FINANCIAL STATEMENTS

REPORT OF THE TRUSTEE

Year ended 31 December 2010

HSBC Institutional Trust Services (Singapore) Limited (the "Trustee") is under a duty to take into custody and hold the assets of CapitaMall Trust (the "Trust") and its subsidiaries (the "Group") in trust for the Unitholders. In accordance with the Securities and Futures Act, Chapter 289 of Singapore, its subsidiary legislation and the Code on Collective Investment Schemes, the Trustee shall monitor the activities of CapitaMall Trust Management Limited (the "Manager") for compliance with the limitations imposed on the investment and borrowing powers as set out in the Trust Deed in each annual accounting period and report thereon to Unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Trust during the period covered by these financial statements, set out on pages 138 to 203 in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

For and on behalf of the Trustee,
HSBC Institutional Trust Services (Singapore) Limited

ANTONY WADE LEWIS
Director

Singapore
11 February 2011

STATEMENT BY THE MANAGER

Year ended 31 December 2010

In the opinion of the directors of CapitaMall Trust Management Limited, the accompanying financial statements set out on pages 138 to 203 comprising the Balance Sheets, Statements of Total Return, Distribution Statements, Statements of Movements in Unitholders' Funds, Portfolio Statements, Cash Flow Statements and a summary of significant accounting policies and other explanatory notes of CapitaMall Trust and its subsidiaries (the "Group") and of the Trust, are drawn up so as to present fairly, in all material respects, the financial position of the Group and of the Trust as at 31 December 2010, the total return, distributable income, movements in Unitholders' funds and cash flows of the Group and of the Trust for the year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Certified Public Accountants of Singapore and the provisions of the Trust Deed. At the date of this statement, there are reasonable grounds to believe that the Group and the Trust will be able to meet their financial obligations as and when they materialise.

For and on behalf of the Manager,
CapitaMall Trust Management Limited

HO CHEE HWEE SIMON
Director

Singapore
11 February 2011

INDEPENDENT AUDITORS' REPORT

Unitholders of CapitaMall Trust
(Established in the Republic of Singapore pursuant to a Trust Deed dated 29 October 2001 (as amended))

Report on the financial statements

We have audited the accompanying financial statements of CapitaMall Trust (the "Trust") and its subsidiaries (the "Group"), which comprise the Balance Sheets and Portfolio Statements of the Group and the Trust as at 31 December 2010, and the Statements of Total Return, Distribution Statements, Statements of Movements in Unitholders' Funds and Cash Flow Statements of the Group and the Trust for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 138 to 203.

Manager's responsibility for the financial statements

The Manager of the Trust is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of *Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Certified Public Accountants of Singapore*, and for such internal control as the Manager of the Trust determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Trust's preparation and fair presentation of the financial statements 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 Trust's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Manager of Trust, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITORS' REPORT

Unitholders of CapitaMall Trust
(Established in the Republic of Singapore pursuant to a Trust Deed dated 29 October 2001 (as amended))

Opinion

In our opinion, the consolidated financial statements of the Group and the financial statements of the Trust present fairly, in all material respects, the financial position of the Group and of the Trust as at 31 December 2010 and the total return, distributable income, movements in Unitholders' funds and cash flows of the Group and of the Trust for the year then ended in accordance with the recommendations of *Statement of Recommended Accounting of Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Certified Public Accountants of Singapore*.

KPMG LLP

KPMG LLP
Public Accountants and
Certified Public Accountants

Singapore
11 February 2011

BALANCE SHEETS

As at 31 December 2010

	Note	GROUP 2010 $'000	GROUP 2009 $'000	TRUST 2010 $'000	TRUST 2009 $'000
Non-current assets					
Plant and equipment	4	**1,810**	2,383	**1,645**	1,535
Investment properties	5	**7,271,500**	6,920,500	**6,194,300**	5,132,500
Subsidiaries	6	**–**	–	**80**	149,620
Associate and joint venture	7	**131,807**	137,062	**675,154**	670,230
		7,405,117	7,059,945	**6,871,179**	5,953,885
Current assets					
Inventories		**197**	195	**–**	–
Trade and other receivables	8	**7,657**	12,036	**17,109**	592,773
Cash and cash equivalents	10	**712,952**	350,825	**696,456**	315,147
		720,806	363,056	**713,565**	907,920
Total assets		**8,125,923**	7,423,001	**7,584,744**	6,861,805
Current liabilities					
Financial derivatives	9	**8,234**	353	**8,234**	353
Trade and other payables	11	**125,922**	103,477	**107,968**	76,570
Current portion of security deposits		**40,658**	43,710	**37,115**	31,882
Interest-bearing borrowings	12	**384,125**	440,000	**–**	440,000
Convertible bonds	13	**542,635**	–	**542,635**	–
Current tax payable		**1,290**	1,387	**–**	–
		1,102,864	588,927	**695,952**	548,805
Non-current liabilities					
Financial derivatives	9	**75,191**	33,706	**13,694**	33,706
Interest-bearing borrowings	12	**1,925,159**	1,150,669	**1,981,409**	781,338
Convertible bonds	13	**–**	616,048	**–**	616,048
Non-current portion of security deposits		**83,302**	64,038	**75,165**	49,237
		2,083,652	1,864,461	**2,070,268**	1,480,329
Total liabilities		**3,186,516**	2,453,388	**2,766,220**	2,029,134
Net assets		**4,939,407**	4,969,613	**4,818,524**	4,832,671
Represented by:					
Unitholders' funds		**4,939,407**	4,969,613	**4,818,524**	4,832,671
Units in issue ('000)	15	**3,184,259**	3,179,268	**3,184,259**	3,179,268
		$	$	$	$
Net asset value per unit		**1.55**	1.56	**1.51**	1.52

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

STATEMENTS OF TOTAL RETURN

Year ended 31 December 2010

		GROUP		TRUST	
		2010	2009	2010	2009
	Note	$'000	$'000	$'000	$'000
Gross revenue	16	**581,120**	552,700	**499,840**	405,028
Property operating expenses	17	**(181,973)**	(175,932)	**(159,300)**	(128,426)
Net property income		**399,147**	376,768	**340,540**	276,602
Interest income	18	**2,022**	1,038	**2,007**	33,569
Investment income	19	**–**	–	**54,098**	51,205
Asset management fees	20	**(36,034)**	(34,178)	**(31,059)**	(25,453)
Professional fees		**(1,566)**	(3,419)	**(1,461)**	(3,239)
Trustee's fees		**(1,055)**	(1,066)	**(923)**	(777)
Audit fees		**(328)**	(356)	**(289)**	(229)
Other expenses		**(465)**	(863)	**(490)**	(604)
Foreign exchange gain		**–**	3,402	**–**	–
Finance costs	21	**(118,458)**	(105,029)	**(103,297)**	(85,958)
Net income before share of profit of associate		**243,263**	236,297	**259,126**	245,116
Share of profit of associate		**12,643**	4,138	**–**	–
Net income		**255,906**	240,435	**259,126**	245,116
Loss on repurchase of convertible bonds		**(5,182)**	–	**(5,182)**	–
Net change in fair value of financial derivatives		**9,500**	(1,534)	**9,500**	6,567
Net change in fair value of investment properties		**9,839**	(302,187)	**(32,069)**	(212,463)
Total return for the year before income tax		**270,063**	(63,286)	**231,375**	39,220
Income tax expense	22	**–**	(1,899)	**–**	–
Total return for the year		**270,063**	(65,185)	**231,375**	39,220
Earnings per unit (cents)	23				
Basic		**8.49**	(2.23)	**7.27**	1.34
Fully diluted		**8.41**	(2.23)	**7.26**	1.34

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

DISTRIBUTION STATEMENTS

Year ended 31 December 2010

	GROUP		TRUST	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Amount available for distribution to Unitholders at beginning of year	78,513	62,172	78,513	62,172
Net income before share of profit of associate	243,263	236,297	259,126	245,116
Net tax adjustments (Note A)	50,978	41,561	45,254	36,850
Rollover adjustment	564	–	564	–
Distribution income from associate	10,148	10,258	–	–
Net profit from subsidiaries	(9)	(6,150)	–	–
	304,944	281,966	304,944	281,966
Amount available for distribution to Unitholders	383,457	344,138	383,457	344,138
Distribution to Unitholders during the year:				
Distribution of 3.65 cents per unit for period from 01/10/2008 to 31/12/2008	–	(60,839)	–	(60,839)
Distribution of 1.97 cents per unit for period from 01/01/2009 to 31/03/2009	–	(62,481)	–	(62,481)
Distribution of 2.13 cents per unit for period from 01/04/2009 to 30/06/2009	–	(67,629)	–	(67,629)
Distribution of 2.35 cents per unit for period from 01/07/2009 to 30/09/2009	–	(74,676)	–	(74,676)
Distribution of 2.40 cents per unit for period from 01/10/2009 to 31/12/2009	(76,302)	–	(76,302)	–
Distribution of 2.23 cents per unit for period from 01/01/2010 to 31/03/2010	(70,934)	–	(70,934)	–
Distribution of 2.29 cents per unit for period from 01/04/2010 to 30/06/2010	(72,858)	–	(72,858)	–
Distribution of 2.36 cents per unit for period from 01/07/2010 to 30/09/2010	(75,134)	–	(75,134)	–
	(295,228)	(265,625)	(295,228)	(265,625)
Amount available for distribution to Unitholders at end of the year	88,229	78,513	88,229	78,513

Note A – Net tax adjustments comprise:

	GROUP 2010 $'000	GROUP 2009 $'000	TRUST 2010 $'000	TRUST 2009 $'000
Non–tax deductible/(chargeable) items:				
– asset management fees paid/payable in units	4,975	13,342	–	8,464
– trustee's fees	1,055	910	923	777
– other items	51,203	33,824	50,571	33,124
Tax deductible item:				
– capital allowances/balancing allowances	(6,255)	(6,515)	(6,240)	(5,515)
Net tax adjustments	50,978	41,561	45,254	36,850

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

STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

Year ended 31 December 2010

	GROUP		TRUST	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Net assets at beginning of the year	4,969,613	4,079,606	4,832,671	3,845,610
Operations				
Total return for the year	270,063	(65,185)	231,375	39,220
Hedging reserve				
Effective portion of changes in fair value of cash flow hedges	(4,863)	7,731	354	(95)
Movement in foreign currency translation reserve	(8,078)	(668)	–	–
Movement in general reserve	296	193	–	–
Movement in capital reserve	–	–	41,748	–
Unitholders' transactions				
Creation of units				
– asset management fees paid/payable in units	–	8,464	–	8,464
– units issued in respect of RCS Trust's asset management fees	4,924	4,879	4,924	4,879
– rights issue	–	1,231,934	–	1,231,934
– acquisition fees for Clarke Quay	2,680	–	2,680	–
Issue expenses (Note 24)	–	(31,716)	–	(31,716)
Distribution to Unitholders	(295,228)	(265,625)	(295,228)	(265,625)
Net (decrease)/increase in net assets resulting from Unitholders' transactions	(287,624)	947,936	(287,624)	947,936
Net assets at end of the year	4,939,407	4,969,613	4,818,524	4,832,671

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

PORTFOLIO STATEMENTS

As at 31 December 2010

GROUP

Description of Property	Tenure of Land	Term of Lease	Remaining Term of Lease	Location	Existing Use	Committed Occupancy Rates as at 31 December 2010 %	Committed Occupancy Rates as at 31 December 2009 %	At Valuation 2010 $'000	At Valuation 2009 $'000	Percentage of Total Net Assets 2010 %	Percentage of Total Net Assets 2009 %
Investment properties in Singapore											
Tampines Mall	Leasehold	99 years	81 years	4 Tampines Central 5, Singapore	Commercial	**100.0**	100.0	**792,000**	777,000	**16.0**	15.6
Junction 8	Leasehold	99 years	80 years	9 Bishan Place, Singapore	Commercial	**100.0**	100.0	**580,000**	570,000	**11.7**	11.5
Funan DigitaLife Mall	Leasehold	99 years	68 years	109 North Bridge Road, Singapore	Commercial	**100.0**	99.3	**330,000**	326,000	**6.7**	6.6
IMM Building	Leasehold	60 years	38 years	2 Jurong East Street 21, Singapore	Commercial Warehouse	**100.0** **97.4**	99.7 97.6	**659,000**	650,000	**13.3**	13.1
Plaza Singapura	Freehold	–	–	68 Orchard Road, Singapore	Commercial	**100.0**	100.0	**1,034,000**	1,000,000	**20.9**	20.1
Bugis Junction	Leasehold	99 years	79 years	200 Victoria Street, Singapore	Commercial	**100.0**	100.0	**815,000**	798,000	**16.5**	16.1
Sembawang Shopping Centre	Leasehold	999 years	873 years	604 Sembawang Road, Singapore	Commercial	**99.5**	99.5	**123,000**	136,500	**2.5**	2.7
JCube (formerly known as Jurong Entertainment Centre)	Leasehold	99 years	79 years	2 Jurong East Central 1, Singapore	Commercial	**NA[1]**	NA[1]	**172,000**	122,000	**3.5**	2.4
Hougang Plaza	Leasehold	99 years	79 years	1189 Upper Serangoon Road, Singapore	Commercial	**100.0**	100.0	**39,000**	39,000	**0.8**	0.8
Balance carried forward								**4,544,000**	4,418,500	**91.9**	88.9

