

# Proposed Acquisition of New Minzhong Leyuan Mall



**Extraordinary General Meeting**  
**21 June 2011**



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# Ordinary Resolutions

To seek unitholders' approval for:



**1. Proposed Acquisition of New Minzhong Leyuan Mall (the “Mall”)**



**2. Proposed Placement of New Units to CapitaMalls Asia Limited and its Subsidiaries under the Proposed Private Placement**



# Proposed Acquisition of New Minzhong Leyuan Mall

An established mall in the heart of Wuhan





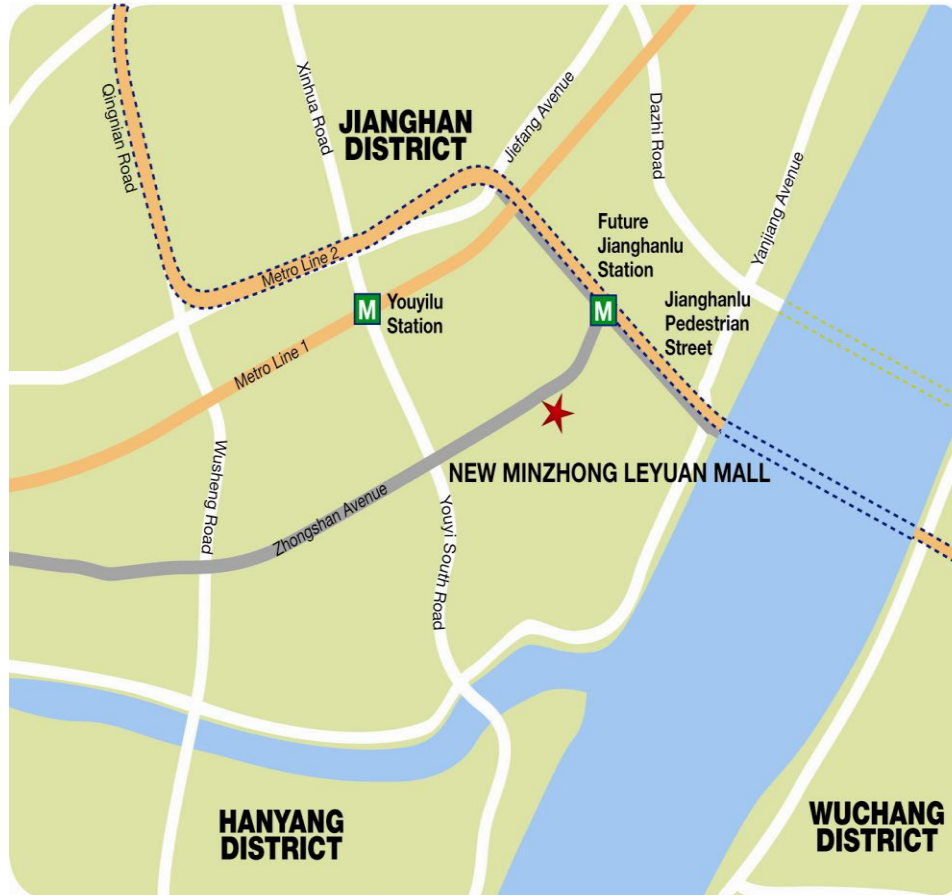
# Wuhan – A Growth Engine of Central China





# Excellent Location in Wuhan

Located in major commercial and retail area with high pedestrian traffic and easily accessible by public transportation



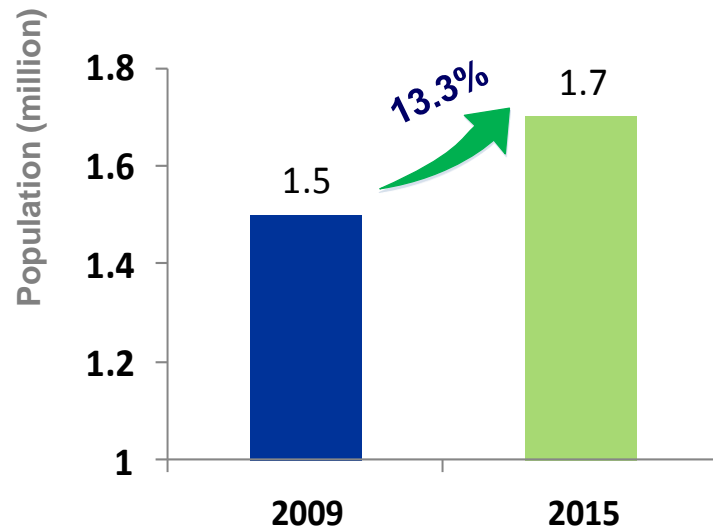
- Strategically fronts Zhongshan Avenue
- Adjacent to famous Jiangnanlu pedestrian street
- Close to Youyilu and future Jiangnanlu metro stations



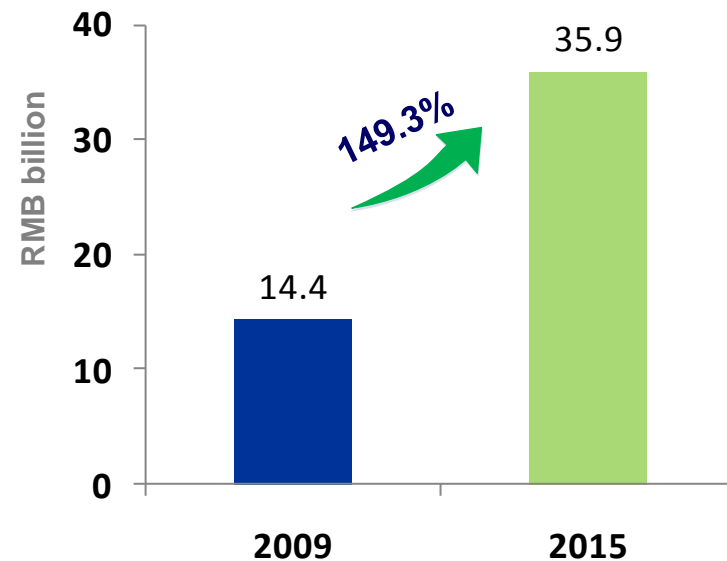
# Growing Mall Trade Area

Projected strong growth in trade area population and retail spending, driven by new residential projects underway

