

financial statements

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RESPONSIBILITIES OF THE TRUSTEE

Bermuda Trust (Singapore) Limited (the “Trustee”) is under a duty to take into custody and to hold the assets of CapitaMall Trust (the “Trust”) in trust for the holders of units (the “Unitholders”). Under the Securities and Futures Act and Code on Collective Investment Schemes, it is the duty of the Trustee to enquire into the conduct of CapitaMall Trust Management Limited (the “Manager”) in the management of the Trust in each annual accounting period and report thereon to Unitholders in an Annual Report which shall contain the matters prescribed by the Securities and Futures Act and Code on Collective Investment Schemes and the trust deed dated 29 October 2001 (as amended) between the Trustee and the Manager (the “Trust Deed”).

**For and on behalf of the Trustee,
Bermuda Trust (Singapore) Limited**

A handwritten signature in black ink, appearing to be 'B. Tunui', with a long horizontal stroke extending to the right.

BRIAN TUNUI
Alternate Director

Singapore
5 February 2003

REPORT OF THE TRUSTEE

To the Unitholders of the Trust

In the opinion of the Trustee of CapitaMall Trust,

- a) 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 of the Manager and Trustee by the Trust Deed, as contemplated under the offering circular dated 28 June 2002 and by the Securities and Futures Act and Code on Collective Investment Schemes and otherwise in accordance with the provisions of the Trust Deed.
- b) the accompanying financial statements set out on pages 50 to 69, comprising the Balance Sheet, Statement of Total Return, Distribution Statement, Statement of Movements in Unitholders' Funds, Investment Properties Portfolio Statement, Statement of Cash Flows 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 2002, the total return, distributable income, movements in unitholders' funds and cash flows for the period then ended and have been properly prepared in accordance with the stated accounting policies of the Trust and 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 Trustee,
Bermuda Trust (Singapore) Limited**



BRIAN TUNUI
Alternate Director

Singapore
5 February 2003

STATEMENT BY THE MANAGER

In the opinion of the directors of CapitaMall Trust Management Limited, the accompanying financial statements set out on pages 50 to 69, comprising the Balance Sheet, Statement of Total Return, Distribution Statement, Statement of Movements in Unitholders' Funds, Investment Properties Portfolio Statement, Statement of Cash Flows 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 2002, the total return, distributable income, movements in unitholders' funds and cash flows for the period then ended and have been properly prepared in accordance with the stated accounting policies of the Trust and 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
5 February 2003

**AUDITORS' REPORT TO THE UNITHOLDERS OF
CAPITAMALL TRUST**

(formerly known as SingMall Property Trust)

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

We have audited the financial statements of CapitaMall Trust (formerly known as SingMall Property Trust) (the "Trust") for the period from 29 October 2001 (date of inception) to 31 December 2002 as set out on pages 50 to 69. 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 2002, the total return, distributable income, movements in unitholders' funds and cash flows for the period then ended, and have been properly prepared in accordance with the stated accounting policies of the Trust and the Trust Deed.

**KPMG**

Certified Public Accountants

Singapore
5 February 2003

BALANCE SHEET
as at 31 December 2002

	Note	2002 S\$'000
Non-current assets		
Plant and equipment	3	80
Investment properties		935,000
		935,080
Current assets		
Trade and other receivables	4	2,173
Cash and cash equivalents	5	52,969
		55,142
Less:		
Current liabilities		
Trade and other payables	6	13,525
Current portion of security deposits		5,658
Provision for taxation	7	367
		19,550
Net current assets		35,592
Non-current liabilities		
Interest-bearing loan and borrowing	8	(200,000)
Non-current portion of security deposits		(9,452)
		(209,452)
Net assets		761,220
Represented by:		
Unitholders' funds		761,220
Units in issue ('000)		738,561
Net asset value per unit		S\$ 1.03