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

PORTFOLIO STATEMENTS

As at 31 December 2010

Description of Property	Tenure of Land	Term of Lease	Remaining Term of Lease	Location	Existing Use	Committed Occupancy Rates as at 31 December 2010 %	Committed Occupancy Rates as at 31 December 2009 %	At Valuation 2010 $'000	At Valuation 2009 $'000	Percentage of Total Net Assets 2010 %	Percentage of Total Net Assets 2009 %
Investment properties in Singapore											
Balance brought forward								**4,544,000**	4,418,500	**91.9**	88.9
Lot One Shoppers' Mall[2]	Leasehold	99 years	82 years	21 Choa Chu Kang Avenue 4, Singapore	Commercial	**99.6**	99.9	**437,000**	428,000	**8.8**	8.6
Bukit Panjang Plaza[2]	Leasehold	99 years	83 years	1 Jelebu Road, Singapore	Commercial	**100.0**	99.8	**255,000**	248,000	**5.2**	5.0
Rivervale Mall[2]	Leasehold	99 years	86 years	11 Rivervale Crescent, Singapore	Commercial	**100.0**	100.0	**94,300**	92,000	**1.9**	1.9
The Atrium@Orchard	Leasehold	99 years	97 years	60A & 60B Orchard Road, Singapore	Commercial	**93.5**	99.1	**590,000**	714,000	**11.9**	14.4
Clarke Quay[3]	Leasehold	99 years	78 years	3A/B/C/D/E River Valley Road, Singapore	Commercial	**100.0**	–	**274,000**	–	**5.5**	–
40.0% interest in Raffles City	Leasehold	99 years	68 years	250 & 252 North Bridge Road, 2 Stamford Road and 80 Bras Basah Road, Singapore	Retail Office Hotel[4]	**99.6** **98.5** **NA**	100.0 98.6 NA	**1,077,200**	1,020,000	**21.8**	20.5
Investment properties, at valuation								**7,271,500**	6,920,500	**147.0**	139.3
Investment in associate (Note 7)								**131,807**	137,062	**2.7**	2.7
								7,403,307	7,057,562	**149.7**	142.0
Other assets and liabilities (net)								**(2,463,900)**	(2,087,949)	**(49.7)**	(42.0)
Net assets								**4,939,407**	4,969,613	**100.0**	100.0

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

PORTFOLIO STATEMENTS

As at 31 December 2010

TRUST

Description of Property	Tenure of Land	Term of Lease	Remaining Term of Lease	Location	Existing Use	Committed Occupancy Rates as at 31 December 2010 %	2009 %	At Valuation 2010 $'000	2009 $'000	Percentage of Total Net Assets 2010 %	2009 %
Investment properties in Singapore											
Tampines Mall	Leasehold	99 years	81 years	4 Tampines Central 5, Singapore	Commercial	**100.0**	100.0	**792,000**	777,000	**16.4**	16.1
Junction 8	Leasehold	99 years	80 years	9 Bishan Place, Singapore	Commercial	**100.0**	100.0	**580,000**	570,000	**12.0**	11.8
Funan DigitaLife Mall	Leasehold	99 years	68 years	109 North Bridge Road, Singapore	Commercial	**100.0**	99.3	**330,000**	326,000	**6.8**	6.7
IMM Building	Leasehold	60 years	38 years	2 Jurong East Street 21, Singapore	Commercial Warehouse	**100.0** **97.4**	99.7 97.6	**659,000**	650,000	**13.7**	13.5
Plaza Singapura	Freehold	–	–	68 Orchard Road, Singapore	Commercial	**100.0**	100.0	**1,034,000**	1,000,000	**21.5**	20.7
Bugis Junction	Leasehold	99 years	79 years	200 Victoria Street, Singapore	Commercial	**100.0**	100.0	**815,000**	798,000	**16.9**	16.5
Sembawang Shopping Centre	Leasehold	999 years	873 years	604 Sembawang Road, Singapore	Commercial	**99.5**	99.5	**123,000**	136,500	**2.6**	2.8
JCube (formerly known as Jurong Entertainment Centre)	Leasehold	99 years	79 years	2 Jurong East Central 1, Singapore	Commercial	**NA[1]**	NA[1]	**172,000**	122,000	**3.6**	2.5
Hougang Plaza	Leasehold	99 years	79 years	1189 Upper Serangoon Road, Singapore	Commercial	**100.0**	100.0	**39,000**	39,000	**0.8**	0.8
Balance carried forward								**4,544,000**	4,418,500	**94.3**	91.4

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

PORTFOLIO STATEMENTS

As at 31 December 2010

Description of Property	Tenure of Land	Term of Lease	Remaining Term of Lease	Location	Existing Use	Committed Occupancy Rates as at 31 December 2010 %	Committed Occupancy Rates as at 31 December 2009 %	At Valuation 2010 $'000	At Valuation 2009 $'000	Percentage of Total Net Assets 2010 %	Percentage of Total Net Assets 2009 %
Investment properties in Singapore											
Balance brought forward								**4,544,000**	4,418,500	**94.3**	91.4
Lot One Shoppers' Mall[2]	Leasehold	99 years	82 years	21 Choa Chu Kang Avenue 4, Singapore	Commercial	**99.6**	99.9	**437,000**	–	**9.1**	–
Bukit Panjang Plaza[2]	Leasehold	99 years	83 years	1 Jelebu Road, Singapore	Commercial	**100.0**	99.8	**255,000**	–	**5.3**	–
Rivervale Mall[2]	Leasehold	99 years	86 years	11 Rivervale Crescent, Singapore	Commercial	**100.0**	100.0	**94,300**	–	**2.0**	–
The Atrium@Orchard	Leasehold	99 years	97 years	60A & 60B Orchard Road, Singapore	Commercial	**93.5**	99.1	**590,000**	714,000	**12.2**	14.8
Clarke Quay[3]	Leasehold	99 years	78 years	3A/B/C/D/E River Valley Road, Singapore	Commercial	**100.0**	–	**274,000**	–	**5.7**	–
Investment properties, at valuation								**6,194,300**	5,132,500	**128.6**	106.2
Investment in subsidiaries, associate and joint venture (Notes 6 & 7)								**675,234**	819,850	**14.0**	17.0
								6,869,534	5,952,350	**142.6**	123.2
Other assets and liabilities (net)								**(2,051,010)**	(1,119,679)	**(42.6)**	(23.2)
Net assets								**4,818,524**	4,832,671	**100.0**	100.0

NA Not Applicable
1 Occupancy rate is not applicable as JCube (formerly known as Jurong Entertainment Centre) was closed in November 2008 for asset enhancement works.
2 On 1 January 2010, the three properties namely Lot One Shoppers' Mall, Bukit Panjang Plaza and Rivervale Mall previously held by CapitaRetail Singapore Limited are now held directly by CMT.
3 On 1 July 2010, CMT completed the acquisition of Clarke Quay located at 3A/B/C/D/E River Valley Road, Singapore 179020/1/2/3/4.
4 The two hotels are on a long term master lease to RC Hotels (Pte) Ltd.

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

PORTFOLIO STATEMENTS

As at 31 December 2010

On 31 December 2010, independent valuations of Tampines Mall, Junction 8, Funan DigitaLife Mall, IMM Building, Bugis Junction, Sembawang Shopping Centre, Hougang Plaza and JCube were undertaken by Knight Frank Pte Ltd ("Knight Frank") while the independent valuations of Plaza Singapura, Lot One Shoppers' Mall, Bukit Panjang Plaza, Rivervale Mall, The Atrium@Orchard and Clarke Quay were undertaken by CB Richard Ellis (Pte) Ltd ("CBRE"). The Manager believes that the independent valuers have appropriate professional qualifications and experience in the location and category of the properties being valued.

The valuations were based on investment method and discounted cash flow approaches for Knight Frank (except for JCube) and capitalisation and discounted cash flow approaches for CBRE. For JCube, Knight Frank has used residual land value method and the gross development value is derived by the investment method and the discounted cash flow approaches. The net change in fair value of the properties has been taken to the Statement of Total Return.

On 31 December 2010, independent valuation of Raffles City was undertaken by CBRE and Jones Lang LaSalle Hotels. The Manager believes that the independent valuer has appropriate professional qualifications and experience in the location and category of the property being valued. The valuation was based on capitalisation method and discounted cash flow approaches. The valuation adopted was $2,693,000,000 and the Trust's proportionate interest in the property value is $1,077,200,000. The net change in fair value of the property has been taken to the Statement of Total Return.

Investment properties comprise commercial properties that are leased to external customers. Generally, the leases contain an initial non-cancellable period of three years. Subsequent renewals are negotiated with the lessee. Contingent rents recognised in the Statement of Total Return of the Group and in the Statement of Total Return of the Trust amounted to $30,149,000 (2009: $28,635,000) and $21,734,000 (2009: $17,917,000) respectively.

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

CASH FLOW STATEMENTS

Year ended 31 December 2010

	GROUP 2010 $'000	GROUP 2009 $'000	TRUST 2010 $'000	TRUST 2009 $'000
Cash flows from operating activities				
Net income	255,906	240,435	259,126	245,116
Adjustments for:				
Interest income	(2,022)	(1,038)	(2,007)	(33,569)
Investment income	–	–	(54,098)	(51,205)
Finance costs	118,458	105,029	103,297	85,958
Assets written off	13	17	11	16
Foreign exchange gain – realised	–	(3,402)	–	–
Depreciation and amortisation	1,057	1,021	863	647
Receivables written off	35	78	29	10
Asset management fees paid/payable in units	4,975	13,342	–	8,464
Share of profit of associate	(12,643)	(4,138)	–	–
Operating income before working capital changes	365,779	351,344	307,221	255,437
Changes in working capital:				
Inventories	(2)	(16)	–	–
Trade and other receivables	4,166	1,576	15,361	92
Trade and other payables	4,805	1,036	5,988	4,133
Security deposits	8,499	1,941	7,836	721
Income tax paid	(96)	(288)	–	–
Cash flows from operating activities	383,151	355,593	336,406	260,383
Cash flows from investing activities				
Interest received	2,041	1,018	2,026	28,180
Investment income received	–	–	42,414	40,303
Distribution received from associate	10,148	10,258	10,148	10,258
Net cash outflow on purchase of investment property (including acquisition charges) (see Note A below)	(261,216)	–	(261,216)	–
Capital expenditure on investment properties	(61,594)	(64,459)	(48,835)	(43,010)
Purchase of plant and equipment	(326)	(1,124)	(304)	(677)
Proceeds from sale of plant and equipment	2	3	2	3
Loan to subsidiary	–	–	–	(350,000)
Proceeds from internal restructuring	–	–	11,030	–
Cash flows from investing activities	(310,945)	(54,304)	(244,735)	(314,943)
Balance carried forward	72,206	301,289	91,671	(54,560)

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

CASH FLOW STATEMENTS

Year ended 31 December 2010

	GROUP		TRUST	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Balance brought forward	**72,206**	301,289	**91,671**	(54,560)
Cash flows from financing activities				
Payment of issue and financing expenses	**(4,742)**	(31,716)	**(4,742)**	(31,716)
Repurchase of convertible bonds	**(105,158)**	–	**(105,158)**	–
Proceeds from interest-bearing borrowings	**1,213,900**	17,800	**1,199,500**	–
Repayment of interest-bearing borrowings	**(440,000)**	(991,200)	**(440,000)**	(645,000)
Proceeds from issue of new units	**–**	1,231,934	**–**	1,231,934
Distribution to Unitholders	**(295,228)**	(265,625)	**(295,228)**	(265,625)
Cash pledge	**15,000**	(15,000)	**15,000**	(15,000)
Interest paid	**(78,851)**	(80,012)	**(64,734)**	(61,310)
Cash flows from financing activities	**304,921**	(133,819)	**304,638**	213,283
Net increase in cash and cash equivalents	**377,127**	167,470	**396,309**	158,723
Cash and cash equivalents at beginning of the year	**335,825**	168,355	**300,147**	141,424
Cash and cash equivalents at end of the year[1] (Note 10)	**712,952**	335,825	**696,456**	300,147

[1] In June 2010, the $15.0 million cash pledged in July 2009 was released upon payment of the $125.0 million fixed rate term loan. The $15.0 million was pledged with Silver Maple Investment Corporation Ltd as a cash collateral to unencumber Plaza Singapura.

Note:

(A) Net Cash Outflow on Purchase of Investment Property (including acquisition charges)

Net cash outflow on purchase of investment property (including acquisition charges) is set out below:

	GROUP AND TRUST
	2010
	$'000
Investment properties	**268,000**
Other assets	**5**
Security deposits	**(7,878)**
Net identifiable assets and liabilities acquired	**260,127**
Acquisition charges	**1,089**
Net cash outflow	**261,216**

(B) Significant Non-Cash Transaction

During the financial year, 3,558,526 (2009: 11,002,930) units were issued or will be issued as payment for the asset management fees payable in units, amounting to a value of $4,975,000 (2009: $13,342,000).

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Manager and the Trustee on 11 February 2011.

1 GENERAL

CapitaMall Trust (the "Trust") is a Singapore-domiciled unit trust constituted pursuant to the trust deed dated 29 October 2001 (as amended) (the "Trust Deed") between CapitaMall Trust Management Limited (the "Manager") and HSBC Institutional Trust Services (Singapore) Limited (the "Trustee"). The Trust Deed is governed by the laws of the Republic of Singapore. The Trustee is under a duty to take into custody and hold the assets of the Trust in trust for the holders ("Unitholders") of units in the Trust (the "Units").

