

## FINANCIAL STATEMENTS

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# Report of the Trustee

YEAR ENDED 31 DECEMBER 2004

HSBC Institutional Trust Services (Singapore) Limited (formerly known as Bermuda Trust (Singapore) Limited) (the Trustee) is under a duty to take into custody and hold the assets of CapitaMall Trust (the Trust) in trust for the holders of units (the Unitholders). In accordance with the Securities and Futures Act, Chapter 289 of Singapore, its subsidiary legislation and the Code on Collective Investment Schemes (collectively referred to as the laws and regulations), the Trustee shall monitor the activities of CapitaMall Trust Management Limited (the Manager) for compliance with the limitations imposed on the investment and borrowing powers as set out in the trust deed dated 29 October 2001 (as amended) between the Trustee and the Manager (the Trust Deed) in each annual accounting period and report thereon to Unitholders in an annual report which shall contain the matters prescribed by the laws and regulations as well as the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of the Certified Public Accountants of Singapore and the provisions of the Trust Deed.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Trust during the period covered by these financial statements in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed, laws and regulations and otherwise in accordance with the provisions of the Trust Deed.

For and on behalf of the Trustee,  
HSBC Institutional Trust Services (Singapore) Limited



**ARJUN BAMBAWALE**

Director

Singapore

**17 February 2005**

# Statement by the Manager

YEAR ENDED 31 DECEMBER 2004

In the opinion of the directors of CapitaMall Trust Management Limited, the accompanying financial statements set out on pages 91 to 126 comprising the Balance Sheet, Statement of Total Return, Distribution Statement, Statement of Movements in Unitholders' Funds, Portfolio Statement, Statement of Cash Flows, Summary of Financial Highlights and Notes to the Financial Statements are drawn up so as to present fairly, in all material respects, the financial position of the Trust as at 31 December 2004, the total return, distributable income, movements in Unitholders' funds and cash flows for the year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Certified Public Accountants of Singapore and the provisions of the Trust Deed. At the date of this statement, there are reasonable grounds to believe that the Trust will be able to meet its financial obligations as and when they materialise.

For and on behalf of the Manager,  
CapitaMall Trust Management Limited



**PUA SECK GUAN**

Director

Singapore

**17 February 2005**

# Auditors' Report to the Unitholders of CapitaMall Trust

(Constituted in the Republic of  
Singapore pursuant to a trust deed  
dated 29 October 2001 (as amended))

We have audited the financial statements of CapitaMall Trust (the Trust) for the year ended 31 December 2004 as set out on pages 91 to 126. These financial statements are the responsibility of the Manager and the Trustee of the Trust. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Manager, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Trust as at 31 December 2004, the total return, distributable income, movements in Unitholders' funds and cash flows for the year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Certified Public Accountants of Singapore and the provisions of the Trust Deed.



**KPMG**

Certified Public Accountants

Singapore

**17 February 2005**

# Balance Sheet

AS AT 31 DECEMBER 2004

	Note	2004 S\$'000	2003 S\$'000
<b>Non-current assets</b>			
Plant and equipment	3	389	228
Investment properties	4	2,234,950	1,240,000
Other investment	5	58,000	58,000
		<u>2,293,339</u>	<u>1,298,228</u>
<b>Current assets</b>			
Trade and other receivables	6	9,311	3,819
Cash and cash equivalents	7	47,191	49,403
		<u>56,502</u>	<u>53,222</u>
<b>Current liabilities</b>			
Trade and other payables	8	40,043	23,959
Current portion of security deposits		12,520	10,834
Provision for taxation	9	367	367
		<u>52,930</u>	<u>35,160</u>
<b>Net current assets</b>		<u>3,572</u>	<u>18,062</u>
		<u>2,296,911</u>	<u>1,316,290</u>
<b>Non-current liabilities</b>			
Interest-bearing loans and borrowings	10	660,000	325,000
Non-current portion of security deposits		26,258	18,847
		<u>686,258</u>	<u>343,847</u>
<b>Net assets</b>		<u>1,610,653</u>	<u>972,443</u>
Represented by:			
Unitholders' funds		<u>1,610,653</u>	<u>972,443</u>
<b>Units in issue ('000)</b>	11	<u>1,203,200</u>	<u>906,063</u>
		<b>S\$</b>	<b>S\$</b>
<b>Net asset value per unit</b>		<u>1.34</u>	<u>1.07</u>

The accompanying notes form an integral part of these financial statements.

# Statement of Total Return

YEAR ENDED 31 DECEMBER 2004

	Note	2004 S\$'000	2003 S\$'000
Gross revenue	12	177,239	117,003
Property expenses	13	(63,029)	(38,583)
Net property income		114,210	78,420
Interest income	14	4,990	69
Interest expense		(16,676)	(8,792)
Asset management fees	15	(11,312)	(6,821)
Professional fees		(541)	(389)
Trustee's fees		(553)	(343)
Audit fees		(160)	(138)
Other charges		(442)	(279)
Net investment income before tax		89,516	61,727
Income tax expense	9	–	–
Net investment income after tax		89,516	61,727
Net appreciation on revaluation of investment properties		159,669	16,870
<b>Total return for the year</b>		<b>249,185</b>	<b>78,597</b>
<b>Earnings per unit (cents)</b>	16		
Basic		8.70	7.68
Diluted		8.70	7.68

The accompanying notes form an integral part of these financial statements.

# Distribution Statement

YEAR ENDED 31 DECEMBER 2004

	2004 S\$'000	2003 S\$'000
Taxable income available for distribution to Unitholders at beginning of year	38,098	24,983
Net investment income after tax	89,516	61,727
Net tax adjustments (Note A)	8,589	3,136
Taxable income available for distribution to Unitholders	136,203	89,846
Distribution to Unitholders:		
Distribution of 3.38 cents per unit for period from 16/7/2002 to 31/12/2002	–	(24,963)
Distribution of 3.62 cents per unit for period from 1/1/2003 to 25/6/2003	–	(26,785)
Distribution of 4.41 cents per unit for period from 26/6/2003 to 31/12/2003	(37,973)	–
Distribution of 5.41 cents per unit for period from 1/1/2004 to 1/8/2004	(49,097)	–
	(87,070)	(51,748)
Taxable income available for distribution to Unitholders at end of the year	49,133	38,098

## Note A – Net tax adjustments comprise:

Non-tax deductible/(chargeable) items		
- asset management fees paid/payable in units	5,735	3,403
- trustee's fees	553	343
- debt upfront fees	1,853	–
- write-off of assets	635	648
- other items	506	(564)
Tax deductible item		
- capital allowances/balancing allowances	(693)	(694)
Net tax adjustments	8,589	3,136

The accompanying notes form an integral part of these financial statements.

# Statement of Movements in Unitholders' Funds

YEAR ENDED 31 DECEMBER 2004

	Note	2004 S\$'000	2003 S\$'000
<b>Operations</b>			
Net investment income after tax		89,516	61,727
Net appreciation on revaluation of investment properties		159,669	16,870
Net increase in net assets resulting from operations		249,185	78,597
<b>Unitholders' transactions</b>			
Creation of units			
- contributions on placements and public offering		238,140	188,036
- partial satisfaction of purchase consideration on investment property acquired		238,140	-
- asset management fees paid in units		4,888	3,095
Issue expenses	17	(5,073)	(6,757)
Distributions to Unitholders		(87,070)	(51,748)
Increase in net assets resulting from Unitholders' transactions		389,025	132,626
Increase in net assets during the year		638,210	211,223
Net assets at beginning of year		972,443	761,220
Net assets at end of year		1,610,653	972,443

The accompanying notes form an integral part of these financial statements.



