

# PERFORMANCE REVIEW

2010 marked the first full year of operations since CMA's listing in November 2009. It was an exciting year where we saw several acquisitions and monetisation of assets. The underlying performance of our malls continued to improve with net property yield growing 19.0% in FY 2010 as compared to FY 2009. The better operating performance from our malls coupled with the improving economic conditions and outlook also led to increases in capital values for the Group's property portfolios in Singapore, China and Malaysia. With these positive attributes, CMA Group achieved a profit after tax and minority interests (PATMI) of S\$421.9 million for FY 2010.

During the year, we acquired Meili Mall and Tianfu Mall in Chengdu, as well as invested in shopping mall and office developments in Shanghai Luwan and Raffles City Changning. These acquisitions and investments were part of our strategy to grow our China portfolio to 40.0% of the Group's assets. In addition, we entered into a joint venture to develop an integrated retail and residential project at the Bedok Town Centre in Singapore, as well as acquired Queensbay Mall in Penang.

The Group not only looked at new investments but also actively evaluated its existing portfolios to unlock shareholders' value. To this end, the Group monetised

Clarke Quay and three malls in Malaysia, namely Gurney Plaza, Sungei Wang and The Mines, which yielded S\$496.0 million net sales proceeds. This was in line with CMA's strategy to consistently recycle capital for reinvestment.

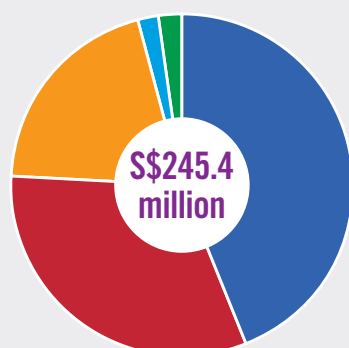
Compared to FY 2009, FY 2010's PATMI of S\$421.9 million was 8.7% higher than FY 2009's PATMI of S\$388.1 million. This was achieved despite lower revaluation gain of properties, lower profit recognition from sale of units in The Orchard Residences, lower monetisation gain from the sale of properties/investments, as well as higher overheads. The increase in FY 2010's PATMI was not only contributed by the better operating performance from the malls, it was also due to higher contributions from fund management entities, as well as lower finance costs due to capitalisation of loans from CapitaLand and its related corporation prior to CMA's Initial Public Offering (IPO) in November 2009.

## REVENUE

The increase in revenue from S\$228.9 million in FY 2009 to S\$245.4 million in FY 2010 was mainly due to higher contributions from the fund management entities and higher project management fee from Singapore. However, the increase was partially offset by loss of revenue from the three malls in Malaysia and Clarke Quay which were monetised

### 2010 Revenue by Geographical Location

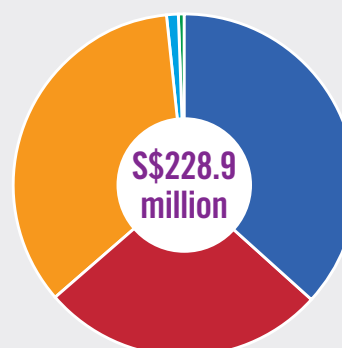
(S\$ million)



● Singapore	:	108.7
● China	:	78.7
● Malaysia	:	49.5
● Japan	:	4.7
● India	:	3.8

### 2009 Revenue by Geographical Location

(S\$ million)



● Singapore	:	84.3
● China	:	62.9
● Malaysia	:	79.1
● Japan	:	2.1
● India	:	0.5

in July 2010, as well as lower property management fees from Singapore and China.

Geographically, Singapore, China and Malaysia continued to be the main contributors. The Group will continue with its strategy to grow its presence in these three core markets.

In Singapore, revenue for FY 2010 of S\$108.7 million was higher than last year by 28.9% mainly due to higher contributions from the fund management entities and project management fee from One-North and JCube. However, the increase was partially offset by loss of revenue arising from the monetisation of Clarke Quay and loss of property management fee from VivoCity as the contract had ended.

Revenue of S\$78.7 million from China for FY 2010 was higher by 25.1% compared to FY 2009. This was mainly due to higher contributions from the fund management entities and higher project management fees from China malls.