The Trust was formally admitted to the Official List of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 17 July 2002 ("Listing Date") and was included under the Central Provident Fund ("CPF") Investment Scheme on 13 September 2002.

The principal activity of the Trust is to invest in income producing real estate, which is used or substantially used for retail purposes with the primary objective of achieving an attractive level of return from rental income and for long-term capital growth. The principal activities of the subsidiaries, associate and joint venture are set out in Notes 6 and 7.

The consolidated financial statements relate to the Trust and its subsidiaries (the "Group") and the Group's interest in its associate and joint venture.

The Trust has entered into several service agreements in relation to management of the Trust and its property operations. The fee structures of these services are as follows:

1.1 Property management fees

Under the Property Management Agreements, property management fees are charged as follows:

(a) 2.00% per annum of the gross revenue of the properties;

(b) 2.00% per annum of the net property income of the properties; and

(c) 0.50% per annum of the net property income of the properties, in lieu of leasing commissions.

The property management fees are payable quarterly in arrears.

1.2 Asset management fees

Pursuant to the Trust Deed, the asset management fees shall not exceed 0.70% per annum of the Deposited Property or such higher percentage as may be fixed by an Extraordinary Resolution at a meeting of Unitholders. Deposited Property refers to all the assets of the Trust, including all its Authorised Investments (as defined in the Trust Deed) for the time being held or deemed to be held upon the trusts of the Trust Deed.

The asset management fees comprise:

(a) in respect of Authorised Investments which are in the form of real estate, a base component of 0.25% per annum of Deposited Property and a performance component of 2.85% per annum of gross revenue of the Trust for each financial year; and

(b) in respect of all other Authorised Investments which are not in the form of real estate, 0.5% per annum of the investment value of the Authorised Investment, unless such Authorised Investment is an interest in a property fund (either a real estate investment trust or private property fund) wholly managed by a wholly-owned subsidiary of CapitaLand Limited, in which case no asset management fee shall be payable in relation to such Authorised Investment.

In respect of all Authorised Investments which are in the form of Real Estate acquired by the Trust: –

(a) the base component shall be paid to the Manager in the form of cash and/or Units (as the Manager may elect); and

(b) the performance component shall be paid to the Manager in the form of cash, in the form of Units or a combination of both (as the Manager may elect).

When paid in the form of Units, the Manager shall be entitled to receive such number of Units as may be purchased for the relevant amount of the asset management fee at the market price (as defined in the Trust Deed). The asset management fees are payable quarterly in arrears.

The Manager is also entitled to receive acquisition fee at the rate of 1% of the purchase price and a divestment fee of 0.5% of the sale price on all future acquisitions or disposals of properties or investments.

1.3 Trustee's fees

Pursuant to the Trust Deed, the Trustee's fees shall not exceed 0.10% per annum of the Deposited Property (subject to a minimum sum of $6,000 per month) payable out of the Deposited Property of the Trust. The Trustee is also entitled to reimbursement of expenses incurred in the performance of its duties under the Trust Deed.

The Trustee's fees are payable quarterly in arrears.

2 BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements have been prepared in accordance with the Statement of Recommended Accounting Practice ("RAP") 7 "Reporting Framework for Unit Trusts" issued by the Institute of Certified Public Accountants of Singapore, and the applicable requirements of the Code on Collective Investment Schemes ("CIS Code") issued by the Monetary Authority of Singapore ("MAS") and the provisions of the Trust Deed.

2.2 Basis of measurement

The financial statements are prepared on the historical cost basis, except for investment properties, derivative financial instruments and certain financial assets and financial liabilities which are measured at fair value.

2.3 Functional and presentation currency

The financial statements are presented in Singapore dollars, which is the Group's functional currency. All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

2.4 Use of estimates and judgements

The preparation of financial statements in conformity with RAP 7 requires management to make judgements, estimates and assumptions that affect the application of policies and 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.

In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements is described in the following notes:

- Note 5 – Valuation of investment properties
- Note 27 – Valuation of financial instruments

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the Group entities.

2.5 Changes in accounting policies

Accounting for business combinations

From 1 January 2010, the Group has applied FRS 103 Business Combinations (2009) in accounting for business combinations. Business combinations are now accounted for using the acquisition method as at the acquisition date. The change in accounting policy has been applied prospectively to new business combinations occurring on or after 1 January 2010. The change in accounting policy had no impact on the consolidated financial statements of the Group.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities, except as explained in note 2.5, which addresses changes in accounting policies.

3.1 Consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Associate and joint venture

Associate is an entity in which the Group has a significant influence, but not control, over the financial and operating policies. In the financial statements of the Group, the interest in an associate is accounted for using the equity method. The consolidated financial statements include the Group's share of the income and expenses of the associate, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest (including any long-term investments) is reduced to zero and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payment on behalf of the associate.

Joint venture is an entity over whose activities the Trust has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. In the financial statements of the Group, the interest in joint venture is accounted for by including its proportionate share of the jointly-controlled entity's assets, liabilities, income and expenses with the similar item, line by line, in its financial statements. The consolidated financial statements include the assets that the Group controls and the liabilities that it incurs in the course of pursuing the joint venture, share of the income and expenses of the joint venture, after adjustments to align the accounting policies with those of the Group, from the date that joint control commences until the date that joint control ceases.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or 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 investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Accounting for subsidiaries, associate and joint venture by the Trust

Investments in subsidiaries, associate and joint venture are stated in the Trust's balance sheet at cost less accumulated impairment losses.

3.2 Plant and equipment

Plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

The cost of replacing part of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of plant and equipment are recognised in the Statement of Total Return as incurred.

Depreciation is provided on a straight-line basis so as to write off items of plant and equipment, and major components that are accounted for separately, over their estimated useful lives as follows:

Furniture, fittings and equipment – 2 to 5 years

Gain or loss arising from the retirement or disposal of plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of plant and equipment and is recognised in the Statement of Total Return.

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date.

3.3 Investment properties

Investment properties are properties held either to earn rental income or capital appreciation or both. Investment properties are accounted for as non-current assets and are stated at initial cost on acquisition and at fair value thereafter. The cost of a purchased property comprises its purchase price and any directly attributable expenditure including capitalised borrowing costs. Transaction costs shall be included in the initial measurement. Fair value is determined in accordance with the Trust Deed, which requires the investment properties to be valued by independent registered valuers in the following events:

- in such manner and frequency required under the CIS Code issued by MAS; and

- at least once in each period of 12 months following the acquisition of each parcel of real estate property.

Any increase or decrease on revaluation is credited or charged to the Statement of Total Return as a net change in fair value of the investment properties.

When an investment property is disposed of, the resulting gain or loss recognised in the Statement of Total Return is the difference between net disposal proceeds and the carrying amount of the property.

Investment properties are not depreciated. The properties are subject to continued maintenance and regularly revalued on the basis set out above. For income tax purposes, the Group and the Trust may claim capital allowances on assets that qualify as plant and machinery under the Income Tax Act.

3.4 Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date on which the fair value was determined.

Foreign currency differences arising on retranslation are recognised in the Statement of Total Return, except for differences arising on the retranslation of monetary items that in substance form part of the Group's net investment in a foreign operation, available-for-sale equity instruments and financial liabilities designated as hedges of the net investment in a foreign operation.

3.5 Financial instruments

Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through the Statement of Total Return) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial assets: loans and receivables.

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 trade and other receivables.

Cash and cash equivalents comprise cash balances and bank deposits.

Non-derivative financial liabilities

The Group initially recognises all other financial liabilities (including liabilities designated at fair value through the Statement of Total Return) on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

The Group has the following non-derivative financial liabilities: loans and borrowings and trade and other payables.

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 method.

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 the Statement of Total Return. Multiple embedded derivatives in a single instrument are treated as a single compound embedded derivative if they share the same underlying risk exposures, are interdependent of each other and are not readily separable.

On initial designation of the hedge, the Group formally documents the relationship between the hedging instrument(s) and hedged item(s), including the risk management objectives and strategy in undertaking the hedge transaction, 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, 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 during the period for which the hedge is designated, 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 total return.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in the Statement of Total Return 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 Unitholders' funds to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised in the Statement of Total Return.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in the hedging reserve in Unitholders' funds remains there until the forecast transaction occurs. If the forecast transaction is no longer expected to occur, any related cumulative gain or loss is recognised in the Statement of Total Return. When the hedged item is a non-financial asset, the amount recognised in Unitholders' funds is transferred to the carrying amount of the asset when it is recognised. In other cases the amount recognised in Unitholders' funds is transferred to the Statement of Total Return in the same period that the hedged item affects the Statement of Total Return.

Economic hedges

Hedge accounting is not applied to derivative instruments that economically hedge monetary assets and liabilities denominated in foreign currencies. Changes in the fair value of such derivatives are recognised in the Statement of Total Return.

Separable embedded derivatives

Changes in the fair value of separable embedded derivatives are recognised in the Statement of Total Return.

Convertible bonds

The convertible bonds comprise a liability for the interest and principal amount and a derivative liability. The derivative liability is recognised at fair value at inception. The carrying amount of the convertible bonds at initial recognition is the difference between the gross proceeds from the convertible bonds issue and the fair value of the derivative liability. Any directly attributable transaction costs are allocated to the convertible bonds and derivative liability in proportion to their initial carrying amounts.

Subsequent to initial recognition, the convertible bonds are measured at amortised cost using effective interest method. The derivative liability is measured at fair value through the Statement of Total Return.

Intra-group financial guarantees

Financial guarantees are financial instruments issued by the Group that requires the issuer to make specified payments to reimburse the holder for the loss it incurs because a specified debtor fails to meet payment when due in accordance with the original or modified terms of a debt instrument.

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 Statement of Total Return.

3.6 Impairment

Non-derivative financial assets

A financial asset not carried at fair value through total return is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has 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 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. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

The Group considers evidence of impairment for receivables and at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables 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 the Manager's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than 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 asset's original effective interest rate. Losses are recognised in the Statement of Total Return and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the Statement of Total Return.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment properties, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit 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. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the Statement of Total Return.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications 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.

3.7 Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the Statement of Total Return over the period of the borrowings on an effective interest basis.

3.8 Unitholders' funds

Unitholders' funds represent the Unitholders' residual interest in the Group's net assets upon termination and is classified as equity.

Incremental costs directly attributable to the issue of units are recognised as a deduction from Unitholders' funds.

3.9 Revenue recognition

Rental income from operating leases

Rental income receivable under operating leases is recognised in the Statement of Total Return 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 assets. Lease incentives granted are recognised as an integral part of the total rental to be received. Contingent rentals, which include gross turnover rental, are recognised as income in the accounting period on a receipt basis. No contingent rentals are recognised if there are uncertainties due to the possible return of amounts received.

Car park income

Car park income is recognised on a time apportionate basis.

Interest income

Interest income is recognised as it accrues, using the effective interest method.

Investment income

Investment income is recognised when the right to receive distribution income from associate and joint venture is established.

3.10 Expenses

Property operating expenses

Property operating expenses consist of quit rents, property taxes, utilities, property management fees, property management reimbursements, advertising and promotion, maintenance and other property outgoings in relation to investment properties where such expenses are the responsibility of the Group.

Property management fees are recognised on an accrual basis based on the applicable formula stipulated in Note 1.1.

Asset management fees

Asset management fees are recognised on an accrual basis using the applicable formula, stipulated in Note 1.2.

Trustee's fees

The Trustee's fees are recognised on an accrual basis using the applicable formula stipulated in Note 1.3.

3.11 Finance costs

Finance costs comprise interest expense on borrowings and convertible bonds, amortisation of borrowings and convertible bonds related transaction costs and accretion of convertible bonds interest which are recognised in the Statement of Total Return using the effective interest method over the period of borrowings and the convertible bonds. Finance costs also include gain/loss on remeasurement of financial derivatives.

3.12 Income tax

Income tax expense comprises current and deferred tax. Income tax is recognised in the Statement of Total Return except to the extent that it relates to items directly related to Unitholders' funds, in which case it is recognised in Unitholders' funds.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for 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; and

- differences related to investments in subsidiaries and joint ventures to the extent that it is probable that they will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to the 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 only to the extent that it is probable that future taxable profits will be available against which the 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 Inland Revenue Authority of Singapore (the "IRAS") has issued a tax ruling on the income tax treatment of the Trust. Subject to meeting the terms and conditions of the tax ruling which includes a distribution of at least 90.0% of the taxable income of the Trust, the Trustee is not subject to tax on the taxable income of the Trust. Instead, the distributions made by the Trust out of such taxable income are subject to tax in the hands of Unitholders, unless they are exempt from tax on the Trust's distributions. This treatment is known as the tax transparency treatment.

Individuals and qualifying Unitholders, i.e., companies incorporated and tax resident in Singapore, Singapore branches of foreign companies that have obtained waiver from the IRAS from tax deducted at source in respect of the distributions from the Trust, and bodies of persons registered or constituted in Singapore, are entitled to gross distributions from the Trust. For distributions made to foreign non-individual Unitholders, the Trustee is required to withhold tax at the reduced rate of 10.0%. For other types of Unitholders, the Trustee is required to withhold tax at the prevailing corporate tax rate on the distributions made by the Trust. Such other types of Unitholders are subject to tax on the regrossed amounts of the distributions received but may claim a credit for the tax deducted at source at the prevailing corporate tax rate by the Trustee.