# Portfolio Statement

AS AT 31 DECEMBER 2004

Description of Property	Tenure of Land	Term of Lease	Remaining Term of Lease	Location	Existing Use	Occupancy Rates as at 31 December		At Valuation/Cost		Percentage of Total Net Assets	
						2004	2003	2004	2003	2004	2003
<i>Investment properties in Singapore</i>											
Tampines Mall	Leasehold	99 years	87 years	4 Tampines Central 5, Singapore	Commercial	100.0	99.7	548,000	450,000	34.0	46.3
Junction 8	Leasehold	99 years	86 years	9 Bishan Place, Singapore	Commercial	99.5	100.0	396,000	315,000	24.6	32.4
Funan The IT Mall	Leasehold	99 years	74 years	109 North Bridge Road, Singapore	Commercial	99.9	98.6	202,000	193,000	12.5	19.8
IMM Building	Leasehold	60 years <sup>#</sup>	44 years <sup>#</sup>	2 Jurong East Street 21, Singapore	Commercial	74.9 <sup>®</sup>	76.6	352,000	282,000	21.9	29.0
Plaza Singapura <sup>*</sup>	Freehold	–	–	68 Orchard Road, Singapore	Commercial	100.0	–	736,950	–	45.8	–
<b>Investment properties, at valuation</b>											
								2,234,950	1,240,000	138.8	127.5
<b>Other investment (Note 5)</b>											
								58,000	58,000	3.6	6.0
								2,292,950	1,298,000	142.4	133.5
<b>Other assets and liabilities (net)</b>											
								(682,297)	(325,557)	(42.4)	(33.5)
<b>Net assets</b>											
								1,610,653	972,443	100.0	100.0

<sup>#</sup> Upfront land premium of S\$55.7 million for a lease term of 45 years was paid in January 2004.

<sup>\*</sup> Plaza Singapura was acquired from Plaza Singapura (Private) Limited, a related party of the Manager, on 2 August 2004.

<sup>®</sup> Figure based on occupancy of entire building. Occupancy rate at 31 December 2004 excluding office and warehouse is 99.4% (2003: 99.7%).

The accompanying notes form an integral part of these financial statements.

# Portfolio Statement (Cont'd)

AS AT 31 DECEMBER 2004

On 1 December 2004, independent valuations of Tampines Mall, Junction 8, Funan The IT Mall and IMM Building were undertaken by Knight Frank Pte Ltd while an independent valuation of Plaza Singapura was undertaken by CB Richard Ellis (Pte) Ltd. The independent valuers have appropriate professional qualifications and recent experience in the location and category of the property being valued. The valuations were based on capitalisation and discounted cash flow approaches. The valuations adopted were S\$548,000,000, S\$396,000,000, S\$202,000,000, S\$352,000,000 and S\$736,950,000 for Tampines Mall, Junction 8, Funan The IT Mall, IMM Building and Plaza Singapura, respectively. The increase in valuation has been taken to the Statement of Total Return.

The carrying amounts of the investment properties as at 31 December 2003 were based on independent valuations undertaken by Knight Frank Pte Ltd on 31 October 2003. The valuations were based on the capitalisation and discounted cash flow approaches.

Investment properties comprise commercial properties that are leased to external customers. Generally, the leases contain an initial non-cancellable period of three years. Subsequent renewals are negotiated with the lessee. Contingent rents recognised in the Statement of Total Return amounted to S\$3,900,000 (2003: S\$2,096,000).

The accompanying notes form an integral part of these financial statements.

# Statement of Cash Flows

YEAR ENDED 31 DECEMBER 2004

	Note	2004 S\$'000	2003 S\$'000
<b>Operating activities</b>			
Net investment income before tax		89,516	61,727
Adjustments for:			
Interest income		(4,990)	(69)
Interest expense		16,676	8,792
Write-off of assets		635	648
Allowance for doubtful receivables		1	108
Depreciation and amortisation		399	29
Asset management fees paid/payable in units		5,735	3,403
Operating income before working capital changes		107,972	74,638
Changes in working capital:			
Trade and other receivables		(3,248)	(1,758)
Trade and other payables		8,973	7,123
Security deposits		3,188	2,662
<b>Cash flows from operating activities</b>		116,885	82,665
<b>Investing activities</b>			
Interest received		2,596	73
Payment of land premium on investment property		(55,703)	–
Net cash outflow on purchase of investment property (including acquisition charges) (see Note A below)		(491,406)	(252,508)
Subsequent capital expenditure on investment properties		(38,592)	(20,565)
Purchase of plant and equipment		(264)	(177)
Purchase of other investment		–	(58,000)
<b>Cash flows from investing activities</b>		(583,369)	(331,177)
<b>Financing activities</b>			
Proceeds from interest-bearing loans and borrowings		335,000	125,000
Proceeds from issue of units		238,140	188,036
Payment of issue and financing expenses		(6,925)	(7,541)
Distributions to Unitholders		(87,070)	(51,748)
Interest paid		(14,873)	(8,801)
<b>Cash flows from financing activities</b>		464,272	244,946
<b>Net decrease in cash and cash equivalents</b>		(2,212)	(3,566)
<b>Cash and cash equivalents at beginning of the year</b>	7	49,403	52,969
<b>Cash and cash equivalents at end of the year</b>	7	47,191	49,403

The accompanying notes form an integral part of these financial statements.

# Statement of Cash Flows (Cont'd)

YEAR ENDED 31 DECEMBER 2004

Note:

**(A) Net Cash Outflow on Purchase of Investment Property (including acquisition charges)**

Net cash outflow on purchase of investment property (including acquisition charges) is set out below:

	2004 S\$'000	2003 S\$'000
Investment property (including acquisition charges)	735,652	264,417
Cash	5,908	11,909
Other assets	143	–
Trade and other payables	(341)	–
Security deposits	(5,908)	(11,909)
Net identifiable assets and liabilities acquired	735,454	264,417
Purchase consideration paid in units	(238,140)	–
Cash consideration paid	497,314	264,417
Cash acquired	(5,908)	(11,909)
Net cash outflow	491,406	252,508

**(B) Significant Non-Cash Transactions**

During the financial year, there were the following significant non-cash transactions:

- (i) 147,000,000 units at S\$1.62 each, amounting to S\$238,140,000, were issued as partial satisfaction of the purchase consideration on an investment property, Plaza Singapura, acquired during the year; and
- (ii) 3,136,582 (2003: 2,702,479) units were issued as payment for the asset management fees payable in units, amounting to a value of S\$4,888,000 (2003: S\$3,095,000).

The accompanying notes form an integral part of these financial statements.

# Summary of Financial Highlights

YEAR ENDED 31 DECEMBER 2004

	2004 S\$	2003 S\$
<b>Per unit data <sup>1</sup></b>		
Net asset value at beginning of year	1.07	1.03
Effect of creation of new units, net of expenses	0.14	0.01
Income from investment operations		
- Net investment income after tax	0.07	0.07
- Net appreciation on revaluation of investment properties	0.13	0.02
Total from investment operations	0.20	0.09
Less: Distributions to Unitholders	(0.07)	(0.06)
Net asset value at end of year	1.34	1.07
Total Return for the year (cents)	20.71	8.67

## Supplemental data and ratios

Net assets at end of the year	S\$1,610,653,000	S\$972,443,000
Ratio of expenses to weighted average net assets <sup>2</sup>	1.06%	0.96%
Ratio of net investment income to weighted average net assets <sup>2</sup>	7.31%	7.40%
Portfolio turnover rate <sup>3</sup>	-	-

<sup>1</sup> Per unit data is based on units in issue at end of each financial year.

<sup>2</sup> The annualised ratios are computed in accordance with guidelines of Investment Management Association of Singapore. The expenses used in the computation relate to expenses of the Trust excluding property expense and interest expenses.

<sup>3</sup> The annualised ratio is computed based on the lesser of purchases or sales of underlying investment properties of the Trust expressed as a percentage of daily average net asset value.

The accompanying notes form an integral part of these financial statements.

# Notes to the Financial Statements

YEAR ENDED 31 DECEMBER 2004

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Manager and the Trustee on 17 February 2005.

