   |               |
| <b>Types of financial assets</b>      |   |   |  |   |               |
| Interest rate swaps                   | 1,852   | –   | 1,852  | –   | 1,852         |
| Forward foreign exchange<br>contracts | 1,921   | –   | 1,921  | (1,259)   | 662           |
| Cross currency swaps                  | 56,488  | –   | 56,488   | –   | 56,488        |
| 10(a), 10(b)                          | 60,261  | –   | 60,261   | (1,259)   | 59,002        |
| <b>Types of financial liabilities</b> |   |   |  |   |               |
| Interest rate swaps                   | (19,876)  | –   | (19,876)   | –   | (19,876)      |
| Forward foreign exchange<br>contracts | (8,499)   | –   | (8,499)  | 1,259   | (7,240)       |
| Cross currency swaps                  | (40,298)  | –   | (40,298)   | –   | (40,298)      |
| 17, 21                                | (68,673)  | –   | (68,673)   | 1,259   | (67,414)      |

## Notes to the Financial Statements

## 33 Financial Risk Management (continued)

## (d) Liquidity risk (continued)

|                                       |      | Gross<br>amount of<br>recognised<br>financial<br>assets/<br>(liabilities)<br>offset in<br>the balance<br>sheet<br>\$'000 | Gross<br>amount of<br>recognised<br>financial<br>assets/<br>(liabilities)<br>presented in<br>the balance<br>sheet<br>\$'000 | Net<br>amount of<br>financial<br>assets/<br>(liabilities)<br>presented in<br>the balance<br>sheet<br>\$'000 | Related<br>amount<br>not offset<br>in the<br>balance<br>sheet<br>\$'000 | Net<br>amount<br>\$'000 |
|---------------------------------------|------|--|---|---|---|-------------------------|
|                                       | Note |  |   |   |   |                         |
| <b>The Company</b>                    |      |  |   |   |   |                         |
| <b>2015</b>                           |      |  |   |   |   |                         |
| <b>Types of financial assets</b>      |      |  |   |   |   |                         |
| Amount due from subsidiaries,         |      |  |   |   |   |                         |
| current account                       | 18   | 30,668   | (48)  | 30,620  | –   | 30,620                  |
| <b>Types of financial liabilities</b> |      |  |   |   |   |                         |
| Amount due to subsidiaries,           |      |  |   |   |   |                         |
| current account                       |      | (48)   | 48  | –   | –   | –                       |
| <b>2014</b>                           |      |  |   |   |   |                         |
| <b>Types of financial assets</b>      |      |  |   |   |   |                         |
| Amount due from subsidiaries,         |      |  |   |   |   |                         |
| current account                       | 18   | 33,823   | (298)   | 33,525  | –   | 33,525                  |
| <b>Types of financial liabilities</b> |      |  |   |   |   |                         |
| Amount due to subsidiaries,           |      |  |   |   |   |                         |
| current account                       |      | (298)  | 298   | –   | –   | –                       |

## Notes to the Financial Statements

### 34 Fair Value of Assets and Liabilities

#### (a) Determination of fair value

The following valuation methods and assumptions are used to estimate the fair values of the following significant classes of assets and liabilities:

##### (i) *Derivatives*

Forward currency contracts, cross currency swap contracts and interest rate swap contracts are valued using valuation techniques with market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present valuation calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rate, interest rate curves and forward rate curves.

##### (ii) *Non-derivative financial liabilities*

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted using the market rate of interest at the reporting date. In respect of the liability component of convertible bonds, the fair value at initial recognition is determined using a market interest rate of similar liabilities that do not have a conversion option.

##### (iii) *Other financial assets and liabilities*

The fair value of quoted securities is their quoted bid price at the balance sheet date. The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents and trade and other payables) are assumed to approximate their fair values because of the short period to maturity. All other financial assets and liabilities are discounted to determine their fair values.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is a market-related rate for a similar instrument in the balance sheet.

##### (iv) *Investment properties*

The Group's investment property portfolio is mostly valued by external and independent valuation companies every six months. Independent valuation is also carried out on occurrence of acquisition and on completion of construction of investment property. The fair values are based on open market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction wherein the parties had each acted knowledgeably and without compulsion. The valuers have considered valuation techniques including direct comparison method, capitalisation approach, discounted cash flows and residual method in arriving at the open market value as at the balance sheet date. In determining the fair value, the valuers have used valuation techniques which involve certain estimates. The key assumptions used to determine the fair value of investment properties include market-corroborated capitalisation rate, terminal yield rate and discount rate.

Investment property under development is valued by estimating the fair value of the completed investment property and then deducting from that amount the estimated costs to complete the construction and a reasonable profit margin on construction and development. The estimated cost to complete is determined based on the construction cost per square metre in the pertinent area.

## Notes to the Financial Statements

### 34 Fair Value of Assets and Liabilities (continued)

#### (a) Determination of fair value (continued)

##### (v) *Assets held for sale*

The fair value of the Group's assets held for sale is either valued by an independent valuer or based on agreed contractual selling price on a willing buyer willing seller basis. For assets held for sale valued by an independent valuer, the valuer has considered the direct comparison and income capitalisation approaches in arriving at the open market value as at the balance sheet date. In determining the fair value, the valuer used valuation techniques which involve certain estimates. The key assumptions used to determine the fair value of assets held for sale include market-corroborated capitalisation rate.

##### (vi) *Property, plant and equipment*

The fair value of the property, plant and equipment recognised as a result of a business combination is the estimated amount for which a property could be exchanged on the date of acquisition between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably and willingly. The residual values of serviced residence properties at the end of the intended holding period are determined based on annual independent professional valuations, using valuation methods such as discounted cash flow and/or comparison method. The key assumptions used to determine the residual values of serviced residence properties include terminal yield rate and discount rate.

##### (vii) *Share-based payment transactions*

The fair values of employee performance share plan and restricted share plan are measured using Monte Carlo Simulation. Measurement inputs include the share price at grant date, expected volatility (based on an evaluation of the historical volatility of the Company's and peer group's share price), expected correlation of the Company's return with those of peer group, expected dividends and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining the fair values.

#### (b) Fair value hierarchy

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used. The different levels have been defined as follows:

Level 1 : Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 : Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3 : Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

## Notes to the Financial Statements

### 34 Fair Value of Assets and Liabilities (continued)

#### (c) Accounting classifications and fair values

The following tables show the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information of financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

|   |       | Carrying amount                                  |                                    |                                  |  |   |                 | Fair value        |                   |                   |                 |
|---|-------|--|------------------------------------|----------------------------------|--|---|-----------------|-------------------|-------------------|-------------------|-----------------|
|   | Note  | Fair value -<br>hedging<br>instruments<br>\$'000 | Loans and<br>receivables<br>\$'000 | Available-<br>for-sale<br>\$'000 | Designated<br>at<br>fair value<br>\$'000 | Other<br>financial<br>liabilities<br>\$'000 | Total<br>\$'000 | Level 1<br>\$'000 | Level 2<br>\$'000 | Level 3<br>\$'000 | Total<br>\$'000 |
| <b>The Group</b>  |       |  |                                    |                                  |  |   |                 |                   |                   |                   |                 |
| <b>2015</b>   |       |  |                                    |                                  |  |   |                 |                   |                   |                   |                 |
| <b>Financial assets measured at fair value</b>                  |       |  |                                    |                                  |  |   |                 |                   |                   |                   |                 |
| Available-for-sale equity securities                            | 10(a) | –  | –                                  | 248,214                          | –  | –   | 248,214         | 41,621            | –                 | 206,593           | 248,214         |
| Financial asset designated as fair value through profit or loss | 10(a) | –  | –                                  | –                                | 73,228                                   | –   | 73,228          | –                 | –                 | 73,228            | 73,228          |
| Derivative financial assets:                                    |       |  |                                    |                                  |  |   |                 |                   |                   |                   |                 |
| - Interest rate swaps and forward foreign exchange contracts    |       | 10,672   | –                                  | –                                | –  | –   | 10,672          | –                 | 10,672            | –                 | 10,672          |
| - Cross currency swaps  |       | 111,359  | –                                  | –                                | –  | –   | 111,359         | –                 | 111,359           | –                 | 111,359         |
|   |       | 122,031  | –                                  | 248,214                          | 73,228                                   | –   | 443,473         |                   |                   |                   |                 |
| <b>Financial assets not measured at fair value</b>              |       |  |                                    |                                  |  |   |                 |                   |                   |                   |                 |
| Other non-current assets  |       | –  | 11,383                             | –                                | –  | –   | 11,383          |                   |                   |                   |                 |
| Trade and other receivables                                     | 12    | –  | 1,237,559                          | –                                | –  | –   | 1,237,559       |                   |                   |                   |                 |
| Cash and cash equivalents                                       | 16    | –  | 4,173,281                          | –                                | –  | –   | 4,173,281       |                   |                   |                   |                 |
|   |       | –  | 5,422,223                          | –                                | –  | –   | 5,422,223       |                   |                   |                   |                 |