The Trust has a distribution policy to distribute at least 90.0% of its taxable income, other than gains from the sale of real estate properties that are determined by the IRAS to be trading gains. For the taxable income that is not distributed, referred to as retained taxable income, tax will be assessed on the Trustee. Where such retained taxable income is subsequently distributed, the Trustee need not deduct tax at source.

3.13 Segment reporting

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. All operating segments' operating results are reviewed regularly by the Group's CODMs to make decisions about resources to be allocated to the segments and assess its performance and for which discrete financial information is available.

3.14 New standards and interpretations not adopted

A number of new standards, amendments to standards and interpretations that are effective for annual periods beginning after 1 January 2010, and have not been applied in preparing these financial statements. None of these are expected to have a significant impact on the financial statements of the Group.

4 PLANT AND EQUIPMENT

	Furniture, fittings and equipment	
	2010	2009
	$'000	$'000
GROUP		
Cost		
At 1 January	4,510	3,684
Additions	326	1,124
Disposals	(122)	(43)
Assets written off	(135)	(255)
At 31 December	4,579	4,510
Accumulated depreciation		
At 1 January	2,127	1,519
Charge for the year	884	886
Disposals	(120)	(40)
Assets written off	(122)	(238)
At 31 December	2,769	2,127
Carrying amount		
At 1 January	2,383	2,165
At 31 December	1,810	2,383
TRUST		
Cost		
At 1 January	2,931	2,419
Transfer from Subsidiaries	543	–
Additions	304	674
Disposals	(120)	(34)
Assets written off	(57)	(128)
At 31 December	3,601	2,931
Accumulated depreciation		
At 1 January	1,396	1,016
Charge for the year	724	525
Disposals	(118)	(33)
Assets written off	(46)	(112)
At 31 December	1,956	1,396
Carrying amount		
At 1 January	1,535	1,403
At 31 December	1,645	1,535

5 INVESTMENT PROPERTIES

	GROUP		TRUST	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
At 1 January	**6,920,500**	7,174,000	**5,132,500**	5,317,000
Transfer from Subsidiaries	**–**	–	**768,000**	–
Acquisition of investment properties	**268,000**	–	**268,000**	–
Acquisition charges capitalised	**3,769**	–	**3,769**	–
Capital expenditure capitalised	**69,392**	48,687	**54,100**	27,963
	7,261,661	7,222,687	**6,226,369**	5,344,963
Net change in fair value of investment properties	**9,839**	(302,187)	**(32,069)**	(212,463)
At 31 December	**7,271,500**	6,920,500	**6,194,300**	5,132,500

Some of the investment properties have been mortgaged to secure credit facilities for the Trust and the Group (Note 12) and as security for the convertible bonds of the Trust (Note 13). Plaza Singapura, Lot One Shoppers' Mall, Bukit Panjang Plaza, Rivervale Mall and Clarke Quay are unencumbered as at the balance sheet date.

Investment properties are stated at fair value based on valuations performed by independent professional valuers. In determining the fair value, the valuers have used valuation methods which involve certain estimates. The Manager is of the view that the valuation methods and estimates are reflective of the current market condition. The key assumptions used to determine the fair value of investment properties include market-corroborated capitalisation yield, terminal yield and discount rate.

The fair values are based on 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 after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

6 SUBSIDIARIES

	Note	TRUST 2010 $'000	TRUST 2009 $'000
Non-current assets			
Unquoted equity at cost		–	149,540
Loan to subsidiaries		80	80
		80	149,620
Current assets			
Loan to subsidiary	8	–	563,000

Details of the subsidiaries are as follows:

Name of subsidiaries	Place of incorporation/ business	Effective equity interest held by the Trust 2010 %	Effective equity interest held by the Trust 2009 %
CapitaRetail Singapore Limited[1]	Singapore	**100**	100
CMT MTN Pte. Ltd.[1]	Singapore	**100**	100

1 Audited by KPMG Singapore

CapitaRetail Singapore Limited

The principal activity of CapitaRetail Singapore Limited ("CRSL") is that of an investment holding company. CRSL is a special purpose vehicle, whose main objectives are to own all the issued units in CapitaRetail BPP Trust ("CRBPPT"), CapitaRetail Lot One Trust ("CRLOT") and CapitaRetail Rivervale Trust ("CRRT"), obtain borrowings and issue bonds to extend mortgage loans to CRBPPT, CRLOT and CRRT. CRBPPT, CRLOT and CRRT in turn own 90 out of 91 strata lots in Bukit Panjang Plaza, Lot One Shoppers' Mall and Rivervale Mall (collectively, "CRSL Properties") respectively.

Pursuant to a Deed of Reconstruction entered into by CRSL with HSBC Institutional Trust Services (Singapore) Limited in its capacity as trustee of the Trust and each of its subsidiaries. The CRSL Properties were transferred to the Trust on 1 January 2010 at the carrying amounts as at 31 December 2009. In connection with the internal restructuring, the encumbrances over the CRSL Properties have been discharged.

The sale proceeds received by the subsidiaries arose as a debt owing by the Trust to the subsidiaries, and were used to repay the principal amount on intercompany loans obtained from CRSL. The remaining sale proceeds were distributed in the form of a distribution of income, capital and by way of redemption of units in the subsidiaries, to CRSL.

In 2009, the Trust had invested $213,000,000 in the Junior Bond ("Junior Bond") and 852 attached Redeemable Preference Shares in CRSL, representing 100% of the Junior Bond and Redeemable Preference Shares, respectively, issued by CRSL.

The salient terms of the Junior Bonds were as follows:

(i) Junior Bonds issued by the CRSL were constituted by the Junior Bonds Trust Deed dated 27 February 2008;

(ii) Junior Bonds bore an interest rate of 15% per annum, payable quarterly in arrear. In the event of failure to pay the 15% interest on Junior Bonds, the rights of holder of Junior Bonds to unpaid interest will be extinguished and such failure does not constitute an event of default;

(iii) The payment of interest on Junior Bonds was subordinated to the payment of interest on the term loans and revolving credit facility;

(iv) The redemption of Junior Bonds was subordinate to the payment of the term loans and revolving credit facility; and

(v) Junior Bonds matures in 2018.

Junior Bonds were secured on the following:

(i) Second ranking debentures creating fixed and floating charges over the assets of CRSL and its subsidiaries;

(ii) Second floating charge over the bank and other operating accounts of CRSL;

(iii) Second assignment of the rights, title and interest of the subsidiaries in the following:

- Property management agreements relating to CRSL Properties;
- Tenancy and tenancy-related agreements and other sale and purchase agreements relating to the CRSL Properties; and
- Insurances effected over CRSL Properties;

(iv) Second ranking mortgages over each of the CRSL Properties.

On 8 April 2009, the Trust provided an interest-bearing loan of $350,000,000 to CRSL. The loan bore interest at 5.788% per annum, payable quarterly in arrears, non-trade in nature and unsecured. The loan was used to repay $320,000,000 fixed rate term loan, $26,200,000 revolving credit facility and certain committed asset enhancement initiatives of CRSL.

CMT MTN Pte. Ltd.

On 23 January 2007, CMT MTN Pte. Ltd. (“CMT MTN”), a wholly-owned subsidiary comprising of $1 of 1 ordinary share was incorporated. The principal activity of this subsidiary is provision of treasury services, including on lending to the Trust the proceeds from issuances of notes under an unsecured multicurrency medium term note programme.

The Trust has provided a loan to CMT MTN amounting to $80,000 (2009: $80,000) which is non-trade in nature, unsecured and interest-free. The settlement of the amount is neither planned nor likely to occur in the foreseeable future. As this amount is, in substance, part of the Trust’s net investment in CMT MTN, it is stated at cost.

7 ASSOCIATE AND JOINT VENTURE

	GROUP		TRUST	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Investment in associate	**131,807**	137,062	**130,836**	130,836
Investment in joint venture	**–**	–	**544,318**	539,394
	131,807	137,062	**675,154**	670,230

Details of the associate and joint venture are as follows:

Name of associate and joint venture	Place of constitution/ incorporation/ business	Effective equity interest held by the Trust 2010 %	2009 %
Associate			
CapitaRetail China Trust[1]	Singapore	**19.6**	19.7
Joint venture			
RCS Trust[1]	Singapore	**40.0**	40.0

1 Audited by KPMG Singapore

Associate

CapitaRetail China Trust

CapitaRetail China Trust ("CRCT") is a real estate investment trust constituted in Singapore by a trust deed dated 23 October 2006 (as amended). CRCT was formally admitted to the Official List of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 8 December 2006. CRCT is established with the objective of investing on a long term basis in a divested portfolio of income producing real estate and primarily for retail purposes and located primarily in the People's Republic of China.

On a recurring basis, as the results of CRCT are not expected to be announced in sufficient time to be included in the Group's results for the same calendar quarter, the Group will equity account the results of CRCT based on a 3 month lag time.

At the balance sheet date, the fair value of both the Group's and the Trust's investment in CRCT is $152,154,000 (2009: $157,062,000).

Joint Venture

RCS Trust

RCS Trust is an unlisted special purpose trust established under a trust deed ("RCS Trust Trust Deed") dated 18 July 2006 entered into between HSBC Institutional Trust Services (Singapore) Limited as trustee-manager of RCS Trust ("RCS Trust Trustee-Manager"), HSBC Institutional Trust Services (Singapore) Limited as trustee of CapitaCommercial Trust ("CCT"), the Trustee, CapitaCommercial Trust Management Limited (as Manager of CCT) and the Manager. RCS Trust is 40.0% owned by the Trust and 60.0% owned by CCT.

RCS Trust has entered into several service agreements in relation to management of the trust and its property operations. The fee structures of these services are as follows:

(a) Property management fees

Under the property management agreement, property management fees are charged as follows:

(i) 2.00% per annum of the property income of the property; and

(ii) 2.50% per annum of the net property income of the property.

The property management fees are payable monthly in arrears.

(b) Asset management fees

Pursuant to the RCS Trust Trust Deed, the asset management fees comprise a base component of 0.25% per annum of the value of Deposited Property of RCS Trust and a performance component of 4.00% per annum of the net property income of RCS Trust, including all its Authorised Investments for the time being held or deemed to be held upon the trusts of the RCS Trust Trust Deed.

The asset management fees shall be paid entirely in the form of units or, with the unanimous approval of the Manager and CapitaCommercial Trust Management Limited (as Manager of CCT), either partly in units and partly in cash or wholly in cash.

The asset management fees are payable quarterly in arrears.

(c) Trustee-Manager's fees

Pursuant to the RCS Trust Trust Deed, the Trustee-Manager's fees shall not exceed 0.10% per annum of the value of Deposited Property of RCS Trust, as defined in the RCS Trust Trust Deed (subject to a minimum sum of $15,000 per month), payable out of the Deposited Property of RCS Trust. The RCS Trust Trustee-Manager is also entitled to reimbursement of expenses incurred in the performance of its duties under the RCS Trust Trust Deed.

The Trustee-Manager's fees are payable quarterly in arrears.

The summarised financial information relating to the associate is not adjusted for the percentage of ownership held by the Group. The summarised financial information of the joint venture represents the Group's share.

The financial information of the associate and the Trust's interests in the joint venture are as follows:

	Associate		Joint venture	
	2010 [1]	2009 [2]	2010	2009
	$'000	$'000	$'000	$'000
Assets and Liabilities				
Non-current assets			1,077,365	1,020,305
Current assets			13,308	10,781
Total assets	1,204,611	1,227,612	1,090,673	1,031,086
Non-current liabilities			8,137	374,420
Current liabilities			403,015	19,788
Total liabilities	515,583	515,601	411,152	394,208
Results				
Revenue	118,681	122,396	81,287	80,054
Expenses			(43,061)	(43,815)
Revaluation surplus/(deficit)			41,908	(68,087)
Total return for the year	65,782	21,935	80,134	(31,848)
The Group's share of joint venture capital commitment			1,256	15,823

1 As the results of CRCT for the fourth quarter ended 31 December 2010 are not announced in sufficient time to be included in the Group's results for the same calendar quarter, the assets and liabilities recorded were based on CRCT's unaudited financial statements and distribution announcement for the third quarter ended 30 September 2010 dated 20 October 2010. The financial results recorded were based on CRCT's unaudited financial statement and distribution announcements for the period from 1 October 2009 to 30 September 2010.

2 As the results of CRCT for the fourth quarter ended 31 December 2009 are not announced in sufficient time to be included in the Group's results for the same calendar quarter, the assets and liabilities recorded was based on CRCT's unaudited financial statements and distribution announcements for the third quarter ended 30 September 2009 dated 23 October 2009. The financial results recorded were based on CRCT's unaudited financial statement and distribution announcements for the period from 1 October 2008 to 30 September 2009.

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Year ended 31 December 2010

8 TRADE AND OTHER RECEIVABLES

		GROUP		TRUST	
		2010	2009	2010	2009
	Note	$'000	$'000	$'000	$'000
Trade receivables		**4,161**	4,353	**3,866**	3,665
Impairment losses		**(14)**	(78)	**–**	–
Net trade receivables		**4,147**	4,275	**3,866**	3,665
Deposits		**2,542**	6,327	**1,062**	4,293
Interest receivable		**–**	19	**–**	10,902
Loan to subsidiaries	6	**–**	–	**–**	563,000
Amount due from related parties		**62**	362	**11,694**	10,425
Other receivables		**579**	644	**167**	189
Loans and receivables		**7,330**	11,627	**16,789**	592,474
Prepayments		**327**	409	**320**	299
		7,657	12,036	**17,109**	592,773

Concentration of credit risk relating to trade receivables is limited due to the Group's many varied tenants. These tenants comprise retailers engaged in a wide variety of consumer trades. The Group's historical experience in the collection of accounts receivable falls within the recorded allowances. Due to these factors, the Manager believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Group's trade receivables.

