

# BUILDING REAL ESTATE OF THE FUTURE



CapitaLand Limited

Annual Report 2016



## 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.



# BUILDING REAL ESTATE OF THE FUTURE

A leading real estate developer in Asia, CapitaLand remains focused on delivering quality developments that enrich people and build communities. Leveraging our deep expertise and vast scale, we have established a global footprint in developed and emerging markets, with a diversified portfolio spanning integrated developments, shopping malls, serviced residences, offices and homes. Our commitment to excellence extends beyond championing sustainability throughout our developments to harnessing technology, as we shape structures that embody the evolving needs of cities in an increasingly urbanised world.

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## Global Presence

### Corporate Profile

CapitaLand is one of Asia's largest real estate companies. Headquartered and listed in Singapore, it is an owner and manager of a global portfolio worth more than S\$78 billion as at 31 December 2016, comprising integrated developments, shopping malls, serviced residences, offices, homes, real estate investment trusts (REITs) and funds. Present across more than 130 cities in over 20 countries, the Group focuses on Singapore and China as core markets, while it scales up presence in markets such as Vietnam.

CapitaLand's competitive advantage is its significant asset base and extensive market network. Coupled with extensive design, development and operational capabilities, the Group develops and manages high-quality real estate products and services. It also has one of the largest investment management businesses in Asia and a stable of five REITs listed in Singapore and Malaysia – CapitaLand Mall Trust, CapitaLand Commercial Trust, Ascott Residence Trust, CapitaLand Retail China Trust and CapitaLand Malaysia Mall Trust.



#### Countries

28

#### Cities

138

and 20 cities with  
CapitaLand Hope Schools

Integrated Developments	●
Shopping Malls	●
Serviced Residences	●
Offices	●
Homes	●
Investment Fund Management	●
Raffles City Developments	■
Schools	●

#### America

##### United States of America

New York ●

#### Asia Pacific

##### Australia

Hobart ●  
Melbourne ●●  
Perth ●●  
Sydney ●●

#### Cambodia

Phnom Penh ●

#### China

Anyang ●●  
Beijing ●●●●●  
Changsha ●●●  
Chengdu ●●●●●  
Chifeng ●  
Chongqing ●●●●●  
Dalian ●●●  
Deyang ●●  
Dongguan ●●  
Duolun ●  
Foshan ●●●●  
Guangyuan ●  
Guangzhou ●●●●●  
Haikou ●  
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 ●  
Shaoxing ●  
Shenyang ●●●  
Shenzhen ●●●●

Suzhou ●●●●  
Taiyuan ●  
Tianjin ●●●●●  
Weifang ●●●  
Wuhan ●●●●●  
Wuhu ●●  
Wuxi ●●●  
Xi'an ●●●●●  
Xiamen ●  
Xuzhou ●  
Yangzhou ●●  
Yibin ●●  
Yinchuan ●  
Yiyang ●●  
Zhangzhou ●●  
Zhanjiang ●●  
Zhaoqing ●●  
Zhengzhou ●●  
Zibo ●●●  
Zigong ●

#### India

Ahmedabad ●  
Bangalore ●●●  
Chennai ●  
Cochin ●●  
Gurgaon ●  
Hyderabad ●●  
Jalandhar ●●  
Mangalore ●●  
Mumbai ●



Mysore	● ●
Nagpur	● ●
Sri City	●
Udaipur	● ●
<b>Indonesia</b>	
Bali	●
Bandung	●
Jakarta	● ● ●
Surabaya	●
Yogyakarta	●
<b>Japan</b>	
Fukuoka	● ●
Hiroshima	● ●
Kobe	● ●
Kyoto	● ●
Nagoya	●
Osaka	● ●
Sapporo	● ●
Tokyo	● ● ● ● ●
<b>Laos</b>	
Vientiane	●
<b>Malaysia</b>	
Cyberjaya	●
Iskandar Malaysia	● ●
Kota Kinabalu	●
Kuala Lumpur	● ● ● ● ●
Kuantan	● ●

Kuching	●
Miri	●
Penang	● ● ●
Petaling Jaya	● ● ● ●
Putrajaya	●
Shah Alam	●
<b>Myanmar</b>	
Yangon	●
<b>Philippines</b>	
Cebu	●
Manila	● ●
<b>Singapore</b>	
Singapore	● ● ● ● ● ● ●
<b>South Korea</b>	
Busan	●
Seoul	●
<b>Thailand</b>	
Bangkok	●
Pattaya	●
Sri Racha	●
<b>Vietnam</b>	
Danang	●
Hai Phong	●
Halong City	●
Hanoi	● ● ●

Ho Chi Minh City	● ● ●
Nha Trang	●
Tan An	●
Viet Tri	●
<b>Europe</b>	
<b>Belgium</b>	
Brussels	● ●
<b>France</b>	
Cannes	● ●
Ferney-Voltaire	●
Grenoble	● ●
Lille	● ●
Lyon	● ●
Marseille	● ●
Montpellier	● ●
Paris	● ●
Strasbourg	●
Toulouse	●
<b>Georgia</b>	
Tbilisi	●
<b>Germany</b>	
Berlin	● ●
Frankfurt	●
Hamburg	● ●
Munich	● ●
<b>Ireland</b>	
Dublin	●

<b>Spain</b>	
Barcelona	● ●
<b>United Kingdom</b>	
London	● ●
<b>Gulf Cooperation Council Countries and Others</b>	
<b>Saudi Arabia</b>	
Al Khobar	●
Jeddah	●
Makkah	●
Riyadh	●
<b>Bahrain</b>	
Manama	●
<b>Oman</b>	
Muscat	●
Sohar	●
<b>Qatar</b>	
Doha	●
<b>Turkey</b>	
Istanbul	●
<b>United Arab Emirates</b>	
Abu Dhabi	●
Dubai	●

## 2016 Highlights

### Group Managed Real Estate Assets<sup>1</sup>

**S\$78.4 billion**

S\$76.8 billion in 2015

### Profit Attributable to Shareholders

**S\$1,190.3 million**

S\$1,065.7 million in 2015

### Operating PATMI

**S\$865.3 million**

S\$823.6 million in 2015

### Earnings Before Interest and Tax

**S\$2,359.5 million**

S\$2,316.0 million in 2015

### Return on Equity

**6.6%**

6.1% in 2015

### Net Debt to Equity

**0.41 times**

0.48 times in 2015

### Dividend per Share

**10.0 cents**

9.0 cents in 2015

### Net Tangible Assets per Share

**S\$4.05**

S\$4.11 in 2015



<sup>1</sup> Refers to value of all real estate managed by CapitaLand Group entities stated at 100% of the property carrying value.

## Significant Scale Achieved<sup>1</sup>

### Revenue Under Management

**S\$9.1 billion**

of which Rental RUM is S\$4.3 billion

### Total Home Units Constructed (Since 2000)

**>84,000**

### Office Tenants in Singapore and China

**>1,000**

### Gross Turnover Sales of Retailers

**S\$10.9 billion**

### Shopper Traffic Across 5 Countries<sup>2</sup>

**~1.1 billion**

### Retail Leases Across 5 Countries<sup>2</sup>

**~17,000**

### Unique Serviced Residence Customers

**~1.0 million**

### Raffles City Brand

**30<sup>th</sup> anniversary**



<sup>1</sup> Numbers stated as of FY 2016 unless otherwise stated.

<sup>2</sup> The five countries are Singapore, China, Malaysia, Japan and India.

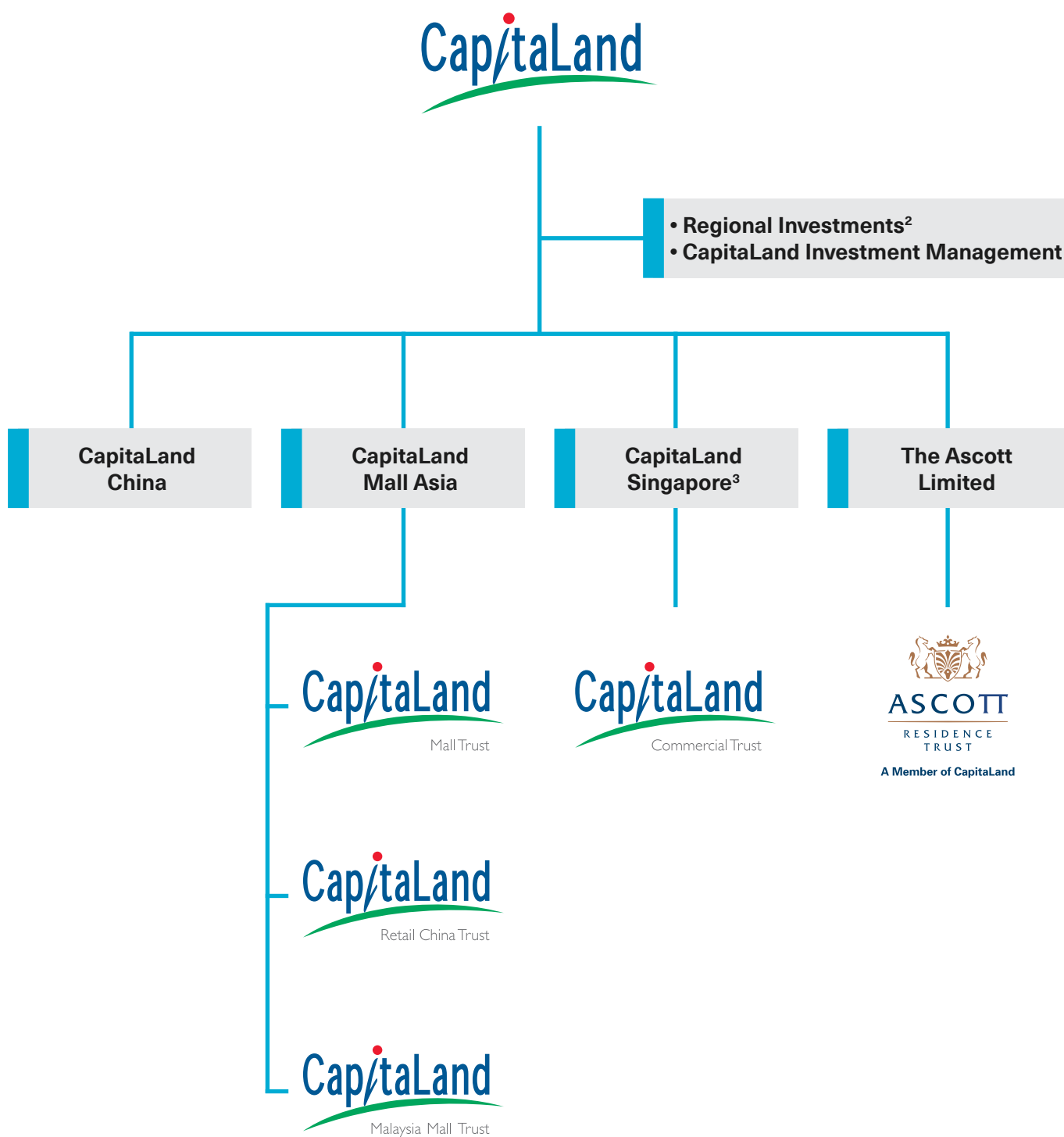
## 5-Year Financial Summary

	2012 Restated	2013 Restated	2014	2015	2016
<b>(A) INCOME STATEMENT (S\$ million)</b>					
Revenue	2,648.3	3,511.0	3,924.6	4,761.9	5,252.3
Earnings before interest and tax (EBIT)	2,190.8	2,258.6	2,436.9	2,316.0	2,359.5
<b>Profit attributable to shareholders (PATMI)</b>	908.9	840.2	1,160.8	1,065.7	1,190.3
<b>Operating PATMI</b>	360.2	502.5	705.3	823.6	865.3
<b>(B) BALANCE SHEET (S\$ million)</b>					
Investment properties	17,882.1	15,495.9	17,149.2	19,427.5	18,998.4
Development properties for sale and stocks	7,510.6	7,382.4	7,673.7	6,936.3	4,837.1
Associates and joint ventures	11,109.5	12,673.2	12,780.9	12,858.1	12,617.3
Cash and cash equivalents	5,820.7	6,306.3	2,749.4	4,173.3	4,792.6
Other assets	3,714.1	3,205.3	3,760.3	3,657.4	4,495.4
<b>Total assets</b>	46,037.0	45,063.1	44,113.5	47,052.6	45,740.8
Equity attributable to owners of the Company	15,145.9	16,108.9	16,758.0	17,905.3	17,604.8
Total borrowings	17,454.4	15,936.2	15,985.8	16,058.5	14,852.4
Non-controlling interests and other liabilities	13,436.7	13,018.0	11,369.7	13,088.8	13,283.6
<b>Total equities &amp; liabilities</b>	46,037.0	45,063.1	44,113.5	47,052.6	45,740.8
<b>(C) FINANCIAL RATIOS</b>					
<b>Earnings per share (cents)</b>	21.4	19.7	27.3	25.0	28.0
<b>Net tangible assets per share (S\$)</b>	3.45	3.68	3.83	4.11	4.05
<b>Return on equity (%)</b>	6.1	5.4	7.1	6.1	6.6
<b>Return on total assets (%)</b>	5.2	4.9	5.1	4.4	4.4
<b>Debt equity ratio (net of cash) (times)</b>	0.48	0.39	0.57	0.48	0.41
<b>Net debt/Total assets (net of cash) (times)</b>	0.29	0.25	0.32	0.28	0.25
<b>Interest cover (times)</b>	5.3	5.7	7.2	6.1	6.5
<b>Interest service (times)</b>	3.3	4.6	4.6	6.7	10.3
<b>Dividend</b>					
Ordinary dividend per share (cents)	7.0	8.0	9.0	9.0	10.0
Dividend cover (times)	3.1	2.5	3.0	2.8	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>

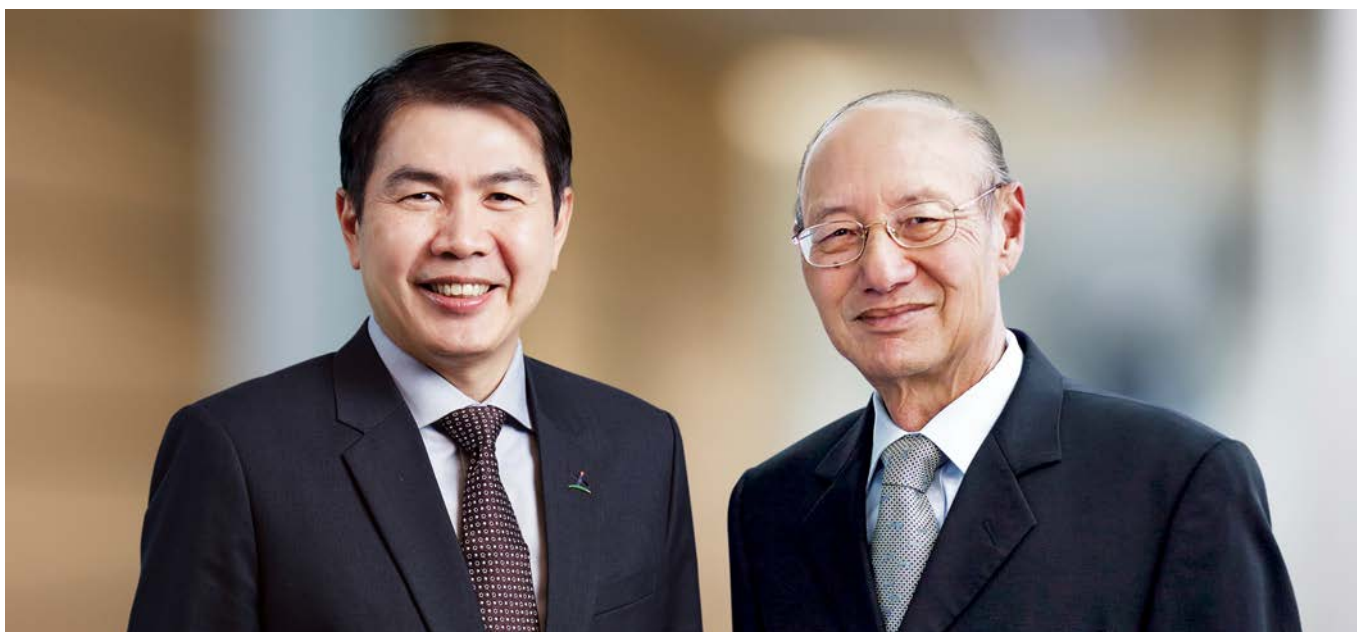


<sup>1</sup> As of 31 December 2016, CapitaLand is deemed to have an interest of 32.1%, 29.3%, 38.7%, 36.5% and 43.9% in CapitaLand Commercial Trust, CapitaLand Mall Trust, CapitaLand Retail China Trust, CapitaLand Malaysia Mall Trust and Ascott Residence Trust, respectively.

<sup>2</sup> Include StorHub and businesses in Vietnam, Indonesia, Japan and others.

<sup>3</sup> Includes residential portfolio in Malaysia.

## Message to Shareholders



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

**For the financial year 2016 (FY 2016), the Group's revenue grew 10% to S\$5.3 billion. We also recorded S\$2.4 billion in earnings before interest and tax (EBIT) and S\$1.2 billion in profit after tax and minority interests (PATMI) in FY 2016, which are 2% and 12% higher than FY 2015 respectively.**

Dear Shareholders,

On behalf of the Board and management, we would like to thank you for your continued support in 2016.

The year passed has been eventful and the operating environment has become more uncertain. Our core markets, Singapore and China, also encountered economic headwinds. At the same time, advances in technology continue to impact CapitaLand's businesses and influence the way we design and deliver our products to meet our customers' expectations and preferences.

Against this backdrop, CapitaLand achieved creditable performance in 2016. Our ongoing focus to strengthen our operating PATMI and balance sheet has further increased the Group's financial resilience. In addition, we continue to strengthen our leading position across our asset classes in integrated developments, shopping malls, serviced residences, offices and homes.

### Quality Earnings

For FY 2016, the Group's revenue grew 10% to S\$5.3 billion. We also recorded S\$2.4 billion in EBIT and S\$1.2 billion in PATMI in FY 2016, which are 2% and 12% higher than FY 2015 respectively.

Notably, operating PATMI for the year at S\$865.3 million was the highest achieved since CapitaLand was listed in 2000. Operating PATMI contributed 73% of total PATMI in 2016, moving up progressively from 40% in 2012. As at 31 December 2016, investment properties<sup>1</sup> made up approximately 76% of the Group's assets, while the remaining 24% were trading properties<sup>2</sup>. This optimal asset mix enabled us to deliver a steady stream of recurring income from our investment properties, whilst we continued to realise gains from our trading properties.

<sup>1</sup> Comprises integrated developments, shopping malls, serviced residences and offices.

<sup>2</sup> Comprises residential and commercial strata units developed for sale.

The Group's return on equity improved to 6.6%, up from 6.1% in 2015. In line with CapitaLand's policy to grow core dividend on a sustainable basis, the Board is proposing a final ordinary dividend of 10 Singapore cents a share for FY 2016.

### Robust Balance Sheet

As at end 2016, we maintained a strong financial position. Consolidated cash balance stood at S\$4.8 billion backed by a further S\$3.9 billion of available undrawn bank facilities. Interest coverage and interest service ratios improved to 6.5 and 10.3 times respectively, and net debt to equity ratio likewise improved to 0.41 times, compared to 0.48 times in 2015. Net debt to total assets was also healthy at 0.25 times. To mitigate against potential interest rate hikes in 2017, we continue to fix the majority of our interest costs. Our fixed rate debt made up 72.0% of our total borrowings as at year end. Our average debt maturity stood at 3.3 years, and we have kept our average cost of borrowings low at 3.3%.

### Our Core Markets and New Geographies

While the Group has a wide network across more than 130 cities in over 20 countries through our various asset classes, Singapore and China remain our core markets and accounted for about 80% of the Group's total assets and approximately 84% of the Group's EBIT in FY 2016. The Group is expanding in Vietnam, our new growth market.

#### Singapore

Singapore's residential property market remained lacklustre in 2016. We took proactive steps to market our three new launched projects: Cairnhill Nine - the "Best Selling Singapore Private Residential Project in March 2016"; The Nassim and Victoria Park Villas. We also introduced the "Stay-Then-Pay" programme for completed projects to assist prospective buyers of our projects The Interlace and d'Leedon. As a result, we sold 571 residential units, representing a total sales value of S\$1.4 billion, which was more than double that of the previous year.

As at end 2016, approximately 93% of our launched residential units have been sold. Our remaining residential property inventory currently comprises approximately 4% of the Group's total assets<sup>1</sup>. Singapore remains one of our core markets and we continue to selectively source for new sites to stock our residential pipeline.

Our office portfolio achieved a healthy occupancy of 97.1% as at end 2016, higher than the Core Central Business

District occupancy of 95.8%. In line with our active capital management and recycling strategy, we divested our 50% stake in CapitaGreen to CapitaLand Commercial Trust (CCT).

Being an active asset owner-manager, we constantly seek to optimise the value of our properties through portfolio reconstitution. In 2016, CCT submitted plans to redevelop Golden Shoe Car Park into a higher-value commercial development. CapitaLand Mall Trust also commenced the redevelopment of Funan Digitalife Mall into a landmark integrated development consisting of retail, serviced residence and office components designed for the future generation of consumers who are tech- and social media savvy. It is scheduled to be completed in 2019.

#### China

Residential sales in China enjoyed a robust year. We sold 10,738 residential units and achieved an annual sales record of RMB18.1 billion (S\$3.7 billion), which was up 14% and 17% respectively from 2015. During the year, we also handed over 12,191 units with a value of RMB16.0 billion to our customers. Cooling measures implemented in October 2016 by the authorities to discourage speculative activity in the domestic residential market, we believe, will result in a more sustainable residential property market. We remain confident in the long term growth prospects of China and will continue to look for suitable opportunities to expand our land bank, concentrating on the Tier 1 and upper Tier 2 cities, to supplement our existing pipeline of about 40,000 residential units.

In keeping with our drive to leverage our core competencies in residential, retail, commercial and serviced residences, we continue to strengthen our portfolio of Raffles City integrated developments. Raffles City Changning (RCCN)'s Office Tower 2 started operations in the second quarter of 2016 and joined the ranks of our four well-recognised operating Raffles City properties in Shanghai, Beijing, Chengdu and Ningbo.

As at end 2016, the office components of these properties enjoyed committed occupancy of close to 90%. Ahead of their openings planned in 2017, the retail components of RCCN, Raffles City Hangzhou and Raffles City Shenzhen achieved pre-leasing rates in excess of 80%. Development of the iconic Raffles City Chongqing is also on track and we have launched 215 units of the residential component and achieved a healthy take-up rate.

<sup>1</sup> In January 2017, we completed the bulk-sale of the remaining 45 units in The Nassim for a cash consideration of S\$411.6 million. This transaction enabled us to recognise a gain of approximately S\$161 million, in 1Q 2017.

## Message to Shareholders

### Other Geographies

To complement our presence in our core markets, the Group has identified Vietnam as a new growth market with good long term potential. Sales in Vietnam for 2016 remained healthy, with 1,480 units sold and a total sales value of approximately S\$282 million, up 12% and 25% respectively from 2015. In September 2016, we acquired a prime site in District 1 of Ho Chi Minh City to develop 102 residential units and 200 serviced residences. Currently, we have 3,114 homes in Ho Chi Minh City and Hanoi across nine projects to meet the improved demand. We envisage that Vietnam will play an increasingly important role in the Group's strategic growth. We have also set a target for our business in Vietnam to contribute at least S\$100 million to Group PATMI by 2020.

We are at the nascent stage of growing our platform in Indonesia, and the focus in 2017 is to successfully launch our first integrated development project as we seek new opportunities.

### Operating Platforms In Malls and Serviced Residences

CapitaLand Mall Asia (CMA) enjoys a leadership position in the shopping mall business in Asia through our extensive mall and retailer networks. In 2016, we delivered respectable total tenants' sales growth of 2.6% and 10.2% in Singapore and China, while committed occupancy remained high at 97.8% and 94.5% respectively. In June, CapitaMall Xinduxin in Qingdao, China opened with a committed occupancy of 98%. We will be opening eight malls<sup>1</sup> with a record one million square metres of combined retail gross floor area across China, Malaysia and India in 2017. In the meantime, development work continues on schedule at Jewel Changi Airport in Singapore, which promises to transform the retail experience at the airport when it opens in 2019.

To complement our existing retail network, leverage the CapitaLand brand and further build scale, we have begun to offer management contracts to external third party mall owners. This opens up a new source of revenue for CMA. In August 2016, we signed the first contract to manage the retail component of Fortune Finance Center in Changsha, China. By growing assets through proactive management and value creation for our partners, we are also building a pipeline of quality malls for potential acquisitions when there are opportunities to do so in future.

2016 was also a ground breaking year for The Ascott Limited. It secured more than 10,000 serviced residence units in 49 properties mainly through management contracts, making this the highest increase in our inventory in a single year. At the fastest pace ever, Ascott opened 20 properties consisting of more than 3,700 units in 2016. The commencement of Ascott Orchard Singapore's operations in December helped further strengthen our presence in Singapore to 1,000 serviced residence units across eight operating properties.

As at 31 December 2016, Ascott's global serviced residence portfolio stood at about 52,000 units and is on track to achieve our 80,000-unit target by 2020. Our serviced residence footprint also expanded into new cities, including Dublin in Ireland, Al Khobar and Makkah in Saudi Arabia, Sri City in India, Haikou and Shaoxing in China, Halong City and Nha Trang in Vietnam, Putrajaya in Malaysia and Bandung in Indonesia.

To cater to the fast growing and increasingly influential millennial market, which embraces distinctive trends such as coliving and coworking, Ascott launched a new brand "lyf" (pronounced "life") in November 2016, and aims to have 10,000 lyf branded units globally by 2020.

### Growing Assets Under Management

CapitaLand is one of Asia's largest real estate fund managers, with a global portfolio of assets under management (AUM) of S\$47.9 billion across five listed real estate investment trusts (REITs) and 15 private equity vehicles. We will continue to sharpen our competitive advantage in the investment management business and in October 2016, we set up the US\$1.5 billion (S\$2.0 billion) Raffles City China Investment Partners III – our third private investment vehicle to invest in prime integrated developments in China's gateway cities. In line with our aspirations to grow our business in Vietnam, we are also working with our capital partners to explore commercial property opportunities in Vietnam. The Group remains on track to achieve our target of launching five new funds with an AUM of up to S\$10 billion by 2020.

### Staying Relevant - Building Real Estate Of The Future

Technology is expected to continue to evolve at a rapid rate, as new ideas emerge and are tested across the real estate landscape. We believe in the positive and complementary impacts of technology and are committed to proactively harness technology to advance our businesses.

1 Comprising six malls in China - Raffles City Changning and LuOne in Shanghai; Raffles City Shenzhen; Raffles City Hangzhou; Suzhou Center Mall; and CapitaMall Westgate in Wuhan - and Melawati Mall near Kuala Lumpur, Malaysia; and Forum Centre City in Mysore, India.

We actively leverage technology to better engage our customers and improve operational efficiency across various asset classes. Our CapitaStar rewards programme is our key channel to gather valuable shopper insights, which are shared with our retailers to help them engage their customers, drive service levels, optimise product offerings and sales. In 2016, we enhanced CapitaStar as a conversational commerce platform with the pilot launch of Sparkle, an artificial intelligence chatbot that connects shoppers with products and services. Sparkle also extended its use beyond malls by partnering new service-related technology disrupters such as Grab and Chope to include other lifestyle choices that are part of a shopper's journey.

Ascott also made headway in reaching out to Chinese travellers by expanding its collaboration with Tujia.com International with the launch of the Tujia Somerset brand and forging a new partnership with Fliggy<sup>1</sup>. In the area of work place evolution, we started our first venture in coworking with Collective Works in Singapore, and collaborated with UrWork in China and Toong in Vietnam.

Through C31 Ventures, CapitaLand's dedicated venture capital fund that we launched in 2016, we tap on innovative solutions by investing in new economy startups relevant to our real estate businesses. Coupled with our centres of innovation and data analytics capabilities, CapitaLand is making significant progress to remain at the forefront of the increasingly symbiotic relationship between technology and our core businesses.

### Managing Talent

The Group owes our achievements to our dedicated staff. We strongly believe in attracting the right talent, and nurturing and retaining them. We will continue to broaden and grow our talent pool to ensure that we have a deep and experienced bench strength to drive CapitaLand's future growth. Further, to ensure that we plan effectively for succession, we identify and groom our most promising managers as CapitaLand's future leaders. Above all, we strive to continue providing our staff with a positive and dynamic work environment, empowering and encouraging each member of the CapitaLand Group to fulfill his or her career potential.

### Corporate Social Responsibility

CapitaLand is committed to improving the economic, environmental and social well-being of our stakeholders. We rigourously strive to balance commercial viability with sustainability for future generations. We are delighted that our sustainability efforts have been recognised with various prestigious awards during the year.

### Acknowledgement

Mr Simon Claude Israel, 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 benefitted 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 extend our warmest welcome to Mr Chaly Mah Chee Kheong who joined the Board as Independent Non-Executive Director. Mr Mah brings with him extensive experience and a sterling record of achievements; and we look forward to his counsel and contributions in the years ahead.

At the same time, we wish 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.

### Looking Forward

2017 is an exciting year for CapitaLand. We will continue to sharpen our efforts to grow our revenue and bolster our returns, so as to create higher value for our shareholders. We will also deepen our presence and extend our leading position in our core businesses and geographies, whilst actively seeking out opportunities to expand into new areas within our business domain. Our enduring commitment to and passion in "Building People. Building Communities.", to create sustainable returns for all shareholders is an ongoing journey. We look forward to your support in the year ahead.

**Ng Kee Choe**

Chairman

**Lim Ming Yan**

President & Group Chief Executive Officer

31 March 2017

<sup>1</sup> Formerly known as Alitrip.



## Year in Brief 2016

### January

- CapitaMall Westgate in Wuhan, China, topped out.
- CapitaLand and Chongqing's Yuzhong District government signed an agreement to set up the Sino-Singapore Collaboration Centre in Raffles City Chongqing to support the Chongqing Connectivity Initiative, the third Sino-Singapore government-to-government project.
- CapitaLand Hope Foundation (CHF) donated RMB1 million to support aural rehabilitation and treatment services for hearing impaired children in China.

### February

- Ascott secured contracts to manage over 1,500 serviced residence (SR) units in seven properties, including one each in the new footprint cities of Shah Alam in Malaysia, Nha Trang in Vietnam and Bandung in Indonesia.
- Ascott forged a strategic alliance with Dongfu Investment Development Corporation, a subsidiary of China State Construction Engineering Company. Ascott will have the first right to manage apartments currently under development as well as future projects built by Dongfu Investment.

### March

- CapitaLand launched Cairnhill Nine in Singapore.
- Ascott acquired Citadines Fusionopolis Singapore (50 units) through a lease awarded by JTC Corporation, while Ascott Residence Trust acquired Sheraton Tribeca New York Hotel (369 units) in the United States of America for US\$158 million (S\$218 million).
- Ascott unveiled its new Tujia Somerset brand of serviced residences. Its joint venture (JV) company with Tujia.com International secured contracts to manage over 1,000 SR units in six properties in China, including one in the new footprint city of Haikou.
- CapitaLand organised an International Volunteer Expedition (IVE) to the CapitaLand Nang Yen Primary Hope School in Phu Tho Province near Hanoi, Vietnam.
- Over 280 CapitaLand properties in 22 countries participated in the World Wide Fund for Nature (WWF) Earth Hour 2016.

### April

- Ascott acquired Citadines Islington London (108 units) for £52 million (S\$100 million) through its SR global fund with Qatar Investment Authority (Ascott-QIA Fund).
- Ascott entered a new market, Al Khobar in Saudi Arabia, after securing contracts to manage over 300 SR units there.
- Ascott unveiled The Crest Collection, a prized selection of Ascott's most prestigious and unique luxury serviced residences.

### May

- CapitaLand marked the 30<sup>th</sup> anniversary of its flagship Raffles City brand with the topping out of Raffles City Shenzhen.
- CapitaLand listed in all four SGX Sustainability Indices.
- CapitaLand won 32 Building and Construction Authority (BCA) awards, the most since its participation in BCA Awards Night, including the prestigious BCA Quality Excellence Award – Quality Champion (Platinum).

### June

- CapitaMall Xinduxin in Qingdao, China, opened.
- Vista Verde in Ho Chi Minh City, Vietnam topped out.
- CapitaLand and its JV partner Collective Works unveiled Collective Works Capital Tower, the first premium coworking space in a Grade A office building in Singapore's Central Business District.
- CapitaLand launched C31 Ventures, a venture fund to tap global tech start-ups.
- Ascott secured contracts to manage over 1,700 SR units in seven properties, including one each in the new footprint cities of Putrajaya in Malaysia and Shaoxing in China.

### July

- Funan DigitaLife Mall in Singapore closed for redevelopment.
- Ascott-QIA Fund acquired Quest NewQuay Docklands (221 units), in Melbourne, Australia for A\$71 million (S\$71 million).
- American Express® CapitaCard launched in Singapore.

## August

- CapitaLand secured a management contract for the retail component of Fortune Finance Center in Changsha, China.
- CapitaLand launched #PokemonSTAR, one of the first Pokemon GO campaigns in Singapore.
- CapitaStar Online Mall (membership rewards platform) launched in China, creating an integrated and interconnected customer experience platform for shoppers and patrons.
- CapitaLand Commercial Trust (CCT) completed the acquisition of 60% of units in MSO Trust, which holds CapitaGreen, for S\$393 million.
- CapitaLand crowned Regional Sector Leader of Asia (Diversified) in the 2016 Global Real Estate Sustainability Benchmark (GRESB) Real Estate Assessment for the sixth year running.

## September

- CapitaLand acquired a prime site in District 1 of Ho Chi Minh City, Vietnam for US\$51.9 million. The site will be developed into a 102-unit residential project, D1MENSION, and a 200-unit serviced residence named Somerset D1MENSION Ho Chi Minh City, which will be managed by Ascott.
- CapitaLand launched Victoria Park Villas, a luxurious landed housing development in Singapore.
- CapitaLand organised a completion party at Sky Vue in Singapore.
- CapitaLand welcomed Singapore Prime Minister Lee Hsien Loong to the Raffles City Chongqing show suite in China.
- CapitaLand Mall Trust broke ground for the redevelopment of Funan.
- CapitaLand Retail China Trust completed the acquisition of CapitaMall Xinnan (formerly known as Galleria) in Chengdu, China, for RMB1.5 billion (S\$304.9 million).
- CapitaLand launched #EatSnapGive Instagram charity campaign to promote spirit of giving through food; public participation garnered S\$300,000 in donations from CapitaLand Hope Foundation to President's Challenge 2016.

## October

- CapitaLand established the US\$1.5 billion (S\$2 billion) Raffles City China Investment Partners III, which will invest in prime integrated developments in China's gateway cities.
- CapitaLand showcased Raffles City Residences, the residential component of Raffles City Chongqing, with a series of roadshows.
- CapitaLand unveiled Sparkle, Asia's first artificial intelligence chatbot concierge for shoppers, on its enhanced CapitaStar app.
- CapitaLand welcomed Singapore Prime Minister Lee Hsien Loong to The Celebration Mall, Udaipur in India.
- Ascott Orchard Singapore, Cairnhill Nine and Marine Blue in Singapore obtained Temporary Occupation Permit.
- CCT submitted proposal for authorities' approval to redevelop Golden Shoe Car Park in Singapore.
- Ascott secured contracts to manage over 2,200 SR units in 15 properties, including one each in the new footprint cities of Makkah in Saudi Arabia and Sri City in India.
- CapitaLand organised an IVE to the CapitaLand Jinzhu Hope School in Zhejiang Province, China.

## November

- CapitaLand Hope Foundation donated S\$800,000 to set up the CapitaLand-People's Association Community Development Fund to benefit underprivileged children in Singapore.
- CapitaLand organised its fourth CapitaLand Volunteer Day in conjunction with My Schoolbag in Singapore.
- Ascott secured contracts to manage over 2,700 SR units in 12 properties, including one in the new footprint city of Halong City, Vietnam.
- Ascott unveiled its new brand, lyf designed for and managed by millennials, to seize opportunities in the rising trends of coliving and coworking.

## December

- CapitaMall Minzhongleyuan in Wuhan, China, became the first CapitaLand mall to offer a coworking space, which is operated by UrWork, China's largest coworking space company.
- The Krista in Ho Chi Minh City, Vietnam obtained its operation permit.
- Ascott made its first foray into Ireland with the acquisition of the Temple Bar Hotel (136 units) in Dublin for €55 million (S\$84 million).
- Ascott's SR property portfolio reached about 52,000 units.

## Board of Directors



**Ng Kee Choe**

Chairman  
Non-Executive Independent Director



**Lim Ming Yan**

President & Group Chief Executive Officer  
Executive Non-Independent Director



**John Powell Morschel**

Non-Executive Independent Director



**Simon Claude Israel**

Non-Executive Independent Director



**Euleen 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



**Chaly Mah Chee Kheong**

Non-Executive Independent Director

## Ng Kee Choe, 72

### Chairman

#### Non-Executive Independent Director

Bachelor of Science (Honours), University of Singapore

#### Date of first appointment as a director:

16 April 2010

#### Date of appointment as Chairman:

1 May 2012

#### Date of last re-appointment as a director:

18 April 2016

#### Length of service as a director (as at 31 December 2016):

6 years 8 months

#### Board committees served on

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

#### Present directorship in other listed company

- PT Bank Danamon Indonesia, Tbk (President-Commissioner)

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

- 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

- AusNet Services (Chairman)
- CapitaLand Mall Asia Limited<sup>1</sup> (Chairman)
- 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

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

## Lim Ming Yan, 54

### President & Group Chief Executive Officer

#### Executive Non-Independent Director

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

#### Date of first appointment as a director:

1 January 2013

#### Date of last re-election as a director:

18 April 2016

#### Length of service as a director (as at 31 December 2016):

4 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)

- 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)
- Workforce Singapore Agency (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.

## Board of Directors

### John Powell Morschel, 73

#### 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-appointment as a director:

18 April 2016

#### Length of service as a director (as at 31 December 2016):

6 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) (2004 – 2014)
- 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, 63

#### 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 2016):

6 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 Post Limited (Chairman)
- 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)
- Westpac Asia Advisory Board (Member)

#### 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, 62

### Non-Executive Independent Director

Fellow, Institute of Singapore Chartered Accountants  
Associate, Institute of Chartered Accountants in England and Wales  
Associate, The London Institute of Banking and Finance  
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 2016):

5 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 (Chairman)

#### 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)

#### 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

## Tan Sri Amirsham Bin A Aziz, 66

### 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 2016):

4 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)
- Petroliam Nasional Berhad (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

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

## Board of Directors

### Stephen Lee Ching Yen, 70

#### 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 director:

18 April 2016

#### Length of service as a director (as at 31 December 2016):

4 years

#### Board committees served on

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

#### Present directorship in other listed company

- SIA Engineering Company Limited (Chairman)

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

- 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)
- 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 (Chairman)
- Shanghai Commercial & Savings Bank Limited (Managing Director)
- Singapore Labour Foundation (Director)
- Tripartite Alliance Limited (Chairman)

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

- Singapore Airlines Limited (Chairman)

#### Background and working experience

- Chairman of Singapore Airlines Limited
- 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

### Dr Philip Nalliah Pillai, 69

#### 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 2016):

2 years 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, 60

### 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 2016):

2 years 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)

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

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

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

#### Background and working experience

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

## Chaly Mah Chee Kheong, 61

### Non-Executive Independent Director

Bachelor of Commerce, University of Melbourne, Australia

Associate, Institute of Chartered Accountants, Australia

Fellow, Certified Practising Accountants, Australia

Fellow, Institute of Singapore Chartered Accountants

#### Date of first appointment as a director:

1 February 2017

#### Present principal commitments

- CM38 Capital Pte Ltd (Chairman)
- National University of Singapore
- National University of Singapore Business School Accounting Advisory Board (Chairman)
- Netlink Management Pte Ltd
- Netlink NBN Management Pte Ltd
- Sentosa Development Corporation
- Sentosa Leisure Management Pte Ltd (Chairman)
- Singapore Accountancy Commission (Chairman)
- Singapore Economic Development Board
- Singapore International Chamber of Commerce (Chairman)
- Singapore Tourism Board (Chairman)

#### Background and working experience

- CEO of Deloitte Southeast Asia and Chairman of Deloitte Singapore, retired in May 2016 after some 38 years with Deloitte
- CEO of Deloitte Asia Pacific
- Member of the Deloitte Global Executive
- Deloitte Global Board (Vice Chairman)

#### Award

- The Public Service Medal at the Singapore National Day Awards 2014

## Senior Management



**Lim Ming Yan**

President & Group Chief Executive Officer  
CapitaLand Limited



**Andrew Lim**

Group Chief Financial Officer  
(From 1 January 2017)  
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 a Director of CapitaLand Hope Foundation, the Group's philanthropic arm.

