CAPITAMALL TRUST

(Constituted in the Republic of Singapore pursuant to a trust deed dated 29 October 2001 (as amended))

ANNOUNCEMENT

APPOINTMENT OF CAPITALAND COMMERCIAL PROJECT MANAGEMENT PTE LTD FOR INITIAL PHASE OF ASSET ENHANCEMENT WORKS AT JUNCTION 8 SHOPPING CENTRE

1. INTRODUCTION

The Board of Directors of CapitaMall Trust Management Limited (the "**Manager**"), the manager of CapitaMall Trust ("**CMT**"), wishes to announce that Bermuda Trust (Singapore) Limited (the "**Trustee**"), the trustee of CMT, has awarded a contract in respect of certain asset enhancement works to be carried out at Junction 8 Shopping Centre ("**Junction 8**") to CapitaLand Commercial Project Management Pte Ltd ("**CCPMPL**") for a contract price of S$15.5 million (the "**Contract**").

The Contract, which was signed following approval from the Trustee, relates to the first phase of asset enhancement works proposed for Junction 8.

Junction 8 is one of the three properties which currently comprise CMT's portfolio of real property investments.

2. PLAN FOR ASSET ENHANCEMENT WORKS AT JUNCTION 8

2.1 Proposed Asset Enhancement Works

In the offering circular issued in connection with the initial public offering of units in CMT in July 2002, the Manager described its proposal for asset enhancement at Junction 8, involving the creation of more lettable area in the first, second and third retail levels of the property by transferring the gross floor area of the office tower to those levels. It was then estimated that the total construction costs and related professional fees and expenses for such works would be approximately S$21.5 million.

Since then, the asset enhancement plan has been revised and improved.

Instead of creating new retail space on the first three retail levels, the revised and improved plan call for the creation of additional lettable area in basement 1 as well as the first and second retail levels. With these refinements to the plan, it is now estimated that the entire project will cost approximately S$27.0 million.

The main aims of the asset enhancement plan are:

- to generate higher net property income for the centre and provide yield-accretive returns to the unitholders;
- to meet the strong demand shown by retailers for additional space and enhance the retail mix for the centre;

- to optimise the available space in basement 1 by repositioning existing food and convenience shops, and by adding more of such shops to cater to the needs of shoppers; and
- to capitalise on the possibility of a direct underground linkway between basement 1 and a proposed new Mass Rapid Transit station to be constructed as part of the new Circle Line.

2.2 Asset Enhancement Works comprised in the Contract

In order to minimise disruption to the existing retail operations of Junction 8 and to ensure that the overall rental income of CMT is not affected, the Manager plans to carry out the asset enhancement works on a staggered basis.

The Contract, which forms the first phase of the proposed asset enhancement works, will involve basement 1 and level 1. These works are expected to be completed by December 2003.

It is expected that the income generated by basement 1 and level 1 post-enhancement will help to cushion the expected income loss due to the reconfiguration and disruptions to the retail operations when the second phase of the works commences.

The cost of the works under the Contract will be funded from CMT's internal resources.

2.3 Contract Price

The Contract price of S$15.5 million is based on a guaranteed maximum price ("**GMP**") option pursuant to which CCPMPL has undertaken to carry out the specified asset enhancement works for a fixed payment of S$15.5 million, regardless of the actual costs that CCPMPL will incur. The GMP option affords CMT with certainty of completion at a guaranteed maximum price.

2.4 Basis for the Contract Price

Prior to awarding this project to CCPMPL, the Manager had commissioned Davis Langdon & Seah Singapore Pte Ltd, independent quantity surveyors, to complete an audit on the cost and contract management aspects of the Contract. In its report dated 7 April 2003, Davis Langdon & Seah Singapore Pte Ltd states that the GMP amount of S$15.5 million for the Contract is competitive and that the level of pricing is reasonable.

3. INTERESTED PERSON TRANSACTION

3.1 CCPMPL

CCPMPL is an indirect wholly-owned subsidiary of CapitaLand Limited ("**CapitaLand**"). CapitaLand is also the indirect holding company of CapitaLand Investments Pte Ltd ("**CIPL**"), Pyramex Investments Pte Ltd ("**PIPL**") and the Manager.