For Malaysia, FY 2010's revenue of S\$49.5 million was lower by 37.4% compared to FY 2009 mainly due to monetisation of the three malls to CapitaMalls Malaysia Trust (CMMT) in July 2010.

Japan and India both registered higher revenue of S\$4.7 million and S\$3.8 million respectively mainly due to higher contributions from fund management entities.

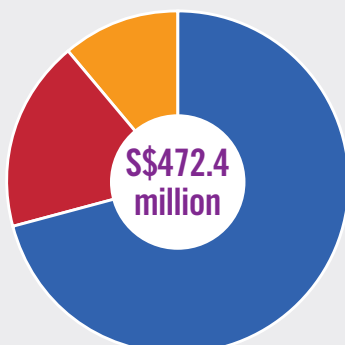
## EARNINGS ANALYSIS

The Group's earnings before interest and tax (EBIT) for FY 2010 were S\$472.4 million. This was 9.3% lower than FY 2009, primarily due to lower revaluation gain of properties, absence of divestment gain from the sale of Link REIT units, lower profit recognition from sale of units in The Orchard Residences as well as lower share of contributions from the three malls in Malaysia and Clarke Quay which were monetised. These were partially offset by higher contributions from ION Orchard which commenced operations in July 2009, higher contributions from CapitaMalls Trust (CMT) and fund management entities, as well as higher foreign exchange gain.

EBIT from Singapore for FY 2010 was lower at S\$345.0 million, a decrease of 18.1% from FY 2009. The decrease was primarily due to lower profit recognition from sale of units in The Orchard Residences and lower share of contribution arising from monetisation of Clarke Quay. In addition, revaluation gain for FY 2010 was lower. The decrease was partially mitigated by higher contributions from ION Orchard which commenced operations in July 2009 and higher contributions from the fund management entities.

### 2010 EBIT by Geographical Location

(S\$ million)

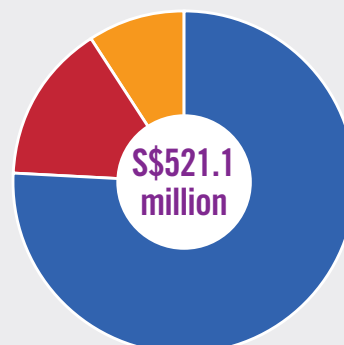


● Singapore	:	345.0
● China	:	89.4
● Malaysia	:	52.6

Note  
Included EBIT from Japan and India of -S\$8.3 million and -S\$6.3 million respectively.

### 2009 EBIT by Geographical Location

(S\$ million)



● Singapore	:	421.0
● China	:	81.2
● Malaysia	:	52.4

Note  
Included EBIT from Japan and India of -S\$20.8 million and -S\$12.7 million respectively.

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EBIT from China for FY 2010 was S\$89.4 million, an increase of 10.1% from FY 2009. The increase was mainly attributable to higher revaluation gain of investment properties, higher contributions from the three China private equity funds, as well as from the fund management entities. The better performance was achieved despite the absence of divestment gain from the sale of The Link REIT units which was recorded last year.

EBIT from Malaysia for FY 2010 was comparable to FY 2009 at S\$52.6 million, mainly due to divestment gain from the sale of the three malls to CMMT and higher foreign exchange gain, but partially offset by lower share of contribution arising from the monetisation of the three malls.

EBIT from Japan for FY 2010 was a loss of S\$8.3 million or 59.9% lower than FY 2009. The lower negative EBIT was due mainly to lower share of associates' revaluation loss of investment properties.

EBIT from India for FY 2010 was a loss of S\$6.3 million or 50.5% lower than FY 2009. The lower negative EBIT was mainly due to the lower share of revaluation loss of investment properties in CapitaRetail India Development Fund.

## DIVIDENDS

The Board of Directors is pleased to propose a first and final dividend of 2.0 cents per share in respect of the financial year ended 31 December 2010. This amounts to a payout of approximately S\$77.7 million based on the number of issued shares as at 31 December 2010. The dividend is subject to shareholders' approval at the forthcoming Annual General Meeting of the Company.

For FY 2009, a first and final dividend of 1.0 cent per share totalling S\$38.8 million was approved and paid in May 2010.