Trade Area Population



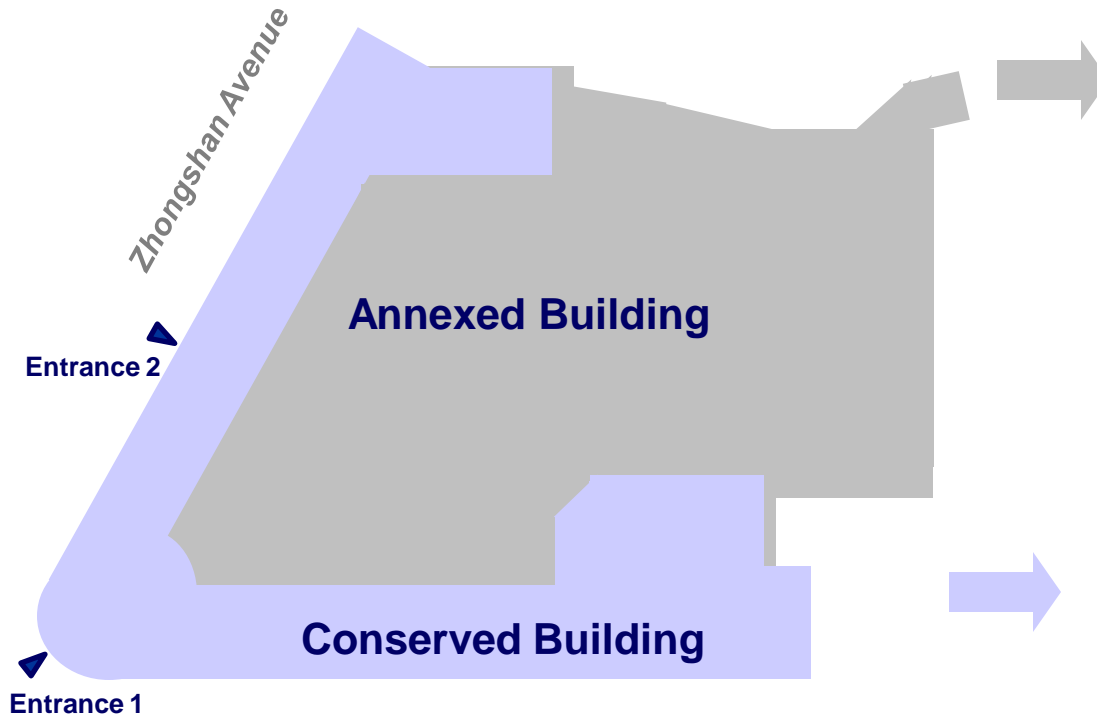
Retail Spending



Source: Urbis Pty Ltd.



# Property Layout



## Annexed Building

- Completed in 1997
- Number of floors: 7
- Property title owned by Wuhan New Minzhong Leyuan Co., Ltd, a wholly-owned SPV of the vendor

## Conserved Building

- Completed around 1920, renovated in 1997
- Number of floors: 7
- Owned by the Wuhan Cultural Bureau; under master-lease to Wuhan New Minzhong Leyuan Co., Ltd

**The property comprises two fully integrated buildings**

Layout for illustrative purposes only. Not to scale.





