



## News Release

22 May 2008

For Immediate Release

### **CMT signs agreement to acquire The Atrium@Orchard for S\$839.8 million**

*Successful placement of S\$650.0 million convertible bonds to  
partially fund yield accretive acquisition*

*Acquisition grows asset size to S\$6.9 billion and on track to achieve  
higher revised local asset size of S\$9.0 billion by 2010*

**Singapore, 22 May 2008** – CapitaMall Trust Management Limited (“CMTML”), the manager of CapitaMall Trust (“CMT”), is pleased to announce that HSBC Institutional Trust Services (Singapore) Limited, as trustee of CMT, has entered into a sale and purchase agreement with the Government of the Republic of Singapore acting through its agent, the Singapore Land Authority, in respect of the acquisition of The Atrium@Orchard (“Atrium”) at a purchase price of S\$839.8 million. Atrium, zoned as a commercial development, currently comprises two Grade A office towers of seven and ten storeys and some ground floor retail space. Located in the downtown core of Singapore, Atrium is sited along Singapore’s main shopping street, Orchard Road, and enjoys direct connectivity to the Dhoby Ghaut Mass Rapid Transit (“MRT”) interchange station. Dhoby Ghaut MRT station is a major transportation node in the city centre, as it is one of only two key interchange stations in the downtown core which currently serves two train lines and will serve an additional train line by 2010. Atrium is also situated adjacent to Plaza Singapura, one of CMT’s existing properties. The yield accretive acquisition is expected to be completed by end-August 2008.

#### **Valuation, Funding Plans and Gearing**

The total acquisition cost, inclusive of the purchase price of S\$839.8 and other fees and expenses, amounts to S\$850.0 million. An independent valuation by Knight Frank Pte Ltd, commissioned by CMTML, has valued Atrium at S\$850.0 million<sup>1</sup>. The total acquisition cost of S\$850.0 million is funded via a combination of an issuance of secured Convertible Bonds (“CBs”) and through tapping on CMT’s S\$1.0 billion Medium Notes (“MTN”) programme. CMTML has

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<sup>1</sup> As at 1 May 2008

appointed Goldman Sachs (Singapore) Pte. (“Goldman Sachs”) as the Sole Lead Manager and Underwriter for the proposed issuance of CBs with an aggregate principal amount of no less than S\$650.0 million. The CBs quantum of S\$650.0 million is fully underwritten by Goldman Sachs. The remaining acquisition cost will be funded through utilising part of the aggregate proceeds of S\$395.0 million which CMT has issued under its MTN programme in the last two months. Following the completion of the acquisition of Atrium and the issuance of the CBs, CMT’s gearing will be at 45.0%.

Mr Liew Mun Leong, Deputy Chairman of CMTML, said, “The Atrium@Orchard is a prime asset strategically located in the downtown core along Singapore’s most famous shopping street, Orchard Road. The proposed integration of The Atrium@Orchard and Plaza Singapura will create one of the largest integrated developments along Orchard Road, with approximately 170 metres of prime retail frontage and over 900,000 square feet of net lettable space. In addition to strengthening our retail presence in Singapore’s downtown core, the acquisition of The Atrium@Orchard will grow CMT’s asset size from S\$6.0 billion<sup>2</sup> to approximately S\$6.9 billion, further reinforcing CMT’s lead as Singapore’s largest real estate investment trust by asset size and market capitalisation. Given CMT’s proven delivery capabilities and its potential for long term growth, we are confident that the S\$650.0 million worth of Convertible Bonds will be well-received by local and international investors. We will continue to actively pursue yield accretive acquisition opportunities and have revised our local target asset size from S\$8.0 billion to S\$9.0 billion by 2010.”

Mr Pua Seck Guan, Chief Executive Officer of CMTML, said, “The yield accretive acquisition of The Atrium@Orchard provides significant synergistic value creation opportunities with the potential to amalgamate with Plaza Singapura. The opportunity to create more than 100,000 square feet of prime retail lettable area on Levels 1 and 2 of The Atrium@Orchard, by decanting<sup>3</sup> lower yielding spaces and integrating with Plaza Singapura, coupled with the potential to double the average office rental of the property by 2010, are expected to generate significant revenue growth for CMT. With the improved integrated asset plan and the enhanced direct connectivity from the Dhoby Ghaut MRT interchange station to Level 3 of Plaza Singapura, the values of both assets are expected to increase. There is also an excellent opportunity to capitalise on the long frontage along the prime Orchard Road strip to create highly visible duplex flagship stores. The extensive asset enhancement opportunity will extend CMT’s growth profile, and by leveraging on our retail real estate asset management expertise, we are confident of delivering stable distribution and sustainable total returns to unitholders going forward.”

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<sup>2</sup> As at 31 March 2008

<sup>3</sup> Subject to obtaining approvals of relevant authorities

### **Average Rental of The Atrium@Orchard**

Atrium is currently under-rented, with an average committed property rental of S\$5.87<sup>4</sup> per square foot (“sq ft”) per month (“per mth”), resulting in an initial property yield of approximately 2.1%. Recently, an office lease at Atrium was renewed at S\$13.00 per sq ft per mth. There is potential for the average office rental to double to S\$10.00 to S\$12.00 per sq ft per mth by 2010 to 2011, even after taking into account rental cap conditions in certain anchor tenants’ leases. With the creation of more than 100,000 sq ft of new retail lettable area, further upside in rental revenue can be expected.

