



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

ANNOUNCEMENT

ACQUISITION OF THE ATRIUM@ORCHARD

1. INTRODUCTION

CapitaMall Trust Management Limited, as manager of CapitaMall Trust ("**CMT**", and manager of CMT, the "**Manager**"), wishes to announce that HSBC Institutional Trust Services (Singapore) Limited, as trustee of CMT, has entered into a sale and purchase agreement (the "**Sale and Purchase Agreement**") with the Government of the Republic of Singapore (the "**Vendor**") acting through its agent, the Singapore Land Authority, for the acquisition (the "**Acquisition**") of the property known as "The Atrium@Orchard" (the "**Property**") which is located at Nos. 60A & 60B Orchard Road, Singapore 238890 and 238891 respectively.

The Manager is making this announcement because the Acquisition would constitute a discloseable transaction under Chapter 10 of the Listing Manual of Singapore Exchange Securities Trading Limited (the "**SGX-ST**").

2. INFORMATION ON THE PROPERTY

The Property comprises two Grade A Office towers of seven and 10 storeys with a net lettable area of 373,446 square feet and has 106 car park lots. The Property has a committed occupancy rate of 98.0% as at 22 May 2008 and is sited above and fully integrated with the Dhoby Ghaut mass rapid transit ("**MRT**") interchange station. It is located next to Plaza Singapura, which is one of CMT's existing properties. The Property's major tenants include Barclays Capital and Temasek Holdings.

The Manager has commissioned Knight Frank Pte Ltd, an independent valuer (the "**Independent Valuer**"), to value the Property. The Independent Valuer has on 1 May 2008 valued the Property at S\$850.0 million by using the capitalisation of income approach and discounted cash flow analysis method.

3. PRINCIPAL TERMS OF THE SALE AND PURCHASE AGREEMENT

The purchase consideration of the Property is S\$839.8 million ("**Purchase Consideration**").

CMT had paid to the Vendor an amount equivalent to 10.0% of the Purchase Consideration as deposit and shall pay the balance of the Purchase Consideration on the completion of the Acquisition which is expected to take place within 12 weeks from the date of the Sale and Purchase Agreement (the "**Completion Date**").

On completion of the Acquisition, CMT shall be entitled to a lease of the Property for a leasehold term of 99 years commencing from and including the Completion Date.

4. ACQUISITION COSTS

The total acquisition cost (“**Acquisition Costs**”) for the Acquisition is approximately S\$850.0 million, which comprises:

- (i) the Purchase Consideration of S\$839.8 million; and
- (ii) other fees and expenses (including acquisition fee and professional fee and expenses) of approximately S\$10.2 million incurred by CMT or to be incurred by CMT in connection with the Acquisition.

5. RATIONALE FOR THE ACQUISITION

The Manager believes that the Acquisition will bring the following key benefits to holders of units in CMT (“**Units**”, and holders of Units, “**Unitholders**”):

5.1 Strategic Location

The Property is strategically located along the corridor of the Orchard Road shopping belt. It is sited above and fully integrated with the Dhoby Ghaut MRT interchange station, which is one of the two major MRT Interchange stations in Singapore which will serve three MRT lines by 2010.

5.2 Grade A Office with Potential Rent Growth

The Property is acquired at an initial yield of approximately 2.1%¹ with potential rent growth as the current committed average rent is S\$5.87² per square foot per month, which is less than half of the rental of an office lease that was recently committed at \$13.00 per square foot per month. The Manager therefore believes that there is a potential significant upside in rental growth when the majority of the current leases are due for renewal in 2009 and 2010.

5.3 Opportunities to Enhance the Property and Integrate with Plaza Singapura

The Manager believes that the Property offers strong value creation opportunities through utilising the unproductive space and converting and decanting the lower yielding areas into higher yielding areas of retail usage. Given its strategic location next to Plaza Singapura, the Manager also believes that there are potential synergistic values to be created through integration of the Property with Plaza Singapura.

5.4 The Acquisition Fits the Manager’s Investment Strategy

The Acquisition is in line with the Manager’s principal investment strategy to invest in quality income-producing assets which will provide overall yield accretion and value

¹ Based on the revenue derived from tenancy schedule as at 30 April 2008 and the Manager’s estimate of the operating expenses divided by the Purchase Consideration of S\$839.8 million

² As at 30 April 2008

creation opportunities so as to deliver stable distributions and sustainable total returns to the Unitholders.