## Notes to the Financial Statements

## 34 Fair Value of Assets and Liabilities (continued)

## (c) Accounting classifications and fair values (continued)

|  |      | Carrying amount                                  |                                    |                                  |   |                 | Fair value        |                   |                   |                 |
|--|------|--|------------------------------------|----------------------------------|---|-----------------|-------------------|-------------------|-------------------|-----------------|
|  | Note | Fair value -<br>hedging<br>instruments<br>\$'000 | Loans and<br>receivables<br>\$'000 | Available-<br>for-sale<br>\$'000 | Other<br>financial<br>liabilities<br>\$'000 | Total<br>\$'000 | Level 1<br>\$'000 | Level 2<br>\$'000 | Level 3<br>\$'000 | Total<br>\$'000 |
| The Group  |      |  |                                    |                                  |   |                 |                   |                   |                   |                 |
| 2015   |      |  |                                    |                                  |   |                 |                   |                   |                   |                 |
| Financial liabilities<br>measured at<br>fair value           |      |  |                                    |                                  |   |                 |                   |                   |                   |                 |
| Derivative financial liabilities:                            |      |  |                                    |                                  |   |                 |                   |                   |                   |                 |
| - Interest rate swaps and forward foreign exchange contracts | 17   | (4,288)  | -                                  | -                                | -   | (4,288)         | -                 | (4,288)           | -                 | (4,288)         |
| - Interest rate swaps and cross currency swaps               | 21   | (36,351)   | -                                  | -                                | -   | (36,351)        | -                 | (36,351)          | -                 | (36,351)        |
|  |      | (40,639)   | -                                  | -                                | -   | (40,639)        |                   |                   |                   |                 |
| Financial liabilities<br>not measured<br>at fair value       |      |  |                                    |                                  |   |                 |                   |                   |                   |                 |
| Other non-current liabilities <sup>#</sup>                   |      | -  | -                                  | -                                | (490,928)                                   | (490,928)       | -                 | -                 | (478,343)         | (478,343)       |
| Bank borrowings  | 19   | -  | -                                  | -                                | (8,534,935)                                 | (8,534,935)     | -                 | (8,537,710)       | -                 | (8,537,710)     |
| Debt securities  | 20   | -  | -                                  | -                                | (7,523,545)                                 | (7,523,545)     | (4,133,758)       | (3,512,266)       | -                 | (7,646,024)     |
| Trade and other payables <sup>#</sup>                        |      | -  | -                                  | -                                | (2,924,566)                                 | (2,924,566)     |                   |                   |                   |                 |
|  |      | -  | -                                  | -                                | (19,473,974)                                | (19,473,974)    |                   |                   |                   |                 |

<sup>#</sup> Excludes quasi-equity loans, progress billings and liability for employee benefits.

## Notes to the Financial Statements

### 34 Fair Value of Assets and Liabilities (continued)

#### (c) Accounting classifications and fair values (continued)

|  |       | Carrying amount                        |                          |                        |                                   | Fair value |         |         |         |         |
|--|-------|--|--------------------------|------------------------|-----------------------------------|------------|---------|---------|---------|---------|
|  |       | Fair value -<br>hedging<br>instruments | Loans and<br>receivables | Available-<br>for-sale | Other<br>financial<br>liabilities | Total      | Level 1 | Level 2 | Level 3 | Total   |
|  | Note  | \$'000                                 | \$'000                   | \$'000                 | \$'000                            | \$'000     | \$'000  | \$'000  | \$'000  | \$'000  |
| The Group  |       |  |                          |                        |                                   |            |         |         |         |         |
| 2014   |       |  |                          |                        |                                   |            |         |         |         |         |
| Financial assets measured at fair value                      |       |  |                          |                        |                                   |            |         |         |         |         |
| Available-for-sale financial assets:                         |       |  |                          |                        |                                   |            |         |         |         |         |
| - Unquoted equity securities                                 | 10(a) | –                                      | –                        | 193,606                | –                                 | 193,606    | –       | –       | 193,606 | 193,606 |
| Derivative financial assets:                                 |       |  |                          |                        |                                   |            |         |         |         |         |
| - Interest rate swaps and forward foreign exchange contracts | 10(b) | 2,309                                  | –                        | –                      | –                                 | 2,309      | –       | 2,309   | –       | 2,309   |
| - Cross currency swaps and interest rate swaps               | 10(a) | 57,952                                 | –                        | –                      | –                                 | 57,952     | –       | 57,952  | –       | 57,952  |
|  |       | 60,261                                 | –                        | 193,606                | –                                 | 253,867    |         |         |         |         |
| Financial assets not measured at fair value                  |       |  |                          |                        |                                   |            |         |         |         |         |
| Other non-current assets                                     |       | –                                      | 119,479                  | –                      | –                                 | 119,479    |         |         |         |         |
| Trade and other receivables                                  | 12    | –                                      | 757,810                  | –                      | –                                 | 757,810    |         |         |         |         |
| Cash and cash equivalents                                    | 16    | –                                      | 2,749,397                | –                      | –                                 | 2,749,397  |         |         |         |         |
|  |       | –                                      | 3,626,686                | –                      | –                                 | 3,626,686  |         |         |         |         |



**Notes to the Financial Statements****34 Fair Value of Assets and Liabilities** (continued)**(c) Accounting classifications and fair values** (continued)

|  |      | Carrying amount                                  |                                    |                                  |   |                 | Fair value        |                   |                   |                 |
|--|------|--|------------------------------------|----------------------------------|---|-----------------|-------------------|-------------------|-------------------|-----------------|
|  | Note | Fair value -<br>hedging<br>instruments<br>\$'000 | Loans and<br>receivables<br>\$'000 | Available-<br>for-sale<br>\$'000 | Other<br>financial<br>liabilities<br>\$'000 | Total<br>\$'000 | Level 1<br>\$'000 | Level 2<br>\$'000 | Level 3<br>\$'000 | Total<br>\$'000 |
| <b>The Group</b>   |      |  |                                    |                                  |   |                 |                   |                   |                   |                 |
| <b>2014</b>  |      |  |                                    |                                  |   |                 |                   |                   |                   |                 |
| <b>Financial liabilities measured at fair value</b>                                |      |  |                                    |                                  |   |                 |                   |                   |                   |                 |
| Derivative financial liabilities:  |      |  |                                    |                                  |   |                 |                   |                   |                   |                 |
| - Interest rate swaps and forward foreign exchange contracts                       | 17   | (12,129)   | -                                  | -                                | -   | (12,129)        | -                 | (12,129)          | -                 | (12,129)        |
| - Interest rate swaps, forward foreign exchange contracts and cross currency swaps | 21   | (56,544)   | -                                  | -                                | -   | (56,544)        | -                 | (56,544)          | -                 | (56,544)        |
|  |      | (68,673)   | -                                  | -                                | -   | (68,673)        |                   |                   |                   |                 |
| <b>Financial liabilities not measured at fair value</b>                            |      |  |                                    |                                  |   |                 |                   |                   |                   |                 |
| Other non-current liabilities <sup>#</sup>   |      | -  | -                                  | -                                | (548,771)                                   | (548,771)       | -                 | -                 | (537,771)         | (537,771)       |
| Bank borrowings  | 19   | -  | -                                  | -                                | (8,210,666)                                 | (8,210,666)     | -                 | (8,215,183)       | -                 | (8,215,183)     |
| Debt securities  | 20   | -  | -                                  | -                                | (7,775,152)                                 | (7,775,152)     | (4,577,349)       | (3,412,909)       | -                 | (7,990,258)     |
| Trade and other payables <sup>#</sup>  |      | -  | -                                  | -                                | (2,585,802)                                 | (2,585,802)     |                   |                   |                   |                 |
|  |      | -  | -                                  | -                                | (19,120,391)                                | (19,120,391)    |                   |                   |                   |                 |

<sup>#</sup> Excludes quasi-equity loans, progress billings and liability for employee benefits.

## Notes to the Financial Statements

### 34 Fair Value of Assets and Liabilities (continued)

#### (c) Accounting classifications and fair values (continued)

|   |      | Carrying amount             |                                   |             | Fair value  |         |         |             |
|---|------|-----------------------------|-----------------------------------|-------------|-------------|---------|---------|-------------|
|   |      | Loans<br>and<br>receivables | Other<br>financial<br>liabilities | Total       | Level 1     | Level 2 | Level 3 | Total       |
|   | Note | \$'000                      | \$'000                            | \$'000      | \$'000      | \$'000  | \$'000  | \$'000      |
| <b>The Company</b>                                      |      |                             |                                   |             |             |         |         |             |
| <b>2015</b>   |      |                             |                                   |             |             |         |         |             |
| <b>Financial assets not measured at fair value</b>      |      |                             |                                   |             |             |         |         |             |
| Trade and other receivables                             | 12   | 398,138                     | –                                 | 398,138     |             |         |         |             |
| Cash and cash equivalents                               | 16   | 9,249                       | –                                 | 9,249       |             |         |         |             |
|   |      | 407,387                     | –                                 | 407,387     |             |         |         |             |
| <b>Financial liabilities not measured at fair value</b> |      |                             |                                   |             |             |         |         |             |
| Debt securities   | 20   | –                           | (2,888,770)                       | (2,888,770) | (2,934,776) | –       | –       | (2,934,776) |
| Trade and other payables <sup>#</sup>                   |      | –                           | (190,116)                         | (190,116)   |             |         |         |             |
|   |      | –                           | (3,078,886)                       | (3,078,886) |             |         |         |             |
| <b>2014</b>   |      |                             |                                   |             |             |         |         |             |
| <b>Financial assets not measured at fair value</b>      |      |                             |                                   |             |             |         |         |             |
| Trade and other receivables                             | 12   | 340,879                     | –                                 | 340,879     |             |         |         |             |
| Cash and cash equivalents                               | 16   | 10,753                      | –                                 | 10,753      |             |         |         |             |
|   |      | 351,632                     | –                                 | 351,632     |             |         |         |             |
| <b>Financial liabilities not measured at fair value</b> |      |                             |                                   |             |             |         |         |             |
| Debt securities   | 20   | –                           | (3,234,116)                       | (3,234,116) | (3,343,353) | –       | –       | (3,343,353) |
| Trade and other payables <sup>#</sup>                   |      | –                           | (42,469)                          | (42,469)    |             |         |         |             |
|   |      | –                           | (3,276,585)                       | (3,276,585) |             |         |         |             |

<sup>#</sup> Excludes liability for employee benefits.

