



## News Release

26 June 2006

For Immediate Release

### **CMT expects strong endorsements for the proposed acquisition of a 40% interest in Raffles City**

***Definitive financing plan to ensure successful completion of the acquisition  
Investment in proposed China Retail REIT and participation in local development projects extend CMT's growth profile***

**Singapore, 26 June 2006** – CapitaMall Trust Management Limited (“CMTML”), the manager of CapitaMall Trust (“CMT”), has today issued a circular (“Unitholders’ Circular”) to its unitholders (“Unitholders”) to inform them about an extraordinary general meeting (“EGM”) which will be convened for the purposes of, among others, seeking Unitholders’ approval for the overall yield accretive transaction involving the acquisition of a 40% interest in Raffles City (the “Acquisition”) and the relevant financing plans. Raffles City is a landmark integrated development located in the Downtown Core of Singapore. CapitaCommercial Trust Management Limited (“CCTML”), the manager of CapitaCommercial Trust (“CCT”), will also be convening an EGM to seek their Unitholders’ approval to acquire the remaining 60% interest in Raffles City.

#### **Funding Plans**

CMT intends to finance the Acquisition through long term borrowings and the balance, initially through a bridge loan facility (the “RC Bridge Loan”). The RC Bridge Loan would then be repaid with the proceeds to be raised from the proposed issue of new units in CMT to raise proceeds of between S\$240.0 million to S\$420.0 million (the “CMT Equity Fund Raising”), which will be carried out at such a time to be determined by CMTML. If CapitaLand Limited (“CapitaLand”) were to subscribe for new units in CMT proportionate to their existing unitholdings under the CMT Equity Fund Raising, the quantum of proceeds required to be raised would be of a relatively small size ranging from S\$158.4 million to S\$277.2 million.

The RC Bridge Loan constitutes part of the definitive financing plan put in place by CMTML to complete the Acquisition. By staggering the timing of the Equity Fund Raising between CMT and CCT, it would help to ensure the successful completion of the Raffles City acquisition and provide CMT with timing flexibility for the CMT Equity Fund Raising

Depending on the final combination of funding, CMT's gearing could range from 37.1% to 41.1%, which is still well below the 45% gearing limit stipulated by Moody's Investors Services ("Moody's") in order to maintain CMT's "A2" corporate rating. This "A2" rating by Moody's is the highest rating ever assigned to a Singapore REIT.

### **Benefits to Unitholders**

The Acquisition is expected to provide Unitholders with the following benefits:

- Overall yield accretion
- Fits CMTML's investment strategy
- Competitive Strengths of Raffles City
- Strengthens CMT's retail foothold in the Downtown Core of Singapore
- Value creation opportunities at Raffles City
- Income, geographical and segmental diversification
- Synergistic benefits through collaboration with CCT

The Acquisition is expected to increase CMT's distribution per unit ("DPU") from 11.11 cents<sup>1</sup> to 11.21 cents<sup>2</sup> for the period from 1 September 2006 to 31 December 2006. The forecast DPU in 2007 is expected to be 11.43 cents<sup>3</sup> with the Acquisition.

Raffles City is an excellent asset by virtue of its strategic location and direct connectivity to City Hall Mass Rapid Transit ("MRT") station, one of Singapore's four major MRT interchange stations. It will also have direct connectivity to the proposed Esplanade MRT station on the Circle Line of the MRT system, which is expected to be fully operational by 2010. Together with Funan DigitalLife Mall, Plaza Singapura and Bugis Junction, with the latter two similarly strategically located with direct connectivity to Dhoby Ghaut MRT interchange station and Bugis MRT station respectively, CMT's retail foothold in the Downtown Core of Singapore is strengthened. With the Government's strong commitment to transform Singapore into a destination of choice and a major tourism hub by 2015, CMT's four prime assets in the

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<sup>1</sup> Based on the forecast, together with the accompanying assumptions, as set out the Circular.

<sup>2</sup> Based on the forecast, together with the accompanying assumptions (including, among others, an issue price of S\$2.00 per new unit in CMT ("New Unit") under the CMT Equity Fund Raising, as set out the Circular.

<sup>3</sup> Based on the forecast, together with the accompanying assumptions (including, among others, an issue price of S\$2.00 per New Unit under the CMT Equity Fund Raising), as set out the Circular.

Downtown Core are well-poised to benefit from the increased tourist arrivals and tourism receipts.

Mr Hsuan Owyang, Chairman of CMTML, said, “Given that Raffles City is a prime strategically located asset, which will provide overall yield accretion and a multitude of benefits to Unitholders, we expect strong support from our stakeholders and investors at the impending CMT EGM. The well-mapped out overall financing strategy between CMT and CCT will help ensure the successful completion of the Raffles City acquisition. In view of the relatively small quantum - ranging between S\$158 million to S\$288 million - required to be raised under the CMT Equity Fund Raising, if CapitaLand were to subscribe for new units in CMT proportionate to their existing unitholdings under CMT Equity Fund Raising, we expect a successful fund raising exercise with strong take ups from investors. With this acquisition, CMT’s asset size will increase from S\$3.5 billion to S\$4.3 billion, thus reinforcing CMT’s position as the largest REIT by market capitalisation and asset size in Singapore.”

