CapitaLand Ltd
Mastering the art of diversification

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Industry: Property

Phillip Securities Research Pte Ltd

9 May 2012

Report type: Initiation

Company Overview
CapitaLand is one of Asia's largest real estate companies. Headquartered and listed in Singapore, the company's core businesses in real estate, hospitality and real estate financial services are focused in growth cities in Asia Pacific and Europe.

Investment merits

Building up pipeline of seed assets for REITs – together with the recently acquired Chongqing site, the 8 Raffles City projects in China are estimated by CapitaLand to worth Rmb58b (S$12b). With the strong development pipeline of shopping malls in China, we see potential for injection of these seed assets in China into a REIT in the next 2 to 4 years.

Capability of creating value from opportunistic acquisitions – it has the ability and capacity to act in times of uncertainty for opportunistic acquisitions. Given the current liquidity-scarce environment in China, we believe CAPL is in good position to benefit from any potential consolidations in the property market in near term.

REIT and property fund originations, going asset-light – over the period of a decade, CAPL successfully raised cS$6.5bn from the capital market thru IPOs. This capital recycling model allows CAPL to realize investment value and redeploy capital into other high-yielding ventures.

Strategic focus "3+3+2" – geographical diversification provides investors with balance exposure in both developed and developing countries. Its presence in China since 1994 ascertains first-mover advantage and has since built up strong foothold in the country.

World's largest serviced residence owner-operator – given the scale and exposures that Ascott has in key developing markets, we see more room for expansion in the serviced residence business.

Capture the whole value chain of real estate business – involves in the entire value chain as manager, operator and advisor and collects management fees, creating a stable and recurring fee income source besides the ordinary development profits.

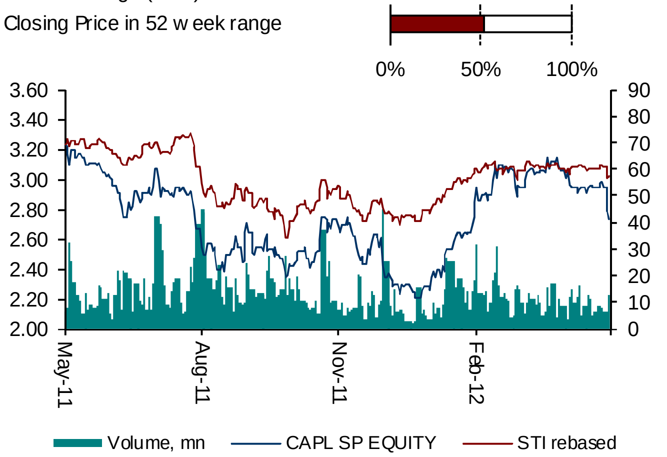
Key risks

Risks include increased downside in residential property markets such as in Singapore and China, slowing global economy, and a hard landing China could affect its earnings.

Investment Actions?

We initiate coverage on CapitaLand with Accumulate recommendation at fair value of $2.98, pegged to 20% discount to RNAV of $3.73, representing a potential upside of 6.4% from its latest closing price. The fair value is equivalent to forward P/B of 0.84x.

CapitaLand Ltd		
Rating	**2**	**Accumulate**
- Previous Rating	-	*Not Rated*
Target Price (SGD)	**2.98**	
- Previous Target Price (SGD)	-	
Closing Price (SGD)	2.73	
Expected Capital Gains (%)	9.2%	
Expected Dividend Yield (%)	1.1%	
Expected Total Return (%)	**10.3%**	
Raw Beta (Past 2yrs weekly data)	1.31	
Market Cap. (USD mn / SGD mn)	9309 / 11603	
Enterprise Value (USD mn / SGD mn)	18398 / 23025	
3M Average Daily T/O (mn)	11.3	
52 week range (SGD)	2.175 - 3.237	
Closing Price in 52 week range		



Major Shareholders	**(%)**
1. Temasek Holdings Private Ltd	39.5
2. Janus Capital Management LLC	5.0
3. European Investor Inc	1.1

Key Financial Summary

FYE	**03/11**	**03/12F**	**03/13F**	**03/14F**
Revenue (SGD mn)	3020	2909	3465	5064
Net Profit, adj. (SGD mn)	574	463	684	949
EPS, adj. (SGD)	0.14	0.11	0.16	0.22
P/E (X),adj.	20.2	25.1	17.0	12.2
BVPS (SGD)	3.51	3.54	3.67	3.84
P/B (X)	0.8	0.8	0.7	0.7
DPS (SGD)	0.08	0.03	0.05	0.07
Div. Yield (%)	2.9%	1.2%	1.8%	2.5%

Source: Bloomberg, PSR est.
*All multiples & yields based on current market price

Valuation Method
RNAV

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Investment merits

Building up pipeline of seed assets for REITs

The first Raffles City (RC) was officially opened in Singapore in 1986. Currently, CapitaLand (CAPL) has seven other RCs across China and one in Bahrain. Of these, Raffles City Shanghai and Raffles City Beijing are operational while those in Chengdu, Hangzhou, Ningbo, Shenzhen, Shanghai (Changning) and Bahrain (Manama) are under construction. RC Chengdu and Ningbo had achieved structural top up in 2011 and are expected to commence operations from 3Q12 onwards. Together with the recently acquired Chongqing site, the 8 Raffles City projects in China are estimated by CAPL to worth Rmb58b (S$12b). With the strong development pipeline of shopping malls in China, we see potential for injection of these seed assets in China into REIT in the next 2 to 4 years, when most of the development works completed. Potential listing options include injection into CRCT, forming yuan-denominated REIT outside China, or REIT in China if the financial market and legislation are ready for such instrument by that time.

Besides integrated developments in China, there are other shopping mall assets in the pipeline (mostly held thru CMA) which we believe could be potential divestment targets in the next 2 – 4 years. That includes 50% stake in ION Orchard, retail space in Bedok mixed development, Star Vista, Westgate in Singapore, and Queensbay Mall in Penang, Malaysia.

Fig 1: Raffles City portfolio in China

Source: Company presentation

Fig 2: Integrated development in Chongqing poised to be the 8th Raffles City in China

Source: Company presentation

Fig 3: Potential seed assets for REIT

Property	CAPL's stake	Holding entity	Estimated completion date	Est. value S$psf	Attributed value S$mn
China					
Raffles City Beijing	45.2%	RCCF	Completed	627	276
Raffles City Shanghai	25.2%	RCCF	Completed	984	294
Raffles City Chengdu	45.2%	RCCF	2012	409	310
Raffles City Hangzhou	45.2%	RCCF	2014	409	451
Raffles City Ningbo	45.2%	RCCF	2012	409	158
Raffles City Shenzhen	73.0%	CL	2014	650	971
Chao Tien Men site, Chongqing	41.4%	CL(25): CMA(25)	2017	604	1,758
Suzhou Integrated Devp	32.8%	CMA	2017	627	548
Singapore					
ION Orchard	32.8%	CMA	Completed		
Star Vista	65.5%	CMA	2012	2080	222
Retail space at Bedok	82.8%	CL(50): CMA(50)	2014	2500	497
Westgate	58.6%	CL(20): CMA(50): CMT(30)	2013	2500	624
Queensbay Mall	65.5%	CMA	Completed	310	181
Total					6,714

Source: Company, PSR estimates

Capability of creating value from opportunistic acquisitions – a case study of OODL

In January 2010, CAPL acquired Orient Overseas Developments (OODL), the real estate business of Orient Overseas (International) Ltd then, at the cost of US$2.2bn (cS$3.1bn). The portfolio consisted of 7 sites located in Shanghai, Kunshan and Tianjin with total GFA of 1.48mn sqm. CAPL disintegrated the portfolio after the acquisition and divested part of the assets to other investors on higher psm basis. By end-2011, CAPL had monetized cS$1bn from the series of divestments, and the net gain from the divestments could be around S$185mn based on our estimate. That demonstrates that it has the ability and capacity to act in times of uncertainty for opportunistic acquisitions. Given the current liquidity-scarce environment in China, we believe CAPL is in a good position to benefit from any potential consolidation in the property market in near term. The latest example is CMA's acquisition of a retail mall site in south Beijing in April, from Poly Real Estate Group, one of the largest developers in China. Poly Real Estate will continue to develop the residential component in the project next to the retail mall site.

Fig 4: Divestments of assets in OODL portfolio

City	Site	Project GFA (sqm)	Divested to	% Divested	Estimated Underlying Land /Property Value (RMB psm)	Divestment Land /Property Value (RMB psm)
Shanghai	Nanmatou (The Pinnacle)	101,017	Private Equity Fund	30%	12,000	14,032
	Raffles City Changning	237,327	Joint Venture	69%	18,000	22,500
Kunshan	Kunshan Double Tree Hotel	40,196	3rd party buyer	100%	10,500	12,775
	Kunshan Huaqiao (The Metropolis)	651,573	Private Equity Fund	20%	2,000	2,487

Source: Company presentation

REIT and property fund originations, going asset-light

CAPL is one of the pioneers in conceiving REIT in Singapore. In 2002, CAPL successfully floated 3 shopping malls into CMT, became the first REIT to list on SGX, in its second attempt. Subsequently, it listed Capita Commercial Trust in 2004, Ascott Residence Trust in 2006, CapitaMalls Asia in 2009 etc. Over the period of a decade, CAPL successfully raised cS$6.5bn from the capital market. This capital recycling model allows CAPL to realize investment value and redeploy its capital into other high-yielding ventures. By partial divestment and retaining a controlling stake, CAPL is able to grow on its 'asset-light' strategy as well, and concentration risk could be lowered by such diversification as a result.

Fig 5: IPOs previously originated by CAPL Group

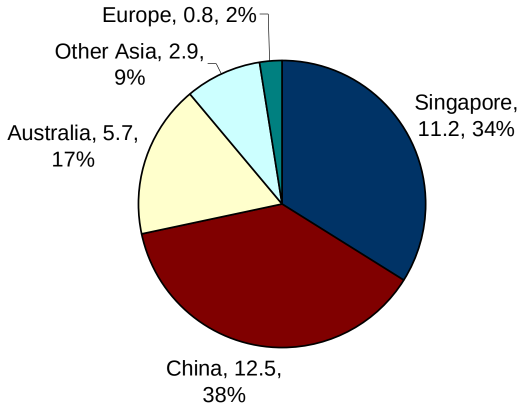
Year	Listing	Fund raised
Jul-02	CapitaMall Trust, the first REIT in Singapore	S$329 mn
May-04	CapitaCommercial Trust, the first commercial REIT in Singapore	S$580 mn
Mar-06	Ascott Residence Trust, the world's first pan-Asian serviced residence REIT	S$661.2 mn
Dec-06	CapitaRetail China Trust	S$218.4 mn
Dec-06	Quill Capita Trust	RM152.7mn
Nov-09	CapitaMalls Asia Ltd	S$2.47bn
Jul-10	CapitaMalls Malaysia Trust, Malaysia largest 'pure-play' shopping malls REIT	RM785mn

Source: Bloomberg, Company, PSR estimates

Strategic focus "3+3+2"

CAPL identifies Singapore, China and Australia as the 3 core markets to allocate most (90%) of its assets. Secondary markets will be Vietnam, Malaysia and Europe where they have relatively large and stable operations, with potential for further growth. Japan and India are the 2 opportunistic countries, which face difficult economic climate or challenging operating conditions. Such geographical diversification provides investors with balanced exposure in both developed and developing countries. Its presence in China since 1994 ascertains first-mover advantage and has since built up a strong foothold in the country with interests in over 120 projects in over 40 cities.