## 1 General

CapitaMall Trust (the Trust) is a Singapore-domiciled unit trust constituted pursuant to the trust deed dated 29 October 2001 between CapitaMall Trust Management Limited (the Manager) and HSBC Institutional Trust Services (Singapore) Limited (formerly known as Bermuda Trust (Singapore) Limited) (the Trustee), as amended (the Trust Deed). The Trust Deed is governed by the laws of the Republic of Singapore.

The Trust was formally admitted to the Official List of the Singapore Exchange Securities Trading Limited (SGX-ST) on 17 July 2002 (Listing Date) and was included under the Central Provident Fund (CPF) Investment Scheme on 13 September 2002.

The principal activity of the Trust is to invest in income producing real estate in Singapore, which is used or substantially used for retail purposes with the primary objective of achieving an attractive level of return from rental income and for long-term capital growth.

The Trust has entered into several service agreements in relation to management of the Trust and its property operations. The fee structures of these services are as follows:

### *Property management fees*

Under the Property Management Agreements, property management fees are charged as follows:

- (a) 2.00% per annum of the gross revenue of the properties;
- (b) 2.00% per annum of the net property income of the properties; and
- (c) 0.50% per annum of the net property income of the properties, in lieu of leasing commissions.

The property management fees are payable quarterly in arrears.

### *Asset management fees*

Pursuant to the Trust Deed, the asset management fees shall not exceed 0.70% per annum of the Deposited Property or such higher percentage as may be fixed by an Extraordinary Resolution at a meeting of Unitholders. Deposited Property refers to all the assets of the Trust, including all its authorised investments for the time being held or deemed to be held upon the trusts of the Trust Deed.

## 1 General (cont'd)

The asset management fees comprise a base component of 0.25% per annum of Property Value and a performance component of 2.85% per annum of gross revenue of the Trust for each financial year. The base component shall be paid to the Manager out of the Deposited Property. Property Value means the aggregate of the value of investment properties.

The performance component is:

- (a) (for the 60-month period from the Listing Date) paid in the form of units to be issued to the Manager in respect of Tampines Mall, Junction 8, Funan The IT Mall and Plaza Singapura; in the form of cash in respect of IMM Building; and either in the form of cash or in the form of units (as the Manager may elect, such election to be irrevocable and made prior to the first payment of the performance component immediately following the acquisition of the relevant property) in respect of any other property to be acquired by the Trust; and
- (b) (after 60 months following the Listing Date) paid in cash.

When the performance component is paid in the form of units, the Manager shall be entitled to receive such number of units as may be purchased for the relevant amount of the management fee at:

- (a) (in respect of Tampines Mall, Junction 8 and Funan The IT Mall) an issue price of S\$0.96 per unit, unless the market price (as defined in the Trust Deed) at the time of issue exceeds S\$2.00 or more per unit, in which event, the units will be issued at a 25% discount from that market price; and
- (b) (in respect of Plaza Singapura and any other property to be acquired by the Trust) the market price (as defined in the Trust Deed).

The asset management fees are payable quarterly in arrears.

### *Trustee's fees*

Pursuant to the Trust Deed, the Trustee's fees shall not exceed 0.10% per annum of the Deposited Property (subject to a minimum sum of S\$6,000 per month) payable out of the Deposited Property of the Trust. The Trustee is also entitled to reimbursement of expenses incurred in the performance of its duties under the Trust Deed.

Based on the current agreement between the Manager and Trustee, the Trustee's fees are agreed to be 0.03% per annum of the Deposited Property (subject to a minimum sum of S\$6,000 per month).

The Trustee's fees are payable quarterly in arrears.

# Notes to the Financial Statements

YEAR ENDED 31 DECEMBER 2004

## 2 Summary of Significant Accounting Policies

### 2.1 Basis of Preparation

The financial statements have been prepared in accordance with the Statement of Recommended Accounting Practice 7 “Reporting Framework for Unit Trusts” issued by the Institute of Certified Public Accountants of Singapore, and the applicable requirements of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore and the provisions of the Trust Deed.

The financial statements, which are expressed in Singapore dollars and rounded to the nearest thousand, are prepared on the historical cost basis, except that investment properties are stated at valuation.

The measurement currency of the Trust is Singapore dollars. Revenue, expenses, receipts and payments are denominated primarily in Singapore dollars.

### 2.2 Plant and Equipment

Plant and equipment are stated at cost less accumulated depreciation and impairment losses. Depreciation is provided on a straight-line basis so as to write off items of plant and equipment, and major components that are accounted for separately, over their estimated useful lives as follows:

Furniture, fittings and equipment - 2 to 5 years

Gains or losses arising from the retirement or disposal of plant and equipment are determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Total Return on the date of retirement or disposal.

### 2.3 Investment Properties

Investment properties are accounted for as non-current assets and are stated at initial cost on acquisition, and at valuation thereafter. Valuation is determined in accordance with the Trust Deed, which requires the investment properties to be valued by independent registered valuers in the following events:

- in such manner and frequency required under Code on Collective Investment Schemes issued by the Monetary Authority of Singapore; and
- at least once in each period of 12 months following the acquisition of each parcel of real estate property.



## **2 Summary of Significant Accounting Policies (cont'd)**

### **2.3 Investment Properties (cont'd)**

Any increase or decrease on revaluation is credited or charged to the Statement of Total Return as a net appreciation or depreciation in the value of the investment properties.

When an investment property is disposed of, the resulting gain or loss recognised in the Statement of Total Return is the difference between net disposal proceeds and the carrying amount of the property.

Investment properties are not depreciated. The properties are subject to continued maintenance and regularly revalued on the basis set out above. For taxation purposes, the Trust may claim capital allowances on assets that qualify as plant and machinery under the Income Tax Act.

### **2.4 Other Investment**

Other investment is stated at cost.

### **2.5 Trade and Other Receivables**

Trade and other receivables are stated at their cost less allowance for doubtful receivables.

### **2.6 Cash and Cash Equivalents**

Cash and cash equivalents comprise cash balances and bank deposits.

### **2.7 Impairment**

The carrying amounts of the Trust's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated at each balance sheet date.

An impairment loss is recognised in the Statement of Total Return whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. An impairment loss in respect of investment property carried at revalued amount is recognised in the same way as a revaluation decrease on the basis set out in Note 2.3.

### **2.8 Trade and Other Payables**

Trade and other payables are stated at cost.

# Notes to the Financial Statements

YEAR ENDED 31 DECEMBER 2004

## 2 Summary of Significant Accounting Policies (cont'd)

### 2.9 Interest-Bearing Loans and Borrowings

Interest-bearing loans and borrowings are recognised at cost.

### 2.10 Taxation

Taxation on the returns for the year comprises current and deferred tax. Income tax is recognised in the Statement of Total Return except to the extent that it relates to items directly related to Unitholders' funds, in which case it is recognised in Unitholders' funds.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The temporary differences on initial recognition of assets or liabilities that affect neither accounting nor taxable profit are not provided for. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The Inland Revenue Authority of Singapore (the IRAS) has issued a tax ruling on the income tax treatment of the Trust. Subject to meeting the terms and conditions of the tax ruling, the Trustee is not subject to tax on the taxable income of the Trust. Instead, the distributions made by the Trust out of such taxable income are subject to tax in the hands of Unitholders, unless they are exempt from tax on the Trust's distributions. This treatment is known as the tax transparency treatment.

Individuals and qualifying Unitholders, i.e. companies incorporated and tax resident in Singapore, Singapore branches of foreign companies that have obtained waiver from the IRAS from tax deducted at source in respect of the distributions from the Trust, and bodies of persons registered or constituted in Singapore, are entitled to gross distributions from the Trust. For other types of Unitholders, the Trustee is required to withhold tax at the prevailing corporate tax rate on the distributions made by the Trust. Such Unitholders are subject to tax on the regrossed amounts of the distributions received but may claim a credit for the tax deducted at source by the Trustee.

## 2 Summary of Significant Accounting Policies (cont'd)

### 2.10 Taxation (cont'd)

The Trust has a distribution policy where it is required to distribute at least 90% of its taxable income, other than gains from the sale of real estate properties that are determined by the IRAS to be trading gains. For the taxable income that is not distributed, referred to as retained taxable income, tax will be assessed on the Trustee. Where such retained taxable income is subsequently distributed, the Trustee need not deduct tax at source.

