



## News Release

6 May 2011  
For Immediate Release

# CRCT to acquire prime shopping mall in Wuhan

## *Yield-accretive acquisition of New Minzhong Leyuan Mall expands CRCT's portfolio to nine malls*

**Singapore, 6 May 2011** – CapitaRetail China Trust Management Limited (“CRCTML”), the manager of CapitaRetail China Trust (“CRCT” and as manager of CRCT, the “Manager”), announced that CRCT, through its trustee HSBC Institutional Trust Services (Singapore) Limited, has entered into a conditional share purchase agreement with The Ascott Holdings Limited to acquire New Minzhong Leyuan Mall (also known as Wuhan People’s Parade) at an agreed property price of RMB395.0 million (S\$76.0 million).

The mall has a net property income (“NPI”) yield of 8.1%<sup>1</sup>, compared to the implied NPI yield of 7.0%<sup>2</sup> for CRCT’s existing portfolio. The Manager therefore expects the proposed transaction to be yield-accretive to CRCT’s unitholders.

New Minzhong Leyuan Mall comprises an annexed building and a conserved building and is located in Jiangnan District in Wuhan. It is approximately 500 metres away from the famous Jiangnanlu pedestrian street, and is within 1 kilometre from the Youyilu metro station (Line 1) and 600 metres from the future Jiangnanlu metro station (Line 2) which is expected to open in 2012. The mall enjoys prime frontage along Zhongshan Avenue, an established shopping and entertainment belt, and is a natural focal point that attracts youths and young adults in Wuhan. The population catchment within the expected trade area is approximately 1.5 million.

Wuhan, located in Hubei Province, is the largest transportation hub and a major commercial centre in central China. It is around one-and-a-half hours’ and two hours’ flight from Shanghai and Beijing respectively. It has a population of 8.4 million, of which 5.3 million reside in urban Wuhan, making it the eighth most populous urban

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<sup>1</sup> The NPI yield of New Minzhong Leyuan Mall is computed by dividing the annualised 1Q 2011 NPI of New Minzhong Leyuan Mall (based on the unaudited 1Q 2011 management accounts) by the agreed property price of RMB395.0 million. The annualised NPI of New Minzhong Leyuan Mall is for illustrative purposes only and should not be construed as a representation of the future NPI in 2011 or a forecast of the future NPI.

<sup>2</sup> The implied NPI yield for CRCT’s existing portfolio is computed by dividing the annualised 1Q 2011 NPI of CRCT (based on CRCT’s announced 1Q 2011 financial results) by CRCT’s implied property value as at 31 March 2011. The implied property value is the aggregate of CRCT’s market capitalisation and total borrowings as at 31 March 2011. The annualised NPI of CRCT is for illustrative purposes only and should not be construed as a representation of the future NPI in 2011 or a forecast of the future NPI.

area in China in 2009. It has a GDP per capita of approximately RMB50,100 in 2009, almost twice as high as the China average.<sup>3</sup>

Mr Victor Liew, Chairman of CRCTML, said, “The proposed yield-accretive acquisition is part of our strategy to expand our portfolio of quality shopping malls with long-term growth potential. New Minzhong Leyuan Mall provides CRCT’s unitholders the opportunity to capture the robust growth in China’s central region. Wuhan delivered exceptional economic expansion over the last decade and continues to be the growth engine of central China. In 2010, Wuhan recorded GDP growth of 14.7% and retail sales growth of 19.5% year-on-year.<sup>3</sup> Supported by strong economic fundamentals, we are confident that New Minzhong Leyuan Mall will continue to tap into the strong retail sales growth in Wuhan and add value to CRCT’s portfolio.”

Mr Tony Tan, CEO of CRCTML, said, “With its prime location fronting Zhongshan Avenue, one of the busiest streets in Wuhan, New Minzhong Leyuan Mall attracts young adults from all over Wuhan, with monthly shopper traffic estimated at about 540,000 shoppers.<sup>3</sup> It has a strong and diverse tenant base comprising quality and well-known tenants such as McDonald’s, KFC and Pizza Hut as well as local fashion tenants offering young and trendy fashion brands not commonly found in department stores. It also houses the only IMAX theatre in Wuhan.”

