



NEWS RELEASE

13 May 2003

For Immediate Release

**IMM Building Acquisition expected to increase
Unitholder Distributions by over 9% to about 8¢ per unit**

EGM convened to seek unitholder approval

Singapore, 13 May 2003 – CapitaMall Trust Management Limited (CMTML), as manager of CapitaMall Trust (CMT), wishes to announce that it is seeking unitholder approval for the proposed acquisition of IMM Building, a prime suburban shopping mall in the western part of Singapore. As a result of the proposed acquisition, and the proposed funding arrangements for the acquisition, unitholders can expect a higher annualised distribution per unit of 8.03¢ in 2003, and 8.13¢ in 2004. This is an increase of 9.3% over the revised annualised forecast distribution per unit of 7.35¢ currently generated by CMT's existing three malls.

CMTML is issuing a circular to unitholders today seeking approval for, amongst others, the IMM Building acquisition. The Extraordinary General Meeting (EGM) of unitholders will be held on 30 May 2003 at 10.00am at 168 Robinson Road, Capital Tower, Level 9, STI Auditorium.

The total acquisition cost of IMM Building is estimated to be S\$264.5 million, which represents a 5.5% discount to its 1 February 2003 appraised value of S\$280.0 million. The completion of the acquisition is subject to a number of conditions being met, including obtaining unitholders' approvals at the EGM for:

1. the acquisition of IMM Building;
2. the issue of 119.8 million new units to partly finance the acquisition;
3. entering into certain interested person transactions; and
4. making certain supplemental provisions to the trust deed.

Funding plans for the acquisition

CMTML intends to finance this acquisition through a combination of equity fund raising and additional borrowings:

1. *By placing 119.8 million new units to existing and new unitholders.*

This comprises:

(a) a 1 for 10 preferential offering of up to 74.0 million new units to existing Singapore registered unitholders on a non-renounceable basis as at the Books Closure Date (expected to be 9 June 2003 at 5.00pm), at a price to be determined between CMTML and DBS Bank (the underwriter); and

(b) a placement of a minimum of 45.8 million new units by way of an offering of new units to the public in Singapore through the automated teller machines of DBS Bank on a "first-come, first-served" basis as well as a private placement of new units to retail and institutional investors.

All new units, excluding CapitaLand Group's preferential units, will be underwritten by DBS Bank. Subject to the requisite approvals being received from the unitholders at the EGM, the price of the new units will be determined nearer to the commencement date of the equity fund raising.

Approval in-principle has been obtained from Singapore Exchange Securities Trading Limited (SGX-ST) for the proposed issue of new units by CMT and for the listing and quotation of these new units on the main board of the SGX-ST. The SGX-ST's in-principle approval is not an indication of the merits of the proposed issue of new units or the acquisition of IMM Building. CMTML has also obtained a waiver from Rule 812(1)(a) of the SGX-ST's Listing Manual so that substantial unitholders who are Singapore registered unitholders can participate in the preferential offering.

2. *By obtaining additional borrowings of up to S\$147.0 million.*

These borrowings will increase CMT's gearing from 20.7% (as at 31 January 2003) to 27.9%, still well within the recently raised general gearing limit for unrated debt of

35.0% allowed for property funds by the Monetary Authority of Singapore (MAS)¹. It is expected that CMT's debt rating of AAA by Fitch and Standard and Poor's, and Aaa by Moody's, will not be affected by this financing arrangement.

In connection with the equity fund raising exercise, CMTML will pay out advance distributions to unitholders for income earned between 1 January 2003 to the day immediately prior to the date of issue of the new units.

CMTML's CEO Pua Seck Guan said, "The acquisition of IMM Building is yield accretive and will increase returns to unitholders. It also gives existing unitholders an opportunity to increase their holdings in CMT through the 1 for 10 preferential offering. CMT's defensive nature will see strong investor interest in the new units. We look forward to broadening the investor pool and improving the liquidity of CMT units."

Benefits to Unitholders

Yield Accretion — With the acquisition of IMM Building, unitholders will enjoy a higher distribution per unit (DPU) due to the yield-accretive nature of the acquisition. This increase in DPU results from:-

- the acquisition of IMM Building at an attractive price relative to the cash flows that it generates
- the improvement of CMT's capital structure through optimizing its mix of equity and debt financing.

