



## News Release

25 January 2007

For Immediate Release

# **CMT Achieves 23.7%<sup>1</sup> Higher Fourth Quarter<sup>2</sup> 2006 DPU and 14.3% Higher DPU Growth Year-on-Year**

***Asset enhancement initiatives at IMM, Bugis Junction, Tampines Mall and  
Sembawang Shopping Centre drive continuous organic growth***

**Singapore, 25 January 2007** – CapitaMall Trust Management Limited (“CMTML”), the manager of CapitaMall Trust (“CMT”), is pleased to announce a distributable income of S\$52.33 million to unitholders of CMT (“Unitholders”) for Fourth Quarter<sup>2</sup> 2006. This is an increase of S\$8.1 million or 18.3% over the forecast distributable income of S\$44.23 million for Fourth Quarter<sup>2</sup> 2006.

Distribution Per Unit in CMT (“DPU”) for Fourth Quarter<sup>2</sup> 2006 is 3.35 cents (13.29 cents on an annualised basis), which is 18.4% higher than the forecast DPU<sup>2</sup> of 2.83 cents for Fourth Quarter<sup>2</sup> 2006 (11.23 cents on an annualised basis). When compared against the Fourth Quarter<sup>3</sup> in 2005, the DPU registered an increase of 23.7% from 10.74 cents (on an annualised basis) to 13.29 cents (on an annualised basis). Year-on-year, the actual DPU also registered a significant increase of 14.3% from 10.23 cents for Full Year<sup>4</sup> 2005 to 11.69 cents for Full Year<sup>5</sup> 2006.

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<sup>1</sup> Annualised Distribution per Unit for the period from 1 October 2006 to 31 December 2006 versus the annualised Distribution per Unit for the period from 1 October 2005 to 31 December 2005.

<sup>2</sup> For the period from 1 October 2006 to 31 December 2006.

<sup>3</sup> For the period from 1 October 2005 to 31 December 2005.

<sup>4</sup> For the period from 1 January 2005 to 31 December 2005.

<sup>5</sup> For the period from 1 January 2006 to 31 December 2006.

Mr Hsuan Owyang, Chairman of CMTML, said, “We are extremely pleased that CMT has once again outperformed its forecast in Fourth Quarter<sup>2</sup> 2006 to deliver a set of sterling results for the Full Year<sup>5</sup> 2006. CMT’s unit price has appreciated 30%<sup>6</sup> and provided Unitholders with a total return of 34%<sup>7</sup> in 2006. Through leveraging on its five-pronged strategy, comprising yield accretive acquisitions, innovative asset enhancements, active leasing, investment of a 20% stake in CapitaRetail China Trust and local developments, CMT has grown its DPU and net asset value per unit by 14.3% and 15% respectively in 2006 versus 2005. We will continue to actively pursue yield accretive acquisitions and are on track to achieve our target asset size of S\$7 billion locally by 2009. By now we have a well-diversified portfolio, consisting of retail malls strategically located in the central and suburban areas of Singapore. We are confident of further growing, given the average projected retail rental increase of 12%<sup>8</sup> to 15%<sup>8</sup> from 2007 to 2010 and given our strong ability to identify quality assets and continuously create value to drive growth. Against this positive outlook, we are confident of delivering our forecast 2007 DPU of 11.48<sup>9</sup> cents to Unitholders.”

Mr Pua Seck Guan, CEO of CMTML, said, “2006 has been a spectacular year for CMT with the successful S\$880.0 million acquisition of a 40% interest in Raffles City, on-schedule execution of major enhancement works at IMM, consistent financial results out-performance quarter-on-quarter, net unrealised gain in our investment of a 20% stake in CapitaRetail China Trust as well as the numerous accolades received on the investor relations front. The asset enhancement work at IMM, together with the proposed initiatives at Bugis Junction, Tampines Mall and Sembawang Shopping Centre, will continue to sustain the growth engine for CMT over the next three years. Other value creation opportunities in the pipeline include Jurong Entertainment Centre, Raffles City and Hougang Plaza in the medium term. As we further strengthen our position as the largest REIT by asset size and market capitalisation in Singapore, measuring S\$4.3 billion and S\$5.0 billion respectively as at 24 January 2007, it remains imperative for us to proactively manage our quality portfolio to deliver stable distributions and sustainable total returns to Unitholders. Charting a brand new retail experience for shoppers’ at CMT malls, such as putting in place the first designated water play area with interactive features for children within the premise of the mall at IMM, will also remain a key priority for CMT going forward.”