### 2.11 Issue Expenses

Issue expenses relate to expenses incurred in the issuance of additional units in the Trust. The expenses are deducted directly against Unitholders' funds.

### 2.12 Revenue Recognition

#### *Rental income from operating leases*

Rental income receivable under operating leases is recognised in the Statement of Total Return on a straight-line basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased assets. Lease incentives granted are recognised as an integral part of the total rental to be received. Contingent rentals, which include gross turnover rental, are recognised as income in the accounting period on a receipt basis. No contingent rentals are recognised if there are uncertainties due to the possible return of amounts received.

#### *Interest income*

Interest income is accrued on a time-apportioned basis.

### 2.13 Expenses

#### *Property expenses*

Property expenses consist of quit rents, property taxes and other property outgoings in relation to investment properties where such expenses are the responsibility of the Trust.

Included in the property expenses are the property management fees.

# Notes to the Financial Statements

YEAR ENDED 31 DECEMBER 2004

## 2 Summary of Significant Accounting Policies (cont'd)

### 2.13 Expenses (cont'd)

#### *Asset management fees*

Asset management fees are recognised on an accrual basis using the applicable formula, stipulated in Note 1. Upon issuance of the units, the asset management fees are adjusted based on the market value of the actual number of units issued on date of issuance of the units to the Manager.

#### *Trustee's fees*

The Trustee's fees are recognised on an accrual basis.

#### *Interest expenses*

Interest expenses are recognised in the period in which they are incurred on an accrual basis.

### 2.14 Segment Reporting

A segment is a distinguishable component of the Trust that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

# Notes to the Financial Statements

YEAR ENDED 31 DECEMBER 2004

## 3 Plant and Equipment

	Furniture, fittings and equipment S\$'000
<b>Cost</b>	
At 1 January 2004	258
Additions	264
At 31 December 2004	<u>522</u>
<b>Accumulated depreciation</b>	
At 1 January 2004	30
Charge for the year	103
At 31 December 2004	<u>133</u>
<b>Carrying amount</b>	
At 31 December 2004	<u>389</u>
At 31 December 2003	<u>228</u>

## 4 Investment Properties

	2004 S\$'000	2003 S\$'000
At beginning of the year	1,240,000	935,000
Acquisition of investment property	735,652	264,417
Land premium paid	55,703	–
Capital expenditure capitalised	44,561	24,361
Write-off of assets	(635)	(648)
	<u>2,075,281</u>	<u>1,223,130</u>
Revaluation differences recognised in Statement of Total Return	159,669	16,870
	<u>2,234,950</u>	<u>1,240,000</u>

The investment properties have been mortgaged as security for credit facilities granted by Silver Maple Investment Corporation Ltd (Note 10) to the Trust.

# Notes to the Financial Statements

YEAR ENDED 31 DECEMBER 2004

## 5 Other Investment

	2004 S\$'000	2003 S\$'000
<b>Cost</b>		
Unquoted - CapitaRetail Singapore Limited:		
- S\$58 million 10% Secured Fixed Rate Class E Bonds due 2009 (Class E Bonds)	58,000	58,000
- 232 Redeemable Preference Shares issued in connection with Class E Bonds	*	*
	58,000	58,000

\* Less than S\$1,000.

The Trust has invested S\$58,000,000 in the Class E Bonds and 232 attached Redeemable Preference Shares issued by CapitaRetail Singapore Limited (CRSL), representing 27.2% of the Class E Bonds and Redeemable Preference Shares, respectively. Had the equity method been applied on CRSL, the Trust's net investment income after tax would have decreased by approximately S\$182,000 (2003: S\$Nil) and net assets would have increased by approximately S\$11,825,000 (2003: S\$Nil), respectively.

CRSL is a Singapore incorporated company and has its place of business in Singapore. The principal activity of CRSL is that of an investment holding company. CRSL is a special purpose vehicle, whose main objects are to own all the issued units in CapitaRetail BPP Trust (CRBPPT), CapitaRetail Lot One Trust (CRLot) and CapitaRetail Rivervale Trust (CRRT) and to issue the bonds and the redeemable preference shares as well as to extend mortgage loans to CRBPPT, CRLot and CRRT. CRBPPT, CRLot and CRRT in turn own Bukit Panjang Plaza, Lot One Shoppers' Mall and Rivervale Mall respectively.

The bonds and redeemable preference shares issued by CRSL are as follows:

- (i) €67,500,000 Secured Floating Rate Final Class A Bonds due 2009 (Class A Bonds);
- (ii) €13,500,000 Secured Floating Rate Final Class B Bonds due 2009 (Class B Bonds);
- (iii) S\$33,000,000 Secured Fixed Rate Final Class C Bonds due 2009 (Class C Bonds);
- (iv) S\$83,000,000 Secured Fixed Rate Final Class D Bonds due 2009 (Class D Bonds); and
- (v) S\$213,000,000 Secured Fixed Rate Class E Bonds due 2009 (Class E Bonds), together with 852 Redeemable Preference Shares of S\$0.10 each.

## 5 Other Investment (cont'd)

The salient terms of the Class E Bonds are as follows:

- (i) Class E Bonds bear interest at the fixed rate of 10% per annum, payable semi-annually in arrears. In the event of failure to pay 10% per annum interest on Class E Bonds, the rights of holders of Class E Bonds to unpaid interest will be extinguished and such failure does not constitute an event of default;
- (ii) the payment of interest on Class E Bonds is subordinated to other classes of the Bonds (Class A to Class D); and
- (iii) the redemption of Class E Bonds is subordinated to other classes of the Bonds (Class A to Class D).

The Redeemable Preference Shares issued in connection with Class E Bonds have limited voting rights under certain prescribed circumstances (other than those conferred by law). The holders of Redeemable Preference Shares shall be entitled to, amongst others, the following:

- (i) "Special Preferential Dividend" based on the sale price of the units or property (as the case may be) less liabilities of CRSL and expenses when any properties or units in the property trusts (namely, CRBPPT, CRLOT and CRRT) are sold; and
- (ii) each preference share shall be redeemed by CRSL on redemption date as defined. The redemption amount shall be based on the aggregate of the par value of redeemable preference shares, outstanding special preferential dividend, net asset value of CRSL and any insurance proceeds less expenses.

## 6 Trade and Other Receivables

	2004 S\$'000	2003 S\$'000
Trade receivables	4,437	1,974
Allowance for doubtful receivables	(61)	(161)
Net trade receivables	4,376	1,813
Deposits	1,409	977
Prepayments	300	312
Interest receivable	2,398	3
Other receivables	828	714
	9,311	3,819

# Notes to the Financial Statements

YEAR ENDED 31 DECEMBER 2004

## 7 Cash and Cash Equivalents

	2004 S\$'000	2003 S\$'000
Cash at bank and in hand	47,191	25,383
Fixed deposits with financial institutions	–	24,020
	<u>47,191</u>	<u>49,403</u>

## 8 Trade and Other Payables

	2004 S\$'000	2003 S\$'000
Trade payables and accrued operating expenses	27,847	14,646
Amounts due to related parties (trade)	9,181	6,797
Deposits and advances	2,954	2,404
Interest payables	61	112
	<u>40,043</u>	<u>23,959</u>

Included in trade payables and accrued operating expenses is an amount due to the Trustee of S\$175,000 (2003: S\$98,000). Included in amounts due to related parties is an amount due to the Manager of S\$3,613,000 (2003: S\$2,122,000) and an amount due to the property manager of S\$1,167,000 (2003: S\$1,103,000).