The maximum exposure to credit risk for trade receivables at the reporting date (by type of consumers) is:

	GROUP		TRUST	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Retail customers	**4,011**	4,218	**3,740**	3,554
Warehouse	**40**	57	**40**	58
Office	**96**	–	**86**	53
	4,147	4,275	**3,866**	3,665

The Group's most significant tenant, accounts for $291,550 (2009: $184,890) of the trade receivables carrying amount as at the balance sheet date.

Impairment losses

The ageing of receivables at the reporting date is:

	GROUP		TRUST	
	Gross $'000	Impairment losses $'000	Gross $'000	Impairment losses $'000
2010				
Not past due	3,429	–	3,268	–
Past due 31 – 60 days	471	–	426	–
Past due 61 – 90 days	89	(10)	98	–
Over 90 days	172	(4)	74	–
	4,161	(14)	3,866	–
2009				
Not past due	3,493	(12)	2,973	–
Past due 31 – 60 days	585	(4)	551	–
Past due 61 – 90 days	91	(28)	77	–
Over 90 days	184	(34)	64	–
	4,353	(78)	3,665	–

The change in impairment loss in respect of trade receivables during the year is as follows:

	GROUP		TRUST	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
As at 1 January	78	–	–	–
Allowance (reversed)/made during the year	(64)	78	–	–
As at 31 December	14	78	–	–

The Manager believes that no impairment allowance is necessary in respect of the remaining trade receivables as these receivables are mainly arising from tenants that have good records with the Group and have sufficient security deposits as collateral.

9 FINANCIAL DERIVATIVES

	GROUP		TRUST	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Current liabilities				
Interest rate swaps	–	353	–	353
Derivative liability portion of convertible bonds	8,234	–	8,234	–
	8,234	353	8,234	353
Non-current liabilities				
Cross currency swap	61,497	–	–	–
Interest rate swaps	13,694	5,873	13,694	5,873
Derivative liability portion of convertible bonds	–	27,833	–	27,833
	75,191	33,706	13,694	33,706

Cross currency swap

On 8 April 2010, the Group had entered into a fixed to fixed cross currency swap to hedge the US dollars denominated notes with a notional contract amount of US$500,000,000. The Group has designated the cross currency swap as a hedging instrument in a cash flow hedge. The swap matures on 8 April 2015.

Interest rate swaps

The Group entered into contracts to exchange, at specified intervals, the difference between floating rate and fixed rate interest amounts calculated by reference to the agreed notional principal amounts of the term loans. Under the swap agreement, the swap matures on 27 August 2014. At balance sheet date, the Group has an interest rate swap with a notional contract amount of $320,000,000 (2009: $320,000,000).

On 22 October 2008, the Trust had entered into an interest rate swap contract to exchange, at specified intervals, the difference between floating rate and fixed rate interest amounts on the $60,000,000 CMT MTN Floating Rate Notes. Under the swap agreement, the swap matured on 30 April 2010. The Group had designated the interest rate swap as a hedging instrument in a cash flow hedge. The interest rate swap was terminated on 30 April 2010 following the repayment of CMT MTN Floating Rate Notes.

Derivative liability portion of convertible bonds

The changes in fair value of the derivative liability portion of the convertible bonds are recognised in the Statement of Total Return.

The following table indicates the periods in which the cash flows associated with financial derivatives that are cash flow hedges are expected to impact the Statement of Total Return:

	Carrying amount	Contractual cash flows	Cash flows		
			Within 1 year	Within 1 to 5 years	More than 5 years
	$'000	$'000	$'000	$'000	$'000
GROUP					
2010					
Cross currency swap	(61,497)	(58,823)	1,182	(60,005)	–
Interest rate swap	(13,694)	(13,399)	(6,795)	(6,604)	–
2009					
Interest rate swap	(6,226)	(5,115)	(5,184)	69	–
TRUST					
2010					
Interest rate swap	(13,694)	(13,399)	(6,795)	(6,604)	–
2009					
Interest rate swap	(6,226)	(5,115)	(5,184)	69	–

10 CASH AND CASH EQUIVALENTS

	GROUP		TRUST	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Cash at bank and in hand	**14,548**	12,463	**8,683**	8,318
Fixed deposits with financial institutions	**698,404**	338,362	**687,773**	306,829
Cash and cash equivalents	**712,952**	350,825	**696,456**	315,147
Cash pledge	**–**	(15,000)	**–**	(15,000)
Cash and cash equivalents in the cash flow statement	**712,952**	335,825	**696,456**	300,147

At 31 December 2009, the cash and cash equivalents included an amount of $15,000,000 which was pledged with Silver Maple Investment Corporation Ltd ("Silver Maple") as cash collateral to unencumber Plaza Singapura. The cash pledge was mainly placed in fixed deposits with a bank and released during the year.

The weighted average effective interest rates relating to cash and cash equivalents at the balance sheet date for the Group and Trust are 0.29% (2009: 0.31%) and 0.29% (2009: 0.33%) per annum respectively. Interest rates reprice at intervals of 1 month.

11 TRADE AND OTHER PAYABLES

	GROUP		TRUST	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Trade payables and accrued operating expenses	**87,744**	78,868	**75,767**	59,972
Amounts due to related parties (trade)	**11,571**	9,062	**9,973**	6,363
Deposits and advances	**11,548**	10,004	**10,513**	7,451
Interest payables	**15,059**	5,543	**11,715**	2,784
	125,922	103,477	**107,968**	76,570

Included in amounts due to related parties of the Group is amount due to the Manager of $9,364,000 (2009: $6,951,000), the property manager of $1,995,000 (2009: $1,787,000) and project manager of $211,000 (2009: $Nil). At Trust level, the amount due to related parties is an amount due to the Manager of $8,073,000 (2009: $4,737,000), the property manager of $1,713,000 (2009: $1,310,000) and the project manager of $187,000 (2009: $313,000).

Included in trade payables and accrued operating expenses is an amount due to the Trustee of $273,000 (2009: $265,000) at Group level and $239,000 (2009: $193,000) at Trust level.

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12 INTEREST-BEARING BORROWINGS

	GROUP		TRUST	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Current liabilities				
Term loans (secured)	346,400	125,000	–	125,000
Unamortised transaction cost	(275)	–	–	–
	346,125	125,000	–	125,000
Revolving credit facility (secured)	38,000	–	–	–
Term loans (unsecured)	–	315,000	–	315,000
	384,125	440,000	–	440,000
Non-current liabilities				
Term loans (secured)	783,000	1,129,400	783,000	783,000
Unamortised transaction cost	(1,091)	(2,331)	(1,091)	(1,662)
	781,909	1,127,069	781,909	781,338
Revolving credit facility (secured)	–	23,600	–	–
Term loans (unsecured)	1,143,250	–	1,199,500	–
	1,925,159	1,150,669	1,981,409	781,338
Total interest-bearing borrowings	2,309,284	1,590,669	1,981,409	1,221,338

Terms and debt repayment schedule

Terms and conditions of outstanding interest-bearing borrowings are as follows:

	Nominal interest rate	Year of maturity	2010 Face value	2010 Carrying amount	2009 Face value	2009 Carrying amount
	%		$'000	$'000	$'000	$'000
GROUP						
Secured						
SGD fixed rate term loans	3.13 – 3.84	2012	**783,000**	**781,909**	783,000	781,338
SGD fixed rate term loan	2.76	2010	–	–	125,000	125,000
SGD fixed rate term loans	4.17 – 4.21	2011	**346,400**	**346,125**	346,400	345,731
SGD floating rate revolving credit facility	0.55 – 0.58	2011	**38,000**	**38,000**	23,600	23,600
Unsecured						
SGD fixed rate term loan	3.25	2010	–	–	155,000	155,000
SGD floating rate term loan	SGD SOR[1] + 1.65	2010	–	–	160,000	160,000
SGD fixed rate term loan	2.85	2014	**150,000**	**150,000**	–	–
SGD fixed rate term loan	3.29	2015	**100,000**	**100,000**	–	–
USD fixed rate term loan	4.32[2]	2015	**643,250**	**643,250**	–	–
SGD fixed rate term loans	3.55 – 3.85	2017	**250,000**	**250,000**	–	–
			2,310,650	**2,309,284**	1,593,000	1,590,669
TRUST						
Secured						
SGD fixed rate term loans	3.13 – 3.84	2012	**783,000**	**781,909**	783,000	781,338
SGD fixed rate term loan	2.76	2010	–	–	125,000	125,000
Unsecured						
SGD fixed rate term loan	3.25	2010	–	–	155,000	155,000
SGD floating rate term loan	SGD SOR[1] + 1.65	2010	–	–	160,000	160,000
SGD fixed rate term loan	2.85	2014	**150,000**	**150,000**	–	–
SGD fixed rate term loans	3.29 – 3.79	2015	**799,500**	**799,500**	–	–
SGD fixed rate term loans	3.55 – 3.85	2017	**250,000**	**250,000**	–	–
			1,982,500	**1,981,409**	1,223,000	1,221,338

[1] SGD SOR – Singapore Dollar Swap Offer Rate
[2] The Group has swapped the USD fixed rate to SGD fixed rate of 3.79%.

NOTES TO THE FINANCIAL STATEMENTS

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The following are the expected contractual undiscounted cash outflows of financial liabilities including interest payments and excluding the impact of netting agreements:

	Carrying amount $'000	Contractual cash flows $'000	Cash flows Within 1 year $'000	Within 1 to 5 years $'000	More than 5 years $'000
GROUP					
2010					
Non-derivative financial liabilities					
Secured					
SGD fixed rate term loans	1,128,034	1,189,039	383,552	805,487	–
Convertible bonds	542,635	582,607	582,607	–	–
SGD floating rate revolving credit facility	38,000	38,149	38,149	–	–
Unsecured					
SGD fixed rate term loans	500,000	588,523	16,738	308,245	263,540
USD fixed rate term loan	643,250	761,968	27,795	734,173	–
Trade and other payables	125,922	125,922	125,922	–	–
Security deposits	123,960	123,960	40,658	83,302	–
	3,101,801	3,410,168	1,215,421	1,931,207	263,540
2009					
Non-derivative financial liabilities					
Secured					
SGD fixed rate term loans	1,252,069	1,357,168	168,141	1,189,027	–
Convertible bonds	616,048	733,256	6,500	726,756	–
SGD floating rate revolving credit facilities	23,600	24,098	293	23,805	–
Unsecured					
SGD fixed rate term loan	155,000	156,256	156,256	–	–
SGD floating rate term loan	160,000	161,266	161,266	–	–
Trade and other payables	103,477	103,477	103,477	–	–
Security deposits	107,748	107,748	43,710	64,038	–
	2,417,942	2,643,269	639,643	2,003,626	–

	Carrying amount $'000	Contractual cash flows $'000	Cash flows: Within 1 year $'000	Cash flows: Within 1 to 5 years $'000	Cash flows: More than 5 years $'000
TRUST					
2010					
Non-derivative financial liabilities					
Secured					
SGD fixed rate term loans	781,909	832,486	26,999	805,487	–
Convertible bonds	542,635	582,607	582,607	–	–
Unsecured					
SGD fixed rate term loans	1,199,500	1,401,377	43,277	1,094,560	263,540
Trade and other payables	107,968	107,968	107,968	–	–
Security deposits	112,280	112,280	37,115	75,165	–
	2,744,292	3,036,718	797,966	1,975,212	263,540
2009					
Non-derivative financial liabilities					
Secured					
SGD fixed rate term loans	906,338	986,141	153,666	832,475	–
Convertible bonds	616,048	733,256	6,500	726,756	–
Unsecured					
SGD fixed rate term loan	155,000	156,256	156,256	–	–
SGD floating rate term loan	160,000	161,266	161,266	–	–
Trade and other payables	76,570	76,570	76,570	–	–
Security deposits	81,119	81,119	31,882	49,237	–
	1,995,075	2,194,608	586,140	1,608,468	–

The interest-bearing borrowings comprise the following:

(1) Secured term loans of the Trust

The secured term loans and revolving credit facility drawn down by the Trust were granted by a special purpose company, Silver Maple.

Under the facility agreement between Silver Maple and the Trustee, Silver Maple has granted the Trust a total term loan facility of $783.0 million (2009: $908.0 million).

The total facility drawn down by the Trust from Silver Maple as at 31 December 2010 is $783.0 million (2009: $908.0 million), consisting of:

(i) $433.0 million (2009: $433.0 million) term loan at a fixed interest rate of 3.13% (2009: 3.13%) per annum, fully repayable on 30 April 2014. Under the facility agreement, the Trust has to prepay the loan in full on 31 October 2012, failing which the interest rate of 1.00% (2009: 1.00%) above the SIBOR repriced every three months, will be applicable for the period from 31 October 2012 to 30 April 2014;

(ii) $350.0 million (2009: $350.0 million) term loan at a fixed interest rate of 3.84% (2009: 3.84%) per annum, fully repayable on 30 April 2014. Under the facility agreement, the Trust has to prepay the loan in full on 31 October 2012, failing which the interest rate of 1.00% (2009: 1.00%) above the SIBOR repriced every three months, will be applicable for the period from 31 October 2010 to 30 April 2014; and

(iii) $Nil (2009: $125.0 million) term loan at a fixed interest rate of 2.76% (2009: 2.76%) per annum, fully repayable on 26 December 2011. Under the facility agreement, the Trust has to prepay the loan in full on 26 June 2010, failing which the interest rate of 2.91% (2009: 2.91%) above the SIBOR repriced every three months, will be applicable for the period from 26 June 2010 to 26 December 2011. The term loan was repaid on 26 June 2010;

as security for credit facilities granted by Silver Maple to the Trust, the Trust has granted in favour of Silver Maple the following:

(i) a mortgage over certain properties ("Properties");

(ii) an assignment and charge of the rental proceeds and tenancy agreements of units in the Properties;

(iii) an assignment of the insurance policies relating to the Properties;

(iv) an assignment of the agreements relating to the management of the Properties;

(v) a charge creating a fixed and floating charge over certain assets of the Trust relating to the Properties; and

(vi) cash pledge of $Nil (2009: $15.0 million).