The Acquisition is also in line with the Manager's vision to grow CMT's asset size in Singapore to the higher revised size of S\$9.0 billion by 2010 through acquisitions which will provide overall yield accretion. With the inclusion of the Property, CMT's total deposited property will increase from S\$6.0 billion as at 31 March 2008 to approximately S\$6.9 billion. This will also further strengthen CMT's position as the largest real estate investment trust by asset size in Singapore.

5.5 Strengthen Retail Foothold in the Downtown Core of Singapore

The Manager believes that the Acquisition would further strengthen CMT's retail foothold in the downtown core of Singapore with the completion of the proposed asset enhancement plans for the Property. CMT currently owns four prime retail assets in the downtown core, namely Plaza Singapura, Bugis Junction, Raffles City (through its 40.0% interest in RCS Trust) and Funan DigitalLife Mall. With the Acquisition, CMT's presence in the downtown core's retail market will be further reinforced, enabling it to capture a larger pool of shoppers in the city area.

5.6 Income Diversification

The Acquisition is expected to benefit Unitholders by improving income diversification and reducing the reliance of CMT's income stream on any single property from 16.1%³ to 15.3%⁴.

6. METHOD OF FINANCING

The Manager intends to (i) part finance the Acquisition via the issuance of convertible bonds (the "**Convertible Bonds**") which will be secured following completion of the Acquisition and (ii) to finance the remaining Acquisition Cost with a portion of the proceeds from the issuance of Notes in the last two months (the "**MTN Proceeds**") pursuant to the S\$1.0 billion Medium Term Notes programme (the "**MTN Programme**") established by CMT through its subsidiary CMT MTN Pte. Ltd. (the "**MTN Issuer**").

The details of the Convertible Bonds and the MTN Programme are as follows:

- **Convertible Bonds:** The Manager has today appointed Goldman Sachs (Singapore) Pte. as the Sole Lead Manager and Underwriter for the proposed issuance of the Convertible Bonds with an aggregate principal amount of S\$650.0 million. Details on the proposed Convertible Bonds can be found in a separate announcement titled "Proposed Issue of Convertible Bonds" dated today.

³ Based on annualised Net Property Income of all the existing CMT Properties for the period 1 January 2008 to 31 March 2008

⁴ The Property's Net Property Income is based on the revenue derived from tenancy schedule as at 30 April 2008 and the Manager's estimate of the operating expenses

- **MTN Programme:** The Manager has previously announced that the MTN Issuer has issued an aggregate amount of S\$395.0 million under the MTN Programme in the last two months.

7. FINANCIAL EFFECTS

7.1 Assumptions

The pro forma financial effects of the Acquisition presented below are strictly for illustration purposes and do not reflect the actual financial position of CMT and its subsidiaries (“**CMT Group**”) after completion of the Acquisition. They have been prepared based on the audited financial statements of CMT Group for the financial year ended 31 December 2007 (“**FY2007**”), taking into account the current estimated costs of the Acquisition (see paragraph 4 above for details on “Acquisition Costs”) as well as the assumption that the Acquisition is partly financed through the issuance of the Convertible Bonds and the remaining Acquisition Costs are financed with the MTN Proceeds.

The pro forma financial effects of the Acquisition on the net profits and distribution per Unit of CMT are based on the assumptions that CMT had completed the Acquisition on 1 January 2007 and held the Property through to 31 December 2007. The pro forma effects of the Acquisition on the net asset value are based on the assumptions that CMT had completed the Acquisition on 31 December 2007.

7.2 Pro forma Net Profits

The net profit⁵ attributable to the Acquisition in relation to FY2007 is approximately S\$17.5 million.

7.3 Pro forma Net Asset Value (“NAV”)

As the Manager intends to finance the Acquisition wholly with the Convertible Bonds and the MTN Proceeds (see paragraph 6 above for details on “Method of Financing”), the impact on the NAV is illustrated in the following scenarios:

7.3.1 Scenario A – Assuming all the Convertible Bonds are converted to Units upon Maturity of the Bonds (For Illustrative purposes only)

The Acquisition would have no effect on the NAV per Unit.