Fit Manager's Investment Strategy — The acquisition of IMM Building is at a discount to its appraised value and is in line with the manager's investment strategy of investing in Singapore malls with established income. CMTML intends to maximize income by implementing a proactive asset management policy, and to continually improve the property's tenant mix.

Income Diversification — IMM Building will be a valuable addition to CMT's current portfolio of three major shopping malls. The acquisition will reduce risk by improving diversification of CMT's income stream. No more than 37.1% of the total net property income will be derived from any one property, compared with 49.0% prior to the acquisition.

¹ The MAS guidelines do not impose a gearing limit if all the borrowings of a property fund are rated at least A by Fitch and Standard and Poor's, and Aaa by Moody's, as would be the case for CMT if the expected debt rating is confirmed.

Geographical Diversification — CMT's existing properties are situated in the central and eastern parts of Singapore. IMM Building's location caters to the shopping needs of the densely populated housing suburbs in Jurong, Bukit Batok and Clementi in the western part of Singapore. The acquisition will allow CMT to diversify its portfolio such that it can cater to the different tenancy demands in different parts of Singapore.

Potential for Asset Enhancement — The manager has formulated an asset enhancement scheme which, when implemented, will increase the yield of the property through optimising the usage of retail space. This includes creating more valuable lettable retail space on lower levels in exchange for the current low yielding secondary corridor spaces on Levels 2 and 3. This space reshuffle or decantation is expected to create an additional 71,600 sqft of redeveloped net lettable area on Levels 1 and 2. CMTML has received an opinion from a professional architectural firm, DCA Architects Pte Ltd that the scheme is in compliance with the current requirements and guidelines of the URA, JTC and relevant authorities.

Increased Liquidity and Economies of Scale — Other benefits to unitholders include the expected improvement in trading liquidity with the proposed issuance of 119.8 million new units, which will increase the free float of CMT units on the SGX-ST. The enlarged CMT property portfolio following the acquisition will also enable unitholders to benefit in the long term from CMTML's ability to generate cost synergies and enjoy economies of scale.

About IMM Building

The 1,426,518 sqft (gross floor area) IMM Building enjoys convenient accessibility due to its prime location near the Jurong East MRT station and bus interchange, and caters to the western suburbs of Singapore. Its main trade area population is about 900,000 people.

In 2000, IMM Building underwent a major revamp to reposition itself as a family entertainment and lifestyle centre. It now has a diverse mix of 535 tenants including the immensely popular Giant hypermarket (124,138 sqft), leading electronics store Best Denki (27,722 sqft) and Daiso, a trendy Japanese discount store (37,590 sqft). These anchors, together with over 100 specialty shops dealing in furniture and home appliances, provide the mall with a competitive point of difference to attract shoppers island-wide.

More than 80% of IMM Building's gross rental income is derived from its retail space, which is predominantly on Levels 1, 2 and 3. Its 382,414 sqft of retail space is almost fully occupied. Office and warehouse space comprise 62,239 sqft and 410,705 sqft respectively.

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 420 local and international tenants. With a portfolio made up of three major shopping malls in both the suburban and city areas - Tampines Mall, Junction 8 and Funan The IT Mall, CMT has performed well and exceeded initial forecasts in year 2002 and the first quarter of 2003.

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

Visit CMT's website at www.capitamall.com for more details. A electronic copy of the circular will be available on this website from 3.00pm on 13 May 2003.

Important Notice

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, CMTML or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested.

Investors have no right to request CMTML to redeem their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

The past performance of CMT is not necessarily indicative of the future performance of CMT.

All forecasts and projections are based on CMTML's assumptions as explained in the Circular to be issued today by CMTML. Such yields will vary accordingly for investors who purchase Units in the secondary market at a market price higher or lower than the issue price range specified in the Circular. The forecasted and projected financial performance of CMT is not guaranteed and there is no certainty that any of it can be achieved. Investors should read the whole of the Circular for details of the forecasts and projections and consider the assumptions used and make their own assessment of the future performance of CMT.

Issued by CapitaMall Trust Management Limited

For enquiries, please contact:

Analyst Contact

Nathan Parris
CapitaMall Trust Management Limited
DID +65 6239 6856
HP +65 9680 8274
Email: nathan.parris@capitaland.com.sg

Media Contact

Julie Ong
Capitaland Commercial Limited
DID +65 6239 6751
HP +65 9734 0122
Email: julie.ong@capitaland.com.sg