# Property Information

As at 31 March 2011

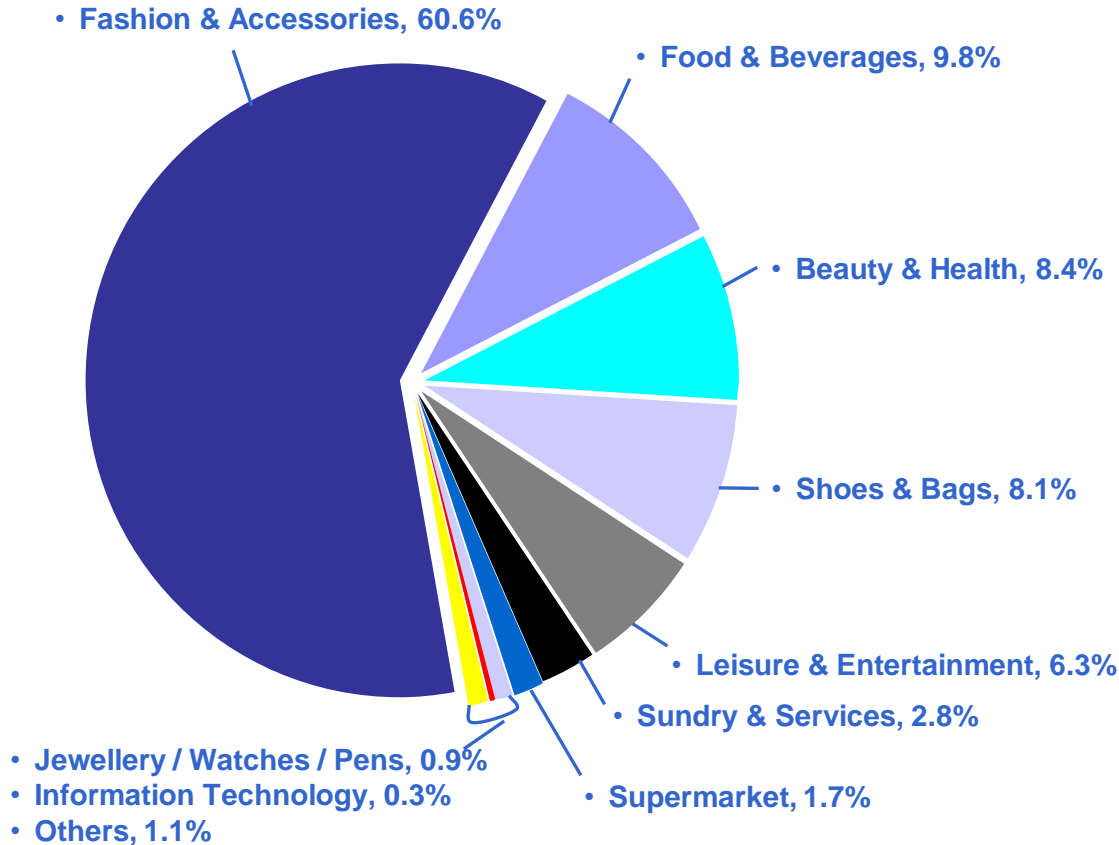
Building Configuration	Annexed Building	Conserved Building	Total
Number of Storeys	7	7	
Site Area (sq m)	8,060	2,516	10,576
Gross Floor Area (sq m)	31,331	10,386	41,717
Net Lettable Area (sq m)	17,613	5,748	23,361
Expiry of Land Use Right / Lease Period <sup>1</sup>	15 September 2045	Leased from the Wuhan Cultural Bureau on a 20-year + 20-year basis starting from 2004	
Committed Occupancy	90.6%		
Year of Commencement of Operations	1997		
Number of Leases	393		
Major Tenants by Gross Rental Income	McDonald's, KFC, Pizza Hut & Studio City (Wuhan)		
Car Park Lots	71 lots available for use		
Valuations (as at 30 Apr 2011)	RMB417.0m by CBRE RMB422.0m by Knight Frank		

1) CapitaLand Limited indirectly wholly-owns the Vendor which wholly-owns the issued share capital of Somerset Wuhan, a special purpose vehicle which indirectly wholly-holds the Property through Wuhan New Minzhong Leyuan Co., Ltd. Wuhan Cultural Bureau owns the conserved building which is leased to Wuhan New Minzhong Leyuan Co., Ltd on a 20-year + 20-year master lease commencing from 2004.



# Diversified Trade Mix Attracts Youths and Young Adults

## Trade Mix by Monthly Gross Rental Income<sup>1</sup>



- Strong fashion & accessories component
- Complemented by F&B, leisure and entertainment offerings
- Fits demography of target shoppers in population catchment

1) For leases structured on base rent only, or base rent and a percentage of gross sales turnover whichever is higher, no turnover rent is included. Where the structure is a percentage of gross sales turnover or base rent plus a percentage of gross sales turnover, monthly Gross Rental Income is calculated based on actual rent payable in the month of March 2011.



# No Major Concentration Risks

Top 10 Retailers <sup>1</sup>			
Brand Names	Trade Category	% of Committed Area	% of Monthly Gross Rental Income <sup>2</sup>
东方之珠	Fashion & Accessories	11.9%	6.5%
环艺影院	Leisure & Entertainment	20.8%	5.3%
Pizza Hut KFC	Food & Beverages	4.8%	4.2%
C+时尚生活	Fashion & Accessories	1.4%	2.2%
一伍一拾	Supermarket	2.3%	1.7%
McDonald's	Food & Beverages	2.0%	1.5%
时尚新生活	Food & Beverages	4.4%	1.5%
China Merchants Bank	Sundry & Services	0.3%	1.3%
China Minsheng Bank	Sundry & Services	0.3%	1.2%
芭芭拉	Fashion & Accessories/ Shoes & Bags	0.5%	0.8%
<b>Total top 10 retailers</b>		<b>48.7%</b>	<b>26.2%</b>

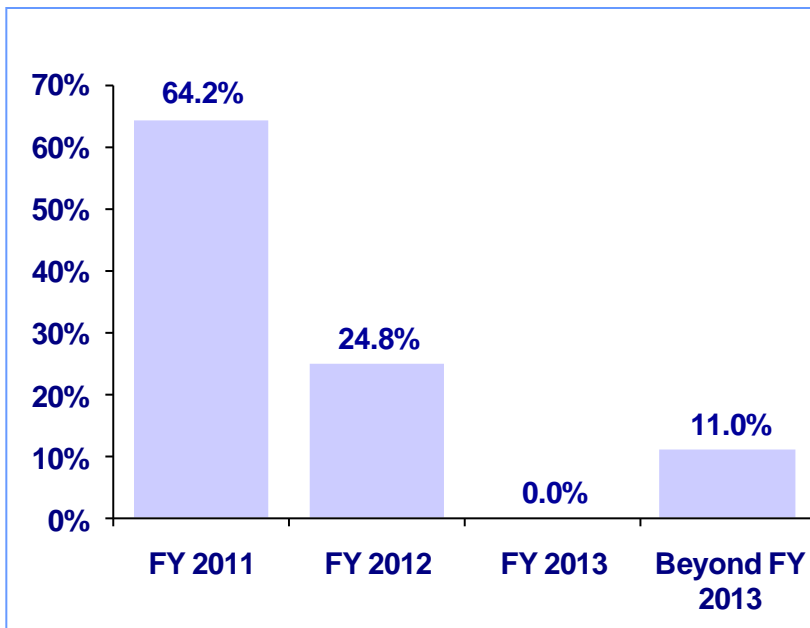
1) As at 31 March 2011.