Mr Lim is a Director of Business China, an organisation that promotes bilingualism and biculturalism between Singapore and China, and a Board Member of the Singapore Tourism Board. Mr Lim is also the Chairman of Workforce Singapore, a statutory board set up under the Ministry of Manpower to promote the development, competitiveness, inclusiveness, and employability of all levels of the workforce.

Mr Lim was the Chief Operating Officer of CapitaLand from May 2011 to December 2012 and Chief Executive Officer of The Ascott Limited from July 2009 to February 2012. Prior to joining Ascott, Mr Lim was the Chief Executive Officer of CapitaLand China Holdings Pte Ltd from July 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.

**Andrew Lim**  
**Group Chief Financial Officer (Designate)**  
**(Appointed on 25 November 2016)**  
**Group Chief Financial Officer**  
**(From 1 January 2017)**  
**CapitaLand Limited**

Mr Andrew Lim 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, tax, investor relations and looks after the administrative matters of the internal audit department of

CapitaLand. He has also been appointed as a member of CNBC's Global CFO Council.

Prior to joining CapitaLand, he was at HSBC where he served as Managing Director and Head of South East Asia Advisory Coverage, Real Estate and Hospitality.

Mr Lim has a Master of Business Administration and a Bachelor of Commerce degree from the Rotman School of Business at the University of Toronto, and is a Chartered Financial Analyst charter holder.

**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 and Compliance and Corporate Security. In 2016, Mr Tan also provided direct support to corporate functions for CapitaLand in China. 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.



## Senior Management

### 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 provides 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 the managers of two real estate investment trust (REITs); CapitaLand Retail China Trust Management Limited (the manager of CapitaLand Retail China Trust listed on Singapore Exchange) 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 has 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 ExxonMobil 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, the manager of CapitaLand Commercial Trust.

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, the manager of Ascott Residence Trust.

Before joining the Group, Mr Wen was with the Urban Redevelopment Authority. 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).

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).

### 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.

<sup>1</sup> Subsequently renamed as CapitaLand Mall Asia 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 integrated development and residential businesses in South China. He was also responsible for the company’s real estate financial business, including the Raffles City China Fund and establishment of the US\$1.5 billion Raffles City China Investment Partners III.

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 Chief Executive Officer of CapitaLand China from 2009 to 2014. He led the China teams in streamlining as well as growing the integrated development and residential 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 Ascott’s Deputy Chief Executive Officer in February 2012. 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 North Asia, 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.

In 2016, Mr Lee was conferred the prestigious National Order of Merit (Chevalier de l’Ordre National du Mérite) by the President of the French Republic. Mr Lee was also named one of the ‘Top 10 Hoteliers of the Year’ by China Hotel Starlight Awards for three consecutive years in 2010, 2011 and 2012 when he was based in China.

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 regularly improving its corporate governance practices. 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 (Code) while achieving operational excellence and delivering the Group's long-term strategic objectives. The Board of Directors (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 58 to 62 of this Annual Report.

This corporate governance report (Report) sets out the corporate governance practices for financial year (FY) 2016 with reference to the principles of the Code. Where there are deviations from any of the 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, nine of whom 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 recommendations in the Code.

The Board has diversity of skills and knowledge, experience, 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 Group and is collectively responsible for its long-term success.

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

The Board has adopted a Board Charter. The duties and responsibilities of the Board set out in the Board Charter include approving the Group's broad policies, strategies, objectives, annual budgets, and 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 and divestments;
- (b) share issuances, dividends and other returns to shareholders;
- (c) the performance targets and 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). Each of these Board Committees operates under delegated authority from the Board with the Board retaining overall oversight and has its own terms of reference. The composition of the various Board Committees is set out on the inside back cover of this Annual Report. The P&GCEO attends all Board Committee meetings on an ex-officio basis.

The establishment of the AC, ERCC, NC and RC is consistent with the recommendations in the Code. In view of the business of the Group, the Board has also established the FIC to assist the Board in its review of proposals on investments, divestments, credit, budget variance and awards of contracts for development expenditure. The FIC carries out this duty and responsibility within the authorities/limits approved from time to time by the Board. The FIC also reviews and recommends to the Board for

approval the Group’s annual budget and treasury-related policies. All the members of the FIC, including the Chairman of the FIC, are non-executive independent Directors. The FIC met seven times in the year under review.

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 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.

In addition to Board Committees, the Company has also established the China Advisory Panel (CAP) and Capitaland Technology Council (CTC). The CAP was set up in 2014 to share strategic insights on general, economic and real estate industry developments and trends in China. In recognition of the need to sharpen its technology focus and customer-centric approach to develop real estate of the future, the Company formed the CTC in 2015 to advise the Board on technology developments and initiatives.

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.

The Board meets at least once every quarter, and as required by business imperatives. Board and Board Committee meetings are scheduled prior to the start of each financial year. Prior to the start of each Board meeting, the non-executive Directors meet without the presence of Management. The Board also meets annually to review and discuss the Group’s strategy with Senior 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 audio or video conference. The Board and Board Committees may also make decisions by way of resolutions in writing. Except where a Director is required to recuse himself or herself due to a potential conflict of interest situation and is thus excused from participation, in each meeting where matters requiring the Board’s approval are to be considered, all members of the Board participate in the discussions and deliberations; and resolutions in writing are circulated to all Directors for their consideration and approval. This principle of collective decisions adopted by the Board ensures that no individual influences or dominates the decision-making process.

A total of five Board meetings were held in FY 2016. This included an annual offsite meeting with Senior Management to review and plan the Group’s strategy. A table showing the attendance record of the Directors at meetings of Board and Board Committees in FY 2016 is set out on page 43 of this Annual Report. The Company believes in the manifest contributions of its Directors beyond attendance at formal Board and Board Committee 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 Committee meetings.

In view of the increasingly demanding, complex and multi-dimensional role of a Director, the Board recognises the importance of continual training and development for its Directors so as to equip them to discharge the responsibilities of their office as Directors of the Company to the best of their abilities. The Company has in place a training framework to guide and support the Company towards meeting the objective of having a Board which comprises individuals who are competent and possess up-to-date knowledge and skills necessary to discharge their responsibilities. The costs of training are borne by the Company. Upon appointment, each Director is provided with a formal letter of appointment and a copy of the Director’s Manual (which includes information on a broad range of matters relating to the role and responsibilities of a Director). All Directors upon appointment also undergo an induction programme which focuses on orientating the Director to the Company’s business, operations, strategy, organisation structure, responsibilities of key management personnel, and financial and governance practices. The induction programme includes site visits. 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. In FY 2016, the training and professional development programmes for Directors included forums and dialogues with experts and senior business leaders on issues facing boards and board practice; the Directors also participated in sessions with members of CTC and CAP.

# Corporate Governance Report

## 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 comprises 10 Directors, nine of whom (including the Chairman) are non-executive independent Directors. The latter includes a Director who was appointed on 1 February 2017. Profiles of the Directors are provided on pages 14 to 19 of this Annual Report. The recommendation in the Code for a lead independent director is not applicable because the Chairman and the P&GCEO are separate individuals.

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 and 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 Board has established a process for assessing the independence of its Directors. As part of the process, each non-executive Director is required to confirm, on an annual basis, that there are no material relationships which would render him or her non-independent. The confirmations are reviewed by the NC during which the NC also considers their respective independent contributions at Board meetings. Thereafter, the matter is presented to the Board for it to make a determination taking into account the views of the NC.

The Board has carried out the assessment of each of its Directors for FY 2016 and the paragraphs below set out the outcome of the assessment.

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 as defined by the Listing Manual of the Singapore Exchange Securities Trading Limited (SGX-ST) (Listing Manual). Temasek Trust is a not-for-profit organisation which independently oversees the management and disbursement of Temasek's endowments and gifts. Mr Ng's 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.

Ms Euleen Goh is also a non-executive director of DBS Bank Ltd (DBS Bank) which provides banking services to the Group. Ms Goh's role in DBS Bank is non-executive in nature and she is not involved in the business operations of the bank. The Board considers that the transactions with DBS Bank were carried out in the ordinary course of business, on normal commercial terms and at arm's length basis. In addition, the services were not material in the context of all the financial and other related services that the Group received from its banks in FY 2016 and the payments made to DBS Bank were also not material relative to the revenue of DBS Bank in FY 2016.

Mr Kee Teck Koon serves as a corporate advisor of Temasek International Advisors Pte Ltd (TIA). In this role, Mr Kee provides corporate advisory services to TIA in relation to proposed investments or projects of Temasek which are non-real estate business in nature. This role does not pose any conflict of interest issue for Mr Kee. 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.

Mr Stephen Lee was non-executive chairman of Singapore Airlines Limited (SIA) until 31 December 2016 and Mr Simon Israel is non-executive chairman of Singapore Telecommunications Limited (Singtel). The flight and telecommunication services purchased by the Group from SIA and Singtel respectively were at arm's length basis and on normal commercial terms.

Mr Israel was also a director of Stewardship Asia Centre Pte Ltd (SAC) until 17 January 2017. SAC is a subsidiary of Temasek whose objective is to foster effective stewardship and governance amongst businesses and leaders. Mr Israel's role as a director of SAC was non-executive in nature and he was not involved in the day-to-day conduct of the business of SAC.

The Board also considered whether each of Mr Ng, Ms Goh, Mr Kee, Mr Lee and Mr Israel had demonstrated independence of character and judgement in the discharge of his or her responsibilities as a Director of the Company in FY 2016, and is satisfied that each of them had acted with independent judgement. Each of them had also recused himself or herself from participating in any Board deliberation on any transactions that could potentially have given 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 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 2016. 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. It is noted that all of the Directors have served on the Board for fewer than nine years.

On the bases of the declarations of independence provided by the non-executive 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 non-executive member of the NC and Board had recused himself or herself from the NC's 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. The Company has an established policy for disclosure and recusal with respect to Director conflicts of interest. Compliance by the relevant Directors is duly minuted.

### 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 to manage the Group's business and to develop and implement Board approved policies.

The Chairman is responsible for leadership of the Board and for facilitating 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.

### Board Membership

#### Principle 4:

**There should be a formal and transparent process for the appointment and reappointment 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 met three times in the year under review.

Under its terms of reference, the NC's scope of duties and responsibilities is as follows:

- (a) it recommends candidates for appointment to the Company's Board and Board Committees;
- (b) it makes recommendations to the Board on the succession plans for Directors and the appointment of and succession plan for the P&GCEO;
- (c) it reviews and recommends the development of a process for the evaluation of the performance of the Board, Board Committees and Directors;
- (d) it reviews and recommends the training and professional development programmes for the Board;

## Corporate Governance Report

- (e) it considers annually and, as and when circumstances require, if a Director is independent and provides its views to the Board for consideration; and
- (f) it reviews and decides if a Director is able to carry out and has been adequately carrying out his or her duties as a Director, taking into consideration the number of listed company board appointments and other principal commitments held by the Director.

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 takes into account the need for the Board composition to 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 Board recognises the benefits of having a diverse Board. Diversity in the Board's composition not only contributes to the quality of its decision making through diversity of perspectives in its boardroom deliberations, the varied backgrounds of the Directors also enable Management to benefit from their respective expertise and diverse backgrounds. The Board also considers gender an important aspect of diversity alongside factors such as the age, ethnicity and educational, business and professional background of its members. The Board is committed to diversity and will continue to consider the differences in the skillsets, gender, age, ethnicity and educational, business and professional background in determining the optimal composition of the Board in its Board renewal process.

In the year under review, no alternate Directors were appointed. In keeping with the principle that a Director must be able to commit time to the affairs of the Company, the NC has adopted the principle that it will generally not approve the appointment of alternate Directors.

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 reelection or appointment and who are not otherwise required to retire) to retire and subject themselves to reelection by shareholders (one-third rotation rule) at every annual general meeting (AGM). 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 election at the AGM immediately following his or her appointment. Thereafter, he or she is subject to the one-third rotation rule.

With regard to the reelection of existing Directors each year, the NC advises the Board of those Directors who are retiring or due for consideration to retire in accordance with the provisions of the Constitution. The NC makes recommendations to the Board as to whether the Board should support the reelection 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 reelection. Shareholders are provided with relevant information in the Annual Report on the candidates for election or reelection.

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 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 or her performance or contributions to date.

Guideline 4.4 of the Code recommends that the Board determines the maximum number of listed company board appointments which any Director may hold, and discloses this in the annual report. In view of the responsibilities of a Director, the Board is cognisant of the need for Directors to be able to devote sufficient time and attention to adequately perform their roles. However, the Board has not imposed any limit as it has taken 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 the nature of 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 Company. 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 reelection and in its annual review of each Director's ability to commit time to the affairs of the Company, the NC takes into account, among other things, the attendance record of the Directors at meetings of the Board and Board Committees, 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 appointments 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 the Board and Board Committees in FY 2016 (set out on page 43 of this Annual Report) and contributions to the Board's deliberations as well as availability outside formal Board meetings, 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 oversight from a strong and effective Board goes a long way toward guiding a business enterprise to achieving success.

The Board, through the NC, strives to ensure that there is an optimal blend in the Board of backgrounds, experience and knowledge in business and general management, expertise relevant to the Group's business and track record, 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.

Whilst Board performance is ultimately reflected in the long-term performance of the Group, the Board believes that engaging in a regular process of self-assessment and evaluation of Board performance in order to identify key strengths and areas for improvement is essential to effective stewardship and to attaining success for the Company.

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 of the Board's performance in FY 2016. 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). One-on-one interviews were also conducted. The interviews focused on seeking clarifications to the feedback obtained from the responses in the questionnaires, and broader questions were also raised to help validate certain survey findings. The evaluation categories covered in the questionnaire included Board composition, information management, Board processes, corporate integrity and social responsibility, managing company performance, strategy review, Board Committee effectiveness, P&GCEO performance and succession planning, Director development and management, and managing risk and adversity. The Board has considered and followed up with the findings and recommendations of the consultant.

In respect of individual Directors, formal evaluation is carried out by the NC as and when a Director is due for retirement by rotation and is seeking reelection. Contributions by an individual Board member can take different 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.

The Board further believes that the collective Board performance and the contributions of individual Board members are also reflected in, and evidenced by, the synergistic performance of the Board in discharging its responsibilities as a whole by providing proper guidance, diligent oversight and able leadership, and lending support to Management in steering the Company in the appropriate direction, as well as the long-term performance of the Company whether under favourable or challenging market conditions.

# 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 ongoing 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 ongoing commitment to limit paper waste and reduce its carbon footprint, the Company does not provide printed copies of Board papers. Instead, Directors are provided with tablet devices to enable them to access and read Board and Board Committee papers prior to and in 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 transactions 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 and assists the Chairman and in ensuring that Board procedures are followed. The Board, whether as individual Directors 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. The Board has unfettered access to any Management staff for any information that it may require. Through the training framework adopted for the professional development of the Directors, Directors also receive on a regular basis reading materials on topical matters or subjects and regulatory updates and implications. In addition, where appropriate, briefings from industry players or consultants are also arranged.

## (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 carrying out this role, 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. 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 met four times in the year under review.

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 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-added 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



## Corporate Governance Report

### 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

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 2016, the ERCC continued with the appointment of 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.

### Remuneration for Key Management Personnel

Remuneration for key management personnel comprises fixed components, variable cash components, share-based components and employee benefits:

#### A. Fixed Components:

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

#### B. Variable Cash Components:

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

#### Balanced 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 each 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 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 the overall business performance and individual performance as well as affordability.

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

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

The EBIP rewards 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 achievement by the Group in FY 2016 was below 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 2016 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 2016, 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 101 to 105 and the Equity Compensation Benefits section of the Notes to the FY 2016 Financial Statements on pages 176 to 181.

#### CapitaLand Performance Share Plan 2010

In FY 2016, 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 (TSR) of the Group measured as a multiple of Cost of Equity;
- Relative TSR of the Group measured as a percentile ranking of the Group's TSR 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 (ROE) 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 qualifying performance period. No share will be released if the threshold targets are not met at the end of the qualifying performance period. On the other hand, if superior targets are met, more shares than the baseline award can be released. For the award granted in 2013, the maximum is 175% of the baseline award; for the award granted in 2014, the maximum is 170% of the baseline award. For awards granted in 2015 and 2016, the maximum is 200% of the respective year's baseline awards. Recipients will receive fully paid shares at no cost.

For the year under review, the relevant award for assessment of the performance achieved by the Group is the award granted in FY 2014 in respect of which the qualifying performance period was FY 2014 to FY 2016. Based on the ERCC's assessment that the performance achieved by the Group has not met the pre-determined performance targets for the three-year qualifying performance period of FY 2014 to FY 2016, no share has been released for the share award granted in FY 2014. In respect of the share awards granted in FY 2015 and FY 2016, the respective qualifying performance periods have not ended as at the date of this Report.

#### CapitaLand Restricted Share Plan 2010

In FY 2016, the ERCC granted awards which are conditional on targets set for a qualifying 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 ROE of the Group.

## Corporate Governance Report

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 qualifying 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 qualifying 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, their equivalent cash value or combinations thereof, at no cost.

In respect of the award granted in FY 2016, based on the ERCC's assessment that the performance achieved by the Group has met the pre-determined performance targets for the qualifying performance period of FY 2016, the resulting number of shares released has been adjusted accordingly to reflect the performance level.

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. Employee 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.

The details of the remuneration for the P&GCEO are provided in the Directors' Remuneration section on page 44 of this Annual Report. The details of the other top five key management personnel's 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 45 of this Annual Report.

The ERCC seeks to ensure that the remuneration paid to the P&GCEO and key management personnel are 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- 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 in Singapore and the region over a multi-year period.

In FY 2016, 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 any of the key management personnel.

There were no employees of the Group who were immediate family members of a Director or the P&GCEO in FY 2016. "Immediate family member" refers to the spouse, child, adopted child, step-child, sibling or parent of the individual.

### Non-Executive Director Remuneration

The compensation policy for Directors is based on a scale of fees divided into basic retainer fees for serving as Director and additional fees for attendance and serving on Board Committees. The compensation package is market benchmarked, taking into account the demanding responsibilities on the part of the Directors in light of the scale, complexity and the international nature of the business.

The remuneration framework for the non-executive Directors remains unchanged from that for the previous financial year. The fee structure for non-executive Directors for FY 2016 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 44 of this Annual Report. The P&GCEO as Executive Director is remunerated as part of key management personnel and therefore does not receive Director's fees. No individual Director by himself or herself could decide his or her own remuneration. The Directors' fees will only be paid upon approval by the shareholders at the AGM. These measures serve to assure that the independence of the non-executive Directors is not compromised by their compensation.

## 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 are adequate risk mitigation features in the Group's compensation system, such as the use of malus, deferral and performance 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 within the relevant periods prescribed by the Listing Manual. These quarterly and annual financial statements are reviewed and approved by the Board prior to release to shareholders by announcement on the SGXNet. The releases of quarterly and annual financial statements are accompanied by news releases issued to the media and which are also posted on the SGXNet. In presenting the quarterly and annual 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.

In addition to quarterly and annual financial statements, the Company also keeps its shareholders, 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 securities on a timely and consistent basis, so as to assist shareholders and investors in their investment decisions. 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. These controls and procedures incorporate decision-making procedures and an obligation on internal reporting of decisions made.

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 maintain 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 risk management and internal controls addressing material financial, operational, compliance and information technology (IT) 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. To facilitate sharing of information and knowledge, three members of RC are also members of the AC and they are Tan Sri Amirsham A Aziz, Ms Euleen Goh and Dr Philip Pillai. The RC met two times in the year under review.



Under its terms of reference, the RC's scope of duties and responsibilities is as follows:

- (a) it makes recommendations to the Board on risk appetite and associated risk parameters including risk limits;
- (b) it reviews and assesses compliance with and the adequacy of the risk management framework, policies and strategies to identify, measure, manage and report risks;
- (c) it 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) it makes the necessary recommendations to the AC and the Board such that an opinion and comment regarding the adequacy and effectiveness of the system of risk management and internal controls can be made by the Board in the Annual Report of the Company in accordance with the Listing Manual and the Code; and
- (e) it 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 RC also reviews the approach of identifying and assessing risks and internal controls in the risk register. The material risks, including the mitigating measures, are reviewed regularly by the RC and, where appropriate, the AC, and reported to the Board.

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 52 to 54 of this Annual Report.

The internal and external auditors conduct reviews of the adequacy and effectiveness of the material internal controls in the Group addressing financial, operational, compliance and IT risks. This includes testing, where practicable, 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 AC also reviews the adequacy and effectiveness of the measures taken by Management on the recommendations made by the internal and external auditors in this respect.

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 2016 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 IT risks. The P&GCEO and the GCFO have obtained similar assurances from the respective business and corporate executive heads in the Group.

In addition, in FY 2016, 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.

## Corporate Governance Report

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 IT risks, is adequate and effective to meet the needs of the Group in its current business environment as at 31 December 2016.

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.

### 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; in particular the Chairman of the AC is a Fellow of the Institute of Singapore Chartered Accountants, among other professional affiliations, and Tan Sri Amirsham A Aziz, another AC member, is a Certified Public Accountant of Malaysia. None of the AC members were previously partners or directors of the incumbent external auditors, KPMG LLP, within the previous 12 months nor does any of the AC members hold any financial interest in KPMG LLP.

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.

Under its terms of reference, the AC's scope of duties and responsibilities is as follows:

- (a) it 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, it assesses the adequacy and effectiveness of the internal controls (including material financial, operational, compliance and IT controls) and risk management system;
- (c) it reviews the adequacy and effectiveness of the Company's internal audit function and also ensures that the internal audit function is adequately resourced and has appropriate standing within the Company;
- (d) it reviews the scope and results of the external audit, and independence and objectivity of the external auditors;
- (e) it makes recommendations to the Board on the proposals to the shareholders on the appointment, reappointment and removal of the external auditors, and approving the remuneration of the external auditors;
- (f) it 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) it 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.

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 in FY 2016 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 2016 were S\$6,672,000 and S\$459,000, respectively.

In FY 2016, 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 best practices and guidance for Audit Committees in Singapore including practice directions issued from time to time in relation to the Financial Reporting Surveillance Programme administered by the Accounting and Corporate Regulatory Authority of Singapore.

In its review of the financial statements of the Group and the Company for FY 2016, the AC had discussed with Management the accounting principles that were applied and their judgement of items that could affect the integrity of the financial statements and also considered the clarity of key disclosures in the financial statements. The AC reviewed, amongst other matters, the following key audit matters as reported by the external auditors for the financial year ended 31 December 2016.

Key audit matters	How these issues were addressed by the AC
Valuation of development properties for sale	<p>The AC considered the approach and methodology applied to the valuation of development properties for sale, focusing on projects with slower-than-expected sales or with low or negative margins. The AC was periodically briefed on the development of key projects. It also discussed with, and challenged Management, as appropriate, about the market trends and the strategies to sell the inventories.</p> <p>The AC received detailed reporting from the external auditors on their assessment of the estimation of net realisable value and allowances for foreseeable losses to form a view on the appropriateness of the level of provisioning adopted by Management.</p> <p>The AC was satisfied with the valuation approach and the estimation of net realisable value for development projects as adopted and disclosed in the financial statements.</p>
Valuation of investment properties	<p>The AC reviewed the outcomes of the half-yearly valuation process and discussed the details of the valuation with Management, focusing on properties which registered higher fair value gains/losses during the period under review.</p> <p>The AC considered the findings of the external auditors, including their assessment of the appropriateness of valuation methodologies and the underlying key assumptions applied in the valuation of investment properties.</p> <p>The AC was satisfied with the valuation process, the methodologies used and the valuation for investment properties as adopted and disclosed in the financial statements.</p>
Accounting for investments in real estate investment trusts (REITs)	<p>The AC reviewed the Group's processes for the review and determination of the accounting for its investments in REITs. Management presented to the AC the methodology used in determining the aggregate economic interests held in the REITs and the results, highlighting any change in long term trends and the current headroom. The AC was also briefed on Management's plans for the investments in the REITs.</p> <p>The AC considered the findings of the external auditors, including the Group's processes for the review and the determination of the accounting for its investments in REITs.</p> <p>The AC was satisfied with the accounting and disclosures in the financial statements for the Group's investments in REITs.</p>

Changes to the 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 complies with Rules 712, 715 and 716 of the Listing Manual.

## Corporate Governance Report

### 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. The performance evaluation of the head of CL IA is carried out by the AC with inputs from the GCFO. The AC is of the view that the internal audit function performed by CL IA is adequately resourced and has appropriate standing within the Company. 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 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 (including through appointment of up to two proxies, if they are unable to attend in person or in the case of a corporate shareholder, through its appointed representative). Shareholders such as nominee companies which provide custodial services for securities are not constrained by the two proxy limitation, and are able to appoint more than two proxies to attend, speak and vote at general meetings of the Company.

#### 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 its performance and any changes in the Group or its business which would be likely to materially affect the price or value of the Company's securities, 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 available at 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 55 to 57 of this Annual 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 CD-ROM 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. The requisite notice period for a general meeting is adhered to. All shareholders are given the opportunity to participate effectively in and vote at general meetings.

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 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' interests, the Company conducts electronic poll voting for all the resolutions proposed at the general meetings. Voting procedures are explained and vote tabulations are disclosed at the general meetings. An independent scrutineer is also appointed to validate the vote tabulation procedures. 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, recording the substantial and relevant comments made and questions raised, are prepared and are available to shareholders for their inspection upon request. Since 2015, minutes of the AGMs are also uploaded to 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

### 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.



## Corporate Governance Report

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 from trading 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.

## Composition Of Board And Board Committees In 2016

Board Members	Audit Committee	Executive Resource and Compensation Committee	Finance and Investment Committee	Nominating Committee	Risk Committee
Ng Kee Choe		C	C	C	
James Koh Cher Siang <sup>1</sup>	M		M		
John Powell Morschel			M	M	
Simon Claude Israel		M	M	M	
Euleen Goh Yiu Kiang	C				M
Tan Sri Amirsham bin A Aziz	M				C
Stephen Lee Ching Yen		M		M	
Dr Philip Nalliah Pillai	M				M
Kee Teck Koon			M		M

Denotes: C – Chairman                      M – Member

Note:

- 1 Stepped down as a Director; and a Member of the Audit Committee and the Finance and Investment Committee at the conclusion of the AGM on 18 April 2016.

## Attendance Record Of Meetings Of The Board And Board Committees in 2016

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

Notes:

- 1 Attended all Board committee meetings on ex-officio basis.  
2 Stepped down as a Director; and a Member of the Audit Committee and the Finance and Investment Committee at the conclusion of the AGM on 18 April 2016.

## Corporate Governance Report

### Directors' Remuneration Table for the Financial Year Ended 31 December 2016

Directors of the Company	Salary inclusive of AWS and employer's CPF \$	Bonus and other benefits inclusive of employer's CPF¹ \$	Awards of shares² \$	Directors' fees³		Total \$
				Cash Component \$	Shares component \$	
Payable by Company:						
Executive Director						
Lim Ming Yan	1,153,890	2,368,023	1,511,986	–	–	5,033,899
Sub-Total 1	1,153,890	2,368,023	1,511,986	–	–	5,033,899
Non-Executive Directors						
Ng Kee Choe	–	–	–	525,000	225,000	750,000
James Koh Cher Siang³	–	–	–	56,100	–	56,100
John Powell Morschel	–	–	–	144,550	61,950	206,500
Simon Claude Israel³	–	–	–	203,800	–	203,800
Euleen Goh Yiu Kiang	–	–	–	137,340	58,860	196,200
Tan Sri Amirsham bin A Aziz	–	–	–	154,000	66,000	220,000
Stephen Lee Ching Yen	–	–	–	109,270	46,830	156,100
Dr Philip Nalliah Pillai	–	–	–	116,340	49,860	166,200
Kee Teck Koon	–	–	–	120,960	51,840	172,800
Sub-Total 2	–	–	–	1,567,360	560,340	2,127,700
Total for Directors of the Company	1,153,890	2,368,023	1,511,986	2,127,700		7,161,599

- The amounts disclosed include bonuses earned under the EBIP and the other incentive plans which have been accrued for in FY 2016. 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.
- For FY 2016, 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.
- If approved, the aggregate amount of Directors' fees of S\$2,127,700 will be paid as to S\$1,567,360 in cash, and S\$560,340 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 Simon Claude Israel (who is retiring from the Board at the conclusion of the AGM), and Mr James Koh Cher Siang (who had retired from the Board on 18 April 2016), 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 2016

Total Remuneration Bands	Salary inclusive of AWS and employer's CPF <sup>1</sup>	Bonus and other benefits inclusive of employer's CPF <sup>2</sup>	Award of Shares <sup>3</sup>	Total
<b>Above S\$5,000,000 to S\$5,250,000</b>				
Lim Ming Yan	23%	47%	30%	100%
<b>Above S\$2,500,000 to S\$2,750,000</b>				
Lee Chee Koon	29%	43%	28%	100%
Leow Juan Thong Jason	32%	40%	28%	100%
Loh Jen Yuh Lucas Ignatius	33%	41%	26%	100%
<b>Above S\$2,250,000 to S\$2,500,000</b>				
Wen Khai Meng	32%	42%	26%	100%
<b>Above S\$1,750,000 to S\$2,000,000</b>				
Tan Seng Chai	31%	37%	32%	100%
<b>Total</b>	<b>S\$17,262,710</b>			

1 The amounts disclosed include overseas posting allowances where applicable.

2 The amounts disclosed include the bonuses earned under the EBIP and the other incentive plans which have been accrued for in FY 2016, as well as overseas posting benefits where applicable. 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.

3 The share awards are based on the fair value of the shares comprised in the contingent awards under the Share Plans 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? 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.</p> <p>Where there are deviations from any of the guidelines of the Code, an explanation has been provided within the Annual Report.</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, and divestments;</p> <p>(b) share issuances, dividends and other returns to shareholders;</p> <p>(c) the performance targets and 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>
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### 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 maximize 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 Board recognises the benefits of having a diverse Board. Diversity in the Board's composition not only contributes to the quality of its decision making through diversity of perspectives in its boardroom deliberations, the varied backgrounds of the Directors also enable Management to benefit from their respective expertise and diverse backgrounds. The Board also considers gender an important aspect of diversity alongside factors such as the age, ethnicity and educational, business and professional background of its members. The Board is committed to diversity and will continue to consider the differences in the skillsets, gender, age, ethnicity and educational, business and professional background in determining the optimal composition of the Board in its Board renewal process.</p>
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## Guidelines for Disclosure

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 reelection of existing Directors each year, the NC advises the Board of those Directors who are retiring or due for consideration to retire in accordance with the provisions of the Constitution. The NC makes recommendations to the Board as to whether the Board should support the reelection 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 the Director's Manual (which includes information on a broad range of matters relating to the role and responsibilities of a Director). All Directors upon appointment also undergo an induction programme which focuses on orientating the Director to the Company's business, operations, strategy, organisation structure, responsibilities of key management personnel, and financial and 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>In view of the responsibilities of a Director, the Board is cognisant of the need for Directors to be able to devote sufficient time and attention to adequately perform their roles. However, the Board has not imposed any limit as it has taken 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 the nature of 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 Company. 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 reelection, and in its annual review of each Director's ability to commit time to the affairs of the Company, the NC takes into account, among other things, the attendance record of the Directors at meetings of the Board and Board Committees, 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>	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 of the Board's performance in FY 2016. 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). One-on-one interviews were also conducted. The interviews focused on seeking clarifications to the feedback obtained from the responses in the questionnaires, and broader questions were also raised to help validate certain survey findings. The Board has considered and followed up the findings and recommendations of the consultant

## Corporate Governance Report

### Guidelines for Disclosure

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 26 to 27 for details and information on the Board's determination process for considering those Directors as being independent.
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.	No.
<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.

## Guidelines for Disclosure

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>Yes.</p> <p>The aggregate remuneration paid to the aforesaid key management personnel is S\$12,228,811.</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 fixed components, variable cash components, share-based components and employee benefits.</p> <p>The variable cash components are short-term incentives which are based on financial and non-financial performance targets in the dimensions of Financial, Execution, Growth and People.</p> <p>The share-based components are 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

## Guidelines for Disclosure

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>At each meeting, the Chairperson of each Board Committee provides an update on the significant matters discussed at the Board Committee meetings, the P&amp;GCEO provides updates on the Group's business and operations and the 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.</p> <p>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.</p> <p>The Board has separate and independent access to Management, including the Company Secretary, 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>Through the training framework adopted for the professional development of the Directors, Directors also receive on a regular basis reading materials on topical matters or subjects and regulatory updates and implications. In addition, where appropriate, briefings from industry players or consultants are also arranged.</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: (i) the financial records have been properly maintained and the financial statements give 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 risk management and internal controls addressing material financial, operational, compliance and IT 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 52 to 54 of this Annual Report.</p> <p>The internal and external auditors conduct reviews of the adequacy and effectiveness of the material internal controls in the Group addressing financial, operational, compliance and IT risks. 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 AC also reviews the adequacy and effectiveness of the measures taken by Management on the recommendations made by the internal and external auditors in this respect.</p> <p>The Board has received the requisite assurance from the P&amp;GCEO and the GCFO.</p>

## Guidelines for Disclosure

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 2016 – S\$6,672,000 Total non-audit fees for FY 2016 – S\$459,000</p> <p>Please refer to page 187 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 in FY 2016 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 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 securities, 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 55 to 57 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. 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 adequacy and effectiveness of the risk management framework and policies. For these purposes, it is assisted by the Risk Committee (RC), established in 2002, which provides dedicated oversight of risk management at the Board level.

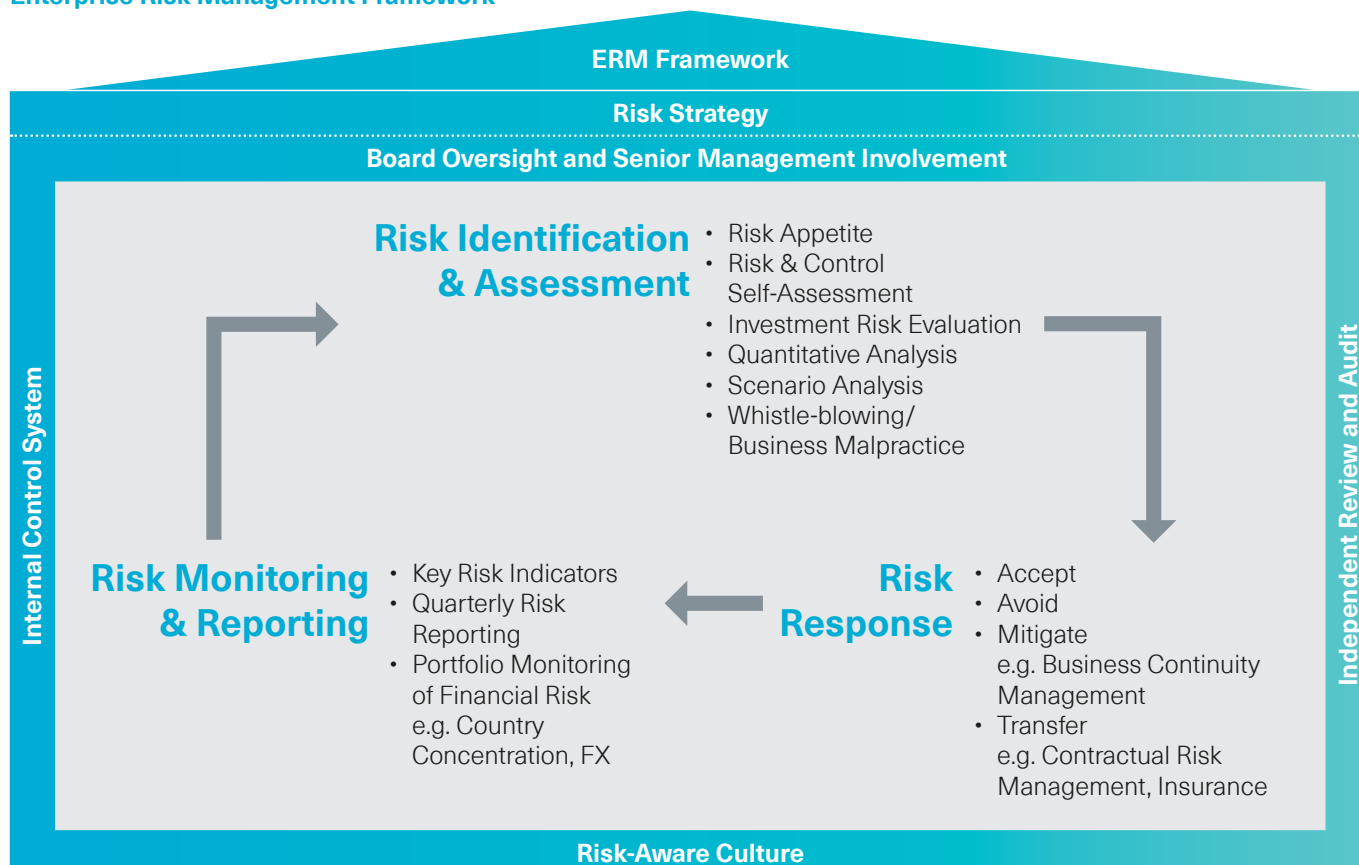
The RC currently comprises four independent Board members and meets on a regular basis. The meetings are attended by

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 and operational risk management.

The Board approves 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 accompanying risk limits which determine specific risk boundaries established at an operational level. Having considered key stakeholders' interests, the RAS sets out explicit and 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, 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 is adapted from the International Organization for Standardization (ISO) 31000 International Risk Management Standards, and makes reference to the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control-Integrated Framework and other relevant best practices and guidelines. It 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 have been validated by external 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.

CapitaLand believes that having the right risk culture and people with the right attitude, values and knowledge are fundamental to the Group’s success of ERM. Therefore, the RAG continues to proactively enhance risk management knowledge by conducting regular workshops for all levels and functions, and to promote a culture of risk awareness which embeds risk management principles in decision-making and business processes.

Annually, the RAG facilitates and coordinates the Group-wide Risk and Control Self-Assessment (RCSA) exercise that requires SBUs and corporate functions 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.

### Managing Material Risks

CapitaLand undertakes an iterative and comprehensive approach to 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 to 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. Innovation workshops are conducted regularly to brainstorm ideas to anticipate as well as 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 to 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 macroeconomic environment and advises senior management on future macroeconomic 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 the Occupational Health and Safety Assessment Series (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 optimal 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 page 197 of this Annual Report.

### Fraud & Corruption Risk

CapitaLand is committed to the highest standards of integrity as this is one of its core values, and it has no tolerance for any fraud, corruption or bribery in the conduct of its business activities. Consistent with this commitment, the Group has in place an employee code of conduct and an anti-corruption policy. The anti-corruption policy reiterates 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. CapitaLand 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.

### Information Technology Risk

With increased reliance on Information Technology (IT) as a business enabler, CapitaLand has in place Group-wide policies and procedures which set out the governance and controls of IT risks, including cyber risks. This includes implementing access controls; building up data security; and promoting IT security awareness among all users to ensure the confidentiality, integrity, and availability of the Group's information assets. The Group also conducts an IT disaster recovery plan annually to ensure business recovery objectives are met.

### Investment & Divestment Risk

At the project level, an 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, risk 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, adjusted to reflect corresponding changes in business risks and capital costs of investments. This seeks to ensure that CapitaLand's investment portfolios 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 geographical diversity of its business, CapitaLand is exposed to various levels of political and policy risks such as political leadership uncertainty, inconsistency in public policies, social unrest, change in property-related regulations etc. Such risks may threaten the economic and sociopolitical 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 which are familiar with the local conditions and cultures. Risk analysis is performed to study political climate changes in establishing the respective country limits on an annual basis.

### 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 performances are assessed. Regular site visits are conducted to closely monitor the progress of projects and 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 of its SBUs.

## Investor & Media Relations

### Objectives

**Provide an effective two-way communication channel between the company and key stakeholders (investors, media and analysts)**

**Ensure timely and accurate disclosure of company's business model, strategies and performance**

**Maintain leadership in corporate governance by adopting best practices**

CapitaLand's management and Investor Relations (IR) and Group Communications teams place great importance on building good relationships with our local and overseas investors, analysts and media, and keeping them updated of our business strategies, financial performance and operations. Official announcements and press releases are filed on the Singapore Exchange (SGX), updated on our website and issued to the analysts and media for coverage.

CapitaLand has a dedicated IR webpage where we publish our IR policy and materials related to our financial results. Investors can also watch live webcasts of briefings by management for the first half and full year results, and provide feedback through the IR email address.

Besides our regular biannual results briefings, we hold regular one-on-one meetings with our research analysts and media to keep them abreast of our financial performance and business operations. For our Singapore-based investors, our management and IR team also conduct briefings after our quarterly financial results announcements.

We also organise a familiarisation trip for analysts and media covering our company to our overseas projects. Ten analysts and five media representatives visited our properties in China and Vietnam in 2016.