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

STATEMENT OF TOTAL RETURN
for the period ended 31 December 2002

	Note	Private Trust Period from 29/10/2001 to 15/07/2002 S\$'000	Public Trust Period from 16/07/2002 to 31/12/2002 S\$'000	Period from 29/10/2001 to 31/12/2002 S\$'000
Property income	9	47,142	41,248	88,390
Property expenses	10	(13,015)	(10,999)	(24,014)
Net property income		<u>34,127</u>	<u>30,249</u>	<u>64,376</u>
Interest income		6	60	66
Service and other charges transferred from the Administration Fund account	11	(7,108)	(5,877)	(12,985)
Net investment income before tax		<u>27,025</u>	<u>24,432</u>	<u>51,457</u>
Taxation	7	(6,236)	-	(6,236)
Net investment income after tax		<u>20,789</u>	<u>24,432</u>	<u>45,221</u>
Net appreciation on revaluation of investment properties		-	15,933	15,933
Total return for the period		<u>20,789</u>	<u>40,365</u>	<u>61,154</u>
Earnings per unit (cents)	12			
Basic		<u>2.89</u>	<u>3.31</u>	<u>6.21</u>
Diluted		<u>2.89</u>	<u>3.31</u>	<u>6.21</u>

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

DISTRIBUTION STATEMENT

for the period ended 31 December 2002

	Private Trust Period from 29/10/2001 to 15/07/2002 S\$'000	Public Trust Period from 16/07/2002 to 31/12/2002 S\$'000	Period from 29/10/2001 to 31/12/2002 S\$'000
Net investment income after tax	20,789	24,432	45,221
Net effect of non-tax deductible/ (chargeable) items (Note A)	*	538	538
Taxable income available for distribution to Unitholders	20,789	24,970	45,759
Distribution to Unitholders	(20,776)	-	(20,776)
Taxable income available for distribution to Unitholders, at end of period	13	24,970	24,983

Note A

Non-tax deductible/(chargeable) items

- Asset management fees	1,274	1,274
- Trustee's fees	136	136
- Other items	(872)	(872)
Net effect of non-tax deductible/(chargeable) items	538	538

* Not applicable for presentation of period under private trust.

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

STATEMENT OF MOVEMENTS IN UNITHOLDERS' FUND

for the period ended 31 December 2002

	Note	Private Trust Period from 29/10/2001 to 15/07/2002 S\$'000	Public Trust Period from 16/07/2002 to 31/12/2002 S\$'000	Period from 29/10/2001 to 31/12/2002 S\$'000
Operations				
Net investment income after tax		20,789	24,432	45,221
Net appreciation on revaluation of investment properties		-	15,933	15,933
Net increase in net assets resulting from operations		20,789	40,365	61,154
Unitholders' transactions				
Creation of units				
- contributions prior to Initial Public Offering		720,000	-	720,000
- contributions on Initial Public Offering		-	17,280	17,280
- asset management fees paid in units		-	583	583
Establishment and Initial Public Offering expenses	13	(3,891)	(13,130)	(17,021)
Distribution to Unitholders		(20,776)	-	(20,776)
Net increase in net assets resulting from Unitholders' transactions		695,333	4,733	700,066
Increase in net assets during the period		716,122	45,098	761,220
Net assets at end of period				761,220

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

INVESTMENT PROPERTIES PORTFOLIO STATEMENT

as at 31 December 2002

<u>Description of Property</u>	<u>Tenure of Land</u>	<u>Term of Lease</u>	<u>Remaining Term of Lease</u>	<u>Acquired from</u>	<u>Location</u>	<u>Existing Use</u>	<u>Occupancy Rates</u>	<u>At Valuation S\$'000</u>
Tampines Mall	Leasehold	99 years	89 years	TMall Limited*	4 Tampines Central 5, Singapore	Commercial	100.0%	441,000
Junction 8 Shopping Centre	Leasehold	99 years	88 years	Ventura Development Pte Ltd*	9 Bishan Place, Singapore	Commercial	100.0%	303,000
Funan The IT Mall	Leasehold	99 years	76 years	FITM Ltd*	109 North Bridge Road, Singapore	Commercial	99.3%	191,000
								<u>935,000</u>

On 1 October 2001, an independent valuation was undertaken by CB Richard Ellis (Pte) Ltd and CB Richard Ellis (B) Pty Ltd. Both firms are independent valuers having appropriate professional qualifications and recent experience in the location and category of the property being valued. The valuations were based on the capitalisation and discounted cash flow approaches. The valuations adopted were S\$409,000,000, S\$295,000,000 and S\$191,000,000 for Tampines Mall, Junction 8 Shopping Centre and Funan The IT Mall respectively. On 28 December 2001, the Trust acquired the above properties based on these valuations.