Fig 6: Asset allocation by Geography as of Mar 2012 (total $33.1bn ex. treasury cash)



Source: Company

Fig 7: Strategy in China

1.	Focus in key regions/cities
2.	Develop full suite of housing type from high end to value homes/townships
3.	Leverage on Raffles City brand
4.	Focus on Opening new malls and Ramping Up of Operational Malls
5.	Deepen Serviced Residence Footprint in Key Cities to cater to growing domestic travel business

Source: Company

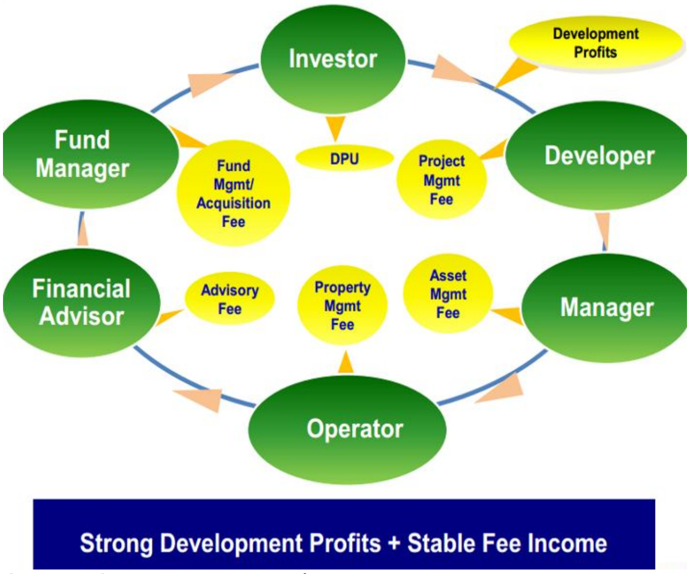
World's largest serviced residence owner-operator

We like the characteristics of serviced residences, which provides less volatile income compared to hotels due to its longer lease, while rental is usually higher than normal rental apartments due to the added services. Given the scale and exposures that Ascott has in key developing markets, we see more room for expansion in the serviced residence business. The business is also flexible as it can grow through acquisition and development, and through management contract expansion. In 2011 alone, the group increased the number of apartment units by ~3000 units, secured 23 management contracts (7 in China). The management and service fees collected for managing the global portfolio totaling $118mn in FY11.

Capture the whole value chain of real estate business

Being one of the largest real estate companies, CAPL did not just make development profits out of investment and development activities. Instead, it involves in the entire value chain as manager, operator and advisor and collects management fees, creating a stable and recurring fee income source besides the ordinary development profits.

Fig 8: CapitaLand's value chain



Source: Company presentation

Key risks

Facing downsides in residential property market

Outlook remains uncertain in both Singapore and China residential markets, where policies remain firm on countering further price appreciation. The concern of over-tightening will continue to be the overhang on its share price performance. A wider than expected fall out in these markets may create further downside for the stock.

Slowing global economy

For sectors that are correlated to the economic performance, such as office and serviced residence, may see growth hampered by the global economy slowdown. Real estate assets are also subject to impairment in times of market downturn.

China hard landing

Being the largest country of exposure by assets allocation, a hard landing in China will definitely weigh on CAPL's earnings. Though strings of data suggest that the Chinese economy is weakening in 1Q12, expectations of policy easing such as fiscal and monetary stimuli are increasing as well. We believe short term sentiment will remain cautious on how the outlook will pan out for the rest of 2012, nonetheless we remain positive on the long term prospect of the country which still has room for growth as the economy is transforming from export-reliant to domestic consumption.

Volatility in foreign currencies

With almost 60% assets located overseas and >50% Ebit attributable to overseas operations, fluctuation in foreign exchange rates may erode or magnify asset value and earnings.

Valuation

RNAV estimates

We value the stock based on its gross asset value (GAV), less end-FY12 net debt and committed capital expenditure, adjusted for non-attributable net debt arises from CMA and Australand, to derive its realizable net asset value (RNAV).

We value the properties under development at fair value less future costs, on discounted basis. We value the investment properties using achievable rental rates and capitalization rates ranging from 3.8% to 7.5% and do not factor in revaluation gain or impairment of properties.

For its effective interests in other listed and non-listed business entities, we value CMA based on our estimated FY12 RNAV, CCT and Australand at NAV, other overseas listed entities at market price, and Surbana at cost. Its real estate fund and REIT management business is pegged to 13x P/EBIT, which we think is reasonable as compared to ARA Asset Management, a private real estate funds and REITs management company that is valued by the market at ~15x P/EBIT.

We ascribe a 20% discount to reflect its exposures in China residential market, which could continue to weigh down the stock price for the foreseeable future.

We initiate coverage on CapitaLand with Accumulate recommendation at fair value of $2.98, pegged to 20% discount to RNAV of $3.73, representing a potential upside of 6.4% from its latest closing price. The fair value is equivalent to forward P/B of 0.84x.

Fig 9: CAPL RNAV estimates

RNAV				RNAV (S$' mil)	Per share (S$)
Development properties					
Singapore residential				2,162	0.51
China residential				3,574	0.84
Other overseas residential				82	0.02
Commercial development				2,117	0.50
Investment properties					
Sg					
Office				62	0.01
Industrial				384	0.09
Overseas				939	0.22
Listed / unlisted entities			Stakes		
CMA	RNAV	2.06	65.5%	5,234	1.23
CCT	NAV		31.8%	1,402	0.33
Australand	NAV		59.3%	1,749	0.41
Ascott Group	GAV			3,346	0.79
CapitaFinancial	P/EBIT	13x		1,041	0.25
Others					
United Malayan Land	Mkt px (MYR)	1.68	20.7%	44	0.01
Lai Fung Holdings	Mkt px (HK$)	0.14	20.0%	35	0.01
Central China Real Estate	Mkt px (HK$)	2.00	27.1%	172	0.04
Surbana	Cost		40.0%	360	0.08
GAV				22,701	5.35
Less: FY12E net debt (cash) and committed Capex				8,798	
Add: Non-attributable net debt from CMA & Australand				1,915	
RNAV				15,818	
RNAV/share (S$)				**3.73**	
Premium/(discount) to RNAV				**-20%**	
Fair value (S$)				**2.98**	

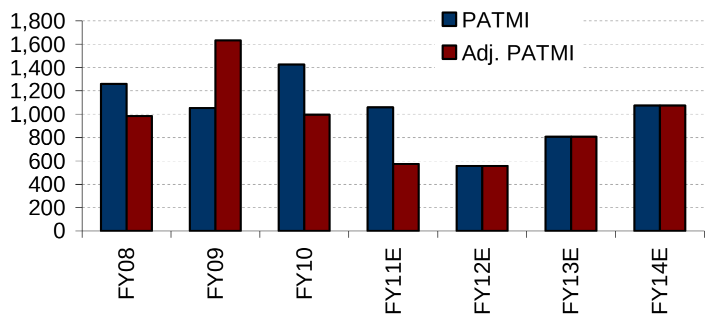
Source: PSR

Financial

Full-year and 1Q12 results

CAPL reported its 6th consecutive year of profit over $1 bn for FY11 at $1,057mn, -26% y-y. Excluding revaluation gain and impairment, the adjusted PATMI is $574.3mn, -42% y-y. The lower net profit was due to lower contribution from most segments as well as lower portfolio gain, partially mitigated by higher income from its fee-based business. The management declared 8 cents of dividends payout for the year, comprises 6 cents ordinary and 2 cents special dividends. Going forward, the management guided that it will work towards dividend payout ratio of ~30% of its adj. net profit.

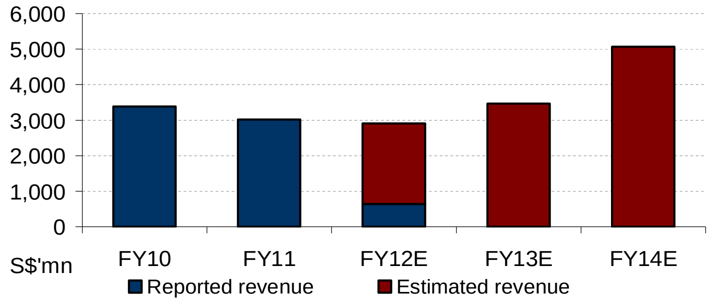
Fig 10: Net profit of CapitaLand ($mn)



Source: Company, PSR estimates

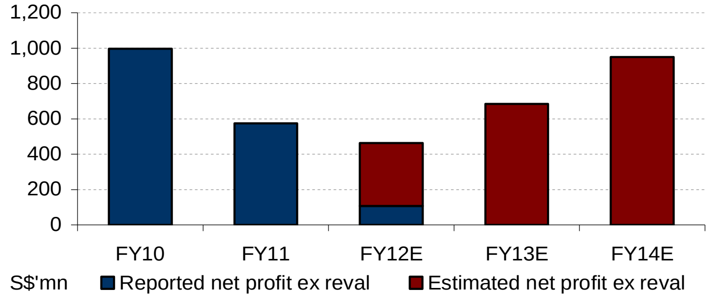
For the 1Q12, CAPL reported revenue of $641.1mn (+4.8% y-y), and PATMI of $133.2mn (+31.3% y-y). The top and bottom-line form 22% and 23% of our FY12 estimates respectively.

Fig 11: Reported revenue vs PSR estimate



Source: Company, PSR estimates

Fig 12: Reported adj PATMI vs PSR estimate

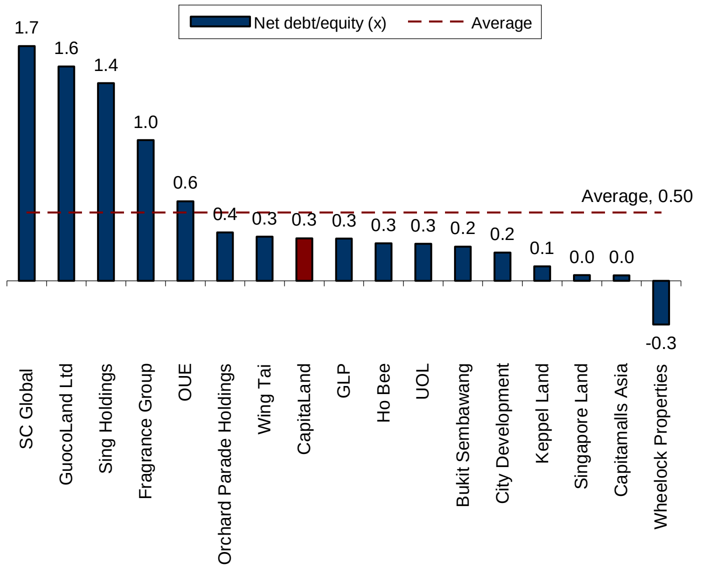


Source: Company, PSR estimates

Healthy gearing

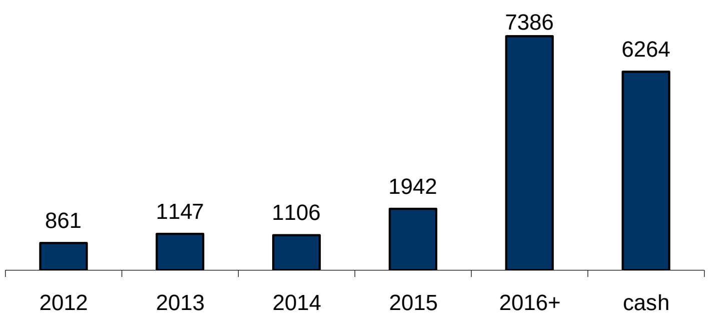
As of end-1Q12, CAPL was holding $6bn cash on hand, and maintaining a healthy net gearing of 0.36x. Adding in the capex commitment for the current year, we estimate its gearing would trend up to 0.45x by end-FY12. Refinancing risk is also low with most of debt maturing in 2016 or beyond and average debt maturity at 4.3 years.