## 9 Taxation

	2004 S\$'000	2003 S\$'000
<b>Reconciliation of effective tax rate</b>		
Net investment income before taxation	<u>89,516</u>	<u>61,727</u>
Income tax using Singapore tax rate of 20% (2003: 22%)	17,903	13,580
Non-tax deductible items	1,718	690
Tax transparency	<u>(19,621)</u>	<u>(14,270)</u>
	–	–



## 10 Interest-Bearing Loans and Borrowings

	2004 S\$'000	2003 S\$'000
Term loans	632,000	297,000
Revolving credit facility	28,000	28,000
	<u>660,000</u>	<u>325,000</u>
 Maturity of loans and borrowings		
- After 1 year but within 5 years	172,000	172,000
- After 5 years	488,000	153,000
	<u>660,000</u>	<u>325,000</u>

The term loans and revolving credit facility were granted by a special purpose company, Silver Maple Investment Corporation Ltd (Silver Maple). Under the facility agreement between Silver Maple and the Trustee, Silver Maple has granted the Trust a total facility of S\$704 million (2003: S\$349 million), made up of S\$632 million (2003: S\$297 million) term loan and S\$72 million (2003: S\$52 million) revolving credit facility.

The total facility drawn down by the Trust as at 31 December 2004 was S\$660 million (2003: S\$325 million), consisting of:

- (i) S\$172 million (2003: S\$172 million) term loan at a fixed interest rate of 3.91% (2003: 3.91%) per annum, fully repayable on 26 August 2008. Under the facility agreement, the Trust has the option to prepay in full on 26 February 2007. In the event the Trust opts not to fully settle the term loan on 26 February 2007, the interest rate of 2.62% (2003: 2.62%) above the Singapore Interbank Offered Rate (SIBOR) repriced every three months, will be applicable for the period from 26 February 2007 to 26 August 2008;
- (ii) S\$125 million (2003: S\$125 million) term loan at a fixed interest rate of 2.764% (2003: 2.764%) per annum, fully repayable on 26 December 2011. Under the facility agreement, the Trust has the option to prepay in full on 26 June 2010. In the event the Trust opts not to fully settle the term loan on 26 June 2010, the interest rate of 2.914% (2003: 2.914%) above the SIBOR repriced every three months, will be applicable for the period from 26 June 2010 to 26 December 2011;
- (iii) S\$335 million (2003: S\$Nil) term loan at a fixed interest rate of 2.804% (2003: Nil%) per annum for the period ending on 2 August 2007, and at the swap rate applicable at the draw-down date (as defined in the facility agreement) plus 0.435% per annum for the period from 2 August 2007 to 2 August 2009, provided that such rate does not exceed 8.935% per annum and shall not fall below 2.905% per annum. The term loan is fully repayable on 2 February 2011. Under the facility agreement, the Trust has the option to prepay in full on 2 August 2009. In the event the Trust opts not to fully settle the term loan on 2 August 2009, the interest rate of 0.87% above the SIBOR repriced every three months, will be applicable for the period from 2 August 2009 to 2 February 2011; and

## 10 Interest-Bearing Loans and Borrowings (cont'd)

- (iv) S\$28 million (2003: S\$28 million) revolving credit facility at floating interest rate of 0.43% (2003: 0.43%) above the SIBOR for a period of either one, three or six months and fully repayable on 26 December 2011 (2003: 26 December 2011). Under the facility agreement, the Trust has the option to prepay in full on 26 June 2010. In the event the Trust opts not to fully settle the revolving credit facility on 26 June 2010, the interest rate of 2.43% (2003: 2.43%) above the SIBOR repriced every three months, will be applicable for the period from 26 June 2010 to 26 December 2011.

As security for credit facilities granted by Silver Maple to the Trust, the Trust has granted in favour of Silver Maple the following:

- (i) a mortgage over each of the properties;
- (ii) an assignment and charge of the rental proceeds and tenancy agreements of units in the properties;
- (iii) an assignment of the insurance policies relating to the properties;
- (iv) an assignment of the agreements relating to the management of the properties; and
- (v) a charge creating a fixed and floating charge over certain assets of the Trust relating to the properties.

Under the terms of the Silver Maple loan facility agreement, the Trust undertakes that:

- (i) it shall not borrow or raise any monies if upon the effecting of such borrowings or raising the amount thereof would in the aggregate exceed such percentage of all assets of the Trust or other restriction or limit as may be imposed on the Trust from time to time by the Property Funds Guidelines of the Code on Collective Investment Schemes (The Property Funds Guidelines) issued by the Monetary Authority of Singapore (MAS) and other relevant authorities; and
- (ii) it shall maintain the debt service ratio at greater than 2.0.

Silver Maple has secured a S\$1 billion (2003: S\$1 billion) Medium Term Note Programme due 2008 (MTN Programme). Under this MTN Programme, Silver Maple may, subject to compliance with all relevant laws, regulations and directives, from time to time issue fixed or floating interest rate notes (the Notes). The maximum aggregate principal amount of the Notes to be issued shall be S\$1 billion. The Notes will be secured by the Notes Debenture.

## 10 Interest-Bearing Loans and Borrowings (cont'd)

To fund the loans to the Trust of S\$632 million (2003: S\$297 million) fixed rate term loan and S\$28 million (2003: S\$28 million) floating rate revolving credit, Silver Maple has raised funds through the following:

- (i) S\$172 million (2003: S\$172 million) Fixed Rate Notes at fixed interest rate of 3.86% (2003: 3.86%) per annum for the period from 26 February 2002 (date of first issue of Fixed Rate Notes) to 26 February 2007. In the event that the Fixed Rate Notes are not redeemed by Silver Maple on 26 February 2007, interest will accrue at the rate of 2.52% (2003: 2.52%) above the SIBOR repriced every three months, for the period from 26 February 2007 to date of redemption on 26 August 2008;
- (ii) US\$72.1 million (2003: US\$72.1 million) Floating Rate Notes at floating interest rate of 0.62% (2003: 0.62%) above the US dollar London Interbank Offered Rate (LIBOR) repriced every three months, for the period from 26 June 2003 to 26 June 2010. In the event that the Floating Rate Notes are not redeemed by Silver Maple on 26 June 2010, interest will accrue at the rate of 2.30% (2003: 2.30%) above the US dollar LIBOR repriced every three months, for the period from 26 June 2010 to date of redemption on 26 December 2011;
- (iii) US\$195.5 million (2003: US\$Nil) Floating Rate Notes at floating interest rate of 0.32% (2003: Nil%) above the US dollar LIBOR repriced every three months, for the period from 2 August 2004 to 2 February 2011. In the event that the Floating Rate Notes are not redeemed by Silver Maple on 2 August 2009, interest will accrue at the rate of 0.80% (2003: Nil%) above the US dollar LIBOR repriced every three months, for the period from 2 August 2009 to date of redemption on 2 February 2011; and
- (iv) S\$28 million (2003: S\$28 million) Floating Rate Notes at floating interest rate of 0.43% (2003: 0.43%) above the SIBOR due and renewable on either one, three or six months' duration until final redemption on 26 June 2010. In the event the Trust opts not to fully settle on 26 June 2010, the interest rate of 2.11% (2003: 2.11%) above the SIBOR repriced every three months, will be applicable for the period from 26 June 2010 to 26 December 2011.

# Notes to the Financial Statements

YEAR ENDED 31 DECEMBER 2004

## 11 Units in Issue

	2004 '000	2003 '000
At 1 January	906,063	738,561
Units created:		
- placement of units during the year		
- on 26 June 2003	–	119,800
- on 17 December 2003 <sup>1</sup>	–	45,000
- on 2 August 2004	147,000	–
- partial satisfaction of purchase consideration on investment property acquired	147,000	–
- asset management fees paid in units <sup>2</sup>	3,137	2,702
	1,203,200	906,063

1 According to the terms of issuance of units issued on 17 December 2003, these units were not eligible for distribution in respect of the period from 26 June 2003 to 31 December 2003.

2 3,136,582 (2003: 2,702,479) units were issued as payment of the asset management fees payable in units, amounting to S\$4,888,000 (2003: S\$3,095,000).

