



News Release

25 July 2007

For Immediate Release

## **CRCT's Second Quarter 2007 Distribution Exceeds Forecast<sup>1</sup> by 9.6%<sup>2</sup>**

***Asset enhancement plans to transform Jinyu Mall into the first one-stop shopping destination in Huhehaote, Inner Mongolia  
Yield accretive acquisition worth over S\$250 million is expected by end-2007***

**Singapore, 25 July 2007** – CapitaRetail China Trust Management Limited (“CRCTML” or “the Manager”), the manager of CapitaRetail China Trust (“CRCT”), is pleased to announce a distributable income of S\$8.1 million to unitholders of CRCT (“Unitholders”) for the period from 1 April 2007 to 30 June 2007 (“Second Quarter 2007”). This is S\$0.7 million or 9.6% higher than the forecast<sup>1</sup> distributable income of S\$7.4 million for Second Quarter 2007.

Distribution Per Unit in CRCT (“DPU”) for Second Quarter 2007 is 1.70 cents (6.82 cents on an annualised basis), which is 9.6% higher than the forecast<sup>1</sup> DPU of 1.55 cents (6.22 cents on an annualised basis) for the same period. DPU for the period from 1 January 2007 to 30 June 2007 (“First Half 2007”) <sup>3</sup> is 3.21 cents (6.46 cents on an annualised basis), 9.6% higher than the forecast<sup>1</sup> DPU of 2.93 cents (5.90 cents on an annualised basis).

The Books Closure Date is on 12 September 2007, and Unitholders can expect to receive their Year-To-Date 2007<sup>4</sup> distribution of 3.27 cents per unit on 24 September 2007<sup>5</sup>.

**In relation to the initial public offering of units in CRCT, the Sole Financial Adviser was J.P. Morgan (S.E.A) Limited and the Underwriters and Bookrunners were J.P. Morgan (S.E.A) Limited, UBS, acting through its business group, UBS Investment Bank and China International Capital Corporation Limited**

<sup>1</sup> Based on the forecast shown in CRCT Prospectus dated 29 November 2006 (“the Prospectus”)

<sup>2</sup> Actual annualised Distribution Per Unit for the period from 1 April 2007 to 30 June 2007 versus the forecast annualized Distribution Per Unit for the same period

<sup>3</sup> As disclosed in the Prospectus, CRCT will make distributions to the Unitholders on a semi-annual basis for the six-month periods ending 30 June and 31 December of each year.

<sup>4</sup> Year-To-Date 2007 includes private trust period from 23 October 2006 to 7 December 2006 and public trust period from the date of listing on 8 December 2006 (“Listing Date”) to 30 June 2007.

<sup>5</sup> As disclosed in the Prospectus, the first distribution after the Listing Date will be paid by CRCTML on or before 30 September 2007.

Mr Hsuan Owyang, Chairman of CRCTML, said, “We are pleased to have outperformed our forecast to deliver enhanced results to our Unitholders. In the next few months, CRCT is on track to undertake its first yield accretive acquisition worth over S\$250.0 million, which will grow its asset size to close to S\$1.0 billion. This acquisition will demonstrate the successful execution of CRCT’s well-laid out growth strategy, where stabilised assets from its secured and proprietary pipeline are injected into CRCT. To date, CRCT’s strong acquisition pipeline, constituting retail assets owned by CapitaLand-sponsored private retail funds and in the future, include retail malls acquired through the co-operative agreement with China Vanke, already exceeds 70 retail malls<sup>6</sup> in over 28 cities across China. We will continue to look for new opportunities to grow the size of the portfolio, and remain confident of delivering the 2007 forecast distribution of 6.13 cents per unit, barring any unforeseen circumstances.”

CEO of CRCTML, Mr Lim Beng Chee said, “Our acquisition plan, asset enhancement initiatives, and our continuous focus on applying a disciplined and pro-active management strategy at our malls will all add up to deliver growth and sustainable total returns to our Unitholders. Growing shopper traffic and occupancy rates by over 33% and 5% respectively at newly developed malls from over a year ago are strong testaments to our proactive asset management skillsets. The major asset enhancement initiative at Jinyu Mall, which is expected to grow its net property income by over RMB 8.0 million, sets the momentum for more value creation opportunities at our China retail malls.”