Fig 13: Healthy gearing renders room for further acquisitions



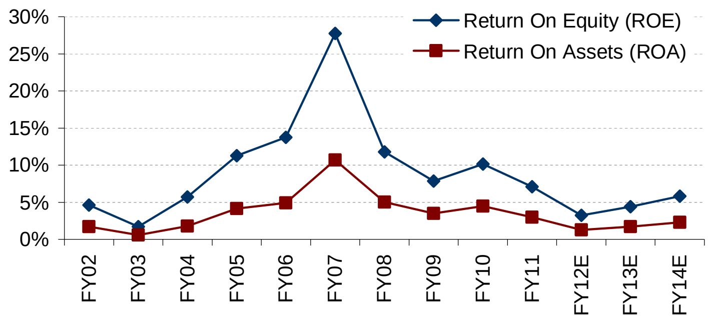
Source: Bloomberg, PSR

Fig 14: Debt maturity profile and cash holding as of end-FY11



Source: Company

Fig 15: ROE and ROA of CAPL

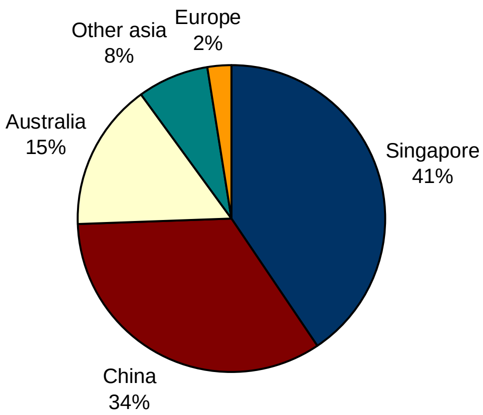


Source: Company, PSR estimates

Peer comparison

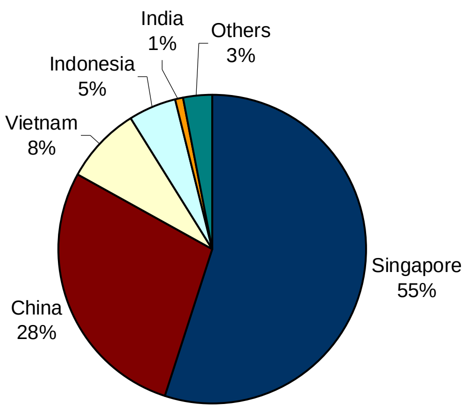
Amongst the largest developers listed on SGX, Keppel Land (KPLD) is comparable to CAPL in terms of geographical diversity, with both having major exposures in Singapore and China (accountable for >70% of their total assets) and are in various segments of real estate business. City Development (CDL) also has great overseas exposure, but mainly for its hospitality business.

Fig 16: CapitaLand assets diversification



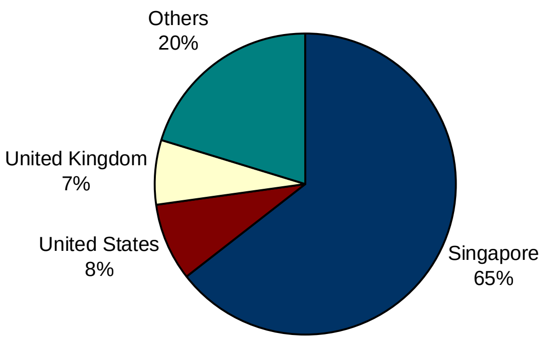
Source: CapitaLand

Fig 17: Keppel Land assets diversification



Source: Keppel Land

Fig 18: CDL assets diversification

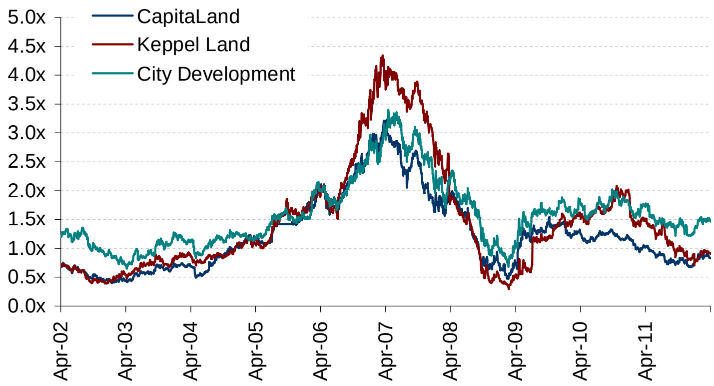


Source: City Development Ltd

Based on the 10-year historical price-to-book ratios, we note that the 3 developers move in similar trend most of the time.

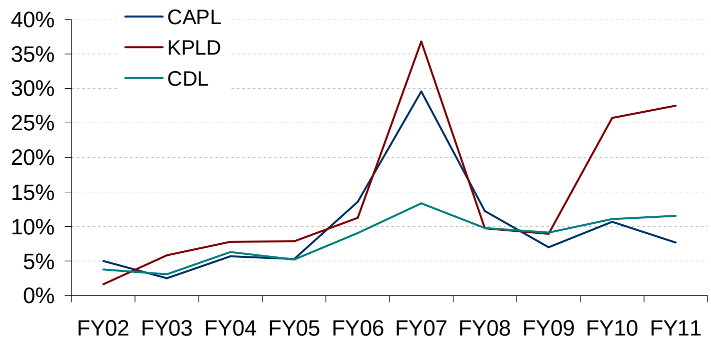
The average PBR for CAPL, KPLD and CDL are 1.24x, 1.46x and 1.58x respectively. We believe the relatively lower PBR for CAPL could be due to its more complex and deeper corporate structure, as compared to the others. CDL usually command a higher PBR as its investment properties are priced at cost in its balance sheet, instead of being revalued annually, as in the case of CAPL and KPLD.

Fig 19: Historical PBR



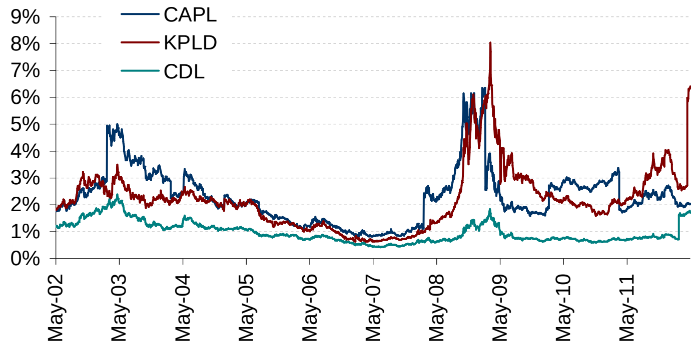
Source: Capital IQ, PSR

Fig 20: Historical ROE



Source: Capital IQ, PSR

Fig 21: Historical dividend yield



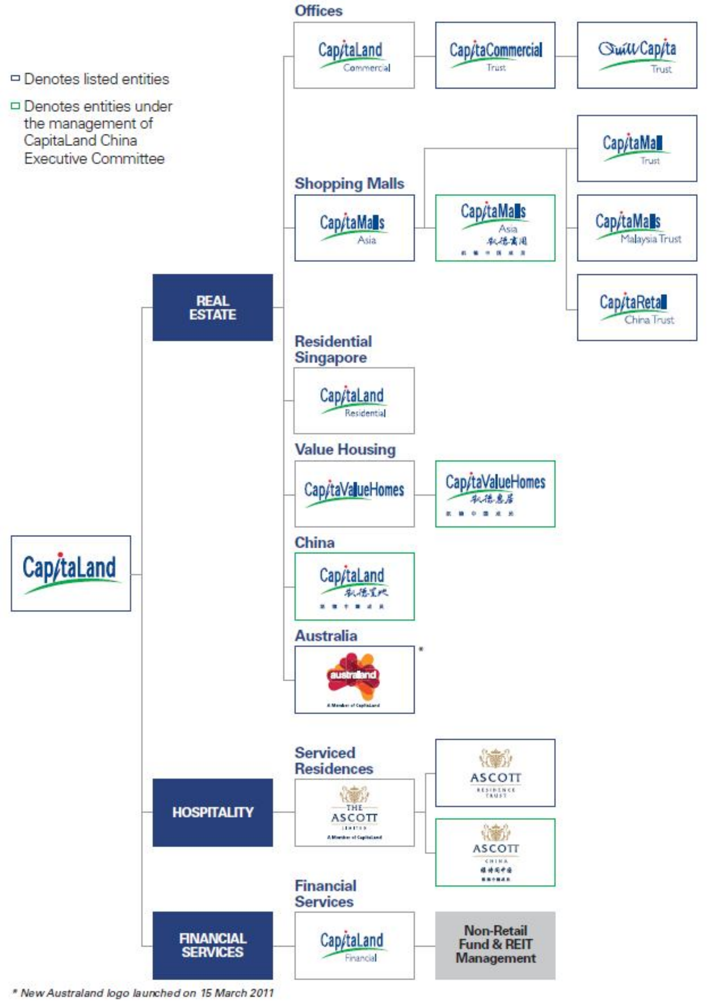
Source: Capital IQ, PSR

Company profile

CapitaLand (CAPL) is one of Asia's largest real estate companies. Headquartered and listed in Singapore, the company's core businesses in real estate, hospitality and real estate financial services are focused in growth cities in Asia Pacific and Europe.

The company's real estate and hospitality portfolio, which includes homes, offices, shopping malls, serviced residences and mixed developments, spans more than 110 cities in over 20 countries. CAPL also leverages on its significant asset base, real estate domain knowledge, financial skills and extensive market network to develop real estate financial products and services in Singapore and the region.

Fig 22: CAPL corporate structure



Source: Company

Corporate timeline

On 17 April 2000, ST Property Investments (STPI), a shareholder of Pidemco Land and a subsidiary of the Singapore Technologies group, acquired 24.6% of DBS Land. This acquisition resulted in STPI becoming a shareholder of both DBS Land and Pidemco Land.

As both DBS Land and Pidemco Land were engaged in similar areas of the property business, the management of Pidemco Land and DBS Land conducted a strategic review of their businesses and concluded that shareholder value would be maximised by merging the two similar companies.

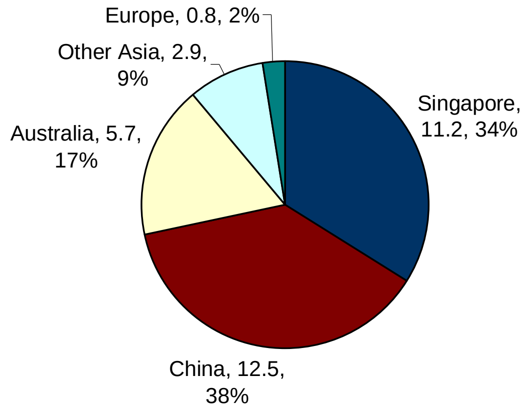
On 12 July 2000, Pidemco Land Limited and Singapore-listed DBS Land Limited announced that they had signed a merger agreement to create the largest listed property company in South East Asia.

In November 2000, CapitaLand Limited was formed. Within 10 years, CapitaLand emerged as one of Asia's largest real estate companies with core businesses in real estate, hospitality and real estate financial services focused in growth cities in Asia Pacific and Europe.

Business units

CAPL focuses on 3 major markets, i.e. Singapore, China and Australia, which made up ~89% of its total assets.

Fig 23: Asset allocation by Geography as of Mar 2012 (total $33.1bn ex. treasury cash)



Source: Company

CapitaLand Residential Singapore

One of the leading residential property developers in Singapore, CapitaLand Residential Singapore has over the years established itself as a leader player in building value-lasting homes that cater to a wide spectrum of homebuyers across all market segments. In 2011, the unit sold 844 homes in Singapore, increased 6% y-y, with total sales worth $1.35bn. One of the recent projects, the 583-unit Bedok Residences, attracted overwhelming response with more than 350 units sold on the first day of launch in Nov 2011. Its latest and the much anticipated project located at Bishan Central, Sky Habitat, which is designed by Moshe Safdie, who also designed the Marina Bay Sands in Singapore, has set a record price for private residential at public housing neighbourhood.