2) For leases structured on base rent only, or base rent and a percentage of gross sales turnover whichever is higher, no turnover rent is included. Where the structure is a percentage of gross sales turnover or base rent plus a percentage of gross sales turnover, monthly Gross Rental Income is calculated based on actual rent payable in the month of March 2011.

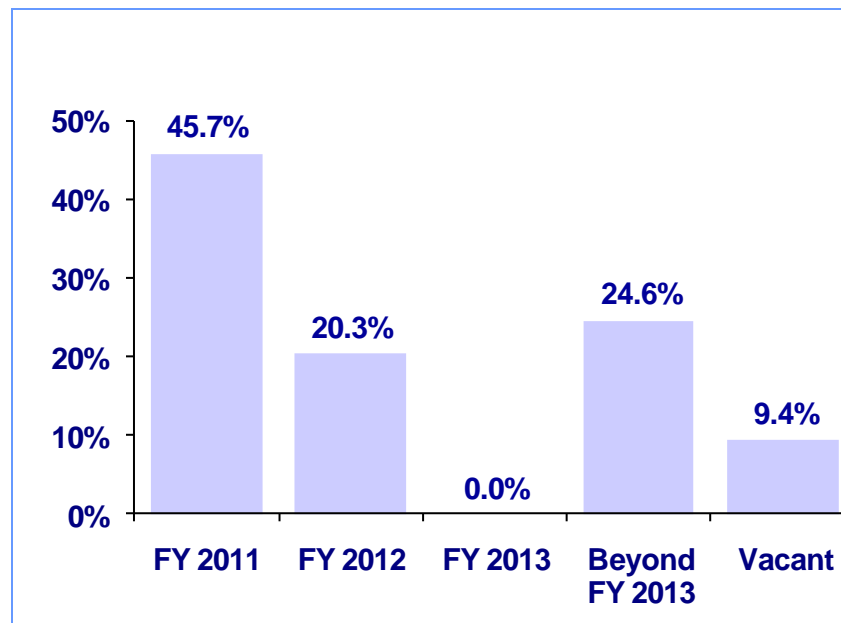


# Favourable Lease Expiry Profile

## Lease expiry as % of total monthly Gross Rental Income<sup>1</sup>



## Lease expiry as % of Gross Rentable Area<sup>2</sup>



- F&B tenants (e.g. McDonald's, KFC) and IMAX cinema operator Studio City (Wuhan) on longer term leases; fashion tenants on shorter term leases
- Potential for rental upside when leases expire in 2011 and 2012

- 1) As at 31 March 2011. For leases structured on base rent only, or base rent and a percentage of gross sales turnover whichever is higher, no turnover rent is included. Where the structure is a percentage of gross sales turnover or base rent plus a percentage of gross sales turnover, monthly Gross Rental Income is calculated based on actual rent payable in the month of March 2011.
- 2) As at 31 March 2011.



# Estimated Total Acquisition Cost

- Agreed property price: RMB395.0 million (S\$76.0 million)<sup>1</sup>  
RMB9,469 psm/GFA

	S\$million
Agreed property price	76.0
NAV adjustments <sup>2</sup>	(6.2)
<b>Provisional purchase consideration</b>	<b>69.8</b>
Acquisition fee <sup>3</sup>	1.1
Transaction expenses <sup>4</sup>	4.1
<b>Estimated total acquisition cost</b>	<b>75.0</b>

1) Based on SGD1 = RMB 5.195 as at 31 March 2011.

2) Estimated NAV adjustments based on December 2010 balance sheet.

3) Acquisition fee is computed based on 1.5% of the agreed property price. As the acquisition will constitute an “interested party transaction” under the Property Funds Appendix, the acquisition Fee will be in the form of Units, which shall not be sold within one year from the date of issuance, in accordance with Paragraph 5.6 of the Property Funds Appendix.

4) Includes estimated professional fees and other fees and expenses incurred or to be incurred by CRCT in connection with the acquisition inclusive of any equity financing-related expenses and debt financing-related expenses.