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<sup>6</sup> Based on the CMT closing unit price of S\$2.24 on 30 December 2005 and the closing unit price of S\$2.91 on 29 December 2006.

<sup>7</sup> Based on total DPU of 11.69 cents for the financial year ended 31 December 2006, the closing unit price of S\$2.24 on 30 December 2005 and the closing unit price of S\$2.91 on 29 December 2006.

<sup>8</sup> Source: DTZ Research - Based on a projected rental increase of 15.7%, 14.2% and 12.7% in the Orchard Road, Other City Areas and Suburban Areas respectively from 2007 to 2010

<sup>9</sup> The forecast is based on the forecast shown in CMT Offer Statement (“OIS”) dated 29 August 2006.

### **Distribution per Unit Growth**

Since its inception in 2002, CMT has successfully driven an average annual DPU growth of 12.4%<sup>10</sup>, registering a DPU growth of 9.4%, 18.1%, 7.9% and 14.3% for Full Year<sup>11</sup> 2003, Full Year<sup>12</sup> 2004, Full Year<sup>7</sup> 2005 and Full Year<sup>5</sup> 2006 respectively.

### **Gross Revenue / Operating Expense / Net Property Income**

CMT's gross revenue for Fourth Quarter<sup>2</sup> 2006 was S\$96.44 million. This is an increase of S\$5.7 million or 6.3% over the forecast gross revenue of Fourth Quarter<sup>2</sup> 2006. Gross revenue at all malls across CMT's portfolio outperformed forecast for Fourth Quarter<sup>2</sup> 2006. CMT's net property income for Fourth Quarter<sup>2</sup> 2006 also exceeded the forecast net property income for Fourth Quarter<sup>2</sup> 2006 by S\$4.8 million or 8.1%.

On the same store basis, CMT's gross revenue for Full Year<sup>5</sup> 2006 of S\$238.8 million was S\$11.0 million or 4.8% higher than the gross revenue for Full Year<sup>4</sup> 2005 of S\$227.8 million. The operating cost for CMT was also well-contained by stringent cost control measures, registering a decline of S\$0.4 million or 0.5%, from S\$83.3 million for Full Year<sup>4</sup> 2005 to S\$82.9 million for Full Year<sup>5</sup> 2006. CMT's net property income increased a respectable S\$11.4 million or 7.9% from S\$144.5 million for Full Year<sup>4</sup> 2005 to S\$155.9 million for Full Year<sup>5</sup> 2006.

### **Net Asset Value Per Unit**

As a result of CMT's ability to grow its net property income, CMT's Net Asset Value Per Unit ("NAV") registered an average annual growth of 21%<sup>13</sup> since 2003. CMT's NAV grew 26%, 23% and 15% in Full Year<sup>11</sup> 2004, Full Year<sup>4</sup> 2005 and Full Year<sup>5</sup> 2006 respectively.

### **Shoppers' Traffic / Occupancy Rate / Occupancy Cost / Rental Renewals**

Total shoppers' traffic at Tampines Mall, Junction 8, Funan DigitalLife Mall, IMM and Plaza Singapura also grew a remarkable 18.3% since 2003, following the respective malls' inclusion in the CMT portfolio. Quarter-on-quarter in 2006, occupancy at CMT malls remained very strong, with occupancy rates tipping 100% consistently. Occupancy cost at Tampines Mall, Junction 8 and Plaza Singapura also revealed that they are within a healthy

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<sup>10</sup> Average Distribution per Unit growth of 9.4%, 18.1%, 7.9% and 14.3% for Full Year<sup>10</sup> 2003, Full Year<sup>10</sup> 2004, Full Year<sup>7</sup> 2005 and Full Year<sup>4</sup> 2006 respectively

<sup>11</sup> For the period from 1 January 2003 to 31 December 2003.

<sup>12</sup> For the period from 1 January 2004 to 31 December 2004.