### **About the Convertible Bonds**

CMTML appointed Goldman Sachs as the Sole Lead Manager and Underwriter for the issuance of CBs, with an aggregate principal amount of no less than S\$650.0 million. The CBs quantum of S\$650.0 million is fully underwritten by Goldman Sachs. The proposed terms of the CBs include a coupon rate of 1.0%, a yield to maturity range of 2.0% to 3.0% and a conversion premium range of 20.0% to 35.0%. For this acquisition, the CBs provide CMT with an attractive source of funding by closely matching the coupon rate with the expected rental revenue growth profile at Atrium in the next few years (The initial property yield of approximately 2.1% is higher than the coupon rate of 1.0%. In addition, the anticipated future property yield, following rental reversion and asset enhancement works in the next few years, is also expected to exceed the CB’s yield to maturity range of 2.0% to 3.0%.) As a result, funding the acquisition of Atrium via CBs, even if we assume that the CBs are all fully converted, provides yield accretion on a stabilised basis.

### **About The Atrium@Orchard**

Atrium is strategically located in the downtown core of Singapore along Orchard Road, Singapore’s most famous shopping street. The prime integrated development comprises two office towers of seven and ten storeys and some ground floor retail space. Atrium is also sited above and enjoys direct connectivity to the Dhoby Ghaut MRT interchange station, which is one of only two interchange stations in the city that will serve three train lines by 2010. The 99 year leasehold property also has 106 car park lots spread across two basement levels. Atrium enjoys a committed occupancy rate of 98.0%<sup>5</sup> with reputable anchor tenants that include Barclays Capital and Temasek Holdings.

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<sup>4</sup> As at 30 April 2008

<sup>5</sup> As at 22 May 2008

## Summary of The Atrium@Orchard Details

Brief Description	Two Grade-A office towers of 7 and 10 storeys with ground floor retail space
Tenure	State lease of 99 years commencing from the date of scheduled completion
Site Area	9,575 sq m (103,065 sq ft)
Net Lettable Area <sup>6</sup> - Office - Retail (including ORA <sup>7</sup> )	373,446 sq ft 357,354 sq ft 16,092 sq ft
Committed Occupancy Rate <sup>5</sup>	98.0%
Major Tenants	Barclays Capital and Temasek Holdings
Car Park Lots	106 over basements 1 and 2
Valuation by Knight Frank Pte Ltd <sup>8</sup>	S\$850.0 million

### **About CapitaMall Trust ([www.capitamall.com](http://www.capitamall.com))**

CMT is the first Real Estate Investment Trust (REIT) listed on Singapore Exchange Securities Trading Limited (Singapore Exchange) in July 2002. CMT is also the largest REIT by market capitalisation and asset size in Singapore, with a market capitalisation and asset size of approximately S\$6.0 billion and S\$6.0 billion as at 21 May 2008 and 31 March 2008 respectively. CMT has been assigned an "A2" rating by Moody's Investors Service. The "A2" rating is the highest rating assigned to a Singapore REIT.

CMT owns and invests in quality income-producing assets which are used, or predominantly used, for retail purposes primarily in Singapore. As at 31 March 2008, CMT Group's portfolio comprised a diverse list of over 2,100 leases with local and international retailers and achieved a committed occupancy of close to 100.0%. CMT Group's 13 quality retail malls, which are strategically located in the suburban areas and Downtown Core of Singapore, include Tampines Mall, Junction 8, Funan DigitaLife Mall, IMM Building, Plaza Singapura, Hougang Plaza, Sembawang Shopping Centre, Jurong Entertainment Centre, Bugis Junction, Raffles City Singapore (40.0% interest), Lot One Shoppers' Mall, Bukit Panjang Plaza and Rivervale Mall. CMT also owns a 20.0% stake in CapitaRetail China Trust, the first pure-play China retail REIT listed on the Singapore Exchange in December 2006.

CMT is managed by an external manager, CMTML, which is an indirect wholly-owned subsidiary of CapitaLand, the largest real estate company in Southeast Asia by market capitalisation.

<sup>6</sup> As at 30 April 2008

<sup>7</sup> Outdoor Refreshment Area

<sup>8</sup> 1 May 2008

## **IMPORTANT NOTICE**

The past performance of CapitaMall Trust (“**CMT**”) is not indicative of the future performance of CMT. Similarly, the past performance of the CapitaMall Trust Management Limited (the “**Manager**”) is not indicative of the future performance of the Manager.

The value of units in CMT (“**Units**”) and the income derived from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, the Manager. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested. Investors have no right to request that the Manager redeem or purchase their Units while the Units are listed. It is intended that holders of Units (“**Unitholders**”) may only deal in their Units through trading on Singapore Exchange Securities Trading Limited (the “**SGX-ST**”). Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

This release may contain forward-looking statements that involve assumptions, risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from other developments or companies, shifts in expected levels of occupancy rate, property rental income, charge out collections, changes in operating expenses (including employee wages, benefits and training costs), governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business.

You are cautioned not to place undue reliance on these forward-looking statements, which are based on the current view of management on future events.

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**Issued by CapitaMall Trust Management Limited**

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