## ASSETS

The Group's total assets as at 31 December 2010 stood at S\$6,982.2 million, an increase of S\$485.8 million, or 7.5% from 2009's total assets of S\$6,496.4 million. The increase was mainly due to net proceeds from the sale of Clarke Quay and three malls in Malaysia, drawdown of bank loans and issue of medium term notes, new investment in Raffles City Changning, acquisition of Tianfu Mall, progressive

development expenditure for One-North, as well as higher revaluation gain of properties held by our associates. The increase in total assets was partially offset by the monetisation of Clarke Quay and three malls in Malaysia.

## BORROWINGS

During 2010, the Group established the S\$2.0 billion Euro-Medium Term Note Programme for which the maiden issue of S\$350.0 million 7-year notes was successfully issued. Compared to the net cash position of S\$41.4 million at end 2009, the Group had a much higher net cash position of S\$618.3 million as at 31 December 2010. This comprised gross debts totaling S\$700.0 million with a strong cash position of S\$1,318.3 million.

## SHAREHOLDERS' EQUITY

As at 31 December 2010, the Group's equity attributable to shareholders increased by 6.8% from S\$5,459.5 million to S\$5,828.5 million. The increase arose from the retained profits made by the Group during the year. The Group's net tangible assets per share stood at S\$1.50 as at 31 December 2010.

## FINANCIAL RISK MANAGEMENT

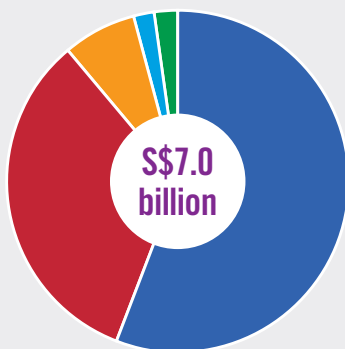
The Group and the Company are exposed to market risk (including interest rate, foreign currency and price risks), credit risk and liquidity risk arising from its diversified portfolio business. The Group's risk management approach seeks to minimise the potential material adverse effects from these exposures. As a whole, the Group has implemented risk management policies and guidelines which set out its tolerance of risk and its general risk management philosophy. In connection with this, the Group has established a framework and process to monitor the exposures so as to ensure appropriate measures can be implemented in a timely and effective manner. Further details of the Group's financial risk management objectives and policies can be found under Note 32 to the Financial Statements.

## MANAGEMENT AND SOURCES OF FUNDING

The Group strives to maintain a prudent capital structure and actively reviews its cashflow, debt maturity profile and overall liquidity position on an ongoing basis. Its main sources of operating cashflows are derived from : 1) fee-based incomes from fund management, mall management, project management and property management; 2) related

## 2010 Assets by Geographical Location

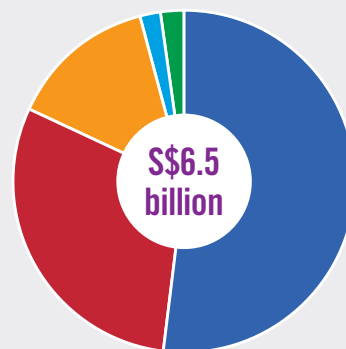
(S\$ million)



● Singapore	:	3,924.6
● China	:	2,271.9
● Malaysia	:	508.6
● Japan	:	130.9
● India	:	146.2

## 2009 Assets by Geographical Location

(S\$ million)



● Singapore	:	3,371.4
● China	:	1,954.8
● Malaysia	:	893.0
● Japan	:	139.9
● India	:	137.3

## TREASURY HIGHLIGHTS

	2010 S\$ million	2009 S\$ million
<b>Bank Facilities And Available Funds</b>		
Bank facilities available	1,532.4	961.5
Amount utilised for loans	350.7	442.1
Amount utilised for banker's guarantee	317.6	0.0
Available and unutilised	864.1	519.4
Unutilised facilities and funds available for use	2,182.4	1,063.7
<b>Debt Securities Capacity</b>		
Debt securities capacity	1,999.3	60.8
Debt securities issued	349.3	60.8
Unused debt security capacity	1,650.0	0.0
<b>Interest Cover Ratio</b>		
Earnings before net interest, tax, depreciation and amortisation	453.6	501.8
Net interest expenses	(0.4)	86.1
Interest cover ratio (times)	N.M.	5.8
<b>Debt Equity Ratio</b>		
Gross debt	700.0	502.9
Cash and fixed deposit balances	1,318.3	544.3
Net debt	0.0	0.0
Equity	5,888.2	5,512.9
Net debt to equity ratio (net of cash and fixed deposit balances)	N.M.	N.M.