We aim to touch base with our existing key institutional investors at least once a year. In 2016, we met up with 779 institutional investors to discuss our business model and strategies, competitive strengths and financial performance. To actively cultivate, maintain and grow our diversified and robust shareholder base, our team held five overseas non-deal roadshows in the United States, United Kingdom, Europe, China (including Hong Kong) and Thailand; as well as attended 10 local and overseas conferences.

To provide both equity and debt institutional investors an opportunity to have face-to-face interaction with CapitaLand management, we hold an Investor's Day annually. The 2016 event was well-attended by more than 60 investors. We also arranged a total of 78 site visits for investors to our properties in Singapore, China and Vietnam.



CapitaLand Familiarisation Trip for Media & Analysts to Guangzhou, Shenzhen and Ho Chi Minh City in 2016

## Investor & Media Relations

Our efforts to nurture and foster good relationships with the sell-side research analysts are well-recognised. Currently we are covered by 23 research analysts.

We also acknowledge the importance of regular engagement with our retail investors. With the Securities Investors Association (Singapore) (SIAS), we co-organised the "SIAS-CapitaLand Tea Session" prior to our annual general meeting (AGM) to give them an additional platform to interact with our management.

Having good corporate governance is crucial as it influences investors' views of a company's integrity, transparency and accountability. Therefore, the IR team regularly engages corporate governance specialists to keep up-to-date with the latest developments and adopt best practices in key areas such as board structure, remuneration and disclosure.

A testament to our comprehensive IR strategy is the team bagging third place in the Institutional Investors' "Asia's Best Investor Relations Programme (Property) Buy-side and Asia's Best Analysts Days (Overall).

The Group Communications team works very closely with the media in our efforts to profile our senior management and our corporate developments as well as those in our various business units.

Another significant avenue to reach out to our customers and the public about our corporate announcements and campaigns is through our presence on social media platforms such as Facebook, Instagram, Twitter, LinkedIn and YouTube.

CapitaLand strives to pay dividends that are sustainable to our shareholders. In 2016, we paid dividends of 9 cents per share<sup>1</sup>. The total shareholders' return<sup>2</sup> for the year was -7.2%.

### 2016 Investor Relations Calendar

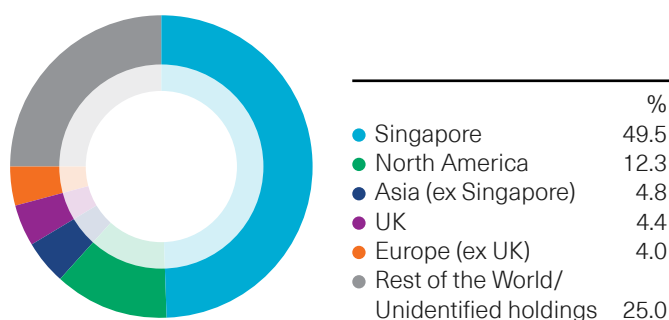
Event	
Quarter 1	FY 2015 Financial Results Briefing to Media and Analyst (including live webcast)
	Post FY 2015 results investors meeting hosted by BNP Paribas
	DBS Vickers Pulse of Asia Conference 2016
	Hong Kong Non-Deal Roadshow hosted by HSBC
	Daiwa Investment Conference Tokyo 2016
Quarter 2	Post 1Q 2016 results investors meeting hosted by UBS Securities
	Citi ASEAN C-Suite Forum 2016
	REITs Symposium 2016 jointly organised by ShareInvestor and REIT Association of Singapore
	SIAS-CapitaLand Tea Session
	SIAS Corporate Connect Seminar
Quarter 3	U.S. Non-Deal Roadshow hosted by Citi
	1H 2016 Financial Results Briefing to Media and Analyst (including live webcast)
	Post 1H 2016 results investors meeting hosted by Deutsche Bank
	Macquarie ASEAN Conference 2016
	Europe and U.K. Non-Deal Roadshow hosted by Macquarie Capital Securities
Quarter 4	Hong Kong Non-Deal Roadshow hosted by CLSA
	SGX & Maybank Kim Eng Singapore Corporate Day at Bangkok
	CapitaLand Investors' Day
	Morgan Stanley 15 <sup>th</sup> Annual Asia Pacific Summit
	SGX – Haitong – AFS Corporate Day at Hong Kong and Shenzhen
	Familiarisation Trip for Media and Analysts
	SGX SREITs Seminar, Tokyo

1 Dividend per share declared for financial year 2015.

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

### Shareholder Base by Geographical Distribution

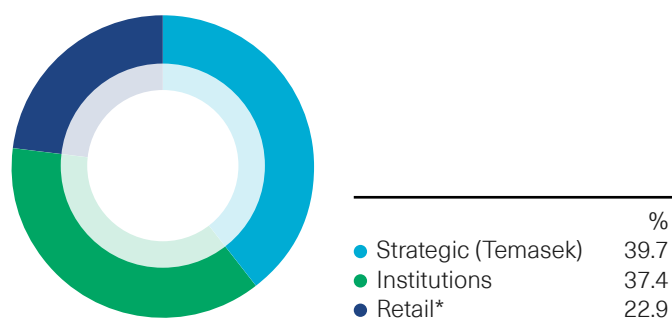
(As at 06 Jan 2017)



Note: Shareholder base excludes treasury shares.

### Shareholder Base by Investor Type

(As at 06 Jan 2017)



\* Including shares held by brokers and undisclosed holdings.  
Note: Shareholder base excludes treasury shares.

### Financial Calendar

#### Financial Year Ended 31 December 2016

<b>20 April 2016</b>	Announcement of First Quarter Results
<b>4 August 2016</b>	Announcement of Second Quarter Results
<b>9 November 2016</b>	Announcement of Third Quarter Results
<b>15 February 2017</b>	Announcement of Full Year Results
<b>24 April 2017</b>	Annual General Meeting
<b>5.00 p.m. on 4 May 2017</b>	Books Closing (Record Date)
<b>5 May 2017</b>	Books Closure
<b>12 May 2017</b>	Proposed Payment of 2016 First and Final Dividend

#### Financial Year Ending 31 December 2017

<b>April 2017</b>	Proposed Announcement of First Quarter Results
<b>August 2017</b>	Proposed Announcement of Second Quarter Results
<b>November 2017</b>	Proposed Announcement of Third Quarter Results
<b>February 2018</b>	Proposed Announcement of Full Year Results



## Awards & Accolades

### Corporate Awards

#### CapitaLand Limited Business Excellence

##### **Euromoney Real Estate Survey 2016**

Best Overall Retail Developer in Asia (1<sup>st</sup>)

Best Overall Retail Developer in Singapore (1<sup>st</sup>)

##### **FinanceAsia Asia's Best Companies 2016**

Best at Corporate Social Responsibility in Singapore (1<sup>st</sup> ranking)

Best Managed Company in Singapore (4<sup>th</sup> ranking)

##### **Institutional Investor All-Asia Executive Team 2016**

Asia's Best Investor Relations Programme (Property) (3<sup>rd</sup> ranking buy-side)

Asia's Best Analyst Days (Property) (Overall 3<sup>rd</sup> ranking)

Singapore's Most Honored Company (2<sup>nd</sup> ranking)

##### **IR Magazine Global Top 50**

Rank 20 in Global Top 50

##### **Securities Investors Association (Singapore) Investors' Choice Awards 2016**

Singapore Corporate Governance Award 2016, Big-Cap (Runner-up)

Singapore Corporate Governance Award 2016, Diversity (Winner)

##### **Singapore Corporate Awards 2016**

Best Investor Relations (Companies with \$1 billion & above in market cap) – Bronze

##### **The Asset Corporate Awards 2016**

Platinum Award Winner

##### **World Finance Corporate Governance 2016**

Best Corporate Governance, Singapore

##### **World Finance Real Estate Awards 2016**

Best Retail Developer, Asia

### Sustainability

#### **Channel NewsAsia Sustainability Ranking 2016**

#### **Dow Jones Sustainability Asia Pacific Index 2016**

#### **Dow Jones Sustainability World Index 2016**

#### **FTSE4Good Index Series**

### MSCI Global Sustainability Indexes 2016

#### **Global Real Estate Sustainability Benchmark (GRESB) Real Estate Assessment 2016**

Regional Sector Leader of Asia (Diversified)

#### **The Sustainability Yearbook 2016**

#### **SGX Sustainability Indices**

#### **STOXX® Global ESG Leaders Indices 2016/2017**

#### CapitaLand China Business Excellence

#### **China Best Real Estate Enterprises Top 100 (by guandian.com) 2015**

Best Foreign Real Estate Enterprises (2<sup>nd</sup> ranking)

#### **China Charity Festival 2016**

Team Award of Social Responsibility Practice

Project Award of Corporate Social Responsibility Practice - "Building for Tomorrow • Walk for Hope"

#### **Global Chinese Real Estate Summit (by Ifeng.com and Phoenix TV) 2016**

Corporate of The Year - Corporate Social Responsibility

#### **Urban Rail Transit Resource Management and Operation**

Outstanding Partner

#### The Ascott Limited Business Excellence

#### **Business Traveller Asia-Pacific Awards 2016**

Best Serviced Residence Brand in Asia-Pacific

*Ascott The Residence*

#### **Business Traveller Awards 2016**

Best Serviced Apartment Company

*Ascott The Residence (1<sup>st</sup>)*

*Citadines Apart'hotel (2<sup>nd</sup>)*

#### **Business Traveller China Awards 2016**

Best Serviced Residence Brand in China

*Ascott The Residence*

#### **Business Traveller Middle East 2016**

Best Serviced Apartments Company in the Middle East

*The Ascott Limited*



### DestinAsian Readers' Choice Awards 2016

Best Serviced Residence Brand

*Ascott The Residence*

### Golden-Pillow Award of China Hotels 2016

China's Most Popular Serviced Residence Brand

*Ascott China*

### Relocate Magazine Awards 2015/16

Best Serviced Apartment Provider 2015/16

*The Ascott Limited*

### Travel Weekly Asia's Readers Choice Awards 2016

Best Serviced Residence Group

*The Ascott Limited*

### TTG China Travel Awards 2016

Best Serviced Residence Operator of China 2015

*Ascott China*

### Vietnam Economic Times Magazine Golden Dragon Award 2016

Best Serviced Residence

*The Ascott Limited*

### World Travel Awards 2016

Asia's Leading Serviced Apartment Brand

Hong Kong's Leading Serviced Apartment Brand

Indonesia's Leading Serviced Apartment Brand

Middle East's Leading Serviced Apartment Brand

*The Ascott Limited*

Europe's Leading Serviced Apartment Brand

France's Leading Serviced Apartment Brand

Germany's Leading Serviced Apartment Brand

*Citadines Apart'hotel*

Vietnam's Leading Serviced Apartment Brand

*Somerset Serviced Residence*

### CapitaLand Vietnam

Business Excellence

### Vietnam Economic Times Golden Dragon Awards 2016

### Vietnam Property Awards 2016

Vietnam's Real Estate Personality of the Year

CEO of CapitaLand Vietnam Mr Chen Lian Pang

## Product Excellence

### Commercial

Singapore

### ASEAN Energy Awards 2016

ASEAN Best Practices Awards for New and Existing Building Category (1<sup>st</sup> Runner-Up)

*CapitaGreen*

### Building and Construction Authority, Singapore

Construction Excellence Award

*CapitaGreen*

Construction Productivity Award (Platinum)

*CapitaGreen*

Universal Design Platinum

*CapitaGreen*

Green Mark Office Interior Platinum

*CapitaGreen Tenant Service Centre*

*Six Battery Road Tenant Service Centre*

### Singapore Green Building Council - Building Construction Authority, Singapore

Leadership in Sustainable Design and Performance (Commercial)

*CapitaGreen*

## Integrated Developments

Singapore

### Building and Construction Authority, Singapore

Universal Design Gold<sup>PLUS</sup>

*Bedok Mall and Bedok Residences*

### Land Transport Authority, Singapore

Best Design Land Transport Integration, Land Transport Excellence Awards 2016

*Bedok Mall and Bedok Residences*

### Workplace Safety and Health Council

Safety and Health Award Recognition for Projects (SHARP)

*Ascott Orchard Singapore and Cairnhill Nine*

## China

### Building and Construction Authority, Singapore

Green Mark Gold

*Raffles City Ningbo*

### CITAB-CTBUH China Tall Building Awards

Innovation Awards

*Raffles City Chongqing*

## Awards & Accolades

### Green Building Council, United States of America

LEED Gold

*Raffles City Beijing*

*Raffles City Shanghai*

LEED Silver

*Raffles City Changning (Tower 3)*

### Mall China Golden Mall Awards 2016

China Shopping Mall City Advancement Award

*Raffles City Hangzhou*

### Ministry of Housing and Urban-Rural Development, China

2 Star Green Building Label

*Capital Square*

1 Star Green Building Label

*Raffles City Shenzhen (Phase 3)*

### Residential

#### Singapore

### Building and Construction Authority, Singapore

Building Information Modelling Gold Award (Project Category)

*Marine Blue*

Design and Engineering Safety Excellence

*Sky Habitat*

Universal Design Gold<sup>PLUS</sup>

*The Nassim*

Universal Design Gold

*Sky Habitat*

### Chicago Athenaeum: Museum of Architecture & Design & The European Centre for Architecture Art Design & Urban Studies

International Architecture Awards

*d'Leedon*

### FIABCI World Prix d'Excellence

World Gold Winner, Residential (High-Rise) Category

*d'Leedon*

### National Parks Board

Landscape Excellence Assessment Framework Certificate of Recognition

*Bedok Residences*

### Singapore Property Awards 2016

Residential (High Rise) Category

*Sky Habitat*

### Workplace Safety and Health Council

Safety and Health Award Recognition for Projects (SHARP)

*Sky Vue*

### China

### Building and Construction Authority, Singapore

Green Mark

*Dolce Vita (Zone ADEF)*

*Imperial Bay*

### Green Building Council, United States of America

LEED Certified

*Vermont Hills*

### Ministry of Housing and Urban-Rural Development, China

1 Star Green Building Label

*New Horizon (Phase 2)*

### Vietnam

### Asia Pacific Property Awards 2015 – 2016

Asia Pacific Property Awards 2016-2017 (High Commended)

*Seasons Avenue*

### Vietnam Property Awards 2016

Best High-End Condominium in Hanoi (High Commended)

*Seasons Avenue*

Best High-End Condominium in Ho Chi Minh

(High Commended)

*The Krista*

Best High-End Condominium in Vietnam (Winner)

*Kris Vue*

### Serviced Residences

#### Singapore

### Business Traveller Asia-Pacific Awards 2016

Best Serviced Residence Brand in Asia-Pacific

*Ascott Raffles Place Singapore*

### Australia

### Tourism Accommodation Australia (Victoria) Accommodation Awards for Excellence 2016

Apartment Accommodation of the Year

*Citadines On Bourke Melbourne*

### Belgium

### World Travel Awards 2016

Belgium's Leading Serviced Apartments

*Citadines Sainte-Catherine Brussels*

## China

### China Hotel Starlight Awards 2016

Best Newly Opened Serviced Residence 2015  
*Ascott Central Wuxi*  
 Best Serviced Residence 2015  
*Ascott IFC Guangzhou*

### Golden-Pillow Award of China Hotels 2016

China's Best Serviced Residence  
*Ascott Central Wuxi*  
 China's Most Anticipated Serviced Residence  
*Somerset Yangtze River Chongqing*

## Dubai

### World Travel Awards 2016

Dubai's Leading Serviced Apartments  
*Ascott Park Place Dubai*

## France

### TripAdvisor Travellers' Choice Awards 2016

Top 25 Luxury Hotels – France  
*La Clef Louvre Paris – 17<sup>th</sup>*

### World Travel Awards 2016

France's Leading Serviced Apartments  
*La Clef Tour Eiffel Paris*

## Germany

### World Travel Awards 2016

Germany's Leading Serviced Apartments  
*Citadines Michel Hamburg*

## Japan

### TripAdvisor Travellers' Choice Awards 2016

Top 25 Hotels for Romance – Japan  
*Citadines Karasuma-Gojo Kyoto – 11<sup>th</sup>*  
*Citadines Shinjuku Tokyo – 25<sup>th</sup>*  
 Top 25 Hotels – Japan  
*Citadines Karasuma-Gojo Kyoto – 24<sup>th</sup>*

## Malaysia

### TripAdvisor Travellers' Choice Awards 2016

Top 10 Hotels for Families – Malaysia  
*Ascott Kuala Lumpur – 6<sup>th</sup>*  
 Top 25 Hotels – Malaysia  
*Ascott Sentral Kuala Lumpur – 25<sup>th</sup>*

## Qatar

### World Travel Awards 2016

Qatar's Leading Serviced Apartments  
*Somerset West Bay Doha*

## Thailand

### World Travel Awards 2016

Thailand's Leading Serviced Apartments  
*Ascott Sathorn Bangkok*

### Luxury Travel Guide Awards 2016

Luxury Family Hotel  
*Somerset Sukhumvit Thonglor Bangkok*

## Vietnam

### TripAdvisor Travellers' Choice Awards 2016

Top 10 Hotels for Families – Vietnam  
*Somerset Grand Hanoi – 4<sup>th</sup>*  
*Somerset Vista Ho Chi Minh City – 7<sup>th</sup>*  
*Somerset Ho Chi Minh City – 9<sup>th</sup>*  
*Somerset Chancellor Court Ho Chi Minh City – 10<sup>th</sup>*

### World Travel Awards 2016

Vietnam's Leading Serviced Apartments  
*Somerset Grand Hanoi*

## Shopping Mall Singapore

### AsiaOne People's Choice Awards 2016

Best Luxury Shopping Centre  
*ION Orchard*  
 Best Shopping Centre  
*ION Orchard*

## Awards & Accolades

### Building and Construction Authority, Singapore

Green Mark Platinum  
*JCube*  
 Green Mark Gold<sup>PLUS</sup>  
*Jewel Changi Airport*  
*IMM Building*  
 Green Mark Gold  
*ION Orchard*  
*Lot One Shoppers' Mall*  
*Plaza Singapura*  
*Sembawang Shopping Centre*  
*The Star (including The Star Vista)*

### International Architecture Awards 2016

*Jewel Changi Airport*

### MAPIC Awards 2016

Best Futura Shopping Centre  
*Jewel Changi Airport*

### MIPI Asia Awards 2016

Best Futura Project (Silver)  
*Jewel Changi Airport*

### National Parks Board, Singapore

Outstanding Project, Landscape Excellence Assessment  
 Framework 2016  
*Westgate*

### Orchard Road Business Association

Best Dressed Building Contest 2016 – Judges' Choice Award  
*ION Orchard*

### Singapore Retailers Association Shopping Centre Awards 2016

Outstanding Efforts in Centre Management  
*ION Orchard*

### China

### Building and Construction Authority, Singapore

Green Mark  
*CapitaMall Fucheng Phase II*  
*CapitaMall 1818*  
*Tianfu Life*

### Mall China Golden Mall Awards 2016

Technology Innovation Award  
*CapitaMall Xinduxin*

### India

### Promising Brands of Udaipur 2016

*The Celebration Mall, Udaipur*

### Malaysia

### Brand Laureate

Best Brands Award Signature Brand 2015/16 – Retail  
 (Shopping Mall)  
*Gurney Plaza*

### Building and Construction Authority, Singapore

Green Mark Gold<sup>PLUS</sup>  
*Queensbay Mall, Penang*

## 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 assets and 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 (EHS) management, which also 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 annual Sustainability Report, before the Singapore Exchange (SGX) published its Sustainability Reporting Guidelines. It adopted the Global

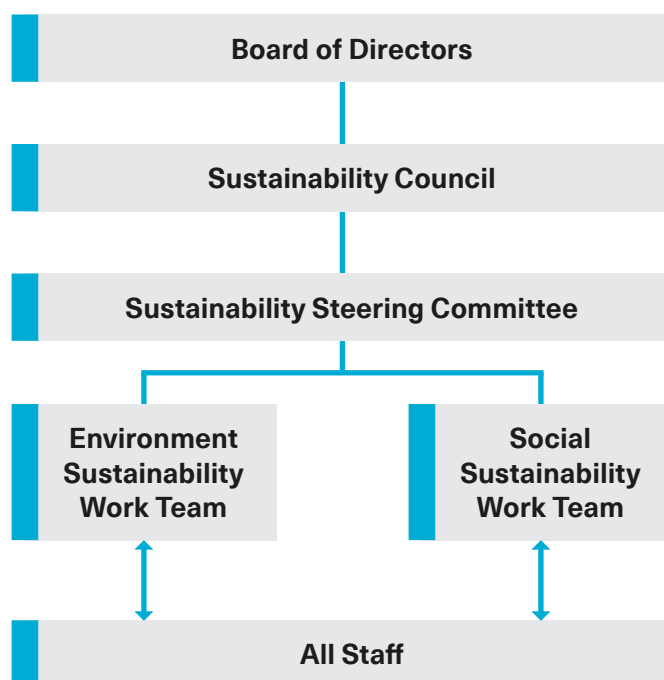
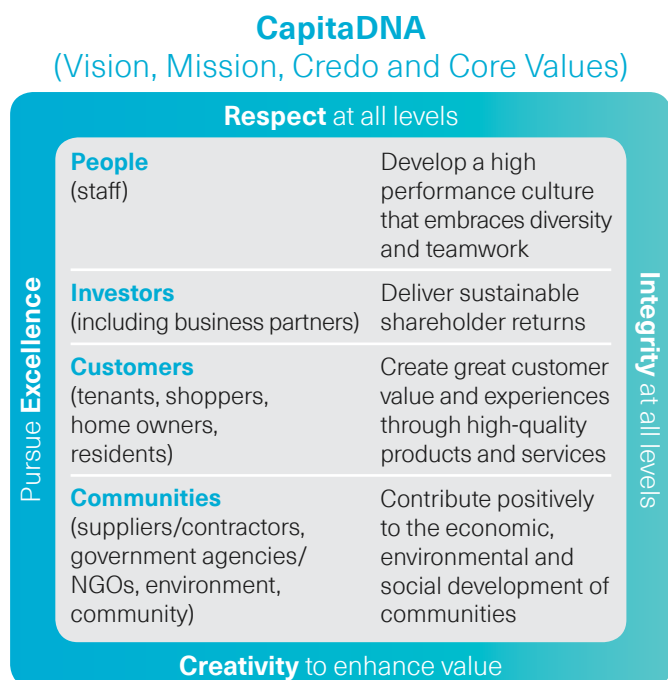
Reporting Initiative (GRI) Reporting Guidelines as this framework is internationally recognised. For more details on CapitaLand's sustainability management and performance, please refer to the upcoming CapitaLand Limited Global Sustainability Report 2016. This report will continue to apply the Guiding Principles of the International Integrated Reporting Framework, ISO 26000:2010 Guidance on Social Responsibility. It will reference the United Nations (UN) Sustainable Development Goals, and be externally assessed to the AA1000 Assurance Standard. It will cover CapitaLand's global portfolio and employees, 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 UN Global Compact and its Global Sustainability Report will serve as its Communication on Progress, which will be made available at [www.unglobalcompact.org](http://www.unglobalcompact.org) when published.

For its efforts, CapitaLand is listed in the 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, FTSE4Good ASEAN 5, MSCI Global Sustainability Indexes, STOXX® Global ESG Leaders Indices, Channel NewsAsia Sustainability Ranking and SGX Sustainability Indices.

### 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 Management

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.

CapitaLand has a regular review, assessment and feedback process in relation to ESG topics. Key to this is the 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, EHS 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) and SGX</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. CapitaLand therefore prioritises its sustainability efforts and reporting on issues that are most material to its business and stakeholders.

### 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. Since the 2015 Employee Engagement Survey (EES), 169 focus group meetings were organised across 18 countries and various follow up actions were taken.

### Customers

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

### Investors and Media

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 2016, about 89% 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 54 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 gender, nationality, culture and language. As at 31 December 2016, 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. In 2016, CapitaLand invested more than S\$2.4 million through CHF to benefit underprivileged children and over S\$0.5 million in other community development initiatives.

CapitaLand is a strong advocate of volunteerism and was one of the first companies to formalise three days of Volunteer Service Leave for its staff. In 2016, over 2,100 staff in CapitaLand properties tapped on this VSL policy to volunteer more than 16,000 hours in various volunteer activities in Asia and beyond. CapitaLand encourages its staff to volunteer and over 200 staff volunteered more than 3,500 hours after office hours on CapitaLand initiatives. Based on some post-volunteer surveys, more than 87% 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 International Organization for Standardization (ISO) 14001 and Occupational Health and Safety Assessment Series (OHSAS) 18001 certification across 15 countries. The CapitaLand EHS Policy can be found at [www.capitaland.com/sustainability](http://www.capitaland.com/sustainability).

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

- **Green Ratings:** In 2016, CapitaLand obtained 26 green building ratings.
- **Energy and Water Usage Reduction:** For the first nine months of 2016, the reduction in energy usage in kWh/m<sup>2</sup> was 15.9% and the reduction in water usage in m<sup>3</sup>/m<sup>2</sup> was 20.7% from the 2008 baseline. For the first nine months of 2016, the reduction in carbon intensity (kg/m<sup>2</sup>) was 23.0% from the 2008 baseline. Using a 'Business as Usual'<sup>1</sup> approach, it is estimated that CapitaLand avoided cost of more than S\$102 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 2016, CapitaLand achieved four Universal Design Mark Awards for its projects in Singapore.
- **Certified Contractors:** In 2016, six main contractors appointed for new development projects were both ISO 14001 and OHSAS 18001 certified.
- **Zero Fatality/Permanent Disability:** In 2016, no CapitaLand staff met with work-related fatality or permanent injury.
- **Stakeholder Engagement:** More than 280 CapitaLand properties across Asia and Europe participated in the World Wide Fund for Nature (WWF) Earth Hour initiative.

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

1 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.

## Performance Overview

CapitaLand Group achieved a profit after tax and non-controlling interests (PATMI) of S\$1.2 billion for the full year ended 2016 (FY 2016), 11.7% higher than FY 2015 PATMI of S\$1.1 billion. This was primarily driven by improved operating performance and lower impairment charges, partially offset by lower fair value gains from revaluation of its portfolio of properties.

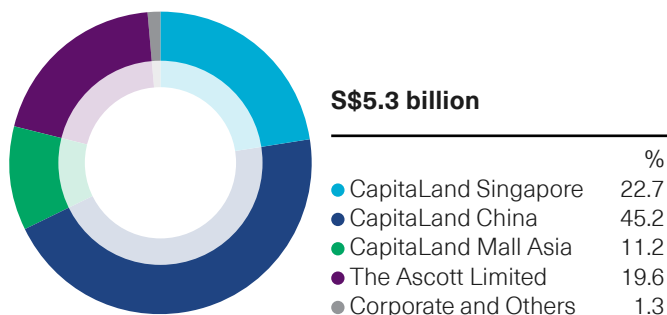
Notably, operating PATMI for the year at S\$865.3 million was the highest achieved since CapitaLand was listed in 2000. Excluding fair value gains from change in use of development properties for sale to investment properties, operating PATMI improved 27.8% to S\$834.8 million (FY 2015: S\$653.0 million) on the back of higher contributions from development projects in China, as well as higher recurring income from CapitaGreen in Singapore and its shopping mall business in China.

### Revenue

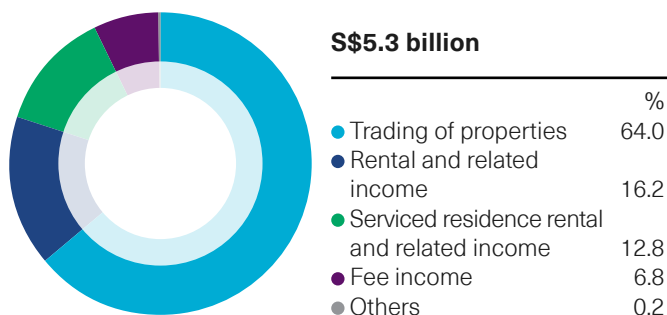
The Group's revenue rose 10.3% to S\$5.3 billion in FY 2016, mainly attributable to our development projects in Singapore and China, commercial portfolio in Singapore and serviced residence business. The increase was partially offset by absence of gain from change in use of properties in China and lower handover of development projects in Vietnam. The development projects which contributed to the revenue this year included Riverfront, One iPark, The Paragon, Tianjin International Trade Centre and The Metropolis in China and Cairnhill Nine, Victoria Park Villas and The Nassim in Singapore.

Geographically, the Group's core markets of Singapore and China contributed about S\$4.3 billion or 82.8% 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\$3.4 billion or 64.0% of the total revenue. The increase was mainly due to higher handover of development projects in China, as well as commencement of revenue recognition for three development projects in Singapore. In addition, rental and related income from the investment properties portfolio accounted for S\$1.5 billion or 29.0% of the total revenue.

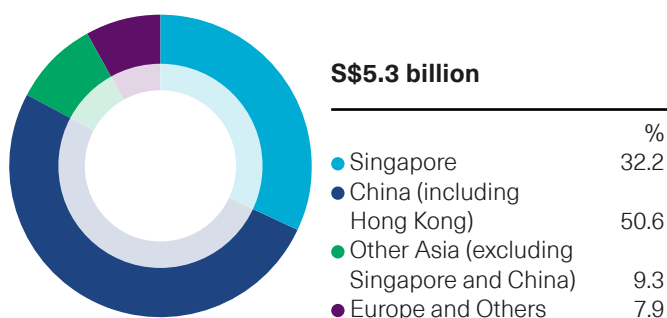
### 2016 Revenue by Strategic Business Unit



### 2016 Revenue by Business Type



### 2016 Revenue by Geographical Location



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

The Group reported higher EBIT of S\$2.4 billion in FY 2016, an increase of 1.9% compared to FY 2015's EBIT of S\$2.3 billion.

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

	FY 2016		FY 2015	
	S\$ million	%	S\$ million	%
Operating profits	1,906.7	81	1,841.0	80
Revaluation gains and impairments	392.0	16	447.8	19
Portfolio gains	60.8	3	27.2	1
<b>EBIT</b>	<b>2,359.5</b>	<b>100</b>	<b>2,316.0</b>	<b>100</b>

The Group's operating profits for FY 2016 increased from S\$1.8 billion to S\$1.9 billion. Excluding fair value gain from change in use, operating EBIT improved by S\$258.6 million mainly driven by higher handover of our development projects in China, higher contribution from commercial properties in Singapore as well as properties acquired/opened in 2015 and 2016 in China, Malaysia, Japan and the United States of America (USA). The increase was partially offset by absence of a gain from repurchase of convertible bonds in FY 2015.

In terms of revaluation of investment properties, the Group recorded a fair value gain of S\$432.6 million (FY 2015: S\$632.9 million) at EBIT level. The decrease in fair value gains came mainly from investment properties in Singapore, Malaysia, Japan, Europe and the United States of America.

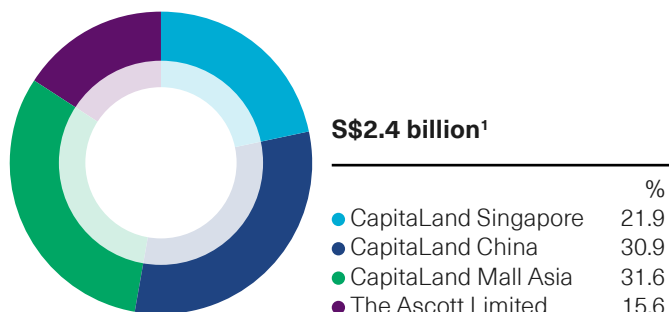
The Group has assessed and made a net provision for impairment and foreseeable losses of S\$40.6 million in FY 2016 (FY 2015: S\$185.1 million) mainly in respect of development projects and investments in Singapore, United Kingdom, India and Malaysia.

At the EBIT level, the Group recognised a net portfolio gain of S\$60.8 million compared to S\$27.2 million in FY 2015. The gains in FY 2016 arose mainly from divestment of two properties in China.

Singapore and China remain the key contributors to EBIT, accounting for 83.5% of total EBIT (FY 2015: 79.0%). Singapore EBIT was S\$816.4 million or 34.6% while China EBIT was S\$1,152.9 million or 48.9% of total EBIT. In terms of EBIT contribution by asset classes, approximately 71.2% of the Group's EBIT came from its investment properties portfolio which is recurring in nature. In addition, approximately 44.3% (FY 2015: 52.9%) of the Group's earnings before interest, tax, depreciation and amortisation (EBITDA) were from developed markets in Singapore, Europe, USA, Australia, Japan, Korea and Hong Kong.

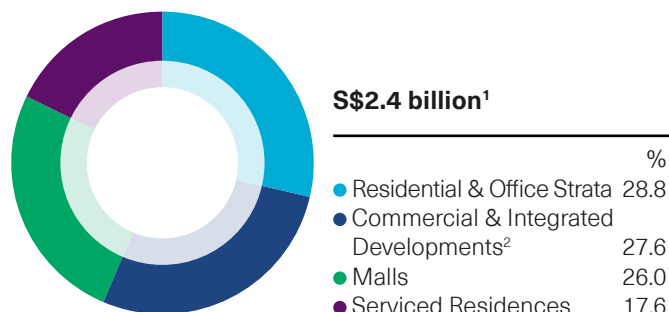
## Performance Overview

### 2016 EBIT by SBU



1 Excludes loss of S\$22.1 million relating to Corporate and others which was not reflected in the chart. Corporate and others includes StorHub and other businesses in Vietnam, Indonesia, Japan and GCC.

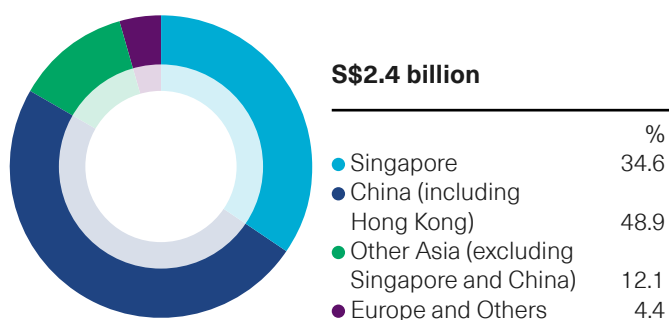
### 2016 EBIT by Asset Class



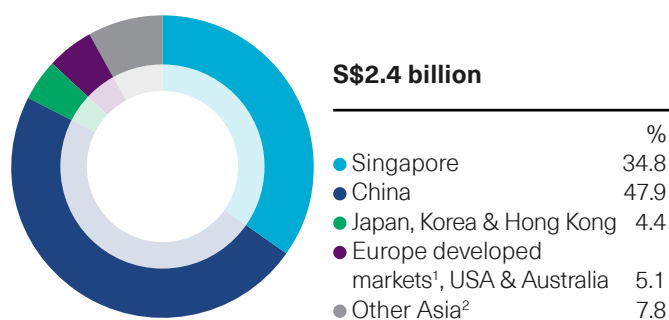
1 Excludes corporate and unallocated costs of S\$54.5 million which were not reflected in the chart.

2 Excludes residential component.

### 2016 EBIT by Geographical Location



### 2016 EBITDA by Geographical Location



1 Includes UK, France, Germany, Spain, Belgium and Ireland.

2 Excludes Singapore, China, Japan, Korea and Hong Kong.

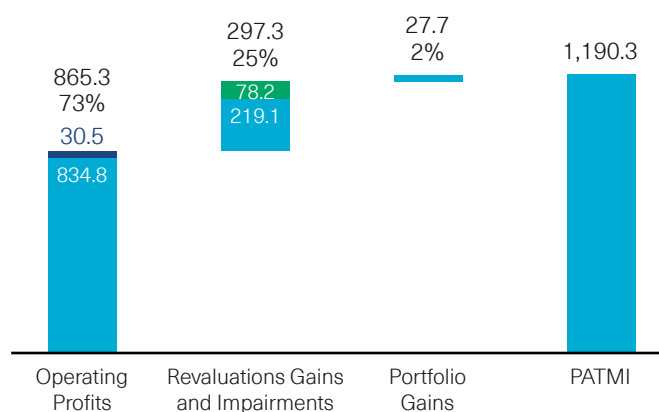
### PATMI Analysis

Overall, the Group achieved a PATMI of S\$1.2 billion in FY 2016, 11.7% higher than FY 2015 PATMI of S\$1.1 billion on the back of improved operating performance. The Group recorded a higher operating PATMI for FY 2016 of S\$865.3 million (FY 2015: S\$823.6 million). Excluding gains from the change in use, operating PATMI improved 27.8% to S\$834.8 million compared to the S\$653.0 million in FY 2015, driven by higher handover of residential units in China and higher recurring income from CapitaGreen in Singapore and its shopping mall business in China.

The analysis of the Group's PATMI is shown on the right:

### FY 2016 PATMI

(S\$ million)



■ Fair value gain arising from change in use of Raffles City Changing Tower 2

■ Realised revaluation gains from divestments of CapitaGreen and Somerset ZhongGuanCun

## Dividends

The Board of Directors is pleased to propose a dividend of 10.0 cents per share in respect of the financial year ended 31 December 2016 (2015: 9.0 cents per share). This amounts to a payout of approximately S\$423.7 million, which is 35.6% of PATMI, based on the number of issued shares (excluding 36,996,271 treasury shares) as at 31 December 2016. The dividends are subject to the shareholders' approval at the forthcoming Annual General Meeting of the Company.

For FY 2015, a first and final dividend of 9.0 cents per share was approved and paid. The said dividends of S\$383.0 million were paid in May 2016.

## Assets

The Group's total assets as at 31 December 2016 were S\$45.7 billion, of which Singapore and China assets accounted for approximately 80.9% of the Group's total assets. Compared to 31 December 2015, total assets decreased by S\$1.3 billion or 2.8% in FY 2016 mainly due to completion and sale of several residential projects in Singapore and China and divestments of three investment properties in China and Japan, as well as effect of depreciation of RMB against SGD during the year. The decrease was partially mitigated by higher cash balances arising from sales collections from development projects in Singapore and China as well as acquisitions of investment properties in the United States of America and Ireland.

As at 31 December 2016, investment properties made up approximately 76% of the Group's assets, while the remaining 24% were trading properties. This asset mix enabled the Group to deliver a steady stream of recurring income from our investment properties, whilst we continue to realise a significant contribution from our trading properties.

The Group continues to grow its assets under management, and as at 31 December 2016, the Group managed S\$78.4 billion\* of real estate assets, 2.1% higher than FY 2015, which firmly strengthens its position as one of Asia's largest real estate companies.

## Borrowings

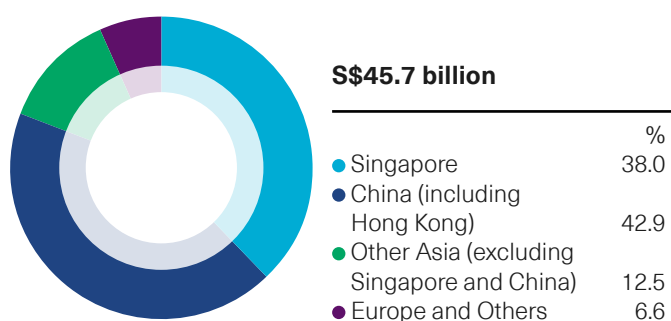
As at 31 December 2016, the Group's gross debt stood at S\$14.9 billion. With a cash balance of S\$4.8 billion, the net debt as at 31 December 2016 was S\$10.1 billion. The decrease in net debt was mainly due to settlement of borrowings and divestment of subsidiaries during the year, as well as higher cash balances backed by collection from development projects in China and Singapore.

## Shareholders' Equity

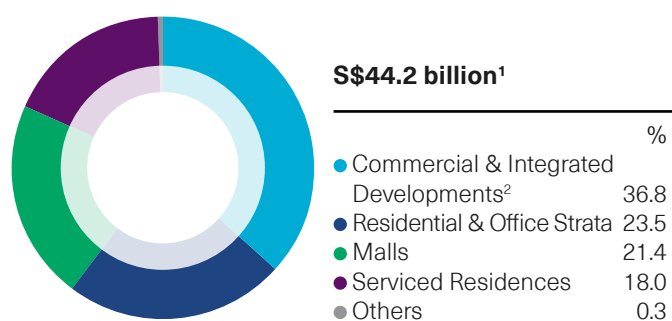
As at 31 December 2016, issued and paid-up ordinary share capital (excluding treasury shares) of the Company comprised 4.2 billion shares at S\$6.3 billion. The Group's total reserves decreased from S\$11.6 billion in December 2015 to S\$11.3 billion in December 2016. This decrease was mainly attributed to exchange losses from the translation of foreign operations arising from appreciation of SGD against GBP, RMB and MYR during the year and payment of the 2015 dividends, partially mitigated by S\$1.2 billion net profit for the year.

As at 31 December 2016, the Group's total shareholders' funds was S\$17.6 billion (FY 2015: S\$17.9 billion) and net tangible assets per share were S\$4.05 (FY 2015: S\$4.11).