Fig 24: 4 recent residential projects of the group

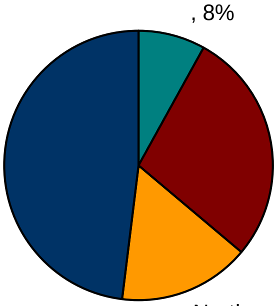
Source: Company

CapitaLand China

The residential business unit in China launched 5 new projects in the country, sold ~1,500 units worth Rmb3.1bn in 2011. As one of the leading foreign developers in China, the group has a residential pipeline of ~21k units over the next 5 years. Despite the on going effort by the government to tame rising prices in its residential market, the group is targeting to launch 4k units per year on average. Its strategy is to develop a full suite of housing type, from high end to value homes/townships in the key regions/cities of China.

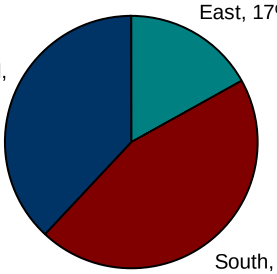
CAPL has 8 Raffles City (RC) in China, of which 2 operational ones are RC Shanghai and RC Beijing, with occupancy of over 90%. RC Chengdu and RC Ningbo had achieved structural completion in 2011 and are expected to start operating income in 2012.

Fig 25: China residential, at 100% stake (by GFA ~3.2mn sqm)



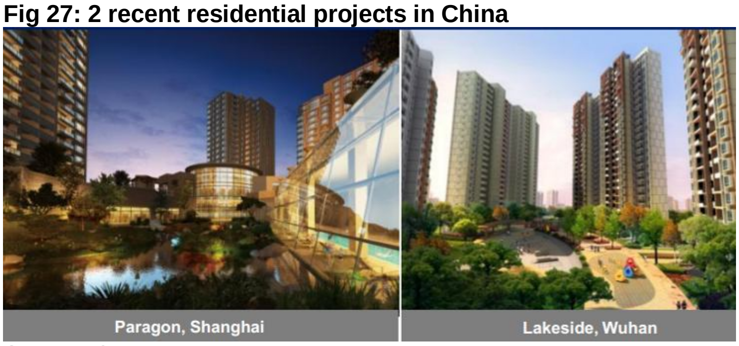
Source: Company

Fig 26: Value Homes pipeline at 100% stake (by GFA ~527,000 sqm)



Source: Company

Fig 27: 2 recent residential projects in China

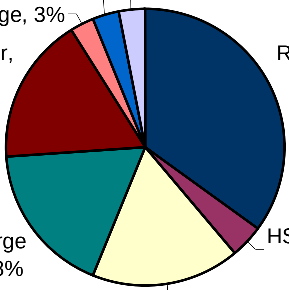


Source: Company

CapitaLand Commercial

The development and investment activities of commercial properties are held under the business unit CapitaLand Commercial Ltd (CCL). The main listed vehicle that carries its key office properties in Singapore is the 31.8%-owned CapitaCommercial Trust (CCT). It is the first commercial REIT listed on the Singapore Exchange Securities Trading Ltd. Under its stable are 9 commercial properties in the Central Area of Singapore. In addition, CCT has a 30% stake in Quill Capita Trust (listed on Bursa Malaysia Securities).

Fig 28: CCT Portfolio NPI diversification for the period from 1 Jan 2011 to 31 Dec 2011



Notes: Market Street Car Park was sold to MSO Trust on 16 June 2011 and is not included.
Source: CCT

Besides office assets, CCL also owns an industrial property in Singapore, Technopark@Chai Chee, and the self-storage business of Storhub, which owns and operates 7 self-storage properties. Overseas, CCL has commercial and mixed development projects in Malaysia, Japan, India and the United Kingdom.

The Ascott Ltd

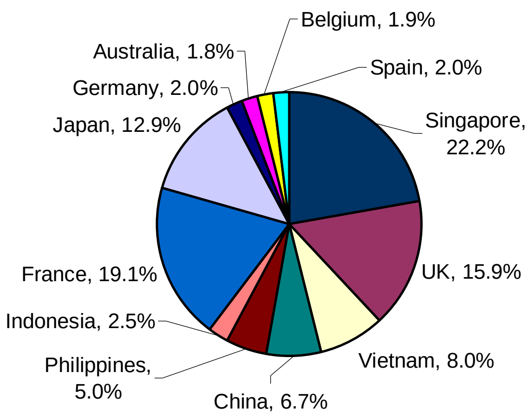
The hospitality business of CAPL is operated under The Ascott Ltd (TAL), the world's largest international serviced residence owner-operator with ~22,000 operating serviced residence units in Asia Pacific, Europe and the Gulf region, on top of ~8,000 units which are under development. TAL carries 3 brands: Ascott, Citadines and Somerset. In 2006, TAL established the world's first Pan-Asian serviced residence real estate investment trust, Ascott Residence Trust (ART). Today, there are 64 serviced residences held under ART in 23 cities across 12 countries in Asia Pacific and Europe.

Figure 29: The Ascott Limited's portfolio: 21,784 operational & 7,657 under development as at 27 Apr 2012

	ART	ASRCF	Owned	Minority Owned	3rdParty Managed	Leased	Total
Singapore	497		146		195		838
Indonesia	401				1,550		1,951
Malaysia			255	221	1056		1,532
Philippines	523				577	67	1,167
Thailand				651	1091		1,742
Vietnam	818		132		535		1,503
China	433	2,297	565		4,176		7,471
Japan	363						363
South Korea					415		415
India			1,376			96	1,472
Australia	84		380			209	673
United Kingdom	600					136	736
France Paris	994		106		293	516	1,909
France Outside Paris	677				1	795	1,473
Belgium	323						323
Germany	264		293				557
Spain	131						131
Georgia					66		66
U.A.E					118		118
Bahrain					118		118
Qatar					429		429
Oman					220		220
Corporate Leasing	573		429	2,215	947	70	4,234
GRAND TOTAL	6,681	2,297	3,682	3,087	11,805	1,889	29,441

Source: Company

Fig 30: Ascott REIT's share of asset values as at 31 March 2012 (Total S$2.81 bn)



Source: ART

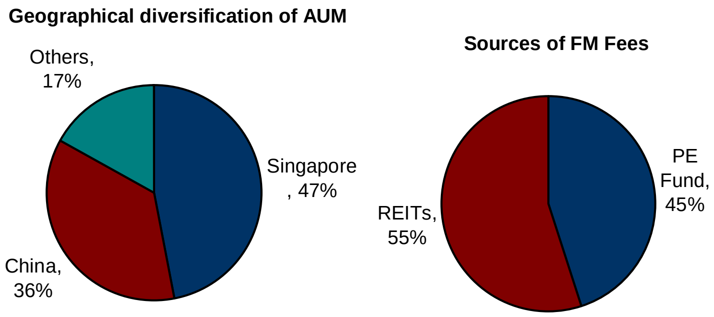
CapitaValue Homes

Leveraging on its track records in China and Vietnam, CAPL established CapitaValue Homes in 2010, a business unit focuses on the affordable housing segment in Asia, primarily targeting the mass market first-time homebuyers. It will focus on growing its pipeline and targeting to build 10k to 15k value homes annually. It is expected to launch 2 maiden projects in Ho Chi Minh City, Vietnam and Wuhan City in 2012. In a move to complement and accelerate the growth of value housing business, CAPL acquired 40% stake in township developer Surbana for $360mn in Apr 2011, which has 45 years track record in providing full-service building consultancy solutions, including urban planning, project and construction management, sustainable design and city management and etc.

CapitaLand Financial

One of the key strength of CAPL is its expertise in real estate fund management, which has established a strong track record in originating, structuring, managing and distributing real estate financial products and services. CapitaLand Financial, together with CapitaMalls Asia, is managing 6 REITs and 15 real estate private equity funds totaling $34bn of AUM with focus on Singapore and China. The fund management business contributed $173.1mn management fees to the group in FY11.

Fig 31: Characteristic of fund management business



Source: Company

Australand

One of the major diversified property group in Australia, Australand has its activities span across Australia and include development of residential land, housing and apartments, development of and investment in income producing commercial and industrial properties, and property management. CAPL holds 59.3% stake in the Australian subsidiary.

CapitaMalls Asia

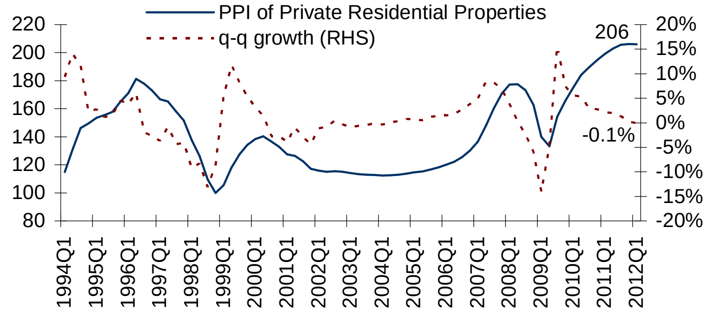
The retail business of CAPL is carried out mainly through its 65.5%-owned listed retail arm CapitaMalls Asia Ltd (CMA). CMA has an integrated shopping mall business model encompassing retail real estate investment, development, mall operations, asset management and fund management capabilities. It has interests in and manages a pan-Asian portfolio of 98 shopping malls across 51 cities and Singapore, China, Malaysia, Japan and India. The integrated model allows CMA to receive two stable streams of revenue from rental income and management fees. Its fund management business currently overseeing 3 listed REITs, namely CapitaMall Trust, CapitaMalls Malaysia Trust, and CapitaRetail China Trust, as well as 5 private real estate funds.

Market outlook – residential

Singapore

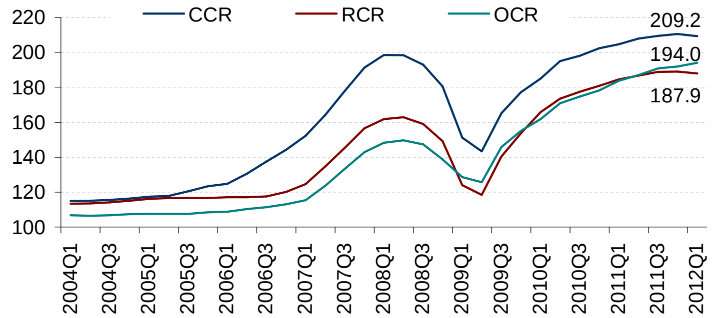
After 2 years of relentless curbs on residential property market, prices of private residential in Singapore have finally started to trend downward, as indicated by the 1Q12 data from URA, which show property prices trended 0.1% lower q-q, the first decline since 2Q09. Property in the core central region (CCR), or the prime area for residential, and the rest of central region (RCR), both saw prices corrected 0.6% q-q. The outside central region (OCR) where the mass-market projects are located, shows a diverged trend with prices increase 1.09% q-q, compared to the 0.58% increase in the previous quarter.