Silver Maple has a $2.0 billion (2009: $2.0 billion) Medium Term Note Programme ("MTN Programme"). Under this MTN Programme, Silver Maple may, subject to compliance with all relevant laws, regulations and directives, from time to time issue fixed or floating interest rate notes ("Notes"). The maximum aggregate principal amount of the Notes to be issued shall be $2.0 billion. The Notes will be secured by the Notes Debentures (which are made from time to time between Silver Maple and the Notes Trustee to create fixed and floating charges over the assets of Silver Maple).

To fund the loans to the Trust of $783.0 million (2009: $908.0 million) fixed rate term loans, Silver Maple has raised funds through the following:

(i) US$255.5 million (2009: US$255.5 million) Floating Rate Notes at floating interest rate of 0.24% (2009: 0.24%) above the US dollar LIBOR repriced every three months, for the period from 31 October 2005 to 31 October 2012. In the event that the Floating Rate Notes are not redeemed by Silver Maple on 31 October 2012, interest will accrue at the rate of 1.0% (2009: 1.0%) above the US dollar LIBOR repriced every three months, for the period from 31 October 2012 to date of redemption on 30 April 2014;

(ii) €175.0 million (2009: €175.0 million) Floating Rate Notes at floating interest rate of 0.16% (2009: 0.16%) above the Euro Interbank Offered Rate ("EURIBOR") repriced every three months for the period from 26 February 2007 (date of first issue of Floating Rate Notes) to 31 October 2012. In the event that the Floating Rate Notes are not redeemed by Silver Maple on 31 October 2012, interest will accrue at the rate of 1.0% (2009: 1.0%) above 3 month EURIBOR, for the period from 31 October 2012 to date of redemption on 30 April 2014; and

(iii) US$Nil million (2009: US$72.1 million) Floating Rate Notes at floating interest rate of 0.62% (2009: 0.62%) above the US dollar LIBOR repriced every three months, for the period from 26 June 2003 to 26 June 2010. In the event that the Floating Rate Notes are not redeemed by Silver Maple on 26 June 2010, interest will accrue at the rate of 2.30% (2009: 2.30%) above the US dollar LIBOR repriced every three months, for the period from 26 June 2010 to date of redemption on 26 December 2011. The Floating Rate Notes were redeemed by Silver Maple on 26 June 2010.

(2) Unsecured term loans of CMT MTN

With effect from 29 December 2009, the Group has increased the programme limit of the $1,000,000,000 Multicurrency Medium Term Note Programme ("CMT MTN Programme") under CMT MTN to $2,500,000,000. Under the CMT MTN Programme, CMT MTN may, subject to compliance with all relevant laws, regulations and directives, from time to time issue notes in series or tranches in Singapore dollars, United States dollars or any other currency ("MTN Notes").

On 29 March 2010, the Group has established a US$2,000,000,000 Euro-Medium Term Note Programme ("EMTN Programme"). Under the EMTN Programme, CMT MTN may, subject to compliance with all relevant laws, regulations and directives, from time to time issue notes in series or trances in Euro, Sterling, United States dollars, Singapore dollars and any other currency ("EMTN Notes").

Each series or tranche of notes may be issued in various amounts and tenors, and may bear fixed, floating or variable rates of interest. Hybrid notes or zero coupon notes may also be issued under the CMT MTN Programme and EMTN Programme.

The notes shall constitute direct, unconditional, unsecured and unsubordinated obligations of CMT MTN ranking *pari passu*, without any preference or priority among themselves and *pari passu* with all other present and future unsecured obligations at CMT MTN. All sum payable in respect of the notes will be unconditionally and irrevocably guaranteed by the Trustee.

The total facility drawn down by the Trust from CMT MTN as at 31 December 2010 is $1,199.5 million (2009: $315.0 million), consisting of:

(i) $100.0 million (2009: $Nil) Fixed Rate Notes Due 2015. The $100.0 million MTN Notes will mature on 28 January 2015 and will bear an interest of 3.288% per annum payable semi-annually in arrears;

(ii) $100.0 million (2009: $Nil) Fixed Rate Notes Due 2017. The $100.0 million MTN Notes will mature on 15 March 2017 and will bear an interest of 3.85% per annum payable semi-annually in arrears;

(iii) US$500.0 million (2009: $Nil) Fixed Rate Notes Due 2015. The US$500.0 million EMTN Notes will mature on 8 April 2015 and will bear an interest of 4.321% per annum payable semi-annually in arrears;

(iv) $150.0 million (2009: $Nil) Fixed Rate Notes Due 2014. The $150.0 million MTN Notes will mature on 1 September 2014 and will bear an interest of 2.85% per annum payable semi-annually in arrears;

(v) $150.0 million (2009: $Nil) Fixed Rate Notes Due 2017. The $150.0 million MTN Notes will mature on 1 September 2017 and will bear an interest of 3.55% per annum payable semi-annually in arrears;

(vi) $Nil (2009: $155.0 million) Fixed Rate Notes Due 2010. The $155.0 million MTN Notes matured on 1 April 2010 and carried an interest rate of 3.25% per annum payable semi-annually in arrears. The notes were repaid on 1 April 2010; and

(vii) $Nil (2009: $160.0 million) Floating Rate Notes Due 2010. The $160.0 million MTN Notes matured on 30 April 2010 and carried an interest rate equal to the sum of 1.65% per annum and 6-month SGD SOR payable semi-annually in arrears. The notes were repaid on 30 April 2010.

CMT MTN has on-lent the proceeds from the issuance of the above MTN Notes and EMTN Notes to the Trust, who in turn use such proceeds to refinance short term borrowings and to finance asset enhancement works of the Trust.

(3) Secured term loans of RCS Trust

The secured term loans drawn down by the Group included a 40.0% share in the term loans drawn under the term loan facilities of $866.0 million granted to RCS Trust by a special purpose company, Silver Oak Ltd ("Silver Oak"). Under the facility agreement between Silver Oak and the RCS Trust Trustee-Manager, Silver Oak has granted RCS Trust a five-year facility comprising the term loan facility of $866.0 million (2009: $866.0 million) and revolving credit facility of $164.0 million (2009: $164.0 million) commencing from initial drawn down date of 13 September 2006.

The term loan facility drawn down by RCS Trust as at 31 December 2010 is $866.0 million (2009: $866.0 million), consisting of:

(i) $670.0 million (2009: $670.0 million) term loan at a fixed interest rate of 4.17% (2009: 4.17%) per annum, fully repayable on 13 September 2011;

(ii) $60.0 million (2009: $60.0 million) term loan at a fixed interest rate of 4.21% (2009: 4.21%) per annum, fully repayable on 13 September 2011; and

(iii) $136.0 million (2009: $136.0 million) term loan at a fixed interest rate of 4.21% (2009: 4.21%) per annum, fully repayable on 13 September 2011.

The term loan facilities were used to finance the acquisition of Raffles City.

As at 31 December 2010, RCS Trust has drawn down $95,000,000 (2009: $59,000,000) from the revolving credit facility granted by Silver Oak.

As security for the facilities granted by Silver Oak to the RCS Trust Trustee-Manager, the RCS Trust Trustee-Manager has granted in favour of Silver Oak the following:

(i) a mortgage over Raffles City;

(ii) an assignment of the insurance policy relating to Raffles City;

(iii) an assignment of the agreements relating to the management of Raffles City;

(iv) an assignment and charge of the rental proceeds and tenancy agreements of units in Raffles City; and

(v) a fixed and floating charge over certain assets of RCS Trust relating to Raffles City.

To fund the term loans to RCS Trust amounting to $866.0 million (2009: $866.0 million), Silver Oak has raised funds through issuance of the following Floating Rate Notes (collectively, the "Notes"):

(i) US$427,000,000 Class A1 Secured Floating Rate Notes at floating interest rate of 0.19% above the LIBOR repriced every three months, for the period from 13 September 2006 to 13 September 2011. In the event that the Class A1 Floating Rate Notes are not redeemed by Silver Oak on 13 September 2011, interest will accrue at the rate of 1.19% above the US dollar LIBOR repriced every three months, for the period from 13 September 2011 to date of redemption on 13 September 2013;

(ii) €30,000,000 Class A2 Floating Rate Notes at floating interest rate of 0.23% above the EURIBOR repriced every three months, for the period from 13 September 2006 to 13 September 2011. In the event that the Class A2 Floating Rate Notes are not redeemed by Silver Oak on 13 September 2011, interest will accrue at the rate of 1.23% above the EURIBOR repriced every three months, for the period from 13 September 2011 to date of redemption on 13 September 2013; and

(iii) US$86,500,000 Class B Floating Rate Notes at floating interest rate of 0.28% above the US dollar LIBOR repriced every three months, for the period from 13 September 2006 to 13 September 2011. In the event that the Class B Floating Rate Notes are not redeemed by Silver Oak on 13 September 2011, interest will accrue at the rate of 1.28% above the US dollar LIBOR repriced every three months, for the period from 13 September 2011 to date of redemption on 13 September 2013.

As security for the Notes, Silver Oak has created a fixed and floating charge over the assets of RCS Trust in favour of the Silver Oak Notes' Trustee under the Notes Debenture. The proceeds from the issue of the Notes were approximately $866,000,000.

The Group's 40.0% share of term loans and the amount drawn down under revolving credit facility are $346,400,000 (2009: $346,400,000) and $38,000,000 (2009: $23,600,000) respectively.

13 CONVERTIBLE BONDS

	GROUP AND TRUST 2010 $'000	2009 $'000
Carrying amount of debt component at 1 January	**616,048**	592,042
Amortisation of issue expenses	**2,838**	1,897
Interest accretion	**27,658**	22,109
Repurchase of convertible bonds	**(103,909)**	–
Carrying amount of debt component at 31 December	**542,635**	616,048

On 2 July 2008, the Trust issued $650.0 million principal amount of convertible bonds (the "Convertible Bonds") due 2013 which carry a coupon interest at 1.0% per annum. As at 31 December 2010, the Convertible Bonds are convertible by bondholders into Units at a conversion price of $3.39 (adjusted on 2 April 2009 pursuant to the rights issue (Note 15) from the initial conversion price of $4.36) at any time up to 3.00 p.m. on 22 June 2013 (at the place where the certificate evidencing such Convertible Bonds is deposited for conversion). The Trustee has the option to pay cash in lieu of issuing new Units on conversion of any Convertible Bonds.

The Convertible Bonds may be redeemed in whole or in part, at the option of the bondholder on 2 July 2011 at 105.43% of the principal amount together with any accrued (if any) interest up to the date of redemption.

The Convertible Bonds may also be redeemed, in whole, or in part, at the option of the Trustee on or at any time after 2 July 2011 but not less than 7 business days prior to 2 July 2013 (subject to the satisfaction of certain conditions).

Unless previously redeemed by the bondholders on 2 July 2011 or by the Trustee at any time on or after 2 July 2011 and not less than 7 business days prior to 2 July 2013, the final redemption date of the Convertible Bonds is 2 July 2013. The redemption price upon maturity is equal to 109.31% of the principal amount, together with any accrued interest (if any) up to the final redemption date.

On 5 October 2010, the Group has repurchased $100.0 million principal amount of the Convertible Bonds.

14 DEFERRED TAX

	As at 1 January $'000	Recognised in Statement of Total Return $'000	Recognised in Unitholders' funds $'000	As at 31 December $'000
GROUP				
2009				
Deferred tax asset				
Financial derivatives	1,774	(1,774)	–	–

15 UNITS IN ISSUE

	TRUST	
	2010 '000	2009 '000
Units in issue:		
At 1 January	**3,179,268**	1,666,831
Units created:		
– rights issue	**–**	1,502,359
– asset management fees paid in units	**–**	6,778
– settlement of asset management fees in relation to the Trust's 40.0% interest in Raffles City through RCS Trust	**3,559**	3,300
– acquisition fees for Clarke Quay	**1,432**	–
At 31 December	**3,184,259**	3,179,268
Units to be issued:		
– asset management fees payable in units	**–**	925
Total issued and issuable units at 31 December	**3,184,259**	3,180,193

On 2 April 2009, 1,502,358,923 units were issued pursuant to rights issue. The issue price was $0.82 per each new Unit (the "Rights Units"). The Rights Units were listed on the SGX-ST on 3 April 2009.