<sup>13</sup> Average Net Asset Value growth of 26%, 23% and 15% in Full Year<sup>10</sup> 2004, Full Year<sup>7</sup> 2005 and Full Year<sup>4</sup> 2006 respectively.

range and are in line with the market norms, registering an average of 18.2% in 2005 and 16.6% in 2006. Rental renewal rates for the Full Year<sup>5</sup> 2006 registered robust growth of 8.3% over preceding rental rates and 4.7% over forecast rental rates<sup>14</sup>.

## Summary of CMT Results

### (1 October 2006 to 31 December 2006)

	Actual	Forecast <sup>15</sup>	Variance	
			Amount	%
Gross Revenue (S\$'000)	96,441	90,733	5,708	6.3
Net Property Income (S\$'000)	63,848	59,087	4,761	8.1
Distributable Income to Unitholders (S\$'000)	52,331	44,226	8,105	18.4
<b>Distribution Per Unit (cents)</b>				
For the period 1 Oct to 31 Dec 2006	3.35¢	2.83¢	0.52¢	18.4
<b>Annualised</b>	<b>13.29¢</b>	<b>11.23¢</b>	<b>2.06¢</b>	<b>18.4</b>
<b>Distribution Yield</b>				
- S\$2.91 per unit (closing as at 31 Dec 2006)	<b>4.57%</b>	<b>3.86%</b>	<b>0.71%</b>	<b>18.4%</b>
- S\$3.20 per unit (closing as at 24 Jan 2007)	<b>4.15%</b>	<b>3.51%</b>	<b>0.64%</b>	<b>18.4%</b>

### (1 January to 31 December 2006)

	FY2006	FY2005	Variance	
			Amount	%
Gross Revenue (S\$'000)	331,728	243,087	88,641	36.5
Net Property Income (S\$'000)	217,641	154,081	63,560	41.3
Distributable Income to Unitholders (S\$'000)	169,403	126,782	42,621	33.6
<b>Distribution Per Unit (cents)</b>				
For the year	<b>11.69¢</b>	<b>10.23¢</b>	<b>1.46¢</b>	<b>14.3</b>

<sup>14</sup> Based on the forecast shown in the CMT OIS dated 29 August 2006.

<sup>15</sup> The forecast is based on the forecast shown in CMT Offer Statement ("OIS") dated 29 August 2006.

### **Committed to Distribute 100% of Taxable Income**

The distributable income for Fourth Quarter<sup>2</sup> 2006 is based on 100% of CMT's taxable income available for distribution to Unitholders for the same period, plus 10% of CMT's First Quarter<sup>16</sup> 2006 distributable income which was retained in First Quarter<sup>16</sup> 2006. CMT had earlier retained S\$4.2 million in First Quarter<sup>16</sup> 2006 to provide a sustainable pool of funds to help negate the potential impact of the fluctuating operational cash flows as CMT embarked on the construction of the 2-storey retail annex at IMM,. As the anticipated vacancy void for the asset enhancement works at IMM has been well-managed, and that CMT is fully committed to distribute 100% of its taxable income available for distribution for the full financial year ending 31 December 2006, the 10% retained distributable income is paid to Unitholders in Fourth Quarter<sup>2</sup> 2006.

If the retained distributable income of S\$4.2 million, amounting to 0.27 cents, is excluded from the DPU for Fourth Quarter<sup>2</sup> 2006, the DPU for Fourth Quarter<sup>2</sup> 2006 will then amount to 3.08 cents. This is still 8.8% higher than the forecast DPU of 2.83 cents for Fourth Quarter<sup>2</sup> 2006.

### **Tampines Mall – Asset Enhancement Plans**

At Tampines Mall, 2 sets of escalators, one fronting Tampines Mass Rapid Transit station and the other fronting Century Square, will be installed to provide direct connectivity to Level 2 of the mall. On Level 1, some retail space as well as common area amounting to over 1,000 square feet ("sq ft"), will be recovered and then reconfigured to optimise the overall space efficiency. In addition, a significant portion of anchor spaces on Level 2 will be recovered to create specialty shops so as to enhance the retail offerings at the mall. To maximise the additional Gross Floor Area ("GFA") of approximately 10,200 sq ft granted by the Urban Redevelopment Authority ("URA") at Tampines Mall, a retail extension will also be constructed on Level 2 of the mall.