Fig 32: PPI of private residential properties (4Q98 = 100)



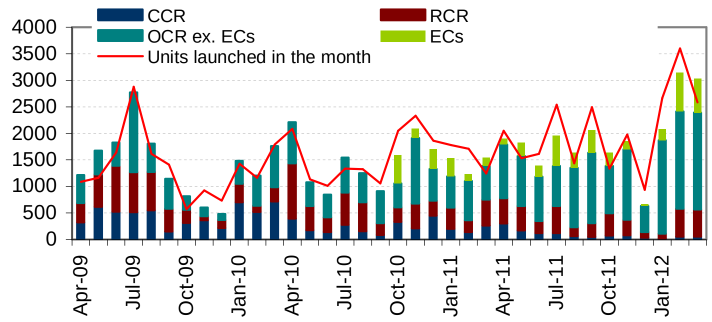
Source: URA

Fig 33: PPI in the respective regions



Source: URA, PSR estimates

Fig 34: Total units of private residential properties sold in regions



Source: URA, PSR

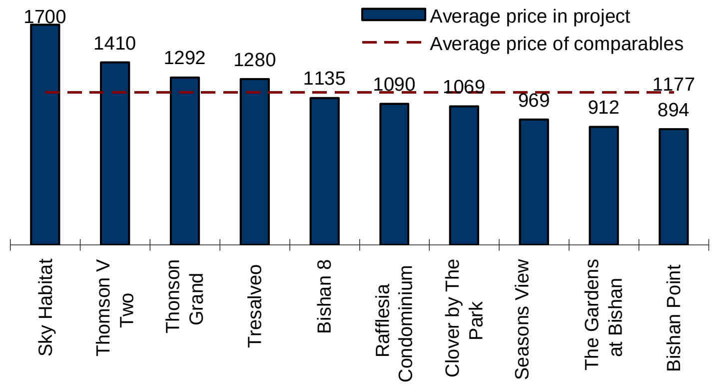
Buying activities in the mass market resumed in first quarter of 2012, despite the government implemented Additional Buyer's Stamp Duty (ABSD) in Dec 2011 to curb foreigners buying interest. Developers offloaded 6,678 units (ex ECs) in 1Q12, equivalent to 41% of the total sales in the whole 2011. We believe factors such as stable residential rental market, low interest rate environment, and high HDB price continued to support the resilient demand for private residential. If mass-market property price continue to firm up, we do not rule out possibility of further government interventions.

Capitalise on locality and salient features

Current residential portfolio of CAPL consists of projects located across the island covering the mass, mid to high end market. Very often renowned international architects will be engaged as part of marketing tools in its residential projects, such as d'Leedon, The Interlace and the latest Bishan Central's Sky Habitat. The group is also capitalising on its expertise in developing integrated development as a key selling point, such as the Bedok Residences and Orchard Residences.

For 2012, sales focus will be on its latest mid-tier project Sky Habitat, which has been launched at ASP of S$1,642psf for 4-bedroom unit, and $1,747psf for 1-bedroom unit. This is about 44% higher than the average price of comparables based on our data collected from transactions done since July 2011 in Bishan planning area. The selling price achieved by Sky Habitat has set a new benchmark for public housing neighbourhood condominium projects in Bishan area as well as in Singapore.

Fig 35: Average price achieved by comparables projects in Bishan planning area



Source: Realis, PSR

Thin residential landbank

The remaining launch-ready landbank is The Nassim (high-end), while the sites at Marine Parade and Yio Chu Kang Road will not be launched this year, according to the management. Since sales momentum in the high-end segment is expected to remain slow in the year, we expect sales in 2012 will be driven by Bedok Residences and Sky Habitat, but may not exceed the total sale of 844 units sold in 2011. The group sold 57 units in 1Q12 from key Singapore projects, and 129 units from the Sky Habitat since first launch in April.

Fig 36: Recent residential projects

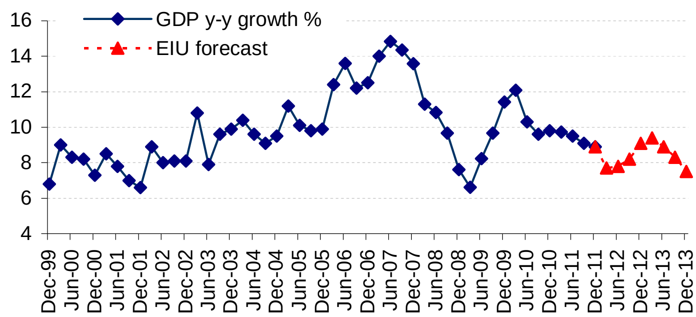
Project	Stake	Total Unit	Units Launched	% Sold as at Dec 2011	ASP S$psf
The Seafront on Meyer	100%	327	327	99%	1580
The Orchard Residences	33%	175	175	91%	3300
The Wharf Residences	100%	186	186	97%	1240
Latitude	100%	127	127	84%	1980
The Interlace	60%	1040	900	59%	1042
d'Leedon	35%	1,715	650	23%	1561
Urban Resort	100%	64	34	31%	2841
Bedok Residences	83%	583	450	>80%	1350
The Nassim	100%	55	0	0%	-
Site at Marine Parade Rd	100%	~150	0	0%	-
Sky Habitat	65%	~500	0	0%	-
Site at Yio Chu Kang Rd	100%	~80	0	0%	-

Source: Company, URA, PSR estimates

China – recalibrating its pace of growth

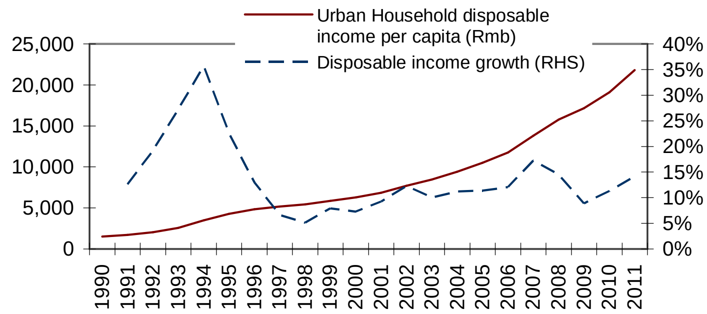
The economy has been moderating from the double-digit growth seen in early 2010, reporting a slower growth of 8.1% y-y in 1Q12 amid declining global trade and weak demand for export from the developed countries, and a general investment slowdown. Urban household disposable income experienced steady increase at the CAGR of 12.3% over the last 10 years. As a result of rising affluence, consumption of consumer goods has grown at a fairly fast rate (18.1% y-y Dec 11), before weakening with the general economy to 14.7% for Jan and Feb 2012 and 15.2% y-y for Mar. Inflation which was a problem in the country, with y-y CPI persistently staying above 5% for most of 2011, has moderated significantly in line with the slowing economy, coming in at 3.6% y-y in Mar 2012. Our economics team is not forecasting a hard landing but reiterates the risk of such an event as not insignificant, stemming mainly from an inflated housing market. The government has however fiscal and monetary room to launch countercyclical measures.

Fig 37: China economic growth



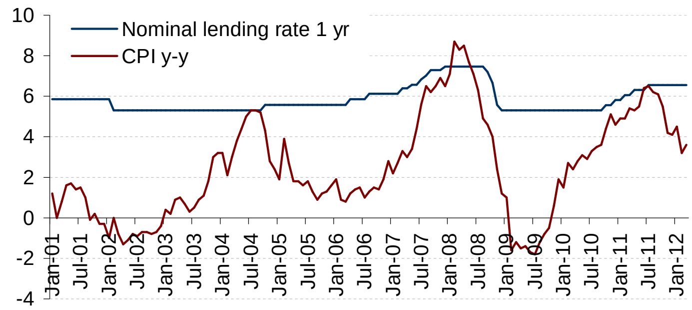
Source: CEIC, EIU, PSR

Fig 38: China urban household disposable income growth



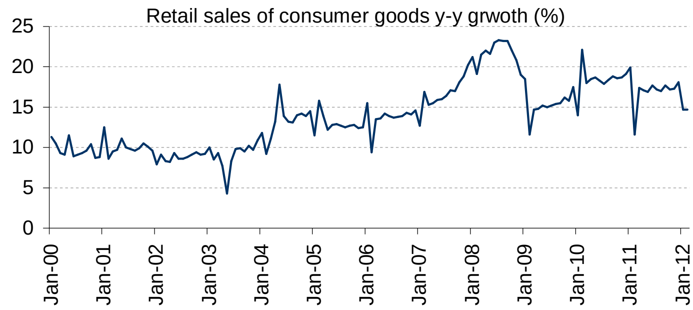
Source: CEIC, PSR

Fig 39: China lending cost and inflation (%)



Source: CEIC, PSR

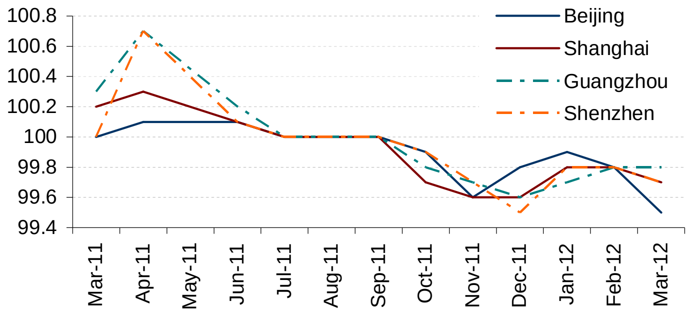
Fig 40: China retail sales



Source: CEIC, PSR

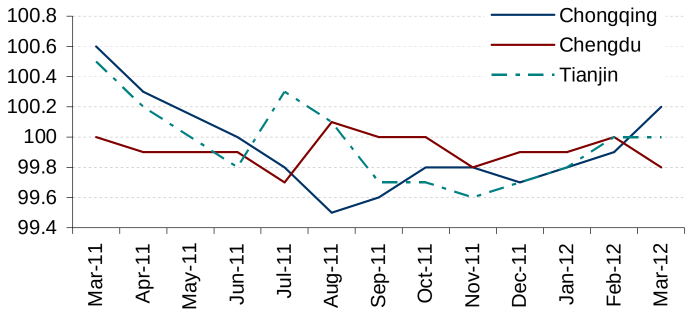
In the property market, China has been in the tightening mode since early 2010. It has implemented a slew of cooling measures to curb rising property prices, such as increasing the supply of social housing, increase down payment requirement for home buyers, limit credit facilities to developers, introduce property tax and limit purchase/price in certain cities. Property sales slowed down notably since 2010, in particular Beijing and Shanghai, while property prices started to flip downwards, marginally, since 4Q11. According to the property price index publish by National Bureau of Statistics of China, there were 46 out of 70 cities experienced m-m price drop in March, compared to 45 cities seen in February, while prices in 6 cities remained constant. The remaining 8 cities experience increase in prices, but were within 0.2% growth.

Fig 41: Property price index of first-tier cities (m-m)



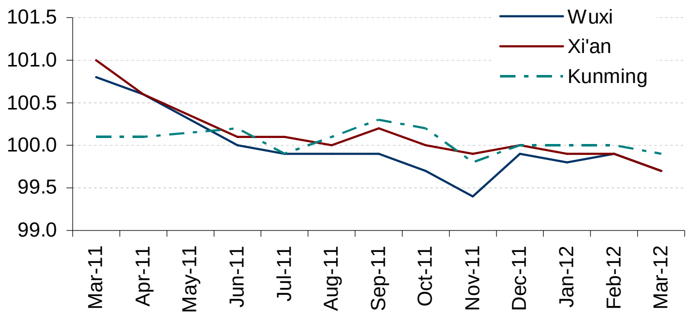
Source: CEIC, PSR

Fig 42: Property price index of non-first-tier cities (m-m)



Source: CEIC, PSR

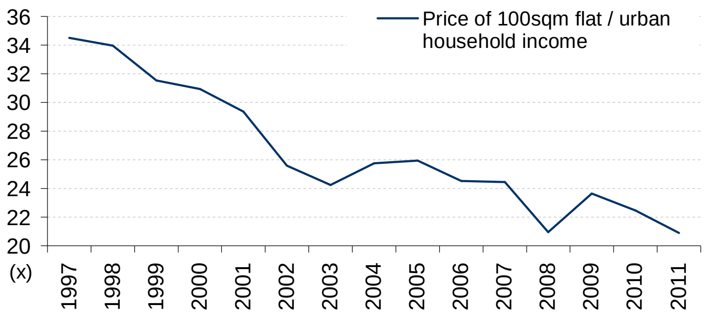
Fig 43: Property price index of non-first-tier cities (m-m)



Source: CEIC, PSR

Although market data suggest that the Chinese economy is slowing, with the official GDP forecast lowered to 7.5% for 2012, the Chinese government, however, reiterated their intention of keeping the property cooling measures in place for 2012 to keep the price in check. In an effort to ensure housing affordability, the government also stepped up the supply of social economic housing by starting construction of 10 mil units in 2011, and is targeting to launch another 7 mil units in 2012, as part of its 12th 5-year plan to build 36 mil units by 2015. That will help to address the need for basic housing for the nation of rapid urbanisation rate. As shown in Fig. 44 below, the ratio of home price over urban household income is trending lower, suggesting long term potential in growth of housing demand.