As at 31 December 2007	CMT Group	CMT Group and the Property
NAV (S\$000)	3,682.8 ⁽¹⁾	3,682.8
Issued Units ('000)	1,662,975 ⁽²⁾	1,662,975
NAV (S\$) per Unit	2.21	2.21

⁵ The Property's estimated net profits is based on the revenue derived from tenancy schedule as at 30 April 2008 and the Manager's estimate of the operating expenses

Notes:

(1) Based on the audited financial statements of CMT Group for the financial year ended 31 December 2007 ("CMT Audited Financial Statements") and adjusted for the distribution in February 2008 of CMT's distributable income for the period from 7 November 2007 to 31 December 2007

(2) Number of Units issued and issuable as at 31 December 2007

7.3.2 Scenario B – Assuming all Convertible Bonds are converted to Units on 31 December 2007 (For Illustrative purposes only)

The Acquisition would increase the NAV per Unit by S\$0.17 or 7.7%.

As at 31 December 2007	CMT Group	CMT Group and the Property
NAV (S\$000)	3,682.8 ⁽¹⁾	4,320.0 ^{(2) (3)}
Issued Units ('000)	1,662,975 ⁽⁴⁾	1,812,058 ⁽³⁾
NAV (S\$) per Unit	2.21	2.38

Notes:

(1) Based on the CMT Audited Financial Statements and adjusted for the distribution in February 2008 of CMT's distributable income for the period from 7 November 2007 to 31 December 2007

(2) Includes the estimated Convertible Bonds issuance expenses of S\$12.7 million and the reduction in borrowings when the S\$650.0 million Convertible Bonds are fully converted

(3) All the S\$650.0 million Convertible Bonds are fully converted at par to 149.1 million Units at a conversion price of S\$4.36 per Unit on 31 December 2007. Conversion price is assumed at a reference price of S\$3.63 per Unit (per closing price as at 21 May 2008) with a conversion premium of 20%

(4) Number of Units issued and issuable as at 31 December 2007

7.4 Pro forma Distribution Per Unit

Assuming that the Acquisition had been completed on 1 January 2007, the impact on the distribution per Unit is illustrated as follows:

7.4.1 Scenario A – Assuming all the Convertible Bonds are converted to Units upon Maturity of the Bonds (For Illustrative purposes only)

The distribution per Unit would increase by 0.21 Singapore cents or 1.7% for the financial period 1 January 2007 to 31 December 2007.

For the financial period 1 January 2007 – 31 December 2007	CMT Group	CMT Group and the Property
Net income before share of profit of associate (S\$'000)	187,899	172,868 ⁽¹⁾
Distributable income (S\$'000)	211,190	214,781 ⁽²⁾
Issued Units ('000)	1,662,393	1,663,190 ⁽³⁾
DPU (cents)	12.70 ⁽⁴⁾	12.91

Notes:

(1) Taking into account the proposed Convertible Bonds' effective yield to maturity interest rate of 3.0% which includes a non-cash interest amount of 2.0%.

- (2) Adding back the Convertible Bonds' non-cash interest amount of 2.0% as the coupon interest rate is 1.0% and other non-tax deductible items
- (3) Including the Manager's estimate of 797,623 Units being issued in payment of the Manager's management fee in respect of the Property for the period 1 January 2007 to 31 December 2007 at a price of S\$3.63 per Unit (per closing price as at 21 May 2008)
- (4) Based on distributable income divided by issued units as at 31 December 2007

7.4.2 Scenario B – Assuming all Convertible Bonds are converted to Units on 1 January 2007 (For illustrative purposes only)

The distribution per Unit would decrease by 0.49 Singapore cents or 3.9% for the financial period 1 January 2007 to 31 December 2007.

For the financial period 1 January 2007 – 31 December 2007	CMT Group	CMT Group and the Property
Net income before share of profit of associate (S\$'000)	187,899	182,172
Distributable income (S\$'000)	211,190	221,281 ⁽¹⁾
Issued Units ('000)	1,662,393	1,812,273 ⁽²⁾
DPU (cents)	12.70 ⁽³⁾	12.21

Notes:

- (1) Adding back the estimated Convertible Bonds issuance expenses of S\$12.7 million and other non-tax deductible items
- (2) Including the Manager's estimate of 797,623 Units being issued in payment of the Manager's management fee in respect of the Property for the period 1 January 2007 to 31 December 2007 at a price of S\$3.63 per Unit (per closing price as at 21 May 2008) and all the S\$650.0 million Convertible Bonds are fully converted at par to 149.1 million Units at a conversion price of S\$4.36 per Unit on 1 January 2007. Conversion price is assumed at a reference price of S\$3.63 per Unit (per closing price as at 21 May 2008) with a conversion premium of 20%
- (3) Based on distributable income divided by issued units as at 31 December 2007

8. INTERESTS OF DIRECTORS AND CONTROLLING UNITHOLDER

None of the directors of the Manager or controlling Unitholders have an interest, direct or indirect, in the Acquisition.