### 2016 Total Assets by Geographical Location



### 2016 Total Assets by Assets Class



1 Excludes treasury cash.

2 Excludes residential component.

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

## Performance Overview

### Treasury Highlights

	2016	2015
<b>Bank Facilities And Available Funds (S\$ million)</b>		
Bank facilities available <sup>1</sup>	13,468	14,089
Amount utilised for loans	7,347	8,535
Available and unutilised	6,121	5,554
Cash and cash equivalents	4,793	4,173
Unutilised facilities and funds available for use	10,914	9,727
<b>Debt Securities Capacity (S\$ million)</b>		
Debt securities capacity <sup>2</sup>	16,765	17,139
Debt securities issued (net of debt securities purchased)	7,505	7,523
Unutilised debt securities capacity	9,260	9,616
<b>Leverage Ratios (S\$ million)</b>		
Gross debt	14,852	16,058
Cash and cash equivalents	4,793	4,173
Net debt	10,059	11,885
Equity	24,300	24,938
Net debt equity ratio (times)	0.41	0.48
Total assets (net of cash)	40,948	42,879
Net debt/Total assets (net of cash) (times)	0.25	0.28
<b>Secured Debt Ratio (S\$ million)</b>		
Secured debt	4,922	5,940
Percentage of secured debt	33%	37%
<b>Interest Cover Ratio (S\$ million)</b>		
Earnings before net interest, tax, depreciation and amortisation <sup>3</sup>	2,623	2,566
Net interest expense	401	422
Interest cover ratio (times)	6.5	6.1
<b>Interest Service Ratio (S\$ million)</b>		
Operating cashflow before interest and tax	4,107	3,135
Net interest paid	397	470
Interest service ratio (times)	10.3	6.7

1 Committed and uncommitted facilities in place.

2 Includes outstanding bond issuances and capital market programmes established.

3 Exclude share of taxes from associates and joint ventures.



## 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 its 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\$14.9 billion was lower compared to S\$16.1 billion as at 31 December 2015. Net debt as at 31 December 2016 was S\$10.1 billion compared to S\$11.9 billion as at 31 December 2015. The lower net debt was mainly due to the lower bank borrowings and higher cash and cash equivalents backed by higher sales collection from development projects mainly in China and Singapore. The lower bank borrowings were mainly due to repayment of borrowings from operating cashflows and divestment of subsidiaries in 2016.

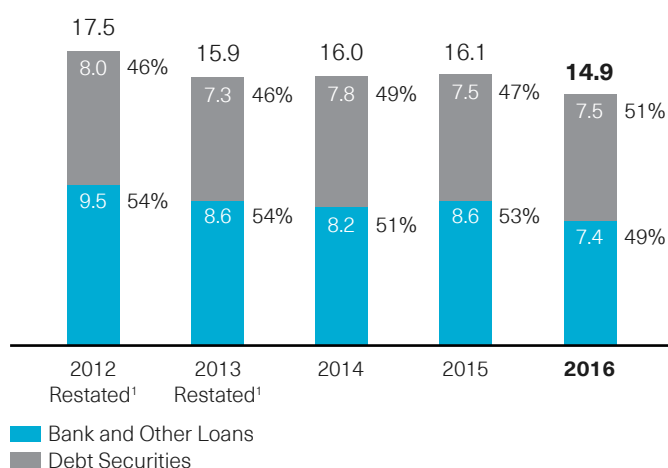
Finance costs for the Group were S\$452.6 million for the year ended 2016. This was about 5% lower compared to S\$477.3 million in 2015. Finance costs were lower mainly due to the decrease in borrowings as well as lower average cost of borrowings at 3.3% compared to 3.5% in 2015.

## Sources Of Funding

As at year end, 49% of the Group's total debt was funded by bank borrowings and the balance 51% 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.

### Sources of Funding

(S\$ billion)



<sup>1</sup> Comparatives for 2012 and 2013 have been restated to take into account the retrospective adjustments relating to FRS110 Consolidated Financial Statements.

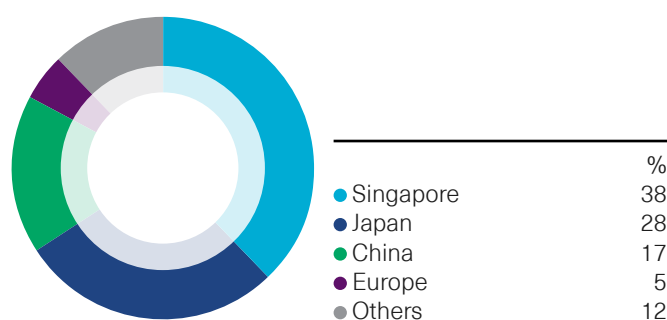
## Available Lines by Nationality of Banks

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 at end 2016, the Group was able to achieve 99% of its funding from committed facilities. The balance 1% was funded by flexible uncommitted short term facilities.

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 each investment's respective planned holding period. 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.

### Available Lines by Nationality of Banks



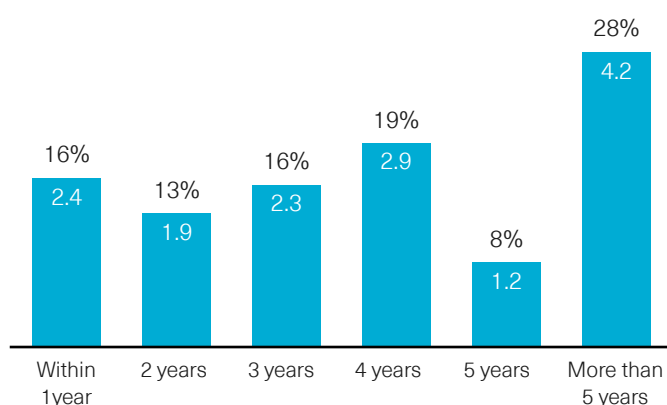
## Performance Overview

### Debt 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\$6.1 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 takes into account any divestment or investment plans, interest rate outlook and the prevailing credit market conditions.

#### Debt Maturity Profile

(S\$ billion)



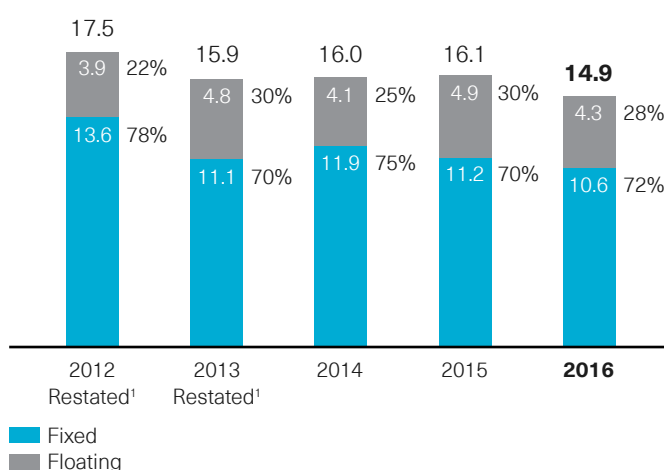
Note: Convertible Bonds are reflected as held till final maturity.

### Interest Rate Profile

The Group manages its finance costs by maintaining a prudent mix of fixed and floating rate borrowings. As at 31 December 2016, the fixed rate borrowings constituted 72% of the portfolio and the balance of 28% were on floating rate basis. As finance costs constitute a major component of the Group's operating costs, a higher percentage in fixed rate funding offers additional funding cost certainty. 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 Rate Profile

(S\$ billion)

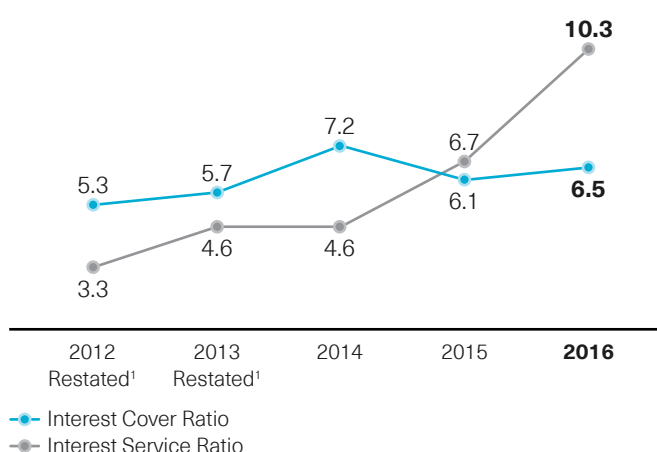


### Interest Cover Ratio and Interest Service Ratio

The Interest Cover Ratio ("ICR") and Interest Service Ratio ("ISR") was 6.5 times and 10.3 times respectively. ICR was higher at 6.5 times compared to 6.1 times in 2015, primarily due to higher earnings before net interest, tax, depreciation and amortisation and lower interest expenses incurred during the year. ISR was higher at 10.3 times compared to 6.7 times in 2015 due to higher cashflows generated from development projects and operations.

#### 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 adjustments relating to FRS110 *Consolidated Financial Statements*.

## CapitaLand Singapore

### One of Singapore's leading developers, owners and managers of integrated developments, offices and homes

Singapore's residential market recorded sales of 7,972 new private homes in 2016 (2015: 7,440 units). The property cooling measures continue to weigh on the market. In the long term, with the government's policies to support population and economic growth, demand for new homes remains positive.

Singapore's Central Business District (CBD) Core office occupancy rate was 95.8% as at end 2016 (2015: 95.1%) and average monthly Grade A office market rent was S\$9.10 per square foot (psf) as at 31 December 2016 (2015: S\$10.40 psf). With the impending completion of higher than average new supply in 2017, office market rents are expected to face downward pressure.

#### Delivering Quality Homes

In 2016, CapitaLand sold 571 residential units (2015: 244 units) with a total sales value of S\$1.42 billion (2015: S\$559 million). During the year, three developments – Cairnhill Nine, Marine Blue and Sky Vue – were completed.

In March 2016, CapitaLand launched the 268-unit residential development Cairnhill Nine, which is part of its integrated development at Cairnhill Road that also comprises the Ascott Orchard Singapore serviced residences. Cairnhill Nine has been well-received by homebuyers who enjoy living amidst the buzz of the Orchard Road shopping belt. The development was completed on 10 October 2016 and 220 units were sold as at 31 December 2016.

The Stay-Then-Pay programme was introduced in June 2016 at two iconic residential projects – d'Leedon and The Interlace – where buyers could move into the units after making a 10% downpayment and pay the remaining 90% one year after exercising the option to purchase. Under this programme, 91 units at d'Leedon and 74 units at The Interlace were sold as at 31 December 2016.

Victoria Park Villas, the exclusive and luxurious landed housing development in the prime District 10, was launched in September 2016. To be completed in 2018, Victoria Park Villas is located in the vicinity of the Good Class Bungalow area. It offers 106 semi-detached houses and three bungalows featuring contemporary designs with premium fittings and built-in smart home systems. As at 31 December 2016, 19 of the 30 semi-detached houses launched for sale have been sold.

On 3 September 2016, a welcome party was organised for 1,800 homebuyers and their guests to celebrate the completion of Sky Vue. Located close to Bishan MRT station, the 694-unit residential development obtained its temporary occupation permit (TOP) on 21 July 2016, with 685 units sold as at 31 December 2016.

On 10 October 2016, Marine Blue was completed. It is a freehold residential development with 120 units and four strata terrace houses along Marine Parade Road, near the future Marine Parade MRT station. As at 31 December 2016, 37 of the 50 units launched for sale have been sold.

#### Stable 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 2016 (2015: 97.1%). This was achieved through proactive leasing strategies and forward renewals of leases, especially for the major tenants. Average monthly rental for CCT's office portfolio was S\$9.20 psf as at 31 December 2016 (2015: S\$8.90 psf).

In June 2016, CapitaLand and its joint venture partner Collective Works launched *Collective Works Capital Tower* – the first premium coworking space in a Grade A office building in Singapore's CBD. The 22,000-square foot, vibrant workspace occupies the entire level 12 of Capital Tower and counts among its members venture capital, digital technology, media, marketing and financial services firms, as well as boutique consultancies.

On 31 August 2016, CCT completed its acquisition of the remaining 60% of units in MSO Trust which holds CapitaGreen, a new, premium Grade A office tower in the CBD. CapitaGreen is now 100% owned by CCT and the building has a committed occupancy rate of 95.9% as at 31 December 2016.

In October 2016, CCT submitted a proposal for authorities' approval to redevelop its Golden Shoe Car Park at Raffles Place into a landmark commercial development with a 280-metre-tall tower which will be among the tallest in Singapore. Pending various approvals and financial feasibility, the project is scheduled to commence in the second half of 2017 with completion targeted for 2021.



Victoria Park Villas

# 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 2016, 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.

### Residential Sales Reached Second Consecutive Record High

In 2016, CapitaLand achieved a second consecutive year of record sales with 10,738 units sold at a value of RMB18.1 billion (about S\$3.7 billion) (2015: 9,402 units; RMB15.4 billion), representing year-on-year increases of 14% and 17% in terms of units and value respectively, with 93% of launched units sold to-date. It also handed over a record 12,191 units in 2016 (2015: 6,367 units).

The significant contributors for 2016 residential sales were from Dolce Vita in Guangzhou, Century Park in Chengdu, The Metropolis in Kunshan, Vermont Hills in Beijing, International Trade Centre in Tianjin, La Botanica in Xian, One iPark in Shenzhen, Riverfront in Hangzhou and Summit Era in Ningbo.

### Well-established Presence in Gateway Cities

CapitaLand's signature Raffles City brand of integrated developments celebrated its 30<sup>th</sup> anniversary with the topping out of Raffles City Shenzhen in May 2016. The office component has begun operations, while its shopping mall is 83% pre-leased. Both the shopping mall and serviced residence components are scheduled to open by the first half of 2017.

Raffles City Changning Office Tower 3 and Office Tower 2 are operational, with committed occupancy rates of 97% and 60% respectively. The shopping mall, which is 85% pre-leased, and Office Tower 1 will be opened in 2017.

Meanwhile, the office component of Raffles City Hangzhou commenced operations in 2016 and Sky Habitat, its residential component, is 55% sold. The shopping mall, scheduled to open by the first half of 2017, is 90% pre-leased as at the end of 2016. The hotel and serviced residence components are scheduled to open in 2018.

CapitaLand signed a Memorandum of Understanding with Chongqing's Yuzhong District government to jointly set up the Sino-Singapore Collaboration Centre at Raffles City Chongqing, the largest single investment by a Singapore company in China. The Centre will attract companies to provide leading-edge modern services to the city.

In October 2016, CapitaLand set up its third integrated development private investment vehicle in China – Raffles City China Investment Partners III (RCCIP III). The partnership fully closed at US\$1.5 billion (about S\$2.0 billion), making it the largest private capital raised by CapitaLand. RCCIP III, with a life of eight years, will invest in prime integrated developments in gateway cities in China.

In December 2016, CapitaLand was awarded a plot of land located in Jiangbei district, Ningbo. Plans are underway to build an integrated development comprising office and retail components, which will be linked to Raffles City Ningbo. Construction will commence in 2017 and completion is targeted for 2019.

### Convergence of Offline-and-Online

In 2016, CapitaLand made good progress in creating real estate of the future by continually pushing boundaries, leveraging digital technologies and embracing sharing economy partnerships to improve its real estate products and services.

In August 2016, the "CapitaStar Online Mall" was launched in China. It serves as an integrated platform for physical offerings in the virtual space, and as a hub for marketing collaborations that bring value, convenience and seamless offline-and-online experiences to our shoppers.

### Looking Towards the Future

The Chinese economy has adapted to its 'new normal' and grew 6.7% in 2016 with improved quality and efficiency. The steady implementation of the "innovation-driven development" strategy has yielded positive results, and the country's economic structure continues to be strengthened.

In the second half of 2016, the Chinese government issued stricter home-buying rules aimed at stabilising the market. The government remains committed to rebalance the economy by boosting domestic consumption and growth in the non-manufacturing sector, which bodes well for the real estate sector. In the meantime, China's urbanisation boom will continue to support housing demand.

CapitaLand is confident of the growth prospects of China and remains committed to grow its business in the country. CapitaLand will continue to leverage its real estate expertise to deepen its presence in the five core city clusters in China and to create new business models by merging physical spaces with innovative technology, realising its vision of building real estate of the future.

## CapitaLand Mall Asia

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

As at 31 December 2016, CapitaLand owns and manages 104<sup>1</sup> shopping malls across 52 cities in Singapore, China, Malaysia, Japan and India, with a total property value of about S\$42.3 billion and total gross floor area (GFA) of about 99.4 million square feet (sq ft). Of these, 87 malls are operational and 17 are under development.

Amidst challenging economic conditions, CapitaLand's malls continued to perform well across all five markets, registering increases in net property income, tenants' sales and shopper traffic for the year under review.

#### Optimising returns through proactive asset management

In 2016, CapitaLand opened its first mall in Qingdao, China. Also the Group's first smart mall, CapitaMall Xinduxin offers shoppers a seamless offline-and-online (O&O) experience. Shoppers can book available car park bays via the CapitaStar app and receive directions on the shortest route to reach the mall. Once there, shoppers can enjoy Wi-Fi and use the app to locate a store and receive promotional information. When shoppers are ready to leave, the app will lead them back to their cars and facilitate online payment for car park charges.

CapitaLand continued to carry out asset enhancement initiatives to enhance the attractiveness of its malls. In the year under review, Plaza Singapura and Tampines Mall in Singapore completed interior rejuvenation works, while CapitaMall Wangjing, CapitaMall Qibao and CapitaMall Saihan in China concluded upgrading works.

To maximise the potential of its prime location in Singapore's revitalised Civic District, Funan DigiLife Mall was closed for redevelopment into an integrated development comprising retail, office and serviced residence components. Opening in the fourth quarter of 2019, the reimagined Funan will incorporate the tech experience throughout its space and offer a new live-work-play paradigm for digitally-savvy consumers.

Paving the way for further growth, CapitaLand Retail China Trust acquired CapitaMall Xinnan (formerly known as Galleria), one of the most established malls in Chengdu. This brings CapitaLand's retail presence in Chengdu to six malls. As part of its proactive asset management strategy, CapitaLand divested three non-core shopping malls, one each in China, Japan and India.

#### Expanding retail footprint through management contracts

In 2016, CapitaLand embarked on enlarging its retail footprint through management contracts. It signed two separate

agreements in China to manage the retail component of Fortune Finance Center in Changsha and a shopping mall in La Botanica Township in Xi'an. The move is part of CapitaLand's asset-light expansion strategy to grow its assets under management, and complements its core business strategy of developing, owning and managing a diversified portfolio of shopping malls in Asia.

#### Leveraging technology to enhance offerings and productivity

To strengthen CapitaLand's convergent O&O offerings, enhancements were made to CapitaStar, its main shopper engagement platform that currently has more than 3.4 million members across its five markets. A highlight was the introduction of Sparkle, the first fully-automated artificial intelligence chatbot launched by a real estate developer in Asia, which provides virtual concierge services such as ride hailing and restaurant booking. CapitaLand also unveiled the co-branded American Express® CapitaCard in Singapore, which incentivises card spending with STAR\$®. CapitaCard members exchange STAR\$® for CapitaVouchers, creating a virtuous circle that drives tenants' sales and encourages repeat spending in CapitaLand malls.

In China, CapitaMall Minzhongleyuan in Wuhan and CapitaMall Wangjing in Beijing are set to become the first CapitaLand malls to incorporate coworking spaces. Using the malls as "living labs", the startups at the coworking spaces will add a new dimension to the malls' offerings and draw shoppers with their retail innovations.

CapitaLand further leveraged technology to enhance operational efficiency. For instance, the use of smart security technology has helped to reduce the outsourced security manpower at participating Singapore malls without compromising the level of security. Similarly, the In-Mall Distribution pilot at Tampines Mall and Bedok Mall in Singapore has helped to shorten the queuing time for delivery vehicles.

#### Looking ahead

In 2017, CapitaLand targets to open eight malls, six in China and one each in Malaysia and India. With a combined retail GFA of close to 1 million square metres, this will be CapitaLand's largest ever retail GFA offering in a year. CapitaLand will continue to optimise its retail portfolio and deepen its presence in key gateway cities to tap Asia's rising consumerism. CapitaLand will also continue to embrace innovative solutions and partnerships to future-enable its malls and retail services.

<sup>1</sup> Includes the shopping mall in La Botanica, for which the management contract was announced in January 2017.



## The Ascott Limited

### One of the world's leading international serviced residence owners and operators

The Ascott Limited (Ascott) has a portfolio of quality serviced residences which it manages and enhances through its operations and award-winning brands across 107 cities in 28 countries.

#### A Year of Record Breaking Growth

In 2016, Ascott achieved record breaking growth by adding over 10,500 units to its global network. The year ended with Ascott owning and/or managing about 52,000 units in 322 properties in Asia Pacific, Europe, the Gulf region and the United States of America, cementing its position as one of the world's leading international serviced residence owners and operators.

During the year, Ascott opened 20 properties with more than 3,700 units, its fastest pace ever. Operational units in Ascott's portfolio contributed S\$149 million of hospitality management and service fee income in 2016. Overall, on a same store basis, Revenue Per Available Unit (RevPAU) decreased 4% year-on-year (YoY) to S\$117 in 2016, due to currency movements and weaker corporate demand in Singapore, Bahrain and Qatar. Overall RevPAU decreased 2% YoY based on local currency terms.

In addition to deepening its presence in key cities in Asia Pacific, Europe and the Gulf region, Ascott also successfully made its first foray into Ireland through the acquisition of the 136-unit Temple Bar Hotel, an operating hotel in Ireland's capital city Dublin, for €55 million (S\$84 million).

#### Deepening Strategic Collaborations

Through its US\$600 million serviced residence global fund with Qatar Investment Authority (Ascott-QIA Fund), Ascott acquired a prime property, the 108-unit Citadines Islington London, located in the heart of Islington, London, for £52 million (S\$100 million). Additionally, as part of its A\$500 million (S\$500 million) strategic partnership with Quest Apartment Hotels, one of the largest serviced apartment operators in Australia, the Ascott-QIA Fund acquired its first serviced residence in Melbourne, the 221-unit Quest NewQuay Docklands, for A\$71 million (S\$71 million). As at 31 December 2016, Ascott's four acquisitions in partnership with QIA in Paris (La Clef Champs-Élysées Paris), Tokyo (Somerset Shinagawa Tokyo), and the two above in London and Melbourne have a total investment amount of US\$270 million.

Ascott continued its aggressive expansion by forging a strategic alliance with Dongfu Investment Development Corporation, a real estate subsidiary of China State Construction Engineering Company, China's largest state-owned construction and infrastructure builder. Through this partnership, Ascott has the first right to manage apartments currently under development as well as future projects to be built by Dongfu Investment. Both parties will draw on each other's capabilities, resources, brands and sales networks to expand in China.

#### Broadening Its Portfolio of Brands To Offer More Accommodation Choices

In 2016, Ascott broadened its portfolio of brands to cater to a wider range of customer segments. Ascott unveiled the new Tujia Somerset brand of serviced residences in 2016 to cater to the booming segment of middle class travellers in China. By leveraging this brand, Ascott will be able to increase its scale in China and significantly boost its portfolio.

During the year, Ascott also launched The Crest Collection, a prized selection of some of Ascott's most prestigious and unique luxury serviced residences. Currently available in Paris and Bangkok, the collection features properties which are unique on their own, each with a distinctive character which brings European elegance and grandeur to where the properties are located.

Going beyond traditional hospitality concepts, Ascott redefined travel for millennials with the unveiling of its newest brand, lyf (pronounced 'life'), in 2016. This marked another milestone in Ascott's innovation journey to design products and experiences for the future of travel in light of the rising trends of coliving and coworking.

#### Implementing Proactive Asset Management

Ascott continued its Asset Enhancement Initiatives (AEI) to upgrade and reposition its products to drive organic growth. The refurbished properties have achieved a higher Average Daily Rate (ADR). For instance, the ADR for refurbished apartment units in Somerset Ho Chi Minh City increased 26% YoY.

#### Delivering Award-Winning Hospitality

In 2016, Ascott received the top honours of 'Leading Serviced Apartment Brand' in Asia and was named the leading brand in Europe and the Middle East at the 2016 World Travel Awards, along with many other highly contested accolades in the year.

#### Looking Ahead

Ascott crossed the 50,000-unit milestone in 2016, with no let-up in efforts to further accelerate growth in 2017. By expanding its global network of serviced residences, the management fees received over time will strengthen Ascott's earnings profile and drive return on equity as a result of efficient flow through with minimal capital outlay. The addition of over 10,500 units in 2016 is expected to contribute S\$25 million to S\$30 million of fee income to Ascott annually as the properties progressively open and stabilise. Furthermore, with its expansion across different brands, Ascott is able to offer more accommodation choices and tailored experiences to its guests internationally. Ascott will continue to pursue its growth through investments, management contracts, strategic alliances and franchises, to achieve the target of 80,000 units globally by 2020.



## Regional Investments

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

#### Vietnam

In 2016, CapitaLand continued to expand its presence in Vietnam, the group's third largest market in Southeast Asia through its residential and serviced residence businesses.

In Ho Chi Minh City and Hanoi, CapitaLand has a portfolio of close to 9,100 quality homes across nine residential projects. CapitaLand Vietnam achieved total sales of 1,480 apartment units in 2016. It also celebrated the 22<sup>nd</sup> anniversary of its entry into Vietnam with the launch of a high-end residential development, Feliz en Vista, in Ho Chi Minh City. This well-located project in District 2 features three residential towers comprising 873 units and a 258-unit serviced residence tower to be managed by Ascott, under its Somerset brand. The project's Hong Kong launch received warm response from investors and 96% of units in two launched towers have been sold as at 31 December 2016.

The 1,152-unit Vista Verde topped out on schedule in June 2016 and has sold 82% of the units as at 31 December 2016. The Krista, a development tailored to meet the needs of young families, obtained its operation permit on time and was handed over to its first residents in December 2016.

In September 2016, CapitaLand Vietnam acquired a prime site in District 1 of Ho Chi Minh City, for US\$51.9 million. The 0.5-hectare site will offer 302 units across two towers – a 17-storey residential tower, named D1MENSION and a 22-storey Somerset serviced residence. D1MENSION is CapitaLand's first luxury development in the cosmopolitan District 1 and the first residential development in Vietnam to offer property management and concierge services by Ascott.

At The Vista in Ho Chi Minh City, a food and beverage-focused retail podium named The Oxygen was unveiled in December 2016. Catering mainly to families, this mall was designed to promote community interaction and also features an artistic coworking space, managed by Vietnam coworking operator Toong.

CapitaLand is also working with capital partners to explore commercial property opportunities in Vietnam.

CapitaLand is committed to be a long-term player in Vietnam and will continue to grow its presence via suitable investments and management opportunities.

#### Indonesia

CapitaLand's presence in Indonesia has entered a new phase with the launch of its residential tower within its first joint venture development project, The Stature, Jakarta in January 2017. Located in Jakarta's central business district, The Stature comprises three towers with residential, office, serviced residences and supporting retail spaces. Piling and construction are slated to commence in 2017. CapitaLand also opened its new local office premises in December 2016 and plans to leverage its expertise in integrated developments, across all segments to pursue new investments and growth opportunities in Indonesia.

#### StorHub

CapitaLand's self-storage business, StorHub, manages 11 facilities in Singapore, two in China and one in Malaysia, with a total gross floor area of approximately 134,600 square metres as at 31 December 2016. StorHub's facility in Shanghai, China, is gaining good traction, registering a healthy occupancy of more than 75% as at end 2016. Its year-old facility in Kuala Lumpur, Malaysia, is steadily ramping up its performance through marketing efforts.

As smaller living spaces and rising consumerism continue to fuel the demand for affordable and convenient self-storage facilities in Asia, StorHub will continue to optimise its portfolio to tap the growth opportunities in major Asian cities. To maintain its competitiveness, StorHub will also offer more value-added services, with a focus on leveraging technology and innovation to enhance the overall customer experience.

## CapitaLand Investment Management

### A leading real estate investment manager in Asia

CapitaLand manages a total of 15 non-listed real estate vehicles and five listed Real Estate Investment Trusts (REITs) with an aggregate Assets Under Management (AUM) of S\$47.9 billion.

The majority of the assets managed are located in Asia Pacific, with sizeable presence in Singapore (38%) and China (48%). CapitaLand is one of the highest-ranked Asia Pacific 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 2016.

CapitaLand has a dedicated Investment Management unit focused on the origination, structuring and raising of private funding from global capital partners, working closely with the Group's business units. As a real estate developer-operator-investor with multi-sector expertise and deep local knowledge of the various markets it invests in, CapitaLand is able to originate a broad variety of investment opportunities for its capital partners. The Group has a respectable stable of international capital partners that include sovereign wealth funds, pension funds and insurance companies from Asia Pacific, North America, the Middle East and Europe. Non-listed real estate vehicles range from private equity funds, club deals, to joint ventures.

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

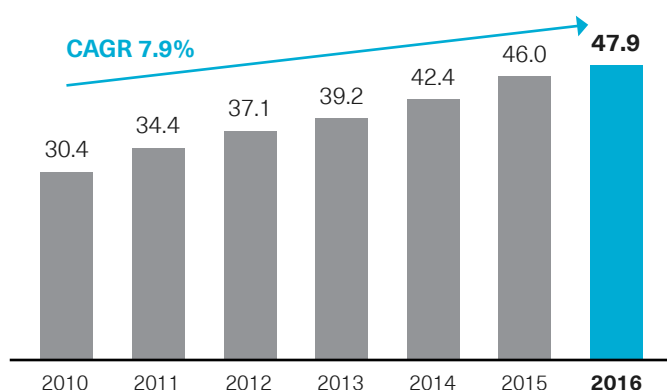
such vehicles and assets allows CapitaLand to further extract value from its established real estate platform while enhancing the Group's overall return on equity. CapitaLand also typically has a sizeable equity stake in each investment vehicle it manages which allows CapitaLand to obtain additional returns from the performance of the investments.

CapitaLand has over the years originated a diversity of investment vehicles to match the right capital pricing with the appropriate real estate exposure across a wide risk-reward spectrum. The non-listed real estate vehicles managed by CapitaLand are typically invested in opportunistic and value-added plays which aim to generate higher risk-adjusted returns and capital appreciation while the listed REITs are focused on stable yielding core assets. CapitaLand listed the first REIT in Singapore with CapitaLand Mall Trust and has been a significant contributor to the development of Singapore's REIT industry in the past 15 years.

Notably in 2016, CapitaLand raised Raffles City China Investment Partners III (RCCIP III), a US\$1.5 billion non-listed vehicle investing in "Raffles City" branded integrated developments or brown-field acquisitions in prime commercial centres in Tier 1 and selected upper Tier 2 cities in China. The vehicle is the largest private equity raise by CapitaLand to date and of its kind for China. The capital commitments allocation between existing and new investors is about 50-50.

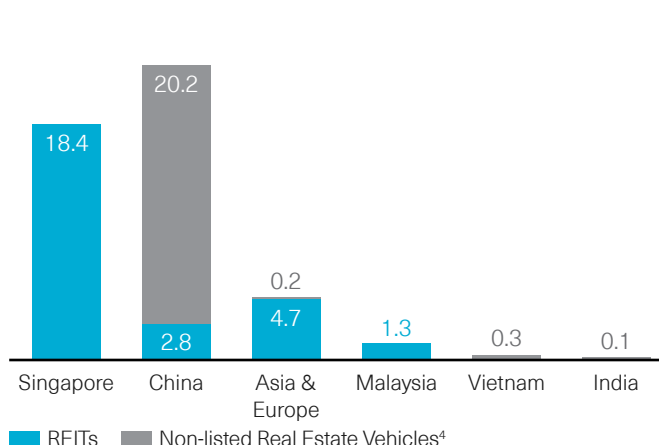
#### Total Assets Under Management (AUM)<sup>3</sup>

(S\$ billion)



#### FY 2016 AUM Breakdown - By Geography

(S\$ billion)



<sup>1</sup> The ANREV/INREV/NCREIF Fund Manager Survey 2016 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 2016)

City	Property	Effective Stake (%)	GFA (sqm)	Tenure (Years)	Tenure Expiry
<b>China</b>					
Beijing	Raffles City Beijing <i>Retail: 36%, Office: 37%, Serviced Residence/ Hotel: 27%</i>	55.0	110,997	Leasehold	2046 Retail 2056 Integrated Use
Chengdu	CapitaMall Tianfu <i>Retail: 72%, Office: 11%, Strata Sales: 17%</i>	50.0	193,851	Leasehold	2048 Commercial 2078 Residential
	Raffles City Chengdu <i>Retail: 36%, Office: 30%, Serviced Residence/ Hotel: 22%, Strata Sales: 12%</i>	55.0	237,310	Leasehold	2046
Chongqing	Raffles City Chongqing <i>Retail: 29%, Office: 10%, Serviced Residence/ Hotel: 11%, Strata Sales: 50%</i>	62.5 <sup>A</sup>	811,349	Leasehold	2052 Commercial 2082 Residential
Hangzhou	Raffles City Hangzhou <i>Retail: 40%, Office: 13%, Serviced Residence/ Hotel: 24%, Strata Sales: 23%</i>	55.0 <sup>A</sup>	298,276	Leasehold	2049 Commercial
Ningbo	Liangcang Site, Ningbo <i>Retail: 33%, Office: 67%,</i>	100.0 <sup>0,B</sup>	25,128	Leasehold	2057
	Raffles City Ningbo <i>Retail: 51%, Office: 30%, Strata Sales: 19%</i>	55.0	101,405	Leasehold	2047
Shanghai	Capital Square (f.k.a Hanzhonglu Commercial (Plot95)) <i>Retail: 33%, Office: 67%</i>	70.0 <sup>A</sup>	75,117	Leasehold	2052 Retail 2062 Office
	Capital Tower Shanghai <i>Retail: 2%, Office: 66%, Serviced Residence/ Hotel: 32%</i>	99.0 <sup>B</sup>	66,160	Leasehold	2056
	Hongkou Plaza <i>Retail: 72%, Office: 28%</i>	72.5	205,119	Leasehold	2057
	LuOne <i>Retail: 65%, Office: 35%</i>	33.0 <sup>A</sup>	131,303	Leasehold	2056
	Minhang Plaza <i>Retail: 60%, Office: 40%</i>	65.0	146,843	Leasehold	2053
	Raffles City Changning <i>Retail: 48%, Office: 52%</i>	42.8 <sup>A</sup>	260,479	Leasehold	2055
	Raffles City Shanghai <i>Retail: 34%, Office: 66%</i>	30.7	139,593	Leasehold	2045
Shenzhen	ONE iPark <i>Strata Sales: 100%</i>	73.0	74,560	Leasehold	2056
	Raffles City Shenzhen <i>Retail: 51%, Office: 26%, Serviced Residence/ Hotel: 22%</i>	30.4 <sup>A</sup>	121,831	Leasehold	2056

# Integrated Developments

(as at 31 December 2016)

City	Property	Effective Stake (%)	GFA (sqm)	Tenure (Years)	Tenure Expiry
China					
Suzhou	Suzhou Center Mall & Suzhou Center Office <i>Retail: 81%, Office: 19%</i>	50.0 <sup>A</sup>	364,469	Leasehold	2051
Tianjin	Tianjin International Trade Centre <i>Retail: 19%, Office: 23%, Strata Sales: 58%</i>	100.0	195,089	Leasehold	2057
Wuhan	CapitaMall Westgate <i>Retail: 65%, Office: 24%, Strata Sales: 11%</i>	100.0 <sup>A</sup>	246,434	Leasehold	2053 Commercial 2063 Integrated Use
	CapitaMall Wusheng <i>Retail: 71%, Serviced Residence/ Hotel: 29%</i>	45.0	112,769	Leasehold	2044
Xi'an	CapitaMall Xindicheng <i>Retail: 40%, Office: 39%, Serviced Residence/ Hotel: 14%, Strata Sales: 7%</i>	45.0	152,199	Leasehold	2043
China Total			4,070,281		
Indonesia					
Jakarta	The Stature, Jakarta <i>Retail: 2%, Office: 32%, Serviced Residence/ Hotel: 27%, Strata Sales: 39%</i>	50.0 <sup>A</sup>	42,583	Leasehold	2029 to 2037 <sup>1</sup>
Indonesia Total			42,583		
Malaysia					
Petaling Jaya	Tropicana City Mall and Tropicana City Office Tower <i>Retail: 83%, Office: 17%</i>	36.5 <sup>2</sup>	71,452	Freehold	–
Malaysia Total			71,452		
Singapore					
Singapore	Funan	29.3 <sup>3,A</sup>	82,405	99	2078
	Raffles City Singapore	31.0 <sup>3,4</sup>	320,490	99	2078
Singapore Total			402,895		
Vietnam					
Ho Chi Minh City	The Vista <i>Retail: 5%, Office: 6%, Serviced Residence/ Hotel: 8%, Strata Sales: 81%</i>	100.0	190,074	Freehold* Residential  Leasehold Retail/ Office/ Serviced Residence/ Hotel	– Residential  2056 Retail/ Office/ Serviced Residence/ Hotel
Vietnam Total			190,074		
Grand Total			4,777,285		

# Shopping Malls

(as at 31 December 2016)

City	Property	Effective Stake (%)	GFA (sqm)	Tenure (Years)	Tenure Expiry
China					
Anyang	CapitaMall Beiguan	45.0	36,922	Leasehold	2046
Beijing	CapitaMall Anzhen	28.7 <sup>5</sup>	43,443	Leasehold	2034/2042
	CapitaMall Crystal	45.0	72,422	Leasehold	2043 Commercial  2053 Underground Car Park
	CapitaMall Cuiwei	45.0	56,141	Leasehold	2046 Commercial  2056 Underground Car Park
	CapitaMall Grand Canyon	28.7 <sup>5</sup>	69,967	Leasehold	2044 Commercial  2054 Underground Car Park
	CapitaMall Shuangjing	28.7 <sup>5</sup>	49,463	Leasehold	2042
	CapitaMall Taiyanggong	45.0	83,693	Leasehold	2044
	CapitaMall Tiangongyuan	100.0 <sup>A</sup>	137,832	Leasehold	2051
	CapitaMall Wangjing	28.7 <sup>5</sup>	68,010	Leasehold	2043 Commercial  2053 Underground Car Park
	CapitaMall Xizhimen	28.7 <sup>5</sup>	83,075	Leasehold	2044 Commercial  2054 Integrated Use
Changsha	CapitaMall Yuhuating	73.1	62,080	Leasehold	2044
Chengdu	CapitaMall Jinniu	45.0	151,969	Leasehold	2044
	CapitaMall Meilicheng	50.0	61,182	Leasehold	2044
	CapitaMall Shawan	30.0	38,612	Leasehold	2046 Commercial  2076 Underground Car Park
	CapitaMall Xinnan	28.7	53,619	Leasehold	2047
Chongqing	CapitaMall Jiulongpo	73.1	43,167	Leasehold	2042
	CapitaMall Shapingba	30.0	41,877	Leasehold	2023 Master Lease
Dalian	CapitaMall Peace Plaza	30.0	152,125	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

## Shopping Malls

(as at 31 December 2016)

City	Property	Effective Stake (%)	GFA (sqm)	Tenure (Years)	Tenure Expiry
China					
Huhhot	CapitaMall Saihan	28.7 <sup>5</sup>	41,938	Leasehold	2041
Kunshan	CapitaMall Kunshan	45.0	39,595	Leasehold	2045
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	104,034	Leasehold	2050
Quanzhou	CapitaMall Quanzhou	45.0	43,096	Leasehold	2045
Rizhao	CapitaMall Rizhao	30.0	70,898	Leasehold	2043
Shanghai	CapitaMall Qibao (CapitaMall Qibao is indirectly held under a master lease which expires in Jan 2024, with the right to renew for a further term of 19 years and 2 months.)	28.7 <sup>5</sup>	72,729	Leasehold	2024 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	71,922	Leasehold	2052
	CapitaMall Minzhongleyuan	28.7 <sup>5</sup>	37,472	Leasehold	2044 Conserved Building: Master Lease 2045 Annex Building
Wuhu	CapitaMall Wuhu	36.7 <sup>5</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	28.7 <sup>5</sup>	92,356	Leasehold	2042
	CapitaMall Jinshui	30.0	55,451	Leasehold	2045
Zibo	CapitaMall Zibo	45.0	41,994	Leasehold	2045
China Total			2,933,417		
India					
Bangalore	The Forum Neighbourhood Mall	22.7	46,983	Freehold	–
Cochin	Mall in Cochin	5.9 <sup>6,A</sup>	98,854	Freehold	–
Hyderabad	The Forum Sujana Mall	11.1	80,387	Freehold	–
Jalandhar	Mall in Jalandhar	29.6 <sup>A</sup>	57,043	Freehold	–
Mangalore	The Forum Fiza Mall	15.2	63,814	Freehold	–
Mysore	Forum Centre City (f.k.a. Mall in Mysore)	22.3 <sup>A</sup>	33,417	Freehold	–
Nagpur	Mall in Nagpur	29.6 <sup>A</sup>	94,761	Freehold	–
Udaipur	The Celebration Mall Udaipur	45.5	36,398	99	2103
India Total			511,657		