### Summary of CRCT Results

	1 Apr to 30 Jun 2007			1 Jan to 30 Jun 2007			YTD 2007 <sup>4</sup>
	Actual S\$'000	Forecast <sup>1</sup> S\$'000	Change %	Actual S\$'000	Forecast <sup>1</sup> S\$'000	Change %	Actual S\$'000
Gross Revenue	17,857	19,233	(7.2)	34,922	37,464	(6.8)	41,262
Net Property Income	12,437	12,643	(1.6)	23,126	24,380	(5.1)	25,547
Distributable Income	8,082	7,372	9.6	15,247	13,912	9.6	15,547
<b>Distribution Per Unit</b>							
For the period	1.70¢	1.55¢	9.6	3.21¢	2.93¢	9.6	3.27¢ <sup>5</sup>
<b>Annualised</b>	<b>6.82¢</b>	<b>6.22¢</b>	<b>9.6</b>	<b>6.46¢</b>	<b>5.90¢</b>	<b>9.6</b>	N.M.
<b>Distribution Yield</b>							
- S\$3.16 per unit (closing as at 30 June 2007)	2.16%	1.97%	9.6	2.04%	1.87%	9.6	N.M.
- S\$2.74 per unit (closing as at 24 July 2007)	2.49%	2.27%	9.6	2.36%	2.15%	9.6	N.M.

N.M. – not meaningful

<sup>6</sup> Includes the new Memorandums of Understandings signed to acquire over 35 retail malls as announced by CapitaLand Limited on 15 January 2007

CRCT's gross revenue for Second Quarter 2007 was 7.2% or S\$1.4 million lower than the forecast<sup>1</sup> for the same period. This is mainly attributable to the temporary vacancy void as a result of the reconfiguration works undertaken on Level 1 at Xinwu Mall and the longer than expected time taken to conclude lease negotiations with F&B tenants on Level 4 at Qibao Mall. Revenue at Wangjing Mall was also marginally lower due to certain tenants who took longer than anticipated to receive their approvals from the authorities as well as pre-terminations by some tenants.

CRCT's net property income for Second Quarter 2007 was 1.6% or S\$0.2 million lower than the forecast<sup>1</sup>. In Renminbi denomination, net property income was 0.5% or RMB 0.3 million lower than the forecast<sup>1</sup>.

Overall, net interest savings, which was partially offset by higher taxation for the period, contributed to the higher distributable income for Second Quarter 2007, compared to the forecast<sup>1</sup>.

#### **Asset Enhancement Plans at Jinyu Mall, Huhehaote, Inner Mongolia**

Jinyu Mall, currently master leased to the Beijing Hualian Group ("Beijing Hualian"), encompasses significant value creation opportunities. Other than having an inefficient layout, the mall also lacks on-site car parking lots. The Manager has thus developed a set of asset enhancement initiatives which is expected to enhance the rental income and consequently, the property yield of Jinyu Mall.

Firstly, the popular fresh goods section of the Beijing Hualian supermarket will be relocated from its current location on Level 1 to Level 3 of the mall. The relocation will release prime retail space on Level 1 for higher-yielding specialty tenants, and concurrently, help drive shopper traffic and raise rental value on the upper floors. Concurrently, the space currently occupied by the departmental store and its sub-lessees on Levels 1, 2 and 3 will be recovered by the Manager, reconfigured and directly leased to specialty tenants. Similarly, this initiative is expected to result in higher rental yields. In addition, new car park lots will be added on Levels 4 and 5 of the mall to attract and cater to the growing population of car owners in the city. The proposed works are expected to transform Jinyu Mall into the first of its kind one-stop family shopping, dining, and entertainment destination in Huhehaote.

The enhancement works are expected to commence in Third Quarter 2007 and are expected to be completed by First Quarter 2008. The initiatives are expected to yield an annual incremental net property income of approximately RMB 8.3 million (S\$1.7million)<sup>7</sup>. Based on an estimated capital expenditure of RMB 82.5 million (S\$16.5 million)<sup>7</sup>, the ungeared return on investment is expected to be 10.0%.

### **Update on Jiulong Mall**

On 13 July 2007, CRCT obtained the legal ownership of Jiulong Mall with the transfer of Jiulong Mall's strata titles to the basement, Levels 1, 2 and 3 to CapitaRetail Beijing Shuangjing Real Estate Co., Ltd (formerly known as CapitaRetail Beijing Jiulong Real Estate Co., Ltd), the special purpose company established to hold the mall.