# Rationale for the Acquisition



**CapitaRetail**  
China Trust



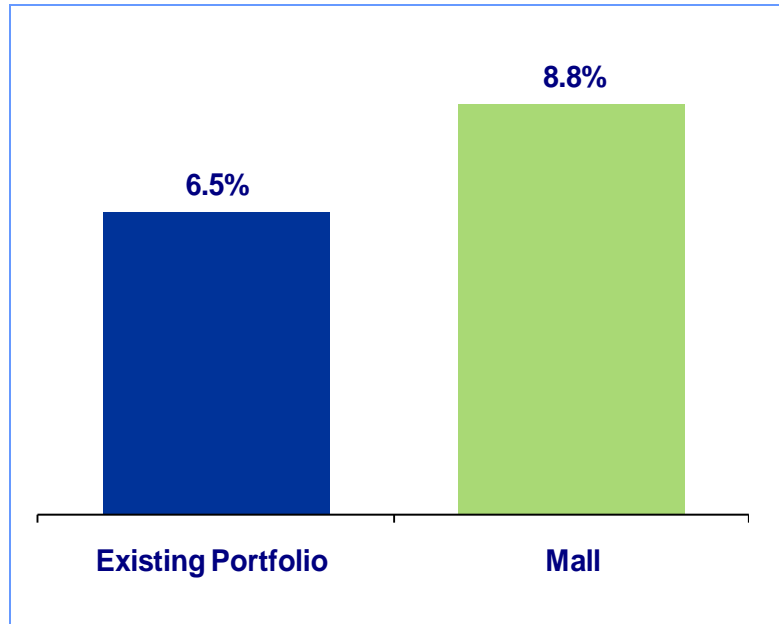
# Key Benefits to Unitholders

- 1 Yield accretion
- 2 Consistent with Manager's investment and growth strategy
- 3 Exposure to high-growth central China
- 4 Competitive strengths of the Mall
- 5 Greater income and tenant mix diversification
- 6 Enhancement of rental revenue
- 7 Greater trading liquidity

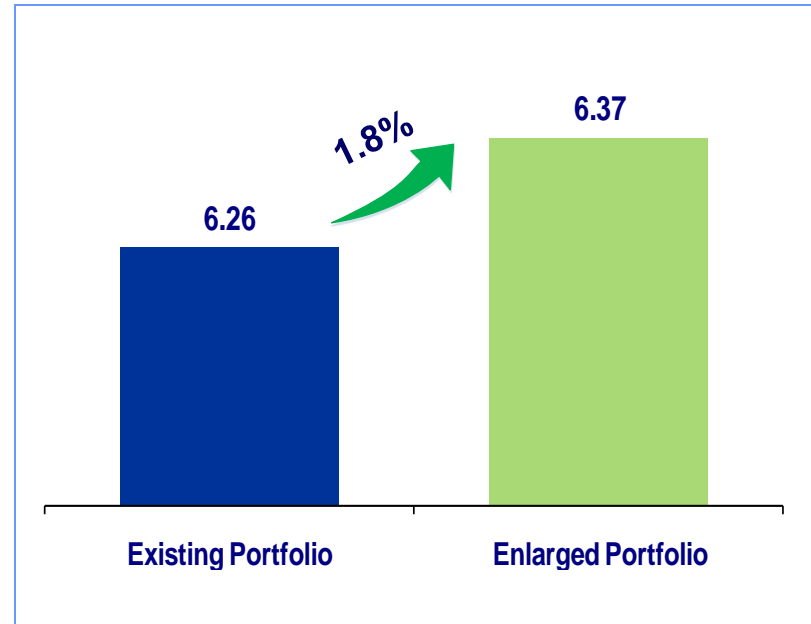


# 1 Yield Accretion

Annualised Forecast NPI Yield<sup>1,2</sup>



Forecast Period DPU (cents)<sup>1,3</sup>



- 1) Forecast Period is defined as the period from 1 April 2011 to 31 December 2011.
- 2) NPI yield of Existing Portfolio is computed based on the annualised NPI of the Existing Portfolio using the forecast NPI over the Forecast Period divided by the valuation of the Existing Portfolio as at 31 December 2010. NPI yield of the Mall is computed based on the annualised NPI of the Mall using the forecast NPI of the Mall during the Forecast Period divided by the agreed property price.
- 3) Assumes a base case scenario with S\$20.0m debt funding and an issue price of S\$1.27 per new placement unit (10-day VWAP preceding 16 May 2011).