Each unit in the Trust represents an undivided interest in the Trust. The rights and interests of Unitholders are contained in the Trust Deed and include the right to:

- Receive income and other distributions attributable to the units held;
- Participate in the termination of the Trust by receiving a share of all net cash proceeds derived from the realisation of the assets of the Trust less any liabilities, in accordance with their proportionate interests in the Trust. However, a Unitholder has no equitable or proprietary interest in the underlying assets of the Trust and is not entitled to the transfer to it of any assets (or part thereof) or of any estate or interest in any asset (or part thereof) of the Trust;
- Attend all Unitholders meetings. The Trustee or the Manager may (and the Manager shall at the request in writing of not less than 50 Unitholders or one-tenth in number of the Unitholders, whichever is lesser) at any time convene a meeting of Unitholders in accordance with the provisions of the Trust Deed; and
- One vote per unit.

The restrictions of a Unitholder include the following:

- A Unitholder's right is limited to the right to require due administration of the Trust in accordance with the provisions of the Trust Deed; and
- A Unitholder has no right to request the Manager to redeem his units while the units are listed on SGX-ST.

A Unitholder's liability is limited to the amount paid or payable for any units in the Trust. The provisions of the Trust Deed provide that no Unitholders will be personally liable for indemnifying the Trustee or any creditor of the Trustee in the event that liabilities of the Trust exceed its assets.

16 GROSS REVENUE

	GROUP		TRUST	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Gross rental income	**539,179**	513,710	**461,590**	375,920
Car park income	**15,547**	14,317	**13,452**	9,934
Others	**26,394**	24,673	**24,798**	19,174
	581,120	552,700	**499,840**	405,028

17 PROPERTY OPERATING EXPENSES

	GROUP		TRUST	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Land rental	**579**	137	**579**	137
Property tax	**51,241**	49,283	**43,658**	35,451
Utilities	**32,951**	30,145	**27,849**	22,057
Property management fees	**21,997**	20,839	**18,827**	15,245
Property management reimbursements	**23,063**	21,974	**20,776**	16,200
Advertising and promotion	**16,032**	17,000	**15,219**	13,480
Maintenance	**33,244**	33,879	**29,771**	23,892
Others	**2,866**	2,675	**2,621**	1,964
	181,973	175,932	**159,300**	128,426

18 INTEREST INCOME

	GROUP		TRUST	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Interest income:				
– subsidiary	**–**	–	**–**	32,553
– financial institution	**2,022**	1,038	**2,007**	1,016
	2,022	1,038	**2,007**	33,569

19 INVESTMENT INCOME

	TRUST 2010 $'000	TRUST 2009 $'000
Distribution income from:		
- joint venture	43,950	40,947
- associate	10,148	10,258
	54,098	51,205

20 ASSET MANAGEMENT FEES

Included in the asset management fees is an aggregate of $Nil (2009: $8,464,000) relating to management fees paid/payable in units of the Trust that have been or will be issued to the Manager as payment of the performance component of management fees.

Asset management fees for RCS Trust of $4,975,000 (2009: $4,879,000) are paid/payable in units.

21 FINANCE COSTS

	GROUP		TRUST	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Interest paid/payable:				
– subsidiaries	–	–	31,317	10,780
– term loans	74,470	63,918	28,678	37,006
– convertible bonds	6,256	6,500	6,256	6,500
– revolving credit and/or bridge loan facilities	226	2,014	–	1,669
– realised loss on financial derivatives	7,415	5,938	7,415	4,931
Accreted interest of convertible bonds	22,364	22,109	22,364	22,109
Amortisation of transaction costs	2,885	3,821	2,490	2,450
Others	4,842	729	4,777	513
	118,458	105,029	103,297	85,958

22 INCOME TAX EXPENSE

	GROUP		TRUST	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Current tax expense				
Current year	–	149	–	–
Overprovision in prior years	–	(24)	–	–
	–	125	–	–
Deferred tax expenses				
Movement in temporary difference	–	1,774	–	–
Income tax expense	–	1,899	–	–
Reconciliation of effective tax rate				
Net income	255,906	240,435	259,126	245,116
Tax calculated using Singapore tax rate of 17%	43,504	40,874	44,052	41,670
Effect of change in tax rate	–	99	–	–
Non-tax chargeable items	–	(665)	–	–
Non-tax deductible items	8,241	9,545	7,693	6,264
Income not subject to tax	–	(28)	–	–
Tax transparency	(51,745)	(47,933)	(51,745)	(47,934)
Overprovision in prior years	–	(24)	–	–
Others	–	31	–	–
	–	1,899	–	–

23 EARNINGS PER UNIT

(a) Basic earnings per unit

The calculation of basic earnings per unit is based on the weighted average number of units during the year and total return for the year.

	GROUP		TRUST	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Total return for the year	**270,063**	(65,185)	**231,375**	39,220

	TRUST Number of Units	
	2010	2009
	'000	'000
Issued units at beginning of the year	**3,179,268**	1,754,009
Effect of creation of new units:		
– rights issue	**–**	1,160,727
– issued as satisfaction of asset management fees in relation to the Trust's 40.0% interest in Raffles City through RCS Trust	**2,307**	1,811
– issued and issuable as payment of asset management fees paid in units	**–**	4,071
– acquisition fees for Clarke Quay	**597**	–
Weighted average number of units at the end of the year	**3,182,172**	2,920,618

(b) Fully diluted earnings per unit

In calculating diluted earnings per unit, the total return for the year and weighted average number of units during the year are adjusted for the effects of all dilutive potential units:

	GROUP		TRUST	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Total return for the year	**270,063**	(65,185)	**231,375**	39,220
Impact of conversion of the dilutive potential units	**13,218**	24,540	**13,218**	24,540
Adjusted total return for the year	**283,281**	(40,645)	**244,593**	63,760

	TRUST Number of Units	
	2010	2009
	'000	'000
Weighted average number of units used in calculation of basic earnings per unit	**3,182,172**	2,920,618
Weighted average number of unissued units from convertible bonds	**184,628**	191,740
Weighted average number of units in issue (diluted)	**3,366,800**	3,112,358

For the year ended 31 December 2009, the impact at the Group and Trust level of conversion of the convertible bonds were anti-dilutive and were excluded from the calculation of diluted earnings per unit.

24 ISSUE EXPENSES

	GROUP		TRUST	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Underwriting and selling commissions	–	31,754	–	31,754
Miscellaneous expenses	–	(38)	–	(38)
	–	31,716	–	31,716

These expenses are deducted directly against the Unitholders' funds.

25 RELATED PARTIES

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party 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 significant influence. Related parties may be individuals or other entities. The Manager, Project Manager (CapitaLand Retail Project Management Pte Ltd) and Property Manager (CapitaLand Retail Management Pte Ltd) are subsidiaries of a substantial Unitholder of the Trust.

In the normal course of the operations of the Trust, asset management fees and trustee's fees have been paid or are payable to the Manager and Trustee respectively. The property management fees and property management reimbursement are payable to the Property Manager.

During the financial year, other than those disclosed elsewhere in the financial statements, there were the following significant related party transactions, which were carried out in the normal course of business on arm's length commercial terms:

	GROUP		TRUST	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Asset enhancement works and consultancy fees paid/ payable to a related company of the Manager	**2,447**	1,266	**2,123**	489
Rental and related income received/receivable from related companies of the Manager	**1,164**	541	**1,089**	434
Acquisition fees paid to the Manager	**2,680**	–	**2,680**	–

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

26 FINANCIAL RISK MANAGEMENT

Capital management

The Board of the Manager proactively reviews the Group's and the Trust's capital and debt management cum financing policy regularly so as to optimise the Group's and the Trust's funding structure. The Board also monitors the Group's and the Trust's exposure to various risk elements and externally imposed requirements by closely adhering to clearly established management policies and procedures.

The Trust and its subsidiaries are subject to the aggregate leverage limit as defined in the Property Fund Guidelines of the CIS code. The CIS code stipulates that the total borrowings and deferred payments (together the "Aggregate Leverage") of a property fund should not exceed 35.0% of the fund's deposited property. The aggregate leverage of a property fund may exceed 35.0% of the fund's deposited property (up to a maximum of 60.0%) only if a credit rating of the property fund from Fitch Inc., Moody's or Standard and Poor's is obtained and disclosed to the public. The property fund should continue to maintain and disclose a credit rating so long as its aggregate leverage exceeds 35.0% of the fund's deposited property.

The Trust has maintained its corporate rating of 'A2'. The Group and the Trust have complied with the Aggregate Leverage limit of 60.0% during the financial year. There were no changes in the Group's approach to capital management during the financial year.

Overview of risk management

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The Manager continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Audit Committee oversees how the Manager monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or a counterparty to settle its financial and contractual obligations to the Group, as and when they fall due.

The Manager has established credit limits for customers and monitors their balances on an ongoing basis. Credit evaluations are performed by the Manager before lease agreements are entered into with tenants.

The Manager establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main component of this allowance is a specific loss component that relates to the individually significant exposure.

The allowance account in respect of trade and other receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible. At that point, the financial asset is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset.

Cash and fixed deposits are placed with financial institutions which are regulated. The Group limits its credit risk exposure in respect of investments by only investing in liquid securities and only with counterparties that have sound credit ratings. Given these high credit ratings, management does not expect any counterparty to fail to meet its obligations.

At 31 December 2010 and 2009, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying value of each financial asset on the balance sheet.

Liquidity risk

The Manager monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations.

Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will affect 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.

Foreign currency risk

The Group is exposed to foreign currency risk on interest-bearing borrowings that were denominated in a currency other than the functional currency of the Group. The currency giving rise to this risk is USD. The Group hedges this risk by entering into a cross currency swap with a notional contract amount of US$500,000,000 during the current financial year.

Sensitivity analysis

A 10.0% strengthening of Singapore dollar against the following foreign currencies at the reporting date would decrease the Statement of Total Return and Unitholders' Funds as at 31 December 2010 by the amounts shown below. This analysis assumes that all other variables, in particular, interest rates, remain constant.

	Statement of Total Return $'000	Unitholders' Fund $'000
GROUP		
2010		
US dollar	–	(7,034)
2009		
US dollar	–	–

A 10.0% weakening of Singapore dollar against the above currencies would have had an equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Interest rate risk

The Group's exposure to changes in interest rates relates primarily to interest-bearing financial liabilities. Interest rate risk is managed on an ongoing basis with the primary objective of limiting the extent to which net interest expense could be affected by adverse movements in interest rates.

At 31 December 2010, the Group has interest rate swaps with total notional contract amount of $320,000,000 (2009: $380,000,000) whereby the Group has agreed with counterparties to exchange, at specified intervals, the difference between floating rate and fixed rate interest amounts calculated by reference to the agreed notional principal amounts of the secured and unsecured term loans.

The net fair value of the above swaps at 31 December 2010 is $13,694,000 (2009: $6,226,000) comprising current liabilities of $Nil (2009: $353,000) and non-current liabilities of $13,694,000 (2009: $5,873,000). These are for interest rate swaps with notional contract amount of $Nil (2009: $60,000,000) and $320,000,000 (2009: $320,000,000) respectively.

Sensitivity analysis

An increase of 100 bp in interest rate at the reporting date would increase/(decrease) Statement of Total Return and Unitholders' Funds by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Statement of Total Return $'000	Unitholders' Fund $'000
GROUP		
2010		
Interest-bearing borrowings (floating rate)	(380)	–
Interest rate swaps	11,411	–
	11,031	–
2009		
Interest-bearing borrowings (floating rate)	(1,836)	–
Interest rate swaps	15,573	197
	13,737	197
TRUST		
2010		
Interest-bearing borrowings (floating rate)	–	–
Interest rate swaps	11,411	–
	11,411	–
2009		
Interest-bearing borrowings (floating rate)	1,600	–
Interest rate swaps	15,573	197
	17,173	197

A decrease of 100 bp in interest rate at the reporting date would have had an equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

27 CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

	Note	Designated at fair value $'000	Fair value – hedging instruments $'000	Loans and receivables $'000	Other financial liabilities $'000	Total carrying amount $'000	Fair value $'000
GROUP							
2010							
Loans and receivables	8	–	–	7,330	–	7,330	7,330
Cash and cash equivalents	10	–	–	712,952	–	712,952	712,952
		–	–	720,282	–	720,282	720,282
Financial derivatives	9	(21,928)	(61,497)	–	–	(83,425)	(83,425)
Trade and other payables	11	–	–	–	(125,922)	(125,922)	(125,922)
Security deposits		–	–	–	(123,960)	(123,960)	(118,294)
Interest-bearing borrowings	12	–	–	–	(2,309,284)	(2,309,284)	(2,552,820)
Convertible bonds	13	–	–	–	(542,635)	(542,635)	(581,990)
		(21,928)	(61,497)	–	(3,101,801)	(3,185,226)	(3,462,451)
2009							
Loans and receivables	8	–	–	11,627	–	11,627	11,627
Cash and cash equivalents	10	–	–	350,825	–	350,825	350,825
		–	–	362,452	–	362,452	362,452
Financial derivatives	9	(33,706)	(353)	–	–	(34,059)	(34,059)
Trade and other payables	11	–	–	–	(103,477)	(103,477)	(103,477)
Security deposits		–	–	–	(107,748)	(107,748)	(103,605)
Interest-bearing borrowings	12	–	–	–	(1,590,669)	(1,590,669)	(1,597,943)
Convertible bonds	13	–	–	–	(616,048)	(616,048)	(719,114)
		(33,706)	(353)	–	(2,417,942)	(2,452,001)	(2,558,198)

	Note	Designated at fair value $'000	Fair value – hedging instruments $'000	Loans and receivables $'000	Other financial liabilities $'000	Total carrying amount $'000	Fair value $'000
TRUST							
2010							
Loans and receivables	8	–	–	16,789	–	16,789	16,789
Cash and cash equivalents	10	–	–	696,456	–	696,456	696,456
		–	–	713,245	–	713,245	713,245
Financial derivatives	9	(21,928)	–	–	–	(21,928)	(21,928)
Trade and other payables	11	–	–	–	(107,968)	(107,968)	(107,968)
Security deposits		–	–	–	(112,280)	(112,280)	(107,221)
Interest-bearing borrowings	12	–	–	–	(1,981,409)	(1,981,409)	(2,163,158)
Convertible bonds	13	–	–	–	(542,635)	(542,635)	(581,990)
		(21,928)	–	–	(2,744,292)	(2,766,220)	(2,982,265)
2009							
Loans and receivables	8	–	–	592,474	–	592,474	592,474
Cash and cash equivalents	10	–	–	315,147	–	315,147	315,147
		–	–	907,621	–	907,621	907,621
Financial derivatives	9	(33,706)	(353)	–	–	(34,059)	(34,059)
Trade and other payables	11	–	–	–	(76,570)	(76,570)	(76,570)
Security deposits		–	–	–	(81,119)	(81,119)	(78,098)
Interest-bearing borrowings	12	–	–	–	(1,221,338)	(1,221,338)	(1,220,917)
Convertible bonds	13	–	–	–	(616,048)	(616,048)	(719,114)
		(33,706)	(353)	–	(1,995,075)	(2,029,134)	(2,128,758)

Estimation of fair values

The following summarises the significant methods and assumptions used in estimating the fair values of financial instruments of the Group.