## Notes to the Financial Statements

## 34 Fair Value of Assets and Liabilities (continued)

## (c) Accounting classifications and fair values (continued)

The following table shows the carrying amounts and fair values of significant non-financial assets, including their levels in the fair value hierarchy.

|  |      | Fair value        |                   |                   |                 |
|--|------|-------------------|-------------------|-------------------|-----------------|
|  | Note | Level 1<br>\$'000 | Level 2<br>\$'000 | Level 3<br>\$'000 | Total<br>\$'000 |
| <b>The Group</b>                                   |      |                   |                   |                   |                 |
| <b>2015</b>  |      |                   |                   |                   |                 |
| <b>Non-financial assets measured at fair value</b> |      |                   |                   |                   |                 |
| Investment properties                              | 5    | –                 | –                 | 19,427,532        | 19,427,532      |
| Assets held for sale                               | 15   | –                 | –                 | 84,207            | 84,207          |
|  |      | –                 | –                 | 19,511,739        | 19,511,739      |
| <b>2014</b>  |      |                   |                   |                   |                 |
| <b>Non-financial assets measured at fair value</b> |      |                   |                   |                   |                 |
| Investment properties                              | 5    | –                 | –                 | 17,149,198        | 17,149,198      |
| Assets held for sale                               | 15   | –                 | –                 | 191,403           | 191,403         |
|  |      | –                 | –                 | 17,340,601        | 17,340,601      |

The Group's investment properties which are classified under Level 3 are analysed as below:

|                            | Shopping<br>malls<br>\$'000 | Commercial<br>and<br>integrated<br>developments<br>\$'000 | Serviced<br>residences<br>\$'000 | Total<br>\$'000 |
|----------------------------|-----------------------------|---|----------------------------------|-----------------|
| <b>The Group</b>           |                             |   |                                  |                 |
| <b>2015</b>                |                             |   |                                  |                 |
| Singapore                  | 1,340,000                   | 6,450,129   | 844,315                          | 8,634,444       |
| China (includes Hong Kong) | 1,058,973                   | 2,244,304   | 1,725,296                        | 5,028,573       |
| Others*                    | 2,009,207                   | 202,298   | 3,553,010                        | 5,764,515       |
|                            | 4,408,180                   | 8,896,731   | 6,122,621                        | 19,427,532      |
| <b>2014</b>                |                             |   |                                  |                 |
| Singapore                  | 2,118,000                   | 6,311,297   | 778,817                          | 9,208,114       |
| China (includes Hong Kong) | 425,492                     | 1,760,228   | 807,729                          | 2,993,449       |
| Others*                    | 1,988,317                   | 8,380   | 2,950,938                        | 4,947,635       |
|                            | 4,531,809                   | 8,079,905   | 4,537,484                        | 17,149,198      |

\* Others include countries in Asia (excluding Singapore, China and Hong Kong), Europe, United States of America and Australia.

## Notes to the Financial Statements

### 34 Fair Value of Assets and Liabilities (continued)

#### (d) Level 3 fair value measurements

##### (i) Reconciliation of Level 3 fair value

The movements of financial and non-financial assets classified under Level 3 and measured at fair value are presented as follows:

|   | Note  | Unquoted<br>equity<br>securities<br>\$'000 | Financial<br>asset<br>designated<br>at fair value<br>through<br>profit<br>or loss<br>\$'000 | Investment properties |                                | Assets<br>held<br>for sale<br>\$'000 |
|---|-------|--|---|-----------------------|--------------------------------|--------------------------------------|
|   |       |  |   | Completed<br>\$'000   | Under<br>development<br>\$'000 |                                      |
| <b>The Group</b>  |       |  |   |                       |                                |                                      |
| <b>2015</b>   |       |  |   |                       |                                |                                      |
| Balance as at 1 January 2015  |       | 193,606                                    | –   | 15,387,438            | 1,761,760                      | 191,403                              |
| Acquisition of subsidiaries   | 31(b) | –  | –   | 157,015               | –                              | –                                    |
| Disposal of a subsidiary  | 31(d) | –  | –   | (778,822)             | –                              | –                                    |
| Additions   |       | –  | 70,677  | 575,708               | 948,939                        | –                                    |
| Disposals   |       | –  | –   | (48,175)              | –                              | (113,054)                            |
| Changes in fair value<br>recognised in the<br>profit or loss                                      |       | –  | 2,474   | 287,750               | 116,052                        | 5,858                                |
| Changes in fair value<br>recognised in other<br>comprehensive income                              |       | 3,919                                      | –   | –                     | –                              | –                                    |
| Reclassifications from<br>development properties<br>for sale and property,<br>plant and equipment |       | –  | –   | 1,010,850             | –                              | –                                    |
| Reclassifications   |       | –  | –   | 763,125               | (763,125)                      | –                                    |
| Reclassification from<br>investment in associates   |       | 1,148                                      | –   | –                     | –                              | –                                    |
| Translation differences   |       | 7,920                                      | 77  | (57,116)              | 66,133                         | –                                    |
| Balance as at 31 December 2015  |       | 206,593                                    | 73,228  | 17,297,773            | 2,129,759                      | 84,207                               |

**Notes to the Financial Statements****34 Fair Value of Assets and Liabilities** (continued)**(d) Level 3 fair value measurements** (continued)**(i) Reconciliation of Level 3 fair value** (continued)

|   | Note  | Unquoted<br>equity<br>securities<br>\$'000 | Investment properties |                                | Assets<br>held<br>for sale<br>\$'000 |
|---|-------|--|-----------------------|--------------------------------|--------------------------------------|
|   |       |  | Completed<br>\$'000   | Under<br>development<br>\$'000 |                                      |
| <b>The Group</b>  |       |  |                       |                                |                                      |
| <b>2014</b>   |       |  |                       |                                |                                      |
| Balance as at 1 January 2014  |       | 213,626                                    | 13,389,035            | 2,106,899                      | 87,033                               |
| Acquisition of subsidiaries   | 31(b) | –  | 363,514               | –                              | –                                    |
| Additions   |       | –  | 420,791               | 641,116                        | –                                    |
| Disposals   |       | (2,575)                                    | (89,175)              | –                              | (5,456)                              |
| Changes in fair value recognised<br>in the profit or loss   |       | –  | 393,709               | 57,386                         | 5,826                                |
| Changes in fair value recognised<br>in other comprehensive income                                   |       | 3,283                                      | –                     | –                              | –                                    |
| Reclassifications (to)/from<br>development properties for sale<br>and property, plant and equipment |       | –  | (232,512)             | 232,107                        | –                                    |
| Reclassifications   |       | –  | 1,313,465             | (1,313,465)                    | –                                    |
| Reclassification from investment<br>in associates   |       | –  | –                     | –                              | 104,000                              |
| Translation differences   |       | (20,728)                                   | (171,389)             | 37,717                         | –                                    |
| Balance as at 31 December 2014  |       | 193,606                                    | 15,387,438            | 1,761,760                      | 191,403                              |

## Notes to the Financial Statements

### 34 Fair Value of Assets and Liabilities (continued)

#### (d) Level 3 fair value measurements (continued)

##### (ii) Valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used in measuring significant Level 3 fair values, as well as the significant unobservable inputs used.

| Valuation methods                   | Key unobservable inputs                   | Shopping malls | Commercial and integrated developments | Serviced residences | Inter-relationship between key unobservable inputs and fair value measurement   |
|-------------------------------------|---|----------------|--|---------------------|---|
| <b>Capitalisation approach</b>      | Capitalisation rate (net) <sup>1</sup>    |                |  |                     | The estimated fair value varies inversely against the capitalisation rate and increases with higher occupancy rate.                   |
|                                     | 2015                                      | 5.2% to 7.3%   | 3.8% to 13.0%                          | –                   |   |
|                                     | 2014                                      | 5.4% to 7.3%   | 3.8% to 13.0%                          | –                   |   |
|                                     | Capitalisation rate (gross) <sup>2</sup>  |                |  |                     |   |
|                                     | 2015                                      | –              | 6.0% to 7.0%                           | 2.0% to 3.5%        |   |
|                                     | 2014                                      | 5.5% to 9.5%   | 6.0% to 7.0%                           | –                   |   |
|                                     | Occupancy rate                            |                |  |                     |   |
|                                     | 2015                                      | 82.9% to 100%  | 72.5% to 100%                          | 95.0% to 97.0%      |   |
|                                     | 2014                                      | 97.7% to 100%  | 47.8% to 100%                          | –                   |   |
| <b>Discounted cashflow approach</b> | Discount rate                             |                |  |                     | The estimated fair value varies inversely against the discount rate and terminal yield rate and increases with higher occupancy rate. |
|                                     | 2015                                      | 5.1% to 13.5%  | 3.9% to 14.5%                          | 3.9% to 13.5%       |   |
|                                     | 2014                                      | 5.3% to 9.3%   | 4.0% to 13.0%                          | 4.6% to 15.0%       |   |
|                                     | Terminal yield rate                       |                |  |                     |   |
|                                     | 2015                                      | 5.4% to 12.0%  | 3.8% to 12.0%                          | 3.0% to 11.0%       |   |
|                                     | 2014                                      | 5.6% to 7.1%   | 3.8% to 6.8%                           | 3.0% to 12.0%       |   |
|                                     | Occupancy rate                            |                |  |                     |   |
|                                     | 2015                                      | 86.1% to 100%  | 81.3% to 100%                          | 55.0% to 100%       |   |
|                                     | 2014                                      | 98.8% to 100%  | 63.9% to 100%                          | 49.2% to 100%       |   |
| <b>Residual value method</b>        | Gross development value (\$ million)      |                |  |                     | The estimated fair value increases with higher gross development value and decreases with higher cost to completion.                  |
|                                     | 2015                                      | –              | 702.6 to 1,379.5                       | 405.0               |   |
|                                     | 2014                                      | –              | 653.1 to 1,269.2                       | 405.0               |   |
|                                     | Estimated cost to completion (\$ million) |                |  |                     |   |
|                                     | 2015                                      | –              | 147.0 to 246.2                         | 92.1                |   |
|                                     | 2014                                      | –              | 271.8 to 354.8                         | 159.4               |   |
| <b>Direct comparison method</b>     | Comparable price (\$ per square metre)    |                |  |                     | The estimated fair value increases with higher comparable price.  |
|                                     | 2015                                      | –              | 1,546                                  | –                   |   |
|                                     | 2014                                      | –              | 1,790 to 6,560                         | –                   |   |