On 2 August 2004, the Trust issued 147,000,000 units at an issue price of S\$1.62 per unit for cash to partly finance the purchase consideration for Plaza Singapura. In addition, the Trust issued 147,000,000 units at an issue price of S\$1.62 per unit to the vendor of Plaza Singapura as partial satisfaction of the purchase consideration on Plaza Singapura.

On 26 June 2003, the Trust issued 119,800,000 new units at an issue price of S\$1.07 per unit for cash to partly finance the acquisition of IMM Building.

On 17 December 2003, the Trust issued 45,000,000 new units at an issue price of S\$1.33 per unit for cash to finance the investment in Class E Bonds and 232 attached redeemable preference shares issued by CRSL.

Each unit in the Trust represents an undivided interest in the Trust. The rights and interests of Unitholders are contained in the Trust Deed and include the right to:

## 11 Units in Issue (cont'd)

- Receive income and other distributions attributable to the units held;
- Participate in the termination of the Trust by receiving a share of all net cash proceeds derived from the realisation of the assets of the Trust less any liabilities, in accordance with their proportionate interests in the Trust. However, a Unitholder has no equitable or proprietary interest in the underlying assets of the Trust and is not entitled to the transfer to it of any assets (or part thereof) or of any estate or interest in any asset (or part thereof) of the Trust; and
- Attend all Unitholders' meetings. The Trustee or the Manager may (and the Manager shall at the request in writing of not less than 50 Unitholders or one-tenth in number of the Unitholders, whichever is lesser) at any time convene a meeting of Unitholders in accordance with the provisions of the Trust Deed.

The restrictions of a Unitholder include the following:

- A Unitholder's right is limited to the right to require due administration of the Trust in accordance with the provisions of the Trust Deed; and
- A Unitholder has no right to request the Manager to redeem his units while the units are listed on SGX-ST.

A Unitholder's liability is limited to the amount paid or payable for any units in the Trust. The provisions of the Trust Deed provide that no Unitholders will be personally liable for indemnifying the Trustee or any creditor of the Trustee in the event that liabilities of the Trust exceed its assets.

## 12 Gross Revenue

	2004 S\$'000	2003 S\$'000
Gross rental income	162,836	107,200
Car park income	5,669	4,359
Others	8,734	5,444
	177,239	117,003

# Notes to the Financial Statements

YEAR ENDED 31 DECEMBER 2004

## 13 Property Expenses

	2004 S\$'000	2003 S\$'000
Land rental	326	2,173
Property tax	15,688	4,148
Utilities	10,094	6,485
Property management fees	6,565	4,418
Property management reimbursements	6,824	4,238
Advertising and promotion	8,499	5,029
Maintenance	12,504	8,458
Others	2,529	3,634
	<u>63,029</u>	<u>38,583</u>

The Trust does not have any employee.

## 14 Interest Income

	2004 S\$'000	2003 S\$'000
Interest income		
- other investment	4,964	-
- financial institution	26	69
	<u>4,990</u>	<u>69</u>

## 15 Asset Management Fees

Included in the asset management fees is an aggregate of 3,474,538 (2003: 2,756,859) units in the Trust that have been or will be issued to the Manager as payment of performance component of management fees.

## 16 Earnings Per Unit

The calculation of basic earnings per unit is based on weighted average number of units during the year and net investment income after tax.

	2004 S\$'000	2003 S\$'000
Net investment income after tax	89,516	61,727
	<b>Number of Units</b>	
	<b>'000</b>	<b>'000</b>
Weighted average number of units outstanding during the year	1,028,970	803,925

Diluted earnings per unit is the same as the basic earnings per unit as there are no significant dilutive instruments in issue during the year.

## 17 Issue Expenses

	2004 S\$'000	2003 S\$'000
Underwriting and selling commissions	4,503	4,806
Professional fees	338	1,355
Miscellaneous expenses	232	596
	5,073	6,757

These expenses are deducted directly against the Unitholders' funds. Included in the professional fees are non-audit fees paid and payable to auditors of the Trust amounting to S\$118,000 (2003: S\$271,000) for acting as independent reporting accountants and expert with respect to the issuance and placement of additional units in the Trust.

# Notes to the Financial Statements

YEAR ENDED 31 DECEMBER 2004

## 18 Significant Related Party Transactions

For the purposes of these financial statements, parties are considered to be related to the Trust if the Trust has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Trust and the party are subject to common significant influence. Related parties may be individuals or other entities. The Manager is an indirect wholly-owned subsidiary of a substantial Unitholder of the Trust.

In the normal course of the operations of the Trust, asset management fees and trustee's fees have been paid or are payable to the Manager and Trustee respectively.

During the financial year, other than those disclosed elsewhere in the financial statements, there were the following significant related party transactions, which were carried out in the normal course of business on arm's length commercial terms:

	2004 S\$'000	2003 S\$'000
Asset enhancement works and consultancy fees to a related company of the Manager	17,067	17,522
Property management fees and reimbursables to a related company of the Manager	13,389	8,656
Operating lease incentives to a related party	–	600
Rental and related income from related companies of the Manager	2,986	4,931
Underwriting, advisory and acquisition fees to the Manager and related companies of the Manager	3,550	7,422
Retainer fee as project management/development specialist to a related company of the Manager	–	140

## 19 Financial Instruments

### *Financial risk management objectives and policies*

Exposure to credit, interest rate and liquidity risks arises in the normal course of the Trust's business. The Trust has written policies and guidelines, which set out its overall business strategies and its general risk management philosophy.



## 19 Financial Instruments (cont'd)

### *Credit risk*

Credit risk is the potential financial loss resulting from the failure of a customer or a counterparty to settle its financial and contractual obligations to the Trust, as and when they fall due.

The Manager has established credit limits for customers and monitors their balances on an ongoing basis. Credit evaluations are performed by the Manager before lease agreements are entered into with customers. Cash and fixed deposits are placed with financial institutions which are regulated.

At 31 December 2004 and 2003, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying value of each financial asset on the balance sheet.

### *Interest rate risk*

The Trust's exposure to changes in interest rates relates primarily to interest-earning financial assets and interest-bearing financial liabilities. Interest rate risk is managed by the Manager on an ongoing basis with the primary objective of limiting the extent to which net interest expense could be affected by adverse movements in interest rates.

### *Liquidity risk*

The Manager monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Trust's operations. In addition, the Manager also monitors and observes the Property Funds Guidelines issued by the MAS concerning limits on total borrowings.

### *Sensitivity analysis*

In managing the interest rate risk, the Manager aims to reduce the impact of short-term fluctuations on the Trust's earnings.

As at 31 December 2004, it was estimated that a general increase in one percentage point in interest rates would reduce the Trust's earnings by approximately S\$280,000 (2003: S\$280,000).

### *Effective interest rates and repricing analysis*

In respect of interest-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates as at 31 December 2004 and 2003 and the periods at which they reprice.

# Notes to the Financial Statements

YEAR ENDED 31 DECEMBER 2004

## 19 Financial Instruments (cont'd)

	Note	Effective interest rate %	Floating interest S\$'000	Fixed interest rate maturing		Total S\$'000
				1 to 5 years S\$'000	After 5 years S\$'000	
<b>2004</b>						
<b>Financial Assets</b>						
Other investment	5	8.20	–	58,000	–	58,000
<b>Financial Liabilities</b>						
Term loan	10	3.10	–	(172,000)	(460,000)	(632,000)
Revolving credit facility	10	1.94	(28,000)	–	–	(28,000)
			(28,000)	(172,000)	(460,000)	(660,000)
<b>2003</b>						
<b>Financial Assets</b>						
Other investment	5	8.20	–	–	58,000	58,000
Fixed deposits with financial institution	7	0.25	24,020	–	–	24,020
			24,020	–	58,000	82,020
<b>Financial Liabilities</b>						
Term loan	10	3.43	–	(172,000)	(125,000)	(297,000)
Revolving credit facility	10	1.11	(28,000)	–	–	(28,000)
			(28,000)	(172,000)	(125,000)	(325,000)

### Fair value

The Manager believes that it is not practicable to estimate the fair value of other investments, the interest-bearing loans and borrowings and security deposits because of the inability to estimate the fair values without incurring excessive costs. However, the Manager believes that the carrying amounts recorded as at 31 December 2004 and 2003 reflect the approximate fair values.