Since listing on 8 December 2006, CRCT did not hold the legal title of Jiulong Mall and had only contractual rights to the mall's rental income. Levels 2 and 3 of the mall were subject to a court injunction as the vendor of Jiulong Mall was party to certain legal proceedings under the China laws, whilst the transfer of strata titles for Level 1 and the basement level were not effected on time by the China real estate administrative authorities before the Listing Date.

### **Update on Xinwu Mall**

Reconfiguration works on Level 1 at Xinwu Mall was completed on schedule in May 2007. Established China domestic retailers, such as Daphne (达芙妮), one of the leading shoe brands in China, Disney Lifestyle Store (迪士尼生活馆), which sells Disney fashion and accessories as well as Mengziyuan (蒙自源过桥米线), a popular local fast-food chain, have since commenced operations.

### **Update on Wangjing Mall**

Occupancy rate at Wangjing Mall now stands at a high of 98%. Levels 5, 6 and 7 of the mall's tower block have been leased to a reputable children enrichment school, Elfa Learning Centre (爱儿坊), kids' fashion store, Lijia Baby (丽家宝贝), and a popular Chinese restaurant, Beijing Jiangnanchuzi (北京江南厨子). Escalators linking the tenants on the three levels of the tower block to Level 4 of the mall podium have also been added to help drive shopper traffic and tenants' sales at the upper floors.

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<sup>7</sup> S\$1 = RMB4.99

## **About CapitaRetail China Trust ([www.capitaretailchina.com](http://www.capitaretailchina.com))**

Listed on the Singapore Exchange Securities Trading Limited on 8 December 2006, CRCT is the first pure-play China retail Real Estate Investment Trust (“REIT”) in Singapore. It is established with the objective of investing on a long-term basis in a diversified portfolio of income-producing real estate used primarily for retail purposes and located primarily in China, Hong Kong and Macau.

The current portfolio of seven retail mall properties, valued at approximately S\$690 million, is located in key cities of China. The properties are Wangjing Mall, Jiulong Mall and Anzhen Mall in Beijing, Qibao Mall in Shanghai, Zhengzhou Mall in Zhengzhou, Jinyu Mall in Huhehaote, and Xinwu Mall in Wuhu. The properties are uniquely positioned as one-stop family-oriented shopping, dining and entertainment destinations for the sizeable population catchment areas in which they are located, and are accessible via major transportation routes or access points. A significant portion of the properties’ tenancies consists of major international and domestic retailers such as Wal-Mart, Carrefour and the Beijing Hualian Group under master leases or long-term leases, which provide Unitholders with stable and sustainable returns.

CRCT is managed by an external manager, CRCTML, which is an indirect wholly-owned subsidiary of CapitaLand Limited, one of the largest listed real estate companies in Asia.

### **IMPORTANT NOTICE**

The past performance of CapitaRetail China Trust (“CRCT”) is not indicative of the future performance of CRCT. Similarly, the past performance of the CapitaRetail China Trust Management Limited (the “Manager”) is not indicative of the future performance of the Manager.

The value of units in CRCT (“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. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested. Investors have no right to request that the Manager redeem or purchase their Units while the Units are listed. It is intended that holders of Units (“Unitholders”) may only deal in their Units through trading on Singapore Exchange Securities Trading Limited (the “SGX-ST”). Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

This release may contain forward-looking statements that involve assumptions, 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 developments or companies, shifts in expected levels of occupancy rate, property rental income, charge out collections, 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.

You are cautioned not to place undue reliance on these forward-looking statements, which are based on the current view of management on future events.

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**Issued by CapitaRetail China Trust Management Limited**

(Company Registration No. 200611176D)

***Analyst / Investor Contact***

Ms Shirlene SIM

DID: (65) 6826 5543

HP: (65) 9798 7225

Email: [shirlene.sim@capitaland.com.sg](mailto:shirlene.sim@capitaland.com.sg)

***Media Contact***

Ms TONG Ka-Pin

DID: (65) 6826 5856

HP: (65) 9862 2435

Email: [tong.ka-pin@capitaland.com.sg](mailto:tong.ka-pin@capitaland.com.sg)