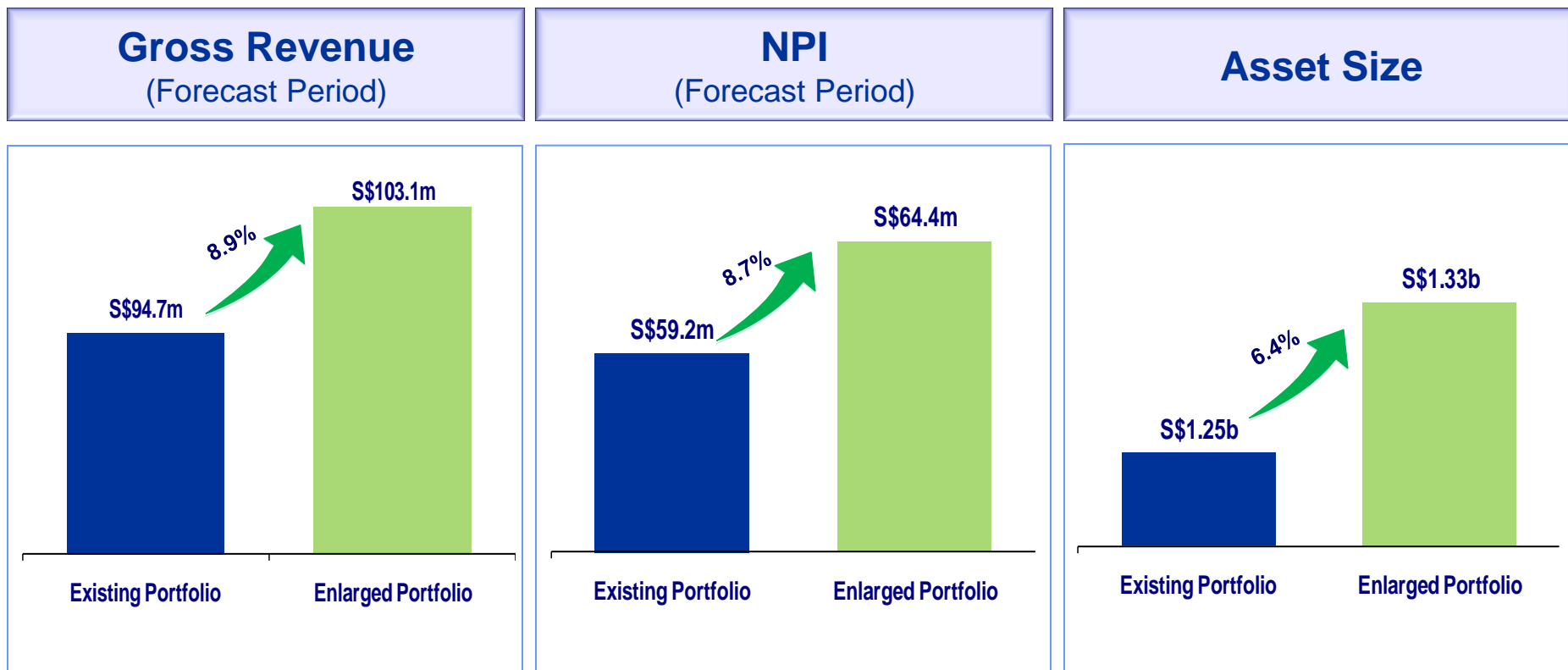




2

## Consistent with Manager's Investment and Growth Strategy

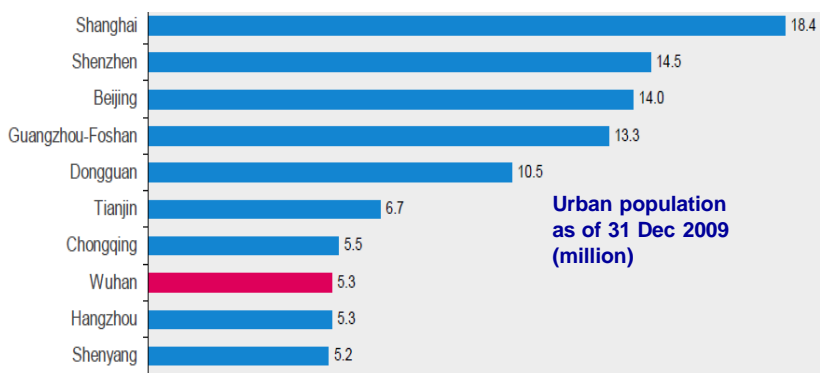
- In line with the Manager's strategy to invest in quality income-producing assets and pursue yield accretive transactions



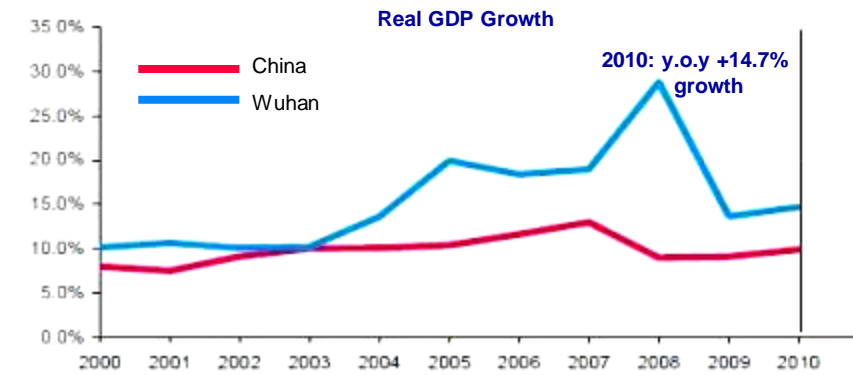


# 3 Exposure to High-Growth Central China

**8<sup>th</sup> most populous city in China**



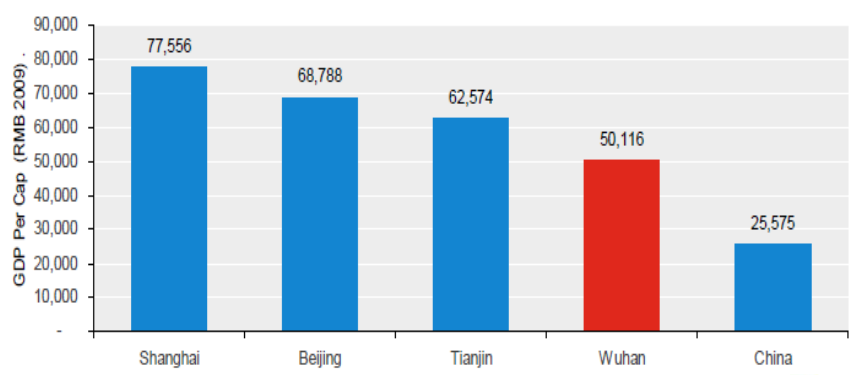
**Double-digit GDP growth exceeding national average**



**Strong retail spending growth exceeding national average**



**GDP per capita double China's average**



Source: Urbis Pty Ltd.



