(Constituted in the Republic of Singapore pursuant to a trust deed dated 23 October 2006 (as amended))

ANNOUNCEMENT

PROPOSED ACQUISITION OF PHASE 2 OF XIZHIMEN MALL

1. INTRODUCTION

CapitaRetail China Trust Management Limited (the "**Manager**"), as manager of CapitaRetail China Trust ("**CRCT**"), wishes to announce that HSBC Institutional Trust Services (Singapore) Limited, as trustee of CRCT (the "**Trustee**"), has on 28 September 2008 through CRCT's wholly-owned subsidiary CapitaRetail Beijing Xizhimen Real Estate Co., Ltd. ("**CapitaRetail Xizhimen**") entered into a conditional sale and purchase agreement (the "**Sale and Purchase Agreement**") with Beijing Finance Street Construction Development Co., Ltd. (the "**Vendor**") for the acquisition (the "**Acquisition**") of Phase 2 of Xizhimen Mall which comprises an extension of the current basement 1 of Xizhimen Mall ("**Phase 2**").

CRCT had earlier acquired Phase 1 of Xizhimen Mall on 5 February 2008 when it acquired the entire share capital of CapitaRetail China Investments (B) Beta Pte Ltd ("**CRCI Beta**").

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 XIZHIMEN MALL (INCLUDING PHASE 2)

Xizhimen Mall is a one-stop shopping, dining and entertainment destination comprising seven storeys of multi-tenanted retail outlets, with a basement level and six storeys above ground. Xizhimen Mall is located at Xizhimen, in Xicheng district, just outside the boundary of Beijing's west second ring road. Xizhimen Mall is part of Xihuan Plaza, an iconic integrated mixed-use development which includes three office towers and a commercial block.

Xizhimen Mall is situated at one of Beijing's two key inter-modal multi-level public transportation hubs (the other being Dongzhimen), with a confluence of mass rapid transit ("**MRT**") and light rail transit ("**LRT**") lines, national railway(s) and major bus routes. Xizhimen transportation hub is served by the existing MRT Line 2, LRT Line 13, the Beijing

North National Railway Station and the upcoming MRT Line 4. A new bus interchange will also be built across from Xizhimen Mall.

Phase 2 is an extension of the current basement 1 of Xizhimen Mall, which would provide direct pedestrian connectivity to the adjacent MRT station and future railway station.

Assuming 100% committed occupancy and current average rental rates commanded at the basement level of Xizhimen Mall, Phase 2 is expected to achieve a net property income yield of 9.1%. The Acquisition is expected to be yield accretive to holders of units in CRCT ("**Units**", and holders of Units, "**Unitholders**") when compared to CRCT's implied net property income yield of approximately 8.8%[1], based on CRCT's closing Unit price of S$0.725 as at 26 September 2008.

The details of Xizhimen Mall, Phase 2 are set out in the table below.

Xizhimen Mall, Phase 2 No.1, Xizhimenwai Avenue, Xicheng District, Beijing, PRC	
Year of Completion of Construction	June 2008
Year of expiry of land use right	2044
Location level in Xizhimen Mall	Basement level one
Gross Rentable Area (sq m)	9,217
Estimated Net Lettable Area (sq m)	6,645
Net Lettable Area Efficiency	72%

The Manager has commissioned CB Richard Ellis (Pte) Ltd, an independent valuer (the "**Independent Valuer**"), to value Phase 2. The Independent Valuer has on 25 September 2008 valued Phase 2 at RMB219 million (S$43.9 million)[2] by using the Capitalisation Approach and Discounted Cash Flow Analysis methods.

3. PRINCIPAL TERMS OF THE SALE AND PURCHASE AGREEMENT

As mentioned in CRCT's circular dated 14 November 2007, an agreement to purchase

1 The "implied net property income yield" is calculated as the net property income of CRCT's existing portfolio for the forecast year 2008 (as set out in the offer information statement dated 25 January 2008 and based on the assumptions set out therein) over the value imputed to the portfolio by investors in CRCT, as reflected by the price at which the Units are currently trading on the SGX-ST.

2 Based on an exchange rate of S$1.00 to RMB4.9935. Unless otherwise indicated, the exchange rate between Singapore dollar and RMB in this announcement will be based on the above mentioned exchange rate.

Phase 2 (subject to certain conditions being fulfilled) had earlier been entered into between CRCI Beta and the Vendor (the "**Agreement to Purchase**").

Pursuant to the Agreement to Purchase, the Trustee, through CapitaRetail Xizhimen, and the Vendor has entered into the Sale and Purchase Agreement and its principal terms of are set out below.