<sup>1</sup> Net yield basis: after deducting property and related expenses

<sup>2</sup> Gross yield basis: before deducting property and related expenses

**Notes to the Financial Statements****34 Fair Value of Assets and Liabilities** (continued)**(d) Level 3 fair value measurements** (continued)**(ii) Valuation techniques and significant unobservable inputs** (continued)

| Type  | Valuation methods                                      | Key unobservable inputs   | Inter-relationship between key unobservable inputs and fair value measurement   |
|---|--|---|---|
| Assets held for sale <sup>1</sup>                               | Direct comparison and income capitalisation approaches | <ul style="list-style-type: none"> <li>- Comparable price: \$9,069 per square metre (2014: \$8,656 per square metre)</li> <li>- Capitalisation rate: 3.5% (2014: 4.3%)</li> </ul> | The estimated fair value varies inversely against the capitalisation rate and increases with the higher comparable price. |
| Financial asset designated at fair value through profit or loss | Income approach  | <ul style="list-style-type: none"> <li>- Ordinary share price: US\$0.70 to US\$1.09</li> <li>- Volatility of comparable companies: 39.7% to 46.0%</li> </ul>                      | The estimated fair value increases with higher share price and volatility.  |

<sup>1</sup> The key unobservable input for one of the assets held for sale in 2014 was the agreed contractual selling price.

The fair value of available-for-sale unquoted equity securities was estimated based on the fair value of the underlying investment property of the investee company. The valuation was based on discounted cash flow approach and its significant unobservable inputs were consistent with the information as presented above. Management considers that any reasonably possible changes to the unobservable input will not result in a significant financial impact.

**(iii) Valuation processes applied by the Group**

The significant non-financial asset of the Group categorised within Level 3 of the fair value hierarchy is investment properties. The fair values of investment properties are determined by external, independent property valuers, who have the appropriate and recognised professional qualifications and recent experience in the location and category of property being valued. The property valuers provide the fair values of the Group's investment property portfolio every six months. The valuation and its financial impact are discussed with the Audit Committee and Board of Directors in accordance with the Group's reporting policies.

## Notes to the Financial Statements

### 35 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, motor vehicles, office equipments, industrial land and serviced residences under operating leases. The leases have tenure ranging from one to 30 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 are as follows:

|                         | The Group      |                | The Company    |                |
|-------------------------|----------------|----------------|----------------|----------------|
|                         | 2015<br>\$'000 | 2014<br>\$'000 | 2015<br>\$'000 | 2014<br>\$'000 |
| Lease payments payable: |                |                |                |                |
| Not later than 1 year   | 49,952         | 45,656         | 13,223         | 8,366          |
| Between 1 and 5 years   | 102,386        | 76,975         | 66,863         | 45,751         |
| After 5 years           | 239,642        | 38,947         | 27,862         | 28,848         |
|                         | 391,980        | 161,578        | 107,948        | 82,965         |

#### (b) Commitments

|   | The Group      |                | The Company    |                |
|---|----------------|----------------|----------------|----------------|
|   | 2015<br>\$'000 | 2014<br>\$'000 | 2015<br>\$'000 | 2014<br>\$'000 |
| Commitments in respect of:  |                |                |                |                |
| - capital expenditure contracted but not provided for in the financial statements         | 71,495         | 69,581         | 22,827         | 15,360         |
| - development expenditure contracted but not provided for in the financial statements     | 1,394,591      | 1,864,722      | –              | –              |
| - capital contribution in associates and joint ventures                                   | 683,114        | 460,433        | –              | –              |
| - purchase of land/properties contracted but not provided for in the financial statements | 399,688        | 693,840        | –              | –              |
| - shareholders' loan committed to a joint venture and associates                          | 269,355        | 99,112         | –              | –              |
|   | 2,818,243      | 3,187,688      | 22,827         | 15,360         |



## Notes to the Financial Statements

### 35 Commitments (continued)

(c) As at the balance sheet date, the notional principal values of financial instruments were as follows:

|                                    | <b>The Group</b> |               | <b>The Company</b> |               |
|------------------------------------|------------------|---------------|--------------------|---------------|
|                                    | <b>2015</b>      | <b>2014</b>   | <b>2015</b>        | <b>2014</b>   |
|                                    | <b>\$'000</b>    | <b>\$'000</b> | <b>\$'000</b>      | <b>\$'000</b> |
| Interest rate swaps                | 3,086,083        | 3,695,249     | –                  | –             |
| Forward foreign exchange contracts | 461,254          | 642,204       | –                  | –             |
| Cross currency swaps               | 974,799          | 668,152       | –                  | –             |
|                                    | 4,522,136        | 5,005,605     | –                  | –             |

The maturity profile of these financial instruments was:

|                       | <b>The Group</b> |               | <b>The Company</b> |               |
|-----------------------|------------------|---------------|--------------------|---------------|
|                       | <b>2015</b>      | <b>2014</b>   | <b>2015</b>        | <b>2014</b>   |
|                       | <b>\$'000</b>    | <b>\$'000</b> | <b>\$'000</b>      | <b>\$'000</b> |
| Not later than 1 year | 1,869,907        | 2,479,032     | –                  | –             |
| Between 1 and 5 years | 1,992,530        | 1,893,749     | –                  | –             |
| After 5 years         | 659,699          | 632,824       | –                  | –             |
|                       | 4,522,136        | 5,005,605     | –                  | –             |

### 36 Financial Guarantee Contracts

The Group accounts for its financial guarantees as insurance contracts. There are no terms and conditions attached to the financial guarantee contracts that would have a material effect on the amount, timing and uncertainty of the Group's and the Company's future cash flows. At balance sheet date, the Group and the Company do not consider that it is probable that a claim will be made against the Group and the Company under the financial guarantee contracts. Accordingly, the Group and the Company do not expect any net cash outflows resulting from the financial guarantee contracts. The Group and the Company issue guarantees only for their subsidiaries and related parties.

|   | <b>The Group</b>     |               | <b>The Company</b> |               |
|---|----------------------|---------------|--------------------|---------------|
|   | <b>2015</b>          | <b>2014</b>   | <b>2015</b>        | <b>2014</b>   |
|   | <b>\$'000</b>        | <b>\$'000</b> | <b>\$'000</b>      | <b>\$'000</b> |
| (a) Guarantees given to banks to secure banking facilities provided to: |                      |               |                    |               |
| - subsidiaries  | –                    | –             | 2,606,607          | 2,202,021     |
| - joint ventures  | 231,682 <sup>^</sup> | 7,978         | –                  | –             |
|   | 231,682              | 7,978         | 2,606,607          | 2,202,021     |

<sup>^</sup> Includes an amount of \$82.9 million, for which a back-to-back indemnity was given by the joint venture partner.

## Notes to the Financial Statements

### 36 Financial Guarantee Contracts (continued)

(b) Undertakings by the Group and the Company:

- (i) A subsidiary of the Group has provided an indemnity for banker's guarantee issuance on a several basis in respect of a banker's guarantee facilities amounting to \$133.9 million (2014: \$133.9 million) granted to an associate. In 2014, the subsidiary had also provided several undertakings on cost overrun, security margin, interest shortfall and a project completion undertaking on a joint and several basis, in respect of a term loan amounting to \$433.0 million amounted to this associate. The bank loan was fully repaid in 2015.
- (ii) A subsidiary of the Group has provided an undertaking on security margin on a joint and several basis, in respect of term loan and revolving loan facilities amounting to \$1,618.0 million (2014: \$1,618.0 million) granted to a joint venture. As at 31 December 2015, the amount outstanding under the facilities was \$1,618.0 million (2014: \$1,618.0 million).
- (iii) During the year, two subsidiaries of the Group provided project completion undertakings on a joint and several basis, in respect of multi-currency term loan and revolving loan facilities amounting to \$383.7 million granted to an associate. In addition, the shares in this associate were pledged as part of the securities to secure the credit facilities. As at 31 December 2015, the total amount outstanding under the facilities was \$10.0 million.
- (iv) During the year, two subsidiaries of the Group provided interest shortfall and loan repayment undertaking on a proportionate and several basis, in respect of term loan and revolving loan facilities amounting to \$320.0 million granted to a joint venture. In addition, the shares in this joint venture were pledged as part of the securities to secure the credit facilities. As at 31 December 2015, the total amount outstanding under the facilities was \$280.0 million.
- (v) Certain subsidiaries of the Group in China, whose principal activities are the trading of development properties, would in the ordinary course of business act as guarantors for the bank loans taken by the buyers to finance the purchase of residential properties developed by these subsidiaries. As at 31 December 2015, the outstanding notional amount of the guarantees amounted to \$512.2 million (2014: \$178.8 million).