City	Property	Effective Stake (%)	GFA (sqm)	Tenure (Years)	Tenure Expiry
Japan					
Chiba	Vivit Minami-Funabashi	100.0	69,444	Freehold	–
Hyogo	Coop Kobe Nishinomiya-Higashi	100.0	7,970	Freehold	–
Tokyo	La Park Mizue	100.0	18,914	Freehold	–
	Olinas Mall	100.0	54,146	Freehold	–
Japan Total			150,474		
Malaysia					
Kuala Lumpur	Sungei Wang Plaza (approximately 61.9% of aggregate retail floor area and 100% of car park bays)	36.5 <sup>3</sup>	47,483	Freehold	–
Kuantan	East Coast Mall	36.5 <sup>3</sup>	70,784	99	2106
Penang	Gurney Plaza	36.5 <sup>3</sup>	114,200	Freehold	–
	Queensbay Mall (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>3</sup>	116,787	99	2091
Malaysia Total			523,162		
Singapore					
Singapore	Bedok Mall	29.3 <sup>3</sup>	31,204	99	2110
	Bugis Junction	29.3 <sup>3</sup>	53,605	99	2089
	Bugis+	29.3 <sup>3</sup>	29,697	60	2065
	Bukit Panjang Plaza	29.3 <sup>3</sup>	22,998	99	2093
	Clarke Quay	29.3 <sup>3</sup>	34,009	99	2089
	IMM Building	29.3 <sup>3</sup>	132,527	30+30	2049
	ION Orchard	50.0 <sup>7</sup>	87,715	99	2105
	ION Orchard Link	50.0 <sup>7</sup>	450	99	2105
	JCube	29.3 <sup>3</sup>	29,426	99	2090
	Jewel Changi Airport	49.0 <sup>A</sup>	134,059	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>	46,983	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>3,8</sup>	55,178	99	2110
Singapore Total			890,184		
Grand Total			5,008,894		

## Serviced Residences

(as at 31 December 2016)

City	Property	Effective Stake (%)	No. of Units	Tenure (Years)	Tenure Expiry
Australia					
Melbourne	Citadines on Bourke Melbourne	43.9 <sup>9</sup>	380	Freehold	–
	Somerset on Elizabeth Melbourne	100.0	34	Freehold	–
Perth	Citadines St Georges Terrace Perth	43.9 <sup>9</sup>	85	Freehold	–
Sydney	Quest Campbelltown	43.9 <sup>9</sup>	81	Freehold	–
	Quest Mascot	43.9 <sup>9</sup>	91	Freehold	
	Quest Sydney Olympic Park	43.9 <sup>9</sup>	140	99	2111
Australia Total			811		
Belgium					
Brussels	Citadines Sainte-Catherine Brussels	43.9 <sup>9</sup>	169	Freehold	–
	Citadines Toison d’Or Brussels	43.9 <sup>9</sup>	154	Freehold	–
Belgium Total			323		
China					
Beijing	Fortune Garden Apartments	43.9 <sup>9,10</sup>	5	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	43.9 <sup>9</sup>	195	50	2056
Guangzhou	Ascott Guangzhou	43.9 <sup>9</sup>	207	70	2074
Shanghai	Ascott Heng Shan Shanghai	100.0	90	50	2054
	Citadines Biyun Shanghai	43.9 <sup>9</sup>	180	70	2064
	Somerset Xu Hui Shanghai	43.9 <sup>9</sup>	168	70	2066
	The Paragon Towers 5 & 6	99.0	105	70	2072
Shenyang	Somerset Heping Shenyang	43.9 <sup>9</sup>	270	40	2046
Suzhou	Citadines Xinghai Suzhou	43.9 <sup>9</sup>	167	70	2066
Tianjin	Somerset International Building Tianjin	36.1	108	50	2044
	Somerset Olympic Tower Property Tianjin	43.9 <sup>9</sup>	185	70	2062
	Somerset Youyi Tianjin	36.1	240	50	2052
Wuhan	Citadines Zhuankou Wuhan	43.9 <sup>9</sup>	249	40	2043
Xi'an	Citadines Central Xi'an	36.1	148	70	2066
	Citadines Gaoxin Xi'an	43.9 <sup>9</sup>	251	50	2056
China Total			2,925		
China - Hong Kong					
Hong Kong	Citadines Harbourview Hong Kong (f.k.a. CHI138)	100.0	52	999	2894
	Citadines Mercer Hong Kong (f.k.a. The Mercer, Hong Kong)	100.0	55	999	2851
China - Hong Kong Total			107		

City	Property	Effective Stake (%)	No. of Units	Tenure (Years)	Tenure Expiry
France					
Cannes	Citadines Croisette Cannes	43.9 <sup>9</sup>	58	Freehold	–
Grenoble	Citadines City Centre Grenoble	43.9 <sup>9</sup>	106	Freehold	–
Lille	Citadines City Centre Lille	43.9 <sup>9</sup>	101	Freehold	–
Lyon	Citadines Presqu'île Lyon	43.9 <sup>9</sup>	116	Freehold	–
Marseille	Citadines Castellane Marseille	43.9 <sup>9</sup>	97	Freehold	–
	Citadines Prado Chanut Marseille	43.9 <sup>9</sup>	77	Freehold	–
Montpellier	Citadines Antigone Montpellier	43.9 <sup>9</sup>	122	Freehold	–
Paris	Citadines Austerlitz Paris	43.9 <sup>9</sup>	50	Freehold	–
	Citadines Didot Montparnasse Paris	43.9 <sup>9</sup>	80	Freehold	–
	Citadines Les Halles Paris	43.9 <sup>9</sup>	189	Freehold	–
	Citadines Maine Montparnasse Paris	43.9 <sup>9</sup>	67	Freehold	–
	Citadines Montmartre Paris	43.9 <sup>9</sup>	111	Freehold	–
	Citadines Place d'Italie Paris	43.9 <sup>9</sup>	169	Freehold	–
	Citadines République Paris	43.9 <sup>9</sup>	76	Freehold	–
	Citadines Tour Eiffel Paris	43.9 <sup>9</sup>	104	Freehold	–
	Citadines Trocadéro Paris	43.9 <sup>9</sup>	97	Freehold	–
	La Clef Champs-Élysées Paris (f.k.a. Citadines Suites Champs-Élysées Paris)	50.0	70	Freehold	–
	La Clef Louvre Paris	43.9 <sup>9</sup>	51	Freehold	–
	La Clef Tour Eiffel Paris (f.k.a. Citadines Suites Arc De Triomphe Paris)	100.0	112	Freehold	–
France Total			1,853		
Germany					
Berlin	Citadines Kurfürstendamm Berlin	43.9 <sup>9</sup>	117	Freehold	–
Frankfurt	Citadines City Centre Frankfurt	99.0	165	Freehold	–
Hamburg	Citadines Michel Hamburg	99.0	127	99	2111
	Madison Hamburg	43.9 <sup>9</sup>	166	Freehold	–
Munich	Citadines Arnulfpark Munich	43.5 <sup>9</sup>	146	Freehold	–
Germany Total			721		
India					
Ahmedabad	Citadines Parimal Garden Ahmedabad	100.0 <sup>A</sup>	225	Freehold	–
Bangalore	Somerset Galleria Bangalore	50.0 <sup>A</sup>	182	Freehold	–
Chennai	Citadines OMR Gateway Chennai	100.0	269	Freehold	–
	Somerset Greenways Chennai	51.0	187	Freehold	–
India Total			863		

## Serviced Residences

(as at 31 December 2016)

City	Property	Effective Stake (%)	No. of Units	Tenure (Years)	Tenure Expiry
Indonesia					
Jakarta	Ascott Jakarta	43.9 <sup>9</sup>	204	26	2024
	Ascott Kuningan Jakarta	100.0	185	30	2027
	Somerset Grand Citra Jakarta	25.2 <sup>9</sup>	204	30	2024
Indonesia Total			593		
Ireland					
Dublin	Temple Bar Hotel	100.0	136	Freehold	–
Ireland Total			136		
Japan					
Fukuoka	Actus Hakata V-Tower	43.9 <sup>9</sup>	296	Freehold	–
	Infini Garden	43.9 <sup>9</sup>	389	Freehold	–
Hiroshima	Gravis Court Kakomachi	43.9 <sup>9</sup>	63	Freehold	–
	Gravis Court Kokutaiji	43.9 <sup>9</sup>	48	Freehold	–
	Gravis Court Nishiharaekimae	43.9 <sup>9</sup>	29	Freehold	–
Kobe	S-Residence Shukugawa	88.9	33	Freehold	–
Kyoto	Citadines Karasuma-Gojo Kyoto	43.9 <sup>9</sup>	124	Freehold	–
	House Saison Shijo-dori (f.k.a. Kasahokomachi)	88.9	190	Freehold	–
Nagoya	Marunouchi Central Heights	88.9	30	Freehold	–
Osaka	S-Residence Fukushima Luxe	43.9 <sup>9</sup>	178	Freehold	–
	S-Residence Gakuenzaka	88.9	58	Freehold	–
	S-Residence Hommachi Marks	43.9 <sup>9</sup>	110	Freehold	–
	S-Residence Midoribashi Serio	43.9 <sup>9</sup>	98	Freehold	–
	S-Residence Namba Viale	88.9	116	Freehold	–
	S-Residence Tanimachi 9 chome	43.9 <sup>9</sup>	102	Freehold	–
Sapporo	Big Palace Kita 14jo	43.9 <sup>9</sup>	140	Freehold	–
Tokyo	Asyl Court Nakano Sakaue Tokyo	43.9 <sup>9</sup>	62	Freehold	–
	Citadines Central Shinjuku Tokyo	43.9 <sup>9</sup>	206	Freehold	–
	Citadines Shinjuku Tokyo	43.9 <sup>9</sup>	160	Freehold	–
	Gala Hachimanyama I Tokyo	43.9 <sup>9</sup>	76	Freehold	–
	Gala Hachimanyama II Tokyo	43.9 <sup>9</sup>	16	Freehold	–
	Joy City Koishikawa Shokubutsuen Tokyo	43.9 <sup>9</sup>	36	Freehold	–
	Joy City Kuramae Tokyo	43.9 <sup>9</sup>	60	Freehold	–
	Roppongi Residences Tokyo	43.9 <sup>9</sup>	64	Freehold	–
	Somerset Azabu East Tokyo	43.9 <sup>9</sup>	79	Freehold	–
	Somerset Shinagawa Tokyo	50.0	55	Freehold	–
	Zesty Akebonobashi Tokyo	43.9 <sup>9</sup>	12	Freehold	–
	Zesty Gotokuji Tokyo	43.9 <sup>9</sup>	15	Freehold	–
	Zesty Higashi Shinjuku Tokyo	43.9 <sup>9</sup>	19	Freehold	–

City	Property	Effective Stake (%)	No. of Units	Tenure (Years)	Tenure Expiry
Japan					
	Zesty Kagurazaka I Tokyo	43.9 <sup>9</sup>	20	Freehold	–
	Zesty Kagurazaka II Tokyo	43.9 <sup>9</sup>	20	Freehold	–
	Zesty Kasugacho Tokyo	43.9 <sup>9</sup>	32	Freehold	–
	Zesty Koishikawa Tokyo	43.9 <sup>9</sup>	15	Freehold	–
	Zesty Komazawa Daigaku II Tokyo	43.9 <sup>9</sup>	29	Freehold	–
	Zesty Nishi Shinjuku III Tokyo	43.9 <sup>9</sup>	29	Freehold	–
	Zesty Sakura Shinmachi Tokyo	43.9 <sup>9</sup>	17	Freehold	–
	Zesty Shin Ekoda Tokyo	43.9 <sup>9</sup>	18	Freehold	–
	Zesty Shoin Jinja II Tokyo	43.9 <sup>9</sup>	17	Freehold	–
	Zesty Shoin Jinja Tokyo	43.9 <sup>9</sup>	16	Freehold	–
Japan Total			3,077		
Malaysia					
Kuala Lumpur	Ascott Kuala Lumpur	50.0	221	Freehold	–
	Somerset Ampang Kuala Lumpur	43.9 <sup>9</sup>	205	Freehold	–
Malaysia Total			426		
Philippines					
Makati	Ascott Makati	43.9 <sup>9</sup>	362	48	2044
	Somerset Millennium Makati (Ascott Residence Trust owns 65 units in this property and has leased 68 units from unrelated parties)	27.7 <sup>9</sup>	133	Freehold	–
Philippines Total			495		
Singapore					
Singapore	Ascott Orchard Singapore	100.0	220	99	2113
	Ascott Raffles Place Singapore	43.9 <sup>9</sup>	146	999	–
	Citadines Mount Sophia Property Singapore	43.9 <sup>9</sup>	154	96	2105
	Somerset Liang Court Property Singapore	43.9 <sup>9</sup>	197	97	2077
Singapore Total			717		
Spain					
Barcelona	Citadines Ramblas Barcelona	43.9 <sup>9</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	–

## Serviced Residences

(as at 31 December 2016)

City	Property	Effective Stake (%)	No. of Units	Tenure (Years)	Tenure Expiry
Thailand					
Bangkok	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	43.9 <sup>9</sup>	129	Freehold	–
	Citadines Holborn-Covent Garden London	43.9 <sup>9</sup>	192	Freehold	–
	Citadines South Kensington London	43.9 <sup>9</sup>	92	Freehold	–
	Citadines Trafalgar Square London	43.9 <sup>9</sup>	187	Freehold	–
	The Cavendish London	100.0	230	150	2158
United Kingdom Total			830		
United States Of America					
New York City	Element New York Times Square West	43.9 <sup>9</sup>	411	99	2112
	Sheraton Tribeca New York Hotel	43.9 <sup>9</sup>	369	99	2112
United States Of America Total			780		
Vietnam					
Hai Phong City	Somerset Central TD Hai Phong City	90.0	132	64	2076
Hanoi	Somerset Grand Hanoi	33.4 <sup>9</sup>	185	45	2038
	Somerset Hoa Binh Hanoi	39.5 <sup>9</sup>	206	36	2042
	Somerset West Lake Hanoi	30.7 <sup>9</sup>	90	49	2041
Ho Chi Minh City	Somerset Chancellor Court Ho Chi Minh City	29.4 <sup>9</sup>	172	48	2041
	Somerset Ho Chi Minh City	28.4 <sup>9</sup>	186	45	2039
Vietnam Total			971		
Grand Total			16,410		

## Commercial / Car Park

(as at 31 December 2016)

City	Property	Effective Stake (%)	NLA (sqm)	Tenure (Years)	Tenure Expiry
<b>China</b>					
Shanghai	Innov Tower	100.0	40,445	50	2054
<b>China Total</b>			<b>40,445</b>		



## Commercial / Car Park

(as at 31 December 2016)

City	Property	Effective Stake (%)	NLA (sqm)	Tenure (Years)	Tenure Expiry
Japan					
Tokyo	Shinjuku Front Tower	20.0	57,916	Freehold	–
Japan Total			57,916		
Singapore					
Singapore	Bugis Village	32.1 <sup>4,11</sup>	11,254	99	2088
	CapitaGreen	32.1 <sup>4</sup>	65,348	99	2073
	Capital Tower	32.1 <sup>4</sup>	68,567	99	2094
	Golden Shoe Car Park	32.1 <sup>4</sup>	4,333	99	2081
	HSBC Building	32.1 <sup>4</sup>	18,624	999	2849
	One George Street	32.1 <sup>4</sup>	41,478	99	2102
	Six Battery Road	32.1 <sup>4</sup>	45,991	999	2825
	Twenty Anson	32.1 <sup>4</sup>	19,216	99	2106
	Wilkie Edge	32.1 <sup>4</sup>	14,356	99	2105
Singapore Total			289,167		
Grand Total			387,528		

## Self Storage

(as at 31 December 2016)

City	Property	Effective Stake (%)	GFA (sqm)	Tenure (Years)	Tenure Expiry
China					
Guangzhou	133, Jing Xi Road	100.0	1,042	40	2040
			2,954	50	2050
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	5,982	30	2029
	25A Changi South Street 1	100.0	5,267	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	13,497	60	2029
	743 Lorong 5 Toa Payoh	100.0	10,269	60	2033
Singapore Total			86,574		
Grand Total			97,923		

# Residential

(as at 31 December 2016)

		Effective Stake (%)		% of Completion	Expected Date of Completion	GFA (sqm)	No. of Units	Tenure (Years)	Tenure Expiry
Property	District								
China									
Beijing									
Beaufort (Phase 4)	Chaoyang District	100.0	A	99	2017	1,090 Commercial		40 Commercial	2044 Commercial
						5,878 Residential	40 Residential	70 Residential	2074 Residential
Vermont Hills (Phase 1)	Changping District	100.0				2,396 Commercial		40 Commercial	2044 Commercial
						51,229 Residential	88 Residential	70 Residential	2074 Residential
Vermont Hills (Phase 2)	Changping District	100.0	A	25	2018	48,986 Residential	88 Residential	70 Residential	2074 Residential
Vermont Hills (Phase 3 to 7)	Changping District	100.0	B		2021	1,605 Commercial		40 Commercial	2044 Commercial
						275,090 Residential	760 Residential	70 Residential	2074 Residential
Chengdu									
Century Park - East Site	Hi-Tech District	60.0	A	4	2021	13,054 Commercial		40 Commercial	2050 Commercial
						223,127 Residential	1,881 Residential	70 Residential	2080 Residential
Century Park - West Site (Phase 1)	Hi-Tech District	60.0				6,392 Commercial		40 Commercial	2050 Commercial
						55,638 Residential	587 Residential	70 Residential	2080 Residential
Century Park - West Site (Phase 2)	Hi-Tech District	60.0	A	65	2017	6,857 Commercial		40 Commercial	2050 Commercial
						136,490 Residential	1,416 Residential	70 Residential	2080 Residential
Parc Botanica (Phase 1)	Longquanyi District	56.0				10,127 Commercial		40 Commercial	2052 Commercial
						167,817 Residential	2,078 Residential	70 Residential	2082 Residential
Parc Botanica (Phase 2)	Longquanyi District	56.0	B		2018	10,732 Commercial		40 Commercial	2052 Commercial
						181,975 Residential	1,752 Residential	70 Residential	2082 Residential
The Botanica <sup>12</sup> (Phase 2 & 4)	Jinjiang District	15.3				3,891 Commercial		40 Commercial	2043 Commercial
The Botanica <sup>12</sup> (Phase 8)	Jinjiang District	15.3	A	50	2017	42,000 Commercial		40 Commercial	2043 Commercial
The Loft (Phase 1)	Qingyang District	100.0				1,466 Commercial		40 Commercial	2047 Commercial

		Effective Stake (%)	% of Completion	Expected Date of Completion	GFA (sqm)	No. of Units	Tenure (Years)	Tenure Expiry
China								
Foshan								
Beau Residences	Chancheng District	100.0			1,296 Commercial		40 Commercial	2047 Commercial
La Cité	Chancheng District	100.0			8,855 Commercial		40 Commercial	2046 Commercial
Riverside Ville	Chancheng District	100.0			9,367 Commercial		40 Commercial	2047 Commercial
Guangzhou								
Città di Mare (Phase 1)	Panyu District	45.0 <sup>A</sup>	70	2018	5,340 Commercial		40 Commercial	2035 Commercial
					147,352 Residential	1,067 Residential	70 Residential	2065 Residential
Città di Mare (Phase 2 to 5)	Panyu District	45.0 <sup>B</sup>		2021	1,373 Commercial		40 Commercial	2035 Commercial
					468,357 Residential	3,195 Residential	70 Residential	2065 Residential
Dolce Vita (Phase 2, 3 & 4)	Baiyun District	47.5			5,420 Commercial		40 Commercial	2048 Commercial
					53,917 Residential	222 Residential	70 Residential	2078 Residential
Dolce Vita (Phase 5)	Baiyun District	47.5 <sup>A</sup>	99	2017	156,332 Residential	1,261 Residential	70 Residential	2078 Residential
LFIE (PYD)	Panyu District	45.0 <sup>B</sup>		2024	486,794 Residential	4,814 Residential	70 Residential	2065 Residential
Project Datansha (Phase 1A)	Liwan District	80.0 <sup>A</sup>	17	2018	95,437 Residential	922 Residential	70 Residential	2085 Residential
Vista Garden	Nansha District	100.0			22,657 Commercial		40 Commercial	2052 Commercial
					169,283 Residential	1,939 Residential	70 Residential	2082 Residential
Hangzhou								
Imperial Bay	Gongshu District	100.0			799 Commercial		40 Commercial	2046 Commercial
Riverfront	Gongshu District	100.0			468 Commercial		40 Commercial	2052 Commercial
					77,728 Residential	830 Residential	70 Residential	2082 Residential

# Residential

(as at 31 December 2016)

Property	District	Effective Stake (%)	% of Completion	Expected Date of Completion	GFA (sqm)	No. of Units	Tenure (Years)	Tenure Expiry
<b>China</b>								
<b>Kunshan</b>								
The Metropolis (Phase 1)	Huaqiao District	100.0			166,220 Residential	1,542 Residential	70 Residential	2074 Residential
The Metropolis (Phase 2)	Huaqiao District	100.0 <sup>A</sup>	65	2018	1,854 Commercial		40 Commercial	2044 Commercial
					100,444 Residential	971 Residential	70 Residential	2074 Residential
The Metropolis (Phase 3)	Huaqiao District	100.0 <sup>A</sup>	5	2019	2,243 Commercial		40 Commercial	2044 Commercial
					120,484 Residential	1,111 Residential	70 Residential	2074 Residential
The Metropolis (Phase 4)	Huaqiao District	100.0 <sup>B</sup>		2020	50,803 Residential	460 Residential	70 Residential	2074 Residential
The Metropolis (Phase 5)	Huaqiao District	100.0			504 Commercial		40 Commercial	2044 Commercial
The Metropolis (Phase 6)	Huaqiao District	100.0 <sup>A</sup>	20	2018	86,567 Residential	1,118 Residential	70 Residential	2074 Residential
		<sup>B</sup>		2020	69,050 Commercial		40 Commercial	2044 Commercial
<b>Ningbo</b>								
Summit Era (Phase 1 & 2)	Jiangbei District	100.0			2,649 Commercial		40 Commercial	2054 Commercial
					117,030 Residential	1,085 Residential	70 Residential	2084 Residential
Summit Residences (Plot 1)	Jiangbei District	100.0			10,147 Residential	38 Residential	70 Residential	2075 Residential
<b>Shanghai</b>								
Hanzhonglu Residential (Plot 92)	Jingan District	70.0 <sup>B</sup>		2019	2,626 Commercial		40 Commercial	2044 Commercial
					26,912 Residential	138 Residential	70 Residential	2074 Residential
Lotus Mansion	Pudong District	100.0			274 Commercial		40 Commercial	2048 Commercial
New Horizon (Phase 1)	Pudong District	95.0			367 Commercial		70 Commercial	2082 Commercial
New Horizon (Phase 2)	Pudong District	95.0 <sup>A</sup>	30	2018	14,700 Commercial		40 Commercial	2053 Commercial
					67,091 Residential	766 Residential	70 Residential	2083 Residential

		Effective Stake (%)		% of Completion	Expected Date of Completion	GFA (sqm)	No. of Units	Tenure (Years)	Tenure Expiry
Property	District								
China									
Shanghai									
The Paragon	Huangpu District	99.0				3,270 Commercial		70 Commercial	2072 Commercial
						45,893 Residential	178 Residential	70 Residential	2072 Residential
The Pinnacle	Pudong District	100.0				270 Commercial		40 Commercial	2048 Commercial
Shenyang									
Lake Botanica (Phase 2 to 3)	Yuhong District	60.0				5,644 Commercial		40 Commercial	2047 Commercial
						283,444 Residential	3,456 Residential	50 Residential	2057 Residential
Lake Botanica (Phase 4)	Yuhong District	60.0	A	95	2017	4,038 Commercial		40 Commercial	2047 Commercial
						137,458 Residential	1,472 Residential	50 Residential	2057 Residential
Lake Botanica (Phase 5 to 8)	Yuhong District	60.0	B		2022	45,351 Commercial		40 Commercial	2047 Commercial
						258,937 Residential	3,045 Residential	50 Residential	2057 Residential
Wuhan									
The Lakeside (Phase 1)	Caidian District	100.0				3,707 Commercial		40 Commercial	2050 Commercial
						89,144 Residential	1,040 Residential	70 Residential	2080 Residential
The Lakeside (Phase 2)	Caidian District	100.0	B		2019	126,500 Residential	1,228 Residential	70 Residential	2080 Residential
Wuxi									
Central Park City <sup>12</sup> (Phase 1)	Binhu District	15.0				3,415 Commercial		40 Commercial	2046 Commercial
						180,021 Residential	1,448 Residential	70 Residential	2076 Residential
Central Park City <sup>12</sup> (Phase 3)	Binhu District	15.0				1,980 Commercial		40 Commercial	2046 Commercial
						158,207 Residential	1,484 Residential	70 Residential	2076 Residential
Central Park City <sup>12</sup> (Phase 4)	Binhu District	15.0	B		2017	52,472 Commercial		40 Commercial	2046 Commercial
					2018	77,458 Residential	780 Residential	70 Residential	2076 Residential

# Residential

(as at 31 December 2016)

		Effective Stake (%)	% of Completion	Expected Date of Completion	GFA (sqm)	No. of Units	Tenure (Years)	Tenure Expiry
Property	District							
China								
Xi'an								
La Botanica (Phase 10 - 1R1 to 1R3, Phase 11 - 3R4, Phase 12 - 3R1, Phase 13 - 3R5, Phase 14 - 4R2)	Baqiao District	38.0 <sup>B</sup>		2023	116,840 Commercial		40 Commercial	2048 Commercial
					894,165 Residential	9,749 Residential	70 Residential	2078 Residential
La Botanica (Phase 2A - 2R8, Phase 5 - 2R6)	Baqiao District	38.0			167,193 Residential	1,044 Residential	70 Residential	2076 Residential
La Botanica (Phase 1A - 2R1, Phase 2K1, Phase 2R5C)	Baqiao District	38.0			17,304 Commercial		40 Commercial	2046 Commercial
La Botanica (Phase 3A - 3R3)	Baqiao District	38.0			5,307 Commercial		40 Commercial	2048 Commercial
La Botanica (Phase 4 - 4R1)	Baqiao District	38.0			5,473 Commercial		40 Commercial	2048 Commercial
					152,074 Residential	1,997 Residential	70 Residential	2078 Residential
La Botanica (Phase 6 - 2R2)	Baqiao District	38.0			3,441 Commercial		40 Commercial	2046 Commercial
					228,406 Residential	2,692 Residential	70 Residential	2076 Residential
La Botanica (Phase 7 - 2R4)	Baqiao District	38.0 <sup>A</sup>	38	2017	8,652 Commercial		40 Commercial	2046 Commercial
					154,453 Residential	1,619 Residential	70 Residential	2076 Residential
La Botanica (Phase 8 - 3K1)	Baqiao District	38.0 <sup>A</sup>	1	2019	3,616 Commercial		40 Commercial	2048 Commercial
La Botanica (Phase 8 - 3R2)	Baqiao District	38.0 <sup>A</sup>	2	2019	9,892 Commercial		40 Commercial	2048 Commercial
					187,056 Residential	1,703 Residential	70 Residential	2078 Residential
La Botanica (Phase 9 - 2R5)	Baqiao District	38.0 <sup>A</sup>	1	2019	13,370 Commercial		40 Commercial	2046 Commercial
					302,426 Residential	3,010 Residential	70 Residential	2076 Residential
China Total					7,817,825	68,618		



		Effective Stake (%)	% of Completion	Expected Date of Completion	GFA (sqm)	No. of Units	Tenure (Years)	Tenure Expiry
Property	District							
Malaysia								
Kuala Lumpur								
GenKL	Kuchai Lama	50.0 <sup>A</sup>	22	2019	63,119	332	Freehold	–
Malaysia Total					63,119	332		
Singapore								
Bedok Residences	Bedok North Drive	100.0			58,570	583	99	2110
Cairnhill Nine	Cairnhill Road	100.0			24,882	268	99	2113
d'Leedon	Leedon Heights	35.0			218,519	1,715	99	2109
Marine Blue	Marine Parade Road	100.0			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
Sky Vue	Bishan Street 15	75.0			55,016	694	99	2112
The Interlace	Depot Road	60.0			169,600	1,040	99	2108
The Nassim	Nassim Hill	100.0			15,942	55	Freehold	–
The Orchard Residences	Orchard Road	50.0			38,243	175	99	2105
Victoria Park Villas	Victoria Park Grove	100.0 <sup>A</sup>	63	2018	35,318	109	99	2112
Singapore Total					704,192	5,352		
Vietnam								
Hanoi								
Mulberry Lane	Ha Dong District	70.0	100		235,853	1,478	Freehold*	–
Seasons Avenue	Ha Dong District	35.0 <sup>A</sup>	52	2018	196,787	1,300	Freehold*	–
Ho Chi Minh City								
D1MENSION	District 1	100.0 <sup>A</sup>	26	2019	41,784	302	Freehold*	–
Feliz en Vista	District 2	80.0 <sup>A</sup>	7	2020	203,473	1,131	Freehold*	–
Kris Vue	District 2	47.5 <sup>A</sup>	49	2017	13,330	128	Freehold*	–
PARCSpring	District 2	47.5	100		38,597	402	Freehold*	–

# Residential

(as at 31 December 2016)

Property	District	Effective Stake (%)	% of Completion	Expected Date of Completion	GFA (sqm)	No. of Units	Tenure (Years)	Tenure Expiry
<b>Vietnam</b>								
<b>Ho Chi Minh City</b>								
Sparkle	Binh Chanh District	65.0 <sup>B</sup>		2019	74,562	896	Freehold*	–
The Krista	District 2	47.5	100		40,315	344	Freehold*	–
Vista Verde (Phase A)	District 2	30.0 <sup>A</sup>	85	2017	196,916	1,152	Freehold*	–
Vista Verde (Phases S and L)	District 2	30.0 <sup>B</sup>		2019	39,355	78	Freehold*	–
<b>Vietnam Total</b>					<b>1,080,972</b>	<b>7,211</b>		
<b>Grand Total</b>					<b>9,666,108</b>	<b>81,513</b>		

## Status

A Under Development

B Future Development

## Notes

- 0 Liangcang: Land title not yet obtained.
- 1 Several land titles with expiry dates between 2029 and 2037, each renewable upon application.
- 2 Held through CapitaLand Malaysia Mall Trust.
- 3 Held through CapitaLand Mall Trust.
- 4 Held through CapitaLand Commercial Trust.
- 5 Held through CapitaLand Retail China Trust.
- 6 Mall in Cochin is held through a combination of equity and debentures.
- 7 ION Orchard and ION Orchard Link are parts of the same project.
- 8 Includes CapitaLand's stake not held through CapitaLand Commercial Trust.
- 9 Held through Ascott Residence Trust (Ascott Reit).
- 10 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.
- 11 The leasehold title takes into account the right of the President of the Republic of Singapore, as lessor under the State Lease, to terminate the State Lease on 1 April 2019 upon payment of S\$6,610,208.53 plus accrued interest.
- 12 CapitaLand has entered into an agreement to divest its indirect stakes in the projects, namely Central Park City in Wuxi and The Botanica in Chengdu, and the divestment is expected to complete in 2017.

\* 50-year leasehold applicable to foreigners.

~ For China integrated developments and 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 2016.

In our opinion:

- (a) the financial statements set out on pages 112 to 226 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 2016 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  
 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  
 Chaly Mah Chee Kheong (appointed on 1 February 2017)

### 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, spouse and/or infant children	
	At beginning of the year	At end of the year
<b>The Company</b>		
<b>Ordinary shares</b>		
Ng Kee Choe	147,679	221,225
Lim Ming Yan	1,616,748	1,940,918
John Powell Morschel	71,452	89,289
Simon Claude Israel	122,241	141,931
Euleen Goh Yiu Kiang	61,731	81,107
Tan Sri Amirsham Bin A Aziz	47,880	70,826
Stephen Lee Ching Yen	30,254	45,990
Dr Philip Nalliah Pillai	9,365	25,086
Kee Teck Koon	3,219	18,662

## Directors' Statement

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

		Holdings in the name of the director, spouse and/or infant children	
		At beginning of the year	At end of the year
<b>The Company (continued)</b>			
<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>	— <sup>†</sup>
<sup>†</sup> No share was released under the 2013 award			
<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>	0 to 647,746 <sup>3</sup>
<b>Contingent award of Performance shares<sup>1</sup> to be delivered after 2018</b>			
Lim Ming Yan	(420,507 shares)	—	0 to 841,014 <sup>3</sup>
<b>Unvested Restricted shares<sup>2</sup> to be delivered after 2013</b>			
Lim Ming Yan		55,160 <sup>6</sup>	—
<b>Unvested Restricted shares<sup>2</sup> to be delivered after 2014</b>			
Lim Ming Yan		137,671 <sup>5,7</sup>	68,836 <sup>5,6</sup>
<b>Unvested Restricted shares<sup>2</sup> to be delivered after 2015</b>			
Lim Ming Yan		0 to 254,208 <sup>4,5</sup>	123,037 <sup>5,7</sup>
<b>Contingent award of Restricted shares<sup>2</sup> to be delivered on 1 March 2016</b>			
Lim Ming Yan		131,578 <sup>8</sup>	— <sup>^</sup>
<sup>^</sup> During the year, 138,657 shares were released			
<b>Contingent award of Restricted shares<sup>2</sup> to be delivered after 2016</b>			
Lim Ming Yan	(209,908 shares)	—	0 to 314,862 <sup>4,5</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 2013 and 2014, the maximum is 175% and 170% of the baseline award respectively. For awards granted in 2015 and 2016, the maximum is 200% of the baseline award.
- <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.
- <sup>5</sup> 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>6</sup> Being the unvested one-third of the award.
- <sup>7</sup> Being the unvested two-thirds of the award.
- <sup>8</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 the three-year period and deemed forgone due to the vesting mechanism of the CapitaLand Restricted Share Plan 2010, will also be released.

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 date of appointment, if later) 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 2017.

### 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 outstanding options under ESOP have lapsed on 1 September 2016.

The ERCC has instituted a set of share ownership guidelines for members of senior management who receive shares under the PSP 2010 and the RSP 2010. Under these guidelines, members of senior management 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 (per share)	Number of shares issued
CapitaLand Limited	\$3.18	64,882

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

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

Participants	Aggregate options granted since the commencement of the ESOP	Aggregate options exercised	Aggregate options lapsed/cancelled	Aggregate options outstanding
Directors of the Company	1,871,838	(1,871,838)	–	–
Former directors of the Company/ Non-executive directors of subsidiaries	18,489,070	(17,732,660)	(756,410)	–
Group executives (excluding Lim Ming Yan)	136,418,917	(97,167,620)	(39,251,297)	–
Parent group executives and others	2,662,482	(2,232,834)	(429,648)	–
<b>Total</b>	<b>159,442,307</b>	<b>(119,004,952)</b>	<b>(40,437,355)</b>	<b>–</b>

All outstanding options under the ESOP have lapsed on 1 September 2016.

#### (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 2013 and 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	
	2013 grant	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		

## 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 (continued)

For grants made in 2015 and 2016, 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 2018 (2015: 2017)	

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 1 January 2016		Granted		Lapsed/ Cancelled	
	No. of holders	No. of shares	No. of shares	No. of shares	No. of holders	No. of shares
2013	65	2,989,970	–	(2,989,970)	–	–
2014	72	3,697,420	–	(160,710)	67	3,536,710
2015	80	3,343,728	–	(102,105)	76	3,241,623
2016	–	–	4,380,753	(123,249)	77	4,257,504
		10,031,118	4,380,753	(3,376,034)		11,035,837

#### (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.

## 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)

For grants made in 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 to 2016, 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 operating earnings before interest and tax	0% to 150% of baseline award
2. Group's operating return on equity	
	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

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

Year of Award	Balance as at 1 January 2016		Movements during the year			Balance as at 31 December 2016	
	No. of holders	No. of shares	Granted	Released*	Lapsed/ Cancelled	No. of holders	No. of shares
			No. of shares	No. of shares	No. of shares		
2013	567	2,319,331	39,640 <sup>^</sup>	(2,342,367)	(16,604)	–	–
2014	1,295	6,328,250	–	(2,999,066)	(243,373)	1,164	3,085,811
2015	1,573	9,206,698	805,575	(3,282,106)	(588,437)	1,405	6,141,730
2016	–	–	12,233,681	(200,295)	(716,615)	1,616	11,316,771
		17,854,279	13,078,896	(8,823,834)	(1,565,029)		20,544,312

\* The number of shares released during the year was 8,823,834, of which 730,948 were cash-settled.

<sup>^</sup> Relates to the additional number of shares awarded at the end of the final vesting period in respect of the Strategic Transformational Incentive Award equals to the value of the accumulated dividends which were declared during the three-year period and deemed forgone due to the vesting mechanism of the Plan.

## 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 2016, the number of shares in awards granted under the RSP 2010 was as follows:

	Equity-settled	Cash-settled	Total
Final number of shares has not been determined (baseline award) <sup>#</sup>	9,286,615	2,030,156	11,316,771
Final number of shares determined but not released	8,299,032	928,509	9,227,541
	17,585,647	2,958,665	20,544,312

<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), 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 adequacy and effectiveness 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 or any person may raise improprieties to the Audit Committee Chairman in good faith, with the confidence that employees or any person making such reports will be treated fairly and be protected from reprisal.

The Audit Committee met 4 times in 2016. 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.

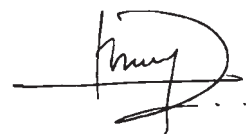
### Auditors

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

## Report on the audit of the financial statements

### Opinion

We have audited the 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 2016, 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 112 to 226.

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 (the Act) 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 2016 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 *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 and a slowdown in economic activity, 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 the properties are sold.

#### Our response:

We challenged the Group's forecast selling prices by comparing the forecast selling prices 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.

## Independent Auditors' Report

To the members of CapitaLand Limited

### 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.

### 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 S\$19.0 billion as at 31 December 2016.

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 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 valuations to supporting leases and other documents. We challenged the capitalisation, discount and terminal yield rates used in the valuations 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 disclosures 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 disclosures in the financial statements are appropriate.

# Independent Auditors’ Report

To the members of CapitaLand Limited

## 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 relationship 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 for accounting for the Group’s interests in these REITs are appropriate.

### Other information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditors’ report thereon.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### 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.

# Independent Auditors' Report

To the members of CapitaLand Limited

## 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 controls.
- Obtain an understanding of internal controls 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 controls.
- 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.

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 controls 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 the law or regulations preclude 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.