On 1 December 2002, an independent valuation was undertaken by CB Richard Ellis (Pte) Ltd and CB Richard Ellis (C) Pty Ltd. Both firms are independent valuers having appropriate professional qualifications and recent experience in the location and category of the property being valued. The valuations were based on the capitalisation and discounted cash flow approaches. The valuations adopted were S\$441,000,000, S\$303,000,000 and S\$191,000,000 for Tampines Mall, Junction 8 Shopping Centre and Funan The IT Mall respectively. The increase in valuation has been taken to the Statement of Total Return.

Investment properties comprise commercial properties that are leased to external customers. Each of the leases contains 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\$1,281,000.

* These companies are related companies of the Manager.

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

STATEMENT OF CASH FLOWS
for the period ended 31 December 2002

	Period from 29/10/2001 to 31/12/2002 S\$'000
Operating activities:	
Net investment income before tax	51,457
Adjustment for:	
Interest income	(66)
Interest expense	6,887
Depreciation of plant and equipment	1
Asset management fees paid in units	583
Operating income before working capital changes	58,862
Changes in working capital:	
Trade and other receivables	(2,166)
Trade and other payables	10,596
Security deposits	15,110
	23,540
Cash generated from operations	82,402
Tax paid	(5,869)
Cash generated from operating activities	76,533
Investing activities:	
Interest received	59
Purchase of investment properties, acquisition charges and subsequent expenditure	(918,083)
Cash flows from investing activities	(918,024)
Financing activities:	
Proceeds from interest-bearing loan and borrowing	200,000
Proceeds from issue of units (net of expenses)	722,002
Distribution to Unitholders of private trust	(20,776)
Interest paid	(6,766)
Cash flows from financing activities	894,460
Cash and cash equivalents at end of the period (Note 5)	52,969

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2002

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Manager and the Trustee on 5 February 2003.

I. 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 (formerly known as SingMall Property Trust Management Limited) and Bermuda Trust (Singapore) Limited, as amended by the First Supplemental Deed dated 26 December 2001 and the Second Supplemental Deed dated 28 June 2002. The trust deed dated 29 October 2001 and the subsequent supplemental deeds (collectively, the "Trust Deed") are governed by the laws of the Republic of Singapore. On 25 April 2002, the Trust was declared an authorised unit trust scheme under the Trustees Act, Chapter 337 and on 5 June 2002, the Trust changed its name from SingMall Property Trust to its present name. The Manager and Trustee of the Trust are CapitaMall Trust Management Limited and Bermuda Trust (Singapore) Limited, respectively.

The Trust was formally admitted to the Official List of Singapore Exchange Securities Trading Limited ("SGX-ST") on 17 July 2002 and was included under the Central Provident Fund ("CPF") Investment Scheme on 13 September 2002. At the date prior to the admission to SGX-ST, the unitholders of the Trust were CapitaLand Investments Pte Ltd, Pyramex Investments Pte Ltd and Fairprice Investment Pte Ltd.

The principal activity of the Trust is to invest in shopping centres 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:

(i) *Property management fees*

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

- (a) 2 per cent per annum of the gross revenue of the properties;
- (b) 2 per cent per annum of the net property income of the properties; and
- (c) 0.50 per cent per annum of the net property income of the properties, in lieu of leasing commissions.

The property management fees are payable quarterly in arrears.

(ii) *Asset management fees*

Pursuant to the Trust Deed, the asset management fees shall not exceed 0.70 per cent 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.

Prior to the public listing of the Trust, the Manager and Trustee had an agreement that the asset management fees should be 0.50 per cent per annum of Deposited Property.

With effect from the listing date on the SGX-ST, the asset management fees were revised to a base component of 0.25 per cent per annum of Property Value and a performance component of 2.85 per cent 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. The performance component shall for the first 60-month period from the listing date be paid in the form of units to be issued to the Manager and thereafter, the performance component shall be paid in cash to the Manager. Property Value means the aggregate of the value of authorised investments of the Trust which are real estates in Singapore.