## DEBT MATURITY PROFILE

	S\$ million	% of Debt
<b>Maturity Period</b>		
Less than 1 year	12.3	1.8
Between 1 & 2 years	163.2	23.3
Between 2 & 3 years	113.1	16.2
Between 3 & 4 years	14.9	2.1
Between 4 & 5 years	12.9	1.8
After 5 years	383.6	54.8

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income comprising primarily rental income arising from investment properties held by its subsidiaries; and 3) recycling of capital through monetisation of assets. As part of its liquidity management, sufficient undrawn banking facilities are set up to support its funding requirements, investment needs and its growth plans.

The Group has a total book equity of S\$5,888.2 million, net cash position of S\$618.3 million and a strong liquidity position with S\$1,318.3 million of cash reserves on the balance sheet. Complemented by available credit facilities of S\$864.1 million and debt security capacity of S\$1,650.0 million, the Group is in a strong position to support its working capital requirements, refinancing needs and to expeditiously respond to any potential investment opportunities.

## FINANCE COSTS FOR THE GROUP

Finance costs for the Group was S\$25.6 million for the financial year ended 2010, which is 77.0% lower compared to S\$111.4 million in FY 2009.

The decrease in finance costs was primarily due to the absence of inter-company loans from CapitalLand and its related corporations as such loans were capitalised on 16 November 2009 prior to the IPO.

## SOURCES OF FUNDING

As at 31 December 2010, 49.9% of the Group's total debt was raised through the capital market and the balance 50.1% was from bank borrowings. In FY 2009, 12.1% of total debt was raised through capital market and 87.9% from bank borrowings.

## COMMITMENT OF FUNDING

As at 31 December 2010, the Group has available and unutilised credit facilities of S\$864.1 million. The Group monitors its asset versus liability match and ensures that an appropriate portion of committed funding is put in place to match the planned investments holding periods. Taking into account the Group's investment strategy and uncertainty in the global environment, committed financing was secured whenever possible to support its ongoing investments. This was carefully balanced with short term

lines which allowed the Group to optimise the overall cost of funding, facilitate repayment of its debts from monetisations or sale proceeds and yet assured the Group with sufficient financial capacity to support its operations, pursue acquisitions and investment opportunities.

Additionally, the Group reviews its debt profile closely so as to diversify the refinancing risks and spread out the debt maturity. In reviewing the maturity profile of its debt portfolio, the Group also took into account any monetisation or investment plans and the prevailing credit market conditions.

## AVAILABLE LINES BY NATIONALITY OF BANKS AS AT 31 DECEMBER 2010

The Group continues to maintain and build an extensive and active relationship with a network of international banks. With this varied spectrum of network, the Group is able to tap on the strengths and support from the financial institutions in pursuing its strategic growth and presence, thus enhancing its competitiveness.

## INTEREST RATE PROFILE

In managing the interest rate profile, the Group takes into account the interest rate outlook on various currencies of loans, holding periods of its investment portfolio and timing of planned monetisations. As at 31 December 2010, the fixed rate borrowings constitute 71.3% of the debt portfolio and the balance 28.7% were on floating rate basis. As finance cost formed an integral component of the Group's operating costs, the Group continues to actively review its debt portfolio to achieve a prudent mix of fixed and floating rate borrowings.

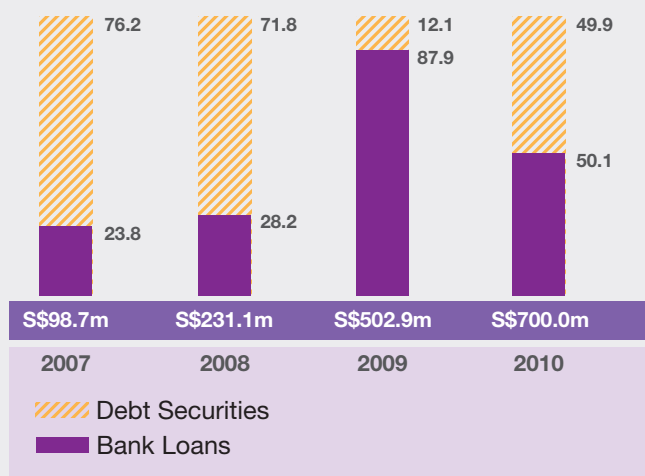
## INTEREST COVER RATIO (ICR)

The Group recorded a net interest income of S\$0.4 million in FY 2010 as compared to net interest expense of S\$86.1 million in FY 2009.