Fig 44: Rapid urbanisation and income growth driving underlying demand for housing in China



Source: CEIC, PSR

Given that the Chinese government remains determined in stabilising the housing price, we expect the tension in the residential market to deepen, and some degree of consolidation in the residential market, or amongst the developers, could take place in the next 12 months in our view. Developers with diversified portfolio and strong balance sheet shall be in better position to take opportunity on distressed purchases in this period. We do not expect sharp decline in prices however, but moderate correction of 5% to 10% is more likely. This is due to the fundamental demand for housing remains strong as urbanisation and wage increment taking place. Should the economic situation deteriorate more than expected, the the government has the ability to introduce fiscal policies going forward, or further loosen monetary policy, these could lower the likelihood of a sharp decline in residential property market.

Increasing presence in China

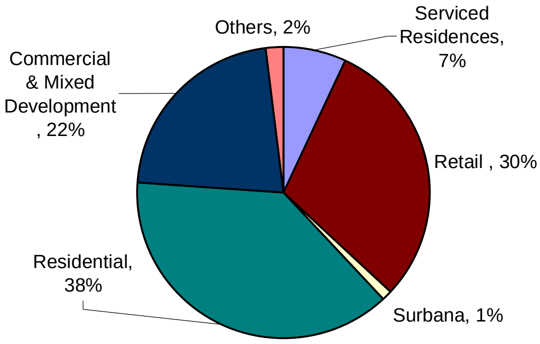
Since the first venture into China 17 years ago, CAPL has built up a portfolio worth over S$30b[1], comprising 120 projects in over 40 cities across the country. As at 1Q12, assets in China made up 38% of its balance sheet. Albeit slower growth rate, China remains the growth driver in Asia and therefore, CAPL is targeting to allocate 45% maximum assets in China in the mid/long term in the country.

Residential exposure at 15%

As of end-2011, its exposures to the Chinese residential market are 38% direct residential exposure and 1% (at most) from Surbana, out of its $12bn assets in the country. Thus at the group level, exposure to Chinese residential market is at most 15%. Despite the well diversified portfolio, we believe the policy pressures in China residential market will continue to weigh on its share price in 2012.

[1] Based on 100% interest

Fig 45: S$12bn assets in China as at Dec 2011 (or 38% of group's balance sheet)



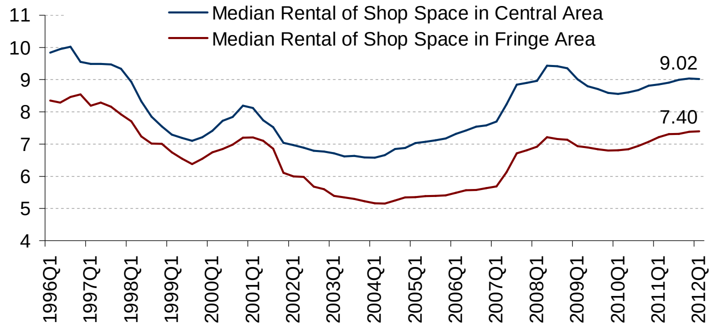
Source: Company

Market outlook – retail

Singapore

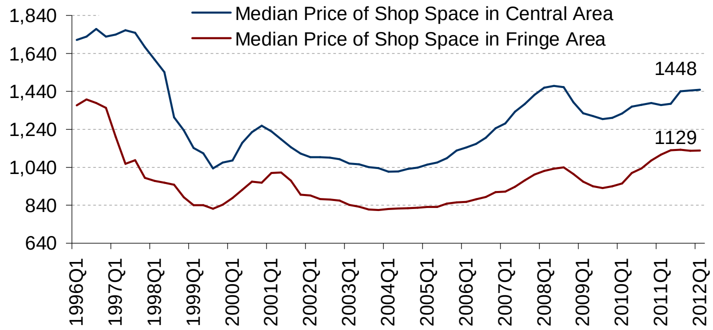
Median rent for retail space in Singapore experienced a diverged trend in 1Q12, with the central region rent declined 0.2% q-q to $9.02psfpm, compared to 0.5% increase in the previous quarter. In the fringe area, median rent increased by 0.3% q-q to $7.40psfpm, compared to 0.8% growth in the previous quarter.

Fig 46: Median rental of shop space ($psfpm)



Source: Realis

Fig 47: Median price of shop space ($psf)



Source: Realis

According to Savills Singapore, it has noted that most of the upcoming malls are located in areas with high population growth. Comparing census information from 2000 with 2010, the highest resident population growth was seen in Sengkang (+106,000), Jurong West (+64,000), Punggol (+59,000), Woodlands (+58,000) and Sembawang (+41,000). That resulted in healthy take up rate on suburban malls, especially over the past five years, when annual net take-up of 248,000 sq ft exceeded annual net supply of 181,000 sq ft by 37% resulting in the strengthening of occupancy rates at suburban malls.

Therefore, we expect rent in the fringe area should remain resilient as the catchments of suburban malls are usually localized and the supplies are not concentrated. Jurong East area will be the exceptional one, where two major malls are in the pipeline, i.e. Jem by Land Lease and Westgate by CAPL Group. The total supply of almost 1mn sqft from these 2 projects in 2013 may, in our view, cap any rental upsides in the next 2 – 3 years for Jurong East. On the other hand, rent in the central region may continue to moderate against the backdrop of slower economic growth in 2012.

Fig 48: Major projects in the pipeline 2012 - 2015

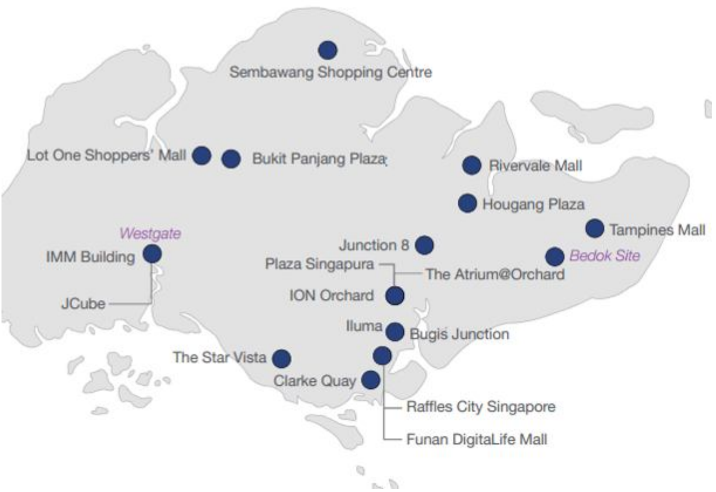
Development	Location	Estimated NLA (sq ft)	Estimated completion
JCube	Jurong East Central	202,000	1Q12
Star Vista	Vista Xchange Green	163,000	3Q12
The Atrium@Orchard	Orchard Road	127,000	4Q12
Chinatown Point (refurbishment)	New Bridge Road	205,000	2012
268 Orchard Road	Orchard Road	86,800	2013
Jem	Jurong Gateway Road/ Boon Lay Way	573,000	2013
orchardgateway	Orchard Road	144,000	2013
Westgate	Boon Lay Way	426,000	2013
Retail at Capitol site	Stamford Road/ North Bridge Road	109,000	2014
Retail at Bedok Residences	Bedok North Drive/ New Upper Changi Road	240,000	2014
South Beach	Beach Road	111,000	2015
Waterway Point	Punggol Central/ Punggol Walk	370,000	2015

Source: Savills Research and Consultancy, PSR

Constant asset enhancement initiatives (AEI)

CAPL group retail malls development pipeline in Singapore include Star Vista (3Q12), Westgate (2013) and Bedok Mall (2014), while on-going and new AEI include The Atrium@Orchard (4Q12), Clarke Quay (3Q12) and Bugis+ (Jun 2012), or previously known as iluma. Its malls are mostly well located (close to transportation node) and geographically diversified across the island which provides key strengths to sustainable high human traffic and occupancy rates. The constant AEIs and proactive tenancy management also ensure optimization of its malls' efficiency.

Fig 49: CMA's retail malls located across the island

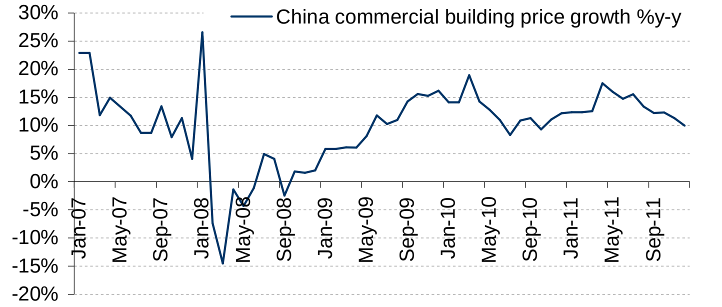


Source: CMA

China retail consumption remains key growth driver

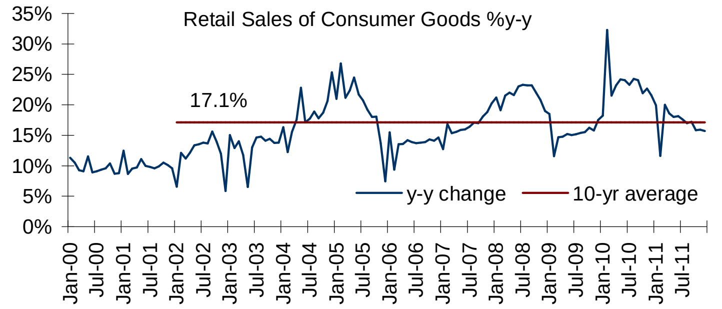
In overseas, China is their next key market in terms of retail business expansion. The retail sales growth is on average 17% over the past 10 years. Although the growth prospect is slower now in China, GDP growth of above 7% is still strong. Amid heightening risk of hard-landing in its economy and over-tightening in the property market, the Chinese government has placed its emphasis on boosting domestic demand. Along with rising wages and urbanisation, we expect the policy directions continue to benefit the retail business in China.