The asset management fees are payable quarterly in arrears.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2002

I. General (cont'd)

(iii) *Trustee's fees*

Pursuant to the Trust Deed, the Trustee's fees shall not exceed 0.10 per cent 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 cent 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.

2. Summary of Significant Accounting Policies

(a) Statement of Compliance

The financial statements have been prepared in accordance with the Singapore Statements of Accounting Standard ("SAS") (including Interpretations of Statements of Accounting Standard) issued by the Institute of Certified Public Accountants of Singapore (unless otherwise stated in the following accounting policies) and the applicable requirements of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore and the Trust Deed.

(b) Basis of Financial Statements Preparation

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.

(c) Administration Fund

All service and other charges incurred or to be incurred in the administration of the Trust are taken directly to the Administration Fund Account. The Administration Fund Account is taken to the Statement of Total Return at the end of each financial period.

(d) 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
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Gain 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.

(e) 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2002

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

(e) 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.

(f) Depreciation

Consistent with Statement of Accounting Standard 25 "Accounting for Investments", investment properties are not depreciated. The properties are subject to continued maintenance and regularly revalued on the basis set out in note 2(e). For taxation purposes, the Trust may claim capital allowances on assets that qualify as plant and machinery under the Income Tax Act.

(g) Trade and Other Receivables

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

(h) Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and bank deposits.

(i) Trade and Other Payables

Trade and other payables are stated at cost.

(j) 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(e).

(i) Calculation of recoverable amount

The recoverable amount is the greater of the asset's selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(ii) Reversal of impairment loss

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. A reversal of an impairment loss in respect of investment property carried at revalued amount is recognised in the same way as a revaluation increase. All reversals of impairment are recognised in the Statement of Total Return.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2002

2. Summary of Significant Accounting Policies (cont'd)**(k) Interest-Bearing Loan and Borrowing**

Interest-bearing loan and borrowing is recognised at cost.

(l) Taxation

Taxation on the returns for the period 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 period, 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 has issued a tax ruling on the taxation of the Trust for income earned and expenditure incurred after its public listing. The Trustee will not be taxed on the portion of taxable income of the Trust that are distributed to the Unitholders on the condition that the Trustee and the Manager will distribute at least 90% of the entire taxable income of the Trust to the Unitholders. Provided that at least 90% of the entire taxable income of the Trust is distributed, the Trustee will be taxed only on the remaining undistributed taxable income. However, the Trustee and the Manager are required to deduct income tax at the applicable corporate tax rate from distributions of taxable income of the Trust (which has not been taxed in the hands of the Trustee) to certain Unitholders. To the extent that the beneficial Unitholder is a Singapore citizen and tax resident in Singapore or is a company incorporated and tax resident in Singapore or is a Singapore branch of a foreign company which has been presented a letter of approval from the Comptroller of Income Tax granting waiver from tax deducted at source in respect of distributions from the Trust, the Trustee and the Manager will make the distributions without deducting any income tax. This waiver from tax deduction at source on distribution is termed as 'tax transparency'.

On 26 November 2002, the Trust received approval from the Ministry of Finance for the extension of tax transparency to include Singapore permanent residents who are tax residents in Singapore and other non-corporate Singapore constituted or registered entities such as town councils and statutory boards.

(m) Establishment and Initial Public Offering ("IPO") Expenses

Establishment expenses represent expenses incurred in establishing the Trust. IPO expenses represent expenses incurred in listing the Trust on the SGX-ST. The expenses are deducted directly against unitholders' funds, as stipulated in the Trust Deed.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2002

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

(n) Revenue Recognition

- (i) *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.
- (ii) *Interest income*
Interest income from bank deposits is accrued on a time-apportioned basis.

(o) Expenses

- (i) *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.
- (ii) *Asset management fees*
Asset management fees are recognised in the Administration Fund Account on an accrual basis using the applicable formula, stipulated in note 1(ii). The actual number of units to be issued in respect of the performance component of asset management fees are determined based on the Initial Public Offering issue price of 96 cents per unit. Upon issuance of the units relating to the performance component of the asset management fees, the asset management fees are adjusted based on the market value of the actual number of units issued at date of issuance of the units to the Manager.
- (iii) *Trustee's fees*
The Trustee's fees are recognised in the Administration Fund Account on an accrual basis.
- (iv) *Interest expenses*
Interest expenses are taken directly to the Administration Fund Account in the period in which they are incurred on an accrual basis, except to the extent that they are capitalised as being directly attributable to the acquisition of the investment properties.