4

## Competitive Strengths of the Mall

- **Excellent Location, Connectivity and Accessibility**

- Strategically located along Zhongshan Avenue, an established retail area attracting strong pedestrian traffic
- Easily accessible by public transportation including public bus routes and 2 metro stations (Youyilu metro station (Line 1) that is located 1km away and future Jiangnanlu metro station (Line 2) that will be located 600m away)

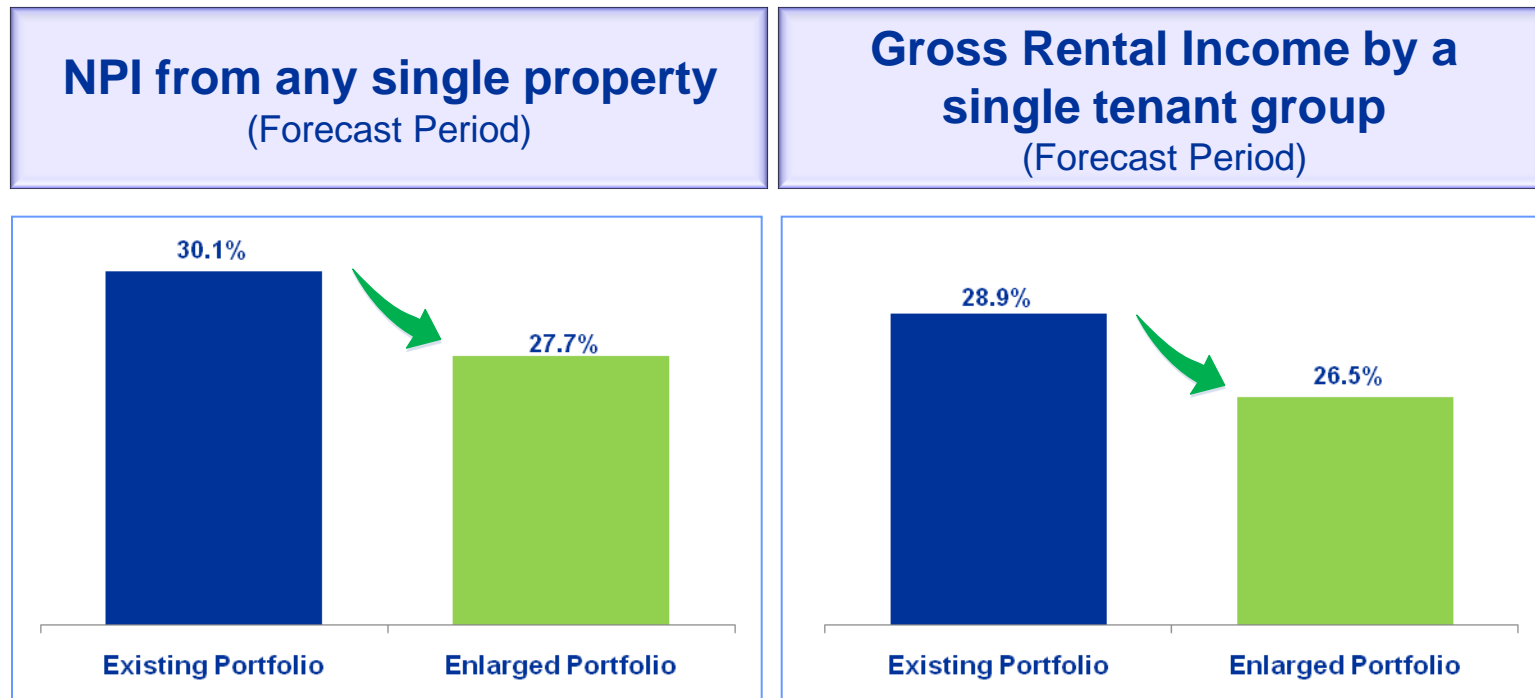
- **Diverse and Quality Tenant Base**

- Quality and well-known tenants such as McDonald's, KFC, Pizza Hut and Studio City (Wuhan) – operator of the only IMAX cinema in Wuhan
- Local fashion tenants offering brands not commonly available in department stores
- Attracts approx. 540,000 shoppers a month



## 5 Greater Income and Tenant Mix Diversification

- Diverse tenant mix with 393 leases<sup>1</sup> offering a wide range of food, retail and services
- Improve income diversification in the enlarged portfolio
- Reduce tenant and asset concentration risks in the enlarged portfolio



1) As at 31 March 2011.



6

## Enhancement of Rental Revenue

- **Allow CRCT to capitalise on retail market growth through**
  - Asset enhancements
  - Further improving retail offering
- **Rental upside from renewal of leases in the next two years**
  - Retail spending within the expected trade area is estimated to reach RMB35.9 billion in 2015, an increase of almost 150% from RMB14.4 billion in 2009.



## 7 Greater Trading Liquidity

- **New Units, when issued will increase CRCT's free float<sup>1</sup>**
  - 6.8% of total number of Units<sup>1</sup>
  - 5.3% of total number of Units<sup>1</sup> assuming Units are placed to CMA up to their pre-placement holdings, in percentage terms
- **Expected to result in improved trading liquidity**

1) Computed based on total units as of 23 May 2011 and refers to Units not held by Retail Crown Pte. Ltd., the Manager and CapitaMall Trust.

# Proposed Financing Structure



**CapitaRetail**  
China Trust



# Financing Structure Options

Depending on the then prevailing market conditions, the Manager may fund the Acquisition through:

- Full equity financing, or
- A combination of debt and equity financing
  
- **Equity financing**
  - A private placement pursuant to the general mandate obtained at the annual general meeting of CRCT held on 12 April 2011
  