# Independent Auditors' Report

To the members of CapitaLand Limited

## 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**

1 March 2017

# Balance Sheets

As at 31 December 2016

		The Group		The Company	
		31 December 2016	31 December 2015	31 December 2016	31 December 2015
	Note	\$'000	\$'000	\$'000	\$'000
<b>Non-current assets</b>					
Property, plant and equipment	3	781,431	808,331	29,146	14,391
Intangible assets	4	441,835	461,058	147	147
Investment properties	5	18,998,389	19,427,532	–	–
Subsidiaries	6	–	–	12,246,583	12,944,900
Associates	7	8,052,412	8,174,943	–	–
Joint ventures	8	4,564,845	4,683,185	–	–
Deferred tax assets	9	227,815	172,279	397	731
Other non-current assets	10(a)	908,789	698,738	–	–
		33,975,516	34,426,066	12,276,273	12,960,169
<b>Current assets</b>					
Development properties for sale and stocks	11	4,837,081	6,936,309	–	–
Trade and other receivables	12	1,858,809	1,424,438	1,113,211	398,489
Other current assets	10(b)	2,134	8,292	–	–
Assets held for sale	15	274,602	84,207	–	–
Cash and cash equivalents	16	4,792,629	4,173,281	7,791	9,249
		11,765,255	12,626,527	1,121,002	407,738
<b>Less: current liabilities</b>					
Trade and other payables	17	4,685,037	4,063,476	127,793	199,300
Short term bank borrowings	19	710,642	1,762,483	–	–
Current portion of debt securities	20	1,662,786	483,887	683,312	184,250
Current tax payable		650,669	620,472	2,602	2,634
Liabilities held for sale	15	19,263	–	–	–
		7,728,397	6,930,318	813,707	386,184
<b>Net current assets</b>					
		4,036,858	5,696,209	307,295	21,554
<b>Less: non-current liabilities</b>					
Long term bank borrowings	19	6,636,938	6,772,452	–	–
Debt securities	20	5,842,010	7,039,658	2,045,746	2,704,520
Deferred tax liabilities	9	725,214	784,702	9,692	13,883
Other non-current liabilities	21	507,737	587,801	4,272	9,623
		13,711,899	15,184,613	2,059,710	2,728,026
<b>Net assets</b>					
		24,300,475	24,937,662	10,523,858	10,253,697
Representing:					
Share capital	23	6,309,496	6,309,289	6,309,496	6,309,289
Revenue reserves		11,029,084	10,305,191	4,159,919	3,817,479
Other reserves	24	266,265	1,290,826	54,443	126,929
<b>Equity attributable to owners of the Company</b>					
		17,604,845	17,905,306	10,523,858	10,253,697
<b>Non-controlling interests</b>					
		6,695,630	7,032,356	–	–
<b>Total equity</b>					
		24,300,475	24,937,662	10,523,858	10,253,697

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



# Income Statements

Year ended 31 December 2016

	Note	The Group		The Company	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>Revenue</b>	26	5,252,334	4,761,854	829,119	965,375
Cost of sales		(3,654,454)	(3,286,837)	–	–
Gross profit		1,597,880	1,475,017	829,119	965,375
Other operating income	27(a)	489,031	545,816	91,593	130,107
Administrative expenses		(394,367)	(401,963)	(131,483)	(115,988)
Other operating expenses		(40,808)	(28,863)	(20,709)	(8,436)
<b>Profit from operations</b>		1,651,736	1,590,007	768,520	971,058
<b>Finance costs</b>	27(d)	(452,621)	(477,267)	(94,170)	(107,285)
<b>Share of results (net of tax) of:</b>					
- associates		437,458	462,276	–	–
- joint ventures		270,330	263,743	–	–
		707,788	726,019	–	–
<b>Profit before tax</b>	27	1,906,903	1,838,759	674,350	863,773
<b>Tax expense</b>	28	(402,634)	(343,503)	3,857	13,968
<b>Profit for the year</b>		1,504,269	1,495,256	678,207	877,741
<b>Attributable to:</b>					
Owners of the Company		1,190,341	1,065,650	678,207	877,741
Non-controlling interests		313,928	429,606	–	–
<b>Profit for the year</b>		1,504,269	1,495,256	678,207	877,741
<b>Basic earnings per share (cents)</b>	29	28.0	25.0		
<b>Diluted earnings per share (cents)</b>	29	26.3	23.7		

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

# Statements of Comprehensive Income

Year ended 31 December 2016

	Note	The Group		The Company	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Profit for the year		1,504,269	1,495,256	678,207	877,741
<b>Other comprehensive income:</b>					
<b><i>Items that may be reclassified</i></b>					
<b><i>subsequently to profit or loss</i></b>					
Exchange differences arising from translation of foreign operations and foreign currency loans forming part of net investment in foreign operations		(580,432)	643,935	–	–
Change in fair value of available-for-sale investments		22,665	(8,567)	–	–
Effective portion of change in fair value of cash flow hedges		(11,374)	32,784	–	–
Share of other comprehensive income of associates and joint ventures		(574,476)	(75,911)	–	–
<b>Total other comprehensive income for the year, net of tax</b>	25	(1,143,617)	592,241	–	–
<b>Total comprehensive income for the year</b>		360,652	2,087,497	678,207	877,741
<b>Attributable to:</b>					
Owners of the Company		194,671	1,657,736	678,207	877,741
Non-controlling interests		165,981	429,761	–	–
<b>Total comprehensive income for the year</b>		360,652	2,087,497	678,207	877,741

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

# Statements of Changes in Equity

Year ended 31 December 2016

	Attributable to owners of the Company				Non-controlling interests \$'000	Total equity \$'000
	Share capital \$'000	Revenue reserves \$'000	Other reserves \$'000	Total \$'000		
<b>The Group</b>						
<b>At 1 January 2016</b>	6,309,289	10,305,191	1,290,826	17,905,306	7,032,356	24,937,662
<b>Total comprehensive income</b>						
Profit for the year	–	1,190,341	–	1,190,341	313,928	1,504,269
<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	–	–	(423,695)	(423,695)	(156,737)	(580,432)
Change in fair value of available-for-sale investments	–	–	14,432	14,432	8,233	22,665
Effective portion of change in fair value of cash flow hedges	–	–	(15,378)	(15,378)	4,004	(11,374)
Share of other comprehensive income of associates and joint ventures	–	–	(571,029)	(571,029)	(3,447)	(574,476)
Total other comprehensive income, net of tax	–	–	(995,670)	(995,670)	(147,947)	(1,143,617)
<b>Total comprehensive income</b>	–	1,190,341	(995,670)	194,671	165,981	360,652
<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	207	–	–	207	–	207
Purchase of treasury shares	–	–	(56,839)	(56,839)	–	(56,839)
Issue of treasury shares	–	–	552	552	–	552
Contributions from non-controlling interests (net)	–	–	–	–	112,635	112,635
Redemption of convertible bonds	–	17,924	(17,924)	–	–	–
Dividends paid/payable	–	(383,034)	–	(383,034)	(351,021)	(734,055)
Distribution attributable to perpetual securities issued by a subsidiary	–	(8,454)	–	(8,454)	(10,800)	(19,254)
Reclassification of equity compensation reserve	–	50,535	(50,535)	–	–	–
Share-based payments	–	–	41,311	41,311	689	42,000
<b>Total contributions by and distributions to owners</b>	207	(323,029)	(83,435)	(406,257)	(248,497)	(654,754)
Changes in ownership interests in subsidiaries with a change in control	–	–	–	–	(97,323)	(97,323)
Changes in ownership interests in subsidiaries with no change in control	–	(106,256)	14,815	(91,441)	(155,703)	(247,144)
Share of reserves of associates and joint ventures	–	(14,479)	15,490	1,011	–	1,011
Others	–	(22,684)	24,239	1,555	(1,184)	371
Total changes in ownership interests in subsidiaries and other capital transactions	–	(143,419)	54,544	(88,875)	(254,210)	(343,085)
<b>Total transactions with owners</b>	207	(466,448)	(28,891)	(495,132)	(502,707)	(997,839)
<b>At 31 December 2016</b>	6,309,496	11,029,084	266,265	17,604,845	6,695,630	24,300,475

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

# Statements of Changes in Equity

Year ended 31 December 2016

	Attributable to owners of the Company				Non-controlling interests \$'000	Total equity \$'000
	Share capital \$'000	Revenue reserves \$'000	Other reserves \$'000	Total \$'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)
Reclassification of equity compensation reserve	–	18,613	(18,613)	–	–	–
Share-based payments	–	–	32,765	32,765	164	32,929
<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)
Total changes in ownership interests in subsidiaries and other capital transactions	–	(56,333)	18,525	(37,808)	151,908	114,100
<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 2016

	Attributable to owners of the Company					Total equity \$'000
	Share capital \$'000	Revenue reserves \$'000	Reserve for own shares \$'000	Capital reserves \$'000	Equity compensation reserve \$'000	
<b>The Company</b>						
<b>At 1 January 2016</b>	6,309,289	3,817,479	(72,720)	162,277	37,372	10,253,697
<b>Total comprehensive income</b>						
Profit for the year	–	678,207	–	–	–	678,207
<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	207	–	–	–	–	207
Issue of treasury shares	–	–	22,339	–	(2,933)	19,406
Dividends paid	–	(383,034)	–	–	–	(383,034)
Share-based payments	–	–	–	–	12,214	12,214
Reclassification of equity compensation reserve	–	29,343	–	–	(29,343)	–
Purchase of treasury shares	–	–	(56,839)	–	–	(56,839)
Redemption of convertible bonds	–	17,924	–	(17,924)	–	–
<b>Total transactions with owners</b>	207	(335,767)	(34,500)	(17,924)	(20,062)	(408,046)
<b>At 31 December 2016</b>	6,309,496	4,159,919	(107,220)	144,353	17,310	10,523,858
<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

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

# Consolidated Statement of Cash Flows

Year ended 31 December 2016

	2016 \$'000	2015 \$'000
<b>Cash flows from operating activities</b>		
Profit after tax	1,504,269	1,495,256
Adjustments for:		
Allowance for/(Write-back of):		
- doubtful receivables	1,432	839
- foreseeable losses	4,939	168,260
- impairment loss on financial assets	7,298	–
- impairment on interests in associates and joint ventures	4,833	(8,223)
- impairment on property, plant and equipment	5,076	–
- impairment of intangible assets	13,751	–
Amortisation of intangible assets	2,959	2,699
Depreciation of property, plant and equipment	65,983	73,183
Finance costs	452,621	477,267
Gain on repurchase of convertible bonds	–	(19,783)
Gain from bargain purchase	(23)	(1,239)
Loss on disposal and write off of property, plant and equipment	759	5,978
Loss/(Gain) on disposal of investment properties	3,879	(10,901)
Interest income	(51,780)	(55,634)
Net change in fair value of investment properties and assets held for sale	(287,561)	(409,660)
Fair value gain arising from change in use of development projects	–	(207,953)
Net change in fair value of financial instruments	(2,577)	(1,827)
Net (gain)/loss on disposal/liquidation/dilution of equity investments and other financial assets	(62,167)	18,298
Share of results of associates and joint ventures	(707,788)	(726,019)
Share-based expenses	46,800	35,342
Tax expense	402,634	343,503
	(98,932)	(315,870)
<b>Operating profit before working capital changes</b>	<b>1,405,337</b>	<b>1,179,386</b>
Changes in working capital:		
Trade and other receivables	(126,764)	(217,780)
Development properties for sale	1,802,030	953,195
Trade and other payables	570,016	825,833
Restricted bank deposits	4,440	(13,198)
	2,249,722	1,548,050
Cash generated from operations	3,655,059	2,727,436
Income tax paid	(349,843)	(260,791)
<b>Net cash generated from operating activities</b>	<b>3,305,216</b>	<b>2,466,645</b>

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

# Consolidated Statement of Cash Flows

Year ended 31 December 2016

	Note	2016 \$'000	2015 \$'000
<b>Cash flows from investing activities</b>			
Acquisition/Development expenditure of investment properties		(717,587)	(937,252)
Acquisition of subsidiaries, net of cash acquired	31(b)	(182,353)	61,963
Repayment from investee companies and other receivables		22,194	–
Deposits placed for new investments		(383,897)	(140,800)
Disposal of subsidiaries, net of cash disposed of	31(d)	171,152	301,876
Dividends received from associates and joint ventures		392,664	393,714
Interest income received		109,158	49,893
Repayment of loans by associates and joint ventures		426,972	304,983
Proceeds from disposal of investment properties and assets held for sale		153,773	58,439
Proceeds from disposal of property, plant and equipment		791	1,633
Proceeds from disposal of associates, joint ventures and other financial assets		1,443	142,215
Purchase of property, plant and equipment		(75,941)	(64,018)
Settlement of hedging instruments		10,254	(18,569)
<b>Net cash (used in)/generated from investing activities</b>		(71,377)	154,077
<b>Cash flows from financing activities</b>			
Repayment of shareholder loans from non-controlling interests		(207,310)	(38,944)
Contributions from non-controlling interests		106,356	85,975
Dividends paid to non-controlling interests		(368,721)	(342,815)
Dividends paid to shareholders		(383,034)	(384,068)
Interest expense paid		(506,126)	(520,518)
Payments for acquisition of ownership interests in subsidiaries with no change in control		(235,057)	(6,386)
Proceeds from issue of perpetual securities		–	247,226
Proceeds from bank borrowings		3,851,186	4,466,575
Proceeds from issue of debt securities and convertible bonds		302,214	1,130,672
Proceeds from issue of shares under options		105	4,509
Purchase of treasury shares		(56,839)	(55,281)
Repayments of finance lease payables		(2,954)	(2,799)
Repayments of bank borrowings		(4,573,967)	(4,347,921)
Repayments of debt securities and convertible bonds		(388,392)	(1,485,890)
Bank deposits withdrawn as pledge for bank facilities		663	36,542
<b>Net cash used in financing activities</b>		(2,461,876)	(1,213,123)
<b>Net increase in cash and cash equivalents</b>		771,963	1,407,599
Cash and cash equivalents at beginning of the year		4,153,301	2,706,073
Effect of exchange rate changes on cash balances held in foreign currencies		(128,634)	39,629
Cash and cash equivalents reclassified to assets held for sale	15	(18,878)	–
<b>Cash and cash equivalents at end of the year</b>	16	4,777,752	4,153,301

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 1 March 2017.

## 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 real estate assets.

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 3(b), 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 2.2(a), Note 32	–	recognition of acquisitions as business combinations or asset acquisitions

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 2016. The adoption of these standards did not have any significant 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.

Goodwill arising from business combinations are measured as described in note 2.5(a).

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, other contingent consideration is re-measured at fair value at each reporting date and 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.

#### Business combinations and property acquisitions

Where a property is acquired, via corporate acquisitions or otherwise, management considers the substance of the assets and activities of the acquired entity in determining whether the acquisition represents the acquisition of a business.

The Group accounts for an acquisition as business combination where an integrated set of activities is acquired in addition to the property. More specifically, consideration is made of the extent to which significant processes are acquired (e.g. maintenance and serviced residence operations, etc.).

When acquisition of an asset or a group of assets does not constitute a business combination, it is treated as property acquisition. In such cases, the individual identifiable assets acquired and liabilities assumed are recognised. The acquisition cost shall be allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of acquisition. Such a transaction does not give rise to goodwill.

## 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. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

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.

# Notes to the Financial Statements

## 2 Summary of Significant Accounting Policies (continued)

### 2.2 Basis of consolidation (continued)

#### (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.

### 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 translated 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 translated 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 translation are recognised in the profit or loss, except for differences arising from the translation 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 reporting date.

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 of 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 of 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 of 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.

## Notes to the Financial Statements

### 2 Summary of Significant Accounting Policies (continued)

#### 2.3 Foreign currencies (continued)

##### **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.

#### 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.

# Notes to the Financial Statements

## 2 Summary of Significant Accounting Policies (continued)

### 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. Negative goodwill is credited to the profit or loss in the period of the acquisition. 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.

Goodwill is tested annually for impairment as described in note 2.11.

#### (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 (note 2.2(a)).

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 of, 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.

## Notes to the Financial Statements

### 2 Summary of Significant Accounting Policies (continued)

#### 2.6 *Investment properties and investment properties under development* (continued)

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.

#### 2.7 *Non-current assets held for sale*

Non-current assets comprising assets and liabilities, that are highly probable 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 and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Intangible assets and property, plant and equipment classified as held for sale are not amortised or depreciated. In addition, equity accounting of associates and joint ventures ceases once the investments are classified as held for sale.

#### 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.



# Notes to the Financial Statements

## 2 Summary of Significant Accounting Policies (continued)

### 2.8 Financial instruments (continued)

#### (a) Non-derivative financial assets (continued)

##### Available-for-sale financial assets

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).

##### 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.

A financial liability is classified as fair value through profit or loss if it is classified as held for trading or is designated as such on initial recognition. Directly attributable transaction costs are recognised in profit or loss as incurred. Financial liabilities at fair value through profit or loss are measured at fair value and changes therein, including any interest expense, are recognised in profit or loss.

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.

## Notes to the Financial Statements

### 2 Summary of Significant Accounting Policies (continued)

#### 2.8 Financial instruments (continued)

##### (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.

##### **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 translation 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 of, the cumulative amount in other comprehensive income is transferred to the profit or loss.

# 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)

##### **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.

#### (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 of the convertible bonds issued (including any directly attributable transaction costs) 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, the carrying amount of the liability and equity components will be transferred to the share capital. When the conversion option lapses, the carrying amount of the equity component 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 convertible bond 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.

## Notes to the Financial Statements

### 2 Summary of Significant Accounting Policies (continued)

#### 2.8 Financial instruments (continued)

##### (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.

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.

# Notes to the Financial Statements

## 2 Summary of Significant Accounting Policies (continued)

### 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.

### 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.

## Notes to the Financial Statements

### 2 Summary of Significant Accounting Policies (continued)

#### 2.11 Impairment of non-financial assets (continued)

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.

#### 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 value.

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 in profit or loss 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.

# Notes to the Financial Statements

## 2 Summary of Significant Accounting Policies (continued)

### 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.

### 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.



## Notes to the Financial Statements

### 2 Summary of Significant Accounting Policies (continued)

#### 2.15 Revenue recognition (continued)

##### *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, the revenue will be recognised upon the transfer of title to the purchasers. For 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.

##### *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. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

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.

# Notes to the Financial Statements

## 2 Summary of Significant Accounting Policies (continued)

### 2.17 Tax (continued)

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.

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.

## Notes to the Financial Statements

### 2 Summary of Significant Accounting Policies (continued)

#### 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.

#### 2.21 New standards and interpretations not adopted

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2016 and earlier application is permitted; however, the Group has not early applied the following new or amended standards in preparing these statements.

For those new standards and amendments to standards that are expected to have an effect on the financial statements of the Group and the Company in future financial periods, the Group assessed the transition options and the potential impact on its financial statements, and to implement these standards. Management provides updates to the Board of Directors on the progress of implementing these standards. These updates cover project implementation status, key reporting and business risks and the implementation approach.

#### Summary of the requirements

#### Potential impact on the financial statements

##### FRS 115 Revenue from Contracts with Customers

FRS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also establishes principles to report useful information about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. In addition, 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 115 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted.

During 2016, the Group completed its initial assessment of the impact on the Group's financial statements.

Based on its initial assessment, the Group does not expect significant changes to the basis of revenue recognition for its development projects in Singapore and overseas.

Significant financing component - There could be deemed financing component arising from the sale of development projects in China due to cash received in advance from the buyer prior to the handing over of the units. Any deemed interest cost would be capitalised as part of the development costs and recognised as cost of sales when the units are handed over to the buyers.

Transition - The Group plans to adopt the standard when it becomes effective in 2018 using the full retrospective approach. The Group is currently performing a detailed analysis under FRS 115 to determine its election of the practical expedients and to quantify the transition adjustments on its financial statements.

# Notes to the Financial Statements

## 2 Summary of Significant Accounting Policies (continued)

### 2.21 New standards and interpretations not adopted (continued)

Summary of the requirements	Potential impact on the financial statements
<p><b>FRS 109 Financial Instruments</b></p> <p>FRS 109 replaces most of the existing guidance in FRS 39 <i>Financial Instruments: Recognition and Measurement</i>. It includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from FRS 39.</p> <p>FRS 109 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. Retrospective application is generally required, except for hedge accounting. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. Restatement of comparative information is not mandatory. If comparative information is not restated, the cumulative effect is recorded in opening equity as at 1 January 2018.</p>	<p>During 2016, the Group completed its initial assessment of the impact on the Group's financial statements.</p> <p>Overall, the Group does not expect a significant change to the measurement basis arising from adopting the new classification and measurement model under FRS 109.</p> <p>Loans and receivables currently accounted for at amortised cost will continue to be accounted for using amortised cost model under FRS 109.</p> <p>For financial assets currently held at fair value, the Group expects to continue measuring most of these assets at fair value under FRS 109.</p> <p>Impairment – The Group plans to apply the simplified approach and record lifetime expected impairment losses on all trade receivables. On adoption of FRS 109, the Group does not expect a significant increase in the impairment loss allowance.</p> <p>Hedge accounting – The Group expects that all its existing hedges that are designated in effective hedging relationship will continue to qualify for hedge accounting under FRS 109. The relaxation of hedge accounting rules is likely to present more opportunities for the Group to adopt hedge accounting.</p> <p>Transition - The Group plans to adopt the standard when it becomes effective in 2018 without restating comparative information; and is gathering data to quantify the potential impact arising from the adoption.</p>

## Notes to the Financial Statements

### 2 Summary of Significant Accounting Policies (continued)

#### 2.21 New standards and interpretations not adopted (continued)

##### **Convergence with International Financial Reporting Standards (IFRS)**

In addition, the Accounting Standards Council (ASC) announced on 29 May 2014 that Singapore-incorporated companies listed on the Singapore Exchange (SGX) will apply a new financial reporting framework identical to the International Financial Reporting Standards (referred to as SG-IFRS in these financial statements) for the financial year ending 31 December 2018 onwards.

The Group has performed a preliminary assessment of the impact of SG-IFRS 1 *First-time adoption of International Financial Reporting Standards* for the transition to the new reporting framework. Based on the Group's preliminary assessment, the Group expects that the impact on adoption of SG-IFRS 15 *Revenue from Contracts with Customers* and SG-IFRS 9 *Financial Instruments* will be similar to adopting FRS 115 and FRS 109 as described in this Note.

Other than arising from the adoption of new and revised standards, the Group does not expect to change its existing accounting policies on adoption of the new framework.

The Group is currently performing a detailed analysis of the available policy choices, transitional optional exemptions and transitional mandatory exceptions under SG-IFRS 1 and the preliminary assessment may be subject to changes arising from the detailed analyses.

Summary of the requirements	Potential impact on the financial statements
<p><b>FRS 116 Leases</b></p> <p>FRS 116 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use (ROU) assets and financial liabilities to pay rentals with a term of more than 12 months, unless the underlying asset is of low value.</p> <p>FRS 116 substantially carries forward the lessor accounting requirements in FRS 17 <i>Leases</i>. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for these two types of leases using the FRS 17 operating lease and finance lease accounting models respectively. However, FRS 116 requires more extensive disclosures to be provided by a lessor.</p> <p>When effective, FRS 116 replaces existing lease accounting guidance, including FRS 17, INT FRS 104 <i>Determining whether an Arrangement contains a Lease</i>, INT FRS 15 <i>Operating Leases – Incentives</i>, and INT FRS 27 <i>Evaluating the Substance of Transactions Involving the Legal Form of a Lease</i>.</p> <p>FRS 116 is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted if FRS 115 is also applied.</p>	<p>The Group has performed a preliminary assessment of the new standard on its existing operating lease arrangements as a lessee. Based on the preliminary assessment, the Group has certain serviced residences, retail malls and other facilities where there are operating leases for the land.</p> <p>The Group expects these operating leases to be recognised as ROU assets with corresponding lease liabilities under the new standard. This would increase the gearing ratio of the Group.</p> <p>Management continues to assess the option of early adoption of FRS 116 or to adopt the standard when it becomes effective in 2019. The Group will perform a detailed analysis of the standard, including the transition options and practical expedients in 2017.</p> <p>The Group expects that the impact on adoption of IFRS 16 <i>Leases</i> to be similar to adopting SG-FRS 116, after the transition to SG-IFRS in 2018 as described above.</p>

## Notes to the Financial Statements

### 3 Property, Plant and Equipment

	Note	Serviced residence properties \$'000	Other leasehold buildings \$'000	Plant, machinery and improvements \$'000	Motor vehicles \$'000	Furniture, fittings and equipment \$'000	Assets under construction \$'000	Total \$'000
<b>The Group</b>								
<b>Cost</b>								
At 1 January 2016		336,437	280,872	63,527	3,553	431,389	19,162	1,134,940
Translation differences		(54,687)	11	(785)	(148)	(8,848)	(264)	(64,721)
Additions		2,285	113	3,020	260	37,442	32,752	75,872
Acquisition of subsidiaries		–	21,398	–	–	9,261	–	30,659
Disposal of subsidiaries		–	–	–	–	(2,172)	–	(2,172)
Disposals/Written off		–	–	(855)	(647)	(13,662)	(1,031)	(16,195)
Reclassification from/(to) other category of assets		–	–	19	–	(1,782)	(1,718)	(3,481)
Reclassifications		–	–	1,598	–	10,267	(11,865)	–
At 31 December 2016		284,035	302,394	66,524	3,018	461,895	37,036	1,154,902
<b>Accumulated depreciation and impairment loss</b>								
At 1 January 2016		–	25,104	34,114	2,358	265,033	–	326,609
Translation differences		(289)	4	(172)	(84)	(6,158)	–	(6,699)
Depreciation for the year	27(c)(ii)	–	5,292	9,300	488	50,903	–	65,983
Impairment		5,076	–	–	–	–	–	5,076
Disposal of subsidiaries		–	–	–	–	(1,339)	–	(1,339)
Disposals/Written off		–	–	(802)	(596)	(11,678)	–	(13,076)
Reclassification to other category of assets		–	–	–	–	(3,083)	–	(3,083)
Reclassifications		–	–	(29)	–	29	–	–
At 31 December 2016		4,787	30,400	42,411	2,166	293,707	–	373,471
<b>Carrying amounts</b>								
At 1 January 2016		336,437	255,768	29,413	1,195	166,356	19,162	808,331
At 31 December 2016		279,248	271,994	24,113	852	168,188	37,036	781,431

## Notes to the Financial Statements

### 3 Property, Plant and Equipment (continued)

	Note	Serviced residence properties \$'000	Other leasehold buildings \$'000	Plant, machinery and improvements \$'000	Motor vehicles \$'000	Furniture, fittings and equipment \$'000	Assets under construction \$'000	Total \$'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 from/(to) other 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 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	27(c)(ii)	–	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 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)

- As at 31 December 2016, certain property, plant and equipment with carrying value totalling approximately \$280.0 million (2015: \$337.8 million) were mortgaged to banks to secure credit facilities for the Group (note 19).
- 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. In 2015, the Group evaluated and reclassified two serviced residence properties to investment properties.
- 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 property located in United Kingdom.	Discounted cashflow approach	<ul style="list-style-type: none"> <li>- Discount rate: 2016: 6.5% (2015: 7.5%)</li> <li>- Terminal yield rate: 2016: 4.5% (2015: 4.5%)</li> <li>- RevPau: 2016: \$330 (2015: \$377)</li> <li>- Occupancy Rate: 2016: 84.0% (2015: 84.0%)</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)

	Note	Renovations and improvements \$'000	Furniture, fittings and equipment \$'000	Motor vehicles \$'000	Assets under construction \$'000	Total \$'000
<b>The Company</b>						
<b>Cost</b>						
At 1 January 2016		2,169	43,266	354	–	45,789
Additions		205	3,142	–	17,863	21,210
Disposals/Written off		–	(516)	–	–	(516)
At 31 December 2016		2,374	45,892	354	17,863	66,483
<b>Accumulated depreciation and impairment loss</b>						
At 1 January 2016		957	30,180	261	–	31,398
Depreciation for the year	27(c)(ii)	734	5,646	71	–	6,451
Disposals/Written off		–	(512)	–	–	(512)
At 31 December 2016		1,691	35,314	332	–	37,337
<b>Carrying amounts</b>						
At 1 January 2016		1,212	13,086	93	–	14,391
At 31 December 2016		683	10,578	22	17,863	29,146
<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	27(c)(ii)	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

## Notes to the Financial Statements

### 4 Intangible Assets

	Note	Goodwill \$'000	Others <sup>^</sup> \$'000	Total \$'000
<b>The Group</b>				
<b>Cost</b>				
At 1 January 2016		513,213	42,223	555,436
Additions		–	383	383
Written off		–	(5)	(5)
Translation differences		(2,487)	32	(2,455)
At 31 December 2016		510,726	42,633	553,359
<b>Accumulated amortisation and impairment loss</b>				
At 1 January 2016		64,713	29,665	94,378
Amortisation for the year	27(c)(ii)	–	2,959	2,959
Impairment for the year	27(c)(iii)	13,715	36	13,751
Written off		–	(5)	(5)
Translation differences		450	(9)	441
At 31 December 2016		78,878	32,646	111,524
<b>Carrying amounts</b>				
At 1 January 2016		448,500	12,558	461,058
At 31 December 2016		431,848	9,987	441,835
<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

<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)

	Goodwill \$'000	Others <sup>^</sup> \$'000	Total \$'000
<b>The Company</b>			
<b>Cost and carrying amount</b>			
At 1 January 2015 and 31 December 2015	–	147	147
At 1 January 2016 and 31 December 2016	–	147	147

<sup>^</sup> 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			
	2016	2015	2016	2015	2016	2015	2016	2015
	%	%	%	%	%	%	\$'000	\$'000
The Ascott Limited (Ascott)	–	–	2.3	0.9	6.7	6.1	416,706	416,706
A serviced residence in London	–	–	2.0	3.0	6.5	7.5	15,142	18,079
Self-storage business in Singapore	7.0 to 7.5	7.3 to 7.6	–	–	–	–	–	13,715
At 31 December							431,848	448,500

### 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 and occupancy rates 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.

During the year, the Group made an impairment of \$13.7 million (2015: Nil) to the goodwill arising from the acquisition of self-storage business in Singapore due to the challenging market condition.

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	
		2016 \$'000	2015 \$'000
At 1 January		19,427,532	17,149,198
Acquisition of subsidiaries	31(b)	54,446	157,015
Disposal of subsidiaries	31(d)	(966,635)	(778,822)
Additions		726,653	1,524,647
Disposals		(79,318)	(48,175)
Reclassification to development properties for sale		(95,263)	–
Reclassification from development properties for sale	(d)	–	781,544
Reclassification from property, plant and equipment	3(b)	398	229,306
Changes in fair value		290,707	403,802
Translation differences		(360,131)	9,017
At 31 December		18,998,389	19,427,532

- (a) 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.

## Notes to the Financial Statements

### 5 Investment Properties (continued)

(b) The Group's investment properties which are classified under Level 3 are analysed as below:

	Shopping malls \$'000	Commercial and integrated developments \$'000	Serviced residences \$'000	Total \$'000
<b>The Group</b>				
<b>2016</b>				
Singapore	1,340,000	6,483,387	958,002	8,781,389
China (includes Hong Kong)	1,018,175	1,583,685	1,580,214	4,182,074
Others*	1,962,990	204,556	3,867,380	6,034,926
	4,321,165	8,271,628	6,405,596	18,998,389
<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

\* Others include countries in Asia (excluding Singapore, China and Hong Kong), Europe, United States of America and Australia.

- (c) As at 31 December 2016, investment properties valued at \$1,075.5 million (2015: \$2,129.8 million) were under development.
- (d) In 2015, management had 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. These properties are located at prime locations in Shanghai and the Group 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 2016, certain investment properties with carrying value of approximately \$10,196.3 million (2015: \$10,704.7 million) were mortgaged to banks to secure credit facilities (notes 19 and 20) and under finance lease arrangements for the Group.
- (f) During the financial year ended 31 December 2016, interest capitalised as cost of investment properties amounted to approximately \$21.0 million (2015: \$43.5 million) (note 27(d)).

## Notes to the Financial Statements

### 5 Investment Properties (continued)

- (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>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Lease rentals receivable:		
Not later than 1 year	616,212	623,039
Between 1 and 5 years	993,188	1,197,262
After 5 years	98,537	165,514
	<b>1,707,937</b>	<b>1,985,815</b>

- (h) Contingent rents, representing income based on sales turnover achieved by tenants, amounted to \$16.7 million for the year (2015: \$14.6 million).

### 6 Subsidiaries

	<b>The Company</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
(a) Unquoted shares, at cost	6,391,796	6,911,619
Less:		
Allowance for impairment loss	(179,118)	(179,118)
	<b>6,212,678</b>	<b>6,732,501</b>
Add:		
Amounts due from subsidiaries:		
Loan accounts		
- interest bearing	2,100,000	2,786,250
- interest free	4,213,419	3,684,980
Less:		
Allowance for doubtful receivables	(279,514)	(258,831)
	<b>6,033,905</b>	<b>6,212,399</b>
	<b>12,246,583</b>	<b>12,944,900</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 2016, the effective interest rates for amounts due from subsidiaries ranged from 1.85% to 2.80% (2015: 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	
		2016 \$'000	2015 \$'000
At 1 January		(179,118)	(239,064)
Reversal of allowance during the year	27(a)	–	7,382
Allowance utilised upon liquidation of a subsidiary		–	52,564
At 31 December		(179,118)	(179,118)

In 2015, a reversal of impairment of \$7.4 million was recognised 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	
		2016 \$'000	2015 \$'000
At 1 January		(258,831)	(258,698)
Allowance during the year	27(c)(iii)	(20,683)	(8,429)
Reversal of allowance during the year		–	6,196
Allowance utilised upon liquidation of a subsidiary		–	2,100
At 31 December		(279,514)	(258,831)

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	
	2016 %	2015 %
CapitaLand China Holdings Pte Ltd <sup>1</sup>	100	100
CapitaLand Regional Investments Limited	100	100
CapitaLand China Investments Limited	100	100
CapitaLand Singapore Limited	100	100
CapitaLand Treasury Limited	100	100
CapitaLand Mall Asia Limited	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) 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.

The Group assessed that it controls CapitaLand Commercial Trust (CCT), CapitaLand Malaysia Mall 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, CapitaLand Commercial Trust Management Limited, CapitaLand Malaysia Mall 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 the 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	
		2016 %	2015 %
CapitaLand Commercial Trust <sup>1</sup>	Singapore	67.9	68.1
Ascott Residence Trust <sup>2</sup>	Asia Pacific, Europe and United States of America	56.1	53.8

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 Group \$'000</b>	<b>ART Group \$'000</b>	<b>Other subsidiaries with individually immaterial NCI \$'000</b>	<b>Total \$'000</b>
<b>2016</b>				
Revenue	298,280	475,590		
Profit after tax	260,623	147,764		
Other comprehensive income	22,341	(102,995)		
Total comprehensive income	282,964	44,769		
Attributable to NCI:				
- Profit	176,911	84,836	52,181	313,928
- Total comprehensive income	192,077	27,987	(54,083)	165,981
Current assets	201,855	218,536		
Non-current assets	7,849,276	4,572,745		
Current liabilities	(236,155)	(281,536)		
Non-current liabilities	(2,536,434)	(1,827,482)		
Net assets	5,278,542	2,682,263		
Net assets attributable to NCI	3,583,074	1,715,969	1,396,587	6,695,630
Cash flows from:				
- Operating activities	203,076	200,126		
- Investing activities	(259,386)	(194,808)		
- Financing activities <sup>1</sup>	135,060	(84,239)		
Net increase/(decrease) in cash and cash equivalents	78,750	(78,921)		
<sup>1</sup> Includes dividends paid to NCI and perpetual securities holders	(174,489)	(92,500)		

# Notes to the Financial Statements

## 6 Subsidiaries (continued)

	CCT Group \$'000	ART Group \$'000	Other subsidiaries with individually immaterial NCI \$'000	Total \$'000
<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 and cash equivalents	(19,873)	24,252		
<sup>1</sup> Includes dividends paid to NCI and perpetual securities holders	(171,623)	(84,275)		

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	
		2016 \$'000	2015 \$'000
(a)	Investment in associates	7,719,940	7,855,702
	Add:		
	Amounts due from associates:		
	Loan accounts		
	- interest free	243,747	240,904
	- interest bearing	88,725	78,337
		332,472	319,241
		8,052,412	8,174,943

- (i) Movements in allowance for impairment loss were as follows:

		The Group	
		2016 \$'000	2015 \$'000
	Note		
At 1 January		–	(50,514)
Reversal of allowance during the year	27(a)	–	8,223
Allowance utilised during the year		–	42,291
At 31 December		–	–

- (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 2016, the effective interest rate for the interest-bearing loan to an associate is 1.50% (2015: 1.50%) per annum.
- (iv) Loan accounts include an amount of approximately \$236.5 million (2015: \$225.3 million), the repayment of which is subordinated to that of the external borrowings of certain associates.

## Notes to the Financial Statements

### 7 Associates (continued)

	Note	The Group	
		2016 \$'000	2015 \$'000
(b) Amounts due from associates:			
Current accounts (unsecured)			
- interest free (trade)		19,673	26,334
- interest free (non-trade)		456,122	20,583
- interest bearing (non-trade)		27,798	384,199
		503,593	431,116
Less:			
Allowance for doubtful receivables		(113)	(117)
	12	503,480	430,999
Non-current loans (unsecured)			
- interest free		6	–
- interest bearing		88,812	–
	10	88,818	–

(i) The effective interest rates for amounts due from associates ranged from 2.27% to 5.66% (2015: 1.82% to 6.42%) per annum.

(ii) The ageing of amounts due from associates at the reporting date was:

	Gross amount 2016 \$'000	Allowance for doubtful receivables 2016 \$'000	Gross amount 2015 \$'000	Allowance for doubtful receivables 2015 \$'000
The Group				
Not past due	489,811	–	408,762	–
Past due 1 – 30 days	2,611	–	10,352	–
Past due 31 – 90 days	5,365	–	5,866	–
More than 90 days	5,806	(113)	6,136	(117)
	503,593	(113)	431,116	(117)

## Notes to the Financial Statements

### 7 Associates (continued)

	Note	The Group	
		2016 \$'000	2015 \$'000
(c) Amounts due to associates:			
Current accounts (mainly non-trade and unsecured)			
- interest free		(257,516)	(5,718)
- interest bearing		(825)	(7,018)
	17	(258,341)	(12,736)
Non-current loans (unsecured)			
- interest bearing	21	(153,976)	(153,976)

(i) The effective interest rates for amounts due to associates ranged from 0.75% to 3.22% (2015: 3.05% to 3.28%) per annum.

(d) The Group has three (2015: 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	
			2016 %	2015 %
CapitaLand Mall Trust <sup>1</sup> (CMT)	Singapore-based REIT which invests in shopping malls in Singapore	Singapore	29.3	29.3
CapitaLand Retail China Trust <sup>1</sup> (CRCT)	Singapore-based REIT which invests in shopping malls in China	China	28.7	27.7
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.

During the year, management assessed the extent of its control over CMT and CRCT, taking into consideration its effective stake and the returns (both marginal and absolute returns) generated from its investment in and management of both REITs. Arising from the assessment, management concluded that the Group does not have sufficient interest to conclude that it has control over CMT and CRCT and continues to account CMT and CRCT as associates.



## Notes to the Financial Statements

### 7 Associates (continued)

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.

	<b>CMT Group \$'000</b>	<b>CRCT Group \$'000</b>	<b>RCCF Group \$'000</b>	<b>Other individually immaterial associates \$'000</b>	<b>Total \$'000</b>
<b>2016</b>					
Revenue	689,732	214,372	331,141		
Profit after tax	469,400	104,007	202,478		
Other comprehensive income	(79,990)	(119,358)	(255,838)		
Total comprehensive income	389,410	(15,351)	(53,360)		
Attributable to:					
- NCI	–	(3,141)	55,970		
- Associate's shareholders	389,410	(12,210)	(109,330)		
Current assets	517,179	151,080	1,205,800		
Non-current assets	9,809,553	2,632,387	5,012,334		
Current liabilities	(466,228)	(533,314)	(390,174)		
Non-current liabilities	(3,168,282)	(798,463)	(2,606,746)		
Net assets	6,692,222	1,451,690	3,221,214		
Attributable to:					
- NCI	–	19,879	512,396		
- Associate's shareholders	6,692,222	1,431,811	2,708,818		
Carrying amount of interest in associate at beginning of the year	1,931,840	413,493	1,535,639		
Additions during the year	3,808	22,733	–		
Group's share of:					
- Profit	133,563	30,171	58,392	215,332	437,458
- Other comprehensive income	(18,020)	(34,093)	(118,524)	(241,598)	(412,235)
- Total comprehensive income	115,543	(3,922)	(60,132)	(26,266)	25,223
Dividends received during the year	(115,562)	(21,325)	–		
Translation and other adjustments	–	–	14,343		
Carrying amount of interest in associate at end of the year	1,935,629	410,979	1,489,850	3,883,482	7,719,940
Fair value of effective ownership interest (if listed) <sup>^</sup>	1,959,130	341,865	N/A		

<sup>^</sup> Based on the quoted market price at 31 December 2016 (Level 1 in the fair value hierarchy).

## Notes to the Financial Statements

### 7 Associates (continued)

	<b>CMT Group \$'000</b>	<b>CRCT Group \$'000</b>	<b>RCCF Group \$'000</b>	<b>Other individually immaterial associates \$'000</b>	<b>Total \$'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 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 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 interest (if listed) <sup>^</sup>	2,002,304	348,484	N/A		

<sup>^</sup> Based on the quoted market price at 31 December 2015 (Level 1 in the fair value hierarchy).

As at 31 December 2016 and 31 December 2015, 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.

(e) As at 31 December 2016, the Group's share of the contingent liabilities of the associates is \$1,057.1 million (2015: \$898.5 million).

(f) Refer to note 31 for reclassification of associates to subsidiaries on step up acquisitions in 2015.

# Notes to the Financial Statements

## 8 Joint Ventures

		The Group	
		2016 \$'000	2015 \$'000
(a)	Investment in joint ventures	3,860,907	3,931,580
	Less:		
	Allowance for impairment loss	(17,266)	(12,433)
		3,843,641	3,919,147
	Add:		
	Amounts due from joint ventures:		
	Loan accounts		
	- interest free	717,983	760,851
	- interest bearing	16,326	16,085
		734,309	776,936
		4,577,950	4,696,083
	Less:		
	Allowance for doubtful receivables	(13,105)	(12,898)
		4,564,845	4,683,185

(i) Movements in allowance for impairment loss were as follows:

		The Group	
		2016 \$'000	2015 \$'000
	Note		
At 1 January		(12,433)	(12,433)
Allowance during the year	27(c)(iii)	(4,833)	–
At 31 December		(17,266)	(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 2016, the effective interest rates for the interest-bearing loans to joint ventures ranged from 5.28% to 6.50% (2015: 5.53% to 6.50%) per annum.
- (iv) Loan accounts include an amount of approximately \$445.7 million (2015: \$480.6 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)

		The Group	
	Note	2016 \$'000	2015 \$'000
(b) Amounts due from joint ventures:			
Current accounts (unsecured)			
- interest free (trade)		28,418	35,859
- interest free (non-trade)		40,708	35,380
- interest bearing (mainly non-trade)		30,538	75,775
		99,664	147,014
Less:			
Allowance for doubtful receivables		(12,322)	(12,010)
	12	87,342	135,004

(i) The effective interest rates for amounts due from joint ventures ranged from 1.80% to 3.40% (2015: 1.80% to 6.18%) per annum.