Following the completion of the proposed asset enhancement works, the annual incremental revenue and net property income are expected to be approximately S\$1.42 million and S\$1.14 million respectively. Based on an estimated capital expenditure of S\$9.85 million, the ungeared return on investment is expected to be 11.6%.

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<sup>16</sup> For the period from 1 January 2006 to 31 March 2006.

### **Sembawang Shopping Centre (SSC) – Asset Enhancement Plans**

At SSC, the mall will be closed for a period of approximately 12 months, commencing first quarter 2007, for major redevelopment works. The asset enhancement initiative incorporates an additional 42,610 sq ft of GFA from the decantation of the residential block, following the Provisional Permission granted by the URA on 25 December 2005, to convert the said residential GFA from the residential block for retail usage. The decanted space from the residential block and approximately 35,974 sq ft of GFA on the current Level 3 and Level 4 of SSC will be transferred to Basement 1, Level 1 and Level 2 to create more prime retail space. In addition, the carpark lots currently occupying prime space on Basement 1, Level 1 and Level 2 of SSC will be relocated to the upper carpark decks which will be created, to make way for prime retail space so as to optimise rentals.

On the top floor of the new SSC, an open landscaped plaza, comprising a children's playground and a designated water play area with interactive features for children, will be constructed. There will also be an alfresco dining area to cater to open-air events and diners who prefer to eat out-doors. Separately, travellators will be installed, spanning Basement 1 to Level 3, to enhance the connectivity at the new SSC.

Construction of Basement 1, Level 1 and the car park are expected to be completed by fourth quarter 2007. Level 2 and Level 3 are expected to be completed by first quarter 2008. The final part of the asset enhancement works, which involves the construction of the open landscaped plaza, is expected to be completed by second quarter 2008.

The project is expected to incur a capital expenditure of S\$47.0 million, and is expected to increase net property income by S\$4.2 million per annum and achieve a return on investment of 9.0%.

### **Plaza Singapura –Asset Enhancement Works**

At Plaza Singapura, the Marketplace on Basement 2 will be entirely reconfigured. The number of food kiosks will be increased from the present 7 to 21. Other than providing seating areas for diners, the revised layout will provide better visibility for all the Marketplace tenants.

### **Update on Jurong Entertainment Centre (JEC)**

Earlier on 21 July 2006, URA granted CMT an Outline Planning Permission (“OPP”) to increase the plot ratio at JEC from 1.85 to 3.0, subject to the payment of an estimated differential premium of S\$12.0 million. The OPP effectively increases the GFA of JEC by approximately 62% from 170,000 sq ft to 275,400 sq ft. The resulting net lettable area will be increased by approximately 185% from 111,140 sq ft to 206,000 sq ft. The proposed asset enhancement plan, which includes the reconfiguration of space, extension of lease lines to maximise efficiency and the addition of retail space on Level 5, has been submitted to the relevant authorities for their approvals.

### **Update on IMM**

At IMM, construction of the two-storey retail extension block at IMM is progressing well on track. Level 2 of the retail extension block was completed on schedule in fourth quarter 2006, just in time for the Christmas festive shopping. Retailers who have commenced operations on Level 2 include Best Denki, OSIM, OTO, Challenger, Pacific City (Apple Service Centre), Newstead Technologies and CyberActive. With the addition of the new retail offerings on Level 1 and Level 2 of the retail extension block, shoppers’ traffic at IMM registered an increase of 8.7% in Fourth Quarter<sup>2</sup> 2006 when compared to the same period last year.

On Level 3 of IMM, an open landscaped plaza comprising a children’s playground and designated water play area with interactive features for children, will be constructed. IMM will be the first retail mall in Singapore to have a dedicated and unique water play area for children within its premise. The open landscaped plaza, occupying approximately 32,000 square feet, is expected to be completed by second quarter 2007. The final part of the asset enhancement work, which involves the reconfiguration of the internal space on Level 1 to 3 of the existing block at IMM, is expected to be completed by first quarter 2008.