- **Debt financing**
  - Draw down from CRCT's existing debt facilities





# Illustration of DPU Accretion

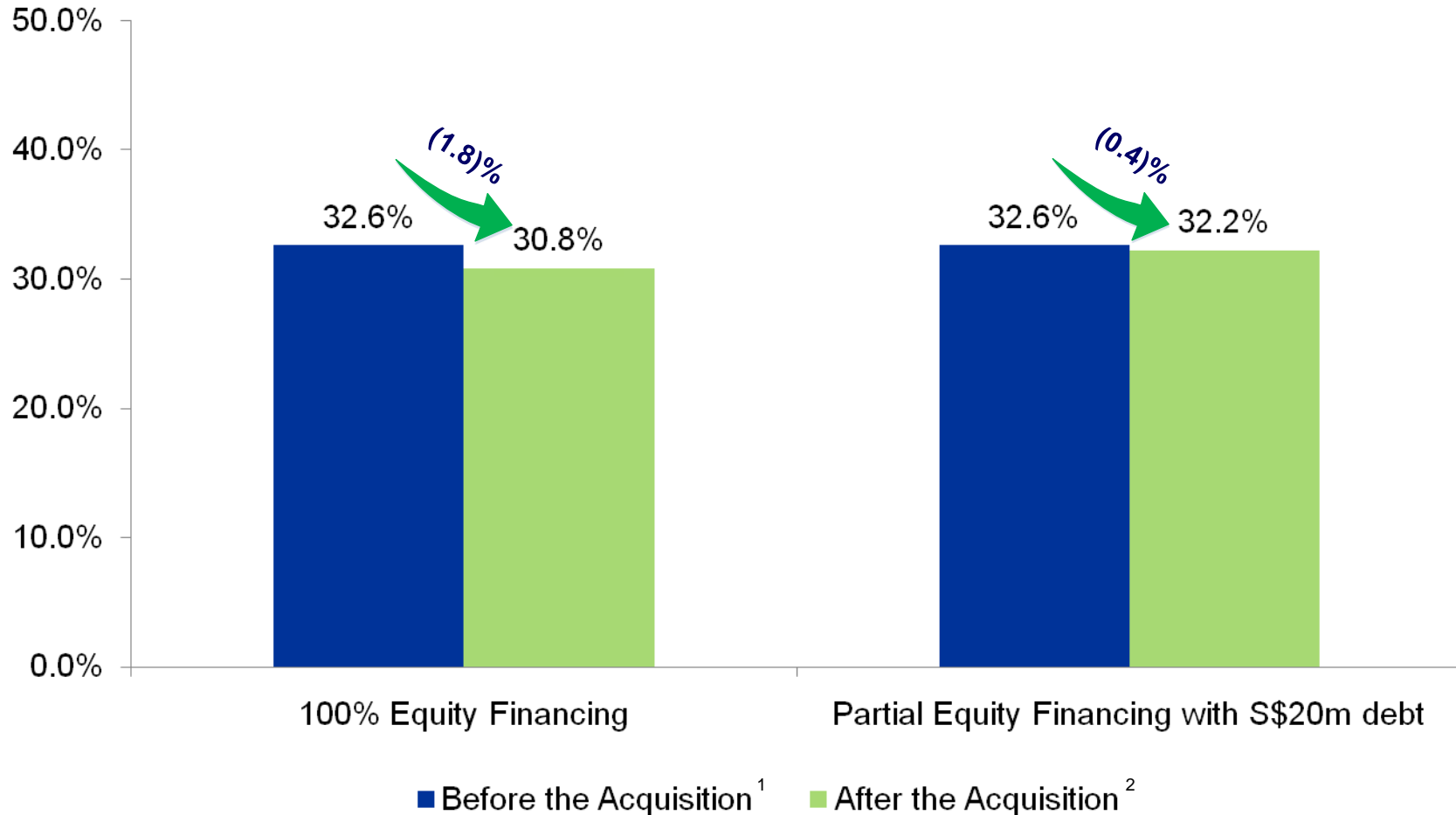
DPU Accretion over Existing Portfolio for the Forecast Period <sup>1,2</sup>						
Assumed issue price of New Units (S\$)	All Equity			Combination of Equity and S\$20m Debt		
	No. of New Units Issued	Enlarged Portfolio DPU (cents)	DPU Accretion (%)	No. of New Units Issued	Enlarged Portfolio DPU (cents)	DPU Accretion (%)
1.16	64,633,959	6.236	(0.3)	47,392,580	6.328	1.1
1.18	63,538,468	6.246	(0.2)	46,589,316	6.336	1.3
1.20	62,479,494	6.255	0.0	45,812,827	6.343	1.4
1.22	61,455,240	6.264	0.1	45,061,797	6.350	1.5
1.24	60,464,026	6.273	0.3	44,334,994	6.357	1.6
1.26	59,504,280	6.282	0.4	43,631,264	6.364	1.7
1.27	59,035,742	6.287	0.5	43,287,711	6.367	1.8
1.28	58,574,525	6.291	0.5	42,949,525	6.370	1.8

1) For illustrative purposes only.

2) Forecast Period is defined as the period from 1 April 2011 to 31 December 2011.



# Improvement in CRCT's Gearing Ratio



1) As of 31 March 2011.

2) Based on the assumption that the Acquisition was completed on 31 March 2011.

# Summary of Approvals Sought at EGM



**CapitaRetail**  
China Trust



# Summary of Approvals Sought at EGM

## RESOLUTION (1) (ORDINARY RESOLUTION)

THE PROPOSED ACQUISITION OF NEW MINZHONG LEYUAN MALL



# Summary of Approvals Sought at EGM (cont'd)

## RESOLUTION (2) (ORDINARY RESOLUTION)

### THE PROPOSED PLACEMENT OF NEW UNITS TO CAPITAMALLS ASIA LIMITED AND ITS SUBSIDIARIES UNDER THE PROPOSED PRIVATE PLACEMENT

- To demonstrate its commitment to CRCT and to align CapitaMalls Asia Limited's ("**CMA Group**") interest with other unitholders, new units may be placed to the CMA Group as part of the private placement and the CMA Group may subscribe for such number of new units up to their pre-private placement unitholdings, in percentage terms.
- Resolution 2 is subject to and conditional upon unitholders' approval of Resolution 1



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