(ii) The ageing of amounts due from joint ventures at the reporting date was:

	Gross amount 2016 \$'000	Allowance for doubtful receivables 2016 \$'000	Gross amount 2015 \$'000	Allowance for doubtful receivables 2015 \$'000
<b>The Group</b>				
Not past due	80,248	(77)	119,612	(328)
Past due 1 – 30 days	1,366	(75)	4,026	(76)
Past due 31 – 90 days	555	(152)	1,785	(155)
More than 90 days	17,495	(12,018)	21,591	(11,451)
	99,664	(12,322)	147,014	(12,010)

(c) Movements in allowance for doubtful receivables in respect of the above loans and current accounts were as follows:

	The Group	
	2016 \$'000	2015 \$'000
At 1 January	(24,908)	(24,164)
Allowance during the year	(98)	(923)
Translation differences	(421)	179
At 31 December	(25,427)	(24,908)

## Notes to the Financial Statements

### 8 Joint Ventures (continued)

	Note	The Group	
		2016 \$'000	2015 \$'000
(d) Amounts due to joint ventures:			
Current accounts (unsecured)			
- interest free (mainly non-trade)		(6,754)	(6,679)
- interest bearing (non-trade)		(206,355)	(208,976)
	17	(213,109)	(215,655)
Non-current loans (unsecured)			
- interest bearing	21	(88,416)	–

- (i) The effective interest rates for amounts due to joint ventures ranged from 3.05% to 4.35% (2015: 2.90% to 4.35%) per annum.
- (e) The Group has three (2015: 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:

Name of Company	Nature of relationship with the Group	Principal place of business	Effective interest	
			2016 %	2015 %
RCS Trust <sup>1,4</sup>	Special purpose trust which invests in a Raffles City integrated development in Singapore	Singapore	31.0	30.8
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 Trust \$'000</b>	<b>OTH Group \$'000</b>	<b>CTM Group \$'000</b>	<b>Other individually immaterial joint ventures \$'000</b>	<b>Total \$'000</b>
<b>2016</b>					
Revenue	234,613	259,764	–		
Profit/(Loss) <sup>1</sup> after tax	111,611	132,097	(8,118)		
Other comprehensive income	(658)	(6,687)	(95,977)		
Total comprehensive income	110,953	125,410	(104,095)		
<sup>1</sup> Includes:					
- depreciation and amortisation	(209)	(619)	(137)		
- interest income	30	599	263		
- interest expense	(29,093)	(38,514)	–		
- tax expense	–	(23,211)	(526)		
Current assets <sup>2</sup>	43,424	99,247	1,074,837		
Non-current assets	3,169,963	3,245,463	980,376		
Current liabilities <sup>3</sup>	(112,225)	(62,171)	(111,366)		
Non-current liabilities <sup>4</sup>	(1,118,173)	(1,686,815)	(841,026)		
Net assets	1,982,989	1,595,724	1,102,821		
<sup>2</sup> Includes cash and cash equivalents	38,457	74,807	43,555		
<sup>3</sup> Includes current financial liabilities (excluding trade and other payables and provisions)	–	(18,342)	–		
<sup>4</sup> Includes non-current financial liabilities (excluding trade and other payables and provisions)	(1,118,173)	(1,669,348)	(840,354)		
Carrying amount of interest in joint venture at beginning of the year	1,206,228	810,157	754,323		
Additions during the year	5,813	–	–		
Group's share of:					
- Profit/(Loss)	66,967	66,049	(5,074)	142,388	270,330
- Other comprehensive income	(395)	(3,344)	(59,986)	(98,516)	(162,241)
- Total comprehensive income	66,572	62,705	(65,060)	43,872	108,089
Dividends received during the year	(88,819)	(75,000)	–		
Carrying amount of interest in joint venture at end of the year	1,189,794	797,862	689,263	1,166,722	3,843,641

## Notes to the Financial Statements

### 8 Joint Ventures (continued)

	RCS Trust \$'000	OTH Group \$'000	CTM Group \$'000	Other individually immaterial joint ventures \$'000	Total \$'000
<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

- (f) As at 31 December 2016, the Group's share of the capital commitments of the joint ventures is \$795.6 million (2015: \$831.3 million).
- (g) As at 31 December 2016, the Group's share of the contingent liabilities of the joint ventures is \$47.7 million (2015: \$36.1 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 1/1/2016 \$'000	Recognised in profit or loss \$'000	Recognised in equity \$'000	Disposal of subsidiaries \$'000	Transferred to liabilities held for sale \$'000	Translation differences \$'000	At 31/12/2016 \$'000
<b>The Group</b>							
<b>Deferred tax liabilities</b>							
Accelerated tax depreciation	34,764	7,939	–	–	–	(2,028)	40,675
Discounts on compound financial instruments	13,883	(4,191)	–	–	–	–	9,692
Accrued income and interest receivable	5,598	(86)	–	–	–	(57)	5,455
Profits recognised on percentage of completion and fair value adjustments on initial recognition of development properties for sale	315,718	(29,027)	–	–	–	(21,440)	265,251
Fair value adjustments arising from a business combination	20,637	–	–	–	–	(3,353)	17,284
Fair value changes of investment properties	323,574	35,420	–	(92,441)	–	(11,408)	255,145
Unremitted earnings	34,920	57,971	–	–	–	–	92,891
Others	35,685	3,525	–	–	–	(320)	38,890
<b>Total</b>	<b>784,779</b>	<b>71,551</b>	<b>–</b>	<b>(92,441)</b>	<b>–</b>	<b>(38,606)</b>	<b>725,283</b>
<b>Deferred tax assets</b>							
Unutilised tax losses	(4,855)	(2,656)	–	–	–	166	(7,345)
Provisions and expenses	(122,916)	(58,791)	–	–	3,251	7,503	(170,953)
Fair value adjustments on initial recognition of development properties for sale	(14,489)	–	–	–	–	–	(14,489)
Others	(30,096)	(5,526)	(39)	–	–	564	(35,097)
<b>Total</b>	<b>(172,356)</b>	<b>(66,973)</b>	<b>(39)</b>	<b>–</b>	<b>3,251</b>	<b>8,233</b>	<b>(227,884)</b>

## Notes to the Financial Statements

### 9 Deferred Tax (continued)

	At 1/1/2015 \$'000	Recognised in profit or loss \$'000	Recognised in equity \$'000	Acquisition of subsidiaries \$'000	Translation differences \$'000	At 31/12/2015 \$'000
<b>The Group</b>						
<b>Deferred tax liabilities</b>						
Accelerated tax depreciation	39,512	(5,653)	–	3	902	34,764
Discounts on compound financial instruments	20,117	(8,907)	2,673	–	–	13,883
Accrued income and interest receivable	5,652	(208)	–	104	50	5,598
Profits recognised on percentage of completion and fair value adjustments on initial recognition of development properties for sale	336,389	(40,680)	–	5,435	14,574	315,718
Fair value adjustments arising from a business combination	19,850	–	–	–	787	20,637
Fair value changes of 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 recognition of development 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>

	At 1/1/2015 \$'000	Recognised in profit or loss \$'000	Recognised in equity \$'000	At 31/12/2015 \$'000	Recognised in profit or loss \$'000	At 31/12/2016 \$'000
<b>The Company</b>						
<b>Deferred tax liabilities</b>						
Discounts on compound financial instruments	20,117	(8,907)	2,673	13,883	(4,191)	9,692
<b>Deferred tax assets</b>						
Provisions	(1,370)	639	–	(731)	334	(397)

## 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:

	The Group	
	2016 \$'000	2015 \$'000
Deferred tax liabilities	725,214	784,702
Deferred tax assets	(227,815)	(172,279)
	497,399	612,423

As at 31 December 2016, deferred tax liabilities amounting to \$5.0 million (2015: \$6.3 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:

	2016 \$'000	2015 \$'000
Deductible temporary differences	438,569	395,824
Tax losses	583,476	556,615
Unutilised capital allowances	3,899	2,538
	1,025,944	954,977

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:

	2016 \$'000	2015 \$'000
<b>Expiry period</b>		
No expiry	717,421	678,870
Not later than 1 year	13,206	11,856
Between 1 and 5 years	278,140	247,081
After 5 years	17,177	17,170
	1,025,944	954,977

# Notes to the Financial Statements

## 10 Other Non-current/Current Assets

### (a) Other non-current assets

	Note	The Group	
		2016 \$'000	2015 \$'000
Available-for-sale equity securities			
- at cost		6,320	6,320
- at fair value	(i)	274,150	248,214
Financial asset designated at fair value through profit or loss		76,185	73,228
Derivative assets		135,696	113,739
Amounts due from:			
- associate	7(b)	88,818	–
- non-controlling interests		–	1,414
Other receivables		6,779	9,969
Deposits	(ii)	320,841	245,854
		908,789	698,738

- (i) In 2015, 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 2016 was \$44.8 million (2015: \$41.6 million).

In 2016, the Group recognised an impairment loss of \$8.9 million (2015: Nil) in respect of investment in an available-for-sale quoted investment due to the prolonged decline in its quoted market price.

- (ii) The amount relates to deposits paid for land and development costs of new acquisitions.

### (b) Other current assets

	The Group	
	2016 \$'000	2015 \$'000
Derivative assets	2,134	8,292

## Notes to the Financial Statements

### 11 Development Properties for Sale and Stocks

		The Group	
		2016 \$'000	2015 \$'000
(a)	Properties under development, units for which revenue is recognised using percentage of completion method:		
	Costs incurred and attributable profits	566,098	1,905,674
	Allowance for foreseeable losses	(194,275)	(207,734)
		371,823	1,697,940
	Progress billings	(24,830)	(382,547)
		346,993	1,315,393
	Properties under development, units for which revenue is recognised using completion of contract method:		
	Costs incurred	2,526,140	3,653,556
	Allowance for foreseeable losses	(34,650)	(34,649)
		2,491,490	3,618,907
	Properties under development	2,838,483	4,934,300
(b)	Completed development properties, at cost	2,070,784	2,097,965
	Allowance for foreseeable losses	(72,776)	(96,514)
	Completed development properties	1,998,008	2,001,451
(c)	Consumable stocks	590	558
	Total development properties for sale and stocks	4,837,081	6,936,309

- (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 by applying its experience in estimating the net realisable values of completed units and properties under development. References were made to comparable properties, timing of sale launches, location of property, management's expected net selling prices and estimated development expenditure. Market conditions may, however, change which may affect the future selling prices of 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 2016, development properties for sale amounting to approximately \$1,665.3 million (2015: \$3,804.2 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	
		2016 \$'000	2015 \$'000
Staff costs	27(b)	32,042	29,682
Interest costs paid/payable	27(d)	38,587	48,931
Less:			
Interest income received/receivable from project fixed deposit accounts	27(a)	(438)	(1,201)
		70,191	77,412

- (g) Movements in allowance for foreseeable losses in respect of development properties for sale were as follows:

	Note	The Group	
		2016 \$'000	2015 \$'000
At 1 January		(338,897)	(200,095)
Allowance during the year	27(c)(i)	(4,939)	(168,260)
Utilisation during the year		36,750	33,022
Translation differences		5,385	(3,564)
At 31 December		(301,701)	(338,897)

### 12 Trade and Other Receivables

	Note	The Group		The Company	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Accrued receivables	(a)	124,756	195,662	–	–
Trade receivables	13	343,471	178,570	2	–
Deposits and other receivables	14	371,445	202,292	142	162
Amounts due from:					
- subsidiaries	18	–	–	1,112,659	397,976
- associates	7(b)	503,480	430,999	–	–
- joint ventures	8(b)	87,342	135,004	–	–
- non-controlling interests (unsecured and interest free)		158,850	95,032	–	–
Loans and receivables		1,589,344	1,237,559	1,112,803	398,138
Prepayments	(c)	269,465	186,879	408	351
		1,858,809	1,424,438	1,113,211	398,489

- (a) Accrued receivables relate to the remaining sales consideration not yet billed on completed development properties for sale.
- (b) As at 31 December 2016, certain trade and other receivables amounting to approximately \$173.6 million (2015: \$55.6 million) were mortgaged to banks to secure credit facilities of the Group (note 19).
- (c) As at 31 December 2016, prepayments of \$147.9 million (2015: \$63.5 million) were made for the acquisition of shares and land, pending completion of transactions.

## Notes to the Financial Statements

### 13 Trade Receivables

	Note	The Group		The Company	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Trade receivables		351,939	187,348	2	–
Less:					
Allowance for doubtful receivables		(8,468)	(8,778)	–	–
	12	343,471	178,570	2	–

- (a) The maximum exposure to credit risk for trade receivables at the reporting date (by strategic business units) was:

	The Group	
	2016 \$'000	2015 \$'000
CapitaLand Singapore	179,521	63,782
CapitaLand China	10,228	5,462
CapitaLand Mall Asia	75,629	51,225
Ascott	71,841	52,811
Others	6,252	5,290
	343,471	178,570

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 amount 2016 \$'000	Allowance for doubtful receivables 2016 \$'000	Gross amount 2015 \$'000	Allowance for doubtful receivables 2015 \$'000
<b>The Group</b>				
Not past due	292,749	–	138,852	–
Past due 1 – 30 days	31,049	(50)	21,438	(31)
Past due 31 – 90 days	10,908	(76)	10,325	(88)
More than 90 days	17,233	(8,342)	16,733	(8,659)
	351,939	(8,468)	187,348	(8,778)



## 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	
	2016 \$'000	2015 \$'000
At 1 January	(8,778)	(10,994)
Allowance utilised	303	334
Allowance during the year	(377)	(233)
Reversal of allowance during the year	17	1,529
Translation differences	367	586
At 31 December	(8,468)	(8,778)

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	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Deposits	(a)	270,897	43,129	126	113
Other receivables	(b)	111,554	170,665	16	49
Less:					
Allowance for doubtful receivables		(17,834)	(18,197)	–	–
		93,720	152,468	16	49
Tax recoverable		6,828	6,695	–	–
	12	371,445	202,292	142	162

(a) As at 31 December 2016, deposits included \$255.6 million (2015: Nil) paid for land costs of new acquisitions.

(b) 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. Both amounts had been substantially received.

The movements in allowance for doubtful receivables in respect of other receivables were as follows:

	The Group	
	2016 \$'000	2015 \$'000
At 1 January	(18,197)	(20,907)
Allowance utilised	402	2,436
Allowance during the year	(566)	(902)
Translation differences	527	1,176
At 31 December	(17,834)	(18,197)

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/Liabilities Held for Sale

	Note	The Group	
		2016 \$'000	2015 \$'000
Somerset Grand Fortune Garden Property Beijing	(a)	6,549	84,207
The Nassim	(b)		
- Deferred tax assets		3,251	–
- Development properties for sale		245,909	–
- Deposits and other receivables		15	–
- Cash and cash equivalents		18,878	–
Assets held for sale		274,602	84,207
The Nassim	(b)		
- Trade payables		6,635	–
- Accruals and other payables		6,057	–
- Current tax payables		6,571	–
Liabilities held for sale		19,263	–

- (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, 62 units (2015: 8 units) had been divested (Divested Units). Based on the contracted sale price, the fair value less costs to sell of these Divested Units was \$74.5 million (2015: \$9.1 million). Accordingly, a fair value loss of \$3.1 million (2015: fair value gains of \$5.9 million) was recognised in 'Other Operating Income' (note 27(a)) in the profit or loss.

- (b) On 16 January 2017, the Group disposed its entire interest in a wholly owned subsidiary, Nassim Hill Realty Pte Ltd (The Nassim), to a third party. Accordingly, all the assets and liabilities held by The Nassim were reclassified to assets held for sale and liabilities held for sale respectively as at 31 December 2016 at cost (see note 39).

## Notes to the Financial Statements

### 16 Cash and Cash Equivalents

Note	The Group		The Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Fixed deposits	3,336,201	2,420,000	–	–
Cash at banks and in hand	1,456,428	1,753,281	7,791	9,249
Cash and cash equivalents	4,792,629	4,173,281	7,791	9,249
Restricted bank deposits (a)	(14,877)	(19,980)		
Cash and cash equivalents in the statement of cash flows	4,777,752	4,153,301		

- (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 2016, the Group's cash and cash equivalents of \$400.6 million (2015: \$289.0 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 2016, the effective interest rates for cash and cash equivalents ranged from 0% to 8.75% (2015: 0% to 8.25%) 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	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Trade payables	155,943	167,893	2,284	1,266
Accruals (a)	1,122,458	1,065,590	45,843	31,778
Accrued development expenditure	827,562	912,607	–	–
Progress billings	1,214,322	1,023,081	–	–
Other payables (b)	580,892	410,347	1,661	1,627
Rental and other deposits	143,625	90,168	–	–
Derivative liabilities	7,650	4,288	–	–
Liability for employee benefits	24,043	26,467	6,600	9,184
Amounts due to:				
- subsidiaries	18	–	71,405	155,445
- associates	7(c)	258,341	–	–
- joint ventures	8(d)	213,109	–	–
Non-controlling interests (unsecured):				
- interest free		111,744	–	–
- interest bearing		22,900	–	–
	4,685,037	4,063,476	127,793	199,300

- (a) Accruals included accrued operating expenses \$896.9 million (2015: \$846.3 million), accrued interest payable \$74.5 million (2015: \$75.3 million) as well as accrued expenditure for tax and administrative expenses which are individually immaterial.
- (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	2016 \$'000	2015 \$'000
<b>Current</b>			
Amounts due from subsidiaries:			
- current accounts, mainly trade		39,912	30,620
- loans			
- interest free		85,158	128,502
- interest bearing		1,021,030	274,380
		1,106,188	402,882
Less:			
Allowance for doubtful receivables		(33,441)	(35,526)
		1,072,747	367,356
	12	1,112,659	397,976
Amounts due to subsidiaries:			
- loans, interest free		(71,395)	(149,566)
- current accounts, mainly trade		(10)	(5,879)
	17	(71,405)	(155,445)

(a) Movements in allowance for doubtful receivables were as follows:

	The Company	
	2016 \$'000	2015 \$'000
At 1 January	(35,526)	(35,526)
Reversal of allowance during the year	2,085	–
At 31 December	(33,441)	(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 0.52% to 2.95% (2015: 0.71% to 2.10%) per annum.

# Notes to the Financial Statements

## 19 Bank Borrowings

	The Group	
	2016 \$'000	2015 \$'000
Bank borrowings		
- secured	4,735,137	5,746,244
- unsecured	2,606,074	2,779,515
Finance lease (secured)	7,341,211	8,525,759
	6,369	9,176
	7,347,580	8,534,935
Repayable:		
Not later than 1 year	710,642	1,762,483
Between 1 and 5 years	5,896,820	5,650,773
After 5 years	740,118	1,121,679
After 1 year	6,636,938	6,772,452
	7,347,580	8,534,935

- (a) The Group's borrowings are denominated mainly in Singapore Dollars, Chinese Renminbi, Japanese Yen, Euro, Sterling Pounds and US Dollars. As at 31 December 2016, the effective interest rates for bank borrowings denominated in these currencies ranged from 0.91% to 5.61% (2015: 0.93% to 5.13%) 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	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Convertible bonds	2,895,858	3,051,363	2,729,058	2,888,770
Notes and bonds	4,608,938	4,472,182	–	–
	7,504,796	7,523,545	2,729,058	2,888,770
Secured notes and bonds	180,914	185,131	–	–
Unsecured notes and bonds	7,323,882	7,338,414	2,729,058	2,888,770
	7,504,796	7,523,545	2,729,058	2,888,770
Repayable:				
Not later than 1 year	1,662,786	483,887	683,312	184,250
Between 1 and 5 years	2,396,725	2,519,900	621,991	613,888
After 5 years	3,445,285	4,519,758	1,423,755	2,090,632
After 1 year	5,842,010	7,039,658	2,045,746	2,704,520
	7,504,796	7,523,545	2,729,058	2,888,770

- (a) The repayment schedule for convertible bonds was based on the final maturity dates.
- (b) As at 31 December 2016, the effective interest rates for debt securities ranged from 0.20% to 4.60% (2015: 0.37% to 4.60%) per annum.
- (c) Details of the outstanding convertible bonds as at 31 December 2016 are as follows:
- \$686.3 million principal amount of convertible bonds of the Company due on 20 June 2022 with interest rate at 2.95% per annum. 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 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 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.
  - \$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.
  - \$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 \$1.4816 (2015: \$1.5409) per share on or after 2 September 2017 and may be redeemed at the option of the subsidiary on specified dates.

## Notes to the Financial Statements

### 20 Debt Securities (continued)

- (d) During the year, the Company settled convertible bonds with an aggregate principal amount of \$184.3 million due on 15 November 2016 with interest rate of 2.10% per annum 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, Hong Kong Dollars, Euro and US Dollars. Saved for the secured notes and bonds below, the notes and bonds issued were unsecured.

As at 31 December 2016, the secured notes and bonds amounting to \$180.9 million (2015: \$185.1 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	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Amounts due to non-controlling interests (unsecured):					
- interest free		65,919	170,538	–	–
- interest bearing		–	29,200	–	–
Amounts due to					
- an associate	7(c)	153,976	153,976	–	–
- a joint venture	8(d)	88,416	–	–	–
Liability for employee benefits	22	7,209	11,977	4,272	9,623
Derivative liabilities		50,294	36,351	–	–
Security deposits and other non-current payables	(a)	141,919	185,756	–	–
Deferred income		4	3	–	–
		507,737	587,801	4,272	9,623

- (a) Other non-current payables as at 31 December 2015 included consideration payable of \$23.8 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 2016 amounted to \$22.3 million (2015: \$31.7 million) and are included in trade and other payables (note 17).



## Notes to the Financial Statements

### 22 Employee Benefits

	Note	The Group		The Company	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Liability for short term accumulating compensated absences		7,597	11,329	1,249	2,111
Liability for staff incentive	(a)	17,687	23,947	9,623	16,696
Liability for cash-settled share-based payments		5,968	3,168	–	–
		31,252	38,444	10,872	18,807
Current	17	24,043	26,467	6,600	9,184
Non-current	21	7,209	11,977	4,272	9,623
		31,252	38,444	10,872	18,807

#### (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 outstanding options under ESOP have lapsed on 1 September 2016.

The ERCC of the Company has instituted a set of share ownership guidelines for members of senior management who receive shares under the CapitaLand Restricted Share Plan and CapitaLand Performance Share Plan. Under these guidelines, members of senior management 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 31 December 2016 No. of shares
	Granted No. of options/ shares	Exercised/ Released No. of options/ shares	Lapsed/ Cancelled No. of options/ shares	
CapitaLand Share Option Plan	159,442,307	(119,004,952)	(40,437,355)	–
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	23,808,003	(619,831)	(12,152,335)	11,035,837
CapitaLand Restricted Share Plan 2010	59,078,177	(28,543,468)	(9,990,397)	20,544,312

The total number of new shares issued and/or to be issued pursuant to the 2010 Share Plans did not exceed 8% (2015: 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 average exercise price 2016 \$	No. of options 2016 ('000)	Weighted average exercise price 2015 \$	No. of options 2015 ('000)
At 1 January	3.28	3,822	3.13	5,796
Exercised	3.18	(65)	2.77	(1,629)
Lapsed/Cancelled	3.28	(3,757)	3.14	(345)
At 31 December	–	–	3.28	3,822
Exercisable on 31 December	–	–	3.28	3,822

Options exercised in 2016 resulted in 64,882 (2015: 1,629,476) shares being issued at a weighted average market price of \$3.11 (2015: \$3.62) each. Options were exercised on a regular basis throughout the year. The weighted average share price during the period was \$3.05 (2015: \$3.29).

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 outstanding 2016 ('000)	Weighted average contractual life (years)	Options outstanding 2015 ('000)	Weighted average contractual life (years)
\$2.17 to \$4.10	–	–	3,822	0.21
	–		3,822	

All outstanding options under ESOP have lapsed on 1 September 2016.

## 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:

	2016 ('000)	2015 ('000)
At 1 January	10,031	10,634
Granted	4,381	3,373
Released	–	(620)
Lapsed/Cancelled	(3,376)	(3,356)
At 31 December	11,036	10,031

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
2013	0% to 175% of baseline award
2014	0% to 170% of baseline award
2015 to 2016	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 which projects future share price assuming log normal distribution based on Geometric Brownian Motion Theory at measurement date. The fair values and assumptions are set out below:

Year of award	2016	2015
<i>Weighted average fair value of shares and assumptions</i>		
Weighted average fair value at measurement date	\$2.18	\$1.75
Expected volatility of Company's share price based on 36 months closing share price prior to grant date	20.37%	19.95%
Average volatility of companies in the peer group based on 36 months prior to grant date	28.47%	28.23%
Share price at grant date	\$3.02	\$2.82
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	0.99%	1.22%
Expected dividend yield over 12 months volume-weighted average share price prior to the grant date	2.80%	2.70%
Initial total shareholder return (TSR) performance based on historical TSR performance of the Company and each company in the peer group	-3.82%	-9.05%
Average correlation of Company's TSR with those companies in the peer group	37.23%	31.48%

## 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:

	2016 ('000)	2015 ('000)
At 1 January	17,854	17,223
Granted	13,079	10,132
Released <sup>®</sup>	(8,824)	(7,378)
Lapsed/Cancelled	(1,565)	(2,123)
At 31 December	20,544	17,854

<sup>®</sup> The number of shares released during the year was 8,823,834 (2015: 7,378,363), of which 730,948 (2015: 461,032) were cash-settled.

As at 31 December 2016, the number of shares in awards granted under the RSP 2010 is as follows:

	Equity-settled ('000)	2016 Cash-settled ('000)	Total ('000)	Equity-settled ('000)	2015 Cash-settled ('000)	Total ('000)
Final number of shares has not been determined (baseline award) <sup>#</sup>	9,287	2,030	11,317	8,116	1,091	9,207
Final number of shares determined but not released	8,299	928	9,227	8,030	617	8,647
	17,586	2,958	20,544	16,146	1,708	17,854

<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 Discounted Cashflow method (2015: Monte Carlo simulation method which projects future share price assuming log normal distribution based on Geometric Brownian Motion Theory) at the measurement date. The fair values and assumptions are set out below:

Year of award	2016	2015
<i>Weighted average fair value of shares and assumptions</i>		
Weighted average fair value at measurement date	\$2.83	\$3.57
Expected volatility based on 36 months closing share price prior to grant date	–	19.24%
Share price at grant date	\$3.02	\$3.76
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	0.95% to 1.46%	0.96% to 1.22%
Expected dividend yield over 12 months volume-weighted average share price prior to the grant date	–	2.99%

The fair value of the shares awarded to non-executive directors for the payment of directors' fees in 2016 was \$3.06 (2015: \$3.57) 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.

##### *Unit-based Plans of Subsidiaries*

#### (a) Ascott Residence Trust Management Limited (ARTML)

The ARTML Performance Unit Plan 2016 and the ARTML Restricted Unit Plan 2016 (collectively referred to as the "ARTML Unit Plans") were approved by the Board of Directors of ARTML on 15 April 2016.

#### (b) CapitaLand Commercial Trust Management Limited (CCTML)

The CCTML Performance Unit Plan 2016 and the CCTML Restricted Unit Plan 2016 (collectively referred to as the "CCTML Unit Plans") were approved by the Board of Directors of CCTML on 14 April 2016.

The Boards of ARTML and CCTML have instituted a set of unit ownership guidelines for senior management who receive units under the ARTML Unit Plans and CCTML Unit Plans respectively. Under these guidelines, members of the senior management team are required to retain a portion of the total number of units received under the ARTML Unit Plans and CCTML Unit Plans, which will vary according to their respective job grade and salary.

During the financial year ended 31 December 2016, the Group recognised share-based expenses in relation to the unit based plans of the ARTML and CCTML of \$386,509 (2015: Nil) in the profit or loss.

##### *Performance Unit Plan 2016 of ARTML and CCTML*

This relates to compensation costs of the Performance Unit Plans of ARTML and CCTML that reflects the benefits accruing to the participants over the service period to which the performance criteria relate.

The final number of units to be released will depend on the achievement of pre-determined targets over a three-year performance period. No unit will be released if the threshold targets are not met at the end of the performance period. Conversely, if superior targets are met, up to a maximum of 200% of the baseline award could be released. Participants receive fully paid units at no cost upon vesting.

## Notes to the Financial Statements

### 22 Employee Benefits (continued)

#### (b) Equity compensation benefits (continued)

##### *Restricted Unit Plan 2016 of ARTML and CCTML*

This relates to compensation costs of the Restricted Unit Plans for ARTML and CCTML that reflects the benefits accruing to the participants over the service period to which the performance criteria relate.

The final number of units to be released will depend on the achievement of pre-determined targets over a one-year performance period. No unit will be released if the threshold targets are not met at the end of the performance period. Conversely, if superior targets are met, up to a maximum of 150% of the baseline award could be released. The units will vest over three years. Participants receive fully paid units at no cost upon vesting. An additional number of units of a total value equal to the value of the accumulated distributions which are declared during each of the vesting periods and deemed forgone due to the vesting mechanism of the Restricted Unit Plans, will also be released upon the final vesting.

Units vested to participants will be delivered using existing units held by ARTML and CCTML. No new units will be issued by the respective REITs to meet the obligations under the ARTML and CCTML Unit Plans.

### 23 Share Capital

	<b>The Company</b>	
	<b>2016</b>	<b>2015</b>
	<b>No. of shares</b>	<b>No. of shares</b>
	<b>('000)</b>	<b>('000)</b>
<b>Issued and fully paid, with no par value</b>		
At 1 January	4,274,319	4,272,514
Issue of shares pursuant to the:		
- Exercise of options	65	1,629
- Payment of directors' fees	–	176
At 31 December, including treasury shares	4,274,384	4,274,319
Less: Treasury shares	(36,996)	(26,345)
At 31 December, excluding treasury shares	4,237,388	4,247,974

- (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 2016, there were no (2015: 3,821,540) options under the ESOP, a maximum of 21,010,661 (2015: 18,205,518) shares under the PSP 2010 and 23,596,643 (2015: 21,099,931) 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 2016, the convertible bonds issued by the Company which remained outstanding were as follows:

Principal amount \$ million	Final maturity date Year	Conversion price \$	Convertible into new ordinary shares No. of shares
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	
	2016 No. of shares ( <sup>'000</sup> )	2015 No. of shares ( <sup>'000</sup> )
At 1 January	26,345	13,929
Purchase of treasury shares	18,744	19,778
Treasury shares transferred pursuant to employee share plans	(7,893)	(7,187)
Payment of directors' fees	(200)	(175)
At 31 December	36,996	26,345

### 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	
	2016 \$'000	2015 \$'000
Bank borrowings and debt securities	14,852,376	16,058,480
Cash and cash equivalents	(4,792,629)	(4,173,281)
Net debt	10,059,747	11,885,199
Total equity	24,300,475	24,937,662
Net debt equity ratio	0.41	0.48

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)

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 (2015: 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	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Reserve for own shares	(107,220)	(72,720)	(107,220)	(72,720)
Capital reserve	379,628	357,507	144,353	162,277
Equity compensation reserve	61,008	92,508	17,310	37,372
Hedging reserve	30,444	56,658	–	–
Available-for-sale reserve	20,051	5,649	–	–
Foreign currency translation reserve	(117,646)	851,224	–	–
	266,265	1,290,826	54,443	126,929

Reserve for own shares comprises the purchase consideration for issued shares of the Company acquired and held as treasury shares.

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. The Group's foreign currency translation reserve arises mainly from Chinese Reminbi, US Dollars and Malaysian Ringgit.

## Notes to the Financial Statements

### 25 Other Comprehensive Income

	2016			2015		
	Before tax \$'000	Tax expense \$'000	Net of tax \$'000	Before tax \$'000	Tax expense \$'000	Net of tax \$'000
<b>The Group</b>						
Exchange differences arising from translation of foreign operations and foreign currency loans, forming part of net investment in foreign operations	(605,910)	–	(605,910)	622,303	–	622,303
Recognition of foreign exchange differences on disposal or liquidation of foreign operations in profit or loss	25,478	–	25,478	21,632	–	21,632
Change in fair value of available-for-sale investments	13,746	–	13,746	(8,567)	–	(8,567)
Recognition of available-for-sale reserve in profit or loss	8,919	–	8,919	–	–	–
Effective portion of change in fair value of cash flow hedges	(11,374)	–	(11,374)	33,054	–	33,054
Recognition of hedging reserve in profit or loss	–	–	–	(270)	–	(270)
Share of other comprehensive income of associates and joint ventures	(574,476)	–	(574,476)	(35,136)	–	(35,136)
Recognition of share of other comprehensive income of associates and joint ventures in profit or loss	–	–	–	(40,775)	–	(40,775)
	(1,143,617)	–	(1,143,617)	592,241	–	592,241

### 26 Revenue

Revenue of the Group and of the Company is analysed as follows:

	The Group		The Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Trading of properties (recognised on a percentage of completion basis)	1,050,317	909,269	–	–
Trading of properties (recognised on completion)	2,312,720	1,769,962	–	–
Rental and related income	851,998	815,346	–	–
Fee income	359,748	415,006	83,312	82,285
Serviced residence rental and related income	669,674	638,669	–	–
Dividend income from subsidiaries	–	–	745,807	883,090
Others	7,877	213,602	–	–
	5,252,334	4,761,854	829,119	965,375

Included in Others for the year ended 31 December 2015 was fair value gains of \$208.0 million 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	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>(a) Other operating income</b>					
Interest income from:					
- deposits		43,484	32,369	90	105
- subsidiaries		–	–	70,212	72,608
- associates and joint ventures		7,494	19,716	–	–
- investee companies and others		1,240	4,750	–	–
- interest capitalised in development properties for sale	11(f)	(438)	(1,201)	–	–
		51,780	55,634	70,302	72,713
Dividend income		9,513	5,522	–	–
Foreign exchange gain		43,970	268	–	–
Mark-to-market gain on:					
- derivative instruments		288	–	–	–
- financial asset designated as fair value through profit or loss		2,289	2,474	–	–
Net fair value gains from investment properties and assets held for sale		287,561	409,660	–	–
Gain on disposal/redemption of available-for-sale financial assets		4,766	2,094	–	–
Gain from bargain purchase arising from acquisition of a subsidiary	31	23	1,239	–	–
Gain on disposal of property, plant and equipment		1,589	229	–	160
Gain from change of ownership interest in subsidiaries and associates		57,401	–	–	–
Gain on disposal of investment properties		–	10,901	–	–
Reversal of impairment of subsidiaries	6(a)(iii)	–	–	–	7,382
Reversal of allowance for doubtful receivables from subsidiaries		–	–	2,085	6,196
Gain on repurchase of convertible bonds		–	19,783	–	27,687
Reversal of impairment of an associate	7(a)(i)	–	8,223	–	–
Others		29,851	29,789	19,206	15,969
		489,031	545,816	91,593	130,107

## Notes to the Financial Statements

### 27 Profit Before Tax (continued)

	Note	The Group		The Company	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>(b) Staff costs</b>					
Wages and salaries		428,979	406,110	62,387	55,391
Contributions to defined contribution plans		55,673	53,520	5,362	4,607
Share-based expenses:					
- equity-settled		42,353	32,929	12,215	8,203
- cash-settled		4,447	2,413	–	–
(Decrease)/Increase in liability for short term accumulating compensated absences		(2,517)	914	862	430
Staff benefits, training/development costs and others		75,850	72,596	3,046	4,339
		604,785	568,482	83,872	72,970
Less:					
Staff costs capitalised in development properties for sale	11(f)	(32,042)	(29,682)	–	–
		572,743	538,800	83,872	72,970
Recognised in:					
Cost of sales	(c)(i)	354,181	334,425	–	–
Administrative expenses	(c)(ii)	218,562	204,375	83,872	72,970
		572,743	538,800	83,872	72,970
<b>(c)(i) Cost of sales include:</b>					
Costs of development properties for sale		2,730,717	2,264,105	–	–
Allowance for foreseeable losses on development properties for sale	11(g)	4,939	168,260	–	–
Operating expenses of investment properties that generated rental income		450,593	413,127	–	–
Operating lease expenses		58,547	48,480	–	–
Staff costs	(b)	354,181	334,425	–	–

## Notes to the Financial Statements

### 27 Profit Before Tax (continued)

Note	The Group		The Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>(c)(ii) Administrative expenses include:</b>				
Allowance for/ (Reversal of) allowance for doubtful trade receivables	524	(1,111)	–	–
Amortisation of intangible assets	2,959	2,699	–	–
Auditors' remuneration:				
- auditors of the Company	2,559	2,768	201	206
- other auditors	4,500	4,194	–	–
Non-audit fees:				
- auditors of the Company	219	134	12	18
- other auditors	1,214	638	–	–
Depreciation of property, plant and equipment	65,983	73,183	6,451	7,160
Operating lease expenses	12,679	14,946	6,362	5,364
Staff costs	218,562	204,375	83,872	72,970
<b>(c)(iii) Other operating expenses include:</b>				
Allowance for doubtful non-trade receivables	908	1,950	20,683	8,429
Foreign exchange loss	–	–	26	–
Impairment of:				
- joint ventures	4,833	–	–	–
- financial assets	7,298	–	–	–
Impairment and write off of property, plant and equipment	7,690	6,587	–	7
Impairment of intangible assets	13,751	–	–	–
Loss from change of ownership interest in subsidiaries, associates and a joint venture*	–	20,392*	–	–
Loss on disposal of an investment property	3,879	–	–	–
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.

## Notes to the Financial Statements

### 27 Profit Before Tax (continued)

	Note	The Group		The Company	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>(d) Finance costs</b>					
Interest costs paid and payable:					
- on bank loans and overdrafts		215,855	257,129	–	–
- on debt securities		156,818	151,128	–	–
- to non-controlling interests		2,270	4,727	–	–
Convertible bonds:					
- interest expense		74,019	80,101	69,632	75,726
- amortisation of bond discount		26,105	32,204	24,538	30,702
- accretion of bond premium		–	759	–	759
Derivative financial instruments		348	(850)	–	–
Others		36,788	44,525	–	98
Total borrowing costs		512,203	569,723	94,170	107,285
Less:					
Borrowing costs capitalised in:					
- investment properties	5(f)	(20,995)	(43,525)	–	–
- development properties for sale	11(f)	(38,587)	(48,931)	–	–
		(59,582)	(92,456)	–	–
		452,621	477,267	94,170	107,285

### 28 Tax Expense

		The Group		The Company	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>Current tax expense</b>					
- Based on current year's results		402,387	388,007	–	–
- (Over)/Under provision in respect of prior years		(748)	23,655	–	(5,700)
- Group relief		(3,583)	(2,619)	–	–
		398,056	409,043	–	(5,700)
<b>Deferred tax expense</b>					
- Origination and reversal of temporary differences		3,396	(34,190)	(3,857)	(8,268)
- Under/(Over) provision in respect of prior years		1,182	(31,350)	–	–
		4,578	(65,540)	(3,857)	(8,268)
		402,634	343,503	(3,857)	(13,968)

## Notes to the Financial Statements

### 28 Tax Expense (continued)

#### Reconciliation of effective tax rate

	<b>The Group</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Profit before tax	1,906,903	1,838,759
Less: Share of results of associates and joint ventures	(707,788)	(726,019)
Profit before share of results of associates and joint ventures and tax	1,199,115	1,112,740
Income tax using Singapore tax rate of 17% (2015: 17%)	203,850	189,166
Adjustments:		
Expenses not deductible for tax purposes	182,043	158,341
Income not subject to tax	(180,211)	(184,742)
Effect of unrecognised tax losses and other deductible temporary differences	64,776	49,427
Effect of different tax rates in foreign jurisdictions	79,912	88,518
Effect of taxable distributions from REITs	36,899	34,689
Under/(Over) provision in respect of prior years	434	(7,695)
Group relief	(3,583)	(2,619)
Withholding taxes	22,854	26,614
Others	(4,340)	(8,196)
	402,634	343,503

	<b>The Company</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Profit before tax	674,350	863,773
Income tax using Singapore tax rate of 17% (2015: 17%)	114,640	146,841
Adjustments:		
Expenses not deductible for tax purposes	10,569	3,753
Income not subject to tax	(126,788)	(156,117)
Effect of other deductible temporary differences	(261)	(439)
Over provision in respect of prior years	–	(5,700)
Others	(2,017)	(2,306)
	(3,857)	(13,968)

## Notes to the Financial Statements

### 29 Earnings Per Share

#### (a) Basic earnings per share

	The Group	
	2016 \$'000	2015 \$'000
Basic earnings per share is based on:		
Net profit attributable to owners of the Company	1,190,341	1,065,650
	2016 No. of shares ( <sup>'000</sup> )	2015 No. of shares ( <sup>'000</sup> )
Weighted average number of ordinary shares in issue during the year	4,244,089	4,260,551

#### (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	
	2016 \$'000	2015 \$'000
Net profit attributable to owners of the Company	1,190,341	1,065,650
Profit impact of conversion of the potential dilutive shares	64,455	63,781
Adjusted net profit attributable to owners of the Company	1,254,796	1,129,431
	2016 No. of shares ( <sup>'000</sup> )	2015 No. of shares ( <sup>'000</sup> )
Weighted average number of ordinary shares in issue during the year	4,244,089	4,260,551
Adjustments for potential dilutive shares under:		
- CapitaLand Share Option Plan	–	113
- CapitaLand Performance Share Plan	21,011	18,205
- CapitaLand Restricted Share Plan	23,597	21,100
- Convertible bonds	478,244	469,873
	522,852	509,291
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	4,766,941	4,769,842



# Notes to the Financial Statements

## 30 Dividends

The Board of Directors of the Company has proposed a tax-exempt ordinary dividend of 10.0 cents per share in respect of the financial year ended 31 December 2016. This would amount to a payout of approximately \$423.7 million based on the number of issued shares (excluding 36,996,271 treasury shares) as at 31 December 2016. 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 2015, a tax-exempt ordinary dividend of 9.0 cents per share was approved at the Annual General Meeting held on 18 April 2016. The said dividends of \$383.0 million were paid in May 2016.