The carrying values of the other financial assets and liabilities as the respective balance sheet dates approximate their fair values.

## 20 Segment Reporting

Segment information is presented in respect of the Trust's business segments. This primary format is based on the Trust's management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly income-earning assets and revenue, interest-bearing loans and borrowings and expenses, and Trust assets and expenses.

Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one year.

### *Business segments*

The Trust comprises the following shopping malls, which are considered to be the main business segments: Tampines Mall, Junction 8, Funan The IT Mall, IMM Building and Plaza Singapura.

### *Geographical segments*

Geographical segment reporting has not been prepared because all five malls are located in Singapore.

# Notes to the Financial Statements

AS AT 31 DECEMBER 2004

## 20 Segment Reporting (cont'd)

### Business segments

#### Property income and expenses

	Funan										Total	
	Tampines Mall		Junction 8		The IT Mall		IMM Building *		Plaza Singapura *		2004	2003
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Gross rental income	44,347	40,538	29,832	25,632	19,309	17,706	47,302	23,324	22,046	-	162,836	107,200
Car park income	1,977	1,675	1,308	1,091	1,567	1,593	-	-	817	-	5,669	4,359
Others	1,879	1,552	2,344	2,242	978	834	2,466	816	1,067	-	8,734	5,444
Gross revenue	48,203	43,765	33,484	28,965	21,854	20,133	49,768	24,140	23,930	-	177,239	117,003
Segment net property income	34,045	33,408	21,263	20,306	13,668	12,218	27,571	12,488	17,663	-	114,210	78,420
Interest income											4,990	69
Unallocated expenses											(29,684)	(16,762)
Net investment income before tax											89,516	61,727
Taxation											-	-
Net investment income after tax											89,516	61,727
Net appreciation on revaluation of investment properties											159,669	16,870
Total return for the year											249,185	78,597

\* IMM Building and Plaza Singapura were acquired on 26 June 2003 and 2 August 2004, respectively.

# Notes to the Financial Statements

YEAR ENDED 31 DECEMBER 2004

## 20 Segment Reporting (cont'd)

### Business segments

2004	Tampines Mall S\$'000	Junction 8 S\$'000	Funan The IT Mall S\$'000	IMM Building S\$'000	Plaza Singapura S\$'000	Total S\$'000
<b>Assets and liabilities</b>						
Segment assets	549,366	397,677	202,905	353,294	738,999	2,242,241
Unallocated assets						107,600
Total assets						<u>2,349,841</u>
Segment liabilities	14,124	18,008	11,496	20,267	9,897	73,792
Unallocated liabilities:						
- interest-bearing loans and borrowings						660,000
- interest payables						61
- asset management fees						3,613
- trustee's fees						175
- provision for taxation						367
- others						1,180
						<u>665,396</u>
Total liabilities						<u>739,188</u>
<b>Other segmental information</b>						
Depreciation of plant and equipment	14	24	6	44	15	103
Plant and equipment:						
- Capital expenditure	13	39	8	102	102	264
Investment properties:						
- Land premium paid	-	-	-	55,703	-	55,703
- Capital expenditure	9,265	18,029	8,744	8,430	735,745	780,213
- Write-off of assets	-	-	-	633	2	635
Allowance for doubtful receivables/bad receivables written off	4	5	(43)	1	34	1

# Notes to the Financial Statements

YEAR ENDED 31 DECEMBER 2004

## 20 Segment Reporting (cont'd)

### *Business segments*

2003	Tampines Mall S\$'000	Junction 8 S\$'000	Funan The IT Mall S\$'000	IMM Building S\$'000	Total S\$'000
<b><i>Assets and liabilities</i></b>					
Segment assets	450,817	316,858	194,885	282,851	1,245,411
Unallocated assets					106,039
Total assets					<u>1,351,450</u>
Segment liabilities	10,517	13,210	9,964	16,582	50,273
Unallocated liabilities:					
- interest-bearing loans and borrowings					325,000
- interest payables					112
- asset management fees					2,122
- trustee's fees					98
- provision for taxation					367
- others					1,035
					<u>328,734</u>
Total liabilities					<u>379,007</u>

### ***Other segmental information***

Depreciation of plant and equipment	8	18	1	2	29
Plant and equipment					
- Capital expenditure	49	22	9	97	177
Investment properties					
- Capital expenditure	7,493	13,727	3,141	264,417	288,778
- Write-off of assets	210	71	367	-	648
Allowance for doubtful receivables	25	32	51	-	108

# Notes to the Financial Statements

YEAR ENDED 31 DECEMBER 2004

## 21 Commitments

	2004 S\$'000	2003 S\$'000
Capital commitments:		
- contracted but not provided for	4,738	6,059
- authorised but not contracted for	57,992	6,013
	<u>62,730</u>	<u>12,072</u>

At 31 December 2004 and 2003, the Trust had commitments for future minimum lease payments under a non-cancellable operating lease relating to the IMM Building as follows:

	2004 S\$'000	2003 S\$'000
Payable:		
Within 1 year	–	4,768
After 1 year but within 5 years	–	19,072
After 5 years	–	47,681
	<u>–</u>	<u>71,521</u>

On 30 January 2004, the Trust made an upfront land premium payment of S\$55,702,738 to Jurong Town Corporation (JTC) for a term of 45 years ending 22 January 2049. Due to the conversion, the Trust is no longer committed to the non-cancellable operating lease payments. Prior to the conversion, the Trust was required to pay JTC an annual land rent in respect of IMM Building land lease from JTC. The annual land rent was based on market rent in the relevant year of the current lease term and the lease provided that any increase in annual land rent from year to year shall not exceed 5.5% of the annual land rent for the immediately preceding year.

The Trust leases out its investment properties. Non-cancellable operating lease rentals are receivable as follows:

	2004 S\$'000	2003 S\$'000
Within 1 year	168,283	115,182
After 1 year but within 5 years	176,185	140,348
After 5 years	1,268	3,705
	<u>345,736</u>	<u>259,235</u>

# Notes to the Financial Statements

YEAR ENDED 31 DECEMBER 2004

## 22 Contingent Liability

Pursuant to the tax transparency ruling from Inland Revenue Authority of Singapore (IRAS), the Trustee has provided a tax indemnity for certain types of tax losses, including unrecovered late payment penalties, that may be suffered by IRAS should IRAS fail to recover from Unitholders tax due or payable on distributions made to them without deduction of tax, subject to the indemnity amount agreed with the IRAS. The amount of indemnity, as agreed with IRAS for any one year is limited to the higher of S\$500,000 or 1.0 % of the taxable income of the Trust for that year. Each yearly indemnity has a validity period of the earlier of seven years from the end of the relevant year of assessment and three years from the termination of the Trust.