To ensure continuous growth for CMT Unitholders, we have put in place an additional 2-pronged strategy which includes an investment of up to a 20% stake in CapitaLand’s proposed China Retail REIT and participation in local development projects jointly with CapitaLand. Along with our existing 3-pronged strategy of yield accretive acquisitions, innovative asset enhancements and active leasing, Unitholders will continue to enjoy sustainable total returns.”

Mr Pua Seck Guan, CEO of CMTML, said, “CMT is committed to delivering stable distributions and sustainable total returns to Unitholders. Raffles City is a premier asset with value creation opportunities which will augment our existing quality portfolio so as to generate steady DPU growth for Unitholders. To further strengthen the growth profile of CMT, we plan to have an exposure to the proposed China Retail REIT, which will provide CMT Unitholders with an opportunity to enjoy the tremendous growth in the China retail market. Participation in development projects is also a natural progression strategy for REITs in more matured markets. CMT has a compelling value proposition by virtue of our clear strategies, strong management team and quality pipeline of assets which enables the delivery of sustainable growth to Unitholders going forward.”

### **Summary of approval sought at EGM**

The total acquisition cost of Raffles City is estimated to be approximately S\$2,194 million, which comprises the total purchase consideration of approximately S\$2.166 million and other relevant fees and expense. Unitholders’ approval will be sought at the EGM for:

- the proposed acquisition of Raffles City through a joint ownership vehicle owned 40% by CMT and to fix a common basis for fees payable to the CMTML and CCTML in relation to Raffles City;
- the CMT Equity Fund Raising
- the placement of New Units to CapitaLand Limited (“CapitaLand”) and its subsidiaries;
- the placement of New Units to directors of CMTML as part of the Equity Fund Raising; and
- the amendment to the Trust Deed for the purpose of rationalizing the mode and basis of payment of the asset management fee, acquisition fee and divestment fee payable to CMTML.

The EGM will be held on Thursday, 13 July 2006 at 1pm, at 168 Robinson Road, Capital Tower, Level 9, STI Auditorium.

### **Next Wings of Growth for CMT**

CMT’s DPU growth, since Initial Public Offering in July 2002, has been driven by acquisitions which provide overall yield accretion, innovative asset enhancements and proactive leasing. Whilst these core components will continue to drive DPU growth to Unitholders going forward, CMT’s next phase of growth will be propelled through investing up to a 20% stake in the CapitaLand’s proposed China Retail Real Estate Investment Trust (“REIT”) and jointly participating in local development projects with CapitaLand.

### **Invest up to 20% Stake in CapitaLand’s Proposed China Retail REIT**

Earlier on 6 June 2006, CapitaLand, as sponsor of CMT, had, in conjunction with the establishment of two private equity funds (CapitaRetail China Development Fund and CapitaRetail China Incubator Fund), announced that it would offer CMT up to a 20% stake in the proposed China Retail REIT at the pre-listing stage. CapitaLand had also announced that the proposed China Retail REIT, which is expected to be listed in Singapore by end 2006 subject to attaining all the relevant regulatory approvals, will own seven China retail assets worth over S\$800 million. Although there is still an abundance of investment grade retail assets outside of CMT’s portfolio which are potential acquisition targets to grow CMT’s local asset size to S\$6 billion by 2008, having an exposure in overseas retail assets will provide CMT with a continuous pipeline of value creation opportunities to deliver stable returns to Unitholders. A meaningful stake of up to 20% in the proposed China Retail REIT is expected to provide Unitholders with an opportunity to enjoy the growth in China’s retail real estate market without drastically changing the risk profile of CMT.

## **Participation in Local Development Projects Jointly with CapitaLand**

With the Acquisition, CMT's asset size will grow from S\$3.5 billion to S\$4.3 billion. CMT intends to capitalise on its significant asset size to take on local development projects. This strategy is further facilitated by the government's latest guideline change which allows REITs to take on development projects which are no more than 10% of their deposited assets. CMT also intends to undertake these potential development projects jointly with its sponsor, CapitaLand, so as to leverage on CapitaLand's expertise in project development and management. The development profits which could be realised upon completion is expected to provide upside potential for CMT Unitholders, thus extending CMT's growth profile in the years ahead.

## **About CapitaMall Trust**

CMT is the first listed real estate investment trust ("REIT") in Singapore. Launched in 2002, it invests in quality income-producing retail properties in Singapore. Income is mainly derived from rental payments received from a diverse range of over 1000 leases from local and international tenants. It currently has a portfolio of nine quality shopping malls in both the suburban and city areas – Tampines Mall, Junction 8, Funan DigitalLife Mall, IMM Building, Plaza Singapura, Hougang Plaza, Sembawang Shopping Centre, Jurong Entertainment Centre and Bugis Junction. With a market capitalisation of approximately S\$2.9 billion as at 23 June 2006, it is currently Singapore's largest REIT.

CMT is managed by an external manager, CMTML, which is an indirect wholly-owned subsidiary of CapitaLand, one of the largest listed real estate companies in Asia.

Visit CMT's website at [www.capitamall.com](http://www.capitamall.com) for more details.

## **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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