## Notes to the Financial Statements

### 37 Significant Related Party Transactions

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the direct and indirect ability to control the party, jointly control 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 significant influence. Related parties may be individuals or other entities.

The Group considers the directors of the Company, and Executive Management Council comprising the President & Group CEO, key management officers of the corporate office and CEOs of the strategic business units, to be key management personnel in accordance with FRS 24 *Related Party Disclosures*.

In addition to the related party information disclosed elsewhere in the financial statements, there were significant related party transactions which were carried out in the normal course of business on terms agreed between the parties as follows:

|  | <b>The Group</b> |               | <b>The Company</b> |               |
|--|------------------|---------------|--------------------|---------------|
|  | <b>2015</b>      | <b>2014</b>   | <b>2015</b>        | <b>2014</b>   |
|  | <b>\$'000</b>    | <b>\$'000</b> | <b>\$'000</b>      | <b>\$'000</b> |
| <b>Related corporations</b>  |                  |               |                    |               |
| Purchase consideration for the acquisition of an investment                          | 240,000          | —             | —                  | —             |
| Sale consideration for the sale of an investment                                     | 104,000          | —             | —                  | —             |
| Project management fee income  | 1,921            | 1,980         | —                  | —             |
| <b>Subsidiaries</b>  |                  |               |                    |               |
| Management fee income  | —                | —             | 82,285             | 72,535        |
| IT and administrative support services   | —                | —             | 15,080             | 17,049        |
| Rental expense   | —                | —             | (13,047)           | (7,099)       |
| Others   | —                | —             | (631)              | (852)         |
| <b>Associates and joint ventures</b>   |                  |               |                    |               |
| Management fee income  | 243,621          | 279,706       | —                  | —             |
| Construction and project management income   | 57,634           | 47,342        | —                  | —             |
| Rental expense   | (6,520)          | (3,894)       | (13)               | (51)          |
| Proceeds from the sale of an investment  | 464,388          | —             | —                  | —             |
| Purchase consideration for acquisitions of investments                               | 33,185           | 109,321       | —                  | —             |
| Accounting service fee, acquisition fee, divestment fee, marketing income and others | 38,144           | 16,543        | (39)               | (43)          |
| <b>Key management personnel</b>  |                  |               |                    |               |
| Purchase of shares pursuant to voluntary cash offer for a subsidiary                 | —                | 5,076         | —                  | —             |
| Repurchase of bonds by the Company   | 1,042            | —             | 1,042              | —             |
| Subscription of perpetual securities issued by a subsidiary                          | 500              | —             | —                  | —             |
| Interest paid/payable by the Company and its subsidiaries                            | 101              | 89            | 13                 | 29            |
| <b>Remuneration of key management personnel</b>                                      |                  |               |                    |               |
| Salary, bonus and other benefits   | 16,279           | 14,121        | 9,333              | 8,027         |
| Employer's contributions to defined contribution plans                               | 108              | 110           | 56                 | 60            |
| Equity compensation benefits   | 6,846            | 8,494         | 4,347              | 4,616         |
|  | <b>23,233</b>    | <b>22,725</b> | <b>13,736</b>      | <b>12,703</b> |

## Notes to the Financial Statements

### 38 Operating Segments

Management determines the operating segments based on the reports reviewed and used by the Executive Management Council for strategic decisions making and resources allocation. For management purposes, the Group is organised into strategic business units based on their products, services and geography.

The Group has four main businesses – CapitaLand Singapore, CapitaLand China, CapitaLand Mall Asia (CMA) and The Ascott Limited (Ascott). The Group's businesses in Singapore and China exclude that of CMA and Ascott, are under CapitaLand Singapore and CapitaLand China respectively. CMA and Ascott are the other two main business units and they operate across geographies that CapitaLand is in.

The Group's reportable operating segments are as follows:

- (i) CapitaLand Singapore – owner/manager of commercial and industrial properties and develops residential properties in Singapore and Malaysia for sale.
- (ii) CapitaLand China – involves in the residential, commercial and integrated property development in China.
- (iii) CapitaLand Mall Asia – owner/manager of shopping malls in Singapore, China, India, Japan and Malaysia.
- (iv) Ascott – an international serviced residence owner-operator with operations in key cities of Asia Pacific, Europe, United States of America and the Gulf region. It operates three brands, namely Ascott, Somerset and Citadines.
- (v) Others – includes Corporate Office, Group Treasury, StorHub, Financial Services, other businesses in Vietnam, Indonesia, Japan and Gulf Cooperation Council countries.

Information regarding the operations of each reportable segment is included below. Management monitors the operating results of each of its business units for the purpose of making decisions on resource allocation and performance assessment. Performance is measured based on segment earnings before interest and tax (EBIT). EBIT is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments. Segment assets and liabilities are presented net of inter-segment balances. Inter-segment pricing is determined on arm's length basis.

Geographically, management reviews the performance of the businesses in Singapore, China, Other Asia, Europe and Others. In presenting information on the basis of geographical segments, segment revenue and EBIT are based on the geographical location of customers. Non-current assets and total assets are based on the geographical location of the assets.

## Notes to the Financial Statements

## 38 Operating Segments (continued)

## Operating Segments – 31 December 2015

|   | CapitaLand<br>Singapore<br>\$'000 | CapitaLand<br>China<br>\$'000 | CapitaLand<br>Mall Asia<br>\$'000 | Ascott<br>\$'000 | Others<br>\$'000 | Elimination<br>\$'000 | Total<br>\$'000   |
|---|-----------------------------------|-------------------------------|-----------------------------------|------------------|------------------|-----------------------|-------------------|
| <b>Revenue</b>  |                                   |                               |                                   |                  |                  |                       |                   |
| External revenue  | 1,217,792                         | 2,038,916                     | 660,578                           | 743,817          | 100,751          | –                     | 4,761,854         |
| Inter-segment revenue   | 11,337                            | 348                           | 2,016                             | 270              | 773,937          | (787,908)             | –                 |
| <b>Total revenue</b>  | <b>1,229,129</b>                  | <b>2,039,264</b>              | <b>662,594</b>                    | <b>744,087</b>   | <b>874,688</b>   | <b>(787,908)</b>      | <b>4,761,854</b>  |
| <b>Segmental results</b>  |                                   |                               |                                   |                  |                  |                       |                   |
| Company and subsidiaries  | 375,018                           | 497,372                       | 352,095                           | 314,685          | 939,076          | (888,239)             | 1,590,007         |
| Associates  | 29,345                            | 151,611                       | 282,147                           | 11,797           | (10,909)         | (1,715)               | 462,276           |
| Joint ventures  | 92,006                            | 15,595                        | 160,047                           | (520)            | (3,385)          | –                     | 263,743           |
| <b>Earnings before<br/>interest and tax</b>   | <b>496,369</b>                    | <b>664,578</b>                | <b>794,289</b>                    | <b>325,962</b>   | <b>924,782</b>   | <b>(889,954)</b>      | <b>2,316,026</b>  |
| Finance costs   |                                   |                               |                                   |                  |                  |                       | (477,267)         |
| Tax expense   |                                   |                               |                                   |                  |                  |                       | (343,503)         |
| <b>Profit for the year</b>  |                                   |                               |                                   |                  |                  |                       | <b>1,495,256</b>  |
| <b>Segment assets</b>   | <b>10,787,395</b>                 | <b>12,953,284</b>             | <b>13,721,813</b>                 | <b>7,212,215</b> | <b>9,110,387</b> | <b>(6,732,501)</b>    | <b>47,052,593</b> |
| <b>Segment liabilities</b>  | <b>3,707,603</b>                  | <b>4,797,339</b>              | <b>4,336,717</b>                  | <b>3,558,204</b> | <b>5,715,068</b> | <b>–</b>              | <b>22,114,931</b> |
| <b>Other segment items:</b>   |                                   |                               |                                   |                  |                  |                       |                   |
| <b>Interest income</b>  | 6,684                             | 18,551                        | 15,952                            | 8,353            | 6,094            | –                     | <b>55,634</b>     |
| <b>Depreciation and<br/>amortisation</b>  | (4,041)                           | (2,057)                       | (12,803)                          | (40,070)         | (16,911)         | –                     | <b>(75,882)</b>   |
| <b>(Allowance made)/<br/>Reversal of provision<br/>for foreseeable losses</b>               | (109,183)                         | (63,801)                      | –                                 | –                | 4,724            | –                     | <b>(168,260)</b>  |
| <b>(Allowance made)/<br/>Reversal of provision<br/>for impairment losses<br/>for assets</b> | (12)                              | (64)                          | (2,266)                           | (4,222)          | 15,582           | (7,382)               | <b>1,636</b>      |
| <b>Fair value gains on<br/>investment properties<br/>and assets held for sale</b>           | 131,736                           | 136,386                       | 50,394                            | 87,520           | 3,624            | –                     | <b>409,660</b>    |
| <b>Share-based expenses</b>   | (5,234)                           | (6,041)                       | (9,459)                           | (4,443)          | (10,165)         | –                     | <b>(35,342)</b>   |
| <b>(Losses)/Gains on<br/>disposal of investments</b>  | (16,979)                          | 15,761                        | (22,890)                          | 13,017           | 3,923            | –                     | <b>(7,168)</b>    |
| <b>Associates</b>   | 52,057                            | 2,540,734                     | 5,404,345                         | 128,499          | 49,308           | –                     | <b>8,174,943</b>  |
| <b>Joint ventures</b>   | 1,303,828                         | 818,909                       | 2,479,454                         | 12,950           | 68,044           | –                     | <b>4,683,185</b>  |
| <b>Capital expenditure<sup>#</sup></b>  | <b>50,749</b>                     | <b>147,003</b>                | <b>969,384</b>                    | <b>413,677</b>   | <b>8,861</b>     | <b>–</b>              | <b>1,589,674</b>  |

<sup>#</sup> Capital expenditure consists of additions of property, plant and equipment, investment properties and intangible assets.