“New Minzhong Leyuan Mall, with its attractive yield, excellent location and strong tenant base, is a quality addition to CRCT’s existing portfolio. Retail spending in New Minzhong Leyuan Mall’s trade area is estimated to reach RMB35.9 billion in 2015, an increase of almost 1.5 times compared to RMB14.4 billion in 2009.<sup>3</sup> Given the growth potential of the retail market in Wuhan, there is potential for rental upside when leases are due for renewal in the next two years. With CRCT’s proven track record in proactive asset management, we also see opportunities to enhance the rental revenue of the mall through asset enhancements and further improving the mall’s retail offerings.”

### **Method of financing the acquisition**

CRCTML intends to fund the acquisition through either equity financing or a combination of debt and equity financing, depending on market conditions. The equity financing is expected to be in the form of a private placement of new CRCT units (“New Units”). To demonstrate its commitment to CRCT and to align its interests with other unitholders, CapitaMalls Asia Limited and its subsidiaries may subscribe to the New Units under the private placement up to their pre-placement CRCT unitholdings, in percentage terms.

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<sup>3</sup> Source: Urbis JHD Pty Ltd.

## Valuations and conditions for the acquisition and placement of New Units

Two independent valuations by Knight Frank Petty Limited (“Knight Frank”) and CB Richard Ellis (Pte) Ltd (“CBRE”) were commissioned by the Trustee and the Manager respectively. Knight Frank and CBRE valued New Minzhong Leyuan Mall at RMB422.0 million (S\$81.2 million) and RMB417.0 million (S\$80.3 million) respectively, as at 30 April 2011.

As The Ascott Holdings Limited is indirectly wholly-owned by CapitaLand Limited, which is a controlling unitholder of CRCT, the acquisition is considered to be an interested person/party transaction (“IPT”) under the Listing Manual of the Singapore Exchange Securities Trading Limited (the “Listing Manual”) and the Property Funds Appendix<sup>4</sup>. In addition, a placement of New Units to CapitaMalls Asia and its subsidiaries would also constitute an IPT under Chapter 9 of the Listing Manual. As the IPTs each exceeds 5% of CRCT’s latest audited net asset value and net tangible assets, the acquisition and placement of New Units to CapitaMalls Asia and its subsidiaries are subject to the approval of CRCT’s unitholders at an extraordinary general meeting which will be held at an appropriate time.

### New Minzhong Leyuan Mall Property Details (as at 31 March 2011)

<b>Address</b>	No. 704 Zhongshan Avenue, Jiangnan District, Hankou, Wuhan, Hubei Province, China
<b>Building configuration</b>	A seven storey annexed building and a seven storey historical building
<b>Site area</b>	10,576 sq m
<b>Gross floor area</b>	41,717 sq m
<b>Net lettable area</b>	23,361 sq m
<b>Committed occupancy</b>	90.6%
<b>Year of commencement</b>	1997
<b>Number of leases</b>	393
<b>Car park lots</b>	71
<b>Major tenants</b>	McDonald’s, KFC, Pizza Hut & Studio City (Wuhan)
<b>Expiry of land use right</b>	15 September 2045 Conserved building is leased from the Wuhan Cultural Bureau on a 20-year + 20-year basis starting from 2004

<sup>4</sup> Appendix 2 to the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore relating to real estate investment trusts.

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

Listed on Singapore Exchange Securities Trading Limited on 8 December 2006, CRCT is the first China shopping mall 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 People's Republic of China, Hong Kong and Macau.

The current portfolio of eight shopping malls is located in five of China's cities. The properties are CapitaMall Xizhimen, CapitaMall Wangjing, CapitaMall Shuangjing and CapitaMall Anzhen in Beijing; CapitaMall Qibao in Shanghai; CapitaMall Zhengzhou in Zhengzhou, Henan Province; CapitaMall Saihan in Huhhot, Inner Mongolia; and CapitaMall Wuhu in Anhui Province. As at 31 March 2011, the total asset size of CRCT is approximately S\$1.2 billion.

All the malls in the portfolio are 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 Beijing Hualian Group under master leases or long-term leases, which provide unitholders with stable and sustainable returns. The anchor tenants are complemented by popular specialty brands such as Vero Moda, ZARA, Sephora, Watsons, KFC, Pizza Hut, BreadTalk, etc.

CRCT is managed by an external manager, CRCTML, which is an indirect wholly-owned subsidiary of CapitaMalls Asia Limited, one of Asia's largest listed shopping mall developers, owners and managers.

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### **Issued by CapitaRetail China Trust Management Limited**

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## **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, 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 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.

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