Derivative financial instruments

The fair value of interest rate swaps, cross currency swap and derivative liability portion of the convertible bonds are based on broker quotes/third party quotes. These quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

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 at the market rate of interest at the reporting date.

Other financial assets and liabilities

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.

Interest rates used in determining fair values

The interest rates used to discount estimated cash flows, where applicable, are based on the forward yield curve at 31 December plus an adequate constant credit spread, and are as follows:

	2010 %	2009 %
Security deposits	**3.54 – 3.58**	3.22 – 3.40
Interest-bearing borrowings	**1.74 – 3.36**	0.98 – 3.52
Convertible bonds	**1.26**	3.83

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation model. 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 in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable data).

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
GROUP				
2010				
Cross currency swap	–	61,497	–	61,497
Interest rate swaps	–	13,694	–	13,694
Derivative liability portion of convertible bonds	–	–	8,234	8,234
	–	75,191	8,234	83,425
TRUST				
2010				
Interest rate swaps	–	13,694	–	13,694
Derivative liability portion of convertible bonds	–	–	8,234	8,234
	–	13,694	8,234	21,928

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
GROUP AND TRUST				
2009				
Interest rate swaps	–	6,226	–	6,226
Derivative liability portion of convertible bonds	–	–	27,833	27,833
	–	6,226	27,833	34,059

The following table presents the changes in Level 3 instruments for the financial year ended 31 December 2010:

	GROUP AND TRUST 2010 $'000	2009 $'000
Derivative liability portion of convertible bonds		
Opening balance	**27,833**	33,800
Extinguishment of derivative liability on repurchase of convertible bonds	**(2,278)**	–
Gains recognised in the Statement of Total Return	**(17,321)**	(5,967)
Closing balance	**8,234**	27,833

28 OPERATING SEGMENTS

For the purpose of making resource allocation decisions and the assessment of segment performance, the Group's CODMs reviews internal/management reports of its investment properties. This forms the basis of identifying the operating segments of the Group under FRS 108 *Operating Segments*.

Segment revenue comprises mainly of income generated from its tenants. Segment net property income represents the income earned by each segment after allocating property operating expenses. This is the measure reported to the CODMs for the purpose of assessment of segment performance. In addition, the CODMs monitor the non-financial assets as well as financial assets attributable to each segment when assessing segment performance.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly income-earning assets and revenue, interest-bearing borrowings and expenses, related assets and expenses. Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one year.

Information regarding the Group's reportable segments is presented in the tables below. Amounts reported for the prior year have been represented to conform to the requirements of FRS 108.

Geographical segments

Segment information in respect of the Group's geographical segments is not presented, as the Group's activities for the year ended 31 December 2010 and 31 December 2009 related wholly to properties located in Singapore.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

Operating segments

	Tampines Mall $'000	Junction 8 $'000	Funan DigitaLife Mall $'000	IMM Building $'000	Plaza Singapura $'000	Bugis Junction $'000	Lot One Shoppers' Mall $'000	Bukit Panjang Plaza $'000	The Atrium@ Orchard $'000	Clarke Quay $'000	Other Investment Properties[1] $'000	Subsi-diaries portfolio[2] $'000	40.0% interest in RCS Trust – Raffles City[3] $'000	Total $'000
2010														
Gross rental income	59,084	44,916	26,586	70,141	72,105	66,946	34,973	20,722	29,732	13,291	23,094	–	77,589	539,179
Car park income	2,576	1,430	1,869	868	2,483	–	1,218	1,130	351	625	902	–	2,095	15,547
Others	2,857	3,017	1,636	3,252	3,077	3,151	2,068	1,181	1,769	1,474	1,316	–	1,596	26,394
Gross revenue	64,517	49,363	30,091	74,261	77,665	70,097	38,259	23,033	31,852	15,390	25,312	–	81,280	581,120
Segment net property income	46,831	34,318	19,637	49,046	57,355	47,916	25,950	14,810	22,145	8,574	13,958	–	58,607	399,147
Interest income														2,022
Finance costs														(118,458)
Unallocated expenses														(39,448)
Share of profit of associate														12,643
Net income														255,906
Loss on repurchase of convertible bonds														(5,182)
Net change in fair value of financial derivatives														9,500
Net change in fair value of investment properties	10,247	5,953	3,013	4,374	31,331	15,405	4,333	4,860	(125,703)	2,082	12,036	–	41,908	9,839
Total return for the year before income tax														270,063
Income tax expense														–
Total return for the year														270,063

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

	Tampines Mall $'000	Junction 8 $'000	Funan DigitaLife Mall $'000	IMM Building $'000	Plaza Singapura $'000	Bugis Junction $'000	Lot One Shoppers' Mall $'000	Bukit Panjang Plaza $'000	The Atrium@ Orchard $'000	Clarke Quay $'000	Other Investment Properties[1] $'000	Subsi-diaries portfolio[2] $'000	40.0% interest in RCS Trust – Raffles City[3] $'000	Total $'000
2010														
Assets and liabilities														
Segment assets	792,933	580,480	330,613	659,759	1,034,756	815,318	437,457	255,623	590,455	274,715	429,029	9,389	1,090,673	7,301,200
Investment in associate and joint venture														131,807
Unallocated assets														692,916
Total assets														8,125,923
Segment liabilities	23,770	16,708	11,808	28,190	26,833	26,058	13,259	7,601	8,440	11,015	24,854	1,218,035	411,151	1,827,722
Unallocated liabilities:														
– interest-bearing borrowings														781,909
– interest payables														2,326
– asset management fees payable														8,073
– convertible bonds														542,635
– derivative liability														21,928
– others														1,923
														1,358,794
Total liabilities														3,186,516
Other segmental information														
Depreciation and amortisation	113	72	29	188	121	71	80	73	5	2	109	–	194	1,057
Plant and equipment:														
– Capital expenditure	20	8	5	143	16	20	24	5	17	29	17	–	22	326
Investment properties:														
– Capital expenditure	4,753	4,047	987	4,626	2,669	1,595	4,667	2,139	1,703	149	26,765	–	15,292	69,392
Receivables written off	–	–	8	–	16	–	5	–	–	–	–	–	6	35

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

Operating segments

	Tampines Mall $'000	Junction 8 $'000	Funan DigitaLife Mall $'000	IMM Building $'000	Plaza Singapura $'000	Bugis Junction $'000	Lot One Shoppers' Mall $'000	Bukit Panjang Plaza $'000	The Atrium@ Orchard $'000	Other Investment Properties[1] $'000	Subsi-diaries portfolio[2] $'000	40.0% interest in RCS Trust - Raffles City[3] $'000	Total $'000
2009													
Gross rental income	58,377	44,028	25,789	69,579	70,408	66,095	33,712	20,179	28,301	21,041	–	76,201	513,710
Car park income	2,543	1,420	1,881	679	2,312	–	1,257	1,043	321	779	–	2,082	14,317
Others	2,818	3,076	1,664	3,624	2,707	2,800	1,931	1,121	1,170	1,994	–	1,768	24,673
Gross revenue	63,738	48,524	29,334	73,882	75,427	68,895	36,900	22,343	29,792	23,814	–	80,051	552,700
Segment net property income	45,635	33,106	19,542	48,939	54,822	46,599	24,563	14,009	21,102	11,993	–	56,458	376,768
Interest income													1,038
Finance costs													(105,029)
Unallocated expenses													(36,480)
Share of profit of associate													4,138
Net income													240,435
Net change in fair value of financial derivatives													(1,534)
Net change in fair value of investment properties	898	(15,466)	(14,361)	(10,497)	(1,895)	(6,600)	(12,451)	(8,557)	(135,742)	(29,429)	–	(68,087)	(302,187)
Total return for the year before income tax													(63,286)
Income tax expense													(1,899)
Total return for the year													(65,185)

	Tampines Mall $'000	Junction 8 $'000	Funan DigitaLife Mall $'000	IMM Building $'000	Plaza Singapura $'000	Bugis Junction $'000	Lot One Shoppers' Mall $'000	Bukit Panjang Plaza $'000	The Atrium@ Orchard $'000	Other Investment Properties[1] $'000	Subsi-diaries portfolio[2] $'000	40.0% interest in RCS Trust - Raffles City[3] $'000	Total $'000
2009													
Assets and liabilities													
Segment assets	778,802	571,559	327,292	651,975	1,001,516	798,655	429,186	248,544	714,231	390,641	27,074	1,031,085	6,970,560
Investment in associate and joint venture													137,062
Unallocated assets													315,379
Total assets													7,423,001
Segment liabilities	21,610	15,717	11,323	27,028	26,765	27,417	15,522	7,482	5,245	16,132	318,430	394,209	886,880
Unallocated liabilities:													
– interest-bearing borrowings													906,338
– interest payables													2,784
– asset management fees payable													4,737
– convertible bonds													616,048
– derivative liability													34,059
– others													2,542
													1,566,508
Total liabilities													2,453,388
Other segmental information													
Depreciation and amortisation	109	70	35	182	82	66	45	77	3	111	–	241	1,021
Plant and equipment:													
– Capital expenditure	34	117	14	63	46	68	200	128	–	351	–	103	1,124
Investment properties:													
– Capital expenditure	1,102	466	(639)	2,497	1,895	6,600	7,464	544	(258)	18,929	–	10,087	48,687
Receivables written off	–	–	–	3	7	–	–	–	–	–	–	68	78

1 Other investment properties comprise Sembawang Shopping Centre, Hougang Plaza, JCube and Rivervale Mall.
2 Subsidiaries portfolio comprises CRSL and CMT MTN.
3 The joint acquisition of Raffles City through RCS Trust by CMT (40.0%) and CCT (60.0%) was completed on 1 September 2006.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

29 COMMITMENTS

	GROUP		TRUST	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Capital commitments:				
– contracted but not provided for	**121,114**	36,797	**119,858**	15,547

Operating lease rental payable

Future minimum lease payments for the Group on non-cancellable operating leases with a term of more than one year are as follows:

	2010	2009
	$'000	$'000
Within 1 year	**285**	285
After 1 year but within 5 years	**1,139**	1,139
After 5 years	**242**	527
	1,666	1,951

Operating lease rental receivable

The Group leases out its investment properties. Non-cancellable operating lease rentals are receivable as follows:

	GROUP		TRUST	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Within 1 year	**477,660**	426,013	**415,345**	315,315
After 1 year but within 5 years	**520,187**	443,885	**452,587**	319,953
More than 5 years	**1,317**	3,394	**1,317**	327
	999,164	873,292	**869,249**	635,595

30 CONTINGENT LIABILITY

Pursuant to the tax transparency ruling from IRAS, the Trustee has provided a tax indemnity for certain types of tax losses, including unrecovered late payment penalties, that may be suffered by IRAS should IRAS fail to recover from Unitholders tax due or payable on distributions made to them without deduction of tax, subject to the indemnity amount agreed with the IRAS. This indemnity is applicable to distributions made out of the Trust's income for the period from the date of the listing of the Trust to 1 August 2004. The amount of indemnity, as agreed with IRAS for any one year is limited to the higher of $500,000 or 1.0% of the taxable income of the Trust for that year. Each yearly indemnity has a validity period of the earlier of seven years from the end of the relevant year of assessment and three years from the termination of the Trust.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2010

31 SUBSEQUENT EVENT

On 17 January 2011, Hougang Plaza was released as security under the facility agreement with Silver Maple.

32 FINANCIAL RATIOS

	2010 %	2009 %
Expenses to weighted average net assets[1]		
– including performance component of Manager's management fees	**0.71**	0.65
– excluding performance component of Manager's management fees	**0.42**	0.40
Portfolio turnover rate[2]	**–**	–

1 The annualised ratios are computed in accordance with the guidelines of Investment Management Association of Singapore. The expenses used in the computation relate to expenses of the Trust, excluding property expenses and finance costs.

2 The annualised ratio is computed based on the lesser of purchases or sales of underlying investment properties of the Group expressed as a percentage of daily average net asset value.