(p) 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.

3. Plant and Equipment

	Furniture, Fittings and Equipment S\$'000
Cost	
Additions and at 31 December 2002	81
Accumulated depreciation	
Depreciation for the period and at 31 December 2002	(1)
Carrying amount	
At 31 December 2002	80

NOTES TO THE FINANCIAL STATEMENTS

31 December 2002

4. Trade and Other Receivables

	2002 S\$'000
Trade receivables	1,583
Less:	
Allowance for doubtful receivables:	
Allowance made during the period and at 31 December 2002	53
Net trade receivables	1,530
Deposits	615
Prepayments	14
Interest receivables	7
Other receivables	7
	<u>2,173</u>

5. Cash and Cash Equivalents

	2002 S\$'000
Cash at bank and in hand	23,924
Fixed deposits with financial institution	29,045
	<u>52,969</u>

6. Trade and Other Payables

	2002 S\$'000
Trade payables and accrued operating expenses	8,154
Amounts due to related parties	
- trade	2,338
- non-trade	560
Deposits and advances	2,352
Interest payables	121
	<u>13,525</u>

Included in the trade payables and accrued operating expenses is an amount due to the Trustee of S\$75,000. Included in the amounts due to related parties is an amount due to the Manager of S\$1,281,000.

The non-trade amounts due to related parties are unsecured, interest free and have no fixed terms of repayment.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2002

7. Taxation

	Private Trust Period from 29/10/2001 to 15/07/2002 S\$'000		Public Trust Period from 16/07/2002 to 31/12/2002 S\$'000		Period from 29/10/2001 to 31/12/2002 S\$'000	
(a) Provision for taxation						
Tax expense		6,236		-		6,236
Tax paid		(5,869)		-		(5,869)
		<u>367</u>		<u>-</u>		<u>367</u>
(b) Tax expense						
<u>Current tax</u>						
Based on results for the period		6,236		-		6,236
		<u>6,236</u>		<u>-</u>		<u>6,236</u>
(c) Reconciliation of effective tax rate						
	Private Trust Period from 29/10/2001 to 15/07/2002 % S\$'000		Public Trust Period from 16/07/2002 to 31/12/2002 % S\$'000		Period from 29/10/2001 to 31/12/2002 % S\$'000	
Net investment income before tax		27,025		24,432		51,457
Income tax using statutory tax rate	22.0	5,946	22.0	5,375	22.0	11,321
Effect of reduction in tax rates	0.1	8	-	-	-	8
Non-deductible expenses	1.0	282	0.5	118	0.8	400
Tax transparency	-	-	(22.5)	(5,493)	(10.7)	(5,493)
	<u>23.1</u>	<u>6,236</u>	<u>-</u>	<u>-</u>	<u>12.1</u>	<u>6,236</u>

8. Interest-Bearing Loan and Borrowing

This note provides information about the contractual terms of the Trust's interest-bearing loan and borrowing.

	2002 S\$'000
Term loan	172,000
Revolving credit facility	28,000
	<u>200,000</u>

The term loan 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\$222 million, made up of S\$172 million term loan and S\$50 million revolving credit facility.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2002

8. Interest-Bearing Loan and Borrowing (cont'd)

The total facility drawn down by the Trust as at 31 December 2002 was S\$200 million, consisting of:

- (i) S\$172 million term loan at a fixed interest rate of 3.91% per annum, fully repayable on 26 August 2008. Under the facility agreement, the Trust has the option to prepay in full settlement 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 2.48% above the 3 months Singapore Dollar Swap Rate will be applicable for the period from 26 February 2007 to 26 August 2008; and
- (ii) S\$28 million revolving credit facility at floating interest rate of 0.43% above the Singapore Dollar Swap Rate for a period of either one, three or six months. The final maturity is on 26 February 2007.

As security for credit facilities granted by Silver Maple to the Trustee, the Trustee 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.