9. OTHER INFORMATION

9.1 Director's Service Contracts

No person is proposed to be appointed as a director of the Manager in connection with the Acquisition or any other transaction contemplated in relation to the Acquisition.

9.2 Disclosure under Rule 1010(13) of the Listing Manual

- 9.2.1** Chapter 10 of the Listing Manual classifies transactions by CMT into (i) non-discloseable transactions, (ii) discloseable transactions, (iii) major transactions and (iv) very substantial acquisitions or reverse takeovers, depending on the size of the relative figures computed on, *inter alia*, the following bases:

- (i) the net profits attributable to the assets acquired or disposed of, compared with CMT's net profits;
- (ii) the aggregate value of the consideration given, compared with CMT's market capitalisation; and
- (iii) the number of Units issued by CMT as consideration for the Acquisition, compared with the number of Units previously in issue.

9.2.2 Based on the Manager's estimated net profit⁶ for the Property and CMT's unaudited financial statements as at 31 March 2008⁷, the relative figure for the basis of comparison set out in sub-paragraph 9.2.1(i) is approximately 5.2%.

9.2.3 Based on the Purchase Consideration of S\$839.8 million and CMT's market capitalisation as at 21 May 2008⁸, the relative figure for the basis of comparison set out in sub-paragraph 9.2.1(ii) is 13.9%. As the relative figure of 13.9% exceeds 5.0%, under Rule 1010(13) of the Listing Manual, the Acquisition falls within the classification of discloseable transaction.

9.2.4 The relative figure of the number of Units issued by CMT as consideration for an acquisition compared with the number of Units previously in issue does not apply to the Acquisition.

9.3 Documents for Inspection

A copy of the valuation certificate and the Sale and Purchase Agreement is available for inspection during normal business hours at the registered office of the Manager at 39 Robinson Road, #18-01 Robinson Point, Singapore 068911, for a period of three months commencing from the date of this Announcement.

BY ORDER OF THE BOARD
CapitaMall Trust Management Limited
(Company registration no. 200106159R)
As manager of CapitaMall Trust

Kannan Malini
Company Secretary
Singapore
22 May 2008

Important Notice

This Announcement is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for Units and/or Convertible Bonds.

⁶ The Property's estimated net profits is based on the revenue derived from tenancy schedule as at 30 April 2008 and the Manager's estimate of the operating expenses

⁷ Annualised basis

⁸ Based on closing price of S\$3.63 per Unit and issued units of 1,664,299,111

The Convertible Bonds and the Units to be issued upon conversion of the Convertible Bonds have not been, and will not be registered under the U.S. Securities Act 1933, as amended (the “**Securities Act**”) and may not be offered or sold within the United States, except pursuant to an exemption from, or transactions not subject to, the registration requirements of the Securities Act. This notice is for information purposes only and does not constitute an offer or sale of Convertible Bonds or Units to be issued upon conversion of the Convertible Bonds in the United States or any other jurisdiction. Neither this notice nor any portion hereof may be sent or transmitted into the United States or any jurisdiction where to do so is unlawful. Any failure to comply with these restrictions may constitute a violation of the United States securities law or the securities laws of any such other jurisdiction.

This announcement may contain forward-looking statements that involve 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 companies and venues for the sale or distribution of goods and services, shifts in customer demands, customers and partners, 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. Investors are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager’s current view on future events.

The value of Units and the Convertible Bonds, and the income derived from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, the Manager, or any of its affiliates. An investment in Units and/or Convertible Bonds is subject to investment risks, including the possible loss of the principal amount invested.

Investors have no right to request the Manager to redeem their Units while the Units are listed. It is intended that unitholders of CMT 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.