Leasing of the retail extension block has also exceeded expectations. We have achieved a committed occupancy for Level 1, 2 and 3 of 100%, 84.2% and 37.7% respectively. The average rental achieved at IMM, after the asset enhancement works, will increase by 30.0% from S\$7.99 per sq ft to S\$10.39 per sq ft. To date, S\$11.1 million or 95.6% of the projected increase in rental revenue per annum of S\$11.6 million has been committed on a stabilised basis. Based on an estimated capital expenditure of S\$92.5 million, the return on investment is expected to be 10.1%.

## **Update on Bugis Junction**

At Bugis Junction, asset enhancement works has commenced on schedule in fourth quarter 2006. The asset enhancement initiatives include:

### **(1) Extension of lease line on Level 1 and creation of balconies on Level 2**

Through the extension of lease line on Level 1 and the creation of balconies on Level 2 of the restaurant block along Hylam Street, we expect the creation of approximately 5,000 sq ft of prime retail space. On Level 1, S\$0.39 million out of S\$1.53 million projected increase in rental revenue per annum has already been committed on a stabilised basis. The extension of lease line is expected to be completed by second quarter 2007, whilst the creation of balconies is expected to be completed by third quarter 2007.

### **(2) Relocation of Basement 1 food court to Level 3**

The food court on Basement 1 will be relocated to Level 3. Concurrently, approximately 6,400 sq ft of new retail space will be created through the amalgamation of corridor space on Level 3. As a result, rental revenue is expected to increase by 57% from S\$1.57 million to S\$2.46 million. The asset enhancement works on Level 3 is expected to be completed by third quarter 2007.

### **(3) Reconfiguration of Basement 1 for new specialty shops and food concept outlets**

Through the reconfiguration of Basement 1, which has direct connectivity to the Bugis MRT station, rental revenue per annum is expected to increase by 40.3% from S\$8.22 million to S\$11.53 million. Phase 1 of the reconfiguration works is expected to be completed by fourth quarter 2007 and Phase 2 is expected to be completed by second quarter 2008.

### **(4) New Façade along Hylam and Malay Streets<sup>17</sup>**

To create a more open concept, the shop fronts on the second and third storey fronting Hylam and Malay Streets will be given a face-lift. Other than the creation of balconies on Level 2, the previously opaque shop fronts on Level 3 will be opened-up and replaced with glass parapets. The new façade is expected to be completed by third quarter 2007.

The entire asset enhancement exercise, based on an estimated capital expenditure of S\$31.4 million, is expected to increase total gross revenue and net property income by S\$5.4

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<sup>17</sup> Subject to approvals from relevant authorities.

million per annum and S\$4.0 million per annum respectively. The ungeared return on investment is approximately 12.8%.

### **Update on Raffles City**

Based on a 40% interest in Raffles City, gross revenue and net property income contribution from Raffles City for the Fourth Quarter 2006 are in line with the forecast shown in the CMT Circular. Raffles City's overall committed occupancy rate is 99.5%, with the occupancy rate of Raffles City Office Tower and Raffles City Shopping Centre remaining high at 99.8% and 99.3% respectively as at 31 December 2006. As part of the repositioning exercise, Raffles City Shopping Centre is undergoing some tenancy remixing. Concurrently, the asset enhancement plans are being evaluated for progressive implementation.

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

CMT is the first listed real estate investment trust ("REIT") in Singapore. Launched in 2002, it invests in quality income-producing assets which are used, or predominantly used, for retail purposes in Singapore. Income is mainly derived from rental payments received from a diverse range of over 1,200 leases from local and international tenants. It currently has a portfolio of 10 quality shopping malls in both the suburban and central areas – Tampines Mall, Junction 8, Funan DigitalLife Mall, IMM Building, Plaza Singapura, Hougang Plaza, Sembawang Shopping Centre, Jurong Entertainment Centre, Bugis Junction and a 40% interest in Raffles City. With an asset size of S\$4.3 billion and a market capitalisation of approximately S\$5.0 billion as at 24 January 2007, it is currently Singapore's largest REIT by asset size and market capitalisation.

CMT has been assigned an "A2" rating with a stable outlook by Moody's Investor Services. It 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.

### **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.

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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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