Silver Maple has secured a S\$222 million 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 note (the "Notes"). The maximum aggregate principal amount of the Notes to be issued shall be S\$222 million. The Notes will be secured by the Notes Debenture.

To fund the loans to the Trust of S\$172 million fixed rate term loan and S\$28 million floating rate revolving credit, Silver Maple had raised funds through the following:

- (i) S\$172 million Fixed Rate Notes at fixed interest rate of 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 2.38% above the 3 months Average Singapore Dollar Swap Rate, for the period from 26 February 2007 to date of redemption on 26 August 2008; and
- (ii) S\$28 million Floating Rate Notes at floating interest rate of 0.43% above the Singapore Dollar Swap Rate, due and renewable on either one, three or six months' duration until final redemption on 26 February 2007.

9. Property Income

	Private Trust Period from 29/10/2001 to 15/07/2002 S\$'000	Public Trust Period from 16/07/2002 to 31/12/2002 S\$'000	Period from 29/10/2001 to 31/12/2002 S\$'000
Property rental income	43,364	37,737	81,101
Car park income	1,935	1,684	3,619
Others	1,843	1,827	3,670
	<u>47,142</u>	<u>41,248</u>	<u>88,390</u>

NOTES TO THE FINANCIAL STATEMENTS

31 December 2002

10. Property Expenses

	Private Trust Period from 29/10/2001 to 15/07/2002 S\$'000	Public Trust Period from 16/07/2002 to 31/12/2002 S\$'000	Period from 29/10/2001 to 31/12/2002 S\$'000
Property tax	2,248	1,849	4,097
Utilities	2,350	2,188	4,538
Property management fees	1,862	1,572	3,434
Property management reimbursements	1,951	1,221	3,172
Advertising and promotion	1,194	1,083	2,277
Maintenance	3,285	2,781	6,066
Others	125	305	430
	<u>13,015</u>	<u>10,999</u>	<u>24,014</u>

11. Administration Fund Account

	Private Trust Period from 29/10/2001 to 15/07/2002 S\$'000	Public Trust Period from 16/07/2002 to 31/12/2002 S\$'000	Period from 29/10/2001 to 31/12/2002 S\$'000
Service and other charges			
Auditors' remuneration	49	19	68
Interest expenses	3,581	3,306	6,887
Asset management fees	2,662	2,293 ¹	4,955
Professional fees	526	26	552
Trustee's fees	159	136	295
Other charges	131	97	228
	<u>7,108</u>	<u>5,877</u>	<u>12,985</u>
Service and other charges transferred to the Statement of Total Return			
	<u>7,108</u>	<u>5,877</u>	<u>12,985</u>

1. Included in these fees are an aggregate of 1,224,562 units in the Trust that have been and/or will be issued to the Manager as payment of the performance component of asset management fees.

During the public trust period, there were no non-audit services provided by the auditors of the Trust.

NOTES TO THE FINANCIAL STATEMENTS

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12. Earnings Per Unit

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

	Private Trust Period from 29/10/2001 to 15/07/2002 S\$'000	Public Trust Period from 16/07/2002 to 31/12/2002 S\$'000	Period from 29/10/2001 to 31/12/2002 S\$'000
Net investment income after tax	20,789	24,432	45,221
	No. of Units '000	No. of Units '000	No. of Units '000
Weighted average number of units outstanding during the period	720,000	738,204	728,343

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

13. Establishment and Initial Public Offering Expenses

	Private Trust Period from 29/10/2001 to 15/07/2002 S\$'000	Public Trust Period from 16/07/2002 to 31/12/2002 S\$'000	Period from 29/10/2001 to 31/12/2002 S\$'000
Underwriting and selling commissions	-	9,688	9,688
Professional fees	3,844	3,310	7,154
Listing and perusal fee	-	33	33
Miscellaneous expenses	47	99	146
Establishment and Initial Public Offering expenses	3,891	13,130	17,021

These expenses are deducted directly against the unitholders' fund. Included in the professional fees are amounts paid to auditors of the Trust amounting to S\$179,000 and S\$455,000 in respect of the private trust and public trust respectively for acting as auditors and independent reporting accountants in connection with the Initial Public Offering of the Trust and other related fees.