Fig 50: commercial building price growth



Source: CEIC, Economy Research Institute of Chinese Urban and Rural Construction, PSR

Fig 51: Retail sales growth

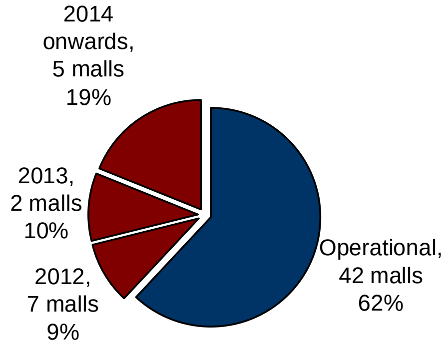


Source: CEIC, NBS, PSR

Actively expands retail presence across China

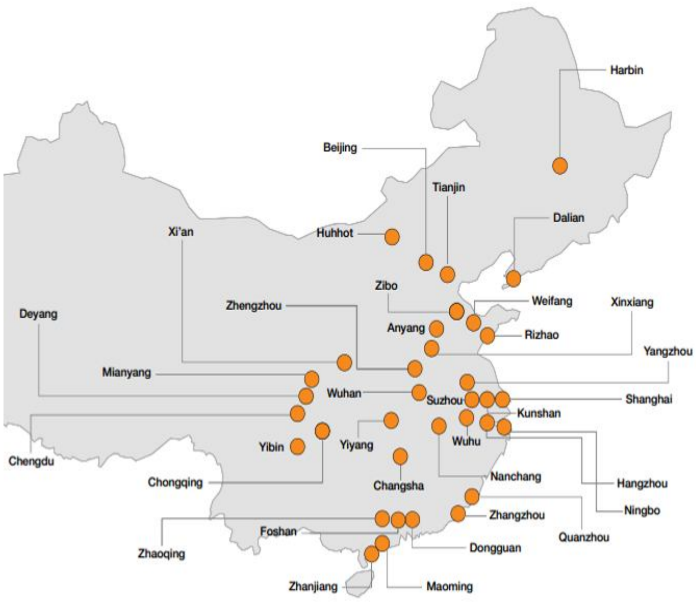
Riding on the strong consumption growth bandwagon in China, CAPL together with CMA, had in 2011 sealed several acquisitions with committed investment worth over S$3.7bn in China alone. That includes a 50% JV to develop the largest mall in Suzhou and 50% JV to develop an integrated development in Chongqing. In fact, the softening of real estate market and tight liquidity environment over the year had presented great acquisition opportunities for the group. Currently CMA has 42 operational malls in China, while the other 15 in the development pipeline. It is targeting to increase number of malls in China to 100 in five years time.

Fig 52: China operational malls make up >60% of NAV



Source: CMA

Fig 53: CMA's retail footprint across China



Source: CMA

Fig 54: Pipeline of malls opening

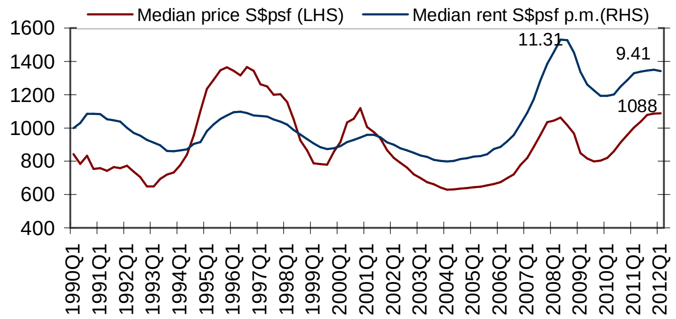
Countries	Operational	To be opened in 2012	To be opened in 2013	To be opened in 2014 & beyond	Total
Singapore	17	1	1	1	20
China	42	7	2	6	57
Malaysia	5				5
Japan	7				7
India	2		2	5	9
	73	8	5	12	98

Source: CMA

Market outlook – office

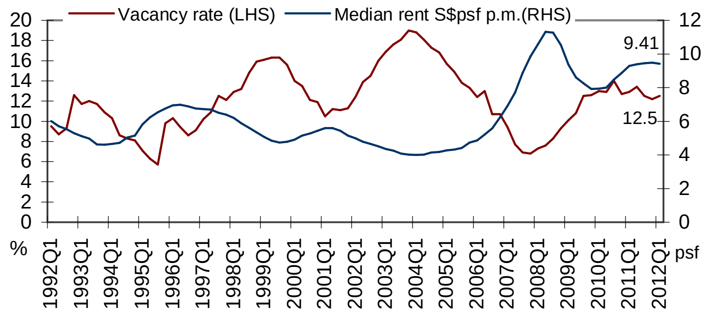
In the midst of looming economic uncertainty globally, demand for office space softened markedly in 1Q12 in line with the weaker hiring sentiments in Singapore. Median price however continued to hold up, grew by marginal 0.1% q-q in 1Q12 to $1,088psf. Vacancy rate in the central region inched up slightly from 12.2% in preceding quarter to 12.5% in 1Q12. In view of ample supply of office space in the pipeline for the next 4 years, rent and capital value of office space in central area is expected to see correction of around -5% to -10% in 2012 as firms holding back on headcount expansion.

Fig 55: Median price and rent of office space in central area



Source: Realis, PSR

Fig 56: Vacancy rate of office space in central region



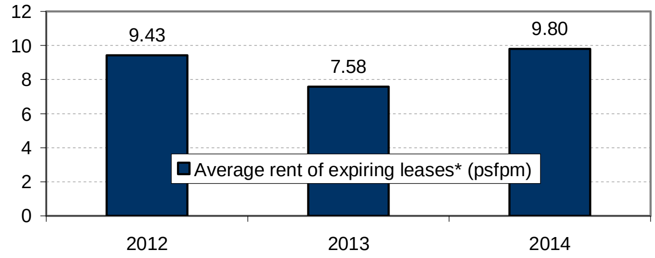
Source: Realis, PSR

CapitaCommercial Trust

As the rents locked in during the previous office rental boom cycle are expiring, CCT had been in negative rental reversion in the past 2 years, and that is expected to flow thru in 2012 as well. Nonetheless, the average rent of $9.43psfpm for expiring leases in 2012 shall provide some mitigating effect to the negative rental reversion. According to CBRE, Grade A office average rent is at $10.60 psfpm as of 1Q12.

At this juncture we believe CCT has yet to bottom-out given the office rental outlook remains weak in the year. In addition, property income disruptions is possible due to the ongoing AEI at Six Battery Road that could result in lower occupancy (scheduled to complete in 2013), and the redevelopment of Market Street Car Park (MSCP) into a Grade A office tower will not contribute any rental income until its completion in 2014.

Fig 57: Average rent of expiring leases for CCT office portfolio as of end 2011



*3 Grade A buildings and Raffles City Tower only
Source: CCT

Current development: CapitaGreen

In July 2011, a JV was formed among CapitaLand (50%), CCT (40%) and Mitsubishi Estate Asia (MEA, 10%) to redevelop MSCP into a Grade A office tower, CapitaGreen, at the estimated cost of about S$1.4bil. Upon completion in 2014, the 720k sqft development is expected to be the only new Grade A office available in Central area, and could provide yield on cost of over 6% p.a. on a stabilised basis.

Recent acquisition: Twenty Anson

Another recent acquisition is Twenty Anson, located along Anson Rd, which CCT acquired for $430mn, or $2,121psf. The passing yield on price is low at 2.6%, but after factoring in the yield stabilization sum of $17.1mn, the acquisition could yield 4% over the next 3.5 years and resulted in 5% increase in DPU, according to CCT.

Fig 58: Recent development plan and acquisition by CapitaLand Commercial


CapitaGreen, a new Grade A office tower at 138 Market Street


Twenty Anson acquired on 22 March 2012

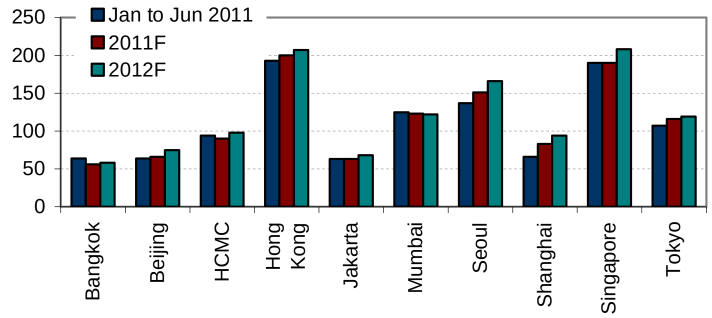
Source: CCT

Market outlook – serviced residence

Asia Pacific and Europe

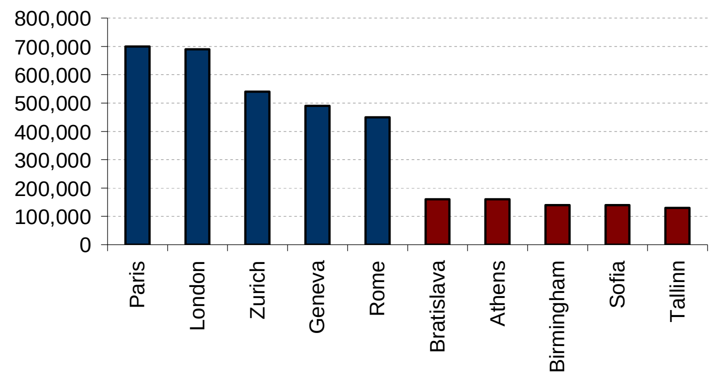
Performance of serviced residence tends to correlate with GDP and FDI, thus has benefited from the recovery of economy since 2009 in most of the developing countries in APAC. According to projections done by Cushman & Wakefield, a real estate consultancy, in October 2011, most hospitality markets in APAC will continue its uptrend in 2012 on the backdrop of slower but solid economic growth, combined with continued government efforts to promote tourism. It is, however, noted that the persistent uncertainties surrounding the global economy, compounded by wavering business and consumer confidence, are likely to present some challenges for travel demand.

Fig 59: Asia Pacific hospitality market RevPar (USD)



Source: Cushman & Wakefield, STR Global

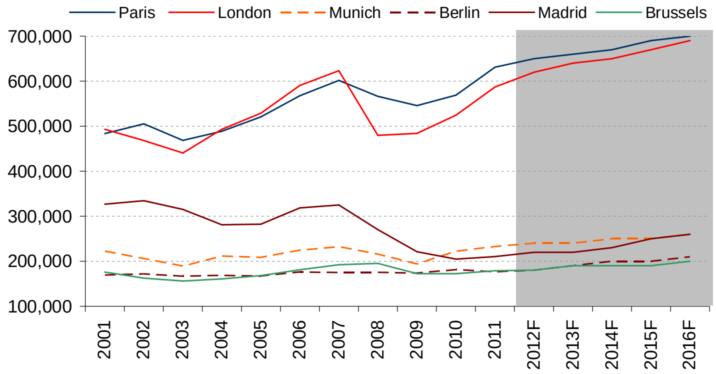
Fig 60: Forecast top and bottom five European markets in 2016 by hotel values (€ PAR)



Source: HVS

In the UK and European countries, Paris and London are the top 2 cities for hotel investment, ranked according to hotel values per available room (PAR) by HVS, a global hotel consulting organisation, in a report published in Feb 2012. Hotel values were hit hard during the global financial crisis in 2009, and recovered moderately in 2010 and 2011. The report pointed that Paris continued to see strong and well balanced demand from both leisure and business guests, and the relatively high entry barrier resulted in the high hotel values. London will remain the more resilient markets relative to the other European countries as London will be hosting The Olympic Games 2012.

Fig 61: Hotel values (€ PAR) 2001 – 2016F



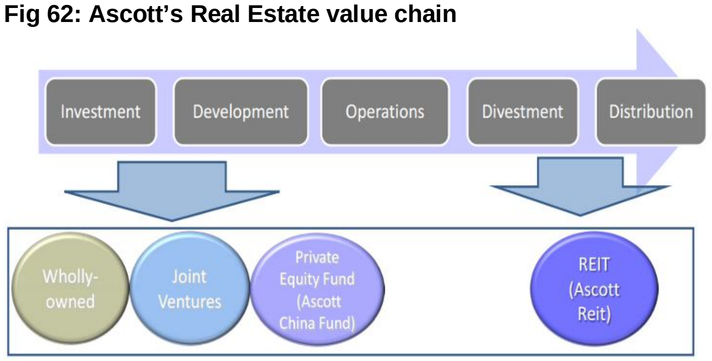
Source: HVS

The slow down in global economy may pose a challenging time ahead for Ascott as business travelers are the key target segment for serviced residence. This is especially so for the business in Europe where the economies are in the brink of falling back into recession. Nonetheless, the diversified portfolio of Ascott group shall be able to minimize the impact from the current economy slowdown. Its exposure in established market such as Paris and U.K and developing countries such as China and Indonesia shall provide growth potential in its serviced residence business.