## Notes to the Financial Statements

### 38 Operating Segments (continued)

#### Operating Segments – 31 December 2014

|  | CapitaLand<br>Singapore<br>\$'000 | CapitaLand<br>China<br>\$'000 | CapitaLand<br>Mall Asia<br>\$'000 | Ascott<br>\$'000 | Others<br>\$'000 | Elimination<br>\$'000 | Total<br>\$'000   |
|--|-----------------------------------|-------------------------------|-----------------------------------|------------------|------------------|-----------------------|-------------------|
| <b>Revenue</b>   |                                   |                               |                                   |                  |                  |                       |                   |
| External revenue   | 1,232,921                         | 636,186                       | 1,177,468                         | 682,895          | 195,128          | –                     | 3,924,598         |
| Inter-segment revenue  | 8,616                             | 1,314                         | 276                               | 39               | 405,931          | (416,176)             | –                 |
| <b>Total revenue</b>   | <b>1,241,537</b>                  | <b>637,500</b>                | <b>1,177,744</b>                  | <b>682,934</b>   | <b>601,059</b>   | <b>(416,176)</b>      | <b>3,924,598</b>  |
| <b>Segmental results</b>   |                                   |                               |                                   |                  |                  |                       |                   |
| Company and subsidiaries   | 611,113                           | 170,603                       | 440,325                           | 248,883          | 636,795          | (640,714)             | 1,467,005         |
| Associates   | 67,196                            | 202,996                       | 303,384                           | 48,957           | 5,934            | (1,639)               | 626,828           |
| Joint ventures   | 124,374                           | 35,502                        | 201,453                           | (344)            | (17,878)         | –                     | 343,107           |
| <b>Earnings before<br/>interest and tax</b>  | <b>802,683</b>                    | <b>409,101</b>                | <b>945,162</b>                    | <b>297,496</b>   | <b>624,851</b>   | <b>(642,353)</b>      | <b>2,436,940</b>  |
| Finance costs  |                                   |                               |                                   |                  |                  |                       | (439,473)         |
| Tax expense  |                                   |                               |                                   |                  |                  |                       | (266,908)         |
| Profit from continuing operations  |                                   |                               |                                   |                  |                  |                       | 1,730,559         |
| Profit from discontinued operation   |                                   |                               |                                   |                  |                  |                       | 29,134            |
| <b>Profit for the year</b>   |                                   |                               |                                   |                  |                  |                       | <b>1,759,693</b>  |
| <b>Segment assets</b>  | <b>11,753,783</b>                 | <b>10,497,957</b>             | <b>13,245,960</b>                 | <b>6,886,655</b> | <b>8,447,364</b> | <b>(6,718,231)</b>    | <b>44,113,488</b> |
| <b>Segment liabilities</b>   | <b>4,166,311</b>                  | <b>3,153,220</b>              | <b>4,681,717</b>                  | <b>3,163,167</b> | <b>5,740,542</b> | <b>–</b>              | <b>20,904,957</b> |
| <b>Other segment items:</b>  |                                   |                               |                                   |                  |                  |                       |                   |
| <b>Interest income</b>   | 7,444                             | 11,384                        | 19,242                            | 9,213            | 10,005           | –                     | <b>57,288</b>     |
| <b>Depreciation and<br/>amortisation</b>   | (5,299)                           | (1,694)                       | (10,536)                          | (38,285)         | (13,683)         | –                     | <b>(69,497)</b>   |
| <b>(Allowance made)/<br/>Reversal of provision<br/>for foreseeable losses</b>              | (80,500)                          | (8,334)                       | –                                 | (11,500)         | 17,523           | –                     | <b>(82,811)</b>   |
| <b>Allowance for<br/>impairment losses<br/>for assets</b>                                  | (1,898)                           | (79)                          | (557)                             | (23)             | (20,277)         | (39,929)              | <b>(62,763)</b>   |
| <b>Fair value gains/(losses)<br/>on investment properties<br/>and assets held for sale</b> | 327,744                           | 38,902                        | 24,152                            | 72,311           | (6,188)          | –                     | <b>456,921</b>    |
| <b>Share-based expenses</b>  | (5,809)                           | (5,784)                       | (26,189)                          | (4,664)          | (10,274)         | –                     | <b>(52,720)</b>   |
| <b>Gains/(Losses) on<br/>disposal of investments</b>                                       | 1,863                             | 7,782                         | (8,614)                           | 2,835            | 1,238            | –                     | <b>5,104</b>      |
| <b>Associates</b>  | 580,514                           | 2,818,578                     | 5,065,528                         | 285,962          | 39,117           | –                     | <b>8,789,699</b>  |
| <b>Joint ventures</b>  | 1,226,687                         | 478,234                       | 2,196,431                         | 3,055            | 86,754           | –                     | <b>3,991,161</b>  |
| <b>Capital expenditure<sup>#</sup></b>   | <b>444,569</b>                    | <b>78,006</b>                 | <b>185,443</b>                    | <b>386,758</b>   | <b>95,029</b>    | <b>–</b>              | <b>1,189,805</b>  |

<sup>#</sup> Capital expenditure consists of additions of property, plant and equipment, investment properties and intangible assets.

## Notes to the Financial Statements

### 38 Operating Segments (continued)

#### Geographic Information

|   | Singapore<br>\$'000 | China <sup>1</sup><br>\$'000 | Other Asia <sup>2</sup><br>\$'000 | Europe and<br>Others <sup>3</sup><br>\$'000 | Group<br>\$'000 |
|---|---------------------|------------------------------|-----------------------------------|---|-----------------|
| <b>2015</b>   |                     |                              |                                   |   |                 |
| <b>External revenue</b>   | 1,556,528           | 2,336,448                    | 487,951                           | 380,927                                     | 4,761,854       |
| <b>Earnings before interest and tax</b>                                 | 919,987             | 910,292                      | 314,713                           | 171,034                                     | 2,316,026       |
| <b>Earnings before interest, tax,<br/>depreciation and amortisation</b> | 952,589             | 923,137 <sup>4</sup>         | 324,513 <sup>5</sup>              | 191,669 <sup>6</sup>                        | 2,391,908       |
| <b>Non-current assets<sup>7</sup></b>                                   | 13,140,046          | 13,571,206                   | 4,183,232                         | 2,660,565                                   | 33,555,049      |
| <b>Total assets</b>   | 17,650,093          | 21,459,500                   | 5,163,255                         | 2,779,745                                   | 47,052,593      |
| <b>2014</b>   |                     |                              |                                   |   |                 |
| <b>External revenue</b>   | 2,145,274           | 865,261                      | 558,527                           | 355,536                                     | 3,924,598       |
| <b>Earnings before interest and tax</b>                                 | 1,284,602           | 751,153                      | 298,756                           | 102,429                                     | 2,436,940       |
| <b>Earnings before interest, tax,<br/>depreciation and amortisation</b> | 1,312,505           | 763,266 <sup>4</sup>         | 308,179 <sup>5</sup>              | 122,487 <sup>6</sup>                        | 2,506,437       |
| <b>Non-current assets<sup>7</sup></b>                                   | 14,063,179          | 11,180,701                   | 3,778,912                         | 2,417,592                                   | 31,440,384      |
| <b>Total assets</b>   | 18,664,898          | 18,269,007                   | 4,671,483                         | 2,508,100                                   | 44,113,488      |

<sup>1</sup> China includes Hong Kong.

<sup>2</sup> Other Asia includes Indonesia, Japan, Malaysia, Philippines, Thailand, Korea, India, Vietnam and Gulf Cooperation Council countries.

<sup>3</sup> Europe and Others include Australia and United States of America.

<sup>4</sup> Included loss from Hong Kong amounting to \$4.4 million (2014: profit of \$5.2 million).

<sup>5</sup> Included contribution from Japan and Korea amounting to \$126.8 million (2014: \$66.5 million).

<sup>6</sup> Included contribution from France, Germany, Belgium, United Kingdom, Spain, Australia and United States of America amounting to \$191.5 million (2014: \$124.8 million).

<sup>7</sup> Non-current assets comprised property, plant and equipment, intangible assets, investment properties, associates and joint ventures.

### 39 Discontinued Operation

The discontinued operation in 2014 relates to Australand, a major diversified property group in Australia. In March 2014, the Group completed the sale of its 39.1% stake in Australand through a secondary placement of its stapled securities and Australand ceased to be an associate of the Group.

In 2014, Australand contributed net profit of \$16.3 million to the Group's results prior to its divestment. The Group recorded a gain of \$12.8 million from the sale (net of tax on gain on sale of discontinued operation of \$6.2 million) and the impact of the discontinued operation on the consolidated cash flow of the Group for investing activities was \$952.4 million.