As at the date of this Announcement, CIPL, PIPL and the Manager hold an aggregate of 247,968,671 units in CMT ("**Units**"), comprising approximately 33.5% of the total number of Units in issue.

CIPL and PIPL are regarded as "controlling unitholders" of CMT for the purpose of Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), and CCPMPL is regarded as their "associate" (as this term is defined in the Listing Manual) for the purposes of Chapter 9.

Hence, CCPMPL is considered to be an "interested person", and the Contract constitutes an "interested person transaction", under Chapter 9 of the Listing Manual.

3.2 Value of interested person transactions

Based on the latest audited financial statements of CMT for the period ended 31 December 2002, the net asset value of CMT as at 31 December 2002 was S$761.2 million.

The Contract price of S$15.5 million represents approximately 2.0% of CMT's net asset value as at 31 December 2002. This value, together with the aggregate value of all transactions entered into by CMT during the current financial year to-date with entities within the group of companies consisting of CapitaLand and its subsidiaries (the "**CapitaLand Group**"), including CCPMPL, is approximately S$33.9 million (representing approximately 4.5% of CMT's net asset value as at 31 December 2002).

The aggregate value of all "interested person transactions" entered into by CMT to-date for the current financial year, including the Contract, is S$42.0 million.

3.3 Interests of Manager's Directors and Substantial Unitholders

Mr Hsuan Owyang, the Chairman and an independent Director of the Manager, is also an independent director of CapitaLand. Mr David Wong Chin Huat and Mr James Glen Service, each an independent Director of the Manager, is also an independent director of two listed subsidiaries of CapitaLand respectively. Mr Liew Mun Leong, Mr Kee Teck Koon, Mr Hiew Yoon Khong and Mr Lui Chong Chee, Directors of the Manager, are also directors and/or executive officers of companies in the CapitaLand Group. As stated above, CapitaLand has an indirect interest in 247,968,671 Units through its subsidiaries CIPL, PIPL and the Manager.

Save as disclosed above and based on information available to the Manager, none of the Directors of the Manager or the substantial Unitholders has an interest, direct or indirect, in the Contract.

4. RATIONALE AND BENEFIT

The rationale for entering into the Contract with CCPMPL, and the benefits thereof for CMT, are set out below:

4.1 Familiarity

CCPMPL has been involved in the design preparations and plan submissions for the asset enhancement works described above since before the initial public offering of CMT in July 2002.

CCPMPL's familiarity with the project and the related regulatory issues offers CMT the advantage of efficiency in execution and the ability to expedite the Contract.

4.2 Certainty of Costs and Delivery

CCPMPL offered CMT the GMP option for the Contract. The GMP option ensures that costs are fixed and that no unforeseen costs will be incurred by CMT. In other words, CMT's exposure to the risks associated with escalating project costs is minimised or even eliminated.

CCPMPL also possesses a good track record of timely delivery of projects that it has undertaken. Being a listed real estate investment trust, it is important to CMT that there be no undue delays in any proposed project to be undertaken by CMT because such delays may impact on the income of CMT and the price of its Units on the SGX-ST.

4.3 Market Competitive Price

According to the audit report issued by Davis Langdon & Seah Singapore Pte Ltd referred to above, the GMP amount of S$15.5 million quoted by CCPMPL for the Contract is competitive and reasonable.

Based on the audit report and the Manager's experience and expertise in such matters, the Manager believes that CCPMPL has provided a market competitive rate for the Contract.

4.4 Expertise

In addition to providing the services of a project manager, CCPMPL possesses a strong design management team that has been involved in numerous major retail projects in Singapore and overseas. CCPMPL's expertise in this area can be utilised as an additional benefit to the Contract.

5. STATEMENT OF THE AUDIT COMMITTEE

Having reviewed the Contract and having considered the rationale for the Contract set out above, the audit committee (which comprises a majority of independent Directors) of the Manager is of the view that the Contract is on normal commercial terms and is not prejudicial to the interests of CMT and its minority Unitholders.

BY ORDER OF THE BOARD

CAPITAMALL TRUST MANAGEMENT LIMITED

Winnie Tan

Company Secretary

8 May 2003