Sponsor and REIT relation

ART has been granted right of first refusal over CAPL Pan Asia and Europe assets, continue to enjoy strong AUM growth since inception. In 2010, ART acquired 28 serviced residence properties in Asia and Europe for $1,394.7mn from CAPL, doubled its asset value from $1.56bn to $2.85bn. The model of sponsor-and-REIT allows Ascott to continuously recycle capital from stabilize assets into other development projects.

Fig 62: Ascott's Real Estate value chain



Source: Company

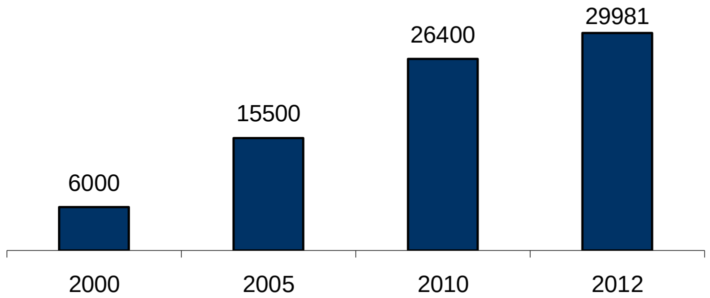
Fig 63: Total proceeds of $282mn generated from divestments in 2011

Property	Divestment Proceeds	Divestment Gain
New Minzhong Leyuan Mall, Wuhan	S$69.8 m	S$4.2 m
Ascott Beijing	S$205.8 m	S$50.0 m
Others	S$6.7 m	S$0.8 m
Total	***S$282.3 m***	***S$55.0 m***

Source: Company

Besides undertaking development projects and acquisitions, Ascott also progressively grow through increasing its management contracts. Altogether, its portfolio of apartment units under management grows five-fold from the 6,000 units in year 2000 to the current almost 30,000 units.

Fig 64: Number of apartment units under management



Source: Company

Redevelop Somerset Grand Cairnhill

ART had in July 2011 been granted provisional outline planning permission (OPP) by URA for redevelopment of Somerset Grand Cairnhill, a 146-room serviced apartment in Orchard Road, into an integrated hotel and residential development. ART has not finalised on any options yet at the moment, but if the plan is feasible and market timing is right, it will be another recycling opportunity for ART to enhance the asset value while retaining its presence in Orchard Road.

Fig 65: Ascott is considering option to redevelop Somerset Grand Cairnhill

Source: Company

Potential divestment of Ascott China Fund

The management guided that it is seeking opportunities to divest its 36.1%-owned Ascott China Fund which hold 11 properties with about 2,300 apartments in 2nd and 3rd-tier cities of China. The US$500mn private equity fund is substantially deployed into serviced residence development projects in China. Valuation of the properties as of Dec 2011 is approx $1.1bn.

SWOT analysis

Strengths
- One of the largest property developers in Asia
- Established asset management expertise with proven track records
- Strong corporate branding
- Early mover's advantage in developing countries in Asia
- Economies of scale that span across the real estate value chain
- Strong fund management arm
- Strong financial capacity and broad funding sources

Weakness
- Deep corporate structure potentially gives rise to 'conglomerate discount'

Opportunities
- Strong development pipeline as seed assets for future REITs
- Participation in government-led investments and development projects
- Opportunistic acquisitions in times of uncertainty

Threats
- Policy risks pose significant influence on earnings and share price
- Potentially overpaying for acquisitions in the highly competitive industry

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FYE Dec	FY10	FY11	FY12F	FY13F	FY14F
Valuation Ratios					
P/E (X), adj.	11.7	20.2	25.1	17.0	12.2
P/B (X)	0.8	0.8	0.8	0.7	0.7
EV/EBITDA (X), adj.	13.7	18.4	21.3	18.6	14.5
Dividend Yield (%)	2.2%	2.9%	1.2%	1.8%	2.5%
Per share data (SGD)					
EPS, reported	0.33	0.25	0.12	0.16	0.22
EPS, adj.	0.23	0.14	0.11	0.16	0.22
DPS	0.06	0.08	0.03	0.05	0.07
BVPS	3.29	3.51	3.54	3.67	3.84
Growth & Margins (%)					
Growth					
Revenue	14.4%	-10.8%	-3.7%	19.1%	46.1%
EBITDA	20.5%	-25.8%	-13.7%	14.5%	28.8%
EBIT	26.9%	-25.5%	-14.2%	14.9%	29.5%
Net Income, adj.	-38.9%	-42.4%	-19.4%	47.7%	38.7%
Margins					
EBITDA margin	49.8%	41.4%	37.1%	35.6%	31.4%
EBIT margin	48.0%	40.1%	35.7%	34.4%	30.5%
Net Profit Margin	54.7%	47.1%	25.0%	27.9%	26.9%
Key Ratios					
ROE (%)	10.4%	7.3%	3.3%	4.5%	5.9%
ROA (%)	4.6%	3.1%	1.3%	1.8%	2.3%
Net Debt/(Cash)	3,168	5,926	8,798	10,458	11,013
Net Gearing (X)	0.18	0.31	0.45	0.51	0.51
Income Statement (SGD mn)					
Revenue	**3,383**	**3,020**	**2,909**	**3,465**	**5,064**
EBITDA	**1,684**	**1,251**	**1,079**	**1,235**	**1,591**
Depreciation & Amortisation	60	41	41	43	47
EBIT	**1,625**	**1,210**	**1,038**	**1,192**	**1,544**
Net Finance (Expense)/Income	(448)	(473)	(587)	(617)	(657)
Other items	n/a	n/a	n/a	n/a	n/a
Associates & JVs	960	877	376	524	663
Profit Before Tax	**2,136**	**1,614**	**827**	**1,100**	**1,550**
Taxation	(284)	(191)	(99)	(132)	(186)
Profit After Tax	**1,852**	**1,423**	**728**	**968**	**1,364**
Non-controlling Interest	427	366	239	284	415
Net Income, reported	**1,426**	**1,057**	**489**	**684**	**949**
Net Income, adj.	**997**	**574**	**463**	**684**	**949**

Source: PSR

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FYE Dec	FY10	FY11	FY12F	FY13F	FY14F
Balance Sheet (SGD mn)					
PPE	1,049	1,076	1,138	1,219	1,353
Intangibles	460	459	436	414	393
Associates & JVs	10,049	10,685	12,195	12,989	13,965
Investments	4,733	7,075	8,409	9,454	10,136
Others	403	892	892	892	892
Total non-current assets	**16,693**	**20,185**	**23,070**	**24,968**	**26,739**
Inventories	0	0	0	0	0
Accounts Receivables	2,134	1,769	1,586	2,011	2,853
Investments	5,667	6,905	7,292	7,533	7,053
Cash	7,190	6,264	5,886	4,958	4,624
Others	203	195	195	195	195
Total current assets	**15,194**	**15,134**	**14,959**	**14,696**	**14,725**
Total Assets	**31,887**	**35,319**	**38,028**	**39,664**	**41,464**
Short term loans	1,762	860	1,621	1,876	1,621
Accounts Payables	2,050	2,270	2,099	2,174	2,593
Others	496	441	441	441	441
Total current liabilities	**4,308**	**3,572**	**4,161**	**4,491**	**4,655**
Long term loans	8,596	11,330	13,063	13,540	14,017
Others	1,117	1,178	1,178	1,178	1,178
Total non-current liabilities	**9,714**	**12,508**	**14,240**	**14,717**	**15,194**
Non-controlling interest	3,833	4,338	4,576	4,861	5,276
Shareholder Equity	**14,032**	**14,902**	**15,051**	**15,596**	**16,339**

Cashflow Statements (SGD mn)					
CFO					
PBT	1,852	1,423	728	968	1,364
Adjustments	(853)	(709)	352	267	227
Cash from ops before WC changes	999	714	1,079	1,235	1,591
WC changes	79	(1,328)	(375)	(591)	57
Cash generated from ops	1,079	(614)	704	644	1,648
Taxes paid, net	(176)	(195)	(99)	(132)	(186)
Interest paid	0	0	0	0	0
Cashflow from ops	**902**	**(809)**	**605**	**512**	**1,462**
CFI					
CAPEX, net	22	(132)	(104)	(124)	(181)
Dividends from associates & JVs	293	586	0	0	0
Dividends/Interest from Investments					
Purchase/sale of investments	446	(2,153)	(1,334)	(1,045)	(682)
Investments in subs & associates	(2,577)	589	(1,111)	(247)	(293)
Others	0	0	0	0	0
Cashflow from investments	**(1,817)**	**(1,110)**	**(2,549)**	**(1,416)**	**(1,156)**
CFF					
Share issuance	22	3	0	0	0
Purchase of treasury shares	0	(63)	0	0	0
Loans, net of repayments	(211)	1,474	1,906	115	(435)
Dividends to minority interests	(104)	(146)	0	0	0
Dividends to shareholders & capital reduction	(447)	(256)	(340)	(139)	(205)
Others	150	(29)	0	0	0
Cashflow from financing	**(590)**	**982**	**1,566**	**(24)**	**(640)**
Net change in cash	**(1,505)**	**(937)**	**(378)**	**(928)**	**(333)**
Effects of exchange rates	(37)	5	0	0	0
CCE, include restricted cash, end	**7,190**	**6,264**	**5,886**	**4,958**	**4,624**

Source: PSR

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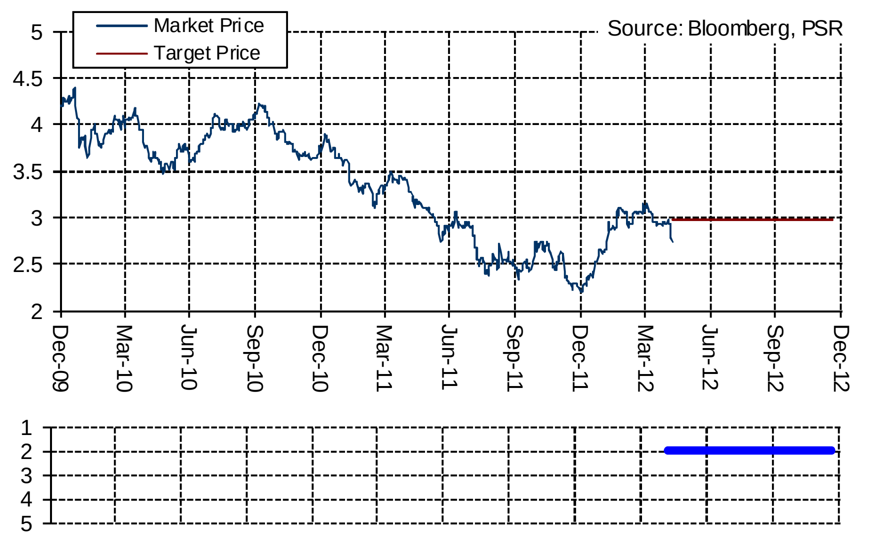
Ratings History



PSR Rating System

Total Returns	Recommendation	Rating
> +20%	Buy	1
+5% to +20%	Accumulate	2
-5% to +5%	Neutral	3
-5% to -20%	Reduce	4
<-20%	Sell	5

Remarks

We do not base our recommendations entirely on the above quantitative return bands. We consider qualitative factors like (but not limited to) a stock's risk rew ard profile, market sentiment, recent rate of share price appreciation, presence or absence o

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