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NEWS RELEASE

CapitaLand Commercial sets up private retail property fund, CapitaRetail Singapore

CapitaMall Trust proposes to take stake in fund to enjoy yield accretion

Singapore, 10 September 2003 **–** CapitaLand Commercial Limited (CapitaLand Commercial), the commercial property business unit of CapitaLand Limited (CapitaLand), has today signed individual put and call option agreements with Bukit Panjang Plaza Pte Ltd and Superbowl Jurong Pte Ltd, both of the Hiap Hoe Group, to acquire their strata units in Bukit Panjang Plaza (comprising 98.5% of the strata units in Bukit Panjang Plaza) for an aggregate purchase price of S$161.3 million. CapitaLand Commercial has also signed a Memorandum of Understanding with NTUC Fairprice Co-operative Limited today for the proposed purchase of Rivervale Mall for S$65.2 million. Earlier, on 3 September 2003, Lot 1 Trust, a trust established by CapitaLand Commercial, had entered into a contract to purchase Lot 1 Shoppers' Mall (Lot 1) for S$243.8 million from Isrich Properties Pte Ltd.

CapitaLand Commercial has set up a private retail property fund, CapitaRetail Singapore, to hold these three suburban retail properties (collectively worth approximately S$500.0 million) under a securitisation structure. CapitaRetail Singapore proposes to issue bonds, which are intended to be Qualifying Debt Securities (QDS), of a five-year term, comprising about S$300.0 million in principal amount of senior bonds (60%) and S$200.0 million in principal amount of junior bonds (40%). The junior bonds are expected to pay interest at a minimum rate of approximately 8.2% per annum.

CapitaLand Commercial had offered CapitaMall Trust (CMT) the right of first refusal to directly acquire the three properties. CMT has today declined the right of first refusal to acquire the properties. However, subject to the approval of CMT's trustee, CMT proposes to invest up to S$60.0 million for a 30% stake in the junior bonds.

CapitaRetail Singapore intends to grow the property yields of the three malls through tenancy remix, an active leasing strategy and asset enhancement initiatives. It also intends to offer the properties to CMT when they become yield-accretive for CMT. These three malls are located in densely populated residential suburbs with good accessibility to major transportation nodes such as MRT and LRT stations, and bus interchanges which serve the needs of the local communities.

The CapitaRetail Singapore's QDS structure is a tax efficient structure as local corporate investors pay only the concessionary income tax rate of 10% while foreign investors enjoy exemption from withholding tax through holding QDS bonds. CapitaLand's wholly-owned subsidiary, CapitaLand Financial Limited (CapitaLand Financial), has secured indications of interests from institutional investors (both local and international) to fully take up the entire tranche of junior bonds. It is intended that the senior bonds will be underwritten and placed out by a designated bank.

Said Mr Liew Mun Leong, President & CEO of CapitaLand and Deputy Chairman of CapitaMall Trust Management Limited (the manager of CMT), "This is yet another innovative real estate financial vehicle created by the CapitaLand Group, capitalising on its real estate domain knowledge and financial skill sets. It demonstrates CapitaLand's ability to match real estate opportunities with the appetite of institutional investors. CapitaRetail Singapore will not only increase CapitaLand's fee-based income stream but can also provide immediate yield-accretion to CMT unitholders as well as a subsequent pipeline of deal flow for CMT. This is a "Win-Win-Win" proposition for all three parties."

Said Mr Kee Teck Koon, CEO of CapitaLand Commercial and CapitaLand Financial, "We are delighted with the strong interest from both local and international investors to subscribe for the junior bonds. This is a positive endorsement of our capabilities and track record which have been demonstrated through CMT."

About the Properties

Lot 1 Shoppers' Mall

Lot 1, a prime shopping mall, is strategically located in the densely populated Choa Chu Kang residential heartland which, together with the nearby Hillview, Upper Bukit Timah and Bukit Batok residential districts, has a catchment of about 400,000 people. The mall, with a total net lettable area of about 208,000 square feet, is currently almost 100% leased. Major anchor tenants include NTUC Fairprice, Singapore's leading supermarket chain; Seiyu Department Store, a Japanese brand name department store; Food Junction, a popular food court; Shaw Theatres Cineplex; as well as a community library.

Bukit Panjang Plaza

Bukit Panjang Plaza is a four-storey suburban mall located in Bukit Panjang, one of the high-density residential housing estates in the western part of Singapore. It is strategically located close to the Bukit Panjang LRT station and bus interchange, and caters to a primary catchment of 112,000 people. The mall has net lettable area of over 150,000 square feet, and enjoys close to 100% occupancy. Major tenants include NTUC Fairprice, Superbowl bowling alley, Kopitiam food court and a community library.

Rivervale Mall

Rivervale Mall is a three-storey suburban mall in Sengkang. It is located adjacent to Rumbia LRT station. The mall is almost fully occupied, and anchor tenants include NTUC Fairprice, NTUC Foodfare and Best Denki.

About CapitaLand

CapitaLand is one of the largest listed property companies in Asia. Headquartered in Singapore, the multi-national company's core businesses in residential, commercial and industrial property and property-related services, such as property funds and real estate financial products, are focused in select gateway cities in China, Australia and the UK. In these countries, CapitaLand is in partnership with reputable local players and has established a management team that understands the market, business practices and socio-economic factors.

CapitaLand's hospitality businesses, in hotels and serviced residences, span more than 50 cities around the world. CapitaLand also leverages on its significant real estate asset base and market knowledge to develop fee-based products and services in Singapore and the region.

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