## 31 Acquisition/Disposal of Subsidiaries, Net of Cash Acquired/Disposed of

### (a) Acquisition of subsidiaries

The list of significant acquisition of subsidiaries during 2016 is as follows:

Name of subsidiary	Date acquired	Effective interest acquired
River View Company Limited	September 2016	100%
Sabden Limited	December 2016	100%

The list of significant acquisition of subsidiaries in 2015 is as follows:

Name of subsidiary	Date acquired	Effective interest acquired
CapitaLand Township Holdings Pte. Ltd.#	March 2015	60%
CapitaRetail VS Tokutei Mokuteki Kaisha#	June 2015	74%
CapitaLand China Development Fund Pte. Ltd.#	July 2015	63%
ARC-CapitaLand Residences Japan Private Limited	July 2015	27%

# Previously associates of the Group.

## Notes to the Financial Statements

### 31 Acquisition/Disposal of Subsidiaries, Net of Cash Acquired/Disposed of (continued)

#### (b) Effects of acquisitions

The cash flows and net assets of subsidiaries acquired are provided below:

	Note	Recognised values	
		2016 \$'000	2015 \$'000
<b>The Group</b>			
Property, plant and equipment		30,659	760
Investment properties	5	54,446	157,015
Other non-current assets		30	316,267
Development properties for sale		76,131	607,547
Cash and cash equivalents		3,414	377,571
Other current assets		1,164	35,014
Deferred tax assets		–	7,732
Current liabilities		(10,578)	(144,721)
Bank borrowings		(45,799)	(432,962)
Other non-current liabilities		–	(45,222)
Deferred tax liabilities		–	(17,152)
Non-controlling interests		–	(155,887)
		109,467	705,962
Amounts previously accounted for as associates and other financial assets, at fair value		–	(320,326)
Net assets acquired		109,467	385,636
Gain from bargain purchase		(23)	(1,239)
Assumption of bank and shareholder loans		48,653	–
Total purchase consideration		158,097	384,397
Less:			
Deferred payment and other adjustments		27,670	35,211
Cash of subsidiaries acquired		(3,414)	(377,571)
Offset by consideration for disposal of asset held for sale		–	(104,000)
Cash outflow/(inflow) on acquisition of subsidiaries		182,353	(61,963)

#### (c) Disposal of subsidiaries

The list of significant disposal of subsidiaries during 2016 is as follows:

Name of subsidiary	Date disposed	Effective interest disposed
Somerset Zhongguancun (S) Pte. Ltd.	June 2016	100%
Keisha Limited	November 2016	63%

The disposed subsidiaries previously contributed net profit of \$58.4 million from 1 January 2016 to the date of disposal.

## Notes to the Financial Statements

### 31 Acquisition/Disposal of Subsidiaries, Net of Cash Acquired/Disposed of (continued)

#### (c) Disposal of subsidiaries (continued)

The list of significant disposal of subsidiary in 2015 is as follows:

Name of subsidiary	Date disposed	Effective 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.

#### (d) Effects of disposals

The cash flows and net assets of subsidiaries disposed are provided below:

	Note	The Group	
		2016 \$'000	2015 \$'000
Property, plant and equipment	5	833	1,178
Investment properties		966,635	778,822
Associates and joint ventures		–	1,154
Current assets		52,300	31,534
Current liabilities		(57,352)	(6,145)
Bank borrowings		(381,865)	(319,016)
Other non-current liabilities		(92,441)	(297,136)
Non-controlling interests		(97,322)	–
Net assets disposed		390,788	190,391
Realisation of reserves		25,452	(13,206)
Gain on disposal of subsidiaries		58,061	4,230
Sale consideration		474,301	181,415
Deferred payment and other adjustments		(257,265)	–
Repayment of shareholders' loans		–	283,962
Cash of subsidiaries disposed		(45,884)	(26,543)
Settlement by way of issuance of new units of the acquirer		–	(136,958)
Cash inflow on disposal of subsidiaries		171,152	301,876

### 32 Business Combinations

The Group acquires subsidiaries that own real estate. At the time of acquisition, the Group considers whether each acquisition represents the acquisition of a business or the acquisition of an asset. The Group accounts for an acquisition as a business combination where an integrated set of activities is acquired in addition to the property. Typically, the Group assesses the acquisition as a purchase of business when the strategic management function and the associated processes were purchased along with the underlying properties.

There were no business combinations in 2016.

## Notes to the Financial Statements

### 32 Business Combinations (continued)

In 2015, the Group had the following business combinations:

#### ***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.

The identifiable assets acquired, liabilities assumed and effect of cash flows are presented as follows:

	<b>2015 \$'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

# 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
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.

### **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.

## Notes to the Financial Statements

### 32 Business Combinations (continued)

#### **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 \$'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)

#### **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>
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.

# 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 2016 was \$13.3 million (2015: \$3.4 million) comprising derivative assets of \$7.1 million (2015: \$5.8 million) and derivative liabilities of \$20.4 million (2015: \$9.2 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 \$42.3 million (2015: \$48.6 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 2016, the Group has available-for-sale investments in equity securities and is exposed to equity price risk. The securities are listed in Malaysia.

##### *Sensitivity 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 \$2.2 million (2015: \$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, Australian Dollars 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 United States of America, Europe and Japan. The carrying amount of these US Dollars, Euro, Sterling Pound and Japanese Yen denominated borrowings as at 31 December 2016 was \$576.8 million (2015: \$724.0 million) and the fair value of the borrowings was \$579.7 million (2015: \$727.4 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 2016 was \$93.1 million (2015: \$84.7 million), comprising derivative assets of \$130.7 million (2015: \$116.2 million) and derivative liabilities of \$37.6 million (2015: \$31.5 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 2016 and 31 December 2015 were as follows:

	Singapore Dollars \$'000	US Dollars \$'000	Australian Dollars \$'000	Chinese Renminbi \$'000	Hong Kong Dollars \$'000	Japanese Yen \$'000	Euro \$'000	Malaysian Ringgit \$'000	Others <sup>#</sup> \$'000	Total \$'000
<b>The Group</b>										
<b>2016</b>										
Other financial assets	6,321	77,761	–	–	914	226,825	–	44,834	–	356,655
Trade and other receivables	629,313	754,142	18,534	338,383	18,526	128,841	184,032	71,710	198,368	2,341,849
Cash and cash equivalents	1,955,719	228,480	5,528	2,216,395	3,534	167,916	37,746	77,993	99,318	4,792,629
Borrowings	(9,475,225)	(1,146,829)	–	(1,163,502)	(314,638)	(1,667,187)	(298,597)	(492,220)	(294,178)	(14,852,376)
Trade and other payables	(1,233,754)	(431,829)	(10,276)	(2,610,278)	(3,728)	(80,613)	(49,106)	(61,882)	(94,393)	(4,575,859)
Gross currency exposure	(8,117,626)	(518,275)	13,786	(1,219,002)	(295,392)	(1,224,218)	(125,925)	(359,565)	(90,885)	(11,937,102)
Add/Less:										
Net financial liabilities/ (assets) denominated in the respective entities' functional currencies	7,951,417	287,884	2,492	490,111	205,756	737,726	(20,852)	461,937	170,061	10,286,532
Add:										
Loans designated for net investment hedge	–	72,505	–	–	–	202,804	292,227	–	12,135	579,671
Add:										
Cross currency swaps/ foreign exchange forward contracts	–	570,020	–	–	107,476	303,979	–	–	–	981,475
Less:										
Available-for-sale financial assets	–	(1,148)	–	–	(914)	–	–	(44,834)	–	(46,896)
Net currency exposure	(166,209)	410,986	16,278	(728,891)	16,926	20,291	145,450	57,538	91,311	(136,320)

<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 Dollars \$'000	US Dollars \$'000	Australian Dollars \$'000	Chinese Renminbi \$'000	Hong Kong Dollars \$'000	Japanese Yen \$'000	Euro \$'000	Malaysian Ringgit \$'000	Others <sup>#</sup> \$'000	Total \$'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 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 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 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 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 liabilities/ (assets) denominated in the respective entities' functional 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 for net investment hedge	–	–	–	–	–	183,159	483,587	–	60,276	727,022
Add:										
Cross currency swaps/ foreign exchange forward contracts	–	565,420	–	–	–	286,599	–	–	–	852,019
Less:										
Available-for-sale 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.

**US  
Dollars  
\$'000**

#### The Company

##### 2016

Cash and cash equivalents	523
Currency exposure	523

##### 2015

Cash and cash equivalents	16
Trade and other receivables	26
Currency exposure	42

# 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 \$6.8 million (2015: \$9.8 million) and increase the Group's other components of equity by approximately \$2.3 million (2015: \$2.2 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 2016 and 31 December 2015.

### (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 amount \$'000	Contractual cash flows			
		Total \$'000	Not later than 1 year \$'000	Between 1 and 5 years \$'000	After 5 years \$'000
The Group					
2016					
Financial liabilities, at amortised cost					
Bank borrowings	(7,347,580)	(7,999,595)	(868,504)	(6,306,964)	(824,127)
Debt securities	(7,504,796)	(8,555,845)	(1,839,059)	(3,030,683)	(3,686,103)
Trade and other payables <sup>#</sup>	(3,629,578)	(3,656,808)	(3,223,649)	(343,409)	(89,750)
	(18,481,954)	(20,212,248)	(5,931,212)	(9,681,056)	(4,599,980)
Derivative financial assets/(liabilities), at fair value					
Interest rate swap (net-settled)					
- assets	7,137	9,551	(183)	9,734	-
- liabilities	(20,382)	(20,436)	(15,432)	(5,004)	-
Forward foreign exchange contracts (net-settled)					
- assets	1,672	1,672	1,672	-	-
- liabilities	(5,733)	(5,733)	(5,733)	-	-
Forward foreign exchange contracts (gross-settled)					
- outflow	205	(6,934)	(6,934)	-	-
- inflow		7,188	7,188	-	-
Forward foreign exchange contracts (gross-settled)					
- outflow	(7)	(720)	(720)	-	-
- inflow		713	713	-	-
Cross currency swaps (gross-settled)					
- outflow	128,816	(499,488)	(26,542)	(281,150)	(191,796)
- inflow		515,907	26,430	289,501	199,976
Cross currency swaps (gross-settled)					
- outflow	(31,822)	(523,348)	(10,601)	(181,922)	(330,825)
- inflow		559,689	14,869	204,430	340,390
	79,886	38,061	(15,273)	35,589	17,745
	(18,402,068)	(20,174,187)	(5,946,485)	(9,645,467)	(4,582,235)

<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 amount \$'000	Contractual cash flows			
		Total \$'000	Not later than 1 year \$'000	Between 1 and 5 years \$'000	After 5 years \$'000
<b>The Group</b>					
<b>2015</b>					
<b>Financial liabilities, 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 assets/(liabilities), 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 contracts (net-settled)					
- assets	4,823	4,823	4,823	-	-
- liabilities	(2,526)	(2,526)	(2,526)	-	-
Forward foreign exchange contracts (gross-settled)					
- outflow	49	(4,937)	(4,937)	-	-
- inflow		4,986	4,986	-	-
Forward foreign exchange contracts (gross-settled)					
- outflow	(8)	(4,118)	(4,118)	-	-
- inflow		4,200	4,200	-	-
Cross currency swaps (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 (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 amount \$'000	Contractual cash flows			
		Total \$'000	Not later than 1 year \$'000	Between 1 and 5 years \$'000	After 5 years \$'000
The Company					
2016					
Financial liabilities, at amortised cost					
Debt securities	(2,729,058)	(3,096,927)	(736,630)	(815,372)	(1,544,925)
Trade and other payables <sup>#</sup>	(121,193)	(121,193)	(121,193)	–	–
	(2,850,251)	(3,218,120)	(857,823)	(815,372)	(1,544,925)
2015					
Financial liabilities, at amortised cost					
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)

<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 amount \$'000	Contractual cash flows			
		Total \$'000	Not later than 1 year \$'000	Between 1 and 5 years \$'000	After 5 years \$'000
<b>The Group</b>					
<b>2016</b>					
Interest rate swaps					
- assets	7,137	9,551	(183)	9,734	–
- liabilities	(20,382)	(20,436)	(15,432)	(5,004)	–
Forward foreign exchange contracts					
- assets	205	254	254	–	–
- liabilities	(7)	(7)	(7)	–	–
Cross currency swaps					
- assets	128,816	16,419	(112)	8,351	8,180
- liabilities	(31,822)	36,341	4,268	22,508	9,565
	83,947	42,122	(11,212)	35,589	17,745

## Notes to the Financial Statements

### 33 Financial Risk Management (continued)

#### (d) Liquidity risk (continued)

	Carrying amount \$'000	Contractual cash flows			
		Total \$'000	Not later than 1 year \$'000	Between 1 and 5 years \$'000	After 5 years \$'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)

#### (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)

#### (e) Offsetting financial assets and financial liabilities (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.

	Note	Gross amount of recognised financial assets/ (liabilities) \$'000	Gross amount of recognised financial liabilities/ (liabilities) offset in the balance sheet \$'000	Net amount of financial assets/ (liabilities) presented in the balance sheet \$'000	Related amount not offset in the balance sheet \$'000	Net amount \$'000
<b>The Group</b>						
<b>2016</b>						
<b>Types of financial assets</b>						
Interest rate swaps		7,137	–	7,137	(3,257)	3,880
Forward foreign exchange contracts		1,877	–	1,877	(1,333)	544
Cross currency swaps		128,816	–	128,816	(13,334)	115,482
	10(a), 10(b)	137,830	–	137,830	(17,924)	119,906
<b>Types of financial liabilities</b>						
Interest rate swaps		(20,382)	–	(20,382)	3,219	(17,163)
Forward foreign exchange contracts		(5,740)	–	(5,740)	1,333	(4,407)
Cross currency swaps		(31,822)	–	(31,822)	13,372	(18,450)
	17, 21	(57,944)	–	(57,944)	17,924	(40,020)
<b>2015</b>						
<b>Types of financial assets</b>						
Interest rate swaps		5,800	–	5,800	(1,285)	4,515
Forward foreign exchange 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 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)



## Notes to the Financial Statements

### 33 Financial Risk Management (continued)

#### (e) Offsetting financial assets and financial liabilities (continued)

	Note	Gross amount of recognised financial assets/ (liabilities) \$'000	Gross amount of recognised financial assets/ (liabilities) offset in the balance sheet \$'000	Net amount of financial assets/ (liabilities) presented in the balance sheet \$'000	Related amount not offset in the balance sheet \$'000	Net amount \$'000
<b>The Company</b>						
<b>2016</b>						
<b>Types of financial assets</b>						
Amount due from subsidiaries,						
current account	18	40,054	(142)	39,912	–	39,912
<b>Types of financial liabilities</b>						
Amount due to subsidiaries,						
current account		(142)	142	–	–	–
<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	–	–	–

## 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.

Fair value of quoted debt securities is determined based on quoted market prices.

##### (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 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 valuation methodology described in note 22. 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 - hedging instruments \$'000	Loans and receivables \$'000	Available- for-sale \$'000	Designated at fair value \$'000	Other financial liabilities \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>The Group</b>											
<b>2016</b>											
<b>Financial assets measured at fair value</b>											
Available-for-sale equity securities	10(a)	-	-	274,150	-	-	274,150	44,834	-	229,316	274,150
Financial asset designated as fair value through profit or loss	10(a)	-	-	-	76,185	-	76,185	-	-	76,185	76,185
Derivative financial assets:											
- Interest rate swaps and forward foreign exchange contracts		9,014	-	-	-	-	9,014	-	9,014	-	9,014
- Cross currency swaps		128,816	-	-	-	-	128,816	-	128,816	-	128,816
		137,830	-	274,150	76,185	-	488,165				
<b>Financial assets not measured at fair value</b>											
Other non-current assets		-	95,597	-	-	-	95,597				
Trade and other receivables	12	-	1,589,344	-	-	-	1,589,344				
Assets held for sale <sup>^</sup>		-	18,893	-	-	-	18,893				
Cash and cash equivalents	16	-	4,792,629	-	-	-	4,792,629				
		-	6,496,463	-	-	-	6,496,463				

<sup>^</sup> Refer to note 15 for financial assets/liabilities in assets/liabilities held for sale.

## 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 - hedging instruments	Loans and receivables	Available- for-sale	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
The Group										
2016										
Financial liabilities measured at fair value										
Derivative financial liabilities:										
- Interest rate swaps and forward foreign exchange contracts	17	(7,650)	-	-	-	(7,650)	-	(7,650)	-	(7,650)
- Interest rate swaps and cross currency swaps	21	(50,294)	-	-	-	(50,294)	-	(50,294)	-	(50,294)
		(57,944)	-	-	-	(57,944)				
Financial liabilities not measured at fair value										
Other non-current liabilities#										
Bank borrowings	19	-	-	-	(428,620)	(428,620)	-	-	(416,846)	(416,846)
Debt securities	20	-	-	-	(7,347,580)	(7,347,580)	-	(7,355,610)	-	(7,355,610)
Trade and other payables#		-	-	-	(7,504,796)	(7,504,796)	(3,932,881)	(3,686,352)	-	(7,619,233)
Liabilities held for sale^		-	-	-	(3,200,956)	(3,200,956)				
		-	-	-	(12,692)	(12,692)				
		-	-	-	(18,494,644)	(18,494,644)				

<sup>#</sup> Excludes quasi-equity loans, progress billings and liability for employee benefits.

<sup>^</sup> Refer to note 15 for financial assets/liabilities in assets/liabilities held for sale.

# 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 - hedging instruments	Loans and receivables	Available- for-sale	Designated at fair value	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'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)

	Note	Carrying amount					Fair value			
		Fair value - hedging instruments \$'000	Loans and receivables \$'000	Available- for-sale \$'000	Other financial liabilities \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
The Group										
2015										
Financial liabilities measured at 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 not measured at fair value										
Other non-current liabilities#										
Bank borrowings	19	-	-	-	(490,928)	(490,928)	-	-	(478,343)	(478,343)
Debt securities	20	-	-	-	(7,523,545)	(7,523,545)	(4,133,758)	(3,512,266)	-	(7,646,024)
Trade and other payables#		-	-	-	(2,924,566)	(2,924,566)				
		-	-	-	(19,473,974)	(19,473,974)				

# 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 and receivables \$'000	Other financial liabilities \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Note								
<b>The Company</b>								
<b>2016</b>								
<b>Financial assets not measured at fair value</b>								
Trade and other receivables	12	1,112,803	–	1,112,803				
Cash and cash equivalents	16	7,791	–	7,791				
		1,120,594	–	1,120,594				
<b>Financial liabilities not measured at fair value</b>								
Debt securities	20	–	(2,729,058)	(2,729,058)	(2,730,674)	–	–	(2,730,674)
Trade and other payables <sup>#</sup>		–	(121,193)	(121,193)				
		–	(2,850,251)	(2,850,251)				
<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)				

<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.

	Note	Fair value			Total \$'000
		Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	
The Group					
2016					
Non-financial assets measured at fair value					
Investment properties	5	–	–	18,998,389	18,998,389
2015					
Non-financial assets measured at fair value					
Investment properties	5	–	–	19,427,532	19,427,532

#### (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:

			Financial asset designated at fair value through profit or loss	Investment properties	
	Note	Unquoted equity securities \$'000	\$'000	Completed \$'000	Under development \$'000
<b>The Group</b>					
<b>2016</b>					
Balance as at 1 January 2016		206,593	73,228	17,297,773	2,129,759
Acquisition of subsidiaries	31(b)	–	–	54,446	–
Disposal of a subsidiary	31(d)	–	–	(147,360)	(819,275)
Additions		414	–	264,410	462,243
Disposals		(1)	–	(79,318)	–
Changes in fair value recognised in the profit or loss		–	2,289	287,252	3,455
Changes in fair value recognised in other comprehensive income		10,533	–	–	–
Reclassifications from property, plant and equipment/ (to) development properties for sale		–	–	398	(95,263)
Reclassifications		–	–	480,955	(480,955)
Translation differences		11,777	668	(235,679)	(124,452)
Balance as at 31 December 2016		229,316	76,185	17,922,877	1,075,512

## 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 equity securities \$'000	Financial asset designated at fair value through profit or loss \$'000	Investment properties		Assets held for sale \$'000
				Completed \$'000	Under development \$'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 subsidiaries	31(d)	–	–	(778,822)	–	–
Additions		–	70,677	575,708	948,939	–
Disposals		–	–	(48,175)	–	(113,054)
Changes in fair value recognised in the profit or loss		–	2,474	287,750	116,052	5,858
Changes in fair value recognised in other comprehensive income		3,919	–	–	–	–
Reclassifications from development properties for sale and property, plant and equipment		–	–	1,010,850	–	–
Reclassifications		–	–	763,125	(763,125)	–
Reclassification from 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)

##### (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.
	2016	5.2% to 7.3%	3.8% to 10.0%	–	
	2015	5.2% to 7.3%	3.8% to 13.0%	–	
	Capitalisation rate (gross) <sup>2</sup>				
	2016	–	6.0%	2.0% to 3.5%	
	2015	–	6.0% to 7.0%	2.0% to 3.5%	
	Occupancy rate				
	2016	90.8% to 100%	75.0% to 100%	95.0% to 97.0%	
	2015	82.9% to 100%	72.5% to 100%	95.0% to 97.0%	
<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.
	2016	5.5% to 13.5%	3.8% to 14.5%	3.8% to 13.8%	
	2015	5.1% to 13.5%	3.9% to 14.5%	3.9% to 13.5%	
	Terminal yield rate				
	2016	5.5% to 12.0%	3.8% to 12.5%	3.0% to 9.5%	
	2015	5.4% to 12.0%	3.8% to 12.0%	3.0% to 11.0%	
	Occupancy rate				
	2016	84.8% to 100%	95.0% to 100%	57.0% to 100%	
	2015	86.1% to 100%	81.3% to 100%	55.0% 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.
	2016	–	524.7 to 748.7	–	
	2015	–	702.6 to 1,379.5	405.0	
	Estimated cost to completion (\$ million)				
	2016	–	34.3 to 80.5	–	
	2015	–	147.0 to 246.2	92.1	
<b>Direct comparison method</b>	Comparable price (\$ per square metre)				The estimated fair value increases with higher comparable price.
	2016	–	1,386	–	
	2015	–	1,546	–	

<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
Financial asset designated at fair value through profit or loss	Income approach	<ul style="list-style-type: none"> <li>Ordinary share price: US\$2.43 to US\$4.32 (2015: US\$0.70 to US\$1.09)</li> <li>Volatility of comparable companies: 43% to 52% (2015: 40% to 46% )</li> <li>Credit spread: 10.0% to 19.1% (2015: 7.3% to 10.0% )</li> </ul>	The estimated fair value increases with higher share price and volatility and varies inversely against credit spread.

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	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Lease payments payable:				
Not later than 1 year	58,764	49,952	15,054	14,884
Between 1 and 5 years	163,207	102,386	60,819	60,540
After 5 years	465,606	239,642	31,821	47,154
	687,577	391,980	107,694	122,578

#### (b) Commitments

	The Group		The Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Commitments in respect of:				
- capital expenditure contracted but not provided for in the financial statements	25,504	71,495	11,276	22,827
- development expenditure contracted but not provided for in the financial statements	539,657	1,394,591	–	–
- capital contribution in associates, joint ventures and an investee company	1,494,673	683,114	–	–
- purchase of land/properties contracted but not provided for in the financial statements	373,380	399,688	–	–
- shareholders' loan committed to joint ventures and associates	256,758	269,355	–	–
	2,689,972	2,818,243	11,276	22,827

## 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:

	The Group		The Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Interest rate swaps	2,540,382	3,086,083	–	–
Forward foreign exchange contracts	488,656	461,254	–	–
Cross currency swaps	1,292,160	974,799	–	–
	4,321,198	4,522,136	–	–

The maturity profile of these financial instruments was:

	The Group		The Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Not later than 1 year	1,323,015	1,869,907	–	–
Between 1 and 5 years	2,404,994	1,992,530	–	–
After 5 years	593,189	659,699	–	–
	4,321,198	4,522,136	–	–

### 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.

	The Group		The Company	
Note	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
(a) Guarantees given to banks to secure banking facilities provided to:				
- subsidiaries	–	–	2,871,674	2,606,607
- joint ventures	17,604	231,682 <sup>^</sup>	–	–
	17,604	231,682	2,871,674	2,606,607

<sup>^</sup> Included an amount of \$82.9 million, for which a back-to-back indemnity was given by the joint venture partner. In 2016, the loan facility had ceased and all the underlying obligations were discharged.

## Notes to the Financial Statements

### 36 Financial Guarantee Contracts (continued)

#### (b) Undertakings by the Group:

- (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 (2015: \$133.9 million) granted to an associate.
- (ii) In 2015, 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 \$1,720.0 million granted to a joint venture. The undertaking has ceased following the refinancing of the loan facilities by the joint venture during the year.
- (iii) 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 \$360.7 million (2015: \$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 2016, the total amount outstanding under the facilities was \$105.1 million (2015: \$10.0 million).
- (iv) 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 (2015: \$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 2016, the total amount outstanding under the facilities was \$292.8 million (2015: \$280.0 million).
- (v) Two subsidiaries of the Group provided an undertaking on security margin on a joint and several basis, in respect of term loan and revolving loan facilities amounting to \$1,020.0 million (2015: \$1,020.0 million) granted to a joint venture. As at 31 December 2016, the amount outstanding under the facilities was \$540.9 million (2015: \$346.9 million).
- (vi) 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 2016, the outstanding notional amount of the guarantees amounted to \$1,141.6 million (2015: \$512.2 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:

	The Group		The Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<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	2,009	1,921	–	–
<b>Subsidiaries</b>				
Management fee income	–	–	83,312	82,285
IT and administrative support services	–	–	18,299	15,080
Rental expense	–	–	(14,884)	(13,047)
Others	–	–	(240)	(631)
<b>Associates and joint ventures</b>				
Management fee income	235,840	243,621	–	–
Construction and project management income	25,402	57,634	–	–
Rental expense	(7,977)	(6,520)	–	(13)
Proceeds from the sale of an investment	321,579	464,388	–	–
Purchase consideration for acquisitions of investments	–	33,185	–	–
Accounting service fee, acquisition fee, divestment fee, marketing income and others	32,083	38,144	(51)	(39)
<b>Key management personnel</b>				
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	120	101	–	13
<b>Remuneration of key management personnel</b>				
Salary, bonus and other benefits	15,836	16,279	8,428	9,333
Employer's contributions to defined contribution plans	131	108	69	56
Equity compensation benefits	7,119	6,846	4,484	4,347
	23,086	23,233	12,981	13,736



# 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 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 2016

	CapitaLand Singapore \$'000	CapitaLand China \$'000	CapitaLand Mall Asia \$'000	Ascott \$'000	Others \$'000	Elimination \$'000	Total \$'000
<b>Revenue</b>							
External revenue	1,178,105	2,375,620	587,250	1,029,855	81,504	–	5,252,334
Inter-segment revenue	13,629	52	493	1,996	624,721	(640,891)	–
<b>Total revenue</b>	<b>1,191,734</b>	<b>2,375,672</b>	<b>587,743</b>	<b>1,031,851</b>	<b>706,225</b>	<b>(640,891)</b>	<b>5,252,334</b>
<b>Segmental results</b>							
Company and subsidiaries	436,245	505,202	356,801	372,899	722,803	(742,214)	1,651,736
Associates	18,591	143,281	280,822	(939)	(2,680)	(1,617)	437,458
Joint ventures	67,033	87,217	114,258	216	1,606	–	270,330
<b>Earnings before interest and tax</b>	<b>521,869</b>	<b>735,700</b>	<b>751,881</b>	<b>372,176</b>	<b>721,729</b>	<b>(743,831)</b>	<b>2,359,524</b>
Finance costs							(452,621)
Tax expense							(402,634)
<b>Profit for the year</b>							<b>1,504,269</b>
<b>Segment assets</b>	<b>10,332,506</b>	<b>11,518,582</b>	<b>13,413,421</b>	<b>7,140,980</b>	<b>9,547,958</b>	<b>(6,212,676)</b>	<b>45,740,771</b>
<b>Segment liabilities</b>	<b>3,966,678</b>	<b>4,498,204</b>	<b>3,980,177</b>	<b>3,228,413</b>	<b>5,766,824</b>	<b>–</b>	<b>21,440,296</b>
<b>Other segment items:</b>							
<b>Interest income</b>	1,645	25,627	8,771	4,507	11,230	–	<b>51,780</b>
<b>Depreciation and amortisation</b>	(4,220)	(2,154)	(11,370)	(33,960)	(17,238)	–	<b>(68,942)</b>
<b>(Allowance made)/ Reversal of provision for foreseeable losses</b>	(34,200)	15,209	–	7,500	6,552	–	<b>(4,939)</b>
<b>(Allowance made)/ Reversal of provision for impairment losses for assets</b>	(8,954)	(35)	(1,729)	(9,343)	(13,511)	–	<b>(33,572)</b>
<b>Fair value gains on investment properties and assets held for sale</b>	96,873	28,128	40,063	125,677	(3,180)	–	<b>287,561</b>
<b>Share-based expenses</b>	(6,310)	(7,043)	(12,241)	(5,029)	(16,177)	–	<b>(46,800)</b>
<b>(Losses)/Gains on disposal of investments</b>	(1,803)	45,370	(1,115)	20,318	(2,893)	–	<b>59,877</b>
<b>Associates</b>	68,643	2,526,896	5,293,327	115,458	48,088	–	<b>8,052,412</b>
<b>Joint ventures</b>	1,280,901	806,078	2,363,091	44,984	69,791	–	<b>4,564,845</b>
<b>Capital expenditure*</b>	8,239	202,975	233,701	334,186	23,807	–	<b>802,908</b>

# 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 2015

	CapitaLand Singapore \$'000	CapitaLand China \$'000	CapitaLand Mall Asia \$'000	Ascott \$'000	Others \$'000	Elimination \$'000	Total \$'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 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 amortisation</b>	(4,041)	(2,057)	(12,803)	(40,070)	(16,911)	–	<b>(75,882)</b>
<b>(Allowance made)/ Reversal of allowance for foreseeable losses</b>	(109,183)	(63,801)	–	–	4,724	–	<b>(168,260)</b>
<b>(Allowance made)/ Reversal of allowance for impairment losses for assets</b>	(12)	(64)	(2,266)	(4,222)	15,582	(7,382)	<b>1,636</b>
<b>Fair value gains on investment properties 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 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*</b>	50,749	147,003	969,384	413,677	8,861	–	<b>1,589,674</b>

# 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 \$'000	China <sup>1</sup> \$'000	Other Asia <sup>2</sup> \$'000	Europe and Others <sup>3</sup> \$'000	Group \$'000
<b>2016</b>					
<b>External revenue</b>	1,689,705	2,655,523	487,562	419,544	5,252,334
<b>Earnings before interest and tax</b>	816,398	1,152,894	285,402	104,830	2,359,524
<b>Earnings before interest, tax, depreciation and amortisation</b>	845,807	1,164,267 <sup>4</sup>	294,965 <sup>5</sup>	123,427 <sup>6</sup>	2,428,466
<b>Non-current assets<sup>7</sup></b>	13,262,758	12,442,688	4,423,519	2,709,947	32,838,912
<b>Total assets</b>	17,364,227	19,629,191	5,731,661	3,015,692	45,740,771
<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, 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

<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 \$4.9 million (2015: \$4.4 million).

<sup>5</sup> Included contribution from Japan and Korea amounting to \$105.9 million (2015: \$126.8 million).

<sup>6</sup> Included contribution from France, Germany, Belgium, United Kingdom, Spain, Australia and United States of America amounting to \$123.3 million (2015: \$191.5 million).

<sup>7</sup> Non-current assets comprised property, plant and equipment, intangible assets, investment properties, associates and joint ventures.

### 39 Subsequent Events

- On 16 January 2017, the Group disposed its entire interest in a wholly owned subsidiary, Nassim Hill Realty Pte Ltd (NHR) for a cash consideration of \$411.6 million to an unrelated third party, Kheng Leong Company (Private) Limited. NHR owns 45 units in a freehold low-rise building luxurious condominium known as "The Nassim" in Singapore.
- On 17 February 2017, the Group, through its wholly owned subsidiaries, has entered into conditional sale and purchase agreements with parties unrelated to the Group to acquire a portfolio of four income-producing office and retail properties in Japan at an agreed property price of JPY49.7 billion (\$620.1 million).

## Economic Value Added Statement

	Note	2016 S\$ million	2015 S\$ million
<b>Net Operating Profit Before Tax</b>		1,199.1	1,112.7
Adjust for:			
Share of results of associates and joint ventures		707.8	726.0
Interest expense		463.9	481.6
Others		67.0	42.6
<b>Adjusted Profit Before Interest and Tax</b>		2,437.8	2,362.9
Cash operating taxes	1	(487.1)	(498.9)
<b>Net Operating Profit After Tax (NOPAT)</b>		1,950.7	1,864.0
Average capital employed	2	35,697.2	36,121.7
Weighted average cost of capital (%)	3	6.50	6.00
<b>Capital Charge (CC)</b>		2,320.3	2,167.3
<b>Economic Value Added (EVA) [NOPAT - CC]</b>		(369.6)	(303.3)
Non-controlling interests		312.2	152.9
<b>Group EVA attributable to owners of the Company</b>		(57.4)	(150.4)

<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	15,970.0
Equity	19,227.1
Others	500.1
<b>Total</b>	<b>35,697.2</b>

<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 6.12% (2015: 5.78%) per annum;
- Risk-free rate of 2.53% (2015: 2.27%) per annum based on yield-to-maturity of Singapore Government 10-year Bonds;
- Ungeared beta ranging from 0.50 to 0.98 (2015: 0.54 to 1.19) based on the risk categorisation of CapitaLand's strategic business units; and
- Cost of Debt rate at 3.72% (2015: 3.00%) per annum using 5-year Singapore Dollar Swap Offer rate plus 125 basis points (2015: 125 basis points).

## Value Added Statement

	2016 S\$ million	2015 S\$ million
<b>Value Added From:</b>		
Revenue earned	5,252.3	4,761.9
Less: Bought in materials and services	(3,150.6)	(2,808.8)
<b>Gross Value Added</b>	<b>2,101.7</b>	<b>1,953.1</b>
Share of results of associates and joint ventures	707.8	726.0
Exchange gain (net)	44.0	0.3
Other operating income (net)	353.4	463.0
	1,105.2	1,189.3
<b>Total Value Added</b>	<b>3,206.9</b>	<b>3,142.4</b>
<b>Distribution:</b>		
To employees in wages, salaries and benefits	570.7	536.8
To government in taxes and levies	600.6	564.8
To providers of capital in:		
- Net interest on borrowings	461.0	468.8
- Dividends to owners of the Company	383.0	384.1
	2,015.3	1,954.5
<b>Balance Retained in the Business:</b>		
Depreciation and amortisation	68.9	75.9
Revenue reserves net of dividends to owners of the Company	807.4	681.6
Non-controlling interests	313.9	429.6
	1,190.2	1,187.1
<b>Non-Production (Income)/Cost:</b>		
Allowance/(Write back) for doubtful receivables	1.4	0.8
<b>Total Distribution</b>	<b>3,206.9</b>	<b>3,142.4</b>
<b>Productivity Analysis:</b>		
Value added per employee (S\$'000)#	250	231
Value added per dollar of employment cost (S\$)	3.68	3.64
Value added per dollar sales (S\$)	0.40	0.41

# Based on average 2016 headcount of 8,407 (2015: 8,441).

# 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 interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) \$'000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000) \$'000
<b>Transactions with Temasek Holdings (Private) Limited and its associates:</b>		
Sale of goods and services	1,054	–
Purchase of goods and services	2,035	–
<b>Transactions with Singapore Technologies Engineering Ltd and its associates:</b>		
Purchase of goods and services	345	–
<b>Transactions with Singapore Telecommunications Limited and its associates:</b>		
Purchase of goods and services	17,800	–
<b>Transactions with SMRT Corporation Ltd and its associates:</b>		
Purchase of goods and services	143	–
<b>Transactions with Starhub Ltd and its associates:</b>		
Purchase of goods and services	219	–

## Shareholding Statistics

As at 1 March 2017

### 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	:	27,247,615 or 0.64% <sup>1</sup>
Number of Issued and Paid-up Shares (excluding Treasury Shares)	:	4,247,136,131
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

	Name	No. of Shares	% <sup>1</sup>
1	Temasek Holdings (Private) Limited	1,680,704,140	39.57
2	Citibank Nominees Singapore Pte Ltd	610,350,384	14.37
3	DBS Nominees (Private) Limited	445,438,283	10.49
4	DBSN Services Pte Ltd	375,123,332	8.83
5	HSBC (Singapore) Nominees Pte Ltd	281,843,236	6.64
6	United Overseas Bank Nominees (Private) Limited	113,312,167	2.67
7	Raffles Nominees (Pte) Limited	56,170,588	1.32
8	BNP Paribas Securities Services	39,943,455	0.94
9	DB Nominees (Singapore) Pte Ltd	18,842,324	0.44
10	Phillip Securities Pte Ltd	14,490,659	0.34
11	Pei Hwa Foundation Limited	12,757,635	0.30
12	OCBC Nominees Singapore Private Limited	11,590,998	0.27
13	Lee Pineapple Company (Pte) Limited	10,000,000	0.24
14	DBS Vickers Securities (Singapore) Pte Ltd	8,222,388	0.19
15	BNP Paribas Nominees Singapore Pte Ltd	7,422,757	0.18
16	Morgan Stanley Asia (Singapore) Securities Pte Ltd	5,872,646	0.14
17	OCBC Securities Private Limited	5,259,545	0.13
18	Maybank Kim Eng Securities Pte Ltd	5,238,318	0.12
19	UOB Kay Hian Private Limited	4,162,196	0.10
20	Societe Generale Singapore Branch	3,497,249	0.08
	<b>Total</b>	<b>3,710,242,300</b>	<b>87.36</b>

**Note:**

<sup>1</sup> Percentage is calculated based on 4,247,136,131 issued shares, excluding treasury shares.



# Shareholding Statistics

As at 1 March 2017

## 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	39.57	59,333,134 <sup>2</sup>	1.40
BlackRock, Inc.	–	–	254,383,911 <sup>3</sup>	5.99
The PNC Financial Services Group, Inc.	–	–	254,383,911 <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	369	0.67	6,603	0.00
100 - 1,000	8,374	15.30	7,702,558	0.18
1,001 - 10,000	36,683	67.02	165,328,672	3.89
10,001 - 1,000,000	9,270	16.94	324,019,530	7.63
1,000,001 and above	37	0.07	3,750,078,768	88.30
<b>Total</b>	<b>54,733</b>	<b>100.00</b>	<b>4,247,136,131</b>	<b>100.00</b>

Approximately 52.97%<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 based on 4,247,136,131 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 254,383,911 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

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### 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:

Suite 12-01, Level 12  
Menara 1 Dutamas  
Solaris Dutamas  
No. 1 Jalan Dutamas 1  
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

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 6354 2329

# Corporate Information

(as at 1 March 2017)

## BOARD OF DIRECTORS

**Ng Kee Choe**

Chairman

**Lim Ming Yan**

President & Group CEO

**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**

**Chaly Mah Chee Kheong**

## COMPANY SECRETARIES

**Michelle Koh Chai Ping**

**Ng Chooi Peng**

## BOARD COMMITTEES

### Audit Committee

**Euleen Goh Yiu Kiang**

Chairman

**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

**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
- BNS Asia Limited
- China Construction Bank
- CIMB Bank Berhad
- Citibank N.A.
- 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.

All rights are reserved.



**CapitaLand Limited**

(Registration Number: 198900036N)

(Incorporated in the Republic of Singapore)

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#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)