## STATISTICS OF UNITHOLDINGS AS AT 1 MARCH 2005

### Issued and Fully Paid Units

1,204,255,959 units (voting rights : 1 vote per unit)

Market Capitalisation S\$2,444,639,596.77 (based on closing unit price of S\$2.03 on 1 March 2005)

### Distribution of Unitholdings

Size of Holdings	No. of Unitholders	%	No. of Units	%
1 - 999	208	2.80	75,296	0.01
1,000 - 10,000	4,673	62.91	19,984,667	1.66
10,001 - 1,000,000	2,510	33.79	133,086,789	11.05
1,000,001 and above	37	0.50	1,051,109,207	87.28
	<b>7,428</b>	<b>100.00</b>	<b>1,204,255,959</b>	<b>100.00</b>

### Location of Unitholders

Country	No. of Unitholders	%	No. of Units	%
Singapore	7,315	98.48	1,200,834,839	99.72
Malaysia	42	0.57	1,053,190	0.09
Others	71	0.95	2,367,930	0.19
	<b>7,428</b>	<b>100.00</b>	<b>1,204,255,959</b>	<b>100.00</b>

### Twenty Largest Unitholders

S/No.	Name	No. of Units	%
1	Pyramex Investments Pte Ltd	198,381,553	16.47
2	Citibank Nominees Singapore Pte Ltd	151,908,354	12.61
3	E-Pavilion Pte Ltd	147,000,000	12.21
4	Raffles Nominees Pte Ltd	121,283,935	10.07
5	DBS Nominees Pte Ltd	95,168,752	7.90
6	CapitaLand Investments Pte Ltd	85,800,000	7.12
7	NTUC Fairprice Co-Operative Ltd	71,500,000	5.94
8	United Overseas Bank Nominees Pte Ltd	37,198,852	3.09
9	Premier Healthcare Services International Pte Ltd	33,000,000	2.74
10	Fairprice Investment Pte Ltd	27,500,000	2.28
11	HSBC (Singapore) Nominees Pte Ltd	26,743,691	2.22
12	Morgan Stanley Asia (Singapore) Securities Pte Ltd	11,884,100	0.99
13	BNP Paribas Nominees Singapore Pte Ltd	4,300,120	0.36
14	Chua Hong Thuan	3,790,000	0.31
15	DB Nominees (S) Pte Ltd	3,143,000	0.26
16	The Asia Life Assurance Society Ltd-Par Fund	2,694,100	0.22
17	Merrill Lynch (Singapore) Pte Ltd	2,532,900	0.21
18	Yong Loo Lin Holdings Private Limited	2,200,000	0.18
19	Meren Pte Ltd	1,920,000	0.16
20	DBS Vickers Securities (S) Pte Ltd	1,868,700	0.16
		<b>1,029,818,057</b>	<b>85.50</b>

# Unitholders Statistics

## List of Directors' Interest as at 21 January 2005

Name	No. of Units Held
Hsuan Owyang	Nil
Liew Mun Leong	100,000 (Direct) 825,000 (Deemed)
James Glen Service	Nil
David Wong Chin Huat	110,000 (Direct) 30,000 (Deemed)
Pua Seck Guan	Nil
Hiew Yoon Khong	242,000 (Direct)
Lui Chong Chee	730,000 (Deemed)
Kee Teck Koon	Nil
S. Chandra Das	55,000 (Direct)
Chay Wai Chuen (Alternate to Mr S. Chandra Das)	Nil

## List of Substantial Unitholders as at 1 March 2005

Name	No. of Units Held	%
<b>NTUC Fairprice Co-operative Limited</b>	<b>Direct:</b> 71,500,000 units	5.94
	<b>Deemed:</b> 27,500,000 units - 27,500,000 units held by Fairprice Investment Pte Ltd	2.28
<b>The Capital Group Companies, Inc.</b>	<b>Deemed:</b> 78,568,600 units	6.52
<b>CapitaLand Investments Pte Ltd (CIPL)</b>	<b>Direct:</b> 85,800,000 units	7.12
	<b>Deemed:</b> 345,381,553 units	28.68
	- 198,381,553 units held by PIPL - 147,000,000 units held by EPPL	
<b>Pyramex Investments Pte Ltd (PIPL)</b>	<b>Direct:</b> 198,381,553 units	16.47
<b>E-Pavilion Pte Ltd (EPPL)</b>	<b>Direct:</b> 147,000,000 units	12.20
<b>CapitaLand Commercial And Integrated Development Limited (CCID)</b>	<b>Deemed:</b> 464,181,553 units	38.55
	- 85,800,000 units held by CIPL	
	- 198,381,553 units held by PIPL	
	- 33,000,000 units held by Premier Healthcare Services International Pte Ltd (PHSIPL) - 147,000,000 units held by EPPL	
<b>CapitaLand Limited (CL)</b>	<b>Deemed:</b> 465,237,503 units	38.63
	- 85,800,000 units held by CIPL	
	- 198,381,553 units held by PIPL	
	- 33,000,000 units held by PHSIPL	
	- 147,000,000 units held by EPPL - 1,055,950 units held by CMTML	

### FREE FLOAT

Based on the information made available to the Manager, no less than 40% of the units in CMT were held in the hands of the public as at 1 March 2005. Accordingly, Rule 723 of the Listing Manual of the SGX-ST has been complied with.

## Additional Information

### Related Party Transactions

The transactions entered into with related parties during the financial year, which fall under the Listing Manual and the CIS Code, are as follows:

Name of Related Party	Aggregate value of all related party transactions during the financial period under review (excluding transactions of less than S\$100,000 each)
	S\$'000
CapitalLand Limited and its subsidiaries or associates	
- Management fees <sup>1</sup>	11,312
- Property management fees & reimbursables	13,389
- Acquisition fees related to the acquisition of Plaza Singapura	3,550
- Project management and consultancy fees for asset enhancement works	12,587
- Acquisition of Plaza Singapura	710,000
Temasek Holdings (Private) Limited and its associates	
- Rental and service income	1,613

- For the purposes of Clause 907 of the Listing Manual of the SGX-ST, in arriving at this figure, the market price of the CMT units (being the closing price of the units traded on the SGX-ST on the relevant date of issue of the units) issued to the Manager for the performance component of its management fees, was used to determine the amount of the aggregate asset management fees paid to the Manager for the period from 1 January 2004 to 31 December 2004. A total of 3,474,538 units amounting to an aggregate value of S\$5,955,899 have been issued to the Manager as payment for the performance component of the management fees (as computed pursuant to the Trust Deed) for the period from 1 January 2004 to 31 December 2004. In respect of the period from 1 January 2004 to 31 March 2004, a total of 748,666 CMT units were issued on 28 April 2004 at an issue price of S\$0.96 per unit to the Manager. The market price at the date of issue was S\$1.48 per unit and the aggregate market value of these units was S\$1,108,026 based on this market price. In respect of the period from 1 April 2004 to 30 June 2004, a total of 754,597 CMT units were issued on 3 August 2004 at an issue price of S\$0.96 per unit to the Manager. The market price at the date of issue was S\$1.67 per unit and the aggregate market value of these units was S\$1,260,177 based on this market price. In respect of the period from 1 July 2004 to 30 September 2004, a total of 915,325 CMT units, comprising 758,358 and 156,967 CMT units at issue prices of S\$0.96 and S\$1.6456\* per unit respectively, were issued on 2 November 2004 to the Manager. The market price at the date of issue was S\$1.67 per unit and the aggregate market value of these units was S\$1,528,593 based on this market price. In respect of the period from 1 October 2004 to 31 December 2004, a total of 1,055,950 CMT units, comprising 812,279 and 243,671 CMT units at issue prices of S\$0.96 and S\$1.7388\* per unit respectively, were issued on 7 February 2005 to the Manager. The market price at the date of issue was S\$1.95 and the aggregate market value of these units was S\$2,059,103 based on this market price.

\* Based on the volume weighted average traded price for a Unit for all trades on the SGX-ST in the ordinary course of trading on the SGX-ST for the last ten business days of the relevant period in which the management fee accrues.

Save as disclosed above, there were no additional Related Party Transactions (excluding transactions of less than S\$100,000 each) entered into during the financial period under review.

On 16 February 2004, CMT announced that the SGX-ST has on 10 February 2004 granted a waiver to CMT from Rules 905 and 906 of the SGX-ST's Listing Manual in relation to payments for management fee, payments for acquisition and divestment fees, payments of property management fee, reimbursement to the property manager in respect of payroll and related expenses as well as payments of trustee's fees not be included in the aggregated value of total related party transaction as governed by Rules 905 and 906 of the Listing Manual.

Please also see Significant Related Party Transactions on Note 18 in the financial statements.

### Subscription of CMT Units

For the financial period ended 31 December 2004, an aggregate of 297,136,582 CMT units were issued. As at 31 December 2004, 1,203,200,009 CMT units were in issue and outstanding. On 7 February 2005, 1,055,950 CMT units were issued to CMTML as part payment of the performance component of its asset management fees.

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