### 40 Subsequent Event

On 5 February 2016, the Group entered into sale and purchase agreements to dispose its entire interest in two wholly owned subsidiaries, Somerset Zhongguancun (S) Pte. Ltd. (SZGC) and Beijing Yuanyue Property Management Co., Ltd. (BYY) for a total consideration of \$125.3 million, to unrelated third parties. SZGC owns a serviced apartment located in Beijing and BYY provides property management services to the property. The Group is expected to recognise a gain of approximately \$68 million arising from the transaction.

## Economic Value Added Statement

|  | Note | 2015<br>S\$ million | 2014<br>S\$ million |
|--|------|---------------------|---------------------|
| <b>Continuing and discontinued operations</b>          |      |                     |                     |
| <b>Net operating profit before tax</b>                 |      | 1,112.7             | 1,046.6             |
| Adjust for:  |      |                     |                     |
| Share of results of associates and joint ventures      |      | 726.0               | 986.2               |
| Interest expense                                       |      | 481.6               | 446.1               |
| Others   |      | 42.6                | 61.0                |
| <b>Adjusted profit before interest and tax</b>         |      | 2,362.9             | 2,539.9             |
| Cash operating taxes                                   | 1    | (498.9)             | (319.4)             |
| <b>Net operating profit after tax (NOPAT)</b>          |      | 1,864.0             | 2,220.5             |
| Average capital employed                               | 2    | 36,121.7            | 35,573.6            |
| Weighted average cost of capital (%)                   | 3    | 6.00                | 6.50                |
| <b>Capital charge (CC)</b>                             |      | 2,167.3             | 2,312.3             |
| <b>Economic value added (EVA) [NOPAT - CC]</b>         |      | (303.3)             | (91.8)              |
| Non-controlling interests                              |      | 152.9               | 55.7                |
| <b>Group EVA attributable to owners of the Company</b> |      | (150.4)             | (36.1)              |

<sup>1</sup> The reported current tax is adjusted for the statutory tax impact of interest expense.

<sup>2</sup> Monthly average capital employed included equity, interest-bearing liabilities, timing provision, cumulative goodwill and present value of operating leases.

| Major capital components: | S\$ million |
|---------------------------|-------------|
| Borrowings                | 16,825.0    |
| Equity                    | 18,883.8    |
| Others                    | 412.9       |
| Total                     | 36,121.7    |

<sup>3</sup> The weighted average cost of capital is calculated as follows:

- Cost of equity using Capital Asset Pricing model with market risk premium at 5.78% (2014: 5.75%) per annum;
- Risk-free rate of 2.27% (2014: 2.40%) per annum based on yield-to-maturity of Singapore Government 10-year bonds;
- Ungeared beta ranging from 0.54 to 1.19 (2014: 0.57 to 1.00) based on the risk categorisation of CapitaLand's strategic business units; and
- Cost of debt rate at 3.00% (2014: 3.00%) per annum using 5-year Singapore Dollar Swap Offer rate plus 125 basis points (2014: 150 basis points).



## Value Added Statement

|  | 2015<br>S\$ million | 2014<br>S\$ million |
|--|---------------------|---------------------|
| <b>Continuing and discontinued operations</b>              |                     |                     |
| <b>Value added from:</b>                                   |                     |                     |
| Revenue earned   | 4,761.9             | 3,924.6             |
| Less: Bought in materials and services                     | (2,808.8)           | (2,143.3)           |
| <b>Gross value added</b>                                   | <b>1,953.1</b>      | <b>1,781.3</b>      |
| Share of results of associates and joint ventures          | 726.0               | 986.2               |
| Exchange gains/(losses) (net)                              | 0.3                 | (27.5)              |
| Other operating income (net)                               | 463.0               | 489.3               |
|  | 1,189.3             | 1,448.0             |
| <b>Total value added</b>                                   | <b>3,142.4</b>      | <b>3,229.3</b>      |
| <b>Distribution:</b>                                       |                     |                     |
| To employees in wages, salaries and benefits               | 536.8               | 549.7               |
| To government in taxes and levies                          | 564.8               | 408.0               |
| To providers of capital in:                                |                     |                     |
| - Net interest on borrowings                               | 468.8               | 443.0               |
| - Dividends to owners of the Company                       | 384.1               | 340.6               |
|  | 1,954.5             | 1,741.3             |
| <b>Balance retained in the business:</b>                   |                     |                     |
| Depreciation and amortisation                              | 75.9                | 69.5                |
| Revenue reserves net of dividends to owners of the Company | 681.6               | 820.2               |
| Non-controlling interests                                  | 429.6               | 598.8               |
|  | 1,187.1             | 1,488.5             |
| <b>Non-production cost/(income):</b>                       |                     |                     |
| Allowance/(Write back) for doubtful receivables            | 0.8                 | (0.5)               |
| <b>Total distribution</b>                                  | <b>3,142.4</b>      | <b>3,229.3</b>      |
| <b>Productivity analysis:</b>                              |                     |                     |
| Value added per employee (S\$'000)#                        | 231                 | 209                 |
| Value added per dollar of employment cost (S\$)            | 3.64                | 3.24                |
| Value added per dollar sales (S\$)                         | 0.41                | 0.45                |

# Based on average 2015 headcount of 8,441 (2014: 8,520).

## Supplemental Information

### 1. 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:

|  | Aggregate value of all<br>interested person<br>transactions during the<br>financial year under review<br>(excluding transactions<br>less than S\$100,000<br>and transactions<br>conducted under<br>shareholders' mandate<br>pursuant to Rule 920)<br>S\$'000 | Aggregate value of all<br>interested person<br>transactions conducted<br>under shareholders'<br>mandate pursuant<br>to Rule 920<br>(excluding transactions<br>less than S\$100,000)<br>S\$'000 |
|--|--|--|
| <b>Transactions with Temasek Holdings<br/>(Private) Limited and its associates:</b>    |  |  |
| Acquisition of an associate  | 240,000  | —  |
| Divestment of an associate   | 104,000  | —  |
| Purchase of goods and services   | 222,277  | —  |
| Receipt of financial services  | 1,923  | —  |
| <b>Transaction with Singapore Technologies<br/>Engineering Ltd and its associates:</b> |  |  |
| Purchase of goods and services   | 200  | —  |

### 2. Use of Proceeds

The Company issued S\$650.0 million principal amount of convertible bonds due 2025 in June 2015. As of December 2015, the Company has fully utilised the proceeds.

## Shareholding Statistics

As at 29 February 2016

### SHARE CAPITAL

|   |   |   |
|---|---|---|
| Paid-up Capital   | : | S\$6,355,122,885.32   |
| Number of Issued and Paid-up Shares (including Treasury Shares) | : | 4,274,383,746   |
| Number and Percentage of Treasury Shares                        | : | 26,345,157 or 0.62% <sup>1</sup>  |
| Number of Issued and Paid-up Shares (excluding Treasury Shares) | : | 4,248,038,589   |
| Class of Shares   | : | Ordinary Shares   |
| Voting Rights   | : | One vote per share. The Company cannot exercise any voting rights in respect of shares held by it as treasury shares. |

### TWENTY LARGEST SHAREHOLDERS

As shown in the Register of Members and Depository Register

|    | <b>Name</b>                                      | <b>No. of Shares</b> | <b>%<sup>1</sup></b> |
|----|--|----------------------|----------------------|
| 1  | Temasek Holdings (Private) Limited               | 1,680,704,140        | 39.56                |
| 2  | Citibank Nominees Singapore Pte Ltd              | 562,525,663          | 13.24                |
| 3  | DBS Nominees Pte Ltd                             | 401,072,552          | 9.44                 |
| 4  | DBSN Services Pte Ltd                            | 367,102,708          | 8.64                 |
| 5  | HSBC (Singapore) Nominees Pte Ltd                | 279,516,638          | 6.58                 |
| 6  | United Overseas Bank Nominees Pte Ltd            | 151,193,030          | 3.56                 |
| 7  | Raffles Nominees (Pte) Ltd                       | 69,599,387           | 1.64                 |
| 8  | BNP Paribas Securities Services Singapore Branch | 31,535,790           | 0.74                 |
| 9  | Bank of Singapore Nominees Pte Ltd               | 27,883,051           | 0.66                 |
| 10 | Phillip Securities Pte Ltd                       | 16,504,044           | 0.39                 |
| 11 | Pei Hwa Foundation Limited                       | 12,757,635           | 0.30                 |
| 12 | OCBC Nominees Singapore Private Limited          | 12,143,147           | 0.29                 |
| 13 | OCBC Securities Private Ltd                      | 10,223,234           | 0.24                 |
| 14 | Lee Pineapple Company Pte Ltd                    | 10,000,000           | 0.24                 |
| 15 | BNP Paribas Nominees Singapore Pte Ltd           | 9,708,359            | 0.23                 |
| 16 | DB Nominees (S) Pte Ltd                          | 9,490,486            | 0.22                 |
| 17 | DBS Vickers Securities (S) Pte Ltd               | 8,879,113            | 0.21                 |
| 18 | UOB Kay Hian Pte Ltd                             | 8,536,773            | 0.20                 |
| 19 | Maybank Kim Eng Securities Pte Ltd               | 4,887,069            | 0.11                 |
| 20 | Nanyang Gum Benjamin Manufacturing (Pte) Ltd     | 3,410,000            | 0.08                 |
|    | <b>Total</b>                                     | <b>3,677,672,819</b> | <b>86.57</b>         |