The purchase consideration of Phase 2 is RMB163.5 million (S$32.7 million) ("**Purchase Consideration**") and was arrived at on a willing-buyer and willing-seller basis. The Purchase Consideration will be paid progressively in phases. Except for sums customarily withheld in relation to the warranties in the Sale and Purchase Agreement, the Purchase Consideration is expected to be fully paid by the completion of the Acquisition, which is expected to take place no later than 31 March 2009.

4. ESTIMATED ACQUISITION COSTS

The total acquisition cost for the Acquisition is approximately RMB195.0 million (S$39.0 million), which comprises:

(i) the Purchase Consideration of RMB163.5 million (S$32.7 million); and

(ii) capital expenditure, statutory and transaction fees and expenses (including acquisition fee and professional fee and expenses) of approximately S$6.3 million incurred by CRCT or to be incurred by CRCT in connection with the Acquisition.

5. RATIONALE FOR THE ACQUISITION

The Manager believes that the Acquisition will bring the following key benefits to Unitholders:

5.1 The Proposed Acquisition is consistent with the Manager's Investment and Acquisition Growth Strategy

The Acquisition is in line with the Manager's principal investment strategy and will increase CRCT's total asset value as at 30 June 2008 from S$1,156 million to S$1,195 million.

5.2 Competitive Strengths of Xizhimen Mall

The competitive strengths of Xizhimen Mall are as follows:

(i) Phase 2 will complement CRCT's existing investment in Xizhimen

Phase 2 offers an opportunity to increase the Xizhimen Mall's overall rentals and further enhance its position as the area's landmark one-stop shopping, dining and entertainment destination.

(ii) Iconic retail development in a landmark location, with ease of connectivity

Xizhimen Mall is part of Xihuan Plaza, a contemporary, iconic development located just outside the boundary of Beijing's west second ring road and situated at one of only two inter-modal, multi-level public transportation hubs in Beijing with a confluence of MRT and LRT lines, national railway(s) and major bus routes.

(iii) Strong shopper catchment

Xizhimen Mall is strategically located in Xicheng district, which has a large, well-established and growing population catchment comprising middle class residents, workers from Beijing Finance Street (the city's financial district) as well as universities and high-technology zones of Zhongguancun district.

(iv) Favourable lease structure with strong upside potential

Xizhimen Mall's lease structure which ranges from one to three years for specialty tenants, five to seven years for mini-anchors and up to twenty years for anchor tenants, provides Unitholders with stable and growing rental income. Most leases provide for annual step-up in base rent and for rent to be payable on the basis of the higher of either base rent or a percentage of tenants' gross sales turnover, providing stability and potential upside in revenues.

5.3 Strengthened Foothold in Beijing's Retail Sector and Exposure to Rapidly Growing Retail Market in the PRC

The addition of Phase 2 to the portfolio would extend CRCT's market presence to the western part of Beijing and will benefit from a larger pool of shoppers and tenancy demand in Beijing's core city area. The Manager believes the Acquisition will help propel CRCT's ability to capture the strong growth opportunity in Beijing's retail sector. The Acquisition will provide Unitholders with further exposure to the growing retail sector in the PRC.

6. METHOD OF FINANCING AND FINANCIAL EFFECTS

The Acquisition will be fully funded through external debt and internal cash reserves. Following completion of the Acquisition, CRCT's gearing is expected to be 32.3%. Assuming that CRCT had completed the Acquisition on 31 December 2007, the financial impact on the net tangible asset per Unit is not material[3].

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3 The Manager is unable to show the net profits attributable to Phase 2 in relation to CRCT's financial year ended 31 December 2007 ("**FY2007**") and its earnings per Unit for the most recently completed financial year, being FY2007, assuming that the Acquisition had been effected on 1 January 2007 (together, the "**Phase 2 Financial Effects**") as construction of Phase 2 was only recently completed by the Vendor in June 2008 and no operations have commenced. As such, the Manager could not practicably show the Phase 2 Financial Effects.

7. 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.

8. OTHER INFORMATION

8.1 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.

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

8.2.1 Chapter 10 of the Listing Manual classifies transactions by CRCT 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 aggregate value of the consideration given, compared with CRCT's market capitalisation.

8.2.2 Based on the Purchase Consideration of S$32.7 million and CRCT's market capitalisation as at 26 September 2008, the relative figure for the basis of comparison set out in sub-paragraph 9.2.1(ii) is 7.3%. As the relative figure of 7.3% exceeds 5.0%, under Rule 1010(13) of the Listing Manual, the Acquisition falls within the classification of discloseable transaction.

9. 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
CapitaRetail China Trust Management Limited
(Company registration no. 200611176D)
As manager of CapitaRetail China Trust

Kannan Malini
Company Secretary
Singapore
29 September 2008

Important Notice

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

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 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 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 CRCT 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 CRCT is not necessarily indicative of the future performance of CRCT.