As a result, the ICR for FY 2010 is not meaningful (FY 2009: 5.8 times).

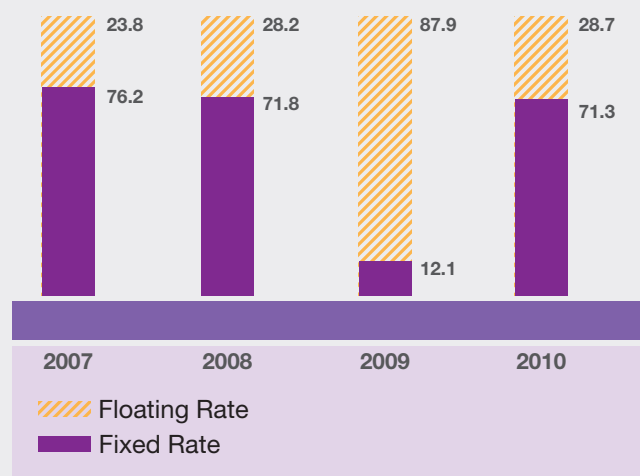
## Sources of Funding

(%)



## Profile of Fixed & Floating Rate Loans

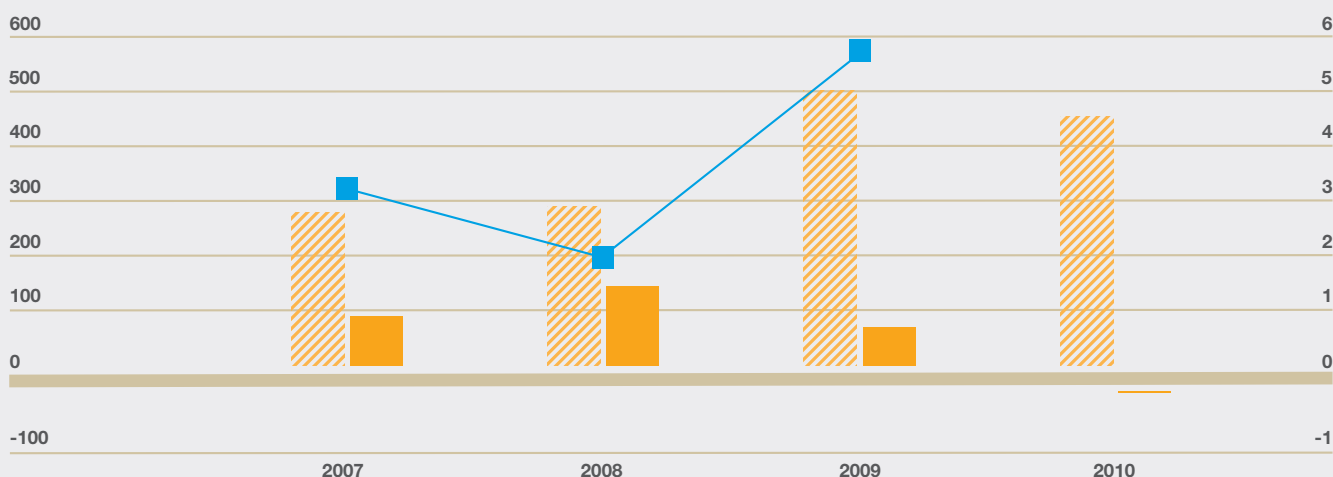
(%)



## EBITDA vs Net Interest Expense

(S\$ million)

Interest Cover Ratio (ICR)



EBITDA vs Net Interest Expense (S\$ million)	283.6	89.4	291.4	145.2	501.8	86.1	453.6	(0.4)*
Interest Cover Ratio (Times)	3.2		2.0		5.8		N.M.	

EBITDA
  Net Interest Expense
  ICR

\* Net Interest Income for FY2010; ICR not meaningful