**Note:**<sup>1</sup> Percentage is calculated based on 4,248,038,589 issued shares, excluding treasury shares.

## Shareholding Statistics

As at 29 February 2016

### SUBSTANTIAL SHAREHOLDERS

As shown in the Register of Substantial Shareholders

| Substantial Shareholders               | Direct Interest |                | Deemed Interest          |                |
|--|-----------------|----------------|--------------------------|----------------|
|  | No. of Shares   | % <sup>1</sup> | No. of Shares            | % <sup>1</sup> |
| Temasek Holdings (Private) Limited     | 1,680,704,140   | 39.56          | 59,333,134 <sup>2</sup>  | 1.40           |
| BlackRock, Inc.                        | –               | –              | 254,806,934 <sup>3</sup> | 5.99           |
| The PNC Financial Services Group, Inc. | –               | –              | 254,806,934 <sup>3</sup> | 5.99           |

### SIZE OF HOLDINGS

| Size of Shareholdings | No. of Shareholders |               | No. of Shares excluding Treasury Shares |                |
|-----------------------|---------------------|---------------|---|----------------|
|                       |                     | %             |   | % <sup>1</sup> |
| 1 - 99                | 342                 | 0.59          | 6,004                                   | 0.00           |
| 100 - 1,000           | 8,544               | 14.72         | 7,951,700                               | 0.19           |
| 1,001 - 10,000        | 39,049              | 67.26         | 176,798,909                             | 4.16           |
| 10,001 - 1,000,000    | 10,081              | 17.36         | 353,560,818                             | 8.32           |
| 1,000,001 and above   | 39                  | 0.07          | 3,709,721,158                           | 87.33          |
| <b>Total</b>          | <b>58,055</b>       | <b>100.00</b> | <b>4,248,038,589</b>                    | <b>100.00</b>  |

Approximately 52.98%<sup>1</sup> of the issued 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.

#### Notes:

<sup>1</sup> Percentage is calculated on 4,248,038,589 issued shares, excluding treasury shares.

<sup>2</sup> Temasek Holdings (Private) Limited is deemed to have an interest in 59,333,134 shares in which its associated companies have or are deemed to have an interest.

<sup>3</sup> BlackRock, Inc. is deemed to have an interest in 254,806,934 shares held through its various subsidiaries. The PNC Financial Services Group, Inc. is deemed to have an interest in the same shares held by BlackRock, Inc. through its over 20% interest in BlackRock, Inc.

## Contact Details

### GLOBAL HEADQUARTERS

#### CapitaLand Limited

168 Robinson Road  
#30-01 Capital Tower  
Singapore 068912  
Tel: +65 6713 2888  
Fax: +65 6713 2999  
www.capitaland.com  
ask-us@capitaland.com  
(Regn. No. 198900036N)

### CAPITALAND SINGAPORE

#### CapitaLand Singapore Limited

www.capitalandsingapore.com  
ask-us@capitalandsingapore.com  
(Regn. No. 197801869H)

#### CapitaLand Commercial Trust Management Limited

www.cct.com.sg  
ask-us@cct.com.sg  
(Regn. No. 200309059W)

#### CapitaLand Malaysia Pte Ltd

(Regn. No. 200517038N)

#### Malaysia Office Address:

No.1 Jalan Kiara  
9-1, Wisma Mont' Kiara  
Mont' Kiara  
50480 Kuala Lumpur  
Malaysia  
Tel: +603 2788 8188  
Fax: +603 2788 8199

### CAPITALAND CHINA

#### CapitaLand China Holdings Pte Ltd

(Regn. No. 199302460C)

#### China Office Address:

268 Xi Zang Middle Road  
19<sup>th</sup> Floor Raffles City Shanghai  
200001 Shanghai  
People's Republic of China  
Tel: +86 21 3311 4633  
Fax: +86 21 6340 3733  
www.capitaland.com.cn

### CAPITALAND MALL ASIA

#### CapitaLand Mall Asia Limited

www.capitalandmallasia.com/corporate  
ask-us@capitalandmallasia.com  
(Regn. No. 200413169H)

#### CapitaLand Mall Trust Management Limited

www.cmt.com.sg  
ask-us@cmt.com.sg  
(Regn. No. 200106159R)

#### CapitaLand Retail China Trust Management Limited

www.crct.com.sg  
ask-us@crct.com.sg  
(Regn. No. 200611176D)

#### CapitaLand Malaysia Mall REIT Management Sdn Bhd

www.cmmmt.com.my  
ask-us@cmmmt.com.my  
(Regn. No. 819351-H)

#### Malaysia Office Address:

Level 2, Ascott Kuala Lumpur  
No. 9 Jalan Pinang  
50450 Kuala Lumpur  
Malaysia  
Tel: +60 3 2279 9888  
Fax: +60 3 2279 9889

### THE ASCOTT LIMITED

#### The Ascott Limited

www.the-ascott.com  
ask-us@the-ascott.com  
(Regn. No. 197900881N)

#### Ascott Residence Trust Management Limited

www.ascottreit.com  
ask-us@ascottreit.com  
(Regn. No. 200516209Z)

### REGIONAL INVESTMENTS

#### CapitaLand (Vietnam) Holdings Pte Ltd

(Regn. No. 199003222H)

#### Vietnam Office Address:

8<sup>th</sup> floor, Vista Tower  
628C Hanoi Highway  
An Phu Ward, District 2  
Ho Chi Minh City, Vietnam  
Tel: +84 (8) 3519 1067  
Fax: +84 (8) 3519 1063  
www.capitaland.com.vn

#### CapitaLand Indonesia Holdings Pte Ltd

(Regn. No. 20140227E)

#### Indonesia Office Address:

Ascott Jakarta, Ground Floor  
Jalan Kebon Kacang Raya No. 2  
Jakarta 10230  
Indonesia  
Tel: +62 21 3913 270  
Fax: +62 21 3913 271

#### StorHub Group Pte Ltd

www.storhub.com.sg  
(Regn. No. 201007893C)

#### Singapore Office Address:

743 Lorong 5 Toa Payoh  
Singapore 319457  
Tel: +65 6337 2000  
Fax: +65 6258 2317

# Corporate Information

(as at 29 February 2016)

## BOARD OF DIRECTORS

Ng Kee Choe  
Chairman

Lim Ming Yan  
President & Group CEO

James Koh Cher Siang  
John Powell Morschel  
Simon Claude Israel  
Euleen Goh Yiu Kiang  
Tan Sri Amirsham Bin A Aziz  
Stephen Lee Ching Yen  
Dr Philip Nalliah Pillai  
Kee Teck Koon

## COMPANY SECRETARIES

Michelle Koh Chai Ping  
Ng Chooi Peng

## BOARD COMMITTEES

### Audit Committee

Euleen Goh Yiu Kiang  
Chairman

James Koh Cher Siang  
Tan Sri Amirsham Bin A Aziz  
Dr Philip Nalliah Pillai

### Executive Resource and Compensation Committee

Ng Kee Choe  
Chairman

Simon Claude Israel  
Stephen Lee Ching Yen

## Finance and Investment Committee

Ng Kee Choe  
Chairman

James Koh Cher Siang  
John Powell Morschel  
Simon Claude Israel  
Kee Teck Koon

## Nominating Committee

Ng Kee Choe  
Chairman

John Powell Morschel  
Simon Claude Israel  
Stephen Lee Ching Yen

## Risk Committee

Tan Sri Amirsham Bin A Aziz  
Chairman

Euleen Goh Yiu Kiang  
Dr Philip Nalliah Pillai  
Kee Teck Koon

## REGISTERED ADDRESS

168 Robinson Road  
#30-01 Capital Tower  
Singapore 068912  
Tel: +65 6713 2888  
Fax: +65 6713 2999

## SHARE REGISTRAR

M & C Services Private Limited  
112 Robinson Road  
#05-01  
Singapore 068902  
Tel: +65 6227 6660  
Fax: +65 6225 1452

## AUDITORS

KPMG LLP  
16 Raffles Quay  
#22-00 Hong Leong Building  
Singapore 048581  
Tel: +65 6213 3388  
Fax: +65 6225 4142

(Engagement Partner since financial year ended 31 December 2015:  
Lee Sze Yeng)

## PRINCIPAL BANKERS

- Agricultural Bank of China Limited
- Australia and New Zealand Banking Group Limited
- Bank of China
- Bank of Communications Co., Ltd
- BNP Paribas
- China Construction Bank
- CIMB Bank Berhad
- DBS Bank Ltd
- Industrial and Commercial Bank of China Limited
- Malayan Banking Berhad
- Mizuho Bank, Ltd.
- Oversea-Chinese Banking Corporation Limited
- Public Bank Berhad
- Standard Chartered Bank
- Sumitomo Mitsui Banking Corporation
- The Bank of Tokyo-Mitsubishi UFJ, Ltd.
- The Hongkong and Shanghai Banking Corporation Limited
- United Overseas Bank Limited

This Annual Report to Shareholders may contain forward-looking statements. Forward-looking statement is subject to inherent uncertainties and is based on numerous assumptions. Actual performance, outcomes and results may differ materially from those expressed in forward-looking statements. Representative examples of factors which may cause the actual performance, outcomes and results to differ materially from those in the forward-looking statements include (without limitation) changes in general industry and economic conditions, interest rate trends, cost of capital and capital availability, availability of real estate investment opportunities, competition from other companies, shifts in customers' demands, changes in operating conditions, 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 the current views of management on future events.

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**CapitalLand Limited**

(Registration Number: 198900036N)

(Incorporated in the Republic of Singapore)

168 Robinson Road  
#30-01 Capital Tower  
Singapore 068912  
Tel: +65 6713 2888  
Fax: +65 6713 2999

[www.capitaland.com](http://www.capitaland.com)  
[ask-us@capitaland.com](mailto:ask-us@capitaland.com)