14. Significant Related Party Transactions

For the purposes of this financial statement, 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 and the Manager is an indirect wholly-owned subsidiary of a significant 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 as shown in the Administration Fund Account.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2002

14. Significant Related Party Transactions (cont'd)

During the financial period, 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 terms agreed between the parties:

	Private Trust Period from 29/10/2001 to 15/07/2002 S\$'000	Public Trust Period from 16/07/2002 to 31/12/2002 S\$'000	Period from 29/10/2001 to 31/12/2002 S\$'000
Consultancy fees paid/payable to a related company of the Manager	17	112	129
Property management fees and reimburseables paid/payable to a related company of the Manager	3,813	2,793	6,606
Rental income from related companies of the Manager	642	543	1,185
Car park income from related companies of the Manager	<u>563</u>	<u>431</u>	<u>994</u>

15. 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.

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 2002, 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 Code on Collective Investment Schemes issued by The Monetary Authority of Singapore concerning limits on total borrowings.

NOTES TO THE FINANCIAL STATEMENTS

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15. Financial Instruments (cont'd)**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 2002, 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.

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 at 31 December 2002 and the periods at which they reprice.

	Note	Effective Interest Rate %	Total S\$'000	Within 1 year S\$'000	1 to 5 years S\$'000	After 5 years S\$'000
2002						
<u>Financial assets</u>						
Fixed deposits with financial institution	5	0.25	29,045	29,045	-	-
<u>Financial liabilities</u>						
Interest-bearing loan and borrowing						
- term loan	8	3.91	(172,000)	-	(172,000)	-
- revolving credit facility	8	1.49	(28,000)	(28,000)	-	-
			(200,000)	(28,000)	(172,000)	-
Total			(170,955)	1,045	(172,000)	-

Fair value

The Manager believes that it is not practicable to estimate the fair value of interest-bearing loan and borrowing 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 2002 reflect the approximate fair values.

The carrying values of the other financial assets and liabilities as at 31 December 2002 approximate their fair values.

16. 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 loan, borrowing and expenses, and Trust assets and expenses.

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

Business segments

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

Geographical segments

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

Business segments

[illegible]

NOTES TO THE FINANCIAL STATEMENTS

31 December 2002

16. Segment Reporting (cont'd)**Business segments***Assets and liabilities*

	Tampines Mall 2002 S\$'000	Junction 8 Shopping Centre 2002 S\$'000	Funan The IT Mall 2002 S\$'000	2002 S\$'000
Segment assets	444,773	305,883	194,100	944,756
Unallocated assets				45,466
Total assets				<u>990,222</u>
Segment liabilities	<u>8,288</u>	<u>8,952</u>	<u>7,971</u>	25,211
Unallocated liabilities:				
- interest-bearing loan and borrowing				200,000
- interest payables				121
- asset management fees				1,281
- trustee's fees				75
- provision for taxation				367
- others				1,947
				<u>203,791</u>
Total liabilities				<u>229,002</u>

Other segmental information

Capital expenditure	419,759	302,547	196,842	919,148
Other non-cash expenses	<u>-</u>	<u>1</u>	<u>-</u>	<u>1</u>

17. Commitments

	2002 S\$'000
Capital commitments:	
- contracted but not provided for	389
- authorised but not contracted for	4,312
	<u>4,701</u>

18. Subsequent Events

Pursuant to an agreement dated 28 June 2002 between CapitaLand Commercial Limited ("CCL") and the Trustee, the Trustee was granted a right of first refusal to purchase certain retail properties which may be identified and targeted for acquisition by CCL.

On 20 December 2002, CCL entered into a conditional put and call option agreement with International Merchandise Mart Ltd ("IMM") to acquire IMM Building from IMM. On the same date, CCL gave notice to the Trustee and the Manager of the Trust that the Trust has a period of 30 days from 20 December 2002 to indicate its interest to consider purchasing IMM Building from IMM.

On 17 January 2003, the Trustee gave notice to CCL of the Trust's interest in considering the purchase of IMM Building from IMM at a current estimated acquisition cost of the property of S\$262.6 million.

19. Comparative Figures

No comparative figures have been presented as this is the first set of financial statements prepared by the Trust since its inception.